

## A picture to

### 2023 KSTAR Environmental, Social and Governance (ESG) Report

We are constantly exploring,  
pursuing a path in harmony with nature,  
seeking strategies for shared progress with society.

Today,  
sustainable development has become an inevitable responsibility  
for businesses,  
rather than just one of the options

Please view our summary of sustainable development  
achievements in 2023.

## About KSTAR

As a company committed to achieving global influence in the field of smart energy, we actively respond to the national call for "carbon peaking and carbon neutrality". With the vision of "becoming the most reliable supplier of smart energy and creating value for society, customers, investors and employees", we aim to "provide highly reliable smart energy solutions to meet the high quality of customers' energy demand". To this end, we have incorporated the ESG management concepts into our daily management.



**2023 ESG Most Valuable Brand Award** bestowed  
by The Energy magazine

**The 7th batch of "National Green Factories"** bestowed  
by the Ministry of Industry and Information Technology of the  
People's Republic of China

Ranked 113th in **Guangdong**  
**Top 500 Manufacturing Industries**

Included in  
**2023 Shenzhen Top 500 Enterprises**

KSTAR's UPS held the **highest** sales market share in China  
among local brands for 22 consecutive years and ensured green  
power supply for major sporting events such as Hangzhou  
Asian Games and Chengdu FISU Games.

KSTAR achieved **No. 1** sales of local UPS lead-acid  
battery in the Chinese mainland for 10 consecutive years.

KSTAR achieved **NO.1** sales of Single-rack  
MDC products in 2022 to 2023.

KSTAR was ranked as the **fifth** largest supplier of  
UPS devices in the world by OMDIA, a leading  
research organization.

Efficient governance is essential for companies' sustainable and stable development and competitiveness enhancement. As a listed company, we continuously optimize our governance structure to establish a framework that supports long-term development, ensuring the sustainable growth of the Company.

### ESG Management

- We implement and practice management in key areas of sustainable development closely related to our business and actively respond to the United Nations Sustainable Development Goals (SDGs).



- Corporate Governance
- Compliance and risk management
- Business ethics
- Sustainability management



- Product quality and safety
- customer service
- Sustainable supply chains
- Industry cooperation and development
- Digital transformation
- Development of green products and clean technologies
- Protection of intellectual property rights
- Information security and privacy protection

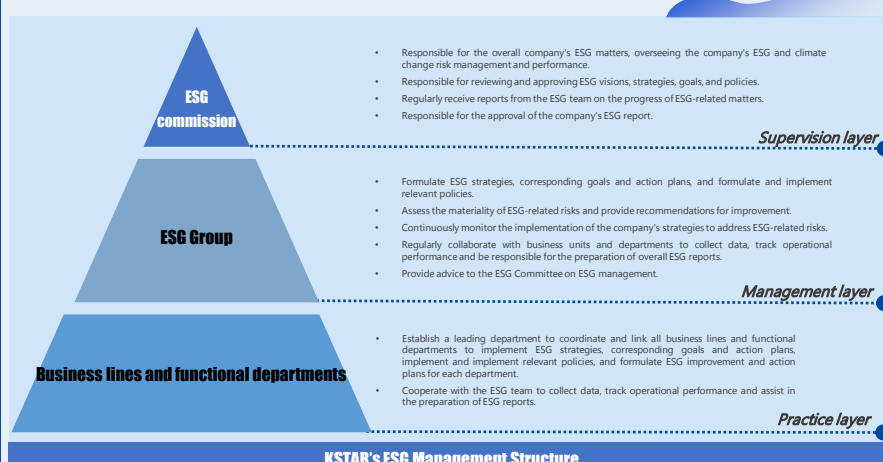


- Protection of employees' rights and interests
- Occupational health and safety
- Employee training and development
- Employee compensation and benefits
- Community welfare



- Tackling climate change
- energy management
- Waste and pollutant management
- Water management
- Biodiversity conservation

- We have established a three-tiered ESG management system to ensure the smooth advancement of our ESG work and the organic integration of sustainable development management with the Company's operations.



