



# 2024 Sustainability Report

iPotisEdge Co., Ltd.  
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# 1 About the Report

## 1.1 Overview of the Report

iPotisEdge Co., Ltd. (hereinafter referred to as “PotisEdge”, “the Company”, or “we”) is committed to driving sustainable business growth as a pioneer in comprehensive smart energy solutions. This document marks the second annual Sustainability Report published by PotisEdge. It provides a structured and transparent overview of our Environmental, Social, and Governance (ESG) practices and achievements, in line with recognized corporate sustainability disclosure guidelines. The report highlights our notable progress in executing our sustainability strategy, enhancing key performance indicators, and delivering on our commitments to stakeholders throughout the year 2024.

## 1.2 Scope of Reporting

This report covers iPotisEdge Co., Ltd., including its wholly-owned subsidiaries, majority-owned subsidiaries, overseas branches, production facilities, and R&D centers under its effective control. For newly established or acquired entities during the reporting period that have not yet completed a full fiscal year of operations, relevant information is specifically identified and explained in the respective sections of the report.

## 1.3 Reporting Period

The primary content of this report is based on operational data from the calendar year 2024 (January 1, 2024 to December 31, 2024). In order to reflect the continuity of the Company’s sustainable development efforts, certain sections may extend beyond this period to include information relevant to the Company’s strategic planning cycle, while ensuring the completeness and consistency of the disclosed data. All cross-period data are accompanied by clear time references to ensure comparability and transparency.

## 1.4 Reporting Standards

### • Basis for Report Preparation

The preparation of this report seeks to align with prevailing industry standards while taking into account the Company’s specific context and characteristics. The report primarily references the following standards and guidelines:

1. "Corporate Sustainability Disclosure Standards Basic Standards (Trial)", Ministry of Finance.
2. "Guidelines for Corporate Sustainability Reporting" /CAss-ESG 6.0), China Enterprise Reform and Development Society.
3. "Guidelines for the Preparation of Sustainability Reports by Listed Companies", Shanghai/Shenzhen/Beijing Stock Exchange.
4. GRI "Sustainability Reporting Standards", Global Sustainability Standards Board.

## 1.5 Reporting Principles

### · Reliability:

This report accurately reflects the Company's significant sustainability-related risks, opportunities, and impacts for FY2024, covering all necessary environmental, social, and governance (ESG) information to avoid omissions. Disclosures are presented objectively, without understatement or exaggeration. By enhancing data collection, verification, and internal control systems, the information disclosed is free from material errors, descriptions are accurate, and any estimates are clearly identified with corresponding explanations.

### · Relevance:

The sustainability information disclosed in this report is closely aligned with the decision-making needs of information users. It is highly relevant to the economic decisions, resource allocation, and other considerations of stakeholders such as investors, creditors, government agencies, employees, and customers, supporting their evaluation and forecasting of the Company's sustainability performance.

### · Comparability:

The report discloses quantitative ESG performance indicators for the reporting period and, where possible, includes corresponding historical data. The methods for data collection, measurement, and calculation of each indicator remain consistent across reporting periods. If changes occur in these methods, the relevant data are retrospectively adjusted and fully explained to facilitate meaningful analysis and assessment by stakeholders.

### · Verifiability:

The sources of quantitative data disclosed in this report, as well as the calculation processes, are traceable and support external verification. All data are clearly labeled with their sources, and the methods and logic of calculation are explained in detail to ensure the accuracy and reliability of the information.

### · **Comprehensibility:**

The report adopts clear and concise language and a straightforward, intuitive layout. It avoids obscure or complex terminology and provides detailed explanations of key concepts and terms. Charts, case studies, and other visual elements are used to support the narrative, with information properly structured and categorized to help users understand and utilize it efficiently.

### · **Timeliness:**

This report has been prepared and released within the specified timeframe to meet the timely information needs of users regarding the Company's sustainability performance for the year 2024.

## **1.6 Data Sources**

The data presented in this report are derived from PotisEdge's internal records, publicly available reports and publications, and third-party audit data. Unless otherwise stated, all monetary values are denominated in Renminbi (RMB).

## **1.7 Disclaimer**

This report does not constitute any form of offer, commitment, or investment advice. It may contain forward-looking statements, which are subject to change due to uncertainties such as policy adjustments, market fluctuations, and technological developments. Actual results may differ materially. Users of this report are advised to review it in conjunction with the Company's regular financial reports and other official disclosures. PotisEdge shall not be held liable for any direct or indirect losses resulting from the unauthorized use of the information contained herein.

## **1.8 Accessing the Report**

This report is available in both Simplified Chinese and English. The electronic version can be accessed via the PotisEdge official website at [www.potisedge.com](http://www.potisedge.com). In the event of any discrepancy between the English and Chinese versions, the Simplified Chinese version shall prevail.

We value your feedback. Should you have any questions or suggestions regarding PotisEdge's sustainability disclosure or performance, please contact us at [esg@ipotisedge.com](mailto:esg@ipotisedge.com).

# 2 Chairman's Message

## 2.1 Climate Change Response

Dear partners, employees, and friends from all sectors:

In 2024, global climate governance reached a critical turning point. At the COP29 conference in Azerbaijan, the successful adoption of the Baku Climate Solidarity Pact marked meaningful progress toward implementing global climate goals—particularly the New Collective Quantified Goal (NCQG) for climate finance. This moment represents a convergence of policy and market mechanisms, fostering a path that balances economic efficiency with social impact in the pursuit of climate solutions.

At the same time, nearly 200 parties broke through years of multilateral negotiation gridlock to reach an agreement on the international carbon market mechanism under the Paris Agreement. This breakthrough lays a stronger foundation for countries and businesses to achieve more effective emissions reductions.

As sustainable development becomes a defining factor in global competitiveness, we increasingly recognize that ESG has evolved from a responsibility framework into a strategic lever for technological transformation.

PotisEdge is translating this understanding into global practice. In 2024, we achieved significant milestones in our globalization strategy: we established our Canadian R&D Center as our global headquarters—now the core engine of our technological innovation; we launched branches in Sweden and Melbourne to strengthen local service capabilities and responsiveness; and we signed several landmark large-scale projects across the globe. These achievements reflect PotisEdge's active role in driving global climate action and accelerating the clean energy transition.

With a firm belief in sustainable development as a central tenet of our corporate values, PotisEdge has built a clean energy technology innovation ecosystem centered on three core businesses: power, energy storage, and hydrogen. In 2024, our DC-side energy storage shipments ranked among the global leaders, our market share in distributed energy storage was among the highest domestically, and our 31 GWh intelligent global manufacturing system delivered clean energy solutions to over 50 countries and regions.

We recognize that a company's vitality depends not only on its financial performance, but also on how it fulfills its environmental, social, and governance responsibilities. This is not just a mission of our time—it is the foundation for long-term, sustainable growth.

For PotisEdge, sustainable development is our deep response to the accelerating global energy transition. As the global energy system rapidly shifts toward green, low-carbon models, energy storage has emerged as the cornerstone of the new power infrastructure.

We have embedded sustainability into our strategic decision-making through technology and business model innovation. In 2024, our R&D investment increased by 25%, reaching 4.62% of revenue—exceeding the industry average. Our proprietary 5S system continues to evolve, strengthening our differentiated technological edge. By leveraging core technologies, we are proactively reshaping the value chain and injecting new green momentum into high-quality development.

On the environmental front, we use our “Zero Carbon Park” as a benchmark to establish a lifecycle-based carbon reduction model. Through energy-saving initiatives and technological upgrades, our new smart energy storage headquarters has reached near-zero carbon standards, showcasing how industrial growth and ecological protection can coexist.

Socially, we launched the “Peer Partner” program, integrating over 75 suppliers into our sustainable management framework and shifting the supply chain from cost competition to value co-creation. While driving corporate growth, we continue to fulfill our social responsibilities through public welfare initiatives, volunteer service, and community engagement—creating lasting, shared value for society. We firmly believe that healthy business development and societal progress are mutually reinforcing.

Looking ahead, PotisEdge will continue to deepen its strategy of “technology-driven + scenario integration,” strengthen its global presence, and enhance local service networks in Europe, the United States, Southeast Asia, and other key markets. We view sustainability not as an isolated objective, but as an integrated approach spanning corporate strategy, operations, and innovation.

As the saying goes, “If you want to go fast, go alone; if you want to go far, go together.” PotisEdge is committed to working hand in hand with global partners—driving industrial transformation through an open ecosystem, responding to the call of our time with practical actions, and together shaping the next chapter of a green future for all.

iPotisEdge Co., Ltd.

**P.E. Minjie Shi, Chairman of the Board**

# 3 About PotisEdge

## 3.1 Company Profile

Founded in 2015 and headquartered in Suzhou, Jiangsu Province, iPotisEdge Co., Ltd. has developed three core business pillars: EV batteries, intelligent energy storage systems, and hydrogen fuel cell systems. Guided by the principle of “full-stack self-developed technologies,” the company delivers cutting-edge intelligent energy solutions across a wide range of applications and is committed to becoming a globally leading provider of integrated energy solutions.

## 3.2 Business Segments

### · EV Batteries

We specialize in the research, development, and production of automotive lithium batteries and lead-acid energy management systems. Holding dual certifications in IATF 16949 and ISO 26262 (ASIL D), we offer highly reliable, interference-resistant power solutions that are widely adopted in new energy vehicles.

### · Battery Energy Storage Systems (BESS)

With proprietary R&D capabilities, we provide a comprehensive portfolio of energy storage systems and solutions. Our innovations include the highly integrated 5S platform technologies (iCCS, BMS, PCS, EMS, TMS), supporting a full range of use cases—from residential and commercial & industrial (C&I) applications to utility-scale deployments. These solutions meet the diverse needs of distributed energy systems and large-scale power plants.

### · Hydrogen Fuel Cells

We integrate both high-voltage and low-voltage hydrogen energy technologies to develop intelligent solutions, contributing actively to the global transition to clean energy.

Together, these three business segments form a synergistic technological ecosystem covering energy generation, storage, and consumption—collectively accelerating the transformation of global energy systems toward higher efficiency, greater flexibility, and decarbonization.

### 3.3 Global Footprint

Driven by a dual-core model of “Global R&D + Global Manufacturing,” PotisEdge has built a multi-center innovation network anchored by its North American R&D headquarters in Canada. Through localized operations across its international branches, the company integrates global cutting-edge technologies and delivers tailored responses to regional energy demands.

At the same time, PotisEdge is expanding its intelligent manufacturing footprint worldwide. With 31 GWh of in-house production capacity as its foundation, the company leverages standardized and digitalized production systems to continuously scale up its global manufacturing base—strengthening localized service capabilities and enhancing its global industrial influence.



### 3.4 Corporate Culture

**Corporate Mission:** Transforming Energy Today, Energizing Tomorrow

**Development Vision:** Leading the Way in One-Stop Smart Energy Solutions

**Core Values:** Technology · Intelligence · Trust

**Corporate Management Philosophy:**

- ① Pursuing Innovation, Driving Transformation
- ② Quality First, Satisfaction Always
- ③ Always Improving, Forever Perfecting
- ④ Safe Growth, Steady Progress
- ⑤ Explore Potential, Realize Value
- ⑥ Craft with Flair , Serve with Care
- ⑦ Mission Accomplished, Excellence Delivered

### 3.5 Company Milestones

**2015** – iPotisEdge Co., Ltd. was founded in the Suzhou Hi-Tech Zone, launching operations with a Battery Management System (BMS) project.

**2016** – Strategically expanded into intelligent power supply systems, energy storage solutions, and hydrogen fuel cell technologies.

**2017** – Achieved ISO 9001 Quality Management System certification; began volume shipments to global Tier-1 automotive manufacturers.

**2018** – Entered the passenger vehicle market segment, marking a key milestone in business diversification.

**2019** – Recognized as a National High-Tech Enterprise by relevant authorities.

**2020** – Initiated corporate financing activities and began preparations for an initial public offering (IPO).

**2021** – Secured Series A financing; achieved annual sales revenue of RMB 260 million; expanded business operations.

**2022** – Closed Series B financing; selected as a National-Level “Little Giant” Enterprise—an SME recognized for specialization, innovation, and market leadership.

**2023** – Completed Series C and D financing; launched construction of company headquarters; began overseas product deliveries.

**2024** – Scaled production capacity to 31 GWh; accelerated global business expansion initiatives.

### 3.6 Strategic Partners



















### 3.7 Annual Awards and Recognitions

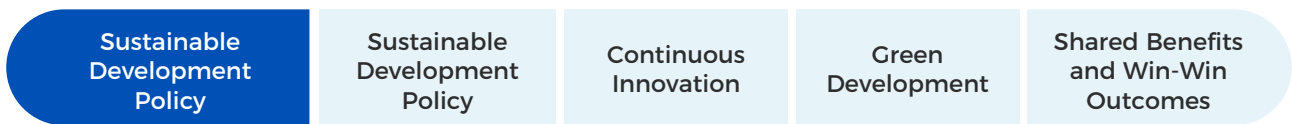
Name of Honors/Awards	Awarding organization
American Clean Power	Small Business level
Solar Energy Industries Association	Basic
California Solar & Storage Assoc.	< \$250k
Canadian Renewable Energy Association	Installer
Clean Energy Council	Network level
Dun & Bradstreet Registered Certified Enterprise (Dun & Bradstreet Code: 54-425-7310)	Dun & Bradstreet, Inc.
Bloomberg New Energy Finance (BNEF) blumberg Tier 1	Bloomberg New Energy Finance (BNEF)

# 4 Sustainability Governance

## 4.1 Sustainability Strategy

### · Sustainability Strategy

PotisEdge is committed to promoting both global and corporate sustainability. The company integrates sustainability principles into its daily operations and management, with well-established ESG practices serving as the foundation for advancing its sustainability objectives.



PotisEdge is committed to carbon management and strict adherence to environmental regulations. By consistently meeting staged emission reduction targets, the company contributes to carbon peaking and neutrality goals, reinforcing its role in environmental stewardship.

At the social level, PotisEdge prioritizes employee rights and well-being by providing a supportive working environment and competitive benefits to enhance employee satisfaction. It also emphasizes employee training and development, cultivating professional talent and aligning personal growth with organizational progress. In addition, the company is dedicated to sustainable supply chain management, aiming to improve supply chain resilience and ensure long-term sustainability and stability.

In terms of corporate governance, PotisEdge upholds principles of compliant operation and enforces a zero-tolerance policy toward corruption and unethical practices. It continues to strengthen its compliance capabilities to ensure the legality and transparency of its business activities. The company also fosters engagement with stakeholders through effective communication channels, promoting collaboration and reinforcing its sense of social responsibility and corporate reputation.

By formulating a clear sustainability roadmap and closely tracking progress, PotisEdge continuously enhances its overall competitiveness while advancing its sustainable development objectives.

### · ESG Management Objectives

Guided by its commitment to sustainable development, PotisEdge adopts an innovation-driven approach to explore frontier technologies and advance industry progress. The company remains focused on its core areas of expertise, striving toward five strategic objectives: steady economic growth, broad social advancement, shared prosperity through collaboration, efficient resource utilization, and intergenerational sustainable development.

<p><b>Comprehensive social progress</b></p>	<p>Promote employees' personal growth and career development, encourage participation in community projects, give back to society, strengthen communication and dialogue with the community, stimulate social entrepreneurship vitality, and drive diversified economic development.</p>
<p><b>Cooperation for Shared Prosperity</b></p>	<p>By fostering communication and engagement with stakeholders—including investors, clients, employees, and communities—we build mutual trust and create a collaborative mechanism for multi-party win-win outcomes. This approach promotes resource sharing, complementary strengths, and joint efforts to address challenges and opportunities.</p>
<p><b>Steady Economic Growth</b></p>	<p>By integrating sustainable development principles, we drive technological innovation and industrial upgrading, adopt eco-friendly production methods, and cultivate new growth drivers in the green economy. We also enhance international exchanges and cooperation to advance ESG (Environmental, Social, and Governance) initiatives.</p>
<p><b>Efficient Resource Utilization</b></p>	<p>We promote green transformation strategies to reduce resource consumption and environmental pollution while enhancing resource efficiency. By encouraging green investment, we guide capital toward low-carbon, eco-friendly, and sustainable development sectors.</p>
<p><b>Intergenerational Sustainable Development</b></p>	<p>We promote green production and consumption, safeguard natural resources such as air, water, and soil, and preserve biodiversity to leave a more livable planet for future generations. This ensures both sustainable economic growth and dual protection of the environment.</p>

## 4.2 Sustainability Governance Structure

To effectively implement its sustainability strategy, PotisEdge continuously optimizes its sustainability management framework to ensure that ESG practices are fully integrated into its business operations and corporate governance. This approach enhances the company's overall sustainability performance.

PotisEdge has established an ESG management structure led by the General Manager, under which an ESG working team is responsible for overall coordination. Three specialized task groups—Environmental, Social, and Corporate Governance—operate under this framework to execute specific initiatives. This tiered structure ensures clear accountability in ESG management.

**PotisEdge ESG Governance Organizational Chart**



## · General Manager (Chief ESG Officer)

### Key Responsibilities

Formulate the company's ESG strategic direction and ensure its full alignment with the company's overall development strategy, achieving deep integration and consistent advancement at the strategic level.

Approve major ESG decisions, long-term plans, and annual objectives, overseeing key milestones and the overall ESG roadmap through a strategic and holistic lens.

Coordinate resource allocation by rationally deploying human, financial, and material resources to ensure the effective operation and continuous improvement of the ESG management system.

### Objectives

Embed ESG principles into the company's core strategy, driving coordinated progress across economic, environmental, and social dimensions in line with sustainable development goals.

Ensure ESG management adheres to international standards and domestic regulatory requirements, enhancing compliance and operational governance in sustainability.

Strengthen the company's industry leadership in ESG, establish itself as a benchmark enterprise, and enhance both market competitiveness and brand value.

## · ESG Working Team (Led by the Director of the Integrated Management Center, with participation from the heads of relevant departments.)

