



2023

Environmental, Social and Governance (ESG) Report

Zhejiang Keystone Electrical Co., Ltd.

Devoted to tools innovation, creating the better life.

Devoted to tools innovation,
creating the better life.

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About This Report

This is the first Environmental, Social, and Governance (ESG) Report published by Zhejiang Keystone Electrical Co., Ltd. This Report discloses the Company's development practices and major achievements in economical, environmental, social, and corporate governance responsibilities for the year 2023 in an attempt to communicate effectively with various stakeholders and systematically respond to stakeholder expectations and requirements.

Time Frame

The Report covers the period from January 1, 2023, to December 31, 2023. To enhance the comparability and perspectiveness of the Report, some content appropriately refers to previous and subsequent years.

Scope of Report

The Report discloses information and typical cases of Zhejiang Keystone Electrical Co., Ltd. and its direct subsidiaries in the fulfillment of economic, environmental, social and corporate governance responsibilities.

Appellations in the Report

Zhejiang Keystone Electrical Co., Ltd. ("Keystone Electrical", "The Company" or "We")

Data Source

The information disclosed in this Report has been obtained from the official internal documents, statistical reports and annual reports of Keystone Electrical.

The data in this Report comes from the raw data of the Company's actual operation, public data from government departments, annual financial data, relevant internal statistical reports, third-party questionnaires and third-party evaluation interviews. The financial data in this Report is in RMB. In case of any inconsistency between this Report and the Financial Report, the Financial Report shall prevail

Basis for Compilation

UN Sustainable Development Goals (SDGs) 2030

GRI Standards

Chinese Academy of Social Sciences (CASS) Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)

Chinese National Standard Guidelines on Social Responsibility Reporting (GB/T36001-2015)

International Organization for Standardization ISO 26000: Guidance on Social Responsibility (2010)

Shenzhen Stock Exchange Self-disciplinary Supervision Guidelines for Listed Companies No. 2—Standardized Operation of Listed Companies on GEM Board

Report Acquisition

This Report is published in electronic format and can be accessed on the Company's official website (<https://cn.keystone-electrical.com/>) or Shenzhen Stock Exchange website (<http://www.szse.cn>). If you have any questions or suggestions about this Report, please email to board@keystone-electrical.com or call 0579-89163684.

A Message from the Chairman



As a national enterprise, we share the same breath and fate with the country this year. This year, we adhere to the reform ideas, forge ahead to brave the tide and ride the waves, and successfully step into the capital market by listing on the Shenzhen Stock Exchange GME Board. The Company has thus pressed the Forward Key to embrace an acceleration and embark on a new journey.

We focus on seeking breakthroughs in our main business and accelerating the new pace of high-quality development. This year, we enjoy the R&D result highlights brought by accelerated launches of new products and new projects; this year, the Company takes the first step of overseas investment by building an overseas factory in Vietnam; this year, we open a new chapter in school-enterprise cooperation and the cooperation with Kunshan Innovation Research Institute, Xidian University will surely inject new vigor and vitality into the future of the Company.

We grow together with a humanistic approach and build sustainable development goals together. We practice harmony, diversity and inclusiveness to provide fair and reasonable employment opportunities for the community. We continue to improve the staff training and development management system, and provide all-round support for the growth of employees; we advocate the value of contribution for returns, build the "technology + management" dual promotion channel, and achieve a win-win situation for employees and the Company.

We are committed to becoming a first-class company that earns customers' satisfaction, societal respect, and employee's happiness., working with customers and suppliers to achieve a win-win situation, and sharing the fruits of development with employees and investors. We always hold ourselves to the highest standards of business ethics, establish a complete governance structure to maximize internal energy efficiency, and strengthen risk prevention to maintain efficient and stable operations.

The dragon rides the wind for miles and miles. The year 2024 is a critical year for the Company as it moves into rapid growth. All members of Keystone Electrical will stay true to its founding mission, keep confident, and contribute their wisdom and strength to China's economic and social development by seeking new opportunities and opening up new horizons amidst the changing circumstances with high morale!

April 2024

Zhejiang Keystone Electrical Co., Ltd.

Chairman: Wu Ning

A stylized Chinese signature in black ink, reading '吴宁' (Wu Ning).



01

About Keystone Electrical

Zhejiang Keystone Electrical Co., Ltd. was founded in 2015 with the registered capital of RMB 80 million. The Company is committed to the research and development, production, sales and related technical services of hand-held power tools, and has set up wholly-owned/controlled subsidiaries in Jinhua, Hangzhou, Shenzhen, Kunshan and Vietnam. Shenzhen and Hangzhou subsidiaries are mainly engaged in cross-border e-commerce operations and promotion of their own brands, and Kunshan subsidiary is the R&D sub-center for cooperation with institutions of higher learning. In June 2023, the Company was successfully listed on the GEM Board of the Shenzhen Stock Exchange under stock code 301448.

Corporate Culture



Mission

Devoted to tools innovation, creating the better life.



Vision

To be a first-class company that earns customers' satisfaction, societal respect, and employee's happiness.



Core Values

Integrity, Pragmatism, Striving, Innovation, Win-Win.

Company Overview

The Company's products can be divided into two categories—AC power tools and DC power tools. The rich product system covers electric circular saws, multifunction saws, reciprocating saws, angle grinders, polishers, impact drills, electric wrenches, etc. The Company fully participates in the global market competition. We have established long-term and stable relationships with such customers as BOSCH in Germany, Stanley Black & Decker and Harbor Freight Tools in the United States, Groupe Adeo in France and other internationally renowned brands of power tools and chain building materials supermarkets.

The Company attaches great importance to the continuous innovation of products and core technologies. Its strong R&D and innovation strength can be evidenced by a large number of patents, software copyright and honorary titles. The Company had been awarded 159 patents and 1 software copyright as of December 31, 2023. The Company has won more than 50 honors, including National Specialized, Refined, Differential and Innovative “Little Giant” Enterprise, National Advantageous Intellectual Property Enterprise, Zhejiang Provincial Enterprise Research Institute, Enterprise Technology Center of Zhejiang Province, Intellectual Property Demonstration Enterprise of Zhejiang Province, Third Batch of "Cloud Enterprises" in Manufacturing Industry of Zhejiang Province, Ninth Batch of Demonstration Enterprises for Big Data Application of Zhejiang Province, Digitalization Pioneer Enterprise of Zhejiang Province, and Quality Award of Jinhua Municipal People's Government.

Market Layout of Keystone Electrical



Milestones in 2023

January

- ▼ Mr. Xing Zhihong, then Mayor of Jinhua City, and his delegation paid a research visit to the Company. They spoke highly of the Company and expressed their high expectations for the Company in the New Year.



- ▼ Wu Ning, the Chairman of the Company, was elected as a delegate of the 14th Zhejiang Provincial People's Congress.
- ▼ The Company held the 2023 Work Summary and 2024 Work Planning Meeting in Jinhua Guzicheng with the theme of "Starting the new journey, harbouring the dream to start again".



- ▼ From January to December, development of several CPI high-end Hercules DC tools was completed, and preparations were made for launching these tools.

December

February

- ▼ the Company took part in Eisenwarenmesse in Germany.



- ▼ Allan Mutchnik, as President of HFT, led a team to visit the Company.



- ▼ The Company held a kick-off meeting for management reform, officially starting management reform.
- ▼ Mr. Zhu Mingzhe, Vice President of Kunshan Innovation Research Institute, Xidian University, led a team to the Company, and both exchanged views on their respective advantages and agreed on follow-up mutual visits.

November

March

- ▼ Chen Peng, Chairman of Nanchang Transportation Institute, visited the Company with other leaders. Both sides had an in-depth exchange on school-enterprise cooperation and reached a consensus on matters such as talent cultivation and resource sharing.



- ▼ Jinhua Yunchuang Electric Tools Co., Ltd. was established, which meant that the Company's product chain became more complete and could better to satisfy consumer needs.
- ▼ the Company's first BOSCH AC jig saws were put into production.
- ▼ The Company's project for development of its first BOSCH AC reciprocating saws was initiated.

October

June

- ▼ Keystone Electrical was listed on the GEM Board of the Shenzhen Stock Exchange (stock code: 301448).



- ▼ The Company got down to R&D of MPP B series products on a brand new platform.
- ▼ It was the first time that the Company offered the stocks in public, and was listed on the Second-Board Market. The online roadshows were performed in Panoramic Roadshow. In answering the investors' questions, Chairman Wu Ning stated that, since its establishment, the Company has been focusing on technological R&D and innovation; it constantly updates and renews each core technology according to market research, technological progress and downstream customer demand, and continuously develops new products while improving the technical level and production efficiency of existing products. From 2020 to 2022, the Company developed more than 100 new types of products in total.
- ▼ The Company held a kick-off meeting for management reform, officially starting management reform.
- ▼ The Company's project for development of its first BOSCH AC reciprocating saws was initiated.

August

Moments of Glory



National Level

National Advantageous Intellectual Property Enterprise



Provincial Level

Digitalization Pioneer Enterprise of Zhejiang Province 2023



Provincial Level

Fourth Batch of Leader Nurturing Enterprises in Domestic and Foreign Trade Integration of Zhejiang Province



Municipal Level

Listed Companies of Jinhua City 2023



Provincial Level

Famous Export Brand of Zhejiang Province



District Level

Enterprise with Self-operated Export Exceeding USD 10 Million in 2023



Provincial Level

Third Batch of "Cloud Enterprises" in Manufacturing Industry of Zhejiang Province 2023



District Level

Top 10 Industrial Companies of the Year 2023



Provincial Level

Ninth Batch of Demonstration Enterprises for Big Data Application of Zhejiang Province

The Pathway to Sustainable Development

Social Responsibility Management System

Keystone Electrical has established a corporate social responsibility (CSR) management system in accordance with the ISO 45001: 2018 Occupational Health and Safety Management System and the Business Social Compliance Initiative (BSCI). The Company has appointed the Deputy General Manager as the managerial representative of the Company's CSR management system to work with various departments to systematically manage aspects such as labor rights and interests, occupational health and safety, environmental protection and supplier management. The goals are to continually improve the working and living environment of the employees, effectively safeguard their basic rights and interests, and fulfill CSR. Furthermore, the Company carries out a review on the system at least once a year to evaluate the adequacy, appropriateness and effectiveness of the ISO 45001: 2018 Occupational Health and Safety Management System, rectify the aspects that do not meet the requirements and continuously track the effectiveness of the modifications.

Social Responsibility Policy of Keystone Electrical



Table of Functional Distribution of Social Responsibility System

Headline	General Manager	Management Representative	Administration and Finance Department	Warehouse	Worker Representative	Workshop	Worker Affairs Group/EHS Director
Guidelines on Child Labor	●	●	●	▲	▲	▲	▲
Guidelines on Forced Labor	●	●	▲	▲	●	▲	▲
Health and Safety Guidelines	●	●	▲	▲	●	▲	●
Freedom to Organize Trade Unions and Collectives Guidelines on the Right to Negotiate	▲	▲	▲	▲	●	▲	▲
Guidelines on Discrimination	●	▲	▲	▲	●	▲	▲
Guidelines on Punitive Measures	▲	▲	▲	▲	●	▲	▲
Guidelines on Working Hours	▲	▲	▲	▲	▲	▲	▲
Guidelines on Wage and Remuneration	●		●				
Guidelines on Management Systems	●		●				
Policies	●	▲					
Management Review	●	▲					
Company Representatives	●	▲					
Planning and Implementation			▲	▲	▲	▲	▲
Regulation on Suppliers	●						
Addressing Concerns and Taking Corrective Actions		●	▲	▲	▲	▲	▲
External Communication	▲	▲					
Verification Pipelines	▲	●	▲	▲	▲	▲	▲
Records	▲	▲	▲	▲	▲	▲	▲

Note: ● means that the position has management functions for the job responsibilities; ▲ means that the position has executive functions for the job responsibilities.

Material Issue Analysis

Based on the GRI Standards and the Chinese Academy of Social Sciences Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0), and in combination with the annual hot topics, national policies and industry trends as well as the actual development of the company, Keystone Electrical has sorted out and identified 22 material issues that have a great impact on the Company and its stakeholders. This lays the direction and foundation for the Company's sustainable development system.

Analysis Process of Material Issues

Issue Identification and Screening	Stakeholder Survey	Comprehensive Analysis of Results
<ul style="list-style-type: none"> The issues are identified and selected based on five dimensions: international macro policy orientation, research on domestic and international social responsibility standards, industry benchmarking, stakeholder interviews and research, and strategic corporate development planning. 	<ul style="list-style-type: none"> Communication with internal and external stakeholders involves directors and supervisors, other employees of the Company, shareholders/ investors, customer companies, vendors/service providers, government regulators, etc. 	<ul style="list-style-type: none"> Based on the results of stakeholder research and in combination with expert analysis, the material issues are adjusted, the importance ranking of material issues is determined and a matrix of material issues is formed, and issues of concern to stakeholders are responded in the Report.

Matrix of material issues



Environmental

- 1.Greenhouse gas emissions
- 2.Treatment of three wastes
- 3.Reduction of energy consumption
- 4.Design of green products
- 5.Management of hazardous wastes and chemicals
- 6.Green office

Social

- 7.Strengthening supply chain management
- 8.Product quality and maintenance services
- 9.Customer relations management
- 10.Intelligent and technological innovation
- 11.Occupational health and safety
- 12.Employee diversity and equal opportunity
- 13.Employee benefits and protection of rights and interests
- 14.Employee development and training
- 15.Social welfare and rural revitalization
- 16.Promoting industry development
- 17.Community relations

Governance

- 18.Improving corporate governance
- 19.Business ethics and anti-corruption initiatives
- 20.Strengthening compliance operations
- 21.Protection of intellectual property rights
- 22.Privacy and data security

Stakeholder Communication

Based on the industry and operational characteristics, Keystone Electrical has identified such major stakeholders as shareholders and directors, supervisors and senior leaders, other employees of the Company, shareholders/investors, customer companies, vendors/service providers, government and regulatory agencies and the environment. The Company has established a regular communication mechanism with stakeholders, communicated with them through channels and methods such as the website, the media, meetings, reports and activities, and positively responded to the stakeholders' requirements and expectations.

Stakeholders	Expectations and requirements	Communication and response
 Government and regulatory agencies	Response to national development strategies Integrity and law-abiding operations Tax payment according to law Protection against business risks	Internal control system Learning and implementing various regulatory provisions Active cooperation with regulation Law-abiding operations and fair competition
 Shareholders and investors	Sustainable profitability Regulating corporate governance Disclosure of operating information Asset preservation and return on investment	Convening the General Meeting of Shareholders Periodic reports and interim reports irm.cninfo.com.cn, investor research, investor relations column, email and phone
 Employees	Protecting the basic rights and interests of employees A well-devised career development system Good benefits A healthy and safe working environment	Regular employee rights meetings Rights and interests complaint channels Trade Union management
 Customers	Quality products After-sales service	Innovative R&D design Product quality control High-quality and efficient services

Stakeholders	Expectations and requirements	Communication and response
 Suppliers	Fair and high-quality procurement Supplier support and empowerment Green procurement Honest and friendly cooperation	Supplier evaluation Supplier communication and training Transparent procurement Resource sharing
 Partners	R&D innovation Industry upgrade Industry cooperation	Industry-academia-research cooperation Active exchanges and visits Participation in industry forums and standards
 Environment	Low-carbon operation Energy conservation and emission reduction Treatment of three wastes	Green office Environmental activities and training Green factory
 Community and Public	Social welfare	Rural revitalization Public benefit activities

02

Prudent Operations

Strengthening the Foundation for Development



Philosophy

High-quality and efficient corporate governance is the foundation of prudent operations of modern enterprises. Keystone Electrical strictly abides by the laws and regulations, and actively communicates with investors to ensure information transparency, protect investors' rights and interests, strengthen compliance risk prevention and control, and standardize corporate governance. Meanwhile, the Company strengthens the education on integrity and business ethics, and resolutely protects intellectual property rights, so as to ensure prudent operations and sustainable development.

