

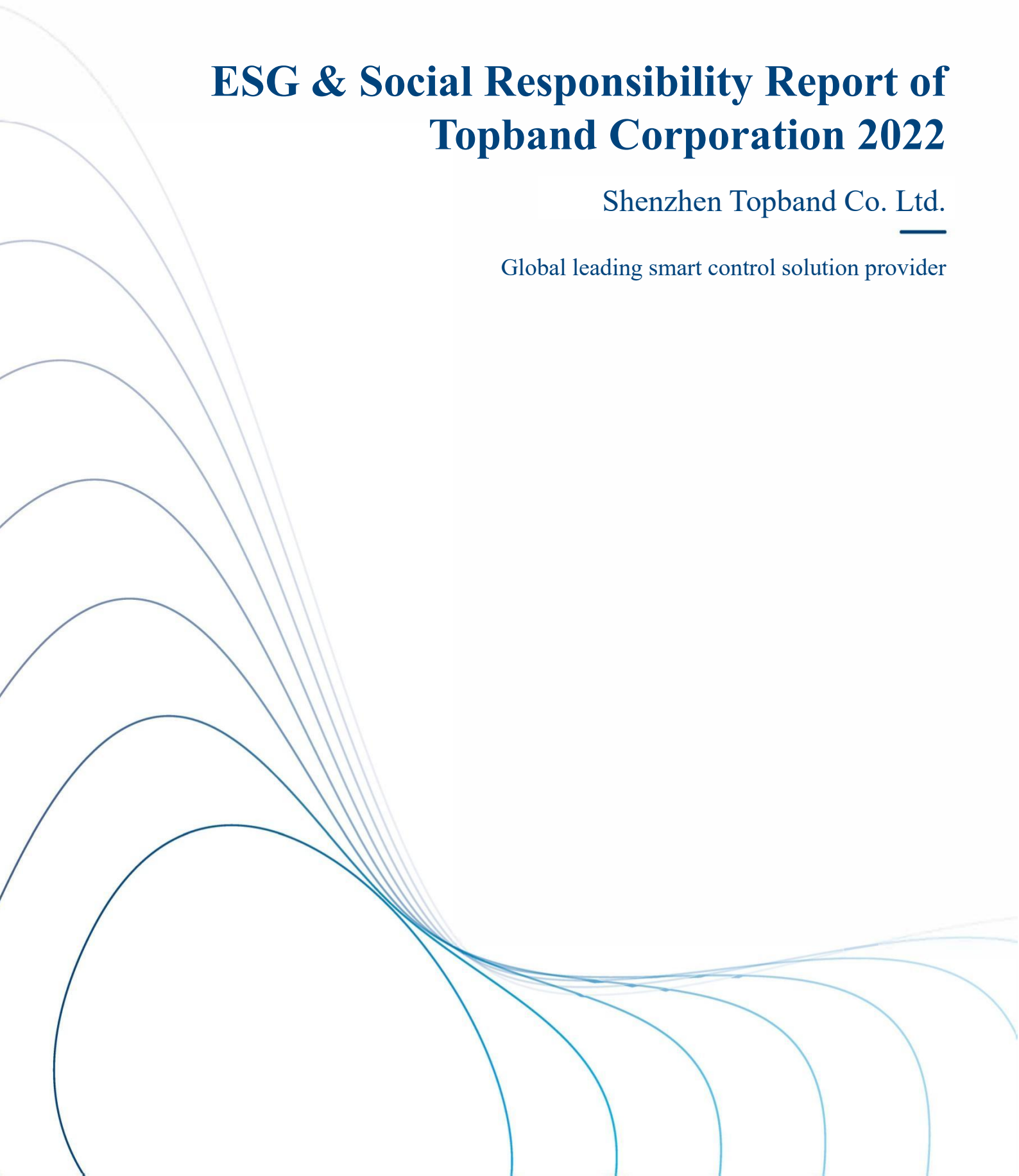
TOPBAND 拓邦

Create an intelligent and bright future

ESG & Social Responsibility Report of Topband Corporation 2022

Shenzhen Topband Co. Ltd.

Global leading smart control solution provider



About the Report

The Report, as the third corporate social responsibility (CSR) report and second ESG & CSR released by Shenzhen Topband Co., Ltd. since it was listed in Shenzhen Stock Exchange, mainly discloses the activities and specific performance of Topband in the main fields of sustainable development such as environmental, social and corporate governance. The Report was deliberated and passed at the 32nd Meeting of the 7th Board of Directors of the Company which was held on March 29, 2023, and was released together with the Annual Report 2022 of the Company.

Time range

From January 1, 2022 to December 31, 2022. In order to enhance the completeness of the Report, some contents contain appropriate references to previous years.

Content Scope

The contents of the Report covers the reports of Shenzhen Topband Co., Ltd. and its subsidiaries and branches. For the convenience of expression, Shenzhen Topband Co., Ltd. may be expressed as "Topband", "Topband", "the Company" or "We".

Explanation of Data and Content

The data and cases that are used in the Report are all from official documents, statistical reports and other documents provided by relevant departments of the Company. There are no false records, misleading statements or major omissions in the Report. Shenzhen Topband Co., Ltd. guarantees that the contents of the Report are authentic, accurate and complete. Unless otherwise specified, the monetary amounts involved in the Report are measured in RMB.

Compilation basis

The Report is prepared on the basis of the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 - Standardized Operation of the Companies Listed on the Main Board and the Self-Discipline Regulatory Guidelines for Listed Companies in Shenzhen Stock Exchange No. 1 - Business Handling and with the reference to the Sustainability Reporting Standards issued by Global Reporting Initiative's (GRI Standards) and in combination with the Company's actual situation. Please refer to the section of "Index of Indicators" for the detailed disclosure of various indicators in the Report.

Report Language

The Report is prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail. The electronic version of the Report can be downloaded and browsed from the official website of Topband.

Topband's official website: <http://www.topband-e.com/>

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Chairman's Address



Wu Yongqiang

Chairman of Shenzhen Topband Co., Ltd.

Dear shareholders, customers, employees and friends from all walks of life

I am very pleased to announce that Topband is about to release its ESG Report 2022. On this occasion, I, on behalf of the Company, would like to express my heartfelt gratitude to all stakeholders who care and support us.

Topband has always been committed to the creation of a more intelligent and low-carbon world so as to advance human progress. We firmly believe that sustainable development and innovation are important ways to achieve the objective. As a technology-based company, we continuously utilize the intelligent technology of "four electrics and one network" to provide our customers with solutions. For the past 26 years, we have been committed to the value pursuits of intelligence and low carbon. We continuously innovate intelligent products and have delivered over 1.3 billion intelligent products, which brings our customers a smarter and better life. Whether intelligent home appliances and tools or intelligent industries and IoT, our products and solutions have covered multiple fields and industries worldwide, and have created value for our customers. Meanwhile, we also promote the storage and use of green energy through the application of new technologies, continuously improve the energy efficiency of various products and reduce product energy consumption to make products more low-carbon and environmentally friendly.

We firmly believe that sustainable development and low-carbon objectives can only be achieved through technology and innovation, which has always been our responsibility and mission. Long-termism is our business philosophy that we adhere to. We firmly believe that only long-term and sustainable business can bring true value to our enterprise and society. Therefore, in our business, we focus on not only short-term value but also the creation of long-term value. Our products and services not only meet customers' current needs but also lay the foundation for our sustainable development in the future.

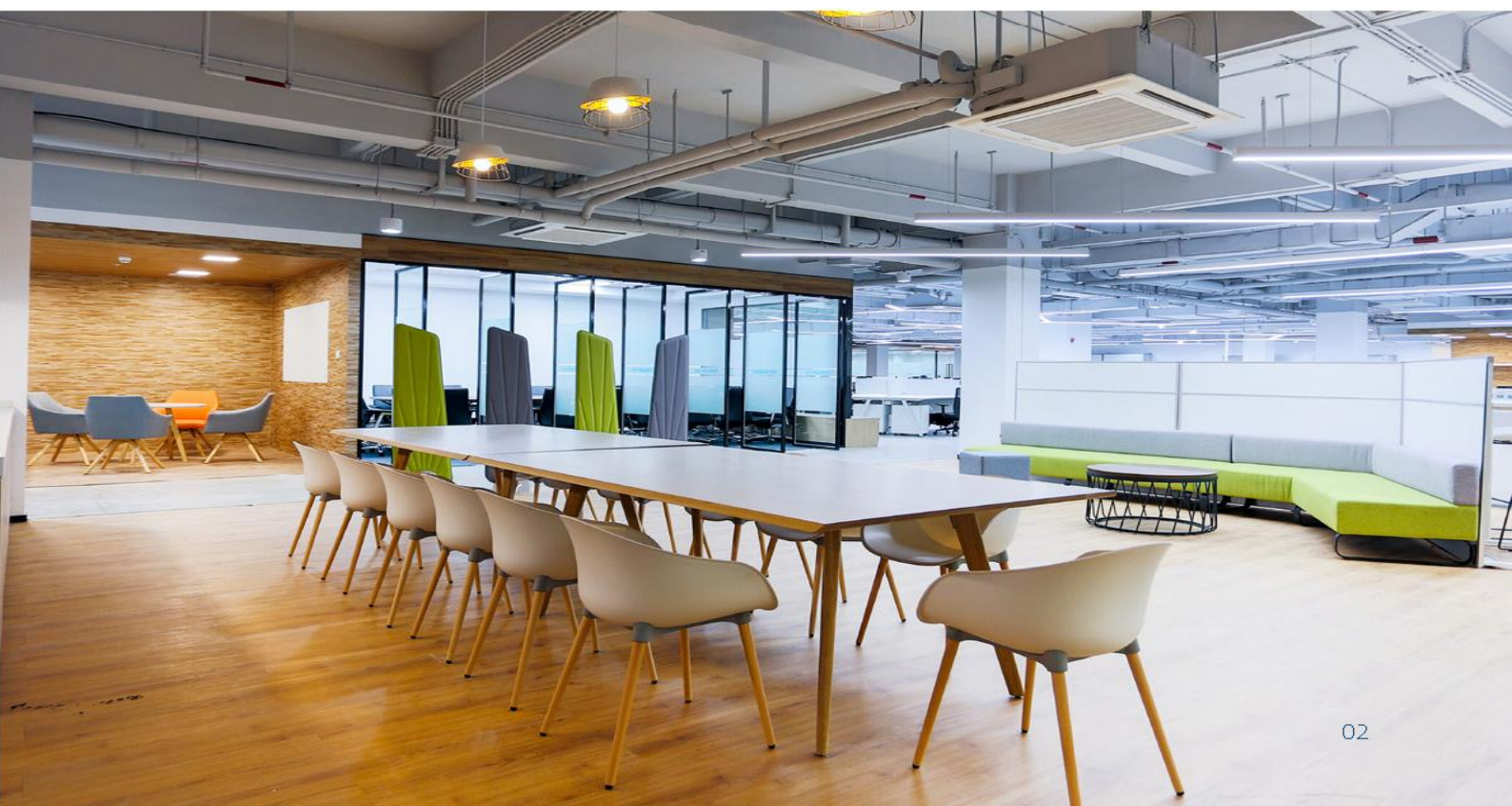
Our ESG Report is an important document that showcases our performance in environmental, social and corporate governance to stakeholders. The Report will introduce our strategies, objectives and action plans in sustainable development and innovation, as well as the progress we have made in achieving these objectives. In order to ensure the accuracy and transparency of the Report, we conducted an in-depth analysis of macro trends, reporting standards and industry focus in 2022 by taking into account the Company's business characteristics and conditions. We also conducted substantive issue assessment in combination with internal and external changes. In the future, we will continue to work under the guidance of the ESG management system to create greater value for our shareholders and society.

In the past year, we continuously strengthened the deep integration of ESG and corporate operations, focused on cultivating employees' awareness and abilities in environmental, social and corporate governance, and actively promoted key special-purpose work to achieve the objective of sustainable development. According to the outline of the "14th Five-Year" Plan, we have set an annual energy consumption reduction target of 3% in Huizhou Park, and achieved the objective of green production, energy conservation and emission reduction through measures such as digitization, automation and process innovation. Meanwhile, we, with adherence to the concept of intelligence and low carbon in product design, have launched a series of low-carbon intelligent products, such as household energy storage, portable energy storage, heat pumps and other series of products to provide our customers with more intelligent and environmentally friendly choices.

Looking forward to the future, Topband will deepen the integration of ESG and business operations to make our Company achieve a higher level of sustainable development by continuously attaching importance to sustainable development. We will continue to advance our work in energy conservation, emission reduction, green production, innovative products and other areas so as to enhance the environmental awareness and ability of our Company. Meanwhile, we will also focus on the fulfillment of social responsibilities, active attendance in social welfare activities and contribution to our society.

Under the Background of digital transformation, Topband will continue to strengthen technological innovation and create an "intelligent + low-carbon" industrial ecosystem. Based on the user-centered service principle, we will provide our customers with more intelligent, efficient and reliable products and services to meet their constantly changing needs. In the meantime, we will actively promote the concept of "green development and low-carbon life" and contribute to global sustainable development.

Finally, I would like to express my gratitude to all the partners who have cooperated with Topband, to all the employees who have contributed to the sustainable development of Topband, and to all the shareholders who have supported Topband. We believe that the objective of sustainable development can only be achieved on the basis of our joint efforts and mutual support. Let's work together to create an intelligent and bright future.



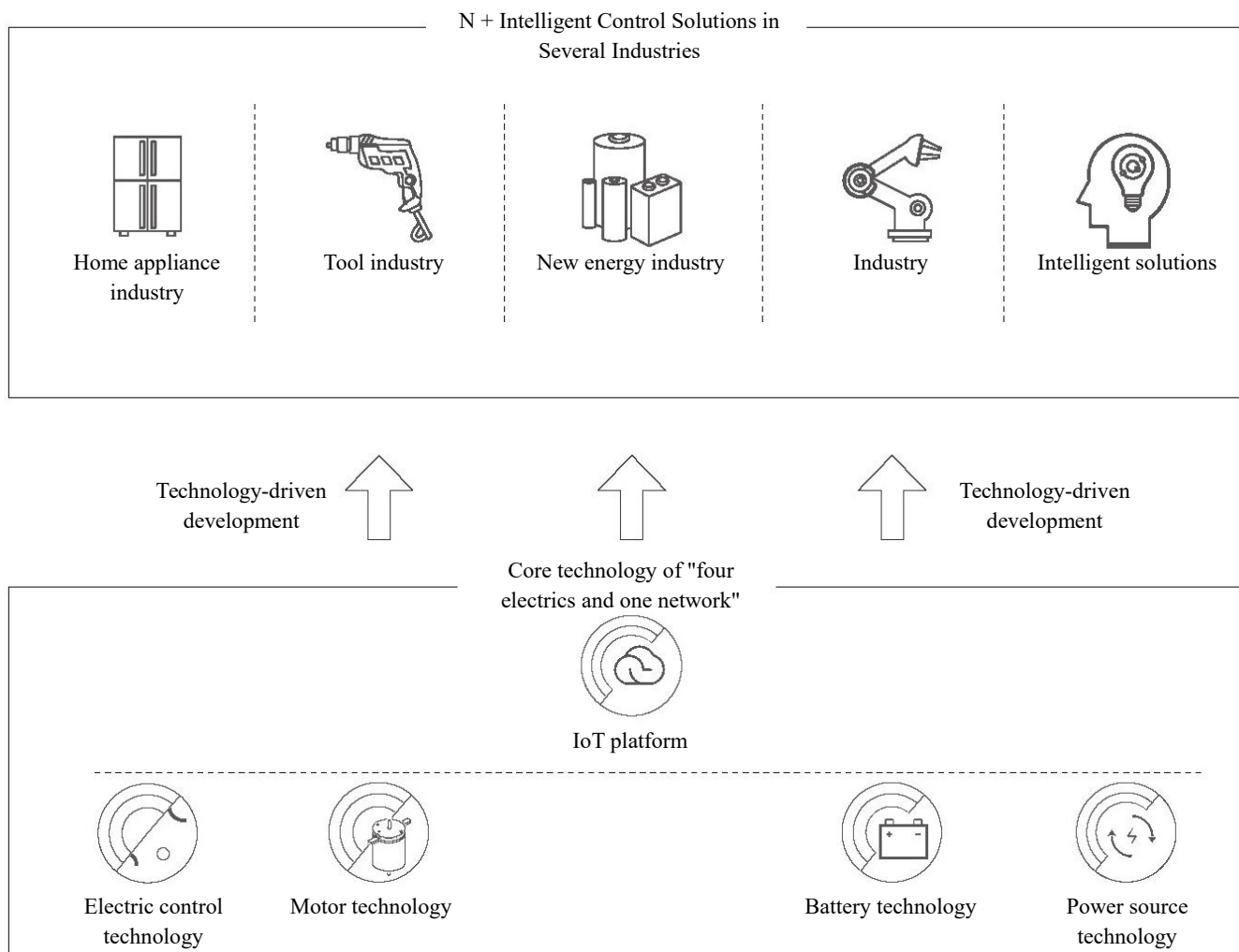
ABOUT TOPBAND

About Topband

Company profile

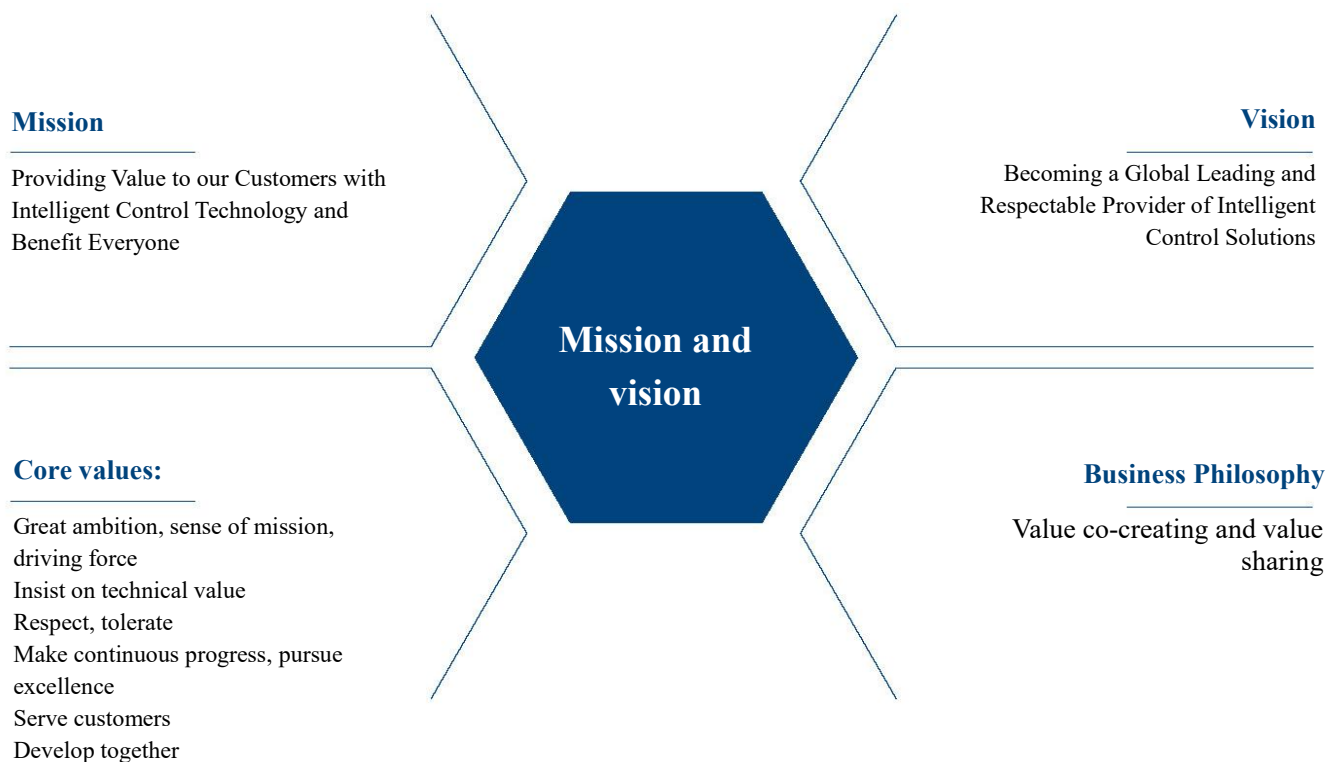
Established in 1996, Shenzhen Topband Co., Ltd. (stock code: 002139) was listed on the Shenzhen Stock Exchange in December 2007. For the past 26 years, the Company has focused on the intelligent control field and continuously accumulated technical experience and product solutions around the intelligent control business. It has formed a comprehensive technical system of "four electrics and one network" (electronic control, motor, battery, power supply and Internet of Things) to provide intelligent control solutions for downstream complete machine manufacturers in industries such as tools, home appliances, new energy, industry and intelligent solutions. Now we have a high reputation and brand awareness in the intelligent control industry. We have become not only a global leading provider of intelligent control solutions, but also a leader in intelligent control business in home appliance and tool industries other than an innovation leader in new energy and industries.

Global leading smart control solution provider



Providing Value to our Customers with Intelligent Control Technology and Benefit Everyone

The Company is a nationally recognized Enterprise Technology Center, a national high-tech enterprise, a pilot demonstration enterprise of the local standards of Shenzhen and an enterprise obtaining AEO advanced certification. It has won the Shenzhen Industrial Award and the single champion of China's manufacturing industry for smart home control modules. The Company's central laboratory has obtained national laboratory recognition certified by China National Accreditation Service for Conformity Assessment (CNAS) and NLC5.0 certification, and has been recognized as a member unit of the "Guangdong Research Center of Smart Home Control and Interaction Engineering Technology" and Guangdong Innovation Center of Smart Home. The Company and some important subsidiaries have successively passed ISO9001 quality management system certification, QC080000 hazardous substance process management (HSPM) system certification and IATF16949 automotive quality management system certification.



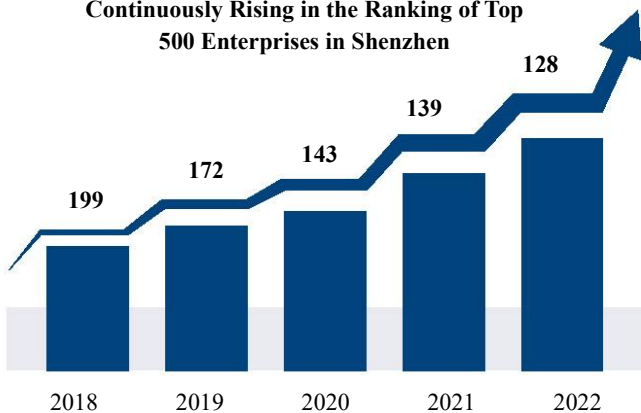
Performance: Stable leading position in the industry, leading the rapid development of the intelligent control industry

In 2022, the Company's operating income achieved the growth against the trend, namely, RMB 8.875 billion, and it is still on a three-year double pace.