### Optimizing Governance Environment

In 2023

we organized **14** on-site surveys

**2** online performance report meetings

answered **247** investor's questions

attended more than **20** underwriter strategy exchange meetings

had an average **2** calls per day through investor hotline

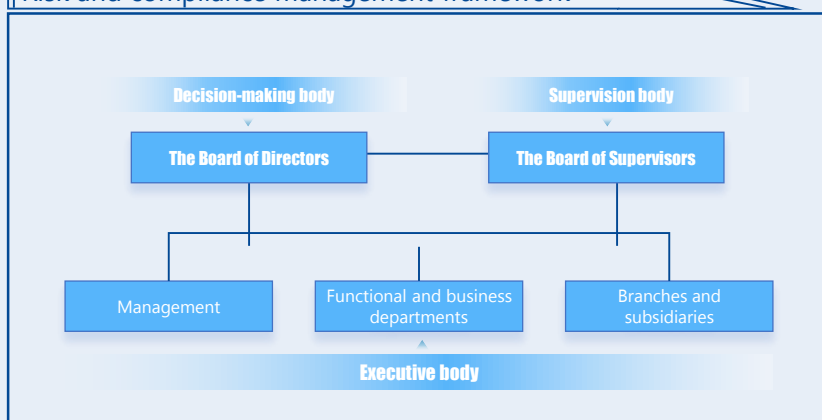
issued **4** regular reports and **110** temporary announcements.



### Comprehensive Risk Management and Control

- We have established a risk control system covering decision-making body, supervision body and executive body, strengthening the tracking and prevention of risk events to enhance our risk prevention and management capabilities.

#### Risk and compliance management framework



### Maintaining Business Ethics

- In 2023, the Company had no violation of business ethics.
- In 2023, the Company sign a Letter of Commitment for Suppliers with **100%** of suppliers.



Adhering to the spirit of innovation and the principle of quality first, we are committed to developing high-performance, environmentally friendly products and promoting the green economy.

### Innovation-driven Development

- KSTAR has received a number of nationally recognized honors, such as the National Enterprise Technology Center, the National Technology Innovation Model Enterprise and the National Key Software Enterprise.



- The Company's laboratory was assessed as a "CNAS laboratory" and the R&D centers being certified by the "Rheinland Sighting Experiment".



### In 2023

- a total of USD **68.1** thousand was used as special rewards to recognize outstanding scientific and technological achievements.



- the Company obtained **75** new valid patents and **26** software copyrights

As of December 31, 2023

the Company obtained a total of **304** valid patents and **102** software copyrights.



- By the end of the Reporting Period, the Company had participated in the formulation of **121** national, industry and association/group standards.



### Safe Product Creation

- The Company had obtained the **ISO 9001** Quality Management System Certification, the **ISO 14001** Environmental Management System Certification, the **ISO 45001** Occupational Health and Safety Management System Certification and the **IECQ QC 080000** Hazardous Substance Process Management System Certification.



Note: Only some of the certificates are listed above.



Customer Satisfaction

- In 2023, domestic customer satisfaction scores for all product lines were above **90** points.
- The Company has obtained national five-star certification of “Evaluation System for After-sales Service of Commodities”.



Five-star Certification of Evaluation System for After-Sales Service of Commodity (GB/T 27922-2011)

- The Company has obtained the **ISO 27001** information security management system certification.



ISO/IEC 27001:2022 Information Security Management System

Joint Efforts for Responsible Supply Chain

- We have established and published the Supplier Code of Conduct.
- We require suppliers to meet the **ISO 9000** and **ISO 14000** standards as minimum entry criteria.
- In 2023, the on-site assessment compliance rate for suppliers reached **100%**.
- Our supply chain management system has received **green supply chain certification (five-star rating)**, and consecutively obtained **the green packaging management system certification**.