Our Actions

- Solidifying corporate governance
- Protecting investors' rights and interests
- Internal control compliance and risk management
- Strict adherence to business ethics

SDGs Benchmarking



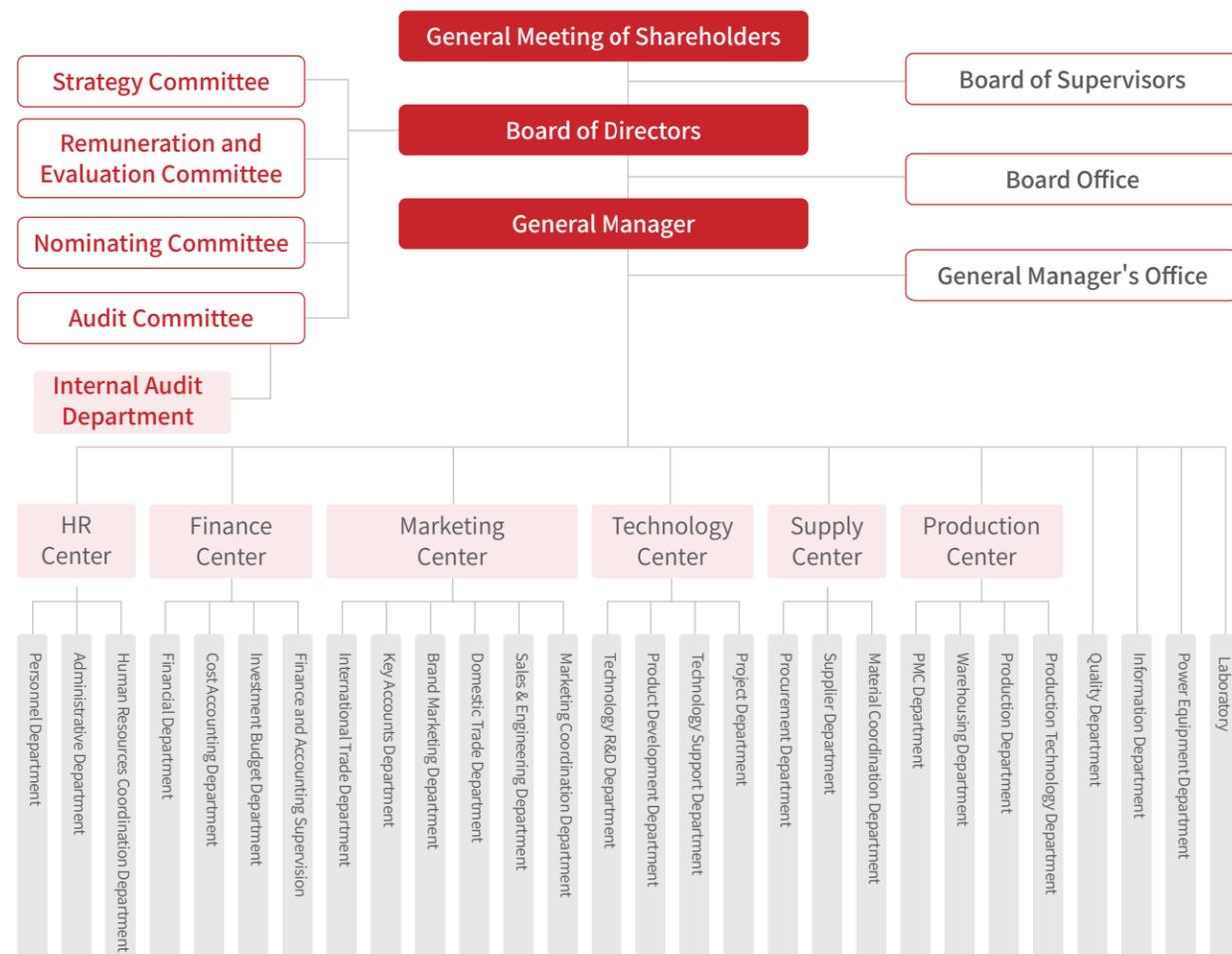
Solidifying corporate governance

Keystone Electrical has revised and improved the Articles of Association, the Working System of Independent Directors and other governance systems, established and improved the standardized corporate governance structure in strict accordance with the requirements of The Company Law, The Securities Law, Guidelines for the Governance of Listed Companies and other relevant laws and regulations. This has effectively guaranteed the orderly operation of corporate governance, and practically safeguarded the rights and interests of the investors and the Company's stakeholders.

Three-mechanism Governance

Keystone Electrical has established a sound governance structure consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management. With well-defined powers and responsibilities, the three mechanisms have each performed its own responsibilities, and restrained each other. The Company has also continuously improved a number of governance systems and the working rules of the Three Mechanisms to ensure the legality, compliance, truthfulness and effectiveness of its major decisions, enhanced the level of corporate governance and promoted the standardization of governance.

Organizational Structure of Keystone Electrical



Composition and Responsibilities of the three Mechanisms

- 
General Meeting of Shareholders
 - The General Meeting of Shareholders is convened according to law to ensure that all shareholders have the right to be informed of, to participate in and to vote on major matters of the Company, and to guarantee that all shareholders enjoy an equal status and are able to fully exercise their rights, thus assuring the legality and effectiveness of the General Meeting of Shareholders.
- 
Board of Directors
 - The Company has established a comprehensive governance system, including the Rules of Procedure of the Board of Directors;
 - The Board of Directors of the Company has deliberated and made decisions on major matters of the Company in strict accordance with the terms of reference set out in the Articles of Association.
- 
Board of Supervisors
 - The Company performs its duties in strict accordance with the provisions of the Articles of Association and other relevant laws and regulations. Responsible to the General Meeting of Shareholders, the Company examines and reviews the regular reports of the Board of Directors, inspects and supervises the corporate finances, directors and senior management, and pays attention to its operations.

Key Performance

In 2023, the Company held **4** General Meetings of Shareholders at which a total of **19** motions were considered, **12** Board of Directors meetings at which a total of **39** motions were considered, and **10** Supervisory Board meetings at which a total of **28** motions were considered.

Under the Board of Directors are the Audit Committee, the Strategy and Development Committee, the Nominating Committee, and the Remuneration and Evaluation Committee, and the Board of Directors has revised the working rules of each committee. Specialized committees are composed of the Company's directors and independent directors with over 50% members are independent directors. Moreover, the Company attaches importance to the diversity of the Board of Directors. Directors are selected after qualification examination by the Nominating Committee, deliberation by the Board of Directors and the General Meeting of Shareholders, and comprehensive consideration of various factors, such as professional competence, cultural and educational backgrounds, industry experience, gender, etc. The goal is to further strengthen the scientific and rational decision-making of the Board of Directors and enhance the level of corporate governance.

Key Performance

In 2023, the Company had a total of **9** Board members, of whom **3** were independent directors and **6** were non-independent directors, and **1** was female and **8** were male.

The Company also attaches importance to the empowerment of its directors and supervisors, and continuously improves their compliance awareness and management level. A sound and regularized training mechanism for directors and supervisors has been put into place. The Company regularly conducts internal training and actively organizes the participation of directors and supervisors in the training conducted by the Securities Regulatory Bureau, the Stock Exchange and other regulatory authorities, so as to deepen their knowledge and understanding of the relevant laws and regulations and enhance the level of corporate governance.

 Key Performance

In 2023, the Company organized **15** internal training sessions and **9** external training sessions for its directors and supervisors.

Transparency of Remuneration

The Company believes that transparency of remuneration is a leading corporate governance measure. In strict accordance with the requirements of various laws and regulations and after discussion by the Remuneration and Evaluation Committee of the Board of Directors, and consideration of the actual development of the company, the annual remuneration plan of directors, supervisors and senior managers has been formulated.

 Key Performance

In 2023, the average remuneration of the Company's directors was RMB **236,300**, and the average remuneration ratio between the General Manager and employees was **60.3:1**.

Management Reform

In order to adapt to the rapid development requirements, Keystone Electrical has started the management reform work, adhered to the reform concept of "adjustment, consolidation, enrichment, improvement", completed the reconfirmation of its first and second-level organizational structure. The Company has further reviewed and adjusted the original management system and management methods, improved its scientific and fair management and performance evaluation, and ensured the steady progress of reform work.

Case Reinventing Management Systems to Enhance Corporate Effectiveness

In November 2023, the Company initiated the management reform work and organized regular weekly meetings on the topic of management reform with the heads of each department. As of the end of the reporting period, a total of 9 meetings had been organized to discuss the problems encountered by various departments during the advancement of management reform, and external experts had been invited to answer questions in order to guarantee that the corporate governance system and corporate management process match the corporate development.



Management Reform Kick-off Meeting



Management Reform Thematic Meeting

Protecting Investors' Rights and Interests

Keystone Electrical attaches great importance to investor relations and is committed to protecting the interests of investors. Solid investor relations have been established through compliant information disclosure and active communication and interaction. The Company actively fulfills its information disclosure obligations, protects the rights and interests of all shareholders, especially small and medium-sized shareholders, and communicates and interacts with investors through multiple channels and platforms to establish a foundation of trust and realize a win-win situation.

Investor Management

In combination with the actual situation, Keystone Electrical has formulated the Investor Relations Management System, set up multi-channel investor communication platforms to strengthen effective communication with investors, establish good investor relations, and enhance investors' understanding and recognition of the Company. The ultimate goal is to realize the return of investors, and protect the investors' rights and interests.

Investor Communication Channels

- ◆ Follow irm.cninfo.com.cn and promptly answer the questions of investors. A total of **70** questions were answered this year.
- ◆ **3** investor offline surveys were organized and the survey records were disclosed in a timely manner.
- ◆ Improve the investor relations column of the Company's official website <https://cn.keystone-electrical.com/>
- ◆ Add investor relations column in the Company's WeChat Public Account
- ◆ Official Tik Tok account and video
- ◆ Investor Hotline



Information Disclosure

In order to strengthen the management of information disclosure affairs and standardize the Company's information disclosure, Keystone Electrical has formulated the Information Disclosure Management System, Internal Reporting System for Material Information, Registration and Management System for Informants of Insider Information and other systems. Good compliance support has been provided for the disclosure of changes in fund-raising and investment, foreign investment, changes in the insurance agent, equity distributions, the departure of directors and supervisors, the employment of directors and supervisors, and connected transactions. And the obligation of information disclosure has been conscientiously fulfilled to reduce the risk of information asymmetry, and effectively safeguard and protect the rights and interests of investors.

Internal Control and Risk Management

In accordance with the requirements of laws and regulations, the Stock Exchange and the Articles of Association, Keystone Electrical has formulated systems such as the Internal Audit System and the Basic Code for Internal Control. With a combination of risk-orientation and cost-effectiveness, the Company has continuously improved its internal control system to form a scientific mechanism for decision-making, execution and supervision. The Company formulates and strictly implements the annual work plan of the Internal Audit Department to ensure that the work of internal control and risk management is carried out legally, reasonably and effectively, correct and prevent errors and malpractices in a timely manner, guarantee the legal and compliant operations and management of the Company, reduce business risks and promote its high-quality and sustainable development.

Principles of Internal Control

Principle of comprehensiveness	Internal controls should run through the whole process of decision-making, implementation and supervision, covering all kinds of business and matters of the enterprise and its affiliated units.
Principle of materiality	Internal controls should focus on significant operational matters and high-risk areas on the basis of comprehensive controls.
Principle of checks and balances	Internal controls should create mutual constraints and supervision in terms of governance structure, organizational setup and allocation of authority and responsibility, and business processes, while taking into account operational efficiency.
Principle of adaptability	Internal controls should be commensurate with the scale of the enterprise's operations, scope of business, competitive situation and level of risk, etc., and should be adjusted in a timely manner as circumstances change.
Principle of cost-effectiveness	Internal controls should balance the cost of implementation against the expected benefits to achieve effective controls at an appropriate cost.

 **Key Performance**

In 2023, the Company issued **4** internal audit reports. 

Strict Adherence to Business Ethics

Business Ethics Management

Observing business ethics and the spirit of contract, Keystone Electrical has put in place a sound anti-fraud mechanism, entered into the Integrity Agreement with external parties and the Letter of Commitment to Integrity when new employees are employed, identified the key areas, key links, and main contents of anti-fraud. The provision of internal business data, business information, and management systems of the factory to personnel from outside organizations is strictly prohibited. Meanwhile, the Company has set up diversified channels for employee complaints to receive complaints and suggestions on various types of business ethics, labor rights and interests and other related issues. The code of business ethics has been continuously improved, and human resources management has been continuously strengthened.

Whistleblown or complained matters to be processed

- Working hours, benefits, environment and safety
 - Employees' dissatisfaction with the Company's administrative decisions or punishments
 - Employee conflicts arising from work
 - Disclosure of internal business materials, business information or management rules to other organizations or personnel without permission
 - Complaints against or reasonable suggestions for service or management procedures and related rules
 - Matters about relatively significant adverse impacts imposed by the acts of the employees/other organizations or personnel upon the Company's reputation, and relatively heavy property losses caused thereby
- 

Whistleblowing and Complaint Channels

- Reporting Complaint Mailbox**
Chairman's Mailbox
Opens once a week on Mondays
- Reporting complaints to senior leadership**
Face-to-face interview
Whistleblowing hotlines:
0579-89133852,
0579-89133857;
Whistleblowing email:
neishen@keystone-electrical.com
- Referral to workers' representatives**

The Internal Audit Department verifies the situation within 5 working days; if the situation is true, it will submit the written handling suggestion to the Chairman or General Manager for approval, and reply the final handling suggestion within 2 working days after approval. Moreover, the Company has established a whistleblower protection mechanism. When the complaint is accepted, the real-name whistleblower's name, ID number, contact phone number and other information shall be kept strictly confidential, and no one shall retaliate against the whistleblower. Once such acts are found, they will be dealt with severely.

 **Key Performance**

In 2023, the Company received **no corruption lawsuits** from regulatory authorities, **no anti-corruption** or **human rights violation reports**.

Control of Related-party Transactions

In order to further strengthen the management of related-party transactions, Keystone Electrical has formulated the Management System for Related-party Transactions which specifies the approval procedures, disclosure requirements, and the duties and authorities of relevant responsible persons for related-party transactions. Any proposal involving related-party transactions must undergo a rigorous deliberation and decision-making procedure to ensure the legality, fairness and necessity of such transactions. In 2023, the Company engage in **no large-scale related-party transactions**. In the future, the Company will continue to adhere to standardized operations, strengthen internal control and protect the rights and interests of investors.

Management of Insider Information

In order to strengthen the confidentiality of insider information, Keystone Electrical has strictly implemented the Measures for the Administration of Information Disclosure by Listed Companies, Supervisory Guidelines for Listed Companies No. 5—Registration and Management System for Informants of Insider Information of Listed Companies, and Self-disciplinary Supervision Guidelines for Listed Companies No. 2—Standardized Operation of Listed Companies on GEM Board, and other laws and regulations. The Registration Management System for Informants of Insider Information has been formulated, and the principles of openness, fairness and impartiality, upholds fairness and justice have been strictly observed to uphold fairness and justice, adhere to the lofty bottom line of law and morality, and safeguard the legitimate rights and interests of stakeholders. In 2023, the Company engage in no insider transactions.



