



LAZZEN



2023

**Environmental, Social and Governance
(ESG) Report**



LAZZEN

**An expert in intelligent
electrical solutions**

SMART ELECTRICAL SOLUTION EXPERT

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About This Report

Overview

This Report is the second Environmental, Social and Governance (ESG) Report issued by Shanghai Liangxin Electrical Co., Ltd. (hereinafter referred to as "LAZZEN", "We" or "the Company") to stakeholders.

Scope and boundary of the Report

The information disclosed in this Report is consistent with the financial information disclosed in our 2023 Annual Report.

Source of data

The financial data in this Report comes from our audited financial statements while other data is derived from the internal documents and information summary of the Company. Unless otherwise stated, Renminbi ("RMB") is the unit of measurement in respect of the currency and amounts referred to in this Report. The Company ensures that there are no false records, misleading statements, or material omissions in this Report and is severally and jointly liable for the authenticity, accuracy, and completeness of the report contents.

Basis of preparation

The Guide for Business Action on the Sustainable Development Goals (SDGs)
 Guidelines for Social Responsibility of Listed Companies by Shenzhen Stock Exchange
 GRI Standards by the Global Sustainability Standards Board (GSSB)
 ISO 26000-2010: Guidance on Social Responsibility by ISO
 Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0) by the Chinese Academy of Social Sciences (CASS)
 National Standards of People's Republic of China: Guidance on Social Responsibility Reporting (GB/T36001-2015)

Process for preparation

Based on our ESG practices, this Report is prepared as per the process "Project Research - Collection of Materials - Preparation and Revision - Review by Senior Management - Review by the Board of Directors - Disclosure" and involves active communication with stakeholders on project initiation approval, preparation, and revision to determine and demonstrate the framework and contents of this Report.

Form of release

You can view or download the electronic version of this Report on the official website (sh-liangxin.com) of Shanghai Liangxin Electrical Co., Ltd. The Company will keep improving and enhancing our report disclosure level and ESG governance in the future. If you have any questions or suggestions about this Report, please feel free to contact us:

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Message from Our Chairman



In 2023, all LAZZEN staff persisted in the lofty mission of "doing better than our best in low-voltage apparatus and working together to build a new zero-carbon ecosystem of smart apparatus". Targeting the strategic development direction of "intelligent power distribution, smart home and new energy electrical technologies, industrialization and informatization, and integrated supply chain", we forged ahead with unremitting efforts. We have given great impetus to promote intelligent production, build a green and sustainable supply chain, and promote the low-carbon and intelligent transformation of upstream and downstream industrial chains. Additionally, we made an active layout in new energy technologies and enhanced the construction of production and information security to lead the new trend in the industry.

Aiming to be "an expert in intelligent electrical solutions", we built an intelligent demonstration factory and improved our management of occupational health and safety to promote the transformation of traditional industries into modern industries characterized by digital intelligence and standardization. We have been committed to constructing a "zero carbon factory" and prioritizing energy conservation, consumption reduction, and green and low-carbon development as our long-term objectives. By building an intelligent energy management platform and establishing a green recycling system, we improved the efficiency of energy use and continuously optimized our environmental management initiatives.

Our ongoing efforts and experience in research and development, innovation, quality control, customer service and other aspects have laid a solid foundation for becoming a benchmark brand in the domestic high-end market for low-voltage apparatus. In the future, we will continue to provide our customers with solutions that are more cost-effective, more secure, and more intelligent. We look forward to collaborating with all our partners in a more open and inclusive manner to march forward together and achieve a win-win result. We will make every effort to create value for our customers, accelerate the optimization of the industrial structure, facilitate national dual-carbon strategic planning, and give full play to our leading role in the intelligent electrical field.

In the future, we will implement measures to protect the environment, fulfill our social responsibility, and improve corporate governance by adhering to the ESG strategy. We will spare no efforts to build a zero-carbon ecology for the intelligent apparatus field to achieve sustainable development.

Chairman: Ren Silong
Shanghai Liangxin Electrical Co., Ltd.



About LAZZEN

Company overview

As a leading technology company, LAZZEN is committed to doing better than our best in low-voltage apparatus and working together to build a new zero-carbon ecosystem of smart apparatus. By making a strategic layout of intelligent power distribution, smart homes, and new energy electrical technologies and building Shanghai headquarters, Hangzhou Bay Super Factory, and Xi'an Research Institute, we can provide innovative system solutions for customers in fields like new energy, industry, electric power, information and communication, industrial control, building and home.

We invest heavily (more than 6%) in R&D every year and continuously innovate our products and solutions to make customers competitive. In 2014, LAZZEN was listed on Shenzhen Stock Exchange with stock code SZ.002706. We have won honors such as National High-tech Enterprise, National Intellectual Property Demonstration Enterprise, National Green Factory and Manufacturing Champion, National Green Factory Demonstration Enterprise, Future Factory of Zhejiang Province, and China's Best Managed Company announced by Deloitte China. We have also constructed a national enterprise technology center, a postdoctoral research station, and a testing center certified by CNAS and UL, which laid a solid foundation for independent innovation and sustainable development.

At present, we have businesses covering more than 200 cities in China and more than 30 countries and regions. Our end-to-end service system enables us to provide efficient services to customers worldwide. Our brand slogan "Where there's electricity, there's LAZZEN" has been fully recognized by our customers.

Philosophy

Mission and vision



To do better than our best in low-voltage apparatus and work together to build a new zero-carbon ecosystem of smart apparatus.

Values



- Pursuit of customer success:** Stay customer-centric, keep meeting customer demands, help customers succeed, and realize common development for our customers, our company, our team, and individuals.
- Responsibility and ambition:** Be ambitious, innovative, and brave enough to take and accept responsibility, and become an industry expert trusted by customers.
- Pursuit of truth and introspection:** Respect the law, seek truth from facts, be honest and trustworthy, grow by self-reflection, find the internal cause, constantly pursue excellence, and always work hard.
- Openness and collaboration:** Be inclusive to different cultures, listen to different opinions and suggestions, embrace changes, recruit talents, make concerted efforts towards the same goal, and pursue overall optimal results.

Social Responsibility



- Provide high-quality products and services to society, operate in compliance with the law, deliver taxes as required by regulations, maintain sustainable and healthy enterprise development, innovate independently, and advance electrical technologies.
- Conserve resources, protect the environment, and actively participate in carbon-neutral and zero-carbon construction.
- Ensure the safety and health of employees while continuously enhancing their welfare conditions.
- Support public health and cultural development, and actively participate in charitable work.

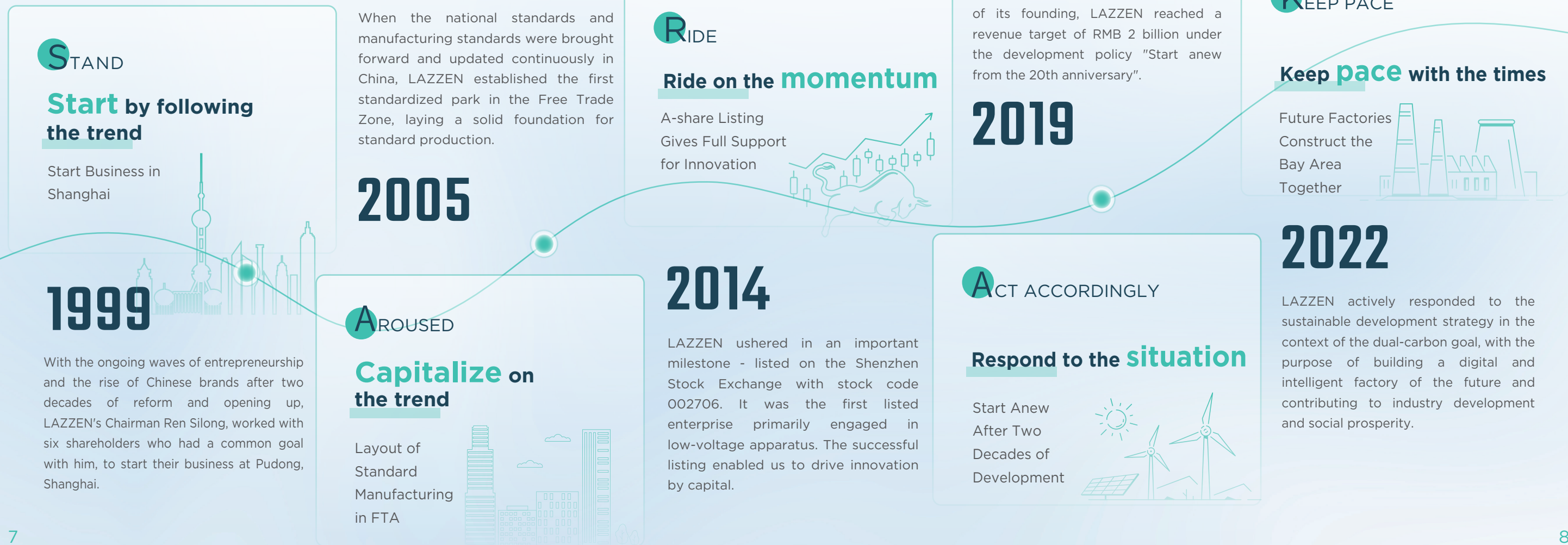
Development strategy and milestones

Corporate strategy

- To focus on low-voltage apparatus and implements a target concentration strategy.
- To excel in intelligent power distribution, smart homes, and new energy electrical technologies
- To be an expert in smart apparatus solutions.



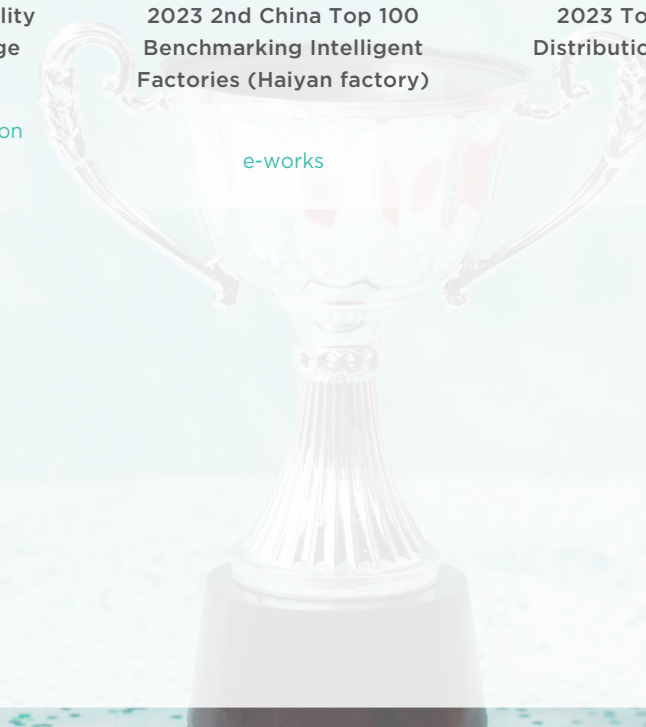
Milestones



Honors obtained in 2023

 Demonstration Enterprise for Green Design of Industrial Products (5th Batch) General Office of the Ministry of Industry and Information Technology	 China National Intellectual Property Demonstration Enterprise China National Intellectual Property Administration	 Enrolled in the list of "Thousand Enterprises and Hundred Cities" Brand Value Promotion Campaign Office of the China National Intellectual Property Administration
 2023 (1st Batch) Green Manufacturing Demonstration Enterprise - Green Supply Chain Shanghai Municipal Commission of Economy and Informatization, Shanghai Municipal Development & Reform Commission	 2023 Shanghai "Municipal May Day Labor Award" Shanghai Federation of Trade Unions, Shanghai Municipal Human Resources and Social Security Bureau	 Best Managed Company in China for the 5th BMC Program Deloitte China
 2023 High-tech Enterprise Shanghai Municipal Science and Technology Commission, Shanghai Municipal Finance Bureau, State Taxation Administration, Shanghai Municipal Tax Service, State Taxation Administration	 Leader of the 6th Shanghai Industry and Commerce Shanghai Federation of Industrial Economics, Shanghai Federation of Economic Organization, Shanghai Commercial Association, Shanghai Enterprise Federation	 2023 Shanghai Harmonious Labor Relations Enterprise Shanghai Federation of Trade Unions, Shanghai Municipal Human Resources and Social Security Bureau, Shanghai Enterprise Federation, Shanghai Entrepreneurs Association, Shanghai Federation of Industry and Commerce
 EY Entrepreneur of the Year 2023 Ernst & Young China	 2023 Future Factory of Zhejiang Province Economy and Information Technology Department of Zhejiang	 2022 Science and Technology-based SME of Zhejiang Province Department of Science and Technology of Zhejiang Province

 The First Batch of Innovative SMEs of Zhejiang Province in 2023 Jiaying Municipal Bureau of Economy and Information Technology	 2022 Digital Transformation Demonstration Enterprise Haiyan County People's Government of Haiyan County Committee of the CPC	 Outstanding Contributor to the Medical Security of the 2022 Olympic Winter Games and Winter Paralympic Games China Association of Medical Equipment
 The 6th AVE Award – 2022 Low-Voltage Apparatus Industry in China Pioneer enterprise of green and low-carbon manufacturing Organizing Committee for Selection Activities in the Low-Voltage Apparatus Industry	 The 6th AVE Award – 2022 Low-Voltage Apparatus Industry in China Best Low-Voltage Apparatus Supplier	 The 6th AVE Award – 2022 Low-Voltage Apparatus Industry in China Most Influential Brand
 The 6th AVE Award - 2022 Quality Circuit Breaker for Low-Voltage Apparatus Industry in China Organizing Committee for Selection Activities in the Low-Voltage Apparatus Industry	 2023 2nd China Top 100 Benchmarking Intelligent Factories (Haiyan factory) e-works	 2023 Top 10 Intelligent Power Distribution System Brand Awards AWARDS



01

Safety responsibility

Pursuing solid and steady development

Our concept

We prioritize safety control and quality management to ensure product and information safety. By following digital development trends, we have constructed intelligent safety production lines and continuously improved the occupational health and safety management system. We adhere to the concept of sustainable development and strive to build a sustainable supply chain for providing high-quality products to our customers and enhancing our core competitiveness.

Our actions

- Product quality and safety
- Information security protection
- Intelligent work safety
- Green and responsible supply chain



SDGs benchmarking



Product quality and safety

LAZZEN follows the business philosophy of "improving quality and creating quality products". We prioritize market demand and focus on product quality and safety. Based on our efficient management system and professional technical services, we provide customers with high-quality solutions while fully assuming the obligation to fulfill safety responsibilities.

Quality safety management

To achieve our vision of becoming an industry leader in product quality and making LAZZEN a symbol of high quality, we prioritize product safety and quality. We have implemented advanced quality information systems to manage quality throughout the entire value chain. Our corporate culture prioritizes quality, encouraging a spirit of craftsmanship and responsibility. Additionally, we are committed to all-round quality control.

LAZZEN 2023-2026 quality management strategy



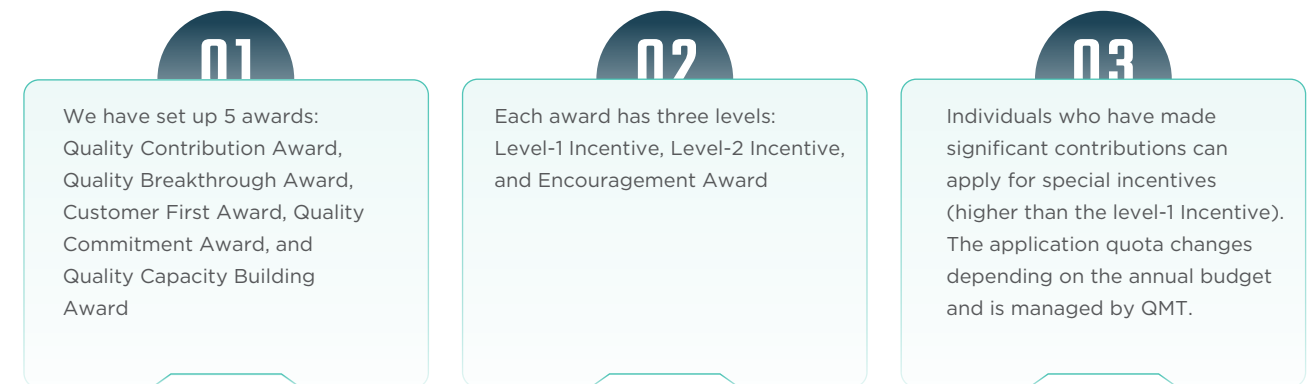
Quality management system

The Company has established management systems such as the Integrated Management Manual, Procedures for Objectives and Management Measures, Quality Problem Escalation and Handling Mechanism, and Measures for the Administration of Feedback, Handling, Backtracking, and Determining Responsibilities of Quality Problems, which have improved the quality management system and monitored quality risks throughout the process. In addition, we implemented integrated quality management and actively engaged third parties to conduct quality evaluations. In 2023, we also implemented Measures for the Administration of Quality Accountability, Incentives, and Appraisals. This includes establishing an immediate incentive system for quality, fostering a positive quality atmosphere, and strengthening quality leadership and culture construction. Currently, the Company has passed ISO 9001 Quality System Certification.

Quality risk monitoring process

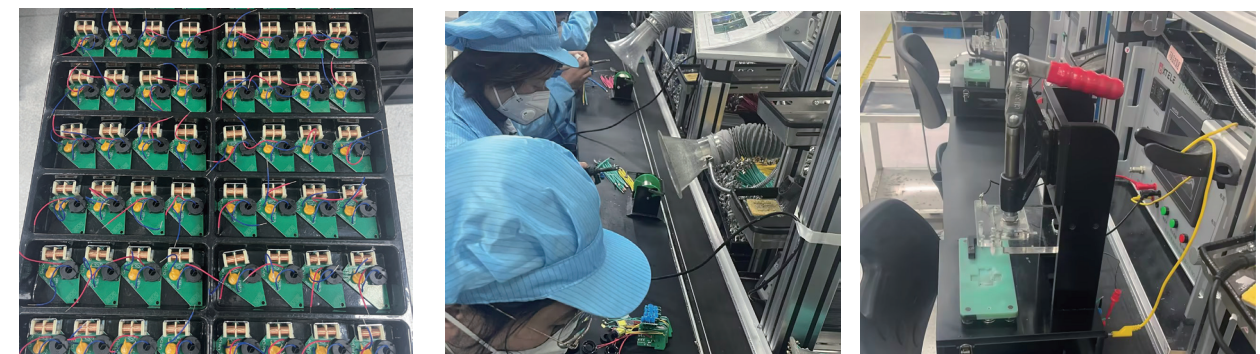


2023 immediate incentive system for quality



Case Hangzhou Bay Super Factory improved ESD control.

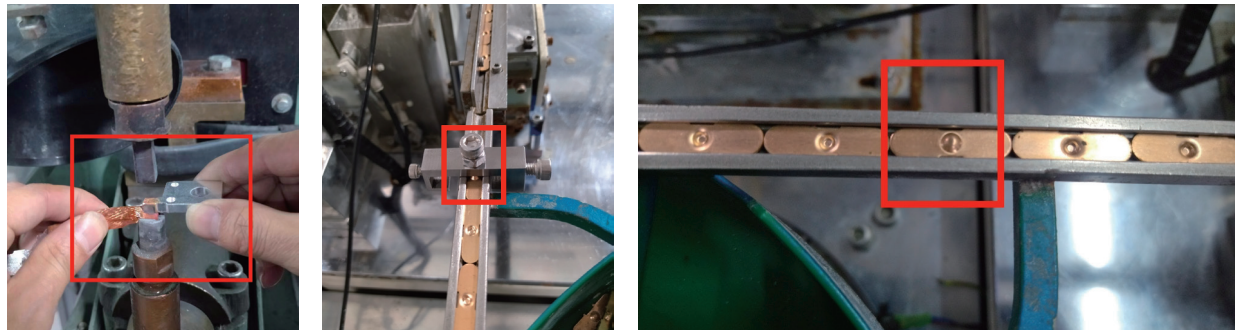
To minimize the damage caused by static electricity to electronic products and standardize the operation and management of electrostatic protection, we have implemented comprehensive ESD control measures to reduce potential quality hazards of electronic products. We have established regulations such as the Measures for the Administration of Electrostatic Protection and the SOP for ESD Control. We have also combined real-time monitoring and alarm modules on production lines, resulting in 100% coverage of ESD protection.



Placement of revolving tray with electrostatic protection and optimized ESD control

Case Hangzhou Bay Super Factory used the CLE method to reduce risk points in the spot welding process.

To enhance the quality of spot welding, we have optimized and increased tooling during the production process. This will achieve fool-proofing and anti-error effects, reducing the occurrence of errors, omissions, and confusion. During the reporting period, 50 working procedures have been sorted out for the spot welding workshop and a CLE-based improvement plan has been formulated. The quality of the spot welding workshop's working procedures has been continuously improved through the use of fool-proofing tooling, tooling modification, and fool-proofing equipment.



