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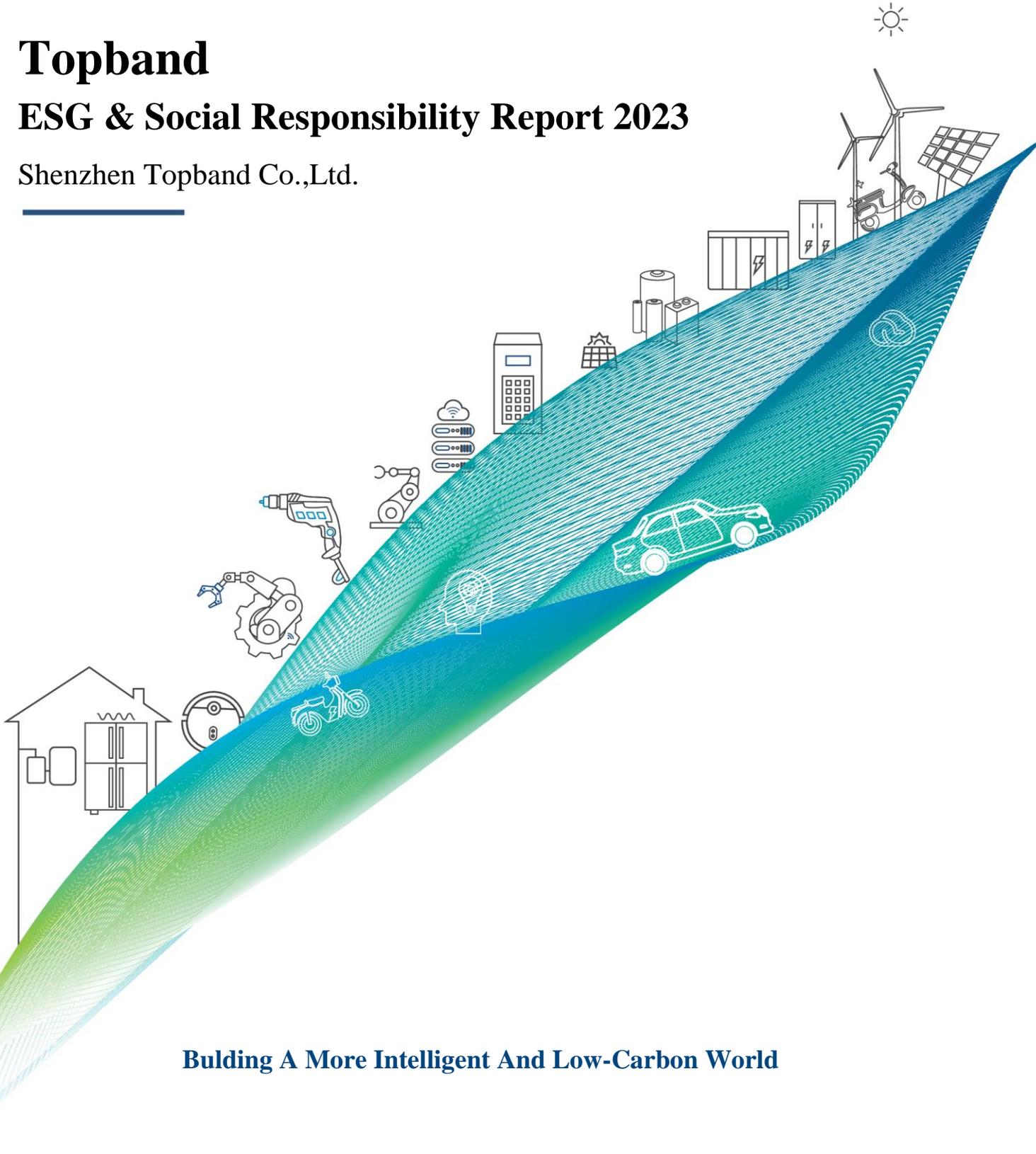
**TOPBAND 拓邦**  
Co-Innovating A Smarter Future

# Topband

## ESG & Social Responsibility Report 2023

Shenzhen Topband Co.,Ltd.

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**Building A More Intelligent And Low-Carbon World**



# About the Report

This is the 4th Social Responsibility Report and the 3rd ESG & Social Responsibility Report issued by Shenzhen Topband Co., Ltd. since its listing. It discloses Topband's activities and performance in the main areas of sustainable development including environment, society and governance. The Report was considered and approved at the 9th Meeting of the 8th Board of Directors of Topband held on March 25, 2024, and was released together with Topband's Annual Report 2023.

## Time range

January 1, 2023 - December 31, 2023. Some parts of the Report involve the information of previous years to ensure its integrity.

## 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. The Report does not contain any false information or misleading statements, and Shenzhen Topband Co., Ltd. is responsible for the truthfulness, accuracy and completeness of the content herein. Unless otherwise specified, the monetary amounts involved herein are expressed in RMB.

## Basis of preparation

The Report is prepared based on 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-regulatory Guide for the Companies Listed on the Shenzhen Stock Exchange No. 1 - Business Processing, with reference to the GRI Standards and in conjunction with the actual situation of Topband. The disclosures of indicators in the Report are detailed in "Index".

## Language of the Report

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 Statement

Wu Yongqiang  
Chairman of Shenzhen Topband Co., Ltd.



## Dear shareholders, partners, and all friends concerning about Topband,

Thank you for your continuous attention and firm support to Topband. In 2023, we were faced with multiple challenges such as demand and industry inventory, but we remained confident in the future development prospects of the industry, increased R&D investment in key new areas and accelerated our implementation of overseas businesses, laying a solid foundation for growth in the future while realizing sound and healthy operations.

In 2023, we realized operating income of RMB 8.992 billion, up 1.32% YoY, and net profit of RMB 512 million, up 5.76% YoY. Our product competitiveness and internal efficiency were improved, with a 2.17% YoY increase in gross profit margin. In addition, we made three key advances:

**I. Reduced costs and increased efficiency,** with the operational efficiency and significantly improved. We clearly set out our strategy to reduce costs and increase efficiency in 2023. All departments worked together and effectively controlled the costs of raw materials and various expenses, significantly reducing the total costs. Meanwhile, the inventory dropped significantly and the inventory turnover was improved, significantly improving our health indicators and operational efficiency.

**II. Technological innovation for high-value growth.** In 2023, with our existing technology and product platforms, we strengthened our machine and system solution capabilities and increased the value volume of our products. We also accurately identified market demands and enhanced the value chain by self-defined products. In 2023, we increased R&D investment and business integration in the new energy business segment, and launched many new products that are autonomous and controllable, represented by DC charging piles and all-in-one industrial and commercial storage products. This will drive our future growth and become our third growth curve.

**III. International layout with highlighted overseas strengths.** After years of international strategy implementation and promotion, the Vietnam and India bases have achieved large-scale mass production and stable operation, with excellent profitability. The Romanian and Mexican bases have realized mass production, marking our significant breakthroughs in overseas markets.

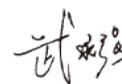
We always believe that the long-term trend of "intelligence, low-carbonization and internationalization" will remain unchanged. We will usher in significant development opportunities against the emergence of intelligent products, the transformation of the old and new economic systems, and the increase in international market demand. In 2024, we will focus on the following three strategic priorities.

**I. Accelerate the business expansion in overseas markets.** More than half of our business comes from overseas markets. Based on the success of "manufacturing exports", we will accelerate "market expansion overseas". In 2024, we will ask the marketing team to actively expand the market overseas. We shall not only seize the opportunity of order transfer, but also develop the demand in the local market to build Topband into a truly international firm.

**II. Accelerate the development of new energy business.** As our growth driver, new energy business greatly relies on our technological advantages in batteries, power sources, electronic control and motors, focuses on energy storage and charging, and provides self-defined products and customized solutions. We will further concentrate our resources to create a product matrix and build a unified market platform for rapid development.

**III. Accelerate the creation of competitive intelligent products and their application in emerging industries.** With the rapid development of AI and humanoid robotics, the intelligent industry has ushered in unprecedented development opportunities. As an enterprise with more than 20 years of technology accumulation, Topband has built up strong capabilities in product innovation and implementation. In 2024, we will be committed to deepening our insight into the market demand, and defining and creating more autonomous and controllable core products; at the same time, we will further explore new industrial opportunities, especially in robotics and AI applications. We will accelerate the development of core technologies such as mobile robots, servo drives and control technologies to create industry-leading competitive products, and actively develop top customers in industries.

Finally, I would like to express my thanks to all shareholders and partners for their trust and support. We will continue to offer customers with excellent products and services, and to contribute to build a more "intelligent and low-carbon" world. I believe our joint efforts will help Topband realize growth in 2024 again.



March 27, 2024



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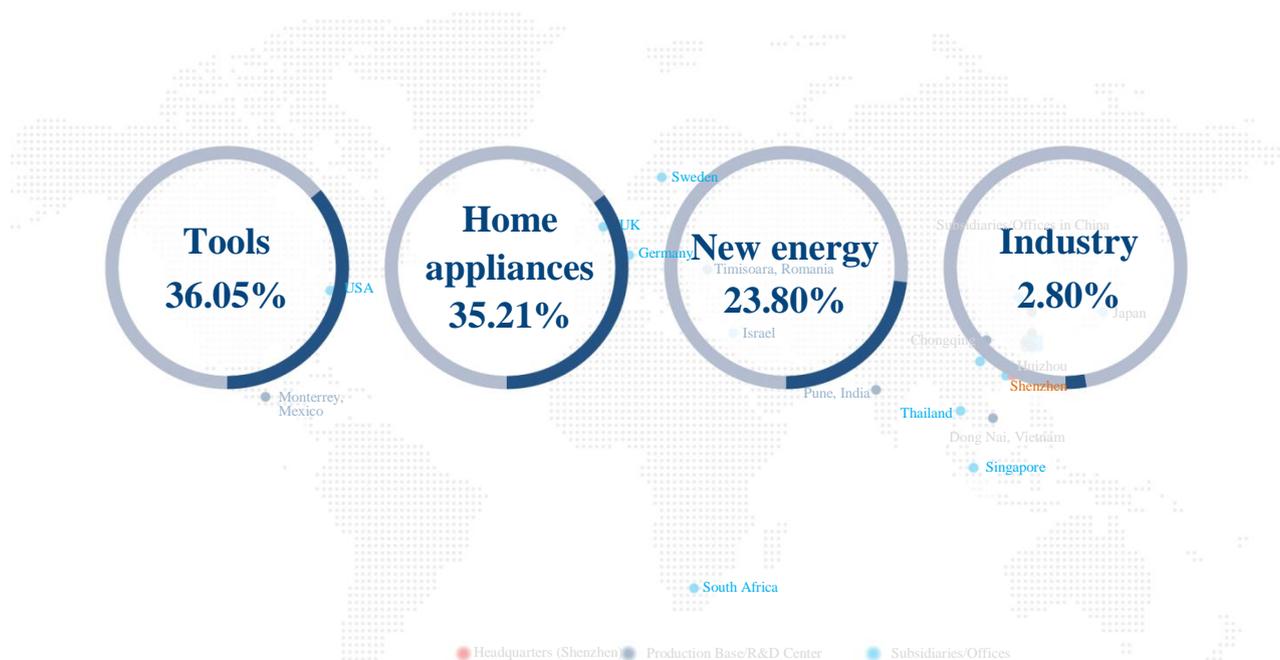
# 关于拓邦股份

## ABOUT TOPBAND

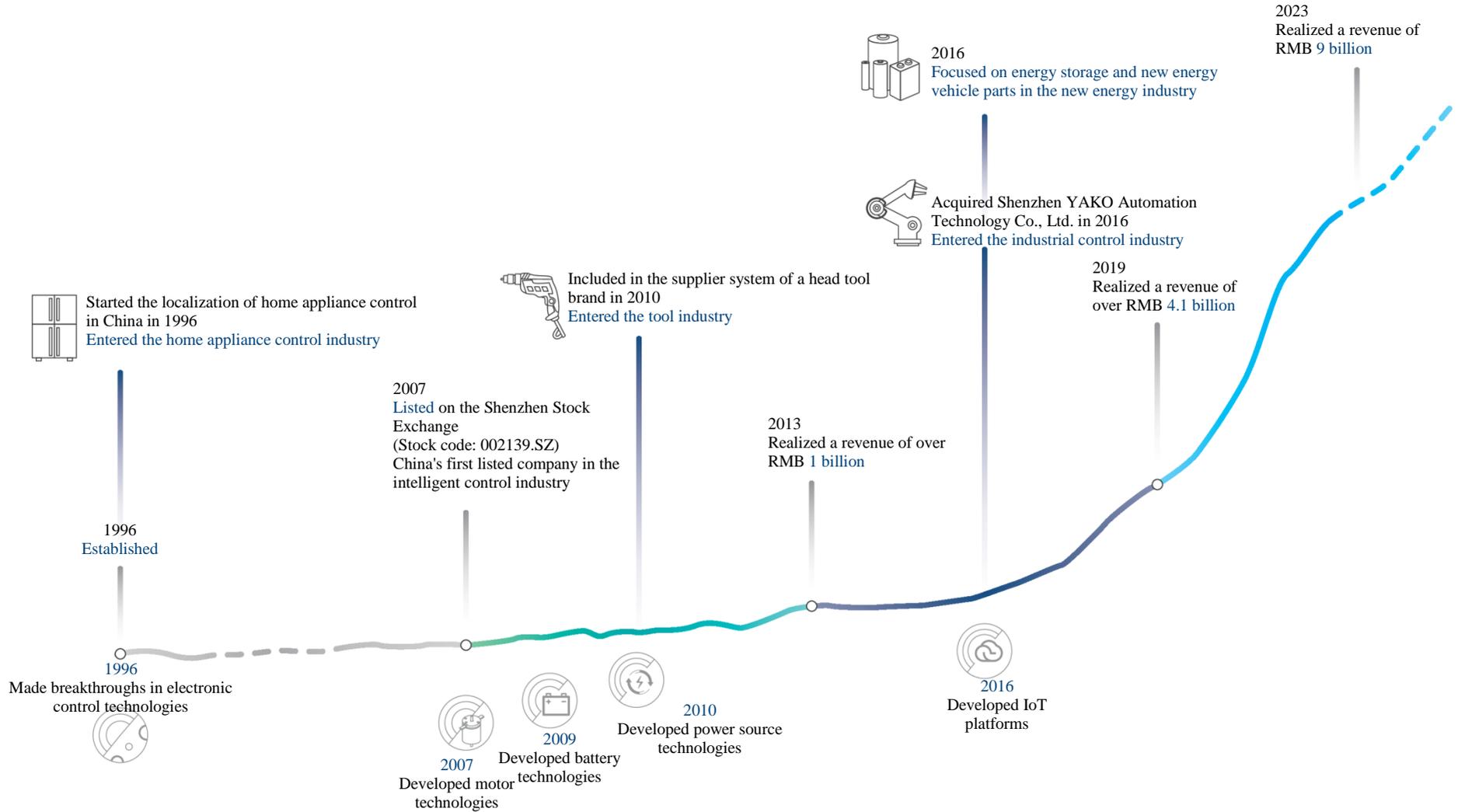
Shenzhen Topband Co., Ltd. (hereinafter referred to as "the Company" or "Topband") is a business with rich technical experience and product solutions in the intelligent control industry. With the integrated technology system of "four electrics and one network" (electronic control, motor, battery, power source and IoT platform), the Company is specialized in providing intelligent control solutions for industries including downstream tools, home appliances, new energy, and industry. As the first listed company in the field of intelligent control in China, the Company is committed to "providing value for customers and benefiting everyone by using intelligent control technologies". Our technology platforms are stable and reliable; we respond to R&D requirements quickly, and provide high-quality products that are safe and economic; we dare to breakthroughs and innovation in R&D, management and other areas, and obtain wide recognition of downstream customers.



Established in 1996 and listed on the Shenzhen Stock Exchange in 2007, Topband is a state-recognized enterprise technology center, a national high-tech enterprise, a pilot demonstration enterprise in Shenzhen, an AEO, a winner of the Shenzhen Industrial Award, and a winner of the China Manufacturing Champion for its smart home control module. In 2023, the Company ranked 65th in the 2023 Top 500 Manufacturing Enterprises in Guangdong. Since its listing, the Company has realized solid financial performance, with sales revenue of RMB 8.992 billion and a total of 9,323 employees in 2023.



## Topband Development Course



# Technologies Platforms

## Electric Control



With hundreds of electronic control technology platforms, the Company have deep accumulated much experience and technologies in key areas such as automatic control, human-machine interaction, embedded computing, machine vision, robotics, intelligent sensors, and motion control. The technologies can fulfill the needs of products in the industries of home appliances, tools, new energy and industry, and are widely used in controllers, electromechanical integration, power supplies and smart batteries.

## Motor Technology



The Company makes continuous innovation around high efficiency, low noise, high precision and high stability of motors, and has built complete technical capabilities from motor design and simulation, testing and verification to large-scale manufacturing, with dozens of advanced motor product platforms formed, including Brushless DC (BLD-C) motors, coreless motors, stepper motors and servo motors.

The motor technologies have been successfully applied to power tools, automation equipment, intelligent electrical appliances, new energy vehicles, robots and other fields. Among them, the Company's motor technologies in power tools and motion control are in the leading position in the industry, widely recognized by the market.

## Battery Technology



The Company has built complete design, development, customization and production technology capabilities around the Cell, Cloud Platform, BMS, PCS, and EMS (1C1C3S) system. In terms of battery management system (BMS), we have achieved industry-leading accuracy and reliability. With advanced algorithms and control strategies, our BMS can monitor and manage the battery status in real time, ensuring optimal performance and safe operation of the battery system. Technological innovations in this area have made us a market leader when providing efficient and safe battery solutions for energy storage systems, power backup, power exchange and portable devices.

## Power Technology



The Company has various analog power supply, switching power supply, and digital power supply technology platforms with different power levels and types. It can provide charging, inverter, and various customized power supply solutions.

## IoT Platform



As the key to connecting the perception, network and application layers, the IoT platform enables us to intelligently connect devices and efficiently manage data. With complete technical capabilities from modules and smart terminals to applications (app) and Platform as a Service (PaaS), we can provide integrated solutions for multiple industries. In particular, the Company has made remarkable achievements in developing household energy management cloud platforms and the PV, energy storage and charging cloud platforms. These platforms intelligently analyze and process the energy usage data to help users optimize energy consumption, provide convenient energy management and usage experience, and achieve energy saving and efficient use.



## Key operation results

 <b>Operating income</b> <b>RMB 8.99 billion</b>		 <b>Net cash flow from operating activities</b> <b>RMB 1.47 billion</b>	
 <b>Gross profit rate</b> <b>22.31%</b>	 <b>Net profit belonging to parent company</b> <b>RMB 516 million</b>	 <b>Net profit excluding extraordinary profit and loss</b> <b>RMB 512 million</b>	 <b>EPS (basic)</b> <b>RMB 0.41</b>
 <b>R&amp;D investment</b> <b>RMB 834 million</b>	 <b>Proportion of R&amp;D input</b> <b>9.28%</b>	 <b>R&amp;D personnel</b> <b>2,004</b>	 <b>Total tax payment (including tax payment at home and abroad)</b> <b>RMB 286 million</b>
 <b>Net assets</b> <b>RMB 6.4 billion</b>	 <b>Total assets</b> <b>RMB 11.2 billion</b>	 <b>Estimated dividend amount</b> <b>RMB 73.77 million</b>	 <b>Buyback amount</b> <b>RMB 59.97 million</b>

**In 2023,**  
**the Company provided nearly 1.45 billion sets of intelligent control products to downstream enterprises and customers**

The Company delivered about 4.5 million sets of inverter refrigerator and air conditioner control solutions. The inverter control solutions helped greatly reduce the noise of the devices and enabled the downstream products to improve the performance of energy saving and environmental protection by 30% as a whole.

In the field of tools, the Company shipped 29.47 million sets of intelligent control products and complete machines, 13.19 million sets of BMS products and 1.5 million sets of motor products.

The Company shipped 1,485,000 sets of charging pile components and complete machines, and 1,677,300 sets of new energy-based industrial and commercial energy storage BMS.