### Key Responsibilities

Develop the company's annual ESG work plan, systematically breaking down overall objectives into departmental targets and assigning responsibilities to ensure smooth and coordinated implementation.

Oversee the implementation of initiatives by ESG task teams and conduct regular performance evaluations. Establish robust monitoring and evaluation mechanisms to promptly identify issues and refine strategies accordingly.

Organize ESG training programs tailored to employees at different levels and positions, with diversified content designed to enhance sustainability awareness across the organization and foster a strong ESG-oriented culture.

Prepare ESG reports that comprehensively and accurately disclose the company's sustainability progress, enhancing transparency and credibility.

## Objectives

Standardize ESG management processes and improve data transparency by establishing a unified system for workflow, data collection, and analysis—enhancing the overall efficiency and quality of ESG management.

Ensure ESG metrics are incorporated into departmental performance evaluations, linking ESG responsibilities with both departmental and individual KPIs to reinforce accountability and foster company-wide engagement.

Improve the company's ESG rating performance by continuously optimizing ESG management practices, thereby enhancing corporate reputation and stakeholder recognition.

## · Environmental Management Team

### Key Responsibilities

Monitor energy consumption, emissions, and waste management during the production process, utilizing advanced monitoring technologies and equipment to track environmental data in real-time, thereby advancing green manufacturing.

Establish environmental compliance standards to ensure that the entire product lifecycle meets low-carbon requirements, rigorously managing environmental risks from product design, production, sales, to recycling.

Conduct environmental risk assessments and develop emergency response plans, proactively identifying risks through regular evaluations and hazard inspections to mitigate potential environmental threats and safeguard the company's sustainable development.

### Objectives

The carbon emissions per unit of output decrease by an average of 5% annually, and the waste recycling rate has increased to 90%. Through technological innovation and management optimization, the company continuously reduces energy consumption and waste emissions, while improving resource efficiency.

Fully compliant with national environmental regulations and international environmental certifications (ISO 14001), ensuring that the company's environmental management practices meet both domestic and international standards.

Establish a "zero-carbon factory" pilot project, promoting industry-wide green transformation through the construction and expansion of pilot projects, contributing to achieving carbon peaking and carbon neutrality goals.

## · Social Governance Team

### Key Responsibilities

Develop employee welfare programs, focusing on career development, health and safety, and protecting employees' legal rights, while fostering a positive work environment.

Conduct ESG audits of the supply chain, prioritizing collaboration with suppliers that meet social responsibility standards. Improve supply chain ESG performance through a comprehensive management system.

Launch community welfare projects aligned with the company's business and social needs, organizing diverse activities to enhance the brand's social value.

### Objectives

Achieve an employee satisfaction rate of over 96%, with 100% coverage of annual ESG training, enhancing employee engagement and fostering a strong sense of responsibility and belonging.

Complete 100% compliance screening of the supply chain, with full ESG assessments of key suppliers, ensuring the sustainability and stability of the supply chain.

Launch at least two community welfare projects annually, contributing to the company's corporate citizenship image and strengthening interaction and collaboration with local communities through ongoing philanthropic efforts.

## · Corporate Governance Team

### Key Responsibilities

Enhance the corporate governance structure to ensure board diversity and independence, and optimize board composition to improve governance effectiveness and strategic decision-making.

Establish an ESG risk management system to prevent compliance and ethical risks. Strengthen internal controls and risk management to ensure the company's stable operations.

Optimize the ESG information disclosure mechanism and improve investor relations management. Provide timely and accurate ESG disclosures to enhance investor trust and recognition.

### Objectives

The company aims to achieve zero occurrence of major ESG risk events and a 100% compliance audit pass rate. This is ensured by establishing a comprehensive risk management and compliance system that safeguards the company's security and stability in ESG performance.

### 4.3 Stakeholder Engagement

PotisEdge focuses on the impact of its operations on stakeholders, actively identifying key stakeholders and understanding their core concerns. The company defines communication methods to promptly address stakeholder needs and expectations, continuously enhancing sustainability performance. Through concrete actions, PotisEdge creates economic, social, and environmental value for stakeholders, including the government, consumers, employees, shareholders, and industry partners, fostering collaborative and symbiotic growth.

In 2024, the company established a comprehensive stakeholder communication management system, incorporating a full process workflow from demand identification, issue analysis, communication implementation, feedback handling, to effectiveness evaluation. In daily operations, PotisEdge uses diverse communication channels, including telephone conversations, regular meetings, industry events, and online surveys, to collect feedback from investors, employees, customers, suppliers, and communities.

The ESG working team manages and evaluates the collected issues, categorizing them by impact on sustainability and urgency. Solutions are tailored accordingly, with a rapid response mechanism in place for critical or urgent issues to ensure timely resolution and feedback. Additionally, the company maintains a Stakeholder Communication Tracking Ledger to document each issue's progress and outcomes, conducting regular evaluations of communication effectiveness.

Quarterly ESG meetings include a detailed Stakeholder Communication Analysis Report, which reviews communication progress, issue handling, and effectiveness. The report is thoroughly discussed during the meeting and submitted to the Chairman for review, providing essential input for strategic decision-making and sustainable development initiatives. This approach has streamlined stakeholder communication, enhancing transparency, responsibility, and PotisEdge's sustainability capabilities.

Stakeholders	Key Issues	Communication Channels	Key Response Measures
Shareholders and Investors	<ul style="list-style-type: none"> <li>· Corporate governance</li> <li>· Compliance and business ethics</li> <li>· Research and innovation</li> <li>· Industry collaboration</li> <li>· Climate change response</li> </ul>	<ul style="list-style-type: none"> <li>· Shareholder meetings</li> <li>· Regular/Ad-hoc announcements</li> <li>· Emails and phone calls</li> <li>· Roadshow</li> </ul>	Regularly publish sustainability and financial reports; promptly hold shareholder meetings to report performance and protect investor rights.

Stakeholders	Key Issues	Communication Channels	Key Response Measures
Suppliers	<ul style="list-style-type: none"> <li>· Research and innovation</li> <li>· Supply chain management</li> <li>· Information security and privacy protection</li> <li>· Occupational health and safety</li> <li>· Industry collaboration</li> </ul>	<ul style="list-style-type: none"> <li>· Supplier evaluations and audits</li> <li>· Supplier communication and training</li> <li>· Supplier meetings</li> </ul>	<p>Enhance supplier admission and oversight mechanisms through high-standard management practices and efficient procurement systems. Foster mutually beneficial value chain partnerships by organizing supplier conferences and conducting on-site audits to jointly build a sustainable supply chain.</p>
Employees	<ul style="list-style-type: none"> <li>· Talent management and development</li> <li>· Occupational health and safety</li> <li>· Product quality and safety</li> <li>· Compliance and business ethics</li> <li>· Information security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>· Internal communication platforms</li> <li>· Labor Union and Employee Representative Congress</li> <li>· Employee assessments and promotions</li> <li>· Employee training</li> </ul>	<p>Strengthen employee rights by building communication platforms, career paths, and training programs, while promoting team-building and care initiatives. Enhance occupational health and safety to protect employees' physical and mental well-being.</p>
Partners	<ul style="list-style-type: none"> <li>· Research and innovation</li> <li>· Product quality and collaboration</li> <li>· Industry collaboration</li> <li>· Supply chain quality management</li> <li>· Resource management and circular economy</li> <li>· Opportunities in clean technology</li> </ul>	<ul style="list-style-type: none"> <li>· Industry associations</li> <li>· Advocacy organizations</li> <li>· Forums and events</li> <li>· Exchange visits</li> </ul>	<p>Actively engage in cross-sector partnerships by participating in policy and standard development, advancing strategic collaborations, and hosting expert visits to jointly promote industry innovation and sustainable development.</p>
Customers	<ul style="list-style-type: none"> <li>· High-quality products and services</li> <li>· Supply chain quality management</li> <li>· Climate change response</li> <li>· Resource and circular economy</li> </ul>	<ul style="list-style-type: none"> <li>· Customer service and feedback channels</li> <li>· Customer satisfaction surveys</li> <li>· Discussions and visits</li> <li>· Social media interactions</li> </ul>	<p>Continuously improve customer satisfaction by responding to feedback, ensuring product quality, driving innovation, and safeguarding information security and privacy to deliver high-quality products and services.</p>

Stakeholders	Key Issues	Communication Channels	Key Response Measures
Government and Regulatory Authorities	<ul style="list-style-type: none"> <li>· Corporate governance</li> <li>· Anti-corruption and business ethics</li> <li>· Information security and privacy protection</li> <li>· Climate change response</li> <li>· Emissions and waste management</li> </ul>	<ul style="list-style-type: none"> <li>· Institutional visits</li> <li>· Policy Implementation</li> <li>· Official websites</li> <li>· Meetings</li> <li>· Official documentation and disclosures</li> </ul>	Uphold business ethics by continuously improving internal controls and compliance, paying taxes in full, creating jobs, enhancing environmental management, disclosing information in a timely manner, cooperating with inspections and audits, and championing eco-conscious values.
Community, Public, and Media	<ul style="list-style-type: none"> <li>· Research and innovation</li> <li>· High-quality products and services</li> <li>· Rural revitalization and social contributions</li> <li>· Climate change response</li> </ul>	<ul style="list-style-type: none"> <li>· Charitable donations</li> <li>· Exchange and Mutual Visits</li> <li>· Community and public welfare activities</li> <li>· Volunteer services</li> </ul>	Collaborate with partners through charitable foundations to support rural revitalization in education, healthcare, and other sectors; actively promote volunteer services and contribute to community development.

### 4.4 Double Materiality Assessment

To effectively understand, identify, and address stakeholder concerns regarding the company's sustainable development practices, PotisEdge regularly conducts comprehensive evaluations of key sustainability issues. In 2024, PotisEdge identified and analyzed ESG priorities through policy analysis and broad engagement with internal and external stakeholders. The outcomes of this process provide a solid foundation for advancing ESG initiatives and ensuring transparent and effective information disclosure. The company follows the Basic Standards for Corporate Sustainability Disclosure (Trial) issued by the Ministry of Finance, as well as the China Corporate Sustainability Reporting Guidelines (CASS-ESG 6.0) published by the China Enterprise Reform and Development Society. It also draws upon international frameworks such as the GRI Standards and guidance from the Shanghai, Shenzhen, and Beijing Stock Exchanges to identify and assess material ESG topics through stakeholder research and conduct a double materiality evaluation.

#### · Assessment of Sustainability Impacts

This section presents a structured assessment of both positive and negative, actual and potential impacts. The analysis covers key dimensions including impact scale, scope, likelihood, and irremediability, with the objective of determining whether the company's sustainability performance may generate significant effects on the environment, the economy, or society.

## • Assessment of Financial Impacts

This assessment focuses on the likelihood of occurrence and the magnitude of financial impact, considering factors such as resource availability and relationship dependency. It aims to determine how relevant topics may affect the company's business model, operations, and financial performance over different time horizons.

### Assessment Process

Step 1: Understand the company's operational context and business relationships. Review domestic and international sustainability standards, the company's operations and value chain, and industry trends to establish a contextual foundation for sustainability assessment.

Step 2: Develop the issue list. Based on the company's actual operations and stakeholder engagement, identify and screen relevant sustainability topics. Analyze the actual and potential impacts, risks, and opportunities associated with each topic.

Step 3: Evaluate and validate topic significance. Assess and prioritize the impact significance and financial significance of each topic by referencing internal conditions, industry developments, and authoritative domestic and international research. Develop a matrix reflecting both impact and financial relevance, and clearly define the scope of key sustainability topics.

Step 4: Review and report. Following validation by the Board of Directors, disclose the most material topics for the reporting period in the ESG report, ensuring transparency and alignment with stakeholder concerns.

### Assessment Methodology

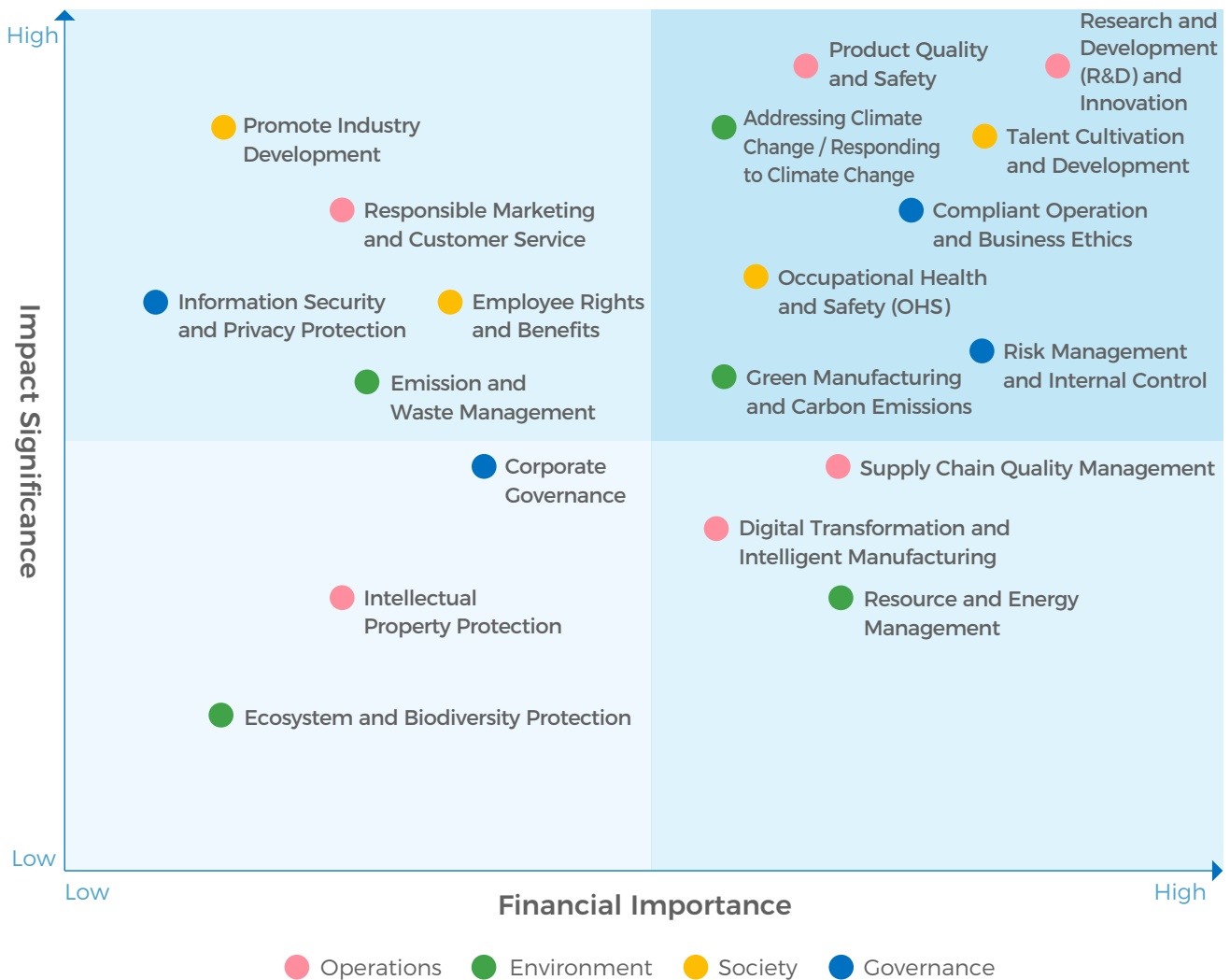
The assessment combined questionnaires, interviews, and expert reviews. During the reporting period, the company engaged internal and external stakeholders—including senior management, customers, suppliers, government bodies, and industry associations—through online surveys and in-depth interviews. A total of 500+ questionnaires were collected, along with 22 interviews with key executives. The results, reflecting stakeholder views on ESG topic importance, were further analyzed with input from internal and external experts.

### Assessment Results

In accordance with reporting standards and based on the company's sustainability context and operational realities, PotisEdge reviewed, consolidated, and updated its sustainability topics. A total of 19 topics were identified for the year, including 6 under operations, 5 under environment, 4 under social responsibility, and 4 under governance. The company also conducted a preliminary analysis of the actual and potential impacts, risks, and opportunities associated with each topic.

By integrating the results of both impact and financial relevance assessments, 8 topics were identified as significant from both dimensions. These findings were jointly evaluated by the company’s Finance Department, Securities and Investment Department, and external industry experts, taking into account company-specific, sectoral, and global insights. Final validation was conducted by the ESG working team and the Board of Directors.

Topics deemed financially significant have been addressed throughout this report using an unstructured disclosure format aligned with the four elements of Governance – Strategy – Risk and Opportunity Management – Metrics and Targets, to comprehensively present PotisEdge’s actions and management responses to key ESG issues.



# 5 ESG Performance Highlights

## 5.1 Environmental Performance

Reduction in Greenhouse Gas Emissions Intensity	11.28%
Electricity Intensity	0.0306
Water Consumption Intensity	3.5247

## 5.2 Social Performance

Number of Employees	490
Annual Employee Training Attendance	3112
Employee Training Coverage Rate	100%
Investment in Occupational Health and Safety	RMB 2.79 million

## 5.3 Governance Performance

Number of Female Board Members	3
Completion Rate of Annual Audit Plan	100%
Employee Coverage Rate of Anti-Bribery and Anti-Corruption Training	100%
Percentage of Suppliers Signing the Anti-Bribery Agreement	100%

# 6 Responsible: Operations and Innovation

## 6.1 R&D and Innovation

### · Governance

The company has established a comprehensive and efficient R&D governance system to steer business development through forward-looking technology strategies and customer-oriented innovation. Led by the Chairman, the company adheres to full-stack self-developed technologies, guiding major technological decisions and optimizing innovation resource allocation. Dedicated teams are formed around key R&D areas, each led by renowned experts, to develop and implement tailored innovation roadmaps. These teams focus on cutting-edge research and product development in their respective domains, continuously optimizing research directions, promoting cross-institutional collaboration, and accelerating the transformation of innovation outcomes—laying a solid foundation for long-term innovation.