CLE-based improvement

Case AOI visual online quality inspection in electronic workshop

We have improved our quality control by utilizing AI algorithms. Additionally, we have developed a deep-learning algorithm for visually detecting PCB boards in common workshop scenarios. This algorithm can optimize the model through image preprocessing, edge detection, intelligent annotation, model training, and defect detection modules, thereby improving production accuracy and ensuring our products are of top quality in the industry.



PCB visual inspection

Improvement of quality and safety capabilities

We conduct cultural construction activities every year, including quality conferences and monthly quality meetings, quality benchmark selection, and incentives to stimulate a sense of quality responsibility among all staff. We also strengthen the construction of the quality management mechanism through quality backtracking and a reward and punishment system. Additionally, we regularly train and assess quality managers to empower them. In 2023, we further improved our quality management, resulting in good performance and a positive reputation.

Case Mozi Expert - Training course on standardization of low-voltage apparatus

During the reporting period, we invited the Vice President of the Shanghai Electrical Apparatus Research Institute to conduct 5 training courses for our staff. The training focused on key areas, including the introduction of basic knowledge of standardization, the current situation of standardization of low-voltage apparatus, and the development plan and concerns for the standardization of low-voltage apparatus. The training has significantly improved the staff's awareness of the standardization for low-voltage apparatus.



Training conducted by Mozi Expert

Critical data

Customer satisfaction approach	Complaints about excessive hazardous substances in products	Decline rate of level 3 quality issues	PPM decline rate
92.28 points	0 times/year	10%	12.5%



Awards related to quality received by LAZZEN from customers in 2023

Award/certificate name	Issued by
2022 Strategic Partner Award granted by Sungrow	Sungrow Power Supply Co., Ltd.
2022 Excellent Supplier granted by Huapeng	Jiangsu Huapeng Group Co., Ltd
Excellent Supplier granted by CRRC Times	Zhuzhou CRRC Times Electric Co., Ltd.
2022 Excellent Supplier granted by SCU	Sicon Chat Union Electric Co., Ltd.
Excellent Partner of Kehua Data	Kehua Data Co., Ltd.

Quality feedback management

We are dedicated to managing the quality of every step in the value chain. To handle after-sales and product recalls, we have established management systems, including the Management Procedures for Customer Returns and Recalls and the Management Procedures for Non-conforming Products. Additionally, we have developed a comprehensive process for handling after-sales issues and emergency situations. In 2023, there were no violations or recalls of our products.

Solutions for safe electricity use

In the next three to five years, our strategic development direction will focus on intelligent power distribution, smart homes, and new energy electrical technologies. Providing a solution for safe electricity use is fundamental to implementing our strategy of "intelligent power distribution, smart homes, and new energy electrical technologies" and also an effective way to maintain product quality and reputation. We have developed solutions for safe electricity use that meet the needs of customers in our low-voltage, DC, smart home, and smart power distribution product lines.



Distributed photovoltaic grid-connected circuit breaker and household photovoltaic grid-connected box AC side switch, providing islanding protection for safe operation

Case Interconnection and complementary collaboration between cloud computing and edge computing

The station control unit is a lightweight product designed for on-site deployment. It can monitor the operation of the distribution room (medium and low voltage) in real time using visualization, intelligent adoption, and data analysis technology. Additionally, it can combine with equipment management and intelligent operation and maintenance functions to enable the intelligent application of the distribution room, ensuring the safe operation and continuity of power supply.



NDZ3W-150S-300S series products

Case NDZ3W-150S-300S series products strengthen the safety guarantee for electricity use.

NDZ3W-150S-300S series DC contactors are primarily utilized in charging piles, charging stations, and energy storage systems. This series of products features contacts with an epoxy resin leakproof structure, ensuring safety and reliability without arc splashing. The products can meet the requirements for a maximum voltage of 1,000 V and low power consumption, and are CCC, CE, and TUV certified. This series of products can meet the customers' testing and performance requirements, providing safety guarantees for the widespread application of our products and cost-effective support for our customers' system solutions.



NDZ3W-150S-300S series products

Information security protection

We adhere strictly to the Data Security Law, Cybersecurity Law, and other relevant laws and regulations. We prioritize information security and privacy data protection and have established a robust information security management system to create a reliable barrier for information security and privacy protection.

We have implemented information security control in multiple dimensions, including equipment, network, data, and software and hardware security. The internal digital intelligence platform has a security authority management function, which can perform access control and authority management on the data to ensure the data's security and privacy.

The Company has passed the Information Security System ISO 27001 certification.

LAZZEN's information security control initiatives

Data security

The LEAGSOFT access and desktop management system and Sinfor Internet behavior management system safeguard end-user equipment security and data security from aspect of extranet, USB, network access detection, and so on. A backup mechanism is available for the Company's data. The headquarter server room is used to back up the core business data through the backup system, and the validity of the backed-up data has been verified regularly. In Shanghai and Haiyan factories, we have built off-site disaster recovery server rooms for important business systems. We also conduct disaster recovery drills for business systems on a regular basis, which effectively ensures the highly available and stable operation of our information system.

Hardware and software security control

The enterprise version of ESCT antivirus software is used to establish antivirus and malware invasion management and handling mechanisms for all terminals. The software detects viruses and issues antivirus tasks, protection policies, and patch verification and installation tasks in the background. The desktop management system control policy of LEAGSOFT effectively restricts USB devices, optical drive devices, wireless network cards and other devices of terminals to realize the protection of physical interfaces.

Network security

The situation awareness system of Sinfor has been established to conduct visual and real-time monitoring and analysis of threats to the intranet of the Company and branch offices. The source of threats can be located and dealt with in a timely manner by using the antivirus, desktop management, Internet behavior management tools and other security control devices to safeguard the intranet environment.

Device information security

The Company has constructed physical and logical isolation by using the switch ACL policy, firewalls, and industrial firewall access policy in the production area (industrial control area), office area, Internet access area. Firewalls are used to prevent network threats brought about by mutual access. Security audits are carried out by the bastion host for access to important business systems. Unified identity authentication is adopted so that only authorized access is allowed. The entire access process is audited to prevent the risks caused by unintentional, malicious, or illegal operations.

Other security

The server room is equipped with complete fire-fighting facilities, UPS power supply, precision air conditioner with constant temperature and humidity. There are strict access control means and an environment control alarm platform, so that anomalies can be received and dealt in a timely manner. The Company has made a detailed contingency plan for catastrophic failures and organized drills every year to ensure the stable operation of the business system.

Furthermore, we prioritize the construction of information security encompassing cybersecurity, data security, physical security, employee education and training, security monitoring and response, supply chain security management, and compliance management. We have established a core data leakage prevention plan and an emergency plan for network information security. We regularly conduct information security risk assessments and develop risk mitigation plans, as well as hold network attack and defense and penetration testing drills. Additionally, we have formulated a comprehensive information security management system to ensure the security of information assets and important business operations.



Information security management system

Case Upgrade of the Company's core network

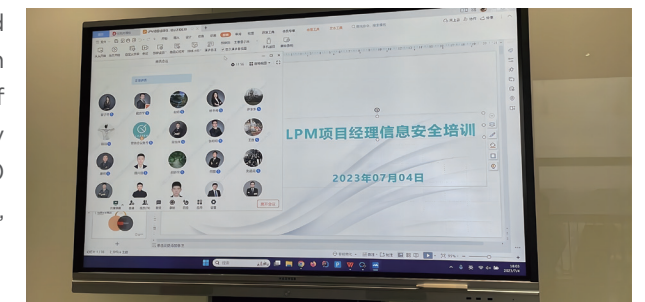
During the reporting period, we reconstructed the data center network to increase the network bandwidth, strengthen the network security, and shorten the network delay and failure recovery time. We replaced old network equipment, added new security equipment, and strengthened the logical isolation of different network areas of the Company to further improve the network security and stability.



The engineers of the Company are debugging the IT equipment

Case Information security awareness training for employees

During the reporting period, we provided information security training to employees in different positions to improve their awareness of information security. The Data and Security Department provided online training to over 90 colleagues in marketing, software development, and system operation and maintenance.



Online training for marketing information security

Critical data

2021 information security audit	2022 information security audit	2023 information security audit
2	1	3

Intelligent work safety

Adhering to the brand positioning of "an expert in intelligent electrical solutions", we have actively engaged in digital development, explored intelligent safety production lines, and constructed a digital and networked demonstration factory. We have also strengthened occupational health and safety management and promoted the transformation and upgrading of traditional industries.

Safe production line

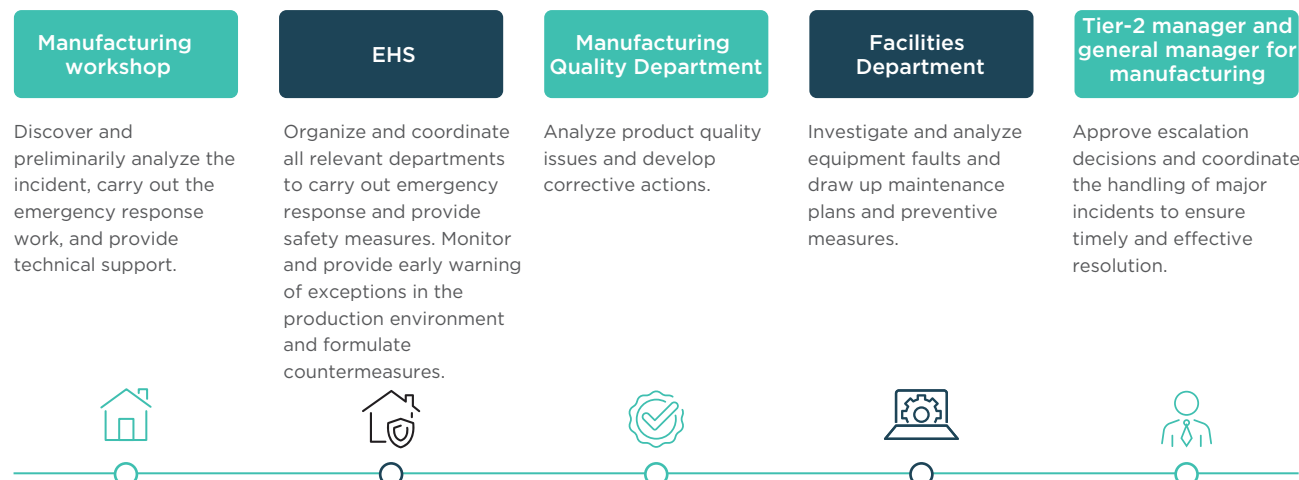
Our work safety policy has always been "safety first, precaution crucial, and comprehensive management". We have established and improved an intelligent work safety standardization process, continuously promoted the construction of a dual system of safety risk control and potential risk identification, and developed effective control strategies and protective measures through regular risk assessments. We strictly adhere to the Work Safety Law and other legal systems. To ensure safety, we have established a safety committee and divided it into five safety management modules. Each module has two assigned responsible persons.

Distribution of safety management modules



We have developed a major event escalation mechanism of the manufacturing system as an emergency safety plan to address equipment failures, production quality problems, and production environment anomalies. This mechanism includes a handling process and assessment requirements.

Division of responsibilities for the major event escalation mechanism of manufacturing system



Training for separating pedestrians and vehicles in the logistics area for the warehousing, logistics, and quality departments

Every year, we organize training and education activities for our employees to improve their sensitivity and ability to deal with major events. This helps enhance their awareness of safety responsibilities.

Digital and intelligent work safety

We have applied advanced technologies such as digital modeling, simulation analysis, Internet of Things, cloud computing, artificial intelligence, and big data comprehensively to design, simulate, and continuously optimize the entire enterprise process, and establish a dynamic digital twin virtual factory.

In 2023, the Company introduced imported high-precision equipment, fully automated production lines, intelligent three-dimensional storage equipment, and intelligent detection equipment. The industrial Internet platform was used to integrate information systems such as MES, WMS, QMS, and APS to control the entire process from marketing and research and development to procurement, manufacturing, and storage logistics. The efficient connection between equipment and the manufacturing system improved safety for employees during production, protecting their health and creating a safe, digital, and intelligent production line.

Case OTS full-process automated production line

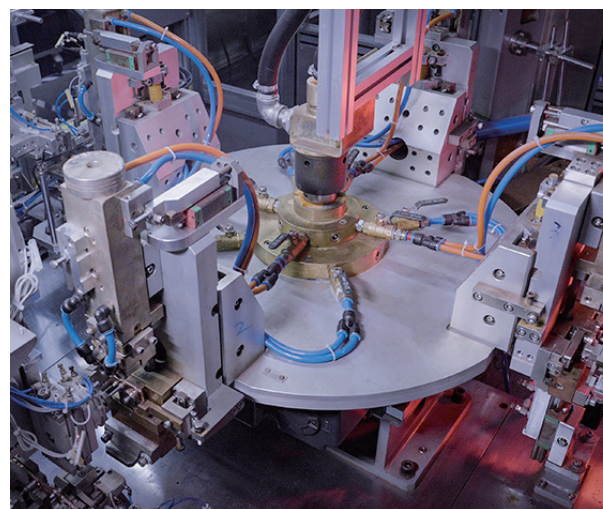
The Company introduced the OTS full-process automated production line to meet the requirements of integrated production of fully automated assembly, testing, and packaging of product series. This reduced safety risks for employees in each production link and effectively prevented work safety accidents. The fully automated production line allows for interconnectivity between equipment and the Manufacturing Execution System (MES) and the Enterprise Resource Planning (ERP) platform (SAP) through the integration of mechanical, electrical, and software systems. This enabled real-time recording and monitoring of production processes, ultimately achieving product quality management, production data visualization, product traceability management, and enhanced product safety and quality management capabilities.



OTS full-process automated production line

Case LAZZEN introduced the first flexible busbar welding workstation in the industry.

In 2023, the Company introduced the first flexible busbar welding workstation in the industry. The workstation has been used for welding flexible busbars of products and fully automated production of integrated processes, achieving one-time welding of flexible busbars and saving over 60% of energy. The production line integrates multiple robot arms and conveying lines to transport and transplant items efficiently. The prepressing electrode structure is designed to ensure the stability of the welding process. Temperature control monitoring and comparison technology is used to intelligently judge product quality. The workstation has revolutionized the traditional welding mode through automation and process innovation. This has resulted in a 750% increase in efficiency, a 40% reduction in production costs, and a 2% decrease in product scrap. Additionally, the workstation has improved production safety by reducing the risk of injury during handling and welding.



Flexible busbar welding workstation

Occupational health and safety

As per applicable laws and regulations including the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Company has prepared internal management documents including the SOP for the Prevention of Occupational Diseases and the Integrated Management Manual, and established and improved the occupational health management system to protect the health of all employees. The Company has passed ISO 45001 "Occupational Health and Safety Management Systems" certification. In 2023, the Company updated the Risk Assessment Report of Environmental Emergencies and the Emergency Plan for Environmental Emergencies.



Occupational health and safety management system certification

Critical data

In 2023, the Company has conducted pre-employment physical examinations for **198** employees and on-the-job physical examinations for occupational diseases for **455** employees. During these examinations, **13** employees with occupational contraindications were identified. The relevant employees were then reassigned to other suitable positions.

Improvement of employees' safety awareness

The Company maintains a strong focus on improving occupational health and safety management by strictly controlling occupational health risk factors in the workplace. The production behavior of employees is effectively regulated and guided through education, publicity, professional training, and other measures. Regular EHS-related training and drills are conducted on an annual basis to ensure the continued well-being and safety of all employees.

Case EHS fire drill in Hangzhou Bay Super Factory

During the reporting period, the Company conducted fire drills to improve the fire escape and evacuation capabilities of all staff, enhance their fire awareness and firefighting capacities, and familiarize them with the escape routes of workshops and the factory. During the fire drills, the maintenance personnel in the fire control room instructed personnel in each area to evacuate to the predetermined position. Once personnel in each area have assembled, the EHS Department evaluated the assembly process and its effectiveness. Backbone personnel from each department then conducted fire extinguisher and fire hydrant operation drills.



Fire drill in Hangzhou Bay Super Factory

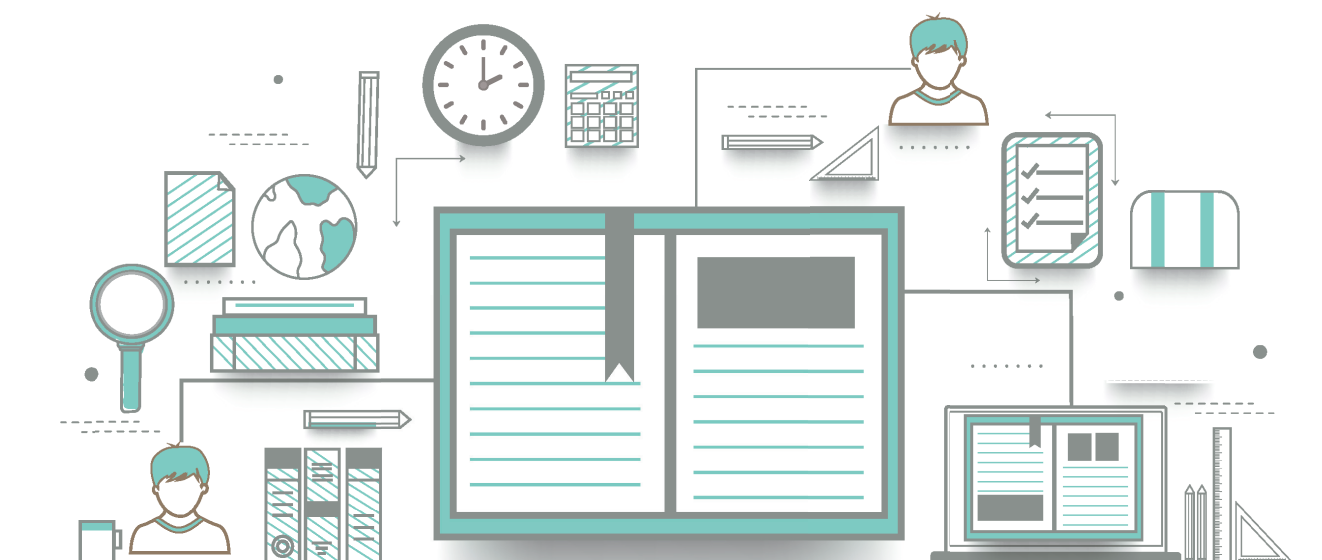
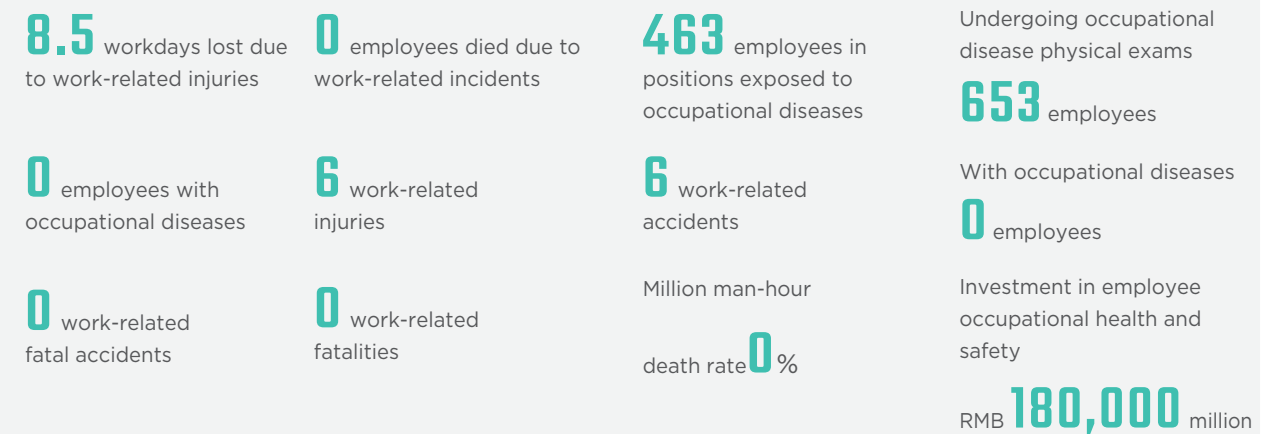
Case Orientation training for new employees

The Company provides safety training to new employees upon entry. This training covers topics such as production line safety, equipment operation, fire emergency treatment, work-related injury treatment, and other relevant areas. The goal is to ensure that employees have a comprehensive understanding of production safety knowledge and can avoid accidents. The Company has also conducted anti-fraud and safety awareness campaigns with assistance from the police officers.



Orientation training for new employees

Critical data



Green and responsible supply chain

We are committed to sustainable development and have built a green and responsible supply chain. We have established a robust supplier management mechanism that considers environmental, social, and responsibility aspects when assessing and assisting suppliers. Additionally, we provide regular supplier knowledge and lean training to promote the sustainable development of our supply chain.