## Market recognition▶

Date of Recognition	Subject	Description	Granting organization
May 17, 2023	Topband	Top 100 IoT Enterprises in China	Internet of Things Industry Association
May 24, 2023	Topband Battery	Best Energy Storage Battery Supplier in China's Energy Storage Industry in 2023	13th China International Energy Storage Conference (CIES)
May 30, 2023	Topband	Made in China Invisible Champion	Consumer Technology & Innovation Show (CTIS) by Global Sources
July 1, 2023	Topband	The 24th China Patent Award	China Intellectual Property Administration (CNIPA) and World Intellectual Property Organization
November 21, 2023	Topband	No. 65 in Top 500 Manufacturing Enterprises in Guangdong for 2023	Institute of Industrial Economics of Jinan University, Guangdong Manufacturers Association, Guangdong Development and Reform Institute

## Quality recognition▶

Date of Recognition	Subject	Description	Granting organization
November 30, 2023	Topband	TTI Supplier Excellence Awards	Techtronic Industries Co., Ltd.

## Sustainable development-related recognition▶

Date of Recognition	Subject	Description	Granting organization
February 28, 2023	Topband	Shenzhen Water-Conservation Enterprise	Ecology Environment Bureau of Shenzhen Municipality
November 17, 2023	Topband	EcoVadis Bronze Medal	ecoVadis

## Capital market recognition▶

Date of Recognition	Subject	Award	Granting organization
November 1, 2023	Topband	CCXGF ESG Rating: A+	China Chengxin Green Finance Technology (Beijing) Ltd.
November 8, 2023	Topband	Most Socially Responsible Listed Company	Stock Star
January 4, 2024	Topband	2023 Annual Award for the "Investor Relations Elite" released by RoyalFlush	RoyalFlush

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# 责任管理

## ESG MANAGRMENT

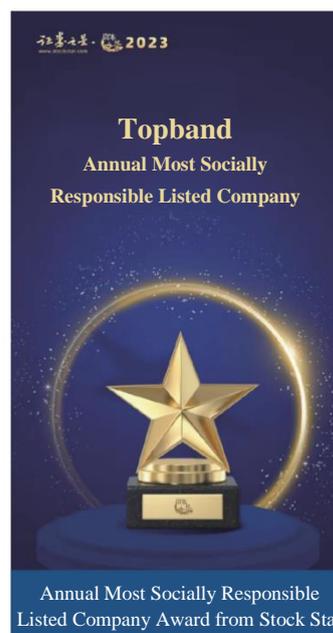
## ESG governance

Topband continuously strengthens the in-depth integration of sustainable development and business operations, and has achieved steady growth in both financial operations and ESG. Under the guidance of the five strategies (Scale Growth, Customer Intimacy, Innovation-Driven, Agile Operation, and Organizational Evolution), the Company has formulated corresponding management indicator systems and continuously optimized them, and continuously tracked and assessed its sustainable development capabilities in all aspects to promote the establishment of a sustainable development model.

As a business that takes "making the world more intelligent and low-carbon" as its long-term social value positioning, Topband focuses on raising employees' awareness and ability in ESG, and actively guides all business branches and functional departments to promote relevant special work based on the division of responsibility.

Topband regards information disclosure as one of the important ways to promote management improvement. In particular, an information disclosure system and an effective communication platform have been built to regularly release reports, the responsibility fulfillment news are released via Topband's WeChat Official Account. With reference to international standards such as GRI and TCFD, as well as other Chinese regulations such as Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 - Standardized Operation of the Companies Listed on the Main Board, the Company began to release a Social Responsibility Report together with the Annual Report from 2020, and an ESG & Social Responsibility Report from 2021. All reports were published after consideration at the Annual Board Meeting. The Company's major activities and progresses in ESG areas are considered at the Annual Board Meeting. The Board of Directors is informed of the latest institutional or policy risks and opportunities related to the major ESG areas, and actively supports the fulfillment of the Company's governance plans and information disclosure procedures in various ESG areas to achieve the sustainable development of the Company and the value creation in the long term. In addition, the Company continuously improves ESG issues and indicators through preparation, benchmarking and evaluation steps, enhancing its management and its ability to fulfill its responsibilities.

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 for the purpose of mutual benefit and common growth. Thanks to its long-term efforts in ESG and building a sustainable development ecosystem with partners, Topband has been recognized by the industry in terms of sustainable development performance. In the future, Topband will continue to improve the ESG system, actively fulfill its social responsibility, continuously explore innovative development modes, and promote scientific and technological innovation and green transformation, contributing to the technological and industrial development of the global intelligent control industry and the sustainable development of the society.



## Assessment of substantive issues

Taking into account its business characteristics and operations, Topband conducted an in-depth analysis of macro trends, reporting criteria, and intra-industry focuses, and initially identified key stakeholders and an issue library consisting of 20 substantive issues. On the basis of identifying and distinguishing the significance of different issues, the Company discloses information in a targeted manner, effectively responds to the concerns of stakeholders, and promotes better ESG management and ESG management system.

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 services
- 13 Responsible supply chain
- 14 Social welfare

### Governance ▼

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



## Stakeholder communication

The Company 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 maintaining communication and forming a stable, good and sustainable mutual trust relationship with key stakeholders. 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 or industrial forums. In the future, we will continue to improve communication mechanisms, maintain close contact with key stakeholders, and jointly promote the continuous improvement of ESG governance work.

Stakeholders	Expectations and demands	Response and communication
Government and regulators	<ul style="list-style-type: none"> <li>Greenhouse gas management</li> <li>Combat with climate change</li> <li>Environmental management and opportunities</li> <li>Water resource management</li> <li>Pollutant management</li> <li>Waste management</li> <li>Corporate governance</li> <li>Compliant operation</li> <li>Information security and privacy protection</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Response to national policies</li> <li>Law-abiding and compliant operation</li> <li>Practicing green development</li> </ul>
Shareholders and other investors	<ul style="list-style-type: none"> <li>Corporate governance</li> <li>Protection of shareholders' rights and interests</li> <li>Compliant operation</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Enhance information disclosure and response (General Meeting of Shareholders, investor exchange meeting, performance briefing, investor hotline, SZSE Cloud Platform, and Topband Investor Relations Applet)</li> <li>Strengthening Corporate Governance</li> <li>Maintain shareholder rights and interests</li> <li>Law-abiding and compliant operation</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Product R&amp;D and Innovation</li> <li>High-quality products services</li> <li>Information security and privacy protection</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Provide high-quality products and services</li> <li>Strengthen customer privacy security and protection</li> <li>Adhere to business ethics</li> </ul>
Suppliers and other partners	<ul style="list-style-type: none"> <li>High-quality products services</li> <li>Responsible supply chain</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen supply chain management</li> <li>Conduct supplier training</li> <li>Adhere to business ethics</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employment of employees and their rights and interests</li> <li>Occupational safety and health</li> <li>Employee development and diversity</li> <li>Employee care and communication</li> </ul>	<ul style="list-style-type: none"> <li>Protect employee rights and interests</li> <li>Ensure occupational safety and health of employees</li> <li>Promote employee development</li> <li>Strengthen employee communication</li> <li>(Congress of Workers and Staff, Journal of Yanxingzhe, Colleague Bar, Employee Experience Platform)</li> </ul>
Community	<ul style="list-style-type: none"> <li>Social welfare</li> </ul>	<ul style="list-style-type: none"> <li>Carry out voluntary service activities</li> <li>Conduct charity donations</li> </ul>

# 环境

## ENVIRONMENT



With the value of "making the world more intelligent and low-carbon", Topband continues to explore the path of properly combining environmental benefits with economic and social benefits, and practices the principle of "prevention first, and integrating prevention with control". It has established an environmental management system in accordance with ISO14001. Topband is committed to realizing the synchronous planning, implementation and development of production, construction and environmental protection, and utilizes the electronic control, motor, battery, power source and IoT platform technologies to create an intelligent and low-carbon sustainable development ecosystem.

# Accelerate the Development for a Low-Carbon Future

## Advancing climate actions

Regarding "low-carbon" as a key element in the 2030 vision blueprint, Topband adhered to the concept of sustainable development, relied on intelligent and low-carbon development, actively fulfilled the requirements of green and low-carbon development policy, and promoted the environmental management in a scientific and systematic way. With its technical advantages in intelligent control, Topband explored the low-carbon way of manufacturing industry, and worked with upstream and downstream partners to carry out technological and product innovation, aiming at building a more environmentally friendly coordination model and jointly promoting the realization of the "dual carbon" goals.

An energy management team was formed in March 2023 to lead the energy saving work from office, production, procurement, delivery and other aspects, and explore the practices of using renewable energy and energy-saving equipment to improve energy efficiency. Meanwhile, a pilot online energy management platform was established in Huizhou Park, which regularly assesses the energy usage and ensures the authenticity and accuracy of the monitoring data.

### Energy transition

The Company has built a green park for "PV power generation + energy storage". Specifically, on the basis of the original 513 kW PV power generation system, Shenzhen, Huizhou, Ningbo and Ninghui Parks increased PV installed capacity of 240 kW, 941.28 kW, 1,479.08 kW, and 1,490 kW, respectively, in 2023, with a total increase of 4,150.36 kW and an increase rate of 709.04%. Meanwhile, the Shenzhen Park was equipped with 1,000 kWh lithium storage cabinets for peak and valley regulation in the park. In 2023, the PV power generation facilities in Shenzhen and Huizhou Parks generated energy of 2,239 MWh, and the energy storage systems in Shenzhen Park generated benefits of RMB 39,600.

### Energy conservation transformation

Temperature regulation in summer in the parks is a major source of energy consumption for Topband. The Company installed 1,600 m<sup>3</sup> chilled water storage tanks in the Shenzhen Park, which store cold during the nighttime when the electricity rate is low and provide the cold source during daytime when the electricity rate peaks. The Company replaces the old equipment in the central air-conditioner room with energy-efficient cooling water towers, magnetic levitation units and intelligent frequency variable control equipment to realize intelligent control over circulating water pump and air handler, and accurately distribute cooling capacity and adjust water flow, therefore improving the energy efficiency ratio of air conditioning. The air-conditioning upgrade project under construction in Huizhou Park is expected to save about 260 MWh of electric energy per year and thus create a differential income of RMB 516,400.

### Waste heat recovery

By installing a heat recovery machine in the compressed air system and replacing the packing of the cooling tower, the Company improves the heat exchange efficiency and makes full use of the waste heat generated by the air compressor to provide hot water resources for staff dormitories, saving 1.5 million kWh of electricity each year.

## Green culture construction

Employees are trained on environmental protection knowledge and the eight wastes every year to strengthen the concept of green office and raise their awareness of energy saving. In 2023, the Company set up a joint inspection team to carry out the "21-Day Cost Saving Adoption Program". Specifically, the team checked the office cleanliness and savings weekly, and corrected unreasonable use of water, electricity, paper and other resources in the office.

Promote green office and reduce resource waste. Paperless office was promoted as follows: Paper process exception forms and equipment maintenance records were replaced with electronic ones; hand towels at hand washing stations were removed, and handkerchiefs were distributed to employees; and a stationery sharing desk was set up to enable the cross-department circulation and recycling of office supplies and production consumables that are still in their lifecycle as evaluated.

Optimize energy management to reduce energy consumption. In terms of air conditioning and lighting, the lighting in passages was replaced with LED energy-saving lamps controlled by human body-based light-sensitive switches; a system for the use of centralized and independent air conditioners was developed, with clear responsibilities and rules for switching on and off the air conditioners to reduce the waste. In 2023, the manufacturing and administrative departments carried out energy saving and consumption reduction program and 7S/5S office campaign, improving the energy use by 15% and 20%, respectively.

Improve water usage in the office. Water saver faucets and sensor faucets were added; 125 barrel water dispensers were replaced with water purifiers in the Shenzhen Park; bottled water was replaced with tea for receiving guests to reduce water waste while effectively reducing the plastic waste from bottled water.

New energy vehicles replaced fuel vehicles as routine transportation vehicles and commuter buses, and charging piles for new energy vehicles were installed in the park to encourage employees to travel in a green way.



## Cases

### Our Actions for Zero Carbon Future

In November 2023, Topband Shenzhen Park carried out the "Our Actions for Zero Carbon Future" campaign to encourage employees to practice a green lifestyle. During the campaign, participating employees signed a commitment to 21-day low-carbon action logging on a social media platform. The Company set up rewards to encourage employees to develop low-carbon habits. Finally, 21 employees complete the logging task and received the rewards.

**TOPBAND 拓邦**

### Our Actions for Zero Carbon Future

Develop your low-carbon behavior and good habits

**Low-carbon travel | Clean your plate | Old article recycling | Energy saving**

**Develop your low-carbon behavior and good habits in 21 days**

To build a "zero carbon" industrial park, the President Office is inviting employees in Shenzhen Park to participate in the low-carbon campaign and become a "low-carbon" partner. We hope that this can inspire everyone to actively practice the environmental protection and contribute to the construction of a beautiful home. The campaign details are as follows:

- Campaign details
  1. Green travel and low-carbon life
  2. Take the stairs together and practice low-carbon habits together
  3. Clean your plate every day
  4. Recycle old articles for renewed life
  5. Low-carbon office and low-carbon holiday
  6. Recycle old articles for renewed life
  7. Use fewer disposable items
  5. Low-carbon packaging, doing our part
- How to join
  1. During the campaign, complete at least three of the above low-carbon activities and twitner the related photos and text for low-carbon action logging.
  2. Log content: (Topband always adheres to the value of technology and making the world more intelligent and low-carbon. We take the slogan of "Our Actions for Zero Carbon Future", and this is my action. As a low-carbon practitioner of Topband, I start from every detail around me, and actively practice environmental protection to contribute to the construction of a beautiful home.) Three photos (or repetitions of low-carbon activities on that day need to be attached).
  3. To encourage more colleagues to participate in the campaign, the twitner content shall be visible to all.
- Rewards
 

At the end of the campaign, those who have completed the task as required can participate in sharing the bonus of RMB 2023.
- Period
 

When: December 1, 2023 to December 21, 2023  
For whom: Colleagues in Shenzhen Park only.

Scan the QR code to learn more

Organizer: President Office - Shenzhen Administration Department

Poster of "Our Actions for Zero Carbon Future"

### Low-Carbon Exhibition

In 2023, the Company increased market investment for opportunity acquisition and participated in 43 domestic and international exhibitions, aiming to directly convey our product design concepts to customers and acquire new customers in the exhibition.

Our booth was designed based on a "low-carbon and minimalist" style for building a modular booth, and standard exhibits were provided and combined as needed in multiple exhibitions. In particular, the modular booth used in the Shenzhen CIBF exhibition was transported back to the exhibition hall of Topband Shenzhen Park for reuse later, with a reuse rate up to 70%, reducing the consumption of the booth resources and practically practicing the low-carbon concept.



## Seizing climate opportunities

In recent years, the active actions are taken at home and abroad to deal with the looming climate crisis. The technology-driven greenhouse gas emission reduction and energy transition are regarded as one of the important paths to achieve carbon neutrality.

Globally, new energy application scenarios and demand continue to be unleashed, bringing development opportunities for the Company. To identify climate opportunities in a timely and effective manner, Topband regularly conducts internal sharing. Specifically, strategic departments and relevant organizations share industry trends and standard updates related to climate change, and integrate low-carbon and smart concepts into product development and design. At the same time, as an industrial leader and a member of the Shenzhen Energy Storage Standardization Committee, Topband is actively involved in the development of new energy storage-related standards, contributing to the high-quality development of the industry.

With advantages as an intelligent control enterprise, the Company works together with downstream customers in the field of home appliances and tools to build a sustainable industrial chain covering raw material selection, design, production and other links for low-carbon and intelligent products. In the field of new energy, we cooperate closely with China Tower and other leading enterprises for a steady increase in the business scale; we also supply high quality and high performance products with a long lifecycle to markets such as lightweight power batteries, industrial vehicle batteries, and robotic batteries, establishing a good reputation in the industry. In the future, Topband is expected to develop cost-effective products, build new business growth drivers, and achieve business development and environmental protection side by side by relying on close cooperation with leading customers in home appliances, tools, new energy, industrial control and other areas.

## Cases

### Topband's new energy business: Grasp the "dual-carbon" opportunities

- Since it entered the new energy field in 2010, Topband has focused on "energy storage" and "new energy vehicle" and accumulated core technologies consisting of Cell + Cloud Platform + BMS + PCS + EMS. It has provided diversified product solutions, including household energy storage, industrial and commercial energy storage, portable energy storage and charging and control of new energy vehicles, and conducted product upgrade and technology development as scheduled to support the green transformation of customers by marketization of advanced technologies.
- With great efforts in R&D of the cell technology, Topband has developed multiple material systems including lithium and sodium batteries, as well as a battery product matrix including cylindrical, square, soft pack and other product forms to accommodate different applications. It focuses on the "energy storage + light power" fields to provide customers with one-stop new energy battery solutions.
- In 2023, the Company made great progress in R&D of sodium-ion batteries, with breakthroughs in the high-rate charging and discharging and high-temperature cycling. The new large cylindrical sodium cell can realize 2C charging and 3C fast discharging, with a high-temperature cycle life of over 1,000 cycles. It is a favorable complementary product to lithium batteries, and can help the upstream and downstream customers in the industry reduce their dependence on lithium.



Lithium-ion battery

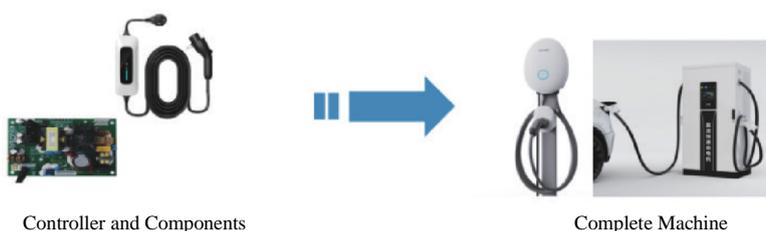
- In terms of improving the capacity of lithium batteries, Topband has carried out forward-looking technological development in intelligent lithium replenishment. Specifically, it has verified the feasibility of intelligent lithium replenishment on the system side, and proved that the prolonged life of the battery system can be realized by improving the capacity consistency of the cell; on the material side, it has further studied the lithium replenishment process during the manufacturing of the cell, and attempted to simplify the lithium replenishment agent process and the requirements of the operating environment.
- In 2023, Topband has made breakthroughs in PV, energy storage and charging. With the module pressurization design adopted, the new technology improves and increases the cycle life of the PACK by fixing the morphology of the cell, with the passive equalization current increased to 300 mA, which ensures the consistency of the cell for a long time and dramatically raises the cycle life of the module to over 12,000 cycles. The new system as a whole is designed with IP55 protection, with built-in forced air cooling for internal circulation and a temperature control system for independent thermal management. Its air duct design and thermal management algorithms can control the overall temperature difference of the system within 3 °C. The technology supports integrating battery, PACK, BMS, PCS, thermal management system, fire protection system, PV module, and off-grid switchover module in a single cabinet. It can be applied in multiple scenarios such as PV and energy storage, PV, energy storage and charging and energy storage system, and it can be integrated with a cloud platform for remote monitoring, troubleshooting and upgrade.



- The Company persistently iterates the existing BMS products and apply them to backup power systems, power systems of electric bicycles and energy storage systems.
- With hardware, software and process upgrade, Topband's inverter products are at the excellent level in terms of efficiency, power quality, grid adaptability, dynamic response, control precision, EMC, environmental adaptability and other performance. Topband has built a product matrix covering both grid-connection and off-grid scenarios and with a complete range of power models, which can accommodate most scenarios in different countries and regions.