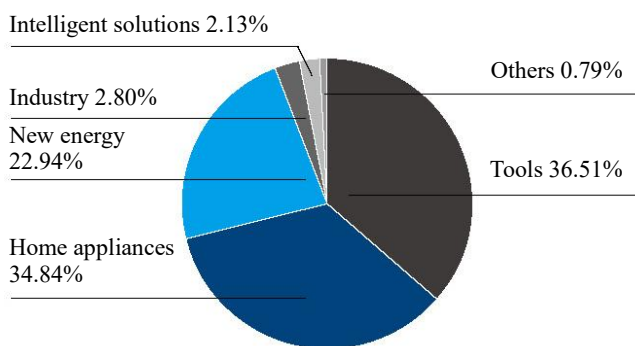
Operating Income of the Company from 2015 to 2022 (unit: RMB 100 million)



Continuously Rising in the Ranking of Top 500 Enterprises in Shenzhen



The Proportion of Business Sales in 2022



Key Performance Indicators 2022

 <p>Operating income RMB 8.875 billion</p>	 <p>Net profit attributable to shareholders of the listed companies RMB 583 million</p>	 <p>Net profit attributable to shareholders of the listed companies after deduction of non-recurring profits and losses RMB 484 million</p>	 <p>Net profit attributable to shareholders of the listed companies after deduction of non-recurring profits and losses (Add-back equity incentive expenses) RMB 615 million</p>
 <p>EPS (basic) RMB 0.46</p>	 <p>R&D investment RMB 720 million</p>	 <p>Proportion of R&D investment 8.11%</p>	 <p>R&D personnel 1,776 persons</p>
 <p>Total tax payment (including tax payment at home and abroad) RMB 279 million</p>	 <p>Total assets RMB 10.331 billion</p>	 <p>Net assets RMB 5.731 billion</p>	 <p>Net cash flow from operating activities RMB 491 million</p>
 <p>Expected distribution amount RMB 76 million</p>	 <p>Repurchase amount RMB 52 million</p>	 <p>Number of employees 8,379 persons</p>	 <p>Customer satisfaction 89.08</p>

Honor and award

Market recognition

Acquisition date	Subject	Name of Awards	Grant Subject
February 2022	"Intelligent Warehousing" of Shenzhen Topband	Excellent Intelligent Manufacturing Scenarios 2021 by the Ministry of Industry and Information Technology of the People's Republic of China (Intelligent Warehousing)	Ministry of Industry and Information Technology of the People's Republic of China, National Development and Reform Commission (NDRC), Ministry of Finance of the People's Republic of China, State Administration for Market Regulation
September 2022	Shenzhen Topband	Top 500 Enterprises in Shenzhen	Shenzhen Enterprises Federation and Shenzhen Entrepreneurs Association
November 2022	Shenzhen Topband	The Most Popular Development Platform Award in the IoT Industry	OFweek
December 2022	Shenzhen Topband	Top 500 Manufacturing Enterprises in Guangdong Province in 2022 (Ranked 70th)	Guangdong Manufacturers Association
June 2022	Huizhou Topband	Annual Taxpayer Rated as Grade A in Tax Credit Rating in 2021	Taxation Bureau of Huizhou
September 2022	Huizhou Topband	National Intellectual Property Preponderant Enterprise	China National Intellectual Property Administration
December 2022	Huizhou Topband	Top 500 Manufacturing Enterprises in Guangdong Province in 2022 (Ranked 94th)	Guangdong Manufacturers Association
December 2022	Topband Battery	Top 10 Energy Storage Batteries in China in 2022	Starting Point Lithium Battery Big Data, SPIR
December 2022	Topband Battery	Green Battery Benchmark Enterprise in 2022	Starting Point Lithium Battery Big Data, SPIR
December 2022	Shenzhen Topband	The Most Influential Lithium Battery BMS and Safety Management Brand in 2022	Starting Point Lithium Battery Big Data, SPIR
December 2022	Shenzhen Topband	Supplier Sustainable Development Performance Improvement Award	Philips
January 2023	Shiyan Branch of Shenzhen Topband Co., Ltd.	"Shenzhen Health Enterprise" in 2022	Health Commission of Shenzhen Municipality

Quality recognition

Acquisition date	Subject	Approved Name	Grant Subject
May 2022	Topband Battery Laboratory	Laboratory qualification accredited by CTF	SGS-CSTC Standards Technical Services Co., Ltd.
July 2022	Topband Lithium Battery Household Energy Storage Products	Have passed UL 9540A Test	SGS-CSTC Standards Technical Services Co., Ltd.
November 2022	Huizhou Topband Central Laboratory	Have obtained CNAS L17400 Laboratory Accreditation	China National Accreditation Service for Conformity Assessment
November 2022	Shenzhen Topband "T-smart" Platform	The Most Popular Development Platform Award in the IoT Industry	OFweek
December 2022	Huizhou Topband "Liron Phosphate Battery for Communication"	Famous High-tech Products of Guangdong Province in 2022	Guangdong Hi-Tech Enterprise Association

Capital Market Recognition

Acquisition date	Subject	Approved Name	Grant Subject
January 2023	Shenzhen Topband	A-share "Investment-Related Elite Award" in 2022	Royalflush

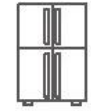


Business Overview

Industry

Application Scenario

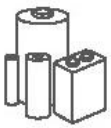
Product category



Home appliances



Tool



New energy



Industry



Intelligent solutions



Major Customers



Global Layout

With its R&D headquarters located in Shenzhen, China, Topband has initially formed an international layout of "basing itself on domestic market, expanding overseas markets and being close to our customers". At the beginning of its establishment, the Company regarded "close customer relationship" as its strategic development focus, and built its R&D and production bases in the main production areas of Chinese home appliances - the Pearl River Delta and Yangtze River Delta regions. With the continuous expansion of downstream applications, the Company has gradually possessed a highly advantageous overseas customer service capability in the fields of tools and new energy. In addition, the Company, as an enterprise in the domestic intelligent control industry, has become a pioneer in the international layout. In 2016, the Company selected its first overseas site and established its subsidiary in India. In 2019, the Company expanded its production capacity in Vietnam. In 2021, the Company established its factories in Romania and Mexico. The pace of internationalization of Topband is constantly accelerating. A global manufacturing base layout system has been formed in Vietnam in Southeast Asia, India in South Asia, Mexico in North America and Romania in Europe. With the hope of seizing the advantage of the global intelligent control market worth RMB 1 trillion and working together with global partners to create the future, Topband has also established 17 production/R&D bases, more than 30 operation centers and offices in multiple regions around the world.



The Vietnam Operation Center in Southeast Asia expanded rapidly



In 2022, through continuous efforts, Vietnam Dong Nai subsidiary, the Southeast Asian Operation Center successfully came into operation, and the number of employees increased rapidly, with the proportion of local employees reaching 93%, thus the processing costs significantly decreased, and profitability steadily improved. Topband also achieved the transfer of production capacity from its Pingyang production base to its Dong Nai production base, which not only provides the Company with a stable Vietnamese platform but also improves its operational efficiency and localized competitiveness in Southeast Asia.



Vietnam Topband - Southeast Asian Operation Center



Vietnam Topband - Southeast Asian Operation Center

The production capacity of India Operation Center in South Asia is enhanced



In 2022, the India Operation Center in South Asia quickly regained its vitality of market supply and demand. Its Indian subsidiary made new breakthroughs in the local Indian market. Its annual sales doubled against the trend and achieved its profit target in a short period of time. Up to now, the proportion of local employees in its Indian subsidiary has reached 99.8%, gradually realizing a localized operation and management model and laying a solid foundation for the stable development of Topband in the Indian market. The Indian subsidiary will achieve a leading level in local technology and playing a leading role in local industry, which provides a new template platform for Topband's international development.



India Operation Center in South Asia



India Operation Center in South Asia

Ningbo Operation Center in East China went into operation



On March 7, 2022, Topband Ningbo Operation Center began mass production, marking a new stage for Topband Group's layout in the Yangtze River Delta market. Ningbo Topband, the East China Operation Center, is the Company's first self-built operation base in the region. It aims to create a high standard intelligent and digitalized factory and to respond to the national strategy of "the integrated development of Yangtze River Delta". In recent years, the Company's business has been growing steadily, and its production capacity and talent demand has also been increased. The factory provides favorable conditions for the Company to expand its business in the Yangtze River Delta market, it can respond more quickly to the production and R&D needs of the customers around it. In addition, it can recruit talents nearby, reduce operating costs and enhance profitability.



Ningbo Topband - East China Operation Center



Ningbo Topband - East China Operation Center

North American Operation Center went into operation



Mexico Topband Company Limited, Topband North America Operation Center, is located in Monterey, the largest industrialized city of Mexico. The factory covers a total area of 43,000 m², with a construction area of 18,610 m² and a total investment of over RMB 100 million. In the future, dozens of SMT and DIP production lines will be planned, which can quickly meet the local demand for new production capacity.



Topband Mexico - Topband North America Operation Center



Topband Mexico - Topband North America Operation Center

European Operation Center went into trial production



Topband European Operation Center is located in Timisoara, the largest city in western Romania. The first phase of the factory covers an area of 17,000 m², with a construction area of 11,000 m² and a total investment of USD 30 million. Currently, there are 2 SMT and 4 DIP production lines, and 8 SMT and 17 DIP production lines are planned to be built in the second phase, which can quickly meet the new production capacity needs of Europe.



Topband Romania - European Operation Center



Topband Romania - European Operation Center

ESG MANAGEMENT

Responsibility Management

ESG Governance

Based on the five major strategies of "scale growth, close customer relationship, innovation-driven development, agile operation and organizational evolution", Topband has developed corresponding management indicator systems and continuously optimized them to promote management by means of indicator systems. The Company has achieved steady growth in financial operations and ESG (environmental, social and corporate governance), and continues to track and assess the Company's sustainable development capabilities in all aspects, thus promoting the establishment of a sustainable development model.

With "making the world more 'intelligent' and 'low-carbon'" as its positioning in the long-term social value for development, Topband promoted the deep integration of ESG and business operation to improve the quality of the enterprise. Topband actively guides various business units and functional departments to enhance their capabilities in environmental, social and corporate governance, while each functional department needs to collaboratively promote relevant special work according to their division of labor.

Topband stressed importance of ESG information disclosure. It regularly released reports and disclosed the performance trends using its WeChat official account in addition to the establishment of an information disclosure system and an effective communication platform. With reference to international standards such as GRI and TCFD, as well as domestic requirements such as the Requirements for Disclosing Social Responsibility Reports of the Companies Listed on the Shenzhen Stock Exchange, the Company has been issuing its social responsibility reports together with its annual reports since 2020, and ESG & social responsibility reports have been issued since 2021. All of the reports have been deliberated and published by the annual meeting of board of directors. Topband believes that information disclosure is one of the important ways to promote its management improvement. The Company continuously perfects ESG issues and indicators and enhances accountability and management level through preparation, benchmarking and evaluation.

For a long time, Topband, with adherence to the core values of "helping our customers make achievement and realize common development" and the concept of "equality, health, fairness and justice", actively embraced partners with common values to create a healthier ecological environment for the purpose of mutual benefit and common growth. The sustainable development performance of Topband is recognized by the industry because the Company commits to ESG governance for a long term, actively embraces partners, promotes innovative development and makes breakthrough. In the future, Topband will constantly strengthen the construction of ESG governance system and the Company's social responsibility awareness, actively explore innovative development models to promote technological innovation and green transformation, and to create more value for society, environment, shareholders and stakeholders.

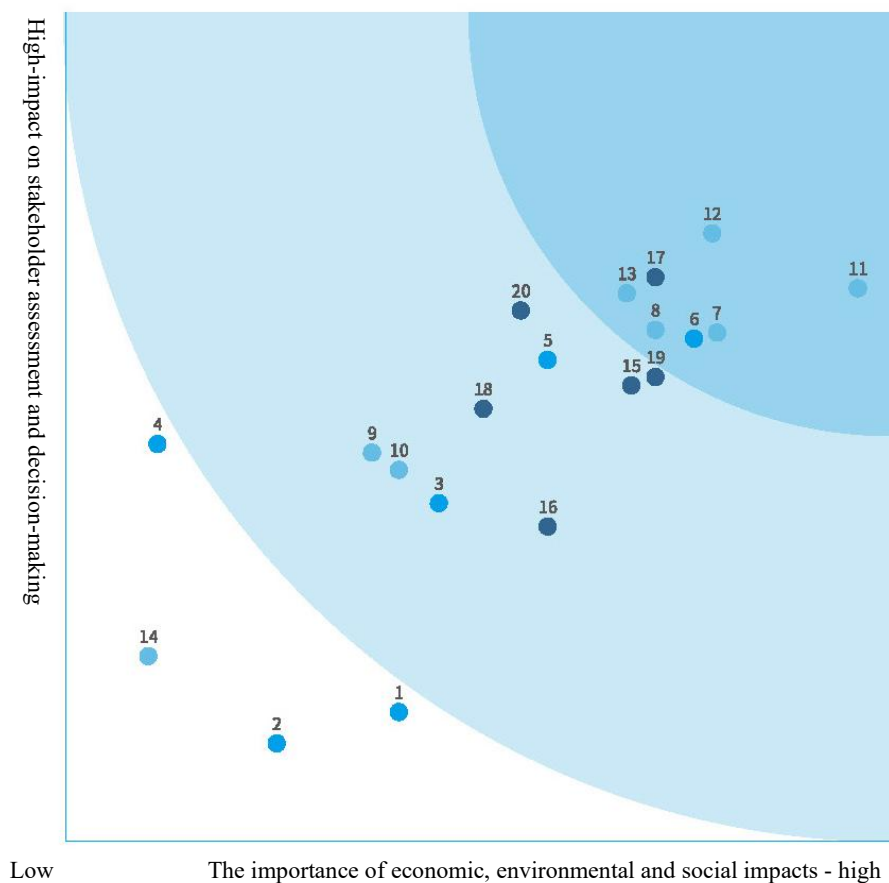


Philips Sustainability Improvement Award in Supplier Sustainability Performance Program

Assessment of Substantive Issues

Topband continuously optimizes ESG management practices. In 2022, the Company conducted another substantive issue assessment in accordance with internal and external changes. By identifying and distinguishing the importance of different issues, Topband conducted information disclosure in a targeted manner, effectively responded to the concerns of stakeholders, and promoted the improvement of ESG management accordingly to improve the ESG management system and guide daily work.

Based on the Company's business characteristics and conditions, Topband conducted in-depth analysis of macro trends, reporting standards and industry focus, and initially identified key stakeholders and an issue library consisting of 20 issues. Then, the Company invited internal and external stakeholders such as employees, customers and suppliers to score each issue and provide feedback through questionnaire research, with 147 valid questionnaires collected in total. After summary, analysis and internal review of the Company's management, we have drawn an importance matrix of ESG substantive issues to present the importance of each issue from two dimensions: "the importance of economic, environmental and social impacts" and "the impact on stakeholder assessment and decision-making". We have determined the disclosure focus of the Report and the plan of future management work.



Environment

- 1 Greenhouse gas management
- 2 Combat with climate change
- 3 Environmental management and opportunities
- 4 Water resource management
- 5 Pollutant management
- 6 Waste management

Society

- 7 Employment of employees and their rights and interests
- 8 Occupational safety and health
- 9 Employee development and diversity
- 10 Employee care and communication
- 11 Product R&D and Innovation
- 12 High-quality products and services
- 13 Responsible supply chain
- 14 Social welfare

Governance

- 15 Corporate Governance
- 16 Protection of shareholders' rights and interests
- 17 Compliance operation
- 18 Risk management
- 19 Information security and privacy protection
- 20 Business ethics

Stakeholder Communication

The Company attaches great importance to the communication with key stakeholders. It has established a diversified communication mechanism so that the different demands of stakeholders in the ESG field can be carefully understood through various channels and be actively responded to with the purpose of forming a stable, good and sustainable mutual trust relationship. Our communication channels include but not limited to the general meeting of shareholders at regular intervals, questionnaire surveys, regular face-to-face communication with stakeholders like our customers, and participation in various ESG forums. We will continue to improve communication mechanisms, maintain close contact with key stakeholders, and jointly promote the continuous progress of ESG governance work.

Stakeholders	Expectations and demands	Response and communication
 Government and regulatory institutions	<ul style="list-style-type: none"> Greenhouse gas management Environmental management and opportunities Pollutant management Compliance operation Business ethics 	<ul style="list-style-type: none"> Combat with climate change Water resource management Waste management Corporate Governance Information security and privacy protection
 Shareholders and other investors	<ul style="list-style-type: none"> Corporate Governance Compliance operation 	<ul style="list-style-type: none"> Protection of shareholders' rights and interests Risk management Strengthen information disclosure and response (the general meeting of shareholders, investor exchange, performance briefing, investor phone calls, Shenzhen Stock Exchange irm.cninfo.com.cn platform, IR (investor relations) applets) Strengthen corporate governance Maintain shareholder rights and interests Law-abiding and compliant operation
 Customers	<ul style="list-style-type: none"> Product R&D and innovation Information security and privacy protection 	<ul style="list-style-type: none"> High-quality products & services Business ethics Provide high-quality products and services Strengthen customer privacy security and protection Adhere to business ethics
 Suppliers and other partners	<ul style="list-style-type: none"> High-quality products & services Business ethics 	<ul style="list-style-type: none"> Responsible supply chain Strengthen supply chain management Conduct supplier training Adhere to business ethics
 Employees	<ul style="list-style-type: none"> Employment of employees and their rights and interests Employee development and diversity 	<ul style="list-style-type: none"> Occupational safety and health Employee care and communication Protect employee rights and interests Ensure occupational safety and health of employees Promote employee development Strengthen employee communication (the congress of workers and staff, Journal of Yanxingzhe, Colleague Bar, Employee Experience Platform)
 Community	<ul style="list-style-type: none"> Social welfare 	<ul style="list-style-type: none"> Carry out voluntary service activities Conduct charity donations

ENVIRON- MENT

Environment

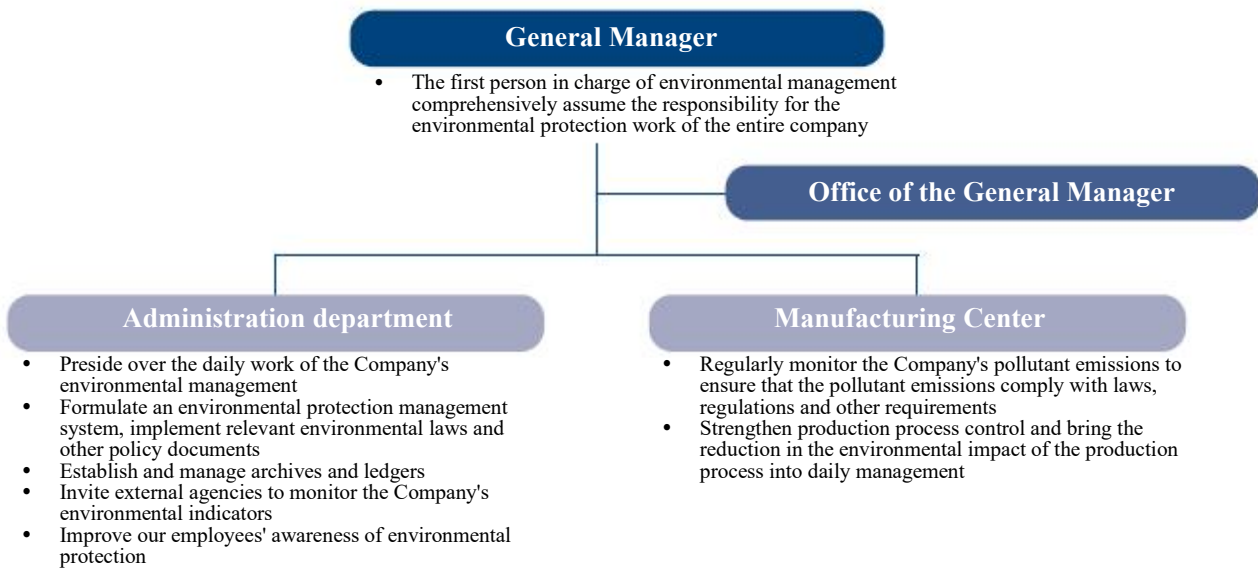
For a long time, Topband has attaches great importance to the environmental impact of the enterprise. With adherence to the social value positioning of "making the world more 'intelligent' and 'low-carbon'", it has been exploring the practical path of the organic unity of environmental benefits and economic and social benefits. In its work, Topband adheres to the work policy of "putting emphasis on prevention, combining prevention with treatment" in environmental protection, and is committed to achieving the "three synchronizations" of synchronous planning, synchronous implementation and synchronous development among production, construction and environmental protection. In the meantime, Topband has established an environmental management system that complies with the ISO14001 standard, which collaborates with the Company's core technology of "four electrics and one network" in electronic control, motor, battery, power supply and IoT platforms to jointly create an intelligent and low-carbon green sustainable development ecosystem.



Fulfilling Environmental Responsibilities

Environmental compliance is a fundamental requirement for enterprises to fulfill their environmental responsibilities. In accordance with laws such as the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and the Law of the People's Republic of China on the Prevention and Control of Pollution from Environmental Noise, as well as other applicable laws, regulations and policy documents in the regions where its global business is located, Topband has formulated a detailed internal environmental management system to systematically manage the environmental footprint of waste, pollutants and water resources. Topband also formulates clear environmental indicators and action plans every year with the reference to legal and regulatory requirements and industry practices, and tracks and summarizes the achievement of relevant objectives at the end of the year.

In order to better implement environmental responsibility, Topband has established a graded environmental management system. The leader of the Company comprehensively leads and coordinated environmental protection work, and the administration department and manufacturing center respectively promote the Company's environmental performance from the aspects of institutional construction, production management, emission monitoring and others to ensure that the Company's environmental performance is measurable and controllable.



Organizational Structure of Topband's Environmental Management Work

In addition to the management in the impact of environment on Topband itself, Topband has also implemented the downstream extension of environmental management in practice. By signing the Agreement on Environment and Occupational Health and Safety of Interested Parties with Interested Parties such as suppliers, construction units, logistics companies and recycling companies, Topband ensures that the environmental impact and resource utilization of suppliers during the provision of products and services are managed and monitored, thereby improving the environmental friendliness of the supply chain and better implementing the requirements of the environmental management system.

Environmental Management Practice of Topband's Supply Chain

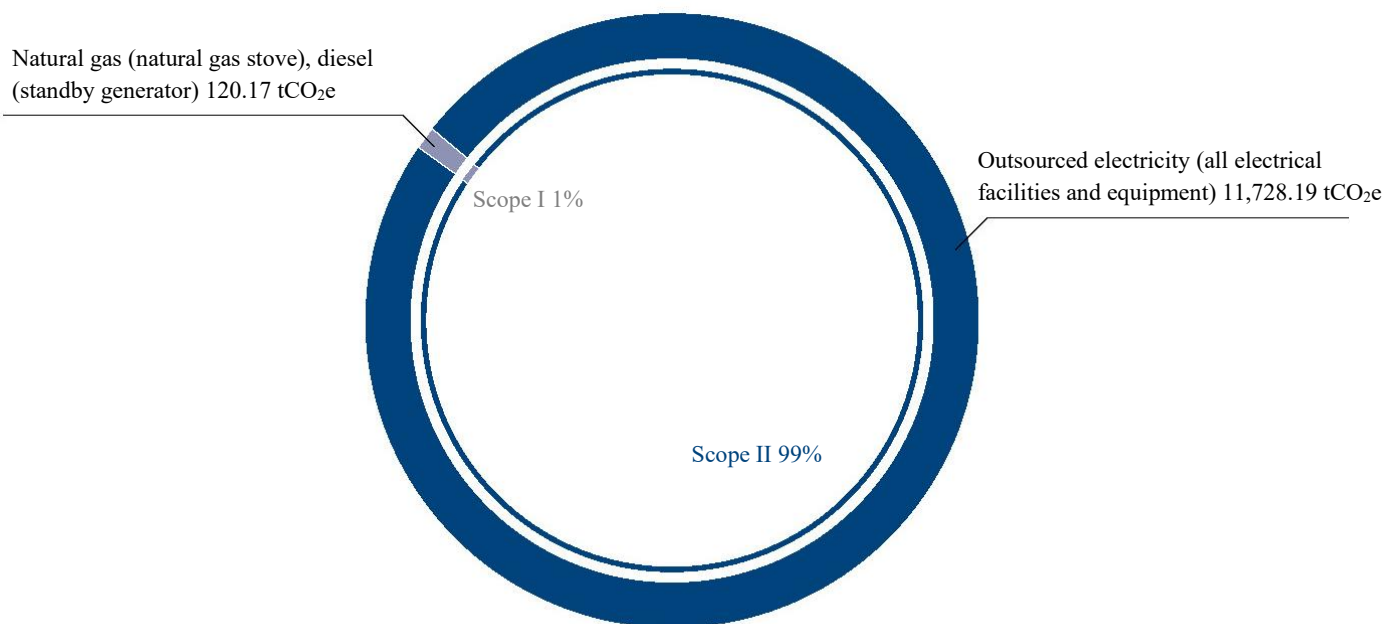
- Topband continuously tracks the updates of environmental regulations and policy documents, retains the compliance of Topband's environmental management standards, and ensures the continuous improvement and effective operation of the Company's environmental management system.
- Organize the divisions and suppliers to conduct the training in environmental protection knowledge so that they can successfully pass the examination of QC080000 external auditor.
- The Company's device engineering department collaborates with the supply chain and the environmental protection specialists of business department to cooperate with its customers in investigating the use of harmful substances in various divisions, maintaining customers' environmental protection systems (updating and uploading data, handling customer feedback), and assisting its customers in investigating the use of conflict minerals (gold/tantalum/tin/tungsten/cobalt/mica).

Greenhouse gas management

According to the Guidance for Quantification and Reporting of the Organization's Greenhouse Gas Emissions (SZDB/Z 69-2018), a technical document on the guidance for Shenzhen standardization, Guidance for Verification of the Organization's Greenhouse Gas Emissions (SZDB/Z 70-2018), a technical document on the guidance for Shenzhen standardization, Key Points for Carbon Emission Verification Technology of Carbon Trading Control Units in Shenzhen and other applicable laws, regulations as well as relevant standards, Topband hires qualified third-party institutions every year to verify the greenhouse gas emissions of Scope 1 and Scope 2 within the organizational and reporting boundaries. The type of greenhouse gas involved in the verification is carbon dioxide.

Greenhouse gas emission ¹ of Topband

Indicator (unit)	2020	2021	February 2022
Total greenhouse gas emissions (tCO ₂ e)	10,994.14	12,355.16	11,848.36
Scope 1 Direct greenhouse gas emissions (tCO ₂ e)	180.12	120.93	120.17
Scope 2 Energy indirect greenhouse gas emissions (tCO ₂ e)	10,814.02	12,234.23	11,728.19



Composition of Greenhouse Gas Emission Activities of Topband

¹ (1) The data includes all activities related to CO₂ emissions in the production, office, and living areas (excluding the electricity utilization in dormitories) in Shenzhen Topband Co., Ltd. and Shiyan Branch of Shenzhen Topband Co., Ltd. The emission facilities and equipment include emergency generators (3 units, diesel generator), natural gas stoves (14 units, natural gas) for canteens, and all electrical facilities for production, office and canteens.