### · Strategy

Innovation is a core value and key competitive advantage for PotisEdge. Committed to reducing global reliance on fossil fuels through energy storage innovation, the company aligns itself with the shared global vision for sustainable development. A multi-dimensional innovation ecosystem has been built, centered on full-stack self-developed technologies, supported by the deep integration of industry-academia-research collaboration, and characterized by global innovation synergy. This enables precise responses to diverse customer needs and delivers world-class solutions and services for renewable energy applications worldwide, accelerating the global sustainable transition.

The company focuses on full-stack R&D across power battery systems, Battery Energy Storage Systems (BESS), and hydrogen fuel cells, covering five major technology domains and delivering comprehensive solutions. An integrated research-production system is in place, and the company plays a leading role in setting industry standards. Leveraging digital and intelligent R&D tools, PotisEdge enhances R&D efficiency, reinforces its technology portfolio through sustained investment, and continuously optimizes its innovation mechanisms to seize emerging opportunities amid industry transformation.

### · Impact, Risks, and Opportunity Management

#### 1) Leading R&D Platform

PotisEdge has established a global R&D network, including the Jiangsu Lithium Battery Engineering

Technology Research Center, the Hydrogen Energy Storage Joint Laboratory, and the North America R&D Center. PotisEdge has established world-class laboratories and fully automated production lines, enabling seamless integration from technological innovation to industrialization.

**2) Strong Innovation Culture**

With full-stack self-development at its core, the company has made significant investments in innovation over the past three years. More than 30% of employees are R&D professionals, and over 300 patents have been granted, covering the entire value chain of ESS integration.

**3) Open Innovation Ecosystem**

Actively engaged in global industrial networks, PotisEdge is a member of over 15 industry associations. Its products are certified in major markets including North America, the European Union, and Australia. The PotisBank-L5.0-AC has obtained over 20 international certifications including IEC and UL. Localized service networks have been established in Australia and North America to advance the internationalization of technical standards.

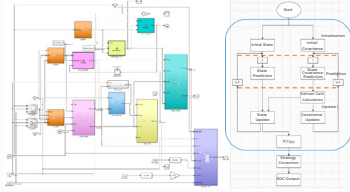
**4) Cutting-Edge Innovation Achievements**

The company launched the world's first 1500V high-voltage liquid-cooled ESS and an iCCS-integrated BMS, achieving cell-level data acquisition accuracy of  $\leq \pm 3mV$  and thermal runaway early warning 3-6 months in advance. In 2024, total shipments exceeded 5 GWh, marking a 50% year-on-year increase. The company contributed to the Hefeng Industrial Park's zero-carbon project, helping reduce carbon emissions by 3,328 tons annually—setting a benchmark for the industry.

**System Innovation and Advancement in Development Capabilities**

<p><b>R&amp;D System Development: Integration of IPD and ASPICE</b></p>	<p>Inspired by the R&amp;D excellence of Huawei and Sungrow, we've built a tailored system aligned with PotisEdge's needs and applied it throughout our product development process.</p>
<p><b>Developing model-based design (MBD) programming to improve development efficiency and quality</b></p>	<p>Developing a next-generation BMS software and controller through MATLAB model-based redevelopment, designed to comply with functional safety and cyber-security standards.</p>
<p><b>Introduction and Implementation of DFMEA</b></p>	<p>Introduce DFMEA tools and conduct team training, with priority implementation on hardware products.</p>
<p><b>Introduction of HIL Automated Testing</b></p>	<p>Comprehensively test hardware functionality, performance, and reliability to shorten development cycles and enhance system safety. For the VDL project, during wake-up, automatically verify the CMU data acquisition functionality by executing 2000 tests, all of which have passed successfully.</p>
<p><b>Testing and Certification</b></p>	<p>Completed over 23 certifications and listed projects, achieving compliance with European and American standards. Conducted testing on more than 70 core components, products, and projects, safeguarding product quality and reliability.</p>

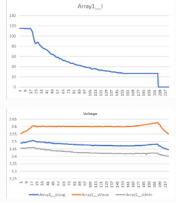
# Algorithm and Platform Innovation



**EKF-based SOC Estimation Algorithm**

**Residential BESS**

- Standardization of SOC Calibration Procedures Under Low-Temperature Conditions
- Optimization of PID Parameters for End-of-Charge Control
- SOC Calibration Algorithm Based on Voltage Plateau (dQ/dV Method, under validation)



**Utility-Scale BESS**


- Pre-Sales Estimation Model for Capacity and System Efficiency
- Spike Filtering Algorithm for Collected Data (To Be Integrated After Hardware Upgrade)
- Simplified System Internal Resistance Algorithm

**Algorithm and Platform Innovation**

- CATL Hybrid SOC Estimation Algorithm
- Support for TLD-Based SOC Estimation Algorithm

**C&I BESS**

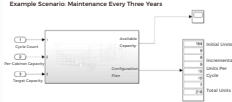
**EV Battery**



**Configuration Parameters: Daily Cycle Count, Per Cabinet Capacity, and Target Capacity**

- cycle: 1
- capacity\_single: 3.54
- capacity: 500

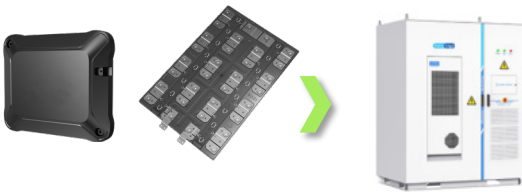
**Example Scenario: Maintenance Every Three Years**



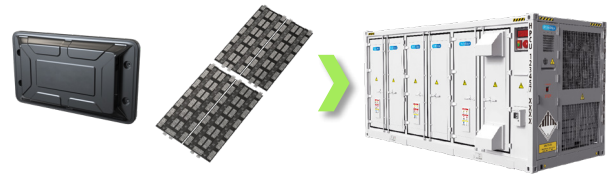
# Algorithm and Platform Innovation

## iccs

C&I BESS (16S and 52S)



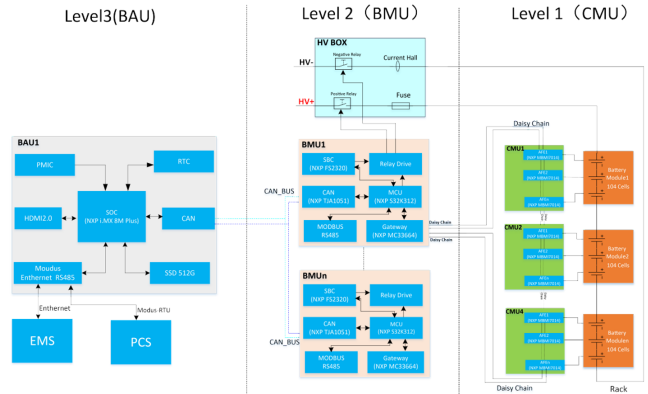
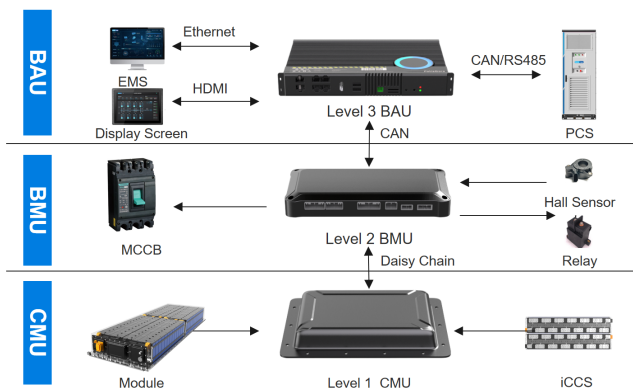
Utility-Scale BESS (104S)



## BMS

Next-Generation BMS (ISO26262/IEC60730+IEC62443)

SOH Estimation Error ≤ 4% | SOC Estimation Error ≤ 2.5%



### CMU

- Support up to 512 cells in series (512S) for cell monitoring, enabling a battery system of up to 1500 V.
- Adopt high-speed daisy-chain communication to ensure high data reliability and strong EMI immunity.
- Feature high-insulation design rated for 5 kV withstand voltage.

### BMU

- Monitor up to 512 cells in series to manage a battery control system rated up to 1500 V.
- Calculate SOC/SOH of the battery cluster, perform fault diagnosis, and trigger alarms.
- Comply with the GB/T 34131-2023 national standard.
- Feature insulation monitoring, four-level fault alarm protection, meet automotive-grade manufacturing standards, and ultra-low power consumption.

### BAU

- Manage battery clusters in BMS, collecting individual cell voltage, temperature, and other parameters.
- Calculate SOC/SOH, perform fault diagnosis, trigger alarms, and enable data exchange with PCS and EMS.

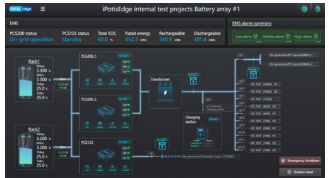
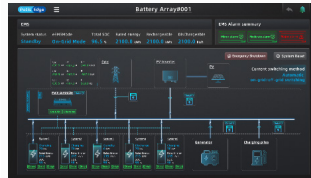
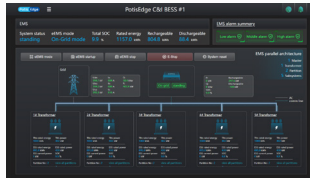
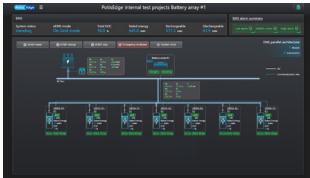
#### Advantages

- Support touchscreen and LAN-based web access.
- Enable millisecond-level data storage.
- Provide ring network communication, significantly reducing switch procurement and wiring costs for DC block networking.

## EMS-Support product feature expansion and diverse

### Application scenarios

- Grid-connected parallel configuration
- Anti-reverse power
- Demand management
- Grid-connected system with single incoming Line and multiple transformers
- High-voltage anti-reverse power;
- Demand management + dynamic capacity expansion + PV integration
- Off-grid parallel configuration
- Seamless switching between parallel grid-connected and off-grid operation modes
- PV-Storage-Diesel integrated system
- Grid-connected/off-grid mode switching
- PV-Storage-Diesel integrated system



## Technological Innovation in Power and Electronics



### 125kW Air-Cooled PCS

- Supports 100% unbalanced output capability;
- No derating at 50°C
- Features overvoltage and undervoltage ride-through (VRT) and anti-islanding protection
- Seamless switching between grid-connected and off-grid modes within 20 ms without shutdown
- Completed CQC third-party certification testing

## Products

Residential BESS: Nora-T10-B06/12/18-S, Nora-C06-B06/12/18, Aloe Pro M10/M15/M20, E-Share, Hybrid Diesel-Solar-Storage Distribution Box

Commercial & Industrial (C&I) BESS: OmniCube-A157, OmniCube-A215, OmniCube-L233, PotisTank-L372

Utility-Scale BESS: PotisCabinet-D9, PotisCabinet-C9

Mobile BESS: PotisMobile-L652-565K

Combiner Cabinet: PotisBank-L3.7, PotisBank-L5.0

EV Battery: L020E01, 02WPE1E0

4G Smart 24V Auxiliary Power Supply Series: JK180, JK180Pro, JK210, JK210Pro



## 6.2 Digital Transformation and Smart Manufacturing

PotisEdge drives sustainability through digital transformation, integrating smart technologies with ESG governance to build a full-chain intelligent management system that enhances data accuracy, responsiveness, and decision-making efficiency.

### • Digital Management Platform

The company has developed an integrated intelligent platform for sustainable development, aligned with the three ESG dimensions—Environment, Social, and Governance. By incorporating IoT, blockchain, and AI technologies, and adopting a systematic architectural design with automation, the platform enables standardized collection, intelligent processing, and visualized reporting of 136 key indicators. It fundamentally transforms traditional manual management by eliminating data deviation and response delays, providing real-time, reliable data to support scientific decision-making.

### • Intelligent Data Collection & Processing

By managing data at its source, the company has established a real-time data network by integrating IoT monitoring devices with its ERP system, enabling high-frequency, automated collection of environmental indicators such as energy consumption, carbon emissions, and water usage. This ensures both the accuracy and real-time validity of environmental data. Meanwhile, a dedicated ESG reporting module has been developed to bring together sustainability data from various departments onto a centralized platform. Features such as logic checks, mandatory field prompts, and value range constraints significantly reduce manual input errors. For supply chain data, the platform provides a standardized ESG information submission portal for suppliers and applies blockchain technology to secure data records and prevent tampering, thereby ensuring the credibility of external data.

### • Enhanced Process Management Efficiency

The company has restructured its approval system for sustainability-related matters, upgrading from traditional paper-based sign-offs to an intelligent workflow engine that enables fully digital approvals. Based on the type of matter—such as environmental compliance reviews or social responsibility project proposals—the system automatically matches the appropriate approval authority, enabling end-to-end online processing. As a result, average processing efficiency has improved by over 60% compared to manual approvals.

### • Strengthened Risk Response Capability

To mitigate management risks caused by personnel turnover, the company has built a digital knowledge base for sustainability, which stores historical ESG data, best practice cases, and policy interpretations in a structured format. Powered by AI algorithms, the platform enables precise and

on-demand retrieval. New employees can quickly grasp key business knowledge through the “ESG Management Navigator” feature, ensuring continuity in management standards. In addition, by applying machine learning to analyze historical decision-making data, the system automatically generates optimization suggestions—such as prioritization of emission reduction measures—helping to reduce bias caused by limited experience. In 2024, the system successfully issued early warnings for three potential environmental risks in the supply chain, all of which were proactively addressed to avoid compliance violations.

### · Digital Transformation Outcomes

By the end of 2024, the intelligent management platform had integrated data from five major operating entities within the group. Over the year, data collection efficiency improved by 80%, report generation time was reduced by 75%, and the accuracy rate of key indicator calculations reached 99.2%. The system enables customized data extraction and analysis within one hour representing a 20-fold improvement over traditional methods.

### · Intelligent Manufacturing

Driven by digital transformation, the company is advancing its intelligent manufacturing strategy through a new model built on “data-driven operations + intelligent collaboration.” This approach has led to significant improvements in both production efficiency and quality control. An integrated intelligent manufacturing platform has been established, unifying factory-wide data and management processes. Through the integration of the Manufacturing Execution System (MES), artificial intelligence (AI), and the Internet of Things (IoT), the platform forms a centralized intelligent hub covering the entire production lifecycle.

With seamless interconnection between system modules and real-time data loops, the platform enables dynamic visualization of production metrics, AI-enhanced quality control, and autonomous coordination among equipment—accelerating the factory’s transition toward full smart manufacturing.

### · Core Use Cases of the Intelligent Manufacturing System

<b>Production and Operations Management</b>	100% equipment network connectivity enables real-time visualization and analytical insights.
<b>Automated Production Line</b>	An IoT platform enables full-process interconnection, integrating equipment with the production system.
<b>Smart Labeling</b>	The automated labeling machine, integrated with the IoT platform, improves production efficiency by 5%.
<b>Smart Packaging System</b>	The system enables full-process automation from component sorting to warehousing.

## 6.3 Product Quality and Safety

### · Governance

The company has established a Product Quality and Safety Committee to define policies, strategies, and objectives in this domain. The committee is chaired by the Chairman of the Board, with senior executives serving as standing members, and department heads from headquarters, manufacturing bases, and operations acting as members. A dedicated Quality Department is in place as the specialized unit for managing product quality and safety, responsible for developing and maintaining the company's quality management system, overseeing quality and safety operations, enforcing accountability, and preventing quality-related risks.

### · Strategy

PotisEdge is committed to the goal of "delivering excellence that exceeds customer expectations," upholding the principle of "quality first, customer satisfaction." The company is dedicated to delivering superior products and services by integrating advanced technology, excellent operations, and premium service. It has developed a quality and safety management model with distinct PotisEdge characteristics, building a solid defense for product excellence and continuously enhancing product competitiveness and customer satisfaction.

### · Impact, Risk, and Opportunity Management

#### 1) Lifecycle Quality Management

##### R&D and Design Phase

Leveraging the Jiangsu Provincial Engineering Research Center for High-Integration Lithium Battery Power Management Systems, the company has established a technology reserve mechanism of "pre-develop one generation while mass-producing the current one". In 2024, the OmniCube-L233 (Liquid-Cooled C&I Energy Storage System) was launched, featuring a self-developed, high-precision three-level BMS architecture. The product has been certified by the China General Certification Center (CGC) and complies with the new national standard GB/T 34131-2023. It achieves a mean time between failures (MTBF) of 20,000 hours, with energy degradation controlled within 15% over its lifecycle.

##### Manufacturing and Testing

The Zhangjiagang BESS Integration Center has introduced China's first fully automated production line, enabling real-time monitoring and traceability of process parameters via the MES system. Key processes adopt AI-based visual inspection technology, achieving a defect identification accuracy rate of 99.98%. For critical steps such as lithium battery welding and electrolyte filling, the company has established a dual-control mechanism integrating "error-proofing (Poka-Yoke) + online inspection." In 2024, the first-pass yield rate reached 99.6%.

Additionally, the company's 3.7MWh Containerized BESS (PotisBank-L3.7), certified by Intertek, meets international standards including UL 1973 and EN 62619 in terms of electrical safety and fire protection design, setting a market benchmark in North America and Europe.

### Supplier and Supply Chain Management

A tiered supplier evaluation system has been established, with core component suppliers such as battery cells and PCS subject to a dual mechanism of annual audits and random inspections. In 2024, the company completed IATF 16949 system audits for 23 strategic suppliers. A digital incoming quality inspection (IQA) system was introduced to automate raw material inspection data collection and analysis, improving inspection efficiency by 40%. For overseas suppliers, localized warehousing and logistics optimization have reduced delivery lead times to 72 hours, enhancing overall supply chain resilience.

