

2022

NARI TECHNOLOGY CO., LTD.

Environmental, Social and Governance (ESG) Report



Introduction to the Report

This is the first Environmental, Social and Governance (ESG) report and also the 11th social responsibility report of NARI Technology Co., Ltd. since 2012. Following the principles of being objective, standard, transparent, and comprehensive, it discloses the Company's management philosophy, practices and performance in the perspective of governance, environment and social responsibility in 2022 in detail. The Company commits that there is no false record or misleading statement in the Report and takes responsibility for the authenticity, accuracy and integrity of the Report. The Report is released upon the confirmation of the Board of Directors.

Scope of Organization

The scope of organization of the Report covers NARI and all of its branch companies and subsidiaries.

Scope of Time

The Report is released annually. It covers the period from January 1 to December 31, 2022. In order to improve the Report's integrity and comparability, some contents trace back or extend properly.

Reference Standards

Guidelines to the Central State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities issued by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)

Guidelines of the Shanghai Stock Exchange for Self-regulation of Listed Companies No. 1 – Standardized Operation

Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited

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

GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Reporting Initiative (GRI)

GB/T 36001-2015 Guidance on Social Responsibility Reporting issued by the Standardization Administration of the P.R.C. (SAC)

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

UN Sustainable Development Goals (SDGs)

Data Specification

The financial data in the report are from annual financial report and official documents of NARI Technology Co., Ltd. Unless otherwise stated, the currency amounts mentioned in the report are measured in RMB Yuan.

Title Specification

For ease of expression, "we", "the Company" and "NARI" in the Report all refer to "NARI Technology Co., Ltd."

Access to the Report

The 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 printed and electronic formats. 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:

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Message from the Chairman

Time continues to march on despite trials and hardships. In 2022, an extraordinary year, we joined together with all parties and continued to press forward together. In the face of complex and severe internal and external environments, as well as many risks and challenges beyond our expectations, we accurately identified changes, reasonably responded to them, and actively sought changes. With a steady move in promoting self-reliance and self-improvement in technology and upgrades to industrial transformation, we pressed ahead with fortitude and tackled tough issues head-on, completing all annual objectives and tasks and hitting a new business performance record. Humbly speaking, we wrote a splendid chapter on corporate high-quality development and left extraordinary achievements to our shareholders and society.

Operating on the right track, we erected a high-level development platform with the cornerstone of compliance.

We constantly enhanced our asset operation capability and highly valued corporate governance. We established and continued to improve the modern corporate governance structure and standardized the building of the Board of Directors to raise the Company's governance level. By exploring diversified communication channels, we made sustained efforts to enhance the level of information disclosure and transparency to fully guarantee the right to know and interests of all shareholders and relevant investors. Meanwhile, the Company kept improving the ESG management framework. Taking ESG as an important means to improve the quality of a listed company, we promoted the deep integration of environment, social responsibility, corporate governance, and business operation, thus effectively upgrading the Company's sustainability and its contributions to society. In 2022, the Company was shortlisted in the "Central Enterprise's ESG · Pioneering 50 Index" by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC).

Being self-reliant and independent, we leveraged innovation to build a stronger enterprise.

With innovation as our driving force for development, we attached great importance to technological innovation and digital construction. We reinforced the leading role of energy and power technology, the research and development of high-end equipment, and overall solutions. Efforts were made in core industries and emerging industries to speed up the transformation of scientific achievements and industrial applications. With a powerful strategic, progressive, and fundamental layout of scientific research, we built a three-tier technical system covering "field, sub-field, and specialty", that led the way to complete the framework design of the digital technology support system for a new electric power system, and put into operation China's first provincial virtual power plant's operation and management system, and China's first variable-speed pumped-storage full-power converter. These numerous "first achievements for China" allowed us to lead the technological innovation trend. In 2022, the Company had 22 scientific and technological achievements that passed the technical appraisal of the Chinese Society for Electrical Engineering (CSEE), with global leading core technologies.

We devoted ourselves to delineating an eco-friendly vision with the painting bush of ecology.

We actively implemented the Carbon Dioxide Peaking and Carbon Neutrality action plan of NARI, incorporated the low-carbon technology, energy conservation, emission reduction, and responses to climate change into business operations, products, and services, and deepened the research on the framework of the Cyber-Physical-Social System in Energy (CPSSE) in response to China's 30·60 Decarbonization Goal (i.e., achieving peak carbon dioxide emissions by 2030 and carbon neutrality by 2060) and the central government's call to build a new electric power system. Our carbon management system was the first in the industry authenticated by an international authority. We serviced the development of new energy. Low-carbon technology in energy and power made many new achievements and breakthroughs in saving energy and reducing carbon emissions at the power supply side, power grid side, load side, and energy storage side. With a focus on green business operations, we set up and improved our environmental protection system, saved energy and resources, and strictly controlled pollutant discharge. NARI Technology Co., Ltd. Was rated National Green Plant in 2022. Two subsidiaries of the Company were rated Jiangsu Provincial Green Plant. NARI Jiangning Base was rated "Garden-style Organization".

We always diligently and prudently implemented safety quality management and control.

Being fully aware of the role of products in supporting the security of bulk power grid and firmly keeping in mind that quality is the foundation of our business. We fulfilled production safety responsibilities, strictly carried out safety and quality control in the whole process of R&D, and consolidated the fundamental role of intrinsic safety for products. We comprehensively promoted hierarchical risk management, enhanced the dual-prevention mechanisms, and carried out special campaigns such as overall investigations and remediation against hidden safety hazards, and major inspection for production safety to secure a defensive line. We supervised the quality of major projects for "Providing Excellent Products, Guaranteeing Power Supply" on-site, conducted the "NARI Quality Month", and deepened the quality supervision by using an "internal third party". With these efforts, we continued to improve our product quality management and control level over the entire process. In 2022, the Company carried out safety training where 70,600 participants attended, and no injury or death accidents occurred throughout the year.

We remained true to our original aspiration and co-operated for harmony and benefit.

We insisted on running the enterprise by wholeheartedly relying on the employees, continuing to enhance team building, resolutely safeguarding the legitimate rights and interests of our employees, and pooled talents. Our purpose is to make the employees fulfill personal values while promoting the development of the Company. We actively integrated into the local community, fully promoted our technological advantages, products, services, and talents, and were fully engaged in the construction of major projects in UHV, smart grid, intelligent transportation, and hydraulic and hydropower engineering. Intense efforts were made to implement coordinated development strategies between regions, rural revitalization, and new-type urbanization, as well as the Belt and Road Initiative (BRI). Through exciting activities such as public welfare, voluntary service, and cultural exchanges, we fostered harmonious and friendly relationships with the community, shared our development achievements with society, and co-created a better future. In 2022, we carried out 287 volunteer activities with a total of 7,652 hours.

With swift and steady moves, we will eventually reach our destination.

In the spirit of "striving for transcendence and excellence" and focusing on China's 30·60 Decarbonization Goal, NARI will deeply integrate into the construction of a new electric power system, stay confident, uphold fundamental principles, and break new ground, endeavoring to open up a new dimension of high-quality development to become a global industry leader in Energy Internet. We will join hands with our stakeholders for common growth and creation and contribute to the sustainable development of the local economy, society, and the environment.

NARI Technology Co., Ltd.
Chairman



About Us

Company Profile

NARI Technology Co., Ltd. was founded on February 28, 2001 and listed on the Shanghai Stock Exchange in 2003. We are a leading supplier of Energy Internet solutions, specifically, smart energy and power services. We are one of China’s leading IT companies in the energy, power, and industrial control fields and a pioneer in intelligent electrical power services. The Company boasts advanced control and information technologies, 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 conservation and water affairs, municipal public utilities, and mining. After decades of independent innovation and development, the Com-

pany has grown into a leading public company with total assets of RMB 76.666 billion, annual revenue of RMB 46.829 billion, and market value of nearly RMB 200 billion. We have established one research institute, four business units, 18 branch companies, and 26 subsidiaries. In the past three years, the Company has witnessed stable operation, with an increase of 16.23% in total assets, an increase of 23.49% in tax paid, a compound annual growth rate (CAGR) of 13.04% in operating revenue, and a CAGR of 14.30% in total profits. Main indicators such as operating revenue and profits maintained sound and steady growth.



Development Strategy

NARI follows the overwhelming trend of integrated and parallel energy revolution and digital revolution. High-quality development is the eternal theme at NARI. We see it as our mission to support and serve the development of Energy Internet and the clean and low-carbon transformation. We channel our efforts to consolidate the foundation, empower the sector, make new breakthroughs, save cost and improve quality, and strive to gain an edge in technology, industry, talents, reform, safety and ideas. Besides, we

make all-out efforts to create three industrial clusters, i.e., intelligent power grid, digital energy, and offline and emerging industries, achieving effective quality improvement and reasonable quantity growth in operating performance. By 2025, we aim to nurture the Company into a global industry leader in Energy Internet field.

Building the intelligent power grid industry

We will focus on the building of a new electric power system, accelerate the upgrading of key technologies and core products, and empower new technologies with intelligence. We will consolidate our advantages in professional fields such as security and stability of bulk power grid, AC and DC power transmission, dispatching, power transformation, power distribution, and power utilization. We will enhance our capacity for active support at the power supply side, robust resilience at the power grid side, flexible adjustment at the load side, optimized allocation at the energy storage side, and dispatching of power market resources. In this way, we aim to take a step forward from “an internationally advanced company” to “a world’s leading company”.

Building the digital energy industry

We will firmly grasp the development opportunities of digital power grids and focus on improving the “climate elasticity”, “security resiliency” and “adjustment flexibility” of the power grid. Based on the Company’s layout and technical advantages in key platforms (e.g., cloud platform, power grid resource and business middle-office, and measurement center) and core businesses, we will strengthen the integrated application of digital and energy technologies, and explore our layout on all fronts such as digital infrastructure, enterprise-level middle platform building, digital power grid and energy production, data system building, and data empowerment.

Devoted to the industries apart from power system and other emerging industries

We will devote more efforts to the research and development of core products and overall planing in the fields of hydropower, new energy, and smart rail transit, further explored markets in energy services and industrial control fields, and ramp up our efforts in industries apart from power system that with good benefits. Priority will also be given to emerging sectors such as IGBT, energy storage, intelligent equipment, sensors, Industrial Internet, and smart fire protection. We will speed up breakthroughs in emerging industries by tailoring one policy for one utility. Besides, we will make steady steps in extending international business and export more high value-added self-developed products, thus increasing the value.

Corporate Values

Corporate Spirit

Striving for transcendence and 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 technology and puts customers and employees first and foremost

Hr Management Philosophy

Talents are our core asset and we seek to empower employees to grow together with the Company

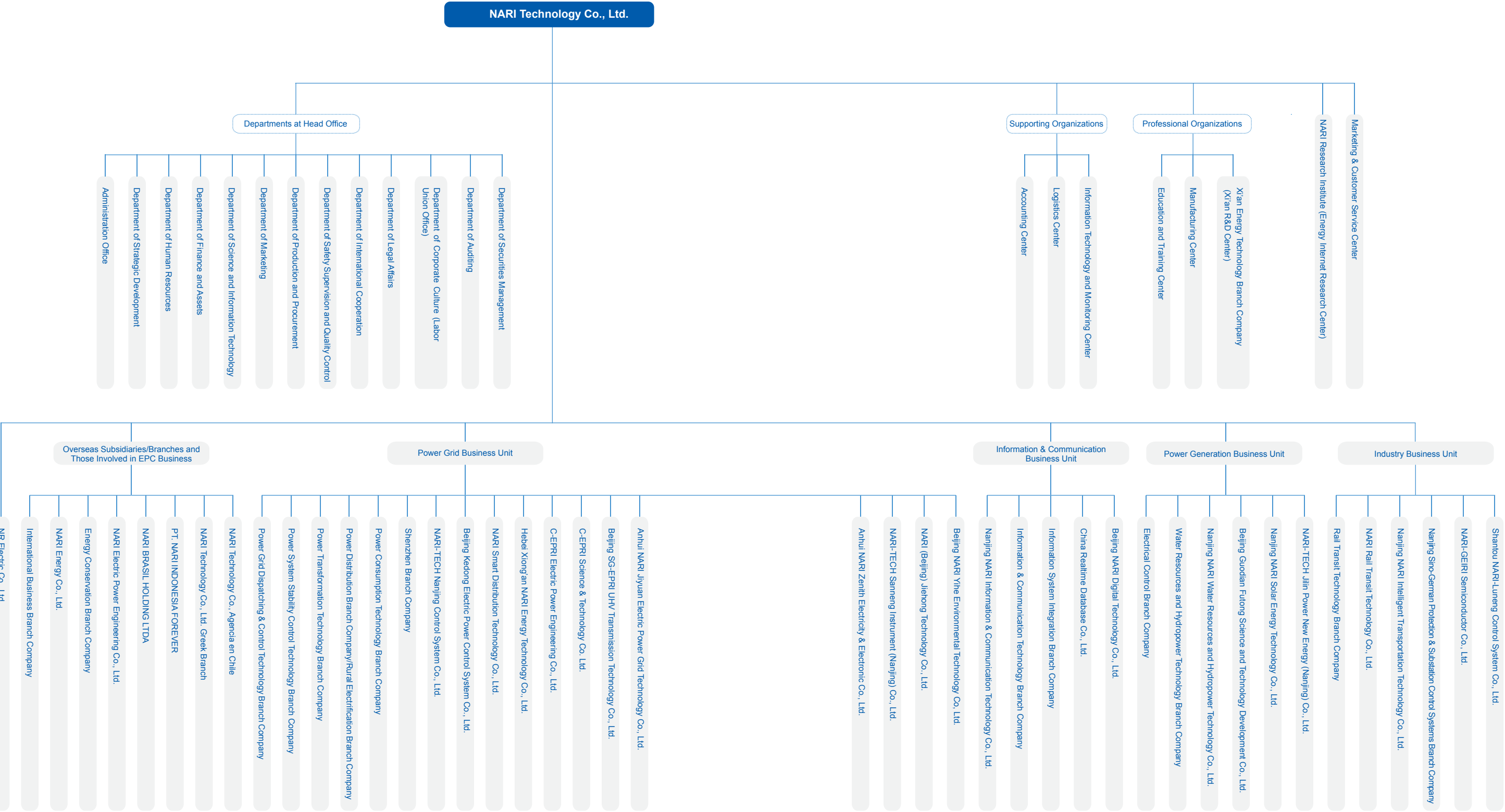
Customer Services Philosophy

We deliver services that start from customer demands, base on constant improvements, and aim to greater satisfaction of all customers

Culture Philosophy

Making innovations with a pragmatic approach, keeping open in cooperation, taking a precise and efficient attitude, and dedicating and remaining faithful to work

Organizational Structure



Industry Associations We Join

Industry Association	Our Role
Committee of Power System Automation of Chinese Society for Electrical Engineering (CSEE)	Secretariat
China Chamber of Commerce for Import and Export of Machinery and Electronic Products	Member
China Federation of Electronics and Information Industry	Member
China Nuclear Energy Association	Member
China Association of Metros	Member
China International Contractors Association	Member
China Security & Protection Industry Association	Member
National Association of Financial Market Institutional Investors	Member
China Association for Public Companies	Director
Jiangsu Society for Electrical Engineering	Executive Director
Jiangsu Electrotechnical Society	Executive Director
Jiangsu Province Renewable Energy Industry Association	Deputy Director-General
Jiangsu Association for Public Companies	Vice Chairman
Committee of Power System Automation of Jiangsu Society for Electrical Engineering	Secretariat
Shanghai Civil Engineering Society	Member
Nanjing Mass Transit Industry Association	Deputy Director-General
Nanjing Association of Foreign Economic and Technical Cooperation	Executive Vice President

Social Recognition and Honors

Prizes and Honors	Awarded Project
First Prize of China Electric Power Scientific and Technological Award 2022	Key technologies and equipment for China's first smooth integration of 10GW-level offshore wind power into the grid
	Key technologies, whole-set equipment, and engineering application of high-voltage and large-capacity flexible DC power grid
	Voltage support strength increase of high-proportion power electronics bulk power grid as well as safety prevention and control technology and its application
	Research of common key technologies of power and IoT and their promotion and applications
First Prize of China Mechanical Industry Scientific and Technological Progress Award 2022	Oscillation and overvoltage analysis and suppression technique of new energy power generation clusters in a multi-sending scenario
	Key technologies and their application for optimized allocation and control of multi-functional and multi-purpose energy storage power stations
	Research and application of influence mechanism of the marine hygrothermal environment on the external insulation of power equipment as well as its prevention and control technology
	Key technologies and equipment of ±800 KV flexible DC converter valve

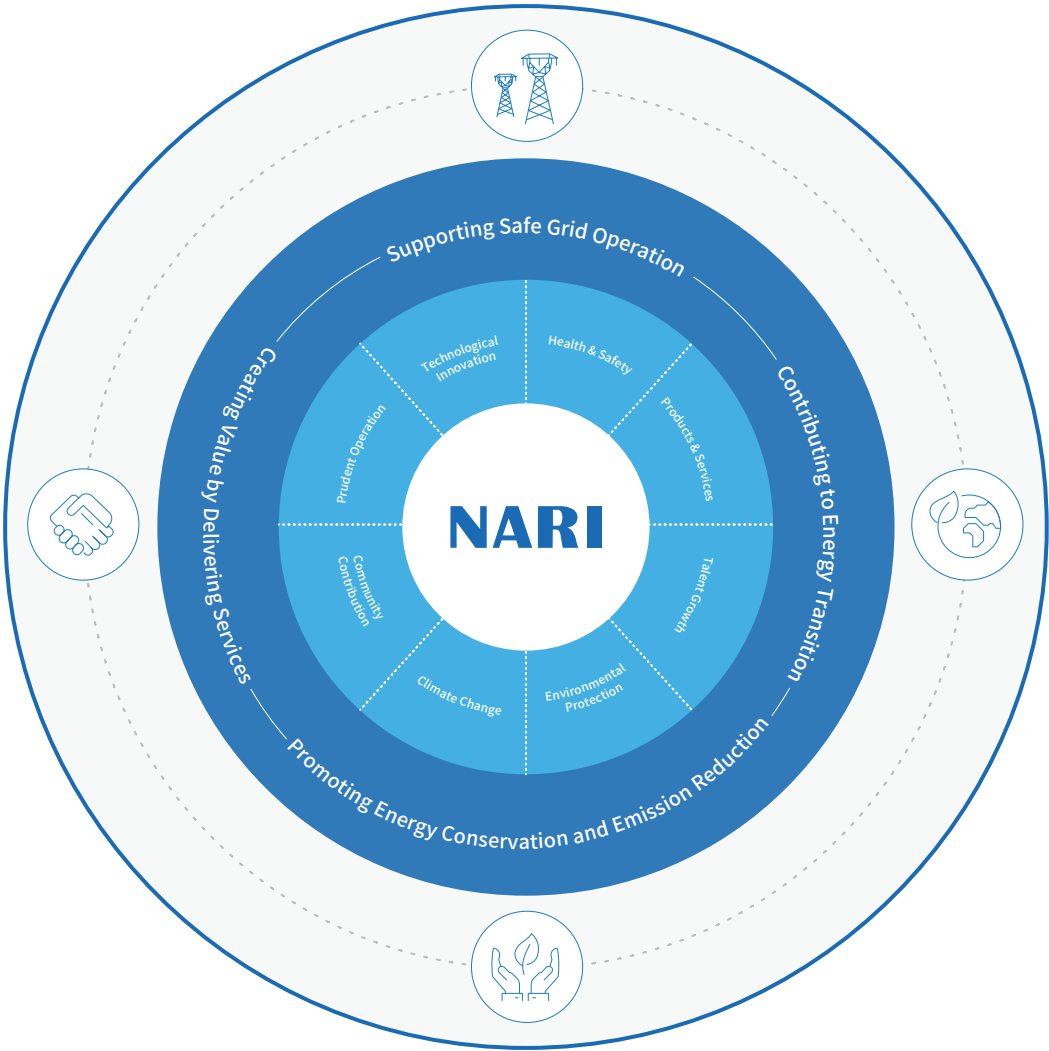
Prizes and Honors	Awarded by
Central Enterprise's ESG · Pioneering 50 Index	Implemented by SR Cloud Institute under the guidance of the Social Responsibility Bureau of SASAC of the State Council
Grade A for information disclosure 2021-2022	Shanghai Stock Exchange
The 17 th (2022) "Continuous Investment Value Award" of Chinese Listed Companies	<i>Chinese Securities Journal</i>
The 16 th (2022) Awards of the Value of Listed Companies in China – Top 100 Listed Companies on the Main Board in Terms of Value	<i>Securities Times</i>
The 16 th (2022) Awards of the Value of Listed Companies in China – Top 100 Chinese Listed Companies in Terms of ESG	<i>Securities Times</i>
Mr. Leng Jun, President of NARI, was awarded the 24 th (2021) "Golden Bull Enterprise Leader" by China Securities Journal	<i>China Securities Journal</i>
NARI-TECH Nanjing Control System Co., Ltd. was awarded the 2022 "Top 10 Excellent Enterprises" in the Chinese Wind Power Industry	National New Electric Power (Smart Grid) Equipment Cluster

ESG Management

ESG Philosophy

As a high-tech enterprise in electric power and related industries, NARI is committed to providing strong support for the innovative development of the electric power industry, safe and stable grid operation, as well as advanced technologies for the rapid development of China's power grids, information communication, power generation, energy conservation, environmental protection, industrial control and related industries. We integrate ESG management practices into every business link in our corporate development strategies and daily operation. Continuous efforts are geared to-

wards deepening the ESG management practices in prudent operation, technological innovation, health & safety, products & services, talent growth, community contribution, and environmental protection, etc. We work actively to build a responsible and reliable global industry leader in Energy Internet and contribute to the harmonious development of the enterprise with society and environment.