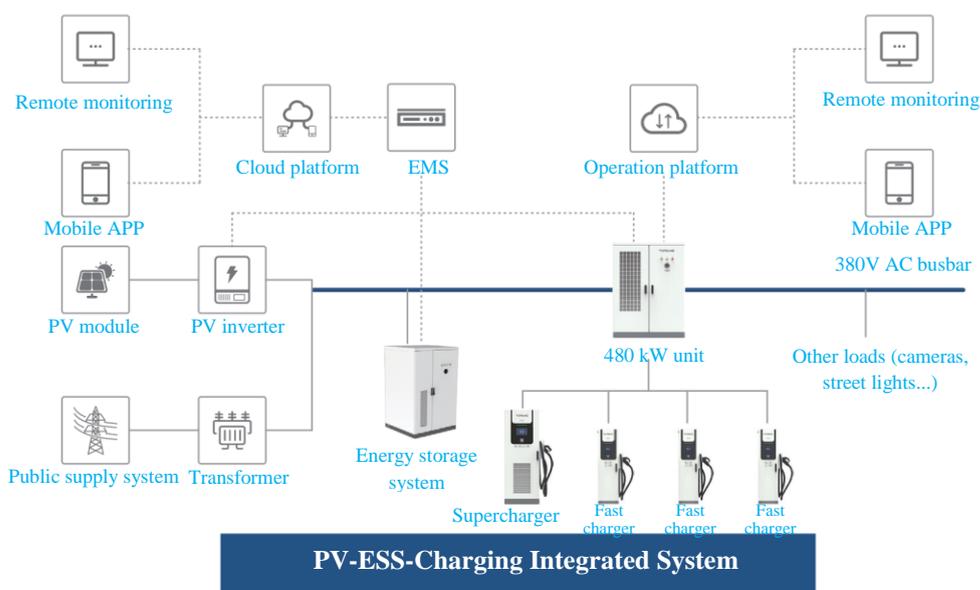
### PV, energy storage and charging solution

- Charging infrastructure is the key to boosting the new energy vehicle industry. With the increasing demand for new energy, the traditional charging infrastructure is facing the power supply pressure. In addition, along with the new energy changes, PV, energy storage and charging products are increasingly used in more and more scenarios. To comply with this trend, Topband has developed the "PV, energy storage and charging" solution, which has become the representative of the Company's intelligent, green and low-carbon product solutions.
- Overall, this PV, energy storage and charging solution has obvious strengths in category, iteration, performance, after-sales service, cost, responsiveness and other aspects. In the project "PV, Energy Storage and Charging Solution for Huizhou - Daya Bay Expressway Yuanshan Service Area", the R&D team of the Company conducted the project survey, assessment, solution design and operation implementation in just 3 months, successfully changing the Company from a "charging/energy storage facility provider" to a "PV, energy storage and charging solution provider".



### Evolution of PV-ESS-Charging Technology

- After years of technical accumulation in EV charging modules and AC/DC charging equipment, the Company has had strong understanding of products, components and the whole unit involved in PV, energy storage and charging. On the basis of the IC1C3S capabilities, the Company can provide a customized renewable energy solution allowing quick energy generation, use and storage based on the application location, terrain, electricity requirements and other factors. This solution allows integrating EMS with PV, energy storage and charging pile and interconnection of the source network, load and storage system, interaction to build a micro power station application mode. This can maximize the project's benefits and costs while ensuring good charging experience.



### PV-ESS-Charging Integrated System

- In 2023, the energy storage cabinets, charging piles, charging modules, inverters and other core products involved in the PV, energy storage and charging solution were shipped one after another. The Company focused on the ToG and ToB business models, and implemented the full solutions in multiple high-rate charging scenarios including Huizhou Municipal Government, Huizhou Communications Investment Group and Huizhou Convention & Exhibition Center. These can be quickly replicated and applied in other locations. The Company has built a 160 KW self-operated power station in Wuhan to explore the profit model of charging scenarios.



Highlights of the PV, Energy Storage and Charging Solution



**Flexible**

Any combination of air-cooling/ liquid-cooling unit + liquid-cooling/air-cooling terminal can be used to accommodate multiple scenarios.



**Reliable**

Grid-connection and off-grid switchover ensures that the PV and energy storage systems can still supply power to important loads in the event of an unexpected power outage.



**Safe**

During the charging, the EMS and cloud platform monitor the voltage, current and heating points in real time, and the loss of the whole unit can be reduced through real-time power regulation. Charging safety is greatly enhanced through the active liquid-cooling and thermal management system, message prediction-based active safety protection and intelligent fire protection system.



**Fast**

The liquid-cooling supercharger can provide a maximum charging power of 480 kW per charger, and products that can provide a charging power of 600 kW and 720 kW have been planned. The maximum charging power of a fast charger can be up to 250 kW per charger. At the same time, the best efficiency tracking technology is adopted to ensure that the peak charging efficiency is as high as 96% or more.

### Expansion of PV and Energy Storage Inverter Technology Platforms

- Under the accumulation of multiple technology platforms such as rectifiers/inverters, grid-connection control, module series-parallel connection and electrical safety and protection, the Company grasps the opportunity of low-carbon development in household energy storage and industrial and commercial energy storage under the energy transition economy, and rapidly develops PV and energy inverter market insights, as well as product platform and product testing capabilities. The Company has conducted complete PV and energy storage product planning, rapid development, and marketing around the application in households and industrial and commercial enterprises.
- Most of Topband's PV and energy inverter products are designed for grid-connected household and industrial and commercial applications, with only a small number of products for off-grid scenarios, where the power levels range from a few kilowatts to hundreds of kilowatts. The inverters come in a wide range of specifications, and can accommodate most of the scenarios in different countries and regions in terms of electrical safety, battery and grid adaptability, and environmental adaptability. Some of the products have received TUV certification and been marketed. With optimized hardware, software, structure and processes, the inverter products developed by the Company have relative advantages in some performance indicators, such as efficiency, power quality, grid adaptability, dynamic response, control precision, EMC and environmental adaptability. From solution design, product transformation to delivery, the universal technology platforms, agile response services and customized product strategies have won the Company orders from system integrators, unit manufacturers and other types of customers.



Household Three-Phase Hybrid Inverter



Household Single-Phase Hybrid Inverter



Industrial and Commercial PV  
Grid-Connection Inverter



Industrial and Commercial Energy Storage  
Inverter

### Actively Practice Carbon Finance Innovation

- The Company pays attention to the correlation between climate issues and the carbon market and strictly abides by the carbon emission regulations. Over the years, the Company has realized carbon emission quota surplus for consecutive years under the government's carbon quota regulations. In June 2023, the Company was invited to participate in the "Green Development and Carbon Search for the Future", the 10th anniversary of the opening of the Shenzhen carbon market, which was guided by Shenzhen Ecology and Environment Bureau and Shenzhen Exchange Group and organized by China Emissions Exchange, a subsidiary of Shenzhen Exchange Group. Under the joint witness of the Department of Climate Change of the Ministry of Ecology and Environment, the Shenzhen Municipal People's Government and municipal authorities, the Company and CITIC Securities signed the first combined carbon asset repurchase transaction in China during the event. This is a national carbon financial innovation realized under the guidance of the relevant authorities, the first repurchase transaction in the Shenzhen carbon market carried out by a financial institution as the main body with a controlled enterprise, and also the first combined repurchase transaction based on carbon emission quotas and the certified voluntary emission reductions. This signing enhanced the Company's knowledge of the asset value and trading attributes of carbon emission quotas and certified voluntary emission reductions. It is a new attempt in the real economy to find low-carbon development paths through the carbon emission trading market.

## Greenhouse gas management

The Company is concerned about the impact of greenhouse gas changes. To cope with the various changes to the environment and society, the Company has formulated a series of countermeasures and actively practiced carbon disclosure. In 2023, Topband was rated B- in the CDP rating.

The Company has developed energy consumption management policies such as the General Provisions for Management of Environmental Protection, Energy Conservation and Emission Reduction and the Inspection System for Environmental Protection, Energy Conservation and Emission Reduction based on the Guidance for Quantification and Reporting of the Organization's Greenhouse Gas Emissions (SZDB/Z 69-2018) (standardization guidelines of Shenzhen), the Guidance for Verification of the Organization's Greenhouse Gas Emissions (SZDB/Z 70-2018) (standardization guidelines of Shenzhen), the Technical Points for Carbon Emission Verification of Carbon Trading Controlled Organizations in Shenzhen, and the laws, regulations, and norms applicable to the places where the Company's production bases reside, aiming at implementing measures for greenhouse gas emission reduction.

The Company annually employs a qualified third-party agency to verify the greenhouse gas emissions in Scope 1 and Scope 2 within the organizational boundary and reporting boundary. The greenhouse gases involved in the verification are carbon dioxide and methane. In 2023, on the basis of the greenhouse gas verification of Shenzhen Topband and as per the Greenhouse Gases - Part 1: Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals (ISO14064-1:2018), the Company expanded its greenhouse gas verification boundary, verified the carbon emissions in the Shenzhen Topband and Huizhou Topband bases, and issued the Verification Report on Greenhouse Gas Emissions. Meanwhile, as per the Greenhouse gases - Carbon Footprint of Products - Requirements and Guidelines for Quantification (ISO14067) and the Specification for the Assessment of the Life Cycle Greenhouse Gas Emissions of Goods and Services (PAS 2050), the Company completed the product carbon footprint certification for lithium iron phosphate battery packs.

The Company has set "energy saving and carbon reduction intensity" as its annual management goal. With more product categories, changed product structures and increase in revenue, the Shenzhen and Huizhou Plants consumed a total of 46,142.97 tons of carbon dioxide in 2022. In particular, the Shenzhen plant, as a pilot plant, emits 12,064.00 tons of carbon, a 2.36% reduction compared with the previous year.

## Greenhouse Gas Emissions of Topband ▼

Indicator (Organization)	2021	2022 <sup>①</sup>	2023 <sup>②</sup>
Total emissions (tCO <sub>2</sub> e) - Shenzhen Plant	12,355.16	12,064.00	13,690.03
Total emissions (tCO <sub>2</sub> e) - Huizhou Plant	/	34,078.97	/
Total	12,355.16	46,142.97	13,690.03
Scope 1: Direct emissions (tCO <sub>2</sub> e)	120.93	286.88	123.03
Scope 2: Indirect emissions (tCO <sub>2</sub> e)	12,234.23	45,856.09	13,567.00

① Compared with the emissions data presented for 2021, the data of the Huizhou Plant was added from 2022 onwards.

② The greenhouse gas emission data of the Shenzhen Plant in 2023 are preliminary data, and the final data shall be subject to approval by the Shenzhen Municipal Bureau of Ecology and Environment.

As of the date of the Report, the 2023 Huizhou greenhouse gas emissions data is not yet available.

## Composition of emission activities of Topband ▼

	Emission source	Facility/Activity	Emissions (tCO <sub>2</sub> e)
Scope 1	Natural gas	Cooking stove	286.88
	Methane	Waste water treatment for septic tanks	
Scope 2	Outsourced electricity	All electrical facilities	45,856.09

## Explanation of the quantitative method for greenhouse gas ▼

Category	Subcategory	Emission source	Quantitative methods and formulas
Scope 1 Direct emissions	Stationary combustion emissions	Canteen stoves (natural gas)	Emission factor method: CO <sub>2</sub> emissions from natural gas = Low-level heating value * Natural gas consumption* Carbon content per unit calorific value * Carbon oxidation rate
	Fugitive emissions	In-plant septic tanks (methane)	Emission factor method: Fugitive methane emissions = Emission factor (maximum methane production capacity 0.6 * Methane correction factor 0.5) * Total organic matter in domestic wastewater * Methane GWP value
Scope 2 Indirect emissions	Outsourced electricity	Power/all electrical facilities	Emission factor method: CO <sub>2</sub> emissions from outsourced electricity = net outsourced electricity * emission factor of electricity * emissions

# Deepen Green Production

## Fulfilling environmental responsibilities

Topband regards environmental compliance as the bottom line for fulfilling its environmental responsibility. With reference to the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution and other laws and regulations, as well as other laws, regulations and policy documents applicable to the places of the global businesses, Topband has formulated a detailed internal environmental management system to systematically manage the environmental footprints in the three areas of waste, pollutants and water resources. It also timely implements policies to ensure the timeliness of relevant systems and measures. Topband also makes clear environmental indicators and action plans every year based on actual situation and regulations and customer requirements, with reference to policy guidance and industry practice, and summarizes the achievement of the relevant objectives at the end of the year.

To better fulfill environmental responsibility, Topband has established an effective hierarchical environmental management system, with the principal of the Company leading the environmental protection. The top management organizes the management review of the environmental management system to identify the internal and external environment needs and the related parties' needs and expectations, and to evaluate the environment-related risks and opportunities and formulate measures to address them. The Administration Department and the Manufacturing Center promote the Company's environmental performance from the construction of the system, production management, emission monitoring and other aspects, regularly carry out internal audit of the environmental management system to ensure that the system certificates cover all the operating sites and that the Company's environmental performance is measurable and controllable.



IECQ Certificate of Conformity Hazardous Substance Process Management Certification (QC080000)



Environment Management System Certification (ISO14001)



## Training for environmental protection

The Company regularly carries out environmental protection training for new and transferred employees, as well as three-level (company, workshop and shift) training for new employees, providing employees with information about the basic knowledge of hazardous waste, relevant laws, regulations and standards, management systems and operating procedures of the Company, the proper use and maintenance of PPE/supplies, and emergency rescue measures in case of an accident.

### Annual environmental management objectives and performance ▼

Environmental Objective	Indicator	Calculation Method	Assessment Frequency	Actual Performance in 2023	Achievement of Objectives
Disposal of hazardous waste	100%	Actual processing data/total waste generated of the hazardous waste treatment platform * 100%	Once per year	100% <sup>1</sup>	Achieved
Hazardous waste is disposed as general industrial solid waste	0	Number of occurrences	Once per year	0	Achieved

<sup>1</sup>The data covers the hazardous waste treatment in Huizhou Topband, Vietnam, Ningbo, Taixing, and Shenzhen plants.

## Pollutant management

Topband strictly manages pollutants as required. Specifically, the Company has formulated a comprehensive pollutant management system, regularly employs a qualified agency to inspect the exhaust gas in the air and noise at boundary in projects and production sites, and arranges temporary monitoring after any accident.

In addition to the production process, Topband also utilizes technological updates, and uses nano coatings to replace the original coatings in some tools and home appliances to avoid negative impacts on the environment.

### Exhaust emission management

Topband has developed the Management Regulations for Exhaust Emissions, and the Control and Management Guidelines for Wastewater Discharge, Exhaust Emissions and Noise in accordance with the Environmental Protection Law of the People's Republic of China, the Air Pollution Prevention Law of the People's Republic of China, the Integrated Emission Standard of Volatile Organic Compounds for Stationary Pollution Sources (DB 442367-2022) (Guangdong), the Emission Limits of Air Pollutants (DB 4427-2001) (Guangdong), the Ambient Air Quality Standards (GB 3095-2012), the Emission Standards of Pollutants for Battery Industry (GB 30484-2013), the relevant regulations applicable to the places where the plants reside and other standards and norms on specific topics, forming the system foundation of the hazard-free exhaust treatment.

To prevent or reduce exhaust pollution and potential hazards, and ensure good air quality and OHS environment in the plant, Topband has taken a series of measures:

- Equipment shrouds and air extraction systems are provided in the workshops to ensure that the equipment is in a sealed negative pressure state during operation. The collected exhaust is transported to the exhaust treatment plant for adsorption, reducing the pollution and odor from raw and auxiliary materials used in the production.
- All departments are required to take exhaust into consideration in new, reconstruction and expansion projects, install exhaust collection units for pollutant-generating equipment and facilities, provide specific exhaust treatment units for the existing equipment with large exhaust emissions, and include the prohibition of direct exhaust emission into the system. The exhaust collection units must work when the exhaust-generating equipment is working.
- The exhaust generated at the production site shall be collected by the exhaust collection unit and then discharged to the air after being treated with the activated carbon device on the roof of the plant. Alternatively, the exhaust shall be collected with the NMP gas condenser and then treated by a professional third-party agency. The oily smoke emissions generated in the Company's canteens shall be purified with the oily smoke purifier and then discharged to the air.
- The Administration Department is responsible for monitoring/measuring the environmental operation condition. It shall organize the business units to cooperate with qualified external agencies to check whether the exhaust emission meets the standard every year, release the summarized monitoring/measuring data on the national pollution source platform, correct non-compliant activities and conduct tracking. In particular, the Lithium Business Unit shall be inspected at least twice per year.
- 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.

### Annual Environmental Management Objectives and Performance

Environmental Objective	Indicator	Calculation Method	Assessment Frequency	Actual Performance in 2023	Achievement of Objectives
Industrial exhaust emission	The exhaust is treated to meet the standards (Class II stated in DB 44/27-2001 for domestic plants) and then discharged to the air through pipelines	Obtain the test result statistics from the third-party agency every year	Lithium Business Unit and Taixing: twice/year Others: once/year	Conforming <sup>1</sup>	Achieved
Air pollution accident	0	-	Once per year	No air pollution accident occurred	Achieved

<sup>1</sup> The data covers the industrial exhaust emissions in Huizhou Topband, Ningbo, Taixing, Vietnam and Shenzhen plants.

## Noise management

Topband's noise management regulations are based on the Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008). The Company has properly arranged the noise pollution sources, and taken effective isolation, vibration-proofing, noise reduction and other measures for key noise sources. The Company organizes at least once a year the monitoring of the noise emission, and hires external testing agencies with nationally recognized qualifications to carry out the monitoring to ensure that the noise at boundary is acceptable.

### Annual environmental management objectives and performance ▼

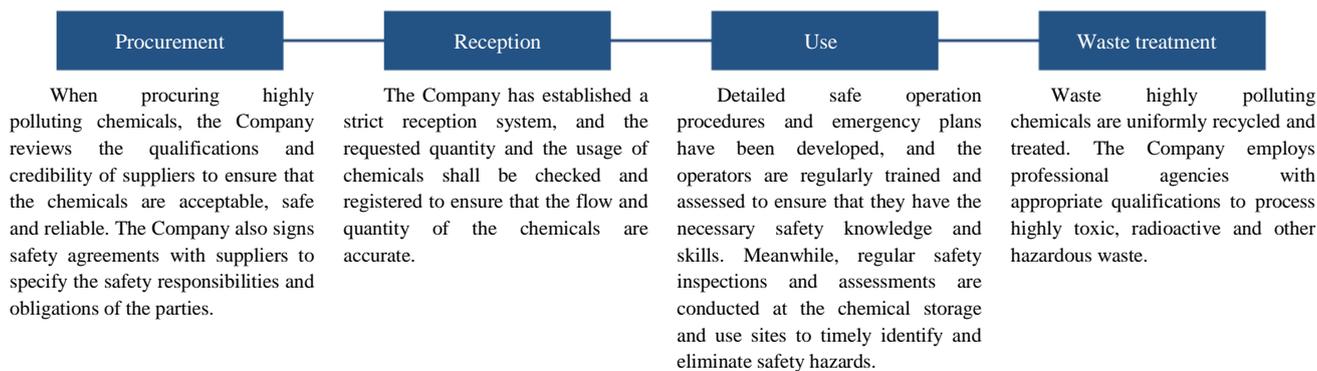
Environmental Objective	Indicator	Calculation Method	Assessment Frequency	Actual Performance in 2023	Achievement of Objectives
Up-to-standard noise emissions at the factory boundary	The noise at boundary in Huizhou, Shenzhen and Taixing plants meet the Class III stated in GB 12348-2008; The noise at boundary in the east and north sides of the Ningbo plant meets the Class IV stated in GB 12348-2008; The noise at boundary in the south and west sides of the Ningbo plant meets the Class II stated in GB 12348-2008;	Obtain the test result statistics from the third-party agency every year	Taixing: twice/year; Ningbo: once/year; Others: once/quarter	Conforming <sup>1</sup>	Achieved

<sup>1</sup> The data covers the noise emissions in Huizhou Topband, Ningbo, Taixing and Shenzhen plants.

## Chemical management

Topband has established an effective process for identifying and evaluating environmental impact factors, and formulated documents including the Chemical Management System and the Chemical Introduction and Management Specification to regulate the whole lifecycle of chemicals covering procurement, acceptance, storage, use and recycling, preventing any adverse impact on environmental protection and personnel safety. The Company 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.

## Chemical lifecycle management



In product and packaging design, Topband follows the Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS), the Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) and the Halogen Free Specification to reduce the use of hazardous components or chemicals at source.

### Annual Environmental Management Objectives and Performance

Environmental Objective	Indicator	Calculation Method	Assessment Frequency	Actual Performance in 2023	Achievement of Objectives
Chemical leakage accident	0	According to the statistics of actual chemical leakage accidents	Once/month	0 <sup>1</sup>	Achieved

<sup>1</sup> The data covers the chemical management in Huizhou Topband, Ningbo, Vietnam, Taixing and Shenzhen plants.

