

TABLE OF CONTENTS

01

INTRODUCTION

1.1.	Report Overview	2
1.2.	A Message from Our CEO	3
1.3.	About Hanshow	4
1.4.	Highlights	5
SPOTLIGHT:	Green Digital Store Solution Empowers Sustainability in the Retail Industry	7

02

GOVERNANCE

Enhancing Governance through Compliance and Ethics

2.1.	Sustainable Development Management	15
2.2.	Risk Management	21
2.3.	Ethics and Integrity	24
2.4.	Information Security and Protection	28

03

SOCIAL

Fostering Collaborative Growth and Sharing Success

3.1.	Product Excellence	37
3.2.	Employee Development	48
3.3.	Partnerships	61

04

ENVIRONMENTAL

Addressing Climate Change through Green Development

4.1.	Environmental Management	75
4.2.	Responding to Climate Change	78
4.3.	Circular Economy	86
4.4.	Green Operations	87

APPENDIX 1:	Hanshow Operational Entities	93
APPENDIX 2:	GRI Indicator Index	93
APPENDIX 3:	External Assurance Statement	96
APPENDIX 4:	Applicable Criteria	99
APPENDIX 5:	Disclaimers and Forward-looking Statements	100
APPENDIX 6:	Feedback	101





INTRODUCTION

01.

Hanshow Technology Co., Ltd.

REPORT OVERVIEW

ABOUT THE REPORT

This sustainability report has been prepared by Hanshow Technology Co., Ltd. (hereinafter referred to as "Hanshow", or "the Company"). It comprehensively sets out company's vision, strategic approach, and performance in sustainable development related to the stakeholders.

REPORTING PERIOD

In general, the qualitative and quantitative data in this report are based on activities from January 1, 2023, to December 31, 2023. Regarding key issues, the report contains information from before 2023 and the first half of 2024.

SCOPE AND BOUNDARIES

The content of this report covers Hanshow's global operations, including company's business premises in China and overseas, where company's employees are based until the end of 2023. Company's 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 Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies.

REPORTING FREQUENCY

Hanshow discloses company's sustainability performance annually. Hanshow's first sustainability report was published in 2022. This is the third 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

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

GET IN TOUCH

Hanshow is 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

A MESSAGE FROM OUR CEO



The year 2023 marks a period of economic recovery and growth following three years of COVID-19 prevention and control. Amid rapidly changing markets, rising uncertainties, and the fast-paced advancement of technology, Hanshow has remained committed to driving high-quality industry development through innovative digital solutions. By leveraging technological innovation, we strive to lead our employees, valued customers, and global partners in creating a green, sustainable, and digital retail ecosystem, together shaping a more sustainable future.

Since the release of Hanshow's first annual sustainability report, we have continuously strengthened the implementation of our Environmental, Social, and Governance (ESG) strategy, embedding our commitment to long-term value creation into our sustainable development approach. In 2023, Hanshow continued to align its strategy closely with the United Nations Sustainable Development Goals (UN SDGs). We established the EPIIC Sustainable Development Strategy, centered around five core pillars: Environmentally Friendly, Promoting Prosperity, Innovation & Digitalization, Integrity & Governance, and Carbon Neutrality. Under each pillar, we set clear strategic objectives and defined actionable pathways to fulfill our commitment to sustainability through tangible actions.

Moreover, Hanshow has enhanced its comprehensive risk management system by integrating environmental and climate change risks into the supplier audit process. In recognition of our efforts in information security, Hanshow was awarded the first System and Organization Controls 2 (SOC 2) Type I assurance report for "New Retail—Smart Store Digital Solutions" by the American Institute of Certified Public Accountants (AICPA).

This year, Hanshow has continuously strengthened industry cooperation and advanced technological innovation. Together with our partners, we released the 2024 White Paper on the Future of Physical Retail—Empowering Green Retail Report on Green Digitalization, offering a forward-looking perspective for the industry. Building on the R&D and iterations of the Hanshow Polaris Pro multi-color electronic shelf label (ESL) and our fifth-generation communication protocol, we have consistently enhanced performance and introduced innovative applications for ESL products. At the same time, we have fostered project collaborations and technical exchanges in digital energy with our industry partners, both upstream and downstream. These efforts have led to a significant breakthrough in bringing an integrated solution for photovoltaic power generation, energy storage, charging, and energy conservation to international markets, accelerating the retail industry's transition toward digital, green, and intelligent development.

As a global enterprise, Hanshow upholds the core values of equality, respect, and inclusiveness. We have successfully signed the Women's Empowerment Principles (WEPIs) under the United Nations and will see this as an opportunity to promote the building of an equal and inclusive diverse work environment. In 2023, Hanshow won the "NFuture Awards - Employer Most Favored by Technological Professionals in Campus Recruitment" and "The Most Favorable Employer" Award by the Overseas Chinese Returnees Association.

This is an era full of opportunities and challenges, and we are standing at a critical turning point in a new phase of sustainable development. Hanshow will continue to innovate with sustainable development as our goal, supporting and leading the global retail industry towards a more digital and greener future.

Shiguo Hou
CEO

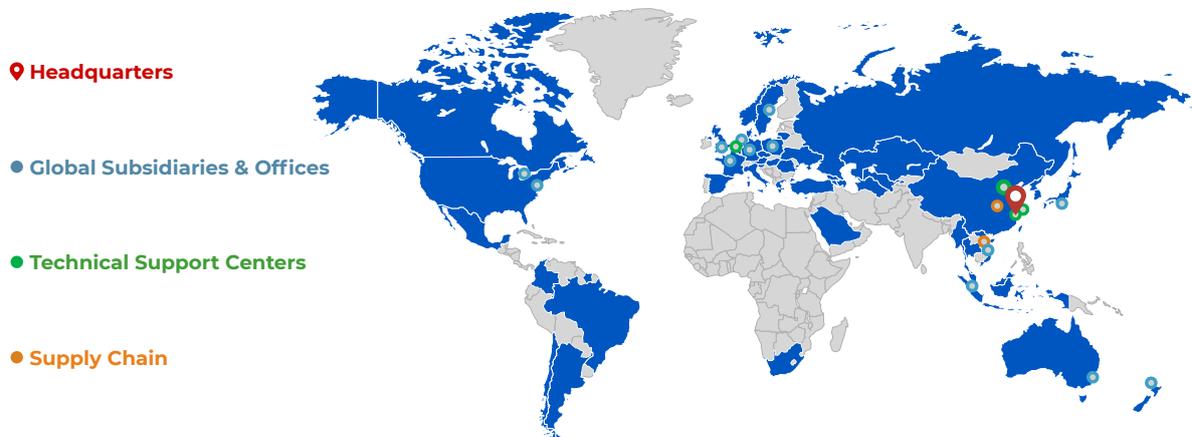
ABOUT HANSHOW

Hanshow is a global leader in digital store solutions for the pan-retail sector. The company has independently researched and developed innovative software and hardware integration solutions while optimizing resources across the entire industry chain. By leveraging company's expertise in the Internet of Things (IoT), artificial intelligence (AI), and big data, Hanshow provides a comprehensive suite of cutting-edge digital solutions for the retail industry. These include electronic shelf labels (ESLs), in-store marketing, Artificial Intelligence of Things (AIoT) technology, and other advanced applications.

With a strong track record of continuous innovation, Hanshow's products and solutions have delivered significant value to tens of thousands of stores across more than 50 countries and regions. Hanshow's digital solutions have helped retailers streamline operations, reduce costs, and offer consumers a more personalized, engaging, and seamless 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. Hanshow 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, Canada, Australia, New Zealand, Japan and Singapore.



Our culture

Our vision

To become a global leading solution provider for intelligent retail.

VISION

Our mission

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

MISSION

Our core values

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

VALUE

HIGHLIGHTS



In 2023, the total investment in R&D reached RMB

168.42 million

Employee satisfaction for 2023 was

80.12%

100%

of employees in the Procurement Department have received training in sustainable procurement.

S

Social

Hanshow released the 2024 White Paper on the Future of Physical Retail—The Future of Physical Retail: Moving Towards Friendly and Inclusive Green Digitization

THE FUTURE OF PHYSICAL RETAIL:
Moving Towards Friendly and Inclusive Green Digitization

We have obtained four ISO management system standard certifications, including **ISO 27001**, **ISO 9001**, **ISO14001**, and **ISO 45001**.

Top50

Included in the "GlocalIN Top 50 Technology Faces of Chinese Global Enterprises" corporate map.

NFuture

Named "Employer Most Favored by Technological Professionals" in Campus Recruitment by 2023 NFuture Awards.



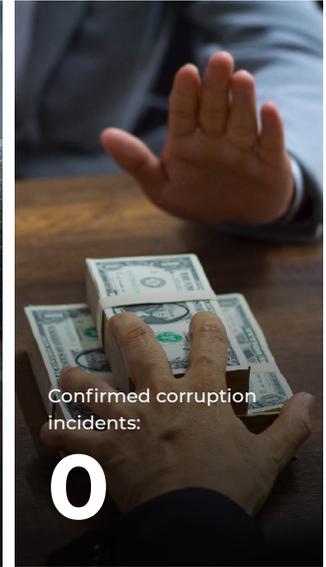
The proportion of employees receiving anti-corruption and business ethics training:

100%



The passing rate of anti-corruption and business ethics training sessions:

97%

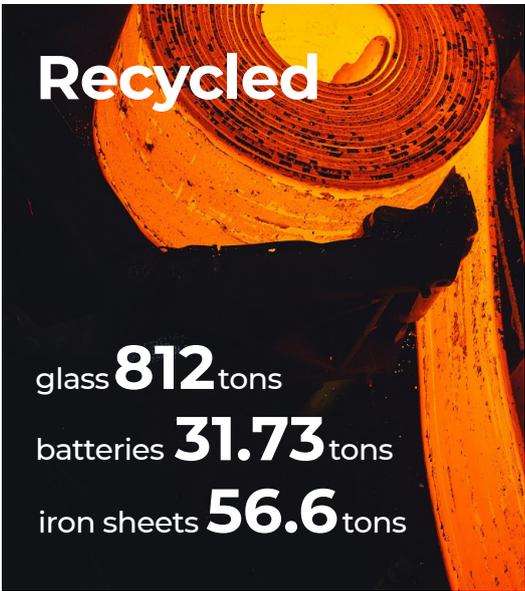


Confirmed corruption incidents:

0



The company received the first SOC 2 Type I assurance report in the field of "New Retail—Smart Store Digital Solutions" issued by an international authority.



Recycled

glass **812** tons

batteries **31.73** tons

iron sheets **56.6** tons



Direct greenhouse gas (GHG) emissions from own operations (scope 1)

15.92 t CO₂e

indirect GHG emissions from own operations (scope 2)

4,964.64 t CO₂e

indirect GHG emissions from upstream and downstream activities of the value chain (scope 3)

144,671.5 t CO₂e



Spotlight:

Green Digital Store Solution Empowers Sustainability in the Retail Industry



The concepts of sustainable development and green consumption are now deeply rooted in people's minds, reshaping every corner of the physical retail industry. In an era where both commercial and social values are paramount, every upgrade—whether it be in green products, green supply chains, or green consumer experiences—represents a significant transformation and positive practice that the retail sector brings to the global market and its users. Among these developments, the empowerment of digital and intelligent technologies plays an increasingly important role in these transformation processes. They provide retailers with "smarter eyes and hands", promoting more scalable, precise, and predictable operational efficiency improvement solutions from multiple dimensions, thereby reducing transformation costs, and enhancing the consumer experience.

Hanshow firmly believes in the transformative power of green digitalization and is willing to uphold a development vision rooted in responsibility, friendliness, sustainability, and humanity. Amidst the current wave of ESG principles, we aim to join hands with digital enterprise partners to provide a green perspective from the source of digital technology, co-creating an industrial ecosystem and forming a green advocacy. We hope to empower physical retailers through technological innovation, providing them with more future-oriented transformation tools and capability support, thus enabling them to enhance market competitiveness, build green stores and establish trustworthy brands .

Shiguo Hou
CEO

The retail industry faces increasingly complex challenges, including the need to meet consumers' highly personalized preferences across multiple shopping channels, manage extensive product categories (especially perishables), ensure product quality while minimizing waste, and balance competitive pricing with sustainable profit margins. Additionally, retailers must navigate fluctuating demand and avoid excess inventory, making operational efficiency more critical than ever.

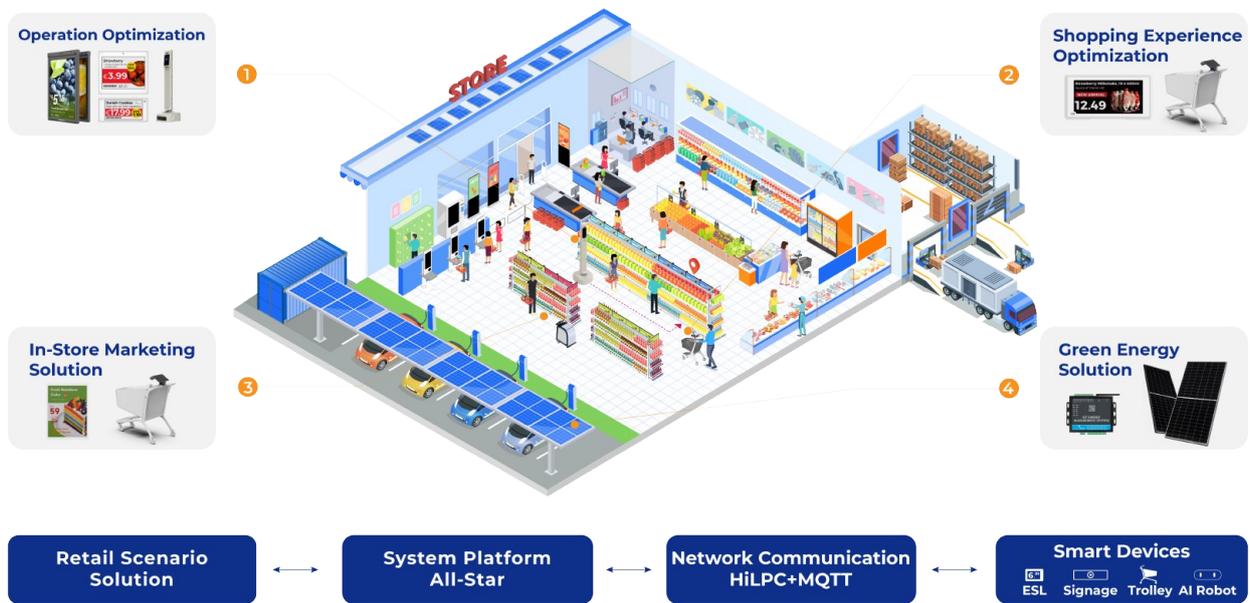
In this dynamic environment, green digitalization has emerged as a transformative solution to address these challenges. Leveraging cutting-edge technologies, Hanshow offers a comprehensive suite of green digital store solutions. Our intelligent devices and applications—such as electronic shelf labels (ESLs), digital marketing displays, smart shopping carts, AI-powered cameras, and robots—seamlessly integrate digital innovation with sustainability. These solutions enhance operational efficiency, reduce costs, and improve the overall shopping experience in physical stores.

Hanshow is also at the forefront of digital energy solutions, empowering retailers to transition to green energy through photovoltaic technologies and advanced energy management systems. These initiatives not only strengthen competitive advantages and promote financial growth but also significantly reduce the environmental and social impact of retail operations.

Our vision is to create smarter, greener, and more consumer-centric stores while building agile, resilient supply chains that foster responsible and sustainable consumption.

GREEN RETAIL

Hanshow's Holistic Green Store Solutions



At Hanshow, digital and green solutions combine digital technology with sustainability. It focuses on maximizing resource efficiency, streamlining operational processes, and elevating the shopping experience through cutting-edge intelligent devices, tools, and technologies. The goal is to promote energy conservation, reduce emissions, and minimize the carbon footprint of offline retail stores.

Store Operations Optimization Solution

Hanshow's store operations and management optimization solution focuses on streamlining the daily operations of retail stores, with a particular emphasis on precise pricing management through electronic price tags and location-based expansion strategies as the core highlights.

● Precise Pricing with ESL

- Displays product information in digital format (text and images), including price, origin, specifications, allergens, and more.
- Features real-time remote updating capabilities, replacing traditional paper price tags and promoting environmental sustainability.
- Allows for dynamic price adjustments in response to changing product conditions, consumer demands, and retail competition, thereby enhancing sales and profit margins.

● Diverse Expansion Strategies Based on ESL Location

- Electronic price tags serve as fundamental modules of the in-store Internet of Things (IoT), providing accurate product location information.
- Interacts with other in-store IoT devices to facilitate a wider range of application scenarios.

Data indicates that **76%** of retailers face staffing shortages. Hanshow's ESL solution simplifies in-store operations, reduces labor costs, and improves efficiency. It eliminates pricing discrepancies between shelf labels and checkout counters, leading to fewer customer complaints. By digitizing the pricing management process, Hanshow's ESL solution optimizes store operations, reduces costs, and offers a variety of expansion strategies, ultimately helping retailers increase sales and profit margins.

● On-shelf availability (OSA)

On-shelf availability (OSA) remains a critical concern for retailers, as it reflects their ability to manage inventory, restock efficiently, and maintain product display. Traditional shelf management methods often struggle with high labor costs, frequent errors, and delayed responses, leading to lost sales and customer dissatisfaction. Hanshow's AIoT solutions, including inspection robots, AI cameras, and supporting software, monitor various factors such as out-of-stock items, product displays, and food spoilage. These technologies provide real-time out-of-stock alerts, data storage, and analysis, optimizing operational efficiency. Hanshow's solutions also accelerate replenishment, improve inventory turnover, and reduce spoilage and waste. For example, a large European retailer using AIoT solutions reduced its out-of-stock duration by **40%**, from **2.5 hours to 1.5 hours**, significantly improving OSA.

● SaaS platform Management

Retail digitalization faces challenges such as complex equipment, system, and network management, as well as high costs. Additionally, growing data volumes strain traditional IT infrastructures. To address these issues, Hanshow has developed the All-Star SaaS platform, which centrally manages AIoT devices and networks, streamlining management processes and lowering costs. The platform utilizes Microsoft Azure cloud services to provide robust data transmission, storage, and processing capabilities, customizable to meet retailers' needs for rapid deployment, saving both time and costs. Furthermore, Hanshow's SaaS system is environmentally friendly, improving energy efficiency by **up to 93%** and reducing carbon emissions by **up to 98%** compared to traditional on-premise digital solutions, offering retailers a greener and more sustainable digitalization option.





Hanshow's in-store marketing solution focuses on creating more customer touchpoints by leveraging various digital tools within the store to increase interaction frequency and drive sales. These tools include ESLs and digital signage for promotional displays, as well as mobile devices like smart shopping carts and apps to deliver interactive experiences. The goal is to influence purchasing decisions through targeted information and promotions during the shopping journey.

Hanshow's Lumina series offers a vibrant, dynamic way to present brand advertisements to customers. By using cross-marketing strategies tailored to store conditions, these products effectively display ads digitally, reducing reliance on traditional paper methods and boosting sales while minimizing paper consumption. With GenAI technology, the Lumina series can generate themed images and marketing scripts from simple prompts, addressing the challenge retailers face in dedicating significant resources to marketing material creation. This enhances the efficiency of in-store marketing and reduces the burden on retail staff.

Hanshow's Smart Cart solutions also play a key role, with clip-on smart cart tablets providing a direct channel to engage consumers and enabling more diverse and effective marketing strategies.



Hanshow's integrated digital store solution delivers an offline shopping experience that not only rivals but often surpasses the enjoyment and convenience of online shopping.

Firstly, ESLs provide precise product location information, which is especially valuable in larger stores or specialized formats like DIY stores, where quickly finding items is essential. By seamlessly integrating the ESL system with the retailer's app, product details, prices, and in-store locations are synchronized across both online and offline platforms. Customers can easily access detailed product information and locate items faster through the mobile app. In the event of stock shortages, they can quickly find nearby stores with available inventory or opt for online services, significantly enhancing shopping convenience and transparency.

In addition, Hanshow's Smart Cart tablets further streamline the shopping experience. Traditional supermarkets often suffer from long checkout times, which can detract from the overall experience. Self-checkout machines and smart shopping carts address this issue effectively. Company's smart shopping terminals feature a clip-on design that seamlessly integrates with retailers' shopping carts. These smart terminals offer features such as in-store navigation, personalized promotions, and self-checkout capabilities. Customers can quickly find products, scan items themselves, and pay via mobile devices, eliminating the hassle of manual checkout. Personalized promotions also help customers save money. After implementing Hanshow's smart shopping carts, a retailer in Japan experienced a 74% reduction in customer queue times and a 114% increase in the likelihood of repeat visits.

This revision sharpens the language and makes the message more impactful while maintaining the core information.

Energy Management Optimization Solution

Building on the strong trust Hanshow has established with major retailers globally, and in line with the growing focus and investment in the green economy and sustainable development across various regions, the company has developed innovative digital energy solutions. In response to the specific needs of retail customers in Germany, the Netherlands, and France — such as regulatory compliance, business models, project financing, system design, and operation and maintenance — Hanshow offers reliable, efficient products and integrated solutions. Hanshow's one-stop services for photovoltaic power generation, energy storage, charging, and energy conservation help customers transition to green energy and reduce energy consumption.

PV Solution: Distributed photovoltaic power generation provides clean energy for customers' in-store facilities.

Energy Storage Solutions: Hanshow helps customers install power conversion systems and battery storage units to safely and efficiently store energy generated from solar panels and other renewable sources for future use.

Electric Vehicle (EV) Charging Solutions: Hanshow provides a comprehensive one-stop solution for EV charging, including software, hardware, and services such as energy management, organized charging, and integration with store systems.

Energy Management System: Company's energy management solution, powered by SaaS and AI, enables businesses to effectively monitor and optimize their energy consumption.

Through **comprehensive energy management and service solutions**, Hanshow empowers customers to enhance energy efficiency and achieve their sustainability goals.



Hanshow Works with Partners to Build a Sustainable Development Pilot Store



Hanshow has collaborated with a leading retailer in the United Kingdom and a food retail solution provider to launch the first sustainable development pilot store in the United Kingdom. By leveraging Hanshow's ESL solutions, the project aims to enhance operational efficiency, improve the customer shopping experience, and promote the circular use of packaging.

By introducing ESL solutions, the store has eliminated the need for paper price labels, significantly reducing consumable costs and the labor intensity associated with price changes. This has greatly improved employee productivity and work efficiency. Additionally, the ESLs provide real-time updates on prices and promotional information, enabling the retailer to respond promptly to market trends and consumer demands. Furthermore, Hanshow's solutions also support customization, helping the retailer present a unified visual image and enhance brand recognition. The project has also launched a "Refill Price Commitment" program, encouraging customers to shop using their own or purchased reusable containers in order to achieve a zero-waste goal. The ESLs play a crucial role in this program by clearly displaying the price differences between packaged and unpackaged products, guiding customers toward more sustainable shopping choices.