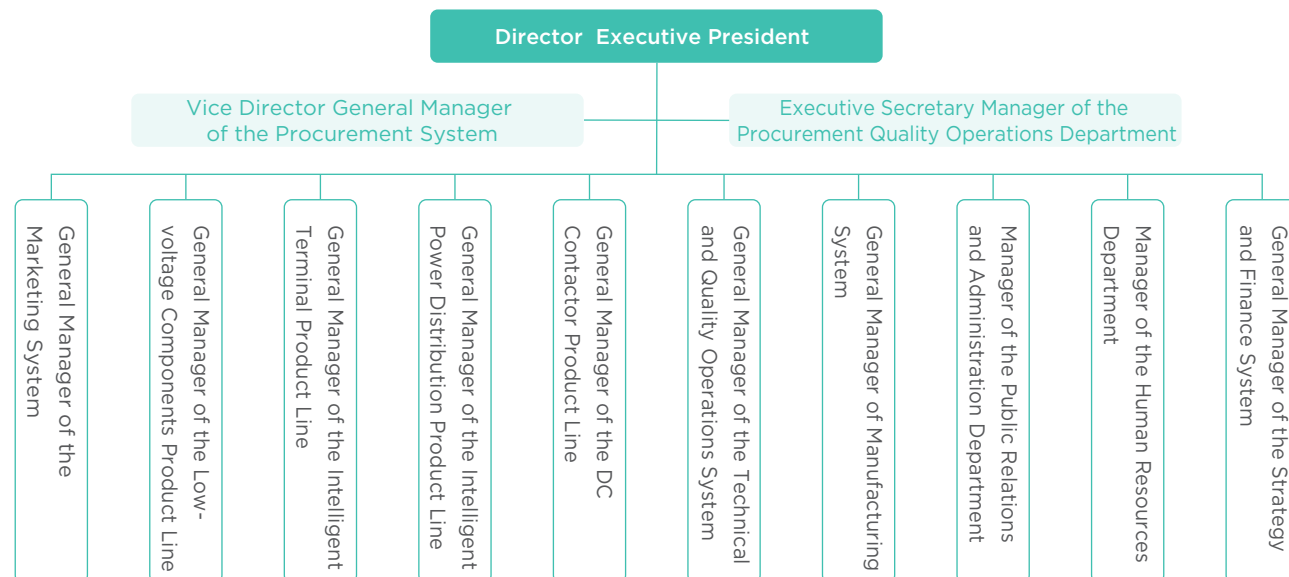
Supply chain management

We are dedicated to sustainable development and strive to establish a stable responsible supply chain. To achieve this, we have developed institutional documents such as the SOP for Supplier Access Certification, the Hierarchical Supplier Management Measures, and the Supplier Performance Management Measures. These documents promote standardization and efficiency in supplier certification, auditing, rating, and other management processes.

In 2023, we implemented the Management Procedures for Supplier Access Certification and a supplier selection system, established a three-tiered procurement committee, and established a procurement business decision-making management committee mechanism based on the basic principle of "rules come first, actions come second, collective decision-making for exceptional situations". We have made improvements to the supplier lifecycle management closed loop, upgraded the supply chain coordination mechanism, and promoted sustainable development of the procurement platform by optimizing the rules for supplier access, performance evaluation, and hierarchical management.

In addition, we have implemented an assessment system for suppliers based on four dimensions: business, delivery, quality, and technology. Each dimension is scored independently to facilitate supplier tracking and control. Furthermore, we categorized suppliers into strategic, preferred, qualified, restricted, and eliminated suppliers, for which management measures are differentiated to improve management efficiency.

Tier-1 architecture diagram of the production procurement committee

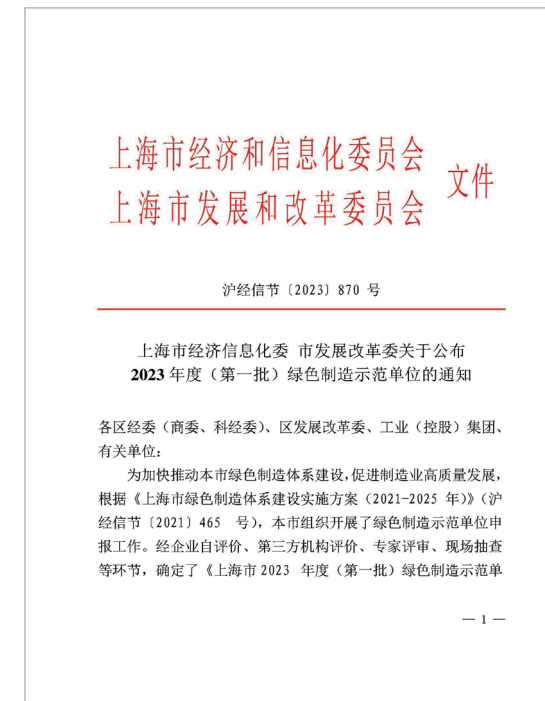


List of system certifications of suppliers

Quality Management System Certification ISO 9001	Environmental Management System Certification ISO 14001
Quality Management System Certification IATF 16949	Occupational Health and Safety Management System Certification ISO 45001
Intellectual Property Management System GB/T 29490	Hazardous Substance Management System Certification IECQ QC 080000
Information Security Management System Certification ISO/IEC 27001	Energy Management System Certification ISO 50001

Green supply chain

LAZZEN has established a dedicated department for managing the green supply chain and formulated a development target for it. A green information platform has also been set up, which includes LAZZEN's SRM system, warehouse management system (WMS), transportation management system (TMS), simulation analysis system, and PLM system. This facilitates various functions related to green supply chain information platforms, including basic information management, green production, green material management, supplier management, green design, green logistics, and more.



序号	企业名称	评价机构	区(集团)	星级
39	上海钢之杰钢结构建筑系统有限公司	上海市能效中心(上海市产业绿色发展促进中心)	宝山区	四星
40	纳翼新材料集团有限公司	上海市能效中心(上海市产业绿色发展促进中心)	金山区	四星
41	上海君威钢绳索具股份有限公司	上海市能效中心(上海市产业绿色发展促进中心)	宝山区	四星
42	上海中治环境工程科技有限公司	上海市能效中心(上海市产业绿色发展促进中心)	宝山区	四星
43	上海舟润实业有限公司	上海电器科学研究所(集团)有限公司	松江区	四星
44	好丽友食品(上海)有限公司	上海得民信息技术发展有限公司	青浦区	四星
45	上海永盛包装有限公司	通标准技术服务有限公司	金山区	三星
46	上海康晨实业有限公司	上海绿色工业和产业绿色发展促进会	宝山区	三星

序号	企业名称	评价机构	区(集团)	星级
1	上海吉列有限公司	通标准技术服务有限公司	浦东新区	四星
2	上海凯宝药业股份有限公司	上海浦公节能环保科技有限公司	奉贤区	四星
3	上海西门子开关有限公司	上海浦公节能环保科技有限公司	闵行区	四星
4	上海良信电器股份有限公司	上海浦公节能环保科技有限公司	浦东新区	四星
5	上海中集洋山物流装备有限公司	中国船级社质量认证有限公司	浦东新区	四星
6	慕林格家居科技股份有限公司	上海绿色工业和产业绿色发展促进会	奉贤区	四星
7	上海盟信电气非晶有限公司	通标准技术服务(上海)有限公司	青浦区	三星

Enterprise certification for LAZZEN's green supply chain management

Based on the information publication, the Company requests that suppliers sign the Confidentiality Agreement, Integrity Cooperation Agreement, and RoHS Agreement to protect the basic rights and interests of both parties. Furthermore, the Company conducts a comprehensive assessment of environmental, social, and governance considerations when assessing a supplier's eligibility. Additionally, the suppliers are expected to furnish their Supplier Social Responsibility Commitment, Investigation and Evaluation Form of Supplier's Environmental Condition, and Statement of Environmental and Occupational Health and Safety Requirements.

The Company provides regular safety training and supervision to ensure the contractor complies with occupational health and safety practices during the project. The Company also regularly checks contractor's safety facilities and equipment. In addition, the Company regularly reviews the environmental protection measures of our suppliers and requires them to properly handle the waste they generate to reduce their negative impact on the environment. By establishing an independent Environmental Protection System Audit Form, the Company evaluates the enterprise's environmental management system, management of toxic and hazardous substances, and prohibited substances from six aspects such as management system, research and development, procurement, incoming inspection, production, and logistics.

Critical data

In 2023, **12** suppliers of the Company won the title of National Green Demonstration, with a **100%** RoHS pass rate and **91.56%** green material utilization rate.

Suppliers shall pass joint decision-making by the CEG and Tier 3/2 procurement committees to release materials, ensuring open, transparent, and scientific procurement. The Company's reporting hotlines are available to the public. The Company's also issues integrity initiatives annually on holidays through the SRM platform to encourage suppliers to refrain from any form of ashy behavior.

Critical data

Total number of suppliers	Suppliers of Chinese mainland	Signed the Supplier Code of Conduct	Number of suppliers identified as having actual or potentially significant adverse social impacts
257	257	100%	0
Suppliers who have conducted social impact assessments	Suppliers who have conducted environmental impact assessments	Suppliers who have signed environmental and labor requirements clauses	Number of suppliers identified as having actual or potentially significant adverse environmental impacts
83	120	100%	0
Total number of new suppliers			
15			

Supplier cooperation

We conduct regular trainings on green procurement and related topics for suppliers on an annual basis. These trainings cover quality management, safety management, environmental protection, and green manufacturing, etc. The goal is to strengthen suppliers' awareness of sustainable development, improve their management level, and facilitate the coordinated development of green industrial chains upstream and downstream.

Case Lean improvement training for the supplier

During the reporting period, a team composed of our quality personnel and the supplier's quality personnel visited the supplier to address issues with the busbars supplied by Tecsunrise Electric that were affecting quality and delivery. The lean teacher provided on-site training on the lean method, guided project members, and classified and confirmed materials on site. This lean activity has significantly improved the pass rate of incoming materials in this category and the quality of materials from suppliers.



On-site lean training for suppliers

Critical data

In 2023, the pass rate for incoming materials in the Company's machine processing category increased from **83.09%** to **92.3%**. The delivery rate also increased cumulatively by **9.66%** after the lean improvement.



Online training for marketing information security

02

Governance specifications Strengthening internal management

Our concept

The Company has continuously enhanced corporate governance and strictly complied with laws, regulations, and relevant industry requirements. We have formulated relevant management systems and disclosed important information to stakeholders in a timely and effective manner. Additionally, we have unblocked channels for investors to communicate. We have continuously improved our risk management, integrity management, and intellectual property management to promote long-term development.

Our actions

- Corporate governance
- Compliance risk control
- Intellectual property

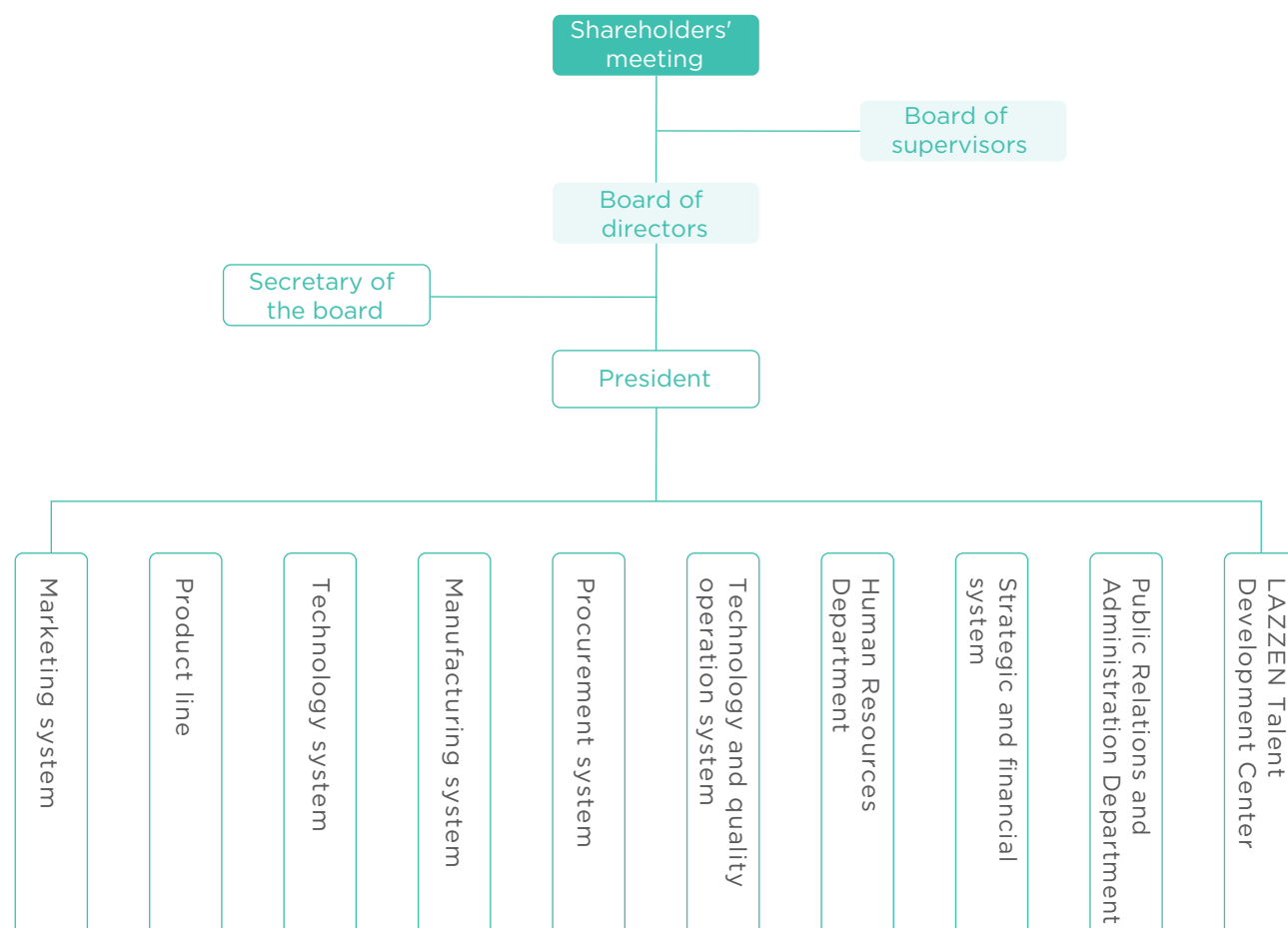
Corporate governance

The Company has established a corporate governance structure comprising the general meeting of shareholders, the board of directors, the board of supervisors, and the senior management. This structure strictly adheres to normative operation rules and internal systems for management decision-making and operational supervision, ensuring effective corporate governance. Additionally, the Company places significant emphasis on social responsibility and consistently enhances its management system for social responsibility.

Operation of three meetings

In accordance with laws and regulations including the Company Law and the Securities Law, the Company has established an internal control system centered on the Company's Articles of Association and formed a decision-making structure mainly represented by shareholders' meeting, board of directors, board of supervisors, independent directors, and the management. It is necessary to keep improving the Company's governance structure, standardize the Company's operations, and enhance the operation quality of the Company's governance, so as to provide a good management decision-making environment and guarantee the Company's standardized development.

Organization chart



The shareholders' meeting, the board of directors and its special committees, the board of supervisors, and the Company's management have distinct powers and responsibilities and oversee each other. They strictly adhere to the rules of procedure to ensure the Company's smooth operation. The Company places significant emphasis on establishing a board of directors that is independent, professional, and diverse. The board of directors is composed of 9 members, 3 of whom are independent directors. During the reporting period, the Company's general meeting of shareholders, board of directors, and board of supervisors operated independently and in compliance with the law. Relevant personnel were able to effectively perform their respective rights, obligations, and duties.

Shareholders' meeting

The shareholders' meeting is the highest authority of the Company. The Company has developed Rules of Procedure for Shareholders' Meetings and held the meeting in strict accordance with relevant regulations. This ensures that shareholders can exercise their rights in accordance with the law and that corporate investors are treated equally, with their rights and interests protected.

Board of directors

The Company has a board of directors that is accountable to the shareholders' meeting. The directors are elected by the shareholders' meeting. The Company has developed the Rules of Procedures for the Board of Directors and will convene and hold meetings in accordance with relevant provisions. The board of directors is composed of four special committees: the Strategy Committee, the Nomination Committee, the Audit Committee, and the Compensation and Appraisal Committee.

Board of supervisors

The board of supervisors consists of 3 supervisors, including 2 female supervisors and 1 employee representative supervisor. The convening and holding procedures of the board of supervisors shall be governed by the Rules of Procedure for the Board of Supervisors. All supervisors can conscientiously discharge their duties as required, including supervising and inspecting the Company's financial position and the performance of directors and senior officers and protecting the legitimate rights and interests of the Company and shareholders.

Critical data

During the reporting period, the Company held a total of **7** board meetings to deliberate on **32** proposals. Additionally, **3** shareholders' meetings were held to deliberate on **14** proposals, and **7** meetings of the board of supervisors were convened.

No.	Item for disclosure	Unit	2021	2022	2023
1	Number of board meetings held	Number of times	6	6	7
2	Number of board members	Person	6	9	9
3	Disclosed by type	Independent director	3	3	3
4		Non-independent director	7	6	6

Information disclosure

As required under applicable laws and regulations, the Articles of Association, the Information Disclosure Management System, and the Insider Information Management System, the Company has disclosed its information in a true, accurate, complete, timely, and fair manner, and seek to enhance the quality and transparency of information disclosure. Additionally, the Company has issued a visualization report of A Picture to Understand (H5) Periodical Report to help investors quickly and accurately understand the content of the Company's periodic reports and to ensure that all of the Company's shareholders have equal access to information and keep abreast of the Company's operating conditions and significant events.

Critical data

During the reporting period, the Company disclosed **149** announcement documents in designated media and websites.

Of these, **93** were numbered announcements. Additionally, the Company completed more than **20** questionnaires of the exchanges or securities regulatory bureaus.

The Company received an **"A"** rating for information disclosure from the Shenzhen Stock Exchange (2022-2023).

Investor relations

The Company values its investors, particularly those who are small or medium-sized. To enhance communication and understanding between the Company and investors, and to promote integrity, self-discipline, and standardized operations, the Company has developed an Investor Relations Management System. The Company is dedicated to enhancing the quality and transparency of information disclosure and ensuring that all shareholders and creditors have equal and timely access to information on the Company's operating conditions and significant events through various channels, platforms, and methods of investor relations management.



LAZZEN organized small and medium-sized investors to enter the listed companies

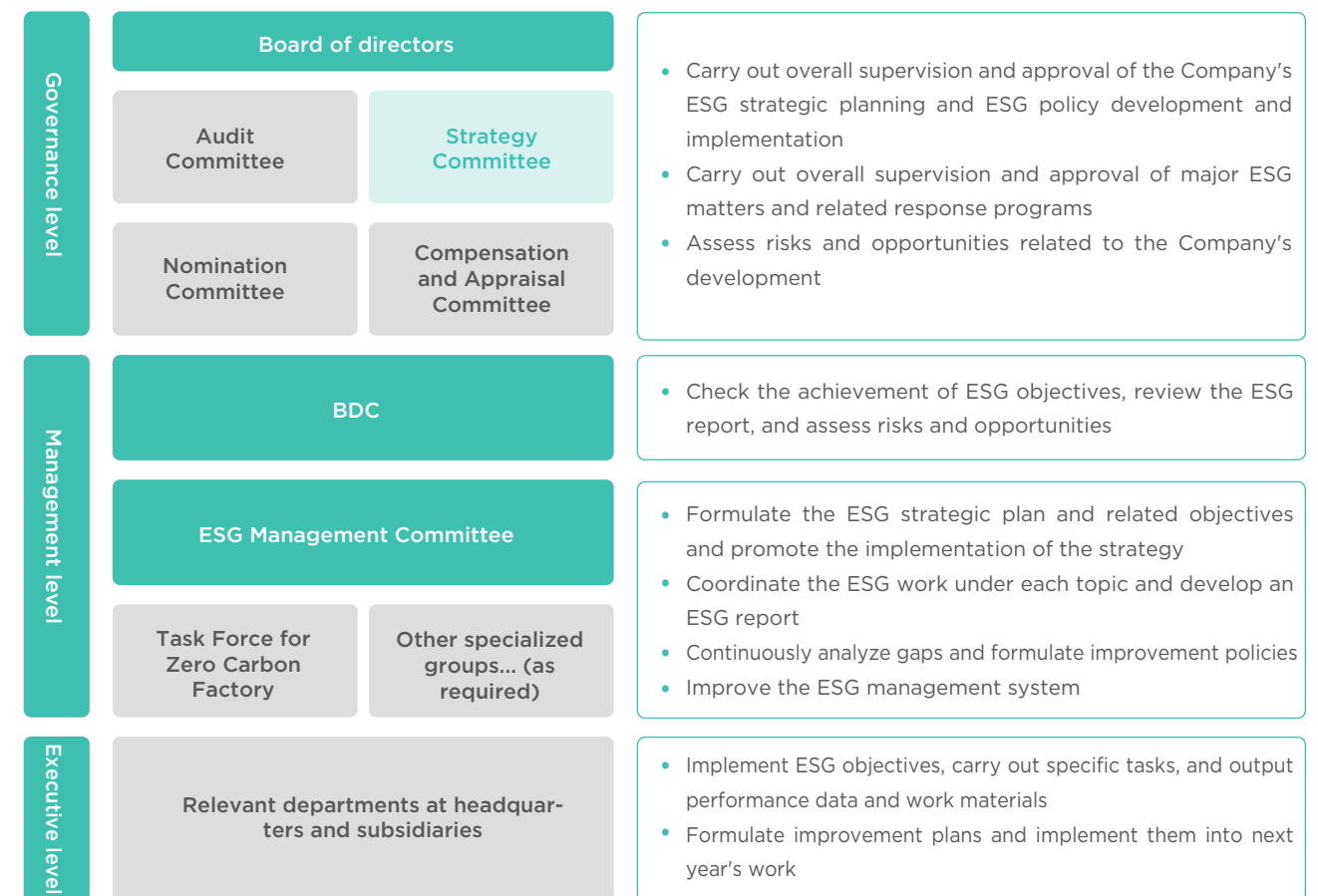
Critical data

During the reporting period, the Company conducted over **60** online and offline surveys, participated in more than **10** road shows and strategy meetings, and answered **43** investor questions on the Hudongyi Platform of the Shenzhen Stock Exchange and over **40** investor inquiry calls.

