



**2020**

NARI Technology Co., Ltd.

**Corporate Social  
Responsibility Report**

# About the Report

## Reporting Scope

This report is the 9<sup>th</sup> social responsibility report of NARI Technology Co., Ltd. (hereinafter referred to as "NARI", "the Company" or "we" for short). It discloses the Company's social responsibility and sustainability philosophy, practices and performance during the period from 1 January to 31 December 2020, some of which are appropriately retroactive to previous years. This annual report covers NARI and its subsidiaries.

## Reporting References

This Report is prepared in accordance with the *Guidelines on Listed Companies' Environmental Information Disclosure*, and *Guidelines for Preparing Corporate Social Responsibility Report* issued by the Shanghai Stock Exchange, and with reference to *GRI Sustainability Reporting Standards (GRI Standards)* issued by the Global Sustainability Standards Board (GSSB), *Guidance on Social Responsibility (ISO 26000)* issued by the International Organization for Standardization (ISO), and the *GB/T 36000 Guidance on Social Responsibility* issued by the Standardization Administration of the People's Republic of China.

## Data Source

The financial data herein comes from NARI's annual financial report and official documents. Unless otherwise stated, the financial information is reported in *renminbi* (RMB).

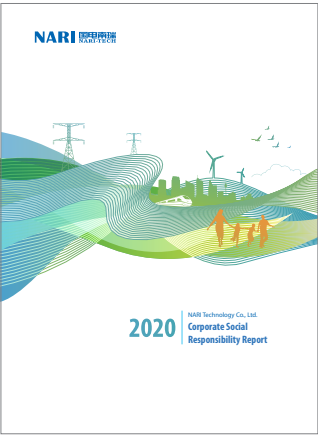
## Confirmation and Approval

This report is published with the confirmation of the Company's Board of Directors.

## Access to the Report

This Report is available in both Chinese and English. Should there be any inconsistency between the two versions, the Chinese version shall prevail. The report is published in both print and electronic format. You can download the electronic version from <http://www.naritech.cn/>. If you need a hard copy of the report, or have any questions or suggestions regarding its contents, please contact us:

NARI Technology Co., Ltd.  
Address: No.19 Chengxin Avenue, Jiangning District, Nanjing, Jiangsu Province  
Postcode: 211106  
Tel.: 025-81087102  
Fax: 025-83422355  
E-mail: [stock@sgepri.sgcc.com.cn](mailto:stock@sgepri.sgcc.com.cn)



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# Message from the Chairman

2020 was an extraordinary and memorable year.

In the face of the menacing COVID-19 pandemic, complex external environment and a heavy workload for continuing reform and development, NARI remained well-grounded in reality and unflappable amidst the uncertainties. We continued to forge ahead, spotted and nurtured opportunities in the crisis, and made a new start in the changing world. We managed to contain the spread of the coronavirus and promoted high-quality development at the same time, creating a glorious chapter in NARI's history. Looking back on last year, we, thanks to the joint efforts of all our staff, rose up to the challenge, maintained strategic focus, and attained extraordinary achievements in this extraordinary year.

**We strove to drive high-quality development with innovation.** We scaled new heights in S&T advancement, intensified R&D efforts on core, key technologies, accelerated the development and marketing of new products, and strengthened innovation in S&T project management. We vigorously implemented the *New Leap and Forward Action Plan*, and introduced 19 measures to stimulate innovation. We continued to tackle key technological problems, promote product application and advance our research achievements, so as to integrate the industry chain, value chain, and innovation chain. We also strengthened cross-sector coordination, gave full play to our overall advantages, continuously enhanced our competitiveness in core industries, and aggressively expanded into more industries. The complete set of self-developed substation equipment developed based on nationally-produced chips and with an independent and safe operating system, were connected to the grid and put into operation in more than 20 substations in China. Our independently developed 6 MW wind power converter with world-leading converter valves and control & protection system was also connected to the power grid, supporting the operation of major projects such as the Zhangbei Voltage Source Converter-based High Voltage Direct Current (VSC-HVDC) grid project, and the Qinghai-Henan Ultra-High Voltage Direct Current (UHVDC) power transmission project. The fully nationally-produced monitoring and control system that we developed for large hydropower stations supports the first batch of units in operation at Wudongde Hydropower Station. We pressed ahead with innovation to ensure high-quality development.

**We advanced with the times and consolidated the foundation for building a highland of safety and environmental protection.** We continued to prioritize safety, to ultimately safeguard NARI's safe and sustainable development. We took into account both traditional and non-traditional safety risks, incorporated risk control into all business processes and job responsibilities, and modernized our safety governance capabilities. Actively responding to the government's call for developing a low-carbon economy and realizing green transition, we coordinated corporate development in harmony with the sustainability of resources and the environment. With strict adherence to environmental management standards in the clean energy industry, we doubled our efforts to develop and promote energy-saving and eco-friendly products. We are committed to injecting green momentum into economic and social development and in building a beautiful China.

**We engaged with stakeholders to create a better future.** We are committed to win-win cooperation with our stakeholders for shared prosperity and a better future. We proactively engage in community development, and organized various charity activities to bring in hope and wisdom and to spread love and good neighborliness. We undertook measures to strengthen corporate development through human resources development, and improved career development channels for three groups-management, experts/specialists, and ordinary staff. Additionally, we doubled our efforts to train staff and introduced 10 policies offering substantial benefits to employees, to enhance their sense of happiness and satisfaction.

We will strive to create a better future with concrete actions. As we stand at a historic starting point, we will take advantage of the trends, keep our goals in sight, and continue to strive to open new opportunities for high-quality development and nurture us into a global industry leader in Energy Internet. We will take on more responsibilities and take more effective actions, and work with stakeholders to grow, create value, and build the future, making valuable contributions to economic, social, and environmental sustainability.

Leng Jun

Chairman of NARI Technology Co., Ltd.

# About Us

## » Company profile

NARI Technology Co., Ltd. was founded in 2001 and listed on the Shanghai Stock Exchange in 2003. We are a leading supplier of Energy Internet solutions, specifically, intelligent energy and power services. We are China's leading IT company in the energy, power, and industrial control fields and a pioneer in intelligent electrical power services. The Company boasts advanced control technologies and information technology, including big data, cloud computing, Internet of Things (IoT), mobile internet, artificial intelligence (AI), and blockchain technologies. We offer software and hardware products, integrated solutions, and application services for customers in industries such as power grid, power generation, railway transportation, water conservancy and water affairs, municipal public utilities, and mining. After decades of independent innovation and development, the Company has grown into a leading public company with total assets of RMB 66 billion, annual revenue of RMB 38.5 billion and market value of over RMB 100 billion. We have established one research institute, four business units, 15 branch companies, and 26 subsidiaries. Our business spans the following four pillar sectors: power grid automation and industrial control, relay protection and flexible power transmission, information communication for power automation, and power generation and water conservancy and environmental protection.

NARI proactively adapts to the new normal of China's economic development, and accurately identifies and builds upon opportunities created by the latest round of industrial revolution, energy revolution, and reforms in the electrical power industry. Specifically, the Company prioritizes the upgrading of traditional industries, cultivation of new pillar industries, development of modern service industries, and overseas expansion. In addition to following the trends of "Internet Plus", AI, 5G, and blockchain technologies, we continue to seek innovation-driven development. We endeavor to enhance and showcase our strengths in developing cutting-edge energy and power technologies, high-end equipment, and integrated solutions. Promoting innovative, coordinated, integrated, and coordinated development, we set the strategic goal to emerge as a global industry leader in Energy Internet and a value creator that contributes to economic and social development.



» Development strategy



Goal

To become a global industry leader in Energy Internet



Positioning

A guardian of safe grids and a leader in developing Energy Internet technologies



Strategic approach

Establishing stronger and bigger presence in two types of industries and three markets

Establishing stronger and bigger presence in two types of industries

- We will continue to upgrade our core industries, and concentrate on the development of the Energy Internet. We will continue to consolidate and build up our core strengths in developing “front-end, high-end and top-end” in power grid automation and electric power information communication, etc., to accelerate high-end, green, intelligent and integrated development, and foster core industries with leading Energy Internet technology.
- We will vigorously develop emerging industries, waste no time to go digital, strengthen technological innovation for energy-information integration, and accelerate the development of advanced information communication, power semiconductor and other emerging businesses, to build new growth points and new core competitive edge for the Company.

Establishing stronger and bigger presence in three markets

- We will continue to consolidate our presence in our traditional markets in China, expand our business for State Grid Corporation of China and China Southern Power Grid Company Limited, give full play to our advantageous resources, introduce new market-oriented operation models, and strengthen delicacy project management to consolidate and build up our strengths.
- We will accelerate to expand into the new markets, keep abreast of the latest policies and technological innovation, identify business priorities accordingly, and increase investment of resources, funds and personnel to achieve greater breakthroughs at an earlier date.
- We will steadily seek expansion in the international market, dynamically adjust the layout of our overseas marketing network, focus on key target markets, plan integrated solutions, and provide bigger market-based incentives for outstanding performance, to strengthen our international competitiveness at an earlier date.

Strategic approach and tasks

» Corporate values

Corporate spirit

Striving for excellence

Development philosophy

Pursuing innovation-driven development under the leadership of Party building, by putting quality and customers first and promoting win-win cooperation

Business management philosophy

Building a business that is based on technological prowess and puts customers and employees first and foremost

HR management philosophy

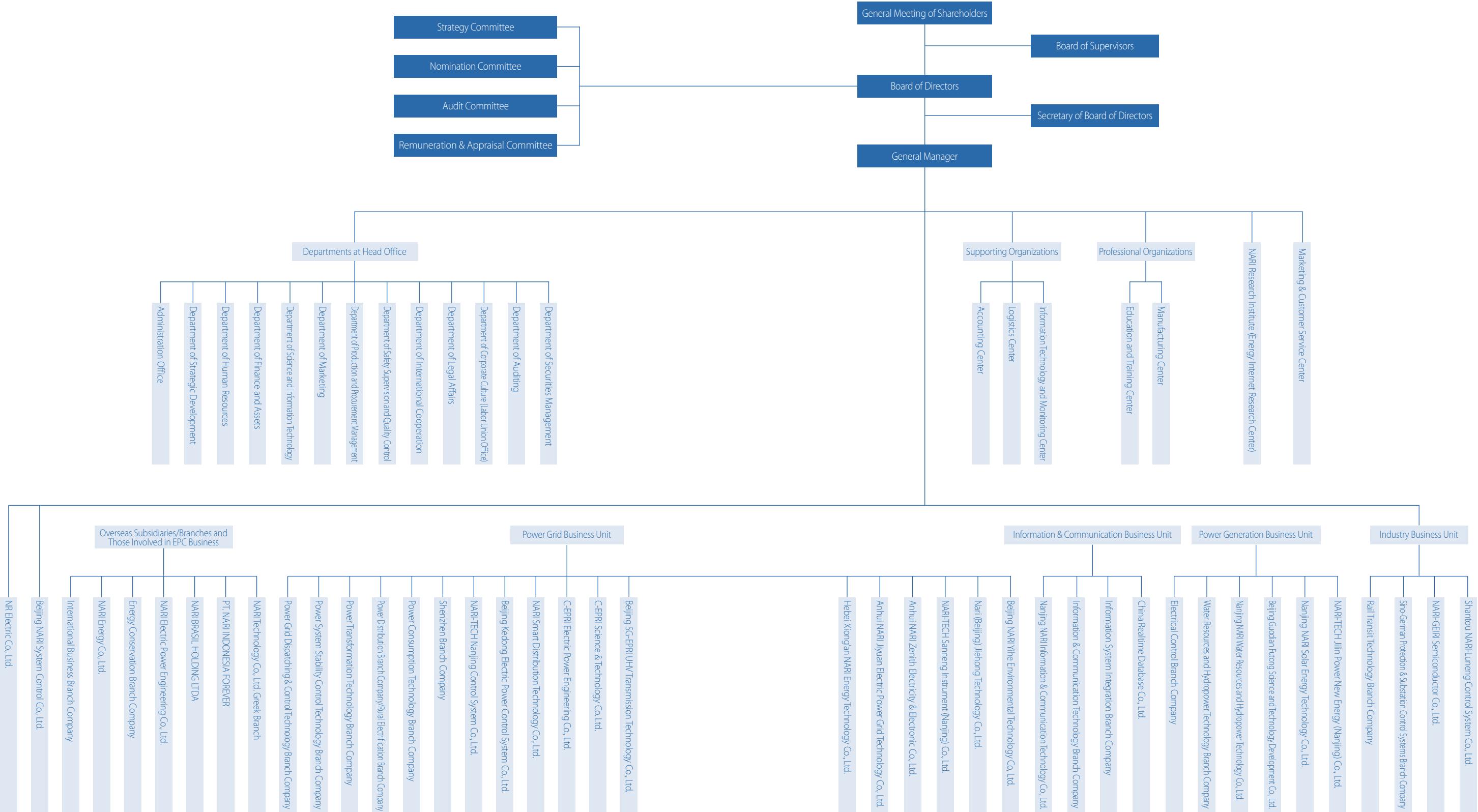
Employees are our biggest asset and we work to empower employees to grow together with the Company

Customer services philosophy

We deliver services that meet customer demands and make constant improvements to greater satisfaction of all customers



Organizational structure



» Industry associations we join

Industry Association	Our Role
China Nuclear Energy Association	Member
China Electrical Equipment Industrial Association	Director
China Association for Public Companies	Director
China Association of Metros	Member
China International Contractors Association	Member
China Security & Protection Industry Association	Member
National Standards Technical Committee for Electrical Measuring Instruments	Member
China Electric Power Big Data Innovation Alliance	Executive Director
Electronic and Mechanical Engineering Society, Chinese Institute of Electronics	Member
Technical Committee for Standardization of Power Quality and Flexible Power Transmission in Electric Power Industry	Member
Jiangsu Society for Electrical Engineering	Executive Director
Jiangsu Province Electrotechnical Society	Executive Director
JiangSu Association for Public Companies	Director
Jiangsu Province Renewable Energy Industry Association	Deputy Director-General
Nanjing Software Industry Association	Deputy Director-General
Nanjing Mass Transit Industry Association	Deputy Director-General
Nanjing Urban Rail Transit Development Association	Deputy Director-General
Nanjing Association for Foreign Economic and Technological Cooperation	Executive Vice President



Honors and awards

Honors	Awarded by
2020 Jiangsu Top 100 Innovative Enterprises	Jiangsu Science and Technology Development Strategy Research Institute
Jiangsu Provincial Engineering Technology Research Center for Flexible Transmission and Distribution Equipment	Jiangsu Provincial Department of Science and Technology
Jiangsu Provincial Engineering Research Center for DC Distribution Network	Jiangsu Development & Reform Commission
Grade A for information disclosure 2019-2020	Shanghai Stock Exchange
Top 100 Public Companies by Return to Investors	China Association for Public Companies Shanghai Stock Exchange Shenzhen Stock Exchange
The 14th (2020) List of China's Most Valuable Public Companies – Top 100 Most Valuable Public Companies on the Main Board	Securities Times
The Second (2020) New Fortune List of Best Public Companies	New Fortune
2020 "Gold Quality" Science and Technology Innovation Award for Public Companies	Shanghai Securities News
The Best Innovative Public Company Award	Chinese Securities Journal



# CSR Management

## » CSR philosophy

As a high-tech enterprise in electric power and related industries, NARI is committed to providing strong support and advanced technologies for the innovative development of the electric power industry, safe and stable grid operation, and the rapid development of China's power grids, information communication, power generation, energy conservation, environmental protection, and related industries.

We put sustainability at the heart of everything we do and follow the science-based CSR philosophy. We integrate CSR into our corporate strategies, decisions, management, and operation. Our efforts are geared towards ensuring we fulfill our commitments in honest business, technological innovation, products & services, workplace safety, environmental protection, employee rights protection, and community development. We work actively to build a responsible and a reliable global industry leader in Energy Internet and contribute to sustainable economic, social, and environmental development.