This collaboration serves as a demonstration case for the digitalization of the retail industry. The digital store solution not only reduces costs and increases efficiency for customers but also offers long-term sustainable solutions for both retailers and consumers. It creates a green consumption space, instilling environmentally friendly lifestyles through in-store experiences, and driving more consumers to pay attention to and participate in green and low-carbon actions.

Hanshow Assists a Renowned Automotive Repair Service Provider Chain in Digital Transformation and Sustainable Development



Since 2021, Hanshow has collaborated with a well-known European chain automotive repair service provider to cope with the increasing competition in the industry and the challenges of sustainable development through digital upgrades. This client has a history of more than 50 years and operates nearly 650 stores across six countries and regions worldwide. Hanshow provided a digital store solution that covers all of the client's service locations, significantly enhancing the operational efficiency of the client's stores and optimizing its service experiences. ESLs can automatically update prices through a back-end management system, saving employees the time required for changing paper price labels. At the same time, the client can view inventory information in real-time, simplifying the replenishment process. ESLs not only reduce errors in manual pricing and checkout but also attract customers by displaying promotional products through special colors and templates. Customers can scan the QR codes on the ESLs to access an online platform for product details and user reviews, enhancing their shopping experience. The use of ESLs has notably reduced paper consumption, saving over 6 million paper price labels annually for stores in France. Hanshow's products, with their low power consumption and long lifespan, have further reduced carbon emissions, helping the automotive repair service provider achieve its sustainable development goals.

The project leader for the client in France stated, "Hanshow's ESL solutions have saved us a lot of time, reduced pricing errors, and improved customer satisfaction and business profitability. We are now more flexible and competitive against our rivals."

GOVERNANCE

Enhancing Governance
through Compliance
and Ethics

02.

Hanshow Technology Co., Ltd.

Hanshow is committed to creating long-term value and promoting robust internal governance. Company's commitment to good governance is reflected in every aspect of daily operations, which is essential in helping us to run business responsibly and to set and fulfill the Company's vision and strategy on sustainability.

Hanshow fully supports the UN SDGs. By establishing an efficient ESG operation mechanism, deepening the development of the risk management system, abiding by industry business ethics, and regularly tracking performance in fulfilling responsibilities, the company aims to ensure a virtuous circle between the enterprise and society.

Responding to SDGs

Hanshow's actions

Performance in fulfilling responsibilities



- Continuing to build the ESG operation mechanism
- Deepening the risk management system and continuously ensuring compliance operation
- Building a business ethics system to protect the rights and interests of stakeholders
- The proportion of employees receiving anti-corruption and business ethics training: **100%**
- The passing rate of anti-corruption and business ethics training sessions: **100%**
- Confirmed corruption incidents: **0**
- Hanshow received the first SOC 2 Type I assurance report in the field of "New Retail—Smart Store Digital Solutions" issued by an international authority



2.1 SUSTAINABLE DEVELOPMENT MANAGEMENT

Hanshow is deeply committed to the principles of sustainable development, striving to create a lasting and healthy ecosystem through excellence in sustainable management and responsible business practices. Together with stakeholders, Hanshow will work towards a greener, more harmonious, and prosperous future.



ESG Strategy and Management

Hanshow integrates the commitment to long-term value creation into company's sustainable development strategy, continuously aligning it with the UN Sustainable Development Goals (SDGs). The company consistently strengthen ESG governance framework and take concrete actions to fulfill company's sustainability commitments, working towards a more sustainable future.

Our ESG strategy



With the development of the digital and intelligent era, the rise of low-carbon technologies, the popularization of clean energy, and the ongoing strengthening of corporate sustainability concepts, Hanshow recognizes that factors such as green and low-carbon transformation, digital and intelligent innovation development, ethical business practices, and enhanced governance effectiveness have become key to enhancing corporate competitiveness. Hanshow actively responds to the global sustainable development trend, combining our sustainable development strategy and vision with the global challenges outlined in the UN SDGs. Company has developed the EPIIC sustainable development strategy with "Environmentally Beneficial, Promoting Prosperity, Innovation & Digitalization, Integrity & Governance, and Climate Neutrality" as the core pillars and defined clear strategic objectives and action pathways under each pillar, helping us assess and manage the impact of our operations on the economy, environment, and society. Hanshow has also integrated the sustainable development concept into every operational process, continuously optimizing our corporate sustainability governance level and promoting long-term value creation.



EPIIC Sustainable Development Strategy

Strategic Pillars	 Environmentally Beneficial	 Promoting Prosperity	 Innovation & Digitalization	 Integrity & Governance	 Climate Neutralization
Our Vision	<p>We are committed to establishing an environmentally friendly green production system and a green, sustainable industrial ecosystem to benefit the natural environment.</p>	<p>Together with all stakeholders, we will create a co-prosperous and symbiotic business ecosystem and continue to contribute to the prosperity of society.</p>	<p>Digitalization and innovation are deeply rooted in our development, and we are committed to assisting the digital transformation of the industry through technological innovation.</p>	<p>We adhere to integrity, responsibility, and compliance management, strengthen integrity governance, and enhance the Company's transparency and governance capacity.</p>	<p>We actively respond to climate change by formulating and implementing carbon neutrality strategies to support emission reduction.</p>
Our Objectives and Action Pathways	<p>Promoting sustainable development by realizing a virtuous cycle of resources</p> <ul style="list-style-type: none"> Develop virtuous resource recycling solutions to strengthen recycling and reuse. <p>Protecting the environment for harmonious coexistence between man and nature</p> <ul style="list-style-type: none"> Improve the environmental management system. Attach importance to and strengthen the protection of natural resources and biodiversity. 	<p>Uniting efforts and putting people first</p> <ul style="list-style-type: none"> Protect the rights and interests of employees and enhance their well-being. Develop a diverse, equal, and mutually prosperous work system. <p>Giving back to society and creating a better life together</p> <ul style="list-style-type: none"> Fulfill social responsibility and contribute to the development of the community <p>Joining forces to build a sustainable supply chain</p> <ul style="list-style-type: none"> Strengthen supply chain ESG management and build a responsible supply chain 	<p>Promoting digital innovation to support sustainable development</p> <ul style="list-style-type: none"> Strengthen technological innovation, optimize product R&D, gather innovation elements, and promote in-depth cooperation in the supply chain. 	<p>Improving governance and stimulating operational vitality</p> <ul style="list-style-type: none"> Continuously optimize the ESG governance framework. Always treat business ethics as a top priority. Attach importance to data security and privacy protection and promote industry cooperation. 	<p>Achieving carbon neutrality in our operations by 2035</p> <ul style="list-style-type: none"> Build a "dual carbon goal" management system and implement various emission reduction measures. <p>Actively responding to climate change</p> <ul style="list-style-type: none"> Develop resilient climate action plans.
Supporting UN SDGs					

ESG governance framework

A scientific ESG governance framework is the backbone of sustainable development efforts. Hanshow pays attention to the corporate value system but places greater emphasis on the dynamic balance and sustainable development between economic activities and environmental and social development. To ensure the steady advancement and implementation of its sustainable development strategy, Hanshow has established a comprehensive and effective ESG governance framework, consisting of a three-tier management structure: the governance level, management level, and implementation level. The Board of Directors and Strategy Committee serve as the governance level, overseeing and making decisions on various ESG matters. The ESG Management Committee functions as the management level and reports to the Strategy Committee. Additionally, Hanshow has established an ESG Leadership Group under the ESG Management Committee, responsible for the implementation of ESG work. Moreover, Hanshow continues to enhance its professional capacity-building efforts to improve overall ESG performance and promote harmonious, win-win development with stakeholders.



Hanshow's ESG Governance Framework

Board of Directors and Strategy Committee

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

ESG Leadership Group

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

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-related reports and disclosures of the Group's companies
- Assign ESG tasks and supervise ESG practice

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

Stakeholder engagement is a key driver in Hanshow's pursuit of sustainable development. Hanshow prioritizes regular, multi-channel communication with stakeholders to inform its ESG strategy and management priorities while also strengthening its approach to sustainable development. Hanshow aims to cultivate strong relationships with stakeholders, enhance transparency in information disclosure, and effectively address their concerns.

Stakeholder communication

Hanshow actively develops an effective stakeholder communication mechanism to strengthen relationships with its stakeholders. By utilizing diverse communication channels, Hanshow gains a comprehensive understanding of sustainable development topics that significantly impact them and integrates these insights into daily decision-making, management, and improvement processes. Regular documentation, measurement, and review of stakeholder communications enable Hanshow to enhance both the effectiveness and timeliness of its interactions, thereby promoting sustainable development for both the company and its stakeholders.

Stakeholders	Principal Concerns	Communication Methods	Our Response
Government and regulatory agencies	<ul style="list-style-type: none"> Compliance management Environmental governance 	<ul style="list-style-type: none"> Conferences & events On-site audits 	<ul style="list-style-type: none"> Strict regulatory policies and requirements Timely disclosure of the Company's operating conditions and major events Compliance operation
Shareholders/investors	<ul style="list-style-type: none"> Stable operation Risk management Transparent information disclosure 	<ul style="list-style-type: none"> Website disclosure Board office contact 	<ul style="list-style-type: none"> Continuously improving the Company's operational capacity Strengthening risk management Actively communicating with investors through multiple channels to strengthen investor management
Clients	<ul style="list-style-type: none"> Product and service quality Accurate product information Prompt response 	<ul style="list-style-type: none"> Client meetings Client satisfaction surveys Monthly newsletter Social media 	<ul style="list-style-type: none"> Product quality control Conducting promotion in compliance with laws and regulations Customer satisfaction analysis Protecting the rights and interests of clients
Employees	<ul style="list-style-type: none"> Diverse, equitable, and inclusive workplace Employee growth and development Workplace health and safety 	<ul style="list-style-type: none"> Employee activities Job performance interviews Diversified training and exchanges Satisfaction surveys 	<ul style="list-style-type: none"> Recruiting in compliance with laws and regulations, and improving the employment system Optimizing career development channels Improving employee compensation and benefits Carrying out employee training Occupational health protection measures
Suppliers and partners	<ul style="list-style-type: none"> Fair and open procurement Supplier assessments Partnerships Industry events 	<ul style="list-style-type: none"> Supplier agreements Workshops Industry exchanges 	<ul style="list-style-type: none"> Adhering to fair and open procurement Paying attention to environmental and social risks in the supply chain Strengthen communication and interaction along the supply chain Selecting low-carbon, environmentally friendly and energy-saving products Actively participating in public activities for sustainable development

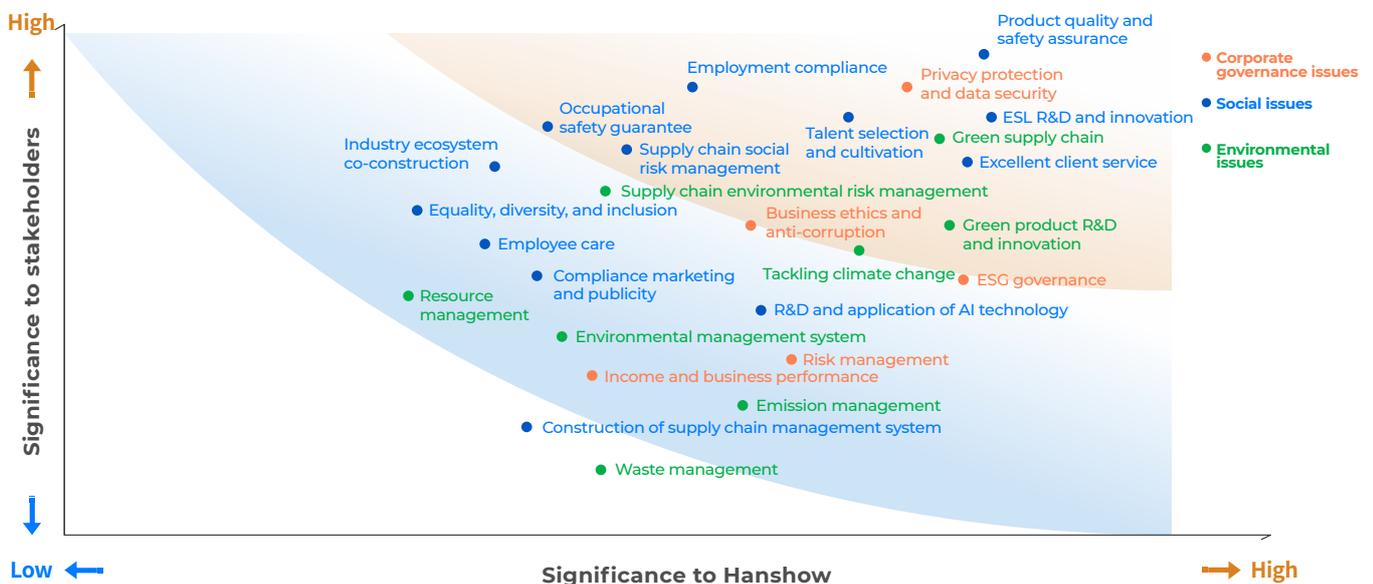
Materiality assessment

In 2023, Hanshow conducted an analysis of various ESG topics regarding their impact on the company's sustainable development and the level of stakeholder concern through four steps: material topic identification, surveys and interviews, screening and assessments, and review and confirmation. 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. Through careful integration and analysis, Hanshow ultimately selected 26 strategic topics that can significantly contribute to achieving its ESG goals. These topics formed the ESG materiality matrix, which served as the basis for targeted management actions. The materiality matrix was reviewed by Hanshow's management team.

Process to determine material topics

<h3>1 Material Topic Identification</h3>	<p>Hanshow determines the scope and list of sustainable development-related topics in the industry based on industry characteristics, corporate strategic planning, domestic and foreign sustainability-related standards, concerns of rating agencies, and peer practices. Domestic and foreign sustainability-related standards include GRI Standards, UN SDGs, the Ten Principles of the UN Global Compact (UNGC), and IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), among others.</p>
<h3>2 Surveys & Interviews</h3>	<p>Through various forms such as interviews and surveys with internal and external stakeholders, Hanshow gain a deeper understanding of their key concerns. This year, the company conducted an extensive survey using an online questionnaire targeting both internal and external stakeholders to comprehensively gather their feedback on the Company's sustainable development topics. A total of 306 valid questionnaires were collected in this survey.</p>
<h3>3 Screening & Assessments</h3>	<p>Hanshow assess key sustainable development topics based on operational management reality and industry practices while considering global and local sustainable development goals as well as stakeholder concerns. Hanshow then prioritizes these topics based on their significance.</p>
<h3>4 Review & Confirmation</h3>	<p>The Company's management team and experts review and select key material topics for disclosure, forming a materiality matrix. This serves as an important basis for optimizing company's operational management and information disclosure.</p>

Hanshow's sustainability materiality matrix



Response to material topics

Material Topics Actions and Projects

Product quality and safety assurance

- Improving the overall quality management system
- Adhering to internal and external quality inspection
- Quality tracking mechanism
- Management over product full life cycle

ESL R&D and innovation

- Evolving Communication Protocols and ESL Controllers
- Continuing to upgrade Polaris Pro to promote the green and digital development of the industry

Excellent client service

- Providing timely product maintenance and technical training services
- Maintaining smooth customer communication channels

Privacy protection and data security management

- Company established a three-tier information security management structure with clear responsibilities
- Hanshow received the first SOC 2 Type I assurance report in the field of "New Retail—Smart Store Digital Solutions" issued by an international authority
- Company's overall score on the CyberVadis platform reached 830 points

Green supply chain

- Signing the Environmental Protection and Social Responsibility Agreement
- Conducting staff training in sustainable procurement

R&D and application of AI technology

- New generative artificial intelligence (GenAI) applications to broaden the boundary of retail efficiency

Green product R&D and innovation

- Investing continuously in Solar-Powered ESL R&D
- Significant breakthroughs in the three projects of balcony photovoltaic (energy storage) systems, portable energy storage, and vehicle-mounted chargers and EV chargers

Talent selection and cultivation

- "NFuture Awards - Employer Most Favored by Technological Professionals in Campus Recruitment" and "The Most Favorable Employer" Award by the Overseas Chinese Returnees Association
- Carrying out talent empowerment training

Employment compliance

- Protecting the labor rights and interests of employees
- Comply with the Business and Human Rights Policy of Hanshow Technology

Business ethics and anti-corruption

- The proportion of employees participating in anti-corruption and business ethics training: 100%
- Conducting corruption risk assessments in two key operational locations

Tackling climate change

- Establishing a systematic action plan to address climate change
- Identifying 5 physical risks, 8 transition risks, and 4 opportunities

Supply chain social risk management

- Enhancing environmental and social risk management
- Strengthening staff training in sustainable procurement

Material Topics Actions and Projects

ESG governance

- Establishing a comprehensive and effective ESG governance framework
- Continuing to strengthen professional capacity building and improving overall ESG performance

Occupational safety guarantee

- Implementing a health and safety management system based on the ISO 45001 standard
- Strengthening occupational safety training and capacity building
- Purchasing additional occupational safety-related insurance

Risk management

- "Three lines of defense" for risk management
- Carrying out risk identification, analysis and assessment according to the Internal Control Management System and risk matrix

Income and business performance

- Integrating various innovative technologies such as the IoT, cloud computing, and AI with diversified application scenarios to promote customers in retail and other industries to complete digital transformation and upgrading
- Realizing the deep integration of new technologies, new business formats, and new models with traditional industries to promote the development of new quality productive forces in downstream industries

Industry ecosystem co-construction

- Conducting in-depth discussions on future trends in the retail industry at large domestic and international exhibitions
- Release of the 2024 White Paper on the Future of Physical Retail

Pollutant and emission management

- Preparing a Hazardous Waste List and a General Solid Waste List
- Entrusting qualified third-party organizations to undertake waste recycling, utilization, and disposal

Compliance marketing and publicity

- Carrying out diversified compliance marketing training
- Improving the relevant management system related to product labeling

Employee care

- Conducting regular surveys of employees' voices
- Carrying out various health-themed activities

Equality, diversity, and inclusion

- Promoting employment of the disabled
- Signing the Women's Empowerment Principles (WEPs) under the UN Women and UN Global Compact

Resource management

- Optimizing resource allocation
- Improving the energy management system, promoting energy optimization in company's internal factory, and carrying out special energy audits

Environmental management system

- Obtaining ISO 14001:2015 environmental management system certification
- Formulating a series of specialized management measures and system documents

Construction of supply chain management system

- Training on the construction of supplier corporation social responsibility (CSR) system
- Conducting CSR risk analysis for suppliers

2.2 RISK MANAGEMENT

Hanshow is committed to operating in compliance with laws and regulations, improving operational efficiency comprehensively, and promoting the Company's sustained development. Hanshow realizes that effective risk management is crucial for enhancing management transparency, supporting decision-making processes, and driving continuous improvement within the Company. Hanshow strictly adheres to laws and regulations related to the Company's operations and established a comprehensive risk management system, and conduct risk identification and control based on changes in both internal and external environments. Hanshow timely updates risk response strategies to enhance our resilience against risks comprehensively.



Upholding the "Three Lines of Defense"

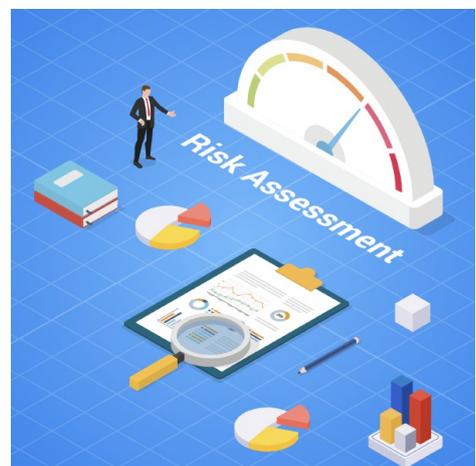
Hanshow firmly believes that sound risk management is the cornerstone of sustainable corporate development. Based on internationally accepted risk management frameworks and operational needs, Hanshow continuously strengthens the "three lines of defense" for risk management, clarifying the organizational structure and division of labor in risk management work. Hanshow constantly reviews and optimize the existing management structure and procedures to address the changing business environment and challenges, providing strong support for the Company's long-term stable development.



Risk Management and Internal Control System

Hanshow adopts as company's internal control management policies and objectives the principles of "ensuring legal and compliant operations and management, safeguarding asset security, ensuring the accuracy and completeness of financial reporting and related information, improving operational efficiency and effectiveness, and promoting the achievement of the Company's development strategy". The commitment is to continuously optimize company's risk management and internal control system. To further enhance internal management level and risk prevention capabilities, Hanshow has developed an Internal Control Management System based on normative documents such as the Guidelines for the Application of Enterprise Internal Control, Guidelines for the Evaluation of Enterprise Internal Control, and Guidelines for the Auditing of Enterprise Internal Control, and created an internal control risk matrix. Hanshow integrates the requirements of risk management into daily management and business processes to form a closed-loop management model, ensuring compliance, effectiveness, and transparency in operations.

Hanshow strictly follows the established systems and requirements of the risk matrix to carry out internal control work and continuously strengthen the efforts in system improvement, policy formulation, and compliance training. This provides a strong guarantee for the healthy and orderly development of the Company's business. Hanshow identifies operational risks through comprehensive internal control and internal audit work, participate in mid-year review tasks, and participate in the Company's major projects as an independent internal control and internal audit team to continuously improve the Company's risk management and internal control. Additionally, Hanshow conducts walk-through tests and inspections of daily operations, implement job rotation management for high-risk positions, and conduct risk training for all employees in business ethics and other aspects, thereby enhancing their awareness of risk prevention and solidifying the foundation for the Company's healthy and compliant development. Moreover, Hanshow conducts sampling checks on daily business operations according to the Company's internal control risk matrix. For changes in daily processes, company promptly reviews the effectiveness and reasonableness of internal control management processes, update the internal control risk matrix following compliance processes, and continuously enhance risk management level.



Risk assessment

Effectively conducting risk assessments is a key step in ensuring the stable operation of an enterprise. Hanshow performs risk identification, analysis, and assessment based on established risk management and internal control systems such as the Internal Control Management System and the risk matrix, employing both qualitative and quantitative approaches to analyze the probability and impact of different types of risks, so as to ensure the objectivity, accuracy, and focus of company's judgment on significant risks.

Hanshow aims to construct a comprehensive risk assessment system that can timely identify, assess, and respond to various business risks to guarantee the stable operation and long-term development of the Company. During the risk identification phase, each business unit and functional department proactively identifies potential risks within the scope of its responsibilities and in its daily operations. This identification process should thoroughly investigate the root causes and triggering factors of the risks and conduct detailed analysis and assessment for each potential risk scenario. In the risk matrix construction phase, the internal control and internal audit department will create a risk matrix grounded on the characteristics of the risks identified by each business unit and functional department. This matrix will systematically analyze the likelihood of risks occurring and their potential states, thereby quantifying and categorizing the risks. In the deepened assessment phase, the internal control and internal audit department will closely collaborate with relevant business units and functional departments to deepen risk assessment work, including evaluating the potential impact of risks on the Company's strategic objectives and identifying the priority and urgency of risk mitigation and control measures.