Green Supply Chain Certification



Green Packaging Management System Certification

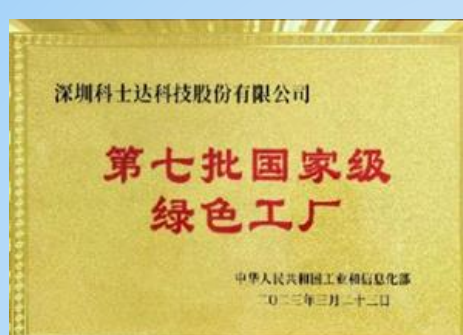
- In 2023, the use of hazardous substances by suppliers was **100%** compliant with the Company’s requirements.
- KSTAR places a high priority on the use of conflict-free minerals, with **100%** of suppliers signing the Letter of Commitment for Suppliers.

KSTAR pursues green development as guided by climate actions, and closely follows the latest sustainable development. We integrate resources, optimize the energy structure and strengthen the environmental management to achieve the low-carbon operation.

## Climate Change Response

- Governance: We have established a three-tier management structure to drive the climate change action at the supervision, management and implementation levels.
- Strategy: We have actively developed green energy, formulated strategic plans for energy saving and emission reduction, and set up related work goals. We also conduct climate risk analysis, take response measures, identify opportunities in climate change, and formulate comprehensive response strategies.

- In 2023, we purchased **200,000** kWh of green electricity and constructed rooftop photovoltaic projects and ground power station projects in KSTAR Guangming Plant, Guangdong Industrial Plant and Anhui Jinzhai, with a total electricity generation of **57,770,000** kWh.



KSTAR Guangming Plant was recognized as a "National Green Factory" (Batch No. 7)

- Risk management: We regularly review and monitor physical and transition risks related to climate, identify and update the risk list, assess potential impacts of the risks, and develop targeted mitigation measures.

- Metrics and targets: We have verified GHG emissions for three consecutive years and third-party organizations are entrusted to verify the GHG emissions of Guangming Plant.

Resource Management  
throughout the Value Chain

- Our energy management system has obtained the **ISO 50001** certification. We have set the following energy consumption targets:

2023 is the base  
year

by 2025

**2%** reduction in  
comprehensive energy  
consumption per unit of output.

**1%** reduction in  
comprehensive energy  
consumption.

- We continuously optimize water management, implement water saving strategies.

- We have realized the automatic upgrading of rain test facilities and procedures for charging piles, and the production line can save **3,000** cubic meters of water per year.

- Shenzhen Guangming Plant has implemented the water circulation optimization project for cooling tower of central air-conditioners, saving more than **50,000** cubic meters of water per year.

- We carry out the product carbon footprint (PCF) verification and certification and evaluate the potential impact on the climate and environment in the whole lifecycle of products based on standards including **ISO 14067** and **PAS 2050**.



PCF Certification  
of UPS Products

PCF Certification of  
Grid-connected Solar  
PV Inverters

Reduction of  
Environmental Impact

- We have formulated and published the Environmental, Occupational Health, and Safety Management Policy.

## In 2023

- the Company invested a total of **USD 777,683.7** in environmental protection.
- the Company's recycling rate of industrial solid waste exceeded **90%**.



- KSTAR, Guangming Plant, Guangdong Industry, Golden Sun and CATL-KSTAR have obtained **ISO 14001** environmental management system certification for consecutive years.



ISO 14001 Environmental Management System  
Certification of KSTAR

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## Joint Efforts Towards a Harmonious Future

In line with the philosophy of "people orientation and benefits sharing", KSTAR helps employees enhance themselves and increases the human capital to create value and share the harvest together.