### After-Sales Service and Improvement Mechanism

The company has established a "24-hour response + 72-hour resolution" customer service standard, achieving a 100% complaint resolution rate in 2024. For key projects, dedicated technical support teams were formed, leveraging remote monitoring systems to collect real-time operational data and optimize 27 control strategies, raising customer satisfaction to 98%. In parallel, under the Quality Incident Review and Improvement Management System, the company conducted dual-dimension root cause analyses—covering both technical and managerial aspects—on historical quality issues, resulting in a significant decline in repeated quality incidents during 2024.

## 2) Company-Wide Quality Culture

### Training System Development

A structured three-tier training matrix has been established at the company, department, and position levels. In 2024, a total of 23 quality-focused training sessions were conducted, covering all employees. Special emphasis was placed on promoting the new national standard GB44240—2024 Safety Requirements for Lithium Batteries and Battery Packs for Electrical Energy Storage Systems. Practical modules such as thermal runaway simulation and FMEA case studies were used to enhance risk awareness. During the reporting period, employee training coverage reached 100%, and all personnel in key roles were certified.

### Quality Awareness Reinforcement

Quality indicators have been linked to performance evaluations. Cross-departmental quality review meetings were held to reinforce a culture of shared responsibility for quality across the organization. As a result, product yield rates improved, with a 2.05% year-on-year increase in pass-through rates from 2024 to 2025.

### Industry Standards Leadership

As one of the first enterprises to pass the GB44240—2024 evaluation, PotisEdge actively participates in the development of energy storage industry standards, including drafting the national standard for Digital Twins in Information Technology. In 2024, the company's BESS integration technology

received a bankability rating from Bloomberg New Energy Finance (BNEF), positioning it among the few global manufacturers compliant with IEC, UL, and GB standards simultaneously.

## 6.4 Supply Chain Quality Management

Through end-to-end quality control and ESG-integrated management, PotisEdge has built a secure, low-carbon, and transparent supply chain. In response to the EU Batteries and Waste Batteries Regulation, the company strengthened green procurement standards in 2024, enhanced supplier ESG assessments, and adopted digital tools to improve supply chain transparency, thereby promoting sustainability across the entire value chain.

### • Green Procurement System

Building on the Interim Measures for Green Procurement issued in 2023, the company officially launched the Green Procurement Management Measures in 2024. These measures incorporate requirements from the EU Batteries and Waste Batteries Regulation, including carbon footprint disclosures and the battery passport, into procurement standards. A full life cycle assessment framework has been established, covering raw materials, production, transportation, and recycling. Key initiatives include:

#### Enhanced Technical Compliance

For the European market, all battery suppliers are required to provide a Carbon Footprint Declaration (CFP) and an Environmental Product Declaration (EPD). Blockchain technology is employed to trace the origin of raw materials, ensuring compliance with EU battery passport requirements.

#### Digital Procurement Platform

The “PotisEdge Supply Chain Cloud Platform” was upgraded to integrate ESG data collection, enabling automated and transparent procurement processes. In 2024, the platform processed over 2,500 green procurement orders, with supplier response times shortened by 20%.

### • Supplier ESG Management

The company has established a closed-loop management framework to enhance supplier ESG performance through assessment, correction, and improvement:

#### 1) Tiered and Categorized Management

Suppliers are classified based on industry characteristics and partnership depth into three categories: Strategic Partners (Tier 1), Core Suppliers (Tier 2), and General Suppliers (Tier 3). Differentiated management strategies are applied accordingly. In 2024, a total of 498 suppliers were evaluated, among which 352 were rated as qualified.

## 2) ESG Performance Integration

ESG performance is integrated into annual supplier audits, covering both entry evaluation and ongoing review. Tier 1 suppliers receive access to green financing and joint R&D support. Tier 3 suppliers are subject to corrective action within a set timeframe or may be disqualified from continued cooperation.

### • Supplier Integrity and Compliance

PotisEdge collaborates with partners to build a transparent and ethical supply chain, emphasizing integrity and adherence to business ethics across all upstream and downstream suppliers. During the reporting period, the company achieved a 100% signing rate for anti-bribery agreements with suppliers and recorded zero terminations due to violations of business ethics.

## 6.5 Responsible Marketing and Customer Service

PotisEdge places customer needs at the core of its operations and is committed to delivering safe, reliable, and innovative energy storage solutions through compliant marketing practices and responsive, efficient service systems—consistently generating sustainable value for global clients.

### • Responsible Marketing

The company strictly adheres to the Advertising Law of the People's Republic of China, the Consumer Rights Protection Law, and international regulations such as the EU General Data Protection Regulation (GDPR) and the EU Batteries and Waste Batteries Regulation. In 2024, the company fully upgraded its Marketing Compliance Management Measures, positioning low-carbon technology, product safety, and circular economy features as key promotional themes. False or misleading advertising is strictly prohibited. Key highlights include:

**Technical Compliance:** All energy storage products marketed in the EU are certified (e.g., CE, UN38.3) and fully aligned with EU battery passport requirements.

**Sustainable Value Communication:** Through industry summits and white papers, the company promotes its philosophy of full life cycle low-carbon management. For example, its proprietary long-duration BESS supports over 10,000 cycles, reduces land usage by 59%, and significantly lowers the levelized cost of electricity (LCOE).

**Data Privacy Commitment:** The company strictly fulfills its data privacy obligations during customer data collection and use. All marketing activities are authorized by customers, with no data leaks or misuse incidents reported in 2024.

During the reporting period, all marketing initiatives passed internal compliance reviews, with zero violations related to product labeling or advertising. Anti-bribery training coverage reached 100%.

## · Customer Service Management System

PotisEdge has established a “headquarters coordination + regional execution” customer service model. The Global Customer Service Center (GCS) oversees technical support, after-sales service, and customer experience management, structured around three core components:

### 1) Global Technical Support Network

Regional support teams were set up in the Yangtze River Delta, Sweden, and Canada, with professional engineers providing 24/7 online and on-site services. In 2024, over 300 technical inquiries were handled, and overseas response time was reduced to within 48 hours.

### 2) Digital Service Platform

The “PotisEdge Customer Cloud Platform” was upgraded to include order tracking, remote O&M, and fault reporting functions. Customers can monitor system performance in real time. In 2024, the platform achieved a 98% work order closure rate, with average response time shortened to 15 minutes.

### 3) Full Lifecycle Service Design

For core products such as ESS, the company offers comprehensive “design–installation–operation and maintenance–recycling” service solutions. For example, a custom O&M plan was provided for a large-scale domestic energy storage project, where AI-based predictive maintenance reduced system failure rates by 20% and increased annual energy output by 5%.

## · Customer Satisfaction Management: Feedback-Driven Improvements

A closed-loop “survey–analysis–improvement” mechanism has been established to enhance customer experience:

**Satisfaction Surveys:** A global customer satisfaction survey covering key products such as ESS and BMS was conducted. 420 valid questionnaires were collected, with an overall satisfaction score of 95/100.

**Feedback Closure:** Feedback is collected via hotline, email, and cloud platform. In 2024, four complaints were received and resolved, achieving a 100% closure rate.

**Customer Empowerment Program:** Twelve online technical training sessions were held throughout the year, covering over 500 client-side technical staff. Topics included energy storage safety operations and low-carbon O&M, helping customers improve operational efficiency.

## • Case Study: Zambia – Energy Storage System Integrated with Photovoltaics for Mining Operations

**Securing Reliable Power Supply:** Mining areas in Zambia often face weak infrastructure and unreliable electricity supply. While solar energy is intermittent, the ESS stores excess electricity during periods of high solar irradiance and releases it at night or during cloudy and rainy conditions, ensuring 24/7 stable power for mining operations. It also helps smooth out load fluctuations caused by the start-up and shutdown of heavy equipment, thereby improving overall power quality.

**Reducing Operating Costs:** The integration of ESS and PV reduces dependence on diesel generators, leading to lower fuel procurement, logistics, and maintenance costs. In the long term, it significantly cuts electricity expenses and supports more sustainable and cost-effective mining operations.

**Improving Energy Efficiency:** An advanced energy management system (EMS) enables optimized coordination between solar power and energy storage, maximizing solar energy utilization. Excess electricity is stored for later use, minimizing energy waste and improving overall energy efficiency across the mining site.

**Promoting Sustainability:** The system reduces the use of fossil fuels and lowers greenhouse gas emissions, including carbon dioxide, supporting the mine's transition toward low-carbon operations. This aligns with global sustainability goals and contributes to the protection of the local ecological environment.

**Enhancing Emergency Power Capacity:** The ESS serves as a backup power source during grid failures or unexpected incidents, ensuring uninterrupted power supply to critical mining equipment. This maintains production continuity and minimizes downtime-related economic losses.

**Driving Related Industrial Development:** The deployment of PV-storage systems in mining operations stimulates the growth of supporting industries such as logistics and infrastructure, creating local employment opportunities and new drivers of economic growth, thereby contributing to regional development.

**Optimizing Land Use:** Mining sites often contain large areas of underutilized land, such as the slope area of the tailings storage facility. Installing solar panels in these zones enables integrated land use, increases land value, and does not interfere with ongoing mining operations.

**Adapting to Local Climate:** Zambia's hot and arid climate requires energy systems with high thermal resilience. Certain ESS, such as sodium-ion systems, offer excellent high-temperature tolerance and can operate stably under extreme conditions, ensuring the reliability of power supply.

## 6.6 Intellectual Property Protection

PotisEdge regards IP management and protection as a cornerstone of its R&D and innovation strategy. A dedicated IP development strategy has been formulated to facilitate the commercialization of technological achievements, advance industrialization, and safeguard the company's innovation-driven growth.

### · System and Policy Optimization

In 2024, PotisEdge continued to refine its IP management system. Building upon its existing procedures—including the IP Risk Control Protocol and Patent Application Policy—the company introduced a digital management platform to achieve full-process digitalization of patent application, approval, and maintenance, thereby improving efficiency and transparency.

IP protection agreements were further strengthened for core technical personnel, with differentiated protection measures based on technology importance. A dedicated IP incentive program was also established to reward teams and individuals for outstanding innovation performance, encouraging greater creativity among technical staff.

### · Breakthroughs in IP Outcomes

#### Patent Applications and Grants

In 2024, the company increased its R&D investment and focused on key technologies in the energy storage sector, filing 106 new patent applications, including 41 for invention patents. By the end of 2024, the total number of core technology patents surpassed 340, marking a 44.7% increase compared to 2023. This includes 74 granted invention patents, 80 utility model patents, and 51 software copyrights. Newly filed patents cover cutting-edge areas such as liquid-cooled ESS, lithium-ion battery thermal management, and intelligent O&M algorithms for energy storage systems—further solidifying PotisEdge's leadership in the energy storage sector.

### · IP Operations and Protection

#### 1) Commercialization of IP Achievements

In 2024, PotisEdge made significant progress in transforming intellectual property into practical value. Breakthroughs were achieved through the internal industrial application of in-house R&D outcomes, resulting in the successful commercialization of 10 core patented technologies.

## **2) Risk Prevention and Control**

PotisEdge established an IP risk early-warning mechanism and conducted regular patent infringement searches and analyses. In 2024, the company carried out 10 patent landscape analyses targeting major competitors in the energy storage sector, enabling early identification and avoidance of potential infringement risks. No IP infringement lawsuits occurred throughout the year. Meanwhile, the company actively responded to external IP challenges, successfully defending against two unfounded infringement claims, thereby safeguarding its legitimate rights and interests.

## **· Building an Innovation Ecosystem**

### **1) Industry–Academia–Research Collaboration**

PotisEdge deepened collaboration with universities and research institutions in 2024, launching joint innovation initiatives with Zhejiang University of Technology and Soochow University. Under a shared intellectual property framework, the company filed 15 joint patent applications throughout the year, promoting the integration of fundamental research and applied technology development.

### **2) Talent Development and Incentives**

In 2024, PotisEdge organized eight specialized internal training sessions on intellectual property, involving over 300 employees from R&D, legal, and other departments, to enhance company-wide IP awareness. The company also optimized its career development pathways for technical personnel by incorporating IP achievements into key evaluation criteria for professional title assessments and position promotions, thereby motivating continuous output of high-quality innovations.

# 7 Environment: Empowering a Green Future

## 7.1 Climate Change Response

### • Governance

PotisEdge has established a climate governance system centered on the Board of Directors and structured as a three-tier framework. As the highest decision-making body, the Board is responsible for formulating the “Net Zero Strategy,” setting phased targets, and integrating climate indicators into the performance evaluation system for senior executives. A dedicated Strategy Committee is established under the Board to coordinate climate risk assessment, policy implementation, and cross-departmental collaboration. Members of the committee include heads of core departments such as R&D, production, and supply chain, ensuring climate management is deeply integrated into the entire business process. The committee annually allocates a dedicated budget for climate initiatives and links executive compensation schemes to indicators such as carbon emission intensity and green electricity utilization.

At the operational level, the Sustainable Development Management Council is responsible for implementing specific measures, supported by a dedicated “Net Zero Strategy” project team that consolidates resources across R&D, manufacturing, and market expansion. Subsidiaries have simultaneously established their own climate management mechanisms.

### • Strategy

As a practitioner of corporate social responsibility and sustainable development, PotisEdge firmly believes it has both the responsibility and capability to contribute actively to tackling climate change and achieving the goals of “carbon peaking and carbon neutrality.” Based on the company’s overall business and sustainability strategies, PotisEdge actively identifies climate-related risks and opportunities, formulates climate action plans, and enhances climate resilience. In alignment with the Science Based Targets initiative (SBTi) and considering its own operations and future development prospects, PotisEdge is proactively setting science-based carbon targets and reduction pathways, committing to emissions reductions.

### • Impact, Risks, and Opportunity Management

In 2024, extreme weather events driven by climate change dealt significant blows to the global energy industry. Early in the year, North America experienced severe droughts, leading to drastic reductions in hydropower generation. The Tennessee Valley Authority reported a 30% decrease in

hydropower output compared to the same period in 2023. As a result, PotisEdge's electricity supply in some parts of North America was affected, with partner power plants reducing output, leading to insufficient electricity for certain customers' production needs. Companies had to implement power rationing, which impacted production schedules.

Entering summer, Europe was swept by heatwaves, with record-breaking temperatures in Germany, France, and other countries, causing an explosive surge in electricity demand for air conditioning and dramatically increasing grid loads. Simultaneously, high temperatures and drought significantly reduced the efficiency of wind and solar power generation in Europe. According to the European Wind Energy Association, some wind farms had to reduce power output by approximately 20-30% due to overheating of turbine gearbox oil caused by high temperatures. In photovoltaics, excessively high module temperatures reduced photovoltaic conversion efficiency, leading to an overall drop in power generation by 15-20%. This created a tense energy supply situation in the European market and drove electricity prices sharply higher. PotisEdge experienced significant increases in energy procurement costs in Europe. The unstable energy supply also hindered the company's business expansion in the region, as customers' concerns about power stability affected the signing and progress of new projects.

In Asia, frequent typhoons battered coastal regions of East Asia. China's southeast coastal areas suffered repeated hits from strong typhoons, causing significant damage to numerous photovoltaic power plants. According to incomplete industry statistics, damage rates for photovoltaic modules in provinces such as Fujian and Guangdong reached 10-15%, directly leading to a sharp short-term decline in photovoltaic power generation in those areas. Multiple photovoltaic plants also sustained varying degrees of damage, incurring high repair costs. During repair periods, power generation dropped to zero, which not only affected PotisEdge's own power supply but also challenged the stability of power supply to surrounding businesses and residents, impacting the company's reputation.

## • Risks

**Physical Risks:** Extreme weather events can directly damage production facilities and transmission lines, resulting in high repair costs and substantial losses from production interruptions. Hurricanes may topple factory buildings or transmission towers, disrupting normal operations.

**Transition Risks:** The global shift toward low-carbon development is accelerating, with increasingly stringent environmental policies in various countries. If PotisEdge lags in technological innovation and fails to comply with carbon emissions regulations, it could face significant fines, loss of market share, or even obsolescence of existing business models.

**Supply Chain Risks:** Changes in the distribution of energy resources and sharp fluctuations in raw material prices affect procurement costs and supply chain stability. Rising prices of critical materials increase production costs and squeeze profit margins.

## · Opportunities:

**Technological Innovation:** Increased investment in R&D to develop advanced technologies such as high-efficiency energy storage and smart grids, thereby improving energy utilization efficiency and enhancing product competitiveness—for example, developing new types of storage batteries to address the intermittency of renewable energy generation.

**Market Expansion:** With growing demand for clean energy, PotisEdge leverages its technological and product advantages to expand domestic and international markets, secure more project orders, and stand out in overseas renewable energy project tenders, thus enlarging its market footprint.

**Policy Incentives:** Governments are vigorously supporting the development of clean energy, introducing subsidies, tax incentives, and other policies. PotisEdge can leverage these incentives to accelerate project construction, benefit from favorable policies, and reduce operating costs, such as by applying for funding under green energy demonstration projects.

## 7.2 Resource and Energy Management

### · Water Resource Management

During the reporting period, the water intensity (freshwater consumption per unit output value) was 3.5247. Although this figure increased, it remained better than the industry average.

Guided by sustainable development, PotisEdge will continue to optimize production layouts and strengthen water recycling efforts, striving to achieve the dual goals of increased output value and reduced water intensity, driving iterative upgrades of its green manufacturing system.

#### Key Indicators Comparison

Indicator	2022	2023	2024
Annual Freshwater Consumption (10,000 tons)	0.1865	0.4540	0.5710
Water Intensity (10,000 tons/10,000 RMB)	1.6755	1.8995	3.5247

### · Packaging Material Management

In 2024, PotisEdge achieved over 90% coverage in circular packaging for its green packaging initiatives. Through standardized design of metal turnover boxes and the adoption of biodegradable cushioning materials, the company further reduced reliance on single-use packaging.

## Key Achievements

**Reduction in Wood Usage:** By fully promoting reusable, stackable packaging, PotisEdge reduced wood consumption by approximately 4,200 tons over the year.

**Packaging Lightweighting:** Optimizing structural design reduced packaging weight per unit product by 10%, concurrently lowering carbon emissions from logistics.

**Extended Lifespan of Circular Packaging:** The average service life of metal turnover boxes increased from 3 years to 5 years, with 100% recycling and reuse after disposal.