Our ESG philosophy model

ESG Organizational Structure

NARI is well aware of the importance of ESG issues in corporate risk management and sustainable development. According to the latest revision of the *Rules of Procedure of the Strategy Committee of the Board of Directors of NARI*, the Company has established a sustainability work system, under which the Strategy Committee of the Board of Directors is responsible for affairs related to sustainability and ESG management. Overseen and guided by the Board of Directors, the Strategy Committee determines the Company's sustainability (including ESG, etc.) goals and plans, supervises the policies and measures adopted by the Company to achieve the sustainability goals and plans, regularly reviews the Company's sustainability progress (including ESG and so on), and deliberates on the Company's sustainability report. Mr. Leng Jun, President of NARI, serves as the convener of the Strategy Committee and is responsible for the affairs related to sustainability (including ESG and so on). In 2022, the Company held ESG-themed meetings or relevant meetings, where issues such as ESG reports and ESG rules were discussed.

A Sustainability (ESG) Working Team is formed under the Strategy Committee to take charge of studying, formulating and updating the Company's sustainability goals and plans, organizing the implementation of establishing relevant systems and mechanisms, and coordinating, supervising and promoting relevant departments and organizations to carry out relevant works. The offices under the Sustainability (ESG) Working Team execute the Company's sustainability work, including 16 departments and organizations, such as the Department of Corporate Culture, Department of Securities Management, Administration Office, Department of Strategic Development, Department of Human Resources, Department of Finance and Assets, and Department of Science and Information Technology.

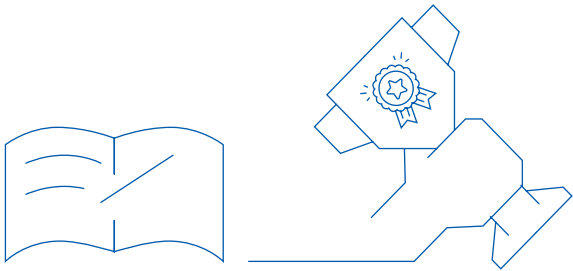


Our Sustainability (ESG) governance structure

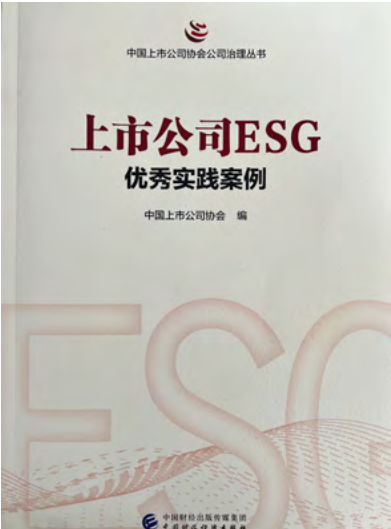
ESG Capability Enhancement

NARI takes the integrated development of economy, society and environment into full account in the enterprise’s operation practices, pays attention to making and implementing the ESG management plans to drive the enterprise’s ESG management practices, and learns from the good practices and successful experiences of advanced enterprises in ESG management. We actively participated in the ESG Practice and Experience Sharing Meeting of Public Companies, the ESG China Forum Winter Summit 2022

and other activities, and invited third-party experts to deliver systematic training on ESG theories and practices to persons in charge of ESG work and ESG staffs from all departments of the Company and subsidiaries, in an effort to constantly improve the Company’s ESG management practices and information disclosure level.



NARI was shortlisted in the “Central Enterprise’s ESG · Pioneering 50 Index”; the case titled “Promoting low-carbon development of urban energy and utilizing energy in a comprehensive, clean and efficient way – Creating an integrated management, control and service platform of Energy Internet for new-type urban-ization” was selected in the ESG excellent cases.

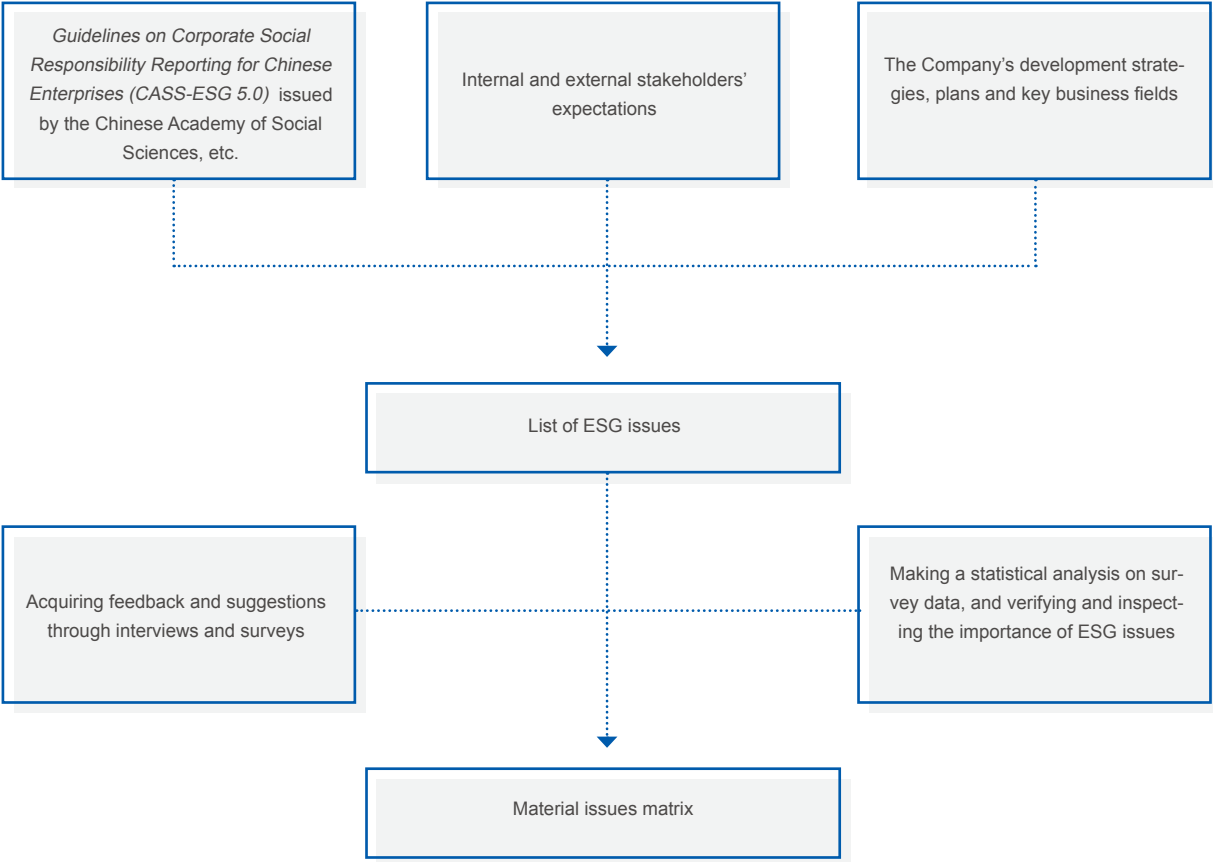


The case titled “Focusing on green and low-carbon industry and practicing the idea of sustained development” was selected in the *ESG Excellent Practices and Cases of Public Companies* published by the China Association for Public Companies.

ESG Issues Management

We benchmark ourselves against international and domestic ESG-related standards, guidelines, and disclosure of issues concerning the same trade or business. Based on the macro-environment for sustainable development and our self-development plan, and following the principles of materiality, integrity and inclusiveness of stakeholders, we have identified and evaluated the important issues during the reporting

period from two dimensions (i.e., importance to stakeholders and importance to the sustainable development of NARI) in light of stakeholders’ expectations, and then selected material issues of the Company in 2022.



Evaluation process of material issues



Material Issues Matrix of NARI



Stakeholder Communication

At NARI, communication with stakeholders is highly valued. We have established an efficient stakeholder communication mechanism. By means of the General Meeting of Shareholders, regular exchanges between employees and the management, our official website, WeChat official account, and other communication channels, we strive to effectively identify the expectations and demands of all stakeholders for the Company and give active responses. With these efforts, we aim to enable stakeholders to better understand and recognize the Company and win their trust and support.

Category of Stakeholders	Demands and Expectations	Communication and Response
 Government & Regulatory Authorities	Legal and compliant operation Promoting economic development Supporting local development Ensuring power safety Optimizing the energy mix	Abiding by the laws and regulations Implementing national policies Establishing an inter-governmental cooperation mechanism Accepting supervision and assessment Implementing national strategies
 Shareholders & Investors	Corporate governance Financial performance Safe and sound operation Transparent information disclosure ESG performance Guaranteeing shareholders' interests	Improving corporate governance Enhancing profitability Comprehensive Enterprise Risk Management (ERM) General Meeting of Shareholders Performance of social responsibilities, ESG reports Generating stable dividend
 Employees	Safeguarding employee rights and interests Employee growth and development Occupational health and safety Care for employees Enriching after-work life	Raising compensation and benefit level Improving the training and promotion mechanism Focusing on the staff's physical and mental health Better communication with employees Organizing cultural and sports activities
 Customers	Product quality High-quality service Protecting customers' rights and interests	Product quality control, product innovation Customer communication, customer relationship maintenance Strictly observing laws and contracts
 Partners	Fairness and transparency Win-win cooperation Promoting the development of the industry	Sticking to transparent purchase Creating a responsible supply chain Carrying out strategic cooperation Joining industry organizations and attending industry meetings
 Media	Transparent operation Information disclosure	Receiving investigations and interviews Organizing visits
 Communities & NGOs	Maintaining good public relations Taking an active part in charity Community involvement Climate change Ecological protection	Contributing to rural revitalization Carrying out volunteer public benefit activities Active investment in building communities Mitigating and adapting to climate change Energy conservation and emission reduction, biodiversity protection

Value-based NARI

Taking Root Deeply in Governance

NARI upholds integrity and compliance during management and operation, constantly propels the modernization of corporate governance system and ability, scrupulously abides by business ethics, fully safeguards the interests of shareholders and all interested parties, and runs the business in a steady and efficient manner. NARI earnestly practices the craftsmanship spirit to lay equal stress on technical R&D, innovation and digital empowerment. With our advanced technologies, reliable products and high-quality services, we can meet the demands of the market, support and serve energy transition and a new energy system, and further drive economic and social development.



22	Standardized Corporate Governance
28	Practicing Business Ethics
31	Guaranteeing Stockholders' Equity
35	Innovation-driven Development
40	Pursuing Excellent Quality



Standardized Corporate Governance

NARI strictly abides by related laws, regulations and normative documents in corporate governance. We have continually improved our corporate governance structure, deepened law-based compliance management, and enhanced our risk prevention and management ability to maintain a sound business operation effectively.



Optimizing Governance Structure

In strict accordance with the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Code of Corporate Governance for Listed Companies*, and other laws and regulations, NARI has constantly optimized the corporate governance structure in light of our reality, including the rights, responsibilities and operation regulations of the General Meeting of Shareholders, Board of Directors, and Board of Supervisors. Hence, we have formed a corporate governance structure with the above-mentioned organizations dutifully fulfilling their respective responsibilities, working concertedly, and mutually restricting to regulate corporate operations.

Governance Performance of the General Meeting of Shareholders, Board of Directors, and Board of Supervisors



In 2022

- 2 General Meetings of Shareholders were held, in which 24 issues were deliberated
- 11 Board meetings were held, in which 58 issues were deliberated
- 10 specialized committee meetings were held, in which 44 issues were deliberated
- 10 meetings of the Board of Supervisors were held, in which 23 proposals were deliberated

General Meeting of Shareholders

Our General Meeting of Shareholders is convened in strict accordance with the *Company Law of the People's Republic of China*, *Articles of Association*, *Rules of Procedures for the General Meeting of Shareholders*, and other relevant regulations and requirements to ensure that all shareholders have equal rights to know and make decisions on major matters, thus protecting their legitimate rights and interests. On the premise of a legal and valid General Meeting of Shareholders, we have opened up online voting channels to facilitate the participation of minority shareholders in voting and make their rights fully executed, in order to ensure that more shareholders can participate in the Company's decision-making.

Board of Directors

When selecting and appointing directors, we strictly follow the conditions and procedures specified in the *Articles of Association*. Directors perform their duties and powers in accordance with the *Articles of Association and Rules of Procedures for the Board of Directors*. They also take an active part in relevant knowledge training and familiarize themselves with applicable laws and regulations, being honest and trustworthy and diligently performing their duties. Independent directors independently perform their duties and powers in accordance with the *Rules for Independent Directors in Listed Companies*, *Articles of Association*, *Working System for Independent Directors* and other regulations, and give independent opinions on major matters such as related transactions, selection and appointment of directors and senior management personnel, use of raised funds, equity incentives, etc., to ensure standardized corporate operations and protect the rights and interests of the Company and minority shareholders. In 2022, the 8th Board of Directors of NARI Technology Co., Ltd. completed its re-election.

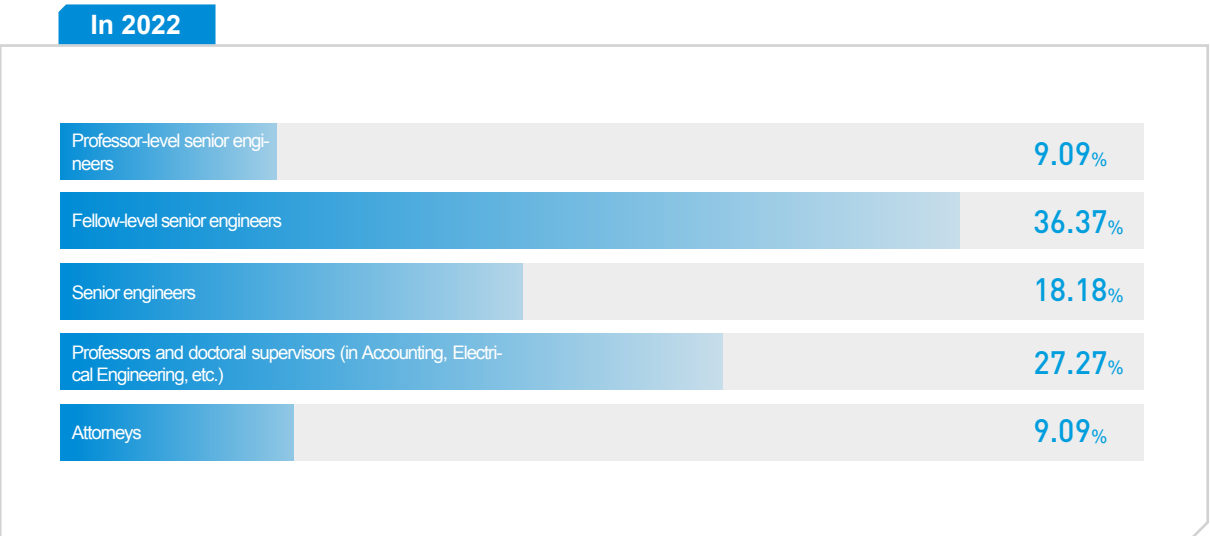
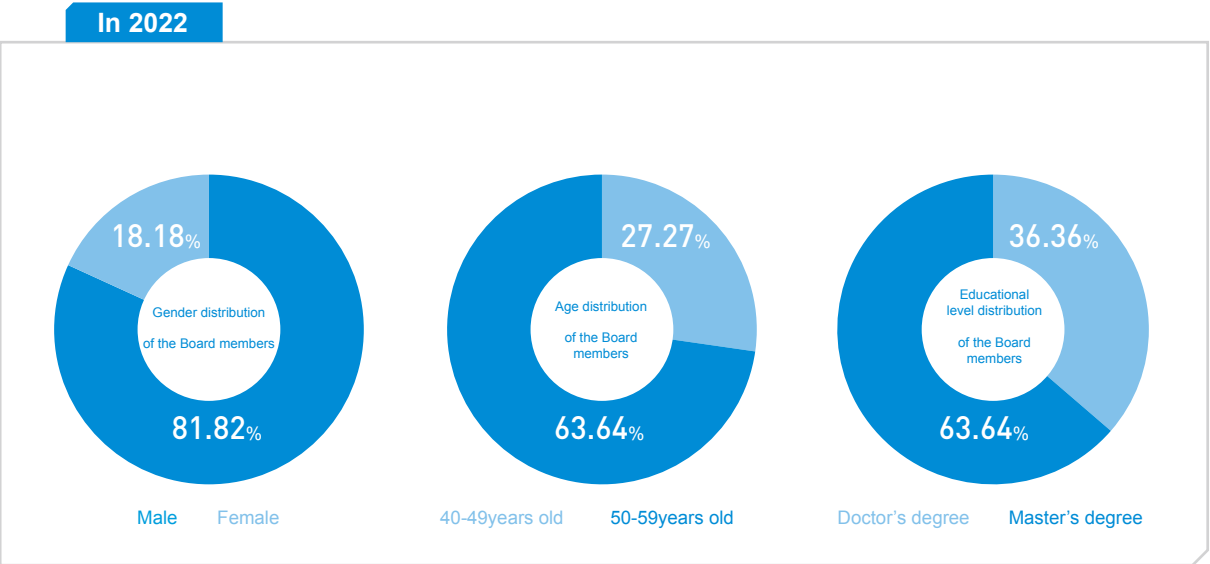
Board diversity: the Board of Directors adopts a meritocracy in the appointment of directors and chooses the best candidate for each position by following diversity-oriented principles, including but not limited to gender, culture and professional experience, so as to maintain a reasonable balance in diversified skills, experiences and ideas and make the Board of Directors more effective.

Board independence: under the Board of Directors are four specialized committees: Strategy Committee, Audit Committee, Nomination Committee, and Remuneration & Appraisal Committee. In the Audit Committee, Nomination Committee, and Remuneration & Appraisal Committee, two-thirds of the members are independent directors, including the convener. The rules of procedure of the committees stipulate that the matters for deliberation shall be approved by more than half of the committee members to ensure the three committees operate independently and professionally.



By the end of the reporting period, the structure of the Board of Directors is as follows:

7 non-independent directors, 4 independent directors, and 2 female directors



Board of Supervisors

The Board of Supervisors performs its duties and powers in strict accordance with the *Articles of Association*, *Rules of Procedures for the Board of Supervisors*, and other regulations. It supervises the financial status, fund-raising, related transactions, regular reporting, and the compliant performance of duties of the directors and senior management personnel, and voices opinions on the Company's major issues, ensuring the Company's standardized operation and safeguarding the legitimate rights and interests of the Company and shareholders. In 2022, the 8th Board of Supervisors of NARI Technology Co., Ltd. completed its re-election.



Management

The Company's management actively implements the decisions and arrangements of the Board of Directors and the General Meeting of Shareholders and performs duties in accordance with the *Company Law of the People's Republic of China*, *Articles of Association*, and *Working Rules for General Managers*. The resume and annual salary of the Company's senior managers have been disclosed in the *NARI Annual Report 2022*.