In 2023, Hanshow conducted an in-depth review of the supplier evaluation process of the Business Procurement Department, providing corrective suggestions for issues such as unclear evaluators in procurement activities, clarifying the roles and responsibilities of evaluators, and enhancing the standardization, fairness, and transparency of the evaluation process. This not only improves the quality of supplier management but also lays a solid foundation for the Company's long-term development and strategic procurement. In addition, Hanshow attaches great importance to the impact of environmental pollution, climate change, and other related risks on the Company's sustainable operations, integrating these concerns into the comprehensive risk management process. Hanshow regularly organize the identification and assessment of related risks and conduct regular monitoring in accordance with relevant requirements such as The Determination of Particulates and Sampling Methods of Gaseous Pollutants Emitted from Exhaust Gas of Stationary Source (GB/T 16157-1996) and its Amendment and the Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008). This helps minimize the impact of environmental pollution, climate change, and other factors on business activities, ensuring the steady development of the enterprise.



2.3 ETHICS AND INTEGRITY

At Hanshow, a good reputation is one of our most important assets. Hanshow are committed to maintaining a positive business ethics environment, which is reflected not only in compliance with external laws and regulations but also in self-imposed internal ethical standards. Hanshow continuously promote good practices in business ethics and conduct comprehensive business ethics education to ensure that the team can fulfill company's commitment to integrity globally and collectively build a sustainable business environment.



Upholding Business Ethics

Adhering to high standards of business ethics is key to a company's success. Hanshow is committed to creating a business environment featuring integrity, fairness, and transparency, as well as maintaining good market order and a positive industry image. Hanshow regards legal and regulatory compliance and adherence to business ethics as fundamental principles of company's operations and implement responsible business practices. Hanshow will continuously improve the company's business ethics and compliance management system, and strengthen system management and training publicity, so as to safeguard the Company's sound operations.

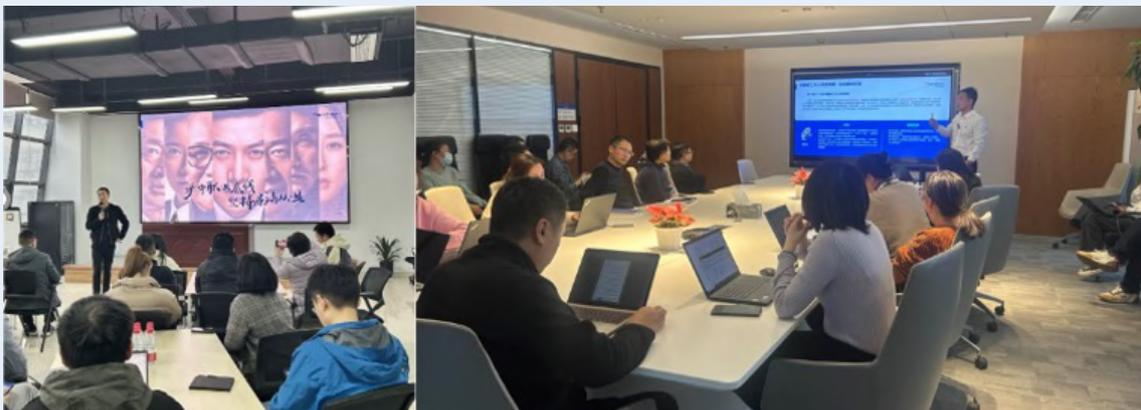
To fulfill its global commitment to operating with integrity, Hanshow has established a comprehensive ethics and integrity management framework, which includes key pillars such as policy formulation, internal auditing, awareness enhancement, and governance institution supervision. Hanshow has developed multiple rules, regulations, and documents, including the Code of Business Ethics, Internal Anti-Fraud System and Reward Measures, Internal Audit System, Internal Control Management System, and Statement of Integrity and Self-Discipline. These clarify the basic principles and rules to be followed in business interactions between internal employees, external clients, partners, and the public, ensuring adherence to high standards of ethics and integrity in the workplace and business relationships.

At the same time, Hanshow firmly resists practices such as commercial bribery, corruption, monopoly, money laundering, and unfair competition. The company conducts business ethics audits to ensure that its business practices and decision-making processes are transparent, fair, and compliant with laws, regulations, industry standards, and public expectations. This year, all employees filled out the Statement of Integrity and Self-Discipline. Additionally, Hanshow places great emphasis on cultivating awareness of business ethics by organizing training for all employees, ensuring that decisions and actions consistently meet the highest ethical standards. This creates a work environment founded on integrity and promotes the sustainable development of the enterprise.

case

Carrying out Business Ethics Training for All Employees to Consolidate the Foundation of Integrity in Operations

In today's highly competitive business environment, business ethics not only represent a corporate responsibility but also serve as a key factor for sustainable development. In 2023, to further enhance employees' understanding and practice of business ethics standards, Hanshow conducted a series of business ethics training sessions for all employees. This initiative enabled employees to gain a clearer and deeper understanding of business ethics norms, anti-fraud behaviors, and the impacts of their consequences. It strengthened their judgment and decision-making capabilities when facing ethical challenges, providing vital support for risk prevention, reputation maintenance, and long-term development.



Preventing Corruption

Anti-corruption is crucial for an enterprise to build a healthy business ecosystem, maintain market integrity, and ensure sustainable development. Hanshow upholds high standards in regulating its own conduct, adopting a zero-tolerance policy towards any form of corruption and fraud. The company strictly complies with all laws related to combating corruption and fraud (including bribery, extortion, and money laundering) in all jurisdictions where it operates.



Anti-corruption management

Hanshow has established regulations such as the Internal Anti-Fraud System and Reward Measures to prohibit all forms of corruption. Together with its employees and partners, Hanshow continuously strives to create a clean and fair business environment. The company is committed to strengthening internal anti-fraud and compliance management, regularly conducting anti-corruption risk assessments and audits, and making continuous improvements based on audit findings to ensure that corruption risks are effectively controlled. In 2023, Hanshow conducted corruption risk assessments in two key operational locations, which accounted for 29% of its operational points. Through targeted risk assessments, Hanshow is able to identify and respond more precisely to risk points in specific operational environments, further reinforcing its anti-corruption strategies and compliance framework.

In addition, Hanshow is dedicated to fostering a culture of integrity and compliance, enhancing its employees' anti-fraud awareness. The company has conducted both online and offline anti-corruption training for all employees, creating a favorable business atmosphere based on integrity and transparency. In 2023, the total number of anti-corruption and business ethics training sessions increased by four compared to 2022, with the total training duration rising by 824 hours from the previous year.

Indicator	Unit	2023
Anti-corruption and business ethics training		
The proportion of Chinese employees receiving anti-corruption and business ethics training	%	100
The passing rate of anti-corruption and business ethics training sessions	%	97
Total duration of anti-corruption and business ethics training	hr(s)	1,374
Total number of anti-corruption and business ethics training sessions	No.	5
The number of anti-corruption and business ethics training sessions by rank		
Including: The number of training sessions participated by directors and senior management	No.	1
The number of training sessions participated by employees	No.	1
The passing rate of anti-corruption and business ethics training sessions by rank		
Including: The passing rate of training sessions participated by directors and senior management	%	99.7
The passing rate of training sessions participated by employees	%	96

Smooth reporting channels

Hanshow encourages employees to actively report any suspected or potential incidents of bribery or other corrupt practices and has clearly defined the anti-fraud reporting management process and reward mechanism. To facilitate the efficient execution of anti-corruption efforts and ensure smooth reporting channels, Hanshow has established an email reporting system. Each report received is promptly and professionally assessed to determine whether it needs to be included in the audit review scope. For cases that require further investigation, Hanshow initiates the appropriate audit procedures and, if necessary, organizes a joint investigation team or hires external experts for an independent review to ensure objectivity and professionalism in the investigation.

During the investigation process, Hanshow strictly documents all relevant information and ensures timely recording, feedback, and publication of the investigation results to maintain transparency and traceability. Additionally, the company regularly reports the investigation progress and outcomes of corruption-related incidents to the Audit Committee, typically on a quarterly basis, to ensure the committee is fully informed and can provide necessary guidance and oversight. This approach is designed to build a high-standard anti-corruption system and maintain an environment of integrity and compliance in Hanshow's operations.

Country	E-mail	Language(s)
China 	Integrity.cn@hanshow.com	Chinese and English
France 	Integrity.fr@hanshow.com	French and English
Netherlands 	Integrity.nl@hanshow.com	English
Germany 	Integrity.de@hanshow.com	German and English

Whistleblower protection mechanism

Hanshow recognizes that employees who refuse to participate in or expose misconduct may have concerns about potential retaliation. Therefore, the company offers support and protection to all employees who raise concerns in good faith, regardless of whether the reported information is verified. To better safeguard the interests of whistleblowers, Hanshow has established and implemented a whistleblower protection mechanism to ensure that their identity and privacy are strictly protected.

All personnel involved in handling whistleblower complaints or fraud investigations are required to adhere strictly to confidentiality obligations, prohibiting them from disclosing any information about the whistleblower or the reported content to any department or individual. Hanshow explicitly forbids any form of information leakage, and all reporting materials are processed according to confidential document management standards to ensure their security and confidentiality. The company is committed to conducting fair and objective investigations into all reports and taking appropriate measures in response to the investigation results. By effectively implementing the whistleblower protection mechanism, Hanshow ensures the legitimate rights and interests of whistleblowers are upheld.

Indicator	Unit	2021	2022	2023
Anti-corruption incidents				
Total number of confirmed corruption incidents	No.	0	0	0
Cases of business ethics violations reported through the whistleblowing procedure	No.	0	0	0

2.4 INFORMATION SECURITY AND PROTECTION



As the world rapidly transitions into the digital age, information security has become an issue that cannot be overlooked. Information security is not only crucial to the confidentiality, integrity, and availability of data but also plays a vital role in the stable operation and sustainable development of the economy and society. At Hanshow, the company recognizes its responsibility to take effective measures to enhance the protection of critical infrastructure and sensitive data, building a safer and more reliable digital environment while providing robust support for the long-term development of the economy and society.



PASSWORD

A graphic of a fingerprint is overlaid on the top left of the laptop screen. The word "PASSWORD" is written in large, teal, sans-serif capital letters across the middle of the screen.

Place your fingertip
to verify your security code

Information Security Management Framework

Information security safeguards the core competitiveness of enterprises. Hanshow places great importance on cybersecurity and privacy protection, adhering to the management philosophy that "information security is everyone's responsibility." The company is committed to protecting the data privacy and security of its employees and customers while complying with relevant data and privacy protection laws and regulations globally. Through a well-structured organizational system and a comprehensive management framework, Hanshow effectively integrates information security management and privacy protection into its business processes, continuously driving innovation and optimization in both management and technology to ensure that its efforts in cybersecurity and privacy protection remain up to date.

Information security management structure

To strengthen information security management and ensure the normal operation of the network and information system, Hanshow has established a three-tier information security management structure with clear responsibilities. The Information Security Committee is responsible for formulating and overseeing the Company's data security policies and plans, as well as reviewing and approving important decisions on data security. The Data Protection Officer is responsible for formulating and overseeing the Company's data security and privacy policies. The Data Security Team is responsible for monitoring and assessing the Company's data security risks, proposing corresponding measures, and responding to and handling data security emergencies. Through this three-tier information security management structure, Hanshow ensures that information security management is carried out comprehensively and systematically, thus enhancing the overall level of information security management.

Information security management policy

To effectively manage information security, Hanshow has developed and implemented a range of comprehensive internal policies. The company has established the Information Security Policy, which outlines its overall goals and strategic direction regarding information security. Building on this foundation, Hanshow has also formulated management policies such as the Management Manual on Information Security, Information Security Strategy, Information Security Organizational Structure and Personnel Security Management Regulations, System Data Security Management Regulations, Data Security Management Procedures, and Information Security and Confidentiality Provisions, ensuring comprehensive information security protection.

Information security management system

To fully ensure information security and business continuity, Hanshow has established a comprehensive, scientific, and effective information security management system. This system incorporates strict policies, procedures, and control measures to ensure the confidentiality, integrity, and availability of information, providing a solid foundation for ongoing risk assessment and management. Hanshow's information security management system is certified under ISO 27001, with the certification scope covering a range of activities such as the R&D and sales of digital signage (commercial displays), the R&D, sales, and production of ESLs, and the sales of smart devices. This ensures the effective implementation of information security management across key operations.



Information security audit

To ensure the effective operation of the information security management system, Hanshow has integrated information security management into its risk and compliance management processes and conducts regular specialized audits on information security. In 2023, Hanshow completed the systematic development and implementation of system services and organizational controls for security, availability, and confidentiality within the All-Star Cloud digital solution, and conducted specialized audits under the System and Organization Controls 2 (SOC 2) framework. SOC 2 is a globally recognized assurance standard for services with high security, confidentiality, and availability, providing an accurate, comprehensive, and thorough reflection of the overall security management of the audited enterprise.

Security Capability of Hanshow's All-Star Cloud Digital Solution Wins International Recognition with SOC 2 Audit Assurance

case

On August 8, 2023, Hanshow officially received the first SOC 2 Type I assurance report in the field of "New Retail—Smart Store Digital Solutions" issued by an international authority. This report audited and assessed the integrated service capabilities of Hanshow's All-Star Cloud digital solution service system in relation to security, availability, and confidentiality. The reception of this report demonstrates that Hanshow's All-Star Cloud digital solution services have passed the most rigorous audit in the industry regarding security, availability, and confidentiality, aligning with internationally advanced standards and showcasing industry-leading multi-dimensional integrated service capabilities. Furthermore, it proves Hanshow's ability to provide customers with comprehensive, professional, safe, and stable service support.



Information Security Risk Identification and Response

Effectively managing information security risks is crucial for ensuring business continuity, maintaining customer trust, and promoting Hanshow's sustainable development. Hanshow has developed key management documents such as the Management Manual on Information Security, Information Security Strategy, Technical Weakness Management Regulations, and Emergency Response Process Provisions to establish a systematic risk identification and response mechanism that effectively addresses the evolving network environment.

By leveraging professional security agencies, Hanshow conducts comprehensive assessments and inventories of its exposed assets on the Internet to identify potential vulnerabilities and threats to its information assets. Additionally, the company uses tools such as network scanning detection, network big data monitoring platforms, and other technologies to identify risks related to boundary vulnerabilities, data leakage, and social engineering. In response to these identified risks, Hanshow prioritizes remediations and rectifications based on their severity, significantly reducing the likelihood of external attacks and effectively preventing information security incidents.

Active Response to "Cybersecurity Protection 2023" Cyber Attack and Defense Drill

case

To ensure cyber and data security for the 19th Asian Games and the 4th Asian Para Games in Hangzhou and shore up the cybersecurity defense line, the Cyberspace Administration of Zhejiang Province worked with Jiaxing Public Security Bureau to hold the "Cybersecurity Protection 2023" Cyber Attack and Defense Drill in September 2023. Hanshow, as an active participant and supporter of this operation, proactively responded to security compliance inspections and took a series of improvement measures based on the optimization suggestions provided by the inspection results. Hanshow comprehensively enhanced the capabilities in cybersecurity risk perception, vulnerability discovery, emergency response, and incident analysis, contributing to the local capacity to prevent cybersecurity risks.



Enhanced Risk Identification and Closed-loop Rectification of Security Risks

case

To further enhance the security management of company's exposed assets on the Internet and ensure safe business operations, Hanshow conducted comprehensive scanning and risk identification of company's Internet assets, as well as special penetration testing and attack and defense drills for core business systems. A total of 603 exposed assets were mapped, and 127 risks associated with asset exposure, boundary vulnerability, data leakage, and social engineering were identified. Company categorized these risks as "low", "medium", "high", and "critical" based on their priority levels. Among them, "critical" and "high" risks were promptly remediated and rectified after review, while "medium" and "low" risks were subject to continuous follow-up remediation and rectification after review.

By identifying external attack risks on the Internet and implementing a series of closed-loop rectifications for these risks, company significantly reduced the likelihood of experiencing network attacks at the business level, strengthened overall data security protection, and enhanced the security team's capabilities in vulnerability management, ensuring a quick and effective response to emerging security challenges.



Information Security Practices

Over the years, Hanshow has adhered to the principle of "providing customers with safe, reliable, and innovative products, solutions, and services," making data security and reliable business development a top priority in its service delivery. The company has developed the Information Security and Confidentiality Provisions, Information Asset Confidentiality and Authorization Management Regulations, and Implementation Guidelines for Data Security Management Grading and Classification to establish data classification and grading standards. These measures ensure the proper management of data collection, storage, access, transmission, and disposal, thereby minimizing data security risks associated with improper data usage.

Additionally, Hanshow communicates its data protection policies, protective measures, and data retention periods to customers in alignment with its Service Agreement and Privacy Policy. The company also provides security services to meet customer demands for safe data usage and employs encryption techniques to safeguard business data throughout the operation of its service system.

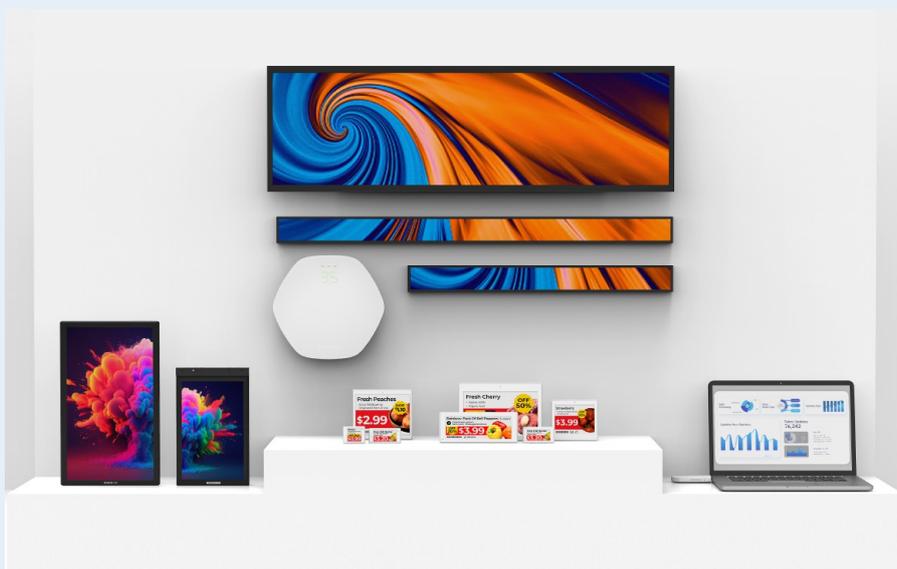
From an information security perspective, Hanshow considers regulatory requirements, business operation needs, and its data protection experience to organize and classify its data assets. The company ensures that data is managed and authorized in accordance with classification and grading standards throughout the workflow. Core business data is securely stored using algorithm-based encryption for structured personal information, such as user email addresses, phone numbers, and mobile positioning data, while unstructured data, such as product materials and marketing templates, is stored in a private blob storage space.

Hanshow further enhances its ability to protect production environment data by optimizing database access management, streamlining the data access request process, limiting query results, controlling data modification risks, and automating execution and comprehensive evaluations. These measures effectively prevent data breaches and security incidents, while strengthening the security team's monitoring and management capabilities regarding data access and modification, thereby ensuring the continuity and stability of key business operations.



Hanshow's All-Star Cloud Digital Solution Service Platform Comprehensively Protects Customer Privacy

Focusing on technical implementation, Hanshow's All-Star Cloud digital solution service platform builds various segmented services to support the realization of different business scenarios across multiple industry applications through overall planning and comprehensive deployment. To prevent customer data from being leaked, stolen, or tampered with during transmission, the All-Star Cloud service ensures that all information transmitted, including identity verification and operation instructions, is encrypted by HTTPS when customers log in and use the platform.



▲ Hanshow's All-Star Cloud Digital Solution

Information Security Awareness Training

Hanshow fully recognizes the critical role that employees play in protecting information asset security and is committed to enhancing their professional capabilities in information security through comprehensive training, thereby effectively preventing and responding to security threats. The company's information security training program covers a wide range of topics and is customized to align with the roles and responsibilities of different employees. Hanshow has developed training plans such as Security Awareness Training for Employees, Security Qualification Certification Training, and Information Security Training for New Employees to improve the security awareness and response capabilities of its workforce.

Additionally, Hanshow offers a series of professional video courses on its online training platform and implements closed-loop management for the training process through systematic promotion, tracking, and evaluation. This approach deepens information security awareness across the organization, ensuring that employees are well-prepared to safeguard the company's information assets.

case

"Information Security Month" Held, Creating an Information Security Cultural Atmosphere

To foster a culture of information security at Hanshow and enhance employees' security literacy, company organized the Information Security Month in June 2023. The event aimed to help employees improve their awareness and skills in information security, thus better protecting corporate assets and customer privacy. Hanshow promoted professional training materials and courses on the Hanshow Academy training platform and carried out assessments on trainees. Company took a multi-faceted approach to the training, focusing on aspects such as physical intrusion, cybersecurity, privacy protection, office security, and leak prevention to comprehensively enhance employees' knowledge and skills regarding information security. The Information Security Month contributed to a more positive information security culture within the organization. A total of 580 employees participated in the training, with 572 passing the assessment. Furthermore, 258 employees suggested that their overall security awareness and capability had improved through the training.



▲ Information Security Month

Indicator	Unit	2023
Information security awareness training		
The number of information security awareness training sessions throughout the year	No.	1
Total duration of information security awareness training throughout the year	hr(s)	381.8
The number of employees participating in information security awareness training throughout the year	People	523
The employee participation rate of information security awareness training throughout the year	%	88

Indicator	Unit	2021	2022	2023
Information security incidents				
The total number of information security incidents ¹ throughout the year	No.	0	0	0



SOCIAL

Fostering Collaborative Growth and Sharing Success

03.

Hanshow Technology Co., Ltd.

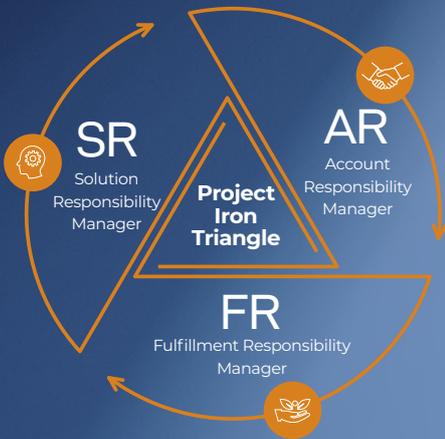
As one of the global leaders in digital store solutions within the border retail sector, Hanshow is committed to actively fulfilling its social responsibilities. This commitment is not only a crucial aspect of the company's overall development but also an essential endeavor to achieve sustainable and high-quality growth.

Hanshow's dedication to social responsibility is reflected across various areas, including product responsibility, employee development, and partnerships. The company is focused on collaborating with all stakeholders to build a green, environmentally friendly, digital, and sustainable retail ecosystem.