### Water resource management

Topband has formulated the Emergency Control Procedures for Nonconforming Discharge of Wastewater from Wastewater Treatment Plants as per the Emission Limits of Water Pollutants (DB 44/26-2001), the Integrated Wastewater Discharge Standard (GB 8978-1996), and the regulations applicable to the regions where the Company's global businesses reside. Rainwater is collected as per the regulations. Three types of wastewater are identified, with their treatment programs specified to ensure that all wastewater discharged is acceptable.

### Topband's Wastewater classification and treatment



#### Domestic wastewater

It mainly involves toilet wastewater. It is discharged into the municipal pipeline network through the existing drainage pipes in the parks for treatment in the municipal wastewater treatment plant. A domestic wastewater treatment plant is built in the Topband Vietnam plant to discharge the domestic wastewater.



#### Kitchen wastewater

It is filtered and then discharged into the drainage pipes in the industrial park.



#### Industrial wastewater

It is treated by a qualified third-party hazardous waste treatment agency for zero discharge of industrial wastewater. In Topband Mexico, the wastewater with some chemicals from the laboratory is first discharged into a special collection tank and then treated by a professional third-party agency.

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

- Conduct water accounting or audits, analyze the water consumption based on the monthly meter readings, identify data discrepancies and resolve them in a timely manner.
- Train the employees on water compliance, so that they can differentiate between domestic and industrial wastewater and implement water conservation measures in production and life.
- In the process design, replace harmful materials with harmless ones, and prioritize chemicals that cause less environmental pollution when chemicals must be used.
- Install water-saving faucets in the hand-washing stations in the office area, and provide water-saving sprinklers and faucets in the dormitory rooms.
- Enforce rainwater and sewage diversion, and requires all departments to incorporate appropriate facilities for rainwater discharge into their programs for new, reconstruction and expansion projects.
- Strictly investigate and deal with the behavior of mixing industrial wastewater and domestic wastewater, prohibit each department from dumping the oils and chemicals used and the hazardous waste liquids and residues generated (such as all kinds of wastes, soil and garbage) into the rainwater pipe network or flush them into the sewers. The departments in violation of the regulations will be imposed a disciplinary warning.
- Regularly clean the grease trap in the canteen to prevent wastewater with high oil content from being directly poured into the sewer without separation or treatment; provide filters at the sewage outlets in the canteen, and collect the filtered garbage as domestic waste.
- It is prohibited to place garbage in designated locations or areas to prevent the sewage from the garbage flowing into the storm drains during rainy days.
- It is forbidden to wash vehicles in the Company to avoid washing oil stains into rainwater or sewage pipes.
- Wipe up oil and chemicals dripping on the floor with a rag, and do not flush them with water into the sewers.

#### Annual Environmental Management Objectives and Performance

Environmental Objective	Indicator	Calculation Method	Assessment Frequency	Actual Performance in 2023	Achievement of Objectives
Up-to-standard wastewater discharge	Up-to-standard discharge	The domestic wastewater in domestic plants shall be discharged into the municipal network for further treatment; The domestic wastewater in the Topband Vietnam plant shall be treated with the self-built domestic wastewater treatment plant; Industrial wastewater is taken as hazardous waste and treated by a qualified third-party hazardous waste agency.	Taixing: twice/year Others: once/year	Conforming	Achieved

## Low-carbon production paths

Topband is exploring the "path to realize low-carbon manufacturing". With reference to the advanced experience, it develops the climate action strategies and measures of "increasing energy efficiency + increasing new energy" and "industrial carbon reduction + conservation for carbon reduction". It put forward the strategic goal of "creating carbon-neutral parks, zero-carbon factories and green products" to improve productivity and efficiency while realizing carbon reduction, form a win-win situation for the economy and the ecology.

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

The first increase is to improve the energy efficiency. The Company accelerates product upgrade through low inventory and manufacturing collaboration, and reduce carbon emissions in the production by improving process management, utilizing low-carbon raw materials and conducting low-carbon treatment of high-carbon energy.

The second increase refers to developing renewable energy, including solar energy, hydro energy, wind energy, biogas, hydrogen energy and bioenergy. Topband takes PV as the main entry point, and installs PV roofs in Shenzhen, Huizhou, Ningbo and Ninghui Parks to generate part of the production electricity.

### "Two reductions" - 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 businesses including lithium battery, energy storage, production automation, industrial automation, inverter technology, mobile power switch and green transportation to optimize and upgrade the industrial structure.

Conservation for carbon reduction means developing low-carbon culture. Resource recycling, paperless office, green business, energy saving in office, adoption of energy-saving and water-saving devices, and the increase of green plants within the Company are promoted.

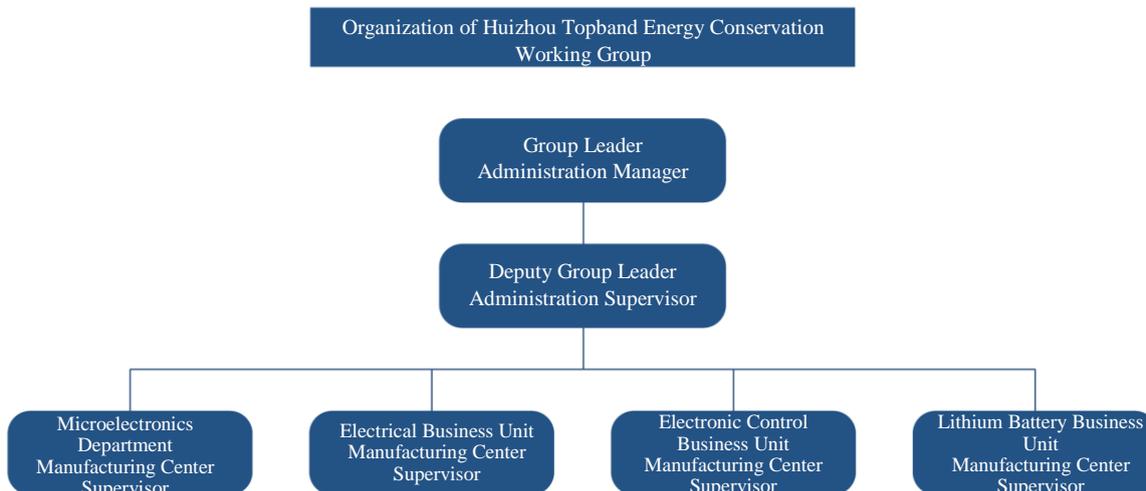
## Cases

### Creating a "Two Increases and Two Reductions" Environmental Management Demonstration Park - The "14th Five-Year Plan" of Huizhou Topband Electrical Technology Co., Ltd.

As a major park of Topband, Huizhou Topband Electrical Technology Co., Ltd. (hereinafter referred to as "Huizhou Topband") is a key area for the practice of the "two increases and two reductions" strategy. As per the Law of the People's Republic of China on Conserving Energy and other laws and regulations, as well as the General Rules for Stipulation of Enterprise Energy Conservation Plan (GB/T 25329-2010) and other technical standards, Huizhou Topband has prepared the "14th Five-Year" Energy Conservation Plan of Huizhou Topband Electrical Technology Co., Ltd. (hereinafter referred to as the Plan) to fulfill the primary responsibility and stimulate the energy-saving potential, which will serve as a guide of Huizhou Topband's energy management during the period of 2021-2025.

The core of the Plan is to save resources and improve resource utilization. Based on the current energy management performance and available resources, the energy management system and processes will be improved, and outdated processes and equipment will be eliminated or upgraded to reduce energy consumption per unit of product and optimize the energy structure.

Huizhou Topband uses a three-level energy management network to implement the coordination, decision-making, execution and supervision of the energy management system, and an assessment system is adopted to ensure the realization of the energy saving responsibility objectives.



With the 2020 composite energy consumption as the benchmark, Huizhou Topband set the "14th Five-Year" energy saving target and the target of composite energy consumption reduction per unit of production value at 15% (equivalent to 686 tons of standard coals).

### "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%

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

Items	Unit	2020 (Benchmark)	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%

## Production Paradigm of "Two Increases and Two Reductions" - Cell Production Line of Nantong Topband Youneng Technology Co., Ltd.

Nantong Topband Youneng Technology Co., Ltd. (hereinafter referred to as "Nantong Topband") is engaged in investment and technology development in the field of new energy cells, focusing on customized solutions for household energy storage, industrial and commercial energy storage, and lithium batteries for two or three-wheeled vehicles. To reduce the energy consumption during the production of lithium batteries, Nantong Topband built a new cell production line in 2023, with energy saving and environmental protection full considered from the planning to the implementation of the line.

- The Park installed PV power generation and industrial and commercial energy storage facilities on the building roofs and other available park spaces, making full use of clean energy and electricity valley to supply power to the production line.
- The production line uses steam heating for the heating and dehumidification in key processes (such as coating), saving the electricity by 60% compared with other lines with the same capacity.
- Processes such as rapid pulping and double-sided coating are upgraded with fixture-assisted furnace technology, saving the process time and corresponding energy consumption by 30%-50%.
- In the tail gas recovery with NMP, the line applies new technologies such as cooling and multiple layers of rotary adsorption to achieve a tail gas recovery rate of over 99.9%, eliminating the potential impact of tail gas on the environment.
- The production line is equipped with a fast, accurate and reliable intelligent logistics and warehouse management system, significantly reducing the operating costs of the plant.
- Solid and liquid wastes generated in the R&D of cells are key control targets. Special personnel are arranged to manage the environmental impact of R&D raw materials from mobilization, production to testing. In terms of the hazard-free treatment of wastes, in addition to treatment by qualified environmental protection agencies, R&D personnel also develop workflow provisions for the decomposition and analysis of the cell, and the waste battery shall be completely discharged to ensure that the waste battery is safe for transportation and storage.



Cell Production Line of Nantong Topband

## Resource recycling

Topband integrates the awareness of resource recycling into product development and design, and fully develops the value of recycling.

- **Select environmentally friendly materials:** The changes in the form of energy storage products put forward higher environmental requirements for the selection of materials. When selecting materials for lithium battery products, Topband avoids the materials containing hazardous substances, and uses non-toxic, harmless, recyclable/biodegradable or recyclable/degradable materials to improve the sustainability of the products. The Company produces recycled lithium products by recycling and reusing materials from lithium-ion batteries, thus improving the resource utilization efficiency and reducing the dependence on virgin mineral resources.
- **Optimize product design:** In the product design phase, the charging and discharging efficiency, cycle life, and environmental protection factors of the battery are fully considered, and an advanced BMS is adopted to optimize the use of the battery and reduce waste and unnecessary replacement. In the design of a complete unit, the Company pays more attention to improved energy efficiency to reduce the greenhouse gas emissions during the use of the product.
- **Practice environmental production in production:** The production process is strictly controlled, and environmentally friendly processes are used to reduce waste and pollution emissions, striving to achieve the goal of zero emissions.
- **Manage environmental impacts at the end of product life:** Solid waste such as copper foil is collected separately and handed over to qualified manufacturers for recycling. In 2023, the Company earned RMB 1,146,519 from solid waste recycling.
- **Recycling of other materials:** Exhibition materials, some packages and batteries are recycled and returned to suppliers or handled by a third party; the recycling and circulation of used clothing, computers, desks and chairs are continuously carried out in the Company. In 2023, 50 computers and 60 sets of office desks and chairs were circulated from the Binh Duong Plant to the Dong Nai Plant for reuse.
- In addition, Topband also actively applies chemical recycling technologies. For example, advanced solvent evaporation liquid-cooling recycling has been adopted for NMP solvent, which can realize a recovery rate of over 90% for the cathode paste solvent. Solvent recycling helps save the solvent resources and reduce the potential environmental impact of solvent discharges.



Fabric Recycling Bin



Battery Recycling Bin

# 社会

## SOCIAL

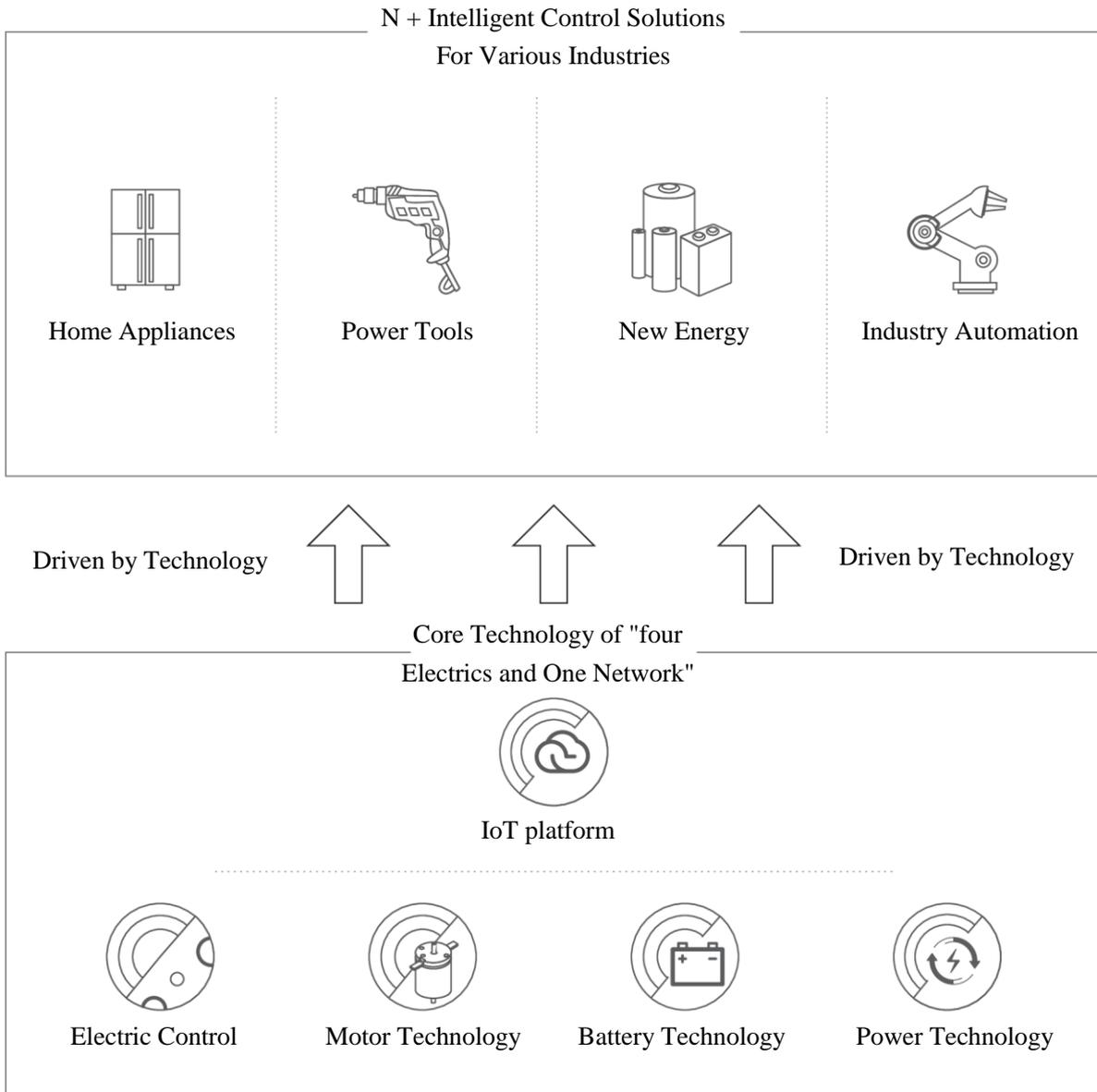
Topband is committed to the exploration of effective downstream application scenarios in intelligent control, providing customers with innovative and sustainable solutions and reliable delivery quality, and the happiness and sense of belonging to employees. Topband looks forward to working with customers and employees to create value in the industry.



## Guarantee Customer Benefits

Topband focuses on the R&D, production, and sales of intelligent control system solutions, i.e., with the "electronic control, motor, battery, power source and IoT platform" technology as the core, providing a variety of custom solutions for home appliances, tools, new energy and other industries.

### A Global Leading Provider of intelligent control Solutions



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

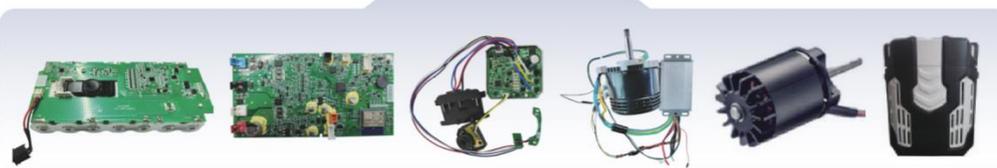
## Power Tools

The Company provides a range of customized products and services, from product concept, design, and development to manufacturing and delivery for brand customers in the tools industry (including power tools, garden tools and other specialized tools). The business scope covers the four categories of components, namely controller, motor, battery and power source, as well as some intelligent products.

### Application scenarios



### Products



## Home appliances

The Company provides a range of customized products and services, from product concept, design, and development to manufacturing and delivery for branded customers in the home appliance industry. The products are mainly involved in controller and motor categories, including home appliance master control, power control, motor drive and control, display control, etc. The products are mainly used in various fields, such as HVAC, kitchen appliances, cleaning appliances, health care, lighting, and smart home.

### Application scenarios



### Products



## New energy

In the field of new energy, Topband has formed a complete product matrix covering core components, complete units and system solutions.

**In terms of core components,** the Company has completed the layout of "1C1C3S" core products, including the charging module, cell, BMS, PCS and EMS.

**For the complete unit,** the Company has developed a full range of products such as AC and DC charging piles, household energy storage, industrial and commercial energy storage, communication backup power and portable energy storage devices.

**At the system solution level,** the Company combines the core technical capabilities of the complete unit and cloud platform and develops the complete solutions for scenarios such as PV, energy storage and charging, zero-carbon parks and household green energy.

### Products



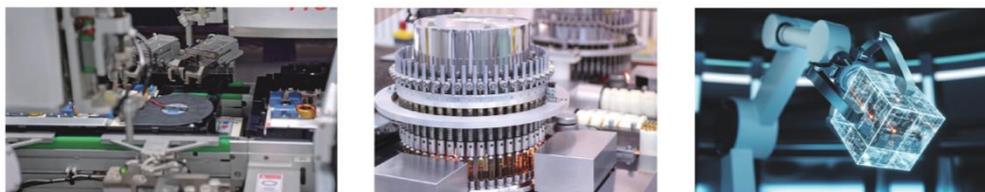
### Application scenarios



## Industry Automation

In the industrial control industry, our business covers R&D, production and sales of specialized industrial intelligent control products, mainly involving stepping, servo drive and motion control products. The Company focuses on downstream automation equipment customers and provides them with controllers, drives and motors. Downstream applications involve 3C electronics, robotics, medical equipment, semiconductor equipment, PV and lithium battery. We committed to helping automation equipment manufacturers improve design performance, reduce manufacturing costs, and speed up the development of new equipment.