Consolidating
Compliance
Management

NARI in Figures

110

sessions of compliance
training were organized

with nearly

14,500

participants attending

NARI upholds business integrity. We have implemented the Measures for the Compliance Management of Central Enterprises, established and improved the compliance management system, and conducted the research on compliance policies. We have been committed to cultivating talents in compliance management to ward off and mitigate the compliance risks in operations and enhance our ability to govern the enterprise according to the law.

Advancing the Compliance Management System

NARI continues to advance our compliance management system and strengthen the consultation review and legal review of the compliance management policies of various domains to constantly improve the compliance management system. We have edited and revised the *System Manuals of Required Knowledge and Skills* for company leaders, employees and new hires to promote the implementation of rules and regulations. The legal compliance review mechanism for major decisions has been improved with sustained efforts in standardizing the review process to enhance review quality and efficiency and ensure that the major decisions are legally compliant.

Guarding against Major Compliance Risks

The Company deeply sorts out and evaluates the compliance risks in all business sectors, keeps a close eye on the updates of laws and compliance policies at home and abroad, enhances compliance governance in key areas, and does well in compliance risk warnings and responses.

Advancing compliance management of overseas business: we have conducted research on compliance policies, released three *Bulletins on Law and Compliance Information*, and published 10 country risk reports targeting Brazil, Thailand and other countries with key markets. We have comprehensively identified and investigated the compliance management and control of overseas organizations and worked out measures for level-raising control through research. We have improved the mechanism that provides support for legal compliance personnel in overseas organizations and assigned special personnel to support their legal compliance work in a peer-to-peer way. The scope of bid evaluation for overseas projects undertaken by the branches and subsidiaries and the Head Office has been expanded from major projects to all projects.

Deepening risk prevention in the whole process of contracts: we have timely prompted risks by making more investigation of the credit standing of the customers and releasing the quarterly list of credit risks of customers. We have organized to correct the performance of major contracts to make them resume normal performance. Focus has been placed on collecting accounts receivable. To this end, we have formulated the *Sample Text of Notice of Payment* to guide the branches and subsidiaries to regularly send the Notice for fear that the accounts become overdue. Moreover, we have diagnosed and analyzed the problems in contract management, prepared and issued Opinions on Contract Diagnosis, and urged the implementation of such opinions.

Fostering a Compliance Culture

The Company has offered compliance training at different levels and organized all employees to sign the *Letter of Commitment to Compliance*, which specifies the compliance responsibilities with regard to adherence to the legal system, performance of contracts and norms, safe and environment-friendly production, intellectual property right protection, data and information confidentiality, etc. New media platforms have been applied for law publicity, providing various legal advices online and enhancing the actual effect of law publicity. We have organized the Attorney's Open Day every month as well as law publicity activities on themes such as the Civil Code, World Consumer Rights Day (March 15), World Intellectual Property Day (April 26), and National Constitution Publicity Day (December 4), making compliance culture take root in the minds of all staff.

Intensifying
Efforts in Risk
Prevention and
Control

NARI has formulated the *Measures for Comprehensive Enterprise Risk Management and Internal Control* to promote the deep integration of risk management and business control, enhance the capacity to resist risks, and raise the level of lean management.

NARI in Figures

The Company formulated 28 work plans for risk control

The Company carried out 1 session of on-site risk control training for leaders

Strengthening Risk Management

NARI has established and improved the risk management system. A risk prevention and control system that involves all personnel, all business sectors and the entire process has gradually taken shape, aiming to collect, predict, evaluate, monitor, report, check and rectify the risks facing the Company. We have actively conducted annual risk assessments, risk interviews, and major risk assessments around the year, and then developed targeted countermeasures to guard against potential risks and major hidden risks and comprehensively raise the level of lean management of risks.

Optimizing the Internal Control System

NARI has continued to optimize and improve the internal control system and operating mechanism, and updated the internal control manual, supervision and evaluation manual, and code for employees to perform their duties based on the compliance and feasibility of business processes, improving the ability of all staff to effectively prevent daily operation risks. Moreover, we have examined and evaluated our internal control performance by ourselves, and carried out internal control supervision and evaluation on subordinate units. A problem feedback mechanism in internal control system performance has been set up, and solutions have been made to ensure the effective performance of all systems and management of internal control risks.

Intensifying Audit as a Means of Supervision

Aiming to improve the risk control and management level, the Company pays attention to the major business areas in the operation and management, risk management link, exercise of authority in key positions and effectiveness of internal control, in an effort to improve the effectiveness of audit as a means of supervision. We have carried out various audits of follow-up and implementation of major policies, economic responsibilities, special management projects, intermediate and final settlements for engineering projects, funds for science, technology and information projects, and follow-up audits. Moreover, we organized all kinds of special investigations on fund-raising, related transactions, and guarantees provided to increase the ability to resist risks.

Practicing Business Ethics

Code of Business Ethics

NARI is committed to creating a fair and impartial business environment by following the principle of sustainable development and focusing on business ethics management and anti-corruption efforts. We resolutely adopt zero-tolerance policies on playing favouritism and committing irregularities, nurture an internal ecosystem of professional ethics, integrity and uprightness, and actively promote the positive development of the industry and society.

The Company values the impact of business ethics on shareholders and investors, government and regulatory authorities, employees, suppliers, customers, industry partners and other stakeholders. We promoted standard and closed-loop management through strict rules and regulations to ensure our ethical behaviors in commercial interactions observe relevant laws and regulations.

Tax-related policies: we consciously comply with the rules of competition under the socialist market economy, actively cooperate with the tax-related policies, normatively perform our tax liability, and disclose tax information according to law. We declare and pay taxes on time and strictly prohibit illegal tax evasion.

Antitrust and fair trading: observing the *Anti-Unfair Competition Law of the People's Republic of China* and the *Anti-monopoly Law of the People's Republic of China*, we stick to transparent purchase, promote fair competition and strengthen supplier evaluation to maintain the order of the market economy.



Responsible marketing: in compliance with the *Advertising Law* and the *Law on the Protection of the Rights and Interests of Consumers*, we regulate the review mechanism for product technical information release and provide training on product information, industry development trends and technology for customers through online and offline channels to accept users' supervision.

Employees' business behaviors: all staff perform their duties and abide by professional ethics according to the *System Manual of Required Knowledge and Skills* and *Employee Information Security Guide*. The management personnel set an example to be strictly forbidden to abuse their power for personal gains to avoid conflict of interest.

The Company consistently abides by the national laws, rules and regulations related to anti-corruption and integrity to regulate the Company's operation and the employees' practices. To deepen risk management practices of integrity, anti-corruption activities have been carried out on a regular basis to provide a cleaner growth environment for the Company.



Improving Party Conduct and Enforcing Party Discipline

We accumulate efforts to improve the supervision system, insist on advance supervision and standard discipline enforcement, and highlight interconnection and linkage. We unswervingly deepen our efforts in improving Party conduct, enforcing Party discipline and fighting corruption. Moreover, we promote full and rigorous governance over the Party, the work in improving the Party conduct, and building an honest and clean government, and the fight against corruption.

Strengthening political supervision	We keep raising our political position, constantly deepen political supervision, and increase our efforts in disciplinary inspections
Maintaining political orientation	We maintain a tough position in strengthening checks and oversight over the exercise of power and furthering clean construction
Strictly observing the central Party leadership's eight-point decision on improving conduct	We implement the central Party leadership's eight-point decision on improving conduct, resolutely correct the Four Malfeasances (favoring form over substance, bureaucracy, hedonism, and extravagance), and encourage excellent conduct
Highlighting "critical minority"	We strengthen supervision over "top leaders" and the leading group as well as the education and management of young cadres by both being strict with them and caring for them
Consolidating and tightening responsibilities	We carry out normalized, law-based and standardized discipline inspection.

Honest Practice

The Company has established and continued to improve the honest practice system and process. We uphold that there are no no-go zones, no ground is left unturned, and no tolerance is shown in the fight against corruption. The risk prevention and control practices of integrity in key links and major sectors have been conducted and enhanced to create an honest and clean workplace.

Anti-corruption efforts in operation and management: we keep integrating anti-corruption into corporate operation and management, take supervision and inspection as important means, and circulate a notice of criticism and expose typical issues. Once any corruption is founded, related personnel should be seriously treated according to the *Regulations of the Communist Party of China on Disciplinary Actions and Working Rules of Supervision and Discipline Enforcement of the Communist Party of China*.

Anti-corruption efforts in commercial activities: 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, and sign the integrity agreement or *Letter of Integrity and Self-discipline Commitment* with partners. Moreover, they should also provide the integrity records of relevant personnel to the partners. Experts who are involved in bid evaluation are requested to sign the *Letter of Integrity and Confidentiality Commitment*.

Anti-corruption Training

The Company provides regular anti-corruption training and education activities for all employees. We have organized integrity education activities in various forms by means of monthly reports on integrity publicity, anti-corruption knowledge contest, online anti-corruption training, and watching warning educational films, so as to guide the cadres and employees to be self-dignified, self-examined, self-alerted, and self-motivated and raise their integrity awareness.



A visit to the Party Discipline Building Education Center in Qixia District, Nanjing

The Company has established a well-rounded whistleblowing and complaint mechanism, and opened a special hotline for whistleblowers to accept inside and outside supervision and whistleblowing against the Company and the employees. We have clarified the complaint handling procedures, processing time limit and settlement criteria, and put forward classified handling opinions on whistleblowing content in time Information in each stage such as acceptance and survey should be strictly confidential. All whistle-blowers are treated confidentially to avoid information disclosure and are protected from any form of retaliation.



NARI anti-corruption reporting channel
Tel: 025-81092966

Unimpeded
Anti-corruption
Reporting
Channels

Guaranteeing
Stockholders’
Equity

Sound investor relations will bring more attention and recognition to the enterprise from the capital market. NARI has a strong sense of responsibility to “respect, revere and protect investors”, highly values the demands of shareholders, and unblocks the communication channels. We constantly improve the process and quality of information disclosure and showcase the Company’s development highlights and business performance to make the investors recognize our business, value and affection.

Effective
Disclosure

In strict accordance with relevant laws and regulations, *Articles of Association*, and *Administrative Measures for Information Disclosure Affairs of the Company*, the Company has actively built and improved an information disclosure system that accords with the characteristics of the Company and takes into account both compliance requirements and business demands. With this system, we ensure a legal and complaint information disclosure procedure as well as true, accurate, complete and timely information disclosure contents, treating all shareholders and investors equally.

NARI in Figures

We organized to prepare 4 regular reports, including annual and quarterly reports

We drafted and published 69 interim announcements on related transactions, fund-raising, and other topics

We were rated Class A by Shanghai Stock Exchange for consecutive 8 years in terms of information disclosure

Disclosure of regular reports: we strictly adhere to the guiding principles for disclosure and introduce the development strategies and operation development of the Company in a concise, clear, easy-to-understand and systematic way.

Disclosure of interim announcements: we timely disclose the major events possibly posing a big impact on the transaction price of the Company’s securities and derivatives to make the investors better understand the Company’s operation and make value judgments and investing decisions.

Voluntary information disclosure: we follow the principle of fair disclosure, keep information disclosure constant and consistent, and eradicate selective disclosure.

Information disclosure channels:

Any information to be disclosed by the Company according to law should first be released in *Shanghai Securities News*, *China Securities Journal*, and on the official website of the Shanghai Stock Exchange, and then other transmission activities can be carried out.

A column called “Investor Relations” has been set up on the official website of the Company, which constantly updates the regular reports and interim announcements, and facilitates the investors to refer to the latest news and public announcement of the Company.

We have conducted optimized and voluntary disclosure in terms of the Company’s business and product introduction to better popularize the Company’s business and technologies among investors.

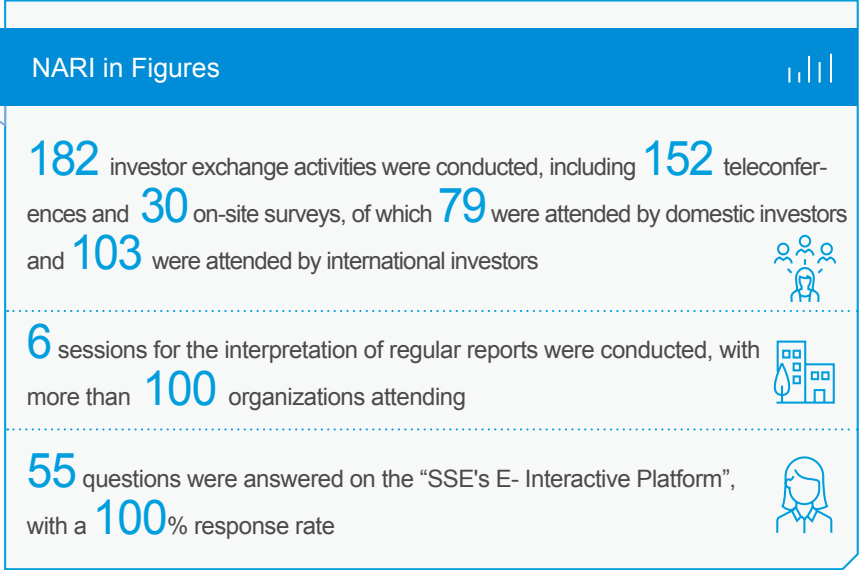
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Heart-to-heart
Communication

The Company attaches great importance to investor relations management and interactive management, actively sets up a sound communication mechanism with investors, and improves the channels and methods of engaging investors in corporate governance, exchange and interaction, taking the initiative to pass on the Company's business philosophy, performance and future strategies to the investors.



Communication Channels/Methods



Holding performance briefings: the performance briefings have been convened in an innovative way by video recording and online text interaction, fully interpreting the Company's performance, transmitting our development expectations to the market, and comprehensively understanding the priorities and development suggestions of the investors on the Company.

Receiving investors who carry out investigations: we have taken an active part in the strategy meetings invited by securities brokers for face-to-face communication with existing and potential investors, and invited investors to pay a visit to the Company to fully experience the management culture, products and technologies of the Company.

Responding to inquiries from investors: while observing the regulations on information disclosure, we have given full play to the role of the special telephone line and email for investors and the "SSE's E- Interactive Platform" to actively reply and respond to the daily inquiries about the Company from investors.

Releasing information investors are concerned with: we have set up a column called "Investor Relations" on our official website to release relevant information about the Company's reports, announcements and Q&As.



I'm a Shareholder – A visit of investors to NARI in 2022



Performance Briefing of Q1 in 2022 and the whole year of 2021



A series of activities themed "I'm a Shareholder" – A visit to NARI

Return to Shareholders

The Company pays active attention to the development of the capital market, insists on creating continuous value for shareholders, and continues to improve the shareholder return system. In consideration of the long-term benefits of the Company, the overall interests of all shareholders, and the sustainable development of the Company, we give positive returns to the investors through transparent, stable and sustainable dividends and performance, enhancing the investors' recognition on the value of the Company.

NARI in Figures

By the end of 2022
we have given out RMB **11.634** billion in cash dividends since our listing 19 years ago, with an average dividend rate of **35.06**% and a dividend rate of **40.15**% over the past five years.

In 2022
the Company implemented the 2021 equity distribution (converting every 10 shares to 12 shares with RMB 4.1 of cash dividends), and distributed RMB **2.287** billion in cash, accounting for **40.54**% of its profit for the year.

Innovation-driven Development

Promoting Technological Innovation

NARI implements the national strategies of invigorating China through science and education and innovation-driven development, stays committed to the path of independent innovation, and promotes self-reliance and self-improvement in science and technology. We have actively explored and practiced the operating mechanism under a new system for mobilizing resources nationwide, optimized the system of innovation management, increased efforts in tackling key scientific and technological problems, and promoted information construction. All-out efforts have been made in supporting the new electric power system and renovating the ecosystem of energy and power.

The Company has made continued efforts to improve the system of scientific and technological innovation and invest more in scientific and technological innovation to increase the basic capacity for scientific research. We have optimized the full-chain innovation and promoted the systematic coordination of internal and external resources to raise the enterprise's capacity for innovation-driven development and contributed value to the industry and thus boost the Company's transformation and development.

NARI in Figures

RMB 3.125 billion was invested in R&D	8 national key scientific research projects were undertaken by NARI
19 key projects under "the framework for research on a new electric power system" were implemented	
242 software copy-rights were registered	247 papers were published in core journals
434 authorized patents were obtained, including 403 invention patents	
NARI was awarded 111 S&T awards at all levels and of various categories, including 71 provincial or ministerial-level awards	
22 scientific and technological achievements were appraised by experts from the Chinese Society for Electrical Engineering (CSEE), with world-class core technologies	

Qualified S&T Personnel We Own

We own **3,388** R&D personnel, accounting for **32.32**%

We have **37** national experts, including **2** academicians of the Chinese Academy of Sciences/Chinese Academy of Engineering and **6** national candidates selected in the National Hundred, Thousand and Ten-Thousand Talent Project in the New Century



Deepening Innovation Management

Led by technological strategies: with a more powerful strategic, forward-looking and fundamental layout in scientific research, we have formed an active layout paradigm of “finding, pinpointing and solving problems” and built a three-tier technical system covering “field, sub-field, and specialty”.

Tackling key problems in specific techniques: relying on the research center for technological strategy, we have set up a “framework for research on a new electric power system” to delve into the forward-looking, pioneering and exploratory research and support the applications in common and generic scenarios.

Managing science and technology projects: we have made sustained efforts to optimize the process of project kick-off, intermediate inspection, acceptance inspection and post-evaluation and developed a post-evaluation model for national key projects to comprehensively evaluate the industrial value of the projects and provide a basis for science and technology decision-making.

Protecting intellectual property rights: we have successfully passed the re-check for the “National Intellectual Property Demonstration Enterprise”, optimized the value management mechanism of IP value, finished the patent value evaluation and asset operation disposal, and saved funds for special projects.

Strengthening innovative cooperation: we have deepened our cooperation with colleges and universities, scientific research institutions, and leading Internet enterprises at all levels.

Motivating creativity: we have vigorously promoted the Chief Project Engineer System, deeply implemented the open competition mechanism to select the best candidates, improved the performance assessment mechanism of talent, and optimized new-type incentives, career paths, platform-driven systems, specialized training, and other systems.



Translating Research Achievements into Practice

New breakthroughs in the R&D of core technologies: the R&D of core components of the on-load tap-changer for UHV converter transformers has been completed. China's first provincial virtual power plant operation and management system, China's first variable-speed pumped-storage full-power converter, and China's first set of photovoltaic self-synchronizing voltage sources and its station control system have been put into operation.

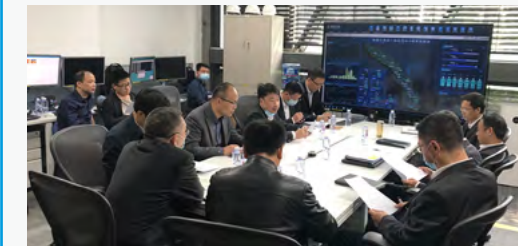
New progress in industrial innovations and applications: knock-out products such as the new-generation power dispatching technical support system, new-generation electricity consumption information collection system, new-generation centralized control system, new-type load management system, electricity spot market, and autonomous and controllable relay protection equipment were applied in batch, keeping a leading market share. The energy storage converter has formed serial products and achieved large-scale engineering applications.

Power Generation



Giving assistance to the intelligent management of the large-scale basin cascade hydropower plant

On December 8, 2022, the construction project of the Yalong River Centralized Control Center Integrated Water and Electricity Dispatching Platform was successfully accepted, and the system was officially put into operation. The new-generation water resources and hydropower intelligent management platform completed 6 versions of software iterative development and was improved by thousands of optimizing opinions. Many technological innovations such as the high degree of integration across disciplines, intelligent linkage computing, and cross-domain measuring point synchronization as well as multiple first industrial scientific research achievements were implemented. All-basin centralized monitoring, optimized scheduling and economic operation were realized. These have greatly improved the level of automation and intelligence of the control center of hydropower station clusters, and have significant importance to giving full play to the capacity of peak and frequency regulation of hydropower station and the large-scale grid connection and consumption of clean energy.