Guided by the UN Sustainable Development Goals (SDGs), Hanshow continuously improves product quality, supports employee development, and promotes industry advancements. The company leads its employees in exploring sustainable development through global partnerships, paving the way for a more sustainable future for the retail industry.

Responding to SDGs	Hanshow's actions	Performance in fulfilling responsibilities
	<ul style="list-style-type: none"> Integrate various innovative technologies such as the IoT, cloud computing, and AI with diversified application scenarios to promote customers in retail and other industries to complete digital transformation and upgrading Realize the deep integration of new technologies, new business formats, and new models with traditional industries to promote the development of new quality productive forces in downstream industries Upgrade Polaris Pro again to continuously promote the green and digital development of the industry 	<ul style="list-style-type: none"> In 2023, the total investment in R&D reached RMB 168.422 million Proportion of R&D personnel: 33.25% Hanshow released the 2024 White Paper on the Future of Physical Retail—The Future of Physical Retail: Moving Towards Friendly and Inclusive Green Digitization
	<ul style="list-style-type: none"> Implement a health and safety management system based on the ISO 45001 standard Strengthen occupational safety training and capacity building Purchase additional occupational safety-related insurance Protect the labor rights and interests of employees Comply with the Business and Human Rights Policy of Hanshow Technology Conduct regular surveys of employees' voices Carry out various health-themed activities 	<ul style="list-style-type: none"> In 2023, the employee satisfaction was 80.12% Percentage of operational facilities certified to ISO 45001: 100% Total number of employee health & safety training participants: 580
	<ul style="list-style-type: none"> Empower talent to inspire their vitality Included in the "GlocalIN Top 50 Technology Faces of Chinese Global Enterprises" corporate map Won the "2023 NFuture Awards - Employer Most Favored by Technological Professionals in Campus Recruitment" Awarded the Top Supplier Retail in the Reta Awards selection. Listed among the Top 10 High-quality Service Providers Going Global and the Top 50 Outstanding Chain Service Providers at the 16th High-growth Franchise Summit. 	<ul style="list-style-type: none"> Hanshow developed 20 new employee training courses, which comprised 12 courses in Chinese and eight courses in English. The total hours of online training for employees reached 5,754.52. Number of employee participants in skills training: 2,146
	<ul style="list-style-type: none"> Promote employment of the disabled Signed the Women's Empowerment Principles (WEPs) under the UN Women and UN Global Compact 	<ul style="list-style-type: none"> Proportion of female employees: 37.18% Percentage of women in management positions: 33.99%

3.1 PRODUCT EXCELLENCE



| National/ Major Project Team |



Hanshow firmly believes that high-quality products, reliable services, and continuous innovation are the cornerstones of creating long-term value for retailers and consumers. To this end, Hanshow adheres to a customer-oriented and quality-first principle, striving to implement and deepen the "Iron Triangle Model" to ensure product-service lifecycle management. The company has established comprehensive systems for quality management and after-sales service management. By continuously refining quality control processes for its products and services, Hanshow enhances the customer experience while upholding responsible marketing practices. The goal is to provide global customers with stable, high-quality, innovative, and efficient products and services.

Strict Product Quality Control

Hanshow considers product quality compliance to be the cornerstone of long-term, high-quality business development. In adherence to the management philosophy of "Integrity First, Quality Foremost, and Commitment to High Quality and Efficiency," Hanshow continuously raises its quality standards while establishing mechanisms for quality tracking and recall management. This ensures that its products consistently meet legal requirements and the latest technical standards, securing a competitive edge through exceptional product quality. Hanshow's ESLs have obtained RoHS (Restriction of Hazardous Substances Directive) and WEEE (Waste Electrical and Electronic Equipment Directive) certifications. In 2023, Hanshow continued to strengthen product quality management, with no reported violations related to product quality safety throughout the year.



Quality management system

To maintain Hanshow's long-standing exceptional product quality, Hanshow continuously improves its comprehensive quality management system based on the GB/T 9001-2016 national standard and the ISO 9001 international standard. By continuously monitoring and inspecting the entire process from product research and development (R&D) to production, Hanshow has developed key quality control procedures, including the Management Manual, the Procedure for Control of Internal Audit, and the Procedure for Control of the Production Process. Anomalies identified through internal self-examinations and external inspections are handled and managed preventively in accordance with the Procedure for Control of Non-Conforming Output and the Procedure for Control of Corrective and Preventive Action. This approach constantly enhances quality assurance and aims to achieve high-standard quality management goals.

Internal and external quality inspection methods include:

Internal self-examinations	
🔍 Regular inspection:	Company conducts comprehensive internal audits of the Company's management systems to ensure the effectiveness and compliance of the quality management system.
👁️ Real-time monitoring:	Company performs real-time monitoring and mistake-proofing control of the production line through ERP, MES, and production testing systems to enhance product process quality.
🔍 Irregular inspection:	The Quality Management Department conducts cyclic monitoring of the production process irregularly, issuing relevant reports, and performs sampling tests on materials, semi-finished products, and finished products, providing audit reports.
External inspections	
📄 Annual audit:	System institutions conduct on-site audits of the factory and issue audit reports based on the audit results.
📄 Regular sampling inspection:	Samples of products are taken and sent to professional institutions for testing, with testing reports issued.

The ESL system product has passed the appraisal and evaluation by the Zhejiang Electronic Information Products Inspection and Research Institute and is confirmed to meet the Internet of Things Electronic Shelf Label System General Requirements (GB/T 42409-2023).

Quality tracking mechanism

From production to R&D and customer use, Hanshow integrates quality assurance throughout the entire product lifecycle. The company has established a closed-loop quality tracking mechanism that effectively manages R&D and production data through an online system, with the goal of achieving long-term traceability. By continuously monitoring product quality and providing timely and efficient service feedback to customers, Hanshow ensures that all quality issues, from the source to after-sales, are resolved promptly.

Guided by the philosophy of providing timely, efficient, high-quality, and worry-free services to global customers, Hanshow has implemented policies such as the After-Sales Return and Exchange Management Measures, the After-Sales Shipping Timeliness Management Measures, and the Customer Feedback and Complaint Management Procedures, and has established an After-sales Service Department. Hanshow clearly defines the scope of its products and services, functional design, organizational roles, and operational mechanisms related to after-sales service activities and processes. This comprehensive after-sales service management system allows Hanshow to continuously enhance the customer experience and refine its global service network, delivering stable, high-quality products and services to customers worldwide.

Product recycling management

While providing customers with more low-carbon and sustainable solutions, Hanshow strives to improve product sustainability through various means. Product recycling management represents the final stage of product lifecycle management. Through the recycling and reuse of products, Hanshow ensures that products are processed responsibly at the end of their service cycle, thereby enhancing product utilization efficiency and achieving sustainability goals.

Responsible Marketing

Hanshow firmly believes that maintaining respect and responsibility towards customers, consumers, and competitors, while strictly adhering to relevant national regulations, is essential for establishing customer trust, enhancing the company's reputation, and strengthening brand influence, thereby achieving long-term sustainable development. Hanshow is committed to conveying the quality, effectiveness, benefits, and limitations of its products through transparent information and compliant marketing practices. By adhering to principles of accurate, truthful, and reliable marketing and publicity, the company ensures clear product labeling, creating a transparent and credible consumption environment for customers and consumers.

Hanshow insists on responsible marketing by establishing standardized workflows and standards for sales, promotion, service, and information security, supported by an internal audit mechanism. In 2023, Hanshow continued to strengthen marketing management, with no reported violations related to product advertisements or labeling throughout the year.



Rational advertising

Guided by the corporate values, Hanshow adheres to the following principles when promoting products:

✓ Compliance

The company shall establish an advertising review process and conduct regular self-audits to ensure that advertising content and activities comply with applicable laws, regulations, and internal policies.

✓ 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 for competitors

Advertisements shall not disparage competitors or promote false information to gain an unfair competitive advantage.

✓ Respect for consumers

Advertisements shall respect consumers and shall not contain offensive, discriminatory, or inappropriate content.

✓ 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. Thus, company shall not publish any advertising that harms the interests of society and the public.

✓ Privacy protection

Advertisements shall comply with applicable laws and regulations and shall not use customers' personal information for marketing purposes.

In 2023, Hanshow conducted regular and diverse training activities on compliant marketing, including training on advertising laws and integrity. The comprehensive marketing courses were specifically tailored for the frontline salesperson team and designed to enhance their understanding of corporate culture and product knowledge, improve their prevention awareness of responsible marketing risks, and ensure the compliance of product promotion and sales activities with the law.

Effective product labeling

Clear and informative product labeling is vital to building up customers' awareness of company's products and services and enhancing their trust in the brand. Based on compliance with laws and regulations, Hanshow has formulated a series of management systems related to product labeling, such as the Product and Service Information Management Policy, Identification Consistency System, Identification Use Authorization System, Identification Review System and Identification Protection System, to ensure the integrity and accuracy of information disclosure in the marketing process. Hanshow integrates compliance awareness into the whole marketing process and strive to provide customers with reliable and satisfactory products and comprehensive solutions, achieving win-win results.

The management of product identifications shall follow the following principles:

✓ Accuracy and truthfulness

Product identifications and descriptions shall be based on facts and shall not contain false or misleading information.

✓ Consistency

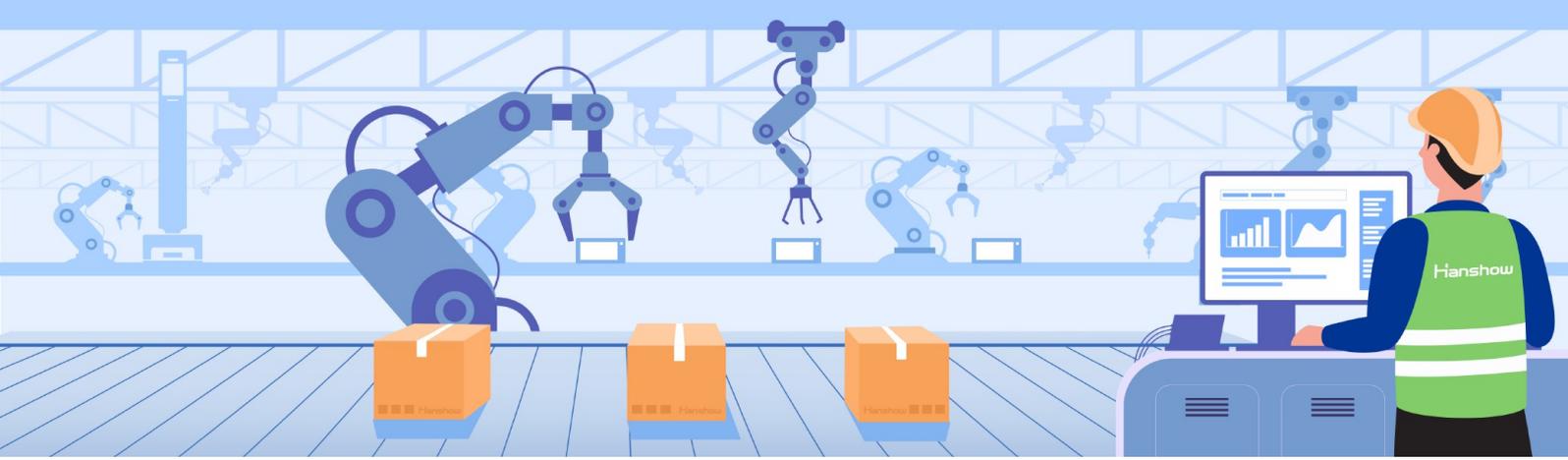
Product identifications and descriptions shall be consistent across all marketing channels and product packaging to ensure that customers have a clear understanding of the company's brand image and product portfolio.

✓ Clarity and legibility

Product identifications and descriptions shall be clear so that customers can understand the attributes and characteristics of the products and services they purchase or use. The label shall be easily recognizable to help customers quickly identify the company's brand and products.

✓ Customer-centric innovation

The company shall pay attention to market trends and customer needs, and carry out product label design according to the characteristics of the customer groups. It shall be committed to driving continuous innovation and quality improvement around customer needs.



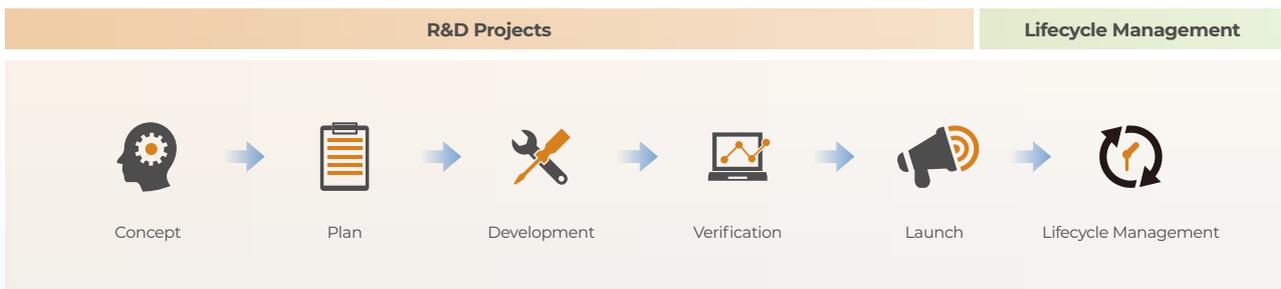
Innovation in Scientific R&D

Since its establishment, Hanshow has consistently regarded technological innovation as the driving force for enhancing its core competitiveness. Hanshow is committed to bridging the digital divide between online and offline channels through technological empowerment, with the mission of assisting customers in achieving business success. The company focuses on providing cutting-edge technological solutions for the retail industry, leveraging new high-quality productive forces to improve store operational efficiency and enhance consumer experiences.

R&D innovation management

In the context of new industrialization, Hanshow invests over RMB 100 million annually to accelerate product updates and iterations. Hanshow believes that embracing green and digital development early, while understanding and implementing ESG principles from a practical perspective, is essential for long-term success and contributes significantly to the digital transformation of the retail industry.

Hanshow's R&D projects are driven by corporate strategies and market demands. R&D is managed according to the Integrated Product Development (IPD) process after project approval. By integrating market requirements and examining process and delivery performance in the concept, plan, development, verification, launch, and lifecycle management phases of the IPD process, Hanshow ensures that every product delivers the expected level of quality.



R&D on green products and artificial intelligence services

Hanshow insists on customer-centered continuous innovation and regards innovation as the core competitiveness for company's long-term development. As various industries transition into a more intelligent and environmentally friendly new era, Hanshow will continue to explore innovations in two key domains: green stores and digital energy. Hanshow actively promotes the innovative application of new digital and green technologies, contributing fresh impetus to the industry's high-quality and sustainable development.

Innovation and R&D achievements in the green store business:

(1) New GenAI applications expanded the boundaries of retail efficiency: Based on its in-depth strategic cooperation with Microsoft, Hanshow advanced the R&D of GenAI solutions for both business and consumer terminals. Hanshow's GenAI products for the business terminal leverage the capabilities of publicly available GPT-4 for text generation and DALL-E 3 for image creation to develop product POP posters, marketing ambiance posters, and product descriptions through conversational interactions. Furthermore, the seamless integration of Hanshow's product ecosystem enables generated materials to be published with a single click on Lumina marketing screens and the upcoming large-scale colorful EPD posters.



▲ Figure: GenAI Application Solution—Hanshow Store Marketing Assistant

(2) In 2022, Hanshow released the prototype of Nebular Lux, the first solar-powered ESL series. Nebular Lux is powered by smaller solar batteries, extending the lifecycle of these ESLs. As long as the battery is not depleted, Nebular Lux supports more frequent price updates and increased utilization.



▲ Figure: Hanshow's First Solar-powered ESL Series Nebular Lux

(3) The Polaris Pro series was upgraded again to continuously promote the green and digital development of the industry: The upgraded Polaris Pro has a higher screen-to-body ratio, offering larger vividly colorful displays within the ultra-thin bezels. Due to an integrated design, Polaris Pro's thickness is reduced by 37% compared with traditional ESLs that support battery replacement, with an impressive battery life of up to 10 years. Hanshow's Polaris Pro enables batch scheduled updates, ensuring consistent operation even during unexpected network or power outages. Additionally, with a highly integrated SiP chip, it minimizes the number of necessary electronic components, thereby further reducing carbon emissions.



▲ Figure: Hanshow's Polaris Pro



Core R&D achievements in the digital energy business:

(1) Balcony Photovoltaic (Energy Storage) System Project: As the German government gradually reduces subsidies for fossil fuels and introduces a series of policies to encourage and support renewable energy, the costs of solar and other renewable energy sources are steadily decreasing, leading to their increased market competitiveness. While the German balcony photovoltaic market presents numerous opportunities, it also faces challenges related to a shortage of energy storage technology. To enhance product competitiveness, Hanshow organized technical personnel to develop a balcony photovoltaic energy storage system. After successfully completing the planning, R&D, and production of the balcony photovoltaic product, company entered overseas markets and achieved a breakthrough from concept to execution.

- The system consists of a micro inverter and two photovoltaic modules, and its operational status can be monitored through an app. Its market promotion has already been completed.
- The system includes an optional energy storage module, which can be reused as a portable power source. This system, together with the balcony photovoltaic system, forms an integrated balcony photovoltaic energy storage solution.



(2) Portable Energy Storage Project: The portable energy storage power supply, as a new type of energy storage device, is compact in size and lightweight. Thus, it is easy to carry and move and can be easily carried to outdoor locations or other venues requiring power support. It is widely utilized in scenarios such as outdoor travel and emergency preparedness, truly functioning as a "large outdoor energy center". Hanshow organized technical personnel to develop this device. After successfully completing the planning, R&D, and production of the portable energy storage product, company entered overseas markets and achieved a breakthrough from concept to execution. Currently, all four types of portable energy storage products have been mass-produced and successfully promoted online.



(3) Vehicle-mounted Charger and EV Charger Project: With the rapid development of electric vehicles (EVs), charging equipment, as a core supporting device, boasts vast market potential. To seize this opportunity, Hanshow focused on the most used vehicle-mounted chargers and EV chargers, aligning with the characteristics of its sales channels and market demands while leveraging China's manufacturing position in global trade. Hanshow aimed to provide customers with charging product solutions to address challenges of charging accessibility and alleviate "charging anxiety." Technical personnel were organized to develop the charging equipment. After successfully completing planning, R&D, and production of the vehicle-mounted chargers and EV chargers, Hanshow entered overseas markets and achieved a breakthrough from concept to execution. Currently, vehicle-mounted chargers and EV chargers have been promoted online, and the first batch has been delivered. Hanshow will leverage this opportunity to enter the charging product market, gradually refining customer needs while expanding collaboration on the supply chain side.



Intellectual property protection

Hanshow places great importance on intellectual property protection, viewing it as a vital safeguard for maintaining innovation. Hanshow respects the intellectual property rights of third parties and requires all employees to have a basic understanding of intellectual property laws and to comply with any restrictions on intellectual property use outlined in contracts with third parties. The company recognizes that unauthorized use or disclosure of others' intellectual property may result in significant liability, and infringement of third-party intellectual property rights could damage Hanshow's reputation and relationships with external partners.

At the internal system level, Hanshow has established the Intellectual Property Management System and the Incentive Measures for Service Invention Patent Applications, conducting patent management activities according to these systems. The company regularly holds internal intellectual property mining and analysis meetings and provides specialized intellectual property training for R&D personnel. In 2023, the total number of **intellectual property rights that Hanshow obtained is 351**, including **170 domestic patents, 52 foreign patents** (one for each country or region), **86 registered trademarks both domestically and abroad**, and **43 software copyrights**.

The "Hanshow" trademark is also a key focus of intellectual property protection efforts. To this end, Hanshow has developed the Trademark Management System, which outlines the objectives, strategies, and responsibilities of trademark management. This system regulates the process of trademark application and registration, management during trademark usage, and protection measures for authorized trademarks. To safeguard the company's brand, image, and reputation, Hanshow has registered the "Hanshow" trademark for ESL and other products in the approved Class 9 of the international classification, facilitating sales and marketing across various countries and regions.

Performance data:

Indicator	Unit	2023
Total investment in R&D	RMB 100 million	1.68
Number of R&D personnel	People	262
Proportion of the number of R&D personnel to the total number of employees	%	33.25
Number of registered trademarks at home and abroad	No.	86
Number of authorized software copyrights	No.	43
Number of authorized patents	No.	222
Including: number of invention patents	No.	87
Number of new utility model patents	No.	63

Improvement of Service Quality

Hanshow believes that product delivery is just the beginning of its service to customers. The company is committed to placing technological innovation and service optimization at the core of its operations. Through exceptional product quality, rapid-response services, sustainable solutions, and professional technical support, Hanshow aims to assist customers in their digital and green transformation and upgrading, creating new digital retail experiences that are smarter, more low-carbon, and sustainable.

Service experience improvement

Hanshow is committed to promoting the digital and green transformation of retail stores while emphasizing its service value and enhancing customer experiences throughout the entire product lifecycle. To achieve this, Hanshow has developed a series of systems and specifications, including the Customer Service System, Customer Feedback System, Customer Data Protection System, Customer Satisfaction Assessment System, Complaint Handling System, and Employee Training System. These measures ensure that Hanshow provides customers with comprehensive and multi-faceted service experiences.

To deliver a more thoughtful and effective service experience, Hanshow offers timely product maintenance and technical training services. Hanshow's technical service engineers conduct on-site visits to provide immediate training on standardizing safety and technical operations, as well as enhancing the ability to quickly resolve common issues. Additionally, Hanshow's headquarters has established a Training Practice Center, with internally certified instructors serving as trainers. This center develops systematic training materials covering customer challenges related to power station systems and products, technical updates, and various operation and maintenance issues. The training is delivered in multiple formats to improve the overall operational and maintenance capabilities of customer teams.

Customer communication optimization

Smooth customer communication channels are essential for Hanshow to protect customers' rights and interests, address real problems, ensure efficient improvements, and enhance service quality. To maintain effective, trustworthy, and mutually beneficial communication with customers, Hanshow adheres to a customer-centric principle and adopts a management approach that is open, transparent, professional, and courteous. The company has established a diverse range of customer communication channels, including the official website, email, complaint letters, and face-to-face meetings.

Hanshow has developed a customer complaint response mechanism and process that clearly outlines detailed steps, such as receiving complaints, analyzing issues, responding to customers, resolving problems, and providing feedback. Guided by the principles of "rapid response, thorough investigation of every complaint, timely replies, and preventive corrections," Hanshow has established a multi-tiered framework for handling customer complaints. The company continually improves its communication management by collecting and analyzing customer feedback and opinions to enhance its products and services.

Hanshow Provides Customers with Product Lifecycle Management Services

【Green Stores】

Hanshow is committed to providing comprehensive product lifecycle management services for the retail industry, covering all links including planning, design, production, installation, maintenance, and recycling. Hanshow prioritizes not only high performance and efficiency in its products but also focuses on reducing environmental impact and promoting sustainable development.