(2) The electricity consumption of subsidiaries such as Shenzhen Topband Automation Technology Co., Ltd. and Shenzhen Meanstone Intelligent Technology Co., Ltd. shall be deducted based on the electricity invoice issued by Shenzhen Topband Co., Ltd. The Company's shuttle buses and trucks are all rent vehicles, the fuel cost of which shall be borne by the lessee in accordance with the contract.

² The greenhouse gas emission data of 2022 are preliminary data, and the final data is subject to approval by the Shenzhen Municipal Bureau of Ecology and Environment.



Explanation of the quantitative method for greenhouse gas

Category	Subclass	Emission source	Quantitative methods and formulas
Scope 1 Direct greenhouse gas emissions	Stationary combustion emissions	Canteen stoves (natural gas)	Emission factor method: $CO_2 \text{ emissions from natural gas} = \text{emission factor}^2 * \text{natural gas consumption} * \text{GWP value}$
	Stationary combustion emissions	Emergency generator (diesel)	Emission factor method: $\text{Diesel } CO_2 \text{ emissions} = \text{emission factor} * \text{diesel consumption} * \text{GWP value}$
	Mobile combustion emissions	None	
	Process emissions	None	
	Fugitive emissions	Carbon dioxide fire extinguisher	Identification only but free of quantification
Scope 2 Energy indirect greenhouse gas emissions	Outsourced electricity	Power/all electrical facilities	Emission factor method: $CO_2 \text{ emissions from outsourced electricity} = \text{consumption of outsourced electricity} * \text{emission factor of electricity} * \text{GWP value}$
	Outsourced heat	None	
	Outsourced cold	None	
	Outsourced steam	None	

² The emission factors involved in the article are all sourced from the appendix of the Guidance for Quantification and Reporting of the Organization's Greenhouse Gas Emissions (SZDB/Z69-2018).

Waste management

In order to strengthen the management of the Company's hazardous wastes, prevent hazardous wastes from polluting the environment and ensure human health, Topband and some of its subsidiaries have formulated relevant environmental protection systems in accordance with laws and regulations (such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the National Catalogue of Hazardous Wastes) and other applicable laws, regulations and policy documents in the regions where the global business is located, for instance, Waste Management System, Management System of the Hazardous Waste for Environmental Protection and others. In addition, a pollution prevention and control work leading group, which is led by the Company leader and composed of leaders of functional departments has been established to make decisions, supervise and coordinate various environmental protection work of the Company. The Company also regularly conducts employee training for environmental protection in accordance with the requirements for standardized management of hazardous waste and the supervision system.

Management System of Hazardous Waste

Topband has established a management system of hazardous waste ledger to comprehensively grasp the types and quantities of hazardous waste in the stages of storage, utilization and transportation. The data on the hazardous waste management platform is maintained by specially-assigned persons. During the storage, utilization and transportation of hazardous waste, accurate, obvious and eye-catching warning signs and signboard shall be set up in accordance with national standards. The collection, storage and transfer of hazardous waste shall be conducted in strict accordance with characteristics of the hazardous waste which has incompatible properties but hasn't been safely disposed of to prevent hazardous waste from being mixed during collection, storage, transportation and transfer. The Company has also established a special warehouse for hazardous waste transfer which is managed by a specially-assigned person, and has entrusted the disposal of end-of-life hazardous waste to qualified suppliers.

Topband has also formulated an emergency plan for hazardous waste and reported it to Shenzhen Municipal Bureau of Ecology and Environment for filling in accordance with the potential accidents such as hazardous waste leakage and scattering during the collection, storage and utilization of hazardous waste within the Company's factory area.

Investigation, Management and Supervision System of Environmental Safety Hazards

Topband implements the system of "supervision and handling under public supervision" for the major hidden dangers that are complex, difficult to be handled in a short time, and may cause greater environmental hazard (for example, more than a larger secondary environmental risk caused by the toxic and harmful substances that go into atmosphere, water, soil and other environmental media). Such hidden dangers are supervised and handled by the Company's Work Safety Committee. The major accident hazards supervised and handled under public supervision are announced and disclosed in public to specify the responsible person and the time limit of rectification and supervisory department and to formulate governance plan. The divisions, workshops and relevant personnel that didn't thoroughly investigate hidden dangers or report hidden dangers in a timely manner, or implement the responsibilities, or rectify hidden dangers in place shall be earnestly investigated for their responsibilities. Any department or person that ineffectively rectifies hidden dangers or results in environmental accidents or serious consequences shall be investigated for their responsibilities strictly and severely.

For general hazards that can be immediately rectified, eliminated in a short period of time via process adjustment, and will not cause sudden incidents in atmosphere, water or soil, Topband inspects environmental hazards on a monthly basis. The participants will promptly report and summarize the safety inspection of hazard items after the environmental inspection is completed. The inspection notification of environmental hazards will be issued throughout the Company the next day, requiring the divisions to complete the rectification on schedule in accordance with the requirements.

Training system for environmental protection

The Company regularly conducts three-level (the Company, workshops and team) education for new employees and trains the employees transferred between and within workshops in environmental protection. The training contents include laws, regulations and standards concerning the management of hazardous waste, basic knowledge of hazardous waste, management system and operating procedures of hazardous waste, correct use and maintenance of the protective equipment and personal protective equipment of hazardous waste, emergency rescue measures in case of accidents, etc.



Topband continuously consolidates its hazardous substance monitoring capability

In 2022, Topband expanded its Huizhou Topband Environmental Protection Laboratory, purchased relevant testing equipment, improved its ability to detect harmful substances such as REACH and TSCA, and broadened the range of environmental testing capabilities for electronic products. The relevant testing and certification capabilities have been recognized by the China National Accreditation Service for Conformity Assessment (CNAS), which provides a strong guarantee of testing and certification capabilities to ensure the environmental compliance of products.



Huizhou Topband has been recognized by CNAS

Annual Environmental Management Objectives and Performance

Environmental Objective	Indicator	Calculation Method	Assessment Frequency	Actual Performance in 2022	Achievement of Objectives
 Disposal of hazardous waste	100%	The actual processing data/total waste generated of the hazardous waste treatment platform * 100%	Once/year	100% ³	Achieved
 Waste volume reduction per unit	The amount of waste per RMB ten thousand of output value has decreased by 5% compared with that last year	Annual waste volume (unit: Kg)/annual output value (unit: RMB ten thousand)	Once/year	4.89% ⁴	Basically achieved



³ The data includes the proportion of hazardous waste disposal in factories in Huizhou Topband, Vietnam, Ningbo, Taixing and Shenzhen.

⁴ The data includes the waste volume reduction per unit in Huizhou Topband.

Pollutant management

Topband has established a comprehensive pollutant management system to manage the waste gas, noise and chemicals produced in production. In order to understand the impact of comprehensive pollutant utilization on the environment, so as to improve methods, strengthen management and improve environmental quality, the Company regularly entrusts qualified units to carry out environmental monitoring on each project to check whether the exhaust gas in the ambient air at the production site and the environmental noise at the plant boundary meet the emission targets. In case of environmental impacts caused by emergencies or equipment faults, the Company will add temporary monitoring.


Exhaust emission management

Topband has formulated the Guidelines for Sewage and Waste Gas Emission and Noise Control according to the laws and regulations to prevent or reduce the pollution of waste gas to the environment and the harm to employees. Relevant regulations are formulated in accordance with the Integrated Emission Standard of Air Pollutants (GB 16297-1996), the Emission Standard of Pollutants for Battery Industry (GB 30484-2013), the Emission Limits of Air Pollutants (DB 44/27-2001) (the local standard of Guangdong Province) and the relevant laws and regulations of the plant location, and the corresponding subdivision standards and specifications on specific issues are followed.

On the basis of perfecting the system construction, Topband has taken a series of measures to control the Company's exhaust emissions and ensure good air quality and occupational health and safety environment in the plant, so that the exhaust gas in the plant can circulate effectively and prevent or reduce pollution and potential harm:

- The equipment with large exhaust emissions and great impact on the environment is equipped with exhaust treatment devices to ensure that exhaust emissions meet the requirements of laws and regulations.
- All departments are required to take waste gas into consideration when building, rebuilding and expanding and install waste gas collection devices for pollution-producing equipment and facilities.
- When the waste gas generating equipment is working, the waste gas collection device must be turned on, and the direct emission of waste gas is prohibited. The waste gas generated at the production site is extracted and collected by the exhaust fan at the operation site and then absorbed by the activated carbon in the waste gas treatment device at the roof of the plant and discharged. The domestic waste gas generated by the Company's canteen is purified by the kitchen utensils purifier and discharged.
- The administration department organizes and arranges environment monitoring/measuring and organizes all divisions to check whether exhaust emissions meet the standards every year. Monitoring/measuring units are qualified external institutions. Lithium battery division employs external testing institutions with nationally recognized qualifications for monitoring at least twice a year. The monitoring/measurement data are summarized to the administration department, which will fill in and publish the monitoring data on the national pollution source platform and take corrective measures to the unqualified phenomena and track and manage them.
- The annual inspection of the Company's all cars are conducted regularly every year to ensure that exhaust emissions meet the requirements of laws and regulations.
- The education of employees is strengthened to reduce exhaust emissions.


Annual Environmental Management Objectives and Performance

Environmental Objective	Indicator	Calculation Method	Assessment Frequency	Actual Performance in 2022	Achievement of Objectives
 Industrial waste gas emissions	After the exhaust gas is treated and reaches the specified standard (Class II standard of DB 44/27-2001 shall be reached for domestic plants), it will be discharged through the pipeline at high altitude.	According to the statistics of annual third-party testing results	Lithium battery division, Taixing: twice/year Others: once/year	Conforming: ⁵	Achieved

⁵ Data includes industrial waste gas emissions of plants in Huizhou Topband, Ningbo, Taixing, Vietnam and Shenzhen.

Noise management


Relevant noise management regulations of Topband are formulated according to the Emission Standard of Industrial Enterprises - Noise at the Boundary (GB 12348-2008). The Company carries out sound insulation and shockproof protection for instruments and equipment with large emission noise to ensure that the noise at the boundary reaches the standard. The Company shall organize the monitoring of noise emission standards at least once a year and employ external testing institutions with nationally recognized qualifications to carry out monitoring.

Environmental Objective	Indicator	Calculation Method	Assessment Frequency	Actual Performance in 2022	Achievement of Objectives
 Up-to-standard noise emissions	The noise at the boundary in Huizhou, Shenzhen and Taixing reaches Class III standard of GB 12348-2008; The noise on the east and north sides of the boundary in Ningbo reaches Class IV standard of GB 12348-2008. The noise on the south and west sides of the boundary reaches Class II standard of GB 12348-2008.	According to the statistics of annual third-party testing results	Taixing: twice/year Ningbo: once/year Others: once/quarter	Conforming: ⁶	Achieved

Chemical management

Topband has installed anti-leakage devices for all chemical containers, trains new and old employees on safe chemical operation and other safety knowledge and arranges management personnel to patrol the site regularly to eliminate chemical leakage hazards and supervise operators to abide by safety operation regulations, so as to put an end to illegal use of chemicals and eliminate the risk of chemical leakage.

Meanwhile, Topband actively abides by RoHS standards (EU Restriction of Hazardous Substances), REACH certification standards (Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals) and halogen-free specifications in the product and package design to reduce the use of harmful ingredients or chemicals from the source. In addition, Topband also actively applies chemical recycling technologies. For example, in terms of NMP solvents, the Company adopts the advanced cold recovery technology of solvent evaporation liquid, which can make the solvent recovery rate of the positive slurry reach more than 90%, realizing solvent recovery and utilization and reducing potential environmental impacts while saving solvent resources.

Environmental Objective	Indicator	Calculation Method	Assessment Frequency	Actual Performance in 2022	Achievement of Objectives
 Chemical leakage accident	0	According to the statistics of actual chemical leakage accidents	Once/month	0 ⁷	Achieved

⁶ Data includes noise emissions of plants in Huizhou Topband, Ningbo, Taixing and Shenzhen.

⁷ Data includes chemical management of plants in Huizhou Topband, Ningbo, Vietnam, Taixing and Shenzhen.



Water resource management

Topband's relevant regulations on the management of water resources are formulated in accordance with the Discharge Limits of Water Pollutants (DB 44/26-2001) and applicable laws and regulations in other regions where the global business is located, so as to effectively control the confluence and discharge of rainwater within the Company, standardize the management of domestic and industrial wastewater discharge and treatment and reduce environmental pollution. Domestic sewage is brought into the municipal pipe network and enters the sewage treatment plant. Domestic sewage is treated by self-built domestic sewage treatment station in Vietnam and discharged after compliance. As hazardous waste, industrial wastewater is treated by a third-party qualified hazardous waste treatment company, realizing zero discharge.

Topband continuously strengthens the management of water resources through comprehensive and diverse measures:

- In the process design, the principle of harmful substitution is given priority. When chemicals must be used, those with less environmental pollution are given priority.
- The Company implements rainwater and sewage separation management and strictly separates sewage pipes from rainwater pipes. When building, rebuilding and expanding, all departments shall consider corresponding rainwater drainage facilities to prevent untreated sewage from being discharged into rainwater pipes. If it is found that industrial wastewater is mixed with domestic wastewater, related personnel will be given a warning.
- Oils and chemicals used by various departments, hazardous waste liquids and waste residues (such as various wastes, mud and garbage) shall not be discharged into the rainwater pipe network or washed into the sewer. They will be properly stored in special recycling containers and handed over to the Company's administration department as hazardous wastes, which will be recycled and treated by designated units or institutions with recycling qualifications.
- Regularly clean the canteen grease trap to prevent the wastewater with high oil content from being directly discharged into the sewer without separation or treatment. Canteen sewage outfalls are equipped with filter screens. The filtered refuse is treated as domestic wastes.
- It is forbidden to put wastes in the open air. They need to be collected at a designated place or area to prevent sewage from flowing into rainwater pipes in rainy days.
- It is forbidden to wash vehicles in the Company to avoid washing oil stains into rainwater or sewage pipes.
- Oils and chemicals dripping on the ground shall be cleaned with a rag and then put in the designated place. It is forbidden to rinse them with water to flow into the sewer.
- The administration department regularly contacts qualified institutions to test the Company's discharged rainwater at least once a year. When the test results are not in conformity with the Company's environmental test report, the administration department is responsible for finding the reasons and making improvements. After the improvement is completed, the test will be carried out again until the specified EIA limit is met.
- The administration department shall organize relevant personnel to inspect rainwater pipes regularly.
- The education of employees on environmental awareness and other aspects is strengthened to pay attention to distinguish domestic wastewater from industrial wastewater and save water.

Annual Environmental Management Objectives and Performance

Environmental Objective	Indicator	Calculation Method	Assessment Frequency	Actual Performance in 2022	Achievement of Objectives
 Up-to-standard wastewater discharge	Up-to-standard discharge	Domestic sewage is brought into the municipal pipe network and enters the sewage treatment plant. Domestic sewage is treated by self-built domestic sewage treatment station in Vietnam. As hazardous waste, all industrial wastewater is treated by a third-party qualified hazardous waste treatment company.	Taixing: twice/year Others: once/year	Conforming: ⁸	Achieved
 The water consumption per unit output value is reduced	The water consumption per RMB 10,000 of output value is reduced by 2% compared to last year	Annual water consumption (unit: t)/annual output value (unit: RMB ten thousand)	Once/year	1.92% ⁹	Basically achieved

⁸ Data includes wastewater discharge in Huizhou Topband, Ningbo, Shenzhen, Taixing and Vietnam.

⁹ Data includes water consumption per unit output value in Huizhou Topband.

Implementing Climate Action

China's goal of "peak carbon dioxide emissions and carbon neutrality" brings historic development opportunities for companies aiming at intelligent and low-carbon development. In Topband's 2030 vision blueprint, the Company regards "low carbon" as one of major trends in the next decade. Topband focuses on exploring the path of "realizing low carbon in manufacturing industry" and summarizes the climate action strategies and measures of "energy efficiency increase + new energy increase" and "industrial carbon reduction + conservation for carbon reduction" by analyzing industry-leading carbon reduction experience. These measures can reduce carbon emissions, improve the production efficiency and profitability of the Company and achieve a win-win situation of economic benefits and environmental benefits.

"Two increases" - energy efficiency increase and new energy increase

- Energy efficiency increase refers to improving energy utilization efficiency. This is realized by low inventory production and manufacturing collaboration to support rapid product change and improve process management ability, using low-carbon raw materials, low-carbon treatment of high-carbon energy sources, etc.
- New energy increase refers to actively developing non-fossil energy sources, including solar energy, hydropower, wind power, biogas, hydrogen energy, bioenergy, etc. Topband takes PV power generation as the main breakthrough point of utilizing non-fossil energy sources. The PV roof of Shenzhen Park has been installed and used.

"Two reduction" - industrial carbon reduction and conservation for carbon reduction

- Industrial carbon reduction refers to optimizing and upgrading the industrial structure. Topband invests in the layout of green business, including lithium battery, energy storage, production automation, industrial automation, frequency conversion technology, mobile power exchange and green transportation, to optimize and upgrade the industrial structure.
- Conservation for carbon reduction refers to shaping a low-carbon culture. Promote resource recycling, paperless office, green business and office energy saving, use low-energy equipment and energy-saving and water-saving devices and increase the coverage area of green plants within the Company.

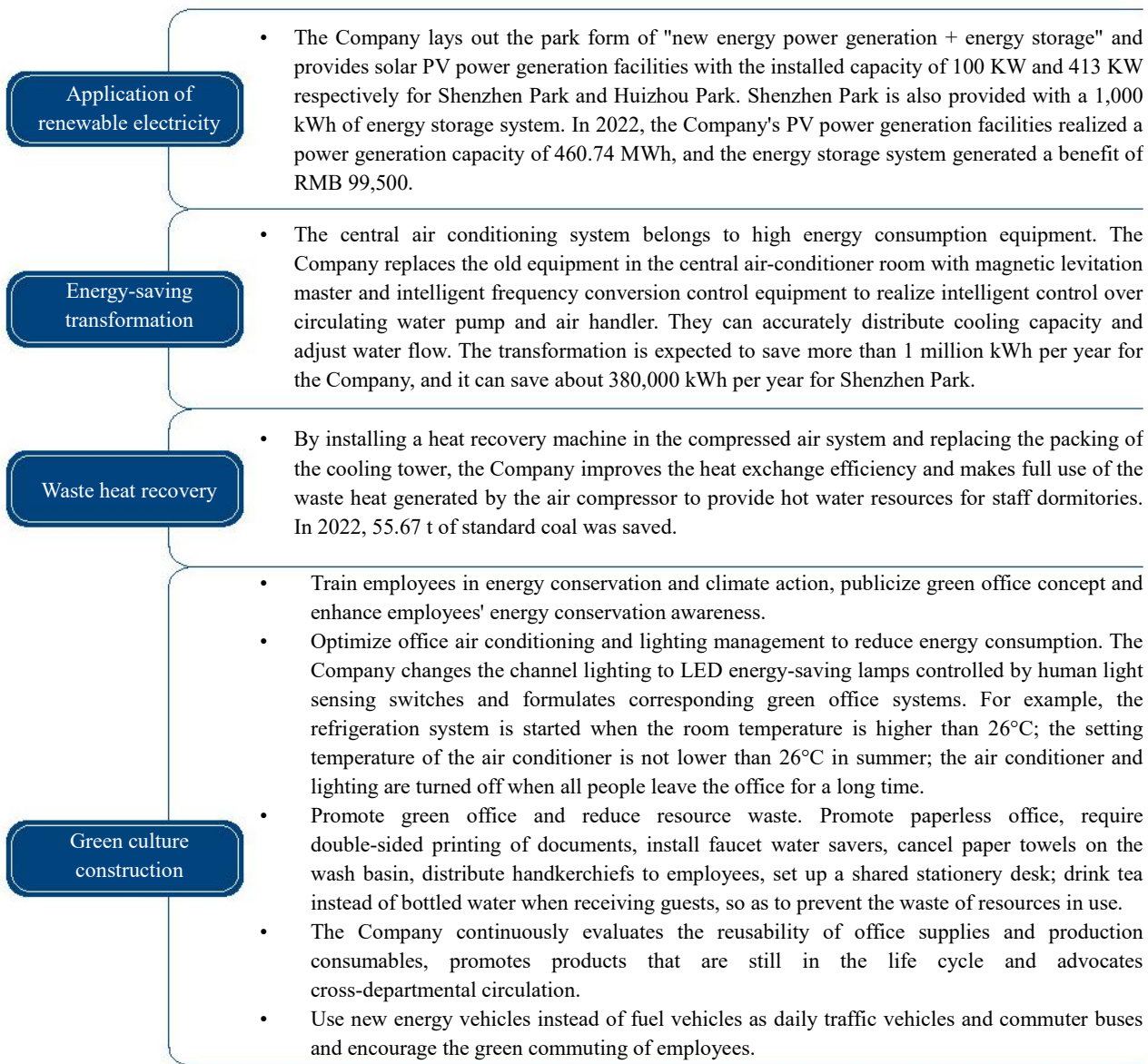


Greening situation of Huizhou Topband Intelligent Park



Greening situation of Ningbo Topband Intelligent Park

Under the carbon reduction strategy of "two increases and two reductions", Topband has set up an environmental management system (EMS) to co-ordinate the management, promote the work related to environmental protection and emission reduction and investigate the energy consumption and carbon emissions of key sites. On this basis, Topband's key production departments have set carbon reduction targets and taken corresponding climate actions. In the future, Topband's all departments will take stronger climate actions one after another to actively respond to climate change.




New energy commuter buses



New energy commuter buses

Annual Environmental Management Objectives and Performance

Environmental Objective	Indicator	Calculation Method	Assessment Frequency	Actual Performance in 2022	Achievement of Objectives
 The electricity consumption per unit output value is reduced	The electricity consumption per RMB 10,000 of output value is reduced by 3% compared to last year	Annual electricity consumption (unit: KWH)/annual output value (unit: RMB ten thousand)	Once/year	2.99% ¹⁰	Basically achieved

Practical example of the strategy of "two increases and two reductions" - the "14th Five-Year" Energy Saving Plan of Huizhou Topband Electric Technology Co., Ltd.

Huizhou Topband Electric Technology Co., Ltd. (hereinafter referred to as "Huizhou Topband") is the main production park of Topband, and it is also the top priority of Topband's environmental management. Huizhou Topband prepares the "14th Five-Year" Energy Saving Plan of Huizhou Topband Electric Technology Co., Ltd. (hereinafter referred to as the Plan) based on the Energy Conservation Law of the People's Republic of China, the Measures for Energy Conservation Management of Key Energy-using Units, the Guangdong Energy Conservation Regulations and other laws and regulations as well as the General Principles for Stipulation of Enterprise Energy Conservation Plan (GB/T 25329-2010), the Determination of Energy Savings In Organizations (GB/T 13234-2018) and other technical standards to guide the planning of the Company's energy management from 2021 to 2025, so as to implement the Company's main responsibility for energy conservation, tap the energy-saving potential and help achieve the goal of "carbon peaking and carbon neutrality".

The Plan focuses on saving resources and improving resource utilization rate and aims to reduce the energy consumption of unit products and optimize the energy structure by improving energy management systems, improving technologies and eliminating and transforming backward technologies and equipment based on existing management, technology and equipment conditions, so as to achieve the goals of energy conservation, environmental protection and resource recovery and comprehensive utilization.

Huizhou Topband has established a three-level energy management network and a comprehensive energy management system. Under the overall planning of the energy-saving working group, it makes decisions, supervises and compares the energy utilization of each process, taps the energy-saving potential in combination with energy-saving technological transformation measures, sets energy-saving targets and promotes the implementation of energy-saving responsibility targets through the assessment system.



Organizational structure of Huizhou Topband's energy-saving working group

¹⁰ Data includes electricity consumption of all production areas, office areas and living areas involved in Huizhou Topband.

In order to effectively reduce energy consumption, Huizhou Topband has set the "14th Five-Year" energy conservation target of 15% (the absolute quantity is 686 t of standard coal) and the energy conservation target of each year based on the comprehensive energy consumption in 2020.

"14th Five-Year" energy conservation target

Items	Unit	2021	2022	2023	2024	2025	Total
Energy conservation	Standard coal (t) (tce)	216	219	91	31.5	128.5	686
Ratio	%	31.49%	31.92%	13.27%	4.59%	18.73%	100%

In addition, Huizhou Topband is also very concerned about the improvement of energy consumption intensity. Taking the comprehensive energy consumption per unit output value (standard coal (kg)/RMB ten thousand) as the energy consumption intensity index, taking the comprehensive energy consumption per unit output value in 2020 as the benchmark value and combined with key energy conservation projects to be implemented during the "14th Five-Year" period, it has formulated the goal of reducing the comprehensive energy consumption per unit output value by 15% as of 2025 and the annual comprehensive energy consumption target and decline rate.

"14th Five-Year" comprehensive energy consumption target and decline rate per unit output value

Items	Unit	2020 (Benchmark value)	2021	2022	2023	2024	2025
Comprehensive energy consumption per unit output value	kgce/RMB ten thousand	11.89	11.33	10.76	10.52	10.44	10.10
Cumulative decline rate	%	—	4.71%	9.50%	11.52%	12.20%	15.05%



Seizing Climate Opportunities

The global climate crisis caused by greenhouse gas emissions is imminent, and the pressure and motivation of energy conservation and carbon reduction in various countries are increasing year by year. China has taken active actions to deal with climate change, and its management and investment in energy production, energy use and ecological protection have brought challenges and opportunities to Topband.