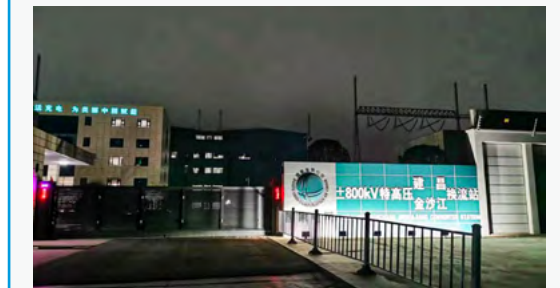
Briefing for the overall launch of the computer monitoring and hydropower dispatching automation system project of the Yalong River Centralized Control Center

Power Transmission



Baihetan-Zhejiang DC sending-end security and stability control system was put into operation

On December 22, 2022, the sending-end security and stability control system of the Baihetan-Zhejiang DC project was put into operation. The system links the AC/DC coordinated control system of the southwest power grid with the AC side stability control device of the Jinshajiang converter station at the core. Adopting the NARI SSP-500R stability control device, the DC sending-end Jinshajiang converter station has achieved further improvement in communication capability, information processing capability and control algorithm reliability. With the help of the system, the capacity of the AC-DC sections in the regions near DC can be increased by about 7 GWh and the annual transport capacity of the Baihetan-Zhejiang DC project can be increased by about 20,000 GWh. It has guaranteed and propelled the efforts to optimize the national energy mix and serve the 30·60 Decarbonization Goal.



Site of the Baihetan-Zhejiang UHV DC power transmission project

Power Transformation



Contributing to constructing China's first “new digital infrastructure” modular substation

On March 22, 2022, China's first “new digital infrastructure” modular substation, i.e., the new construction of Huangshan Longmen 35kV substation, was completed and put into operation. It is also the first 35kV substation that achieves “one-touch sequential control”. NARI has applied its self-developed modular secondary equipment compartment, intelligent substation monitoring system, protection device, substation IoT edge management platform, new-generation autonomous and controllable auxiliary equipment, and other products in this substation. With these applications, we have promoted a high degree of information integration in the whole modular substation, improved the level of intelligence and digitalization, and effectively ensured the safe and stable operation of the substation.



The IoT edge management platform used by the Huangshan Longmen 35kV substation

Power Distribution



Supporting Ningxia Electric Power Company, State Grid in building the “imperceptible power failure” demonstration zone

In 2022, NARI supported Ningxia Electric Power Company, State Grid in building the first “imperceptible power failure” demonstration zone for AC/DC interconnected flexible distribution network in Minning Town, Yongning County, Yinchuan City, which has been completed and put into operation. Through the AC/DC bus flexible interconnection in 3 distribution transformer power supply regions, the demonstration zone has achieved the grid-connected operation of the EV charging station, distributed photovoltaic system, and energy storage device. It has given full play to the local regulating ability of the distribution network and realized the mutual aid of load flow, total consumption of green electricity in the local area, and power quality harnessing. In case of scheduled maintenance of mid- and low-voltage transmission lines or accidental power failure, it can make seamless switching of the power supply for customers within 50 ms, increasing the low-voltage power supply reliability in the interconnected power supply region to 99.999%. With these efforts, the residents can experience highly reliable power supply service of “imperceptible power failure”.



Three-port flexible interconnected display interface of Minning Town, Yinchuan City

Power Consumption



Propping up the first vehicle-to-grid interactive intelligent operation charging station based on edge computing in Tianjin

In December 2022, the State Grid Wuqing high-speed railway urban comprehensive charging demonstration station, the first vehicle-to-grid (V2G) interactive intelligent operation charging station based on edge computing in Tianjin, was built up and put into operation. The demonstration station is equipped with three 480kW flexible charging piles, four V2G charging and discharging machines, and a 90kW photovoltaic power generation system, providing 48 charging parking spaces. In the station, NARI has deployed its self-developed electric charging station edge computing terminal, which integrates the charging and discharging machines, photovoltaic power generation, intelligent street lamps, video surveillance and other equipment, and aggregates the EV and distribution resources in the station. Moreover, the terminal also responds to the grid dispatching commands for real-time control of the energy flow in the charging station. In virtue of intelligent video AI, environment sensing, and other sensing equipment, an unattended station with panoramic monitoring and active operation and maintenance capability has been built.



Interface of the State Grid Wuqing high-speed railway urban comprehensive charging demonstration station platform

Promoting Digital Transformation

The Company has formulated and published the *Measures for the Administration of Digital Construction of Power Grids of NARI Technology Co., Ltd.* Following the principles of “united leadership, planning, criteria and construction”, we have made efforts to improve various digital construction work of NARI’s frontline service capacity, the empowerment ability of core businesses, the driving force for enterprise transformation, and the leading ability in industrial upgrading in form of digital projects, so as to promote internal data and resources sharing and improve the internal management and operation efficiency.

Building the business middle platform

We have built business centers in marketing, project management, purchase and finance, completed 794 items of service design and 530 items of service development in total, and initially built an enterprise-level shared service center.

We have expanded the business data integration scope in the HR, finance, material, production, marketing and project management domains, and finished the encapsulation and distribution of 276 items of data service.

Supporting the vertically-developed businesses

We have launched the talent residence and HR online functions and upgraded the modules such as certificate issuing, welfare reimbursement, enterprise annuity, and career development. With this “one-stop” design, efficiency has been increased by more than 10%.

We have developed the mobile office applications, renovated the middle-platform of the IoT seal management system, and rolled out functions such as video-conferencing and retirement service and management to make it more convenient and efficient for employees to handle the business.

Laying a strong digital foundation

We have built the NARI Cloud Data Center, which provides more than 630 cloud servers and 35471vCPU computing power to NARI.

We have finished the launch and acceptance of the Phase II infrastructure project of the Cloud Data Center as planned, and the 155 equipment cabinets that have been built can provide a bearing capacity of more than 1,800 IT devices.

Integrating production, research and marketing

We have completed the planning and building of the R&D section and enabled 110 R&D projects to be performed in the cloud and more than 3,000 R&D personnel to carry out R&D in the cloud.

We have connected the NARI material procurement system and ECP2.0, shortening the time for source-seeking approval by about 2.3 days averagely.

We have built a NARI strategic reserve materials management platform to make the branches and subsidiaries free from online declaration of their demands for self-produced products.





Pursuing
Excellent
Quality

Improving
Product
Quality

NARI sticks to pursuing excellent quality and continues to improve the product and service system to deliver products and services with great originality, bringing customers reliable and credible high-quality experiences.

The Company bears in mind that quality is the foundation of our business. We strictly observe the *Product Quality Law of the People’s Republic of China*, *Standardization Law of the People’s Republic of China*, *Trial Measures for Product Quality Supervision*, *Interim Measures for the Administration of Random Inspection of Product Quality Supervision*, *Regulations on Prohibiting the Production and Sale of Unlicensed Products*, and relevant laws and regulations, and have passed GB/T19001-2016/ISO 9001:2015 quality management system certifications to constantly improve our quality management system and make steady progress in total quality management.

NARI in Figures	
The Company’s first pass yield (FPY) of finished products reached 99.6%	
No product recall due to quality problems occurred	



Improving the management system: we have intensified our efforts to build the management system, driven the effective execution of the requirements of the system documents in the business process, and ensured the sound operation of the system. We have conducted assessment and evaluation of the management system to find and analyze quality problems from the source, and keep track of and supervise the problem rectification closed loop.



Tightening product quality supervision: we have internally supervised the construction of more than 200 major projects at the supplier site, plant site for production and project site, and carried out the “Manufacture High-quality Products and Guarantee Power Supply” on-site quality supervision activities for major projects to assure the product quality.



Promoting quality improvement: we have conducted “looking back” activities for improving the quality of UHV equipment, sampling inspection for grid security control equipment, and potential risk identification and rectification actions for grid security key products to improve the quality of technology, products and services.



Building stronger quality assurance capability: we have boosted the construction of the cloud-based quality center and achieved the launch and application of the digital control module of certificates, micro application of construction supervision plan management, etc. Moreover, we have carried out the “NARI Quality Month” and QC group activities and set up trustworthy quality teams to constantly improve the quality assurance ability at the grass-roots level.

Carrying out the “NARI Quality Month” activity

September 2022 was the 45th national “Quality Month”. Fully implementing the work arrangement of the State Administration for Market Regulation, NARI organized subordinate units to carry out the “NARI Quality Month” activity in various forms in light of their actual work. The activity focused on five aspects: quality control, quality supervision, quality digitization, system construction and quality culture building, contributing to strengthening quality awareness, fostering a quality culture, and shaping a quality brand. The activity helped create an environment where everyone values and pursues high quality, fully improving the product and service quality, and supporting and guaranteeing a safe and reliable power supply.



The Power Consumption Technology Branch Company, Beijing SG-EPRI UHV Transmission Technology Co., Ltd., and Hebei Xiongan NARI Energy Technology Co., Ltd. organized to hold the kick-off meeting for the “NARI Quality Month” activity



The Power Distribution Branch Company tightened the quality control of the delivery test for distribution terminal equipment



“Dianxiaoe” QC group of Beijing Kedong Electric Power Control System Co., Ltd. attended the achievement exchange of national QC groups in 2022

Optimizing Customer Service

The Company adopts a customer-centric approach and the customer services philosophy of “starting from customer demands, basing on constant improvements and aiming at customer satisfaction”. We have continuously improved the customer service system, optimized the process of making service responses, and opened up more complaint channels for customers, providing well-content professional service for customers through service and experience upgrades.

In 2022

We won “2022 Best Customer Happiness Team of China Customer Service Festival” in the 6th China Customer Service Festival

We won the First Prize in the 5th Professional Managers (Management Skills) Innovation Competition in Jiangsu Province

We won the First Prize in Nanjing Enterprise Professional Managers (Management Skills) Innovation Competition



Customer Service Fit Management

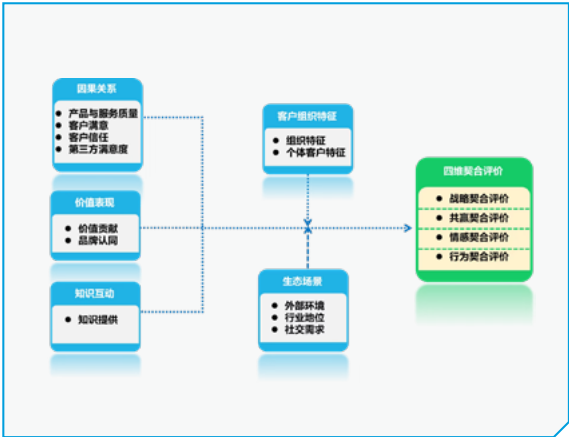
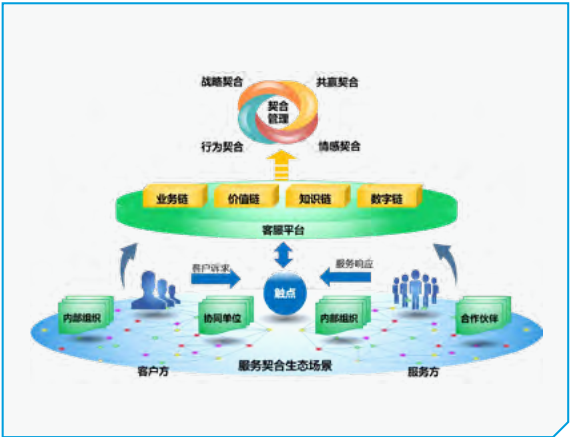
Relying on customer service contact points management and referring to the theory of fit management, the Company has built a customer fit management model for the top-level design of a large and high-tech SOE in the power sector based on “four-dimension fit” and “four-chain support”. Empowered by data, we have also built a fit evaluation index system with multi-dimensional vectors, providing important support for the enterprise’s operation and management and strategic decision-making as well as considerate and professional service for the customers.

“Four-dimension fit” model of fit management: on the basis of fit management in “perception, emotion, and behavior”, we have expanded the support of customers’ deep fit for the enterprise’s strategic operation and established a “four-dimension fit” model consisting of behavior fit, emotion fit, win-win fit and strategy fit.



“Four-chain support” system of fit management: we have established a “four-chain support” system of customer management by taking the value chain as the guidance, the business chain as the bridge, the knowledge chain as the main line, and the digital chain as the guarantee. With this system, we aim to meet the customers’ demands to the maximum extent, create more value for the customers, and constantly improve customer experience, the operational efficiency of the enterprise, and the ability to co-create values.

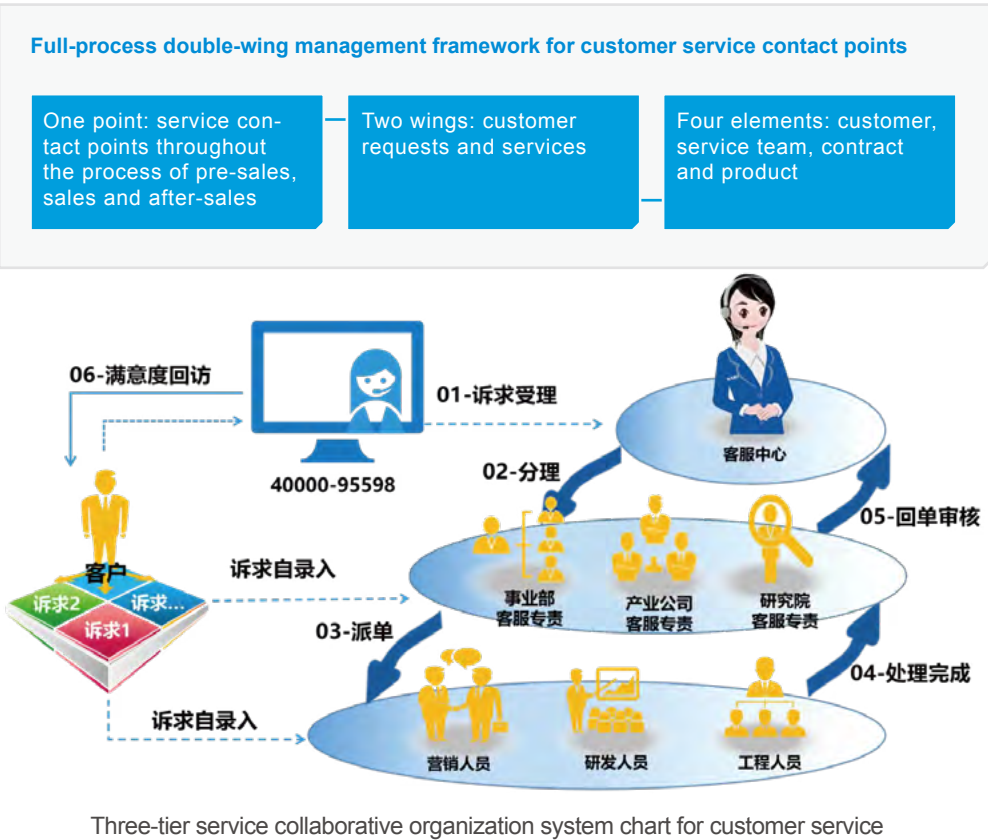
Customer fit evaluation system: centering on the customer service scenarios, we have continued to optimize the quantitative evaluation system consisting of behavior and emotion evaluations, explore the comprehensive evaluation system consisting of win-win and strategy evaluations, and fully promote the customer-centric fit service evaluation system.





Customer Service Management

The Company provides customer services based on our “one point, two wings, and four elements” customer service management structure. We have established a three-tier service collaborative response organizational structure consisting of “the customer service center, business units/branches and subsidiaries, and the project execution department”, as well as a three-tier technical support consisting of frontline engineers, the engineer team with technical support, and the R&D engineer team. Based on them, we provide customers with more convenient professional and personalized services, promoting the effective services delivered for customers, employees and industry development.



Protection of Customers' Rights and Interests

In strict accordance with relevant Chinese laws and regulations, such as the *Law on the Protection of the Rights and Interests of Consumers* and *Data Security Law*, we have compiled the *Employee Information Security Guide* to respect and safeguard the privacy of customers, and protect customers' right to choose and right of fair trade. We have formulated the *Management Measures of Customer Service Supervision and Standard for Customer Service Hotline Business Process* to strengthen the in-depth communication with customers and achieve the multi-dimension fit between service support response and value increase in customers' demands.

Customer Satisfaction

We have formulated the *Customer Satisfaction Survey and Evaluation Procedures* and other policy documents to enlarge the follow-up scope, broaden the follow-up channels and extend the follow-up connotations. Through in-depth interviews, quantitative questionnaire surveys and low satisfaction follow-up, we have carried out third-party customer satisfaction surveys for 11 consecutive years, continuously improving our customer service capability and level.

In 2022, we made **16,446** successful follow-ups, with a follow-up satisfaction rate reaching **99.33%**

Handling of Customer Complaints

The Company has continued to optimize the handling process for customers to file requests and increase the efficiency of response to customer requests. We have formulated the *Instructions on Handling Customer Requests*, *Instructions on Establishing a Regular Notification Mechanism for Customer Complaints*, and *Emergency Plan for Service Support of the Customer Service Center in Response to Epidemic and other Extremely Special Events* to unblock the acceptance channel for customer complaints, clarify the complaint grading mechanism, and quickly and properly deal with customer requests.

In 2022, the customer complaint resolution rate was **100%**

- 热线**
400-00-95598
- 邮件**
cc@sgepri.sgcc.com.cn
- 传真**
025-81092964
- 小程序&APP**
微信小程序
我的南瑞APP



Service channels for customer requests

Low-carbon NARI

Safeguarding the Leaf of Ecology

NARI has always upheld the principle that “lucid waters and lush mountains are invaluable assets”. Committed to pushing for the development of environmental protection, NARI has actively integrated low-carbon technology, energy saving and emission reduction, and addressing climate change into the operation, products and services of the Company. NARI is also devoted itself to building a resource-conserving and environment-friendly enterprise and does its best to boost the development of clean and green energy and transformation of national energy structure so as to contribute wisdom and power to reaching carbon peaking and carbon neutrality goals.



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Enhancing Climate Resilience

Climate change is the most pressing challenge of the 21st century. In 2020, China pledged to the world that it would peak carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060. NARI faces up to the climate issue while contributing to peaking carbon dioxide emissions and achieving carbon neutrality (the 30·60 Decarbonization Goal). NARI always holds a positive attitude towards industrial and social changes, actively identified potential operational risks and opportunities brought by climate change, and made management policies and strategies to mitigate and adapt to climate change, thus minimizing the impact of climate change on business. Besides, NARI also actively conducted innovative R&D to achieve the 30-60 Decarbonization Goal and offered professional technical support to address the potential climate risks in the industry.

Analysis on Risks and Opportunities

As a technological company serving the development of energy and power sectors, NARI shoulders great missions in pushing for the transformation of power and energy sectors, and the development of clean energy. To enable the long-term development of the Company and facilitate the green transformation of society, it is necessary to identify climate risks and opportunities. NARI has advanced the analysis on climate risks and opportunities by taking the working system of sustainable development as our management framework, referenced the suggestions of the Task Force on Climate-related Financial Disclosures (TCFD) under the Financial Stability Board (FSB), and identified the major risks and opportunities related to climate change in our businesses.

Actively Responding to Risks

NARI highly values climate risk management. We have continuously explored and built a climate risk management mechanism, learned from advanced groups based on our reality, and clarified our category of climate change risks, financial impacts and countermeasures.