## · Energy Management

During the reporting period, the company's total electricity consumption increased significantly, primarily driven by the rapid expansion of business operations. A sharp year-on-year rise in order volume in Q1 led to greater production activity, directly boosting electricity demand. In R&D, adhering to the principle of "full-stack self-developed technologies," PotisEdge continued intensive research into key technologies such as iCCS, BMS, EMS, and PCS, resulting in substantial power consumption for operation of research equipment, experimental testing, and related processes. Additionally, construction of the new headquarters base is underway, with significant electricity demand during the construction phase.

### Key Indicators Comparison

Indicator	2022	2023	2024
Annual Electricity Consumption (10,000 kWh)	261.5341	306.2516	496.8219
Electricity Intensity (10,000 kWh/10,000 RMB)	0.0161	0.0188	0.0306

## 7.3 Emissions and Waste Management

### · Environmental Management System and Regulatory Compliance

The company continues to strictly comply with the "Water Pollution Prevention and Control Law of the People's Republic of China," the "Air Pollution Prevention and Control Law," the "Solid Waste Pollution Prevention and Control Law," and other relevant laws and regulations, as well as national and industry standards such as the "Emission Standard of Pollutants for Battery Industry" (GB30484-2013) and the "Pollution Control Standard for Hazardous Waste Storage" (GB18597-2023), ensuring full environmental compliance across production and operations.

During the reporting period, PotisEdge completed the third revision of its “Wastewater Discharge Control Management Procedure,” “Waste Gas Discharge Control Management Procedure,” and “Solid Waste Pollution Control Management Procedure.” A new section dedicated to “Dual Carbon” goals was added, clearly integrating waste discharge intensity into the KPI evaluation system. Additionally, the company collaborated with third-party organizations to establish a digital environmental management platform, enabling real-time monitoring and dynamic optimization of pollutant emissions data.

## · **Pollution Control and Emission Management**

### **1) Wastewater Management**

PotisEdge generates no industrial wastewater and only discharges domestic sewage. In 2024, third-party testing results showed that key indicators such as pH, chemical oxygen demand (COD), and ammonia nitrogen in the wastewater achieved a 100% compliance rate throughout the year.

### **2) Solid Waste Management**

Hazardous wastes (e.g., waste battery packs, waste circuit boards) are entrusted to professional agencies with valid “Hazardous Waste Operation Licenses” for disposal. In 2024, the safe disposal rate remained at 100%. General industrial waste is collected through a centralized recycling network, achieving a comprehensive utilization rate of 100%.

## · **Environmental Monitoring and Emergency Management**

PotisEdge, in accordance with environmental laws and emission permit requirements, engages third-party agencies for monthly and annual monitoring, covering wastewater and waste gas, with all emissions meeting compliance standards. Regarding emergency management, the company revised emergency response plans for environmental incidents at its two main sites on Taishan Road and Muqiao Street, and conducted over 20 integrated and specialized emergency drills to enhance the emergency response capabilities of dedicated teams and raise employee safety awareness.

## 7.4 Green Manufacturing and Carbon Emissions

### · Governance

PotisEdge anchors its efforts in the development of zero-carbon industrial parks, building integrated “solar-storage-EV charging” solutions, collaborating with the supply chain to reduce carbon intensity, and driving green transformation in the industry through technological innovation and standard setting.

### · Strategy

PotisEdge pursues a core strategy of “technology-driven, full-chain low-carbon development,” building a green manufacturing system covering the entire product lifecycle. Leveraging proprietary technologies such as BMS and iCCS control systems, the company enhances energy efficiency and resource recycling. It has set science-based carbon targets (SBTi) and established an intelligent management framework of “monitoring-accounting-optimization,” enabling full-chain tracking of carbon footprints.

### · Impact, Risks, and Opportunity Management

#### 1) Environmental Protection Investments

In 2024, PotisEdge continued to increase investments in environmental protection, focusing on key areas:

##### Upgrading Environmental Protection Facilities

At its production bases, PotisEdge upgraded welding dust collection and exhaust gas treatment equipment, significantly improving the level of intelligent equipment management. The related equipment is certified under the ISO 14001 Environmental Management System.

##### Breakthroughs in Green Technology R&D

Relying on the Jiangsu Provincial Engineering Technology Research Center for High-Integration Lithium Battery Power Management Systems, the company invested dedicated R&D funds into energy storage system development. It successfully achieved a significant increase in space utilization for containerized BESS (Battery Energy Storage Systems), while improving fire resistance and flame-retardant performance. Furthermore, PotisEdge’s self-developed iCCS centralized battery management system, using full-voltage range high-precision monitoring technology (voltage acquisition error  $\leq \pm 3$  mV), effectively reduced system energy consumption by 20%. Related technologies have resulted in 13 patent applications for inventions.

##### Ecological Collaborative Innovation

PotisEdge has partnered with universities and research institutes to deeply explore applications for perovskite photovoltaic modules, jointly participating in the Hefeng Industrial Park pilot project,

which features the industry's first large-size silicon-perovskite tandem modules. This innovation boosted photovoltaic system efficiency to 28%. The project has been listed as Jiangsu Province's first near-zero-carbon demonstration project for the light industry sector, achieving an annual CO<sub>2</sub> emissions reduction of 3,328 tons.

## 2) Enhancing Product Environmental Attributes

PotisEdge aims for "low-carbon across the entire lifecycle," optimizing product environmental performance from design to production and recycling:

### Green Design and Material Innovation

The ESS fully adopts lithium iron phosphate (LFP) batteries, reducing the risk of thermal runaway by 70% compared to NCM batteries while meeting EPA environmental requirements. In terms of structural design, the PotisBank-L5.0 liquid-cooled BESS employs military-grade finned liquid cooling channels, achieving a temperature difference of  $\leq 3^{\circ}\text{C}$  for an individual battery pack and  $\leq 5^{\circ}\text{C}$  across the entire system—40% lower than the industry average.

### Energy Efficiency and Circular Economy

The company launched a modular, scalable energy storage solution supporting "back-to-back" layout, saving 59% of project footprint area and reducing electricity costs by 18%.

### International Certification and Standards Leadership

PotisEdge's BESS products have obtained multiple international certifications, including UL1973, UL9540A, CE, and CB, enabling compliant market access in North America and Europe. Its self-developed BMS system has also achieved UL/IEC60730 functional safety certification, ensuring product reliability under extreme conditions.

## 3) Carbon Emissions Management

PotisEdge has established a closed-loop management system of "monitoring-accounting-optimization" to drive continuous reductions in carbon emissions:

### Accurate Carbon Inventory and Target Setting

The company completed a full-scope greenhouse gas inventory across its global operations, with total emissions in 2024 decreasing by 12% compared to 2023. In line with the Science Based Targets initiative (SBTi), PotisEdge has set an absolute reduction target for 2030: a 50% reduction in Scope 1+2 emissions relative to 2022, and a 30% reduction in Scope 3 emissions intensity.

### Large-Scale Application of Emissions Reduction Technologies

In its 7 MW / 15 MWh commercial and industrial energy storage project in Hengshui, Hebei, PotisEdge implemented a "valley charging, flat charging + dual peak discharge" strategy to reduce CO<sub>2</sub> emissions. At the production end, the company is promoting photovoltaic-energy storage-charging integrated systems to increase the self-sufficiency rate of green electricity at its manufacturing sites.

### Low-Carbon Supply Chain Collaboration

PotisEdge is working closely with upstream and downstream suppliers to optimize procurement of clean energy raw materials, coordinate low-carbon production processes, and implement green logistics, thus building a highly efficient low-carbon collaborative supply chain.

### Transparency in Carbon Emissions Management:

PotisEdge has established a standardized carbon accounting system to ensure transparency and credibility in its information disclosure processes.

#### 4) Greenhouse Gas Emissions and Intensity (Unit: tCO<sub>2</sub>e)

Greenhouse Gas Emission Category	2022	2023	2024
Scope 1	163.3	208	246.5
Scope 2	1547.85	1812.47	2533.79
Scope 3	19980	16330.88	13500
Scope 1 + Scope 2	1711.15	2020.47	2780.29
Scope 1 + Scope 2 + Scope 3	21691.15	18351.35	16280.29

## 7.5 Ecosystem and Biodiversity Protection

PotisEdge has always placed high importance on biodiversity conservation and rigorously adheres to ecological protection red lines. During site selection, the company has developed a comprehensive evaluation system to avoid establishing production bases or operational facilities within nature reserves or areas with rich biodiversity outside reserves. Currently, all business units and production sites are located in established industrial parks, with all land classified as industrial or commercial use.

PotisEdge strictly complies with regulations and policies such as the “Opinions of the General Office of the State Council on Further Strengthening Biodiversity Conservation” and actively responds to the Ministry of Ecology and Environment’s “China Biodiversity Conservation Strategy and Action Plan (2023–2030).” The company has comprehensively reviewed its production and operational activities to identify potential risk factors and strives to minimize the negative impacts of greenhouse gas emissions and pollutant discharges on biodiversity.

During the reporting period, none of the company’s production and operational activities, products, or services were found to have caused significant impacts on biodiversity.

# 8 Social: Creating Shared Value

## 8.1 Employee Rights and Benefits

### · Employee Rights Protection

PotisEdge consistently places the protection of employee rights at the core of its values, maintaining deep respect for the law and strictly complying with domestic regulations such as the “Labor Law of the People’s Republic of China”, the “Civil Code of the People’s Republic of China”, and the “Personal Information Protection Law”. It also draws upon the spirit of international human rights charters, including the “Universal Declaration of Human Rights” and “the International Covenant on Civil and Political Rights”.

To strengthen employee awareness of their own rights, the company conducted two internal audits in 2024, focusing on critical areas such as prohibiting child labor, anti-discrimination, compliance with social security contributions, balancing work and rest hours, and eliminating forced labor, ensuring all employee rights protection measures are effectively implemented.

PotisEdge continually refines its internal systems, further optimizing policies like the “Recruitment Management Policy” and the “Detailed Implementation Rules for Employee Onboarding, Regularization, Transfers, and Resignation”. The company fully implements both individual and collective labor contract systems, safeguarding employees’ basic rights in remuneration, rest and leave, occupational health and safety, social insurance, and professional skills training. It also actively broadens the scope and depth of employee rights protection. PotisEdge firmly opposes any form of discrimination, treating employees equally regardless of ethnicity, race, nationality, religious belief, gender, age, sexual orientation, disability, or marital and parental status. The company strictly prohibits forced labor and child labor and is committed to protecting employees’ lawful rights. Moreover, it highly respects employees’ rights to freedom of assembly and association in accordance with the law, striving to create a more diverse, equal, and inclusive work environment.

### · Employee Demographics

As of the end of 2024, PotisEdge’s workforce continued to grow and became increasingly diverse. The number of male employees reached 364, while female employees totaled 126, with a slight increase in the proportion of women. The number of employees from minority ethnic groups rose

to 10, and there were 7 foreign employees, reflecting the company's progress in attracting diverse talent.

Regarding age distribution: Employees aged 18-25: 66  
Employees aged 26-35: 252  
Employees aged 36-45: 159  
Employees aged 46 and above: 13

This demonstrates a more balanced age structure, with young talent continuously joining while experienced core staff continue to play important roles.

## · Compensation System

In 2024, PotisEdge comprehensively upgraded its "Compensation Management Policy" to better adapt to market changes and the company's development needs. The goal is to ensure that the compensation system is compliant, fair, reasonable, and competitive in the market, firmly upholding the principle of equal pay for equal work between men and women.

Given the complex and ever-changing domestic and international market environment, PotisEdge undertook a deep optimization of its compensation system, creating more targeted and differentiated incentive policies. Compensation now consists of fixed salary, allowances, performance bonuses, incentive bonuses, and medium-to-long-term incentives, with further refinement and detail compared to previous structures. Performance bonus assessments have become more scientific and rational, closely linked to employees' actual work results and contributions to the company. Incentive bonuses are distributed more promptly and effectively, fully stimulating employee enthusiasm and creativity.

## · Employee Welfare and Care

PotisEdge continues to enhance and enrich employee benefits, focusing not only on meeting basic needs but also on improving employees' quality of life and physical and mental well-being. In addition to statutory annual leave and standard sick and personal leave, the company further optimized its leave policy this year, increasing the number of days for family visit leave and making Chinese New Year special leave more considerate. Free working meals (or meal subsidies) and free accommodation (or housing subsidies) continue to be provided, with improvements in quality and standards. Sports club activities have become more diverse, introducing more options catering to various employee interests.

To better balance work and life, PotisEdge has expanded flexible working arrangements. Besides flexible schedules and part-time options available to some employees, the company also introduced remote working options for certain specialized positions. This enables employees to choose the most suitable work model based on their individual circumstances, significantly improving employee satisfaction and happiness.

## · Democratic Management

PotisEdge actively builds an open, transparent, and efficient two-way communication mechanism, providing employees with ample platforms to express their demands and opinions. The company continues to strengthen democratic management, with ongoing improvements to the employee representative congress system. In 2024, two employee representative congresses were held, attended by 35 employee representatives. The meetings addressed four policies concerning employee interests and initiated seven formal proposals, indicating broader discussion topics, greater employee participation, and the company's high regard for employee feedback.

In addition to traditional methods like forums, employee representative congresses, and satisfaction surveys, PotisEdge launched a new online feedback platform in 2024, allowing employees to share their ideas and suggestions anytime, anywhere.

## · Equal Communication and Diversity

PotisEdge firmly upholds an open, inclusive, and equal philosophy, integrating equality into every stage of recruitment and daily work. In 2024, the company further strengthened anti-discrimination efforts through diverse training and awareness initiatives, ensuring every employee clearly understands the importance of equal communication and diversity. The company strictly prohibits any form of discrimination. The number of discrimination-related incidents in 2024 was zero, and there were no financial losses arising from employment discrimination lawsuits.

**Gender Diversity:** The company continuously advocates gender diversity in the workplace, offering equal development platforms and opportunities for both male and female employees. It actively encourages women to participate in significant projects and decision-making processes. The proportion of women in management positions has increased, contributing diverse perspectives and insights to the company's development.

**Age Diversity:** PotisEdge has made notable progress in creating a diverse age composition. It strongly supports the integration of young talent, offering ample development opportunities and training resources to help them grow rapidly. At the same time, it fully utilizes the mentoring and guidance capabilities of experienced core employees, promoting communication and cooperation across age groups and facilitating knowledge and experience transfer.

**Regional Diversity:** The company continues to intensify efforts to attract global talent, continuously optimizing the talent environment to bring in outstanding professionals from various regions. By organizing various cultural exchange activities, PotisEdge promotes mutual understanding and integration among employees from different regions, creating a vibrant and diverse workplace culture.

## · Employee Satisfaction

In 2024, PotisEdge's organizational climate satisfaction score further increased to 93.50 points. The company recognizes that employee satisfaction is critical for corporate development and therefore organizes comprehensive organizational climate surveys annually. This year, the participation rate reached 92.68%, up from the previous year. Through these surveys, PotisEdge gains timely insights into management conditions and swiftly formulates improvement measures based on employees' suggestions and feedback, continuously energizing the workforce and ensuring sustainable organizational health. The company remains committed to achieving higher standards for employee satisfaction, striving to create a more harmonious, positive, and progressive work environment.

## 8.2 Talent Development and Career Growth

### · Governance

PotisEdge has established a scientific and efficient talent development governance system, with the Human Resources department as its core coordinator. Drawing from leading practices, the company integrates specialized functions with business synergies.

On one hand, PotisEdge has assembled expert teams who, with deep industry knowledge and skills, study industry trends and talent needs, formulate talent policies covering recruitment, training, and promotion, and develop management tools like big-data-driven talent assessment systems to provide a solid basis for talent allocation.

On the other hand, PotisEdge deploys HR Business Partners (HRBPs) into various business units to understand operational challenges and requirements. Working alongside the expert teams, they customize talent development solutions, swiftly adjusting strategies based on business feedback to ensure talent development aligns closely with business needs, forming an efficient closed-loop process.

### · Strategy

PotisEdge fully understands that talent is the driving force behind innovation and growth in the new energy storage sector. Thus, it consistently places "strengthening the company through talent" at the core of its strategy, adhering to the talent philosophy of "discovering potential and realizing value." The company is dedicated to building a team characterized by high professional competence, diverse thinking, and an international perspective.

## · Impact, Risks, and Opportunity Management

### 1) Talent Attraction

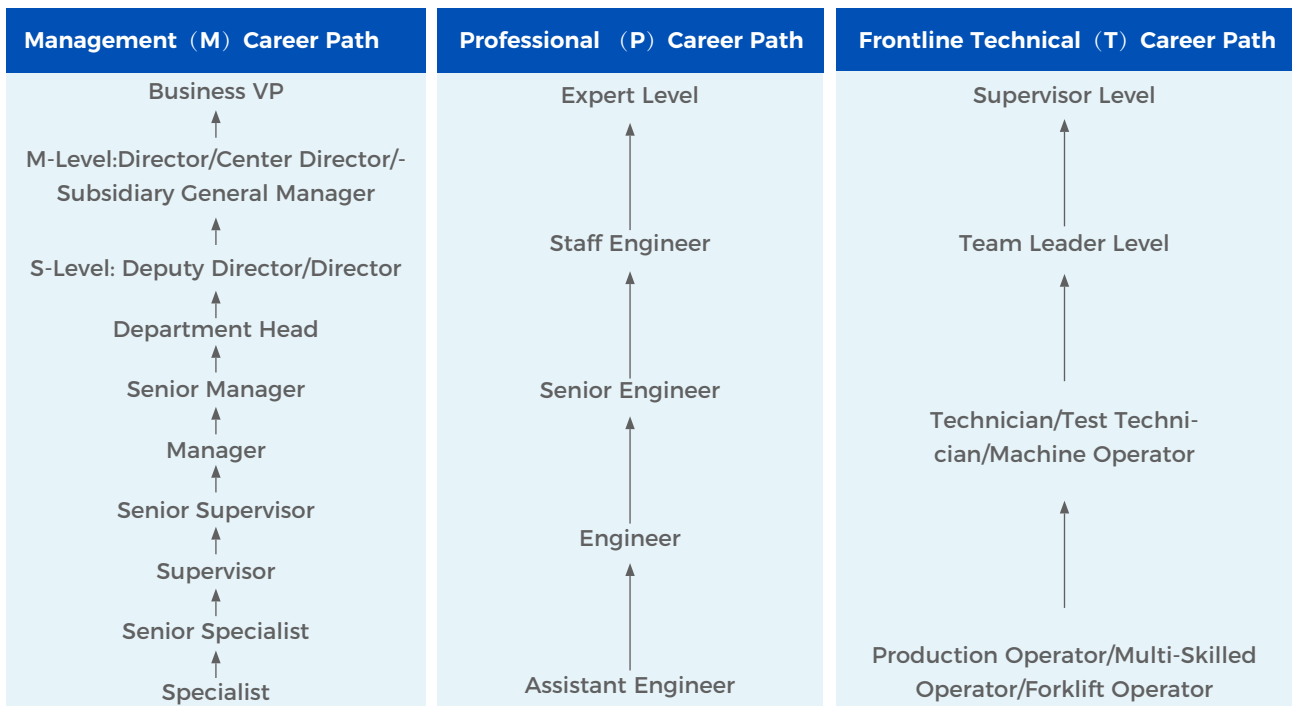
PotisEdge strictly adheres to principles of fairness and impartiality in recruitment and termination. Through precise analysis, the company forecasts future talent needs and vigorously strengthens talent acquisition efforts via diverse channels, striving to fully and comprehensively meet future talent demands.