ESG management

The Company always prioritizes its sustainable development ability, takes social responsibility seriously, and recognizes the need to integrate ESG concepts into corporate management and business development. The Company has incorporated the ESG concept into its daily operations and management, implemented ESG governance, improved and strengthened its ESG system and capacity building, and established a top-down three-tiered ESG organizational management structure. The top-down ESG organizational management structure is composed of three levels: governance, management, and execution. Its goal is to comprehensively promote the Company's sustainable development.

LAZZEN's ESG organizational management structure



The Company has established an ESG Management Committee to oversee the development of the ESG management system, prepare and audit ESG reports, provide ESG training, identify issues, set goals, improve relevant work, and enhance the ESG governance structure. At the same time, the Company has established various systems, including the ESG Committee System and ESG Management System, to further regulate the sustainable development of the Company.

Responsibilities of the ESG Management Committee



ESG report preparation and review

Prepare a list based on ESG criteria, collect, sort out, and output relevant working materials for this module.
Prepare and review ESG reports.
Responsible for researching and responding to stakeholders.



ESG practice optimization

- Identify and establish a library of ESG management indicators.
- Develop strategic plans and goals for ESG.
- Identify any gaps in ESG under this module compared to benchmarks and collaborate with relevant departments to develop corresponding objectives and improvement measures.



Improvement of ESG management

- Promote the improvement of the ESG management system and relevant management systems and working procedures.
- Promote the dissemination of ESG and the development of activities.
- Organize and conduct ESG trainings.

Communication with stakeholders

The Company values the interests and needs of stakeholders and maintains two-way communication with them. The Company strives to understand their needs in depth and ensures timely responses and improvements to important issues, which injects positive momentum into the Company's sustainable development. Based on a comprehensive understanding of the opinions of various parties, the Company has taken proactive measures to address relevant demands. The concept of sustainable development has been integrated into the corporate culture and strategy, and the Company has communicated and worked collaboratively with stakeholders to promote sustainable development.

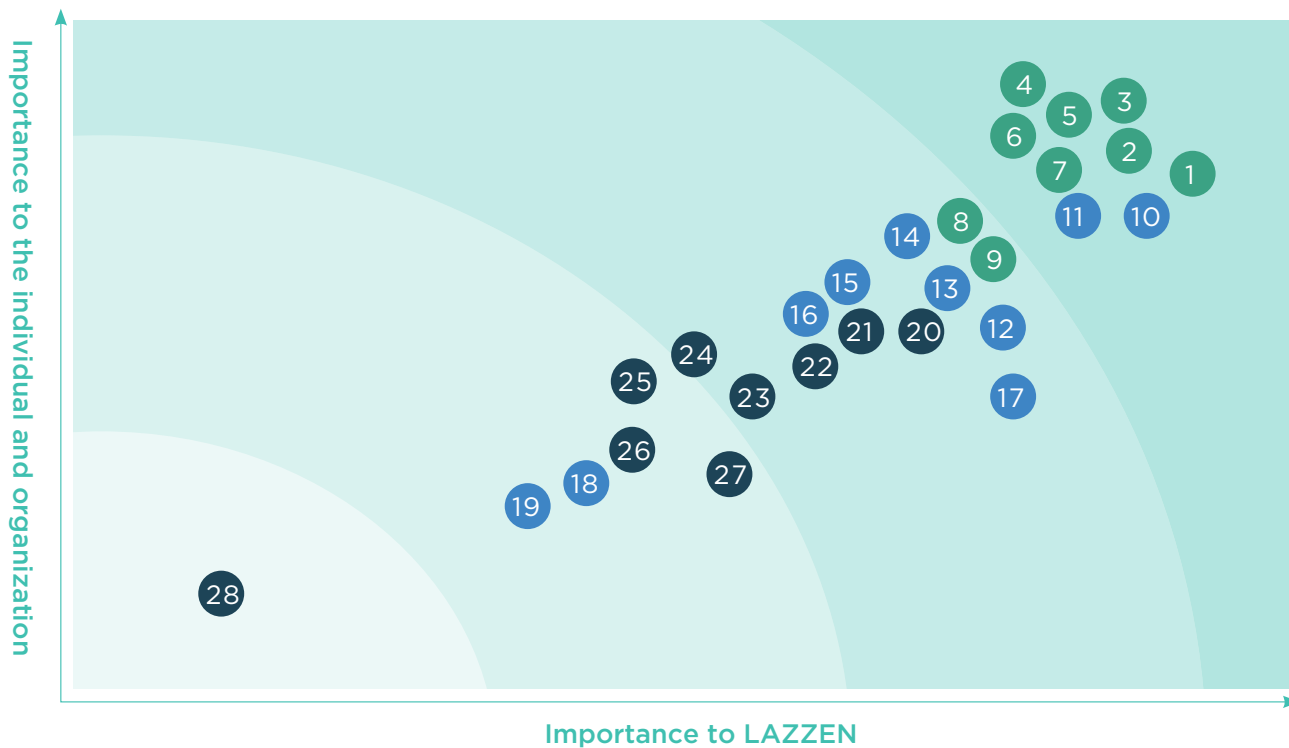
Communication with stakeholders

Stakeholders	Expectations from the Company	Communication and Response
Shareholders and investors 	<ul style="list-style-type: none"> Transparent financial information disclosure Enhanced risk control Creation of economic value 	<ul style="list-style-type: none"> Information disclosure Shareholders' meeting Working meetings Communication and coordination
Governments and regulators 	<ul style="list-style-type: none"> Operations and tax payments in compliance with all applicable laws and regulations Fully improved quality and efficiency Support for local development 	<ul style="list-style-type: none"> Daily reporting and communication Meetings and exchanges
Customers 	<ul style="list-style-type: none"> Provision of diversified products and quality services Guaranteed product and service quality Better customer experience 	<ul style="list-style-type: none"> Information disclosure Customer feedback and response Customer satisfaction survey
Partners 	<ul style="list-style-type: none"> Cooperation with integrity Transparent procurement Win-win development 	<ul style="list-style-type: none"> Project cooperation Working meetings Daily communication
Environment 	<ul style="list-style-type: none"> Minimized environmental impact Response to climate change 	<ul style="list-style-type: none"> Environmental information disclosure Environmental protection activities
Employees 	<ul style="list-style-type: none"> Protection of basic rights Ensured safety and health Smooth growth path Care for employees' personal lives 	<ul style="list-style-type: none"> New employee communication Regular meetings Normalized training Exchanges
Communities 	<ul style="list-style-type: none"> Support for social contribution programs Facilitation of local development 	<ul style="list-style-type: none"> Social contribution programs Volunteer service Information publication

Materiality analysis

During the reporting period, the Company completed the evaluation questionnaires regarding material topics of ESG by communicating with external stakeholders. The Company then engaged external professional consultants to analyze and assess each identified topic of ESG importance based on the results of online questionnaires. Based on the evaluation results of material topics of ESG, we have ranked the material topics from two dimensions: importance to the Company and importance to stakeholders. The resulting matrix displays the material topics as follows:

Materiality analysis



- | | | |
|---|---|--|
| 1 Technological innovation | 10 Product and service quality | 20 Energy management and alternatives |
| 2 Intellectual property protection | 11 Customer experience and satisfaction | 21 Environmental protection and pollutant management |
| 3 Work safety management | 12 Safe warehousing and distribution | 22 Greenhouse gas emissions |
| 4 Risk prevention and compliance management | 13 Supply chain responsibility management | 23 Developing a recycling economy |
| 5 Anti-corruption | 14 Industry cooperation and development | 24 Response to climate change |
| 6 Data security | 15 Communication with stakeholders | 25 Green office |
| 7 Business ethics | 16 Employee care and development | 26 Water resource management |
| 8 Employee right protection | 17 Diversity and equal employment | 27 Green logistics and warehousing |
| 9 Corporate governance | 18 Charity and voluntary service | 28 Biodiversity |
| | 19 Community involvement and rural revitalization | |

Party building activities

2023 is the first year to fully implement the spirit of the 20th CPC National Congress. To better study and implement the thematic education of President Xi Jinping's Socialism with Chinese Characteristics for a New Era, strengthen the construction of the primary-level party organizations, and better play the key role of the primary-level party organizations and exemplary vanguard role of Party members, the Company has conducted "three meetings and one lecture".

Critical data

During the reporting period, the Company had **104** Party members, including **34** women and **7** senior executives.

The Company held **1** Party branch meeting, **1** democratic appraisal, and **6** reading club activities.



LAZZEN conducted high-quality Party lectures



The Party branch held a general election

Compliance risk control

The Company has implemented an internal control concept that focuses on "institutionalized management, processized systems, and informationalized processes", and established and improved a rigorous, standardized, comprehensive, and effective internal control system that is guided by risk management and focused on compliance management. Moreover, the Company has developed a comprehensive risk prevention and control mechanism that involves all staff and covers all processes and systems. The system has achieved its objectives of "strengthening internal control, promoting compliance, and preventing risks", thereby effectively guaranteeing the Company's high-quality development.

Risk management

The Company attaches importance to risk management and has established a system to manage risks. The Company has set up an Investment and Risk Control Department, as well as a Risk Management Committee. The Committee is responsible for making decisions regarding internal control and compliance risk management. The Company has developed various risk management and control systems, including the Measures for the Administration of Compliance Risk Control System, the Corporate Compliance Risk Control Management Manual, and the Risk Management Committee Management System. The Risk Management Committee is responsible for establishing a risk management system, cultivating a risk management culture, and building "three lines" in risk management, so as to keep risks under control, ensure the Company's operational compliance and healthy and sustainable development, and keep the Company evergreen.

"Three lines" in risk management

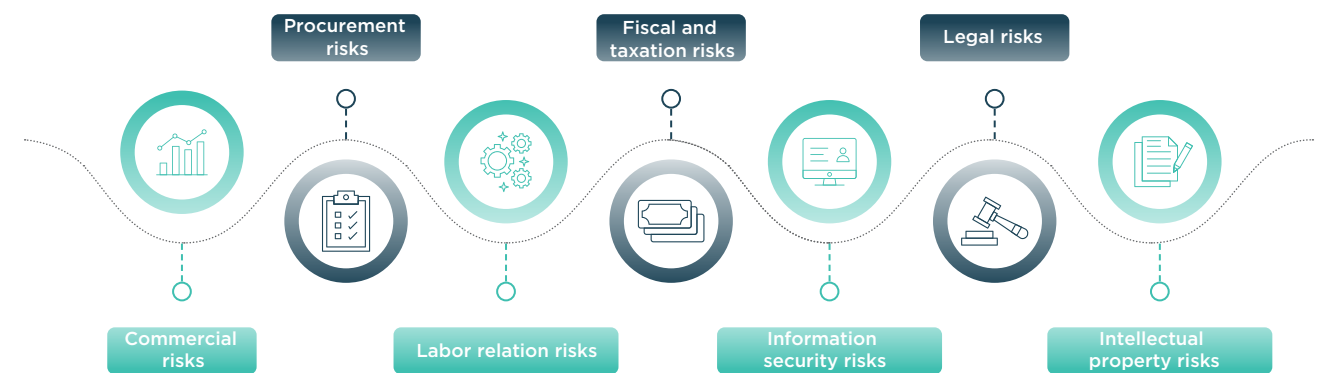


Training on enterprise contract lifecycle management

Risk management measures

During the reporting period, the Company identified risks based on actual operational conditions to prevent risks more effectively. The Company also formulated corresponding countermeasures and suggestions to reduce the impact of risks on its operation by analyzing the causes and possible impacts of risks.

Business risk management categories of the Company



Compliant operations

By placing great importance on compliance construction, the Company has established an internal control system with risk management as its orientation and compliance management as its focus and has prepared the Internal Control Compliance Risk Management Manual. In addition, the Company regularly reviews the effectiveness and reasonableness of the internal control system and continuously optimizes the system according to changes in management requirements and identified defects. Meanwhile, the Company has conducted internal Huawei/Regional division compliance training to ensure compliant and efficient operation, establish a corporate culture of risk compliance, and cultivate legal awareness of risk compliance among employees. This has ultimately reduced the Company's compliance risk.

Key measures for compliance management

Internalization of external laws



Changes in laws, regulations, and regulatory dynamics should be tracked and analyzed. Specific compliance management measures should be formulated for key areas, and external compliance requirements should be promptly incorporated into internal rules and regulations.



Compliance commitment

A total commitment system should be implemented, and the Compliance Commitment should be signed to unify the compliance ideology, system requirements, and implementation effects, and to enhance the Company's compliance control capability.

Compliance review



The compliance review should be integrated into the business process. It is necessary to include operation and management actions, such as formulating rules and regulations, making decisions on major issues, signing major contracts, and operating major Item, in the list of compliance reviews. These actions should not be implemented without undergoing a compliance review.



Compliance consultation

When it is necessary to consult on legal and compliance matters in key areas or important links in the course of performing their duties, each system/department and its staff should actively seek support from the Investment and Risk Control Department.

Compliance training



Compliance training should be strengthened for all employees, especially those in key positions, such as overseas and in high-risk areas of the business.



Compliance report

Any significant compliance risk event shall be reported to the Company promptly. Hierarchical and classified management of compliance risk events shall be conducted by relevant business functional departments.

Report of non-compliance



The Company has established a platform for reporting non-compliance and has made the reporting hotline, email address, and mailbox available to the public. Employees, customers, and third parties are entitled to file complaints.



Accountability for non-compliance

The punishment mechanism for non-compliance should be improved. Timely investigations should be conducted in response to identified issues and clues, and those who violate the rules will be held accountable.

Critical data

During the reporting period, the Company conducted **4** offline and **12** online training sessions, as well as legal popularization sessions. Over 1,000 participants were trained, covering all systems and departments of the Company.

During the reporting period, the Company participated in **18** external risk compliance trainings and salons.

Preview of the 11th course of "Experts in Executive Lecture Theater" in 2023



Lecturer:
Cai Jiangtian

Lecturer:
Wang Dong

Construction of compliance management system of listed companies

- Development Trend and Connotation of Compliance Management for Listed Companies
- Case Interpretation for Important Concepts of Corporate Compliance Management System Construction
- Compliance Management System Construction for Listed Companies under the Major Compliance Perspective
- Specific Compliance System Construction Practice for Listed Companies under the Minor Compliance Perspective

Mr. Cai comes from a "four-generation legal family" and graduated from King's College London. Mr. Cai worked in the London and Shanghai branches of Zhonglun Law Firm, and has been deeply engaged in corporate law for nearly 10 years. He has provided legal consultancy and legal services for well-known domestic and foreign enterprises, such as LAZZEN, Vanke Group, CITIC Group, China Life, Shanghai World Expo Group, Xishangha Group, Xinjiang Energy Group, Yestar, Goodman, and CPPIB. Mr. Cai is also the drafter of the group standard "Evaluation of the Effectiveness of Compliance Management System for SMEs" and a corporate compliance instructor. He has been awarded the title of "Outstanding Commercial Lawyer" in 2022 by YINGKE, and the title of "Young Talent" in 2022 by YINGKE Shanghai.

Mr. Wang specializes in corporate legal affairs, commercial litigation and arbitration, private equity, equity investment and mergers and acquisitions, and supply chain finance. With rich in legal practice experience, he has provided legal counseling services, litigation and non-litigation legal services for a number of listed companies, centralized state-owned enterprises and their subsidiaries for years, such as Baowu, LAZZEN, Tianyu Ecology, JMC Auto, and EVERJOY. Mr. Wang is also the drafter of the group standard "Evaluation of the Effectiveness of Compliance Management System for SMEs" and a corporate compliance instructor. He has been awarded the title of "Outstanding Commercial Lawyer" in 2022 by YINGKE, and the title of "Young Talent" in 2022 by YINGKE Shanghai.

Training poster about the construction of compliance management system of listed companies



The Company's staff attended the 2023 Shanghai Enterprise International Operation Compliance Talent Training

Professional integrity

The Company has established a comprehensive anti-corruption management system to ensure the Company's compliance in conducting business, strengthen corporate governance and internal control, regulate employees' personal behavior, prevent commercial bribery, strengthen the long-term early warning mechanism of corporate governance and safeguard the legitimate rights and interests of the Company, shareholders, and employees.

In accordance with applicable laws and regulations, such as the Company Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, and Interim Provisions on Banning Commercial Bribery, as well as the provisions of the Articles of Association, the Company has developed relevant systems, including the Honesty and Integrity Management Measures and Order Management Standard System, based on the Company's actual conditions. All employees have been required to sign the Honesty and Integrity Commitment. The Company's Audit Department monitors and supervises all instances of law and regulation violations, as well as any actions that violate the Company's management regulations.

Report handling and informant protection

- Report email: audit@sh-liangxin.com
- Reporting address: LAZZEN's Audit Department, No. 2000, South ShenJiang Road, Pudong New Area, Shanghai
- Please confirm that the expression is "LAZZEN" or "LAZZEN Electrical Apparatus"
- The Audit Department shall be responsible for receiving and verifying both internal and external complaints and reports, as well as for maintaining the confidentiality of the informants' information.



Integrity management action

- The Audit Department aperiodically conducts an audit on the honesty and integrity of employees in key positions within the Company.
- During important festivals every year, the Audit Department distributes the Proposal for Integrity and Honest Behavior to all employees and relevant business parties.

Case Law dissemination column - Direct Contact with Legal Knowledge

The Company has issued the "Direct Contact with Legal Knowledge (2023) Issue No. 3 - Commercial Bribery and Legal Risks" law dissemination column through OA to help employees understand and learn about the legal consequences and harms caused by commercial bribery. The Company disseminated information on commercial bribery, including its definition, legal responsibilities, criminal law standards for filing cases, and actual cases, to all employees through an online all-staff law dissemination form. The Company cautioned all employees to be vigilant, adhere to ethical standards, and maintain an honest and integrity defense line with the Company.

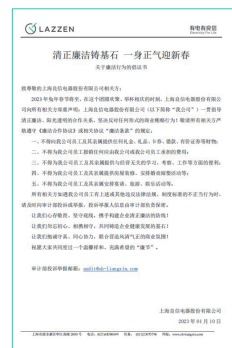


Propaganda poster of Direct Contact · with Legal Knowledge

Honest cooperation

The Company is committed to fostering a fair, honest, and transparent partnership with its suppliers and strongly opposes any type of bribery in business dealings. The Company requires the execution of the Honest Cooperation Agreement as a necessary condition for signing contracts and conducting business. The Company aims to ensure integrity supervision, maintain a code of integrity, manage liaison officers, and promote integrity and self-discipline, all centered on the Supplier Code of Conduct. As to distribution channels, the sales side will enter into the Distributor Integrity and Self-discipline Commitment with distributors every year to prevent disordered low-price competition among distributors from damaging LAZZEN's brand positioning, shape a fair and just market order, and jointly create a self-disciplined business atmosphere with honesty and integrity.

Proposal for Integrity and Honest Behavior



Business ethics

The Company adheres to business ethics and firmly opposes unfair and malicious business competition. Meanwhile, the Company requires employees to fully understand and comply with anti-monopoly and fair competition regulations, setting an example to maintain market order and protect the rights and interests of consumers.

Intellectual property management

To safeguard the Company's intellectual property rights and trade secrets, and standardize the procedures for managing intellectual property, an Intellectual Property Department has been established. The department is responsible for creating and maintaining records of the Company's acquisition of intellectual property rights and establishing intellectual property archives. The Company has established an intellectual property management system in accordance with relevant national laws and regulations, such as the Trademark Law of The People's Republic of China, the Copyright Law of The People's Republic of China and the Patent Law of The People's Republic of China. Intellectual property management requirements have been integrated into the research and development process of IPD. Additionally, the Company has developed system documents, including Intellectual Property Management Procedures, Intellectual Property Risk Management Procedures, Procedures for Handling and Managing Intellectual Property Disputes, and Measures for the Administration of Technical Secrets, to manage the entire lifecycle of intellectual property in a systematic manner. In the meantime, the Company conducts a patent risk assessment before the holidays of each stage to monitor patent risk throughout the process. Additionally, the Company implements a comprehensive patent layout centered on products or technologies, rather than a "dotted" patent layout. The patent layout list is embedded into the delivered Patent Risk Assessment Report, effectively avoiding goodwill and economic losses caused by patent infringement.