Transformation Risks		
<p>Policy and Regulation Risks</p> <p>The proposal of carbon emission reduction goals and the launch of relevant policies spur the rapid increase in the installed capacity of new energy. And companies are also subject to increasingly stringent policies and regulations on environmental protection. Based on this, customers in the energy and power sectors have increasing demand for products and services that can mitigate and adapt to climate change.If the corresponding products and services cannot be provided, the company will be exposed to risks of reduction in business demands and customer churn. Besides, strict environmental protection requirements and technological upgrading increase the raw materials costs and production costs of electrical equipment, which in turn impacts product prices then and possibly leads to lower demands for such equipment.</p>	<p>Technology Risks</p> <p>In accordance with the standards on industrial pollutants emission and comprehensive air pollutants emission, the Company needs to upgrade technologies in electrical equipment manufacturing and use green ecological technology and equipment, so as to conserve energy and reduce pollutants emission.</p>	<p>Reputation Risks</p> <p>Stakeholders hope that the Company can set quantitative goals concerning climate change, as well as systematic management systems and measures, and improve information disclosure transparency. If the Company fails to make relevant plans to deal with climate change or respond to the stakeholders' expectations, the business reputation will be damaged.</p>
<p>Policy and legal risks related to climate change bring the following potential financial impacts to the Company:</p> <p>Increase in Management Costs: In order to meet customers' increasing demand for products and services which mitigate and adapt to climate change, the Company should improve product R&D, increase investments in service management, reserve corresponding production capacity, and make dispatching plans, thereby leading to an increase in management cost.</p> <p>Reduction in Operating Revenue: Due to the stringent laws and regulations on environmental protection, and increased upstream costs and rising prices of the industry chain, customer demands for electrical equipment are reduced, which then impacts business of the Company and reduces operating revenue.</p>	<p>Technology risks related to climate change bring the following potential financial impacts to the Company:</p> <p>Increase in R&D costs: To meet the market demands and improve the Company's technological service, a large amount of funding is needed to advance the technological R&D.</p>	<p>Reputation risks related to climate change bring the following potential financial impacts to the Company:</p> <p>Increase in Management Costs: Reputation risks brought by discussions on environmental protection might increase the PR costs and public opinion management costs of the Company.</p> <p>Performance Impact in Capital Market: Untimely responding to environmental information disclosure expected by the stakeholders will cause damage to the corporate image, which therefore impacts the Company's performance in the capital market and our fund-raising ability.</p>
<p>Responses:</p> <p>Strengthening research on market development and improving leading ability in market development;</p> <p>constantly enhancing the top-level design of the industry, boosting high-end industrial upgrading, and spurring the cultivation and development of emerging industries; and</p> <p>continuously optimizing resources integration and operation management and control, adopting a lean production management mode, and guaranteeing to meet development demand through coordinated efforts.</p>	<p>Responses:</p> <p>Deeply grasping the trend of technological transformation in energy and power sectors, fully implementing innovation-driven development strategy, building a more powerful strategic, forward-looking and fundamental layout in scientific research, and constantly making breakthroughs in core technology R&D to serve power grid safety, and empowering and supporting energy transformation.</p>	<p>Responses:</p> <p>Studying and judging policies, actively taking measures accordingly, and improving the climate risk management process, in order to effectively manage the climate risks; and</p> <p>constantly strengthening the disclosure of sustainable development information, regularly releasing ESG reports, and giving reports on our studies, judgement and measures related to climate change risks, and responding to the stakeholders' concerns.</p>

Physical Risks



Extreme Weather Risks

Extreme weather, such as typhoons, hurricanes and floods, poses a severe threat to the safety and stability of the power grid, power plants and rail transport, which then leads to higher customer demands on the Company's products and equipment. At the same time, natural disasters including typhoons and floods may threaten the life and health of staff and thus affect project construction and operation.

Extreme weather risks related to climate change bring the following potential financial impacts to the Company:

Increase in R&D costs: The Company needs to increase investment to strengthen the product and equipment resilience.

Increase in Management Costs: Due to the risks incurred from provision of a safe working environment for staff and project delays, the management costs of the Company will be increased.

Responses: Establishing a sound emergency system to tackle extreme weather, improve the emergency response plans, and regularly conducting emergency response drills to strengthen defense abilities;

providing personal protective equipment (PPE) for staff and conducting special inspections on a regular basis, and provide a safe working environment for staff; and

conducting studies and judgement on extreme weather impacts at the initial stage of the project and putting the increase in project costs arising therefrom into consideration.

Persistent Climate Risks

Extremely high temperatures due to global warming will impact the operation of temperature-sensitive production equipment.

Persistent climate risks related to climate change bring the following potential financial impacts to the Company:

Increase in Operation and Maintenance Costs: In order to cool the temperature-sensitive equipment and keep the equipment running properly, the Company needs to consume more water and electricity, which causes additional operating expenses.

Responses: Establishing an equipment impact monitoring system, so that our staff can respond to the extremely high temperatures in advance;

improving equipment management and eliminating outdated equipment as much as possible to improve our anti-vulnerability capability; and

increasing the proportion of water circulation and avoiding the impacts of extremely high temperatures on water supply and water-consuming equipment.

Actively Seizing Opportunities

NARI has actively identified various development opportunities, constantly improved our environmental protection management, and ardently developed green products and technologies that can improve the use of clean energy and integrated energy. The Company has also widely used electricity as an alternative energy source, promoted large-scale grid connection and consumption of clean energy, and built a green supply chain. These actions have opened up a new chapter in the green and low-carbon industry.

Efficiency of Resources Use

We have leveraged our technological advantages to improve the efficiency of energy use, reduce losses in resource use and lower operating costs.

Energy Source

Increase the use of clean energy in production and operation and tackle the risks of higher energy prices in the future.

Product Service

Under the trend of low-carbon and eco-friendly operations, customers have increasing demands for clean energy consumption, and eco-friendly products. NARI's product portfolios with core technologies and independent intellectual property rights have a first-mover advantage and can drive rapid business growth. In the *Implementation Plan for Supporting Peaking of Carbon Dioxide Emissions and Carbon Neutrality with Science and Technology (2022-2030)* printed and distributed by nine departments including the Ministry of Science and Technology and the Ministry of Ecology and Environment in August 2022, it clearly stipulated to take "actions to cultivate and serve green, low-carbon, and technological enterprises". At present, the Company has a total of 166 product lines. Among these, there are 69 sub-product lines related to green technological opportunities (smart power grid excluded), accounting for 42%; the rest of the sub-product lines, related to the smart power grid, have promising development future.

New Market

NARI has rolled out clean energy policies that optimize energy structure, improve energy efficiency and develop clean energies such as wind power, photovoltaic power and hydropower, spurring constant expansion of relevant industry markets. Driven by the 30·60 Decarbonization Goal, China is moving fast toward the building of Energy Internet. Therefore, the Company can extend industry chains to expand the business scope and improve market competitiveness.

Resilience

NARI gets more involved in clean energy projects such as wind power and hydropower. NARI has developed new products and technologies to help customers better adapt to climate change and taken a series of energy-efficient actions. Besides, NARI has selected eco-friendly suppliers and business partners for enhancing adaptability to climate change.

Climate
Actions
Arrangement

Actively responding to national, provincial and municipal policy documents including the Action Plan for *Carbon Dioxide Peaking before 2030*, *Implementation Plan for Carbon Dioxide Peaking in Jiangsu Province*, and *Action Plan for Carbon Dioxide Peaking before 2030 in Nanjing*, NARI has developed and deployed relevant actions and strategies to address climate change according to our reality.

Focusing on Carbon Emission Reduction of the Company

NARI makes an action plan of Carbon Dioxide Peaking and Carbon Neutrality, compiles the *Guide for Greenhouse Gas Management*, and promotes greenhouse gas checks and international technological standards on product carbon emissions. Also, NARI checks greenhouse gas emissions in production, operations and the full life cycle of products and reduces carbon emissions during production and operation.

Strengthening Technological Empowerment

Tightly grasping the market opportunities brought by the 30-60 Decarbonization Goal, NARI supports clean development with advanced technology, reliable equipment and high-quality services, accelerates the building of a new electric power system, and serves new energy development.

Providing Scientific Research Wisdom

By constantly deepening research in the framework of Cyber-Physical-Social System in Energy (CPSSE), NARI puts forward research methods for low-carbon transformation and development of energy, and strengthens cross-domain and interdisciplinary integrated research. Besides, NARI enables innovation from the source and supports the low-carbon transformation of energy.

Action Plan of Carbon Dioxide Peaking and Carbon Neutrality of NARI

- Supporting the upgrading from the power grid to Energy Internet, and improving clean energy optimization and allocation capability;
- supporting the coordinated development of network resources, optimizing dispatching and trade mechanisms, and increasing the grid-connected consumption of clean energy;
- driving technological innovation of energy and power, and improving the safety and efficiency of power grid in operation;
- supporting the re-electrification of end-use energy consumption and improving the energy use efficiency of society;
- accelerating the energy-saving and emission-reducing efforts, and lowering the carbon emission level of the enterprise; and
- deepening domestic and international exchanges and cooperation and promoting green development principles.



The independently-developed Carbon Management System (CMS) of NARI was certified by TÜV Rheinland

In 2021, based on over a decade of experience in carbon emission and carbon market risk analysis and control, NARI built a special team to tackle key problems in the carbon management system and initiated R&D on the carbon management system. In 2022, NARI developed a carbon management system with over 20 functions in five modules, including panoramic monitoring, assessment and diagnosis, situation perception, plans for carbon peak and carbon neutrality, and asset allocation. It made breakthroughs in key technologies such as cross-domain information perception and collection, multi-source heterogeneous data fusion analysis, lean carbon emission assessment and diagnosis perception, multi-scenario deduction of the carbon market, and optimized decision-making of carbon asset management. This system has been deployed and applied on site in power grid enterprises, and large industrial enterprises and areas successively. Now it provides multi-layer and multi-scenario solutions for different carbon management entities including the regional power grids, zero-carbon industrial parks, and energy groups, so as to comprehensively empower these entities and improve their observable, measurable and controllable levels of carbon emission footprints and tracks in the transformation for achieving the 30-60 Decarbonization Goal.

On September 2, 2022, the independently-developed Carbon Management System (CMS) of NARI was certified by TÜV Rheinland and became the first digital system for carbon emission monitoring management in China's power sector to be certified by an international authority. This means that the NARI CMS fully meets carbon emission monitoring, assessment and management requirements in sectors such as power grid, power generation and steel in terms of method standard, result accuracy and function completeness.



Interface of NARI CMS and TÜV Rheinland Certification



Empowering Clean Energy

NARI fully supports the establishment of a new electric power system, constantly strengthens the large-scale consumption ability of new energy, promotes the application of the overall solution for network energy storage, and facilitates the improvement of the overall adjustment ability of the system, making contributions to green and low-carbon production and lifestyle in the community.

Focusing on Grid-connected Consumption of New Energy

NARI makes constant technological breakthroughs and equipment development, accelerates technological breakthroughs in consumption technology of clean energy, and helps connect clean energy to power grids in a timely and synchronous way. Moreover, NARI explores key technologies such as active support by new energy and power source-grid coordination to better connect the new energy to power grids.

Serving Clean Development in the Whole Community

NARI helps make breakthroughs in key technologies including distributed power supply cloud dispatching and coordinated autonomous control of grid connection and promotes the development of distributed power supply and microgrids. NARI also guarantees the rapid development of pumped storage power plants and fully taps its potential to serve low-carbon transformation as a powerful backup for clean energy development.

Expanding the Potential for Large-Scale Energy Use

NARI strengthens comprehensive energy services, widely uses electricity as an alternative energy source, serves electrification of energy consumption, and guarantees the quality and scale of clean energy consumption.

Serving the development of the pumped storage power plants



As the most technically mature, economically optimal and favorable condition for large-scale development in green, low-carbon, clean and flexible regulating power source, the pumped storage power plant is an indispensable high-quality and safe regulating power source for building new power systems, and plays a vital role in ensuring the security of bulk power grids, promoting the consumption of new energy and driving the green and low-carbon transformation of energy. As a leader in the autonomous control system for large pumped storage power plants in China, NARI has actively served the development of the pumped storage power plant. We have developed an array of world-leading products with complete intellectual property rights such as the excitation system, computerized supervisory and control system for pumped storage power plants, hydrogovernor system, engineering safety monitoring system and hydrological telemetry system. These products have been provided to over 30 pumped storage power plants, including the Mudanjiang pumped storage power plant, Xilongchi pumped storage power plant, Taishan pumped storage power plant of State Grid Xin Yuan Hydropower Co., Ltd., Changlongshan pumped storage power plant of Zhejiang Province, Meizhou pumped storage power plant of Guangdong Province, Yangjiang pumped storage power plant of Guangdong Province, and Fengning pumped storage power plant. With these efforts, NARI offers high-quality services for the establishment of pumped storage power plants.

In the demonstration project of hydro-PV-storage hybrid generation project along the Xiaojinchuan basin, NARI has helped overcome a series of challenges including joint operation control and smart dispatching of combined power generation system with complementation of cascade hydropower, photovoltaic power and pumped storage, localization of computerized monitoring for Variable Speed Pumped Storage Unit with Full Size Converter (in short VSPS unit with FSC) and coordinated control technology, improvement of full power converter efficiency and power density, and multivariable decoupling control of VSPS unit with FSC under multiple working conditions. Besides, the Company supported the successful operation of the project in May 2022 and set an example optimal control of hybrid generation.



NARI technicians are conducting a running test for the unit at the Xiaojinchuan project site

Sending electricity from Sichuan Province to the southern part of Jiangsu Province and fully supporting the completion and operation of Baihetan-Jiangsu UHV project

The Baihetan-Jiangsu $\pm 800\text{kV}$ UHV DC project is a major clean energy program of China to advance ecological civilization development and promote energy structure adjustment, energy conservation and emission reduction. It is also a key project of China's "west-to-east power transmission" strategic deployment and one of the projects to shore up the weaknesses in infrastructure. After the project is put into operation, a total of 30,000 GWh of electricity will be sent to Jiangsu Province each year, which will reduce the transportation of 13.75 million tons of coal and emissions of 27 million of carbon dioxide, 68,000 tons of sulfur dioxide, and 71,000 tons of oxynitride. Such a project can promote the coordinated consumption and optimal allocation of southwest clean hydropower in Jiangsu Province, and significantly improve the ability of Jiangsu Province to receive external power. Therefore, it has great significance for meeting the power demand of Jiangsu Province during the 14th Five-Year Plan period, serving the 30-60 Decarbonization Goal, and driving the high-quality development of the regional economy and society. The Company has given full play to its advantages in technology and equipment and actively shouldered the R&D work of many core technologies and equipment including $\pm 400\text{kV}$ DC controllable and self-recovery energy dissipation device, safe and stable control system at the sending end, flexible DC converter valve, valve control, valve cooling equipment, and a series of HV protection system. Through such efforts, NARI has offered all-around strong support for project construction, assisted the modernization of new Jiangsu to become "strong, prosperous, beautiful and hi-tech", and optimized the energy mix of the Yangtze River Delta to achieve the 30-60 Decarbonization Goal. On July 1, 2022, the Baihetan-Jiangsu $\pm 800\text{kV}$ UHV DC project was completed and operated.



Full support for the construction of the Baihetan-Jiangsu $\pm 800\text{kV}$ UHV DC project



Jianchang Converter Station of Baihetan-Jiangsu $\pm 800\text{ kV}$ UHV DC Project

China's first full-featured panoramic monitoring system for the new energy station has been put into operation, strongly supporting friendly interaction of power source-grid

As the new energy industry is developing at a rapid pace, the safe stable operation of the power system with high percentages of new energy and power electronic equipment urgently requires technological innovation in new energy monitoring and control methods. In this context, NARI has continued to conduct millisecond-level monitoring and make breakthroughs in control problems of new energy units, constantly improved core technologies, and upgraded functional equipment by upholding the principles of "independence, controllability, safety and reliability". Therefore, the Company has realized the functions such as panoramic perception of new energy station status, real-time fault tracking, multi-dimensional coordination of resources and flexible and lean control. After 5 years of consistent efforts, NARI has achieved fruitful results in technology, equipment and standard of this system and helped lead the way in China's large-scale new energy station control technology. In October 2021, the panoramic monitoring technology of the new energy station was evaluated by experts from the Chinese Society for Electrical Engineering (CSEE), reaching an internationally advanced level on the whole. On May 3, 2021, China's first full-featured panoramic monitoring system of new energy station was put into operation at Anma Second Wind Power Station of the Gansu power grid. As China's largest and most versatile panoramic monitoring system of the new energy station, its operation marks that the panoramic monitoring system of new energy station has entered a new stage of practical popularization. The perception ability and precise control level of the power grid to the units in the new energy station have been fully improved, offering significant reference for new power source-grid coordination system building under the 30-60 Decarbonization Goal.

Serving the construction of "New Energy Power Generation + Power Storage"

The Wengtian 100MW photovoltaic agriculture and power storage demonstration project of Datang Energy Development Co., Ltd. in Wenchang is one of the key construction projects of Hainan Province during the 14th Five-Year Plan period and is also the largest photovoltaic agriculture and power storage project in Hainan in terms of unit capacity. Due to the greatly fluctuated, random and intermittent properties of power generation by new energy such as solar power and wind power, the advanced information technology, graphics technology and power system analysis and control theory have been used in the overall solutions for new energy power generation monitoring, grid connection, and operation and maintenance. And the integrated panoramic monitoring of wind and solar energy storage, active support for power grid frequency and coordinated control of multiple energies allow for smooth control under different combinations of wind power, solar power and energy storage. These have not only improved the fluctuation and intermittency of photovoltaic and wind power generation, but also increased the friendliness of involving new energy in power grids. This plan, suitable for new energy power generation stations such as wind power, hydroelectric power plants and photovoltaic power station, has further improved the power generation efficiency of new energy power stations and offered strong support for the construction of power grid-friendly new energy power stations. In April 2022, this project was put into operation. The utilization hours for the first year reached 1,401 hours. On average, this project provided over 174 GWh of green electricity annually to Hainan's power grids, which reduced 140,000 tons of carbon dioxide emissions per year compared with power generation by burning coal.



Photovoltaic Area of the Wengtian 100MW Photovoltaic Agriculture and Power Storage Demonstration Project of Datang Energy Development Co., Ltd. in Wenchang



A commissioning engineer of NARI is conducting synchrophasor measurement and commissioning

Assisting in the establishment of a new urban integrated energy system



As for the traditional urban energy systems, they have common problems of huge consumption of energy and resources, low comprehensive energy efficiency, great carbon emission pressure, and inadequate interaction between supply and demand. To promote the building of green and low-carbon new urban areas, NARI has creatively proposed a theoretical system of Energy Internet that consists of "planning, operation, trade and evaluation", thus enhancing the diverse supply and demand interaction among urban users. NARI has also developed China's first integrated management, control and service platform of Energy Internet for new-type urbanization, which has offered a new model for low-carbon development of energy in urban areas. Relevant achievements have been applied in Beichen District, Tianjin and Yangzhong City, Jiangsu Province. Two demonstration projects (clean heat supply in the North and green electricity consumption in the South) have been successfully built, and won high recognition from leaders at all levels of the country, Tianjin and Jiangsu Province. By the beginning of 2022, the demonstration projects have attracted over 5,000 investigators at home and abroad. The building concept of the Energy Internet and the innovative achievements have been fully recognized by all walks of life. On March 22, 2022, the Key Technology and Application of Energy Internet for New-type Urbanization, a project under the key national R&D plan led by NARI, passed the comprehensive performance evaluation of the Ministry of Industry and Information Technology.



Distributed Green Electricity Trading System of Yangzhong City, Jiangsu Province

Demonstration Project of Beichen District, Tianjin City



With clean heat supply and improvement of comprehensive energy consumption as our goal, NARI has put many projects into operation, such as the 120MW Beichen Huadian distributed CCHP (Combined Cooling, Heating and Power) energy station, 6.32MWh phase change heat storage station, AC/DC charging station, and intelligent demand response. We have deployed an integrated management, control and service platform of Energy Internet and installed the multi-energy information collection terminal and achieved full access to interactive equipment. Through nearly 3 years of construction, the demonstration project of Beichen District, Tianjin City has been accessed by 366 platform users, with an interactive power load reaching 62.55 MW. The comprehensive energy efficiency of the demonstration zone has increased by 14.06% compared with that before construction, and clean energy accounted for 49.43%.

Demonstration Project of Yangzhong City, Jiangsu Province



NARI has insisted on the goal of consuming clean and high-quality green electricity and followed the development ideas of "using clean and alternative energy, improving the energy efficiency, pursuing increment and achieving win-win cooperation". On this basis, we have built many key projects such as the integrated management, control and service platform of Energy Internet, AC/DC hybrid microgrids, distributed energy storage systems, energy control platform for the microgrid groups of community users, responses to the demands for intelligent energy consumption and power distribution IoT. Through nearly 3 years of construction, the green power consumption Energy Internet demonstration project in Xinba Town, Yangzhong City has been accessed by 249 platform users, with an interactive power load reaching 61.26MW. The comprehensive energy efficiency of the demonstration zone increased by 11.3% compared with that before construction, and clean energy accounted for 34.39%.