The Company will actively respond to the national call for green, environmental protection and low carbon, coordinate management and promote environmental protection and emission reduction with the environmental management system, make full use of its advantages as an intelligent control company, adhere to green development concept and cooperate with industrial chain partners to continuously carry out technological and product innovation, create a green and sustainable development ecology and help the country achieve the goal of "carbon peaking and carbon neutrality".

With the goal of intelligent and low-carbon development, Topband pays attention to the low-carbon and intelligent design of products in product research and development, realizing business development and environmental protection.

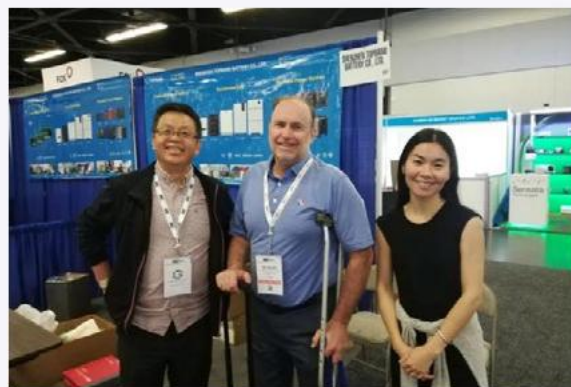
Topband lithium battery appeared at American solar energy exhibition

On September 20, 2022, Topband lithium battery appeared at Solar Power International, one of the largest solar professional exhibitions in the world. Professional energy storage lithium battery products and solutions were displayed.

As an innovative leader of new energy industry solutions, Topband mainly focuses on two major application fields: small and medium-scale energy storage and new energy vehicles and provides customers with inverter, BMS and other core components and solutions for industrial and commercial energy storage, household energy storage and portable energy storage products to help the sustainable development of the global green economy.

At the exhibition, Topband lithium battery demonstrated the RS series of household energy storage products launched for North American market and provided unlimited power to alleviate customers' electricity shortage with the system mode of "PV + energy storage".

The RS series of integrated household energy storage products support PV and commercial power input at the same time and are equipped with Wi-Fi function, which can be monitored in real time and warned in time through App. It has the characteristics of modular design, flexible collocation and easy disassembly and assembly and is also suitable for a variety of household energy storage application environments.



Topband's new energy business layout under the opportunity of carbon peaking and carbon neutrality

Since entering the field of new energy in 2010, Topband has focused on the fields of "small and medium-scale energy storage" and "new energy vehicles" and supported customers' green transformation with more environmentally friendly products. In the field of new energy, Topband independently develops the core technology of "batteries + BMS + PCS + EMS + cloud platform" and forms a wealth of product solutions, including but not limited to: household energy storage, industrial and commercial energy storage, portable energy storage, charging and control of new energy vehicles and other fields. At present, Topband's new energy business has achieved an overall revenue of RMB 2.036 billion.

- Topband has continuously researched and innovated the technology of lithium batteries, formed lithium batteries with multi-material system and multi-product forms to meet the technical requirements of lithium batteries in different application fields and provided customers with one-stop lithium battery solutions around the "energy storage + light power" application of lithium batteries. Topband and its related subsidiaries have applied for more than 300 patents related to lithium batteries. The Company has continuously accelerated the pace of new technology R&D and application. In 2022, the Company completed the pilot test of sodium-ion batteries. In the future, with the gradual improvement of the industrial chain, sodium-ion batteries are expected to greatly reduce the production cost in the battery field and improve the manufacturing efficiency.
- The Company acquired Taixing Ninghui Lithium Battery Co., Ltd. and invested in the construction of Nantong lithium battery production base, which is used to build production lines of square aluminum-shell batteries, soft-package batteries, large cylindrical batteries and battery packs. The designed total production capacity is 6 GWh for batteries and 4 GWh for battery packs. It is planned to build the new base into a green plant.
- The Company continues to iterate over existing battery management system (BMS) products, applies them to the power reserve system and the power battery system of electric bicycles, simultaneously launches the power exchange system of electric bicycles and the IoT cloud platform and creates system solutions for batteries, BMS, battery packs, power exchange cabinets and IoT platform required for green commuting.
- The Company has also accumulated a large amount of PCS technologies. Strengthen the R&D and productization of high-efficiency two-way inverter and other technologies and further minimize the energy consumption of products through technological upgrading.
- The Company actively develops the core technologies of EMS and cloud platform and develops leading energy management solutions for different application scenarios in combination with its advantages in batteries and BMS. With more than 140 patent applications in the related technical fields of lithium batteries, Topband lithium battery is rated as Level A in the TFFI scientific and technological innovation evaluation of Smart Bud.
- The application scenarios of the Company's new energy products are very rich and constantly expanding. In 2022, the Company's battery products were successfully applied to the backup battery of 5G base station in the new infrastructure and the backup battery of the data center in the "East Digital West Computing Project" to promote the low-carbon transformation of the industrial chain.

SOCIAL

Society



Providing Value Services

Product innovation

One of Topband's core values is "There is value in technology". As the industry leader, Topband knows that technology leadership and innovation are the key to product differentiation and competitive advantage. Therefore, Topband has been constantly improving its independent R&D ability and technological level. It focuses on the deep integration of technology and market to provide customers with high-quality, high-performance, highly reliable products and solutions. A complete industrial chain based on the core technologies of "electronic control, motor, battery, power supply and Internet of Things platform" has been developed, creating a safeguard with the advantage of leading technology for the Company. Upon constant innovation and constant upgrading, Topband will keep up its technology leadership, gain the competitive edge in market and be highly recognized by customers, so as to achieve the Company's vision and mission.

Nearly **400,000** products
with Topband's solutions everyday
come into smart families around the world



Topband attaches great importance to R&D investment. In 2022, Topband has got 1,776 R&D personnel, and has applied for 2,946 patents in total. The R&D investment accounts for 8.11%, which is considerably higher than the industry average. In the future, Topband will keep up an annual R&D investment of 7-8%, continue to introduce core technical talents and leading technical talents, and to enhance the Company's innovation-driven development strategy.



1,776

R&D personnel



2,946

Patents



8.11%

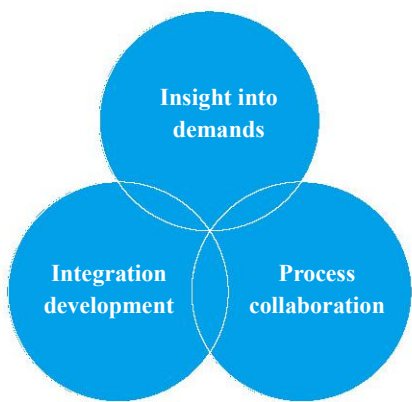
Proportion of R&D investment



21.20%

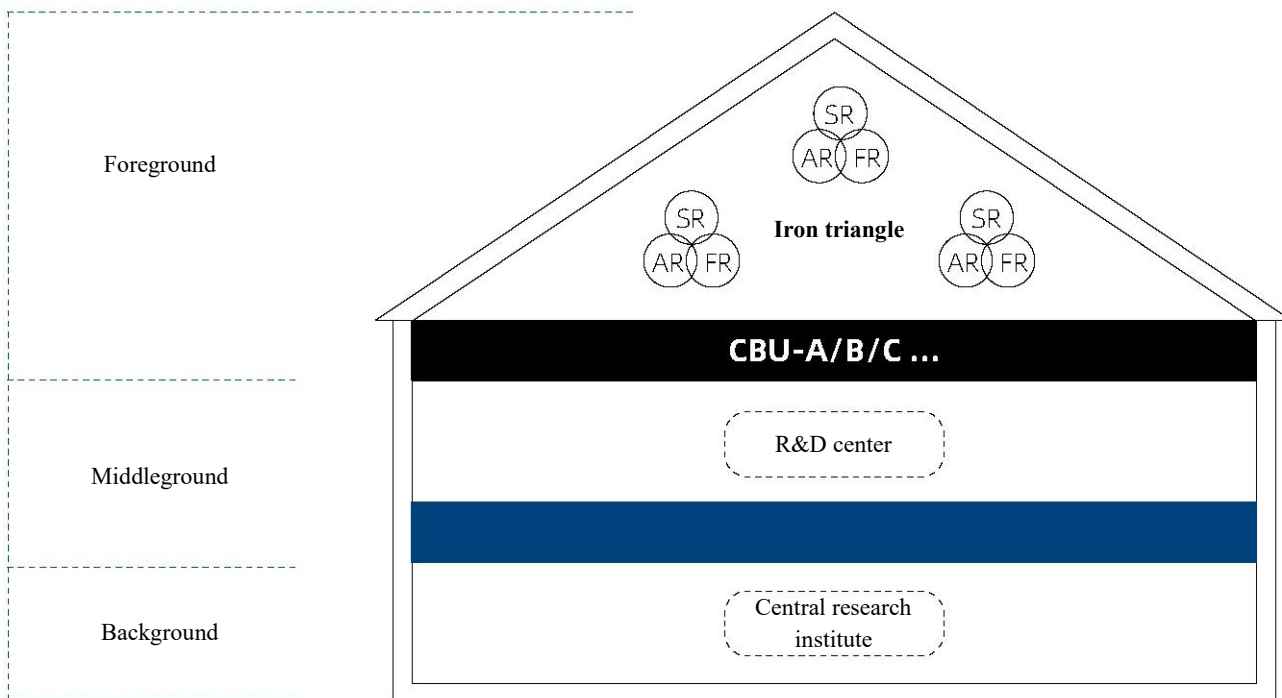
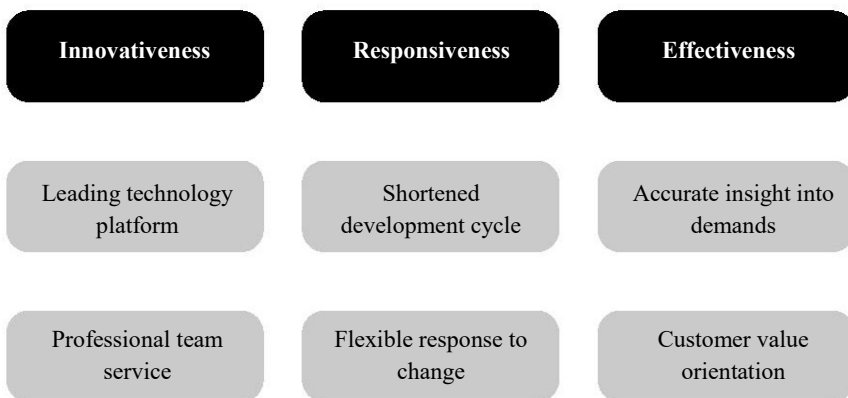
Proportion of R&D personnel
to all employees

In terms of R&D management mechanism, Topband has introduced the integrated product development (IPD) system and process, with customer-value-oriented insight into demands, process collaboration and integration development, to create a fast, flexible, efficient and collaborative product development system, achieving innovativeness, responsiveness and effectiveness in product development. An efficient R&D organizational structure that consists of three-ground R&D platform of front, middle and back has been established as well. The foreground is composed of an iron triangle closely coordinated by the solution manager (SR), sales manager (AR) and service manager (FR) distributed in each BU, directly facing the market and customers. Among them, the solution manager is responsible for understanding customer demands and providing technical solutions quickly. The middleground is composed of the R&D center of each BG, providing all departments with professional product platform and technology platform, and providing the market development of the foreground iron triangle with effective support. The background is composed of the central research institute, carrying out technical pre-research and reserve of common and core technologies required by future products and markets according to the strategic and product planning of Topband, BG and BU.



Topband integrated product development (IPD)

Fast and flexible, efficient and collaborative



"Acts appropriately to the situation" innovative inverter air conditioner controller

Inverter air conditioner controller is a complex market in India. On the one hand, pulled by the local government's energy consumption policy, there is a huge market space and booming demand for the inverter air conditioner controller. On the other hand, enterprises are also required to face special circumstances and complex challenges. In India, there are three major challenges for the inverter air conditioner controller: wide voltage range, the product should be adaptable from 100 V to 300 V; high operating temperature, the highest operating temperature of similar products in China is 46°C, but in India, it may reach 50°C; large voltage fluctuation, after power failure, the highest instantaneous pulse voltage will reach 700 V, which is much likely to cause damage to electronic parts and components.

In the face of such complex market circumstances and challenges, Topband team has been adhering to the mentality of "facing the difficulty" and completed the breakthrough. This is not only a breakthrough and innovation in past technology, but also a challenge to the physical strength and willpower of R&D personnel. The 55°C high-temperature simulation laboratory was hard to bear. Each test lasted for two weeks, and a shift was needed to get some fresh air every half hour. After many times of selection and adjustment of parts and components, special processing of control algorithm and countless software adjustment, a low failure rate of the product in harsh environments was finally achieved. Topband became one of the first controller manufacturers to be BIS certified in India.

Topband was not an early entrant to the air conditioner controller market in India, but with its best adaptable products and customer service spirit to solve problems at any time, Topband ranks first among the latecomers in this land, and is well received by customers.

Being acute and resourceful promotes the innovation of bidirectional inverter

In recent years, the market of bidirectional inverters has rapidly expanded from the field of battery formation and capacity grading to portable and household energy storage. Topband team is keenly aware of the development trend of the product, and thus concentrates on making technical breakthroughs in advance.

It is just a change in the application scenario, though, a great challenge is yet brought to the technology of bidirectional inverter. For example: since the load differences in connection may affect product features and experience, the bidirectional inverter applied in the field of small energy storage not only requires the optimization of software and hardware, but also brings special limits to the EMC level, size, noise, efficiency and others. Low carbon, environmental protection, high power density and strong security are the key points for R&D of products in this field.

In only 6 months, with continuous exploration and innovation, Topband team has overcome a number of technical challenges, established the technology platform of bidirectional inverter, and developed 300 W-5,000 W series bidirectional inverters in succession. Topband's products have not only passed the safety certification of international renowned institutions, but also, through comprehensive domestic replacement to solve the delivery bottleneck, been praised by many customers.



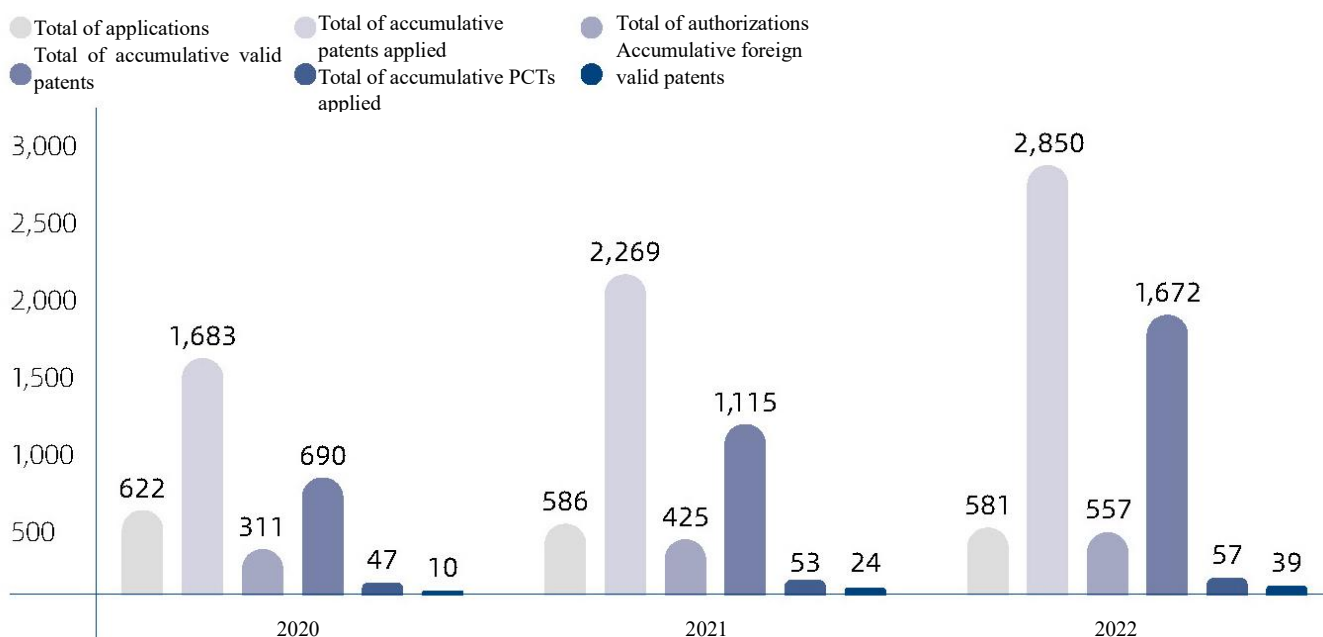
In order to encourage product innovation and protect the Company's innovative achievements, Topband has developed a comprehensive patent management and intellectual property protection system, aiming to effectively manage the patent assets and maximize the value of intellectual properties with the goal of technology guidance, achievement protection and efficiency promotion. In order to continuously improve the enthusiasm of employees to apply for patents, Topband awards the teams and innovative individuals with outstanding intellectual property contributions at the annual general meeting of the Company every year. In 2022, a total of 552 employees were awarded patent awards, with a total bonus of RMB 1,639,300. In addition, at the end of the year, the Company will also appraise the first, second and third prizes of the annual patent efficiency according to the application of the patented technologies in products and the conversion gain, so as to promote the industrial transformation of innovative achievements.

While promoting innovative R&D, Topband also attaches great importance to the protection of its intellectual properties. It actively organizes the patent mining of new products and new technologies, applies for patent protection in time, and actively uses the intellectual property to safeguard the legitimate rights and interests of the Company. As of December 2022, the total number of Topband's patent applications was up to 2,946. Moreover, Topband fully respects the intellectual property as well. It regularly monitors the layout of patent application and authorization in the industry, and investigates patent risks in time to avoid infringement and other risks after the product is launched. Up to now, there has been no illegal behavior related to the intellectual property.

Topband will continue to use the core technologies of "four electrics and one network" to provide downstream customers with solutions, and constantly expand the product and technology platform to meet customer demands, achieving a product- and technology-centered development pattern. The Company's R&D efforts will focus more on originality and initiative innovation, improve the effectiveness of R&D investment, expand the advantage of technology leadership, and co-innovate with customers and users to make innovation more valuable.

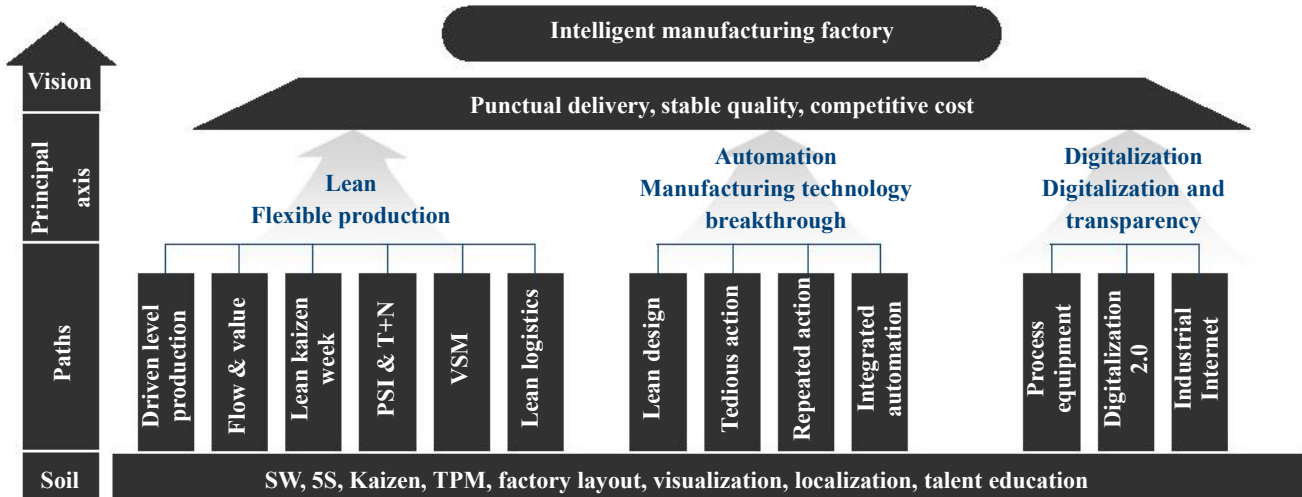
Patent-related data

	2020			2021			Year-on-year growth	2022			Year-on-year growth
	Patent for invention	Utility model	Appearance	Patent for invention	Utility model	Appearance		Patent for invention	Utility model	Appearance	
Applications	270	300	52	218	315	53	-6%	188	325	68	-1%
Accumulative patents applied	648	895	140	866	1,210	193	35%	1,054	1,535	261	26%
Authorizations	20	255	36	49	315	61	37%	87	402	68	31%
Accumulative valid patents	74	545	71	123	860	132	62%	210	1,262	200	50%

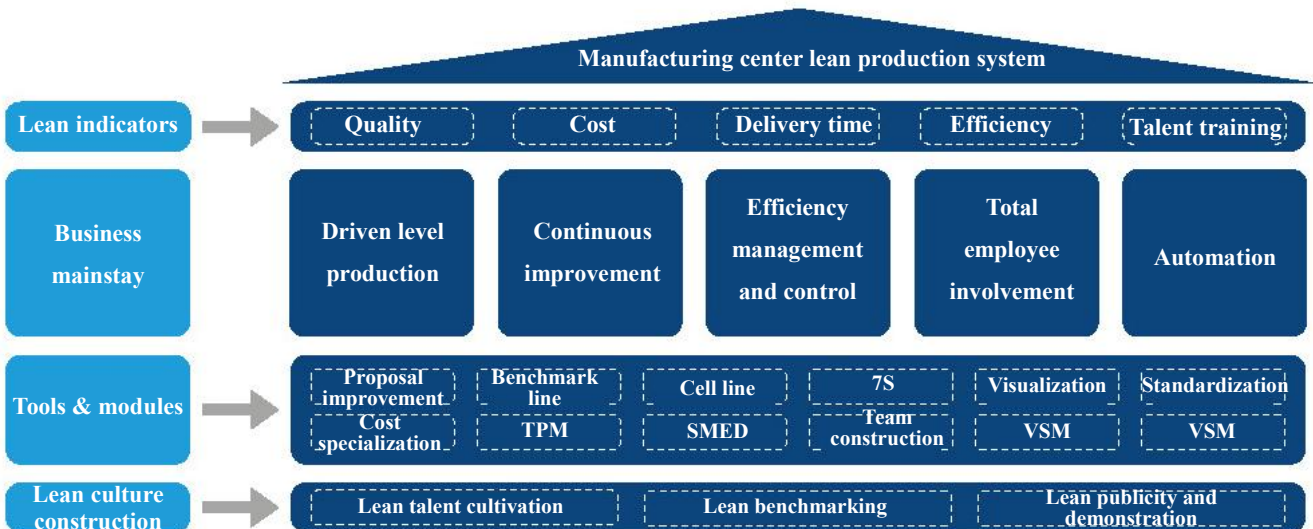


Intelligent manufacturing

Topband's products are mainly customized and order-driven, and the product manufacturing is characterized by "multiple categories, small quantities, multiple centers and flexibility". Under the "digital, networked, intelligent" development wave of manufacturing industry, Topband has created a unique Topband Intelligent Manufacturing System (TIMS). With "lean" as the basis, "automation" and "digitalization" as the support, a Topband intelligent factory with "shortest delivery time, stable quality, optimal cost and flexible delivery" has been created through three paths. As a global leader in the intelligent control industry, Topband will always adhere to the core value concept of "agile innovation partner". It constantly transforms into an efficient, energy-saving and environmentally friendly "smart factory platform cluster", hoping to join hands with global partners to create an intelligent and bright future. Under the guidance of the National 14th Five-Year Intelligent Manufacturing Plan, with the Intelligent Manufacturing Capability Maturity Model of the Ministry of Industry and Information Technology of the People's Republic of China as the standard for measuring construction level, Topband continues to improve the level of its capacities, especially to reach the industry-leading level in storage and delivery, production operation, equipment and other capacity fields.



In order to adapt to the rapid change of downstream customer demands and iterative updating of products and technologies, Topband upgrades the production management through lean culture construction, and builds comprehensive lean indicators for quality, cost, delivery time, efficiency, etc. through proposal improvement, cost specialization, 7S, visualization and standardization. The Company pays attention to training the quality of employees from top to bottom, introduces the lean concept into all links including R&D, production, delivery and logistics, makes the most immediate response to customer demands with the best quality, the lowest cost and the highest efficiency, calmly faces the multi-category and multi-business-line challenges, and achieves a flexible, punctual, low-cost-waste and flexible lean production system.



The wholly-automatic production line leads the intelligent manufacturing upgrade of Topband

In October 2022, Topband Huizhou Factory successfully launched an automatic and information-based production line. This production line innovates the traditional labor-intensive production pattern, ensures the consistency and stability of product quality, provides customers with more agile delivery and more intelligent innovation process support, and effectively improves the Company's overall strength and market competitiveness.