### Application scenarios



### Products



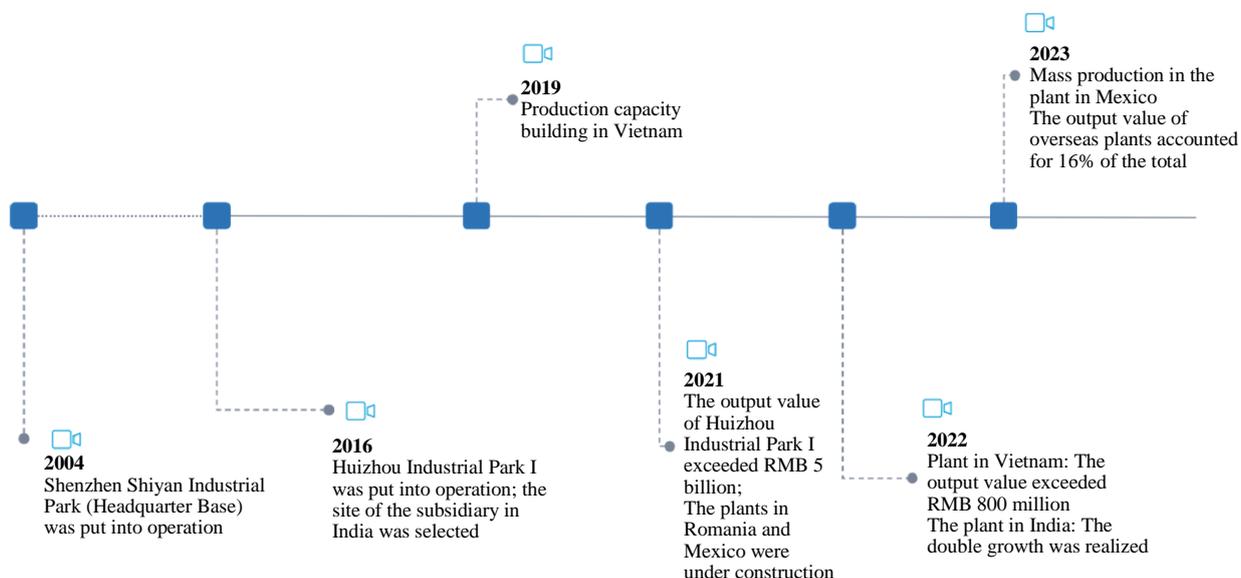
Topband attaches great importance to customer demand. To provide customers with quality products and services, the Company conducts customer satisfaction surveys on an annual basis to get customer feedback on our products and services.

In 2023, the Company collected 429 questionnaires from 199 customers to comprehensively understand customers' overall satisfaction, satisfaction with specific elements and willingness to increase orders. By the horizontal and vertical comparison of multi-year data for each element, we found that customers focus on Topband's responsiveness, innovation, product quality, cost and risk prevention and control. The Company will continue to take customer concerns as the anchors of business development, and identify the direction and space for business improvement to realize high-quality development.

## Flexible response

Topband has initially formed an international layout that is "based in China, involved overseas and close to customers". The Company's R&D and production bases are located in China's electronics manufacturing centers - the Pearl River Delta and the Yangtze River Delta. With the continuous expansion of downstream applications, the Company has gradually built up advantageous domestic and overseas customer service capabilities in the fields of home appliances, tools and new energy, and has become a pioneer performing the international layout among the domestic intelligent control industry. The Company locates its R&D headquarter in Shenzhen, China, and has set up 15 production/R&D bases around the world, spreading across China, Vietnam, India, Romania, Mexico and other countries, so that the agile services can be delivered to customers by a base in the proximity.

## Topband's Internationalization Process



## Cases

### Tackling difficulties and winning customers' trust with out of expectation products and services

Due to the delivery delay of its original BMS hardware supplier, the customer P in the field of industrial and commercial energy storage urgently found Topband, and Topband started its first OEM cooperation with P. In the face of risks such as rare core materials, weak competition in program design, long procurement cycle and high prices of non-core materials, and the lack of performance advantages of some of the raw materials compared with the same type of raw materials in the market, the customer P still requires delivery as originally scheduled. With many years of mature BMS R&D experience and technology accumulation, the R&D team quickly identified the customer's risky material list, got familiar with the product performance requirements, cooperated with the Company's supply chain management team to accurately recommend the substitutes, and quickly completed the preparation, selection, internal inspection, and customer review. The delivery was finally completed within a short period of time as required by the customer. The Company gradually realized the localized delivery of the customer's three global production bases, forming the shield of technology and supply capabilities. In 2023, the Company realized exponential growth in the sales revenue of BMS for industrial and commercial energy storage.

The Company 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 is received, the sales staff will categorize the information and transfer it to the relevant department, and implement the handling mode of "responding to customers within 4 h, providing temporary measures within 1 working day, and providing improvement reports within 3 working days".



Respond to customers within **4h**



Provide temporary measures within **1** working day



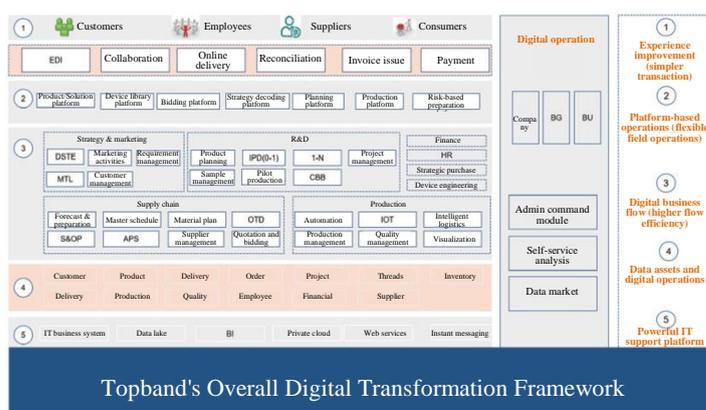
Provide improvement reports within **3** working days

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. Temporary measures, cause analysis, corrective measures, preventive measures and a series of initiatives are output to form a complete 8D report for the customer within the specified time, and the case is followed up to ensure its closure and no recurrence. 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.

In terms of process organization, Topband continues to optimize the organization, adheres to be customer-oriented, and has formed a three-tier customer service organization of front, middle and back ends. The front office, 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 front office; the back office aims to seek high and broad prospects, and ensure a long-term future-oriented support for the front office and middle office.

The Company launched the "customer-oriented" process change in 2017. After years, the Company has formed a reliable process management system with Topband's characteristics in SAP, BOM, CRM, SOP and other process management. In 2023, Topband, with a customer-oriented and data-driven approach, grasped the opportunity of digital transformation, and formulated a digital transformation program with full participation by focusing on customer experience, operational efficiency and model innovation. On this basis, the Company formulated the Digital Change Management System and released the Digital Transformation Blueprint. The front, middle and back ends were built to gradually realize business perception, interconnection, intelligence and Real-time, On-demand, All online, DIY, and Social (ROADS) experience, reducing the production and communication costs and improving operation and management efficiency.

In 2023, the Company focused on the R&D device library preference projects and the standard R&D BOM management platform for to support the Company's agile pilot production process, and they were fully implemented within the Company. In particular, the R&D BOM management platform can reduce the human screening through standard device selection and automatic system coding recommendation, reducing the R&D selection time from the original 48h to 2h, with the R&D selection efficiency improved by 87.5% and the trial production cycle reduced by 7-9 days.



## Product innovation

In terms of intelligent controllers, the downstream product update is accelerating, with more and more application scenarios emerging. Chinese enterprises with the technology accumulation and innovation capabilities will get more opportunities for development. Topband adheres to the core value of "insisting on the value of technology", and fully considers the reliability, environmental protection and economy in the process of product development to provide innovative solutions for customers.

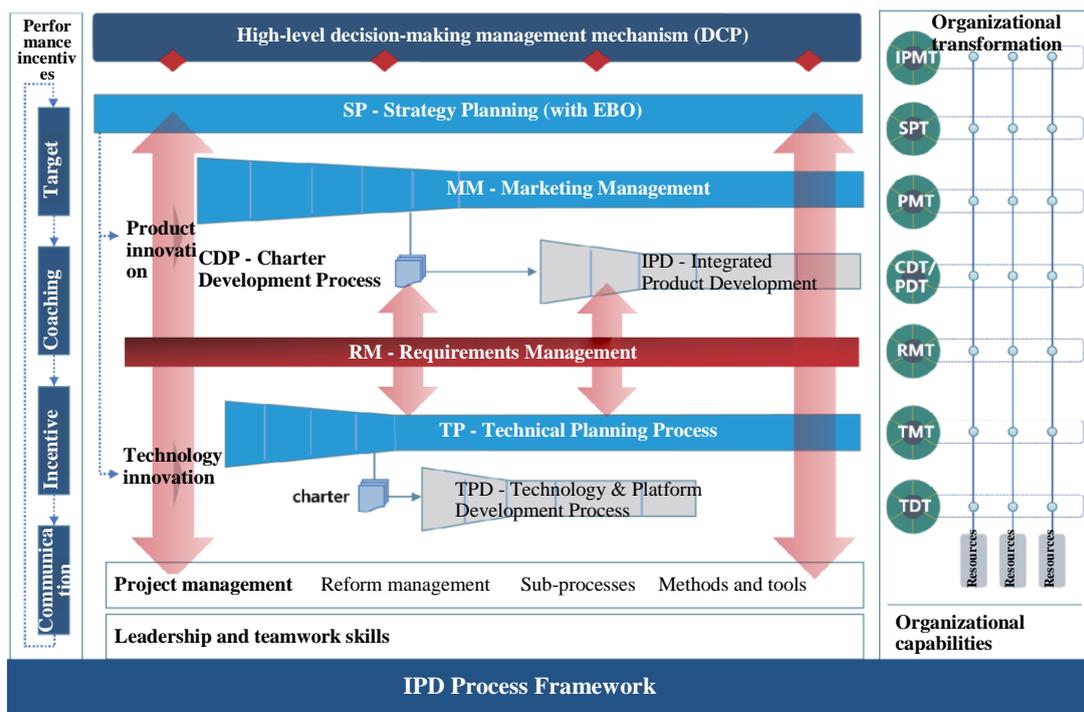
The Company relies on its own R&D capabilities to carry out core work centered on customer innovation needs, helps customers accurately identify new market demand, and promote the quick implementation of specific product solutions to win market opportunities. In addition, the Company also takes innovation as a value that it adheres to for a long period of time, wins customers' trust with innovative solutions, builds its market competitiveness, and enhances the added value of end products, so as to truly drive the development of the industry, create value for customers and gain their recognition.

In terms of R&D management mechanism, the Company introduced the integrated product development (IPD) system and process in 2016. Being customer value-oriented, the Company created a fast, flexible, efficient and collaborative product development system covering demand insight, process collaboration and development integration, making the product development process innovative, responsive and effective.

**R&D process:** Product planning, project management, R&D testing and project evaluation are controllable and in a closed loop;

**R&D team:** An "iron triangle" with the front and back ends is formed; the solution managers and sales managers respond quickly to customer needs and provide solutions; and the team works closely with the service manager to face customers;

**R&D flow:** IPD system guarantee;



To encourage innovations by employees and transform R&D innovations into achievements in a timely manner, in 2023, on the basis of the Patent Operation Management System and the Patent Application Management System, the Company developed the Guidelines for Patent Application Rewards to increase the amount of reward for granted patents, stimulating the protection of internal innovations and promoting the embodiment of R&D benefits.

Type	2023			
	Patent for invention	Utility model	Appearance	Total
New applications	74	193	82	349
Accumulative patent applications	1137	1747	344	3228
New granted patents	53	229	64	346
Accumulative valid patents	277	1517	275	2069
Valid foreign patents in the current year		-		5
Accumulative foreign valid patents		-		20

In 2023, the Company focused on market opportunities in new business areas, increased R&D personnel in core areas when appropriate, and maintained the R&D investment stably above the average level in the industry.



**2,004**

R&D personnel



**21.50%**

Proportion of R&D personnel



**9.28%**

Proportion of R&D input



**2,089 items**

Total patents

As a leader in the intelligent control industry in China, Topband actively participates in the industry standardization construction and promotes the development of the industry. In the fields of home appliances and tools, the Company is now a member of the National Standardization Technical Committee for Household Automatic Controllers and a member of its sub-committee, Sub-Technical Committee for Inverter Controllers. The Company has participated in the development and revision of more than 30 national, industrial and IEC standards, including the Electromagnetic Compatibility Requirements for Home Appliances, Electric Tools and Similar Apparatus - Part 1: Emission, and the Intelligent Automatic Electrical Control Systems for Home Appliances and Similar Use - Part 1: General Requirements. In the field of new energy, as a member of Shenzhen Standardization Technical Committee for Energy Storage, Topband Battery is actively involved in the development of standards for household energy storage, industrial and commercial energy storage and other related areas, and joined four standard development working groups, i.e., the Working Group for Intelligent Control of Wireless Home Appliances, Working Group for Sensors, Working Group for DC Controllers, and Working Group for Controllers for Electric Means of Transportation.

## Quality product

Product quality is the foundation of business survival and development. The Company has developed the Quality Manual as the guiding principle of Topband's quality management, which also represents the management's solemn commitment to quality management. Many products of the Company have obtained the Hazardous Substance Process Management Certification (QC080000).

During the project introduction, the Company determines with the customer the areas to sell the product and the laws, regulations and environmental directives and other requirements to follow, and strictly follows them during the 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 party 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 meet the requirements.

During the product R&D and production, the Company takes the initiative to formulate the Operation Management Guidelines for Hazardous Substances, stating the implementation of the environmental protection policy in device introduction, incoming material inspection and process monitoring. Each business unit establishes a specialized environmental protection team to maintain the operation and establish environmentally friendly production processes of high standards. The raw materials used in R&D and production are managed by specialized personnel from mobilization, production to testing and scrapping to reduce waste or unnecessary pollution.

**Material selection for R&D:** The Company selects recyclable and biodegradable materials, and all materials must meet the ROHS requirements and even the REACH and HF requirements in some markets, so as to avoid the use of materials containing hazardous substances.

**Product design:** In the project coding node, the environmental protection specialists shall strictly audit the environmental protection information of suppliers, consider the overall environmental protection and low-carbon performance of the products, and check the environmental compliance of raw materials to reduce the pollution from the source.

**Supplier selection and approval:** SQE conducts background investigation, on-site audit and agreement signing on suppliers' environmental management, hazardous substance management and social responsibility fulfillment. IQC performs environmental testing and confirms the safety compliance requirements; for any abnormal environmental protection needs, the environmental protection specialists will be involved to return the abnormal materials and restrict the supplier concerned.

**Production control:** For wave soldering, samples are taken weekly to test the solder composition, and IPQC checks whether the results meet the environmental requirements. The product production system is tracked using the MES system.

The Company regularly updates the component safety compliance and environment impact assessment 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 that the safety data statistics can be implemented, the MSDS is collected for all related chemicals used in the Company's products. In the R&D of cells, the solid and liquid wastes generated are key control targets. In terms of wastes, in addition to treatment by qualified environmental protection agencies, R&D personnel also develop workflow provisions for the decomposition and analysis of the cell, and the waste battery is completely discharged to 0% SOC to ensure that the waste battery is safe for transportation and storage. For new energy, the Company's products can be remotely monitored via a cloud platform. The after-sales service personnel regularly monitor and maintain the customer's energy storage system as required, and find and solve problems in advance to ensure the stable operation of the system.

For product quality inspection, the Company has prepared the Product Monitoring and Measurement Control Procedure, which requires systematic monitoring and measurement of the product quality condition, hazardous substance condition, and safety performance during the production. The Procedure covers IQC, IPQC, OQC, QA and other related processes, ensuring that the records and labels of each link are effectively managed. For battery products, the Company issues a special Material Safety Data Sheet, and specifies in the data sheet the fire safety measures, safety measures for leakage of hazardous materials, storage or explosion prevention and response measures, and waste disposal measures based on the local practices.

In product delivery, the Company establishes five inspection systems, namely first inspection, patrol inspection, transfer inspection, warehouse-in inspection and loading inspection, ensuring that the products shipped to the customers meet the requirements.



For the product production, the Company has formulated a special production emergency plan and emergency response procedures. The emergency plan includes the following: one general emergency response plan, two special emergency response plans for fire accidents and evacuation, respectively, and 14 on-site disposal programs for electric shock, drowning, explosion, poisoning and asphyxiation, object strikes, mechanical injuries and other situations. The emergency plan contains emergency response procedures developed based on the category, degree of harm and influence scope of the safety accident. The response procedures cover emergency command, rescue and relief, alert and evacuation, medical rescue, logistic support, communication and liaison.

The Company informs customers of the potential health impacts that may be associated with products and services through product specifications, instruction manuals, and conspicuous warning signs. To ensure the safety of materials selected, Topband requires raw material suppliers to provide third-party hazardous substance test reports issued within one year. In product design and development, the Company controls the demand analysis, design review, simulation testing, sample testing, production process control and other processes in strict accordance with the IPD framework; The product temperature control, short circuit protection, circuit design, software design, and the charging and discharging of battery products are strictly evaluated to ensure the safety of the products in use; product failure analysis before delivery, internal testing and verification and necessary external testing and certification are specified to avoid safety risks of the products. At the same time, the Company will set up a special quality assurance department to assure the product safety, including after-sales service, quality improvement and other aspects of the product.

For potential product use risks or health and safety risks, the Company has established a sound after-sales system and rapid response process. For safety risk problems found by the customer, the sales staff will receive the feedback, and the R&D/quality/manufacturing and other related departments will cooperate to recall or improve the products as per the Company's Product Recall Control Procedures. For products that have been shipped but have safety risks (such as batteries and complete units), the customers will be notified immediately, and the products will be recalled or improved.

## Cases

### High-quality testing strength - Topband Central Lab

Established in 2005, Topband Central Lab now covers about 6,000 m<sup>2</sup> after more than ten years of development, involving total investment of more than RMB 80 million. Specifically, there are Shenzhen Topband Central Lab, Huizhou Topband Central Lab and Ningbo Topband Central Lab.

As a professional, comprehensive certification and testing technology service platform, the Central Lab provides services covering a wide range of fields such as electromagnetic compatibility, radio frequency, reliability, safety compliance, failure analysis and device verification, and environmental protection. The services include product compliance assessment and verification, product reliability verification program design and testing, product certification consulting, failure analysis and device verification and other diversified quality services.

Adhering to the quality policy of "being scientific and rigid, objective and fair, standard and controllable, and traceable (data)", the Central Lab accumulates experience, and strictly controls the quality of products to provide customers with professional, fair, accurate and efficient testing services and technical support.

- EMC testing
- Hazardous substance analysis and testing
- Component recognition and failure analysis
- Instrument calibration
- Product reliability testing and improvement
- Product safety testing
- RF testing



UL-WTDP Laboratory



CNAS Accredited Laboratory



TUV Rheinland CTF Laboratory



SGS CTF Laboratory



TUV SÜD CTF Laboratory

# TOPBAND 拓邦 中心实验室 TOPBAND CENTRAL LAB



3m compliant semi-anechoic test chamber facility (radiation emission)



3m method anechoic test chamber facility (radiated immunity)



Safety compliance and electrical performance testing lab

## Stimulate Organizational Vitality

Topband regards talents as the core competitiveness of the enterprise, attaches great importance to organization construction, and gathers talents with grand ambitions, sense of mission and internal drive, striving to create a working environment that is energetic and inclusive and enables continuous progress. The Company has integrated the organizational evolution strategy into its 2030 vision, aiming to strengthen the talent team, increase the number of talents in key positions, build stronger middle and back end capabilities, empower the "iron triangle" teams, and build a customer-centered process-oriented organization.

## Employment of employees and their rights and interests

Topband strictly abides by the Labor Law of the People's Republic of China, the Contract Law of the People's Republic of China and the labor laws and regulations of the regions where it operates. It resolutely opposes the employment of forced labor and child labor and ensures that all labor practices are lawful and compliant.

The Company explicitly opposes the employment of child labor, and adopts strict recruitment management measures, including using face recognition and ID card information and other effective ways to identify the ages of applicants, ensuring that all employees meet the legal age to work when they are employed and avoiding mistakenly hiring child laborers due to false age credentials. In addition, Topband has formulated the Child Labor Prohibition Procedure and the Child Labor Incident Remedy Procedure, specifying that child laborers who do not meet the age requirements explicitly stated in their country shall not be hired, and providing remedies for possible child labor incidents. With regard to forced labor, the Company has established the Forced Labor Management Procedure to clearly specify its opposition to the employment of forced labor, and taken appropriate management measures to prevent it. The Company also provides human rights-related training courses for new employees, and sets out relevant regulations in the Employee Handbook to raise their awareness and understanding of child labor, slavery and human trafficking.

Topband has adopted a number of monitoring and auditing measures to ensure labor compliance, including regular random checks of employee rosters and on-site interviews for confirmation. The Company has established reporting channels such as WeCom and park mailboxes, so that employees and external stakeholders can timely report any possible violations. With these measures, Topband is committed to establishing a fair, legal and ethical working environment throughout Topband and its supply chain.