Environment Management System

Environment management serves as a basic guide for green practices. In strict accordance with the Chinese laws and regulations concerning environmental protection, such as the *Environmental Protection Law*, *Law on the Prevention and Control of Atmospheric Pollution*, *Law on Prevention and Control of Water Pollution*, and *Law on the Prevention and Control of Environmental Pollution by Solid Waste*, NARI has constantly improved the top-level design for environmental protection and incorporated the plans for environmental protection into the development plans of enterprise. Moreover, we have formulated the *Regulation on Environmental Protection* and other rules and regulations in line with the principle of "whole-process, intensive, legal and standard" environmental protection, actively carried out environmental risk management and environmental performance appraisal, and strengthened publicity, education and training on environmental protection.

Environmental Risk Identification

NARI has continued to identify environmental factors and formulated the *Environmental Factor Identification and Evaluation Table*, and the *List of Important Environmental Factors*, developed environmental risk prevention and control measures, and better guards against environmental risks in production and operation.

Investigation and Elimination of Hidden Environmental Hazards

NARI has regularly monitored environmental factors, investigated and eliminated the hidden hazards of environmental protection facilities and systems. We have kept a record of hazardous waste management and environmental protection equipment and facilities, and regularly updated inventory, so as to strengthen the capability of identifying and handling hidden hazards.



Emergency Management for Environmental Protection

NARI has organized emergency drills for environmental emergencies, and provided more well-rounded environmental emergency response materials and equipment, with a view to better responding to and dealing with environmental emergencies.

Environmental Performance Appraisal

NARI has set goals and indicators to regulate environmental protection management, and controlled, supervised, inspected and evaluated the management process for environmental protection.

The Company has obtained the GB/T 24001-2016/ISO 14001:2015 environmental management system certification. The certification system covers the design, development, production, and technical services of our automation systems, equipment and software, as well as environmental factors that can be controlled or influenced in the design, development, production and services of high- and low-voltage power transmission and distribution equipment. We have also passed the annual supervision and audit of the third-party organization to maintain the validity of the certificate.



Practicing Low-carbon Operations

Building Green Plants

In strict compliance with Chinese laws and regulations governing environmental protection, including the *Environmental Protection Law of the People's Republic of China*, *Energy Conservation Law of the People's Republic of China*, and *Regulations of Jiangsu Province on Conserving Energy*., NARI has formulated and improved its regulations and standards on the management of energy resources, waste, sewage and noise. To create green plants with our characteristics, NARI continuously optimizes environmental monitoring, pollutant discharge and waste disposal. NARI also advocates low-carbon travel and green office, striving to reduce the adverse impact of enterprise production and operation on the environment.

In active response to the national call for building green plants and promoting green and low-carbon development, NARI has actively implemented various green initiatives to incorporate green development concepts into the full process of production and operation. Guided by the *General Principles for Assessment of Green Factory* (GB/T 36132-2018), we have promoted the building of green plants that comply with the standard in all respects and conducted self-evaluations from 31 indicators in seven aspects, i.e., basic requirements, infrastructure, management system, energy and resource inputs, products, environmental emissions, and performance.

- In 2021, NARI Technology Co., Ltd. won the title of Green Plant in Jiangsu Province.
- NARI Technology Co., Ltd. was awarded as the 2022 National Green Plant.
- NARI's two subsidiaries, NR Electric Co., Ltd., and NARI-TECH Nanjing Control System Co., Ltd., won the title of Green Plant in Jiangsu Province.

Full Life-Cycle Green Management



- Adopting green designs, reduce the use of hazardous substances, and lowering the power consumption of products;
- making green procurement schemes and encouraging e-procurement;
- building a green supply chain and giving priority to green raw materials, processes, technologies and devices;
- using green packaging materials and optimizing logistics and transportation;
- continuing to guarantee inputs in environmental protection and upgrading pollutant treatment facilities; and
- building an integrated energy efficiency management model of intelligent park, optimizing the structure of energy consumption, and promoting clean and renewable energy alternatives.



Utilization of Energy and Resources

NARI has established its energy management system and passed the ISO 50001:2018 and RB/T 101-20138 energy management system certification, systematically managing the use of energy.

- Formulating management documents including the *Energy Operation and Control Procedure* and the *Management Procedure for Conservation of Energy and Resources* to strengthening the supervision and management of energy and resources such as electricity, gas and water;
- strengthening the management, repair and maintenance of the water supply equipment, facilities (including roof tanks) and appliances;
- adopting new technologies, processes and materials to save energy and promote clean and renewable energy alternatives; and
- comparing, tracking and analyzing monthly energy consumption by using the energy monitoring platform and regularly maintain energy-consuming equipment to avoid energy waste.

Intelligent and intensive energy efficiency management – integrated energy efficiency management platform for intelligent park in Jiangning base



Following the principle of “intensive management, intelligent application and green development”, NARI Jiangning base has established an integrated energy efficiency management platform for intelligent park, which highly integrates the systems of intelligent power transformation, power distribution automation, PV power generation, and integrated water and electric metering. The platform can realize real-time monitoring of the energy consumption data of the park, monitor the whole process of energy consumption in the park and identify abnormal conditions in energy consumption through statistical analysis, which effectively improves the energy consumption and management efficiency of the base.



Building a distributed photovoltaic power generation system to meet our own electricity demands



In the park of NARI Jiangning base, a distributed photovoltaic power generation system has been built and the grid-connected mode has been adopted, so that the power is mainly self-generated and consumed for our business. The power generated has been completely consumed by the park. The total installed photovoltaic power capacity of the park has reached 2.23MW, achieving an annual economic benefit of about RMB 2.8 million. The annual photovoltaic power generation has reached 2.4 GWh, reducing carbon emissions by about 1,200 tons. In 2022, the power generated was 2.1 GWh.



Pollutant Discharge Management

NARI treats waste water, waste gas and solid waste in all aspects and deeply performs the control and management of environmental pollutants. We have formulated the *Waste, Sewage and Noise Management Procedures, Regulations on the Temporary Storage Room for Hazardous Waste*, and *Requirements of the Comprehensive Service Center on Operation and Management of Temporary Storage for Hazardous Goods*. Moreover, NARI has developed management actions according to different emission categories and standardized the allocation of environmental facilities and daily operation and management to ensure steady and up-to-standard discharge of pollutants.

Sewage Treatment

NARI attaches great importance to sewage treatment. From 2021 to 2022, we invested RMB 12.1277 million in the renovation of sewage treatment facilities in the Jiangning base. After the facilities were put into operation, the water purification effect exceeded the design value, which met the sewage treatment demands of the short- and long-term projects of the base and the requirements of the local environmental protection policies.

A separate discharge system of rainwater and sewage is adopted. Domestic sewage is discharged into the municipal sewage pipe network after reaching the standard upon professional disposal.

Qualified organizations are entrusted to recycle the canteen grease traps regularly, with recycling records kept.

Waste liquid discharged during the operation of sewage discharge online monitoring equipment is disposed of by the professional maintenance unit in Jiangning base.



Renovation Site of Sewage Treatment Facilities in Jiangning Base



Sewage Discharge Online Monitoring System of Jiangning base

Noise Abatement

Minimizing the noise impact, strictly prohibiting noise pollution, and actively controlling the noise.

- arranging specific areas, and placing the computer servers in the special soundproof rooms of the Computer Lab in enterprise's Information Center;
- equipping ourselves with professional devices, and installing integrated fume purification units (including pressurizer) in the canteen to reduce noise; and
- regularly carries out noise monitoring to avoid noise pollution and creating a livable ecology.

Waste Disposal

We manage the wastes according to the classification of recyclable waste, non-recyclable waste and hazardous waste, and dispose of the wastes in strict compliance with the procedures for waste collection, storage, transport and treatment.

Recyclable Wastes

NARI puts special recycling bins in the production and office areas, cleans up, recycles and stores the recyclable wastes in a special warehouse by the cleaners and disposes of by professionals then.

Non-recyclable Wastes

NARI puts special recycling bins in the production and office areas. The non-recyclable waste will be collected and transported to a specific spot every day by the cleaners. The waste produced each day is cleaned up and transported by a professional outsourcing company to a designated waste transfer station to avoid throwing, sprinkling, dripping or leaking. Then the waste will be disposed of by the environmental sanitation department.

Hazardous Wastes

In order to strictly standardize the storage and management of hazardous waste, NARI has formulated the *Regulations on the Temporary Storage Room for Hazardous Waste*. After receiving the demands of all organizations in the park, professionals will arrange the collection, registration and proper storage work in the temporary storage room for hazardous waste, and regularly check the room. Smoke or open fire are strictly prohibited in the temporary storage room, and adequate and effective fire extinguishers are provided. After being collected by our professional department and registered in the environmental protection system online, the hazardous waste will be treated by a qualified third-party company, with records kept. We have carried out drills on hazardous waste leakage accidents regularly, so as to mitigate the risks of fire, leakage and explosion accidents of hazardous waste in a timely manner and protect public property and employees' safety.

Advocating Green Office

As an advocate of a green lifestyle and a low-carbon future, NARI saves every penny, every piece of paper and every inch of wire in daily work. We have established a long-term mechanism for a green office, striving to create a low-carbon and economical office environment.

- Advocating paperless office and video conferencing and reducing the number of business trips to cut energy consumption and exhaust emissions from offices and business trips;
- renovating the cooling water system, installing water-saving and anti-overflow devices, conducting water balance tests every three years to save water and tapping the potential of water conservation;
- saving the electricity consumed by the elevators, air conditioners, lighting and office equipment;
- providing shuttles driven by new energy and building charging piles in the park to facilitate the green travel of employees;
- designating special persons to manage the office supplies, setting up a strict requisition system to avoid waste, dispose of the wastes by classification, and encouraging the recycling of waste and used materials to make the best use of everything; and
- publicizing and spreading low-carbon and green concepts to raise the employees' environmental awareness and implementing energy conservation and emission reduction in our daily work.



Distributed photovoltaic power generation system of NARI Jiangning base

Protecting Ecological Environment

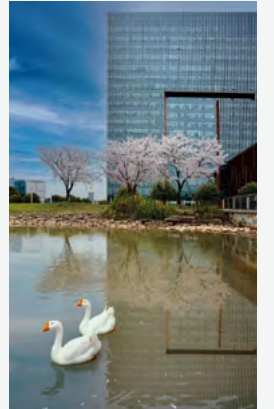
NARI highly values environmental protection and actively explores an efficient path for mutual support between green development and ecological civilization construction. Through building a green park, planting green vegetation and other measures, we practice ecological civilization and protect our green home.



NARI Jiangning base was rated “Garden-style Organization”



Since its planning and design, the park of the NARI Jiangning base has emphasized the harmonious development between humans and nature. Active efforts have been made to create a green and intelligent park with well-equipped infrastructure, standardized service management, striking industrial features, a pleasant ecological environment and profound cultural connotations. The greening area of the park covers about 290,000 square meters, and the rate of green space and the percentage of greenery coverage are 43% and 48%, respectively. The plants in the park are arranged in a scientific and reasonable way with distinct gradations. There are 8,900 arbors, nearly 110,000 square meters of bushes and bulbs, and about 180,000 square meters of turf. A garden-style park adorned with natural mountains, artificial lakes and garden ornaments has been shaped, with flowers all year round and landscape everywhere. In December 2022, the Jiangning base was rated “Garden-style Organization” of Nanjing, which is the enterprise with the largest greening area among Nanjing Garden-style Organizations and has been promoted as a model for building the enterprise garden landscape by Nanjing Garden Bureau.



Protecting our lucid waters and lush mountains by tree planting



In May 2022, NARI carried out “Planting Trees by the Young for Welcoming the Successful 20th CPC National Congress” volunteer activities and organized volunteers to plant trees in the Zhongshan Mountain Scenic Area. The senior engineers of the Forest Department of Sun Yat-sen Mausoleum Administration Bureau introduced the history of the National Tree Planting Day, the vegetation in Zhongshan Mountain and the nature of saplings in this activity with patience. The volunteers orderly transported, planted, earthed up and watered the saplings on the site. After the activity, Sun Yat-sen Mausoleum Administration Bureau issued the Certificate of Tree Planting Volunteers for the participants.



People-centered NARI

Sharing the Fruits of Harmony

NARI gives effective play to the role of the state-owned economy as a strategic pillar to boost industrial development and progress. We insist on respecting and protecting human rights and support our employees to realize self-fulfillment. Meanwhile, we take an active part in public charity, guarantee power supply and contribute to rural revitalization by shouldering our responsibilities and sharing the fruit of harmony with the whole society.



68	Employee Rights, Benefits and Growth
75	Occupational Health and Safety
80	Reinforcing the Industrial Ecosystem
86	Active Investment in Community
90	Voluntary Service and Charity



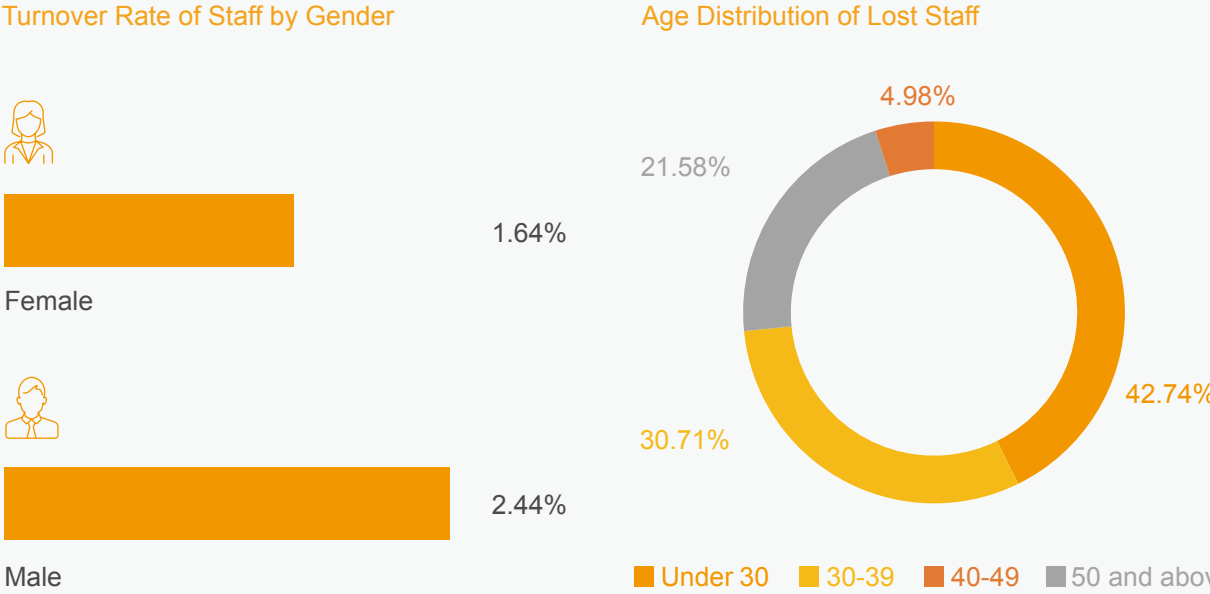
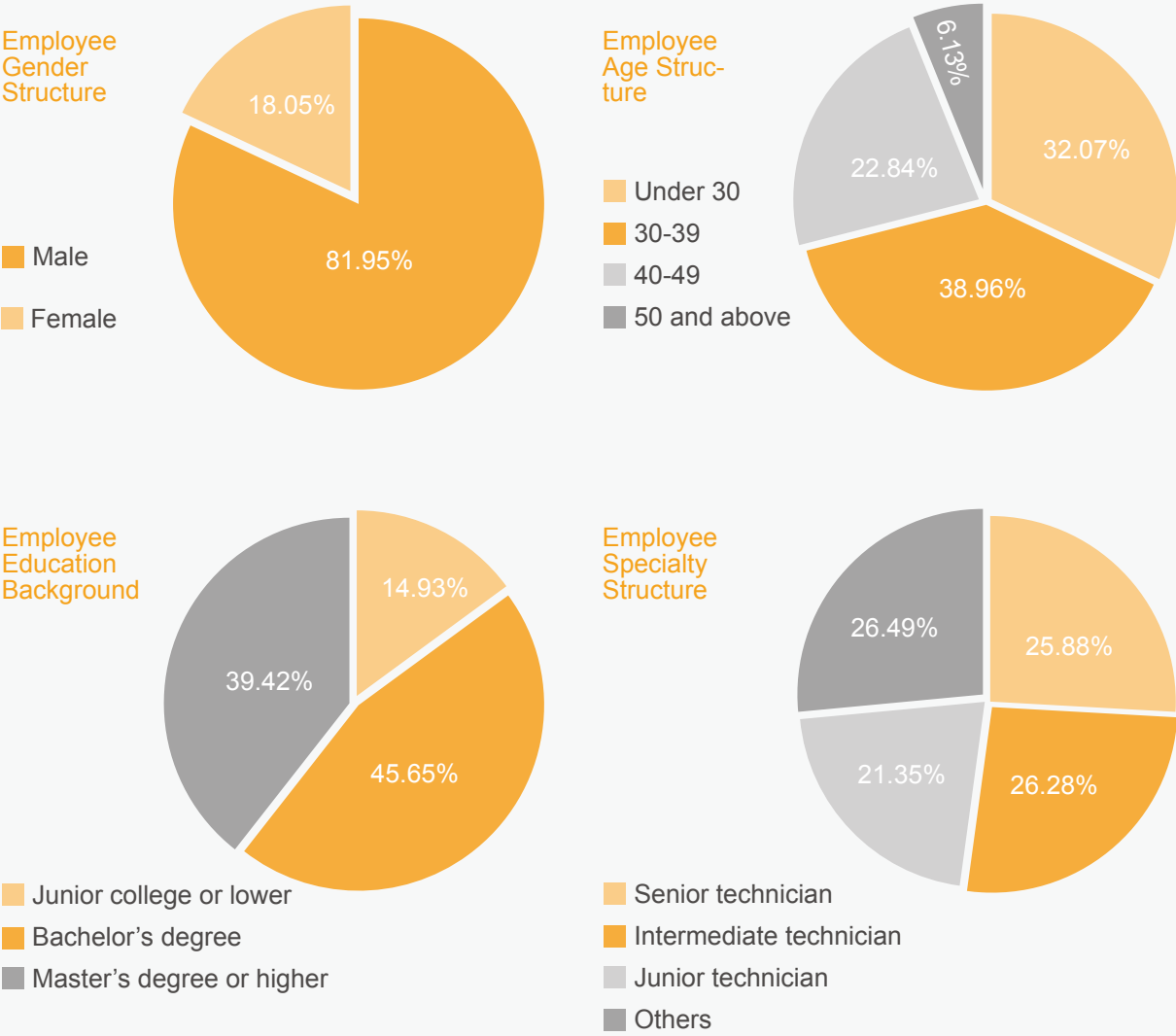
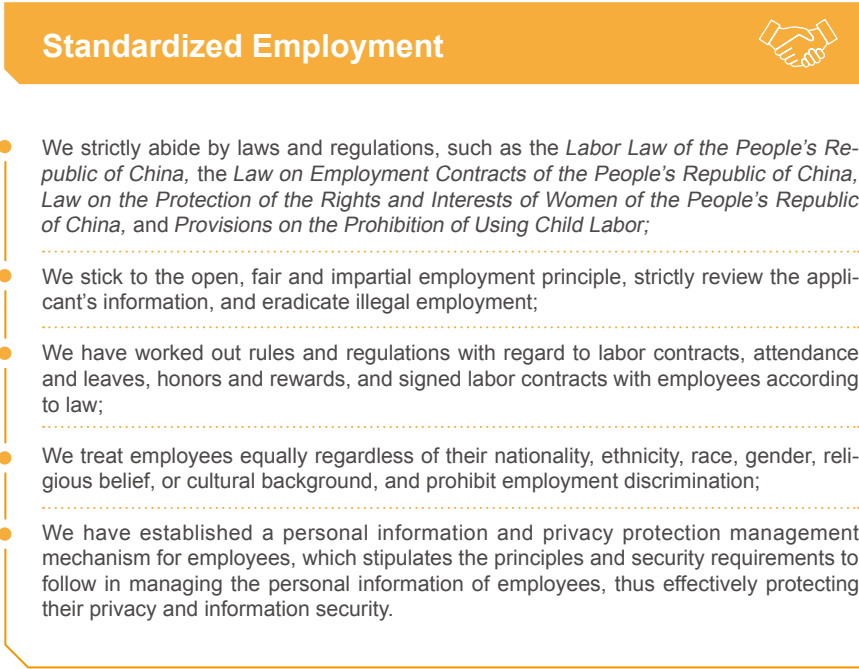
Employee Rights, Benefits and Growth

In line with the people-oriented philosophy, NARI fully respects and protects the basic rights and interests of the employees and devotes great energy to building a well-rounded talent-cultivating mechanism. We provide humanistic care for our employees and create a warm workplace for common development and growth with employees.