The company’s recruitment channels are diverse, mainly encompassing social recruitment and campus recruitment. Social recruitment is conducted through multiple flexible methods, including internal referrals, external recruitment networks, dedicated job fairs, talent markets, and outsourcing partnerships, enabling PotisEdge to tap into exceptional talent across various sectors.

Moreover, in response to its global industrial layout strategy, PotisEdge actively promotes localized talent strategies in overseas recruitment. For specific positions in local R&D, marketing, and manufacturing centers, the company has established specialized local HR teams to fully handle recruitment work, ensuring that recruited talent precisely matches local business needs. For overseas assignments requiring relocation, PotisEdge strictly follows the principle of “role suitability,” centralizing recruitment in China and dispatching staff only after they’ve thoroughly familiarized themselves with relevant job requirements.

### 2) Talent Pipeline Development

PotisEdge formulates talent attraction strategies based on the evolving needs of the business, ensuring smooth career development channels for employees. It has established a three-channel career development framework for Management (M), Professional (P), and Technical (T) paths, providing robust talent reserves for business innovation and upgrading and creating a win-win platform for employee development.



### 3) Talent Development System

PotisEdge is committed to building a complete and systematic talent development system and cultivating a learning-oriented organizational culture. In 2024, the company refined the architecture of its talent development system, creating dedicated learning programs tailored to employees at different levels and in various roles. These programs are diverse in format, including: Leadership empowerment programs, helping managers enhance leadership effectiveness; Professional skill development programs, enabling employees to sharpen professional capabilities; Campus hire development programs, accelerating the integration of new graduates into the workplace; External training partnerships, expanding employees' knowledge boundaries with external resources.



Training formats are diverse, encompassing online courses, forums, technical lectures, business skill training, new employee onboarding, and various other talent development initiatives.

During the reporting period, PotisEdge organized 187 training sessions, with a total of 3,112 participants. The training coverage rate reached 100%. Notable training initiatives included: Two external training sessions focused on developing second-in-command leadership; Professional skills training enabling seven employees to obtain safety and electrician certifications; Three specialized financial training sessions; One project management training session; Other free training offered through government and industry channels.

### 4) Promotion and Incentives

PotisEdge adheres to the principles of openness, fairness, and impartiality in its promotion management approach. It provides diversified career paths across management, research, technical, professional, and operational tracks, fully respecting employees' choices regarding their career development paths.

The company continually optimizes scientific and reasonable promotion processes, accurately identifying outstanding talent and helping them achieve career progression. PotisEdge has formulated its Performance Evaluation Management Measures, implementing monthly and annual performance

evaluations tailored to employees at different levels. Performance evaluation results serve as crucial references for salary adjustments, promotions, and bonus distributions. Moreover, compliance-related factors such as integrity, information security, and regulatory adherence are incorporated into evaluations.

To improve the efficiency and transparency of performance management, PotisEdge clarifies timelines and responsibilities for each stage of the process, formulates improvement plans based on specific cases, and has established an employee appeals channel to ensure fairness, impartiality, and transparency, thus enhancing the overall effectiveness of performance management.

During the reporting period, the company introduced a digital performance management system, which uses systematic workflows and task reminders to clarify responsibilities at every stage, ensuring efficient implementation of the process.

## 8.3 Occupational Health and Safety

### · Governance

PotisEdge has established a multi-tiered occupational health and safety management system coordinated by the Integrated Management Center and implemented across departments, forming a responsibility network characterized by “management-led, full participation”. During the reporting period, the company developed and refined internal policies including the Occupational Health and Safety Management System, Labor Protection Equipment Management Regulations, and Emergency Response Management Measures, all based on the Labor Law and the Work Safety Law. These policies define safety responsibilities and operating procedures for all positions, ensuring rule-based occupational health and safety management.

**Compliance Management:** PotisEdge regularly conducts occupational health and safety compliance evaluations to ensure all production and operations meet environmental and safety standards. During the reporting period, the labor contract signing rate was 100%, social insurance coverage reached 100%, and full, on-time salary payments were maintained. No labor disputes occurred.

**Risk Control:** Given the specific risks in the energy storage industry, the company identifies and manages potential hazards in production—such as electrical safety and chemical usage—by establishing a hidden danger investigation and control mechanism. Routine safety inspections and equipment maintenance are conducted to reduce the probability of incidents at the source.

## · Strategy

PotisEdge has always regarded employee occupational health and safety as a core pillar of sustainable development. The company is committed to building a safe, healthy, and harmonious working environment. It strictly complies with national laws, regulations, and industry standards, ensuring employee life and health through sound management systems, continuous training investments, and effective risk control measures.

## · Impact, Risks, and Opportunity Management

### 1) Occupational Health Protection Measures

PotisEdge follows the principle of “safety first, prevention foremost,” ensuring comprehensive protection of employees' occupational health through health monitoring, safety training, and facility upgrades.

#### Health Monitoring and Protection

Annual occupational health examinations are provided to all employees, with a 100% coverage rate among frontline staff. A comprehensive health archive system has been established, and no occupational diseases were reported during the reporting period.

For special positions (e.g., R&D, production operators), the company provides labor protection equipment that meets national standards—such as gloves, helmets, and dust masks—and conducts regular training and inspections to ensure effective implementation.

#### Safety Training and Culture Building

PotisEdge operates a diversified training system that includes online courses, forums, and hands-on exercises. Safety training is provided to new hires, job-specific roles, and emergency response teams. In 2024, 187 safety training sessions were conducted, with 3,112 participants and a 100% training coverage rate.

Events such as “Safety Production Month” and “Occupational Disease Prevention Week” were held. Two emergency drills—including fire and chemical leak simulations—were organized with over 500 participants, effectively improving emergency response capabilities.

#### Work Environment Optimization

The company continues to improve workplace ventilation, lighting, and temperature/humidity controls to meet occupational hygiene standards. Smart production equipment reduces manual operation risks, and AI-based visual detection systems enable real-time safety monitoring and alerts.

Employee mental health is also a priority. Through platforms like the “General Manager’s Mailbox,” DingTalk feedback tools, and physical suggestion boxes, staff are encouraged to voice concerns, and psychological support services are provided when needed.

## 2) Safe Production and Accountability

PotisEdge integrates safe production metrics into its performance evaluation system, strengthens managerial accountability, and encourages full employee involvement in safety management.

### Safety Investment

In 2024, work-related injury insurance coverage reached 100%. Although the company is not in a high-risk industry and not mandated to carry safety liability insurance, it proactively assessed risks and purchased commercial accident insurance for critical roles, with total safety investment exceeding RMB 200,000.

### Performance Indicators

No major safety incidents occurred during the year. The general safety incident rate was kept under 0.5%, and all incidents were promptly rectified.

### Continuous Improvement

Through the “Employee Appeals System” and “Safety Hazard Reporting Reward Mechanism,” employees are encouraged to participate in safety governance. In 2024, 32 safety improvement suggestions were submitted, with 28 fully implemented—greatly enhancing the precision and effectiveness of safety management.

## 8.4 Industry Development Contributions

PotisEdge places technological innovation at the heart of its mission. By developing a full-stack proprietary technology system, fostering deep integration across the supply chain, and embracing open industry collaboration, the company actively promotes technological advancement and standardized growth in the energy storage sector, contributing to a safe, efficient, and sustainable global energy system.

### · Technological Innovation Driving Industry Transformation

#### Core Technology Development

PotisEdge positions “full-stack self-developed technologies” as its strategic foundation.

It focuses on areas such as energy storage system integration, battery management, and energy management, delivering benchmark solutions for the industry through continuous R&D investment and technological innovation. In 2024, it launched the OmniCube-L233, the world’s first liquid-cooled energy storage system for C&I use, integrated with its self-developed three-tier BMS architecture. Certified under GB/T 34131-2023 (the latest national standard), the

system features fin-type liquid cooling and modular design, ensuring stable performance across -30°C to 60°C. The battery life is extended by 20-30%, and system efficiency improves by 3-4% compared to traditional systems. It has been deployed in eastern and northern China for C&I applications.

### Patents and Standards Leadership

By the end of 2024, the company had filed over 300 patents, covering critical areas such as system safety, intelligent temperature control, and energy management. The proprietary iCCS centralized BMS passed the 2,000V insulation test—far exceeding industry benchmarks. PotisEdge also participated in the national certification of GB/T 34131-2023, contributing to the standardization of the energy storage industry.

## · Industry Collaboration and Global Expansion

By adopting a “technology output + ecosystem co-creation” model, the company fosters upstream and downstream cooperation, establishing a worldwide collaborative network to accelerate the large-scale growth of the energy storage industry.

### Supply Chain Integration

PotisEdge partnered with Suzhou Tongyuan Cable to deliver a 1 MW / 2.15 MWh C&I energy storage project, achieving grid connection. The project saves over RMB 750,000 annually on electricity bills with a four-year payback period, becoming a benchmark for economic viability.

### Global Production & Service Network

Overseas production and support centers have been established in North America, Europe, and Australia. In 2024, overseas orders accounted for 35% of total revenue, with products deployed in 52 countries and regions. The Zhangjiagang BESS base added China's first automated BESS production line, boosting annual capacity to 31 GWh and enabling large-scale product delivery.

### International Partnerships and Branding

The North America R&D Center officially opened in December 2024. PotisEdge signed an agreement with IGC to jointly deliver the Pasadena 25 MW / 125 MWh project in California, using its proprietary grid-forming inverter. The system improves grid stability and reduces curtailment, establishing a landmark case in the North American market.

## · Talent Development and Industry-Academic Integration

### University Collaboration

PotisEdge co-founded the “PotisEdge Scholarship and Teaching Award” with Shanghai University's School of Mechanical and Electrical Engineering. Together, they are developing R&D and training bases for energy storage, helping commercialize frontier technologies. In 2024, more than 20 technical training sessions were held, reaching over 300 employees and partners.

## Talent Exchange

In May 2024, PotisEdge was officially approved to establish a Postdoctoral Research Workstation, leveraging this milestone to deepen its scientific research and innovation framework. The company has initiated collaboration among industries, universities and research institutes with several leading domestic universities, including Southeast University and Soochow University. These partnerships aim to integrate advanced technological achievements into utility-scale liquid-cooled energy storage systems, such as the PotisBank-L5.0-AC. Through AI-driven scheduling algorithms, the systems enhance adaptability to extreme environments and optimize whole-life-cycle carbon footprint management.

## · Standards and Public Engagement

The company actively participates in industry standard-setting and public services, promoting the standardized and sustainable development of the energy storage industry.

### Standard Development

PotisEdge led the certification process for the new GB/T 34131-2023 BMS standard, with performance indicators reaching international benchmarks. The company also contributed to industry standards in integrated PV+storage+ EV charging systems and energy storage safety.

### Industry Dialogue and Advocacy

PotisEdge hosted the “C&I Solar+Storage City Summit at Longgang” and co-published the C&I Energy Storage Business Model White Paper with partners like 1,000 Enterprises PV Alliance. At global forums such as CIES 2024, PotisEdge introduced the concept of “Scenario-Defined Technology,” shaping the future direction of the energy storage sector.

# 9 Governance: Leading with Integrity

## 9.1 Corporate Governance

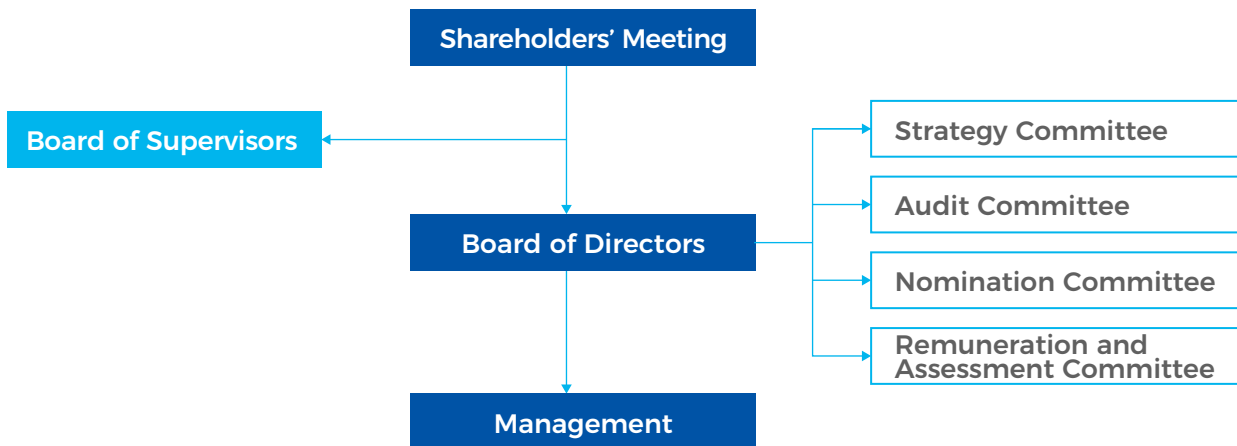
PotisEdge has established a robust governance framework and efficient management processes, continuously strengthening oversight and enhancing disclosure transparency, to deliver long-term value for all stakeholders.

### • Governance Structure

Adhering to all relevant laws and regulations, PotisEdge continually refines its corporate governance structure. All departments operate with well-defined responsibilities, seamless collaboration, and efficient execution. The Shareholders’ Meeting fully safeguards shareholders’ rights and interests and deliberates on major matters. The Board of Directors diligently fulfills its duties through multiple specialized committees to advance strategic implementation. The Board of Supervisors fulfills its supervisory role. Close coordination, seamless information flow, and efficient operations are maintained across all governance tiers.

### • Impact, Risks, and Opportunity Management

In 2024, extreme weather events driven by climate change dealt significant blows to the global energy industry. Early in the year, North America experienced severe droughts, leading to drastic reductions in hydropower generation. The Tennessee Valley Authority reported a 30% decrease in



PotisEdge held four Shareholders’ Meetings during the reporting period.

## · Directors and the Board

In compliance with its Articles of Association, PotisEdge appoints and removes directors and supervisors through Shareholders' Meetings, with directors serving three-year terms renewable upon re-election. The Company prioritizes Board development by continuously optimizing governance frameworks, refining operational mechanisms, strengthening information exchange and monitoring, and conducting regular director training to enhance governance capabilities.

PotisEdge places high importance on Board diversity, independence, and effectiveness. The current Board comprises 9 members: 6 executive directors and 3 independent directors, including 3 female directors.

## · Investor Relations Management

PotisEdge maintains proactive investor engagement through regular meetings, calls, and roadshow activities, establishing robust communication channels. During the reporting period: PotisEdge strengthened two-way engagement with investors by hosting 13 conferences, handling 840 calls, and facilitating 28 on-site visits.

## · Information Disclosure

PotisEdge considers disclosure essential to safeguarding stakeholder interests and maintaining market confidence. Consequently, we adhere to the "Four Tenets Principles" of disclosure: Veracity, Accuracy, Comprehensiveness, Timeliness. PotisEdge leverages multiple disclosure channels to provide a comprehensive view of the company and ensure timely, broad communication with stakeholders.

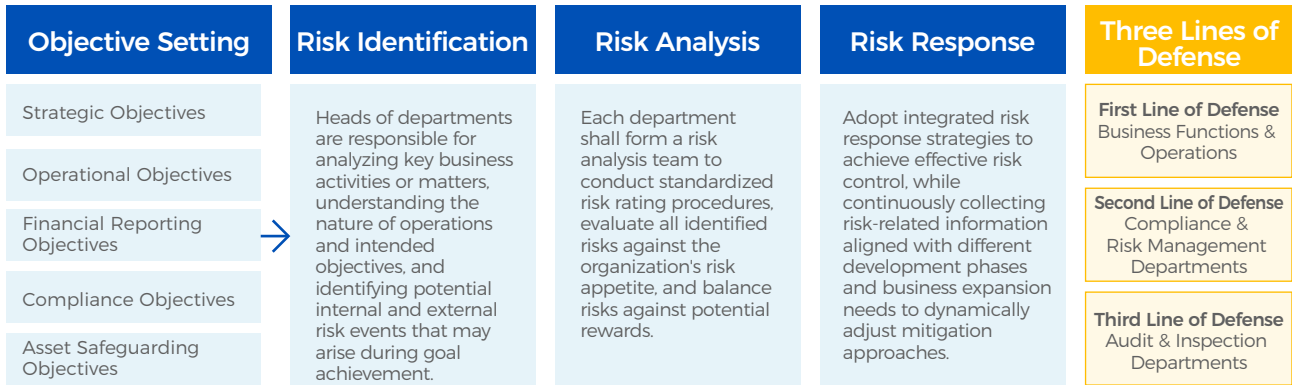
Corporate Website	WeChat Official Account	Forums/Conferences/Exhibitions	Media Coverage
146 updates	108 postings	22 participations	81 releases

## 9.2 Risk Management and Internal Controls

### · Governance

PotisEdge prioritizes the effective operation of its risk management and internal control systems. The Company has established a robust risk management framework to ensure stable operations, enhance decision-making efficiency, strengthen competitiveness, guarantee regulatory compliance, and optimize resource allocation, thereby securing long-term stable development.