Our CSR philosophy model

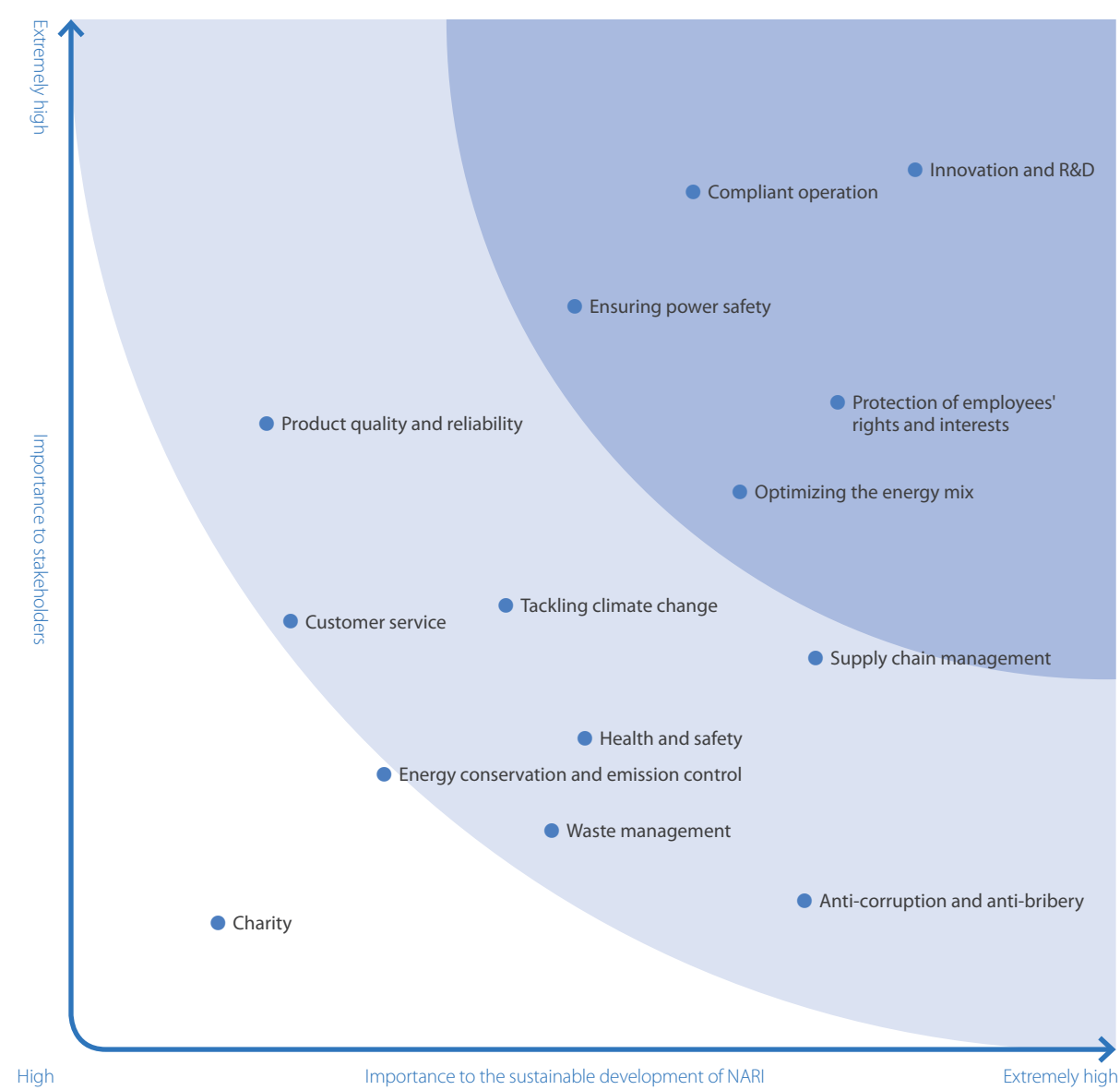
## » Stakeholder engagement

NARI always regards the engagement of stakeholders as an important part of CSR management. To this end, we have established a comprehensive, multi-channel and regular communication mechanism for timely and effective communication with all stakeholders, better finding out their expectations and demands. Moreover, according to our production and operation reality, we actively respond to stakeholders' concerns in corporate operation and decision-making process and take corresponding measures.

Stakeholders	Expectations and demands	Communication and response
Government	<ul style="list-style-type: none"><li>◆ Legal compliance</li><li>◆ Paying taxes in accordance with legal requirements</li><li>◆ Promoting economic development</li><li>◆ Ensuring safe supply of electricity</li><li>◆ Optimizing the energy mix</li><li>◆ Promoting employment</li></ul>	<ul style="list-style-type: none"><li>◆ Abiding by the laws and regulations</li><li>◆ Paying taxes in accordance with legal requirements</li><li>◆ Policy implementation</li><li>◆ Implementing national strategies</li><li>◆ Providing jobs</li></ul>
Regulatory authorities	<ul style="list-style-type: none"><li>◆ Compliant operation</li><li>◆ Improving corporate governance</li><li>◆ Improving risk control in all respects</li></ul>	<ul style="list-style-type: none"><li>◆ Implementing regulatory policies</li><li>◆ Improving corporate governance</li><li>◆ Strengthening risk control</li><li>◆ Accepting supervision and assessment</li></ul>
Shareholders	<ul style="list-style-type: none"><li>◆ Enhancing profitability</li><li>◆ Safe and sound operation</li><li>◆ Transparent information disclosure</li><li>◆ Protecting the interests of shareholders</li></ul>	<ul style="list-style-type: none"><li>◆ Promoting business development</li><li>◆ Strengthening internal control and compliance</li><li>◆ Carrying out risk management in all respects</li><li>◆ Improving information disclosure</li><li>◆ Generating stable dividend</li></ul>
Customers	<ul style="list-style-type: none"><li>◆ Providing reliable technology and equipment</li><li>◆ High quality customer service</li></ul>	<ul style="list-style-type: none"><li>◆ Strengthening product quality control</li><li>◆ Enhancing the ability of technological innovation</li><li>◆ Setting up a customer service center</li><li>◆ Improving service capability</li><li>◆ Improving customer complaint management</li></ul>
Partners	<ul style="list-style-type: none"><li>◆ Fair and transparent</li><li>◆ Win-win cooperation</li><li>◆ Promoting the development of the industry</li></ul>	<ul style="list-style-type: none"><li>◆ Practicing transparent procurement</li><li>◆ Strengthening strategic cooperation</li><li>◆ Providing supplier training</li><li>◆ Exchanges with peer companies</li></ul>
Employees	<ul style="list-style-type: none"><li>◆ Safeguarding legitimate rights and interests</li><li>◆ Ensuring health and safety</li><li>◆ Improving the compensation and benefit system</li><li>◆ Training and development</li><li>◆ A rich after-work life</li></ul>	<ul style="list-style-type: none"><li>◆ Equal employment</li><li>◆ Improving the compensation and benefit system</li><li>◆ Providing a healthy and safe working environment</li><li>◆ Smooth career development channel</li><li>◆ Building a training system</li><li>◆ Organizing cultural and sports activities</li></ul>
Media	<ul style="list-style-type: none"><li>◆ Transparent operation</li><li>◆ Information disclosure</li></ul>	<ul style="list-style-type: none"><li>◆ Receiving researches and interviews</li><li>◆ Organizing media tours</li></ul>
Communities	<ul style="list-style-type: none"><li>◆ Ecological protection</li><li>◆ Community building</li><li>◆ Charity</li></ul>	<ul style="list-style-type: none"><li>◆ Strengthening environmental management</li><li>◆ Tackling climate change</li><li>◆ Promoting energy conservation and emission control</li><li>◆ Practicing green office</li><li>◆ Supporting community development</li><li>◆ Carrying out charitable activities</li></ul>

» Materiality analysis

NARI collects and sorts feedback and suggestions from our customers, shareholders, employees, partners, media and other stakeholders in a timely manner. Then we seek advice from the management, benchmark our company against relevant international and domestic CSR standards, organize internal and external experts to do research, and obtain information from day-to-day operations. On this basis, we have identified, evaluated and selected material topics in light of national policies, hot topics in industries and our strategic priorities, and then formed the materiality matrix based on their importance to the Company and stakeholders.



» CSR performance

	Indicator	2018	2019	2020
 Economic performance	Total assets (RMB billion)	52.34	57.43	65.96
	Operating revenue (RMB billion)	28.54	32.42	38.50
	Total profits (RMB billion)	5.02	5.28	5.93
	Net profit attributable to shareholders of listed companies (RMB billion)	4.16	4.34	4.85
	Total tax payment (RMB billion)	2.43	2.05	2.48
	R&D investment (RMB billion)	1.90	2.21	2.52
	Contract review rate (%)	100	100	100
 Environmental performance	Total investment in environmental protection (RMB 10,000)	60.1	218.26	223.93
	Natural gas consumption (10,000 m³)	57.75	60.69	52.32
	Electricity consumption (GWh)	72.22	75.31	76.74
	Water consumption (10,000 tons)	72.18	74.74	73.63
	Water consumption per capita (ton/person)	102.04	91.03	83.62
	Hazardous waste discharge (ton)	13.28	7.30	11.53
	Input in workplace safety (RMB million)	22.86	24.67	28.04
 Social performance	Injuries and fatalities	0	0	0
	Employee health examination coverage (%)	100	100	100
	Total employees (headcount)	7,074	8,211	8,806
	Total new recruits (headcount)	375	1,345	827
	Labor contract signing rate (%)	100	100	100
	Coverage of social insurances (%)	100	100	100





## Promoting Steady Development to Create Long-Term Value



Good corporate governance is the foundation for a company's sound operation and sustainable development. NARI has consistently improved the legal entity governance structure and various internal policies. We have integrated the idea of compliance into the entire process from production to operations. We have established an effective internal control and risk management system, and continuously enhanced the ability to guard against and defuse risks. We promote stable corporate growth and strive to create greater value for all stakeholders.

» Corporate governance

In 2020

2 shareholders' general meetings were held

7 board meetings were held

5 meetings of the Board of Supervisors were held

NARI strictly abides by the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies*, *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other governing laws, regulations and regulatory documents. We have accordingly improved the enterprise system and the corporate governance structure to regulate corporate operations. Now our corporate governance structure is well-regulated and reasonable, with clearly-defined rights and responsibilities. The General Meeting of Shareholders, Board of Directors, Board of Supervisors and the management dutifully fulfill their respective responsibilities and work together to promote the healthy and sustainable development of the Company, and effectively protect the legitimate rights and interests of the Company, customers, shareholders and employees.

The Company, in strict accordance with the conditions and procedures stipulated in the *Articles of Association*, selects and appoints directors in a scientific and reasonable manner that ensures the independence and diversity of the Board. The Board consists of 12 directors, including four independent directors (of which one is a female), all with a strong professional background in their respective field or rich experience in corporate management. As professionals in law, accounting, economic management and technology, independent directors provide professional support in finance & audits, business decision-making, risk control, etc., and promote efficient company operations. All the non-independent directors are senior engineers or above. Under the Board of Directors are four specialized committees: Strategy Committee, Audit Committee, Nomination Committee, and Remuneration & Appraisal Committee. In the Audit Committee, Remuneration & Appraisal Committee and Nomination Committee, two thirds of the members are independent directors, including the convener. In the Audit Committee in particular, the convener is an independent director of accounting profession and offers scientific and reasonable advice for the decision-making of the Board, to help it reach right decisions in a democratic and scientific manner.

The Board of Supervisors has six supervisors. It supervises the law-based operations, finance, fund raising, assets acquisition and sale, related transactions, and the compliant performance of duties by the directors, general manager and other senior management personnel, and effectively safeguards the legitimate rights and interests of the Company, shareholders and employees.

The Company's execution body consists of 7 senior managers, reports to the Board of Directors, and acts under the supervision of the Board of Supervisors. Its responsibilities and rights, like those of Board of Directors, are strictly in accordance with the *Articles of Association* and related documents. Its specific rights regarding operations and decision-making are authorized by the Board of Directors.

The General Meeting of Shareholders is the Company's highest authority and deliberates on major matters related to corporate development with the Board of Directors and its four committees, as well as the Board of Supervisors. In 2020, two General Meetings of Shareholders were held to deliberate on 17 proposals; the Board of Directors held seven meetings to deliberate on 47 proposals and its specialized committees held 11 meetings to deliberate on 25 proposals; the Board of Supervisors convened five meetings to deliberate on 14 proposals.



The first extraordinary General Meeting of Shareholders in 2020

» Compliant operations

NARI upholds business integrity, constantly strengthens the compliance management system, regularly sorts out and strictly observes all applicable laws and regulations and industry norms. We also actively guard against major compliance risks, and organize compliance training sessions at different levels to raise the employees' awareness of compliance, and ensure compliance in our business operation and management.

In the spirit of "fairness, openness and impartiality", the Company carries out related transactions and discloses information by strictly following the decision-making procedures prescribed by laws, regulations and rules to ensure that related transactions are lawful, fair and reasonable, and protect the legitimate rights and interests of shareholders and the Company. All branches and subsidiaries are urged to improve the compliance review mechanism for overseas engineering projects and products export, and to look into and assess export control matters to guard against overseas compliance risks. All employees are demanded to make the compliance commitment. Compliance responsibilities regarding law & policy compliance, contract and code performance, safe and environmentally-friendly production, protection of intellectual property rights (IPRs), and data and information confidentiality are clarified, to enhance the staff's compliance awareness and performance.

We offer training courses such as "Key Points of Enterprise Compliance Management" and "Case Study of Legal Disputes" for the management to enhance their awareness and ability of compliance management. We hold training sessions on rule of law and compliance, explaining key points of compliance management to personnel in relevant positions to enhance their professional skills and promote corporate compliance. The online training on "Handling of Contract Disputes" was launched to teach the staff common business laws and regulations, raise their compliance awareness, and guide their compliance behavior, which will further build the compliance culture into the entire business operation and management process. In 2020, we organized six training sessions on legal affairs for nearly 2,000 participants.

» Risk management

NARI values risk management and internal control, and has continuously intensified efforts in risk control. A risk control system that involves all personnel, all business sectors and the entire process has gradually taken shape, to collect, predict, evaluate, monitor, report, check and rectify the risks facing the Company. Meanwhile, we have doubled our efforts to track and guard against potential risks and improve the ability to guard against and manage risks, in order to facilitate sustainable and sound business operation. In 2020, we organized departments of the Head Office and branches and subsidiaries to identify existing risk items in their daily operation and management. Then we took measures such as improving the risk control system and procedures, establishing the code for employees to perform their duties, strengthening oversight of the implementation process, carrying out evaluation, and hosting risk control publicity campaigns, to ensure the effective operation of the risk control system, integrate risk management and business management and improve the effect of targeted risk control.

» Anti-corruption and anti-bribery

NARI scrupulously abides by business ethics and promotes fair competition. We strictly observe the *Anti-Unfair Competition Law of the People's Republic of China*, *Interim Provisions on Banning Commercial Bribery*, and *Several Provisions on Honest and Clean Conduct of the Leadership Members of State-Owned Enterprises* and other relevant laws and regulations, and have zero tolerance for any acts of corruption and bribery. In 2020, there were no corruption related lawsuits involving the Company.

The Company continues to develop the anti-corruption system, optimize the supervision, inspection and restriction mechanism for combating corruption, and inspect the results of anti-corruption work in the form of follow-up audit or post audit. At the same time, risks in key areas and key procedures are identified, to effectively enhance the effect of risk hedging and supervision.

The Company demands all employees and third parties conducting business on behalf of the Company to abide by the host country's laws and regulations governing anti-corruption and anti-bribery, to sign the integrity agreement with partners, and to pass on them the Company's anti-corruption and anti-bribery requirements. The Company has also opened a whistleblower hotline and email box, and clarified the complaint handling procedures, processing time and settlement requirements. We make sure all the tips received are confidential and protect the whistleblower from any form of retaliation.

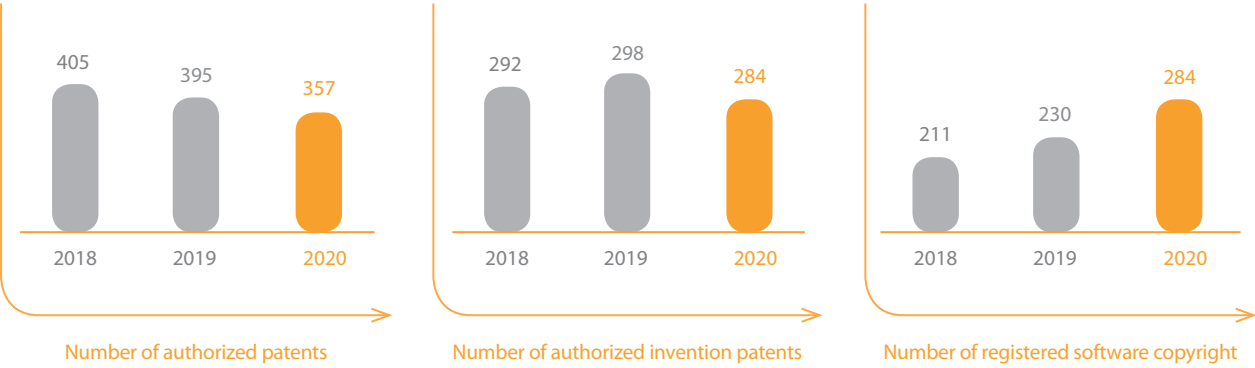
Note: For more information on related transactions, please refer to NARI's announcements and annual report released on the Shanghai Stock Exchange and other official platforms.



In 2020, the Company checked internal corruption risks, and extended anti-corruption efforts to cover all key areas. We monitored key risk indicators for the use of Company-financed vehicles, reimbursement, compensation and benefits, R&D expenses and materials procurement. Anti-corruption training and education activities, and anti-corruption knowledge contests were organized to reach a bigger audience. We sent employees anti-corruption themed text messages on statutory holidays and festivals, and aired anti-corruption themed cartoons, to foster a good atmosphere for clean and honest conduct and self-discipline.

» IPR protection

The Company attaches great importance to the IPR protection and strictly observes the *Patent Law of the People's Republic of China*, *Opinions on Strengthening the Protection of Intellectual Property Rights* and other relevant Chinese regulations and policies. We actively apply to government authorities for patents, software copyright, and software product registration. We consolidate CMMI (Capability Maturity Model Integration) certification results, and manage the fruits of technological innovation, manage the R&D and archiving procedures in strict accordance to the CMMI regulations. We also actively implement various legal protection measures for IPRs, make every effort to protect our own IPRs from infringement in business activities such as IPR development, determination, use, confidentiality, transfer and cooperation, and maximize the IPR value. In 2020, we were granted 357 patents including 284 invention patents, and registered 284 software copyrights.



**Improving the management framework**

Departments work together to manage and protect knowledge assets. The third-party quality audit mechanism is implemented in addition to internal-external coordination and hierarchical audit management. In the field of smart grid operation and protection, we actively advance the development of the high-value patent cultivation center.

**Diversifying management means**

We strengthen the hierarchical management of core patents. We realize overall supervision for patent application, patent authorization, certificate archiving, change and updating, and supervision of related agencies on the IPR Integration Platform, to strengthen IPR management and protection by digital means.