LAZZEN's Intellectual Property Management Certificate

Scientific research innovation

The Company prioritizes R&D and innovation while upholding scientific and ethical standards. By continuously improving the innovation management system and taking various measures to encourage R&D and innovation, the Company stimulates staff's R&D and innovation vitality and promotes the transformation of scientific research achievements. Moreover, the Company holds annual technological innovation award selection activities to foster a positive environment for scientific research.

Critical data

During the reporting period, the Company filed a total of **339** new patent applications both domestically and internationally. Out of these, **84** were invention patents, and a total of **238** patents were newly granted during the year. The Company has applied for a total of **2,647** domestic and foreign patents (including **23** international applications based on PCT). Out of these, **795** were invention patents, and the cumulative number of granted patents is **1,815**.

The Company has **558** R&D personnel, representing **22.03%** of the total staff. The R&D investment is RMB **283.141** million, which accounts for **6.18%** of the operating income.

03

Low-carbon and environmental protection

Striving to be a green pioneer

Our concept

The Company is committed to achieving carbon neutrality and zero carbon by prioritizing energy conservation and consumption reduction, green and low-carbon practices as long-term development goals. The Company conducts environmental impact assessments throughout the entire lifecycle of products to improve energy efficiency, develops new energy sources, and promotes resource recycling to effectively address climate change.

Our actions

- Topic: Green technology for low-carbon development of enterprises
- A sound environmental management system
- Resource and energy management
- Emission management
- Green operation

SDGs benchmarking



Topic: Green technology for low-carbon development of enterprises

As a national green factory, LAZZEN actively contributes to the efforts towards achieving carbon neutrality and zero carbon emissions. With a focus on the layout of green products, green production, and green innovation R&D, the Company implements green management throughout the product lifecycle and utilize green technology to lead the enterprise's low-carbon development.

Green innovation

The Company focuses on the layout of four innovation systems, namely, "innovation of research tools for special working conditions, innovation of system structure, innovation of green extreme manufacturing, and innovation of business model". The scope of R&D covers materials, structure, performance, and so on. In terms of green R&D, by applying new processes, new technologies, new equipment, and new energy the Company has made technological advancements in high-energy-consuming process equipment and energy-saving algorithms to achieve green and low-carbon development. The Company actively seeks for digital transformation and explores the characteristics of the new energy industry to develop innovative technologies. Currently, the Company possesses cutting-edge technologies including "multi-grid arc striking technology", "solid-state, mixed chips technology", "new magnetic system", "low power consumption", and "high-voltage DC arc extinguishing".

Technical points of projects already implemented in our new energy planning

Multi-grid arc striking technology High-frequency temperature rise control technology High-voltage DC arc extinguishing technology	Critical current Design of magnetic system and arc extinguishing system Design of new magnetic system	Structural anti-fusion welding technology Arc mathematical model Mixed chips technology
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Type B leakage protector - With DC breaking and high-frequency sinusoidal detection

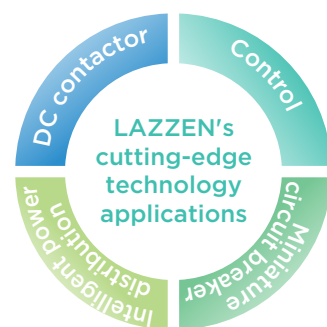
- Smooth DC leakage protection
- No auxiliary power required, main loop pickup point

Low-power design based on magnetron material - Low power consumption and long life

- No power supply required for the magnetic material
- No heat generation during coil holding phase, low temperature rise
- Low power consumption in static mode and long switching life

Digital twin - Self-contained intelligent diagnostics and judgment

- Full-cycle digital life management
- Unmanned inspection and fault diagnosis
- Optimized human-machine interaction and reduced operating costs



Arc Fault Detection (AFDD) - Identifies arc faults and break them

- Simple detection method
 - Low malfunction rate, self-resetting
 - Cost-effective
 - With intelligent communication function

Non-Intrusive Load Monitoring (NILM) - Understands the pattern of electricity consumption and monitor the behavior of electricity consumption

- AI network for feature learning
- Non-intrusive bus acquisition for easy use
- Calibration based on actual load, enabling high accuracy

Key R&D achievements of green innovation in 2023

Green Innovation	Description	Achievements in 2023
 <p>Innovation of research tools for special working conditions</p>	Based on experimental analysis and the virtual arc simulation method, the arc pressure formula for critical current and the analysis method of an arc calculation model for gas-producing parts are output.	The formula of critical current arc pressure can be used to determine the arc pressure value for the product line. The arc mathematical model supports the structural design of the critical current gas-producing parts and quick assessment of the critical current performance. The comprehensive consideration of multiple factors enables a more accurate calculation result.
 <p>Innovation of research tools for special working conditions</p>	By customizing high-altitude and high-temperature heat dissipation scenarios, a temperature rise calculation method for high altitude and high temperature is constructed. In addition, a temperature rise and capacity reduction factor calculation formula for high altitude and a high-frequency temperature rise and capacity reduction factor calculation formula are fit to improve efficiency and reduce R&D costs.	The formulas can meet customers' requirements for accurately calculating the capacity reduction factors of different products at different altitudes and ambient temperatures and efficiently calculating the capacity reduction factors of different products at different frequencies at low cost. This can support the solution design of key customers.
 <p>Low-power magnetic system</p>	Based on the electromagnetic theory, the coupling relationship of electromagnetism combined with air gap travel changes is constructed to change the conventional magnetic system structure and realize an energy-saving contactor structure.	The 3-air gap magnetic system technology is applied in NDC3(Z) products, reducing power consumption by about 50%. The product supplied to RENERgy, Goldwind, and WINDEY is low-carbon, meeting customers' demand for low power consumption of new power systems.
 <p>New magnetic system</p>	In the field of DC contactors, a new electromagnetic drive system is designed to ensure low power consumption of the product while enriching the functions of the DC contactor.	In 2023, the R&D of conjugate integrated switch DC contactors is conducted in multi-battery pack switching scenarios. The project focuses on low power consumption and multifunctional switching in the process of implementation. It provides new solutions and products for the electrification of heavy trucks and large buses. The realization of the product function reduces the cost of battery management systems for large electric vehicles supporting multi-battery switching and improves the energy efficiency of the system.

Case The world's largest photovoltaic power distribution promotes the popularization of green energy

Focusing on the Al Dhafra PV2 photovoltaic power plant project in the Middle East along the "Belt and Road", LAZZEN aims to contribute to the sustainable development of photovoltaic power generation. To tackle extreme environmental challenges, such as high temperatures and sandstorms, the Company has implemented a combination in series and equipped the system with our customized intelligent power distribution products and solutions. This proactively optimizes the temperature rise of key current-carrying components, reduces the capacity reduction bottleneck caused by high-temperature environments, and ensures the stable operation of the intelligent power distribution system under extreme conditions. The project has a grid-connected capacity of 2,100MW, which is expected to meet the power demand of approximately 160,000 households and reduce carbon emissions by over 3.6 million tons per year. This will promote the energy transformation and sustainable development of the United Arab Emirates. Additionally, it represents a significant achievement for LAZZEN in constructing new energy projects overseas and contributes to the global green energy transformation.



Power distribution equipment used by the Company in this project

LAZZEN's concept and practice of green design for low-voltage apparatus

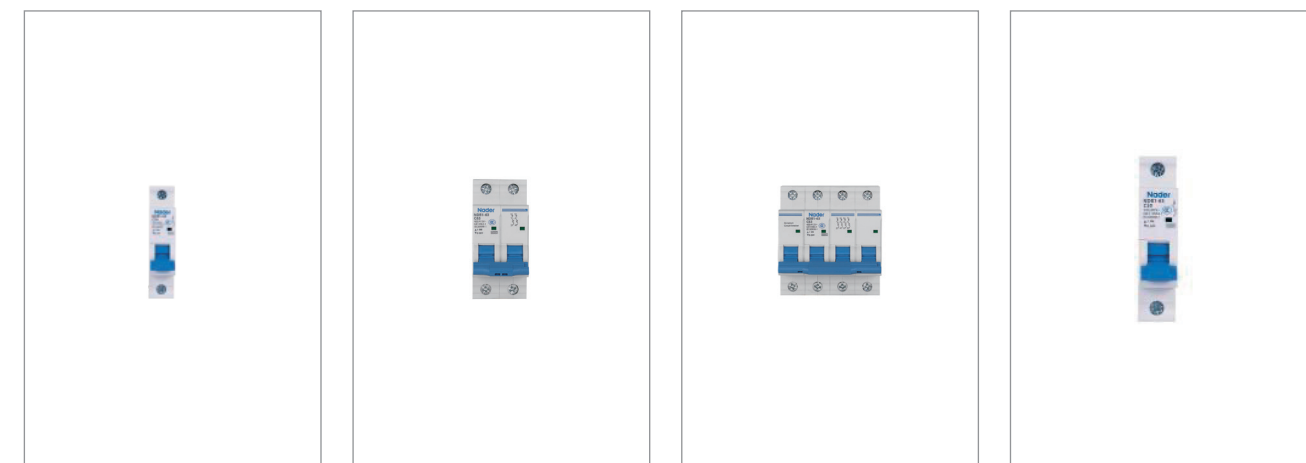
Lightweight	Low-carbon	Digital	Modular
The design and processes of conductive system supporting parts, insulation parts, arc extinguishing system have been optimized to improve the material utilization rate.	The Company optimizes the ratio of silver points and reduces the contact resistance, which greatly reduces the power consumption during the use of low-voltage apparatuses.	The products are integrated with Internet of Things (IoT) technology and equipped with digital functions such as comprehensive sensing, topology identification, high-precision measurement, self-diagnosis, communication modularization, and integration of protection, measurement and control.	The Company adopts the concept of patchwork selection and modularized design, which greatly shortens the cycle of product design, development and manufacturing.

Integration of design and manufacturing

The Company has achieved intelligent production. Utilizing the big data technology, LAZZEN big data analysis and BI display platform integrates massive business data from the enterprise resource planning platform (SAP), order management system (OMS), product lifecycle management (PLM), manufacturing execution system (MES), warehouse management system (WMS), quality management system (QMS), and intelligent cloud power distribution system. This improves the overall R&D efficiency by 30% and increases the first pass yield of products by 30%.

LAZZEN's product list of green design

Overcurrent protector for use in households and similar places



NDB1-63 C16/1

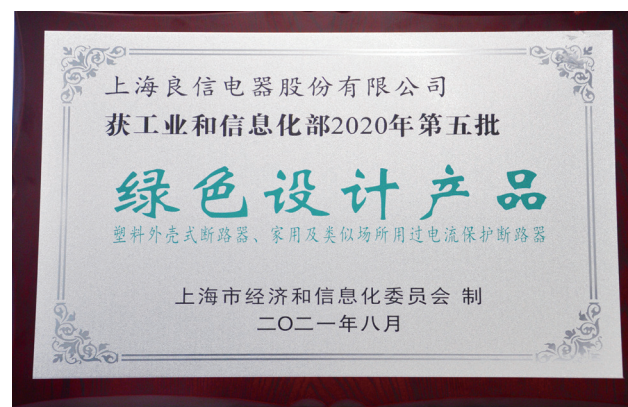
NDB1-63 C63/2

NDB1-63 C63/4

NDB1-63 C20/1

Ecological design

Under the context of "carbon peaking and carbon neutrality", the Company has expedited the green and low-carbon development and enhanced research and development of green products. The Company has consistently optimized our products throughout their lifecycle, with a focus on the characteristics of electrical apparatus, such as lightweight design, low carbon emissions, recyclability, digitalization, modularization, and integration of design and manufacturing. These efforts have yielded significant results. Currently, the Company has been awarded the title of "National Green Design Products" for 10 models of products. These models have been improved in four areas: resource, energy, environmental, and product attributes. They have undergone a full-life-cycle assessment, which includes an environmental impact evaluation that considers factors such as carbon footprint.



Products of green design

MCCB



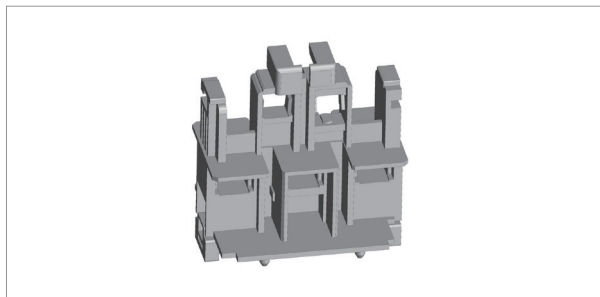
NDM5E-250H250/3/ETB



NDM5-250H250/3TMD

Case LAZZEN's green design products facilitate environmental protection and reduce carbon emissions

The low-power, low-cost energy-saving design of our dual-power NDQ5-250 products can meet the requirement of product post-test temperature rise of 80°C with very few materials, reducing carbon emissions. In addition, the design of NDC3 contactors follows the green and low carbon policy. Recyclable parts are used to increase the product recycling rate and facilitate environmental protection.



NDC3 contactor

Green production

The Company prioritizes sustainable development of green and low-carbon initiatives. To achieve this, the Company has established a green manufacturing management system team, improved the energy efficiency of facilities and equipment, built photovoltaic projects, and implemented an energy management system. In production, the Company adheres to the concept of green production by using low-toxic and non-toxic raw materials and continuously reducing pollution emissions through clean production processes. As a result, the Company has been awarded the demonstration title of "National Green Factory".

Green production link

Non-toxic and low-toxic raw materials are preferred.



- Use water-based paints instead of oil-based paints for anti-corrosion spraying on PCBs, in a way to greatly reduce the resulting emissions of VOCs, xylene, and acetone.

Clean production process



- Clean core parts with ultrasonic before assembly to ensure that the parts are clean on the surface.
- The assembly workshop is a static 10,000-degree clean room. Before entering the workshop, strict cleaning procedures should be followed to ensure that no one will pollute the environment of the workshop.
- Develop "Clean Workshop Use Requirements" for all entering personnel and staff in the workshop.



Reduce pollutant emissions

- Follow advanced design concepts, and select advanced supporting products for product development and design, to avoid unorganized emissions of smoke and dust in welding.
- Replace the oil-based ink printer with a laser printer to greatly reduce VOC emissions generated in the printing process.



Pioneer enterprise of green and low-carbon manufacturing

Case Guardian of the 19th Asian Games Hangzhou

During the reporting period, we provided green products for the 19th Asian Games Hangzhou, including high-power LES lighting equipment, NDB1 miniature circuit breaker, and NDM5 molded case circuit breakers for use in the venues. Among them, the NDB1-63 miniature circuit breaker has a new structure and is highly automated with low power consumption. It provides short-circuit and overload protection and can be used for low-voltage terminal power distribution in industries such as intelligent buildings and new energy. The NDM5(E)-250 molded case circuit breaker (MCCB) has high breaking and safety performance, low power consumption, and is energy-efficient and environmentally friendly. It is designed for distributing electric energy and protecting circuits and power supply equipment from faults, such as overloads, in the distribution network.



By utilizing reliable selective protection combinations, the Company can prevent over-tripping accidents and other unwanted conditions, ensuring maximum equipment uptime. During the Asian Games, our operation and maintenance team ensured smooth progress by preparing sufficient spare parts, conducting regular patrols, and working 24 hours per day.



LAZZEN employees patrolled the site of the Asian Games

A sound environmental management system

Adhering to the concept of environmental protection, the Company has developed internal environmental system documents, established an environmental management team structure, and implemented an environmental management system in accordance with environmental protection laws and regulations, such as the Environmental Protection Law, Atmospheric Pollution Prevention and Control Law, and Water Pollution Prevention and Control Law. Additionally, the Company has improved the environmental risk management mechanism and implemented the integrated management of sustainable operations and ecological protection. In 2023, the Company invested a total of RMB 0.6 million in environmental protection.

The Company regularly identifies risks to environmental protection, assesses environmental impacts, and hires a third party to conduct environmental inspections and produce reports. Additionally, the Company provides environmental training for the staff and continually improves the management of energy conservation, solid waste, noise, wastewater, and waste gas. The Company has passed the ISO14001 Environmental Management System Certification.



ISO 14001 certification

Resource and energy management

Recognizing the significance of resource and energy management, we have created the Resources and Energy Management Procedures to consistently promote efforts toward energy conservation and consumption reduction. By improving resource management, we can enhance the current energy utilization model, establish a smart energy management platform, and effectively promote resource and energy utilization.

Resource management

Water resource management

The Company has adopted a concept of conservation and development to manage daily water, production water, and wastewater treatment, while setting strict environmental targets for water resources management. Additionally, the Company protects water resources by holding regular water-saving meetings and implementing measures such as using a card-swiping system to obtain water. In 2023, the Company purified and recycled electroplating wastewater with an average recovery rate of 60.28%.



LAZZEN's electroplating wastewater treatment system

Case The Company carried out training for environmental management

During the reporting period, to enhance the employees' awareness of environmental protection, the Company carried out training and assessment on the safe emissions of wastewater and waste gas, consensus on indicators, classification of hazardous wastes and warehousing processes and requirements for field management personnel from the electroplating workshop, spot welding workshop, electronics workshop and frame workshop.



The Company provided training on environmental protection

Critical data

Municipal water procurement volume for 2021	Municipal water procurement volume for 2022	Municipal water procurement volume for 2023
142,199 m ³	160,632 m ³	189,648 m ³

Recycling of resources

The Company has chosen recyclable green packaging materials to promote the green transformation of the industrial chain upstream and downstream, and has implemented a recycling system for both raw materials and packaging materials. The Company has taken the initiative to assume responsibility for recycling and resource utilization of abandoned products. This ensures the effective circulation of waste products among production enterprises, consumers, recycling enterprises, and dismantling enterprises.



The product packaging has been marked with the RoHS and recyclable logos by the Company

The Company provides online after-sales and model selection consultations through official websites, WeChat official accounts, and other platforms. Services include waste product recycling and offsetting the cost of new products with used ones. Waste products will be recycled by a specialized third-party organization based on the classification of parts and components once they arrive at the Company's waste dismantling department.

Energy management

The Company has established a smart energy management platform to improve energy utilization and promote energy management optimization. The Company has reduced power consumption in the production process, optimized energy consumption structure, and decreased investment in non-renewable energy through the adoption of distributed photovoltaic systems and other measures. The Company has passed the ISO 50001 Energy Management System Certification.

Meanwhile, for the management of greenhouse gases, the Company regularly monitors and inspects greenhouse gas emissions (Scope 1 and Scope 2) each year to identify sources and conducts research on high energy-consuming areas to reduce energy consumption and greenhouse gas emissions.



The Company passed the ISO 50001 system certification.

LAZZEN's energy management objectives

Annual	Equivalent value (tons of standard coal)	Target value (Kgce/RMB 10,000)	Completed value (Kgce/RMB 10,000)	Target achievement status
2021	2,993.41	≤ 8.3	7.79	Achieved
2022	4,353.09	≤ 13.6	11.28	Achieved
2023	5,447.65	≤ 15.3	14.53	Achieved

Case

Layout of the distributed PV system for net zero emissions

The Company has installed a distributed photovoltaic system on the roof of the building. This system generates approximately 700,000 kWh of electricity annually, with over 95% of it being directly consumed by the Company, replacing outsourced power.



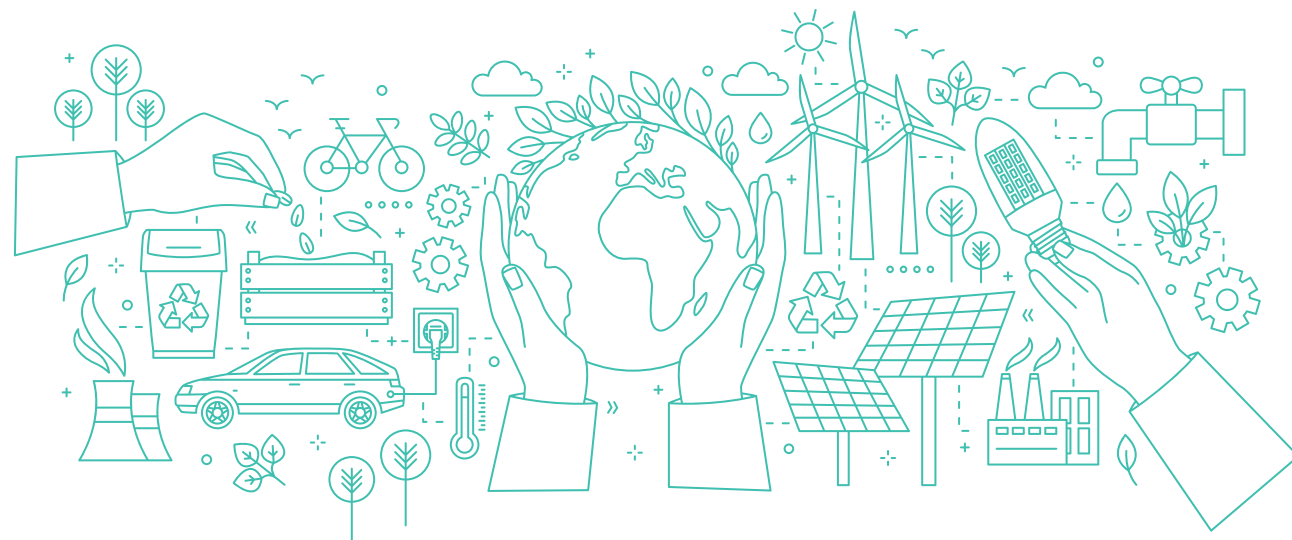
Installation of the distributed PV

Case Transformation of LED lamps and lighting

The Company's lighting system uses LED lamps only. In large workshops or office areas, the lamps are activated based on zones. Additionally, the lighting is integrated with the automation control system, allowing for automatic control of workshop lighting based on shifts and schedules. This reduces unnecessary lighting during working days and rest days. The corridor lighting lamps are controlled by sound induction, while the street lamps are controlled by timing. This effectively reduces the power consumption of the lighting equipment.