The Board of Directors, as the supreme governance body for risk management, has set the overall objectives of corporate risk management and oversees the implementation of risk governance and internal controls. Under the Board’s governance, PotisEdge has implemented a “Three Lines of Defense” risk governance model, clearly defining risk management responsibilities across all departments.



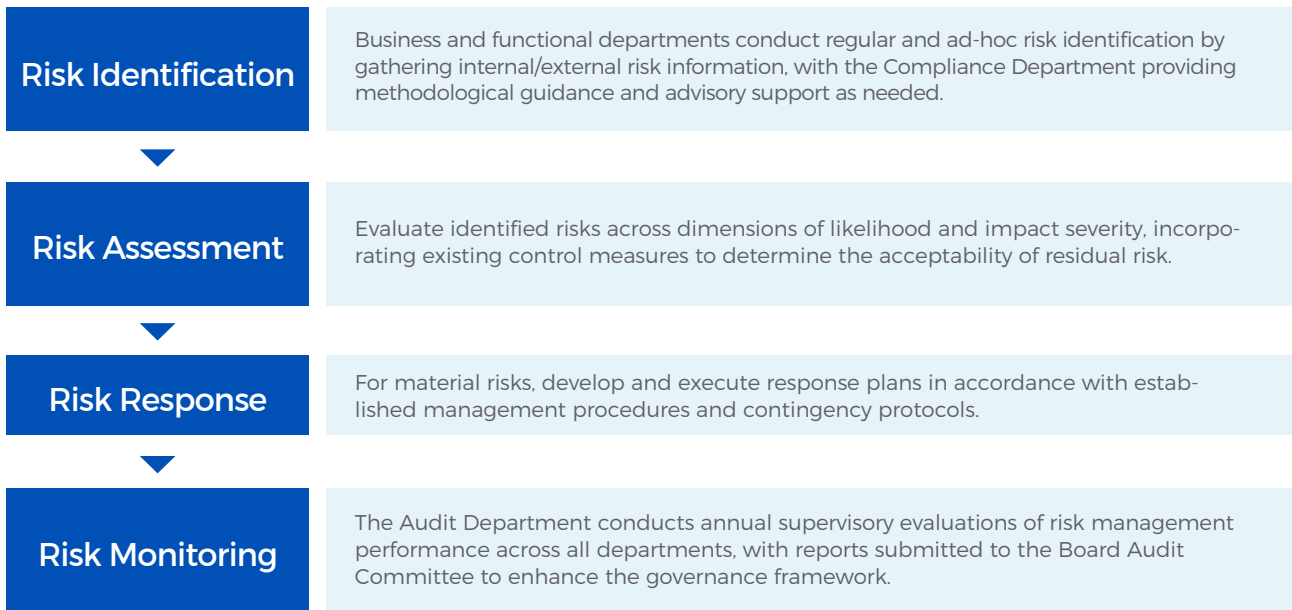
• **Strategy**

Leveraging its comprehensive risk governance framework, PotisEdge has established systematic mechanisms for risk identification, assessment, and monitoring. By embedding risk management and internal controls into business decisions and operational processes with an anticipatory approach, the Company ensures stable growth in complex environments and delivers long-term value creation.

• **Impact, Risk & Opportunity Management**

**Risk Identification Procedures**

PotisEdge has developed a systematic approach to risk identification in sustainable development, which comprehensively assesses potential negative impacts through multi-dimensional and multi-level evaluation procedures. This includes collecting real-time environmental data via digital management systems, integrating supply chain audits and employee feedback, conducting regular cross-departmental site inspections at key operational locations. PotisEdge utilizes a risk matrix model to conduct quantitative evaluations of identified issues, determining risk levels based on two dimensions: probability of occurrence and severity of impact, thereby maintaining a consistently-updated ESG risk registry.



### Internal Controls

PotisEdge formulates annual internal audit plans based on risk-oriented principles, aligned with corporate development strategies and annual operational objectives. Audits are conducted across headquarters, wholly-owned subsidiaries, and controlled entities, covering core business domains including sales, procurement, after-sales services, capital activities, asset management, related-party transactions, and IT systems. These efforts support governance standardization, internal control refinement, and critical management decisions.

### Due Diligence

PotisEdge has established a systematic sustainability due diligence mechanism spanning the entire project life-cycle. This standardized closed-loop review covers environmental, social, and governance dimensions. Environmental investigations focus on EIA compliance for construction projects, energy consumption intensity during operations, and product lifecycle environmental impact assessments; Social assessments prioritize employment system compliance, community relations, and supply chain social responsibility fulfillment; Governance examinations emphasize business ethics, board functionality, and disclosure quality.

The investigation process follows a three-phase approach: The pre-screening phase uses Geographic Information System (GIS) and public opinion monitoring for initial assessment; the site verification phase involves an interdisciplinary team conducting audits with specialized equipment; the decision phase employs a substantive matrix and scenario simulation for quantitative analysis. During the reporting period, due diligence was completed for 39 projects, with ESG factors influencing transaction prices by up to 18.7%.

## Risk Mitigation Practices

PotisEdge implements tiered response strategies for identified material risks. For high-probability, high-impact risks, source control measures are implemented; for medium-level risks, monitoring and early-warning mechanisms are established. The company also strengthens its emergency response system by forming a rapid-response team comprising EHS, PR, and legal departments, ensuring incident resolution processes are initiated within 2 hours.

During the reporting period, PotisEdge achieved a 62% year-on-year decrease in environmental compliance incidents and a 45% reduction in ESG-related supply chain disputes. In response to the newly implemented "Carbon Emission Trading Management Measures," PotisEdge leveraged its achievements in digital sustainability transformation to standardize carbon data processing through an intelligent management platform. Electronic approval processes were adopted to enhance compliance efficiency, while a digital knowledge base provided policy reference, effectively mitigating operational risks during the policy transition period. These measures not only ensured compliant operations but also generated annualized cost savings of over RMB 12 million through energy efficiency projects, demonstrating a synergistic effect between risk governance and commercial value. Moving forward, PotisEdge will continue to enhance its intelligent risk early-warning platform to improve foresight capabilities against emerging sustainability risks.

## 9.3 Compliance and Business Ethics

### · Governance

PotisEdge anchors its sustainable development on compliance and business ethics. Through systematic governance frameworks, end-to-end risk control, and cultural immersion, the company has established a global compliance management system that ensures legal adherence, social responsibility fulfillment, and ethical business conduct in complex markets.

### · Strategy

PotisEdge adheres to host-country regulations and product-market compliance requirements while proactively building global compliance capabilities. Guided by the principle of "Compliance First, Risk Prevention, Innovation Drive, Win-Win Collaboration," the Company embeds compliance management into business processes through Internal Control Systems and Process Governance Frameworks, enabling deep integration of operational growth with compliance oversight.

### · Impact, Risk & Opportunity Management

#### Anti-Unfair Competition

PotisEdge complies with Anti-Unfair Competition Law of the PRC, Interim Provisions on Online Anti-Unfair Competition, and Suzhou Corporate Compliance Guidance for Market Regulation to uphold market integrity, ensure fair competition, and protect consumers. Pre-contractual due diligence is conducted to ensure partners meet PotisEdge's integrity standards. All collaborations are formalized with Integrity Agreements, establishing partnerships based on trust, transparency, and fairness to jointly uphold market order.

## Anti-Corruption & Business Ethics

Recognizing that bribery corrupts market equity and erodes public trust, PotisEdge enforces Anti-Bribery Compliance Guidelines, Fraud Management Procedures, and Gifts & Entertainment Policy.

At the outset of employment, PotisEdge integrates its uncompromising anti-corruption stance into every new hire’s career initiation. As a core component of on-boarding, every new employee is required to sign an Integrity Commitment Letter. This practice serves both as a formal affirmation of personal ethics and professional conduct, and as a fundamental measure to cultivate an ethical workplace culture while strengthening the internal governance system.

PotisEdge prioritizes compliance culture development, implementing two dedicated “Integrity & Anti-Corruption” training programs in 2024. These initiatives enhance organization-wide legal literacy and compliance awareness, ensuring all operations consistently adhere to national regulations, industry standards, and internal policies, thereby strengthening the foundation for sustainable corporate development.

### Business Ethics Performance in 2024

<b>Integrity Training</b>	<b>Two training sessions themed ‘Integrity and Anti-Corruption’ were held in 2024</b>
<b>Signed anti-corruption and anti-fraud agreements</b>	<b>The Sunshine Integrity Cooperation Agreement was signed with all suppliers in 2024</b>
<b>Signed the Integrity and Transparency Cooperation Agreement</b>	<b>The Integrity and Transparency Cooperation Agreement was signed with all employees in 2024</b>
<b>Unfair Competition Incidents</b>	<b>Zero incidents recorded; 0 related lawsuits in 2024</b>
<b>Commercial Bribery &amp; Corruption</b>	<b>Zero incidents recorded; 0 related lawsuits in 2024</b>
<b>Integrity Training Activities</b>	<b>Training sessions themed ‘Integrity and Anti-Corruption’ were conducted in 2024</b>

## Whistle-blowing & Complaint Mechanisms

To strengthen compliance culture and foster transparent communication, PotisEdge has established a multi-channel closed-loop feedback system. Employees are encouraged to provide constructive inputs on work environments, operational processes, management systems, or compliance concerns regarding supervisors/colleagues through designated channels.

PotisEdge establishes end-to-end closed-loop procedures with defined resolution timelines across all stages: collection of submissions, categorization and root-cause analysis, assignment to responsible units, feedback delivery. This standardized management loop assures documented resolution for every employee submission.

### Multi-Channel Feedback Mechanisms

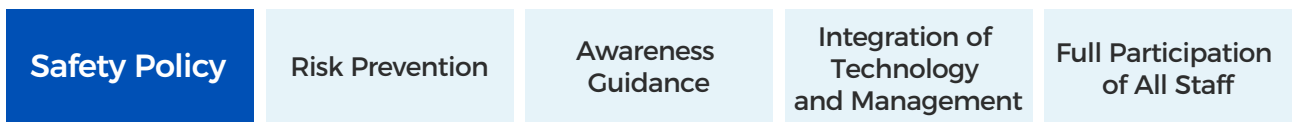
**Online Platform:** A General Manager’s Mailbox (ygcy@potisedge.com) and the DingTalk Employee Feedback Platform are available, both supporting anonymous submissions to protect employee privacy.

**Offline Channel:** Physical feedback boxes are placed in office areas and production sites, enabling employees to conveniently submit their suggestions.

**Specialized Handling Process:** The Administrative Center centrally receives and categorizes all feedback, assigning each item to the responsible department based on its nature. Processing outcomes and progress updates are communicated to submitters via platform notifications or email. Employees are encouraged to engage in dialogue, fostering a positive “issue-resolution-continuous improvement” feedback loop.

## 9.4 Data Privacy and Information Security

PotisEdge upholds information security by adopting a comprehensive policy centered on risk prevention, awareness enhancement, integrated technology and management, and organization-wide participation. The Company adheres to international best practices, establishing a comprehensive data security management system that meets global regulatory standards to deliver reliable information protection for clients worldwide.



PotisEdge has reinforced its security strategy by optimizing early warning mechanisms, coordinated response systems, and joint defense efforts across personnel, processes, and tools. These improvements—spanning data leakage prevention and cyber threat mitigation—have led to a comprehensive, multi-layered security framework that significantly enhances enterprise-wide operational resilience.

To meet evolving regulatory and client expectations, PotisEdge continuously enhances its privacy practices—refining privacy statements and compliance frameworks while embedding standards into business systems. The Privacy Protection Management Regulation outlines clear rules for data collection, storage, use, deletion, and cross-border transfers across global operations.

During the reporting period, PotisEdge maintained zero incidents of non-compliance penalties related to information security or privacy regulations.

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## List of Sustainability Topics and Analysis of Impacts, Risks, and Opportunities