**Expanding the breadth and depth of IPR protection**

We conduct patent search and analysis in the fields of power transmission, power dispatching, grid stability control, relay protection, power distribution, power consumption, new-energy power generation and flexible power transmission, and compile patent distribution reports to support innovative development. We are working to establish a comprehensive protection system covering enterprise technology and product patents, trademarks, copyright and trade secrets, to better protect our IPRs.

Measures for IPR management and protection

» Investor relations

NARI has continuously improved investor relations, strictly fulfilled its obligation of information disclosure, and discloses business and management information in a timely, truthful, accurate and complete manner in accordance with relevant regulations. We have set up a multi-channel communication platform with a regular communication mechanism, via which we actively communicate with investors on our unique competitive advantage. The better-managed investor relations have promoted well-regulated corporate operation and built up our core competitiveness, thus conducive to maximize value for the Company and shareholders.

**Information disclosure**

The Company fulfills information disclosure obligations in strict accordance with the rules of the Shanghai Stock Exchange, and our internal rules and policies, such as the *Administrative Measures for Information Disclosure Affairs*, and discloses company information on *China Securities Journal* and *Shanghai Securities News* and via other channels. We have established a three-tier approval system to ensure timely, truthful, accurate and complete information disclosure, and help investors better understand our current operation status and development plans. We have been rated Class A by Shanghai Stock Exchange for six consecutive years in terms of information disclosure. At the same time, we take the initiative to adapt to the latest regulatory climate and policies and emerging investor needs, and update publicity materials about our services and products accordingly. We organize business-specific investor surveys, and fully display our business development to more investors. In 2020, we issued 4 periodic reports and 57 ad hoc reports, made no major accounting error correction and left out no major information.

**Investor communication**

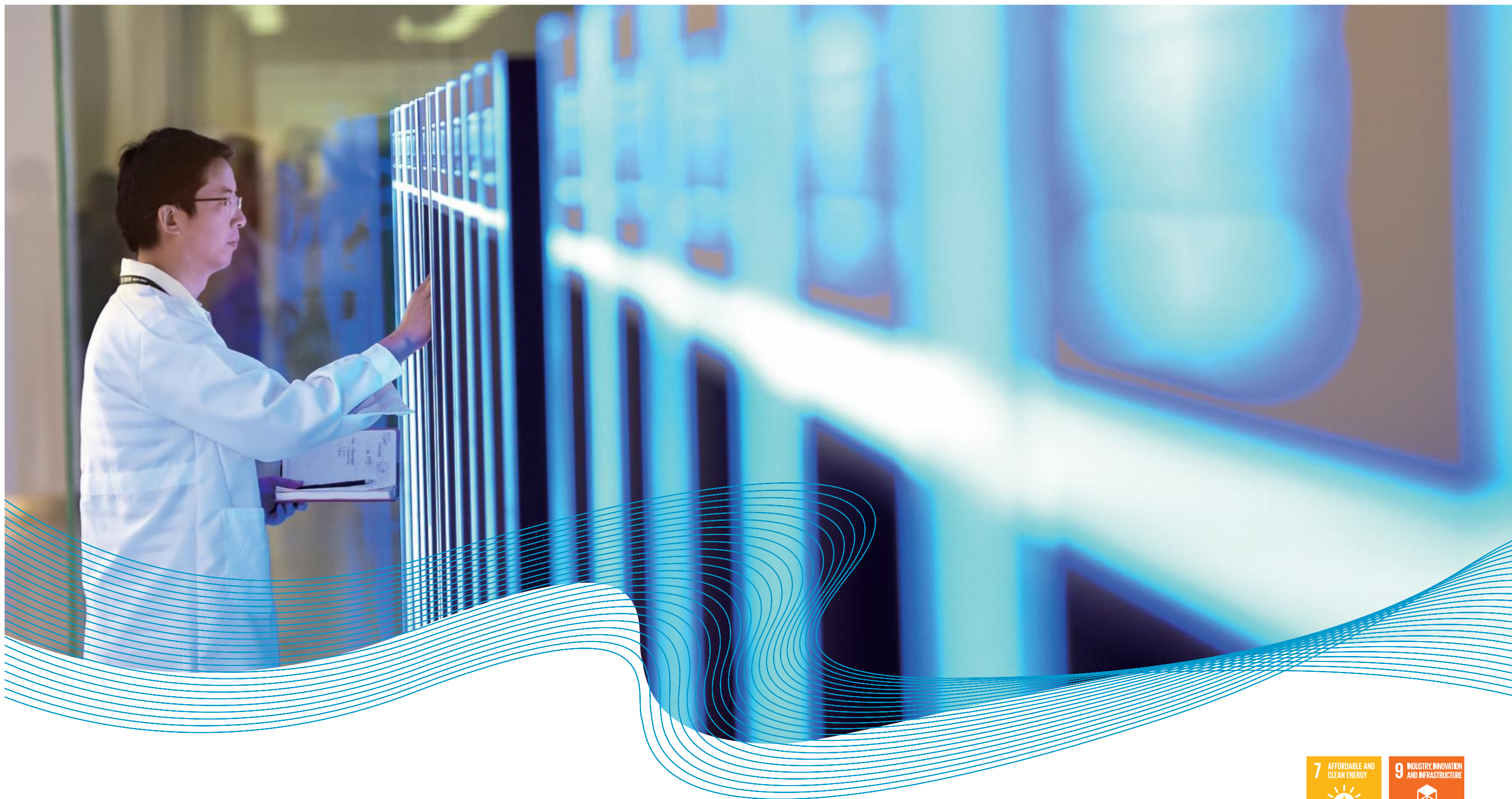
Via unimpeded multi-channel communication platforms such as the investor hotline, the investor e-mail box, Shanghai Stock Exchange E-Interactive platform, we strengthen communication with market players including industry analysts, investors and securities media by holding performance briefings, visiting our long-term shareholders, participating in securities brokers' strategy meetings, receiving fact-finding investor delegations, and publishing reports on mainstream securities media. A regular communication mechanism is in place to improve efficiency, promptly get across our investment value, and boost investor confidence. In 2020, we held 8 performance briefings and conference calls, participated in more than 60 strategy meetings held by brokers online and offline, and received nearly 200 visits from investors and analysts.

**Return to investors**

While focusing on our principal business and striving to build up competitiveness, we attach great importance to the return to investors. We have formulated and implemented a sustained and stable profit distribution policy. Since our listing, we have given out RMB 7.41 billion in dividends, bringing our shareholders sustained and stable return that comes out of corporate development. In 2020, we were voted as one of the Top 100 Public Companies by Return to Investors (among all the listed company of Shanghai Stock Exchange and Shenzhen Stock Exchange in China), showing our willingness to share value with shareholders.

**In 2020**

The Company entered Top **100** on the List of the Most Profitable Public Companies.



## Strengthening Technological Innovation to Foster Momentum for Corporate Development



Technological innovation is an inexhaustible driving force of corporate development. NARI embraces the national strategy of promoting innovation-driven development and aspires to launch cross-discipline research projects to create cross-sector outcomes. To this end, we continue to increase R&D input, strengthen innovation management, stimulate the enthusiasm for innovation, and commercialize technology and product innovations. We are committed to becoming a technology leader in the Energy Internet to serve economic and social development.



» Management of technological innovation

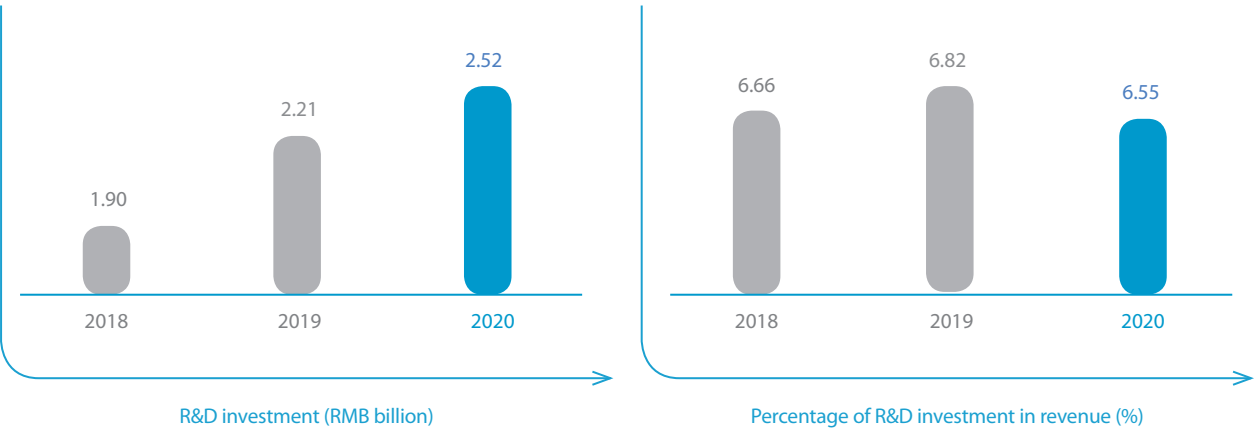
NARI always regards technological innovation as the driving force for corporate development, and strengthens the technological innovation system in all respects. We continuously increase investment in R&D, and enhance the capacity of technological innovation, to provide solid technical support for high-quality corporate development. In 2020, the Company ranked No.1 on the List of Jiangsu Province's Top 100 Innovative Enterprises.

Oriented towards the market demands, the Company has introduced R&D related policies, work flows and assessment schemes, established the fast project approval mechanism, and sped up to match R&D efforts with market demands. A platform for R&D services and results sharing throughout the entire R&D project process is in place to enhance R&D efficiency. We also continue to optimize the R&D organizational structure by clearly defining responsibilities and promoting collaborative innovation, to form an integrated R&D system that is "clearly positioned, open, sharing, collaborative and efficient," and stimulate the enthusiasm for innovation.



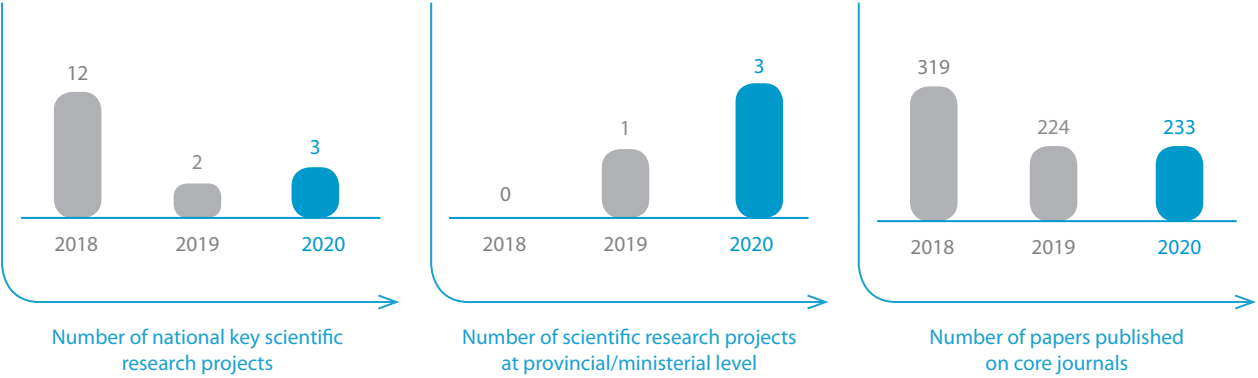
Major measures of technological innovation management

The Company attaches great importance to talent recruitment and cultivation. We have strengthened cooperation with universities and colleges, research institutes and Internet giants, continued to increase R&D investment and strengthen the support for technological innovation, and accelerated the R&D of technologies and products as well as the upgrading of core products to enhance the Company's core competitiveness.



» R&D of advanced technologies

NARI is dedicated to developing cutting-edge technologies in the field of Energy Internet. With advantages in power system analysis, we vigorously seek innovation in key technologies for smart grids, speed up to make breakthrough in key technologies for the power IoT, develop clean technologies to facilitate the consumption of clean energy, thus strengthening the ability of independent innovation and leading the industry in scientific and technological advancement. In 2020, the complete set of self-developed substation equipment developed based on nationally-produced chips and with an independent and safe operating system, were connected to the grid and put into operation in more than 20 substations in China. We completed the test of application scenario and core functions of the new-generation dispatching system. Our independently developed 6 MW wind power converter was also connected to the power grid. In that year, we were awarded 119 S&T awards, including 77 at the provincial/ministerial level or above, and 28 of our research outcomes which are at the global forefront, passed the authoritative appraisal organized by the Chinese Society for Electrical Engineering.





Our S&T awards in 2020 (partial)



First Prize of Jiangsu Province Science and Technology Award

- Key Technology and Engineering Application of the Control System for 300MW Pumped Storage Hydroelectric Units
- Key Technology and Application of Network-Based Collaborative Optimization and Control of Source-Grid-Load in Active Distribution Network
- Key Technology of Precise Load Control for Large-Scale Source-Grid-Load and Its Application



First Prize of Guangdong Province Science and Technology Progress Award

- Independent R&D of Key Technology of VSC- HVDC Transmission in China and Its Major Engineering Application



First Prize of Hubei Province Science and Technology Progress Award

- Large-Scale AC/DC Hybrid Power Grid Simulation System and Key Control & Protection Technologies and Applications



First Prize of Ningxia Hui Autonomous Region Science and Technology Progress Award

- Key Technology and Application of High-Performance Relay Protection for Large-scale Power Grids



First Prize of Beijing Municipality Technology Invention Award

- Key Technology and Application of Hybrid High-Voltage DC Circuit Breakers



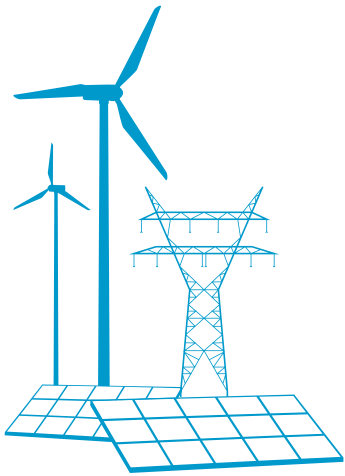
First Prize of China Standards Innovation Contribution Award

- 10 Standards of Q/GDW 11547—2016, including *Engineering Design Guidelines for Unified Power Flow Controllers*



First Prize of China Electric Power Science and Technology Progress Award

- Key Technology and Application for the Protection and Control of Urban Power Grids with Large Load of Electric Transport
- Key Flexible AC/DC Networking Technology of High-Efficiency Power Electronic Transformer and Its Application
- Key Technology, System and Application of Operation Dispatching Control and Reliability Planning for Active Distribution Networks



► Commercialization of R&D outcomes

In the spirit of “striving for excellence,” on the basis of advanced control technology and information technology, NARI applies big data, cloud computing, IoT, mobile internet, AI and blockchain technologies, to constantly seek breakthroughs in four pillar sectors: power grid automation and industrial control; relay protection and flexible power transmission; information communication for power automation; power generation and water conservancy and environmental protection. The Company actively seeks ways to commercialize technological innovation outcomes, promotes application of innovations and strives to enable economic and social development in a more efficient and economical manner with the help of advanced technologies.

Power grid automation and industrial control

NARI is the only domestic integrated solution provider for safe and stable control of power grids and power dispatching. We employ advanced technologies to realize automatic control, dispatching and management of power generation, transmission and management, to ensure secure and reliable operation of the power system, and to generate more economic benefits and improve management efficiency for the Company. We have applied the core automation technology for power grid to such fields as rail transport, industrial control and intelligent manufacturing, and effectively promoted automation in these fields.



Overcoming difficulties to provide self-developed equipment for all the “three defense lines” of power system

Case

In August 2020, China’s first set of self-developed out-of-step separation device and Security and Stability Control device developed by NARI were installed in the 750 kV Qian County substation in Shaanxi Province and 330 kV Guazhou substation in Gansu Province. This marked NARI’s another major breakthrough in the R&D of self-developed devices for security and stability and emergency control of power grid, following the trial operation of nationally-produced relay protection devices of all types and for all voltage levels, making the Company the first in China to provide self-developed equipment for all the “three defense lines” of the power system. By the end of 2020, the complete set of self-developed substation equipment developed based on nationally-produced chips and with an independent and safe operating system had been connected to the grid and put into operation in more than 20 substations in China to ensure grid security and stability, thus contributing to NARI’s drive to grow into a global industry leader in Energy Internet with Chinese characteristics.



Checking the operational status of the self-developed complete set of equipment at a substation



Supporting the accelerated development of China’s electricity spot market

Case

The electricity spot market is an important part of the electricity market mechanism, and its technical support system is important for its secure and reliable operation, and for the technology platform to support one-day-ahead, within-a-day and real-time electricity trading between power generation and consumption sides. Since 2017, NARI has been continuously designing and developing the technical support system for the electricity spot market, optimizing the system functions, and making particular efforts to improve the system’s stability, reliability and practicality. In July 2020, the technical support system NARI built for Guizhou’s provincial electricity spot market passed the factory acceptance test, marking another milestone following our pilot projects in western Inner Mongolia, Guangdong, Gansu, and Zhejiang provinces, and laying a solid foundation for the development of China’s electricity spot market.

Relay protection and flexible power transmission

For power plants, power grids and industrial and commercial power users, the Company applies the latest digital, information, communications and power electronics technologies to provide core technologies, products and services for power control and protection, DC transmission and flexible AC transmission. Thus, we are capable of rapid fault isolation and power restoration of power system, flexible high-efficiency and large-capacity long-distance transmission, and help improve the reliability and stability of power system operation, and build a strong power grid.