LAZZEN's LED lamps



Smart energy management platform

An intelligent power distribution platform system has been installed and a smart energy management platform has been built. The system includes functions for measuring data, managing operations and maintenance, analyzing energy consumption, displaying energy consumption, configuring the system, and more. The system can provide early warnings for abnormal situations in real-time power consumption data collection for each energy consumption unit in the factory. The accumulated data can be statistically analyzed to provide effective support for the implementation of energy conservation and consumption reduction.

Critical data

Natural gas for 2021 45,856 m ³	Natural gas for 2022 46,217 m ³	Natural gas for 2023 53,267.1 m ³
Steam for 2021 29 m ³	Steam for 2022 1,163.03 m ³	Steam for 2023 2,234 m ³
Renewable energy for 2021 700,000 kWh	Renewable energy for 2022 1,688,602 kWh	Renewable energy for 2023 4,023,935 kWh
Outsourced power for 2021 23,160,000 kWh	Outsourced power for 2022 33,223,407 kWh	Outsourced power for 2023 39,710,898 kWh

Emission management

The Company adheres strictly to relevant emission standards and regularly conducts third-party inspections to ensure compliance with the law. A waste management system is in place, and the corresponding emission management objectives and plans are formulated annually to reduce the negative impact on the environment.

Waste gas management

The Company produces only a small amount of welding waste gas in the production process, which is collected and piped for unified treatment by the waste gas collection hood on the staff station. The waste gas was tested by a third party and found to have concentrations of benzene, toluene, xylene, and non-methane hydrocarbon that are well below the limit requirements set forth in the Comprehensive Emission Standard for Atmospheric Pollutants. In 2023, the Company upgraded its purification equipment to improve waste gas removal efficiency and reduce emissions. The Company adopted purification technologies such as ROC zeolite deposit catalytic combustion and UV photolysis.

Waste water management

The Company utilizes a minimal amount of circulating cooling water during the production process and does not generate any industrial wastewater. In addition, the Company employs purification and recycling measures for electroplating wastewater. Additionally, the Company annually commissions a third party to conduct wastewater testing. All testing indicators consistently fall below the limit requirements set forth in the Integrated Wastewater Discharge Standard.



2023 Sewage and Waste Water Test Report of Hangzhou Bay Super Factory

Solid waste and hazardous waste management

The Company follows the principle of "recycling, reduction, and innocuity" when disposing of solid waste. The category of general solid waste includes corrugated cartons, plastic bags, and foam packaging. The category of hazardous waste includes parts cleaning liquid, contaminated waste, exhaust gas filter activated carbon, and IQC detection reagent waste liquid. The Company has signed recycling and treatment agreements with qualified third-party enterprises for the treatment of hazardous waste. The company disposes of solid waste in strict accordance with relevant regulations to prevent any negative impact on the surrounding environment and human health, and to avoid any potential for secondary pollution.

The emission of waste gas, waste, and wastewater by the Company in the past three years

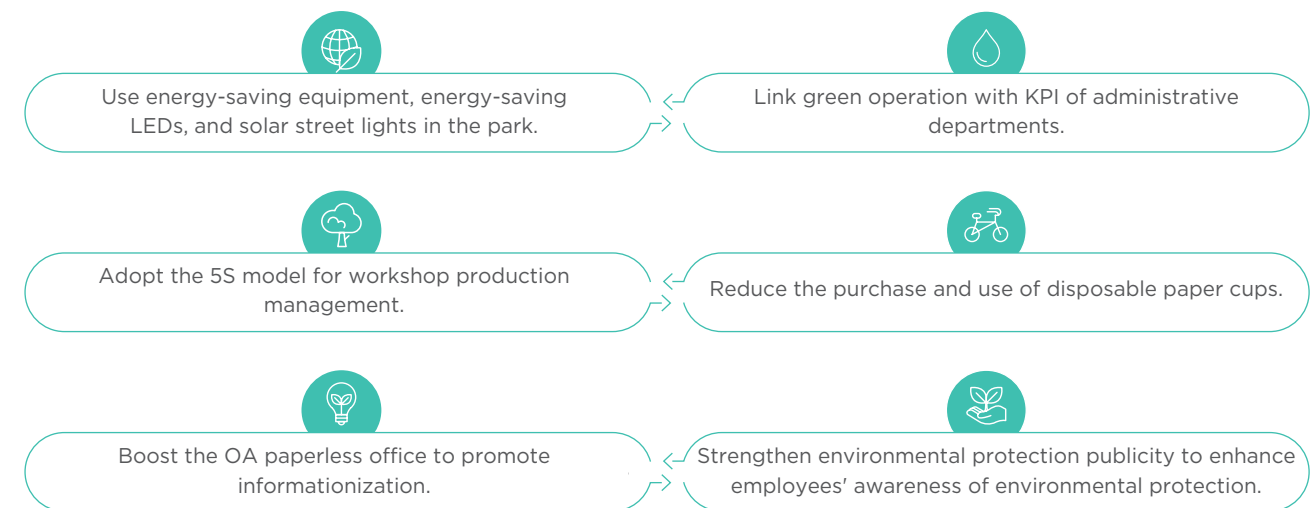
Item for disclosure	Unit	2021	2022	2023
Total emissions	m ³	128,642,520	128,642,520	77,185,512
Particulate matters	Mg/m ³	0.36	0.39	0.41

Item for disclosure	Unit	2021	2022	2023
Non-methane hydrocarbon	Mg/m ³	0.75	0.54	0.478
VOC emissions	Mg/m ³	0.75	0.54	0.478
Total amount of recyclable waste	Ton	360	380	60
Total amount of general solid waste	Ton	360	380	60
Total wastewater discharge	m ³	127,979.1	144,568.8	170,683
Chemical Oxygen Demand (COD)	Mg/L	481	338	194
Five-day biochemical oxygen demand (BOD5)	Mg/L	263	103	60.9
Suspended solids	Mg/L	232	88	37
Ammonia nitrogen	Mg/L	44.1	36.9	14.8
PH	—	7.5	7.1	7.2

Green operation

The Company promotes the concept of green operation and encourages a low-carbon lifestyle. Employees are encouraged to take environmental protection actions and receive regular environmental awareness training. The Company also promotes environmental protection measures, such as implementing a paperless office through OA system, to effectively strengthen employees' environmental awareness.

Measures for green operation



04

Digital and Intellectual Development

Grasping the opportunity of service

Our concept

We implement the concept of sustainable development and promote the development of digital intelligence. We attach importance to the protection customers' rights and interests and strive to provide high-quality products and perfect service by improving the transformation of digital intelligence, quality control, and lean production capacity.

Our actions

- Topic: Digital intelligent interaction leads the future of enterprises
- Customer service
- Responsible marketing

SDGs benchmarking



Topic: Digital intelligent interaction leads the future of enterprises

Development strategy for digital intelligence

Since its establishment, the Company has adhered to the brand positioning of "an expert in intelligent high-end low-voltage electrical system solutions" based on the vision of "to do better than our best in low-voltage apparatus and work together to build a new zero-carbon ecosystem of smart apparatus". To meet the need for operation upgrading and expansion, and respond to China's "14th Five-Year Plan" for Intelligent Manufacturing Development and Made in China 2025, we accelerate the implementation of "intelligent power distribution, smart homes, and new energy electrical technologies". The Company has also actively launched the special "762 Digital Strategy" project to build a digital, networked, and intelligent demonstration factory. While leveraging its leading advantages in market segmentation, the Company makes significant strides in key industries such as construction, electricity, and new energy. Additionally, the Company has expanded into emerging markets such as smart homes, new energy vehicles, charging and swapping facilities, and smart grids.

Performance of development strategy of digital intelligence

Scientific mode of operation

Focusing on the high-end low-voltage apparatus market and adopting BtoB marketing approach, the Company has grown rapidly and gained a significant market position.

Comprehensive technology platform

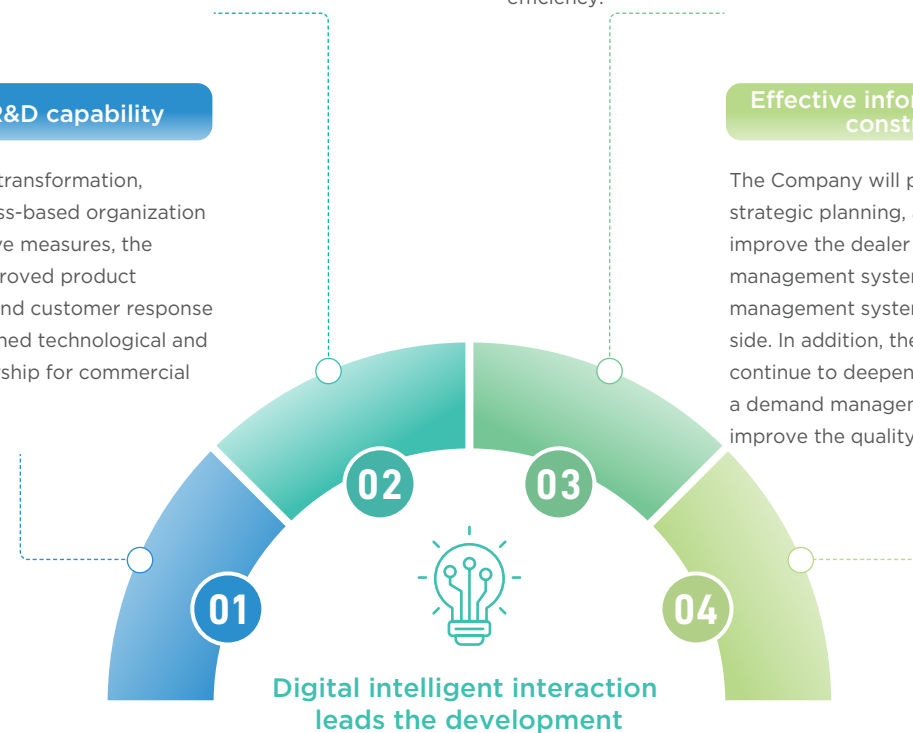
Through technological innovation, process optimization and library resource integration, the Company applied IT to build a library of selected materials and realize normalized material selection, thus improving product quality and efficiency.

Enhanced R&D capability

Based on IPD 2.0 transformation, end-to-end process-based organization and comprehensive measures, the Company has improved product competitiveness and customer response capability and gained technological and operational leadership for commercial success.

Effective informationization construction

The Company will promote digital strategic planning, and build and improve the dealer inventory network management system and sales process management system on the marketing side. In addition, the Company will continue to deepen the IPD process, build a demand management platform, and improve the quality control capability.



LAZZEN Hangzhou Bay Super Factory has been listed in the "2023 2nd China Top 100 Benchmarking Intelligent Factories" alongside well-known enterprises such as Haier, Gree, FAW, and SAIC. This demonstrates LAZZEN's leadership in transforming China's manufacturing industry for the future. This honor demonstrates the success of the digital transformation of China's manufacturing industry, and its continued leadership in the development of intelligent manufacturing.

27	上海展阔光电器件有限公司 (照明模组智能工厂)	嘉定区	电子信息
28	英业达(上海)科技有限公司 (英业达电子信息品智能工厂)	闵行区	电子信息
29	上海天马微电子有限公司 (专业显示器件柔性智能工厂)	浦东新区	电子信息
30	上海华虹宏力半导体制造有限公司 (华虹宏力智能工厂)	浦东新区	电子信息
31	英华达(上海)科技有限公司 (消费电子产品智能工厂)	闵行区	电子信息
32	上海超硅半导体股份有限公司 (大尺寸1C级硅片智能工厂)	松江区	电子信息
33	上海良信电器股份有限公司 (低压电器智能工厂)	浦东新区	电子信息
34	奥特斯(中国)有限公司 (新一代印制电路板智能工厂)	闵行区	电子信息
35	达功(上海)电脑有限公司 (基于工业互联网的智能工厂)	松江区	电子信息

LAZZEN was included in the List of 100 Smart Factories in Shanghai released by the Shanghai Municipal Commission of Economy and Informatization. This indicates that LAZZEN excels in green and smart manufacturing, as acknowledged by the Shanghai municipal government.

Smart electricity use

The current complicated international situation means an opportunity of the times for China's national brands of low-voltage apparatus. This also aligns with the call of the "14th Five-Year Plan" for the systematic layout of new infrastructure construction. As a customer-centric and market-oriented company, the Company adheres to the business philosophy of "improving quality, creating quality products and serving customers". The Company is dedicated to providing customers with the best solutions as well as quality products and services through scientific analysis of the market and professional technical services.

The Company's intelligent product business includes intelligent power distribution and smart homes. The intelligent power distribution system allows customers to monitor and adjust power consumption precisely, promoting energy conservation and safety. Smart home technology allows customers to remotely control lighting, air conditioning, security, and other equipment in their homes through an intelligent assistant or app. This achieves customization and brings convenience and a comfortable experience to customers.

Intelligent power distribution

The intelligent power distribution business is becoming more digital and intelligent with the rapid development of information technology, to meet the growing challenges of energy. Based on years of experience in the development of intelligent switchgear, the Company has launched an electrical and digital solution, the so-called Magic Link Power Smart Management Platform, by integrating fully intelligent components, modules, and software, thus forming an intelligent power distribution solution integrating software and hardware.

Smart product

By designing intelligent products, LAZZEN enables more accurate monitoring of the power grid. An intelligent chip is added to the product to promote interconnection between intelligent devices. This allows for real-time remote controllable tripping, improving power stability and safety management.



P1 NDW3X-5000-3P



LNG63

Magic Link Power smart management platform

With the monitoring and management of the "electric power" system as the core, intelligent cloud power distribution 3.0 integrates the applications of medium and low-voltage systems to achieve integrated platform management. Currently, an intelligent system that integrates an intelligent cloud power distribution system, a mobile phone app, and the Internet of Things has been developed.



Intelligent cloud power distribution system

The product solution for electrical systematization includes functions for collecting, monitoring, analyzing, predicting, and guiding. Data acquisition and processing can be achieved through the underlying intelligent distribution components and intelligent sensors of the Company. The solution can also be combined with multiple communication technologies to upload data to the intelligent cloud power distribution platform, thus providing efficient support for the digitalization and low-carbon transformation of power distribution in various industries, including industry, public buildings, real estate, commerce, transportation, information and communication, new energy, and industrial control.



Mobile phone app

With the extensive application of the mobile terminal, a mobile terminal operation platform has been launched to better support the cloud platform's application and achieve "palm control", providing convenient operation for users.



IoT gateway

The IoT gateway can quickly set up on-site equipment to access the Internet with the help of a 4G/5G network and a variety of broadband services. This allows for data optimization, real-time response, agile connection, and intelligent analysis at the edge nodes of the Internet of Things. It also significantly reduces the data traffic between the site and the central terminal, lowers operating expenses for users, and alleviates pressure on the cloud.



Case Intelligent power distribution system helps to build a leading intelligent manufacturing hub

Our intelligent power distribution system solution addresses the issues of low operational and maintenance efficiency, as well as the lack of monitoring and optimization of terminal energy efficiency in the WINGTEC Intelligent Manufacturing Industrial Park. The intelligent NDB5E circuit breaker and Magic Link Power intelligent software system work together to achieve intelligent, efficient, green, and energy-saving power distribution. This helps WINGTEC Kunming Intelligent Manufacturing Industrial Park become a significant intelligent manufacturing hub for 5G terminals worldwide and establishes a national demonstration of a green and low-carbon industrial park.



Customized integrated intelligent power distribution solution

Smart home

LAZZEN is dedicated to innovation in the field of smart homes. The Magic Panels series features a simple design and multi-functional temperature controllers. By utilizing intelligent technology, household equipment can be automated and intelligently controlled, which increases convenience and comfort in daily life and greatly improves the overall user experience. At the same time, LAZZEN Magic Link Home is an intelligent ecological platform that utilizes advanced Internet of Things technology. It maintains openness, meets user needs, and real system stability through the local gateway. This contributes to energy conservation, waste reduction, and sustainable development.

Case Intelligent power distribution system helps to build a leading intelligent manufacturing hub

LAZZEN Magic Link Home is an intelligent platform for real estate and homes that utilize cutting-edge technologies such as Zigbee, wired KNX, and other Internet of Things technologies. It is also compatible with third-party intelligent equipment and ecological platforms, allowing users to customize it for different scenes. LAZZEN Magic Link Home can also run scenarios and devices off-network through the local gateway, maximizing the stability of system operation.

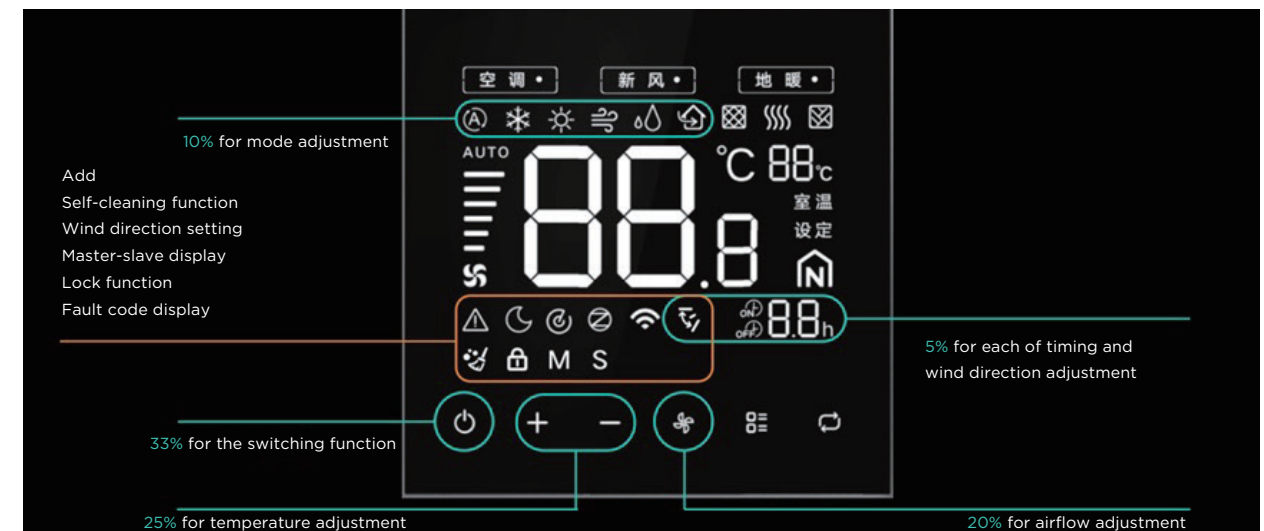


Ecological layout of LAZZEN Magic Link Home

Case Intelligent power distribution system helps to build a leading intelligent manufacturing hub

The Magic Panels series adopts the family vision and minimalist design that is suitable for various home furnishing styles. The Magic Panels series can be combined horizontally, vertically, criss-cross, and in multiple rows, which maximizes the utilization of home space while maintaining the furnishing integrity. The Magic Panels series integrates an ultra-thin 3-in-1 multi-functional thermostat. The link between modules can achieve 1+1>2 operation experience and multiple control modes can meet the needs of diverse users. Additionally, the Magic Panels series products integrates the Graffiti ecological platform and the nine systems of LAZZEN Smart Home, which allows for the combination of functions among different products, resulting in a more convenient and user-friendly experience.

In 2023, the Company launched the Magic Panels Aurora Series, which combines beauty with durability through the use of AG glass. This series supports Zigbee or KNX communication modes, enriching the product portfolio for smart homes.



Integrated temperature control



Aurora series products

Customer service

The Company always adheres to a customer-oriented service concept and continuously improves its service system and standards to meet customer expectations and demands, ensuring customer satisfaction.