The automatic production line mainly automates and improves the whole process including plug-in section, plate cleaning station, testing section and assembly section, and realizes automatic fixture handling, automatic plugging, automatic plate sorting, automatic plate cleaning and other functions. With the application of the core technologies of automation equipment, this production line has become one of production lines with the highest automatic production level of PCBA products in Topband.

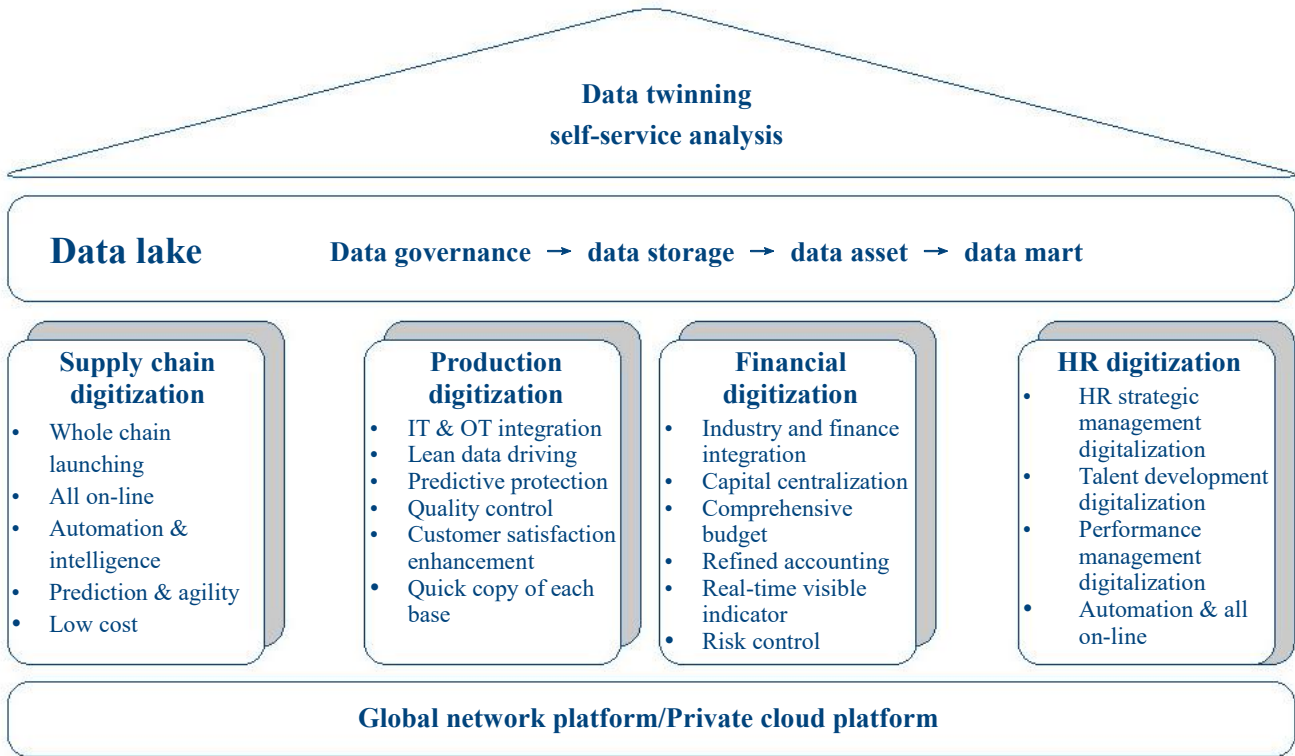
This is a significant progress of Topband from local automation to whole-line automation for products and processes. In the future, Topband will continue to lead the industry, seize the opportunity of "intelligent manufacturing", actively transform into "smart factory", and combined with the advantage of global factory layout, constantly build the capability of "smart factory platform cluster", so as to improve production efficiency and product quality, strengthen cooperation with customers, and realize sustainable development.



Five advantages of the wholly-automatic production line

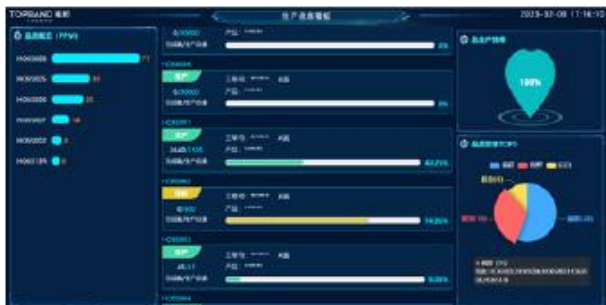
<p>Capacity improvement Ensuring agile delivery</p> <p>The UPPH (units per person per hour) of production line is increased by 30%+.The capacity and automation of the production line are greatly improved, the efficiency and quality are steadily improved, and the agile delivery is ensured.</p>	<p>Workforce optimization Focusing on value-added services</p> <p>The personnel of production line are optimized by 10+/shift, and a total of over 30 personnel from day and night shifts are optimized. The labor allocation is optimized, and the manpower saved will enable more value-added tasks to be performed in the future.</p>	<p>Cost reduction and efficiency improvement Benefiting the downstream industry</p> <p>The benefit from direct reduction of labor cost of production line is about 2 million+/year. The product manufacturing cost is reduced by reducing the cost of rework loss caused by the loss of accessories and quality fluctuation.</p>	<p>Process tracing Greatly improving the quality</p> <p>The monitoring and tracing of the whole process of product manufacturing can be achieved through the application of MES system and automation, so as to eliminate artificial error, increase the product first pass rate, and make the quality more controllable and stable.</p>	<p>Low-carbon and environmentally-friendly Adhering to the green concept</p> <p>The introduction and use of automatic production line greatly increase the output per unit area, reduces the loss of various wastes and hazardous materials, and demonstrates the Company's low-carbon and environmentally-friendly concept.</p>
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In order to accelerate the upgrade of intelligent manufacturing, Topband not only commits itself to promoting the digitalization of products and solutions, but also continuously accelerates the digitalization of internal management and process. Based on the Company's overall strategy of digital transformation, Topband's digital transformation aims to digitalize, automate and intelligentize its business, thereby increasing the efficiency and reducing the cost, and providing customers with better service. Topband plans to build a digital platform to connect various businesses and users, and enable intelligent decision-making and services through data awareness and interconnection. With the help of artificial intelligence, big data, cloud computing and other technologies, this digital platform will automate and optimize the business process, and provide deeper, more agile and more intelligent support for business development.

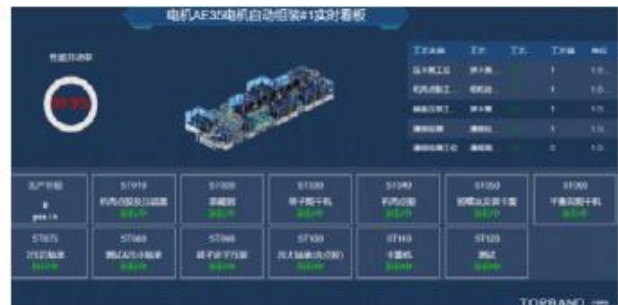


In 2022, Topband focused on promoting the digitalization of data lake, production, supply chain and finance. By building a unified data lake platform, the Company has unified data logic standards, and improved centralized management and application capabilities of data, thereby laying a solid data foundation for digital decision-making. On this basis, Topband has built an end-to-end integrated supply chain system, enabling predictability, agility and low cost in the supply chain; it has optimized the digital production system to further improve the capacity of quality control and production efficiency; it has built and reconstructed the financial management platform to enhance the efficiency and quality of decision-making.

The implementation of these digitalization works not only improves the management efficiency and decision-making capacity of the Company, but also provides the data foundation and support for the intelligent manufacturing system of the Company. In the future, Topband will continue to promote digital transformation, dig deep into the value of data, achieve comprehensive coverage of digital management, and inject new power into improving product quality, raising production efficiency, reducing costs and achieving sustainable development.



Digital Production Information Board



Whole Line SCADA/PAS/MES System

Quality product

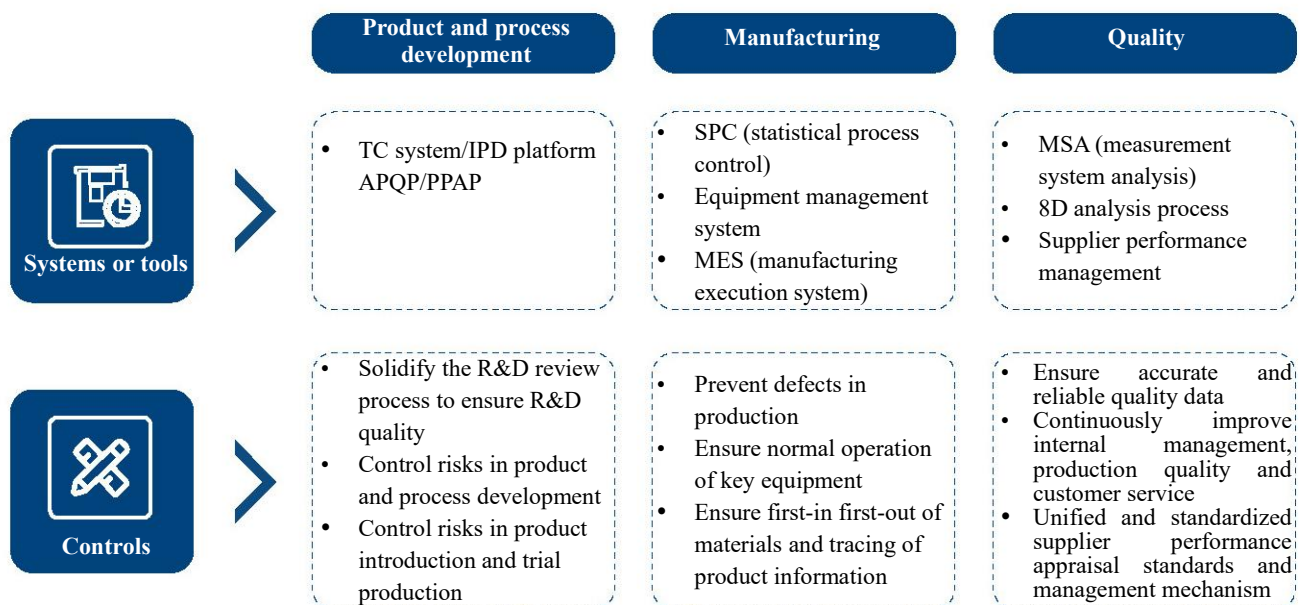
Product quality is the foundation for an enterprise to exist and develop. For this purpose, the Quality Manual has been compiled as the guiding principle for Topband's quality management, and also as the manager's solemn commitment to quality management. In the manual, the requirements for products and services are specified, the management process and error correction mechanism are arranged, detailed guidance is made for ways to carry out specific work, and the effective operation of current system is ensured through periodic management review.

As for the inspection of product quality, the Control Procedure for Product Monitoring and Measurement has been compiled to monitor and measure the quality of products and hazardous substances in the process of production. This procedure covers the inspection and test of semi-finished products and finished products in the production workshop, the inspection and test of OQC finished products and other links, so as to ensure that the records and identification of each link can be effectively managed.

In the R&D and production stages, Topband regularly updates the safety and environmental reports to meet customer requirements, and carry out laboratory sampling of mass production products according to regulations to avoid non-conforming products flowing to the market and customers. In order to ensure the safety of materials selected, Topband requires the raw material suppliers to provide the report of passing the third-party hazardous substance test within one year. In order to ensure that the safety data statistics can be implemented, the MSDS is collected for all related chemicals used in the Company's products.

In the project import stage, Topband will determine with customers the sales territory of products and the legal norms, environmental protection directives and other requirements that products need to comply with, and strictly observe them in the process of R&D and production. In the event of changes related to product manufacturing, the Company will promptly assess and record the risks related to the health and safety of customers, and communicate with each parties in a timely manner by means of DCN (Designing Change Notice) and ECN (Engineering Change Notice). For major changes related to accessories and equipment that may contain risks, the Company will assess them through safety testing and small-scale production for trial, and will carry out large-scale production after they are qualified.

Topband will inform customers of potential health effects that may be associated with products and services through the product specification or operation instruction.



In 2022, the Company had no major quality or safety issues and passed relevant certifications, including ISO9001 quality management system, IATF16949 automotive quality management system and QC080000 hazardous substance process management system. In view of outstanding performance in quality, cost, delivery and other aspects, Topband was ranked first among all suppliers of "T Customer", a leading global power tool enterprise, in 2022.

Quality is the lifeline of products and one of the important prerequisites for intelligent life. Topband is promoting the establishment of a "zero defect" quality system, adhering to continuous lean improvement in quality control, and providing the superior product quality for customers through continuous lean management.

The Company has implemented a quality system with lean improvement in purchase, R&D design, trial production, mass production, after-sales and other aspects, and established a professional laboratory to ensure a fast, flexible, efficient and collaborative R&D. The Topband Center Laboratory, passed the accreditation of the national laboratory (CNAS accreditation), DEKRA CTF laboratory certification, TUV Rheinland witness laboratory certification and UL-WTDP laboratory certification, provides the professional EMC test and solution rectification, component certification test, product reliability test/life test, regulatory compliance test, hazardous substance test, failure analysis, etc. for customers and partners. In addition to the center laboratory, various professional laboratories, including gas laboratory, kitchen electric laboratory, engineering laboratory, battery laboratory, intelligent toilet laboratory, ice washing laboratory, electric laboratory, etc., can conduct professional product test in accordance with UL, CE, VDE, TUV, GS and other certification requirements.



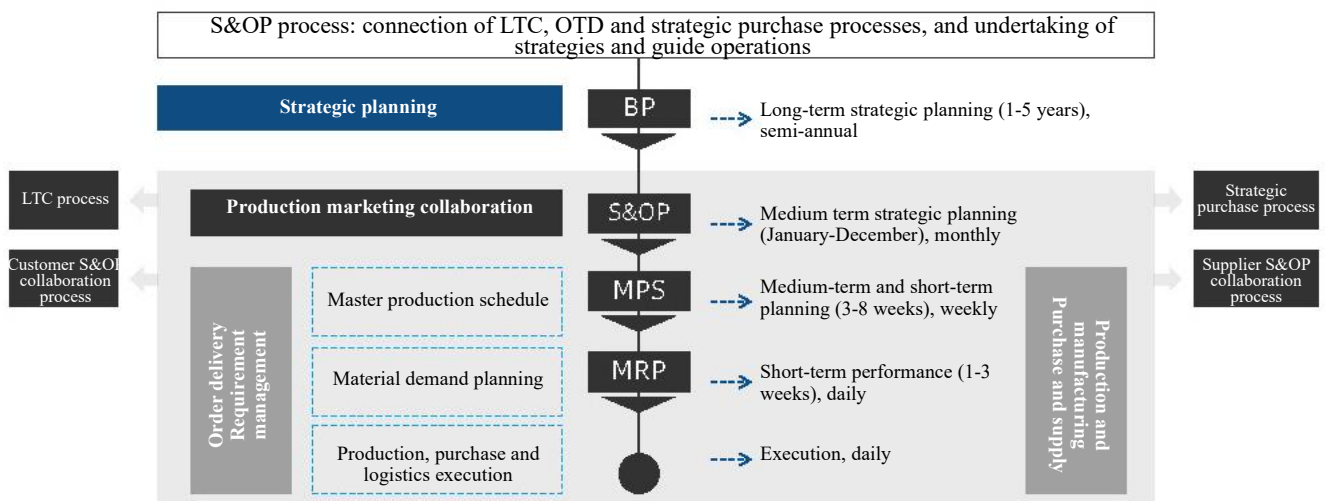
Customer service

Topband continuously conducts organizational evolution and adheres to customer-centered approach, forming a three-level customer service organization consisting of foreground, middle office and background. The foreground, being flexible and efficient, quickly responds to customer needs; the middle office, being professional and agile, provides a strong and sufficient resource support for the foreground; the background aims to seek high and broad prospects, and ensure a long-term future-oriented support for the foreground and middle office.

Topband has formulated the Handling Procedure for Customer Quality Complaint, so that customers can file complaints through special channels for issues arising from the use of products and services. After a customer complaint occurs, the salesmen categorize and transmit the information to the relevant departments, and implement the handling mode of "responding to the customer within 4 h, taking temporary measures within 1 working day, and submitting improvement reports within 3 working days".

For the issues to be improved, relevant departments will establish improvement teams in time; for major issues, expert teams will also be invited to intervene. By taking measures such as temporary measures, cause analysis, corrective measures and preventive measures, a complete 8D report is formed. They shall reply to the customer within the specified time and follow up to ensure that the case is closed and not occur again. In addition, the Company will organize management and summary work and share cases to horizontally share experiences with more colleagues, and ensure the widespread improvement of customer service capabilities throughout the Company.

According to the survey, the overall satisfaction score of the Company was 89.08 in 2022, showing that the overall satisfaction is high and maintains an upward trend for four consecutive years. For key customers with decreased satisfaction, the Company conducts follow-up communication, and analyzes and makes a targeted improvement plan.



Secret of winning recognition from high-end customers

As a global professional brand of electrician's tools, H customer is particularly favored by the high-end market with excellent quality. For high-quality products, H customer has extremely high requirements for suppliers.

In order to meet the ultra-high standards set by customers as soon as possible, the Topband team adopts a service strategy with "rapid response, agility and efficiency": The problems found the day before can be significantly improved the next day; even if they receive a customer email in the early morning, they will reply with a solution within ten minutes. For the work of importing full-automatic glue pouring machines, the customer was not satisfied with the process at that time due to the special selection. The Topband team was fearless of difficulties and worked hard. On the night the problem was found, they went to the customer's hotel with a new validation plan for communication and confirmation. Afterwards, they worked overnight to improve the process. The next day, they developed a new process, which greatly impressed the customer.

Such a serious attitude and agile and efficient action have won the recognition of H customer. In 2022, Topband became the best supplier for H customer.

Stimulating Organizational Vitality

Topband has always attached great importance to organization and construction and is committed to gathering a group of people with aspirations, the sense of mission and internal drive to provide value to customers, and promote common struggle, shared value, common development and exploring happy life. In the Company's 2030 vision plan, Topband explicitly proposes to promote organizational evolution strategy, strengthen talent team building, quickly increase the number of key positions, strengthen the capacity building of the middle office and background, better empower the "iron triangle" team, and create a customer-centered process-oriented organization.

Employment of employees and their rights and interests

Topband strictly complies with the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China and other labor laws and regulations in the regions where its business is located. Forced labor, child labor and other illegal labor behaviors are strictly prohibited, and various measures are taken to implement these regulations.

For child labor employment, Topband explicitly states its opposition to the use of child labor and has never employed child labor. The Company has formulated the Prohibition of Child Labor and Remedial Guidelines, which clearly prohibits the recruitment of children who fail to meet the age requirements as explicitly prohibited by various countries. In the Recruitment Management System and recruitment process, it is clearly stated that "the use of child labor is absolutely prohibited, and any use of child labor is resolutely opposed. Do not cooperate with any supplier who intentionally uses child labor". When recruiting, "effective methods must be taken to identify the true age of employees, ensure that employees reach at least the legal age worldwide upon employment, and prevent the recruitment of child labor due to false age documents provided by employees". At the same time, the Company has formulated the Child Labor Relief Procedures to take remedial measures in the case of child labor incidents. For the forced labor, the Company has formulated the Forced Labor Management Procedures, which clearly opposes forced labor and also specifies corresponding management methods to prevent the forced labor.

For prevention and avoiding of the use of child labor and forced labor, Topband has also taken various measures, including random inspection of employee contracts, on-site interviews and confirmation, etc., and established reporting channels such as enterprise WeChat and park mailbox, to understand and handle any possible violations in time. In addition, the Company also provides "orientation training" for each new employee, and the average duration of each course related to human rights is 2 h, aiming to enhance employees' understanding and knowing of issues such as child labor, slavery and human trafficking.

Forced Labor Management Procedures (excerpt) issued by Topband

The Company has established a complaint and appeal mechanism. Anyone who discovers the forced labor, human trafficking and other issues in the Company can report to the Company's human resources department for resolution through effective methods such as telephone and letters, or directly report to the Company's general manager through the Company's opinion box. The human resources department investigates and verifies the reports. In case of any violations, immediate corrective actions shall be taken, and relevant responsible persons shall be followed up. If necessary, preventive measures shall be taken and the effectiveness of relevant measures shall be evaluated.

Topband strictly complies with the relevant laws and regulations in the management of working conditions of employees, and adheres to high standards and strict requirements. All working conditions need to be discussed and determined by the Company's senior executives. To protect the rights and interests of employees, the Company has formulated the comprehensive and strict Employee Manual in accordance with the law. Topband respects and protects the rights of workers to freedom of association and collective bargaining, and has formulated the Management Procedures for the Freedom to Organize Trade Unions and the Right to Collective Bargaining that covers all employees, to establish and maintain effective appeal and complaint procedures and ensure that Company's activities comply with local regulations and social responsibility standards and maximize the protection of employee rights and interests. As of December 31, 2022, the Company has a total of 8,379 employees. Topband respects and protects workers' rights to establish a harmonious labor relation.

In addition, to enhance the parental rights and interests of employees, Topband provides the parental leave (11 days) for employees in accordance with local regulations. For example, in Shenzhen, the Company provides 178 days of maternity leave and 1 h/day of breastfeeding leave for employees. The Company encourages male employees to actively participate in parenting, with 1,882 male employees and 1,923 female employees entitled to parental leave.

Data related to parental leave

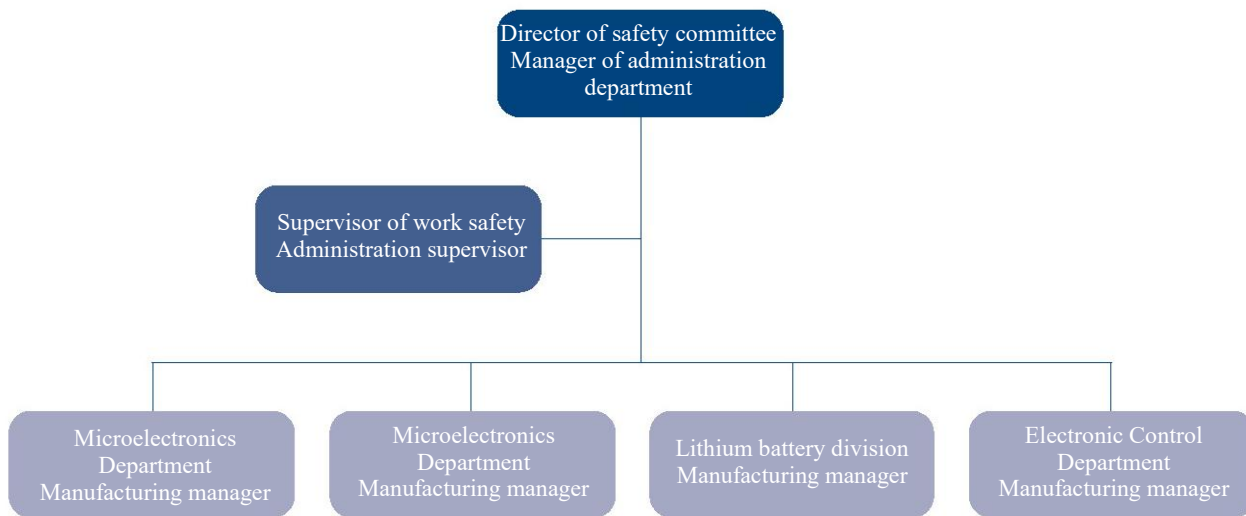
	Unit	Male	Female
Total number of employees entitled to parental leave by gender	Person	1,882	1,923
Total number of employees taking parental leave by gender	Person	163	93
Total number of employees returning to work during the reporting period after parental leave by gender	Person	161	89
Return rate of employees on parental leave by gender	%	96.41%	95.70%

¹¹ Parental leave: The parental leave referred to here includes maternity leave and paternity leave.

Occupational safety and health

Topband attaches great importance to employee health and safety. It has established a sound institutional system, and has received authoritative certification from multiple parties. At present, the Company has once again passed ISO45001 occupational health and safety management system and other certifications, and has also passed SMETA, BSCI, WCA and other social responsibility certifications.

The Company established a work safety management committee (referred to as the "safety committee") in November 2022, and is responsible for decision-making and daily management of safety work within the Company, including review and supervision of the implementation of work safety regulations, systems and plans by the Company; establishment of annual goals and reward and punishment mechanisms, and quarterly inspections and assessments; improvement of the safety standardization management system, organization of accident investigation and handling, etc. The manager of administration department in charge of safety affairs serves as the chairman, and the managers of each division serve as commissioners for the safety committee. A regular meeting is convened every quarter. Among all employees in all locations of the Company, the proportion of employees represented by the safety committee is 100%.



Organizational Structure of the Work Safety Management Committee of Topband

Topband manages the occupational health risks that employees may face in their work by four major means: evaluation of the current situation of occupational hazards, occupational hazard factor detection of workplace, employee occupational health examination and daily company work safety inspection. It has established an ISO45001 occupational health and safety management system with total employee involvement throughout the Company, and regularly conducts internal and external audits of the system every year to ensure its normal operation. For the occupational health hazard sources identified according to the system requirements, the Company clearly requires all departments to take specific measures to continuously strengthen the construction of occupational safety and health system.