03

Eco-first

Leading the Way to a Green Future

Philosophy

Committed to realizing a balance between economic benefits and environmental protection, Keystone Electrical actively promotes a low-carbon and green mode of operations. The Company has adopted a series of measures such as strengthening environmental protection investment, energy-saving renovation and introduction of clean energy, in order to reduce greenhouse gas emissions and keep hazardous substances under control, safeguard production safety and chemical compliance and safety management, and minimize the adverse impacts on the environment caused by its production and operations.

Our Actions

- Strengthening environmental management
- Reducing three-waste emissions
- Optimizing resource conservation
- Preventing environmental hazards

SDGs Benchmarking



Strengthening Environmental Management

In order to implement the basic national policy of environmental protection, Keystone Electrical has strictly implemented The Environmental Protection Law of the People's Republic of China and other laws and regulations, established and improved the environmental management system. Furthermore, a system network centered on the Environmental Protection Management System and covering the disposal of hazardous wastes, pollution prevention and control, and chemicals management has been formulated and certified by the ISO 14001:2015 Environmental Management System. Moreover, the Company won the 2018 Conforming Enterprise of Cleaner Production Audit and Inspection of Zhejiang Province, 2021 Green Low-carbon Factory of Jinhua City, 2022 Beautiful Factory Benchmark Enterprise of Jinhua City and many other green honors, showcasing its positive contribution to the cause of environmental protection.



Certificate of ISO 14001:2015 Environmental Management System



2018 Conforming Enterprise of Cleaner Production Audit and Inspection of Zhejiang Province



2022 Beautiful Factory Benchmark Enterprise of Jinhua City

绿色低碳工厂名单		
序号	县(市、区)	工厂名称
1		
2		
3	婺城区	浙江开创电气股份有限公司

2021 Green Low-carbon Factory of Jinhua City

The Company has built an EHS (Environment, Health and Safety) steering group, appointed the General Manager as the first person responsible for environmental protection work, and the head of each department as the first person in charge of their respective department. The policy of "comprehensive planning, technological innovation, comprehensive utilization, scientific management, prevention of pollution" has been implemented, and the training of environmental protection for employees has been strengthened at all levels for effective green development work. Meanwhile, the Company has established an environmental performance incentive mechanism, incorporating environmental protection and completion of environmental work tasks into the assessment conditions of the selection of advanced individuals. Spiritual encouragement and material rewards have been given to employees and relevant departments contributing to environmental protection work. The goal is to stimulate the enthusiasm and enthusiasm of employees for environmental protection and promote the harmonious coexistence of corporate development and the environment.

Organizational Structure of EHS Steering Group



Green Factory Training and Education

Reducing Three-waste Emissions

In order to strengthen the environmental control work, Keystone Electrical has formulated and implemented Environmental Protection Management System, Pollutant Discharge and Environmental Protection Statistics Management System, Waste Management System and other management systems. The "Three Simultaneous" and "Five Incorporation" control requirements have been put forward. Irregular sampling and random inspection of emission points have been carried out, inspection conducted, and accounts established to ensure timely and effective monitoring work; relevant departments such as finance and supply have been required to fully cooperate with the implementation of environmental protection projects, so as to promote the Company's pollution prevention and environmental control work, and realize green production.

Management Requirements for Three-waste Emissions

- The matching rate of pollution source treatment facilities is 100%, and the annual operation rate of environmental protection facilities is 100%.
- If pollution is caused, the Company will be responsible for controlling the source of pollution and treating it to eliminate the effects of pollution.
- Improve technical innovation and comprehensive utilization, eliminate running, risking, dripping and leaking, and reduce the three wastes in the production process.
- Capacity expansion, technological transformation, the principle of "new in replacement of old" to be implemented.
- In-plant production should meet the requirements of a leak-free plant to effectively reduce the impact of pollution.

Waste Water and Waste Gas Management

The Company strictly executes the Integrated Sewage Discharge Standard, conducts pre-treatment through the use of purification and treatment facilities, and discharges the conforming waste water into the urban sewage treatment plant. Furthermore, the Company divides the domestic water from rainwater and waste water, and requires each workshop to clean up the trenches and wells in the area under its jurisdiction in time to prevent debris from blocking the trenches and wells, and subsequent sewage overflow.

The Company's waste gas mainly includes injection molding exhaust, dip coating paint exhaust, welding fumes, quenching exhaust and etc. The Company effectively carries out the prevention and control of atmospheric pollutants in its daily production operations: after collecting the dip coating paint exhaust, it is treated with primary filtration + UV photolysis purifier + activated carbon adsorption device before being discharged into the atmosphere at a height of 15 meters; the injection molding exhaust is collected through a gas collection device and then treated with primary filtration + activated carbon adsorption device before being discharged into the atmosphere at a height of 15 meters; the quenching exhaust is collected and then treated with an oil mist purifier before being discharged into the atmosphere at a height of 15 meters. The Company attaches great importance to environmental management and has entrusted third-party professional organizations to conduct testing on waste gas pollutants and noise to ensure that pollutant emissions meet standards, striving to minimize negative impacts on the environment.

Waste Disposal

The Company has formulated the Management System of Three Wastes, and Waste Management System to regulate the management, collection, storage and disposal of its wastes. The wastes generated by the Company are mainly solid wastes and hazardous wastes. Solid wastes are mainly composed of metal scraps, scrap cakes and other general industrial solid waste and domestic waste; hazardous wastes are mainly waste emulsion, waste paint buckets, waste anti-rust oil and waste activated carbon. The solid wastes generated by the Company should be comprehensively utilized as far as possible, so as to transform hazards into benefits. If the wastes cannot be utilized, they are entrusted to a qualified third party organization for disposal.

Methods for Management of Waste Disposal

- Set up a special area for stockpiling, and establish storage, transfer and disposal ledgers.
- Forming waste and other industrial solid waste should be unifiedly collection for outsourcing disposal.
- Domestic waste is mainly entrusted to the sanitation department for unified treatment.
- In-plant production should meet the requirements of leak-free factories to effectively reduce the impact of pollution.



Labeling of Hazardous Wastes

Optimizing Resource Conservation

Keystone Electrical earnestly fulfills the responsibility of resource conservation, takes the realization of intensive, recycling, eco-friendly green development as the entry point for transforming the mode of economic development, adheres to the concept of green development, and actively responds to the national call for dual-carbon emission reduction. The Company requires the Power Equipment Department and the Administration Department as the main responsible department for its energy conservation supervision, inspection and management work to promote progress of energy-saving technologies.

Energy Management

Keystone Electrical takes "Cleaner Production" as the purpose and "elimination of pollutants at source" as the principle, adheres to the priority of energy conservation and emission reduction, formulates and strictly implements consumption quotas, and comprehensively utilizes resources and energy. Based on the premise that the current domestic technology is feasible and economically reasonable, the Company requires the comprehensive utilization of all kinds of resources with a utilization rate **more than 80%**, and reduces energy loss and promotes green development through continuous technological innovation and management optimization.

Table Energy Consumption

Category	Unit	2021	2022	2023
Purchased electricity	kWh	6,720,860	4,193,174	4,727,781
Purchased photovoltaic electricity	kWh	1,309,463	1,135,163	1,274,082

Case Steam Room Renovation and Upgrading to Reduce Equipment Energy Consumption

By adjusting the heating of the steam room, the Company eliminated the use of resistance rod heaters, and adopted the variable frequency magnetized furnace water tank for high temperature heating, so that the water in the water tank can vaporize to produce steam, and the steam can be transported to the steam room through the pipeline to achieve the humidification effect. For the same heating effect, the heating power is reduced from **48kW** to **30kW**, and the electric energy is saved by about **30%**, thus helping the Company realize green energy-saving production.

Continuously committed to green production and sustainable development, the Company has adopted LED lamps in all factory buildings. Under the same illumination conditions, the LED tubes use an electronic starter, and can save more than 30% of electricity than the ordinary lamps. In the design of factory buildings, the Company focuses on the greater use of natural light, thus reducing the use of electricity. Furthermore, the Company seizes the opportunity of clean energy, and actively promotes the implementation of distributed photovoltaic projects. The fuel sedans have been replaced by new energy sedans as corporate vehicles, reducing fossil fuel combustion, responding to the national dual-carbon strategy development.



Energy-saving equipment has been embedded in the injection molding equipment to promote manufacturing energy conservation and emission reduction

Case Building a Green and Clean Future Hand in Hand with Jinhua Taikun

In order to actively respond to the national green energy policy and promote its green transformation, the Company has entered into a rooftop distributed photovoltaic power station project contract with Jinhua Taikun New Energy Technology Co., Ltd. The project is planned with a total installed capacity of 1.2MW, and the annual power generation is expected to reach over a millionkWh. The use of clean energy can help reduce carbon emissions, and contribute to sustainable development.



Photovoltaic Power Generation

Water Conservation Management

At the level of water resource management and protection, Keystone Electrical strictly abides by the laws and regulations on water resource management and takes creating a water-saving enterprise as its own responsibility. In the process of production and operations, the Company requires all departments to use water rationally and for multiple purposes. We have adopted injection molding condensation tank and condensation process to continuously reduce the consumption of fresh water, continuously improved the management of water resources, and enhanced the utilization rate of water resources. Meanwhile, the Company constantly strengthens the management of the water discharge system network, so as to achieve rainwater and sewage separation, and ensure no seepage, no leakage, no bubbling and unobstructed flow. These measures are to prevent wastewater discharge from polluting the groundwater source and rainwater discharge system, and promote the long-term development of conservation and protection of water resources.



Injection Molding Condensation Tank



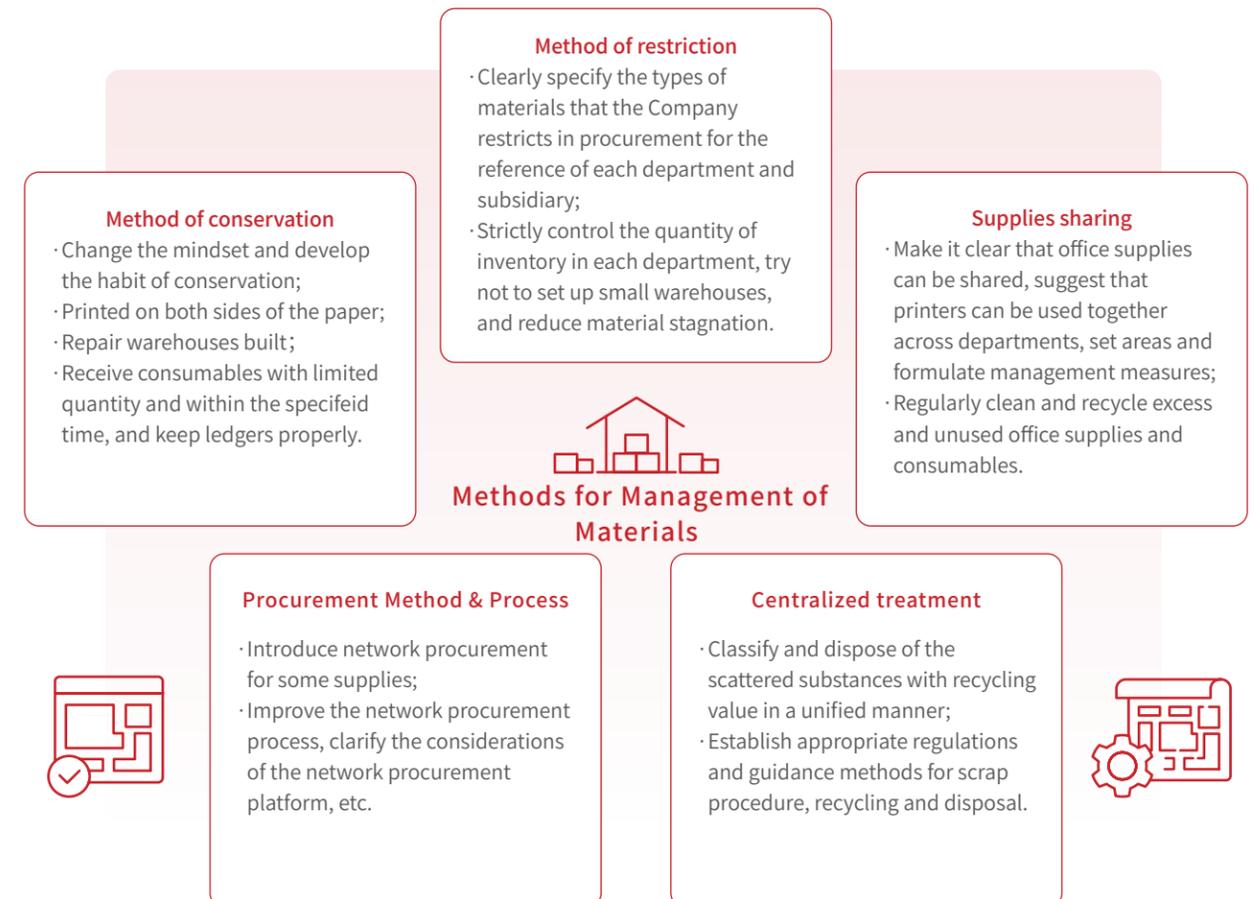
Condensate Circulating Water Pump

Water Resources Consumption

Category	Unit	2021	2022	2023
Purchased municipal water	m ³	20,222	20,677	23,752
Consumption intensity of water resources	m ³ /RMB 10,000 of operating revenue	0.25	0.35	0.41

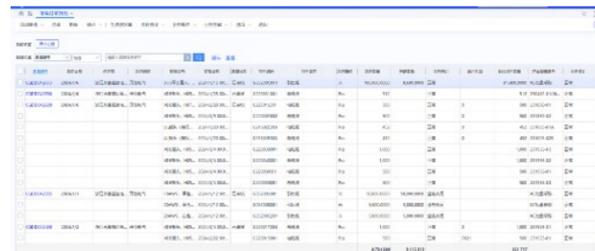
Material Control

The production and operation process of Keystone Electrical often involves a variety of non-direct materials, and a large number of products are sold around the world every year. Hence, a great deal of product packaging materials are also used. In order to further promote green operations and implement effective material supervision and management, the Company has formulated and implemented Incoming Inspection Standard for Plastic pallets, Specification on Utilization Rate of Recycled Plastics and other normative documents. These documents can help ensure the quality of raw materials and efficient utilization of resources, promote the innovation of product packaging, and reduce waste packaging materials. The Company conducts regular material audits to identify potential or existing problems and proposes management optimization measures to reduce the cost of waste and negative impacts on the environment. Furthermore, all the products sold to EU of the Company are compliant with the EU ROHS 2.0 Standard.



Case Promoting E-procurement and New Green Paperless Practices

In order to further save paper, the Company has optimized the supplier collaboration module of ERP system to place electronic and paperless purchase orders, saving more than 10,000 pieces of A4 paper per year, enhancing efficiency and implementing the green concept to ensure environmental protection and sustainable development.



Procurement Information Platform

Case System Optimization and Resource Recycling to Build a New Chapter of Environmental Protection

By revising the system document Confirmation of Product BOM Usage, the Company has improved data accuracy and production standardization, further strengthened the recycling of material resources, crushed and reused reusable plastic parts with a scientific ratio, significantly reduced the scrap of plastic pallets, reduced the number of outsourced pallets. This has also lowered energy consumption and resource inputs required for the management of reported wastes, thus realizing the simultaneous enhancement of economic benefits and environmental benefits. It is estimated that the monthly production waste has been reduced from **5.2 tons** to **3.5 tons**, and the monthly direct waste reuse has increased from **2 tons** to **2.5 tons**. RMB **422,400** in direct costs is expected to save throughout the year.