Supporting the Zhangbei Project with our technological strengths

Case

In June 2020, the  $\pm 500$  kV Zhangbei VSC-HVDC grid experimental and demonstration project (the “Zhangbei Project” for short), the world’s first VSC-HVDC grid project, was put into operation. All its control and protection systems were supplied by NARI, including a 3,000 MW complete equipment of VSC-HVDC converter valve for Zhangbei Station, and eight sets of  $\pm 500$  kV HVDC circuit breakers and core measuring equipment for Zhangbei Station and Beijing Station. NARI continued to support the Zhangbei Project from equipment development to commissioning and launch into operation, demonstrating our leading technological prowess in field of VSC-HVDC transmission and China’s advancement in equipment manufacturing.



Supplying the converter valve and other technologies to the Zhangbei Project



Making breakthroughs in technologies for the Qinghai-Henan Project

Case

In July 2020, the Qinghai-Henan  $\pm 800$  kV UHVDC project (the “Qinghai-Henan Project” for short) started power transmission. For this project, NARI made breakthroughs in fields such as large-scale delivery of new energy, interaction between new energy and UHVDC, key technologies for UHVDC power transmission in high-altitude areas, and localization of the core UHVDC equipment. NARI provided its converter valves, valve cooling system, DC control and protection, stability and control system, CAFS system and other core equipment. This project demonstrates the advancement of China’s power equipment manufacturing, and consolidates China’s world-leading position in UHVDC power transmission.



Core equipment supplied by NARI for the Qinghai-Henan Project

Information communication for power automation

The Company has established the first research and application laboratory of wireless communication in the Chinese electric power industry. With leading power system information and communication technology, we provide system support and information security services for the operational management, status monitoring, aid in decision making regarding grid operation inspection, dispatching, security supervision and marketing, thus effectively supporting the development of grids, especially smart grids.



Building the middle platform of power grid resources and services to unleash the data value

Case

The middle platform of power grid resources and services is the most central and basic middle platform of the State Grid Corporation of China. It can realize unified data standardization, facilitate integrated data management and maintenance (including data of the power supply, the grid and users). It also supports information and data resources sharing across the entire process, and facilitates enterprise-level application. In 2019, NARI, as one of the participants, compiled more than 10 proposals including the data middle platform technology specification, product verification document and deployment plan. In 2020, on the basis of the plan preparation and platform deployment, NARI continued the work on detailed technical proposal, scheme planning, data access and quality check, thus strongly supporting development of State Grid’s data middle platform and our front-end business applications, tapping into data value, and facilitating the development of Energy Internet.



Application diagram of vacancy rate analysis based on power big data

Power generation, water conservancy and environmental protection

The Company provides automation and IT-enabled products and services for the energy, power generation, water conservancy and water affairs industries. With our core technologies, we provide professional solutions for integrated monitoring and control of new energy power stations and step-up voltage substations to facilitate the development of the clean energy industry and the transition to green and low-carbon economies and societies.



Supporting the development of Wudongde Hydropower Station to fuel economic development with clean energy

Case

The Wudongde Hydropower Station with a total installed capacity of 10.2 GW is the 7th largest hydropower station in the world and the 4th largest in China in terms of installed capacity. After put into operation, it will provide clean hydropower for the Guangdong-Hong Kong-Macao Greater Bay Area and fuel the high-quality economic development with clean energy.

NARI is a major secondary equipment supplier to Wudongde Hydropower Station, providing it with the wholly-proprietary computerized monitoring and control system, governor system and multi-channel ultrasonic flow meter system. For the Wudongde project, the Company utilized its technological prowess to comprehensively enhance real-time response, safety and reliability of the monitoring and control system. We applied our independently-developed governor system which outperformed national standards in all indicators, improving real-time monitoring and control as well as safe and reliable plant operation. With the industry-leading core technologies, we supported the development of Wudongde Hydropower Station, and upgrading of hydropower industry in China.



The exterior view of Wudongde Hydropower Station





## Pursuing Excellence and Creating Win-Win Outcomes with Partners

Like all other enterprises, NARI relentlessly strives for outstanding quality. Upholding the spirit of craftsmanship, we have always honored our contracts and responsibilities, maintained high standards, emphasized the quality of our products and services, and earned a good reputation in China and overseas. Partnering with stakeholders, we strive to create a better tomorrow for all.

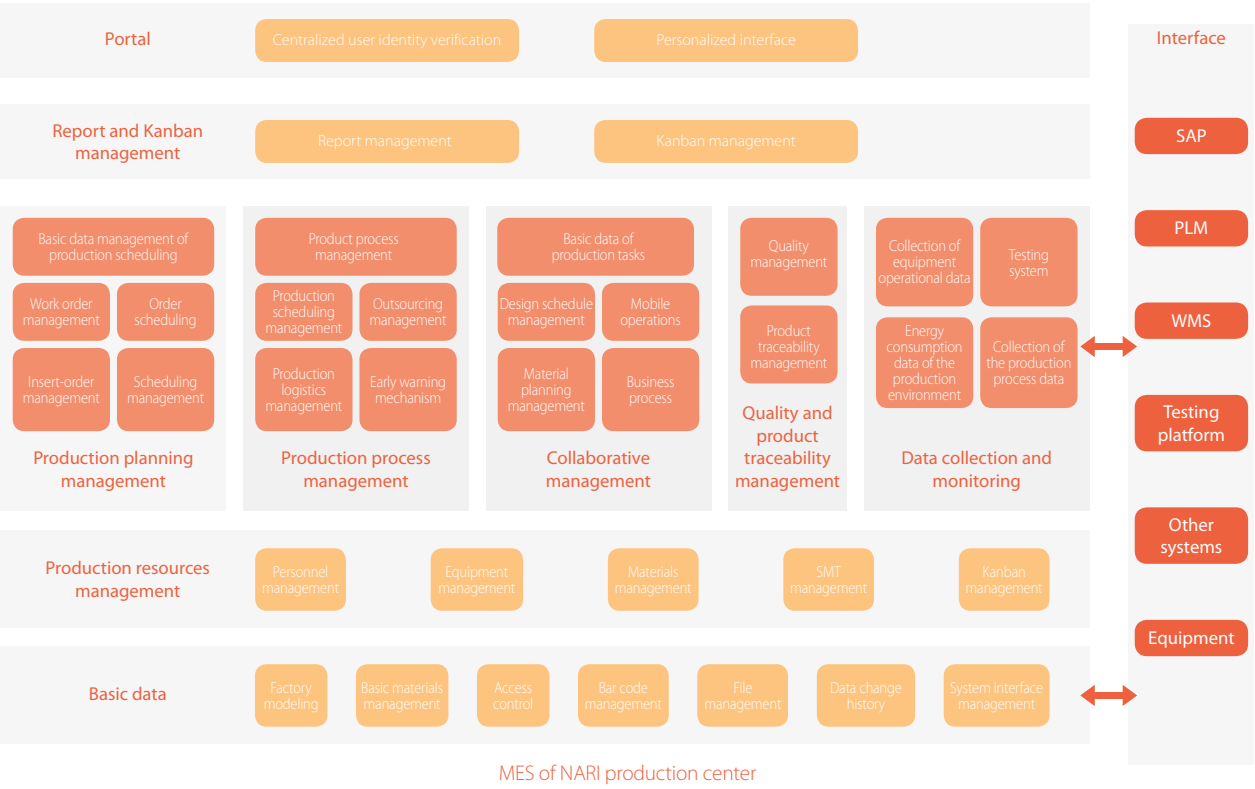


» Products and services

Committed to building high-quality projects, NARI has tightened whole-process quality control, redoubled efforts in developing smart manufacturing and smart energy services, and upgraded the product-service systems to continuously improve our products and services.

Whole-process quality control

NARI has been certified by ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety Management System, ISO 27001 Information Security Management System, ISO 20000 IT Service Management System, ISO 10012 Measurement Management System, and GB/T 50430 Quality Management System of Engineering Construction Enterprises (collectively known as the "Seven Management Systems"), in addition to 3C, UL, and CE certifications. We guarantee the quality of products by standardizing all production processes, improving documents of production and standards, and strengthening supervision over production. Based on actual business needs, we have established a completely independent, stable, and efficient platform with advanced architecture and good scalability, and a manufacturing execution system (MES), to better manage the production process. The MES and the platform enable us to digitalize the process from production planning to product delivery, and visualize and control the production process, greatly improving the Company's manufacturing execution capabilities.



In the 2020 evaluation of excellent QC teams in the electric power industry, NARI was granted:

2 special awards      Altogether 5 second and third prizes  
3 first prizes

Believing that product quality is essential to operation and grid safety, NARI has maintained the effective operation of a management system that integrates many standards on quality, environment, and occupational health, etc. The Company constantly improves the R&D quality management system with the whole-process quality control, and carries out maturity promotion activities of R&D team capacity as well as QC team activities, to motivate all employees to engage in QC with their enthusiasm and creativity.



Creating an enabling environment for quality control and improvement

Case

Centering on the topic of "Work together to improve quality and build a strong country", NARI has organized the Quality Month activities. Through videos and lectures, the Company has created an atmosphere in which all employees pay attention to quality and strive for perfection throughout the entire process. Branches and subsidiaries are encouraged to integrate the Quality Month activities with their key work tasks, identify quality issues in the production and work procedures and make improvements, so as to comprehensively improve product quality and contract fulfillment.



NARI's Quality Month themed activities

Intelligent manufacturing

NARI seeks to improve intelligent manufacturing and promote the application of intelligent manufacturing technologies such as intelligent control, industrial robots, computer-aided manufacturing (CAM), and the MES. The Company strives to build the life-cycle digital factory of secondary electrical equipment production, and establish a digital ecosystem covering design, production, process control, data collection, data analysis, and application. The production methods are upgraded to improve operation and production efficiency, and product and service quality.



Intelligent production

NARI has built intelligent manufacturing workshops with intelligent production equipment including high-speed SMT assembly lines, programming, and 3DAOI, enabling online control of the entire production process. Modules on the equipment production line can complete online tests according to the production cycle. With the automatic delivery equipment and specialized equipment, the whole process is automated on a production line, from device assembly, insulation, program download, and testing.



Intelligent warehousing

NARI has established an intelligent warehouse management system (WMS), with functions such as electronic goods allocation, operations upon receipt and before shipment, inventory, and space management in warehouse. Deployed in the shelf-style panel warehouses, turnover-trolley-style panel warehouses, and unmanned warehouses with automated guided vehicles, the system is integrated with the RFID data system, forming an IT-based multi-system data-sharing management platform.



Intelligent management

NARI has independently completed the integrated development and application of workshop equipment, network, and information. The Company has built a digital workshop operation monitoring platform, constructed the industrial IoT in the workshops, and independently developed intelligent monitoring units with functions of data collection, communication, and monitoring, realizing information collection of equipment status, environment, energy, and production progress.

Intelligent manufacturing measures



Improving operation efficiency through intelligent factories

Case

The Finishing Center of the Electrical Secondary Equipment is mainly dedicated to the processing and manufacturing of products for power grid automation, information communication, power plant automation, and industrial automation, etc. It is among the first batch of intelligent factories in Nanjing and a demonstration workshop for intelligent manufacturing in Jiangsu Province. Since 2016, the center has been developing intelligent manufacturing application technology based on actual production needs. By building an automated production system and a digital operation monitoring platform, it has realized digital and intelligent production of the electrical secondary equipment, greatly reducing the operating costs while continuously improving efficiency and quality.



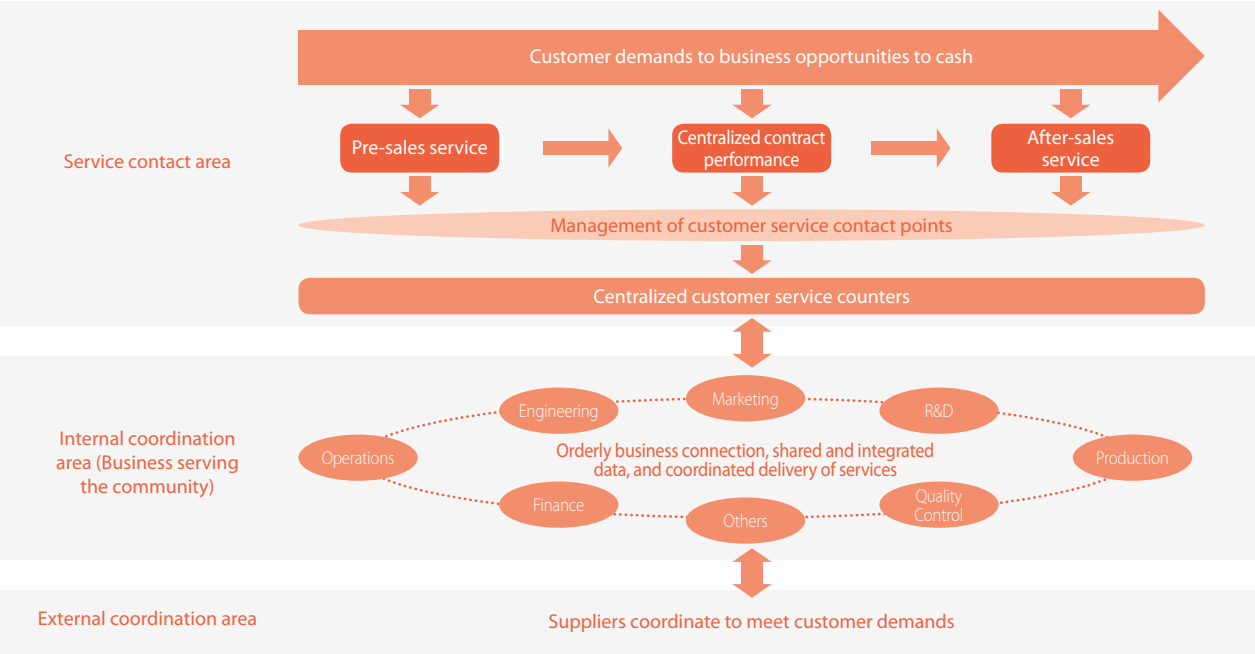
The intelligent manufacturing equipment production line

Customer services

Putting customers first, NARI has built a full-process customer service management system consisting of “one point, two wings and four elements” (one point refers to the service contact point during the process of sales, two wings refer to customer demands and services, four elements refer to customer, service team, contract and product), and featuring “organizational coordination, precise perception, agile service, and effective evaluation.” The Company has developed a customer service platform and an evaluation system that customers need, and diversified channels for customer feedback, to provide high-quality customer services.

Customer service management

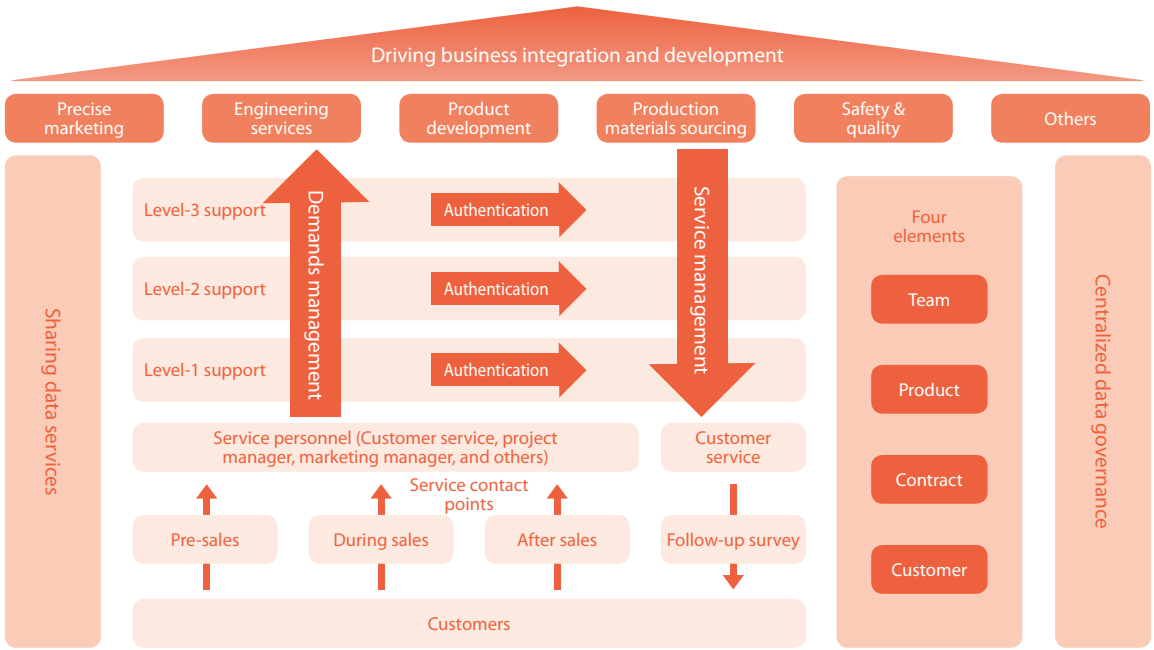
Following an original philosophy for customer service contact point management, we have built a full-process customer service management system to meet the comprehensive, multi-scenario, and diversified customer needs, covering stages of customer needs, contract execution, and after-sales services. With a short process for demand response, we track customer needs in a panoramic view, and holistically evaluate service effectiveness from aspects of service quality, value creation, and costs.