Commitment to social responsibility

Etablissements et Services d'Aide par le Travail (ESAT) is a social organization that provides employment opportunities and healthcare services for people with disabilities. Hanshow have established a strategic partnership with ESAT in Paris to jointly manage the after-sales services, which reflects our commitment to social responsibilities.

Hanshow's cooperation with ESAT not only assists people with disabilities in reintegrating into the workforce and society but also provides them with work that suits their physical and mental conditions. This cooperation also helps them gain more knowledge, develop personal value, and access more employment opportunities in the future. This cooperation is our effort to give back to society and a meaningful contribution to a sustainable supply chain and sustainable development.



Social Responsibility



【Digital energy】

Hanshow fully utilized a lifecycle management approach for the photovoltaic power stations in the store project of a German supermarket. Through scientific methods and specialized technical means, Hanshow identified risks and hidden dangers at various stages of construction and operation. Qualitative and quantitative statistical analysis methods were applied to determine the severity of these risks, allowing for the prioritization and implementation of risk control measures. This approach improved the production environment and reduced or eliminated work safety accidents. The project was successfully connected to the power grid in August 2023.



Given the widespread distribution, large number, and small size of photovoltaic power stations for stores, Hanshow adopted a plan of "distributed grid connection + remote control + monitoring through a cloud platform." This approach took into account project construction and operation costs as well as the efficiency of risk identification.

Hanshow developed a series of measures to ensure over 99% operational efficiency of the photovoltaic system, providing maximum guarantee for electric energy output during the system's operating cycle.

- Hanshow formulated an annual system maintenance plan and scheduled the removal of dust and snow from components to ensure the system's operational efficiency.
- Hanshow conducted preventive operation and maintenance inspections during the project's operation phase. Based on specific project conditions, potential system risk points were analyzed in advance, and relevant remedial measures were developed.

Process Relationship Diagram



Customer Privacy Protection

As one of the world's leading providers of digital store solutions, Hanshow firmly believes that the strict protection of customer privacy is essential for delivering exceptional services and high-quality experiences. From an information security perspective, Hanshow, after comprehensively considering regulatory requirements, business operation needs, and its own data security experience, classifies and manages its data assets to ensure that its user privacy protection practices meet high standards. Hanshow has developed a comprehensive Information Security Policy, ensuring that all departments, employees, and third-party partners strictly adhere to relevant laws and regulations to protect the data privacy of customers and stakeholders.

Hanshow has implemented a series of information security management procedures and relevant regulations designed to safeguard data privacy. A regular review mechanism has been established to monitor the company's data security status and ensure effective privacy protection. Additionally, Hanshow communicates its data protection policies, protective measures, and data retention periods to customers based on its Service Agreement and Privacy Policy. In 2023, no information security incidents or complaints related to the loss of customer privacy data were reported, reflecting Hanshow's strong performance in information security management.

case

External Assessment and Recognition of Hanshow's Privacy Protection

【Overall Score on CyberVadis: 830 Points】

The CyberVadis platform focuses on assessing companies' performance in data privacy and protection, business continuity, and third-party security management. Hanshow's overall score on the CyberVadis platform was 830 points, which significantly exceeded the baseline score of 640 points. This high score indicates Hanshow's exceptional performance in protecting customer data privacy and managing information security and showcases strong capabilities and reliability in these areas.



【External Customers' Security Review Evaluation: "A" Rating】

Hanshow received an A rating in an overall security review of company's public network services conducted by external customers. This rating reflects the high level of trust and satisfaction customers have in Hanshow's data protection and information security management efforts. It also demonstrates company's stringent security standards and effective protective measures.

A Level

3.2 EMPLOYEE DEVELOPMENT

Hanshow believes that its employees are the company's most valuable asset and that they have played a pivotal role in delivering high-quality services and driving social value creation. Hanshow is committed to respecting and treating all employees fairly, striving to foster a work environment that values diversity and inclusion. In a rapidly evolving market, Hanshow prioritizes attracting top talent to its team and places great emphasis on employee growth and skill development. The company views its employees as the source of its enduring vitality, actively promotes a culture of integrity and responsibility, and encourages them to make positive contributions to society.



Protecting Employee Rights

Hanshow believes that business can only thrive in a society that respects and protects employee rights. To support this, Hanshow has developed an Employee Manual that provides detailed descriptions of employee rights in areas such as recruitment and onboarding, salary and benefits, leave and attendance, performance assessment and training, and safety regulations. Additionally, Hanshow has created the Business and Human Rights Policy, encouraging all employees to familiarize themselves with and adhere to the policy while integrating its principles and corporate values into their work.

Aligned with international standards, this policy outlines detailed measures related to human rights impact, labor rights, promotion of inclusion, safety assurance, women's empowerment, green energy conservation, written commitments, supervision and governance, and human rights compliance, along with its outlook. In terms of organizational structure, Hanshow mandates that the Chief Executive Officer oversee the company's labor rights protection, while the Internal Control and Audit Team under the Audit Committee of Hanshow's Board of Directors provides direct supervision.



▲ Figure: Business and Human Rights Policy of Hanshow Technology

Upholding human rights

Respecting human rights is a fundamental principle of modern society and a core institutional value for the sustainable development of both business and society. Hanshow recognizes its responsibility to uphold human rights and its capacity to contribute positively to their advancement. The company is committed to strictly complying with the relevant laws and regulations of the jurisdictions where its employees' labor relationships are established, as well as internationally recognized principles of ethical and responsible business practices, along with other applicable laws governing its operations. Hanshow unequivocally rejects any behaviors that violate human rights, including child and forced labor.

Hanshow's Recruitment Management System explicitly states that individuals under the age of 18 shall not be employed by the company. Moreover, the Business and Human Rights Policy of Hanshow Technology outlines detailed rules for addressing any cases of child or forced labor, should they be discovered. Hanshow conducts annual risk monitoring and internal audits to prevent the illicit use of child and forced labor, with a formal risk monitoring system in place to ensure such incidents do not occur. Additionally, the company regularly audits the Business and Human Rights Policy and related internal systems to ensure their effectiveness in safeguarding workers' human rights.

Hanshow has also established employee feedback mechanisms, including regular discussions with department heads and a dedicated email channel (hr@hanshow.com), encouraging employees to raise concerns and suggestions to promptly identify and address potential human rights issues. Since Hanshow's inception, no incidents of child or forced labor have been reported.



▲ Figure: Hanshow Has Passed ISO 45001 Certification



Indicator	Unit	2021	2022	2023
Human Rights Incidents				
Number of incidents of child and forced labor	No.	0	0	0

Diversity, equality and inclusion (DEI)

Hanshow firmly believes that business can only prosper in a society that respects and protects the rights and interests of its employees. To ensure employees understand their responsibilities, obligations, rights, and the company's expectations and standards, Hanshow has published an Employee Work Guide. In alignment with the Business and Human Rights Policy, Hanshow has established regular supervision mechanisms across all departments to review employees' working conditions, ensuring a work environment that promotes equality, respect, inclusion, diversity, and non-discrimination.

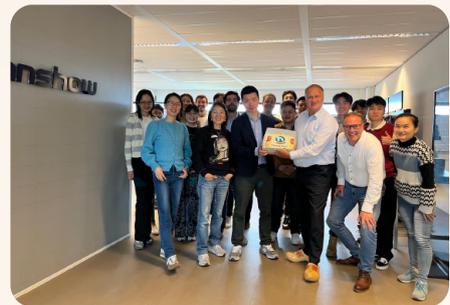
Hanshow places special emphasis on benefits and support for female employees, which are detailed in the Employee Manual. The company has developed a clear gender equality policy, ensuring equal career development opportunities for all employees. Hanshow is committed to providing equal access to career growth, including fair promotion opportunities and training and development programs, regardless of gender. In 2023, Hanshow provided several benefits for female employees, including maternity leave allowances, parental leave, free gym access, paid leave for Women's Day, and Women's Day gifts. Additionally, Hanshow plans to offer feminine hygiene products and has already established dedicated breastfeeding rooms in its Beijing and Shenzhen office buildings.

Hanshow has also implemented clear anti-discrimination policies with a zero-tolerance stance toward discrimination based on race, ethnicity, or region. The company ensures strict enforcement of these policies. In 2023, Hanshow, guided by principles of "fairness, justice, and transparency," took proactive steps to alleviate employment challenges for people with disabilities, recruiting them to enhance their human resource value. This initiative reflects Hanshow's commitment to social responsibility and raises employee awareness about actively engaging in societal contributions.

As an international enterprise, Hanshow fully supports the multicultural needs of its employees from various countries. The company consistently respects and accommodates the religious beliefs, holidays, and customs of its employees, offering necessary support and providing thoughtful dietary options during group activities to ensure inclusivity.

case

Diversified Cultural Communication Activities



▲ Figure: Team-building Activities of Hanshow's Overseas Team

A diverse and inclusive work environment is the key to inspiring team creativity and cohesion. In France, Hanshow organized special Christmas celebrations for employees to commemorate this meaningful holiday in a joyous atmosphere collectively. In the UK and Germany, Hanshow actively organized a variety of team-building activities so that employees could enhance team cohesion in a relaxed and pleasant atmosphere and create more sweet memories together.



Women's Empowerment Principles

1 PRINCIPLE

High-level corporate leadership

2 PRINCIPLE

Treat all women and men fairly at work without discrimination

3 PRINCIPLE

Employee health, well-being and safety

4 PRINCIPLE

Education and training for career advancement

5 PRINCIPLE

Enterprise development, supply chain and marketing practices

6 PRINCIPLE

Community initiatives and advocacy

7 PRINCIPLE

Measurement and reporting

case

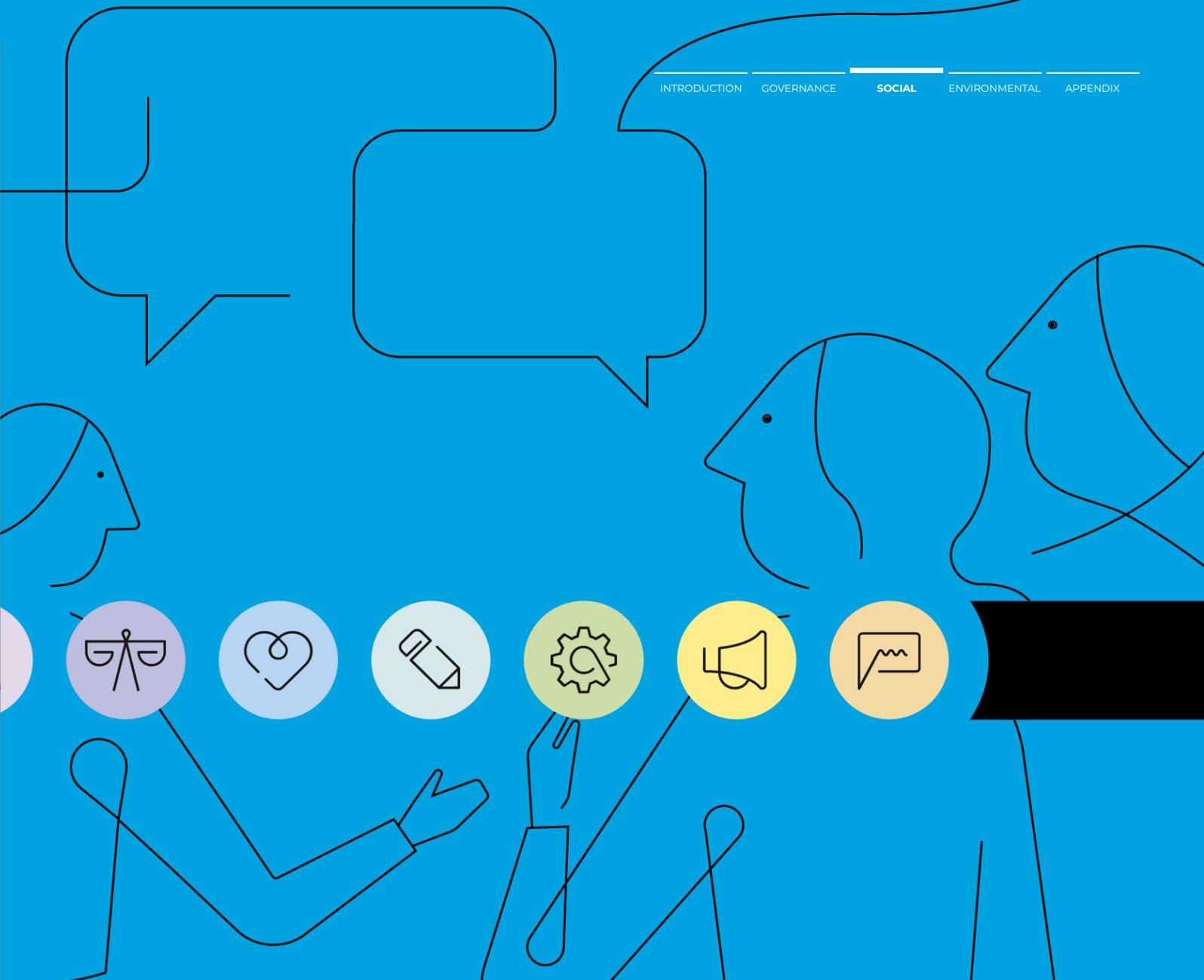
Hanshow Successfully Signs the Women's Empowerment Principles (WEPs) under the UNGC

Hanshow has consistently been dedicated to promoting gender inclusion and equality in the workplace and actively advocating women's rights to participate equally. Guided by this goal, Hanshow started preparations for joining the WEPs. After a thorough application process, we successfully became a member of the WEPs in March 2024. This initiative marks a significant advancement for Hanshow in promoting gender inclusion within the workplace.

This social responsibility endeavor not only further reflects company's corporate values and commitments but also represents a proactive response to the global initiative for gender equality and inclusion. Hanshow will continue to diligently implement the WEPs and strive tirelessly for gender equality and inclusion in the workplace.

WOMEN'S EMPOWERMENT PRINCIPLES





Performance data:

Indicator	Unit	2023
Percentage of male employees	%	63
Percentage of female employees	%	37
Percentage of male managers	%	67.53
Percentage of female managers	%	33.99
Number of employees with disabilities hired	People	6
Percentage of women on the Board of Supervisors	%	8
Percentage of employees under the age of 30	%	36.3
Percentage of employees aged between 30 and 50	%	61.3
Percentage of employees aged over 50	%	2.4

Caring For Employees' Well-being

In fostering a workplace culture of diversity and equal employment, Hanshow is committed to achieving equal pay for equal work and ensuring that employees in different positions are treated fairly and reasonably in terms of salary and benefits. Hanshow aims to meet employees' expectations by establishing a more equitable, transparent, and competitive compensation and benefits system.

Salary

In 2023, Hanshow implemented the following four key initiatives regarding salary:

- A salary range was determined based on Hanshow's position and rank system, with immediate incentives offered; salaries for promoted employees were adjusted in line with talent assessment results.
- Annual campus recruitment salary standards were set, playing a role in attracting attention from fresh graduates across multiple countries worldwide and effectively improving company's brand value.
- In terms of benefits, the supplementary medical program was refined and expanded to ensure basic medical treatment for employees, with the accidental medical program covered. Employee feedback shows that these measures effectively alleviated their healthcare-related stress and mental burdens.
- In 2023, seven people newly joined company's shareholding platform, while four people exited. The company also issued new equity as long-term incentives for employees.



Caring for employees

Adhering to an employee-oriented management philosophy, Hanshow is committed to providing care and support for employees. In 2023, Hanshow organized a variety of activities, including a Long-distance Running Festival, monthly birthday parties, afternoon teas, and career development training to enhance team cohesion. Various benefits and allowances, such as maternity leave allowances, wedding money, and departmental team-building activities, were offered to employees, fostering a stronger sense of loyalty and belonging to Hanshow. To improve health awareness and management abilities, Hanshow organized annual physical examinations and established badminton, swimming, and fitness clubs, encouraging employees to adopt healthier lifestyles and increasing their enthusiasm and efficiency at work.

Diversified Employee Activities

case

Monthly birthday parties: Hanshow held monthly birthday parties for employees, during which company provided fruits, snacks, and birthday cakes and gifts for employees celebrating their birthdays in that month, as well as held group celebrations and interactive games.



Exercise and fitness promotion: Hanshow provided free access to gyms, natatoriums, and badminton courts for employees. These initiatives supported physical fitness and enhanced physical and mental well-being.



Hanshow places great importance on listening to the voices of its employees. Each year, Hanshow regularly releases online employee opinion questionnaires that cover topics such as health, safety, and human rights. If employees provide any feedback regarding Hanshow's systems or management practices, the company proactively investigates the reasons behind their concerns, develops solutions, and implements progress strategies to enhance overall employee happiness. Employees can report internally by directly contacting their department heads or through other communication methods. Hanshow ensures that any internally reported information remains confidential.

In 2023, Hanshow used the Gallup Q12 employee engagement survey tool to conduct the 2023 Employee Engagement and Satisfaction Survey, publishing a report under the same name. The overall engagement score was 4.10, indicating that employee engagement performance remained stable and that Hanshow was a stimulating organization. According to the survey results, the overall employee engagement state was healthy, enabling employees to fully dedicate themselves to completing assigned tasks. Hanshow aims to continuously maintain and enhance this engagement for its long-term development. Additionally, the overall employee satisfaction rate for 2023 was **80.12%**, closely aligning with the satisfaction benchmark of **75%**.



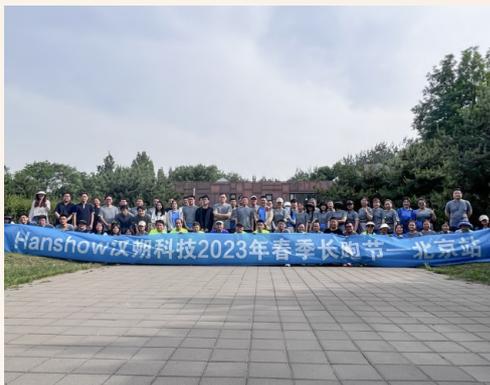
GALLUP®

the overall employee satisfaction rate

80.12% 

case

Hanshow's Spring Long-distance Running Festival



In May 2023, Hanshow held its annual Long-distance Running Festival. As an important cultural activity of Hanshow, the Spring Long-distance Running Festival has a positive impact on employees' health, sense of team cohesion and engagement. By consistently organizing such activities, Hanshow can further enhance employees' job satisfaction and loyalty and foster their enthusiasm and teamwork spirit, thereby achieving win-win development for the company and employees.

case

Open Day-Hanshow's Office in France



In April 2023, Hanshow France held an Open Day event, during which CEO Shiguo Hou engaged in face-to-face communication with all employees of Hanshow France. Through communication, Hanshow can further understand the difficulties and problems everyone encounters in their daily management and strengthen communication and connection between management and frontline employees.

Supporting Employee Growth

Talent attraction

To find partners willing to grow alongside Hanshow, the company is dedicated to extensively attracting talent according to its business development needs and job competency requirements, guided by Hanshow's values and the principles of fairness and justice. In 2023, Hanshow hired employees from various overseas countries, individuals with disabilities, international students, and domestic fresh graduates. These recruitment efforts fully reflected the principles of employee diversity, fairness, and justice. Hanshow hired qualified candidates without regard to race, gender, age, or any other identity characteristics, thereby improving the team's diversity and inclusion.

In mid-2023, Hanshow received the NFuture Awards for "Employer Most Favored by Technological Professionals in Campus Recruitment" and "The Most Favorable Employer" Award from the Overseas Chinese Returnees Association. These honors further exemplify Hanshow's leading position in the technology sector and its attractiveness as an employer brand. With its exceptional technology strengths, forward-looking industry insights, and extensive global influence, Hanshow has garnered favor from numerous young tech professionals and international students.



▲ Figure: Winning the "NFuture Awards - Employer Most Favored by Technological Professionals in Campus Recruitment"



▲ Figure: Winning "The Most Favorable Employer" Award

Career promotion

Hanshow adheres to a comprehensive assessment framework based on knowledge, capability, personal performance, and organizational contribution to ensure "just, transparent, and fair" assessment and promotion management for employees.

At the beginning of each quarter, Hanshow sets performance targets for the upcoming period. Throughout the quarter, performance coaching is provided to help achieve these targets. At the end of the quarter, Hanshow conducts a performance results evaluation to assess the attainment of these goals. Four performance assessments are conducted annually to enhance organizational vitality.



Assessment

4

Performance Evaluation

There is an annual opportunity for rank promotion. A unified rank adjustment is conducted based on employees' personal performance results and capability assessments. The list of employees to be promoted is approved and confirmed by department managers, HR, and the General Manager. In 2023, Hanshow conducted one rank promotion, covering a total of over 70 employees.



Promotion

70

Employees



Talent empowerment

- New Employee Training Program:** Hanshow provides a comprehensive onboarding training program to help new employees quickly and smoothly transition into their roles. The training covers essential information, tools, and resources necessary for their success, including corporate culture, policies, procedures, job responsibilities, and expectations. The goal is to help new employees adapt to the new environment as soon as possible and confidently start their work. In 2023, Hanshow developed **20** new training courses for new employees, comprising 12 courses in Chinese and eight in English. A total of **17** instructors delivered the courses, and **258** new employees participated, totaling **3,105.8** training hours (an average of 12 hours per employee). The pass rate for the training was **81%**.



- Leadership Development Training Program:** Effective leadership is crucial for an enterprise's success. Hanshow's Leadership Development Training Program aims to enable employees to become effective leaders. In 2023, Hanshow provided both online and offline training for middle-level and primary-level managers, focusing on improving their management skills. Through a variety of themes, the training offered both theoretical knowledge of management and practical methods applicable to their roles. In 2023, the total number of trainees was **93**, with a pass rate of **97.8%** on the exam and **83.9%** at the end of the courses.



- Frontline Marketing System Training:** To provide customers with a compliant and efficient marketing experience, Hanshow conducts marketing system training for frontline sales, pre-sales, and overseas technical support teams. The training covers topics such as **product knowledge, updates, iterations, R&D processes, and software systems**. The primary goal is to equip frontline marketing teams with the latest product knowledge and enable them to gain a deep understanding of Hanshow's products and solutions, ensuring smooth business operations.



Safeguarding Safety and Health

The health and safety of employees are cornerstones of an enterprise's development. Hanshow places great importance on employees' occupational health and safety and is steadfastly committed to creating a safe and healthy work environment. Hanshow continuously monitors and assesses potential health and safety risks and takes appropriate measures to ensure healthy and safe working conditions. By promptly and effectively addressing health and safety incidents, Hanshow safeguards the physical and mental well-being of its employees. In 2023, Hanshow recorded two job-related injury accidents. Looking ahead, Hanshow remains committed to ensuring the health and safety of its employees.