Recycling and Scrap of Plastic Pallets

Consumption of Packaging Materials

Category	Unit	2021	2022	2023
Packaging material used: wood	Ton	51,802.52	36,630.00	40,860.00
Packaging material used: plastic	Ton	199,117.27	139,342.86	153,753.39
Packaging material used: paper	Ton	3,731,813.68	1,967,999.96	1,949,010.12
Packaging material used: Other	Ton	70,731.32	37,224.58	39,768.97
Total packaging consumables used	Ton	4,053,464.79	2,181,197.4	2,183,392.48
Consumption intensity of packaging consumables	T/RMB 10,000 of operating revenue	50.31	36.48	37.24

Preventing Environmental Hazards

Keystone Electrical earnestly implements the Law on Safety in Production, the Law on Emergency Responses, and relevant laws and regulations, and has formulated the Emergency Plan for Production Safety Accidents, Emergency Management Control Procedures, Management System for Hazardous Chemicals and Fire Safety Management System. Greater efforts have been made to strengthen the supervision of the operation activities related to major risk factors of the Company, ensure that in the event of a major accident, the situation can be quickly and effectively controlled and rescue can be promptly organized to maximize the protection of the personal safety of employees and the property safety of the enterprise.

Key Performance

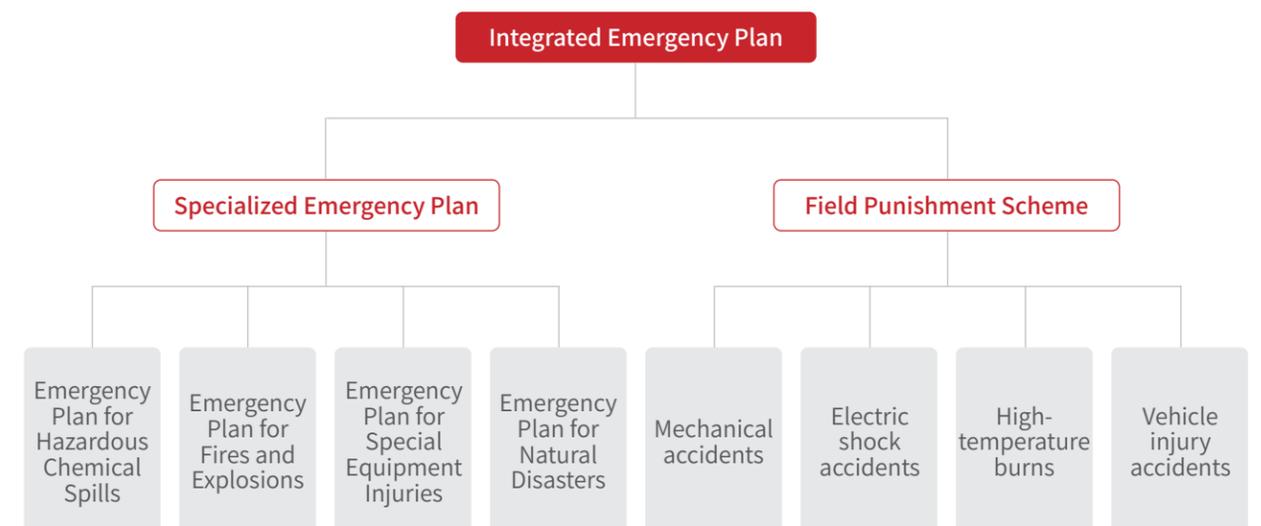
In 2023, the Company had no major environmental safety incidents.



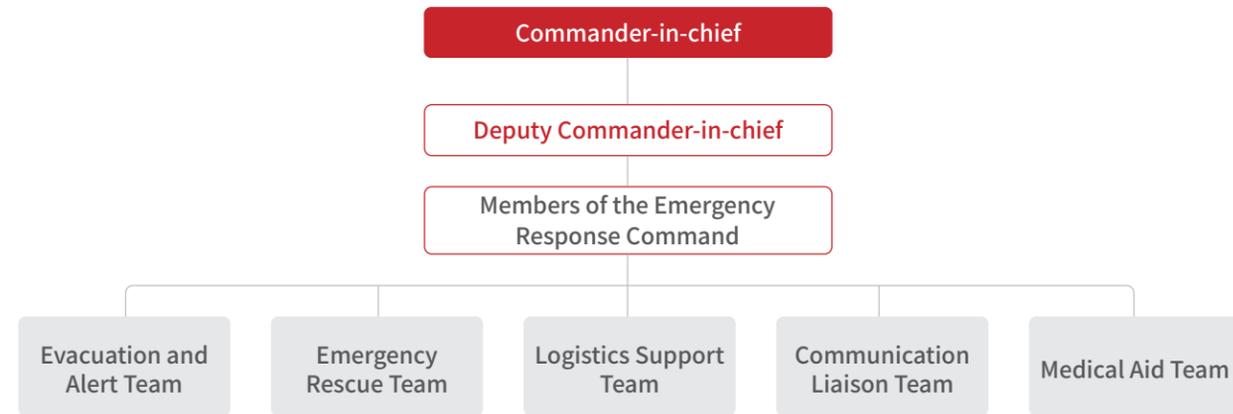
Emergency Response

Keystone Electrical strictly refers to and implements the Emergency Plan for Production Safety Accidents and Integrated Emergency Plan for Production Safety Accidents. In line with the principles of people-oriented, safety first; unified leadership, accountability at different levels; dependence on science and regulation according to law; priority to prevention and care at all times, the Company has regularly identified and analyzed major hazards according to the Identification of Major Hazards of Hazardous Chemicals. Fire, other explosions, electric shock, container explosion and other types of accidents are classified according to severity; targeted emergency treatment plans have been formulated, and the emergency response organization network has been built for immediate emergency rescue. Furthermore, the Company conducts regular safety inspections and evaluations, and carries out emergency drills and other activities to strengthen the employees' full commitment to preventing and minimizing workplace accidents.

Emergency Plan System Diagram



Emergency Organization Network Diagram



Group Responsibilities of Emergency Organization

Evacuation and Alert Team

- Set up a security cordon to prevent unrelated people from entering the scene of rescue, guarantee the smooth flow of emergency personnel, vehicles and emergency materials at the scene, ensure the safe and smooth progress of the rescue work.
- Secure the scene of accident and draw the quarantine zone.
- Work with relevant functional departments to analyze and investigate the causes of accident
- Afterwards, the accident should be documented in writing and opinions or recommendations should be made on how to deal with the accident



Emergency Rescue Team

- The commander-in-chief shall immediately issue rescue instructions to the members of the team, direct the rescue and formulate a plan.
- All members should quickly rush to the scene of rescue, each performing their own responsibilities and delivering good rescue work;
- Technical and professional personnel are responsible for rescue, repair and emergency measures to resume production as soon as possible to reduce losses.
- Safeguard the safe evacuation of personnel and rescue the scene.



Logistics Support Team

- Identify accidents, casualties, and direct economic losses.
- Identify the causes and nature of accident and submit an accident investigation report.
- Determine liabilities for the accident and make recommendations on how to deal with those responsible for the accident.
- Work with government departments in the investigation of accident.
- Propose measures and recommendations to prevent accidents and evaluate the emergency response to accidents.
- Take charge of the aftermath of the accident; stabilize the thoughts and emotions of the injured employees and their families.



Communication Liaison Team

- Collect rescue information and organize press releases.
- Call the police in emergencies, hold press conferences to answer questions from the media, and communicate information.
- Take charge of liaison and communication of internal and external information.



Medical Aid Team

- Take charge of organizing the supply of emergency supplies and logistical and living materials, and arrange for vehicles to transport emergency supplies and personnel.
- Implement medical care for the injured, provide transportation vehicles, contact and identify hospitals for treatment, and handle related procedures.
- Purchase and stock medical equipment and medicines needed for emergency care and firefighting equipment.
- Keep the emergency vehicles in good condition to ensure that the emergency leadership team can be quickly transported to the scene at any time after an accident.



Emergency Response Level and Support Measures

Response level	Accident hazard	Request for support
Level I	Accidents like catastrophic or major fire, or explosion causes serious personal injuries or deaths (causing personal injuries to 3 or more persons, or casualties to one or more persons); thunderbolt, earthquake, typhoon, storm and flood, etc. lead to force majeure like natural disasters.	119, 120, 110, local police stations, governments
Level II	Relatively heavy explosion or fire occurs, but can be controlled through control equipment, resulting in personal injuries (to 2 or fewer persons).	119, local police stations, governments
Level III	General fire or other accidents occur (without personal injury, or with insignificant economic loss)	None

Fire safety is a top priority in the Company's emergency management efforts. The Company adheres to the principle of "safety must be managed in production management; whoever is in charge is responsible", resolutely implements the policy of "safety first, prevention foremost, prevention and elimination combined". The fire drill plan has been formulated and comprehensive fire drills for the whole factory are organized twice a year to constantly strengthens the fire awareness, safety and fire safety responsibilities and obligations of all employees.

Case Conducting Safety Drills to Strengthen Emergency Response Capabilities

In April and November 2023, the Company carried out three fire safety drill training sessions for employees of the Production Department, Supply Center and Technology Center. The Company reminds employees to raise their awareness of fire safety through the analysis of typical fire cases across the country. Moreover, the Company explains and teaches the correct use of fire extinguishers, knowledge of fire escape, fire treatment, and educates employees to remain calm in case of fire, so as to improve self-defense and self-rescue capabilities, and to protect against toxic smoke.



Fire Drill on April 8



Fire and Disaster Prevention Safety Training on April 18



Safety in Production Training on November 22

Chemical Safety

The chemicals involved by Keystone Electrical are mainly lubricants, epoxy resins and thinners, and we have always attached great importance to chemical safety management and implemented relevant laws, regulations, norms and standards. In the principle of "unified collection, classified disposal, and elimination of hidden dangers", the Company has achieved the goal of "reduction, resource utilization and hazard-free disposal" of hazardous wastes. The Company has further established and improved the chemical safety management system, formulated the Internal Management System and Post Responsibility System for chemical management, and constantly optimized chemical collection, storage and other facilities. Moreover, the Company proposes that any unit or individual has the right to complain and report on the Company's unauthorized transfer and disposal of hazardous wastes and pollution of the environment, thus better supervising its chemical management and effectively reducing the incidence of chemical accidents.

Chemical Management Procedure

- 

Procurement

 - Suppliers are required to take precautions against leakage, dumping, etc. during transportation and handling;
 - Suppliers should be required to provide the MSDS report which should be distributed for use on site.
- 

Arrival of Chemicals

 - Check whether the packaging is damaged or leaking and within the expiration date, and has an MSDS;
 - In case of inspection compliance, acceptance formalities will be handled.
- 

Storage and Utilization Management

 - Classified storage according to the nature; set up the appropriate ventilation, explosion-proof, pressure relief, fire, lightning, alarm, fire, sun, temperature, static electricity elimination, protective embankment and other safety facilities should be provided; the chemicals should be clearly marked, and sealed immediately after use;
 - Chemicals spilled on the floor should be wiped up with a rag, which should be disposed of as hazardous waste.

Case Chemical Warehouse Renovation to Improve Fire Safety

To enhance safety of the chemical warehouse and satisfy the stringent management requirements for the storage, the Company has replaced the original glass walls with reinforced concrete walls, thus greatly improving refractory performance of the warehouse. Besides, the Company has equipped the chemical warehouse with fire doors, explosion-proof lamps, gas masks, goggles, eyewash showers, fireproof sand, fire extinguishers, combustible gas alarms and explosion-proof ventilation devices. This renovation safeguards the safety of employees and the enterprise, and reflects the Company's emphasis on production safety and its continuously improving chemical management mechanism.



Solid Masonry Concrete Walls after Renovation

04

Continuous Innovation

Pursuing Excellence in Quality



Philosophy

Keystone Electrical focuses on the continuous innovation of products and technology, and ensures excellent product quality by increasing R&D investment and talent reserves, promoting digital transformation process, standardizing supply chain management, and establishing a scientific quality management system. Meanwhile, the Company attaches importance to customer experience, and has put in place a perfect customer service system and a complete information security protection system. We can provide customers with high quality services while guarding the security of customer data and privacy, developing and maintaining long-term and stable customer relationships.

Our Actions

- Driving Innovative Development
- Imposing rigorous control on product quality
- Regulating supply chain management
- Valuing customer service
- Protecting data security

SDGs Benchmarking



Promoting Digital Innovation

Keystone Electrical adheres to the development strategy of digital transformation, continues to promote the upgrading and optimization of information technology products. Combining traditional manufacturing with the digital economy, the Company has transformed the production mode from "manufacturing" to "smart manufacturing", promoting the improvement of its manufacturing level and forming a strong competitive advantage. In order to adapt to the trend of digital transformation of the manufacturing industry and customers' requirements for multi-variety and small-batch and fast production, the Company has comprehensively implemented digital management, integrating multiple core digital systems to form an intelligent manufacturing innovation platform. The efficiency of production and operations management has been significantly improved. The Company has also continued to promote the ERP collaborative management platform on the supplier side. Now 9 suppliers has joined the platform, and the number of suppliers is expected to increase to 49 in the future.

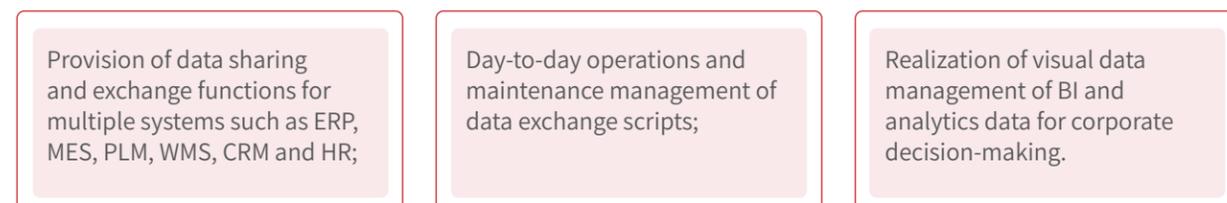
Highlights of Digital System Establishment in 2023



Continuously optimize digital system functions

The Company constructed a highly efficient data center platform and worked with Zhejiang Normal University to develop the Unified Data Exchange Platform. The full-process informatization management from order generation to product delivery has significantly improved the Company's management level and work efficiency, and helped build a solid data foundation. Meanwhile, the application of the platform provides a model of enterprise IoT factory for Jinhua manufacturing enterprises, and plays a leading role in the construction of Jinhua manufacturing IoT factories.

Key Implementation Contents of the Data Center



Unified Data Exchange Platform for Intelligent Manufacturing Workshops



The Company actively contributed to the No. 1 Development Project of Digital Economy Innovation and Quality, thus rated one of the Third Batch of "Cloud Enterprises" in Manufacturing Industry of Zhejiang Province 2023.



The Company promoted the development of big data technology, application and industrial innovation, thus rated one of the Ninth Batch of Demonstration Enterprises for Big Data Application of Zhejiang Province.

Case Establishment of a Visualization Platform Application to Promote the Integration Process of Management Decision-making

The Company has established a unified decision-making analysis visualization platform which collects and integrates production and operation data, and extracts and processes the collected data information. All kinds of production charts, operation and market trend analysis charts, market forecast charts, customer analysis charts, and other data analysis charts are displayed in a large visualization screen, so as to provide decision-making support in a more intuitive and clear way.



Large Visualization Screen

Safeguarding Intellectual Property Rights

Keystone Electrical has formulated the Intellectual Property Management Measures, Patent Management System and other system documents in accordance with the requirements of the relevant national laws and regulations. With the Certificate of Intellectual Property Management System, the Company makes greater effort in the management of intellectual property rights, encourages invention and creation, and protects the intellectual property rights held by it. In 2023, the Company won the title of National Advantageous Intellectual Property Enterprise, showcasing its strength in patent transformation, and shaping the corporate image with strong research and development strength.