Full-process customer service management

The customer service platform

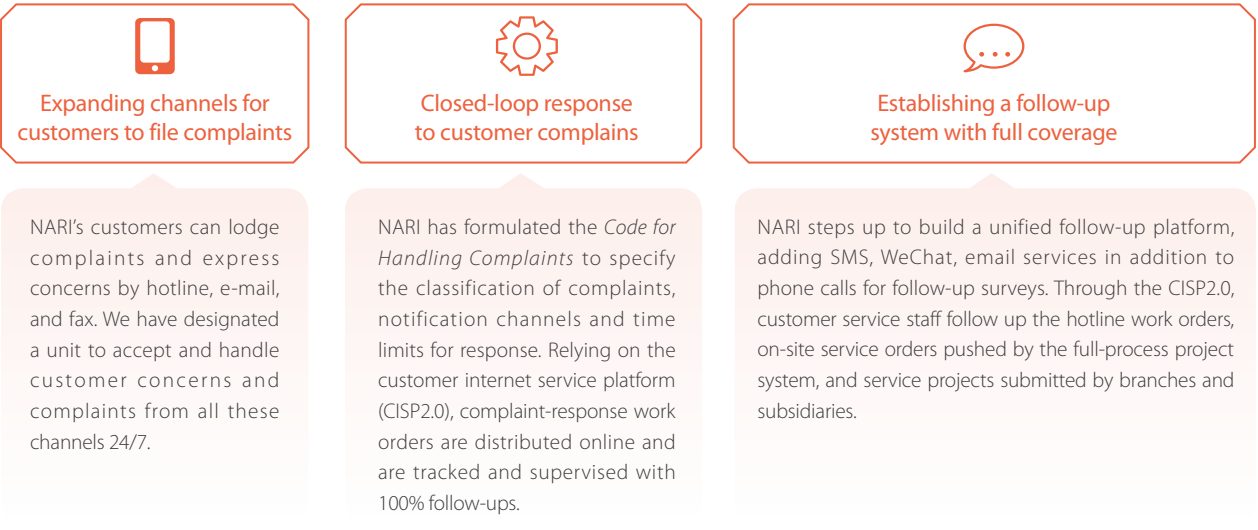
NARI builds a customer service platform with high efficiency as a diversified service hub, including an online tracking mechanism for key customer demands. By expanding the application of intelligent knowledge bases, the Company creates three-dimensional customer profiles and forms a data middle platform and gradually the business middle platform to provide customers with one-stop services.



The architecture of the customer service platform

The customer evaluation system

To improve the services and operations, NARI has expanded channels for customer follow-up, and visited corporate clients for follow-up survey when conditions permit. The Company has improved the evaluation mechanisms and standards to quantitatively evaluate the customer service quality.



The customer complains management system



» A responsible supply chain

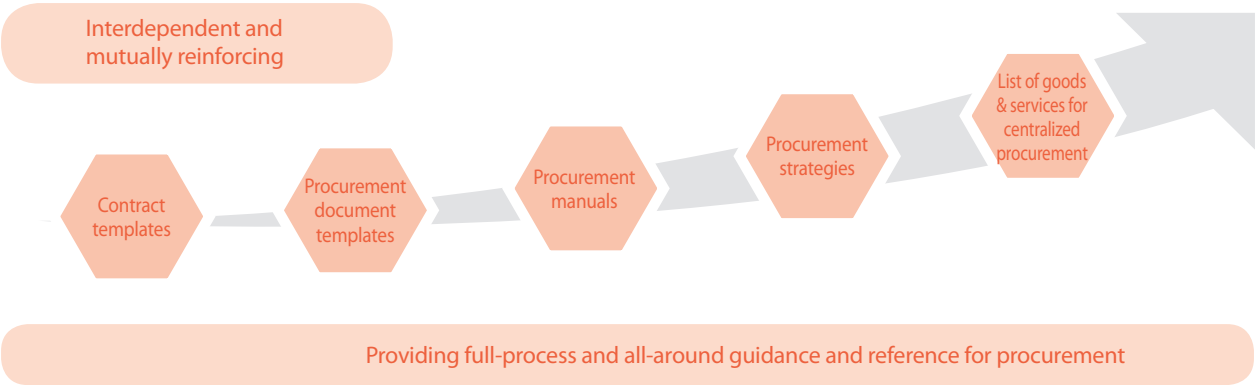
NARI fulfills its CSR in all links of the supply chain. We adhere to fair operation, win-win cooperation, and coordinated development. We actively safeguard the legitimate rights and interests of suppliers, support their development, and improve their CSR awareness and performance, striving to build a responsible and sustainable supply chain.

Responsible procurement

NARI guarantees “quality procurement” and fully considers the suppliers’ performance in Quality, Health, Safety and Environmental (QHSE) management. The Company has developed sound procurement rules, clarified procurement procedures, and promoted closed-loop management of tendering and bidding, to ensure a transparent and compliant procurement process. We continue to expand the use of tendering/bidding for procurement, regulate the procurement of non-production materials, strengthen the procurement process control for overseas projects, and facilitate the standardization of procurement to promote its healthy and orderly development. In 2020, all our suppliers were certified by QHSE management systems.



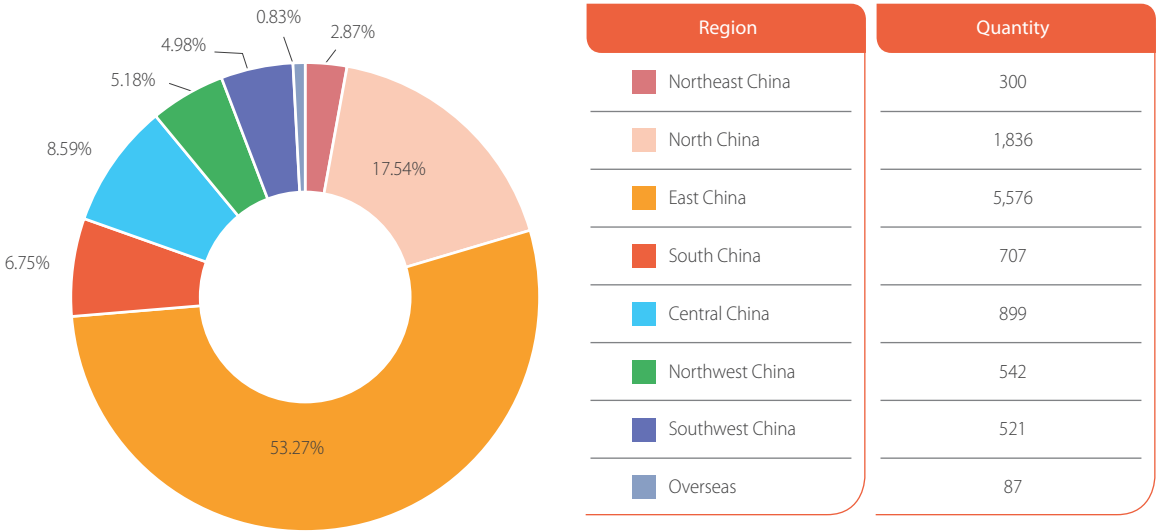
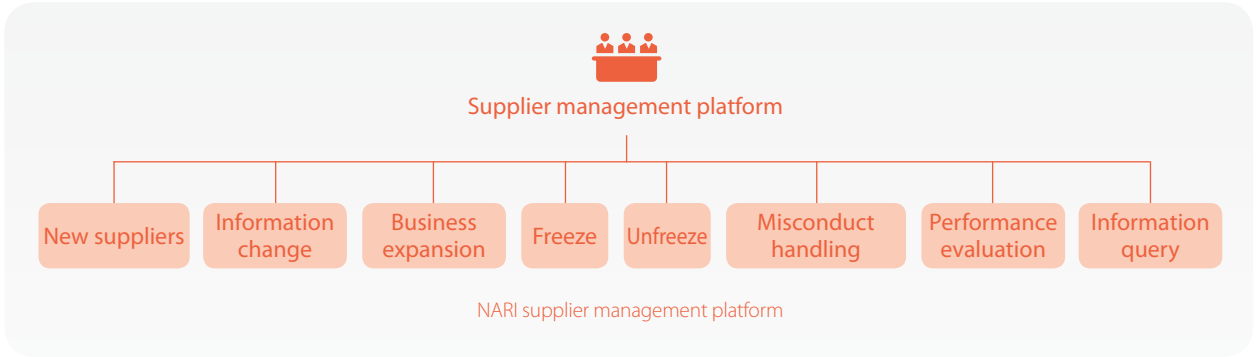
Regulating the management of centralized procurement



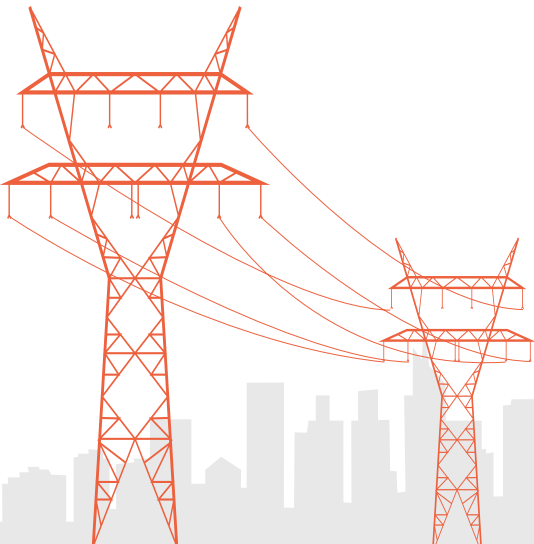
The five-in-one procurement system

Supplier management

Following the principles of “fairness and justice” as well as “centralized management and control, hierarchical implementation, and information sharing,” NARI formulates supplier relations management measures to clarify the procedures for verification of supplier eligibility, performance evaluation, and misconduct handling, realizing the supplier life-cycle management from onboarding to offboarding. The Company has established a supplier management platform for full-process IT-based information management, and evaluated suppliers in aspects such as environmental protection, labor rights, occupational health and safety management, business ethics. We also train suppliers on electric power business, supplier platform account security, etc. As of 2020, we had 10,468 suppliers, with a supplier review coverage rate of 100%, and supplier satisfaction rate of 100%.



The quantity of suppliers by region







## Ensuring Workplace Safety to Consolidate the Foundation for Corporate Development

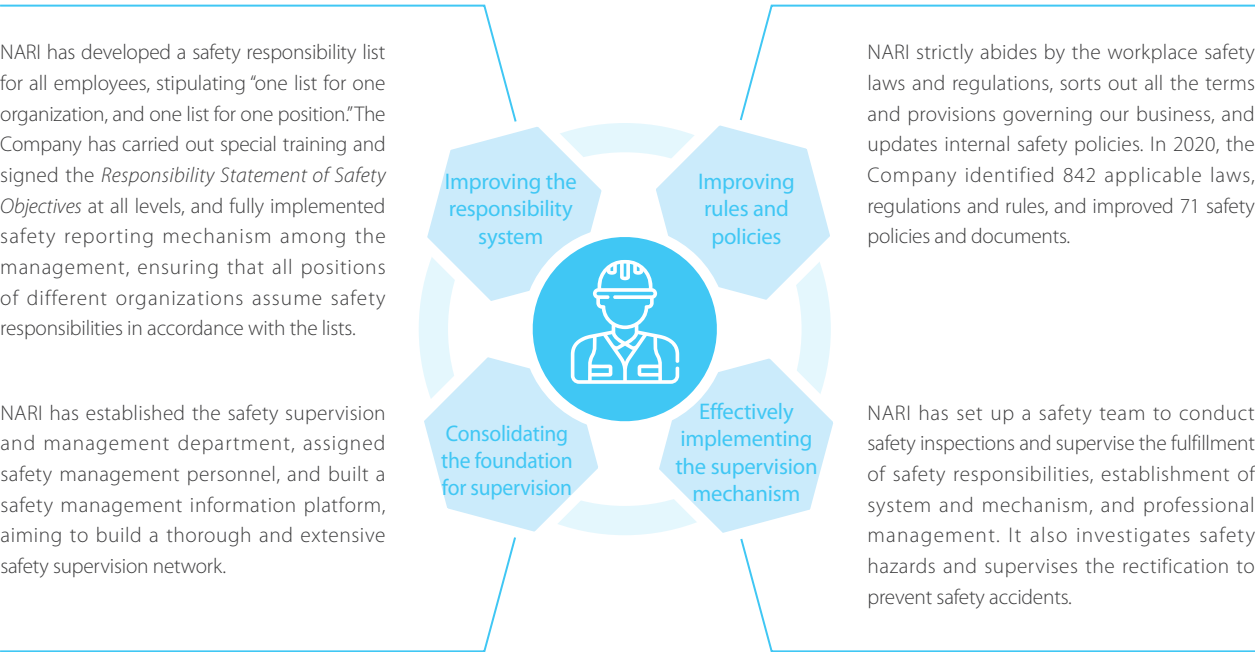


Safety is the lifeline of an enterprise. It is also the foundation and prerequisite for corporate development. To pursue safe development, NARI has established a long-term mechanism for workplace safety. We have consistently optimized the safety management system, and have ramped up efforts to guard against safety risks. We constantly raise safety awareness among employees through publicity, education, and training activities and have created a safety-conscious culture, making every effort to ensure healthy growth of the Company and stable operations of the power grid.



Strengthening safety management

NARI puts safety first, prioritizes preventive measures and takes a multi-pronged approach to address safety risks. We believe that the Company assumes the primary responsibility for workplace safety. Hence we have formulated and continuously improved safety management systems and operating procedures, regulated the management of safety targets, and fully integrated workplace safety standardization and occupational health and safety management, forming a unified and sound safety management system. As of the end of 2020, we had a total of 525 certified full-time and part-time safety management officers.



Measures for safety management

<i>Guide for Hazard Identification and Risk Evaluation</i>	<i>Management Regulation of Emergency Work</i>
<i>Guide for Safety Hazard Investigation, Handling and Management</i>	<i>Specification for Accident Investigation and Handling</i>
<i>Guide for Safety Targets Management</i>	<i>Management Standard of Safety Education and Training</i>
<i>Guide for Safety Responsibility List Management</i>	<i>Equipment and Facility Safety Management Specification</i>
<i>Workplace Safety Management Method</i>	<i>Guide for Labor Protection Equipment Management</i>
<i>Guide for Safety Inspection</i>	<i>Guide for Hazardous Chemicals Management</i>
<i>Guide for Outsourcing Safety Supervision and Management</i>	<i>Occupational Health Management Manual</i>

Major internal policies governing workplace safety and occupational health

Guarding against safety risks

NARI continuously enhances the dual-prevention mechanisms. With all employees involved in danger source identification and risk evaluation, the Company comprehensively promotes the hierarchical management of risks and further enhances the investigation and elimination of safety hazards to eliminate risks beforehand, striving to form a science-based, digital and standardized process for accident prevention. We carry out the investigation and handling of safety hazard on a regular basis, and have achieved comprehensive coverage. For prominent problems and weak links identified, taskforces are set up to make sure that they are corrected and strengthened efficiently and effectively.

In 2020, the Company invested RMB 28.04 million in workplace safety, carried out more than 120 safety inspections, identified and eliminated 231 hazards in total, and checked and rectified more than 700 safety problems. Throughout the year, no injury, death or equipment accidents occurred.



Guided by the bottom-line thinking, NARI continuously consolidates the foundation for emergency management and formulates emergency plans for safety accidents. Based on the realities in production and operation, we carry out emergency drills with clear focuses in diverse forms, in order to ensure rapid and targeted response to emergencies. We have established an emergency response team, organized training on emergency skills and held relevant drills on a regular basis. The effectiveness of the drills is assessed objectively and comprehensively, and experience drawn to improve the response continuously. At the same time, we expand the application of high-tech equipment such as AI-empowered video surveillance systems, stock materials needed for emergency response, and ensure the emergency plans, emergency teams, and emergency equipment are all in place, comprehensively improving emergency response capabilities.



Pressing ahead with COVID-19 control and safety management at the same time

Case

The COVID-19 has posed a serious threat to workplace safety. In response, NARI has formulated the *Notes on Safety and Quality Work after Returning to Posts* and the *Instruction on Further Strengthening Safety Management for Employees Returning to Work* to clarify the responsibilities of key personnel and key posts. The Company analyzed the production capacity during the resumption of work, and comprehensively investigated infrastructure, production facilities, special equipment, inspection and test devices, and safety tools. We monitor employees' health status, take their temperature, register visitors, and clean and disinfect production and office premises. Potential safety hazards caused by COVID-19 control are also identified and evaluated. In addition, NARI has organized online safety training, remote supervision and inspection of projects and operation sites, and urged them to improve safety measures on the premise of COVID-19 response.

► Fostering a safety-conscious culture

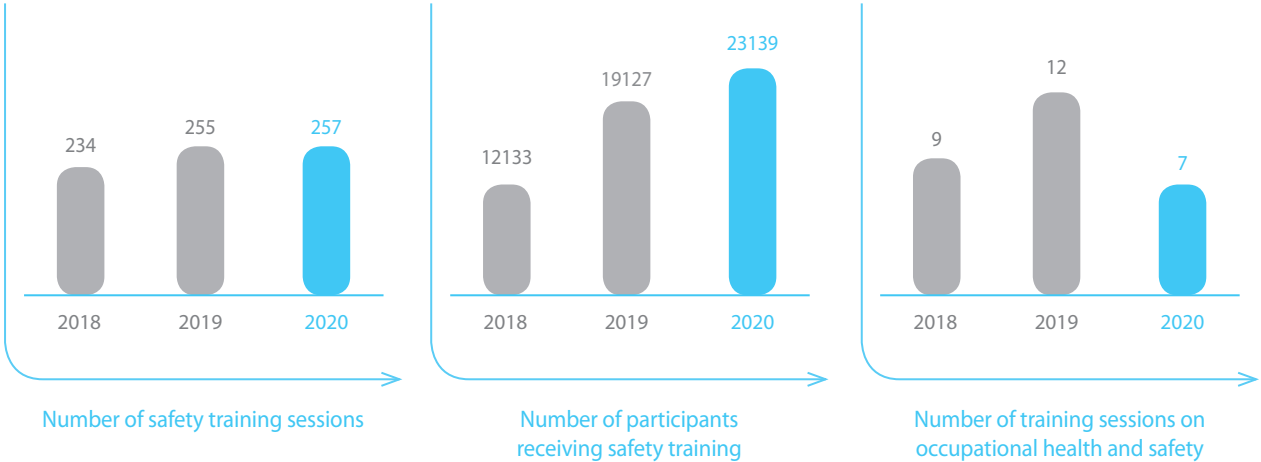
A safety-conscious culture can enhance employees' safety awareness and keep them alert. NARI continuously strengthens such a culture, pays attention to safety education and training, and creates a safety-conscious atmosphere within the Company through competitions in safety knowledge and skills, special training, etc., thus enhancing employees' safety awareness and skills.