Topband manages the working conditions of its employees in strict accordance with relevant laws and regulations, and applies high standards and strict requirements, with all working conditions determined by the Company's top management deliberations. To protect the rights and interests of employees, the Company has formulated the comprehensive and strict Employee Manual in accordance with the law. Topband attaches importance to and safeguards the employees' rights to freedom of association and collective bargaining. Specifically, it has formulated the Management Procedure for the Rights to Freedom of Organizing a Trade Union and Collective Bargaining for all employees, aiming to establish and maintain an effective grievance and complaint mechanism and ensure that its operation complies with the local laws and guidelines on social responsibility, so as to safeguard the rights and interests of the employees.

Topband adheres to the principle of employing the locals to promote local employment, support the local economy, and build up a good relationship with the community. Currently, the employee localization has been 99% in Topband India and 95.33%, 92.5% and 78.69% in Topband Vietnam, Topband Mexico and Topband Romania, respectively, demonstrating the Company's determination to promote local employment and social integration globally and reinforcing its social responsibility and position in the global market.

In addition, Topband focuses on enhancing employees' childcare rights and interests, and provides employees with the parental leave in accordance with local laws. In Shenzhen, for example, female employees can enjoy up to 178 days of maternity leave and one hour of breastfeeding leave per day. The Company also encourages male employees to actively participate in childcare by providing 15 days of paternity leave, ensuring that both male and female employees can enjoy the parental leave.

## Data related to parental leave ▼

	Unit	Male	Female
Total number of employees entitled to parental leave by gender	Person	2,348	2,424
Total number of employees taking parental leave by gender	Person	297	245
Total number of employees who return to work in the Reporting Period after parental leave by gender	Person	271	165
Return rate of employees on parental leave by gender	Percentage	91.25%	67.35%
Retention rate of employees on parental leave by gender	Percentage	47.60%	38.18%

## Occupational Health and Safety

Topband attaches great importance to the health and safety of its employees. It has established comprehensive systems, and obtained the ISO45001 - Occupational Health and Safety Management System Certification, as well as SMETA, BSCI, WCA and other social responsibility certifications. In November 2022, the Company established the Work Safety Management Committee (hereinafter referred to as "Safety Committee"), which is responsible for decision-making and routine management of safety within the Company. Its responsibilities include the following: review and supervise the implementation of work safety regulations and systems and work safety plans; set annual targets and reward and punishment mechanisms; conduct quarterly assessments; improve the safety standardization management system; and investigate and handle accidents. The manager of administration department in charge of safety affairs serves as the Chairman of the Safety Committee, and the managers of each business unit serve as members. A regular meeting, representing 100% of the employees, is convened every quarter.

To manage and control the occupational health risks that may occur in the workplace, Topband has adopted four measures: evaluation of the current situation of occupational hazards, inspection of occupational hazards in the workplace, occupational health checkups for employees, and routine work safety inspections. The Company has established the ISO45001 Occupational Health and Safety Management System and conducts internal and external audits on a regular basis to ensure the effective operation of the system. For the occupational health hazard sources identified, the Company clearly requires all departments to take specific measures to continuously strengthen the construction of occupational safety and health system.

In 2023, Topband took comprehensive measures for employee health and safety for better management. The Company conducted regular safety inspections and maintenance of equipment to ensure the safe operation of all equipment; for key positions, the Company arranged occupational disease health checkups different from those for ordinary employees, so that employees affected by occupational hazards receive regular professional checkups every year; in addition, the Company implemented a strict safety training system, and all new employees are required to complete the three-level safety training and pass the examination before they can take up their jobs; all employees in the production line received at least 20 minutes of safety training every month, effectively raising the safety awareness and ability of the employees.

Topband's health and safety policy covers the work and activities of the suppliers and subcontractors in the Company. The Company has established regulations and procedures such as the Safety Management System for Outsourced Works and the Control Procedures for Outsourced Service Providers, and the Safety Officer shall be responsible for the safety training of outsourced contractors and properly keep relevant training records. All outsourced personnel must receive safety training before entering the scope of the Company, so that they fully understand and comply with the Company's health and safety policies, including operation specifications, precautions and response procedures for abnormal situations. In addition, the Company has established an effective monitoring mechanism to ensure that the work behavior of outsourced personnel complies with the Company's safety criteria.

To further manage the OHS risks, Topband has set up a set of anonymous reporting mechanism, so that all employees and suppliers can report any safety hazards or violations without revealing their identities. The Company has formulated the Employee Complaint Handling Process and the Regulations on the Protection of Whistleblowers, and strictly protects the information of whistleblowers in accordance with audit regulations to safeguard the legitimate rights and interests of the same. In addition, the Company has set up a special reporting hotline and procedure, and encourages employees to actively report OHS-related issues through various channels such as the employee experience platform and the bulletin boards in the park.

Topband has established a complete set of response mechanism for occurred OHS incidents, including the procedure for identifying danger sources, the Management System for Work Safety Accidents, and the Reporting Form for Workplace Accidents. This mechanism ensures that hazards can be quickly identified after an incident, and corrective measures can be taken timely and continuous improvement implemented, ensuring that the Company can learn from each incident and improve its safety management. In 2023, Topband had no cases of employee deaths due to work-related health issues, and there are 7 recordable workplace injuries, with both the lost-time accidents and severe accidents were zero. In the future, the Company will continuously strengthen the implementation of various OHS management measures, and increase incentives and combination of rewards and punishments, to promote the continuous improvement of health and safety work.

## Cases

### OHS Measures for Global Parks and Plants

Topband implements strict OHS management measures at its global bases, demonstrating its high regard for employee health and safety and its determination to implement unified and standard management on a global basis. Through the coordination and cooperation among regions, the Company effectively responds to OHS risks and ensures the health and safety of all employees.

#### Shenzhen Park

A comprehensive OHS management system has been established, and the Management System for Occupational Health in Workplaces, the Management System for the Investigation and Management of Safety Hazards, the Management System for Personal Protective Equipment, and the Control Procedure for the Identification of Dangerous Sources and Risk Evaluation developed and implemented. In response to the identified VOCs, Shenzhen Park actively promoted the Microelectronics Workshop Exhaust Control and Improvement Program. Specific measures include collecting the exhaust and reducing fugitive emissions, regularly issuing labor protection supplies, and conducting regular spot checks on equipment, thus protect the employees. In addition, the Park strengthens the safety awareness of the employees by regular OHS training and fire safety training. By 2023, the Park organized seven OHS risk training sessions and fire emergency drills covering about 2,000 people.

#### Huizhou Park

The Work Safety Hazard Investigation and Assessment Mechanism was established, which fully mobilizes the employees' motivation and raises their safety awareness and participation through monthly safety inspections, quarterly assessment and reward and punishment mechanisms. At the same time, the Company has developed the Dual Prevention Mechanism of Graded Safety Risk Control and Hazard Identification and Management. Safety risks in the production are graded as red, orange, yellow or blue, ensuring the systematic and comprehensive risk management and raising the risk awareness of the employees. In 2023, Huizhou Park organized nine OHS training sessions.

**Topband Vietnam Base**

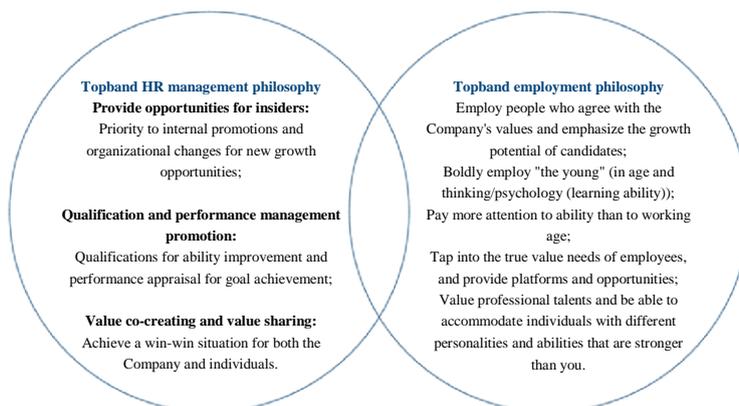
The Base successfully passed the ISO45001 Occupational Health and Safety Management System certification in 2022, further standardizing its OHS management procedure. The Base ensures extensive employee participation in the system and policy establishment process, and provides safety training to all new employees. 1,200 employees at the Base participated in safety training in 2023.

**Topband Mexico Base**

The Base inherits and implements the management systems of the Headquarters to ensure the consistency and continuity of OHS risk management. Meanwhile, the Base ensures the accurate identification and effective management of risks by selecting employee representatives (about 5% of the total employees) to participate in the construction of the management system. Meanwhile, comprehensive safety training was provided for new employees, covering fire and fire safety, operational precautions for each position and routine precautions. No major safety accidents occurred at the Base in 2023.

## Employee development and diversity

Topband adheres to the corporate spirit of "taking a long view and growing together", follows the employment philosophy of "respect, inclusion, openness, equality, competition, and selection of the best". It is committed to growing with the staff and achieving win-win outcomes with the customers.



Topband adheres to the core values of "respect and inclusion", firmly opposes any form of discrimination and harassment, and is committed to promoting diversity and building a positive corporate culture. The Company has formulated the Anti-Discrimination Management Procedure, which explicitly prohibits any employment discrimination based on ethnicity, color, age, gender, sexual orientation, race, disability, religion, political affiliation, membership, nationality, marital status or gender identity, ensuring that all employment activities, such as hiring, promotion, rewarding, training, assignment, compensation, benefits, disciplinary actions and termination of employment relations, are fair and impartial and that employees are treated fairly in the workplace.

To enhance employees' understanding of the importance of diversity and anti-discrimination, Topband conducts regular employee training and policy publicity. The Company also organizes a variety of localized employee activities based on the cultural and legal environments of each location, spreading the concept of diversity and creating an open and inclusive work environment. In addition, the Company has set up a comprehensive complaint and grievance mechanism, encouraging internal and external personnel to report any discriminatory behavior through the HR Department or the Company's suggestion box and ensuring that the problems are resolved in a timely manner. The Human Resources Department is responsible for investigating all reported situations. It shall take immediate corrective actions in case of any violations, or preventive measures if necessary, and assess the effectiveness of relevant measures.

Topband attaches importance to supporting minorities and vulnerable groups and has formulated special protection policies to support these groups. In 2023, the Company had 21 employees from vulnerable groups (such as the disabled).

### Management Regulations on the Protection of Women and Underage Workers of Topband (excerpt)

- All female employees of the Company have the same rights as male employees, and have the right to submit comments and suggestions to the Business Units, Audit Department, and the leadership via various channels and in forms.
- Female employees can participate in the Company's management as male employees, and have the same opportunities and rights as male employees in terms of job promotion, training, remuneration, welfare, etc.
- Unless otherwise required, female employees can be employed for any position.
- The factory shall not reduce the remuneration or terminate the labor contract of female employees due to pregnancy, childbirth and lactation.
- During the period of pregnancy, female employees shall not be arranged engage the labor forbidden during this period; and for those who are unable to perform the original work, their amount of labor shall be reduced, or they shall be transferred to other appropriate positions based on the certificate issued by the hospital.
- Employees who have been pregnant for seven months or longer shall not be arranged for night shifts or for additional work hours outside the normal working days. They shall be arranged to rest for one hour a day and allowed to receive the maternity check during pregnancy, and these hours shall be counted as work hours. If they are engaged in standing operations, a stool for rest shall be provided.
- 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.

Topband understands the importance of talent development. It has established a systematic career development path and promotion management framework, and formulated relevant policies such as the Post Qualification Management System and the Position, Title and Competency Level System. The Company has implemented a new post qualification system since 2020, and has certified the post qualifications of eligible employees, so that they can have a clear direction of career development and identify their space for promotion. As of the end of the Reporting Period, the Company had completed the post qualification standards for 40 positions and verified more than 1,000 employees. In 2023, based on the post qualification system, the Company built 9 position learning maps for R&D, manufacturing, QC and other fields and provided 29 learning map courses to help employees improve their professional abilities, with 646 participants involved and a learning rate of nearly 50%. In addition, with the Individual Development Plan (IDP) program, the Company customizes development plans for key talents and conducts monthly/quarterly review. It also provides career planning lectures and consulting to help employees make and optimize their personal career plans. For associate trainees at different levels, the Company has formulated corresponding training programs, providing activities such as course-based training, case practice, management development, and coaching by internal intermediate and senior tutors. In 2023, the Company organized the Shenzhen Xinyan Training Sessions 3, 4 and 5, with 120 employees trained and more than 60 selected as associate trainees.

To promote internal mobility, Topband has specified the career development channels in the position qualification model, and encourages employees to actively explore suitable career paths based on their individual capabilities and aspirations. The Company conducts annual talent check for all functional department employees and leaders, assesses their abilities and potentials, and implements adjustment and rotation to improve the enthusiasm and initiative of employees and promote healthy competition and sustainable development within the Company. In 2023, the talent check realized 100% coverage of all the staff and leaders.

To better motivate the employees, Topband has constructed a complete employee incentive system, including short-term and long-term incentive programs, so as to promote their personal and professional development. The Company adopts a compensation broadbanding system based on post qualifications to ensure that the employees' salaries and salary increases are closely related to their individual capabilities and contributions. In addition, the Company has formulated performance incentive programs for different types of positions that match the respective core value creation to ensure that all employees are fairly evaluated and rewarded. For example, the performance of a business unit president is linked to the net profit growth of the business unit under his/her responsibility; the performance of a salesperson is related to the revenue generated, the growth of gross profit margin, and his/her commercial management skills; and the performance bonuses of supply chain, manufacturing, and QC personnel are mainly derived from cost reduction effects. With respect to long-term incentives, Topband 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 the rights and interests of employees and the interests of the Company. In 2021, the Company granted 33,951,000 shares of restricted stock to 1,246 eligible incentive recipients. In 2023, the conditions for lifting the restricted stock restrictions in the first assessment period of the Restricted Stock Incentive Plan were met, and the 9,351,936 shares of restricted stock held by 1,109 incentive recipients were eligible for lifting the restricted stock restrictions and available for sale. The relevant staff of the Company handled the lifting of restricted stock restrictions for the above incentive recipients.

At the same time, Topband attaches importance to employee training and development, and has launched a comprehensive and efficient training system. Specifically, the Company has formulated the External Training Management System, the Management Measures for Internal Part-time Trainer, the Tutor Management System, the Company's Policy to Encourage the Improvement of English Skills and other systems; the departments set up annual training goals and plans, provide employees with skill training, safety training, corporate culture, human rights policies, mental health and others, and create academic upgrading training programs for those employees who need them, accommodating the diverse learning needs of employees. The Company supports employees to participate in training through online and offline methods, so that each employee can receive efficient learning that is suitable for him/her, promoting the common growth of individuals and the organization. In 2023, all employees received vocational or skill-related training.

<b>The Company mainly provides corresponding skill training for professional post personnel.</b>	The trainings, including the R&D Special Skill Training, HRBP Training Camp, Sourcing Training Camp, Buyer Training Camp, Project Procurement Engineer Training Camp, Internal Trainer Training Camp, Tutor Training Camp and AR\SR Ability Improvement Training Camp, have covered 1,294 persons-time, with the course duration of about 160 h.
<b>Management skill training</b>	3 sessions of management skill improvement training camp for about 80 h
<b>Skill training conducted within each department</b>	Nearly 499 sessions for about 805 h
<b>Employee skill training</b>	Including 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
<b>Special internationalization training</b>	Including language learning, technical training and online learning. In 2023, there were about 140 participants in the language enhancement camps (English and Japanese), and the hours of offline technical training overseas reached 240 h, with 32 h of online courses overseas provided with the domestic resources.

## Training-related data ▼

Employee training persons-time	Person-time	More than 20,000
Investment in employee training	RMB	Approx. 2,000,000
Total employee training hours	h	Approx. 140,000
Average employee training hours	h/employee	13
Average training hours for female employees	h/employee	12
Average training hours for male employees	h/employee	14.5
Average training hours for professionals	h/employee	14
Average training hours for managers	h/employee	9

## Employee care and communication

Topband has established five employee care programs: "Topband Ease", "Topband Growth", "Topband Happiness", "Topband Love", and "Topband Housing", providing employees with full-scenario care and concern at different stages of development and thus reducing their worries.



### "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" 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, singing 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" Housing Plan

- Public rental housing for talents: The Company can provide government-subsidized rental housing for talents in Shenzhen for employees.
- Hukou transfer: The Shenzhen Headquarter can provide hukou transfer and registration services for the employees who are eligible for transferring their hukou to Shenzhen.

### "Topband" Growth Plan

- Internal cultivation: Different cultivation programs and management modules are set up for different stages of career, including newcomer management (newcomers), professional skill cultivation (R&D, sales, supply chain...), leader management.
- 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: Build 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" Love Plan

- Periodic physical examination: Annually organize all employees to take physical examination, to help 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.

## Cases

### Mutual Aid - Love Fund Policy

To strengthen the cohesion and the sense of belonging of the employees, the Company has established a love fund policy since its listing and formulated the Management Measures for Employee Love Fund, aiming at offering a certain percentage of financial assistance to the serving employees in case of health emergencies, critical illnesses or accidents to help them overcome the temporary difficulties.

The Love Fund is subject to complete management, approval and supervision procedures and follows the principles of "public welfare" and "mutual aid". The application scope of the Love Fund is specified, and the account and fund of the Fund are managed by the special personnel. In 2023, the Company paid out a total of about RMB 400,000 to the Love Fund, accounting for 41.90% of the revenue of the Love Fund in the same year. The funds are used to alleviate the temporary economic difficulties of employees who are affected by illnesses, disasters, force majeure and other circumstances.

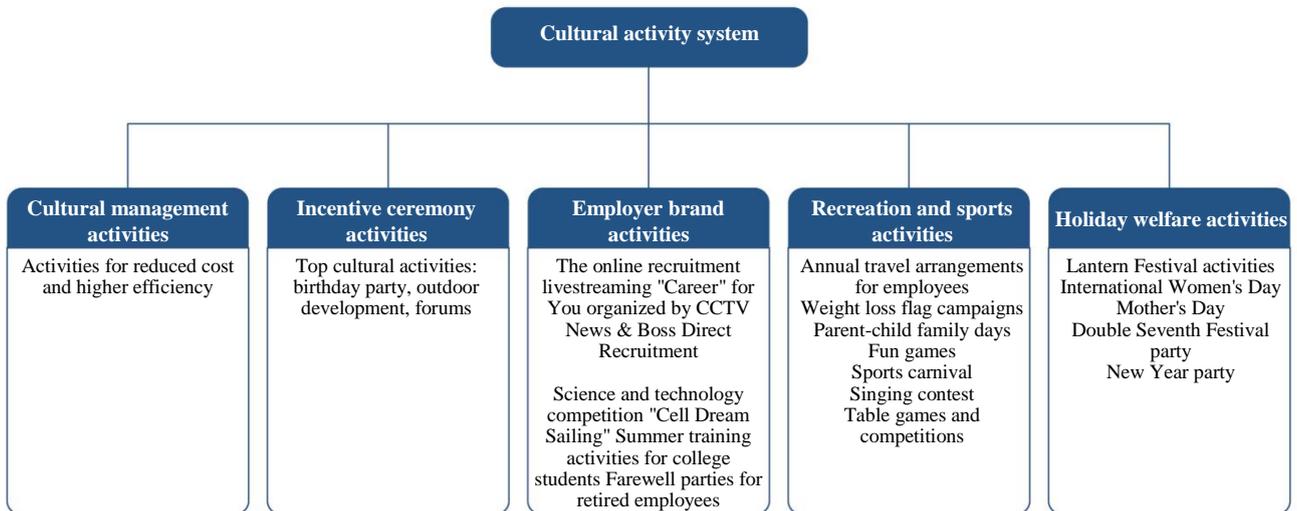
### Employee Assistance Program (EAP)

The Company established the EAP Center in 2018, and has gradually improved the EAP system in terms of the programs, system development, process design, care plan and measure implementation. EAP covers employees and their immediate family members, aiming at helping them reduce emotional stress in work and life and maintain a positive mindset, and enhancing their sense of well-being.

In 2023, the EAP Center received a total of 349 employees and 43 immediate family members (parents, children and spouses) of employees for psychological counseling. In addition, 194 psychological trainings were organized, effectively implementing the Company's care of the employees and reducing their psychological risks.