Certificate of Intellectual Property Management System

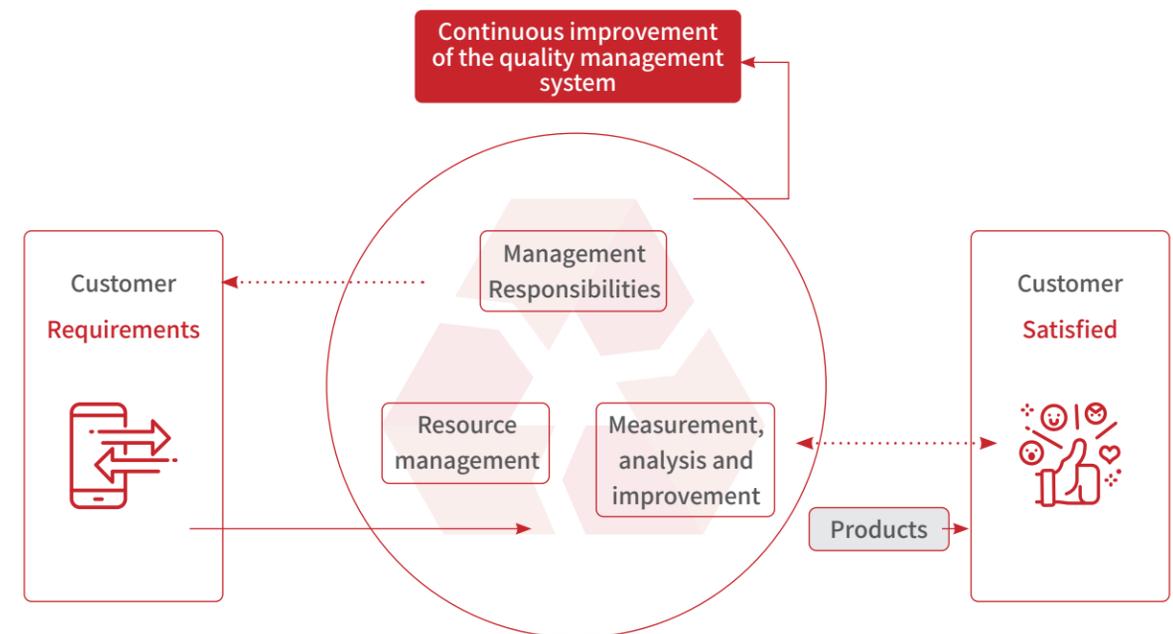
Key Performance

As of 2023, the Company had held **1** copyright and **159** domestic and foreign patents in total (including **6** invention patents), with an annual increase of **11** new patents.

Imposing Rigorous Control on Product Quality

Keystone Electrical attaches great importance to product quality control, fully implements the requirements of ISO 9001:2015 Quality Management System. Thus far, the Company has established a sound quality management system, formulated complete quality inspection procedures, practiced the quality control system in R&D design, material procurement, product production and testing, warehousing and sales, and formed a complete quality control closed loop.

Continuous Improvement Procedure for Quality Management System

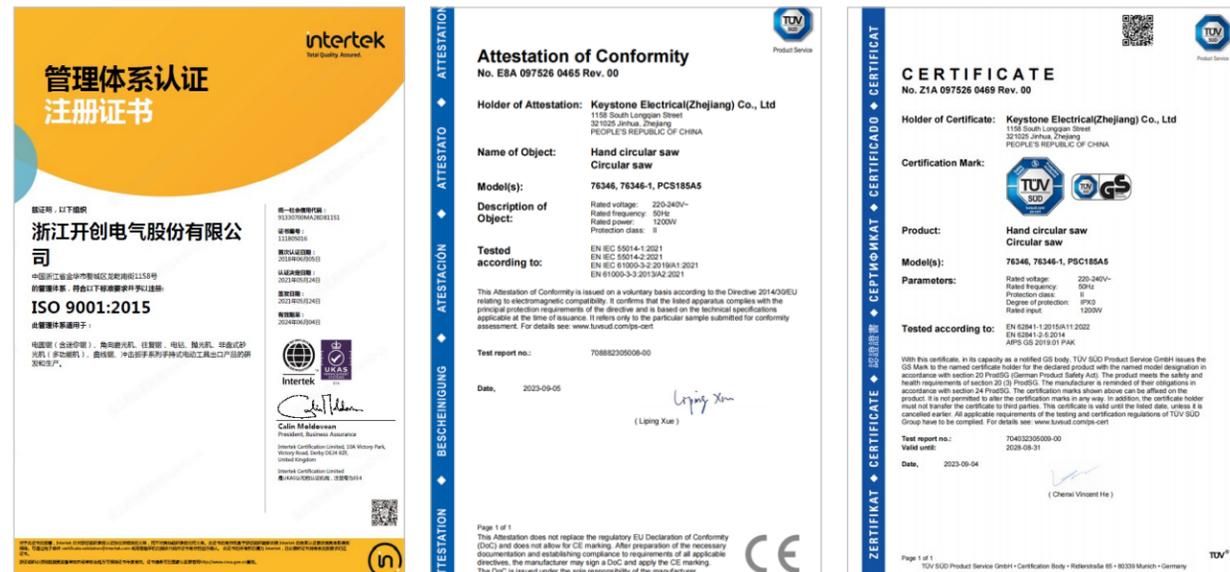


The Company ensures that its products comply with the specified quality standards and technical requirements by marking, analyzing and correcting the causes of nonconforming products in the processes of incoming inspection, processing, assembling and outgoing inspection, as well as following up and verifying the corrective and preventive measures of nonconforming products, isolating and controlling nonconforming products, preventing unintended use and delivery of nonconforming products.

Corrective Procedure for Nonconforming Products



The Company has set stringent goals for product quality compliance rates and product quality compliance rates in 2023 all exceeded the set target values. Thus far, the Company has been certified by the ISO 9001:2015 Quality Management System, and its main products have been respectively certified by the EU CE/EMC, the U.S. UL/ETL, the German GS and other international certification standards and the EU ROHS standards. The corresponding product certifications or test reports have been obtained.



Certificate of Quality Management System

Certificate of EU EMC (Partially Displayed)

Certificate of German GS (Partially Displayed)

The Company is aware that that empowering production, quality control and other related employees is an important measure to guarantee product conformity. In 2023, the Company carried out a full range of empowerment training for production personnel, and conducted a total of 51 training sessions on product process, production process protection, 6S training, quality awareness enhancement and standards, and skill recognition of vocational skill level turners and pliers. These efforts were to try our best to deliver safe and reliable products and services to our customers.

Case Quality Awareness Training to Enhance Employee Quality Management Level

During the period from April to June 2023, the Company carried out training on quality awareness enhancement and standards for employees in the Quality Department and Production Center. The Company has launched 8 training sessions on this series of topics, covering a total of 1,000 trainees. The training content mainly involves quality awareness, quality standards, defective product identification, judgment and treatment, and the "three-no principles" of process quality control, aimed to strengthen the quality control ability of production-related employees and improve their production awareness of quality first.



Quality Awareness Raising and Standards Training

Regulating Supply Chain Management

Keystone Electrical has formulated the Supplier Management Procedure, Procurement Management Procedure, Supplier Code of Conduct and other systems and guidelines. The Company has further established a perfect supplier management system which is unified by the Supply Center, with the participation of multiple departments in implementation for comprehensive management of all aspects of the supply chain. Meanwhile, the Company has incorporated suppliers' business ethics, environmental impact and other indicators into its management system to jointly build a sustainable supply chain.

Key Performance

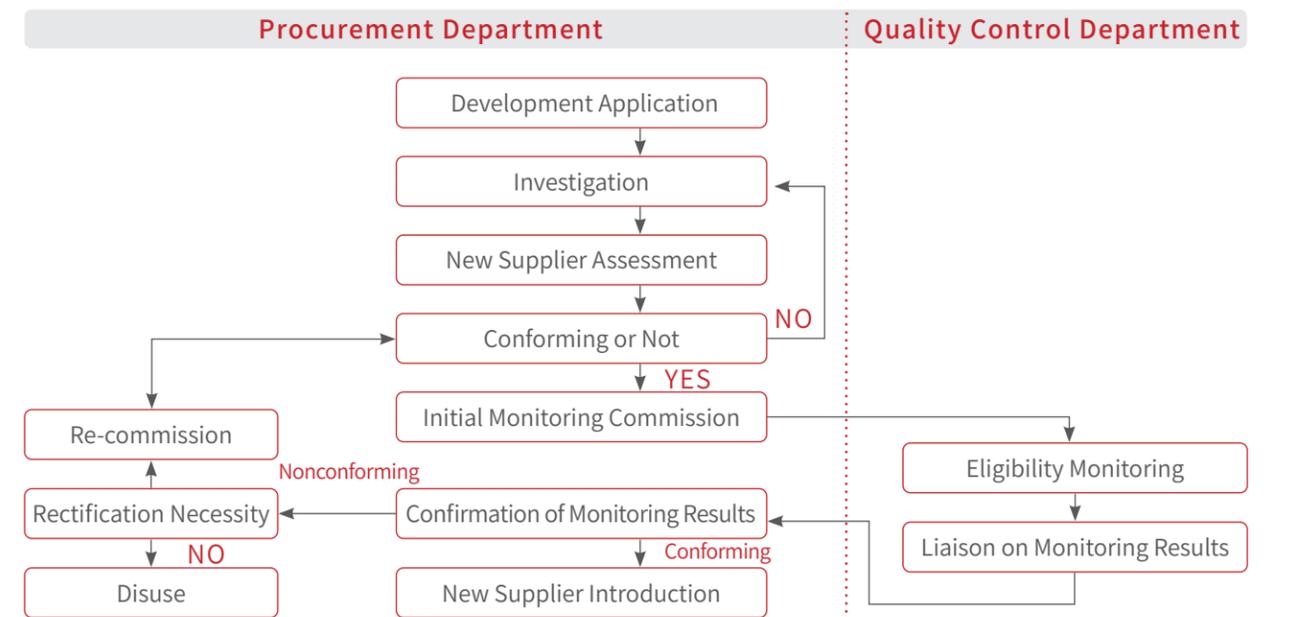
In 2023, the Company's total number of suppliers reached **580**, of which **69.5%** are local suppliers.

More than **90%** of suppliers have signed the Supplier Code of Conduct with the Company.

Supplier Introduction Management

According to the needs of production and operation, Keystone Electrical has established and standardized the development process of new suppliers, and introduced new suppliers based on comprehensive screening of products, quality, delivery, price and service. In accordance with the ISO 9001:2015 quality management system standard, the Company has signed the Product Quality Agreement with the suppliers to clarify the product content, acceptance standards, quality responsibility and other terms, requiring the suppliers to be responsible for the quality of their manufactured products, and promptly deal with and solve product quality problems.

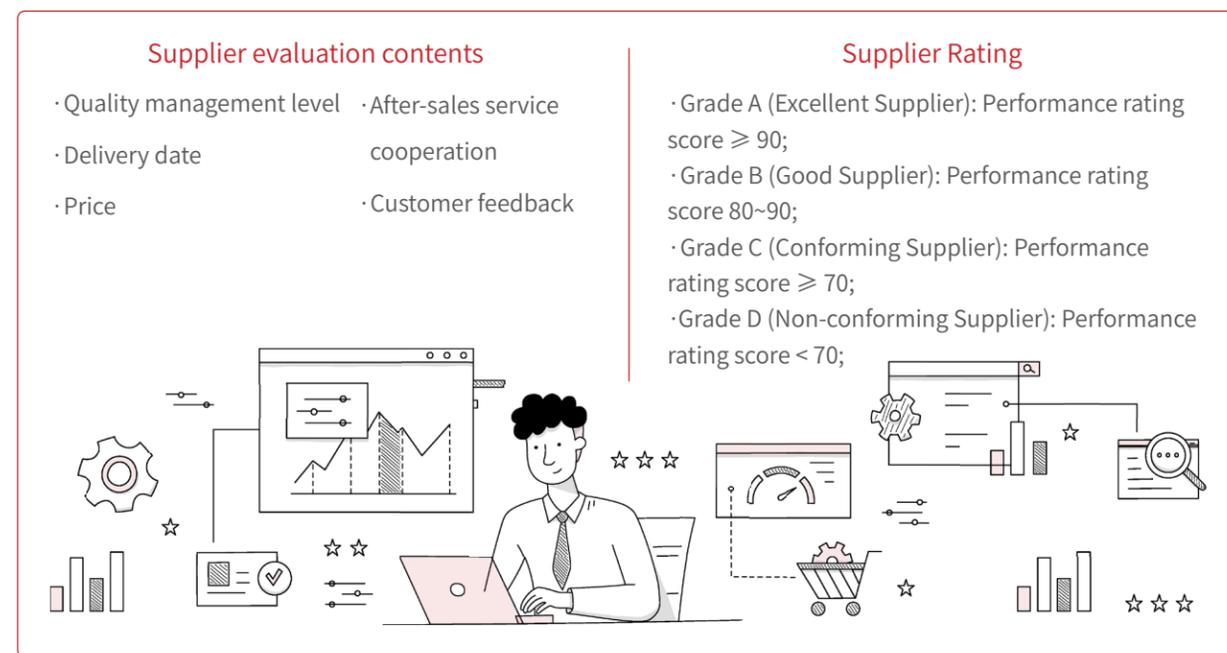
New Supplier Development Procedure



Supplier Evaluation System

Keystone Electrical has established and continuously optimized and improved the management methods for supplier performance evaluation. According to the importance of the purchased materials to the products, the Company evaluates the supplier's product quality, delivery time, service ability, cooperation degree, customer feedback and other comprehensive aspects, and rates all suppliers for management based on performance evaluation. For Level A excellent suppliers, the Company gives priority in procurement, increased procurement share, payment, and quality management system certification support; for non-conforming suppliers, the Company will suspend procurement and improve the suppliers' capabilities through counseling.

Supplier Evaluation System



Furthermore, the Company, based on the results of the supplier's performance evaluated, has established a supplier exit mechanism. For suppliers with continuous quality problems and delivery problems and non-conforming after repeated counseling and rectifications by the Company or inactive in coordination, the Company will cancel the qualification as conforming suppliers and initiate the exit process.

Construction of Sustainable Supply Chain

Keystone Electrical is committed to promoting the sustainable development of the whole industry chain, and requires the suppliers to strictly comply with the Supplier Management System. Meanwhile, the Company implements the concept of sustainable development in all aspects of supplier management. The Supplier Evaluation Team evaluates and selects suppliers based on the investigation of suppliers and their commitment to continuous improvement and effectiveness, and makes a comprehensive assessment of suppliers in the management review meeting with relevant departments once a year to promote sustainable supply chain management in all aspects.

Measures for Sustainable Supplier Management



The Company attaches importance to integrity and a win-win situation, incorporates the concept of anti-corruption and anti-bribery into the requirements of supplier management, continuously strengthens the integrity and honesty management of suppliers. The Company has further signed the Supplier Integrity and Self-discipline Commitment with the suppliers, requiring the suppliers and employees of Keystone Electrical to strictly abide by the provisions of integrity and adhere to the principles of fairness, openness, impartiality, and honesty and trustworthiness in their business dealings. The Company has set up a reporting and supervision channel to ensure the standardization and integrity of the supply and demand relationship, preventing and curbing the occurrence of illegal and disciplinary problems from the source, and promoting the sound development of the supply chain.