The health and safety policies developed by Topband also cover the work and activities of various suppliers and subcontractors in the Company. According to the Management System for Safety of Outsourcing Projects and Control Procedures for Outsourcing Service Provider, the safety director is responsible for the safety training of the outsourcing provider and keeps training records in the Company; the personnel of the other party must comply with the Company's health and safety policies after entering the scope of Topband. Before the operation, Topband will conduct safety training for its operators, informing the relevant requirements, precautions during the operation and handling process for any abnormal situations of the Company. Corresponding supervision mechanisms have also been established during the work to ensure failure to violate the Company's health and safety policies.

For occupational safety and health risks, the Company has established a reporting mechanism, so that all employees can report relevant issues in the Company's production and operating activities through anonymous submission of report letters. To ensure that employees and suppliers exercise their reporting rights in accordance with the law and safeguard their legitimate rights and interests, the Company has formulated the Employee Complaint Handling Process and Regulations on the Protection of Whistleblowers, and strictly protects the information of whistleblowers in accordance with audit regulations.

The above occupational safety and health protection measures have significant results. In 2022, there were no work-related accidents or deaths of employees due to work-related health issues at Topband. The rates of employee lost time injury and serious employee lost time injury were both 0. In the future, the Company will continuously strengthen the implementation of various occupational health and safety management measures, and increase incentives and combination of rewards and punishments, to promote the continuous improvement of health and safety work.

All-round guarantee of employee health and safety by Topband

- Topband has formulated the Occupational Health Management System of Workplace, which is applicable to the prevention and control management of occupational health in toxic and harmful workplaces such as production and storage of the Company.

- According to the Occupational Health Management System of Workplace, the Company provides free occupational health physical examination, which covers all employees who have been on duty for one year (once a year). Employees in key special posts who are exposed to occupational health hazard sources must participate in the physical examination. In 2022, the proportion of physical examinations for principal employees reached 80%, and the proportion of physical examinations for employees with key special posts was 100%.

- Do not arrange the personnel who have not undergone occupational health examinations to engage in occupational disease inductive operations and those with occupational contraindications to engage in contraindicated works.

- Conduct occupational hazard factor test on places involving occupational hazards once a year. The test area refers to the occupational hazard area throughout the Company. The employee health and safety risk assessment made by the Company covers all workplaces.

- The Company tests the direct drinking water, to ensure that it complies with drinking water standards.

- The Company has formulated the Purchase, Distribution and Use System for Labor Protection Necessities, and provides corresponding labor protection necessities for employees in posts with occupational hazard factors based on the annual testing results of occupational hazard. In addition, for employees engaged in work in confined space, work at heights, and heavy physical work, the Company has formulated the Guidelines for Work in Confined Space, the Safety Management System for Working at Heights, and the Administrative Measures for Protection of Heavy Physical Work. For special posts where long-term operations such as high-temperature and aging, gluing, painting, washing (auxiliary), hazardous materials, and chemical warehouse keepers are harmful to employees' physical health, mandatory job changes are required after continuously working for 3 months.

- If new equipment, processes, and materials are adopted, the Company will conduct a new occupational hazard assessment, to assess whether they meet the relevant occupational health requirements.

- The Company has formulated Management System of Electrical Safety, Protection System of Machinery and Electricity Safety, Management System of Fire, Explosion, Gas and Dust Prevention in Work Safety, and Management System of Hazardous Chemicals, and prepared emergency response plans for hazardous chemicals leakage, and conducts regular drills every year. In 2022, no chemical leakage accidents, food safety accidents, fire and explosion accidents occurred in the Company.

- The Regular Maintenance System for Equipment and Facilities has been formulated, and all equipment shall be inspected daily before using. For large and critical equipment, the Company has developed an annual maintenance plan.

- The Company promptly rectifies safety hazards. In 2022, a total of 537 safety hazards were identified and rectified, with accident hazard rectification rate of 100%.

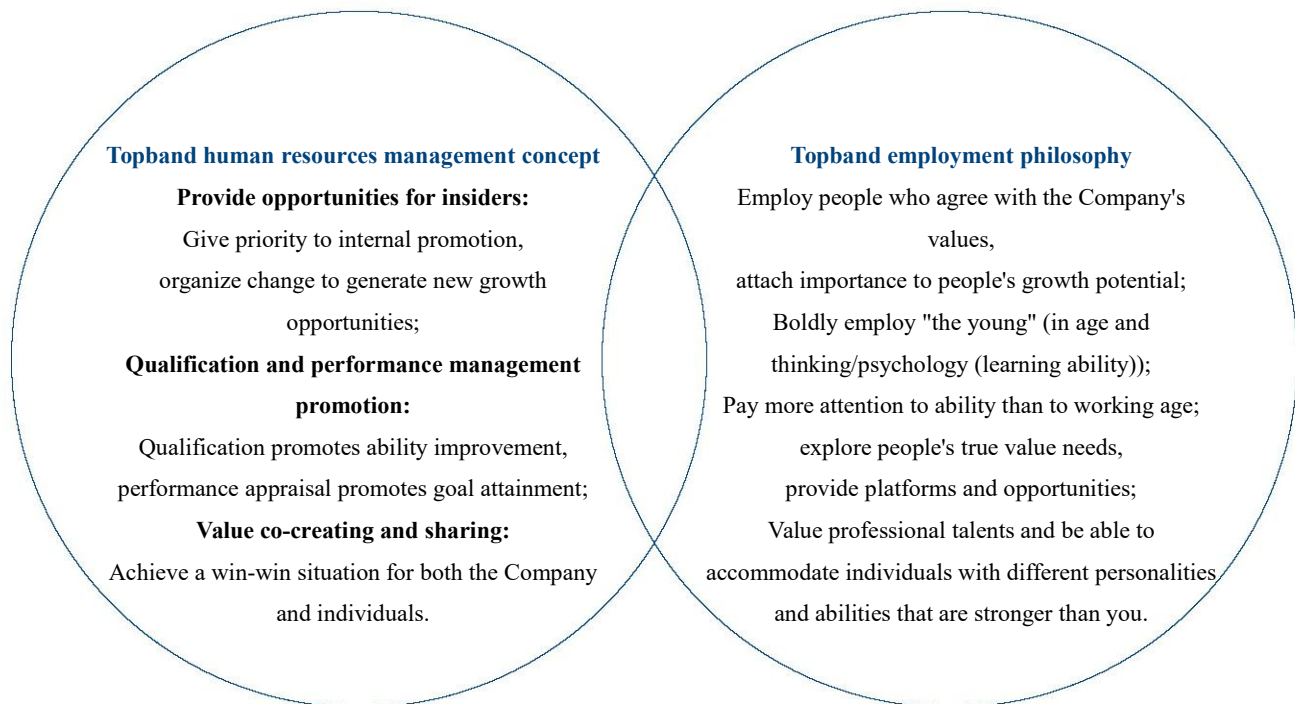
- The Control Procedure for Contingency Reserve and Response, Control Procedure for Hazard Source Identification and Risk Assessment, Management System for Accident Statistics and Report Handling, and Industrial Accident Handling Process have been formulated, to provide guidance for the investigation of occupational health and safety incidents. Once an incident occurs, the emergency plan will be initiated in accordance with the emergency plan of work safety. After the on-site disposal, the Company's administration department will carry out the investigation and handling of the accident, including detecting the cause of the accident, clarifying rectification measures and personnel in charge, rectification implementation plan, etc.

- All employees must participate in and pass the "orientation training in safety" before they take up their posts. The training content includes laws and regulations and relevant safety knowledge, safety signs, electrical safety, industrial injury and occupational disease prevention, fire safety, chemical safety, anti-fraud publicity, first aid knowledge, etc. In addition, the Company regularly carries out training on occupational safety and health every year. In 2022, all new employees participated in the three-level safety training, and the achievement rate of safety education for new employees was 100%.

- The Company has a psychological counseling room, to provide free psychological counseling for employees.

Employee development and diversity

Topband adheres to the corporate spirit of "flying goose spirit - looking at the world and flying together" and the employment philosophy of "respect, inclusiveness, openness, equality, competition, and prioritizing", and adheres to common development and customer satisfaction.



Topband adheres to the core values of "respect and inclusiveness", and is committed to opposing discrimination and harassment, promoting diversity, and creating a healthy cultural environment. The Anti-discrimination Management Procedure of Topband reflects the Company's emphasis on diversity and also ensures that employees are free from any form of discrimination in their work. The Company has formulated the Anti-discrimination Management Procedure to ensure that the Company shall not discriminate against any employee in employment behaviors such as job hunting, promotion, commendation, training, job assignment, salary, welfare, punishment and termination of employment relationship because of the employee's ethnic group, skin color, age, gender, sexual orientation, race, disability, religion, political status, membership, nationality, marital status and gender identity. All employees shall be free from any form of discrimination in all kinds of employment behaviors. Through employee training and clear regulations, the Company makes employees understand and realize the importance of diversity and anti-discrimination, and promotes the harmonious and stable development within the Company. In addition, Topband also carries out diversified local employee activities according to local conditions, to promote the transmission of diversified ideas and create an inclusive and open working atmosphere. These measures not only comply with local regulations and social responsibility standards, but also help the Company attract and retain excellent employees, improve the Company's reputation and brand image.

To ensure the full implementation of the policies, the Company has established a complaint and appeal mechanism. If any internal or external personnel find discriminatory act in the Company, they can report it to the Company's human resources department for resolution, or feed back it to the Company's general manager through the Company's opinion box. The human resources department makes investigation and verification for the reports. If there are any violations, immediate corrective actions shall be taken, preventive measures shall be taken if necessary, and the effectiveness of relevant measures shall be evaluated.

In 2022, employees from ethnic minorities, minority groups, and vulnerable groups (for example, people with disabilities) accounted for 14.04% of the total number of employees, and female employees accounted for 42.27% of the total number of the Company's employees. Topband attaches great importance to supporting minority and vulnerable groups, and has specially formulated corresponding female employee protection systems.

The First Football League of "Topband Cup in Vietnam"

On September 11, 2022, the First Football League of "Topband Cup in Vietnam" opened at Topband Smart Dong Nai (Vietnam) Co., Ltd. The contest lasted for over a month, with a total of 24 teams involved, including 17 men's teams in 4 groups and 7 women's teams in 2 groups. In a total of 49 matches, with love for football and superb skills, the players showed beautiful goals time after time, which contributed wonderful football matches and brought rich and exciting visual experience to the audience.

The contest fully presents the sports spirit of passion, nobility, honesty, and fair competition, as well as the players' spirit of striving hard, unity, and dedication. The contest has also created a healthy and beneficial sports space in Topband (Vietnam), allowing employees who love football to learn and communicate, and strengthening the communication and connection between employees in Topband (Vietnam).



Topband's Regulations on the Protection and Management of Female and Underage Employees (excerpt)

- All female employees of the Company enjoy the same rights as male employees, and have the right to propose opinions and suggestions to the division, audit department, and the Company's leaders through various channels and forms.
- Female employees participate in the Company's management as the male employees, and have the same opportunities and rights as male employees in terms of job promotion, training, remuneration, welfare, etc.
- Except for the special requirements of the post, all female employees can get into work.
- The factory shall not reduce the remuneration or terminate the labor contract of female employees due to pregnancy, childbirth and lactation.
- During pregnancy of female employees, all departments shall not arrange for them to perform the work forbidden during pregnancy. For those no longer competent for their original jobs, departments shall reduce the workload or arrange other posts according to the certificate of hospital.
- For employees pregnant for more than seven months, all departments shall not arrange for them to be on the night shift or extend their working hours beyond normal working days, but shall arrange for them to have a rest for 1 h every day and the time for antenatal care during pregnancy (included in the working hours). If they are standing at work, stools for rest shall be offered.
- During lactation of female employees, all departments shall not arrange for them to perform the work forbidden during lactation, extend their working hours, or arrange for them to be on the night shift.
- Female employees during lactation have two lactation periods for 30 min each time during each shift.

In order to better motivate employees' development, Topband has established a perfect short-term and long-term incentive system. The Company is trying out a broadband remuneration system based on job qualifications, and the salary and growth of employees are closely related to their ability level. For different types of personnel, the Company has also formulated a performance incentive system matching its core value creation, covering all employees. For example, the performance of the general manager of a business unit is linked to the net profit growth of the business unit in the charge of him/her; the performance of salesmen is related to the income generated, the growth of gross profit margin and the ability of business management; the performance bonus of supply chain, manufacturing and quality personnel mainly comes from cost reduction, etc. With respect to long-term incentives, the Company has implemented the equity incentive plan regularly (every three years), and each plan is divided into three years for exercising or unlocking, so as to promote the consistency between rights and interests of employees and interests of the Company. In 2018, the Company granted 42,887,000 stock options to 684 incentive objects, which has been implemented; in 2021, the Company granted 33,951,000 restricted stocks to 1,246 eligible incentive objects, which is being implemented.

In addition, Topband has also established a perfect career development channel and promotion management mechanism, and formulated Qualification Management System, Management Measures for Posts, Professional Titles and Ability Level System and other management measures. Since 2020, the Company has implemented a new qualification system. At present, it has covered nearly 2,000 employees in 50 posts, and continuously carried out qualification certification for eligible employees, thus providing employees with a clear career development direction and opportunities to realize shortcomings. Topband has also launched the IDP (Individual Development Plan) project, to customize individual development and career development planning for core key talents and make monthly/quarterly reviews. In addition, the Company has arranged lectures and consultations on employee career development planning, to further assist employees to better carry out career development planning.

Topband has laid emphasis on promoting internal transfer and supporting the all-round development of employees. In the post qualification model, the Company has clarified the corresponding career development channels: "where does the post come from", "which posts can be developed from the post", and "how to develop across posts", so as to encourage employees to constantly improve themselves, and develop to more advanced, systematic, valuable and suitable posts. Every year, the Company makes an inventory of employees and cadres in all functional departments, and makes personnel adjustment and rotation according to personal ability and potential; the department will also make rotation arrangements according to characteristics and development will of employees, so as to improve work enthusiasm and initiative of employees, promote internal transfer and benign competition, and achieve a win-win situation between employees and enterprises.

The Company also makes the most of the learning and development needs of employees, and has launched a comprehensive and effective training system. Topband has formulated various systems such as External Training Management System, Management Measures for Internal Part-time Trainer, Tutor Management System and Policy on the Company's Encouragement in English Ability Improvement, and made relevant provisions on the management methods of participation of employees in external training and the Company's internal training of lecturers. As for training programs, the Company not only provides employees with training on skills involving sales, purchase, etc., but also provides training on non-skill aspects such as safety, corporate culture, human rights policy and psychological health, and also creates education promotion training programs for employees in need. For internal training, employees can flexibly choose training methods: offline, online and others. The Company hopes that every employee can get high-quality learning suitable for them through the most effective learning portfolio. In 2022, all employees received vocational or skill-related training.

Topband "Lecturer's Day" activity

At the end of August 2022, as the Teacher's Day approaches, Topband launched the "Lecturer's Day" activity once a year. The activity aims to motivate the internal training lecturer team, strengthen the sense of honor of the lecturer team and assist in the construction of the lecturer team. The activity selected two awards: "Best Lecturer" and "Best Popular Lecturer": The "Best Lecturer" was selected by the human resources center according to indicators such as student satisfaction, teaching hours and development hours; the "Best Popular Lecturer" was selected in the form of online voting in WeChat official account.

After selection results were announced, the Company awarded gifts to outstanding lecturers, made an exclusive interview with outstanding lecturers, and issued a "Golden Words of Lecturers" in WeChat official account, conveying the excellent images of lecturers to the inside and outside of the enterprise.



The Company mainly provides corresponding skill training for professional post personnel.	The training, including R&D Special Skill Training, HRBP Training Camp, Sourcing Training Camp, Buyer Training Camp, Internal Trainer Training Camp, Tutor Training Camp, AR\SR Ability Improvement Training Camp, English Improvement Training Camp, Communication Training Camp and Newbie Training Camp, has covered 1,600 persons-time, with the course duration of about 260 h.
Management skill training	Conduct 10 sessions of management skill improvement training camp for about 480 h.
Skill training conducted within various departments	Conduct nearly 1,000 sessions for about 2,000 h.
Employee skill training	Include employee orientation training, rookie training, on-the-job training, job transfer training and special post skill training, with average training hours of employees of 20 h.

Training-related data

Employee training persons-time	Person-time	The annual total training person-time is more than 20,000 persons-time.
Employee training investment amount	RMB	The total investment is about RMB 2 million.
Total employee training hours	h	About 160,000 h (including all training)
Average employee training hours	h/employee	Average 15 h/person/year
Average training time for employees of different genders and categories	h/employee	The average training time for female employees is about 10 h/person. The average training time for male employees is about 18 h/person; The average training time for professionals is about 8 h/person/year; the average training time for management personnel is about 6 h/person/year.

Employee care and communication

Topband has made five major plans: "'Topband' Ease Plan", "'Topband' Growth Plan", "'Topband' Happiness Plan", "'Topband' Love Plan" and "'Topband' Housing Plan", to provide care for employees from all aspects of physical and psychological growth. The welfare system covers all scenarios, and reduces the worries of employees.



"Topband" Ease Plan

Social insurance and housing fund: endowment insurance, medical insurance, maternity insurance, employment injury insurance, unemployment insurance, and housing fund.
 Statutory holidays: annual leave, marriage leave, maternity leave/paternity leave, sick leave, funeral leave, etc.
 Supplementary leave: paid travel leave.
 Daily welfare: free shuttle, free dormitory, cheap canteen, welfare shop, afternoon tea, birthday cards and holiday gifts.
 Overseas benefits: overseas subsidies, home leave, personal accident insurance and family visit subsidies.

"Topband" Growth Plan

Internal training: According to different stages of people career, work out different training plans and management modules, including rookie management (newbie and social recruit), professional skill training (R&D, sales, supply chain...), cadre management (newcomer, struggler and leader), etc.
 External learning: For those in need of external training, all or part of the training expenses can be reimbursed.
 Scholarship for education promotion: Encourage internal personnel in continuous education promotion, and give scholarships to those realize education promotion.
 Internal teaching reward: Create a complete internal training course system and an excellent lecturer team, and give corresponding rewards to lecturers engaged in development and teaching of courses.
 Talent recommendation reward: Encourage on-the-job employees and external personnel to introduce all kinds of talents to the Company, and reward them upon recommendation.

"Topband" Happiness Plan

Interest associations: At present, all bases have more than 20 interest associations. Rich activities can be implemented for relax.
 Employee activities: Monthly organize colorful cultural activities, including fun sports game, fitness and weight loss activities, skill competition, sports carnival, summer parent-child summer camp, singer contest, e-sports competition, engineer's day, New Year party, etc.
 Festival activities: including guessing lantern riddles at the Lantern Festival, making zongzi at the Dragon Boat Festival, garden party at the Mid-Autumn Festival, annual meeting at the Spring Festival, etc.
 Annual tourism/group construction: Tourism funds and group construction funds are provided.
 Recreational facilities: Free gym, dance room and children's amusement park are provided for employees, and activity venues such as basketball court, badminton court, ping pong room and billiard room are available.

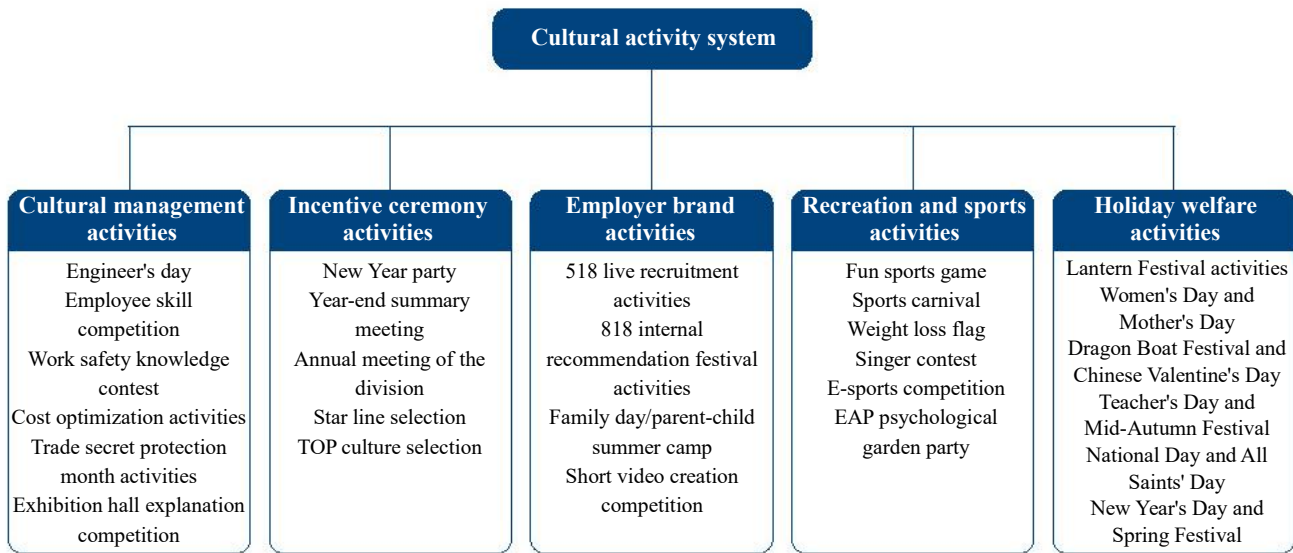
"Topband" Love Plan

Periodic physical examination: Annually organize all employees to take physical examination, to assist employees to better manage their physical health.
 Psychological care for EAP employees: Full-time psychological counselors are assigned, to provide free psychological counseling services for formal employees and their immediate family (parents, children and spouses), thus promoting physical and psychological health and improve happiness.
 Employee experience care: An employee experience platform is set up, so that employees can put forward suggestions and ideas, and explore new demand for improvement of software and hardware.
 Love fund: When employees or their immediate family encounter serious diseases, accidents, emergencies, etc., they can apply for the Company's love fund, to help over the difficulties.

"Topband" Housing Plan

Talent public rental housing: Shenzhen talent public rental housing can be provided for internal employees.
 Household registration transfer: Shenzhen headquarters can provide household registration transfer and affiliation services for those who meet the requirements of transfer to Shenzhen household registration.

Topband has established a rich system of cultural activities, which comprehensively covers five types of activities: cultural management, incentive ceremony, employer brand, recreation and sports, and holiday welfare. In 2022, diversified special welfare activities were throughout the whole year.



Playful and Cheerful Tour, Meeting "Sunny" Days

On August 23, 2022, Topband's first summer parent-child summer camp for 3 weeks came to a successful conclusion. The summer camp has set up colorful courses for children, including knowledge courses, special classes for children's safety education, DIY fun activities, etc.

The activity of family open day of "Playful and Cheerful Tour, Meeting 'Sunny' Days" is also one of the special activities in the summer camp, which aims to provide employees with the opportunity to enjoy weekend leisure time with their children and make them experience their parents' working environment. Interesting parent-child interactive games and other activities strengthen the communication between parents and children, strengthen their feelings, and make children fully experience the fun brought by learning and games.



Topband lays emphasis on effective communication and dialogue with employees, to protect rights and interests of employees. The Company actively takes employee dialogue measures, and establishes a dialogue mechanism represented by Yanxingzhe, "employee experience platform" and "employee communication meeting". In order to understand attitudes of employees towards the Company's related measures, the Company conducted an annual employee satisfaction survey through Q20 questionnaire. The Company notifies employees and their representatives at least 1 week in advance before implementing major operational changes that may have a significant impact on the Company and employees.

Yanxingzhe

It is a platform founded in December 2005 that Topband passes on information, spreads ideas, shows the elegance of employees and express personal feelings. Adhering to the aim of "openness, truthfulness, boldness and incisiveness", Yanxingzhe has become a spiritual reading for Topband people, which come down in one continuous line as corporate culture and shows the wisdom and charm of the employees. Yanxingzhe calls for works of all employees of the Company, including news reports, interviews, documentaries, professional sharing, personal style, essays, travel notes, art, etc., with unlimited theme and genre, encouraging employees in free creation and inspiration.



"Employee communication meeting"

Every quarter, the Company's administration department organizes an employee communication meeting, and each department assigns representatives for attending. At the communication meeting, representatives can feed back the questions daily raised by employees in departments, and the administrative team answer them on the spot, or agree on solutions for problems to be rectified. In 2022, the Company held 2 employee communication meetings, and solved 29 problems fed back by employees.



Employee communication meeting

"Employee experience platform"

The platform relies on enterprise WeChat of office platform, and all employees can express their suggestions and opinions on the Company's physical environment, technical environment, culture and other aspects at any time by scanning QR codes, leaving messages and other means. After receiving the proposal, the administrator of the platform will follow up the proposal and contact the person in charge of the problem to handle or explain the proposal. Every two weeks, the administrator will publish the reply to the questions received by the platform. In 2022, the platform received more than 600 employee proposals.