Safeguarding Employee Rights and Interests

Upholding equal and standard employment, NARI continuously improves the system of compensation and benefits as well as democratic management mechanism, establishes a long-term stable employment relationship with employees, and effectively respects and protects the legitimate all rights and interests of employees effectively.



Compensation and Benefits

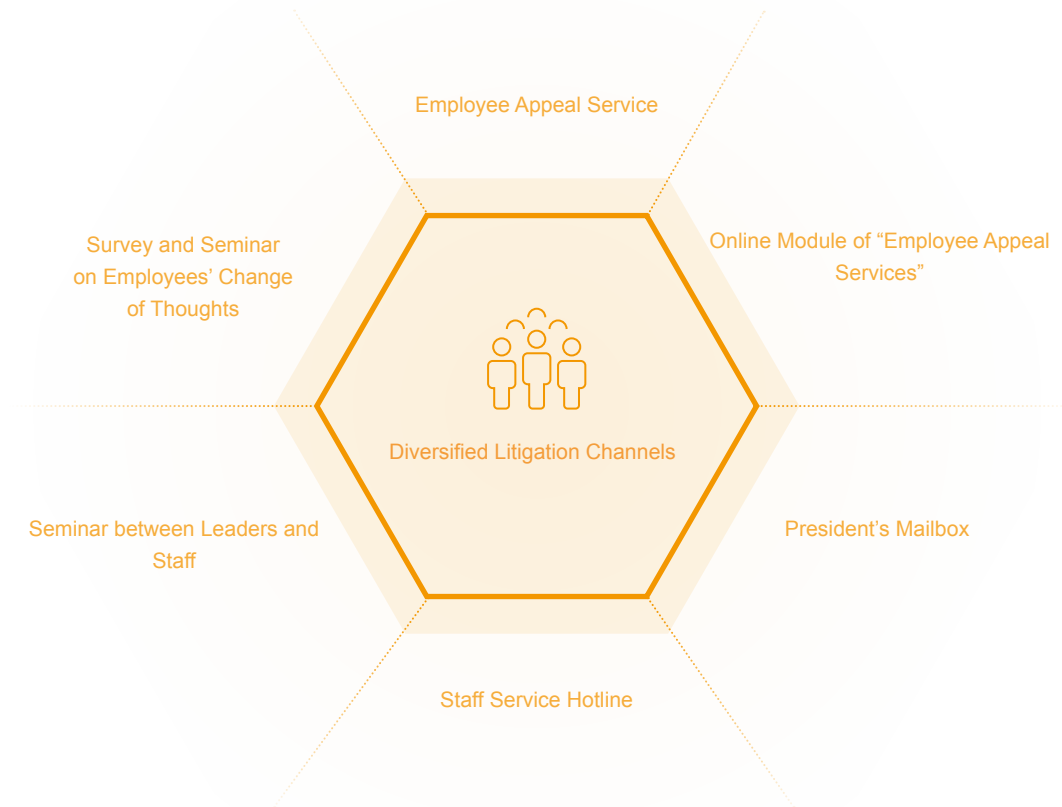


- We have formulated and revised five benefit systems including the *Employee Benefits Management Measures of NARI Technology Co., Ltd.* and *Housing Provident Fund Management Measures of NARI Technology Co., Ltd.*;
- We have continued to promote the orderly connection of medical insurance programs at different levels, optimize the supplementary medical insurance system of the enterprise, appropriately raise the standards of remuneration, and focus on deepening the security for “major and special” diseases and experts, greatly improving the satisfaction and experience of employees in the supplementary medical insurances of the enterprise.

Democratic Management



- We strictly abide by the Trade Union Law of the People's Republic of China, Constitution of Chinese Trade Unions, and Regulations of the Grass-roots Union Members' Congress, and gradually improve the enterprise's democratic management system with the Workers' Congress as a basic form;
- We have organized all staff to learn and sign the *Manual of Required Technical Knowledge and Skills for Employees* and safeguarded employees' rights to know, participate, express and supervise.
- We have improved the three-tiered appeal service system and timely collected the employees' opinions and suggestions on the Company, thus offering a sound environment for the employees to be engaged in democratic decision-making, management and supervision.



Boosting Employee Growth

NARI pays attention to the employees' competency training and career development and keeps exploring the talent cultivating mechanism. We have carried out training on management ability and professional skills to enhance the comprehensive capability of the staff team and create a comfortable and flexible development environment for talent at all levels.

NARI in Figures



RMB 32.72 million invested in training	515 sessions of employee training activities
32 training hours on average per employee	15,667 participants attending employee training

Enhancing Competency Training

Developing course systems: we have optimized the design of training courses on management, marketing, R&D, engineering, and skills for 259 standard positions in five post orders and 53 post categories; published 6 guidance documents including the <i>Guidelines for Management Position Competency Training Courses</i> , covering all post training courses; developed a total of more than 2,000 online courseware and over 16,000 test questions to continuously increase the training resources for different positions.	Building a strong teachers' team: we have organized the “Excellent Lecturer” training camp and selected outstanding candidates to participate in the Group's teaching skill competition; actively participated in the competition for young trainers of the China Electricity Council; submitted the applications of 30 senior part-time trainers and 500 junior part-time trainers.	Improving the mentorship: we have formulated the <i>Guiding Opinions on Further Strengthening the Mentorship and Post Training</i> , opened up the channels for mentorship evaluation and incentives, provided two sessions of mentors' ability improvement training, enhanced the special ability of nearly 400 mentors, and guided 35 units to effectively perform the mentorship; as a result, 800 pairs of mentors and students have formed mentorship and mentors have been arranged for 100% of the new employees.
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Continue to improve the mechanism of selecting, appointing, cultivating and keeping talent and vigorously implement the “Excellence Program”

Recommend high-level talents and take the “six-in-one” training measures

Choose excellent and competent personnel to form the leading groups of grassroots units, conduct hierarchical and classified annual training in rotation for leaders, and select 20 outstanding leaders to take a temporary post for further training



Make differentiated three-year training plans for new employees

New employees pursue their dreams at NARI



From August 31 to September 6, NARI successfully held concentrated training courses for new employees in 2022. The training was conducted from the aspects of the Company's development, corporate culture, professional qualities and professional technologies in 4 teaching modules and 21 training courses. Considering the learning characteristics of "Generation Z" employees, besides concentrated teaching, we combined multiple teaching methods such as online classes, experience and co-creation, scenario guidance, case analysis, interviews and interactions. These teaching methods provided the new employees in NARI with rich learning content and diversified learning experience. After one week of training, the young employees who start their journey set their direction, gained more power and opened a new chapter for their dreams.



New employees at NARI



The trainees are visiting the laboratory

Lead young personnel to pursue development endeavors with mentoring culture



The Information System Integration Branch Company has conducted mentoring guidance by following the principle of "specific policy for the specific person" in a differentiated way and consolidated the dual-mentoring model of "career mentor + professional mentor". New employee seminars have been regularly organized by the enterprise leaders, HR department and employment department to provide more face-to-face communication opportunities between leaders and new employees and create a talent cultivating environment where new employees are cared about and valued. Moreover, given the job requirements of the new employees and their characteristics, a series of special etiquette activities in line with the enterprise features and with connotations have been conducted by relying on the characteristic corporate culture brand activity "NARI Integration Etiquette". The activities focused on the milestone nodes in the employees' career life cycle such as joining the company, mentoring and growth. Through these activities, the new employees can familiarize themselves with the enterprise as soon as possible in the first year of employment, thus increasing their sense of belonging and identity and enhancing the enterprise's cohesive and centripetal force.



Caring for Employees' Life

NARI highlights the work-life balance of the employees. We have actively organized various cultural and sports activities, such as holiday celebrations, sports activities and recitation contests, and established a caring and visiting mechanism in daily life and on holidays to enhance the cohesion and sense of belonging of the employees. We have increased our efforts to show care for the elderly and vulnerable groups including the empty nesters, the elderly living alone and disabled elders, and formulated the *Guide to Elderly Care Services for Retirees* to make the retirees enjoy a happy life in old age.

NARI in Figures



NARI carried out activities to show care for employees for **768** times,

granted RMB **24.86** million of solatium,

helped **195** employees in need,

and reached **100%** employee satisfaction

Bringing employees a colorful life with various cultural and sports activities



To advocate the core socialist values and enrich the employees' cultural life, the Company has actively carried out many cultural activities such as the reading activity themed "Reading at NARI & Enjoying Good Reading Time", and the collection of cultural and creative products and literary works from employees, as well as various sports activities including brisk walking, basketball, badminton, and table tennis team games. These activities have greatly enriched the employees' sparetime life and inspired their sense of mission and responsibility to make achievements.



Brisk walking



Staff basketball game



Staff football game



Themed recitation

Sharing a cake to celebrate the New Year



To enhance the employees' cohesiveness and sense of happiness, NARI's staff canteen will organize a cake sharing activity every year on New Year's Eve. On December 30, 2022, the staff canteens of the Jiangning base, Beijing, Tianjin and Changzhou regions of NARI made big cakes for the New Year with the themes of "Fight Against COVID-19" and "The Most Beautiful Park with Lucid Waters and Lush Mountains". Nearly 10,000 employees shared the cake to celebrate the New Year.



The activity of sending Spring Festival scrolls and the character "Fu" (meaning happiness) in 2022



NARI held the activity of sending Spring Festival scrolls and the character "Fu" (meaning happiness) in 2022 in Nanjing and Beijing

Occupational Health and Safety

Safeguarding Occupational Health

Strictly abiding by the *Workplace Safety Law of the People's Republic of China* and *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, NARI has improved the safety management system and practiced workplace safety. Aiming to protect the health of employees, we have built an employee health management system, improved the ability of COVID-19 response, and spared no efforts to safeguard the occupational health and safety (OHS) of employees.

In strict accordance with relevant laws and regulations such as the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, NARI has formulated management measures such as the *Regulations on Occupational Health Management* and *Occupational Health Management Manual* to improve the employee occupational health management system. We have provided physical examinations and established health records for employees. Moreover, we have continued to promote the orderly linking of medical insurance programs at different levels and enhanced the medical security for employees. Appropriate labor protection supplies, facilities and tools suitable to occupational health have been provided for employees to make all-out efforts to ensure their occupational health.

NARI in Figures



NARI carried out **15** sessions of OHS training, with **880** participants in total



Health examination cover **100%** employee

No new occupational disease case

More than **40,000** suits of work clothes were provided for the employees



NARI's chronic disease prevention and treatment activity



To raise the employees' chronic disease prevention and treatment awareness and protect their occupational health and safety, NARI carried out a theme activity of chronic disease prevention and treatment in December 2022. Medical experts were invited to provide online chronic disease management training and introduce the necessity of learning the knowledge on chronic disease. At the same time, they also explained the main points of disease prevention and intervention. Through the training, our employees gained a lot of practical knowledge on chronic disease and improved their ability of self-health management.



NARI chronic disease management training in 2022

Safeguarding employees' health through COVID-19 prevention and control measures



To safeguard the employees' occupational health, the NARI Jiangning base set up an ambulatory clinic during the COVID-19 outbreak period to provide diagnosis, treatment and prescribing services for more than 460 employees 11 times. In Nanjing, three sessions of booster vaccination were organized orderly for more than 5,000 NARI employees, guaranteeing that the employees could get vaccinated in the nearest place. In 2022, we organized nucleic acid testing for all employees three times and dedicated nucleic acid testing 50 times, serving more than 30,000 employees.



The ambulatory clinic in NARI Jiangning base provided services for employees



NARI organized employees to get booster vaccinated against COVID-19



NARI organized a COVID-19 emergency response drill



NARI provided nucleic acid testing for all staff in the Jiangning base

Workplace Safety and Operation

Safety is the cornerstone for an enterprise's steady growth. NARI always gives top priority to workplace safety and firmly upholds the concept of safe development. Strictly abiding by the Workplace Safety Law of the People's Republic of China and resolutely implementing the 15 measures for national workplace safety, we have continued to improve the workplace safety management system, increased our emergency management ability, widely publicized safety culture, and established a long-term mechanism for workplace safety.

NARI in Figures

983 sessions of safety training

70,600 participants attending safety training



Strengthening Safety Management

We have revised and published 57 system documents such as the *Specification for Safety Management and Control of General Contracting (Leasing) Construction Projects* and *Guidelines for the Safety Control Process of General Contracting Projects* to standardize the safety management system process of the projects;

We have updated the safety responsibility list for all employees in real time and signed the *Responsibility Statement of Safety Objectives* at all levels;

We have strengthened the standardization of workplace safety, enhanced the dual-prevention mechanisms and consolidated the foundation for safety management.



Investigation and Renovation of Hidden Hazards

We have carried out centralized control of the safety risks of hazardous chemicals, overall investigation and rectification of hidden dangers and major inspection on workplace safety, during which 86 non-conformities have been investigated and timely rectified;

We have conducted safety checks and supervisions regularly to find the small safety problems earlier and worked hard to promote the anti-violation work;

We have strengthened coordination among professions and completed the "ending-year" tasks of the three-year rectification action on workplace safety, with 100 hidden dangers rectified.



Improving Emergency Capability

We have revised the Contingency Plan for Workplace Safety Accidents and filed it on record, improved the contingency plan system, and made the contingency plan more scientific, targeted and effective;

We have conducted drills to improve our emergency response and coordination capacity, such as fire evacuation, fire-fighting drills, hazardous chemicals leaking, prefabricated cabin hoisting and liquid nitrogen container operating accidents.



Protecting Information Security

We strictly observe applicable Chinese laws and regulations, such as the *Cyber Security Law* and *Data Security Law*;

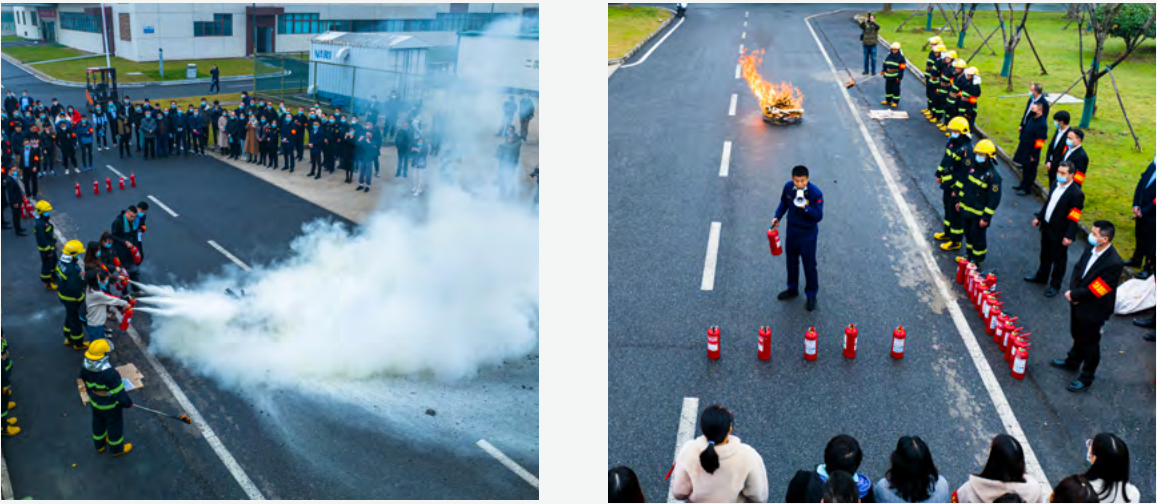
We have organized employees to sign the *Letter of Cyber Security Commitment* and learn applicable Chinese laws and regulations such as the *Cyber Security Law*, *Personal Information Protection Law*, and *Data Security Law* to enhance the sense of responsibility of all staff;

We have carried out online safety training and cyber security attack and defense drills as well as activities such as the cyber security skills and knowledge quiz, 2022 labor and skills competition, and cyber security CTF (Capture The Flag) to constantly improve the employees' network security awareness.

Laying a solid foundation for intrinsic safety through active emergency response drills



NARI successfully organized the 2022 fire evacuation and fire-fighting drill in the Jiangning base. The Emergency Management Bureau of Jiangning District and the Fire Brigade of Jiangning Development Zone arrived on the scene for view and guidance. More than 1,200 employees from the units in the production building participated in the evacuation drill. 50 volunteer firefighters participated in the oil basin fire-fighting drill. The drills have greatly increased the fire-fighting and escape ability of the personnel from the units stationed in the NARI Jiangning base and laid a solid foundation for the intrinsic safety of the base.



Publicizing safety culture and acquiring more safety knowledge



NARI has deeply implemented the actions for the enterprise's workplace safety standardization building and the improvement of independent safety management of shift. Training on specific topics such as workplace safety management personnel, safety management of engineering projects, emergency drill of fire evacuation, occupational health, and special operation personnel have been widely conducted. Moreover, we also organized many activities such as Safety Day, Workplace Safety Month, the online knowledge contest on the newly revised Workplace Safety Law, the anti-violation knowledge contest, anti-violation shifts, no violation around CPC members, and youth demonstration posts for workplace safety. We have engaged external safety management experts to impart safety management knowledge of engineering projects to help increase the knowledge and skills of the project managers.



State Grid publicized and implemented the newly revised *Workplace Safety Law of the People's Republic of China*

Cyber Security Work



Cyber security training



Cyber security CTF



All units carried out the activity of sending postcard messages on safety by the first person responsible

Reinforcing the Industrial Ecosystem

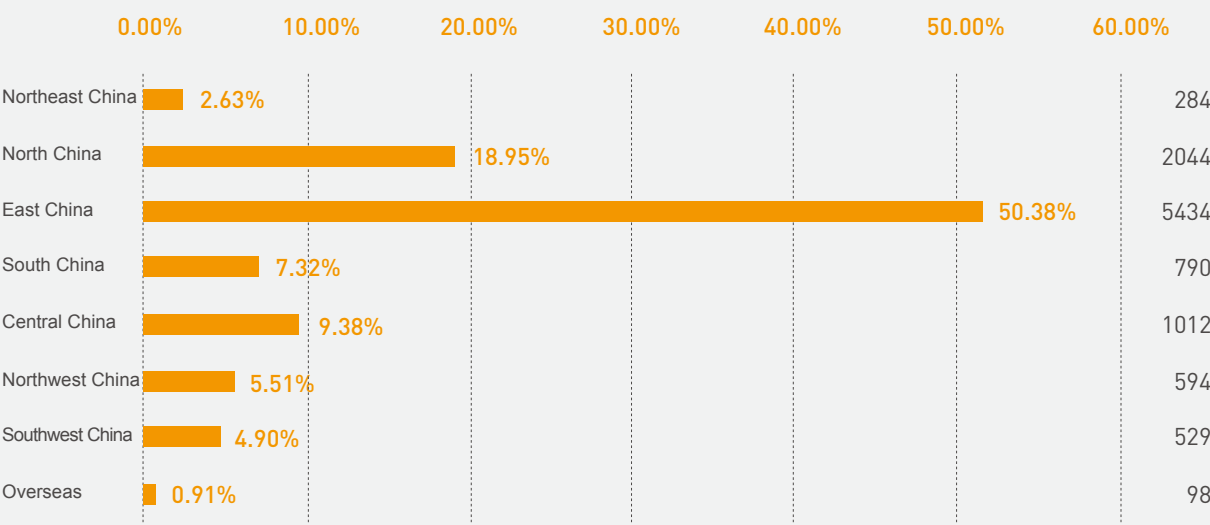
Creating a Responsible Supply Chain

NARI actively promotes the building of a healthy and harmonious industry ecosystem, gives more support to the suppliers, and establishes a long-term partnership with them to create a responsible supply chain. By giving play to the Company's industrial synergy advantage and its influence in the value chain, NARI participates in preparing and upgrading the industry standards to take the lead in the high-quality development of the industry.