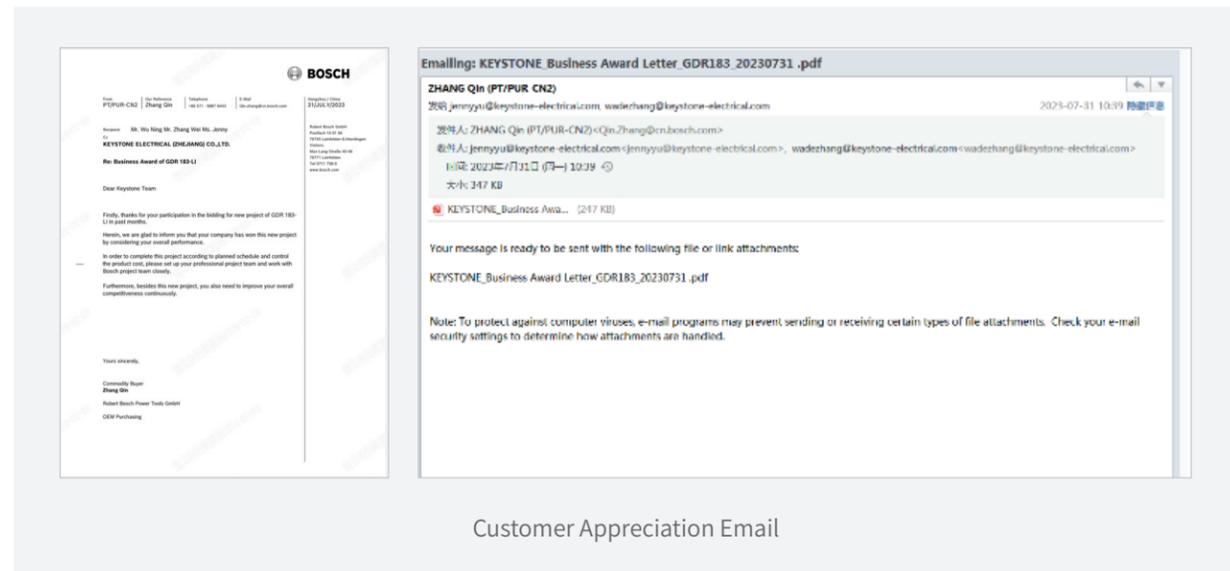
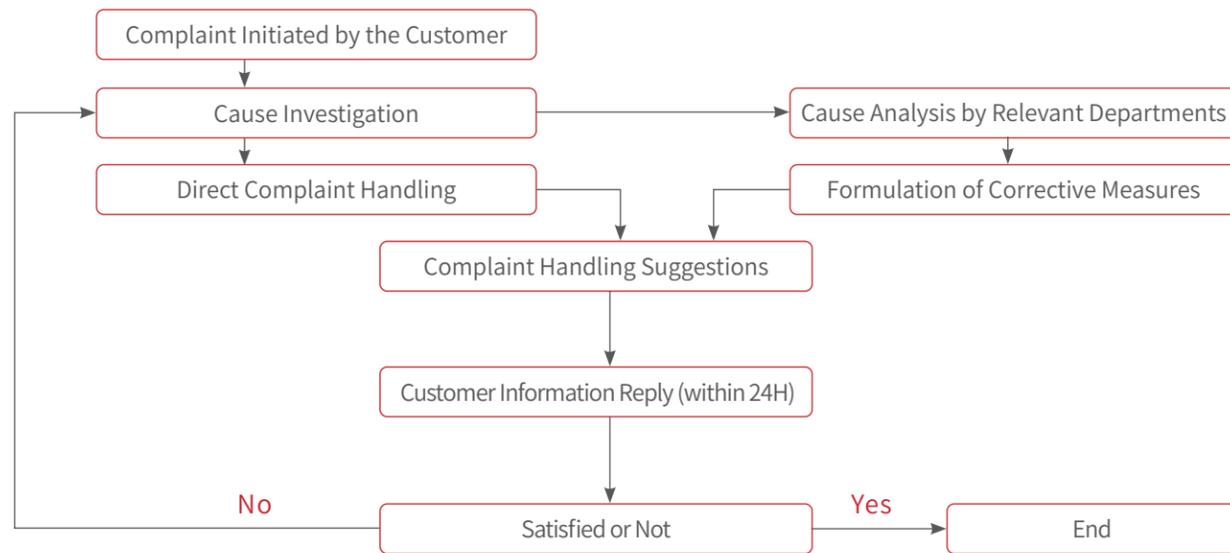
Complaint Reporting Supervision Channel

Internal Audit Department Whistleblowing hotlines: 0579-89133852, 0579-89133857

Valuing Customer Service

Keystone Electrical values customer service, and has formulated the Delivery and After-sales Service Management Procedure, Customer Complaint Handling Management Procedure and other management systems to constantly standardize the team's after-sales service work. Product liability insurance has also been purchased for exported products to ensure customer response speed, product quality and service level. The Company regularly collects customers' opinions through customer satisfaction surveys, keeps abreast of new customer requirements and makes continuous improvements based on customer feedback to provide customers with better quality services, enhance customer loyalty, and increase customer satisfaction and trust. In 2023, the Company was highly recognized by customers such as CPI and BOSCH.

Customer Complaint Handling Procedure

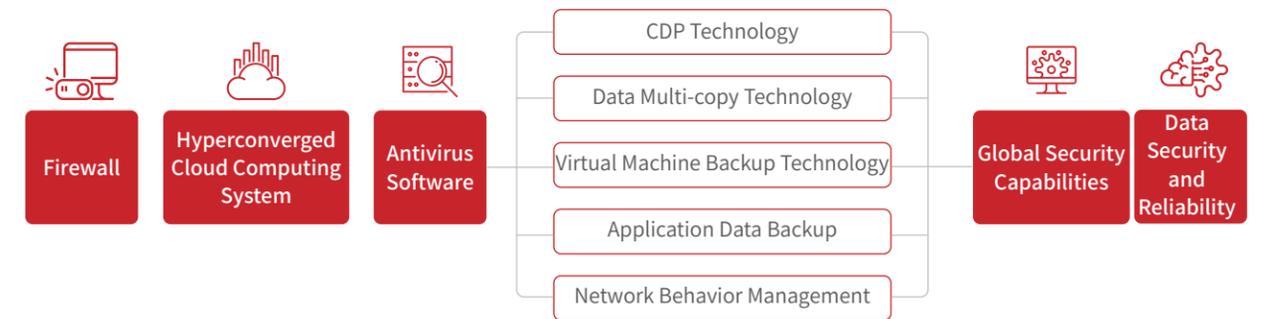


Customer Appreciation Email

Protecting Data Security

In order to strengthen the construction of data security and information security, Keystone Electrical has formulated the Machine Room Management System, Computer Equipment Management System and Emergency Plan for Information Equipment Failure. A complete security protection system has been built to ensure the safety of computer data and the stability of information equipment. Meanwhile, the Company has formulated the Data Security and Backup Recovery Management System, adopted strict data security measures and customer privacy protection measures to ensure information and data security and integrity. The Company signs relevant confidentiality agreements in order to ensure the security and integrity of information and data, and respond to customer needs.

Data Security Protection System



Case Keystone Electrical Firewall Deployment

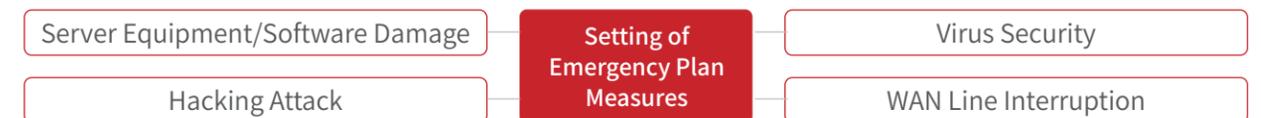
The Company adopted the SANGFOR next-generation firewall system to identify security risks before, during and after the event, monitor and coordinate the enterprise's private cloud, data center, console UI, configuration issuance and other work, and form security barriers such as intrusion defense, data leakage prevention and content filtering. Through the deployment of the firewall system, the Company is able to clearly understand the security status of network assets, quickly identify various network threats and attacks, and strengthen network security.



The Whole-process Visualized Interface for Quick Statistics on Network Threats

With the deepening of information construction, it has become one of the important tasks of the Company to strengthen the processing ability of all kinds of equipment, systems and information and network security in the computer room to deal with emergencies. The Company has formulated the Emergency Plan for Information Equipment Failure to identify the major emergencies and take corresponding disposal measures, so as to better prevent and respond to the machine room emergencies that may occur, minimize the damage of potential or already occurred accidents, and ensure corporate information security.

Emergency Plan for Information Equipment Failure



Key Performance

In 2023, the Company had **no negative incidents** involving violation of customer privacy and loss of customer data.



05

Intelligent Talent Development

Building the Dream of Talent Together

Philosophy

Keystone Electrical attaches great importance to the cultivation of employees, takes the talent strategy as the focus of enterprise development, and provides employees with fair development channels and diversified education and training opportunities. The Company also cares for the work and life of the employees through employee satisfaction survey and employee communication to effectively give employees warmth and concern. A healthy and safe working environment has been created for the employees, so as to realize the win-win situation of high-quality corporate development and the growth of employees.

Our Actions

- Equal employment and retention
- Employee training and development
- Employee rights and benefits
- Occupational health and safety

SDGs Benchmarking



Equal Employment and Retention

Keystone Electrical strictly abides by the International Labor Organization Convention (ILO), ISO 45001: 2018 Occupational Health and Safety Management System and BSCI requirements, and rigorously implements the Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, Law of the People's Republic of China on the Protection of Women's Rights and Interests as well as other relevant laws and national employment regulations. The Company has formulated the Employee Handbook, Recruitment and Job Transfer Management Measures, and other management documents. We are committed to establishing and improving a fair, reasonable and scientific talent management system, realizing the true match of "man and responsibility, man and post, man and efficiency", and achieving a "win-win" situation between strategic goals and talent development.

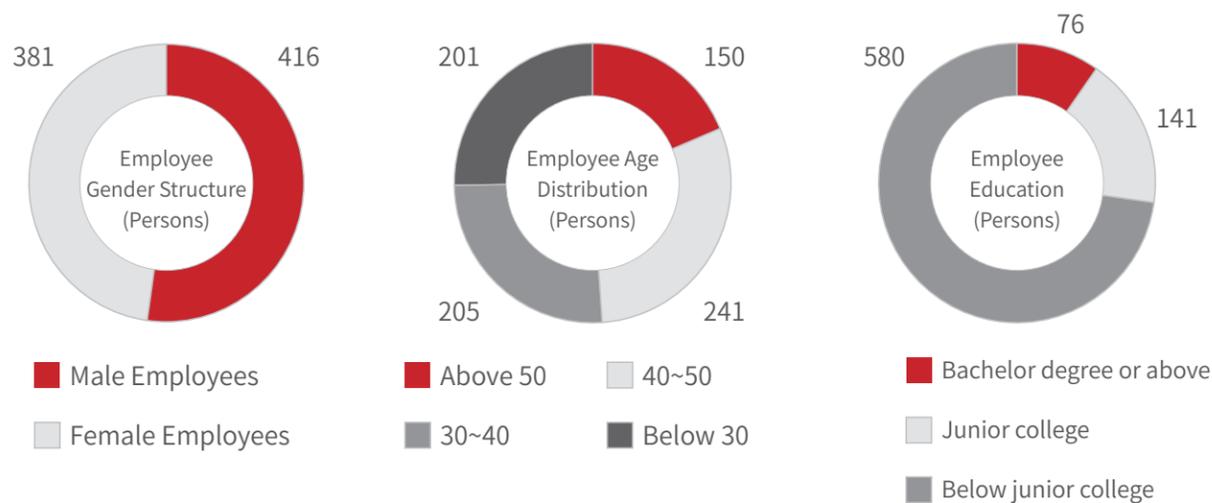
Key Performance

In 2023, the Company employed a total of **797** employees, including **39** ethnic minority employees and **7** disabled employees; The labor contract signing rate was **100%**.

Diversity and Equality

Keystone Electrical respects its employees and undertakes not to employ child labor, to guarantee equal pay for equal work, not to engage in or support any differential treatment of employees based on their race, social class, religion, gender, age, disability, and other factors in matters of hiring, pay, training, promotion, benefits, termination, or retirement; the Company also undertakes not to force pregnancy testing and contraception as a condition of employment, or not to dismiss female employees due to pregnancy, and to protect employees' religious beliefs, freedom of speech and other rights, and to actively build inclusive and harmonious labor relations.

2023 Employee Structure



Guarantee of Working Conditions

Keystone Electrical strictly follows the laws and regulations, cracks down on gender discrimination and harassment, explicitly prohibits the act of forced labor, and safeguards the legitimate working conditions of employees. The Company further provides employees with labor protection supplies and safety production facilities as well as a healthy, safe, and comfortable working environment, and builds an equal, harmonious, and friendly workplace environment.

Reasonable Working Hours

In order to enable all employees to get a reasonable rest, the Company requires the managers not to force employees to work overtime in any form or under any pretext, nor to punish employees who do not work overtime for any reason. The Company does not encourage overtime work. If overtime work is necessary under special circumstances, it must be properly arranged on the premise of protecting the health and willingness of employees; at least one day of rest should be arranged per week.

Anti-harassment and Anti-abuse

The Company strictly prohibits sexual harassment or other discriminatory harassment incidents. When subject to noticing sexual harassment, threatening, discriminatory harassment and other vicious incidents, employees can report to the head of the department and the Human Resources Center to protect themselves from discrimination, abuse, destruction, persecution and other malignant workplace incidents.

Employee Training and Development

Keystone Electrical attaches importance to the development and cultivation of talents, establishes a sound mechanism for the development of talents and the distribution of employee remuneration, continuously improves the management of talent reserves, encourages employees to continue to learn, constantly update and improve themselves. Diversified training is provided to continuously enhance the professional knowledge and skills of the employees, and helps them with their career development.

Remuneration Incentive Management

Keystone Electrical has formulated the Employee Compensation Management Measures, Employee Performance Management System and other systems, and followed the remuneration distribution principles of "distribution according to work, equal pay for equal work, reward for hard work and penalty for laziness, and gradual increase. The remuneration and incentive mechanism has been constantly improved, so as to better retain and motivate talents, improve the Company's overall performance and core competitiveness.

The Company firmly rejects the deduction of wages due to gender, provides competitive remuneration for all employees, and pays them in full and on time. Meanwhile, the Company firmly believes that setting reasonable and fair remuneration is an important part of the industry-leading remuneration incentive system to ensure the decent life needs of employees, and reward employees for assuming work responsibilities and creating value.

Furthermore, the Company has set up an incentive measure based on the annual outstanding employee selection and recognition, giving the annual employee trophies and bonuses, and setting an excellent example for all employees, encouraging employees to persevere in the pursuit of personal development and unwaveringly promote team progress. In 2023, the Company commended a total of 27 outstanding employees in various departments.

Talent Pool Development

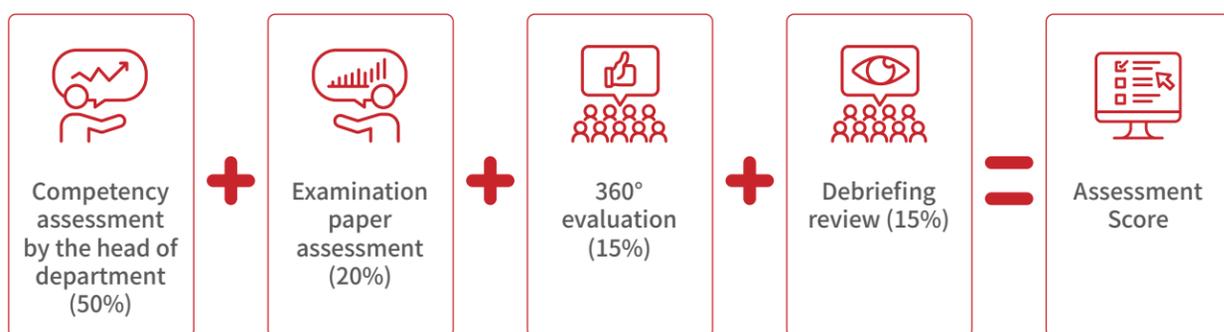
Keystone Electrical regards employees as its first treasure, and has formulated the Employee Career Development Planning, Reserve Talent Cultivation System and other systems, established and improved the reserve talent cultivation mechanism. The heads of all departments are taken as the responsible person of the training plan to train the reserve talents in the whole cycle. Through the talent training and development plan, the reserve talent team can be reasonably built, so as to promote the construction of the Company's talent echelon and provide human resources guarantee for sustainable development.