Q20 employee satisfaction survey

In the Third Quarter of 2022, the Company carried out an annual survey of organizational atmosphere, covering all the branches and subsidiaries of the group company (excluding research and control), and improved the organizational atmosphere by understanding and analyzing employee engagement. The survey focused on 5 aspects: primary need, evaluation and encouragement, teamwork, career development and collective honor, and concluded suggestions for improvement of the organizational atmosphere through horizontal and vertical comparison.



Building a Sustainable Supply Chain

Topband attaches importance to supply chain safety, and establishes a sustainable and responsible supply chain system, to ensure product quality and reliability. The supply chain management standards implemented by the Company include the standards for assessment and selection, management and tracking, continuous improvement, etc. of suppliers. A comprehensive supplier management system is established, to ensure suppliers comply with the Company's ethical and legal standards.

To build a responsible and sustainable supply chain, the Company has formulated a sustainable purchase policy based on the Agreement on Environment and Occupational Health and Safety of Interested Parties, ETI Basic Guidelines and TB-CSR-2019 Code of Conduct. When new suppliers are introduced, the Company will review whether suppliers are in compliance based on this framework. In addition, in order to ensure the diversity, equality and inclusiveness of suppliers and supply chains, the Company has implemented the Regulations on the Protection and Management of Female and Underage Employees, to protect their legitimate rights and interests as well as health in productive labor; in order to effectively prevent materials, parts, components and products containing harmful substances from being incorporated or used, the Company has implemented the AD-TB-RD-21B Standards for Management of Hazardous Substances in Products of Topband Products, and put forward the requirements for the control of hazardous substances for suppliers and internal teams of the Company, so as to assist all parties to understand and clarify the clear standards of hazardous substances in environmental laws, regulations and markets, ensure that all links comply with laws, regulations and customer requirements, and reduce the impact of hazardous substances on human health and the environment.

On this basis, Topband has implemented the TB-TQP-10P Control Procedure for Supplier Management to ensure that the supplier qualification meets the Company's requirements, implements strict access approval, and selects suppliers that meet the Company's sustainable development requirements; continuously monitors the products and services provided by suppliers, and ensures that they meet the requirements of Topband.

Every year, the Company carries out monthly performance appraisal and annual audit on suppliers of product assembly, parts and raw materials, and implements the punishment mechanism to ensure the compliance of suppliers. Topband has set up a supplier review team composed of departments of purchase, R&D/engineering, SQE/quality and supply chain, and carried out an all-round assessment of suppliers through corporate social responsibility risk analysis, questionnaire, on-site audit, etc., so as to effectively prevent and correct the problems identified.

At the same time, in order to strengthen the sense of responsibility in the supply chain environment and society, the enterprise has arranged relevant training for purchase personnel, and incorporated the sustainable purchase objectives into the performance appraisal of purchase personnel, and controlled them through the sustainable purchase assessment form, to promote the all-round implementation of sustainable supply chain management.

Topband also actively participates in supply chain risk management, makes use of risk assessment and early warning mechanism to timely discover and respond to potential risks (natural disasters, policy changes and other uncertain factors), and ensure the stable operation of the supply chain. In addition, the Company also focuses on training suppliers, empowering suppliers, improving their knowledge and awareness of sustainable development and environmental protection, and promoting the sustainable development of global supply chains.

By establishing scientific and rigorous supply chain standards and risk management mechanism, Topband continuously strengthens its core competitiveness in supply chain security, thus providing customers with more reliable products and services.



On-site Audit of Suppliers



Summary on Final Meeting of Suppliers

Controlling the conflict mineral issues through multiple systems

Conflict mineral is an important issue in sustainable supply chain management. The Company recognizes the risks of mining, trading, transporting and exporting minerals in high-risk areas mentioned in the OECD Guide to Responsible Supply Chain Due Diligence for Mineral from Conflict-affected and High-risk Areas (OECD Annex II Model Supply Chain Policy), and is committed to observing laws and ethics in all business practices, upholding a responsible attitude during purchase, and ensuring that metals from conflict-affected and high-risk areas are not used or included in products and packages.

Adhering to the principle of respecting human rights and not contributing to conflict business, Topband has formulated a model policy of global responsible supply chain for minerals in conflict-affected and high-risk areas, and made a series of commitments including "not tolerating serious infringement acts related to mineral mining, transportation or trade".

To effectively identify and trace the source of raw materials, Topband has signed the Commitment of Not Using Conflict Minerals with suppliers, and required downstream enterprises to make detailed risk analysis of conflict minerals and suppliers to fill out Conflict Mineral Report Template (CMRT), etc.

To ensure the effective implementation of the policy, in the case that suppliers repeatedly fail to respond to the conflict mineral issues, the Company will initiate the procedure of disassociation. At the same time, the Company has set up an Employee Complaint Handling Process for conflict mineral issues, so as to record and feed back related issues.

Participating in social activities for public good

School-enterprise cooperation

Topband has actively made school-enterprise cooperation for many years, paying attention to social responsibility and educational development. In 2021, Topband and Huizhou University started the school-enterprise cooperation strategy, and established a teaching practice base in Huizhou University, to promote the cultivation of compound talents suitable for social development. Topband also established special scholarships, and sponsored academic competitions and cultural and sports activities for teachers and students, to guide students to grow up and become a talent. In 2022, Topband continuously promoted the deepening of school-enterprise cooperation. In December 2022, the Company awarded scholarships totaling RMB 100,000 to outstanding students in most colleges of Harbin Institute of Technology through "Harbin Institute of Technology (Shenzhen) - Shenzhen Topband Intelligent Technology Scholarship". In November 2022, Huizhou Topband Party branch and the Party general branch committee of School of Electronic Information and Electrical Engineering of Huizhou University held a signing ceremony for party building under cooperation to promote development through party building.



Signing Ceremony for Party Building Under Cooperation on November 14, 2022



Public welfare activities

In 2022, taking Topband as the center, Topband worked together with its volunteers and community workers to carry out various social welfare activities in the surrounding communities and built good community relationships with the local communities. In 2022, the Company's party committee and volunteer association held more than 50 activities, covering condolence for special children, poverty alleviation and agricultural assistance, care for the elderly in nursing homes, etc., and fulfilled the spiritual purpose of "gratitude, dedication, mutual assistance and progress".

In June 2022, the Company donated RMB 10,000 to Zhongkai Branch of Huizhou District Charity Federation. In terms of social care and rural revitalization, Topband has carried out a series of social welfare care activities, such as care for families of special children, condolence to people in difficulties, assistance for farmers with unsalable melons, and free delivery of medicines. In April 2022, the Company donated RMB 10,000 to Shenzhen Courageous Deed Foundation, to support the cause of courageous deeds. These activities have brought warmth to the surrounding communities, and also made positive contributions to rural revitalization and social and public welfare undertakings.

In 2023, Topband will continuously further carry out more public welfare care and rural assistance activities, and continuously practice corporate social responsibility on the road of social care and rural revitalization.



Activities of Company and Condolence to Mentally Handicapped Children on November 12, 2022



Activities of Company and Condolence to Mentally Handicapped Children on November 12, 2022



Participation in the Charity Sale for Care for the Mentally Handicapped on August 6, 2022

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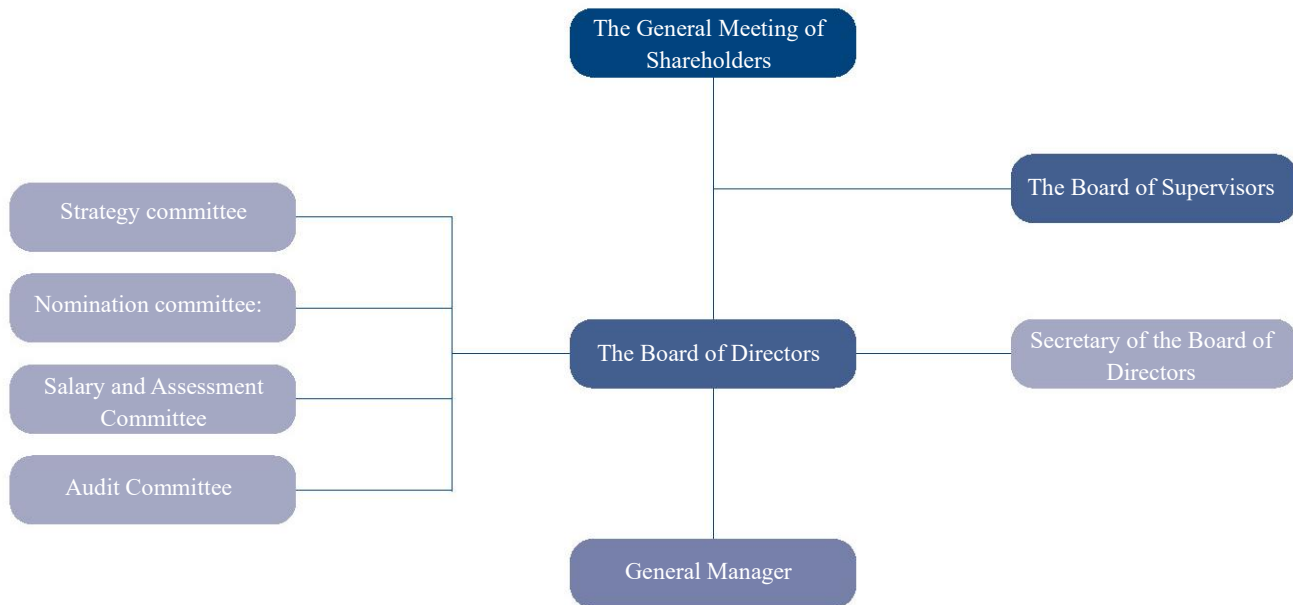
Governance

Perfect corporate governance is the "anchor" for enterprise operation and development. Since listing, Topband has continuously strengthened corporate governance, legally established a perfect governance structure and governance system of the Board of Directors, and protected shareholders' rights and interests through various ways. In addition, Topband has also continuously strengthened the construction of compliance management system, risk management system and information security protection mechanism, to avoid and prevent operation risks and ensure the steady development of enterprises.



Strengthening Corporate Governance

Governance structure



A perfect corporate governance structure can effectively protect the equal and legitimate rights and interests of all stakeholders. Combined with the enterprise development, Topband has established a governance structure including the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management in accordance with the requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, and exercised the decision-making power, executive power, supervision power and business responsibilities respectively, so as to ensure the efficient operation of the Company with a multi-level governance system with clear powers and responsibilities.

The General Meeting of Shareholders is the highest authority of the Company. The general meeting of shareholders strictly follows the relevant laws and regulations and the Articles of Association to perform the convening and deliberation procedures, and exercise voting rights on major issues such as the Company's external investment, financing, profit distribution, and equity incentive.

The Board of Directors is the decision-making body of the Company, which is responsible to the General Meeting of Shareholders. It consists of four special committees: audit committee, remuneration and appraisal committee, nomination committee and strategy committee, and has formulated work procedures, to standardize the operation of those special committees. Members of those special committees shall completely consist of directors, which are responsible to the Board of Directors and perform their duties according to relevant articles of association and authorization of the Board of Directors. In the audit committee, nomination committee, and remuneration and appraisal committee, independent directors shall constitute a majority, and take the position of convener. The convener of audit committee shall be professional.

The Board of Supervisors is the Company's supervisory body, which is responsible to the Company's General Meeting of Shareholders, supervises the legal compliance of the Company's major issues, financial position and the performance of directors and senior executives, and promotes the Company's standardized operation. During the reporting period, the Board of Supervisors, in accordance with the requirements of relevant laws and regulations and in the spirit of being responsible to investors, has conscientiously performed its duties, supervised and inspected the performance by the Board of Directors, directors, the management and other senior executives of the Company, supervised the Company's production and operation, financial position and major issues, and expressed the opinions of the Board of Supervisors.

All the time, Topband has been committed to making the Company's development strategy closer to the market and better implemented the strategy in operating management. In 2022, the Company has held 4 General Meetings of Shareholders, 12 Meetings of Board of Directors, 12 Meetings of Board of Supervisors, 4 meetings of audit committee, and 2 meetings of remuneration and appraisal committee, so as to ensure the Company's major decisions are legal, compliant, feasible and effective.

In terms of prevention and reduction of conflicts of interest, the Company has formulated a series of targeted management mechanisms, to comprehensively reduce the risks of various conflicts of interest through clear responsibilities and transparent rights and interests.

Clear responsibilities

- **Responsibilities of senior executives:** Upon deliberation by the Board of Directors and the General Meeting of Shareholders, senior executives and responsibilities are clearly defined in the Articles of Association, and Non-compete Agreement is signed.
- **Responsibilities of controlling shareholders:** The basic obligations of controlling shareholders are clearly defined in the articles of association, such as increase or decrease in the holding of the Company's shares and provision of counter-guarantee for the Company's assets to controlling shareholders and other information disclosure obligations.
- **Exclusion of voting rights:** The avoidance and voting procedures for shareholders and directors of related transactions have been formulated in the articles of association.
- **Related transaction management:** Related Transaction Management System has been formulated, and related information of related transactions has been regularly disclosed in regular reports.
- **Responsibilities of employees:** Sign Non-compete Agreement with employees, to restrict and stipulate (business and investment) and other aspects; implement the system of avoidance of relatives and recommendation across divisions or departments.

Transparent rights and interests

- Responsibilities of shareholders and prevention of conflicts of interest: Strictly observe the articles of association, the relevant proceedings of the General Meeting of Shareholders and the Board of Directors, and follow the principle of equality of shareholders.
- Open and transparent information disclosure system.
- Supervision of the management by the General Meeting of Shareholders, the Board of Supervisors and independent directors.
- Shareholders' rights to request for convening an Extraordinary General Meeting of Shareholders and voting trust, etc.
- Independent directors openly solicit voting trust.

Governance of the Board of Directors

The Board of Directors of Topband consists of 9 directors, including 6 non-independent directors and 3 independent directors (including one female director). 6 non-independent directors include 2 employee representative directors; 3 independent directors are independent of the actual controllers, controlling shareholders and other related parties of the Company. More than half of the directors in the audit committee, nomination committee and remuneration and appraisal committee are independent directors. They act as conveners, to independently make judgments and express opinions on major issues related to the Company as external experts, objectively supervise the decision-making level and improve the corporate governance level.

The Board of Directors has been conscious of the importance of continuous improvement of its own performance to leading the Company, so it has paid great attention to the selection process and ability training of management team members. Directors of the Company shall be reelected every 3 years. The election process fully considers the opinions of shareholders and employees. The replacement of non-employee representative directors must be submitted by the Board of Directors and resolved by the General Meeting of Shareholders, and the replacement of employee representative directors must be resolved by the congress of workers and staff. During selection of directors, Topband not only pays close attention to the professional competence of candidates in their fields of work, but also fully emphasizes the Company's management experience and abilities in decision-making judgment, risk prevention, talent identification and employment, and pioneering and innovation, so as to ensure accurate insight of the Board of Directors into the industrial operation environment and front-end market.

As an important reflection of the governance process of the Board of Directors, the Company has deliberated and adopted the Rules of Procedure of the Board of Directors, and set up the procedures for reporting the affairs of the Board of Directors by various departments. For example, the general manager shall make an annual work report to the Board of Directors through the procedure every year and submit major business matters to the Board of Directors for deliberation. Topband attaches great importance to the Company's long-term growth and employee incentive system. Since listing, Topband has regularly implemented the equity incentive plan, assessed the Company's equity incentive according to the assessment results in each assessment year, and reported the assessment results to the Board of Directors for deliberation and approval before exercising or unlocking.

Related data of annual total remuneration ratio

Ratio of the annual total remuneration of the highest earning individual in the Company to the median of the annual total remuneration of all employees	18.37
Ratio of increased percentage of the annual total remuneration of the highest earning individual in the Company to the median of increased percentage of the annual total remuneration of all employees	-1.22%

Shareholder's equity

In order to make shareholders more aware of many details or major issues in the operation of Topband and enhance the supervision and management role of small and medium investors, the Company has set up a network information disclosure platform and an investor hotline, aiming at timely and accurately disclosing important issues that have a significant impact on investors' decision-making, especially those involving conflict of interest information.

Topband performs information disclosure in strict accordance with the Rules Governing the Listing of Shares on Shenzhen Stock Exchange, Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 – Standardized Operation of the Companies Listed on the Main Board issued by Shenzhen Stock Exchange, and Administrative Measures on Information Disclosure by Listed Companies, and discloses regular reports and temporary announcements truly, accurately, timely, completely and fairly through the information disclosure media designated by the CSRC, so as to ensure that all investors can obtain the Company's information fairly. In addition, voluntary information disclosure shall be moderately increased on the basis of ensuring the compliance of information disclosure, to improve the reference and practicality of the Company's information disclosure. The Company regularly discloses the cross appointment of the Board of Directors, related cross shareholding with suppliers and other stakeholders, shareholding of controlling shareholders and daily related transactions in the year by announcement, and gives shareholders the rights and interests to consult and copy the articles of association, minutes of General Meeting of Shareholders, resolutions of Meetings of the Board of Directors, resolutions of Meetings of the Board of Supervisors, and financial and accounting reports, so as to ensure the transparency of the Company's information.

In 2022, Topband disclosed 4 regular reports and 102 other announcements on the website of Shenzhen Stock Exchange and <http://www.cninfo.com.cn>. In 2022, the Company released the second annual social responsibility report, which set forth the performance of corporate social responsibility from all stakeholders (government, suppliers, customers, employees, investors, etc.) of listed companies, and responded to the main issues of concern of stakeholders in environment, society and governance, thus providing investors with a channel for comprehensive understanding of the Company in addition to the annual report. Since 2021, the Company has increased the disclosure of annual reports and ESG reports in English, which facilitates investors to understand the Company from multiple aspects in addition to the operating data, and provides convenience for the overseas investors to read.

While improving the information disclosure system, Topband is also actively building a bridge for information communication, maintaining communication with the capital market by organizing on-site research and teleconferences, holding regular report interpretation meetings, and major event teleconferences, and promoting the Company's value and protecting the rights and interests of the investors. Topband also irregularly holds online exchange meetings and other activities for investors in Shenzhen. By increasing the frequency of on-site visits and online communication, Topband increases the investors' publicity and guidance on the Company's industry, industry development trends, and competitive advantages, promotes the consistency of interests between shareholders and the Company's management, increases the investors' confidence, and ultimately benefits investors.



In 2022, Topband held 4 regular teleconferences to fully disclose the participants and exchange contents and maintain information sharing among investors; the number of roadshows increased year-on-year. More than 100 roadshows were completed through field research, teleconferences, strategy meetings, anti-roadshows and other means, and 23 research minutes were disclosed. The contents of the meeting exchanges and key issues that investors are more concerned about were disclosed promptly in the form of research minutes. At the same time, 409 interactive responses were completed in time, which facilitated investors to obtain the Company's business dynamics in time. In October 2022, the Company was successfully brought into the range of "margin trading target" shares in Shenzhen Stock Exchange, and the trading activity of investors was improved.

In addition, Topband also fully emphasizes the shareholders' participation in governance. For example, the General Meeting of Shareholders of the Company deliberates and approves the Remuneration Management System for Directors, Supervisors and Senior Executives, and the annual remuneration of the Company's directors and supervisors must be submitted to the Annual General Meeting of Shareholders for deliberation every year. In terms of protecting the rights and interests of minority shareholders, the Company's General Meeting of Shareholders provides two ways (online voting and on-site participation) to participate in the meeting, to ensure and support minority shareholders to exercise their voting rights and ensure that all shareholders enjoy equal status; during deliberation of each proposal, separate vote counting shall be conducted on matters that affect the interests of minority shareholders to ensure their right to speak; the directors, supervisors and senior executives also fully respect the rights and interests of medium and small investors and facilitates the exercise of supervision by minority shareholders.

Topband values reasonable investment returns for investors, establishes the consciousness of rewarding shareholders, and takes into account the sustainable development of the Company, to maintain a continuous and stable profit distribution and cash dividend policy. On the premise of ensuring sufficient cash dividends and a reasonable size of the Company's share capital, the Company has formulated long-term and relatively stable profit distribution methods and practical and reasonable dividend plans based on reasonable returns to investors (especially minority shareholders), actively rewarding shareholders.

In April 2022, the Company continuously rewarded the investors through cash dividends and other means. Based on the 1,254,260,172 shares after the repurchased shares in the Company's repurchase account are deducted from the total share capital on the equity registration day, the Company distributed a cash dividend of RMB 0.5 (including tax) to all shareholders for every 10 shares, and completed the dividend amount of RMB 62,713,008.60 in 2021. The plan was implemented in April 2022.

Corporate Profit Distribution from 2019 to 2021¹²

	2019	2020	2021	Total
Cash dividend Amount (including tax)	50,375,872.45	56,018,894.45	62,713,008.60	169,107,775.50
Net profits attributable to ordinary share shareholders of listed companies in the annual consolidated statements of dividends	326,982,110.07	532,161,123.64	564,964,282.18	1,424,107,515.89
Ratio of cash dividend amount to the consolidated net profit attributable to the parent company	15.41%	10.53%	11.10%	11.87%
Repurchased share amount	55,898,367.50	20,004,351.75	0	75,902,719.25
Ratio of repurchased share amount to consolidated net profit attributable to the parent company	16.90%	3.74%	0	5.33%
Total cash dividends (including repurchase forms)	106,274,239.95	76,023,246.20	62,713,008.60	245,010,494.75
Ratio of total cash dividends (including repurchase forms) to consolidated net profit attributable to the parent company	32.52%	14.29%	11.10%	17.20%

¹² The net profit attributable to ordinary share shareholders of the listed company in the annual consolidated statements of dividends in 2019 and 2020 is the data after retrospective adjustment in the 2021 annual report.

In March 2022, the Company released the Repurchase Report, which is the third repurchase after the repurchase of the Company in 2018 and 2020. Based on the confidence in the future development prospects, the recognition of the Company's value, and the Company's long-term sustainable development, the Company decided to repurchase some shares of the Company by centralized bidding with its self-own funds of RMB 40 to 60 million, and all the repurchased shares will be used for equity incentives in the future. As of the end of 2022, the Company has completed a repurchase amount of RMB 52.4345 million, with an average transaction price of RMB 10.21.

From 2019 to 2021, the Company has accumulated a net profit attributable to the parent company of RMB **1.424** billion.

Accumulated cash dividends (including repurchased shares) of RMB **245** million

Average dividend ratio reaching **17.20%**

Since listing in 2007

The Company's accumulated cash dividends (including repurchased shares) are RMB **682** million.

Average dividend ratio reaching **27.68%**

Since listing in 2007, the Company has repurchased **20** million shares.

Accumulated repurchase amount of RMB **132** million

In 2022, the Company planned to distribute a cash dividend of RMB 0.6 (including tax) to all shareholders for every 10 shares based on a total share capital of 1,264,354,172 shares (excluding 5,181,200 repurchased treasury shares). This plan should be deliberated and passed by the Company's General Meeting of Shareholders in 2022 before implementation.

Preventing Operation Risks

Compliance and risk management

Topband always adheres to the compliance business philosophy of integrity, honesty, and reliability. Through a series of measures, such as improving the compliance and risk management system construction, cultivating employees' awareness of compliance, and setting up compliance supervision mechanism, Topband will actively improve the Company's compliance and risk management level and ensure the legal and compliant development of the Company's business. The Company also actively advocates the establishment of a fair, just and honest business environment, strictly regulates business transactions, adheres to business ethics, and lays a solid foundation for achieving sustainable management.

Based on years of management experience, Topband has developed systems related to compliance management and business ethics such as the Topband Group Business Conduct and Compliance Guidelines, Corporate Accountability, Administrative Measures for Complaints and Reports on Anti-unfair and Fraudulent Acts, Administrative Measures for Declaration of Conflicts of Interest between Employees and the Company, Administrative Measures for Anti-unfair Competition, and has formed an internal control management system with the human resources department and audit department as supervisory departments based on the Internal Control Management System.

The Company also attaches great importance to the construction of clean governance and actively creates an incorruptible culture around anti-bribery and anti-corruption. Topband has formulated the Anti-commercial Bribery Agreement, which explicitly stipulates policies related to gifts, hospitality, company entertainment, etc., and clearly states no acceptance of gifts and any benefits or fees from trading entities. Before signing the cooperation contract with the third party, Topband also asks it to sign the Integrity Commitment Letter and the Anti-Commercial Bribery Agreement to realize the integrity management of the whole chain.

In the Administrative Measures for Complaints and Reports on Anti-unfair and Fraudulent Acts, Topband has clearly set up reporting channels for compliance issues, including two ways: hotline and reporting email. All employees can report issues through the two ways: hotline and reporting email, including anonymous reporting. Any reports received will be carefully and promptly reviewed and approached. At the same time, according to the Regulations on the Protection of Whistleblowers, the Company will strictly protect the personal information of whistleblowers, and also reward them with bonus if the report is verified to be true. For violations, the Company will take disposal measures such as credit score deduction, warning, demerit recording, dismissal, and even transfer to judicial authorities depending on the severity of the situation, and announce a warning within the Company.