Occupational health and safety objectives

		
zero fire accidents	zero occupational diseases	zero electric shock accidents

Occupational health and safety management system

Based on the commitment to health and safety management, Hanshow has implemented a Health and Safety Management System (HSMS) based on the internationally recognized ISO 45001 standard. This system encompasses every aspect of occupational health and safety, from hazard identification and risk assessment to accident reporting and investigation. Hanshow regularly reviews and update HSMS to ensure its effectiveness and timeliness. Key performance data related to health and safety, such as the number of accidents, the lost time injury rate (LTIR), and the lost-time injury severity rate (LTISR), are also measured using this system.

The company has formulated a Management Manual on Quality, Environmental and Occupational Health and Safety Management Systems to guide company's work management, thereby ensuring the health and safety of employees. This manual integrates the requirements of ISO 9001:2015 and ISO 45001:2018 and acts as a core document that must be adhered to in all relevant activities. Hanshow has also formulated documents such as the Hazard Source Identification, Evaluation and Control Procedure, the Occupational Health and Safety Operation Control Procedure and the Manual for the Management of Work Safety to further strengthen health and safety management. In the future, Hanshow will continuously strive to improve relevant management systems, processes and practices to ensure the health and well-being of employees and stakeholders.



▲ Management Manual on Quality, Environmental and Occupational Health and Safety Management Systems



Occupational health services

To provide high-quality occupational health services for its employees, Hanshow offers full-time employees one day of paid sick leave for every two months and provides free annual physical examinations. The annual physical examinations begin in the second half of each year, and employees are granted half a day of paid leave for the examination. To further support employees' well-being, Hanshow has also purchased supplemental medical insurance for all full-time employees, overseas business travel insurance for those traveling abroad, and accident insurance for interns. These insurance products ensure comprehensive protection for employees' occupational health.



Safety and health training

Hanshow provides all employees with training on standards and procedures related to quality, environmental, and occupational health and safety management. The training program covers multiple topics, including risk identification and control, emergency procedures, and workplace safety behaviors. New employees receive initial safety-related training after onboarding. Afterwards, such training is regularly held and includes monthly work safety education and biannual firefighting and evacuation drills. Additionally, specialized safe operation training is provided for production line employees to ensure that safety awareness and protective measures are effectively implemented.

Hanshow also monitors employees' compliance with these internal systems through regular audits, inspections, or investigations. The company has established a complaint procedure for reporting health and safety incidents, risks, and issues. Any non-compliance must be reported to the management, and any employee can report identified potential safety hazards or operations violating the regulations through email channels. A robust mechanism for improvement and tracking has been established, and corrective measures will be taken as necessary to ensure effective rectifications.

Performance data:

Indicator	Unit	2022	2023
Employees			
Total number of employees	People	622	788
Number of employees by employment type			
Full-time employees	People	622	788
Part-time employees	People	0	0
Number of employees by age			
Under 30 years old	%	255	286
30-50 years old	%	359	483
Over 50 years old	%	8	19

Indicator	Unit	2022	2023
Number of employees by gender			
Male	People	397	495
Female	People	225	293
Number of employees by ethnicity			
Han (China)	People	568	705
Hui (China)	People	9	9
Manchu (China)	People	5	5
Others (other ethnic minorities in China and overseas ethnic groups)	People	40	69
Number of employees with disabilities	People	7	6
Percentage of women in management positions (excluding Board of directors)	%	33.82	33.99
Percentage of women on the Board of Supervisors	%	33.33	33.33
Percentage of female directors	%	8	8
Employee hiring rate by age			
Number of new employees under 30 years old	People	107	117
Percentage of new employees under 30 years old	%	17.20	14.85
Number of new employees aged 30-50 years old	People	79	140
Percentage of new employees aged 30-50 years old	%	12.70	17.77
Number of new employees over 50 years old	People	2	8
Percentage of new employees over 50 years old	%	0.32	1.0
Employee hiring rate by gender			
Number of new male employees	People	123	163
Percentage of new male employees	%	19.7	20.6
Number of new female employees	People	65	102
Percentage of new female employees	%	10.45	12.94
Employee training			
Number of employees trained	People	580	671
Percentage of employees trained	%	93	85
Number of trainees at manager level and above	People	191	146
Percentage of employees trained at manager level and above	%	89	95
Number of employees trained at other levels	People	387	525
Percentage of employees trained at other levels	%	95	83

Indicator	Unit	2022	2023
Number of male employees trained	People	354	416
Percentage of male employees trained	%	93	84
Number of female employees trained	People	226	255
Percentage of female employees trained	%	94	87
Total training hours for managers and above	hr(s)	1513.1	1595.3
Average training hours for managers and above	Hour/person	7.9	10.9
Total training hours for employees at other levels	hr(s)	3081.0	4094.0
Average training hours for employees at other levels	Hour/person	8.0	7.8
Total hours of online training that employees participate in	hr(s)	4202.3	5754.52
Percentage of employees participating in online training	%	88	85
Total training hours for male employees	hr(s)	2956.4	3583.3
Average training hours for male employees	Hour/person	8.4	8.6
Total training hours for female employees	hr(s)	1637.6	2106.0
Average training hours for female employees	Hour/person	7.3	8.3
Number of employee skills training sessions provided	Session	47	39
Number of participants in employee skills training	Person	2097	2146
Health and safety			
Number of accidents	No.	0	2
Occupational health and safety training	Session	11	2
Total number of employee health & safety training participants	No.	528	580
Collective bargaining agreements			
Number of employees covered by employee representatives	People	0	645
Number of employees covered by collective agreements	People	29	41
Benefits and others			
Number of employees with medical insurance	People	622	788
Total number of employees with parental leave	People	41	39
Return-to-work and retention rates of employees with parental leave	%	100	92.31
Percentage of operational facilities certified to ISO 45001 or other labor or human rights management standards	%	100	100



3.3 PARTNERSHIPS

Promoting the development and advancement of enterprises, industries, and society is not only the social responsibility of each enterprise but also an essential requirement for its sustainable long-term development. As a well-known provider of digital retail solutions in the industry, Hanshow is committed to collaborating with various parties to build a green and environmentally friendly retail ecosystem, lead industry advancement and facilitate the long-term development of society, thereby creating a sustainable future together.

Win-win Industry Cooperation

Global offline retail stores are currently evolving towards digitization, personalization, new media, and sustainability. Exchanging and cooperating with global customers and industry-leading technology partners to achieve win-win results is a prerequisite for driving the industry's green and sustainable development and also an intrinsic motivation for Hanshow to maintain the innovation vitality.

Working with Technology Partners to Lead Retail Sector Reform



Hanshow cooperated with the world's leading technology partner GK Software SE to jointly launch a dynamic pricing solution. With this approach, Hanshow, along with global customers and partners, achieves win-win results: Through strategic pricing management, sales targets are actively controlled; prices are automatically adjusted based on market demands and other market conditions; manual workloads for category managers are alleviated; inventory levels are optimized, and food waste is reduced. Hanshow believes that continuous innovation and cooperation can further advance the retail industry and deliver a more excellent and convenient shopping experience for consumers.



Promoting Win-win Cooperation and Demonstrating Leadership in the Sustainable Retail Sector

At the EHI Climate and Energy Congress organized by the EHI Retail Institute in Germany, Hanshow tried to establish cooperation with global customers and industry-leading technology partners. Hanshow's solar energy solutions became the highlight of the event. They captured the attention of many participants for their sustainability and innovation features and fully demonstrated their significant potential in energy efficiency and environmental protection. Furthermore, Hanshow communicated with many retailers from the DACH region (covering Germany, Austria, and Switzerland) to gain deep insights into their needs and challenges, while receiving their high interest and positive feedback for company's solar energy solutions. This conference not only provided Hanshow with a platform to demonstrate Hanshow's ideas and leadership but also solidified the position in the sustainable retail sector, allowing it to build an extensive network of connections with industry leaders, potential customers, and professionals.



Promoting technological innovation in the industry through collaboration

During the period of the report, Hanshow actively participated in various large-scale exhibitions at home and abroad to thoroughly discuss the future trends of the retail industry and comprehensively display latest achievements in the innovative development of the retail industry. Hanshow also released the 2024 White Paper on the Future of Physical Retail—The Future of Physical Retail: Moving Towards Friendly and Inclusive Green Digitization, co-authored with Microsoft, Intel, and E Ink, to provide the industry with a forward-looking perspective. Through cooperation, Hanshow offered more new R&D achievements to empower the industry and build a robust and shared digital retail ecosystem.

Additionally, Hanshow worked with upstream and downstream partners in the industry chain to advance multiple cooperation projects and technical exchange activities in the digital energy field, including several core areas of clean energy technology such as batteries, components, recycling, and smart manufacturing. The collaborative efforts are driving the retail industry towards a more intelligent and environmentally friendly future.

Discussing the Future of Digital Retail with Microsoft and Sony

On January 15, 2023, with the theme of "Faster, Smarter, Better", Hanshow showcased a series of solutions and innovative products at the National Retail Federation (NRF) Retail's Big Show held in New York.



During the event, Jun Yamasaki, Head of Microsoft AI Co-Innovation Labs ("Microsoft Lab"), and Yanai Shunsuke, Senior Manager of System Solutions Business Division, Sony Semiconductor Solutions Group ("Sony"), were invited to visit Hanshow's booth and participate in in-depth discussions on the Microsoft-Sony Partner Enablement Program (PEP). The purpose was to analyze the current developments of the retail industry, share advancements and outcomes of the PEP, and explore future cooperation directions among the three partners, thereby working better to continuously inject momentum into the digital development of the retail industry.

▲ Note: The PEP aims to recruit outstanding local partners to jointly develop innovative solutions in the fields of computer vision and video analytics based on Microsoft's Azure AI and IoT technologies and Sony's intelligent image sensor technology. The ultimate goal is to utilize green technology to support sustainable digital innovation.

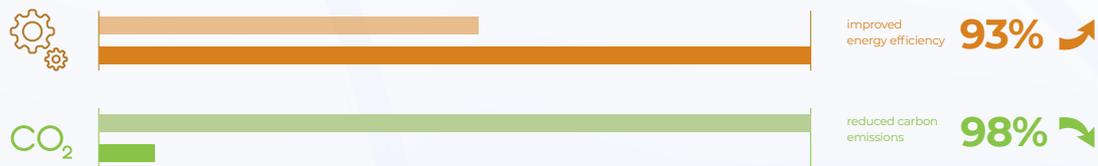


Hanshow's Digital Store Solutions Unveiled at EuroShop 2023

On February 26, 2023, EuroShop 2023, the world's largest retail trade fair, was held in Dusseldorf, Germany. In the face of the ongoing global digital transformation wave, Hanshow presented a series of digital store solutions at the site of EuroShop 2023, offering a new path for smarter and more sustainable digital transformation for retail enterprises worldwide.

Through strategic cooperation with Microsoft, Hanshow has deployed hundreds of SaaS servers globally. As of now, Hanshow's global SaaS system manages over **50 million** ESLs. Compared with traditional enterprise local data centers, the SaaS system has improved energy efficiency by **93%** and reduced carbon emissions by **98%**.

This year, based on the ESL system, Hanshow introduced temperature measurement labels, positioning labels, and innovative label solutions designed for DIY home goods scenarios. These solutions aim to provide comprehensive digital services for more specific retail segments.



During EuroShop 2023, Hanshow showcased the next-generation HiLPC (High-density Low Power Cellular Network) wireless communication protocol ("Next-generation HiLPC"). With the support of the Next-generation HiLPC, the communication speed of ESLs has been greatly improved and the update speed can reach over 60,000 labels per hour per ESL controller. Additionally, it ensures immediate and easy installation and binding of the labels. After the launch of the Next-generation HiLPC, Hanshow's digital store solutions not only conserve paper resources but also further enhance the energy efficiency ratio, effectively assisting the retail industry in achieving its low-carbon digital transformation goals.



Hanshow's First Intelligent Store Marketing Solution Showcased at 2024 CHINASHOP

From March 13 to 15, 2024, the CHINASHOP 2024, themed "Green Digitalization and GenAI for Sustainable Retail," took place at the National Exhibition and Convention Center in Shanghai. Hanshow unveiled its GenAI product strategy pathway for the first time and introduced the significantly upgraded Polaris Pro, along with a new green digital store solution. These innovations underscore Hanshow's commitment to providing retailers with cutting-edge technologies that enhance operational efficiency, elevate the shopper experience, support promotions through media, and promote sustainability.



▲ Figure: Tong Liang, Dean of the Hanshow Retail Research Institute, Delivers a Speech

During this event, Microsoft and Hanshow co-hosted a high-level roundtable forum focused on exploring the applications and technological trends of GenAI in offline retail stores. Together with industry experts, they also discussed the green development and digital transformation of the retail industry and highlighted the revolutionary impact of GenAI technology in retail store applications.

Additionally, the white paper entitled "Future of Physical Retail: Moving Towards Friendly and Inclusive Green Digitization" co-authored by Hanshow, Microsoft, Intel, and E Ink was officially released during the event. This white paper systematically outlines the best practice pathways for the retail industry to implement green and digital development.



Hanshow

Microsoft
AI & IoT Insider Lab

intel.

Eink®



Hanshow Debuts in the UK Market with Digital Solutions

From April 26 to 27, 2023, Hanshow, as one of the world's leading providers of digital store solutions, attended the Retail Technology Show in the UK with a series of innovative solutions. This marked Hanshow's first official appearance in the UK market. By showcasing ESL, in-store marketing and AIoT solutions on-site, Hanshow attracted attention from industry insiders worldwide.



During the event, Hanshow, based on the theme "The Integration of Being Green & Digital", aimed to explore the integration of digital and green development for sustainability. At the site, Hanshow showcased ESL, in-store marketing and AIoT solutions, as well as a full range of smart hardware products such as Stellar Pro, Nebular, Nebular Pro, Lumina Aqua, temperature measurement labels, and AI cameras. The on-site staff demonstrated digital store solutions to the attendees, including applications in quick price changes, creative marketing, integrated management, and shortage detection. These solutions provide new ideas for the UK retail industry to promote the digital transformation of stores.

Hanshow Partnered with Too Good To Go to Reduce Food Waste

Globally, approximately 1.6 billion tons of food are wasted each year, with **80%** of this waste still being edible. This represents over **30%** of global food production and contributes to 6% of global greenhouse gas emissions. Food waste occurs not only in the production and harvesting stages but also within the supply chains of manufacturers and retailers. A study by McKinsey indicates that food waste or loss accounts for about **3-6%** of retailer costs, making it a critical target for supply chain optimization.



As a company committed to promoting green practices in the retail industry, Hanshow reduces waste and boosts environmental protection through product innovation and collaboration. In stores installed with Hanshow's ESLs, the company Too Good To Go uses flash light technology to assist its employees in quickly identifying unsold food items nearing their expiration dates, thereby reducing waste, minimizing the environmental impact, and creating a sustainable future together.

Achieving win-win digital transformation together

Amid the wave of global digital transformation, the retail industry has consistently been at the forefront of change. Hanshow actively collaborates with a wide range of retail partners to provide personalized and intelligent solutions tailored to the specific needs of store development across various industry scenarios. Hanshow's goal is to help customers accelerate their digital transformation, enhance the in-store shopping experience for consumers, and improve operational efficiency. Additionally, Hanshow is committed to optimizing and upgrading sustainable operational models, contributing to the long-term goals of sustainable retail and reducing negative environmental impacts.

case

Hanshow Conducts Win-win Cooperation with Various Industries

Hanshow and Leroy Merlin Share the Reta Awards

In February 2024, during the Reta Awards selection, Leroy Merlin and Hanshow received significant recognition and acclaim from the industry for the innovative digital store solution they established together. Leroy Merlin won the "Best Instore Solution" award for this solution, while Hanshow earned the honor of "Top Supplier Retail" for company's crucial role and high-quality service during the collaboration.



"Our solution developed in partnership with Hanshow has provided dual benefits: On one hand, it enhances customers' shopping experience through seamless online and offline integration; on the other hand, the workflows of in-store teams are streamlined. This solution has already been implemented in France and aims to be widely promoted globally in the future."

— **Hugues Hartung de la Roer, Concept & Merchandising Director at Leroy Merlin France**

Hanshow Partners with Sephora to Build Future Concept Stores in China

SEPHORA

In June 2023, Sephora opened its first future concept store in China. Thanks to Hanshow's exceptional product quality, comprehensive and quickly responsive service network, and ongoing investment in innovation and R&D, company provided ESL solutions to Sephora's 160 stores nationwide. This initiative fulfilled Sephora's need for integrated management of IoT devices and information within its stores. Furthermore, Hanshow's ESL solutions enhanced the aesthetic display effects of Sephora's stores and reinforced Sephora's brand identity as a globally renowned high-end beauty retailer.

Hanshow Collaborates with Hungary's Office Shoes to Lead Digital Transformation in Footwear Retail



In 2023, Hungarian footwear retailer Office Shoes announced its collaboration with Hanshow, deciding to leverage Hanshow's ESL solutions to address industry challenges and improve operational efficiency. This partnership aims to address issues such as the excessive workloads and high stress of store employees, and the high turnover rate of retail staff. The implemented solution includes features like centralized management and real-time information updates and displays. Hanshow's Nebular, backend system services and proprietary HiLPC communication protocol enable store staff to swiftly update product information. This ensures customers receive more comprehensive and accurate details, effectively eliminating the errors associated with manually replacing paper labels. Moreover, Hanshow's global layout and overseas localization strategy ensure customers receive timely and reliable local support services.

"Hanshow's ESL solutions are a reassurance to us. They have successfully eliminated issues related to employee overtime, errors from manually replacing labels, and excessive consumption of manpower and time. These changes reduce operational costs and create more business opportunities for our company."

—**Dániel Frenyón, Buying & Logistic Manager at Office Shoes**

Sustainable Supply Chain

Rigorous and efficient supplier management is essential to Hanshow's long-term sustainable business development and is key to fostering lasting cooperation and innovation with suppliers and partners. Hanshow firmly believes that sustainable supply chain management enhances product quality, improves service satisfaction, and strengthens competitive advantages. Additionally, it supports the achievement of Hanshow's sustainable development goals, creating lasting value for shareholders and stakeholders alike.



Supply chain system construction

To strengthen supplier management and continuously enhance the quality of Hanshow's supply chain while advancing green and sustainable development, Hanshow has established a comprehensive Supplier Management and Control Procedure. This procedure is designed to deepen the implementation of various supplier admission and assessment requirements.

Hanshow consistently adheres to principles of equality and inclusion in its supplier selection process. The selection criteria are not based on factors such as company size, ownership type, or location; instead, Hanshow conducts a thorough evaluation of suppliers based on the quality, pricing, reliability, and delivery time of their products or services. Hanshow encourages capable and high-potential enterprises, particularly those founded by women and ethnic minorities, to participate in its supply chain, collectively driving industry innovation and social progress. In strict adherence to these principles, Hanshow is committed to fully respecting and supporting all suppliers that meet its requirements and demonstrate potential and strengths during the selection process, ensuring win-win outcomes and shared development for all involved.

Hanshow has set stringent supplier admission standards. For identical materials within a given project, Hanshow seeks and assesses at least two potential suppliers, evaluating their credit ratings, quality management capabilities, service levels, resource allocation, production capacities, and process requirements. Suppliers are required to provide **ISO 9001, ISO 14001, and ISO 45001** certifications, along with relevant licenses and qualification certificates. Hanshow selects the best from qualified suppliers, following the principle of "quality first, affordable price." Suppliers that successfully sign cooperation agreements with Hanshow must undergo the company's Corporate Social Responsibility (CSR) risk analysis and comply with the terms of the agreements.

Hanshow conducts regular performance evaluations of suppliers based on four key modules: quality, delivery, cost, and service. Suppliers are classified into four grades: A, B, C, and D. Grade A suppliers receive priority support from Hanshow, including quota increases and new product development opportunities, while Grade D suppliers are immediately removed from the list.

Additionally, Hanshow has integrated the supply chain into a comprehensive risk assessment system, allowing for ongoing risk evaluation and management of suppliers' production and operational practices.

Risk assessment

01
Laws regulations

- Suppliers must comply with national, provincial, municipal, and county laws and regulations during production and processing to ensure legal production and operation, and must not engage in illegal production or operation.
- In the event of a Level I risk, Hanshow will convene an emergency meeting to prepare safety stock reserves and ensure readiness for transferring production operations in case the supplier faces shutdowns due to illegal production.



02
Quality, delivery and procurement cost

- Quality and Delivery: Suppliers must adhere to all agreements with Hanshow, following provided drawings and technical requirements for timely delivery. They cannot unilaterally change product properties or dimensions that affect quality or delivery.
- Procurement Cost: Suppliers should identify high-quality supply channels to keep material costs aligned with market conditions and avoid arbitrary price increases.
- In the event of a Level II risk, Hanshow will conduct on-site follow-ups and require responsible personnel from the supplier to attend an inquest at the Company.



- Suppliers continuously innovate processing technologies and invest in automated production equipment to help the Company enhance operational management, reduce management and labor costs, and improve the overall market competitiveness, thus providing better services.
- In the event of a Level IV risk, Hanshow will require the supplier to submit an improvement plan and perform effect validation accordingly.

Operations and innovation
04



- In addition to selling reasonable and high-quality products, suppliers should also enhance their customer services as an important part of their development. When Hanshow requires support and assistance, they should fully cooperate and must not evade or excuse themselves using various pretexts.
- In the event of a Level III risk, Hanshow will require the supplier to provide a rectification plan and conduct follow-ups. If conditions permit, the supplier will be asked to come to the Company for an inquest.

Services
03

Sustainable supply chain

Hanshow Wins the Responsible Purchasing Award 2023 from Auchan Retail in France

At the Auchan Indirect Purchasing Convention by Auchan Retail, Hanshow was awarded **the Responsible Purchasing Award 2023**, which demonstrates steadfast commitment to developing sustainable business models. Together with partners, we are dedicated to making a positive impact on the environment, society, and the business world. Hanshow's primary goal is to reduce the demand for new plastics and lower resource and energy consumption through the renovation of electronic labels. In line with the circular economy principles, we strive to provide more eco-friendly products and minimize carbon footprint. Auchan Retail is dedicated to pursuing commercial success and implementing environmental protection concepts through tangible actions, tirelessly striving to achieve sustainable development goals.



▲ Figure: Hanshow Wins the Responsible Purchasing Award 2023 from Auchan Retail in France

Environmental and social risk management

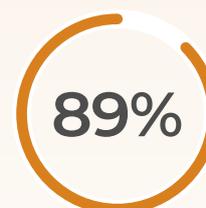
Currently, Hanshow has signed the Environmental Protection and Social Responsibility Agreement with all component suppliers. This agreement requires suppliers to follow ethical standards while providing high-quality goods and services at fair prices. It also puts forward specific compliance and supervision requirements for suppliers in areas such as environmental protection, social responsibility, conflict minerals (3TG: tin, tungsten, tantalum and gold), and REACH regulations. Suppliers must undergo audits and assessments conducted by Hanshow or designated organizations concerning their practices related to the environment, labor and human rights, ethics, and sustainable procurement. As of July 2024, **89%** of suppliers have provided information regarding conflict minerals. The supplier coverage includes all raw material suppliers (excluding equipment manufacturers and office supply suppliers).