Topic			
R&D and Innovation			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain	☑	
	Community		
Impact Period	Short-Term		
	Mid-Term		
	Long-Term	☑	
Type	Impact	Risk	Opportunity
Description	Increase R&D investment to drive technological innovation, develop socially valuable new products and technologies, enhance core competitiveness, and ensure R&D activities comply with social standards	<p><b>Technical Risk:</b> Innovation projects may face R&amp;D failure or failure to meet targets, leading to resource waste, investment losses, impacts on financial performance and innovation capacity, and disruption to business operations.</p> <p><b>Market Risk:</b> Even successful innovations may fail to gain market acceptance amid rapidly changing consumer demands or intense competition.</p> <p><b>Compliance &amp; IP Risk:</b> Rapid innovation environments may trigger intellectual property disputes or compliance issues, particularly in international collaborations or new technology development, potentially damaging corporate reputation and operations.</p>	<p><b>Industry Leadership:</b> Sustain technological and market leadership to establish industry benchmarks and attract strategic partners/ investors.</p> <p><b>New Market Development:</b> Enter emerging sectors such as green products and smart manufacturing to capture greater market share.</p> <p><b>Resource Efficiency:</b> Enhance operational efficiency and reduce costs through innovative processes to support sustainable strategies.</p> <p><b>Policy Incentives:</b> Leverage government subsidies and tax reductions to accelerate innovation.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Digital Transformation & Smart Manufacturing			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain		
	Community		
Impact Period	Short-Term	☑	
	Mid-Term		
	Long-Term		
Type	Impact	Risk	Opportunity
Description	<p>Drive intelligent upgrades across production operations through IoT and AI technologies to enable data-driven decisions, enhancing management efficiency and resource utilization; establish digital management platforms for automated ESG data collection and analysis, strengthening sustainability performance transparency and responsiveness.</p>	<p><b>Technology Iteration:</b> Insufficient initial investment and technical adaptability in digital systems may reduce operational efficiency and disrupt business continuity.</p> <p><b>Data Security:</b> Inadequate protection of smart manufacturing platforms that handle core production data may lead to data breaches or cyberattacks, potentially compromising trade secrets.</p> <p><b>Talent Gap:</b> Surging demand for multidisciplinary tech talent during digital transformation may stall progress if training mechanisms lag.</p>	<p><b>Efficiency Optimization:</b> Reduce energy consumption per unit of product and operational costs through digital scheduling and intelligent maintenance, boosting production synergy.</p> <p><b>Green Manufacturing:</b> Optimize carbon footprint accounting via digital twin technology to meet international certification standards and access premium markets.</p> <p><b>Policy Incentives:</b> Align with national "Smart Manufacturing Pilot Demonstration" policies to secure subsidies and tax benefits, lowering transition costs.</p>
Impact Materiality	● ● ●		
Financial Materiality	● ● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Product Quality and Safety			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain	☑	
	Community		
Impact Period	Short-Term	☑	
	Mid-Term	☑	
	Long-Term		
Type	Impact	Risk	Opportunity
Description	Establish a full lifecycle quality management system through international standard certifications and redundant technical designs to enhance product reliability and safety.	<p><b>Compliance Risk:</b> Failure to meet international standards like the EU Batteries and Waste Batteries Regulation may trigger export bans and legal penalties.</p> <p><b>Reputational Risk:</b> A major quality incident may trigger a supply chain domino effect, leading to large-scale product recalls by multiple clients and causing significant reputational damage to the brand.</p> <p><b>Technical Risk:</b> Insufficient safety testing during scaling of new battery technologies may create systemic hazards.</p>	<p><b>Premium Markets:</b> Access North American/European grid storage markets via UL1973 certification, expanding high-value business.</p> <p><b>Standardization:</b> Lead the formulation of domestic BMS safety standards to strengthen industry influence and transform technical expertise into competitive advantages.</p> <p><b>Value-added Services:</b> Provide customized maintenance solutions using quality traceability systems to increase service revenue share.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Supply Chain Quality Management			
Impact Scope	Own Operations		
	Upstream Value Chain	☑	
	Downstream Value Chain	☑	
	Community		
Impact Period	Short-Term	☑	
	Mid-Term		
	Long-Term		
Type	Impact	Risk	Opportunity
Description	Implement green procurement standards requiring core suppliers to disclose environmental and social performance data, elevating overall supply chain sustainability.	<p><b>Geopolitical Risk:</b> Policy changes in key raw material supplier countries may cause price volatility, increasing procurement costs and supply instability risks.</p> <p><b>Compliance Transmission:</b> Environmental/labor violations by tier-2 suppliers may trigger failed audits, jeopardizing key client partnerships.</p> <p><b>Logistics Disruption:</b> Trade barriers or transport crises under global operations may delay deliveries, incurring breach penalties.</p>	<p><b>Cost Synergy:</b> Jointly develop green production systems with suppliers to share energy-saving technologies and reduce material costs.</p> <p><b>Eco-collaboration:</b> Co-create recycled materials and circular technologies to generate new revenue streams.</p> <p><b>Market Access:</b> Increase SEDEX-certified suppliers to meet European sustainability requirements and secure strategic clients.</p>
Impact Materiality	● ● ●		
Financial Materiality	● ● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Compliant Marketing & Customer Service			
Impact Scope	Own Operations		
	Upstream Value Chain		
	Downstream Value Chain	☑	
	Community		
Impact Period	Short-Term		
	Mid-Term	☑	
	Long-Term		
Type	Impact	Risk	Opportunity
Description	Adhere to domestic and international data privacy and advertising regulations by establishing compliant marketing review mechanisms to avoid legal disputes; build a global customer service network for efficient response, enhancing customer satisfaction and repurchase rates.	<p><b>Data Privacy:</b> Vulnerabilities in customer information management may trigger class-action lawsuits with high penalties.</p> <p><b>Cultural Differences:</b> Overseas marketing misaligned with local customs may provoke public boycotts, damaging brand image.</p> <p><b>Service Commitment:</b> Delayed responses or substandard solutions may lead to key client attrition and operational instability.</p>	<p><b>Brand Value:</b> Highlight product low-carbon advantages through "carbon footprint transparency" marketing to attract ESG-oriented clients.</p> <p><b>Service Transformation:</b> Transition from product sales to energy services with customized maintenance packages to enhance added value.</p> <p><b>Policy Alignment:</b> Participate in domestic "green consumption" subsidy programs to gain government endorsement and reduce customer acquisition costs.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Intellectual Property Protection			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain		
	Community		
Impact Period	Short-Term		
	Mid-Term	☑	
	Long-Term		
Type	Impact	Risk	Opportunity
Description	Establish a patent portfolio management system covering core technology areas such as energy storage and hydrogen to build a technological moat.	<p><b>Infringement Litigation:</b> Patent infringement lawsuits in overseas markets may result in product bans and substantial compensation, impacting business expansion.</p> <p><b>Commercialization Failure:</b> Patent portfolios misaligned with market demand may cause commercialization failure and resource waste.</p> <p><b>Cross-border Compliance:</b> Unclear IP ownership in international tech collaborations may trigger disputes, hindering project progress.</p>	<p><b>Technology Licensing:</b> License non-core patents to SMEs to create new IP revenue streams.</p> <p><b>Standardization Leadership:</b> Drive industry technical standards to establish market default specifications and enhance competitiveness.</p>
Impact Materiality	● ● ●		
Financial Materiality	● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Climate Action			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain		
	Community		
Impact Period	Short-Term	☑	
	Mid-Term	☑	
	Long-Term	☑	
Type	Impact	Risk	Opportunity
Description	Join the Science Based Targets initiative (SBTi) to set phased emission reduction targets, driving low-carbon transformation through renewable energy procurement and energy efficiency measures; develop grid-scale energy storage solutions for peak-load shifting, enhancing the resilience of energy systems to climate variability.	<p><b>Physical Risk:</b> Extreme weather may disrupt energy storage systems and lead to customer claims for power outages.</p> <p><b>Policy Compliance:</b> Failure to fulfill carbon quota obligations on time may result in fines from regional carbon markets and negatively impact the company's credit rating.</p> <p><b>Technology Transition:</b> Insufficient investment in low-carbon R&amp;D may result in above-average product carbon footprints and competitive disadvantage.</p>	<p><b>Carbon Asset Operations:</b> Generate additional revenue via CCER project development and carbon quota trading.</p> <p><b>Green Finance:</b> Issue carbon-neutral bonds to secure low-cost funding for zero-carbon projects, lowering financial costs.</p> <p><b>Market Expansion:</b> Access EU Carbon Border Adjustment Mechanism (CBAM) compliant markets with carbon-neutral certification to expand overseas presence.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Resource & Energy Management			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain		
	Community		
Impact Period	Short-Term		
	Mid-Term	☑	
	Long-Term		
Type	Impact	Risk	Opportunity
Description	Implement water recycling and energy cascade utilization systems to improve resource efficiency and reduce energy consumption per unit output; deploy integrated PV + energy storage systems to optimize energy mix and decrease fossil fuel dependence.	<p><b>Resource Price:</b> Rising costs of water/electricity may increase operational expenses and compress profit margins.</p> <p><b>Equipment Failure:</b> Malfunctions in renewable energy systems or water treatment equipment may cause production halts, impacting business continuity.</p> <p><b>Policy Changes:</b> Phase-out of renewable energy subsidies or increases in resource fees may affect the economics of resource management projects.</p>	<p><b>Cost Savings:</b> Optimize energy management systems to reduce per-unit energy consumption and operational costs, enhancing resource utilization efficiency.</p> <p><b>Circular Economy:</b> Establish a retired battery echelon utilization system to enable material regeneration and resource circularity, generating secondary revenue.</p> <p><b>Policy Subsidies:</b> Apply for the "National Green Manufacturing Demonstration Project" to obtain dedicated subsidies and tax reductions, covering partial investment costs.</p>
Impact Materiality	● ● ●		
Financial Materiality	● ● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Emissions & Waste Management			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain		
	Community	☑	
Impact Period	Short-Term	☑	
	Mid-Term		
	Long-Term		
Type	Impact	Risk	Opportunity
Description	Upgrade pollution treatment systems to ensure 100% compliant exhaust and wastewater discharge, reducing environmental risks; implement intelligent hazardous waste tracking for full-process traceability and disposal safety.	<p><b>Excess Emissions Risk:</b> Malfunctions in pollution treatment systems may lead to non-compliant emissions, incurring environmental fines and production suspensions.</p> <p><b>Hazardous Leakage Risk:</b> Improper storage of waste battery packs may cause leaks, resulting in high remediation costs.</p> <p><b>Compliance Upgrade Risk:</b> Failure to update treatment processes after new national standards implementation may result in failed annual environmental audits.</p>	<p><b>Technology Export:</b> Package pollution treatment technologies into turnkey solutions for peer SMEs, generating service-based revenue.</p> <p><b>Cost Optimization:</b> Reduce disposal costs through waste classification and resource recovery, improving overall efficiency.</p> <p><b>Green Certification:</b> Strengthen client trust through ISO 14001 recertification and Zero-Waste Factory certification</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Sustainable Manufacturing & Carbon Emissions			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain		
	Community		
Impact Period	Short-Term	☑	
	Mid-Term		
	Long-Term	☑	
Type	Impact	Risk	Opportunity
Description	<p>Build zero-carbon manufacturing bases adopting near-zero carbon technical standards to establish industry green benchmarks;</p> <p>optimize product lifecycle carbon footprint accounting to provide transparent low-carbon data for customers, supporting green procurement decisions.</p>	<p><b>Technology Investment Risk:</b> High upfront costs for zero-carbon technologies may lead to elevated per-unit abatement costs if capacity utilization is insufficient.</p> <p><b>Carbon Accounting Error Risk:</b> Improper boundary setting or emission factor selection may distort carbon footprint data, inviting third-party scrutiny.</p> <p><b>Market Acceptance Risk:</b> Low customer willingness to pay "green premiums" may hinder zero-carbon product sales.</p>	<p><b>Premium Pricing:</b> Command price premiums for zero-carbon certified products in premium markets.</p> <p><b>Green Supply Chain:</b> Require suppliers to disclose carbon emissions data to support end-to-end carbon management and strengthen ESG performance recognition from key clients.</p> <p><b>International Collaboration:</b> Participate in global battery passport platforms to access international carbon management systems and expand overseas partnerships.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Ecosystem & Biodiversity Conservation			
Impact Scope	Own Operations		
	Upstream Value Chain		
	Downstream Value Chain		
	Community	☑	
Impact Period	Short-Term	☑	
	Mid-Term		
	Long-Term		
Type	Impact	Risk	Opportunity
Description	<p>Site production facilities outside natural reserves with all operations located in industrial parks to avoid ecological habitat disruption; implement native-species landscaping projects to improve the local microenvironment and promote ecological synergy.</p>	<p><b>Site Compliance Risk:</b> New facilities without ecological impact assessments may trigger NGO protests and regulatory probes.</p> <p><b>Invasive Species Risk:</b> Introducing non-native plants in greening projects may disrupt local ecosystems, incurring restoration liabilities.</p> <p><b>Reputational Risk:</b> Indirect impacts on habitats from operations may provoke public boycotts if exposed, damaging brand image.</p>	<p><b>Ecological Certification Opportunity:</b> Apply for "Biodiversity-Friendly Enterprise" certification to obtain government ecological compensation and green credit support.</p> <p><b>Brand Narrative Opportunity:</b> Develop ESG narratives through ecological conservation practices to attract sustainability-focused investors and clients.</p>
Impact Materiality	● ● ●		
Financial Materiality	● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Employee Rights & Benefits			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain		
	Community		
Impact Period	Short-Term	☑	
	Mid-Term		
	Long-Term		
Type	Impact	Risk	Opportunity
Description	Implement diversified employee stock ownership plans covering core teams to employees' sense of belonging; establish flexible benefit systems including remote work options and occupational health management to reduce turnover and stabilize teams.	<p><b>Compensation Competitiveness Risk:</b> Salaries below industry benchmarks may lead to loss of technical experts, affecting R&amp;D and production schedules.</p> <p><b>Cultural Conflict Risk:</b> Overseas subsidiaries failing to comply with local labor laws may trigger union negotiations breakdown or strikes.</p> <p><b>Health &amp; Safety Risk:</b> Inadequate safeguards in production areas may cause occupational diseases, incurring compensation and regulatory penalties.</p>	<p><b>Talent Attraction:</b> Attract top talent through "technical expert allowances + project bonuses" to strengthen competitiveness.</p> <p><b>Efficiency Gains:</b> Higher employee satisfaction drives productivity growth, reduces labor costs, and improves overall efficiency.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Talent Development			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain		
	Community		
Impact Period	Short-Term		
	Mid-Term		
	Long-Term	☑	
Type	Impact	Risk	Opportunity
Description	Implement a tri-path career development system (management/professional/technical) with systematic training to enhance employee skills and certification rates; establish industry-academia partnerships to cultivate specialized talent in energy storage, alleviating industry shortages.	<p><b>Training Investment Risk:</b> Training programs misaligned with business needs may result in low knowledge transfer and resource waste.</p> <p><b>Talent Drain Risk:</b> Trained core employees leaving for competitors may create "training talent for rivals" dilemmas.</p> <p><b>International Talent Gap Risk:</b> Shortages of multilingual technical talent may delay overseas project execution.</p>	<p><b>Skill Premium Opportunity:</b> Enhance employees' technical value through professional certification systems to drive product and service value-add growth.</p> <p><b>Cost Optimization Opportunity:</b> Reduce external training costs via internal trainer programs and online platforms, improving resource utilization efficiency.</p> <p><b>Eco-collaboration Opportunity:</b> Co-establish talent alliances with industry leaders to share training resources, lowering industry-wide development costs.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Occupational Health & Safety			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain		
	Community		
Impact Period	Short-Term		
	Mid-Term		
	Long-Term	☑	
Type	Impact	Risk	Opportunity
Description	Optimize production environments to reduce occupational health risks; implement multi-tier emergency response systems with practical drills to enhance incident-handling capabilities.	<p><b>Risk:</b> Inadequate protection in high-voltage areas may cause electrical accidents, damaging production and reputation.</p> <p><b>Psychological Safety Risk:</b> High-intensity work may lead to collective burnout, reducing productivity.</p>	<p><b>Cost Savings Opportunity:</b> Reduced workplace accident rates decrease compensation and medical costs, improving corporate operational efficiency.</p> <p><b>Certification Value:</b> Boost client trust with ISO 45001 recertification and "Safety Culture Demonstration Enterprise" status.</p> <p><b>Tech Innovation:</b> Apply AI vision inspection for safety monitoring to reduce manual inspection costs, improving hazard identification rates.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Industry Advancement			
Impact Scope	Own Operations	☑	
	Upstream Value Chain	☑	
	Downstream Value Chain	☑	
	Community	☑	
Impact Period	Short-Term		
	Mid-Term		
	Long-Term		
Type	Impact	Risk	Opportunity
Description	<p>Lead the development of industry standards for energy storage technologies to enhance industry influence;</p> <p>host industry summits and publish technical white papers to foster ecosystem collaboration and knowledge sharing.</p>	<p><b>Standard Competition Risk:</b> If dominant standards lack market acceptance, technology exports may fail, wasting standardization investments.</p> <p><b>IP Dispute Risk:</b> Unclear technology-sharing boundaries in collaborations may trigger cross-patent infringement lawsuits.</p> <p><b>Resource Allocation Risk:</b> Excessive involvement in industry activities may divert corporate focus, disrupting core business development.</p>	<p><b>Ecosystem Leadership:</b> Control upstream supply chains through standard-setting authority to expand technology licensing and service revenue.</p> <p><b>Market Expansion:</b> Industry event exposure attracts potential clients and partnerships, expanding business networks.</p> <p><b>Policy Access:</b> As a "National Technology Innovation Demonstration Enterprise," the company receives prioritized access to policy developments and eligibility for pilot projects.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Corporate Governance			
Impact Scope	Own Operations	☑	
	Upstream Value Chain	☑	
	Downstream Value Chain		
	Community		
Impact Period	Short-Term	☑	
	Mid-Term		
	Long-Term		
Type	Impact	Risk	Opportunity
Description	Upgrade the Sustainability Committee to accelerate decision-making diversity and ESG responsiveness; establish transparent decision mechanisms with enhanced major-item auditing to reduce governance risks.	<p><b>Ownership Structure Risk:</b> Rapid founder stake dilution may weaken control, disrupting strategic continuity.</p> <p><b>Independent Director Negligence Risk:</b> Failure to fulfill fiduciary duties may expose the company to shareholder class actions, such as those arising from disclosure violations.</p> <p><b>ESG Integration Risk:</b> Excluding ESG metrics from governance frameworks may undermine sustainability strategy execution.</p>	<p><b>Financing Cost Reduction:</b> Higher ESG ratings lower bond issuance interest rates, cutting financial expenses.</p> <p><b>Investor Confidence:</b> Transparent governance attracts institutional holdings, stabilizing share prices.</p> <p><b>M&amp;A Premium:</b> Robust governance structures provide credit endorsements for overseas acquisitions, reducing cross-border transaction costs.</p>
Impact Materiality	● ● ●		
Financial Materiality	● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Risk Management & Internal Controls			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain		
	Community		
Impact Period	Short-Term	☑	
	Mid-Term		
	Long-Term		
Type	Impact	Risk	Opportunity
Description	Implement a "Three Lines of Defense" risk governance framework to systematically identify ESG risks and develop countermeasures; deploy digital risk control platforms to enhance early warning and response capabilities.	<p><b>Model Failure Risk:</b> Risk assessment models excluding emerging risks (e.g., carbon tariffs) may cause delayed responses.</p> <p><b>Human Error Risk:</b> Inadequate execution of internal controls (e.g., perfunctory procurement approvals) may lead to bribery losses.</p> <p><b>Cross-border Compliance Risk:</b> Overseas operations non-compliant with local regulations (e.g., US FCPA) may incur penalties.</p>	<p><b>Cost Optimization:</b> Proactive risk prevention reduces unexpected losses, enhancing operational efficiency and profitability.</p> <p><b>Credit Enhancement:</b> Zero major risk incidents support higher credit ratings, lowering financing costs.</p> <p><b>Business Expansion:</b> Robust risk controls enable entry into emerging markets for high-risk/high-return ventures.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Ethical Operations & Compliance			
Impact Scope	Own Operations	☑	
	Upstream Value Chain	☑	
	Downstream Value Chain	☑	
	Community		
Impact Period	Short-Term	☑	
	Mid-Term		
	Long-Term		
Type	Impact	Risk	Opportunity
Description	Implement an "Integrity Supply Chain" program requiring 100% supplier anti-bribery agreements to foster ethical collaboration; establish global compliance training covering all employees to strengthen business ethics awareness.	<p><b>Overseas Compliance Risk:</b> Bribery by business partners may expose the company to joint liability or associated penalties, such as sanctions imposed by the World Bank.</p> <p><b>Conflict of Interest Risk:</b> Unreported related-party transactions may provoke shareholder disputes, damaging governance credibility.</p> <p><b>Data Compliance Risk:</b> Unauthorized use of marketing data violating GDPR may result in heavy fines.</p>	<p><b>Brand Value:</b> Maintain "zero-corruption" records to attract ESG funds and premium clients.</p> <p><b>Supply Chain Synergy:</b> Long-term partnerships with compliant suppliers reduce audit costs and enhance stability.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ● ●		
Section Reference	6 Responsible Operations and Innovation		

Topic			
Information Security & Privacy Protection			
Impact Scope	Own Operations	☑	
	Upstream Value Chain		
	Downstream Value Chain		
	Community		
Impact Period	Short-Term	☑	
	Mid-Term		
	Long-Term		
Type	Impact	Risk	Opportunity
Description	Deploy internationally certified information security management systems to protect client/commercial data; establish compliant cross-border data transfer mechanisms meeting global privacy regulations.	<p><b>Ransomware Risk:</b> Attacks on core production systems may halt operations, causing significant losses.</p> <p><b>Insider Threat Risk:</b> Unencrypted R&amp;D data vulnerable to malicious leaks may trigger patent disputes.</p> <p><b>Cross-border Transfer Risk:</b> Unapproved overseas data transfers may face regulatory penalties.</p>	<p><b>Client Trust Opportunity:</b> Obtain international information security certifications to access premium client supply chains, expanding high-value-added business.</p> <p><b>Service Extension:</b> Package security management capabilities as solutions for industry SMEs.</p> <p><b>Cost Savings Opportunity:</b> Reduced information security incidents lower data recovery and litigation compensation costs, enhancing cost-effectiveness.</p>
Impact Materiality	● ● ● ●		
Financial Materiality	● ● ●		
Section Reference	6 Responsible Operations and Innovation		

## Reader Feedback Form

Dear Readers,

Thank you for taking the time to review PotisEdge 2024 Sustainability Report. To better align with your expectations and enhance our sustainability performance and social responsibility capabilities, we sincerely invite your feedback. Every suggestion will guide our future improvements.

1. Your overall evaluation of this report:

Excellent Good Fair

2. How effectively does this report present PotisEdge's significant impacts across economic, environmental, and social dimensions?

Excellent Good Fair

3. How well does this report address and disclose stakeholder concerns?

Excellent Good Fair

4. How would you rate the completeness of disclosed information, metrics, and data?

Excellent Good Fair

5. Additional suggestions for PotisEdge's sustainability initiatives:

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Thank you once again for your continued interest and support for PotisEdge. We look forward to providing you with even better content and services in the future.

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PotisEdge reserves the right of final interpretation.