Improving the safe operation capability of employees through skill training



Organizing first-aid training to teach employees how to save themselves and others







## Implementing Environmental Conservation to Safeguard our Earth



The high-quality corporate development would not be possible without a good ecological environment. NARI practices the concept of green development and fulfills the responsibility of environmental conservation. We actively engage in the clean energy industry, champion the leading role of technology and pursue low-carbon development in our attempts to preserve the picturesque landscapes of blue skies, lush mountains, and lucid waters.



» Environmental management improvement

In accordance with the environmental policies and laws, NARI practices full-process, intensive, law-based, and well-regulated environmental protection. The Company incorporates environmental protection into its corporate development plan, and has formulated internal policies including the *Guide to Environmental Protection Management*. We have clarified environmental responsibilities, and organized environmental hazard investigation, risk identification and evaluation, and performance assessment. More effort is made in environmental awareness, education and training, to improve emergency response and monitoring capabilities. Non-compliant behaviors are promptly corrected. A comprehensive environmental management system that covers planning, policies, management, operation, monitoring, emergency response, correction and review is established to continuously improve our environmental management.

Environmental impact identification and response

Based on regular and random identification of environmental factors, NARI has formulated the *Environmental Factor Identification and Evaluation Table*, *List of Important Environmental Factors*, and environmental risk prevention and control measures, to better guard against environmental risks in production and operation.

Environmental hazard investigation and handling

NARI regularly monitors environmental factors such as wastewater, exhaust gas and noise, investigates and eliminates the hazards of environmental protection facilities and systems. We keep a record of hazardous waste management and environmental protection equipment and facilities, and regularly update inventory, to strengthen the hazard investigation and handling.

Emergency management

NARI has formulated and revised environmental emergency response plans, stocked emergency response materials and equipment, launched publicity campaigns on emergency response knowledge, and organized emergency response drills, to better respond to environmental emergencies.

Environmental performance appraisal

NARI adopts the responsibility system for environmental protection goals. We set goals and indicators to regulate environmental protection management and supervise, inspect and evaluate the management process. Teams and individuals who have made significant improvement in environmental performance are rewarded.

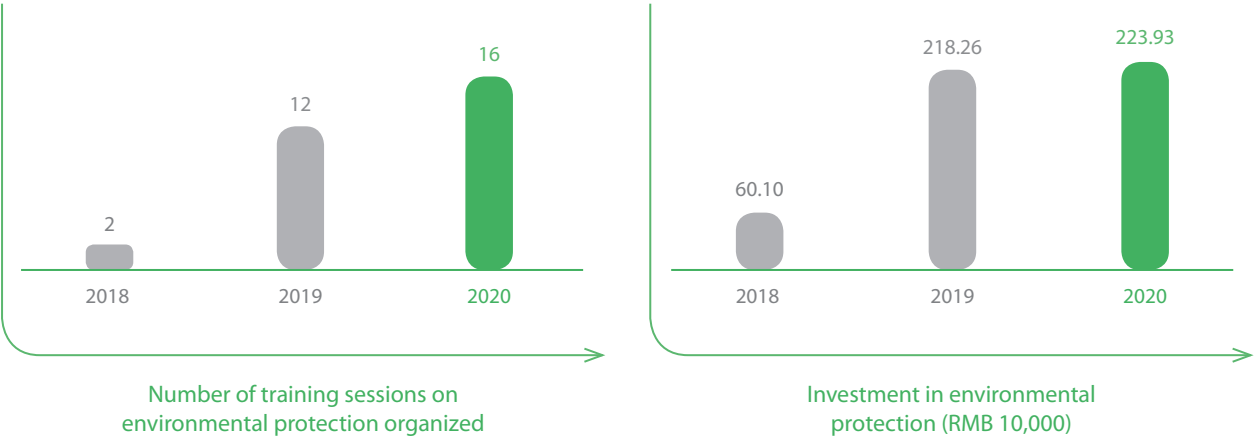
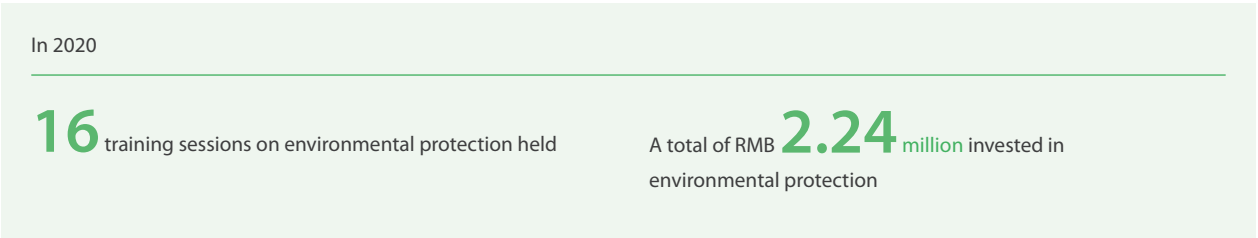
Project-based environmental management

Before a project is approved, the environmental risks involved in the project layout, site selection and process are reviewed carefully. In project execution, the environmental impact assessment (EIA) is conducted and efforts are made to make sure that the facilities for pollution prevention and control are designed, constructed, and utilized in tandem with the main body of the project. All in all, environmental management during project construction is continuously strengthened.

The environmental management mechanism



In 2020, NARI formulated a series of QHSE polices and rules and was certified by the Seven Management Systems. We also controlled and improved factors such as environment, occupational health and safety, and information security, ensuring the effective operation of the management system.



» Climate change response

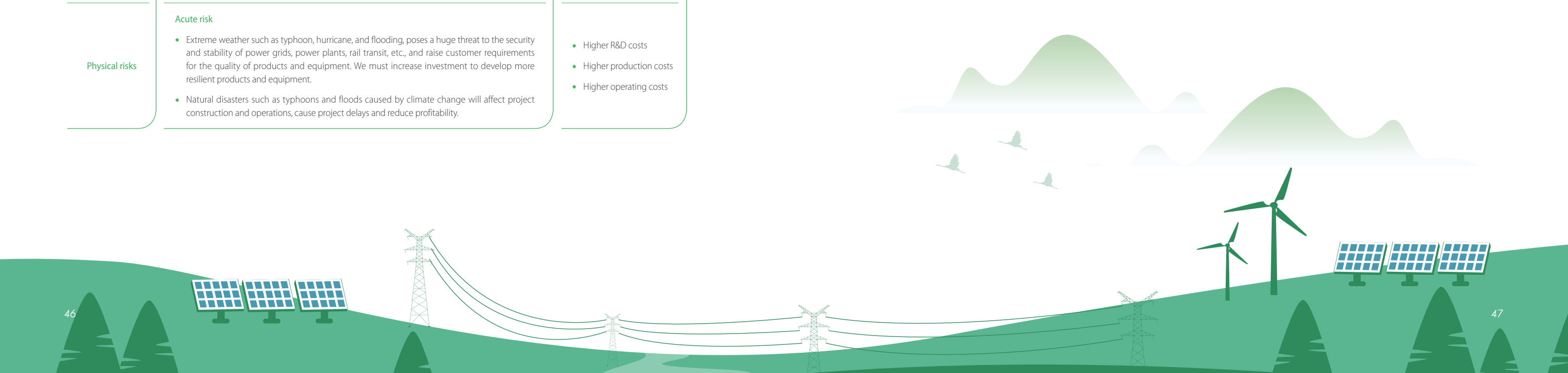
Climate change is a serious threat to the survival and development of human society, and has become the focus of concern of the international community. The Chinese government is actively responding to this issue and has set the nationally determined contribution goal of “peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2060.”

NARI actively responds to the demands of the government, investors and other stakeholders to address climate change. In reference to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB), the Company has identified the main climate change-related risks and opportunities facing its business, and formulated management policies and strategies for mitigating and adapting to climate change, in an effort to reduce carbon emissions in its production and operation and minimize the impact of climate change on its business.

Analysis of risks and opportunities

Type	Climate-related risks	Potential financial impacts
Transition risks	<b>Market risk</b> <ul style="list-style-type: none"><li>◆ The demand in industries of power grid, energy, and power generation, etc. for products and services that help mitigate and adapt to the climate change will grow. If we were unable to provide such products and services, we will lose the business and customers.</li><li>◆ Strict environmental protection requirements and technological upgrades might drive up the costs of raw materials and production of electrical equipment, which will be translated into higher product prices, and may lead to shrunk demand for electrical equipment.</li></ul>	<ul style="list-style-type: none"><li>◆ Increase in R&amp;D investment</li><li>◆ Revenue loss</li></ul>
	<b>Technology risk</b> <ul style="list-style-type: none"><li>◆ To comply with industrial pollutant emission standards and comprehensive air pollutant emission standards, we must complete technological upgrades in electrical equipment manufacturing, and use environmentally friendly technologies and equipment to conserve energy and reduce discharges and emissions.</li></ul>	<ul style="list-style-type: none"><li>◆ Higher production costs</li></ul>
	<b>Reputation risk</b> <ul style="list-style-type: none"><li>◆ China's carbon peak and carbon neutrality goals prompt stakeholders to expect NARI's active corporate management and transparent information disclosure in this regard. The failure to do so would damage our corporate reputation.</li></ul>	<ul style="list-style-type: none"><li>◆ Revenue loss</li></ul>
Physical risks	<b>Acute risk</b> <ul style="list-style-type: none"><li>◆ Extreme weather such as typhoon, hurricane, and flooding, poses a huge threat to the security and stability of power grids, power plants, rail transit, etc., and raise customer requirements for the quality of products and equipment. We must increase investment to develop more resilient products and equipment.</li><li>◆ Natural disasters such as typhoons and floods caused by climate change will affect project construction and operations, cause project delays and reduce profitability.</li></ul>	<ul style="list-style-type: none"><li>◆ Higher R&amp;D costs</li><li>◆ Higher production costs</li><li>◆ Higher operating costs</li></ul>

Type	Climate-related opportunities	Potential financial impacts
Products and services	<ul style="list-style-type: none"><li>◆ Facing the trend of low-carbon and environmentally friendly operations, the demand for clean-energy consumption, energy-saving and environmentally-friendly products is increasing day by day. Our product portfolio for which we own core technologies and intellectual property rights has first-mover advantages and can drive rapid business growth, enjoying a bright prospect.</li></ul>	<ul style="list-style-type: none"><li>◆ Increase in demand for products and services, and thus in business revenue</li></ul>
Markets	<ul style="list-style-type: none"><li>◆ Policies to optimize the energy mix, improve energy efficiency, and develop clean energy such as wind power, photovoltaics power, and hydropower come out frequently, driving the continuous expansion of relevant markets.</li><li>◆ Driven by the carbon peak and carbon neutrality goals, China is moving faster toward the Energy Internet. NARI, in this context, can extend its industry chain, expand its business scope, and improve its market competitiveness.</li></ul>	<ul style="list-style-type: none"><li>◆ Expansion into emerging markets, and increase in market share and revenue</li></ul>
Resilience	<ul style="list-style-type: none"><li>◆ NARI can participate more in clean energy projects such as wind power and hydropower, and develop new products and technologies to help customers better adapt to climate change.</li><li>◆ NARI can adopt energy-efficiency measures and select environmentally friendly suppliers and partners to enhance adaptability.</li></ul>	<ul style="list-style-type: none"><li>◆ Increase in revenue brought by more adaptable products and services</li><li>◆ A more reliable supply chain and decrease in operating costs</li></ul>
Energy source and resource efficiency	<ul style="list-style-type: none"><li>◆ More use of clean energy in production and operation will hedge against the risk of rising energy price.</li><li>◆ NARI can leverage technological advantages to improve energy efficiency, and reduce resource use and operating costs.</li></ul>	<ul style="list-style-type: none"><li>◆ Decrease in operating costs</li></ul>



Clean energy

Firmly grasping the development opportunities of the low-carbon industry, NARI has designed and developed relay protection and flexible power transmission devices that can withstand natural disasters. The Company gives the full play to the technological edges in the integrated monitoring of new energy power stations, remote centralized monitoring of new energy, intelligent step-up voltage substations, new energy power generation control, as well as grid-connection control and protection. Now NARI has achieved integrated monitoring of offshore wind farms, construction of offshore intelligent step-up voltage substations, and monitoring and speed regulation of hydropower plants. Being beforehand with protection, the safe and stable operation of the power grid is guaranteed, providing a strong support for the development of clean energy.



Ensuring stable transmission of clean energy

Case

The Spatial-Temporal Integrated and Coordinated Defense System of Power grid and technology developed by NARI can guarantee grid security and safety through active countermeasures, online decision-making, and intelligent dispatching control. Through accurate and effective early warning, alert, decision-making and control technologies, the system supports dispatching operators to defuse safety risks, greatly improving reliable delivery and safe consumption of clean energy across regions. It solves the world-class challenge in preventing large outages caused by accidents or disasters, ensuring the stable power supply for major events and the smooth process of key projects, such as UHV AC and DC transmission projects.



Supporting the development of offshore wind power as a clean source of power

Case

The Zhuhai Jinwan offshore wind farm has the largest installed capacity (300 MW) among all offshore wind farms in the Guangdong-Hong Kong-Macao Greater Bay Area. It is expected to add more than 729 GWh to the grid per year after completion, and can save about 225,800 tons of coal and reduce carbon dioxide emissions by about 456,300 tons each year. NARI's independently-developed third-generation wind power converter helps improve the efficiency and ensures the flexible operation of the of generator units, guarantees the safe and stable operation of the power grid, and contributes to the development and utilization of renewable energy.



Energy saving and emission control

Based on research on the power market, energy planning and policy, electric vehicle purchase and travel, etc., we have developed an energy system dynamic simulation platform based on the simulation technologies on energy, electricity, emissions, and social behaviors, and have applied it to national and regional energy transitions as well as the transformation of energy enterprises. We have also promoted the substitution of traditional energy with clean and electric energy and accelerated the construction of a clean, low-carbon, safe and efficient energy system, contributing to energy conservation, emission control and environmental protection.



Creating a new model of smart environmental protection regulation

Case

In June 2020, the Hunan Smart Regulation Platform for Environmental Protection in the Electric Power Industry, co-developed by NARI, was officially launched. Based on the business middle platform of the State Grid Hunan Electric Power Company Ltd., the platform provides power generation companies and industrial companies with nine services including pollutant and energy consumption monitoring, calculation of electricity price after environmental protection measures adopted, industrial enterprise power consumption monitoring, and analysis for production shutdown and restriction. The launch of the platform provides a data-sharing platform for environmental protection authorities and power generation/consumption companies, contributing to discharge/emissions monitoring, data quality monitoring, energy consumption monitoring, etc.



Serving new infrastructure construction to create a green future

Case

Responding to the policy on new infrastructure construction, NARI has made every effort to improve the charging infrastructure for new-energy vehicles, including developing charging facility technologies, standards and products and engineering construction, and formed the product portfolio consisting of AC charging piles, DC chargers, charging & swap battery service cloud platforms, etc. The Company makes full use of big data, cloud, IoT, AI and blockchain technologies to build and deploy Jiangsu's provincial-level regulatory platform, and provide the government with such services as planning support, operation supervision, industry analysis and effect evaluation, thus providing strong guarantee for the development of emerging digital economy such as smart transportation and smart energy.



Opening a new chapter of clean-energy use with electric energy substitution

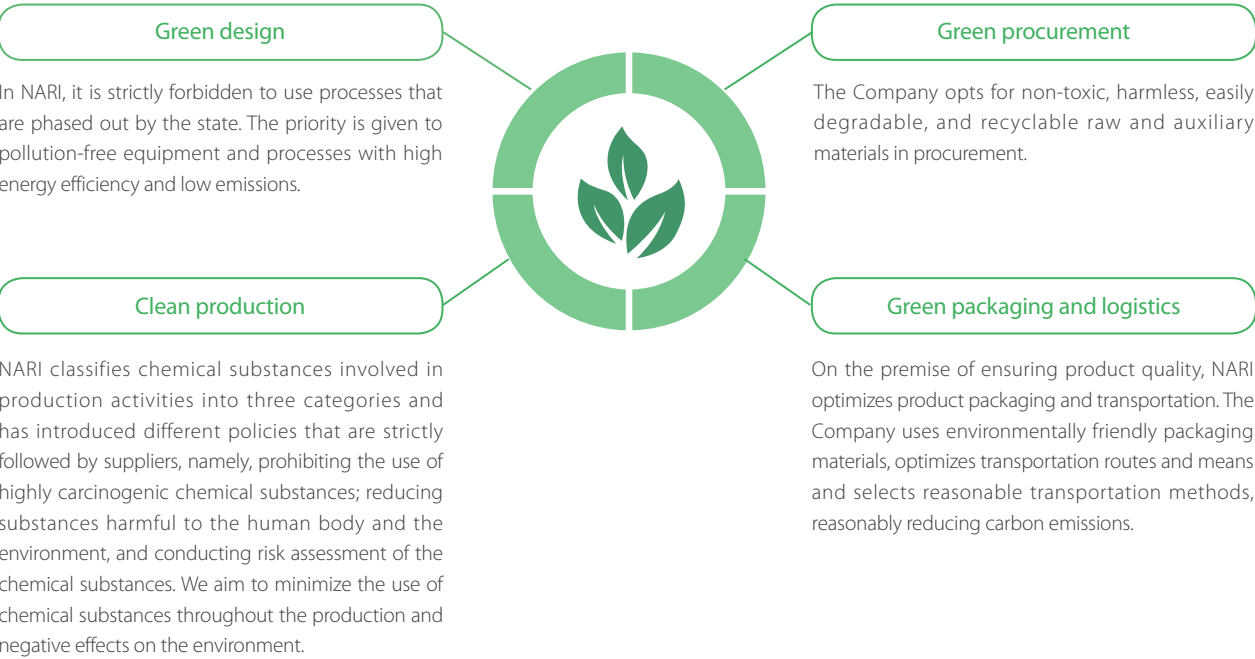
Case

NARI has independently developed the CEV series of DC charging equipment in compliance to China's latest technical standards, and applied the CEV1265-F1 integrated DC charger with single gun to charge electric cargo ships. The equipment adopts industry-leading technologies including flexible power control, high-power charging and high-level protection, and can realize zero pollution and zero emission during ship operation and docking, opening a new chapter of clean-energy substitution for cargo ships in Jiangsu section of the Yangtze River Basin.