While continuously improving the compliance and risk management system, Topband fully recognizes that compliance and risk management is also the responsibility of every employee in the Company, and shall make the awareness deeply imprinted in people's mind. In order to assist employees to understand the Company's requirements on compliance and risk management, the Company carries out publicity activities through multiple channels, such as the intranet, the official website, the anti-fraud official account of the Company's audit department, and the internal publication Yanxingzhe, to ensure that the relevant concepts and mechanisms are deeply imprinted in people's mind. The Company actively integrates and summarizes the situations and experience encountered in previous work, and has launched a series of special lectures on practical issues, such as Risk Identification and Control in Transaction from the Perspective of Contract Terms, Legal Risk Control Training of Advertising Law, Preservation of Litigation Evidence in Commercial Transactions, Signal Identification and Prior Prevention and Control of Customer Performance Risk, etc., comprehensively covering case interpretation, current affairs express delivery, group policy interpretation and other key learning contents. The Company also provides anti-fraud and incorruptible culture training to new employees every year.

Since its listing, under the guidance of the audit committee, the Company has continuously strengthened internal audit supervision, covering the internal control cycle, daily operational activities, system compliance construction, anti-fraud supervision and other matters of the Company and its holding subsidiaries within the system. In 2022, the Company conducted a total of 22 internal control audit projects, proposed 62 audit recommendations, handled 15 dismissals for violations of rules and regulations, recorded 28 major demerits, promoted loss recovery and cost reduction, and saved approximately RMB 9.68 million.



Training site of the Preservation of Litigation Evidence in Commercial Transactions



Training site of the Risk Identification and Control in Transaction from the Perspective of Contract Terms



Compliance Publicity-Submission of Yanxingzhe

In the future, Topband will continuously enhance the supervision efforts, strengthen the compliance and risk management capabilities, improve various management measures, and cooperate with the industry and market to contribute to purifying the business environment and maintaining sustainable and stable operations. The Company will further improve the internal control and management system, including risk assessment, early warning, monitoring, etc., and ensure timely identification and control of compliance risks; strengthen the supervision of third-party suppliers, establish the supplier assessment, management and appraisal mechanisms, and ensure that all aspects of cooperation with them comply with the Company's compliance requirements; continuously strengthen the training and publicity of employees' compliance awareness, and further enhance employees' compliance awareness and risk prevention capabilities through regular training courses, internal competitions, etc.; continuously optimize the Company's internal complaint reporting mechanism, encourage employees to report problems in time, investigate and handle problems reported in time, and publicly report them; further strengthen communication and cooperation between the Company and regulatory authorities and other relevant parties, and jointly promote compliance standards and regulatory requirements in the industry.

Comprehensive prevention of operation risks by information means

Legal risk prevention

In 2022, the Company's legal department deliberated contracts and model contracts through the OA process, reviewed and signed back 4,934 business contracts, and completed the contract performance review and contract archive inspection of supply and sales contracts, to effectively prevent various business legal risks. In 2022, the Company added a receivable accounting approval node for sales contracts, effectively regulating customers' collection methods, and preventing financial risks caused by commercial bills or supply chain financing bills.

Integrated supply chain management

In 2022, the Company expanded the supplier introduction channels and added a "supplier self-recommendation" channel on its official website, effectively avoiding human factors preventing the introduction of suppliers. The Company has also completed the construction of a competitive supplier development and management process, forming supplier competition, BOM competition and order quota competition.

Inventory as well as material preparation risk analysis and control

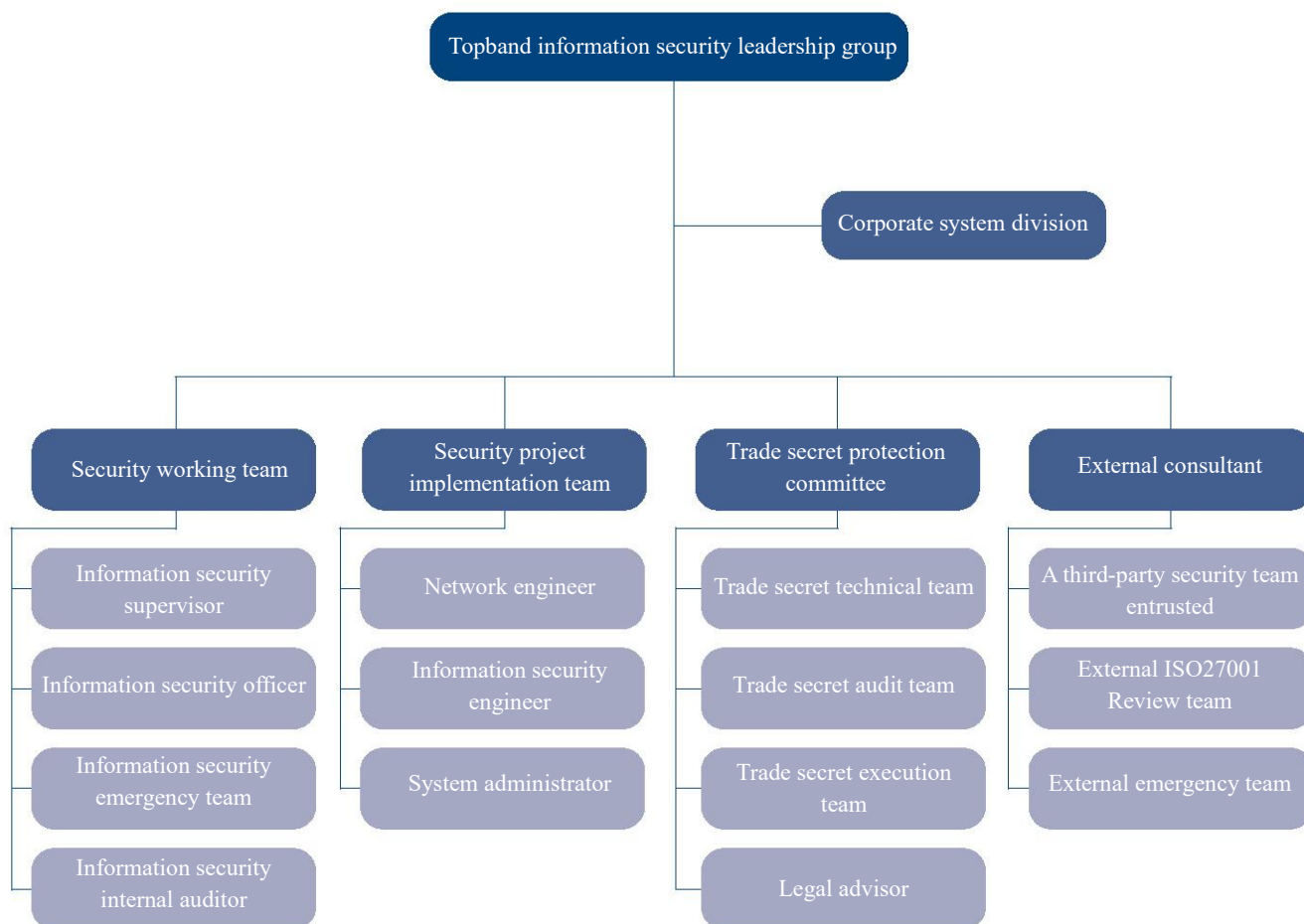
Based on the Topband data analysis platform, the Company establishes an inventory risk monitoring and analysis mechanism, which categorizes system library into several types such as normal inventory, strategy inventory and risk inventory in real-time, assists businesses in identifying risks in advance and handling potential inventory issues. Based on the prediction coverage of long-term key material preparation as well as demand and supply market conditions, the Company can adjust and guide the time and quantity of supplier preparation and incoming materials through the ERP material preparation strategy, effectively reducing material preparation and inventory risks based on customer delivery.

Credit management and accounting period management control

Based on the SAP credit management function, the Company achieves automatic credit control through relevant business activities in the system on the premise of determining customer credit conditions, to minimize credit risk when delivering goods or services. Based on SAP's accounting period management function, the Company can effectively manage the payment terms and days of customers and suppliers, automatically determine the accounting period base date and expiration date through business activities, and issue aging reports, to realize risk control of overdue accounts receivable and payable.

Information security protection

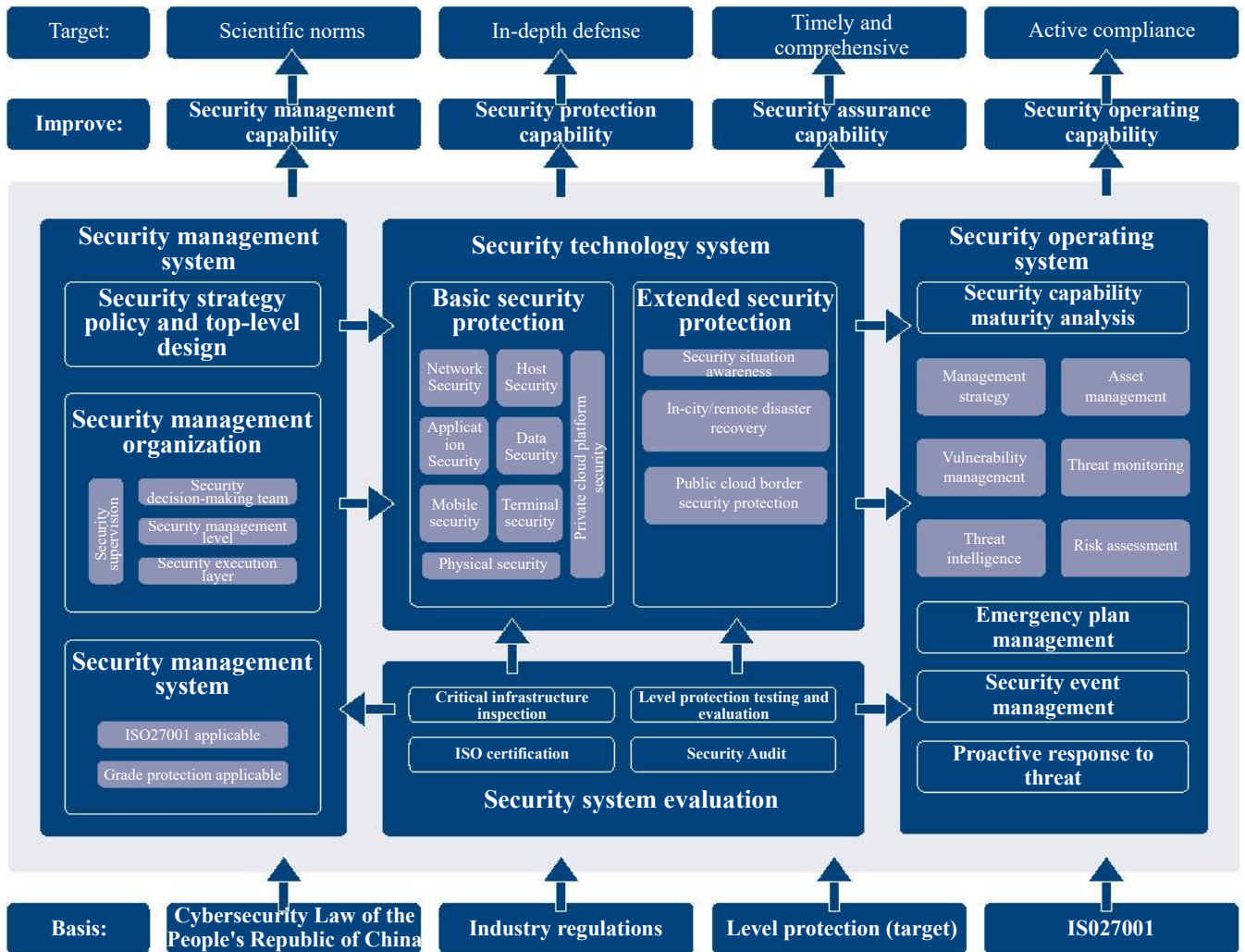
Information security is the top priority of Topband's operation management. Therefore, the Company has established an information security leadership group, created a professional information security management team, and continuously improved the overall security management system. Under the multi-team collaborative framework of building a security working group, security project implementation group, trade secret protection committee and external consultants, a three-level information security management structure has been formed. The information security is implemented in the daily operation of the Company by empowering the four security lines.



Organizational Structure of Information Security Leadership Group of Topband

Trade secrets, as an important component of intellectual property, play an important role in the technological innovation. The Company incorporates trade secret protection and management into its overall development strategy and establishes a trade secret protection and management system in line with business development. Under the guidance of the system, the Company establishes an independent trade secret protection management organization and innovatively assigns trade secret administrators in 6 core departments to promote the implementation and supervision of trade secret protection management requirements in the departments; it sorts out nearly 100 core assets of the Company, standardizes their storage and transmission, and continuously ensures the security of the Company's trade secret; it formulates the Regulations on Rewards and Punishments for Violations of Trade Secrets to standardize employees' daily confidentiality behavior; in order to enhance personnel's confidentiality awareness, the Company organized more than 10 trade secret protection management training sessions and 4 online and offline activities in 2022, covering over 80% of R&D personnel, and forming a unique confidentiality culture of the Company. Since 2021, the Company has comprehensively upgraded the trade secret protection management system. In 2022, the Company continuously improved the trade secret management process, established a full process of confidentiality management from employee entry to resignation, and integrated multiple department management resources to develop a process for handling secret disclosure. At the same time, Topband requires third-party organizations to sign confidentiality agreements and conduct regular assessments of suppliers through the Annual Review of Supplier Information Security - IT to strictly control the performance of suppliers' responsibilities.

While building an internal system, the Company actively participates in various activities organized by the Trade Secret Protection Base in Nanshan District and drafts the local standard Regulations for Management of Enterprise Trade Secrets in Shenzhen. In early 2022, Topband's trade secret system construction was selected for the Guangdong Trade Secret Protection Major Event and awarded the honorary certificate of "Pilot Demonstration Enterprise for Trade Secret Protection" by Shenzhen Administration for Market Regulation.



Overall Security System of Topband

The Company actively responds to the relevant policies of the national cybersecurity industry and has been deeply exploring and actively practicing in the field of information security for many years. In 2020, the Company launched the Network Information System Security Management System to comprehensively coordinate the network information platform. Starting from 3 levels of security technology, security management and security operation, the Company implements "risk closed-loop management before, during and after the event" based on actual business scenarios, forming a closed-loop security operation and maintenance system for risk assessment, security defense, emergency response, continuous detection and response disposal. At present, the Company and relevant departments of Topband Software have passed ISO27001 certification and Level III protection certification of T-smart IoT platform systems.



Topband always pays attention to continuous effectiveness of the information security system. The Company conducts internal audits every six months and external audits every year. For potential problems, the Company adopts event response process management according to the Management Measures for Information Emergency Plan Disposal, and establishes an internal security detection system to carry out security vulnerability inspection at all stages of the life cycle for all kinds of IT systems (application systems, servers, network equipment, user terminals, etc.), to realize normalized monitoring. In order to further enhance the security management capabilities, Topband signed a contract with Sangfor MSS managed security operation service during the reporting period, and continuously optimized security guarantee work. In addition, the Company also sets information security reporting channels, including e-mail, anonymous letter, official account and enterprise WeChat. The Company's security team conducts independent investigations into the issues involved in time and keeps the reported information confidential. With several measures taken simultaneously, no information security incidents occur during the reporting period in Topband.

Training on network security awareness of Topband

On October 27, 2022, the Company conducted a "Topband Network Security Awareness Training" and invited Sangfor' network security experts to popularize the importance of information security awareness to employees. The coverage people include functional departments and various divisions of the Company, with a total of 56 participants.



Participation in the network security training of Bao'an Industry and Information Technology Bureau

In November 2022, the Company organized all network administrators and information security officers (11 people) to participate in the theme training activity of "Network Security Training of Bao'an Industry and Information Technology Bureau in November 2022" online.



Data related to information security

Information security incident	Piece	0
Percentage of business locations with ISO27000 information security management system certification in the total number of business locations	%	20%

Key Performance Indicator (KPI)

Indicator	Unit	2022
Environmental issues		
Annual total energy consumption	MWh	91,938.48
Renewable energy power generation	MWh	460.74
Diesel oil	L	23,745.69
Natural gas	m3	98,235
Power consumption	MWh	90,642.643
Outsourced electricity	KWh	74,076,960
Total water consumption	ML	340
Total displacement	ML	340
Total discharge of pollutants in water	T	No discharge of wastewater
Hydrofluorocarbon emission	KG	15,874.99
Hydrochlorofluorocarbon emission	KG	29
Carbon dioxide fire extinguisher emission	KG	330
Total weight of hazardous waste	T	855.775
Total weight of non-hazardous waste	T	402.85
Total weight of hazardous waste disposed	T	815.466
Total weight of non-hazardous waste disposed	T	402.85
Chemical leakage accident	Time	0
Disposal of hazardous waste	%	100% up to standard
Up-to-standard wastewater discharge	%	100% up to standard
Up-to-standard noise emissions	%	100% up to standard
Industrial waste gas emissions	%	100% up to standard
The electricity consumption per unit output value is reduced	%	2.99%
The water consumption per unit output value is reduced	%	1.92%
Waste volume reduction per unit	%	4.89%

Indicator	Unit	2022
Social issues		
Number of R&D personnel	Person	1,776
Proportion of R&D investment	%	8.11%
Number of patent applications (including foreign patents and PCTs)	Piece	600
Number of patents obtained (including foreign patents)	Piece	566
Percentage of employees covered by collective agreements with work terms in all employees of all regions	%	29.26%
Percentage of employees who cover the formal election of employee representatives in all employees of all regions	%	0.25%
Days of employee maternity leave	Day	178
Hours of employee breastfeeding leave	h/day	1
Total number of employees entitled to parental leave by gender	Person	Male/1,882 Female/1,923
Total number of employees taking parental leave by gender	Person	Male/167 Female/93
Total number of employees returning to work during the reporting period after parental leave by gender	Person	Male/161 Female/89
Return rate of employees on parental leave by gender	%	Male/96.41% Female/95.70%
Number of total employees	Person	8,379
Total hours of the Company's training related to human rights policies or procedures and percentage of employees covered	Hour; %	Orientation training involves 2 h/session of courses related to human rights, totaling approximately 24 h/year.
Employee lost time accident rate	%	0
Employee lost time serious accident rate	%	0
Percentage of workplaces where the Company has conducted employee health and security risk assessment in all workplaces	%	100%
Proportion of employees represented by the Health and Safety Committee among all employees in all locations of the Company	%	100%
Proportion of physical examinations for principal employees	%	80%
Proportion of physical examinations for employees in key special posts	%	100%

Indicator	Unit	2022
Times of occupational hazard factor detection conducted in places involving occupational hazards	Times/year	2
Maximum consecutive working months for special posts	Month	3
Number of safety hazards discovered	Event	537
Number of safety hazards rectified	Event	537
Rectification rate of accident hazards	%	100%
Number of deaths and mortality rate caused by work-related injuries	Person; %	0; 0%
Number and rate of serious work-related injuries (excluding deaths)	Person; %	0; 0%
Number and ratio of recordable work-related injuries	Person; %	0; 0%
Number of deaths caused by work-related health issues	Person	0
Number of recordable cases of work-related health issues	Person	0
Number of new employees participating in orientation training	Person-time	More than 6,600 people
Percentage of employees participating in orientation training	%	78.77%
Achievement rate of safety education for new employees	%	100%
Number of employees certified for qualifications	Person	More than 700
Number of core key personnel covered by IDP (Individual development plan)	Person	About 300
Percentage of employees who have accepted regular performance and career development assessment in all employees in all regions	%	Regular performance 100%, career development assessment 20%
Percentage of employees who have accepted relevant vocational or skill training in all employees in all regions	%	100%
Percentage of employees who have accepted diversity, discrimination or harassment training in all employees in all regions	%	100%
Number of participants and hours of skill training for professional posts	Person; hour	1,600 persons-time; about 260 h
Number of management skills training sessions and hours conducted by the Company	Session; hour	10 sessions; about 480 h
Number of skill training sessions and hours conducted within each department	Session; hour	Nearly 1,000 sessions; about 2,000 h
Employee training persons-time	Person-time	More than 20,000
Employee training investment amount	RMB	About 2 million
Total employee training hours	h	About 160,000
Average employee training hours	h	15
Percentage of female employees in the total number of employees of the Company	%	42.27%
Percentage of female holding senior management posts	%	15%
Percentage of female on the board of directors	%	11%

Indicator	Unit	2022
Average training time for employees of different genders and categories	h	The average training time for female employees is about 10 h; The average training time for male employees is about 18 h; The average training time for professionals is about 8 h; The average training time for management personnel is about 6 h.
Percentage of total employees of workers from ethnic minorities, minority groups and vulnerable groups (for example, disabled person)	%	14.04%
Percentage of employees from ethnic minorities, minority groups and vulnerable groups holding senior management posts (excluding the board of directors)	%	0%
Gap of average remuneration both male and female (percentage of average total hourly wage of female employees in that of male employees)	%	77%
Minimum number of weeks that the Company notifies employees and their representatives in advance before implementing major operational changes that may have a significant impact on the Company and employees	Week	1
Total number of employee proposals received by the "Employee Experience Platform"	Nos.	More than 600
Number of holding of "employee communication meetings"	Time	2
Number of employee feedback issues resolved through "employee communication meetings"	Person	29
Minor injury accident (below Level VIII)	Event	0
Serious injury accident (Level VIII or above)	Event	0
Rectification rate of accident hazards	%	100%
Chemical leakage accident	Event	0
Food safety accident	Event	0
Fire and explosion accident	Event	0
Occupational diseases and taboos	Event	0
Percentage of target suppliers who have signed the Sustainable Purchase Charter/Supplier Code of Conduct	%	100%
Percentage of suppliers signing contracts that include environment, labor and human rights requirements	%	100%
Percentage of target suppliers who have subjected to assessment of corporate social responsibility (CSR)	%	100%
Percentage of target suppliers who have subjected to on-site audit of corporate social responsibility (CSR)	%	Official manufacturer 100%
Percentage of purchasers who have received sustainable purchase training in all regions	%	100%
Proportion of purchase expenditure to local suppliers	%	40%
Percentage of new suppliers selected according to environmental standards	%	Official manufacturer 100%
Number of suppliers who conduct environmental impact assessments	Person	110
Number of suppliers identified as having actual and potential significant negative impact on the environment	Person	0

Indicator	Unit	2022
Percentage of suppliers identified as having actual and potential significant negative impact on the environment and approved for improvement after assessment	%	Not involved
Percentage of suppliers identified as having actual and potential significant negative impact on the environment and decided to terminate their relationship after assessment	%	Not involved
Percentage of new suppliers selected according to social standards	%	Official manufacturer 100%
Number of suppliers identified as having actual and potential significant negative impact on the social	Person	0
Percentage of suppliers identified as having actual and potential significant negative impact on the social and approved for improvement after assessment	%	Not involved
Percentage of suppliers identified as having actual and potential significant negative impact on the social and decided to terminate their relationship after assessment	%	Not involved
Governance issues		
Number of reports generated by the Company's reporting procedures	Piece	19
Number of corruption incidents	Piece	3
Total number of incidents where employees from the Company are dismissed or disciplined due to corruption	Piece	3
Total number of incidents where the Company's contracts with business partners are terminated or not renewed due to violations related to corruption	Piece	3
Total number of business locations where the Company has conducted internal audits/risk assessments on business ethics issues	Person	2
Percentage of business locations where the Company has conducted internal audits/risk assessments on business ethics issues in the total business locations	%	25%
Percentage of the Company's anti-corruption policies and procedures communicated to employees	%	100%
Percentage of the Company's anti-corruption policies and procedures communicated to business partners by the Company	%	100%
Number of information security incidents	Piece	0
Percentage of business locations with ISO27000 information security management system certification in the total number of business locations	%	20%
Percentage of business locations with the Company's anti-corruption management system certification in the total number of business locations	%	0
Ratio of the annual total remuneration of the highest earning individual in the Company to the median of the annual total remuneration of all employees		18.37
Ratio of increased percentage of the annual total remuneration of the highest earning individual in the Company to the median of increased percentage of the annual total remuneration of all employees		-1.22%
Total number of governance body members who have received anti-corruption training in the Company	Person	9
Total number of the Company's anti-corruption policies and procedures communicated to governance body members	Person	9
Percentage of the Company's anti-corruption policies and procedures communicated to governance body members	%	100%

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Terms	Refer to	Contents
Company, the Company, Topband	Refer to	Shenzhen Topband Co., Ltd.
RMB, RMB ten thousand and RMB 100 million	Refer to	RMB, RMB ten thousand and RMB 100 million
CSRC	Refer to	China Securities Regulatory Commission
Exchange	Refer to	Shenzhen Stock Exchange
Reporting period	Refer to	From January 1, 2022 to December 31, 2022
Articles of Association	Refer to	Articles of Association of Shenzhen Topband Co., Ltd.
Huizhou Topband	Refer to	Huizhou Topband Electrical Technology Co., Ltd.
Ningbo Topband	Refer to	Ningbo Topband Intelligent Control Co., Ltd.
Topband Mexico	Refer to	Topband Mexico Company Limited
Topband Romania	Refer to	Topband Smart Europe Company Limited
Topband Battery	Refer to	Shenzhen Topband Battery Co., Ltd.
Indian subsidiary	Refer to	TOPBANDINDIAPRIVATELIMITED
BG and BU	Refer to	BusinessGroup、BusinessUnit
IPD	Refer to	Integrated Product Development

Making the World Smarter and Low-carbon



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