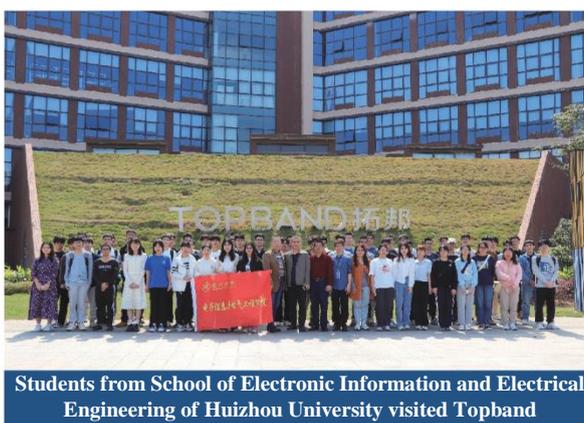
Topband has built a diversified system of corporate culture activities, including five major types: cultural management, incentive ceremonies, employer branding, sports and leisure, and holiday benefits. In 2023, the Company launched a series of diversified welfare activities to provide employees with rich cultural experiences throughout the year.



# Participating in Social Activities for Public Good

## School-enterprise cooperation

All along, Topband has been actively exploring the in-depth cooperation with colleges and universities, paying great importance to the development of education and talent cultivation and taking the initiative to assume its social responsibility. From 2021, Topband and Huizhou University started their cooperation strategy by establishing teaching practice bases, aiming at cultivating composite talents in line with the needs of social development. In the cooperation, Topband funded a "Yanxing Wujiang" special scholarship to promote the overall development of students, and sponsored academic competitions and cultural and sports activities to encourage innovations and technology practices. In 2023, Topband hosted students and faculty from the School Electronic Information and Electrical Engineering of Huizhou University for the first time, and organized seminars and interviews to introduce the Company's culture and career opportunities to the students. From 2022 to 2023, Topband's "Yanxing Wujiang" scholarship program provided scholarship support to 30 students from the School of Electronic Information and Electrical Engineering of Huizhou University, inspiring them to pursue excellence.



Students from School of Electronic Information and Electrical Engineering of Huizhou University visited Topband



Topband "Yanxing Wujiang" Scholarship Award Ceremony

In 2023, Topband further explored university-enterprise cooperation and expanded the scope of cooperation. Specifically, it set up the Topband "Yanxing Wujiang" Scholarship in Sichuan International Studies University to inspire students to strive diligently in academics, scientific and technological innovation, campus culture, culture, arts and sports, associations, volunteer services and other aspects. In 2023, Topband awarded 36 students from Sichuan International Studies University with scholarships amounting to RMB 56,000.

## Public welfare activities

Adhering to the spirit of "gratitude, dedication, mutual aid and improvement", Topband actively undertakes its social responsibility, and organizes the Company's volunteers and community volunteers to carry out a series of public welfare activities in the neighboring communities, building a good relationship with the local community. In 2023, the Party Committee of the Company and the Volunteer Association jointly organized 15 activities involving 158 participants, including environmental protection, caring for children with special needs, poverty alleviation and care for the elderly. In terms of charitable donations, Topband donated RMB 200,000 to the Charity Federation of HZZK Hi-tech Industrial Development Zone on September 4, 2023 for the education assistance project in Dongjiang Hi-tech Industrial Park.

To encourage employees to support community welfare, Topband has implemented a volunteer incentive mechanism in the Company, whereby employees can earn credit points by participating in volunteer activities. The point system is closely linked to the welfare system provided by the Company, and the accumulated credit points can be converted into employee benefits.

Looking ahead, Topband will continue to carry out more public welfare and caring and rural support activities, fulfill its social responsibility, care for the community, and contribute to rural revitalization.

	<p><b>Community Caring</b></p> <ul style="list-style-type: none"> <li>◆ Care children in need</li> <li>◆ Visit children in need</li> </ul>		<p><b>Outdoor environmental protection campaign</b></p> <ul style="list-style-type: none"> <li>◆ Yangtai Mountain environmental protection campaign</li> <li>◆ Shiyao Lake environmental protection campaign</li> </ul>
<p><b>Joint Campaigns</b></p> <ul style="list-style-type: none"> <li>◆ "Fun Fair" volunteer campaign</li> <li>◆ Participation in "Youth Cup" cross country race</li> <li>◆ BMW volunteer campaign</li> </ul>		<p><b>Park Services</b></p> <ul style="list-style-type: none"> <li>◆ Psychological garden party</li> <li>◆ Singing contest</li> <li>◆ 2023 Parent-Child Family Activity</li> </ul>	

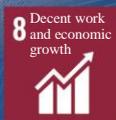


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# 治理

## GOVERNANCE

Perfect corporate governance, reliable processes, and sound management practices are the "cornerstones" of sustainable development. Since its listing, Topband has continuously strengthened its corporate governance, developed a solid corporate governance structure and a governance system covering the Board of Directors, Board of Supervisors and General Meeting of Shareholders, and built a set of efficient, transparent and fair decision-making and supervision mechanism to protect shareholders' rights and interests in various ways, providing a key support for the stable growth of the Company. In addition, Topband has also continuously strengthened the organizational process transformation and 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.

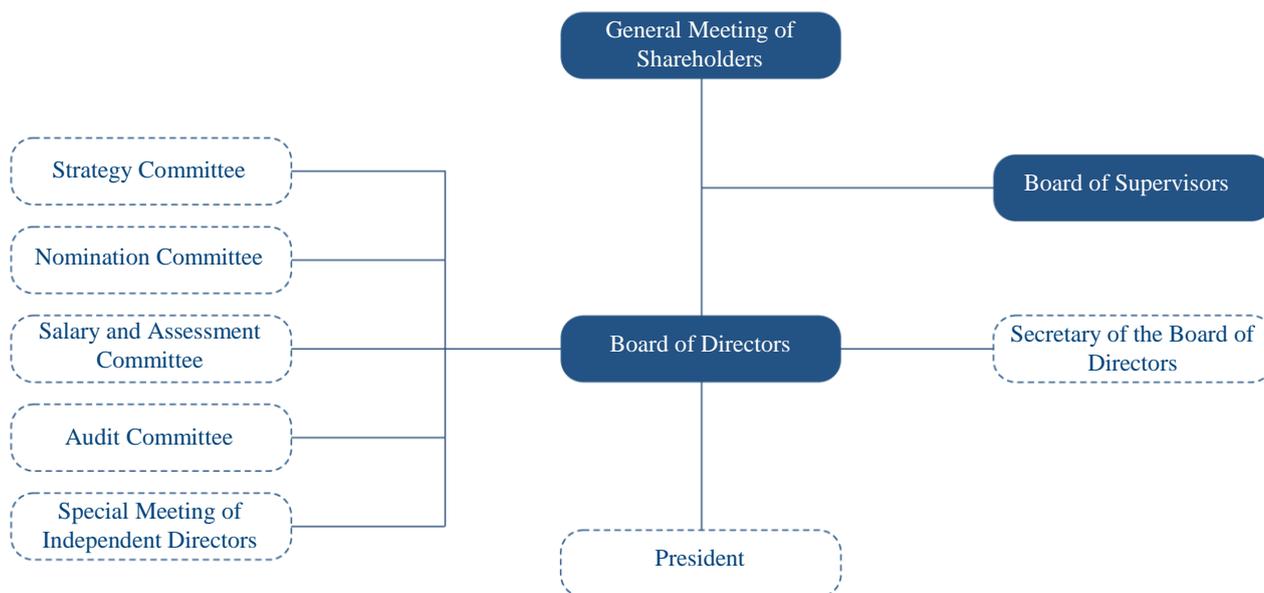


# Strengthening Corporate Governance

## Governance structure

The Company has established a modern corporate governance mechanism in accordance with the current laws and regulations and relevant provisions. It has set up the General Meeting of Shareholders, the Board of Directors and its specialized subordinate committees and the Board of Supervisors, and developed the corresponding rules of procedure and work management systems.

Effective system guarantee is the basis for the smooth internal operation of the Company. In 2023, to further improve the Company's corporate governance structure and management level, the Company sorted its internal governance rules and systems in accordance with the current Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Governance for Listed Companies, the Stock Listing Rules of Shenzhen Stock Exchange, 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 other laws, regulations and normative documents and the latest revisions and updates thereof. In light of its actual situation, the Company also amended 22 systems including the Rules of Procedure for the General Meeting of Shareholders and certain provisions of the Articles of Association. Meanwhile, to comply with the requirements of the regulatory authorities for the system of independent directors, the Company has developed the Working System for Special Meetings of Independent Directors to guarantee the performance of duties by the independent directors.



### General Meeting of Shareholders

As the highest authority of the Company, the General Meeting of Shareholders makes decisions on the Company's business policies and investment plans, and considers and approves the reports of the Board of Directors in accordance with the law. In 2023, the General Meeting of Shareholders considered many matters including the election of the Company's Board of Directors and Board of Supervisors, the repurchase and cancellation of restricted shares and a number of system revisions. The Company convenes general meetings in strict accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Rules of Procedure for the General Meeting of Shareholders and other relevant regulations. Shareholders can participate in the meeting online or offline, supporting small and medium-sized shareholders in exercising their right to vote. In the process of considering each proposal, all shareholders are treated on an equal footing, and the votes are counted separately for matters affecting the interests of small and medium-sized shareholders. A dedicated forum for the attending shareholders and the Company's directors, supervisors and senior executives is arranged, facilitating and fully safeguarding the shareholders in exercising their general rights and interests and the right of speech.

## Board of Directors

The Board of Directors operates in accordance with 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 Rules of Procedure for the Board of Directors. Its main duties include convening the general meetings, executing the resolutions of the General Meeting of Shareholders, and managing the information disclosure in the Company. Under the Board of Directors, there are Strategy Committee, Audit Committee, Salary and Assessment Committee and Nomination Committee, each of which performs its duties in strict accordance with the relevant laws and regulations and rules of procedure, providing complementary information for the scientific decision-making by the Board of Directors.

In September 2023, the 7th Board of Directors of the Company expired, and the number of members of the Board of Directors was adjusted from nine to seven as considered at the 37th Meeting of the 7th Board of Directors. The new Board of Directors consists of three independent directors and four non-independent directors.

The Board of Directors focuses on the selection process and ability matching of the members of the management team. More than half of the directors have over 20 years of experience in intelligent controllers and in research or management, so they can better grasp the direction of strategic development at the decision-making level in many fields, especially the electronic controls, motors, power sources, batteries, IoT and other technologies used in home appliances, tools, new energy, and industrial control. For member composition, two of the four non-independent directors are employee representatives; all the three independent directors are independent of the actual controller, controlling shareholders and other related parties of the Company and are experts in finance, strategy and investment, respectively, so that they can supervise or decide major matters of the Company in the relevant fields to effectively enhance the corporate governance.

## Board of Supervisors

The Board of Supervisors mainly reviews and provides written audit opinions on the Company's periodic reports, the use of raised funds, related-party transactions and equity incentive matters, and supervises the directors and senior executives in fulfilling their duties in the Company. The Board of Supervisors is composed of three supervisors. In 2023, after consideration by the General Meeting of Shareholders and the Congress of Workers and Staff, the members of the 8th Board of Supervisors were re-elected, with one employee representative elected as a new member.

## Congress of Workers and Staff

The Congress of Workers and Staff is an important way for employees to participate in the Company's operation and management in a democratic manner. In September 2023, the Congress of Workers and Staff of the Company was held, with two staff representative directors and one staff representative supervisor elected. These members together with the non-staff representative directors and non-staff representative supervisors elected by the General Meeting of Shareholders constituted the 8th Board of Directors and the Board of Supervisors of the Company.

## Special Meeting of Independent Directors

In 2023, in conjunction with the Management Measures for Independent Directors of Listed Companies issued by the CSRC, 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 other provisions, the Company added the Special Meeting of Independent Directors on the basis of the existing specialized committees including Strategy Committee, Nomination Committee, Salary and Assessment Committee and Audit Committee, enabling independent directors to perform their duties under the supervision of the mechanism. The Special Meeting of Independent Directors is composed of independent directors. It operates as a pre-deliberation procedure to review matters such as related-party transactions and changes in commitments, consolidating the authority of independent directors in performing their duties.

In 2023, 4 meetings of the General Meeting of Shareholders, 11 meetings of the Board of Directors, 7 meetings of the Board of Supervisors, 1 meeting of the Nomination Committee, 4 meetings of the Audit Committee and 2 meetings of the Salary and Assessment Committee were held in the Company. Each meeting was held in strict accordance with the meeting system to ensure that the Company's major decisions were compliant, feasible and effective. In particular, approximately 100 proposal and reports were deliberated, considered, reviewed or heard.

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

(1) Responsibilities of senior executives: After consideration by the Board of Directors and the General Meeting of Shareholders, the Company specified the senior executives and their responsibilities in the Articles of Association, and all of them must sign a Non-Compete Agreement.

(2) Responsibilities of controlling shareholders: The basic obligations of controlling shareholders are stated in the Articles of Association, such as the obligation to disclose information on the increase or decrease in the holding of the Company's shares, as well as the information on the counter-guarantees provided by the controlling shareholders when the Company's assets are used as guarantees of the controlling shareholders.

(3) Exclusion of voting rights: The recusal and voting procedures for shareholders and directors in relation to related-party transactions are stated in the Company's Articles of Association.

(4) Related-party transaction management: Related-party Transaction Management System has been formulated, and related information of related-party transactions has been regularly disclosed in regular reports.

(5) Responsibilities of employees: Non-compete agreements are signed with employees to bind and regulate them in respect of business, investment, etc.; and a system for recusal of relatives and cross-business or cross-departmental recommendation is in place.

### Transparent rights and interests

(1) Shareholders' responsibilities and prevention of conflict of interest: The Articles of Association and the rules of procedures of the General Meeting of Shareholders and the Board of Directors are strictly enforced, and the principle of equality among shareholders is followed.

(2) Open and transparent information disclosure system.

(3) Supervision of management personnel by the General Meeting of Shareholders, the Board of Supervisors and independent directors.

(4) The right of shareholders to request the convening of an Extraordinary General Meeting of Shareholders and the right to vote by proxy.

(5) The right of independent directors to solicit voting rights.

The Company adheres to the principle of work-based distribution and the combination of responsibilities, rights and benefits, and has formulated the Remuneration Management System for Directors, Supervisors and Senior Executives. The remunerations of the directors, supervisors and senior executives are closely linked with the Company's profit, their performance objectives and work ability, with full consideration of the market environment and industry factors to strengthen incentives and constraints. The directors, supervisors and senior executives serving in the Company receive remunerations based on an annual salary system, with a fixed portion of the annual salary being paid out each month, known as the base annual salary. The base annual salary is determined based on the grade, level of responsibility and ability. The portion beyond the base annual salary is called the operating annual salary, which is equal to the total annual salary minus the base annual salary. The amount of this portion is determined based on the assessment result after the end of each fiscal year, reviewed by the Salary and Assessment Committee and confirmed by the Board of Directors or the General Meeting of Shareholders.

The work allowance for independent directors is determined in accordance with the plan proposed by the Board of Directors and approved by the General Meeting of Shareholders. The fees incurred by independent directors for attending the meetings of the Board of Directors and the meetings of the General Meeting of Shareholders and for performing other duties shall be borne by the Company in accordance with the relevant provisions of the Company Law of the People's Republic of China and the Articles of Association.

#### Related data of annual total remuneration ratio ▼

The ratio of the annual total remuneration of the highest-earning individual to the annual total remuneration median of all employees in the Company is 16.53.

The ratio of the growth rate of the annual total remuneration of the highest-earning individual to the growth rate median of the annual total remuneration of all employees in the Company is 1.22.

## Shareholder's equity

### Regard returns to shareholders as important

Topband attaches importance to appropriate investment returns to investors. As per the Notice on Matters Relating to the Further Implementation of Cash Dividend Distribution of Listed Companies, the No. 3 Guideline for the Supervision of Listed Companies - Cash Dividend Distribution of Listed Companies, the Articles of Association and other provisions, the Company has formulated the Plan for Dividend Distribution to Shareholders for the Next Three Years (2023-2025), which takes into account the Company's sustainable development and returns to the shareholders. The Company has maintained a continuous and stable profit distribution policy since its listing, with particular emphasis on continuous and stable cash dividends to actively reward the shareholders.

In April 2023, the Company rewarded investors through cash dividends and other means. Specifically, with the 1,264,354,172 shares (the total share capital on the registration date minus the amount of shares on the buyback account) as the base, the Company paid a cash dividend of RMB 0.6 (tax inclusive) for each 10 shares to all shareholders, totaling RMB 75,861,250.32 for the year 2022, and implemented and completed the distribution program in May 2023.

In 2024, the Company will continue to divide dividends to the shareholders still registered on the registration date for the year 2023 in accordance with the above policy.

### Equity Distribution 2020-2022 ▼

	2020 <sup>①</sup>	2021	2022	Total
Cash dividends (tax inclusive)	56,133,314.67	62,071,871.76	75,405,278.83	193,610,465.26
Net profit attributable to shareholders of listed companies in the consolidated statement in the year of dividend distribution	532,161,123.64	564,964,282.18	582,655,258.38	1,679,780,664.20
Percentage of cash dividends in the consolidated net profit attributable to the parent company in the year of dividend distribution	10.55%	10.99%	12.94%	11.53%
Amount of repurchases	20,004,351.75	0	52,434,493.65	72,438,845.40
Percentage of repurchases in the consolidated net profit attributable to the parent company in the year of dividend distribution	3.76%	0	9.00%	4.31%
Total cash dividends (including repurchase forms)	76,137,666.42	62,071,871.76	127,839,772.48	266,049,310.66
Percentage of total cash dividends (including repurchase) in the consolidated net profit attributable to the parent company in the year of dividend distribution	14.31%	10.99%	21.94%	15.84%

<sup>①</sup>The "Net profit attributable to shareholders of listed companies in the consolidated statement in the year of dividend distribution" for 2020 is the retroactively adjusted data presented in the annual report 2021.

In October 2023, the Company issued the Repurchase Report, the fourth repurchase after those in 2018, 2020 and 2022. Based on the confidence in future development prospects and recognition of the Company's value, as well as the Company's long-term sustainable development, the Company decided to use its own funds of RMB 40 - 60 million to repurchase some of the Company's shares by means of centralized bidding transaction, and the repurchased shares will all be used for equity incentives in the future. As at the end of 2023, the Company has completed the repurchase of RMB 59.97 million, with an average price of the transaction of RMB 9.57.

### Repurchases Since Listing ▼

Date of Repurchase	Number of shares repurchased (shares)	Amount (RMB)
2023	6,266,600	59,969,998.65
2022	5,181,200	52,434,493.65
2020	3,580,600	20,004,351.75
2019	10,238,320	55,898,336.38
2018	1,020,000	4,101,632.50
<b>Total</b>	<b>26,286,720</b>	<b>192,408,812.93</b>

Since its listing in 2007, the Company has pay cash dividends (including FY2023) of RMB 679 million in total, and repurchased 26,286,700 shares amounting to RMB 192 million.

For FY2023, the Company proposes to distribute a cash dividend of RMB 0.6 per 10 shares (tax inclusive) to all shareholders based on the total share capital (1,229,476,988 shares, excluding the restricted shares repurchased and canceled and treasury shares repurchased), which is subject to the approval at the Company's 2023 Annual General Meeting of Shareholders. If the Company's total share capital changes before the implementation of the profit distribution plan due to share repurchase, cancellation of restricted shares or other reasons, the total distribution amount will be adjusted accordingly based on the principle of maintaining the same distribution ratio per share.

### Timely disclosure of information

To protect the legitimate rights and interests of investors, the Company continuously strengthens the management of information disclosure. Specifically, the Company fulfills its information disclosure obligations in a timely manner in accordance with the Company Law of the People's Republic of China (hereinafter referred to as the Company Law), the Securities Law of the People's Republic of China (hereinafter referred to as the Securities Law) and other laws and administrative regulations. The disclosure contents are true, accurate, complete, concise, clear and easy to understand, so that investors can fully and timely understand the Company's operation and business development and major events, providing key information for investors' decision-making and strengthening investors' supervision and management of the Company.