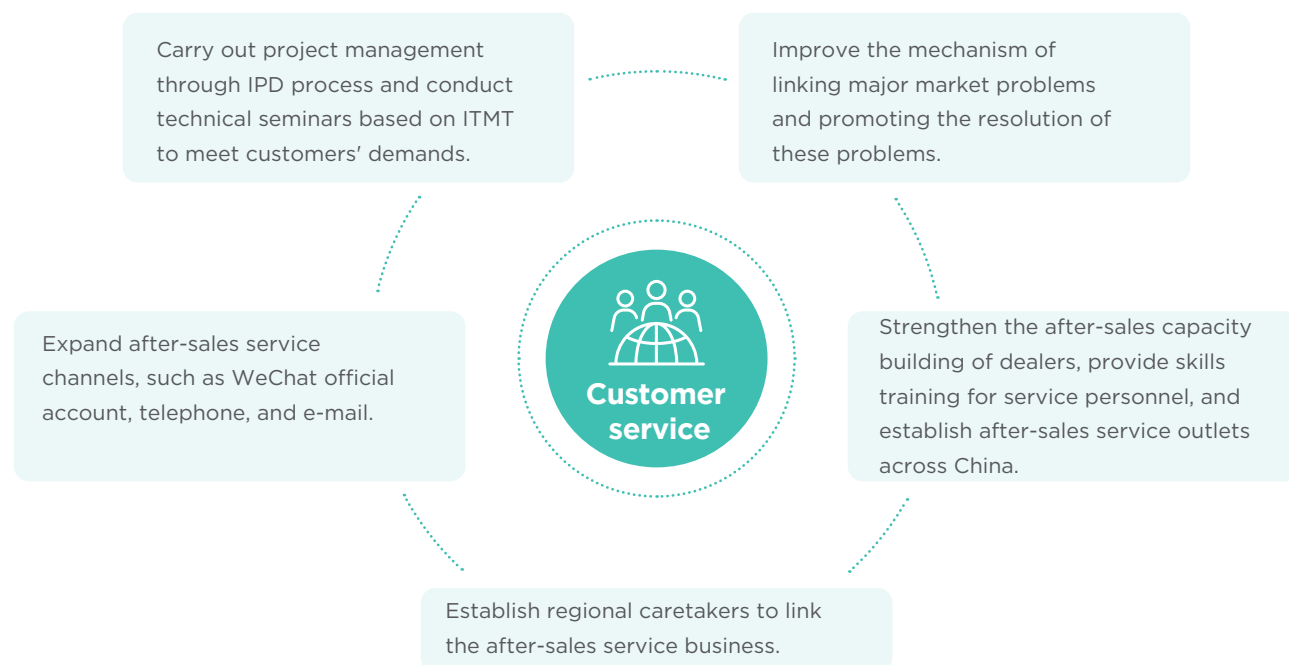
Service management system

The Company continuously enhances its customer service system and standards, and has developed the Management Procedures for Customer Returns and Recall, as well as the Management Procedures for Customer Complaints and After-sales Handling. Furthermore, the Company has proactively established an after-sales service ecosystem, which includes LAZZEN, distribution partners, and third-party service resources, forming a multi-dimensional integrated service architecture. A customer service management system is available to provide customers with timely, accurate, and satisfactory services.

The Company places great importance on managing and monitoring customer service. The Company aims to improve service levels through administrative measures such as process control, regular reviews, and professional training. In the meantime, digital system tools are utilized to monitor and evaluate work quality. Moreover, the Company collaborates with various departments to address potential service risks on the Planning Committee platform.

Upon receiving customer feedback, the customer complaint specialist will forward the issue to the senior technical service engineer for resolution. Quality and technical problems should be submitted to the technical support department for handling. The technical support department will then coordinate with relevant departments to analyze and address the root cause of the problem within a specified timeframe and record it in the internal improvement system.

Standard management of customer service

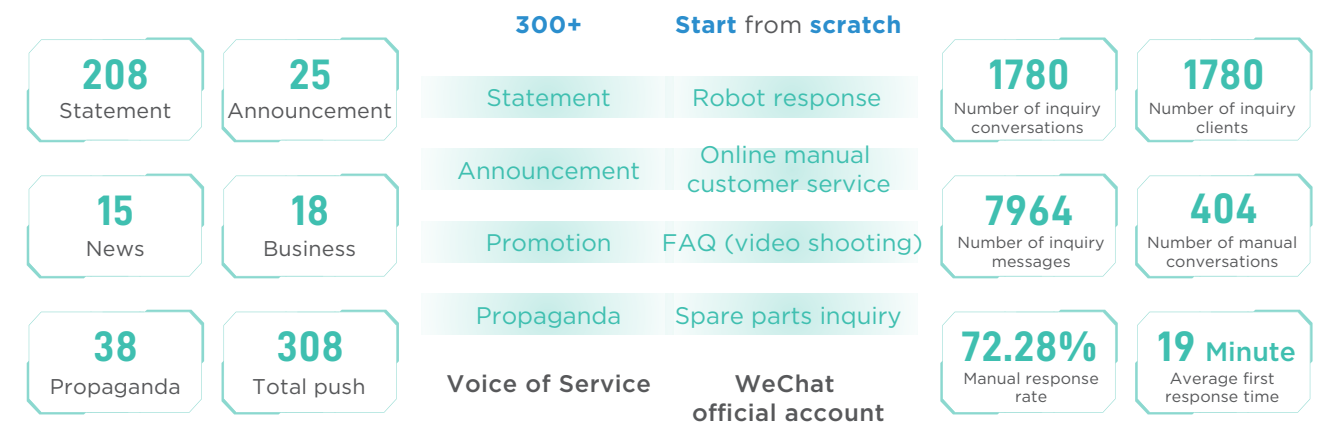


LAZZEN's after-sales management system

- ✓ The number of dealer after-sales partners increased from 18 to 45
- ✓ The number of dealer after-sales service personnel increased from 15 to 51
- ✓ 5 after-sales skills and certification training sessions nationwide, covering over 100 personnel



KPIs for LAZZEN's service



In 2023, to achieve data- and IT-based management of after-sales customer services, LAZZEN developed an after-sales service map platform based on the ITR system platform. The map platform displays the work distribution of customer service personnel, enabling the Company to know the overall situation of after-sales service in a timely manner and further improve the management efficiency of after-sales customer services.



After-sales service

良信股份 002706.SZ

Map Data Platform

- Human efficiency calculation
- Distribution of service outlets
- Cost statistics
- Personnel map positioning
- Service heat map
- Service tracking
- Statistical analysis
- Work order status monitoring

Customer satisfaction survey

The Company conducts regular customer satisfaction surveys and holds meetings to review and analyze feedback results. This helps to continuously improve and maintain a positive reputation. In 2023, the Company distributed 325 questionnaires to assess customer satisfaction. In addition to 6 conventional elements, including service attitude, response timeliness, and product quality, the questionnaires added indicators such as solutions and environmental compliance to know customers' evaluation on environmental protection of the Company's products and services. Currently, the Company has recovered 276 copies with a questionnaire recovery rate of 84.92%. The overall customer satisfaction score is 92.28, which is higher than the target set at the beginning of the year by 7%. The Company has developed an improvement plan for weak areas. Moving forward, the Company will strive to enhance customer service quality and maintain a positive reputation.

Responsible marketing

The Company adheres strictly to the national Advertisement Law and other relevant laws and regulations in managing the publicity of products and business for the purpose of developing appropriate promotional content and methods for products and business. The Company held four professional competence training sessions for the sales personnel of the distributors to strengthen marketing management, enhance the professionalism of the sales personnel, and cultivate their sense of responsible marketing. The training sessions improved their professional competence and sense of responsible marketing in areas such as product knowledge, solutions, and sales skills.



Marketing training for distributors

05

Working together

Safeguarding community well-being

Our concept

LAZZEN firmly believes that people are the cornerstone of an enterprise's development. The Company is dedicated to offering competitive compensation and benefits, as well as development opportunities, to safeguard the physical and mental well-being of employees while growing alongside them. The Company engages in industry cooperation, resource sharing, market development, and establishment of industry partnerships. Additionally, the Company fulfills its social responsibilities by participating in social welfare activities and giving back to society.

Our actions

- Humanistic care
- Industry cooperation
- Community public welfare

SDGs benchmarking



Humanistic care

Employee employment and rights and interests

LAZZEN strictly abides by laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the requirements of the local government. Additionally, LAZZEN has obtained ISO45001 occupational health and safety management certification. In combination with the Human Resource Management System and other measures, the Company continues to revise and improve the management system to meet the actual needs of the Company. Meanwhile, the Company has taken steps to eliminate unfair treatment by implementing anti-discrimination regulations. The Company is committed to the principle of equal pay for equal work, prohibits any form of discrimination, and resolutely rejects the use of child labor and forced labor. These measures are in place to safeguard the legitimate rights and interests of employees and to create a fair, diverse, and mutually respectful working environment.

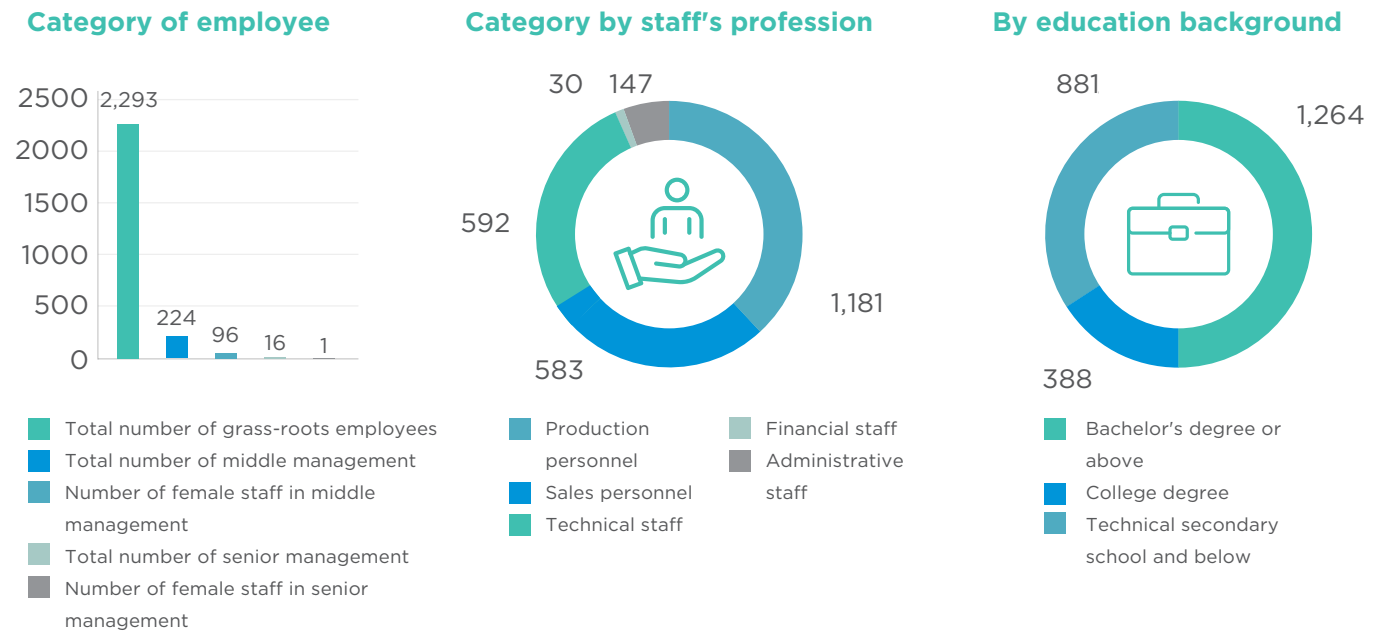


Certificate of the Occupational Health and Safety Management System

Revised contents of the Human Resources Management System

<p>Clarify the organization classification and adjust the structure process</p> <p>The organizational structure has been adjusted and the corresponding processes and steps have been specified.</p>	<p>Revise the preparation and approval procedure</p> <p>The procedure for formulating and approving the establishment has been revised to improve efficiency and accuracy.</p>
<p>Modify the position setting and strengthen the post level management</p> <p>Job setting and adjustment have been revised to adapt to the needs of the organization and ensure the accurate matching of personnel with jobs.</p>	<p>Standardize the recruitment control and process</p> <p>The principle of dual control over recruitment has been strengthened, and the recruitment demand management process and campus recruitment process have been standardized.</p>
<p>Complete the performance evaluation content</p> <p>The virtual quarterly grade evaluation has been added, including the performance assessment of IPMT members, PDT representatives, and supporting personnel.</p>	<p>Revise the subsidy management system</p> <p>The top-level planning and budgeting of remuneration have been added. The regulations on determination and adjustment of benefits, subsidies, and salary, as well as the standards for travel allowances, transportation, and accommodation have been revised.</p>

During the reporting period, the Company employed a total of 2,533 staff, all of whom signed the labor contract. The Company has 854 female employees, and the employee turnover rate decreases by 26.64% over 2022.



Compensation and benefits

To establish and improve the benefit sharing mechanism, optimize the governance structure, attract excellent talents, promote the Company's stable development, enhance competitiveness, and achieve common growth for employees and the Company, the Performance Management System and the Compensation and Benefits Management System have been formulated. These systems are formulated based on fair, just, and transparent performance-related pay and are combined with staff performance appraisals to conduct scientific salary management and motivate employees to improve their individual abilities.

The Company offers the employees three benefits: equity, salary, and bonus. The Company values the individuality and dignity of the employees and encourages them to display their talents and embody their personal values. According to the market-oriented and customer-centric approach, the Company has developed a competitive talent incentive and assessment system.

Compensation and benefits - equity, salaries, and bonuses

Sharing the result of development
Protecting talents

Equity

Salary

Bonus

Share registration and transfer have been completed for LAZZEN's employee shareholding plans "Struggler No. 2" and "Business Decision-making Team No. 1". On January 4, 2023, the Company launched the 2023 Employee Stock Ownership Plan, covering a total of 455 employees and 15 managers.

In terms of salary, the Company increases flexibility and improves security based on the job system and with reference to the market level.

In terms of bonus and performance, the Company replaced the administrative bonus granting system with an acquisition and sharing system. "PBC+Job performance" enables individual performance management to take into account both short-term and long-term goals, which provides incentives and ensures sustainability.

Democratic communication

As required under the Trade Union Law and the Constitution of the Chinese Trade Unions, the Company has set up a trade union and workers' congresses. Regular congresses of workers and staff are held, and an equal consultation and collective contract system has been implemented. By facilitating democratic dialog and collecting feedback from all staff members, the OA - Xinsheng Community has been improved to ensure the effective implementation of democratic management. The Company also advocates for a factory affairs disclosure mechanism to enhance democratic supervision, and resolves labor disputes through legal mediation to foster harmonious and stable labor relations.

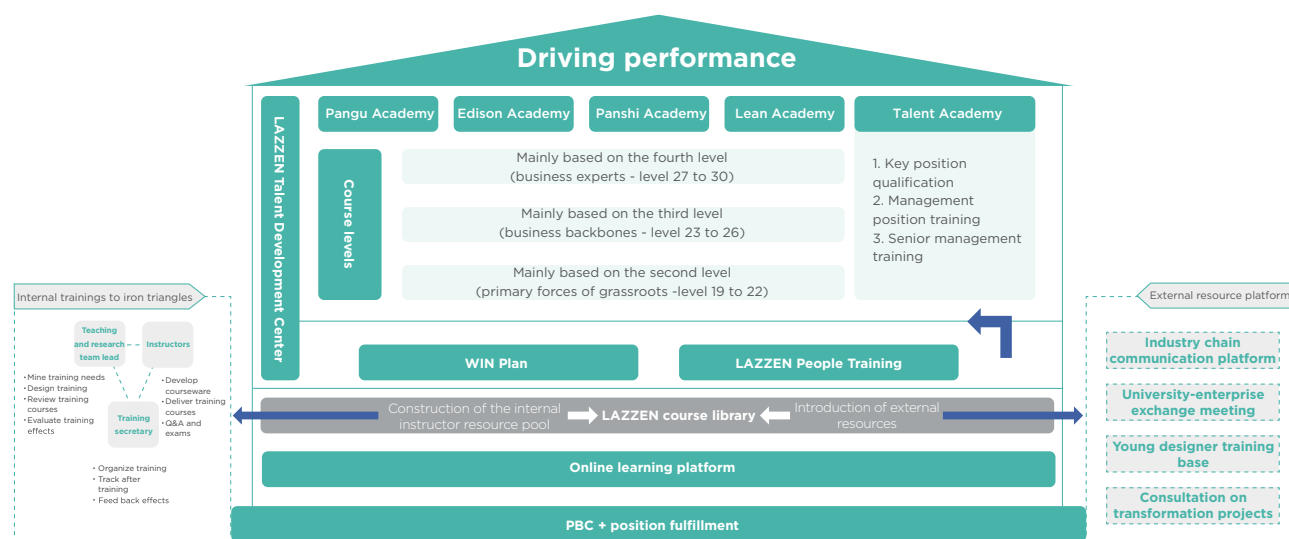


公司第七届十三次职代会

Employee training and development

The Company has established three teams comprising of cadres, experts, and employees. Furthermore, a talent development center has been created to improve performance by training exceptional individuals. The training content is closely aligned with job requirements and performance objectives. Additionally, the Company prioritizes the development of core talents and a professional team, continuously improves its talent training system and establishes a classified training mechanism that covers all employees. The Company also conducts characteristic training programs for employees of different levels and categories. In 2023, our Talent Development Center founded the Lean Institute for courses related to supply chain specialists, which aims to create selected lean courses to meet the trainees' needs on lean manufacturing.

Internal training system for employees



Case

The Company provided orientation training for new employees to bring vitality to the workplace.

To assist new employees in becoming familiar with the corporate systems and processes and assimilating into the Company more quickly, the Company organized a comprehensive general induction training course. This course covers various aspects, including corporate culture, human resources, financial management systems, operational processes, risk management, and safety matters.



Orientation training for new employees

Critical data

During the reporting period, the Company organized **341** training courses totaling **717** class hours. Of these, **16** courses were for new employees, and **94** participants attended.

Item for disclosure		Unit	Data for 2023	
Employee training	Total number of employees trained	Person-time	19,883	
	By gender	Number of male employees trained	Person-time	14,615
		Number of female employees trained	Person-time	5,268
	By type of employee	Number of grass-roots employees trained	Person-time	19,703
		Number of senior management employees trained	Person-time	180
	Total length of employee training	Hour	52,525.5	
Average length of employee training	Hour	32.7		

Employee benefits and activities

Employee benefits

Pursuant to the Social Insurance Law of the People's Republic of China, the Company has developed a Compensation and Benefits Management System to safeguard the social rights and interests of employees. The Company is obligated by law to provide the employees with various social insurances, including endowment insurance, basic medical insurance, unemployment insurance, work-related injury insurance, maternity insurance, and housing provident fund. The Company conducts regular physical examinations for all staff to ensure a 100% coverage rate.

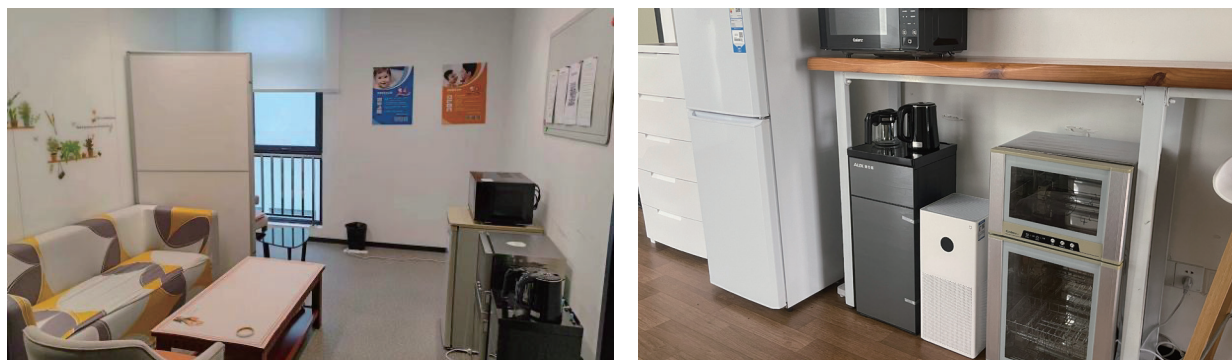
By providing various welfare benefits, the Company improves the well-being and satisfaction of the employees.

Benefits provided by the Company to the employees

<div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">Benefits</div>	<ul style="list-style-type: none"> • Five social insurances and housing fund • Household registration in Shanghai • Subsidies for club activities • Team building fees 	<div style="border: 1px solid black; border-radius: 50%; width: 40px; height: 40px; display: flex; align-items: center; justify-content: center; margin: 0 auto;">Incentives</div>	<ul style="list-style-type: none"> • Annual physical examination • Care for female employees • Employee hardship fund • Consolation for sick employees
	<ul style="list-style-type: none"> • Excellence selection activity • Annual technical innovation award • Intellectual property incentive • Rationalization proposal for employees • Incentives for outstanding employees 		

Case LAZZEN's Mummy's Houses provided care for the female.

The Company has established two private, comfortable, and convenient spaces, known as Mummy's Houses, for female employees during pregnancy and lactation. The houses are equipped with essential amenities, such as an air purifier, a water dispenser, and a mini refrigerator. They are cleaned and maintained daily by specialized personnel to ensure cleanliness and tidiness. Female employees can access the houses by swiping their cards, reflecting the Company's concern for their well-being.