Overall Goal of Reserve Talent Training



The Company has set up a complete evaluation system for the reserve talents. Through the reserve talent skill evaluation table, the reserve talents are evaluated and scored in an all-round way from the probation period, the regular period, multiple training periods, the target position period. Those rated 80 points and above will be considered qualified. This is to scientifically and reasonably retain the valuable talents who progress together with the Company.

Reserve Talent Evaluation System



Furthermore, the Company continuously improves the departmental recommendation and internal employment mechanism, and has formulated the Human Resources Control Procedure. The qualifications and skill requirements of each position are specified, and employees are encouraged to participate in internal job competition and rotation, so as to promote the benign mobility of the excellent internal talents. Meanwhile, the Company has set up the professional and management dual-channel development and promotion pathways, and provided more equitable promotion opportunities for all types of talent while taking into account the skills of each employee and their own contribution. The talent pool of Keystone Electrical has been constantly improved, and long-term career development space has been built for employees to achieve long-term common development of talents and the enterprise.

Channels of Internal Talent Flow

Departmental Recommendation	Nomination by the department, joint assessment by the Personnel Department and relevant departments.
Internal Recruitment	Requirements put forward by the user department, internal recruitment information release by the Human Resource Department, and unified interview and assessment.

Figure: Career Development Pathways

Layer	Series	About Management	About Marketing	About Engineering Technologies	About Production
Strategy Layer	11	Chairman	-	-	-
	10	General Manager	General Manager	-	-
Business Layer	9	Deputy General Manager/Director	Deputy General Manager/Director	Deputy Technical Director/Superior Expert	-
	8	Department Manager	Department Manager	Department Manager/Senior Expert	-
Backbone Layer	7	Deputy Department Manager	Deputy Department Manager	Product Manager	Superior Technician
	6	Workshop Director/Section Chief/Supervisor	Section Chief/Supervisor	Chief Engineer	Senior Technician
	5	Deputy Workshop Director/Principal Specialist	Principal Specialist	Senior Engineer	Technician
	4	Line Supervisor/Team Leader/Senior Specialist	Senior Merchandiser/Salesperson	Engineer	Senior Technician
Execution Layer	3	Intermediary Specialist	Intermediary Merchandiser/Salesperson	Assistant Engineer	Intermediary Technician
	2	Junior Specialist	Junior Merchandiser/Salesperson	Technician	Junior Technician
	1	Employees	Employees	Employees	Employees

Key Performance

In 2023, the company will have **19** reserve talents passed the assessment and **7** promoted employees; from 2022 to 2023, **143** employees have passed internal recruitment / department recommendation.

Employee Training System

Keystone Electrical has always been concerned about the growth of employees, and has formulated the Training Management System, Education and Training Control Procedure and other system documents. A sound talent training system has been established, and incorporated into the various stages of development of all employees. The Company flexibly carries out basic skills training for various positions and comprehensive quality training for management personnel online and offline in the forms of internal lecturers, external lecturers and expatriate training. Through practical operation, assessment and other means, the Company ensures that employees fully grasp knowledge and skills, give full play to their potential, so as to realize the common growth with the employees.

Training System of Keystone Electrical

Training System of Keystone Electrical

- Induction Training
- Safety Training
- Pre-job Training (including job transfers)
- On-the-job Training
- Management Skills Training
- Personal Development Training
- Training of Operators in Special Types of Work

Case Conducting New Employee Training to Accelerate Integration into Keystone Electrical

In February 2023, the Company held new employee induction training which mainly involved attendance and work discipline management regulations, quality policies and safety policies, health and hygiene, site management. The training was to deepen the understanding of the new employees of the Company, so that they could consciously abide by the rules and regulations of the Company and accept the corporate culture. After the new employee induction training, the Human Resource Department and the employment department conducted a joint evaluation to ensure that new employees have the knowledge and skills relevant to their job responsibilities. The training was delivered in 1 hour and a total of 123 employees participated in the training and evaluation.



New Employee Training and Evaluation

Case Working with External Training Experts to Empower Cadres to Manage and Increase Efficiency

In 2023, the Company worked with Times Bright CreSuccess for external training. Middle and senior cadres, reserve cadres, key employees and other personnel learned such courses as Overall Solution of Talent Management based on Competency, Enterprise year-end Accounting and Tax Handling Skills and Risk Prevention, Benchmark Improvement and System Implementation from Strategy to Execution, Enterprise Process Planning and System Construction Practice. The management cadres have been further empowered to improve the Company's comprehensive management level. A total of 29 employees participated in this training series.



Management Cadre Training



Times Bright CreSuccess Leadership Empowering Training Certificate

Case Conducting Assembly Employee Skills Training to Improve Professional Skill Level

In June 2023, the Company offered a 6-day theoretical and practical training course, covering safety and quality, equipment management, power tool manufacturing expertise, power tool manufacturing equipment, tool operation and commissioning (practical operation), power tool assembly process (practical operation), and power tool workpiece measurement (practical operation). More than 230 assembly employees participated in the training, of whom 100 obtained the Certificate of Senior Power Toolmaker and 96 obtained the Certificate of Senior Bench Worker.

After the training, the Company conducted a survey on training suggestions in terms of course content, course professionalism, teaching skills and style, etc. The assemblers who participated in the training gave an average score of 8.5 points.



Skills Training for Assemblers



Assembler Training and Assessment Site

Key Performance

In 2023, the Company completed **153** training sessions of **525** hours, including **45** training sessions on production line 6S, and skill recognition of pliers.

Employee Rights and Benefits

Adhering to the people-oriented principle, Keystone Electrical makes every effort to protect the legal rights and interests of its employees and their basic legal benefits. The Company also strives to make every effort to create various special benefits, cares for female employees, and assists groups in difficulties. Meanwhile, the Company attaches importance to the voices of the grassroots employees, and constantly improves its level of democratic management, responds to the requirements of the employees in a timely manner, enhances their satisfaction and sense of belonging, and strengthens their cohesion.

Democratic Management of Employees

Keystone Electrical steadily advances democratic management and emphasizes democratic communication to ensure that the right of all employees to freely reflect their opinions is not interfered with. The Company has set up the Chairman's Mailbox in each department and workshop, and publicized the report mailbox and complaint hotline for the employees, so as to strengthen the communication between the management and the employees. The Company has set up a party branch, a labor union and a red mediation room to collect employees' opinions or suggestions and submit them to the corporate leaders and fight for the due rights and interests of employees.

Employee Representation Workflow



Case

Regular Communication with Management on Employee Matters and Active Promotion of Democratic Employee Management

In 2023, the representative of the Company's Trade Union reported to the management the requirements for improving the employees' accommodation environment. The management requested the Human Resources Center to implement the suggestions of the Trade Union representative as soon as possible, and the logistics management staff to fully cooperate with the Human Resources Center in the relevant work. The management was responsible for checking the implementation.

Employee Benefit Activities

In order to improve the level of employee benefits, Keystone Electrical stipulates the content of employee benefits in the Employee Handbook, and gives away gifts to employees to thank them for their work in Mid-Autumn Festival, Spring Festival and other festivals, so as to better stimulate the employees' sense of belonging and enthusiasm for work. Meanwhile, the Company attaches great importance to the physical and mental health of its employees, and enhances their sense of well-being from all aspects of life by setting up employee canteens and dormitories, advocating a positive and healthy lifestyle, providing convenient sports venues, and actively organizing educational and diversified employee activities to help employees relieve their psychological pressure and build a positive mindset.

Employee Benefits

- Employees who need to stop working and wait for materials due to production arrangements or lack of raw materials are entitled to a daily allowance for waiting for materials at the minimum wage rate upon confirmation and approval.
- Enjoy statutory holidays, paid annual leave, maternity leave, breastfeeding leave, marriage leave, funeral leave, etc.
- Supplementary benefits such as year-end bonus, post allowance, and heatstroke prevention allowance.
- Three festivals (Spring Festival, Dragon Boat Festival and Mid-Autumn Festival), March 8, working meals, rewards for employees' outstanding children, reimbursement of round-trip tickets for employees from other provinces during the Spring Festival, and settlement of difficulties in schooling for children of employees from other provinces, and other benefits provided by the Company.

Key Performance

In 2023, the total number of employees entitled to maternity leave in the Company came up to **314**, and the rate of return to work from maternity leave was **100%**.



Red Packet for Resumption of Work



Giveaways on Chinese New Year's Eve



Benefits on Mid-Autumn Day



Employee Dormitory



Employee Canteen | A new canteen was opened in April with more than 10 breakfast offerings (including 5 Chinese food offerings) per day, and the next week's menu is announced in advance every Sunday.



Case Gather the Strength of All Employees to Raise Funds for the Employee with Difficulties

After learning that an employee of the Warehousing Section of the Material Control Department had a sudden accident on December 25, 2023, the Human Resources Center issue a "Donation Initiative" to all employees. On December 28, the manager of the Warehouse Department sent condolences to the employee with difficulties and gave away the funds raised on behalf of all employees. Through this donation, all members of Keystone Electrical take practical actions to interpret the selfless love of one big family and helping each other, bring timely care to the employee with difficulties, and highlight its responsibility and unity in times of crisis.



Raise Funds for the Employee with Difficulties

Case Wucheng District Federation of Trade Unions Visited Employees, and Cared for Heat Stroke Prevention of Employees

In August, 2023, Wucheng District Federation of Trade Unions sent the summer cooling consolation goods to the Company's grass-roots employees to show care for the majority of the workers sticking to their posts in the hot summer. The Chairman of the Company's Trade Union arranged for the members to distribute materials for the front-line employees, and affirmed the spirit of the front-line employees not afraid of the hot summer and sticking to their post, and told them to have proper heat prevention and cooling, and effectively protect their own safety and health while working in high temperature weather.



The Chairman of the Trade Union sent cooler giveaways to employees

Case Organizing Fun Games to Enrich Employees' Cultural and Sports Activities

In September 2023, the Company held the Employee Fun Games, enriching the cultural and sports activities of the employees. The participating employees made concerted efforts to take part in such competitions as Crab Running Relay Race, Walking Forward, Needle Threading, Giant Bouncing Ball and so on. The fun games not only exercised the employees' body, but also further enhanced the team cohesion, and injected new vitality for corporate development.



At the Fun Games

Case Visiting Employees' Families and Giving Them Warmth

As the Spring Festival approaches, the Company's leaders and officials from Wucheng District Human Resources and Social Security Bureau visited the employees' families in Mapu Town, Luyi County, Zhoukou, Henan Province. Supplies were brought to these employees' families to show the care of the Company. At this visit, the Company talked with the employees' families, introduced the enterprise and employees' work performance in detail. Through WeChat video, the employees shared the joy of their upcoming return with their families, which further enhanced their sense of belonging.



Leaders of the Company Visited the Employees' Families

Occupational Health and Safety

Occupational health and safety is not only important for the well-being of employees, but also for attracting and retaining talent, managing human resources efficiently, and ensuring the smooth running of business. In accordance with local regulations and the requirements of ISO 45001: 2018 Occupational Health and Safety Management System and BSCI, the Company has prepared the Management System for Labor Protection Products. The risk investigation of occupational disease risk positions and employee physical examination for occupational diseases have been organized, constantly improving the safety of the workplace and living quarters, and ensuring the work safety of all employees.



Certificate of ISO 45001 Occupational Health and Safety Management System

Methods for Management of Employee Occupational Health and Safety

Special types of work and labor protection products

- Those engaged in special types of work must be licensed and subject to qualified pre-job training before they are allowed to work.
- Employees must wear labor protection products in accordance with the regulations, and use correctly wherever and whenever needed. Warehouse workers entering the shelves must wear safety helmets.

Key Performance

In 2023, the Company had **20** occupational disease positions, and 20 employees took the occupational disease physical examination, generating an occupational disease physical examination rate of **100%**.

The Company had **9** work-related accidents.

The Company has formulated Canteen Management Measures and Dormitory Management Measures for rigorous safety management of drinking water and canteen food and beverages. The dormitory facilities have been constantly renovated to enhance the living and dietary safety of employees. Furthermore, experts have been invited to conduct health and safety lectures and provide public health checkups, annual employee physical examination to comprehensively protect the occupational health and safety of employees.

Board and Lodging Safety Management

Food Safety and Security

- Food suppliers are fully licensed;
- Food samples are kept for inspection at each meal;
- Canteen employees hold a health certificates and wear overalls on duty;
- The venue is clean and hygienic, and tableware is strictly cleaned and sterilized;
- Organize monthly cross-departmental health inspection, and implement more than 30 corrective actions.

Dormitory environment renovation

- Slip-resistant bathroom renovation;
- Banning open-flame stoves: reducing fire risks in dormitories.



Case Conducting Health Lectures and Providing Public Health Checkups

In February 2023, the Company invited doctors from Ciming Health Checkup Center to hold a seminar on Sequelae of Influenza and Mental Health, and the doctors gave professional answers to the questions of the employees.



Health Lecture



Public Benefit Consultation

In April 2023, the Company invited doctors from Jinhua Ophthalmology Hospital to carry out free eye health checkups and ophthalmology consulting services for the employees. The doctors patiently conducted eye health checkups for every employee who came for the checkups, so that everyone could have a clearer understanding of his/her own eye health conditions. The doctors also carefully analyzed and explained the results of the checkups and gave the corresponding professional advice to each person.



06

Creating a Win-Win Situation Together Practicing Social Mission

Philosophy

Based on the principle of mutual benefit and win-win situation, Keystone Electrical actively works with the outside world, builds close partnerships with universities, and constructs an efficient and co-prosperous industry environment. Bearing in mind its social responsibility, the Company organizes public welfare activities, responds to rural revitalization, gives back to society and contributes to the construction of a better society.

Our Actions

- Leading industry exchanges
- Revitalization of rural development

SDGs Benchmarking



Leading Industry Exchanges

Promoting industry co-construction and sharing is the direction of Keystone Electrical's efforts. As an enterprise focusing on innovation, the Company values technology sharing, enjoys industry exchanges, carries out industry-academia-research cooperation based on cutting-edge technology, joins hands with all parties to help industrial upgrading, and makes progress together with industry partners.

In-depth Integration within the Industry

The development of the industry cannot be separated from the mutual collaboration and support of all parties in the ecosystem. Keystone Electrical has always been committed to building stable, good and sustainable partnerships, focusing on in-depth exchanges and collaboration with industry partners and academic institutions, extensive participation in industry exchanges. The Company also actively joins the industry associations, seizes new opportunities for industrial development, and works with industry partners to promote the high-quality development of the entire industry hand in hand.