Green procurement is not only a critical topic in current supply chain management but also a key aspect of Hanshow's sustainable supply chain construction. Hanshow suggests that suppliers should reduce their Scope 1, 2, and 3 carbon emissions, establish an energy management system, and pass the **ISO 50001** energy management system certification. To incentivize suppliers to focus on technological innovation and increase the use of renewable electricity and recycled materials, Hanshow continues to expand the procurement ratio of renewable materials and vigorously advances recycled precious metal procurement projects.

● REACH (Registration, Evaluation, Authorization and Restriction of Chemicals)



suppliers have provided information regarding conflict minerals



Staff training in sustainable procurement

Responsible and rule-compliant supply chain managers are essential to enhancing sustainable procurement practices. Hanshow places great emphasis on the capabilities and development of its internal supply chain managers. To support this, sustainable procurement-related objectives have been integrated into the performance assessments of procurement personnel, along with specialized training to further their expertise. Assessment objectives include, but are not limited to: "facilitating procurement partnerships with suppliers that demonstrate excellent environmental, social, and sustainability performance"; "procuring products with green certification"; and "ensuring that no products or services with negative sustainability impacts are purchased."

Promoting Community Development

Hanshow, as a responsible corporate citizen, actively engages in various social activities and fulfills its social responsibilities with the goal of enhancing community well-being and creating shared value through collaboration. Hanshow is committed to achieving sustainable growth while promoting the development of the communities it serves. The company firmly believes that its success is closely intertwined with the prosperity of the community.



Charitable donations

Hanshow has donated AUD 20,000 in Australia to establish a partnership with the Hills Cricket Academy, thereby contributing to the development of local young cricket talent. Through this collaboration, Hanshow aims to provide these young athletes with the best resources and support, helping them thrive in their cricket journey while also enhancing the prosperity and harmony of the community.



ENVIRONMENTAL

Addressing Climate Change
through Green
and Low-Carbon Development

04.

Hanshow Technology Co., Ltd.

In response to the severe challenges posed by global climate change, Hanshow remains steadfast in practicing the principles of green and low-carbon sustainable development while proactively addressing environmental challenges. Hanshow implements comprehensive environmental management strategies and enforces strict environmental resource management policies to minimize resource consumption and reduce pollution. The company actively develops climate strategies and adopts a range of innovative measures to implement emission reduction initiatives and strengthen corporate climate resilience. Additionally, Hanshow promotes a circular economy by emphasizing resource recovery and reuse, maximizing material utilization, and minimizing waste generation.

Responding to SDGs

Hanshow's actions

Performance in fulfilling responsibilities



- Optimizing resource allocation and establishing environmental management objectives
- Improving the energy management system, promoting energy optimization in our internal factory, and carrying out special energy audits
- Preparing a Hazardous Waste List and a General Solid Waste List
- Entrusting qualified third-party organizations to undertake waste recycling, utilization, and disposal

- Obtaining ISO 14001:2015 environmental management system certification
- Full achievement of annual environmental management objectives
- Waste recycling: **31.73 tons** of batteries; **812 tons** of glass; **56.6 tons** of iron sheets



- Establishing a systematic action plan to address climate change
- Signing the Environmental Protection and Social Responsibility Agreement
- Conducting staff training in sustainable procurement

- Identifying **5** physical risks, **8** transition risks, and **4** opportunities
- Direct greenhouse gas (GHG) emissions from own operations (scope 1): **15.92 tCO₂e**; indirect GHG emissions from own operations (scope 2) **4,964.64 tCO₂e**; indirect GHG emissions from upstream and downstream activities of the value chain (scope 3): **144,671.50 tCO₂e**



4.1 ENVIRONMENTAL MANAGEMENT

Hanshow is dedicated to establishing an environmentally friendly green production system and promoting green, sustainable industrial development for the benefit of the natural environment. Environmental protection is always at the core of Hanshow's business operations, with green principles integrated into every aspect of design, production, sales, service, and product lifecycle management. By utilizing environmentally friendly materials and energy-saving technologies, Hanshow aims to reduce natural resource consumption and minimize environmental pollution during the production process. Additionally, Hanshow actively builds an environmentally friendly production system and fosters a green, sustainable industrial ecosystem, ensuring that every product meets environmental standards throughout its lifecycle, ultimately achieving resource recycling.

To prevent environmental risks, Hanshow continuously strengthens internal self-assessments and regularly evaluates potential risks. Before launching new projects, Hanshow conducts thorough analyses of environmental regulations and policies to ensure compliance with environmental protection and ecosystem preservation requirements. In the face of significant environmental risks, Hanshow promptly develops rigorous management plans. Furthermore, all new projects are reported in accordance with local regulations, with environmental assessments conducted by professional institutions and approvals obtained from local authorities. There were no violations of environmental laws or regulations in 2023.

Management objectives and results

S/N	Objective	Completion Status
1	0 major environmental pollution incidents	Achieved ✓
2	The score of environmental protection ledger assessment above 90 in random inspections	Achieved ✓
3	100% participation rate in environmental training, meetings, and activities	Achieved ✓
4	100% execution or compliance rate for environmental monitoring	Achieved ✓
5	100% execution and rectification rate for environmental issue/potential hazard identification	Achieved ✓
6	100% enforcement rate for penalties related to environmental violations	Achieved ✓
7	100% execution rate for investigations and penalties related to environmental incidents	Achieved ✓
8	100% compliance disposal rate for hazardous/general solid waste	Achieved ✓
9	100% energy control rate across all functional departments	Achieved ✓
10	100% effective operation rate for environmental protection equipment and facilities	Achieved ✓

Environmental Management System

The establishment of a robust environmental management system is essential for the sustainable development of enterprises. Hanshow consistently places environmental protection as a top priority in the company's development. In daily production operations and business activities, we are committed to improving the environmental management system, striving to enhance the efficiency of energy and resource use while reducing waste emissions. Hanshow strictly complies with industry standards, as well as national and local laws and regulations. Guided by key legislation such as the Environmental Protection Law of the People's Republic of China, Marine Environment Protection Law, Law on Environmental Impact Assessment, Air Pollution Prevention and Control Law, and the Law on the Prevention and Control of Environmental Pollution by Solid Waste, along with relevant regulations in regions where we operate internationally, we also incorporate RoHS, REACH, and battery regulations into company's management system, continuously improving it and formulating multiple internal management policies. During the reporting period, **Hanshow obtained ISO 14001:2015 environmental management system certification.**

Based on ISO 14001 and other international standards, Hanshow has developed a series of specialized management measures and system documents, including the Management Manual on Quality, Environmental and Occupational Health and Safety Management Systems, Environmental Organizational Structure and Responsibility Control Procedures, and Environmental Pollution Prevention and Control Procedures, among others. To ensure the scientific and systematic operation of the environmental management system, Hanshow updates and refines its overall environmental objectives annually based on actual operational performance and management requirements, regularly reviewing progress and conducting in-depth analyses and improvements on non-compliant projects. Through continuous evaluation and improvement, Hanshow aims to minimize the environmental impact of its daily production operations and business activities, achieving green and sustainable development.



Environmental Emergency Management

With growing societal awareness of environmental protection, any form of chemical leakage can have severe consequences for the surrounding environment, employee health, and corporate reputation. To address this, Hanshow has developed a Special Emergency Plan for Chemical Leakage Accidents and established a three-tier emergency command structure consisting of an emergency command headquarters, an emergency management office, and a professional emergency rescue team. This structure ensures that in the event of chemical leakage or other sudden environmental incidents, the emergency response mechanism can be swiftly activated to effectively control the spread of contamination and safeguard the safety and health of employees and the public.

Currently, Hanshow's operations involve hazardous chemicals such as alcohol, inks, and thinners. To ensure safety, we reinforce supervision and inspection of safety protocols, conduct regular work safety education, and maintain emergency preparedness through technical controls, personnel management, and management oversight, along with other safety precaution and early warning mechanisms. These measures are designed to ensure the early detection, reporting, and handling of emergencies. By implementing these safeguards, Hanshow aims to **achieve green, safe, and sustainable development**, contributing to social harmony and environmental health.

Hazard source monitoring methods

Technical control



Company has established a potential hazard and hazard source management system to provide accurate, comprehensive, and visual information for the management and decision-making of the Work Safety Management Department.

Personnel management



Company has strengthened personnel education and training to enhance their hazard prevention awareness. Liquid ammonia operators are responsible for the monitoring of hazard sources, and safety management personnel will conduct regular and irregular inspections of the monitoring status of hazard sources.

Management control



Company has established a hazard source management system and implemented monitoring measures, along with the creation of hazard source ledgers and archives. Departments are required to conduct regular safety inspections of hazard sources as well as specialized inspections before typhoons and flood seasons, check for "three violations" (illegal command, illegal operation, and violation of labor discipline), identify potential hazards, and implement corrective measures. Daily checklists are developed, with designated personnel conducting patrol inspections and recording findings. In addition, equipment and facilities are maintained regularly and kept in good condition.

4.2

RESPONDING TO CLIMATE CHANGE

Climate change is a global challenge that includes frequent extreme weather events, rising sea levels, and declining biodiversity, all of which have profound impacts on the economy, society, and the environment. In the context of sustainable development, addressing climate change is a critical issue for enterprises to tackle.



Hanshow assesses **climate risks and opportunities, along with their impact on financial performance**, through four key dimensions: governance, strategy, risk management, and indicators and objectives. By identifying key climate action strategies and continuously enhancing the resilience to climate risks, we aim to mitigate the effects of climate change while contributing to sustainable growth.

Governance



- The Board of Directors and the Strategy Committee are involved in confirming sustainable development systems, strategies, and objectives, overseeing and inspecting ESG-related work, and reviewing and approving ESG-related reports.
- The ESG Management Committee is involved in formulating the ESG vision, strategies, frameworks, principles, and policies, reviewing key trends in ESG as well as related risks and opportunities, and implementing ESG policies.

Strategy



- Hanshow's development strategy is grounded in company's desire to create long-term value for all stakeholders as well as society and the planet. Company has established the "EPIIC" sustainable development strategy based on the overall development.
- Company has set up a special working group to collect climate-related information from the government, society, and internal sources. This information is regularly reviewed and reported to the management for risk identification and review. We have also worked to identify and analyze climate-related risks and opportunities (short-term, mid-term, and long-term) as well as their impact on the organization through departmental interviews and expert judgment, and developed climate action strategies to enhance our climate resilience.

Risk management



- With a continuous focus on dealing with climate change, Hanshow has strengthened the identification, assessment, and management of climate-related risks, employed scientific and objective evaluation methods to prioritize these risks, and integrated climate-related risks into the overall risk management of the organization based on key operation activities. In addition, we have established a climate-related risk list, clarified key control areas, and implemented relevant actions and response measures.

Indicators and objectives



- Based on the "EPIIC" strategy, company has set a climate goal, which is to achieve carbon neutrality in operations by 2035.
- We carry out statistics, data analysis, and information disclosure of annual greenhouse gas (GHG) emissions, comprehensively evaluate the management efficiency in dealing with climate change, and on this basis, formulate optimization measures to promote energy conservation and consumption reduction and minimize pollutant emissions.



Developing Climate Strategy



Hanshow is committed to establishing an environmentally friendly green production system and a green, sustainable industrial ecosystem to benefit the natural environment.



Hanshow actively responded to climate change by formulating and implementing carbon neutrality strategies to support emission reduction.

At Hanshow, we fully recognize the importance of a robust climate strategy in achieving sustainable development. As the impacts of global climate change become more pronounced, developing and implementing effective climate strategies has become a critical step for the sustainable growth of enterprises. A successful climate strategy is vital to company's long-term survival and success.

Using internationally recognized scientific methodologies, and considering company's business performance and development goals, Hanshow is committed to achieving carbon neutrality in operations by 2035. We plan to increase investment in environmental management activities, including but not limited to the professional collection and efficient recycling of e-waste, water conservation, pollutant emission reduction, and other key areas. Hanshow's goal is to reduce carbon emissions at the source, optimize resource utilization, and promote green production.

Objectives:

- Hanshow plans to launch new products made from green recycled plastics, establishing a systematic governance framework that minimizes usage during production and consumption, maximizes recycling during recovery, and ensures comprehensive and safe disposal.
- Hanshow plans to work with key customers to collect energy consumption data for case studies, thus analyzing and comparing energy consumption at stores before and after the implementation of digital store solutions. The results will be actively promoted as an important factor in helping retail customers achieve sustainable development.
- Hanshow plans to increase the use of recyclable materials in packaging consumables, further enhancing business sustainability.
- Hanshow plans to achieve the sustainable development goal of carbon neutrality in operations by 2035.



Identifying Risks and Opportunities

Fully recognizing the impact of climate change and the necessity and urgency of taking response measures, Hanshow implemented a process for identifying, analyzing, monitoring, and controlling environmental and climate-related risks and opportunities, laying the foundation for optimizing the Company's environmental and climate risk management and seizing development opportunities.

Hanshow set up a special working group to collect climate-related information from the government, society, and internal sources. This information is regularly reviewed and reported to the management for risk identification and review. Hanshow has employed scientific and objective evaluation methods to prioritize risks, and integrated climate-related risks into the overall risk management of the organization based on key operation activities. In addition, Hanshow has established a climate-related risk list and clarified key control areas, providing input and basis for the development and adjustment of climate-related strategies and the establishment of performance indicators and objectives.

Identification

Hanshow focuses on and analyze climate-related policies and regulations, collecting climate-related research reports from industries, research institutions, and media. Benchmarking against best practices in climate information disclosure both at home and abroad, and, in conjunction with the Company's actual situation, Hanshow identifies physical risks, transition risks, and opportunities with significant impact on the Company, while also integrating climate-related risk management into the Company's comprehensive risk management system.

Analysis and assessment

- Hanshow assesses the impact of climate-related risks and opportunities on the Company through on-site interviews with relevant personnel, utilizing methods such as expert judgment to evaluate and rank the severity of these risks and opportunities based on their probability of occurrence and influence.
- Hanshow assesses the current and anticipated impacts of climate-related risks and opportunities on the Company's business model and value chain, including specific areas of impact (business aspects, geographical locations, and major asset classes), timeframes (short-term, medium-term, and long-term), and financial influence.

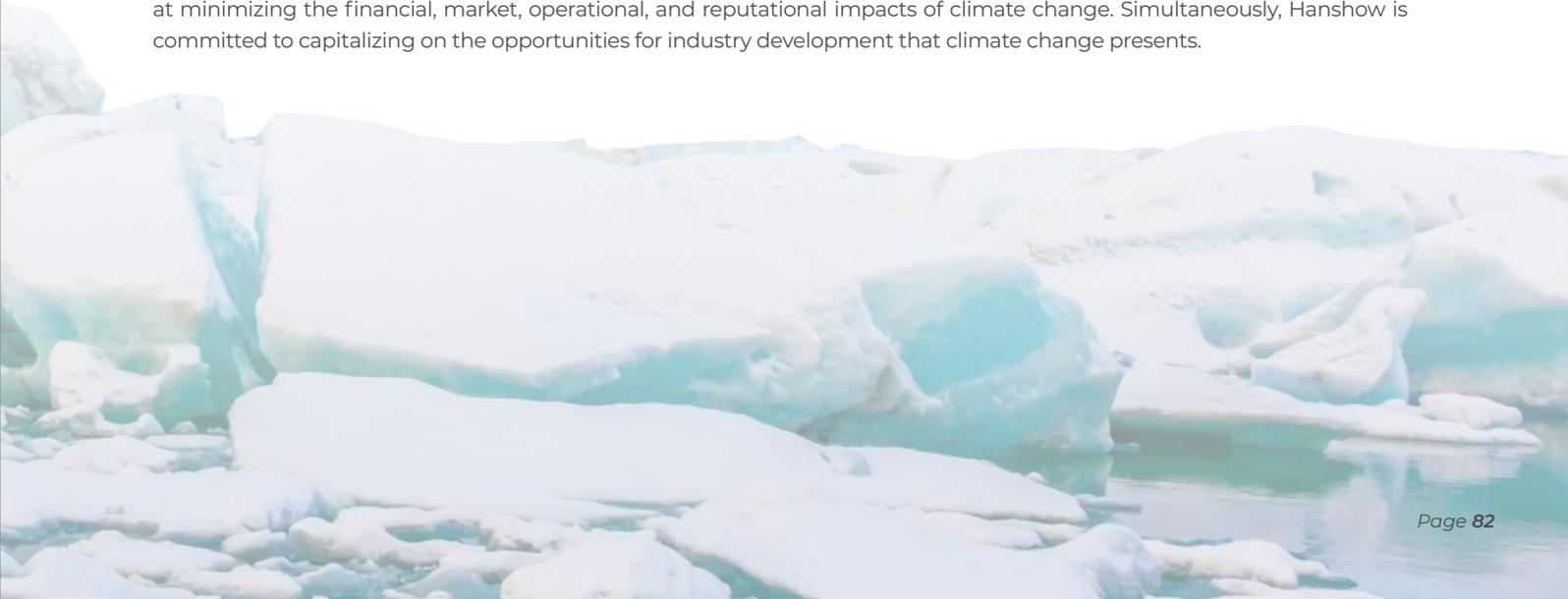
Monitoring and control

- Hanshow develops strategies to deal with climate change, identifying climate-related indicators and establishing objectives and action plans for key indicators.
- Hanshow breaks down indicators and objectives to the execution level, and formulate and implement response measures.

Hanshow continuously strengthen the ability to identify and manage climate change-related risks, integrating climate risks into the existing risk management processes. Company has identified 17 climate-related risks and opportunities with significant impact on the Company, including 5 physical risks, 8 transition risks, and 4 opportunities. Company has established methods for identifying and dealing with climate-related risks, including incorporating risk assessment results into the Risk and Opportunity Evaluation and Analysis Form, calculating the risk factor according to the severity and occurrence frequency of risks, formulating response measures, and tracking the implementation of these measures.

Type of Risk Opportunity	Risk Category	Description
Physical risks	Acute physical risks	Extremely cold weather such as snowstorms
		Floods and mudslides
		Extreme weather such as hurricanes and tornadoes
	Chronic physical risks	Continuous rise in average temperatures
		Continuous rise in sea levels
Transition risks	Policy and legal risks	Implementation of carbon tax
		Scarcity of tradable carbon resources in carbon markets and rising carbon prices
		Strengthened reporting and disclosure obligations
		Carbon emission reduction requirements of policies for existing products and services
		Litigation risks due to non-compliance with relevant laws and regulations on carbon emissions
	Technical risks	Development costs of low-carbon emission technologies for existing products and services
	Market risks	Increased procurement costs for low-carbon raw materials and renewable energy
	Reputational risks	Reputational risks arising from non-compliance with carbon emission standards for products
	Energy sources	Utilization of low-emission energy to improve resource efficiency and reduce operating costs
Opportunities	Policies and regulations	Support from international/national policies for the new energy industry
		Economic benefits from carbon market trading
	Products and services	Increased demand for photovoltaic and energy storage technology products

In response to the key risks and opportunities identified, Hanshow has organized personnel to implement measures aimed at minimizing the financial, market, operational, and reputational impacts of climate change. Simultaneously, Hanshow is committed to capitalizing on the opportunities for industry development that climate change presents.





Risks and Opportunities	Response Measures
<p>Acute physical risks:</p> <p>1) Extremely cold weather such as snowstorms 2) Floods and mudslides 3) Extreme weather such as hurricanes and tornadoes</p>	<p>Product R&D: Company has enhanced the cold, water, and high-temperature resistance of products and strengthened product design and protection.</p> <p>Supply chain: Company has implemented stock-based and order-based production and familiarized ourselves with the power restriction policies in the regions where suppliers operate.</p> <p>Product production: Company has categorized operations in extreme weather into high-temperature, low-temperature, and severe weather operations based on temperature changes of climatic disasters. To address risks arising from extreme weather, company has carried out emergency control measures in multiple aspects and dimensions, such as adjusting operation hours, preparing emergency supplies, and ensuring personnel protection. Company has also established role-specific coordination mechanisms, organized disaster simulations, and enhanced training on emergency awareness.</p> <p>Product delivery: The Logistics Department has planned various transportation modes and made advance plans for logistics transportation practice based on the meteorological authority's warnings, thus avoiding periods of extreme weather. Materials have been prepared in advance and stored in temperature and humidity-controlled warehouses. Company has also enhanced engagements with customers and risk warnings.</p> <p>Product operations and maintenance: Property insurance for related products can be purchased when necessary.</p>
<p>Policy and legal risks:</p> <p>1) Strengthened reporting and disclosure obligations; 2) Implementation of carbon tax</p>	<p>Company has established a special team to conduct regulatory research and implement targeted measures in response to regulatory requirements regarding carbon emissions, battery recycling, and other relevant issues.</p> <p>Company is gradually carrying out carbon footprint accounting and verification, comprehensively investigating carbon emissions throughout the entire chain, including raw materials, processes, corporate operations, logistics, and the end use.</p>
<p>Policy and legal risks:</p> <p>Scarcity of tradable carbon resources in carbon markets and rising carbon prices</p>	<p>Company has continuously increased the share of renewable electricity in the Company's energy consumption by developing photovoltaic and energy storage projects in our industrial parks.</p>
<p>Market risks:</p> <p>Increased procurement costs for low-carbon raw materials and renewable energy</p> <p>Reputational risks:</p> <p>Reputational risks arising from non-compliance with carbon emission standards for products</p>	<p>Company has developed net-zero emission targets and carbon reduction plans for corporate operations and the supply chain, advancing the energy conservation and carbon reduction process based on the Company's internal changes and changes in the external environment.</p>
<p>Market opportunities:</p> <p>Economic benefits from carbon market trading</p>	<p>Company has established a digital energy business and developed platform-based core products and capabilities in carbon management, integrated energy, energy conservation and emission reduction, and energy and carbon operations, providing customers with one-stop, full-lifecycle zero-carbon solutions and services.</p>
<p>Market opportunities:</p> <p>Support from international/national policies for the new energy industry</p>	<p>Company actively responds to international and domestic policies, continuously participating in the formulation of relevant policies. Company innovates new energy products, reduce product carbon emissions, and continually increase investment in new energy research and development.</p>

Implementation of Emission Reduction Actions

In response to the challenges posed by global climate warming, reducing GHG emissions is not only an urgent environmental necessity but also a critical step for enterprises to align with global sustainable development goals and balance economic and ecological growth. Through thorough carbon footprint verification, Hanshow has gained a comprehensive understanding of the company's carbon emissions, providing data to support the formulation of targeted energy conservation and emission reduction strategies. Additionally, Hanshow has further reduced carbon emissions by adopting low-carbon practices in production, manufacturing, and logistics. The company actively incorporates renewable energy sources to improve its energy mix and reduce its carbon footprint, laying the groundwork for achieving sustainable development.