Interior facilities of LAZZEN's Mummy's Houses

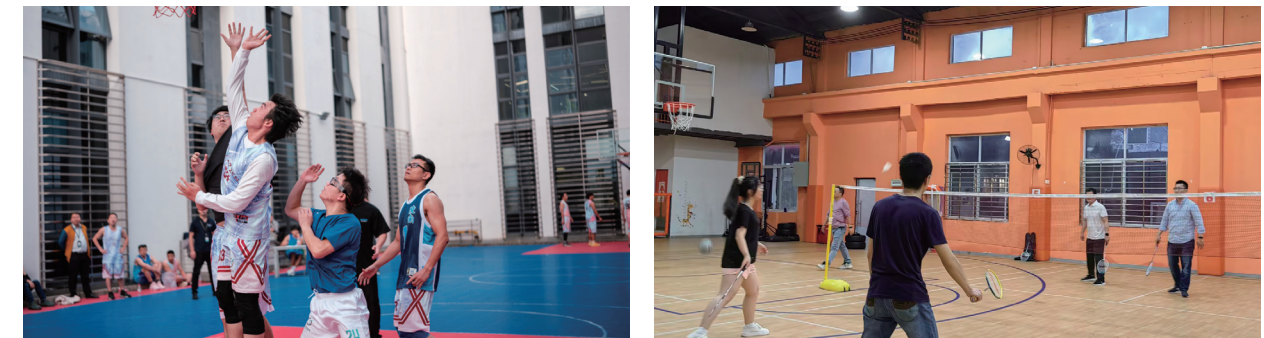
Employee activities

The Company values humanistic care and is deeply convinced that employee well-being is inextricably linked to building a positive, efficient, and creative team. To enrich the cultural life of employees and strengthen their sense of belonging, the Company actively offers various forms of activities. The Company also provides sincere and warm care to relieve employees of difficulties and offers economic, psychological, and legal support. Furthermore, the Company integrates a warm cultural atmosphere and care measures into every detail, effectively enhancing the team cohesion.

The Company also organizes special theme projects, such as succulent potted plant production, Mid-Autumn Festival Carnival, and Christmas aroma activities. These events aim to enrich the cultural and spiritual lives of employees.

Case The clubs are a source of inspiration for the upward spiritual aspirations of employees.

In order to promote collaboration among employees, the Company has established several clubs, including a running club, badminton club, football club, basketball club, and table tennis club. The Company has also implemented appropriate measures for the management of these clubs and provided the necessary funding and venue support. Club activities attract over 500 active participants monthly, enhancing cohesion among employees and promoting a positive corporate culture.



Diversified club activities

Case Working together to build a dream, LAZZEN launched a special cultural performance.

The Company arranged for the employees to watch a wonderful performance by the Kangqiao Federation of Trade Unions, the Pudong New Area Federation of Trade Unions, the Pudong New Area Art Guidance Center, and the Shanghai Shuxin Literature and Art Travel Group in the park. The event was well-attended, with over 700 people present. The performers received applause and praise, bringing energy to the dedicated staff!



The Company arranged for the employees to watch a wonderful performance of the labor unions

Industry cooperation

LAZZEN actively engages in school-enterprise cooperation, participates in industry forums, and assists in compiling industry standards. This promotes knowledge sharing and technological innovation, contributing to the progress and development of the industry.

School-enterprise cooperation in 2023



To strengthen the industry-university-research cooperation education, make full use of resources and strengthen the spirit of building a practice teaching base, we have established a practice base in cooperation with Shanghai Jiaotong University.

Forums attended in 2023

The Company was invited to participate in the activities of the Second Session of the Eighth CES Special Committee on Electrical Product Reliability and give a speech on Application of DOE in the Accelerated Life Testing of Products, which demonstrated the Company's strength and innovation ability in reliability research.



The Company took part in the 2023 China Electrical Equipment Industry Association New Energy Appliance Alliance Council Meeting and New Energy Appliance Integration Development Forum. The aim was to promote digital transformation and green development, with the mission of achieving "carbon peaking and carbon neutrality" and building a new electric power system.



The Company actively participated in the Third Session of the Eighth CES Special Committee on Low-Voltage Apparatus and the 2023 Low-Voltage Apparatus Academic Symposium, with the aim of building an academic exchange platform for the low-voltage apparatus industry, promoting innovation and cooperation for industry-university-research, and providing public services to the industry.



Engagement in formulation and revision of standards in 2023

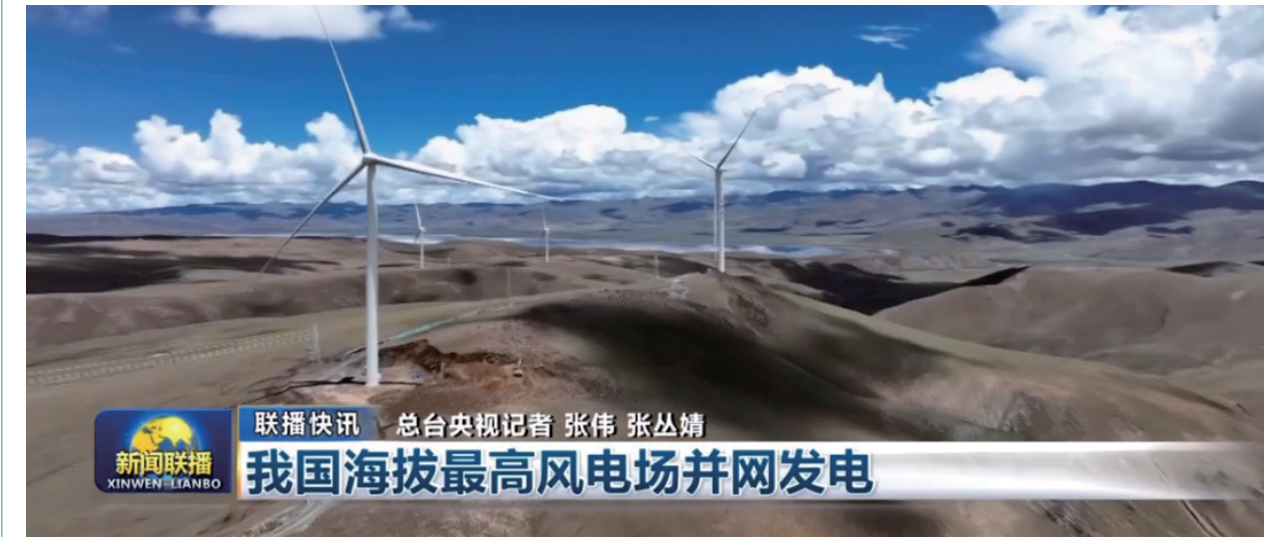
No.	Standard No.	Standard Name	Standard Type
1	GB/T 14048.1-2023	Low-voltage switchgear and controlgear - Part 1: General rules	National standard
2	GB/Z 43029-2023	Switchgear and controlgear and their assemblies for low-voltage-energy efficiency	National standard
3	GB/T 19214.1-2023	Electrical accessories - Residual current monitors (RCMs) - Part 1: RCMs for household and similar uses	National standard
4	GB/T 17701-2023	Circuit breaker for equipment (CBE)	National standard
5	GB/T 16935.1-2023	Insulation coordination for equipment within low-voltage systems - Part 1: Principles, requirements and tests	National standard
6	GB/T 24975-2023	Guidelines of environmentally conscious design of low-voltage apparatus	National standard
7	NB/T 11208-2023	General requirements for low-voltage DC distribution protective equipment	Industry standard
8	T/ASC 33-2023	Technical specification for application of residual current operated protective devices	Group standard
9	T/SAC 42-2023	Design standard for smart home	Group standard
10	T/CEEIA 663-2023	Molded-case circuit-breakers with remote control function and data transmission function	Group standard
11	T/CEEIA 664-2023	Technical specification for testing the current limiting energy of MCBs	Group standard
12	T/CEEIA 667-2023	Integration requirements for digital design information and process information of user side electrical equipment	Group standard
13	T/CEEIA 693-2023	Technical specification for green-design product assessment - Transfer switching equipment	Group standard
14	T/CEEIA 694-2023	Technical specification for green-design product assessment - Air circuit breaker	Group standard
15	T/CECA 20032-2023	Distribution technical standard for intelligent low-voltage circuit-breaker with IoT functions	Group standard

Community public welfare

LAZZEN has participated in community public welfare and rural revitalization activities. This has helped establish a corporate social responsibility image and strong cooperative relationships with local residents, government agencies, and community organizations. These efforts have injected vitality into the Company's sustainable development, promoted the sustainable development of the social economy, and helped achieve the Company's long-term strategic objectives.

Case LAZZEN's wind power distribution solution assists ultra-high altitude wind turbines in scaling the "roof of the world"

LAZZEN constructed a wind farm in Zhegu Town, Cuomei County, Xizang, which fills the gap in wind power development in ultra-high-altitude areas. This project promotes the use of clean energy and contributes to rural revitalization and social benefit. The Company has created job opportunities for local residents, improved energy supply, and promoted economic and social development. Additionally, the project has reduced dependence on traditional energy sources, promoted sustainable development, and opened up new paths for the prosperity and high-quality development of local villages.



LAZZEN constructed high-altitude wind farms to promote development in Xizang

List of KPIs

Economic performance

Index	Unit	Data
Total assets	Yuan	5,819,530,562.85
Net asset	Yuan	4,134,942,564.79
Operating income	Yuan	4,585,057,446.11
Net profit attributable to shareholders of listed companies	Yuan	510,971,393.22
Basic earnings per share	Yuan/share	0.47
Net cash flow from operating activities	Yuan	627,853,104.79

Environment performance

Index	Unit	Data	
Environmental protection input	Ten thousand yuan	60	
Energy consumption	Natural gas	m ³	53,267.1
	Steam	m ³	2,234
	Renewable energy	KWH	4,023,935
Emission of gaseous pollutants	Particulate matters	Mg/m ³	0.14
	Non-methane hydrocarbon	Mg/m ³	0.478
	VOC emissions	Mg/m ³	0.478
Water pollutant discharge	Chemical Oxygen Demand (COD)	Mg/L	194
	Five-day biochemical oxygen demand (BOD5)	Mg/L	60.9
	Suspended solids	Mg/L	37
	Ammonia nitrogen	Mg/L	14.8
Waste discharge	Total amount of general solid waste	Ton	60
	Total amount of recyclable waste	Ton	60

Corporate governance performance

Index	Unit	Data	
Operation of three meetings	Board of directors	Number of times	7
	Board of supervisors	Number of times	7
	Shareholders' meeting	Number of times	3
Intellectual property	New patent application for the year	Item	339
	Newly granted patents of the year	Item	238
R&D	Number of R&D personnel	Person	558
	Investment in R&D	Yuan	283,141,027.78

Social performance

Index	Unit	Data	
Total employees	Person	2,533	
By employee's education level	Bachelor's degree or above	Person	1,264
	College degree	Person	388
	Technical secondary school and below	Person	881
By employee's position	Production personnel	Person	1,181
	Sales personnel	Person	583
	Technical staff	Person	592
	Financial staff	Person	30
	Administrative staff	Person	147

Index		Unit	Data
By employee's class of position	Total number of grass-roots employees	Person	2,293
	Total number of middle management	Person	224
	Number of female staff in middle management	Person	96
	Total number of senior management	Person	16
	Number of female staff in senior management	Person	1
Occupational safety and health	Number of workdays lost due to work-related injuries	Day	8.5
	Number of employees died due to work-related incidents	Person	0
	Number of employees in positions exposed to occupational diseases	Person	463
	Number of employees undergoing occupational disease physical exams	Person	653
	Number of employees with occupational diseases	Hour	0
	Number of work-related injuries	Person	6
	Number of work-related accidents	/	6
	Number of workdays lost due to work-related injuries	Day	8.5
	Number of work-related fatal accidents	/	0
	Number of work-related fatalities	Person	0
Supply chain management	Percentage of suppliers who have signed the Supplier Code of Conduct	%	100
	Number of suppliers who have conducted social impact assessments	/	83
	Number of suppliers who have conducted environmental impact assessments	/	120
Industry standard	National standard	Item	6
	Industry standard	Item	1
	Group standard	Item	8

Content Index

GRI Standards Content Index	
Statement of use	LAZZEN reported the information cited in this GRI Content Index by reference to the GRI standards from January 1, 2023 to December 31, 2023.
The title of GRI 1 used	GRI 1 Foundation 2021

GRI standard	Item for disclosure	Location
GRI 2 General disclosures 2021		
The organization and its reporting practices		
2-1	Organizational details	About This Report About LAZZEN
2-2	Entities included in the organization's sustainability reporting	About LAZZEN
2-3	Reporting period, frequency and contact point	About This Report Feedback
2-4	Restatements of information	The Company has no such disclosure.
2-5	External assurance	The Company has no such disclosure.
Activities and workers		
2-6	Activities, value chain and other business relationships	About LAZZEN
2-7	Employees	Humanistic care List of KPIs
2-8	Workers who are not employees	The Company has no such disclosure.
Governance		
2-9	Governance structure and composition	Corporate Governance Please refer to the Company's 2023 Annual Report
2-10	Nomination and selection of the highest governance body	Corporate Governance Please refer to the Company's 2023 Annual Report
2-11	Chair of the highest governance body	Corporate Governance Please refer to the Company's 2023 Annual Report
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Please refer to the Company's 2023 Annual Report
2-13	Delegation of responsibility for managing impacts	Corporate governance
2-14	Role of the highest governance body in sustainability reporting	Corporate governance
2-15	Conflicts of interest	Corporate governance Compliance risk control Intellectual property protection
2-16	Communication of critical concerns	Corporate governance
2-17	Collective knowledge of the highest governance body	Corporate governance

GRI standard	Item for disclosure	Location
2-18	Evaluation of the performance of the highest governance body	Please refer to the Company's 2023 Annual Report
2-19	Remuneration policies	Humanistic care Please refer to the Company's 2023 Annual Report
2-20	Process to determine the remuneration	Humanistic care Please refer to the Company's 2023 Annual Report
2-21	Annual total compensation ratio	Please refer to the Company's 2023 Annual Report
Strategy, policies and practices		
2-22	Statement on sustainable development strategy	Corporate governance
2-23	Policy commitments	Safety Responsibility: Pursuing Solid and Steady Development Governance specifications: Strengthening Internal Management Low-carbon and Environmental Protection: Striving to Be a Green Pioneer Digital and Intellectual Development: Grasping the Opportunity of Service Working Together: Safeguarding Community Well-being
2-24	Embedding policy commitments	Safety Responsibility: Pursuing Solid and Steady Development Governance specifications: Strengthening Internal Management Low-carbon and Environmental Protection: Striving to Be a Green Pioneer Digital and Intellectual Development: Grasping the Opportunity of Service Working Together: Safeguarding Community Well-being
2-25	Processes to remediate negative impacts	Compliance risk control Customer service Responsible marketing
2-26	Mechanisms for seeking advice and raising concerns	Corporate governance Compliance risk control
2-27	Compliance with laws and regulations	Product quality and safety Information security protection Intelligent work safety Green and responsible supply chain Corporate governance Compliance risk control Intellectual property management Responsible marketing Humanistic care
2-28	Membership associations	Honors obtained in 2023 Industry cooperation
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Corporate governance
2-30	Collective bargaining agreements	Humanistic care
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	Corporate governance
3-2	List of material topics	Corporate governance

GRI standard	Item for disclosure	Location
3-3	Management of material topics	Corporate governance
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	List of KPIs
201-2	Financial implications and other risks and opportunities due to climate change	Green technology for low-carbon development of enterprises
201-3	Defined benefit plan obligations and other retirement plans	Please refer to the Company's 2023 Annual Report
201-4	Financial assistance received from government	Please refer to the Company's 2023 Annual Report
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	The Company has no such disclosure.
202-2	Proportion of senior management hired from the local community	The Company has no such disclosure.
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Green technology for low-carbon development of enterprises Development strategy for digital intelligence
203-2	Significant indirect economic impacts	Green technology for low-carbon development of enterprises Community public welfare
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Green and responsible supply chain
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Compliance risk control
205-2	Communication and training about anti-corruption policies and procedures	Compliance risk control
205-3	Confirmed incidents of corruption and actions taken	Compliance risk control
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance risk control
GRI 207: Tax 2019		
207-1	Approach to tax	Please refer to the Company's 2023 Annual Report
207-2	Tax governance, control, and risk management	Please refer to the Company's 2023 Annual Report
207-3	Stakeholder engagement and management of concerns related to tax	Please refer to the Company's 2023 Annual Report
207-4	Country-by-country reporting	The Company has no such disclosure.
GRI 301: Materials 2016		
301-1	Materials used by weight or volume	Resource and energy management List of KPIs
301-2	Recycled input materials used	Resource and energy management List of KPIs
301-3	Reclaimed products and their packaging materials	Resource and energy management Green operation
GRI 302: Energy 2016		

GRI standard	Item for disclosure	Location
302-1	Energy consumption within the organization	Resource and energy management
302-2	Energy consumption outside of the organization	The Company has no such disclosure.
302-3	Energy intensity	The Company has no such disclosure.
302-4	Reduction of energy consumption	Green technology for low-carbon development of enterprises A sound environmental management system Resource and energy management Green operation
302-5	Reductions in energy requirements of products and services	Green technology for low-carbon development of enterprises
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	Green technology for low-carbon development of enterprises A sound environmental management system Resource and energy management Emission management List of KPIs
303-2	Management of water discharge-related impacts	Green technology for low-carbon development of enterprises A sound environmental management system Resource and energy management
303-3	Water withdrawal	Resource and energy management
303-4	Water discharge	Emission management
303-5	Water consumption	List of KPIs
GRI 304: Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	The Company has no relevant operational site
304-2	Significant impacts of activities, products and services on biodiversity	The Company has no such disclosure.
304-3	Habitats protected or restored	The Company has no such disclosure.
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	The Company has no such disclosure.
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	Resource and energy management
305-2	Energy indirect (Scope 2) GHG emissions	Resource and energy management
305-3	Other indirect (Scope 3) GHG emissions	Not disclosed for now
305-4	GHG emissions intensity	Not disclosed for now
305-5	Reduction of GHG emissions	Not disclosed for now
305-6	Emissions of ozone-depleting substances (ODS)	Not disclosed for now
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not disclosed for now

GRI standard	Item for disclosure	Location
GRI 306: Waste 2020		
306-1	Waste generation and significant waste-related impacts	Emission management
306-2	Management of significant waste-related impacts	Emission management
306-3	Waste generated	Emission management
306-4	Waste diverted from disposal	Emission management
306-5	Waste directed to disposal	Emission management
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Green and responsible supply chain
308-2	Negative environmental impacts in the supply chain and actions taken	Green and responsible supply chain
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	Humanistic care
401-2	Benefits provided to full-time employees (not provided to temporary or part-time employees)	Humanistic care
401-3	Parental leave	Humanistic care
GRI 402: Labor / Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	The Company has no such disclosure.
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	Intelligent work safety
403-2	Hazard identification, risk assessment, and incident investigation	Intelligent work safety
403-3	Occupational health services	Intelligent work safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Intelligent work safety
403-5	Worker training on occupational health and safety	Intelligent work safety
403-6	Promotion of worker health	Intelligent work safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Intelligent work safety
403-8	Workers covered by an occupational health and safety management system	Intelligent work safety
403-9	Work-related injuries	Intelligent work safety
403-10	Work-related ill health	Intelligent work safety
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	Humanistic care
404-2	Programs for upgrading employee skills and transition assistance programs	Humanistic care
404-3	Percentage of employees receiving regular performance and career development reviews	Humanistic care
GRI 405: Diversity and Equal Opportunity 2016		

GRI standard	Item for disclosure	Location
405-1	Diversity of governance bodies and employees	Corporate governance Humanistic care
405-2	Ratio of basic salary and remuneration of women to men	The Company has no such disclosure.
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Humanistic care
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Humanistic care
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	Humanistic care
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Humanistic care
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	Humanistic care
GRI 411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving the rights of indigenous peoples	The Company has no such disclosure.
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Industry cooperation Community public welfare
413-2	Operations with significant actual and potential negative impacts on local communities	The Company has no relevant operational site
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Green and responsible supply chain
414-2	Negative social impacts in the supply chain and actions taken	Green and responsible supply chain
GRI 415: Public Policy 2016		
415-1	Political contributions	The Company has no such disclosure.
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Product quality and safety
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	The Company has no such disclosure.
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	Customer service Responsible marketing
417-2	Incidents of non-compliance concerning product and service information and labeling	The Company has no such disclosure.
417-3	Incidents of non-compliance concerning marketing communications	The Company has no such disclosure.
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	The Company has no such disclosure.

Feedback

Dear readers,

Dear readers,

Thank you for taking the time to read the 2023 Environmental, Social and Corporate Governance (ESG) Report of Shanghai Liangxin Electrical Co., Ltd.

To enhance the value of information provided to you and other stakeholders, and to effectively promote the Company's competence in environmental, social, and corporate governance performance, we welcome your comments and suggestions.

Multiple choice questions (please mark your choice with)

Your overall rating of this Report:

Very good Good Fair Average Poor

Does the report address stakeholder concerns and provide appropriate disclosure?

Very good Good Fair Average Poor

Does this report fully reflect XXXX's economic responsibilities?

Very good Good Fair Average Poor

Does this report fully reflect XXXX's environmental responsibilities?

Very good Good Fair Average Poor

Does this report fully reflect XXXX's social responsibilities?

Very good Good Fair Average Poor

How do you think the clarity, accuracy, and completeness of the information, indicators, and data disclosed in this Report?

Very good Good Fair Average Poor

Is the Report content and layout easy to read?

Yes No

Open-ended question

Do you have any comments or suggestions regarding LAZZEN's ESG report in the future?



LAZZEN
Electricity For Life