Positions Held by Keystone Electrical in Associations

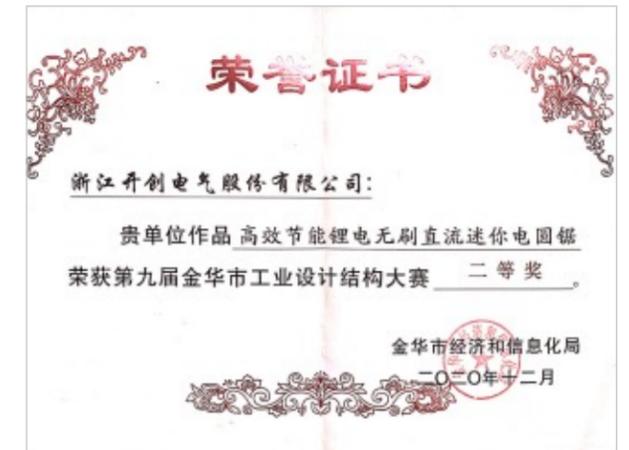
S/N	Association	Position Held
1	Power Tools Branch (Power Tools Specialized Association) of China Electrical Equipment Industry Association	Member Unit
2	China Chamber of Commerce for Import and Export of Machinery and Electronic Products	Member
3	China Association for Public Companies	Member
4	Zhejiang High-tech Enterprise Association	Member Unit
5	Listed Company Association of Zhejiang	Member
6	Jinhua Quality Association	Council Member
7	Jinhua International Chamber of Commerce, Jinhua Committee of China Council for the Promotion of International Trade	Member
8	Jinhua Capital Market Development Promotion Association	Member Unit
9	Jinhua Human Resources Service Association	Member Unit

Furthermore, the Company actively participates in industry competitions, successively winning the Golden IDEA Industrial Design Award with its strong R&D strength. Strengthening industry exchanges and sharing results with the industry is of positive significance to enhancing the Company's creative design ability.

Awards Won at the Golden IDEA Industrial Design Award



Highly stable reciprocating saw with frame structure
Third Prize of the 10th Jinhua Industrial Design Structure Competition



Energy Efficient Lithium-ion Brushless DC Mini Electric Circular Saw
Second Prize of the Ninth Jinhua Industrial Design Structure Competition

Industry-academia-research Promoting Development

In order to promote the continuous innovation of the products, the Company focuses on the cooperation with universities and research institutes, and builds experts and postdoctoral workstations. Now the Company has established industry-academia-research cooperation with Southeast University, Zhejiang Normal University, Xi'an University of Technology, Xi'an Jiaotong University, Kunshan Innovation Research Institute, Xidian University, Shanghai Power Tools Research Institute. High-quality innovative talents can be stably transported to the Company, providing important guarantees for the Company to reserve technical elites, quickly set up expert level teams, and consolidate the technical foundation.

Concept Model of Industry-academia-research Cooperation



Industry-academia-research Cooperation of Keystone Electrical

Southeast University

- Industry-academia-research Cooperation of Keystone Electrical;
- The collaborative project is titled Research on Anti-jamming Control Algorithm of Brushless Motor for Power Tools, which is dedicated to solving the problem of improving the control performance of brushless motor system without position sensor.

Xi'an University of Technology

- Co-establishment of Zhejiang Postdoctoral Workstation;
- The cooperation project is titled Development of Robot Loading and Unloading System for Turning of Power Tool Reducer Box, and the design scheme of the project has been completed.

Zhejiang Normal University

- Two cooperation projects:
- Cooperation project 1: Software Maintenance Project for Enterprise Unified Data Exchange Platform; the data exchange platform has been officially put into use;
 - Cooperation project 2: Research and Development of a Highly Efficient Cutting Reciprocating Saw; the project is progressing according to plan.

Xi'an Jiaotong University

- The cooperation project is Development of Direct-drive Switched Reluctance Motor and Controller for Cutting Machine; the second round of prototype installation test has been completed.

Kunshan Innovation Research Institute, Xidian University

- The Company has invested and established a wholly-owned subsidiary in Kunshan, and carried out matching, negotiation and exchange visits with Kunshan Innovation Research Institute, Xidian University to jointly upgrade its products.

Case Meeting with Nanchang Jiaotong Institute, Reaching a Consensus on School-enterprise Cooperation

In March 2023, the Company received the delegation of Chairman of Nanchang Jiaotong Institute. Both sides had an in-depth exchange on school-enterprise cooperation and reached a consensus on matters such as talent cultivation and resource sharing.



Visit of Nanchang Jiaotong Institute

Revitalization of Rural Development

Keystone Electrical is aware that revitalizing the rural areas and benefiting the people's livelihood is its social responsibility. Combining its own characteristics and giving full play to its strengths and advantages, the Company is devoted to social welfare undertakings, and helps rural revitalization through charitable donations, assistance and other means in a rational and persistent manner. Over the years, the Company has been actively organizing and carrying out public welfare activities such as donating funds to schools, helping new rural construction and revitalizing education. In the future, the Company will continue to output social value from multiple dimensions. While realizing its own economic value, the Company will give back to the society and help the country revitalize the development of the rural areas.

Case Charitable Donations to Wuyun Village in Support of Rural Revitalization

In 2022, the Company paired up with Wuyun Village, Shafan Township, Jinhua, and donated RMB 50,000.



Donation of RMB 50,000

Performance in 2023

Disclosure Item		Unit	2021	2022	2023
Corporate Operation					
Economic indicator	Total assets	RMB 10,000	44,482.30	46,043.24	83,183.23
	Operating income	RMB 10,000	80,564.44	59,793.89	58,629.32
	Net profit attributable to shareholders	RMB 10,000	6,749.29	5,911.98	5,140.93
	Total tax payment	RMB	14,716,285.60	12,658,832.72	11,938,902.14
Corporate Governance					
Number of general meeting of stockholders		times	3	3	4
Number of general meeting of stockholders		times	4	5	12
Number of members of the board of directors		persons	9	9	9
Disclosure by gender	Male director	persons	8	8	8
	Female director	persons	1	1	1
Disclosure by type	Independent director	persons	3	3	3
	Executive Director	persons	6	6	6
Number of meetings of the board of supervisors		times	4	5	10
Number of meetings of the Strategic Development Committee		times	1	1	3
Number of meetings of Audit Committee		times	4	4	7
Number of meetings of Nomination Committee		times	1	2	2
Number of meetings of Remuneration and Appraisal Committee		times	1	1	1
Business Ethics					
Number of corruption proceedings		pcs	0	0	0
Number of anti-corruption reports		pcs	0	0	0
Environmental Management					
Energy consumption	Total diesel	litre	300	280	240
	Total gasoline	litre	36,000	33,500	32,000
	Total purchased electricity	KWh	6,720,860	4,193,174	4,727,781

Disclosure Item		Unit	2021	2022	2023
Energy consumption	Total purchased photovoltaic power	KWh	1,309,463	1,135,163	1,274,082
Water resources usage	Total amount of municipal water purchased	ton	20,222	20,677	23,752
Packaging Materials	Total amount of packaging consumables used	ton	4,053,464.79	2,181,197.40	2,183,392.48
	Packaging material used: wood	ton	51,802.52	36,630.00	40,860.00
	Packaging material used: total plastic	ton	199,117.27	139,342.86	153,753.39
	Packaging material used: total amount of paper	ton	3,731,813.68	1,967,999.96	1,949,010.12
	Packaging material used: Other	ton	70,731.32	37,224.58	39,768.97
R&D Innovation and Intellectual Property Protection					
R&D Innovation	Total R&D personnel	persons	95	88	79
	Total R&D investment	RMB 10,000	2,425.20	1,954.13	2,079.44
Intellectual Property Protection	Total patents held	pcs	140	153	159
	Total number of invention patents held	pcs	3	5	6
	Total number of new patents in the year	pcs	8	14	11
	Total number of copyright holdings	pcs	1	1	1
Responsible Marketing					
Number of violations of anti-marketing communication regulations or voluntary codes		pcs	0	0	0
Supply chain management					
Total number of suppliers		suppliers	118	433	580
Total number of suppliers that signed the Code of Conduct in the current year		suppliers	61	54	522
Total number of local suppliers		suppliers	50	48	403

Disclosure Item		Unit	2021	2022	2023
Employee rights and interests					
Proportion of labor contract signing		%	100%	100%	100%
Employee satisfaction		%	100%	100%	100%
Maternity leave	Return rate after maternity leave (Note 1)	%	100%	100%	100%
Employment and Retention					
Total number of employees		persons	922	713	797
By gender	Male employees	persons	467	369	416
	Female employees	persons	455	344	381
By age	Below 30	persons	267	155	201
	30-40	persons	277	188	205
	40-50	persons	240	215	241
	Above 50	persons	138	155	150
By academic qualifications	Bachelor degree or above	persons	56	59	76
	Junior college	persons	120	142	141
	Below junior college	persons	746	512	580
Number of ethnic minority employees		persons	69	44	39
Number of disabled employees		persons	7	7	7
Occupational Health and Safety					
Employee health	Number of employees in occupational-disease-risk positions	persons	12	19	20
	Number of employees participating in physical examination of occupational diseases	persons	12	19	20
Safety accidents and personnel	Number of employment injury accidents	case	6	5	9
	Number of work-related deaths	persons	0	0	0

Note 1: Return rate after maternity leave = total number of employees actually returning to work at the end of maternity leave/total number of employees who should return at the end of maternity leave x 100

Index of Indicators

GRI content index

Statement of used	Zhejiang Keystone Electrical Co., Ltd has reported the information cited in this GRI content index for the period from January 1, 2023 to December 31, 2023 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

GRI Standards	Disclosure	Location
GRI 2: General Disclosures		
G2-1	Organizational details	Company Overview
G2-2	Entities included in the organization's sustainability reporting	About This Report
G2-3	Reporting period, frequency and contact point	About This Report
G2-6	Activities, value chain and other business relationships	Company Overview, Regulating Supply Chain Management
G2-7	Employees	Equal Employment and Retention
G2-9	Governance structure and composition	Solidifying Corporate Governance, Refer to Annual Report
G2-10	Nomination and selection of the highest governance body	Solidifying Corporate Governance, Refer to Annual Report
G2-11	Chair of the highest governance body	Solidifying Corporate Governance, Refer to Annual Report
G2-12	Role of the highest governance body in overseeing the management of impacts	Solidifying Corporate Governance, Refer to Annual Report
G2-14	"Role of the highest governance body in sustainability reporting"	The Pathway to Sustainable Development
G2-16	Communication of critical concerns	The Pathway to Sustainable Development
G2-17	"Collective knowledge of the highest governance body"	Solidifying Corporate Governance
G2-18	"Evaluation of the performance of the highest governance body"	Solidifying Corporate Governance
G2-19	Remuneration policies	Employee Training and Development
G2-20	Process to determine remuneration	Solidifying Corporate Governance
G2-22	Statement on sustainable development strategy	The Pathway to Sustainable Development
G2-27	Compliance with laws and regulations	Internal Control and Risk Management
G2-28	Membership associations	Leading Industry Exchanges
G2-29	Approach to stakeholder engagement	The Pathway to Sustainable Development
GRI 201: Economic Performance		
G201-3	Defined benefit plan obligations and other retirement plans	Employee Rights and Benefits
GRI 202: Indirect Economic Performance		
G203-1	Infrastructure investments and services supported	Revitalization of Rural Development

GRI Standards	Disclosure	Location
G203-2	Significant indirect economic impacts	Driving Innovative Development
GRI 205: Anti-corruption		
G205-1	Operations assessed for risks related to corruption	Strict Adherence to Business Ethics
G205-3	Confirmed incidents of corruption and actions taken	Strict Adherence to Business Ethics, We weren't involved in such incidents.
GRI 206: Anti-competitive Behavior		
G206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Strict Adherence to Business Ethics, We weren't involved in such incidents.
GRI 207: Tax		
G207-1	Approach to tax	Refer to Annual Report
G207-2	Tax governance, control, and risk management	Refer to Annual Report
G207-3	Stakeholder engagement and management of concerns related to tax	Refer to Annual Report
G207-4	Country-by-country reporting	Refer to Annual Report
GRI 301: Materials		
G301-1	Materials used by weight or volume	Optimizing Resource Conservation
G301-3	Reclaimed products and their packaging materials	Optimizing Resource Conservation
GRI 302: Energy		
G302-1	Energy consumption within the organization	Optimizing Resource Conservation
G302-2	Energy consumption outside of the organization	Optimizing Resource Conservation
GRI 303: Water and Effluents		
G303-2	Management of water discharge-related impacts	Optimizing Resource Conservation
G303-5	Water consumption	Optimizing Resource Conservation
GRI 306: Waste		
G306-1	Waste generation and significant waste-related impacts	Reducing Three-waste Emissions
G306-2	Management of significant waste-related impacts	Reducing Three-waste Emissions
GRI 308: Supplier Environmental Assessment		
G308-1	New suppliers that were screened using environmental criteria	Regulating Supply Chain Management
G308-2	Negative environmental impacts in the supply chain and actions taken	Regulating Supply Chain Management
GRI 401: Employment		
G401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Rights and Benefits

GRI Standards	Disclosure	Location
GRI 403: Occupational Health and Safety		
G403-1	Occupational health and safety management system	Occupational Health and Safety
G403-2	Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
G403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
G403-6	Promotion of worker health	Occupational Health and Safety
G403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
G403-8	Workers covered by an occupational health and safety management system	Occupational Health and Safety
GRI 404: Training and Education		
G404-1	Average hours of training per year per employee	Employee Training and Development
G404-2	Programs for upgrading employee skills and transition assistance programs	Employee Training and Development
GRI 405: Diversity and Equal Opportunity		
G405-1	Diversity of governance bodies and employees	Equal Employment and Retention
GRI 406: Anti-Discrimination		
G406-1	Incidents of discrimination and corrective actions taken	Employee Rights and Benefits , We weren't involved in such incidents.
GRI 408: Child Labor		
G408-1	Operations and suppliers at significant risk for incidents of child labor	Employee Rights and Benefits, Regulating Supply Chain Management, We weren't involved in such incidents.
GRI 409: Forced Labor		
G409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employee Rights and Benefits , We weren't involved in such incidents.
GRI 414: Supplier Social Assessment		
G414-1	New suppliers that were screened using social criteria	Regulating Supply Chain Management
G414-2	Negative social impacts in the supply chain and actions taken	Regulating Supply Chain Management
GRI 416: Customer Health and Safety		
G416-1	Assessment of the health and safety impacts of product and service categories	Valuing Customer Service
G416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Valuing Customer Service, We weren't involved in such incidents.
GRI 417: Marketing and Labeling		
G417-1	Requirements for product and service information and labeling	Imposing Rigorous Control on Product Quality

GRI Standards	Disclosure	Location
G417-2	Incidents of non-compliance concerning product and service information and labeling	Imposing Rigorous Control on Product Quality, We weren't involved in such incidents.
GRI 418: Customer Privacy		
G418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Valuing Customer Service, We weren't involved in such incidents.

Reader Feedback

Dear Reader,
Greetings!

Thank you very much for taking time out of your busy schedule to read the Environmental, Social and Governance Report of Zhejiang Keystone Electrical Co., Ltd. In order to provide you and other stakeholders with more valuable information and effectively promote the Company's ability and level of fulfillment of corporate social responsibility, we sincerely look forward to your comments and suggestions.

Choice Questions (please tick in the appropriate box)

What is your overall evaluation of this Report?

Very Good Good Medium Relative Poor Poor

How are the report responses and disclosures to stakeholder concerns?

Very Good Good Medium Relative Poor Poor

How do you think Keystone Electrical is doing in terms of economic responsibility?

Very Good Good Medium Relative Poor Poor

How do you think Keystone Electrical is doing in terms of environmental responsibility?

Very Good Good Medium Relative Poor Poor

How do you think Keystone Electrical is doing in terms of safety management?

Very Good Good Medium Relative Poor Poor

How do you think Keystone Electrical is doing in terms of employee responsibility?

Very Good Good Medium Relative Poor Poor

How do you think Keystone Electrical is doing in terms of community responsibility?

Very Good Good Medium Relative Poor Poor

Are the information, indicators and data disclosed in the Report clear, accurate and complete?

Very Good Good Medium Relative Poor Poor

Do you find the organization and layout of this Report easy to read?

Yes No

Open-ended Question

Do you have any comments or suggestions on the fulfillment of social responsibility by Keystone Electrical and this Report?

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