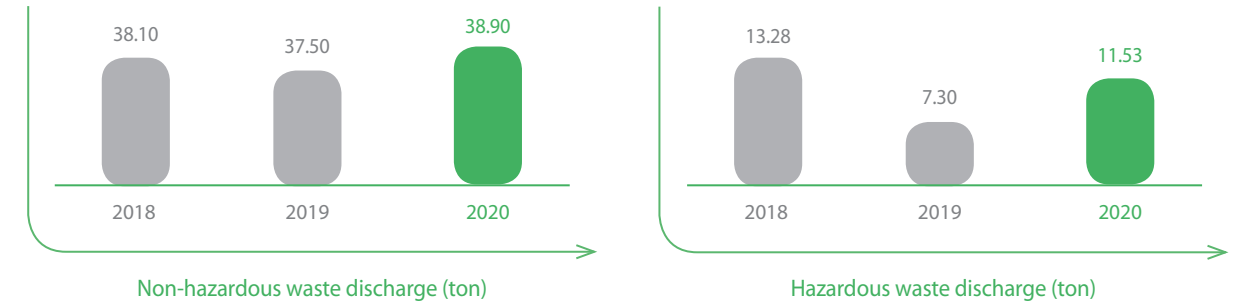
» Green operations

Strictly abiding by Chinese laws and regulations such as the *Law on the Prevention and Control of Atmospheric Pollution*, *Law on Water and Soil Conservation*, and *Law on the Prevention and Control of Environmental Pollution by Solid Waste*, NARI adheres to green manufacturing and has established an environmental statistics system. The Company continuously improves environmental monitoring, discharge and disposal of waste, and carries out environmental impact assessment, minimizing the adverse environmental impact of its production and operation.



Green manufacturing based on the product life-cycle

NARI monitors and records environmental factors such as wastewater, noise, and exhaust regularly offline or online. The Company upgrades the exhaust treatment facilities in the factory and hires qualified third-party agencies to transport and dispose of solid waste and hazardous waste. Through well-regulated management, effective monitoring, and safe transport, the Company promotes pollution prevention and control.



Note: Non-hazardous waste mainly consists of used paper boxes and scraps, while hazardous waste refers to used toner cartridges, ink cartridges, and circuit boards.

» Green offices

NARI advocates that “every penny, every piece of paper, and every inch of wire count” and calls on employees to save resources and energy in their everyday work. The Company steps up efforts to raise employee awareness of low-carbon lifestyle, and controls energy consumption. Priority is given to the use of new-energy vehicles in a bid to reduce emissions. The Company also encourages employees to opt for green travel and paperless work, striving to build a resource-conserving and environmentally friendly enterprise.

Saving water

The Company puts up water conservation signs, regularly inspects and maintains water-consuming equipment and strictly controls water usage for cleaning and maintenance, to avoid waste of water.

Saving electricity

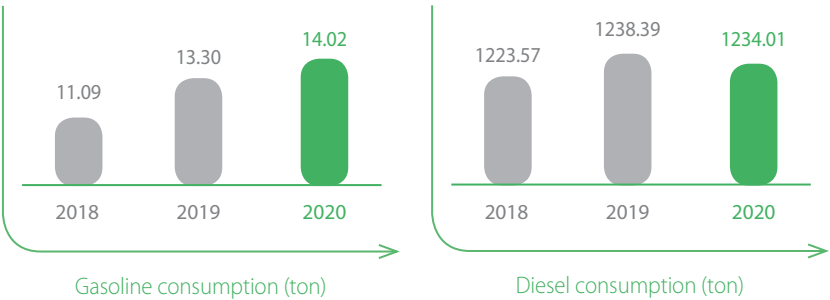
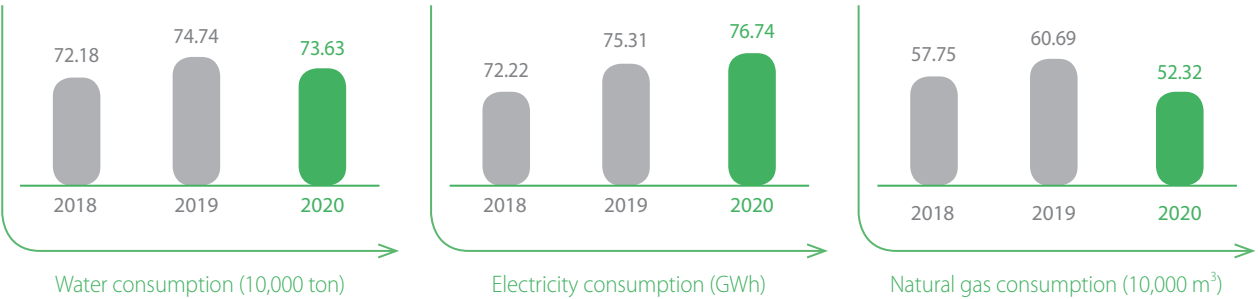
The Company puts up electricity conservation signs, installs energy-saving lamps, controls the temperature of air-conditioning in the offices, and uses office equipment rationally, to reduce equipment power consumption and standby energy consumption.

Saving paper

The Company encourages the employees to use both sides of the paper, recycle waste paper, and promotes paperless office.

Reducing waste

Dedicated personnel are assigned to review the application for and manage the use of office supplies to avoid waste. The Company sorts waste and encourages waste recycling to make the best use of resources.



Note: Diesel consumption data apply to Jiangning base, Jiangbei base and major subsidiaries, while gasoline consumption data apply to major subsidiaries only.





**Nurturing Employees with  
a People-Centric Approach**

Employee creativity is the infinite driving force behind a company's growth. NARI regards talents as the most important asset. We respect and safeguard the legitimate rights and interests of employees, constantly improve employee management mechanisms and training systems, and provide channels for employee growth. We strive to create a comfortable and pleasant working environment for employees to ensure mutual growth.



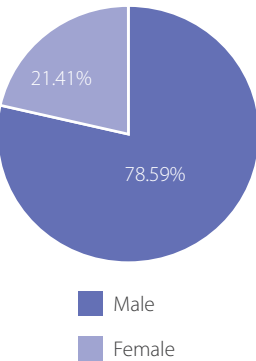
Employee rights and benefits

NARI provides equal employment opportunities and abides by the labor code. The Company respects and protects the legitimate rights and interests of each employee, and continues to improve the compensation and benefits. We strengthen democratic management, listen to the voices of employees, and work to establish a harmonious relationship with employees and build up the team cohesion.

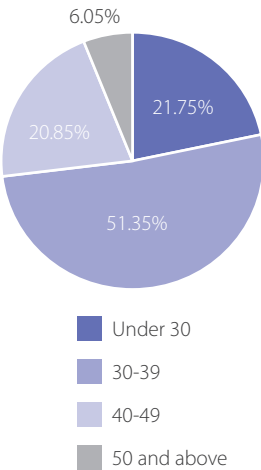
Equal employment opportunities

The Company strictly abides by the *Labor Law of the People's Republic of China*, *Law on Employment Contracts of the People's Republic of China*, and the State Council's *Provisions on Prohibition of Child Labor*. We advocate equal and non-discriminatory employment regardless of gender, age, ethnicity, race, religious belief, or cultural background. While continuously improving the management of employee recruitment, labor protection, compensation and benefits, breaks and leaves, we explicitly prohibit the use of child labor and forced labor. In 2020, no major labor disputes occurred in the Company, and the labor contract signing rate was 100%. As of the end of 2020, we had a total of 8,806 employees.

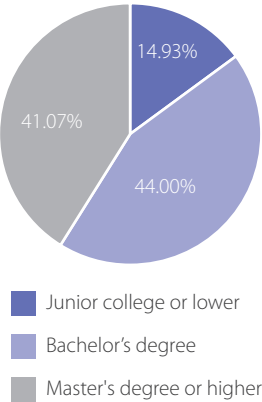
Employee gender structure



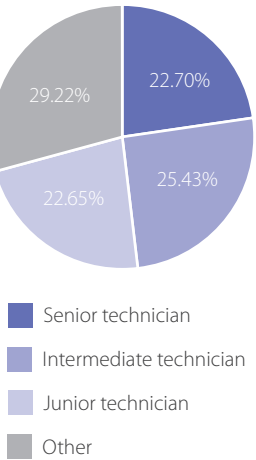
Employee age structure



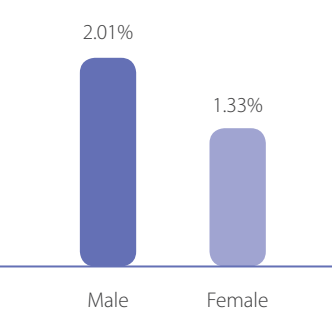
Education background



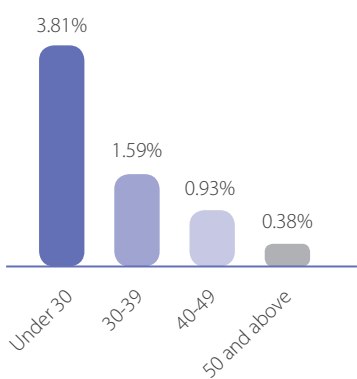
Professional structure



Turnover rate of staff by gender



Turnover rate of staff by age group



Note: Turnover rate of staff = number of employees in this category who leave the organization/total number of employees in this category

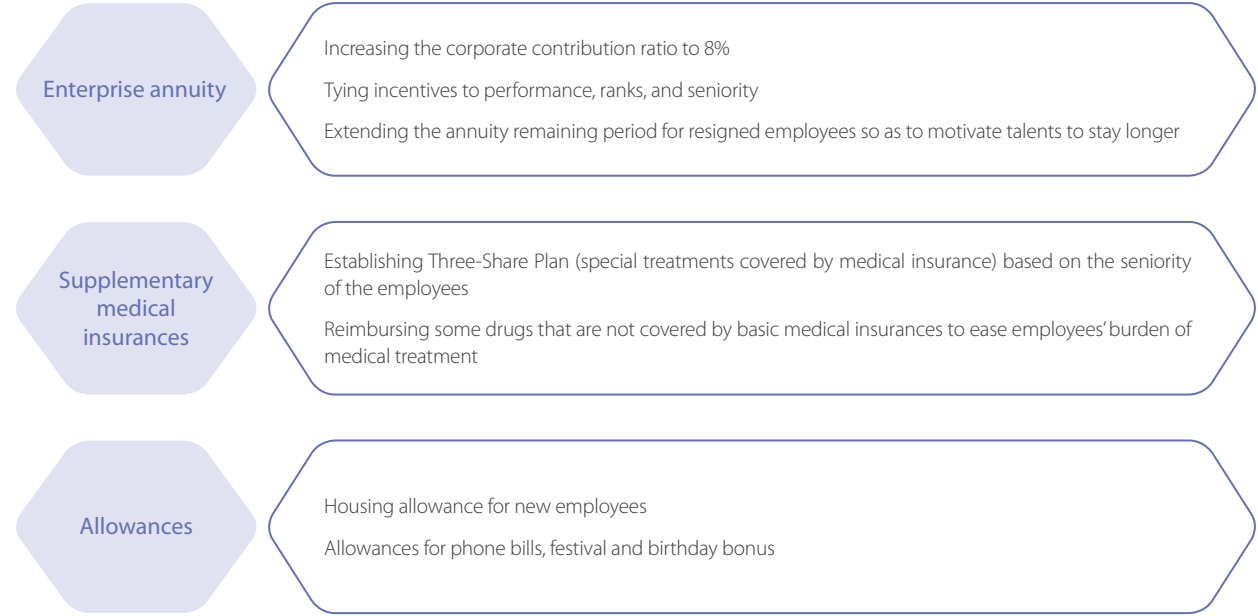
Compensation and benefits

NARI respects the value of talents. We are committed to a performance appraisal and salary distribution system that is science-based, reasonable, well-regulated, and systematic. Employee incomes are distributed based on ability, performance appraisal outcomes, and corporate benefits. We strengthen the synergy between salary, career development and performance appraisal systems, creating a four-pronged mechanism that integrates competence, ranks, performance, and remuneration, to motivate the employees.



Incentives for attracting and retaining top talents

The Company continues to improve the employee benefits system on all fronts and pays statutory social insurance for all employees on time and in full. The Company has been rated as a creditworthy employer for declaration and payment of social insurance premiums by Nanjing Municipal Human Resources and Social Security Bureau for years in a row. The Company pays for employees' housing provident fund at the highest ratio, provides an enterprise annuity, and adds supplementary medical insurance to the basic medical insurance. The hierarchical employee welfare system has brought tangible benefits to employees.

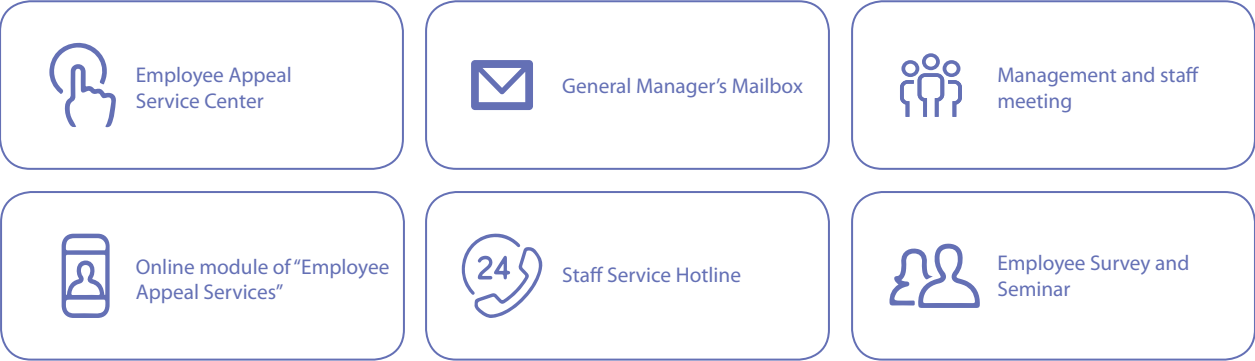


A diversified employee welfare system

Democratic management

Aiming to enhance democratic engagement, NARI encourages employees to participate in corporate management and evaluation. The Company has amended the *Implementation Measures of the Workers' Congress* and has strengthened the corporate congress system. By diversifying the channels and methods for employees to make their voice heard, the Company is creating an institutionalized, regulated, and normalized democratic model with clearly defined procedures. The employees' rights to know, participate, express and supervise are thus safeguarded.

NARI has built a three-level appeal service system. The Employee Appeal Service Center is established and the dialogue mechanism is improved, to make it easier for employees to raise appeals and suggestions. The labor union also organizes face-to-face communication with employees, to listen to their voices. Through these efforts, NARI has continuously improved employee satisfaction and company cohesion.



Diversified employee appeal channels



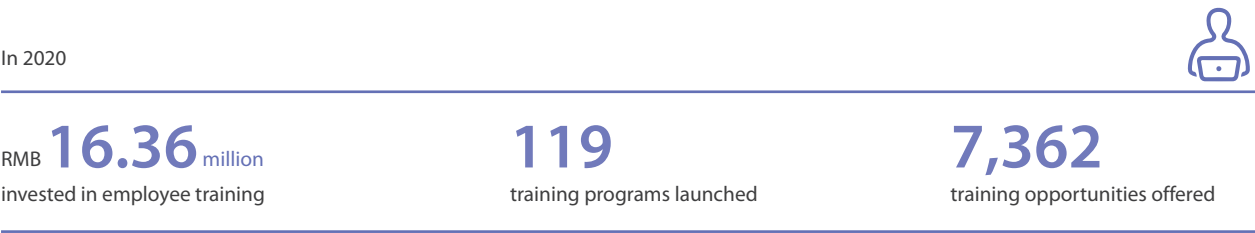
Employee Appeal Service Center

Employee empowerment

NARI continues to improve the employee training, selection, and employment mechanisms. The Company has developed a diversified and multi-level training system, unblocked career development channels, and optimized the performance evaluation mechanism, helping employees unleash their potential. Through these efforts, the Company facilitates employee growth and efficient corporate development.


Staff training

NARI attaches great importance to team building. With a hierarchical talent training system, the Company makes full use of the internal and external lecturers and designs diversified training courses for employees at different levels. General training and job-specific training, with the focus on general know-how and expertise for specific professions respectively, are provided to cultivate talents. In 2020, the Company compiled the *Job Training Course Guide* to clarify the job ability requirements and improve the training curriculum for 161 standard positions in 25 categories, providing employees with more targeted training programs.