### Protection of Employees' Rights and Interests

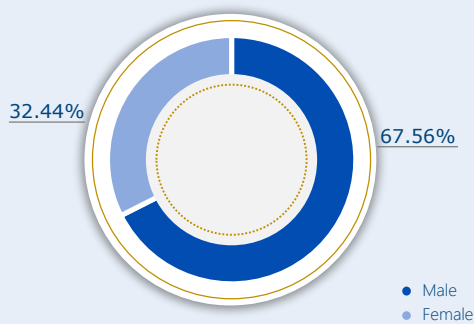
In 2023

- female employees accounted for **32.44%** of the total workforce and there were **12.91%** minority employees
- the membership rate of the labor union reached **80%**

### Talent Attraction and Development

- By the end of 2023, KSTAR had a total of **4,035** employees, with the gender distribution of employees as follows.

Male-to-female Ratio of KSTAR Employees in 2023



- Over the past three years, the Company has been recognized with the following employer awards:



Best Employer Award 2021



LinkedIn Raising Star 2023

In 2023

- about **1,500** employees were involved in the excellent employees selection and were rewarded with around USD **42,680.6**
- The Company offers **11** different types of awards each year, such as the Outstanding Team Award, the Excellent Employee Award, and the Technical Pioneer Award. In 2023, a total of **230** awards were given to various teams and individuals, with the bonus amount reaching USD **70,565.3**



Presentation of the Outstanding Team Awards



Presentation of the Excellent Employee Awards

- In 2023, KSTAR invested USD **85,902** in employee training, with a total of **31,063** participants.
- In 2023, KSTAR made full use of online and offline learning platforms to cover **100%** employees, with more than **23,000** trainees, nearly **500** training sessions, and more than **64,000** training hours.



### Safety and Health Protection

- KSTAR has also set up the Work Safety Management Committee, with the general manager as the director and an occupational health management team was set up under the Work Safety Management Committee
- KSTAR and CATL-KSTAR has obtained **ISO 45001** Occupational Health and Safety Management System Certification.



ISO 45001 Occupational Health and Safety Management System Certification of KSTAR

- Safety training was conducted on a quarterly basis. Throughout the year, the Company conducted a total of **280** education training sessions on work safety, with **17,092** participants.
- The Company also pays attention to the mental health of employees and regularly carries out stress and emotion management training, and psychological stress relief activities.



Horticultural Therapy



Appreciation of African Drumming



Psychological Counseling



## Employee Care

- KSTAR has formulated internal policies such as the Management Regulations on the Protection of Female Employees to effectively protect the rights and interests of female employees.
- The Company organizes a variety of cultural and sports activities, hosting activities during traditional Chinese festivals and anniversary. Diversified holiday benefits are distributed to each employee.
- The Company provides logistics support services catering to employees' needs in accommodation , commuting, meals, and daily amenities.



**Badminton  
Competition**



**"The Future Star"  
Outdoor Exercise**



**Dance  
Training**



**Team Building in Mid-  
Autumn Festival**



**Distribution of Gifts on  
International Working Women's Day**

## Public Welfare

- KSTAR contributes to rural revitalization, supports public welfare, with **2,478.36** service hours of charitable and volunteer activities.
- The Company actively expands the multi-scenario application model of "photovoltaic +" in agriculture, fishery, forestry and hydropower. The "photovoltaic +" model will be adopted in more countryside to promote the green development of rural economy.
- The Company takes concrete actions to help rural revitalization by increasing employment opportunities for local villagers and providing a strong guarantee for the steady growth of household income.

**We've been on this shared journey for three decades.**

**The past thirty years have been a prelude to future innovation.**

**The stories of the year, like a myriad of stars, adorn the past, as a new chapter gently unfolds.**

**KSTAR, attuned to the rhythm of progress and collaborative in spirit, crafts a tapestry of exceptional products and services with the stroke of innovation.**

**As stars guide the night sky, we take resolute steps towards the poetic and distant journey of sustainable development!**

**KSTAR 30<sup>th</sup>**

**Customer focused, quality oriented**