The Company regularly discloses in the form of announcements the cross appointments of the directors, cross-shareholdings with suppliers and other stakeholders, shareholdings of controlling shareholders and annual routine related-party transactions, and grants shareholders the right to inspect and copy the Company's Articles of Incorporation, minutes of the General Meeting of Shareholders' meetings, resolutions of the Board of Directors' meetings, resolutions of Board of Supervisors' meetings, and financial reports, ensure that the Company's information is transparent to the shareholders.

### Smooth communication channels

The Company communicates with investors through a variety of means and forms, including the Company's official website, the China Investor Network, the website of the Shenzhen Stock Exchange and the investor interactive platform of Shenzhen Stock Exchange, securities registration and settlement organizations and other network platforms, as well as new media platforms, investor hotlines, faxes and mailboxes as the means, and the General Meeting of Shareholders' meetings, investor presentations, roadshows, investor surveys, and securities analyst surveys as the forms.

While doing well in timely information disclosure, Topband also actively keeps the communication channels for investors smooth, especially for the information in relation to conflict of interest, where an interpretation meeting is generally convened in time to reply to investors, and good business advice from investors is transferred to the management to promote the Company's high-quality development. In 2023, Topband held four regular reporting teleconferences to fully respond to investor concerns, and timely disclosed the content communicated to share information with the investors.

In addition, Topband from time to time organized a series of activities themed "Investors visit the listed company", performance briefing, online reception of investors in Shenzhen area and other activities. More frequent on-site visits and online communication enabled the investors to have better understanding of the industry in which the Company is engaged in, the industrial developments, and the Company's competitive advantages, making the interests of shareholders and of the Company's management more consistent and increasing the investor confidence.

### Protect shareholders' rights and interests

In May 2023, the Company promoted the knowledge contest for investor rights and interests titled Here Come the Shareholders to further contribute to protecting investor rights and interests, enhancing investors' risk prevention ability and cultivating rational investment concepts.



"Here Come the Shareholders" Knowledge Contest for Investor Rights and Interests

# Business Risk Control

## Compliant operation

Compliance management and the construction of internal control system is essential to maintain stable operation and sustainable development of a business. Topband has effectively enhanced its management practices by formulating compliance and business ethics-related systems such as the Code of Business Conduct and Compliance of Topband Group, the Corporate Accountability System, the Management Measures for Rewards for Complaints and Reports of Misconducts and Corrupt Practices, the Management Measures for Declaration of Conflicts of Interests, and the Internal Control Management System. To adapt to corporate development and the changes in the external environment, the Company updated the Management Measures for Declaration of Conflicts of Interests and the Code of Business Conduct and Compliance of Topband Group in 2023, further specifying the boundaries of employees' behavior to improve the internal control system of the Company and to meet the high requirements of customers for compliance governance.

On the basis of the Internal Control Management System, Topband has established an internal control management system centered on the HR Department and the Audit Department to enhance the supervision. With regular internal control audits and field audits, Topband effectively identifies and rectifies its management shortcomings and process loopholes, and practical suggestions for improvement are made for internal control, improving the overall management quality.

In addition, to raise the employees' awareness of compliance and risk prevention and control, Topband constantly performs education and publicity campaigns in the internal network, the official website, the WeChat Official Account of the Audit Department for anti-fraud purpose and the internal publication Topband Journal and other platforms, ensuring that all employees can deeply understand the importance of compliance management.

## Cases

### Digital Compliance and Efficient Management

To cope with the inefficiency, compliance risk and many other problems revealed in the use of traditional contract and document seals, the Company started to build an electronic signing platform in October 2022 and extended it to the suppliers and HR management scenarios in 2023, realizing the full-scale electronic and paperless handling of contract, certificate and statement documents. This change not only brings multi-party collaboration and convenient processes, but also reduces the risk and cost of using physical seals, and improves the efficiency and security of contract management. This marks the progress of Topband's digital transformation and compliance management.

### Sustainable Supply Chain Management

Topband has established complete supplier management procedures to ensure procurement compliance. In terms of supplier development, the Company aggregates key information about suppliers in an integrated platform and tracks the status of supplier development, and strictly controls the supplier admission under the premise of adopting consistent supplier review criteria and ensuring the professional qualifications of the audit team. In addition, Topband attaches importance to the strict assessment and audit of new suppliers, and implements differentiated procurement strategies based on the assessment and grading mechanism.

Topband conducts annual and monthly performance assessments on suppliers that have been in cooperation with the Company to ensure that all aspects of the supply chain are in line with the Company's performance objectives and high-standard quality management. The Company focuses on the environmental and social responsibility dimensions in the supplier assessment, and the suppliers scored less than 80% of the total score will be rated as disqualified. In addition, the Company is firmly committed to responsible sourcing, and has signed the Commitment on not Using Conflict Minerals with the suppliers to consolidate compliance and ethical standards in the supply chain.

In the process of internationalization, the Company focuses on building a local supply chain system and promoting the construction of local industrial chains to reduce the waste of resources in transportation. In 2023, the percentage of local procurement of the plants in Vietnam, India, Mexico and Romania reached 25%, 19%, 15% and 15%, respectively. In the future, the Company will further optimize its procurement strategy, meet the local supply compliance requirements, and establish a multi-region and responsible supply system.

## Integrity and anti-corruption

Topband always maintains a zero-tolerance attitude toward corrupt practices. It is committed to maintaining an open and honest business environment by anti-fraud investigations, and punishes the violators. In terms of promoting integrity, Topband focuses on shaping a clean culture centered on anti-bribery and anti-corruption, and learns from the compliance concepts in the industry to build an anti-corruption compliance system that suits its own situation.

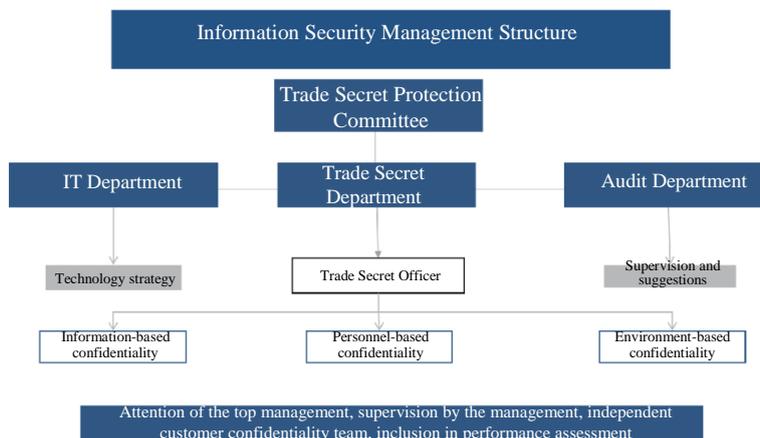
To clearly define the criteria for integrity, Topband has formulated the Anti-bribery Agreement, which specifies the acceptance of gifts, commercial hospitality and other forms of benefits, and requires resolutely resisting the acquisition of improper benefits. Before signing contracts with external partners, Topband also requires them to sign a Commitment to Integrity and the Anti-bribery Agreement to ensure that they value the same concept of integrity, achieving a complete chain of integrity management from the source to the end.

In terms of anti-fraud reporting mechanism, Topband encourages employees to report suspicious acts, and set up a reporting channel based on the Management Measures for Complaint and Reporting of Misconducts and Corrupt Practices, allowing anonymous reporting to protect the whistleblower. The Company conducts a thorough investigation of each corrupt practice reported, and keeps the information of the whistleblower confidential as per the Measures for Protection of the Whistleblower. There are also rewards for substantiated reports. For violations, the Company takes different disciplinary measures based on the severity, such as credit score deduction, disciplinary warning, demerit recording, dismissal or the transfer to judicial organs for investigation.

Topband actively sorts out and shares lessons learned from past experiences and provides employees with targeted seminars centered on actual challenges encountered. In 2023, the Company provided the course Integrity Risks and Their Prevention and Control in March, and organized the training titled Business Risks of the Company and Their Control to the subsidiaries in Vietnam in May, spreading the value of integrity and strengthening the employees' sense of integrity. In addition, the Company arranges anti-fraud and integrity culture training for new employees every year to ensure that they establish correct concepts of integrity and compliance.

## Information security protection

In the digital era, the importance of information security to businesses is self-evident. For this reason, Topband has set up a professional management team for trade secret and information security coordinated by the Trade Secret Protection Committee, built by the Trade Secret Security Department, and implemented by the Trade Secret Officer, forming a three-tier information security management structure to ensure the effective implementation of the security strategy in routine operations.



First of all, Topband regards the trade secret protection and management as the core part of the overall corporate strategy, and has established a trade secret protection system. It has also set up a special trade secret protection organization. The Trade Secret Protection Committee plays a leading and coordinating role in the Company to ensure the implementation of trade secret management. Meanwhile, the Trade Secrets and Data Security Department adopts a strategy that focuses on both technology and management based on customer needs, organizational strategy and departmental planning, aiming to accommodate the needs, control the security risks and continuously optimize the protection of trade secrets. The IT and Audit Departments provide the necessary technical and audit support. The professional team of more than 20 people including the Trade Secret Officer and departmental managers cooperates with the Trade Secret Department to develop specific implementation programs, implementing the trade secret protection from personnel, environment and information.

Then, Topband actively supports the national network security policy, and conducts the research and practical application in information security. The Company has developed the Management System for Network Information System Security to ensure comprehensive and strict security management of network information platforms. Combined with the actual business needs, Topband works in security technology, management and operation, implements an all-round risk management strategy covering the whole process, and builds a complete security operation and maintenance system, including risk assessment, defense mechanism, emergency response, continued monitoring and response measures. In addition, the Company manages the access to confidential information by class. A special confidentiality table is developed to specify the classification, storage and transmission of information, and the approval process is in place to ensure that non-authorized personnel can only access the information as required. In March 2023, Topband obtained the ISO27001 Compliance certification. This internationally recognized information security management system standard helps the Company regulate the behavior of employees and ensure the effective implementation of technical measures, thus keeping the corporate information confidential, complete and available and ensuring the stable and continuous operation of business.



ISO27001 certification

Meanwhile, to ensure the continued and effective operation of the information security system, Topband carries out an internal security audit every six months and a comprehensive external audit and assessment every year. The Company has established a comprehensive internal security monitoring system to conduct regular security vulnerability testing of applications, servers, network equipment and user terminals for continuous risk monitoring. In response to possible risks in information security, the Company follows the Management Measures for Information Emergency Response Plans and implements a detailed incident response process.



Finally, while building an internal system, the Company also actively cooperates with external parties. In April 2023, Topband participated in the symposium organized by the Shenzhen Municipal People's Procuratorate on the compliant building of a criminal protection system for trade secrets, enhancing connection with judicial institutions and jointly maintaining a fair competition environment. Meanwhile, Topband assesses the information security of partners annually. The Annual Review of Supplier Information Security is used to control the supplier's compliance, and third-party partners are required to sign a confidentiality agreement.



## Cases

### Information Security Culture Development

- Topband actively raises the employees' awareness of information security protection and continuously creates a transparent and secure working environment by the following measures.
- Arrange specialized training on information security and trade secret protection to employees in all departments to raise their awareness of information security protection. In 2023, the Company conducted 33 specialized trainings involving 800 employees.
- Establish diversified channels for reporting information security issues, including emails, anonymous letters, WeChat Official Account, and WeCom. All reports are independently investigated and handled by a security team under strict confidentiality. During the Reporting Period, Topband did not experience any information security-related incidents.

#### Data related to information security ▼

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

## Key Performance Indicators (KPIs)

### Environmental issues ▼

Indicator	Unit	2023	2022
Annual total energy consumption	MWh	100,971.70	91,938.48
Renewable energy power generation	MWh	2,239.00	460.74
Natural gas	m3	215,907.00	98,235.00
Power consumption	MWh	80,764.60	90,642.64
Outsourced electricity	MWh	96,573.63	74,076.96
Total water consumption	m3	516,327	340,000
Total discharge of pollutants in water	MT	No wastewater discharged	No wastewater discharged
Total weight of hazardous waste disposed	MT	933.45	815.466
Total weight of non-hazardous waste disposed	MT	1,825.00	402.85
Chemical leakage accident	Time	0	0
Disposal of hazardous waste	%	100% up to standard	100% up to standard
Up-to-standard noise emissions at the factory boundary	%	100% up to standard	100% up to standard
Industrial exhaust emission	%	100% up to standard	100% up to standard

### Social issues ▼

Indicator	Unit	2023	2022
R&D headcount	Person	2,004	1,776
Proportion of R&D input	Percentage	9.28%	8.11%
Patents obtained (including foreign patents)	Piece	351	566
Percentage of employees covered by collective agreements with work terms in all employees of all regions	%	26.30%	29.26%
Percentage of employees who cover the formal election of employee representatives in all employees of all regions	%	0.32%	0.25%
Days of employee maternity leave	Day	178	178
Hours of employee breastfeeding leave	h/day	1	1
Total number of employees entitled to parental leave by gender	Person	Male/2,348 Female/2,424	Male/1,882 Female/1,923
Total number of employees taking parental leave by gender	Person	Male/297 Female/245	Male/167 Female/93
Total number of employees who return to work in the Reporting Period after parental leave by gender	Person	Male/271 Female/165	Male/161 Female/89
Return rate of employees on parental leave by gender	%	Male/91.25% Female/67.35%	Male/96.41% Female/95.70%
Number of total employees	Person	9,323	8,379

## Social issues ▼

Indicator	Unit	2023	2022
Total hours of the Company's training related to human rights policies or procedures and percentage of employees covered	h; %	Newcomer training involves a course on human rights, 2 h/session, approximately 24 h/year in total. Covering 100% employees	Newcomer training involves a course on human rights, 2 h/session, approximately 24 h/year in total. Covering 100% employees
Percentage of workplaces where the Company has conducted employee health and security risk assessment in all workplaces	%	100%	100%
Percentage of all employees at all locations who are represented by a health and safety committee	%	100%	100%
Percentage of full-time employees who receive medical checkups	%	49.91%	80%
Percentage of employees at key and special posts who receive special medical checkups	%	100%	100%
Number of occupational hazard factor detections conducted in places involving occupational hazards	Times/year	2	2
Maximum consecutive working months for special posts	Month	3	3
Number and rate of fatalities due to workplace injuries	Person; %	0; 0%	0; 0%
Number and rate of workplace injuries (excluding fatalities) with severe consequences	Person; %	0; 0%	0; 0%
Number and rate of recordable workplace injuries	Person; %	7; 0.08%	0; 0%
Number of deaths caused by work-related health issues	Person	0	0
Number of recordable cases of work-related health issues	Person	0	0
Number of new employees participating in orientation training	Person-time	9,600	More than 6,600
Percentage of employees participating in orientation training	%	92.40%	78.77%
Achievement rate of safety education for new employees	%	100%	100%
Number of employees certified for qualifications	Person	1470	More than 700
Number of core key personnel covered by IDP (Individual Development Plan)	Person	1,260	Approx. 300
Percentage of employees who have accepted regular performance and career development assessment in all employees in all regions	%	100%	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%	100%
Percentage of employees who have accepted diversity, discrimination or harassment training in all employees in all regions	%	100%	100%
Number of participants and hours of skill training for professional posts	Person; hour	4,200 persons-time; approx. 34,400h	1,600 persons-time; approx. 260 h
Number of management skills training sessions conducted by the Company	Session	9 sessions	10 sessions
Number of skill training sessions conducted within each department	Session	499	Approx. 1,000 sessions
Employee training persons-time	Person-time	More than 20,000	More than 20,000
Investment in employee training	RMB	Approx. 2 million	Approx. 2 million
Total employee training hours	h	Approx. 140,000	Approx. 160,000
Average employee training hours	h	13	15
Average training hours of employees by gender and category	h	The number of average training hours for female employees is about 12 h; The number of average training hours for male employees is about 14.5 h; The number of average training hours for professionals is about 14 h; The number of average training hours for managers is about 9 h;	The number of average training hours for female employees is about 10 h; The number of average training hours for male employees is about 18 h; The number of average training hours for professionals is about 8 h; The number of average training hours for managers is about 6 h;

## Social issues ▼

Indicator	Unit	2023	2022
Percentage of total employees of workers from ethnic minorities, minority groups and vulnerable groups (for example, disabled person)	%	0.23%	14.04%
Percentage of female employees in the total number of employees of the Company	%	41.46%	42.27%
Percentage of female holding senior management posts	%	15.92%	15%
Percentage of female directors	%	0%	11%
Gap of average remuneration both male and female (percentage of average total hourly wage of female employees in that of male employees)	%	76%	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	1
Total number of employee proposals received by the "Employee Experience Platform"	Nos.	475	More than 600
Number of holding of "employee communication meetings"	Time	7	2
Number of employee feedback issues resolved through "employee communication meetings"	Person	54	29
Percentage of target suppliers who have signed the Sustainable Purchase Charter/Supplier Code of Conduct	%	100%	100%
Percentage of suppliers signing contracts that include environment, labor and human rights requirements	%	100%	100%
Percentage of target suppliers who have subjected to assessment of corporate social responsibility (CSR)	%	100%	100%
Percentage of target suppliers who have subjected to on-site audit of corporate social responsibility (CSR)	%	Official manufacturer 100%	Official manufacturer 100%
Percentage of purchasers who have received sustainable purchase training in all regions	%	100%	100%
Proportion of spending on local suppliers	%	39.30%	40%
Percentage of new suppliers selected according to environmental standards	%	100% official suppliers	100% official suppliers
Suppliers that have conducted EIA	Person	72	110
Number of suppliers identified as having actual and potential significant negative impact on the environment	Person	0	0
Percentage of suppliers identified as having actual and potential significant negative impact on the environment and approved for improvement after assessment	%	0	0
Percentage of suppliers identified as having actual and potential significant negative impact on the environment and decided to terminate their relationship after assessment	%	0	0
Percentage of new suppliers selected according to social standards	%	100% official suppliers	100% official suppliers
Number of suppliers identified as having actual and potential significant negative impact on the society	Person	0	0
Percentage of suppliers identified as having actual and potential significant negative impact on the social and approved for improvement after assessment	%	0	0
Percentage of suppliers identified as having actual and potential significant negative impact on the social and decided to terminate their relationship after assessment	%	0	0

## Governance issues ▼

Indicator	Unit	2023	2022
Reports generated by the whistleblowing program	Piece	23	19
Corruption incidents	Piece	2	3
Total number of incidents where employees from the Company are dismissed or disciplined due to corruption	Piece	2	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	5	3
Total number of business locations where the Company has conducted internal audits/risk assessments on business ethics issues	Person	8	2
Percentage of business locations where the Company has conducted internal audits/risk assessments on business ethics issues in the total business locations	%	80%	25%
Percentage of the Company's anti-corruption policies and procedures communicated to employees	%	100%	100%
Percentage of the Company's anti-corruption policies and procedures communicated to business partners by the Company	%	100%	100%
Information security incidents	Piece	0	0
Ratio of the annual total remuneration of the highest-earning individual to the annual total remuneration median of all employees		16.53	18.37
Ratio of the growth rate of the annual total remuneration of the highest-earning individual to the growth rate median of the annual total remuneration of all employees		1.22	-1.22%
Number of members of governance bodies who have received anti-corruption training	Person	7	9
Number of members of governance bodies to whom the Company's anti-corruption policies and procedures have been communicated.	Person	7	9
Percentage of the Company's anti-corruption policies and procedures communicated to members of governance bodies	%	100%	100%

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Company, the Company, Topband	Refer to	Shenzhen Topband Co., Ltd.
RMB, RMB ten thousand, RMB 100 million	Refer to	RMB, RMB ten thousand, RMB 100 million
CSRC	Refer to	China Securities Regulatory Commission
Exchange	Refer to	Shenzhen Stock Exchange
Reporting Period	Refer to	January 1, 2022 - 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 S.R.L.
Topband Battery	Refer to	Shenzhen Topband Battery Co., Ltd.
Subsidiary in India	Refer to	TOPBAND INDIA PRIVATE LIMITED
HVAC	Refer to	Heating, Ventilation and Air Conditioning
BG and BU	Refer to	Business Group and Business Unit
IPD	Refer to	Integrated Product Development
SQE	Refer to	Supplier Quality Engineer
IQC	Refer to	Incoming Quality Control



# 让世界更加智能和低碳

BUILDING A MORE INTELLIGENT AND LOW-CARBON WORLD

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