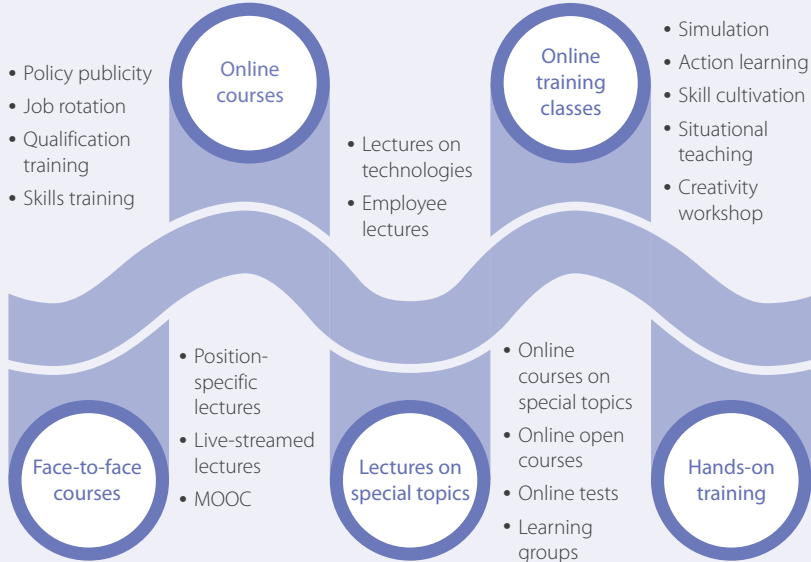
Ranks	Way of training	Focuses and content
Company leaders	Special training courses	<ul style="list-style-type: none"><li>Political awareness, management capability and business capability</li><li>Six training modules of strategic planning, system building, operation management, risk prevention and control, etc. 32 training courses; over 100 online training presentations</li></ul>
Leaders of the primary-level organizations	Three-year rotation training plans	<ul style="list-style-type: none"><li>Targeted training on management according to the capability evaluation results</li><li>Seven general courses of corporate strategies, cutting-edge technologies, management basics, system building and operation management, etc. One specific course in management</li></ul>
New employees	On-the-job apprenticeships + training camps + centralized training courses	<ul style="list-style-type: none"><li>Corporate culture and professional quality</li><li>30 courses in three modules of company fit-in, professional quality and job skills, taught by famous teachers</li></ul>

The tiered training system for employees



### Multiple measures to promote employee training

At the height of the COVID-19 epidemic, NARI actively expanded online training channels and upgraded online courses using platforms such as MOOC, DingTalk, and Tencent Conference, to meet the needs of employees for improving their professional skills and building expertise. The Company has developed courseware in accordance with the *Job Training Course Guide* and the ability requirements of each position. We have launched more than 1,000 online courses onto the mobile apps, providing employees with abundant learning resources. In addition, to diversify the training forms, we have launched mini-lectures, inviting front-line employees, role models, internal training experts, external scholars and senior government officials to share know-how and experience, building a platform for employees to learn from and communicate with each other.



Online and offline training

**Online courses**

- Policy publicity
- Job rotation
- Qualification training
- Skills training

**Online training classes**

- Simulation
- Action learning
- Skill cultivation
- Situational teaching
- Creativity workshop

**Face-to-face courses**

- Position-specific lectures
- Live-streamed lectures
- MOOC

**Lectures on special topics**

- Lectures on technologies
- Employee lectures

**Hands-on training**

- Online courses on special topics
- Online open courses
- Online tests
- Learning groups



Group training for new employees in 2020

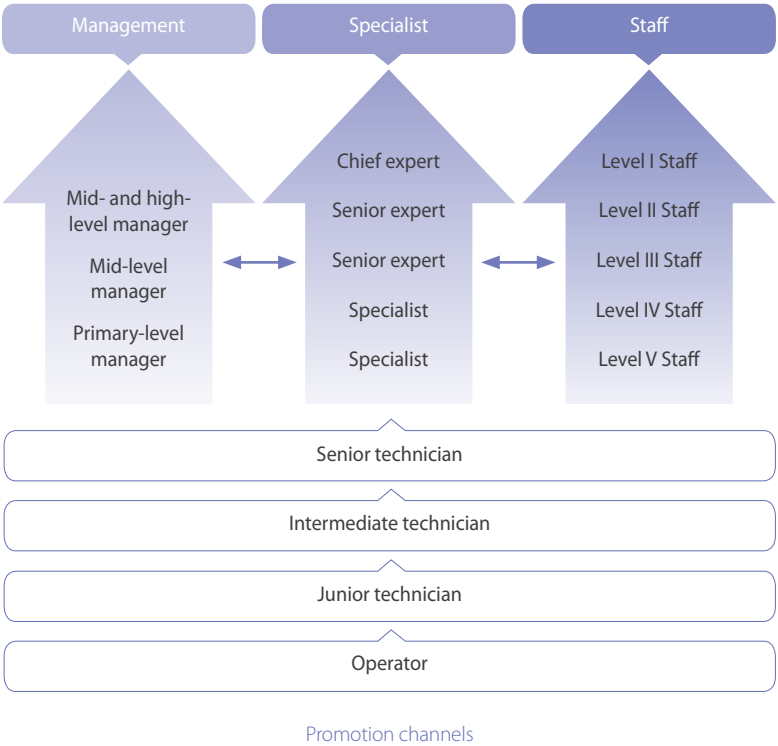


Group learning at the primary level

Staff growth

NARI attaches great importance to the career development of employees. The Company continues to expand career development channels, and has laid down diversified talent development paths. We have systematically built the reasonable career development channels, striving to create more space for employees to realize their personal value.

The Company continues to improve the talent ability evaluation mechanism. The lean and differentiated assessment for internal departments and business positions is in place to regulate the employee performance management and the application of results. Positions are determined based on individual abilities, and ranks based on performance to continuously motivate employees to innovate. In 2020, the Company reformed the employment criteria system by increasing the weight of factors such as knowledge and skills, professional experience, and professional achievements. The improvement will help better evaluate talents, match them with the right position, and encourage employees to specialize in their respective field.



Talent cultivation

NARI has redoubled efforts in talent recruitment. In 2020, we organized online promotion, tests and interviews to for contactless recruitment. Apart from bringing in graduates from traditional majors such as power system automation, computing science and technology, and automation, the Company has recruited more graduates from majors in integrated circuit engineering and AI to boost our emerging business. The recruitment has laid a solid foundation for the sustainable development of the Company.

NARI has offered more internship opportunities to college students. Internship positions of R&D assistance and engineering debugging are offered to students from Nanjing University, Southeast University, Hohai University, and Nanjing Normal University, to attract outstanding interns.

NARI launches a special action to strengthen the Company with talents. With a focus on supporting the high-quality innovative development, the Company carries out the targeted training and development of leading talents and young employees while improving the talent selection, employment, cultivation and retention mechanism. These efforts have laid a solid foundation for building a stable and sustainable talent supply chain.







Employee care

NARI continues to upgrade working conditions to create a safe and comfortable working environment for employees. A relaxing and happy working atmosphere with rich employee activities enhances employee satisfaction and sense of belonging.

NARI provides employees with catering services, commute shuttle buses, paid leaves, routine health check and other benefits. The Company builds an employee service center with sports fields and indoor activity centers, and organizes various activities to express Company's care and improve employees' sense of happiness.

**Building a one-stop employee service platform**

The NARI employee service center was opened in 2020. It consists of six areas: the multi-function area, 24/7 self-service area, leisure area, integrated service area, business handling area, and meeting area. Coordinating internal and external resources, the Company allows employees to access 32 services including banking, insurance, tourism, communication, and medical services all in the center as a one-stop service platform.



**Case**

**Protecting the rights and interests of female employees**

We open women-only lounges, and the labor union organizes parent-child activities. In 2020, we completed the renovation of women-only lounges.

**Caring about retired employees**


We visit retirees on major festivals including Spring Festival and the Double Ninth Festival, and provide financial support for retired employees to attend universities for the elderly to enrich their retirement life.

**Caring about frontline employees**

We visit frontline workers of key engineering projects with tough working conditions to bring them gifts in winter and summer, and provide them with coupons for holidays.

**Helping employees in difficulties**

We provide employees in difficulties with upper-limit allowance to help them out.



Employee caring measures



Granting allowance to employees in difficulties



Visiting hospitalized employees




Visiting front-line workers




Holding small ceremony to pay tribute to the retired

NARI values the physical and mental health of employees. The Company organizes various cultural and sports activities to enrich employees' life and boost their vitality. To date, the Company has opened various cultural and sport clubs such as the football, painting, calligraphy and seal cutting club, and photographic club. By organizing the "NARI Cup" football league, themed photography activities, and sports training classes, the Company enriches employees' leisure time and enhances team cohesion.

**Holding fun labor competition**

In 2020, NARI enriched the content of competitions and innovated in competition platforms using new technologies such as big data, cloud computing, IoT, mobile internet, AI and 5G. Five competitions were hosted, including the information security simulated attack and defense competition and the industrial robot control competition. These competitions tested the participants' know-how with scientific, interesting and original competitions, inspired employees' enthusiasm for competition and work, allowed the competing individuals and teams to show their talent, enriched employees' life, strengthened team cohesion, and injected momentum for employees to improve skills and for the Company's sustainable development.



**Case**

The robot competition



Brush pen calligraphy activity

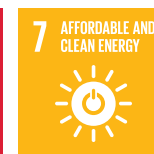


Yoga session





## Engaging in Communities to Contribute to Society



Support from local communities is critical for a company's growth, as communities create a sound environment for enterprises to grow and thrive. NARI always attaches great importance to fulfilling its responsibility as a corporate citizen. We support poverty alleviation, help vulnerable groups, organize charitable events, participate in voluntary activities, and have spared no efforts in the battle against the COVID-19 epidemic. We continuously contribute to society through our efforts, share the fruits of development with society, and promote social development.



» Poverty alleviation

To support the high-quality poverty alleviation, NARI engages in targeted poverty alleviation and has driven the development of poverty-stricken areas by means of consumption, talent cultivation, employment, targeted assistance, etc., which also contributes to rural vitalization.

Never stopping the consumption-driven poverty alleviation, NARI has established a special selling area of products from poverty-stricken areas in supermarkets of Jiangning industrial park. We also set an online shopping mall on our APP where employees can buy products to call on all staff support the great cause. In 2020, in a bid to boost the development of poverty-stricken areas through consumption, we invested over RMB 1.26 million to procure products from poverty-stricken areas in Hubei Province and other places for the company canteen, bringing these products to NARI's dining halls.

During the COVID-19 epidemic in 2020, NARI adopted various measures to stabilize employment and create more jobs, as a method to reduce poverty. Based on existing recruitment policies, the Company has leaned to key poverty-stricken areas. Moreover, NARI has selected outstanding workers for talent training, endeavoring to unleash all potentials of people in poverty-stricken areas.



The shopping area of products from poverty-stricken areas



Donation of household appliance to poverty-stricken areas

In 2020

1 member dispatched for poverty alleviation in Tibet

1 first secretary stationed in the village selected for targeted poverty alleviation



All out to support power grid construction in three regions and two prefectures

Case

In 2020, NARI supplied secondary equipment and relay protection equipment for Ali and Central Tibet Grid Interconnection Project, safeguarding the power transmission and transformation project of ultra-high altitude and extreme difficulty. The construction of the project spans two prefectures and 10 districts and counties in Tibet. It is a key project for the construction of power grids in deeply impoverished areas, three regions and two prefectures, and undertakes the mission of interconnecting Ali and Tibet's power grids. It is expected to end the last isolated grid operation in prefecture-level administrative regions in China. The project effectively solves local power problems and provides strong power support for Tibet to be lifted out of poverty.



Ali and Central Tibet Grid Interconnection Project

» Charity practice

NARI has carried out charitable activities in the long run. Actively exploring new forms and channels of social services, NARI shows love for society with practical actions, and contributes to a harmonious and better society.

The Company encourages employees to participate in charity activities. We have established a Party member service team and a youth volunteer service team, to launch volunteer service month campaigns around supporting education, caring for the elderly and the disabled, and popularizing environmental science. As of the end of 2020, we have organized a total of 36 youth volunteer service teams, attracting more than 200 young volunteers. A number of voluntary service brand projects have been created in Jiangsu, such as "Safeguarding Hopes and Dreams" left-behind children project, "the Smallest Help also Demonstrates Our Perseverance" poverty alleviation project, and "Helping Schools for the Blind".



Volunteer services to support education



Passing on warmth through donation

Case

The COVID-19 epidemic caught everyone by surprise in 2020 and disrupted the lives of countless people. In order to support the COVID-19 control, NARI actively donated supplies, pooling strength to fight against the virus.

The Company has donated preventive supplies, such as goggles and medical disinfectants, to Wuhan, to support front-line medical personnel and help the epidemic response in Hubei. Volunteer service activities have been organized, with the theme of "Helping Schools for the Blind and Fighting COVID-19 with Love", in which the Company has donated masks to Nanjing School for the Blind to pass on warmth and love. NARI staff has donated money to medical institutions and social welfare groups through online and offline methods, working together to combat the epidemic.



Preventive supplies donated to Hubei



The first secretary stationed in the village leads the way out of poverty

Case

Yuanxu Village, Liangji Town, Suining County, Jiangsu Province, was an impoverished village home to with 415 registered poor villagers from 165 poor households. They mainly relied on the low income from agricultural planting, which hindered the local villagers to get better off. Bu Xiangtao, one of NARI's employees, was appointed as the first secretary stationed in Yuanxu Village. He seized the opportunity to deepen the supply-side reform of agriculture. Based on the local conditions, Bu developed high-efficiency facility agriculture, and realized overall income increase. He contacted experts to provide planting training for more than ten poor households, easing the burden of unemployment. He also raised funds through multi-party cooperation to improve infrastructure construction. A linkage has been established between him and three poor households, to whom he has paid visits, hoping to better understand their situation.

With Bu's assistance, Yuanxu Village has displayed a new vitality. It has been lifted out of poverty, with assistance goals well accomplished. Bu's work has been widely recognized, and he has been rated as the Honorary Citizen of Suining County, as well as the Excellent First Secretary Stationed in Suining County.

The Company has actively participated in poverty alleviation by developing photovoltaic industry. We provide technological and equipment supports for the construction of power grids in the deeply impoverished areas, three regions and two prefectures (three regions: Tibet Autonomous Region, the Tibetan areas in Sichuan, Gansu and Qinghai provinces, and the four prefectures in southern Xinjiang; two prefectures: Liangshan Prefecture in Sichuan Province and Linxia Prefecture in Gansu Province). We have changed local power shortage caused by the mere reliance on small hydropower supply. With a stable power supply, the village is illuminated, so is the road to wealth. NARI's efforts have provided a strong impetus for the development of poverty-stricken areas.



» COVID-19 response

COVID-19 has posed a serious threat to people’s health and safety, and has exerted an unprecedented impact on economic and social development. In the face of the epidemic, NARI has bravely shouldered responsibilities. While ensuring COVID-19 control within the Company, we have contributed to economic and social development and supported the COVID-19 fight.

We attach great importance to epidemic control and fully support the reliable power supply. In 2020, we established an expert team for rapid technical support online, formed 45 on-site emergency support teams, and dispatched three project teams to ensure the maintenance of the power system during the Spring Festival and COVID-19 response. Remote patrol services were provided and protection plans and on-site personnel service plans were formulated prior to our resumption of work and operation according to local requirements. We arranged 8 security control device project teams and reserved emergency supplies and spare parts, ensuring the safe and stable operation of the power system.

The Company leverages the professional advantages of water conservancy-related products to provide technological support for the critical period of spring plowing and preparation, ensuring smooth production and orderly life.



Technical experts safeguard electricity supplies during the epidemic

Future Outlook

Riding the winds and breaking the waves, we will forge ahead with sheer passion and effort. The year 2021 is the first year under the 14<sup>th</sup> Five-Year Plan and also the 100th anniversary of the founding of the CPC. At this new starting point, brimming with new hopes and new expectations, we will continue to uphold the development philosophy of “Pursuing innovation-driven development under the leadership of Party building, by putting quality and customers first, and promoting win-win cooperation.” We will remain true to our original aspirations, improve the quality of our products and services, and provide a solid guarantee for people’s wellbeing. While enjoying the results of our growth, we will never forget where we came from. We will give back to society by protecting the lucid waters and lush mountains, promoting green development, caring for our employees, and benefiting the public through charitable activities. We will strive to script a new chapter of high-quality development in all respects during 2021-2025.

Looking ahead, we are keen to shoulder our responsibilities. We will undertake CSR in all links of the industry chain, lead technological advancement with innovations, persistently pool our strength, forge our corporate soul through CSR practices, and usher in the future with our concrete actions. We will facilitate sustainable development and accelerate our growth toward becoming a global industry leader in Energy Internet, contributing NARI’s share to building a low-carbon, safe, and efficient energy system. Together with our stakeholders, we look forward to jointly building a harmonious society and a better future.



Fighting against the virus and winning time for agriculture

Case

The Shule River Irrigation District in Gansu Province is one of the most influential large-scale irrigation districts in China. Affected by COVID-19, the original plan for spring farming has been disrupted. Levering the advantages in water conservation technology, NARI applied IMS 2000, the integrated management system for irrigation areas, to the Shule River Irrigation District, enabling safety monitoring of reservoirs and dams, as well as remote comprehensive monitoring of water for industrial, agricultural, and ecological use. The Company effectively promoted social distancing during the epidemic and minimized the risk of virus transmission, solving problems such as shortage of personnel and irrigation scheduling during the extraordinary time. The Company achieved the balance between COVID-19 response and higher efficiency of spring irrigation, facilitating both spring irrigation and water supply and improving people’s livelihood.





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