The key to reducing GHG emissions lies in a detailed understanding of emission sources and volumes. Hanshow has conducted GHG inventories using the GHG Protocol published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). In addition to the company's direct carbon emissions, Hanshow has continued to assess Scope 3 emissions across its value chain. These include GHG emissions generated from purchased products and services, transportation and distribution, employee commuting, waste from operations, and business travel. Through systematic data collection and analysis, Hanshow is advancing emission reduction efforts in a more targeted manner, contributing to the goal of green and sustainable development.

Performance data

NO.	GHG Emissions	Unit	2023	2022
1	Total emissions	tCO ₂ e	149,648.30	66,803.06
	Emission intensity	tCO ₂ e/person	189.91	107.40
2	Scope 1 emissions	tCO ₂ e	15.92	59.35
3	Scope 2 emissions	tCO ₂ e	4,964.64	2,302.45
4	Scope 3 emissions	tCO ₂ e	144,667.74	64,441.26
	Purchased products and services	tCO ₂ e	117,012.02	57,167.08
	Upstream transportation and distribution	tCO ₂ e	25,660.39	5,972.73
	Employee commuting	tCO ₂ e	126.34	
	Business travel	tCO ₂ e	1,866.73	1,295.15
	Wastes from operations	tCO ₂ e	6.03	6.30

Low-carbon products

Measuring and managing the carbon footprint of products is essential to achieving sustainable development. Hanshow began corporate carbon footprint verification in 2022 and initiated product carbon footprint certification in 2023. Carbon footprint accounting has been carried out in accordance with ISO 14040, ISO 14044, and ISO 14067 standards, with carbon footprint data collected for the Polaris Pro series. By working closely with raw material suppliers, production facilities, and other stakeholders, Hanshow has developed carbon footprint information collection forms and submitted them to qualified third parties for calculation, assessment, and certification. The assessment encompasses the entire product lifecycle—from raw material extraction to production, waste generation, material transportation, and recycling at the product's end of life.

Based on the results of carbon footprint accounting, Hanshow has identified materials with high emission proportions and developed low-carbon initiatives for these key materials. By quantifying carbon emissions throughout the product lifecycle, Hanshow has not only reduced emission sources during production and minimized environmental impact but also improved the market competitiveness of its products, meeting the sustainability demands of customers and regulators.

Hanshow will continue product carbon footprint certification and gradually expand its coverage to include more existing products. The company remains committed to implementing the green, low-carbon philosophy of "being environmentally beneficial and achieving climate neutrality." This approach promotes green transformation across core processes, including product design, supplier management, raw material procurement, production, warehousing, logistics, and product recycling. Hanshow aims to explore green, circular, and sustainable development throughout the entire industry chain and product lifecycle.

Low-carbon production

Low-carbon production is essential for enterprises committed to sustainable development. By transitioning to green energy and automated production, Hanshow has effectively reduced its production-related carbon footprint, reflecting its dedication to sustainability. The company actively incorporates renewable energy sources, such as solar and wind power, to replace traditional fossil fuels, which not only reduces carbon emissions but also enhances resilience to climate-related risks.

Automated production optimizes the assembly process, significantly reduces production preparation time, and greatly improves production efficiency, making it a critical factor in sustainable development. The production line for Hanshow's Nebular products and modules is **90%** automated, showcasing the company's progress toward a more efficient and environmentally friendly production model driven by high levels of automation.

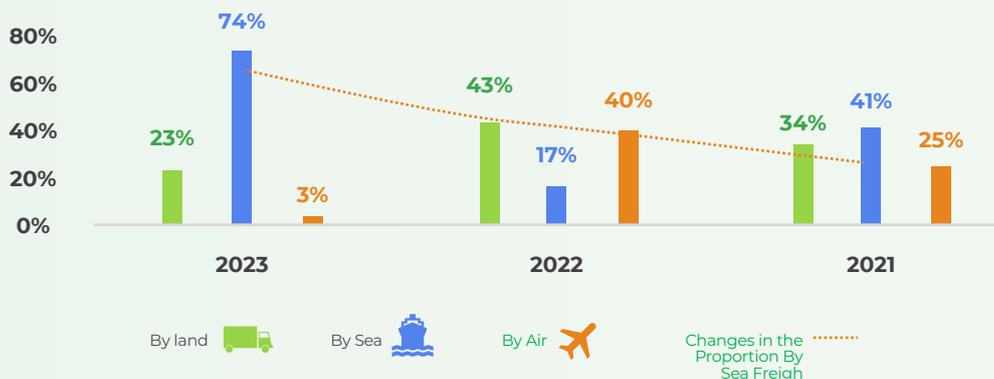


Low-carbon logistics

Logistics and warehousing serve as critical links between products and downstream operations, playing a key role in promoting green transformation across the value chain. Hanshow incorporates a warehousing management philosophy centered on "cost savings, reducing energy consumption, ensuring accounting consistency, and prioritizing safety" throughout its operations, continuously exploring innovative ways to reduce carbon emissions during transportation. In the process of product transportation, Hanshow engages in in-depth communication with customers to understand their logistics needs and actively promotes sea freight as the preferred mode of transportation where feasible. Additionally, direct routes are chosen to shorten transportation cycles and distances, thereby reducing carbon emissions.

To further improve transportation efficiency, Hanshow requires a minimum cargo load factor of **85%**, with shipments below this threshold needing special approval. The percentage of sea freight has increased significantly from **17%** in 2022 to **74%** this year. To further enhance efficiency and streamline distribution, Hanshow has established dedicated front-end warehouses overseas, which not only improve logistics efficiency and reduce costs but also mitigate the negative environmental impacts of inefficient transportation, contributing to green logistics.

Changes in the Proportion of ESLs Transported



4.3 CIRCULAR ECONOMY

The circular economy is a vital model for promoting economic innovation, transformation, and green, low-carbon development, as well as a key solution to addressing climate change. Effective implementation of the circular economy helps mitigate resource shortages, enhances resource utilization efficiency, reduces dependence on natural resources, decreases environmental pollution, and improves ecological conditions.



Hanshow fully recognizes the critical role of the circular economy in achieving sustainable development and is committed to embedding its principles throughout its operations. To promote the circular economy effectively, Hanshow enhances product sustainability through multiple initiatives, such as optimizing product design, using environmentally friendly materials, extending battery life, and recycling and disposing of ESLs to reduce the environmental impact of its smart hardware products. Additionally, Hanshow refurbishes and recovers certain ESL products, giving them a second life. The carbon emissions from recovering and refurbishing used labels are only **20%** of those generated from manufacturing new ones. Hanshow's ESLs are certified under RoHS (Restriction of Hazardous Substances) and WEEE (Waste Electrical and Electronic Equipment) directives, and according to relevant statistics, the recyclability rate of its products is **75%**.

Achieving green production and low-carbon operations is another crucial aspect of the circular economy. In 2023, Hanshow launched a pilot project for recyclable packaging materials, set to be implemented in 2024. By using unified intelligent technology and recyclable packaging materials, Hanshow has significantly reduced carbon emissions during packaging and transportation, with estimated carbon emissions per container decreasing by over **90%**. Through close collaboration with suppliers, Hanshow has implemented a recycled precious metals procurement project to encourage technological innovation among suppliers and gradually increase the proportion of recycled materials purchased. By introducing environmental certification systems and strengthening supplier management, Hanshow ensures a green, environmentally friendly process from raw material procurement through to production and logistics.



Product Recovery (Year 2023)



4.4 GREEN OPERATIONS

Green operations are not only essential for environmental protection but are also closely linked to an enterprise's long-term development and brand image. As a global leader in intelligent IoT hardware and industry digital solutions, Hanshow fully understands the significance of green operations in achieving sustainable development. Hanshow adheres to the philosophy of sustainability in all aspects, from daily office activities to production and internal operations. The company is committed to achieving a balance between economic benefits and environmental protection by reducing the generation of pollutants and waste, ultimately fostering win-win outcomes.

Pollutant and Waste Management

Pollutant and waste management are critical to the sustainable development of modern enterprises. Hanshow strictly complies with laws and regulations such as the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, ensuring rigorous management and monitoring of energy consumption and waste discharge during operations. To address waste generated during production, Hanshow has implemented policies such as the Waste Management System and the Hazardous and General Solid Waste Management Guidance. The company is committed to strictly controlling the discharge of air pollutants, wastewater, and waste, minimizing the potential environmental impacts of its production and operations.

Waste	Unit	2023
Total waste generation ²	t	15.1
Hazardous waste	t	3.06
Plastics	t	4.4
Paper	t	5.7

Waste management

Hanshow classifies the waste generated in its daily operations, defining the names and categories of general industrial solid waste, hazardous waste, and domestic waste, and establishing clear waste disposal procedures. In line with relevant standards, waste is categorized into general solid waste and hazardous waste (including waste liquids), with a Hazardous Waste List and a General Solid Waste List created for proper management. Hanshow entrusts qualified third-party organizations to handle waste recycling, utilization, and disposal, and has signed environmental protection agreements with these partners to ensure responsible waste management.

General industrial solid waste:

Hanshow has established a dedicated warehouse for the storage of general industrial solid waste, designed and planned according to the types and quantities of waste. Each area is clearly marked with signs and labels to help employees quickly and accurately identify and classify different types of solid waste, improving operational efficiency and facilitating subsequent recycling and disposal. To manage potential emergencies such as fires, the warehouse is equipped with rain protection and fire-fighting facilities, and the electrical system has been upgraded for explosion prevention, ensuring safe operations and further enhancing warehouse safety.



Hazardous waste:

Hanshow meticulously classifies and packages hazardous waste during collection, storage, and transportation based on its properties, such as corrosivity, toxicity, flammability, reactivity, and infectiousness, with appropriate warning signs and labels attached. The company implements corresponding safety protection and pollution control measures, including safeguards against explosions, fires, poisoning, infections, leaks, dispersion, and rain, to prevent environmental pollution and ensure a safe and professional disposal process. Additionally, Hanshow has entrusted qualified third-party organizations with the regular transport and disposal of hazardous waste.



² The wastes generated include hazardous waste, plastics and paper. Hazardous waste is collected and stored by qualified third-party organizations, while plastics, iron sheets, and paper are disposed of through landfill treatment.

Domestic waste:

For domestic waste, Hanshow employs a scientific and environmentally friendly disposal approach by establishing a centralized storage or collection station equipped with rain protection and leakage prevention facilities to prevent environmental pollution. In accordance with the latest environmental protection regulations, the station is divided into separate areas for recyclable waste, non-recyclable waste, kitchen waste, and hazardous waste, among others. The size of these areas is adjustable based on actual needs to accommodate daily waste disposal requirements, promoting effective resource recovery and reducing environmental impact.



Air pollutant management

Air pollutant management is a key component of Hanshow's environmental protection efforts. To effectively control the exhaust gases generated by the company's activities, products, and services, reduce their environmental impact, and improve overall environmental performance, Hanshow has established strict Exhaust Emission Management Regulations. The company has implemented several practical measures, including installing bag-type dust collectors to reduce dust emissions and increasing the height of exhaust stacks to 15 meters to promote the dispersion and dilution of exhaust gases. To ensure that emissions comply with environmental protection standards, Hanshow entrusts the local environmental monitoring center to conduct annual monitoring of exhaust gas emissions and maintains detailed records of the monitoring data.

Chemical management

A robust chemical management system not only supports Hanshow's efficient operations but also ensures a green and safe working environment for employees. Hanshow implements a strict safety pre-assessment mechanism for all chemicals introduced into the company, and thoroughly collects Material Safety Data Sheets (MSDS) for any newly added chemicals. This enables the company to gain a comprehensive understanding of each chemical, including its name, hazardous properties, emergency response measures, and methods for handling leaks and waste disposal.

To ensure that employees can safely and proficiently handle these chemicals, Hanshow conducts targeted training courses to enhance safety awareness and emergency response skills. Before any chemical is put into use, it must undergo rigorous stability evaluations and receive proper approval. Additionally, the storage and handling of chemicals are closely monitored and managed by personnel with expertise and practical experience in the relevant fields. Hanshow is committed to optimizing chemical management to ensure smooth business operations and maintain a green, safe working environment for its employees.

Noise management

Hanshow places great emphasis on addressing the potential hazards of noise pollution and has implemented a range of measures to reduce noise and minimize its impact on employees and the surrounding environment. Noise is considered a key evaluation criterion during the procurement of mechanical equipment, with high-noise machinery being strategically isolated to mitigate its effects. Additionally, Hanshow provides enhanced noise protection training for employees, ensuring a comfortable and quiet working environment that supports efficient productivity.

This year, Hanshow's noise emissions fully complied with the testing requirements outlined in the Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008).



Resource Management Optimization

At Hanshow, the importance of resource management in achieving sustainable development is fully recognized. In line with the environmental policy of "energy conservation and consumption reduction, pollution prevention and control, and environmental protection," Hanshow is committed to optimizing resource allocation, improving resource utilization efficiency, and minimizing environmental impact. The company adopts advanced resource management strategies, continually optimizing its energy mix and reducing energy consumption per unit of product through refined management processes and technological innovations. In 2023, Hanshow utilized **21.86 MWh** of clean energy in its outsourced electricity.

Energy		2023	2022	2021
Total energy consumption	MWh	8,802.06	4,387.93	2181.88
Energy intensity	MWh/person	11.17	7.05	3.625
Gasoline	t	5.2	2.6	0.8
Purchased electricity	MWh	8739.80	4,012.89	2120

Energy		2023	2022	2021
Total water consumption	t	14,192.98	6835	2763.65

Energy management

Recognizing the critical role of energy management in achieving sustainable development, Hanshow is continuously improving its energy management system to systematically promote energy optimization within its factories and conduct specialized energy audits. The company actively pursues certification of its energy management system, aiming to reduce energy consumption and emissions through scientific management methods and advanced technological solutions. Additionally, Hanshow strengthens daily supervision of key equipment to ensure effective energy control at every stage.

The primary energy sources used by the company during production and operations include electricity for office work and manufacturing, gasoline for corporate vehicles, diesel for engineering vehicles, and natural gas and liquefied petroleum gas for cooking employee meals, with electricity being the main source of energy consumption. Hanshow has developed energy management plans tailored to its business needs and implemented a photovoltaic power generation project at its headquarters factory. By leveraging technological innovation, the company aims to increase the use of green electricity, further reducing its reliance on fossil fuels, lowering GHG emissions, and promoting industrial sustainability.

Achieving Sustainable Development



Water resource management

The increasing pressure on global water resources has become a significant challenge. Hanshow fully recognizes the value of water resources and is committed to implementing efficient and sustainable water management measures. The company places great emphasis on water conservation and management, strictly adhering to the Water Law of the People's Republic of China and the Water Pollution Prevention and Control Law of the People's Republic of China, among other regulations. Hanshow has established a Water Conservation Management System aimed at strengthening water conservation throughout the entire process of water intake and utilization, while also raising employees' awareness of water conservation practices.

Water consumption at Hanshow primarily serves office, living, and construction engineering purposes. During project development and construction, only a small amount of water is used for construction activities, dust control, and landscaping. Moving forward,

Hanshow will continue to explore opportunities for water conservation across various operations, such as rainwater harvesting and water recycling, striving for the efficient and cyclical use of water resources to contribute to sustainable development.



Reduction in product packaging

When transporting large volumes of products, the environmentally friendly design and use of packaging materials in logistics become especially important. To ensure that goods reach consumers safely, Hanshow uses materials such as cardboard, polyethylene foam, and plastic ziplock bags for product packaging. While maintaining product stability during transport, Hanshow prioritizes simple and reusable packaging materials to prevent excessive packaging and resource waste.

In 2024, Hanshow plans to increase the use of recyclable materials in its product packaging, further promoting sustainability.



Green office

Hanshow consistently adheres to the principle of green development, advocating for a low-carbon mindset and **making energy efficiency awareness one of the four key elements of its employee code of conduct**. The company is committed to achieving energy conservation, emission reduction, and efficient green development in its operations, while continuously enhancing employees' environmental protection awareness. Hanshow actively promotes a green culture and encourages sustainable office practices. To support this, the company has formulated and published the Office Management and Punishment Regulations, which encourage the economical use of electricity and paper, as well as green travel, fostering a low-carbon, environmentally friendly office atmosphere.

Green office initiatives:



Biodiversity management

Biodiversity is a vital component of Earth's life system, playing a key role in maintaining ecological balance and ensuring human well-being. Hanshow respects, conforms to, and protects nature by strictly adhering to relevant laws and regulations, while incorporating the environmental impact of its decisions and activities into overall considerations. During project development, construction, and production operations, Hanshow takes measures to minimize negative effects on the ecological environment and meets biodiversity protection requirements, fostering harmonious coexistence with nature. By actively implementing protective measures, Hanshow ensures that its business activities do not harm ecosystems and strengthens hazard prevention and environmental protection throughout the production process. During the reporting period, Hanshow incurred no penalties related to ecological impacts from its projects.

Hanshow Operational Entities

Appendix 1

Entity	Location
Hanshow Technology Co., Ltd.	China
HANSHOW TECHNOLOGY CO., LTD. BEIJING BRANCH	China
HANSHOW TECHNOLOGY CO., LTD. SHENZHEN 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.	Netherlands
HANSHOW AUSTRALIA PTY LTD	Australia
HANSHOW AMERICA INC	America
HANSHOW UK CO., LTD	UK
HANSHOW NEW ZEALAND LIMITED	New Zealand

GRI Indicator Index

Appendix 2

GRI Standard	No.	Topic	Section in the Report
● The organization and its reporting practices			
GRI 2: General Disclosures 2021	2-1	Organizational details	Report Overview
	2-2	Entities included in the organization's sustainability reporting	APPENDIX 1
	2-3	Reporting period, frequency and contact point	Report Overview
	2-4	Restatement of information	N/A
	2-5	External assurance	APPENDIX 3
● Activities and workers			
GRI 2: General Disclosures 2021	2-6	Activities, value chain and other business relationships	About Hanshow , SPOTLIGHT
	2-7	Employees*	Employee Development
● Governance			
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts*	Sustainable Development Management
	2-13	Delegation of responsibility for managing impacts	Sustainable Development Management
	2-14	Role of the highest governance body in sustainability reporting	Sustainable Development Management

GRI Standard	No.	Topic	Section in the Report
● Strategy, policies and practices			
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy*	A Message from Our CEO
	2-27	Compliance with laws and regulations	Ethics and Integrity
● Stakeholder engagement			
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Sustainable Development Management
	2-30	Collective bargaining agreements*	Employee Development
● Material topics			
GRI 3: Material Topics 2021	3-1	Understand the organization's context	Sustainable Development Management
	3-2	Identify actual and potential impacts	Sustainable Development Management
	3-3	Assess the significance of the impacts	Sustainable Development Management
● Governance sustainability			
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures*	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	Employee Development
	401-3	Parental leave*	Employee Development
GRI 403: Occupational Health and Safety 2018	403-1	Occupational Health and Safety Management System	Employee Development
	403-3	Occupational health services	Employee Development
	403-5	Worker training on occupational health and safety	Employee Development
	403-9	Work-related injuries	Employee Development
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Employee Development
	404-2	Programs for upgrading employee skills and transition assistance programs*	Employee Development
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Development
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees*	Employee Development
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Employee Development
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*	Employee Development
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor*	Employee Development
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor*	Employee Development
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Product Excellence
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	Product Excellence
	417-3	Incidents of non-compliance concerning marketing communications	Product Excellence
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Protection

GRI Standard	No.	Topic	Section in the Report
● Environmental sustainability			
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change*	Responding to Climate Change
GRI 302: Energy 2016	302-1	Energy consumption within the organization*	Green Operations
GRI 303: Water and Effluents 2018	303-5	Water consumption*	Green Operations
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions*	Responding to Climate Change
	305-2	Energy indirect (Scope 2) GHG emissions*	Responding to Climate Change
	305-3	Other indirect (Scope 3) GHG emissions*	Responding to Climate Change
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Green Operations
	306-2	Management of significant waste-related impacts	Green Operations
	306-3	Waste generated	Green Operations
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Partnerships




德勤华永会计师事务所(特殊普通合伙)
北京分所
北京市朝阳区东三环北路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 2023

DTTBJ(24)BAR00007

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, 2023 (the "Sustainability Report 2023").

Selected Sustainability Information

Selected sustainability Information (page numbers in which the information is presented in the Sustainability Report 2023 are shown in brackets) refers to:

- Number of ISO's management system standard certifications (page 5);
- Total number of intellectual property rights (page 43);
- Total number of employees (page 58);
- Number of female employees (page 59);
- Percentage of women in management positions (excluding board of directors) (page 59);
- Total hours of online training that employees participate in (page 60);
- Percentage of employees participating in online training (page 60); and
- Number of employees participating in information security awareness training throughout the year (page 34).

Our assurance engagement does not extend to information in respect of earlier periods or to any other information included in Sustainability Report 2023.

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 2023, is not prepared, in all material respects, in accordance with the applicable criteria as set out Appendix 4 to the Sustainability Report 2023.

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 2023, which the Company has used to prepare the Selected Sustainability Information.

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 2023; 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.

External Assurance Statement

Appendix 3

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
14 November 2024



The summary below defines the criteria for each Selected Sustainability Information included in the Hanshow Technology Co., Ltd.'s Sustainability Report 2023.

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, 2023. ISO refers to International Organisation for Standard.

2: Total number of intellectual property rights

Disclose the total number of intellectual property rights obtained by Hanshow Technology Co., Ltd. and its subsidiaries as of December 31, 2023. 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 registered trademarks at home and abroad, authorized software copyrights, and authorized patents.

3: Total number of employeeest

Disclose the number of employees who have employment contracts with Hanshow Technology Co., Ltd. and its subsidiaries as of December 31, 2023.

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, 2023.

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, 2023. 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, 2023 to December 31, 2023.

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, 2023.

8: Number of employees participating in information security awareness training throughout the year

Disclose the the number of employees who participating in information security awareness training throughout the year organized by Hanshow Technology Co., Ltd. and its subsidiaries via the online training platform from January 1, 2023 to December 31, 2023.

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's inability 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 speak only as of the date they are made, and the Company disclaims any obligation to update such statements except as required by law.

Thank you for reading the 2023 Sustainability Report of Hanshow Technology Co., Ltd. To provide you and other stakeholders with more valuable information and to enhance our overall working ability and performance, we sincerely invite you to share your valuable insights on this report. Please provide your feedback through the following contact information:

E-mail: info@hanshow.com

① Which type of stakeholder do you belong to? _____

- A Government and regulatory agencies B Customers C Investors/shareholders D Supply chain
 E employees F Partners G Community H Experts

② Do you think this report comprehensively covers your expectations for the Company? _____

- A Yes B No. Which of your expectations are not reflected in this report?

③ Do you think the Company has addressed your expectations well? _____

- A Yes B No. Which of your expectations have not been well addressed?

④ How do you find the readability of this report in terms of its content and typesetting? _____

- A Excellent B Good C Average D Poor

⑤ What other comments and suggestions do you have regarding this report and the Company's ESG efforts?

Thank you again for your participation.