In strict accordance with the *Bidding Law of the People's Republic of China* and *Regulations on the Enforcement of the Bidding Law of the People's Republic of China*, NARI always adheres to fair trade, fair competition, win-win cooperation and coordinated development. We have taken the initiative to identify and reduce the environmental and social risks in the supply chain, established a well-rounded supplier management system, and safeguarded their legitimate rights and interests. We provided training for suppliers in the introduction to electric power business and supplier platform account security, tightened the selection criteria of suppliers, strengthened the review and evaluation process for suppliers, and achieved the full life-cycle management of the suppliers to create a responsible supply chain.



Number of Suppliers by Region Number of Suppliers Proportion (%)

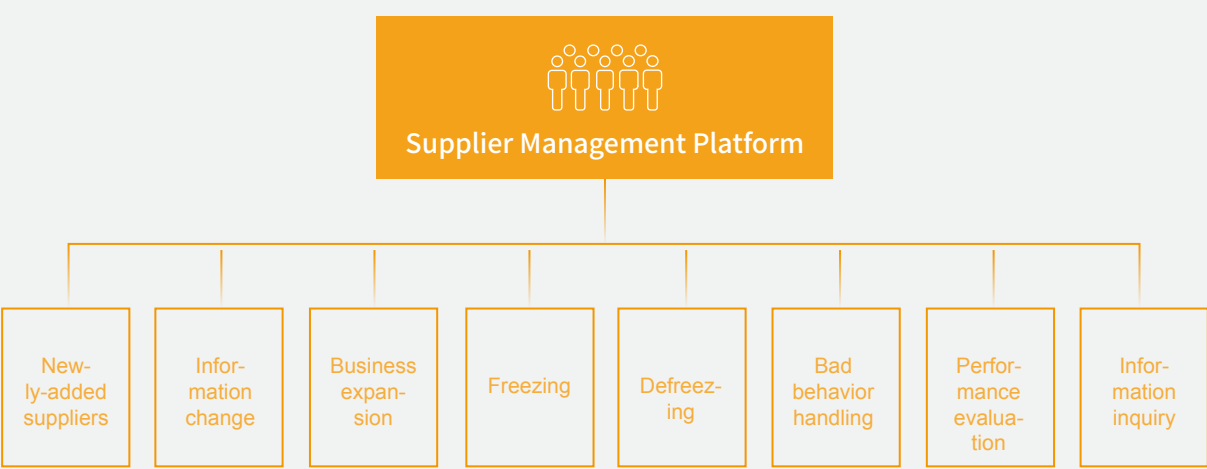


Practicing Responsible Procurement

- We have formulated the *Measures for the Management of Procurement Activities* to publish the procurement bidding process to the public, and continuously expanded the coverage of bidding procurement to standardize the procurement management of non-production operation;
- We have built a green supply chain to fully deploy centralized procurement, realizing open and transparent material procurement and standardized & orderly management;
- We have adopted the “back to back” bid evaluation, and encouraged and promoted bidders to adopt energy-saving products with low energy consumption and high energy efficiency, minimizing the impact on the environment;
- We have strengthened the control of the procurement management process in overseas projects, promoting the standardization of the procurement process.

Improving Supplier Management

- We have formulated the *Measures for the Management of Supplier Relations* to standardize the environmental and social behaviors of suppliers, and defined the processes of supplier qualification and ability verification, performance evaluation and bad behaviors handling;
- We have conducted supplier training, and urged suppliers to establish and improve the relevant control system and rules & regulations in safety in production, risk prevention and control, environmental protection, labor rights and other aspects via the contract clauses;
- We have established a supplier management platform to implement the whole process information management of suppliers, and conducted identification, review & approval and execution quit procedures in accordance with regulations, realizing the whole life cycle management of suppliers from entry to quit.



Deepening Strategic Cooperation

NARI fully implements the new development philosophy to centralize the advantageous resources from various parties, and pays attention to multi-dimensional cooperation with the governments, well-known enterprises and research institutions at home and abroad. NARI also actively participates in international exchange to constantly expand all-round, multi-field and in-depth strategic cooperation, achieving mutual benefit and sharing information and resources as well as a win-win development.

NARI in Figures

The flexible DC converter valve of the Company initially entered the European market

The track integrated monitoring, flood warning and other products entered new international markets

AMI integrated solution went globally for the first time

29 products (such as control and protection, smart electric meter) passed international certification tests

International cooperation and exchange: NARI has actively expanded the market of countries along the “Belt and Road”, and positively conducted international exchange and discussion in the fields of large grid security and stability, electric vehicles and other fields. NARI has also participated in the activities of international academic organizations (such as IEEE), and attended influential international conferences in the industry (such as the ITS World Congress), continuously enhancing the NARI's popularity and influence.



2022 China International Fair for Trade in Services

Domestic cooperation and exchange: NARI has actively supported, prepared and attended the 5th Digital China Summit, the 2022 China International Fair for Trade in Services, the 2022 China (Nanjing) International Software Product and Information Service Trade Fair and other major exhibitions, sharing the NARI's technology and new products.



The 5th China International Import Expo

NARI contracted a smart electric meter and main station project in Chile

NARI signed a contract with the Chilquinta company for a smart electric meter and master station in Chile, and completed the construction tasks on schedule, such as the cloud deployment of the master station system, the installation of the first set of electric meter and the access of master station system. The first overseas application of NARI AMI integrated solution was realized in this project, and the completion of this project would cultivate the NARI's first overseas AMI general contract performance, laying a solid foundation for breaking through the international performance barrier and promoting the integrated solution of electricity consumption overseas.

High-quality construction of mechanical and electrical renovation project of hydropower station in Serbia

The percentage of domestic equipment used in mechanical and electrical renovation project of hydropower station in Serbia is more than 70%, and the overall power generation efficiency is expected to increase by 16% after its completion in 2024. In 2022, after coordinating various requirements such as cultural relic protection, engineering construction, and epidemic prevention & control, NARI completed as scheduled the automation upgrading and renovation task of the in-plant unit of the third hydropower station (which has been in operation for 114 years) in Serbian history, and two hydropower stations (six in total) have been ready for operation, so that the life cycle of old hydropower stations with historical, cultural and people's livelihood guarantee value can be extended. Meanwhile, the efficiency of power generation has been greatly improved, effectively alleviating the local electricity consumption issue and promoting the development of the local economy.



Scene after the renovation of the second hydropower station in Serbian history

The transport electrification demonstration project in Singapore awarded the “Golden Key · Silver Medal of Theme Competition Sustainability Action”

In 2022, the case of “NARI Charging Station Solution to Empower Electric Buses in Singapore” was selected from 135 actions and won the “Golden Key · Silver Medal of Theme Competition Sustainability Action”. In 2018, NARI undertook the first batch of transport electrification demonstration projects in Singapore, providing safe, stable and reliable solutions according to local conditions. The successful delivery of this project is a successful case of the deep coupling of electricity and transport in the energy field of Singapore, and it has verified the practical value of electric buses in low-carbon emission reduction. This project has been highly praised by Singapore Land Transport Authority, and has been reported by many media, such as Singapore Straits Times, Singapore Today, and CCTV News.



Singapore bus electrification demonstration project

Leading Industry Development

As an integrated solution provider of smart Energy Internet, NARI actively shares development experience, and participates in industry discussions. NARI leads or participates in the formulation of international and domestic industry standards, and promotes innovation and creation in the industry, realizing mutual benefit and common development.

NARI in Figures

NARI has led and participated in the release of 22 standards, including 1 international standard, 7 national standards and 14 industry standards

Standard formulation

- We have led or participated in the formulation of standards in automation systems, power grid dispatch, relay protection and other fields;
- We have deepened the construction of the electric meteorological standard system, and promoted the standardized development of the industry, helping the standardized ecological construction of the industry;
- We have promoted the technological progress and equipment manufacturing improvement in smart substations, new-generation dispatch systems and smart hydropower plants.

Standard Name	Standard Level	Standard Number
Water cooling system for power electronics used in electrical transmission and distribution systems	International standard	IEC TR 63259: 2022
Communication Networks and Systems for Power Automation Part 5: Communication Requirements for Functions and Device Models	National standards	GB/T 42151.5—2022
Testing Specifications of Time Synchronism System for Power	National standards	GB/T 26866—2022
High Alloy Heat-resisting Steel Thick Wall Pipes and Forgings Used for Power Station – General technical conditions	National standards	GB/T 41982—2022
Nomenclature of Model for Electrotechnical Instruments	National standards	GB/T 28879—2022
Mounted Digital Display Electrical Measuring Instruments Part 1: Definitions and General Requirements	National standards	GB/T 22264.1—2022
Particular Requirements for Multi-rate Electricity Meters	National standards	GB/T 15284—2022
Electricity Metering Equipment (AC) – Particular Requirements Part 3: Digital Electricity Meters	National standards	GB/T 17215.303—2022
Vibrating Wire Load Cell	Industry standard	DL/T 269—2022
Dam Safety Monitor Auto-acquisition Unit	Industry standard	DL/T 1134—2022
Vibrating Wire Rebar Stress Meter	Industry standard	DL/T 1136—2022

Standard Name	Standard Level	Standard Number
Vibrating Wire Earth Pressure Cell	Industry standard	DL/T 1137—2022
General Technical Requirements for Generator Rotating Field Winding Ground Fault Protection System	Industry standard	DL/T 2546—2022
Technical Specifications of Monitoring Device for AC Cross-section Power Loss	Industry standard	DL/T 2547—2022
Auxiliary Equipment Used in Electromagnetic Compatible (EMC) Tests of Power Industry Part 1: General Requirements	Industry standard	DL/T 2556.1—2022
Auxiliary Equipment Used in Electromagnetic Compatible (EMC) Tests of Power Industry Part 2: Verification Device of Electric Energy Meter Used for EMC	Industry standard	DL/T 2556.2—2022
Sensor Networks for Power IOT Part 1: General Technical Specifications	Industry standard	DL/T 2474.1—2022
Technical Requirements for the Remote Operation Integration Preventing Mal-operation in the Dispatching Automation Master Station	Industry standard	DL/T 2480—2022
Technical Specifications for Grid-connected Operation and Control of Adjustable Loads - Part 13: Secondary Interface of Power System	Industry standard	DL/T 2473.13—2022
Technical Requirements for Online Monitoring and Management of Power Dispatching Automation	Industry standard	DL/T 2477—2022
Technical Guides for Mapping from Substation SCD Model to Grid CIM Model	Industry standard	DL/T 2479—2022
Test Specifications for Smart Remote Gateway	Industry standard	DL/T 2478—2022

The release of a standard edited by NARI fills the gap in the field of smart hydropower plant technology in the world

On November 18, 2022, the international standard IEC/IEEE63198-2775 *Technical Guide for Smart Hydropower Plants* led by NARI unanimously passed the FDIS vote, entering the release procedure. And in February 2023, this standard was officially released. Earlier, this standard unanimously passed the vote of IEEE and IEC on April 7 and June 13, respectively, marking the significant milestone achievement made by the first China-led IEC/IEEE international standard in the field of hydropower, which filled the gap in the field of smart hydropower plant technology worldwide, greatly enhancing China's international influence and technical competitiveness in the field of hydropower technology.



The working group participated in international standards discussions in Sweden

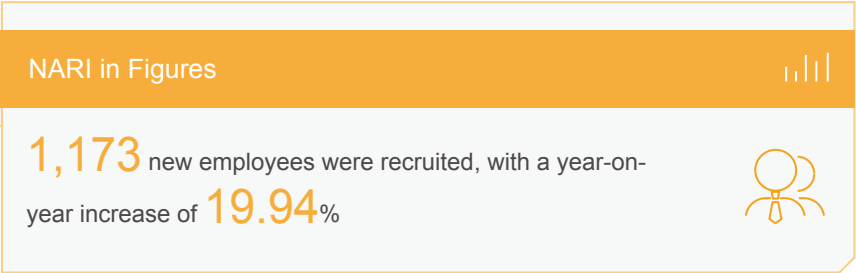


Active Investment in Community

Based on helping build a harmonious society, NARI makes full use of resources and technological advantages to support local development, striving to share its own resources with communities. Moreover, NARI actively conducts activities in many fields such as public services, people's livelihood improvement and rural revitalization to jointly build a beautiful home.

Promoting Stable Employment

Actively responding to the "employment-first strategy", NARI implements the important deployment of the national work ensuring six priorities and stability in six areas. After carefully analyzing the employment demand of all product lines, NARI broadens various talent recruitment channels, and takes multiple measures to implement the employment-first strategy precisely, organizing a solid employment guarantee network.



Our Actions for Stable Employment

- The first China Power Industry Campus Elite Challenge was held, attracting more than 800 contestants from 60 colleges and universities;
- University/college dean forum on "Industry-education Integration and Talent Cultivation in Power Industry under New Situation" was held to build a communication and exchange platform for talents;
- To conduct the special recruitment of "Outstanding Program", NARI held "one-stop" special recruitment in more than 30 key colleges and universities such as Xi'an Jiaotong University and Southeast University.

Ensuring Power Supply

By constantly strengthening the sense of responsibility and stimulating the spirit of responsibility, NARI gives full play to its advantages of technology, products and services to improve the level of safety in production, and makes every effort to ensure the power supply during important periods such as the power consumption peak in summer, contributing to the power supply for people's livelihood.

Our Actions for Power Supply Assurance

- By establishing and improving the organizational guarantee and coordination mechanism to support the power supply assurance, NARI selected high-level technical personnel to successfully completed power supply assurance tasks for major events, such as the Beijing 2022 Winter Olympic Games, the National People's Congress, the Chinese People's Political Consultative Conference (NPC and CPPCC), and the 20th National Congress of the Communist Party of China;
- By closely tracking the demand of power grid users, NARI provided support for the preparation of power distribution network schemes for more than 10 leading international cities such as Xi'an and Changsha;
- By leveraging the technological advantages of new-generation power distribution automation systems and medium & low-voltage flexible interconnection systems, NARI supported the power supply assurance for power consumption peak in Summer in Sichuan, Jiangsu, Zhejiang and other places.

Making every effort to support the power supply assurance for the power consumption peak in summer

In order to adequately support the power supply assurance for the power consumption peak in summer, NARI shouldered social responsibility and tightened the mechanism chain to actively satisfy the power users at all levels for their power demand. NARI smoothed the green channel for the production of supplies for power supply assurance, and reserved more than 7,000 pcs (sets) of emergency supplies and equipment in advance. A support team for power supply assurance composed of more than 600 experienced personnel was selected and assigned to comprehensively check the operating status of the system and equipment in the power supply assurance area, and detail and implement the assurance measures. This team adequately cooperated with users to carry out equipment inspection, system inspection, hidden danger check, emergency drills and network security protection, to ensure the safe and stable operation of key systems and equipment such as dispatching guarantee, UHV, control and protection, and power trading. Giving full play to its advantages in product and technology, NARI coordinated R&D, production, engineering and other departments to fully support the construction of key projects such as Baihetan-Jiangsu, and Suwalong 500kV transmission, and made every effort to completely support the load prediction & power generation capacity analysis, equipment status monitoring of "three defense lines", centralized monitoring and early warning of power transformation equipment, stability control and verification, helping the safe and efficient operation of the power supply assurance system.

Contributing
to Rural
Revitalization

In face of the needs of the times in both rural energy revolution and rural revitalization, NARI together with its employees, actively has conducted consumption assistance, and used smart sensing, integrated measurement and control, the Internet of things, three-dimensional GIS and other technologies to provide powerful support for the upgrading of rural basic water conservancy facilities, the consolidation and improvement of rural drinking water safety, the rural water environment governance and the drinking water source protection, making positive contributions to the rural revitalization strategy in China.

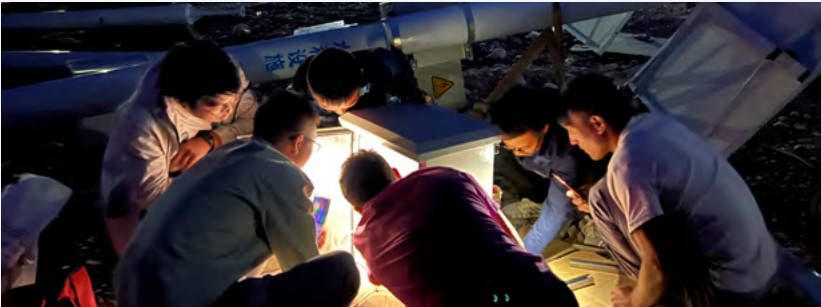
Helping assistance products enter into canteen

In 2022, NARI procured the raw materials for the staff canteen and agricultural products (such as grain, oil and dry goods) with the amount of RMB 1.4019 million via the “Huinongbang” online platform. NARI innovated the assistance measures to establish a special assistance area in “NARI Taste”, and advocated the employees to actively participate in consumption assistance, helping rural revitalization with practical actions.



Injecting “source water” into rural revitalization

Wuqia County of Xinjiang is located in the westernmost end of China, and water supply guarantee is the long-cherished wish of the people of all ethnic groups in Wuqia County. In the project of water conservancy infrastructure renovation and supporting water metering facilities undertaken by NARI in Wuqia County, the NARI rural water supply safety guarantee informatization control system was adopted to realize the collection and interaction of information such as local water quality, pipeline flow and irrigation area automation. And due to the configuration of water resources supervision, rural water safety supervision, irrigation area information management, project construction and operation management, electronic government office and other modular applications, this system construction effectively increased the water supply guarantee rate and improved the water supply operation management level in the county. In addition, in order to consolidate and improve the informatization level of rural water supply in Wuqia County, NARI also actively organized a training course on rural water supply guarantee and operation management in Wuqia County to improve the skills of trainees in water supply guarantee and operation management, which played a positive role in further building “good water and good life” for the people in Wuqia County, and injected “source water” for Wuqia County to consolidate the achievements of poverty alleviation and achieve rural revitalization.



Installation and commissioning of NARI engineering personnel on the site of stream metering station in Wuqia project

Improving the efficiency of rural water supply with “one diagram”

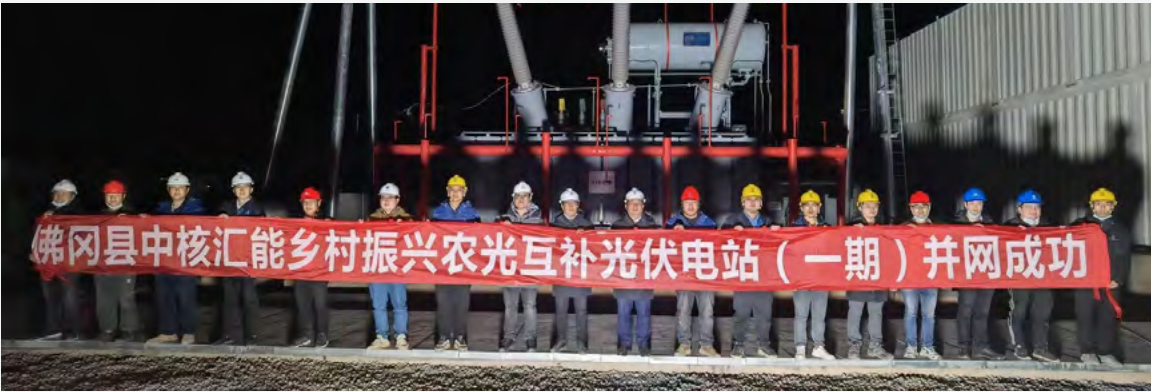
According to the current status in rural areas of Pizhou City, such as dispersed water supply pump station distribution, many township water supply sites, low automation level, and impossibility of remote control, after undertaking the informatization construction for consolidation and improvement project of rural drinking water safety in Pizhou, NARI deploys the smart control system for rural water supply guarantee to standardize and integrate various system information, so the unified application of a variety of businesses can be realized on a platform, namely, system information management, basic information management for users, inspection and maintenance management, data query management, statistics report on water consumption, water analysis curve and other functions of rural drinking water in Pizhou can be displayed in the form of “one diagram”. Moreover, the mobile phone APP and electronic payment function are also developed to realize the remote monitoring of the pump station. By virtue of the function of timed automatic remote meter reading and remote control of electric valve, the water users may pay water bills and check the balance via their mobile phones, which is convenient for people to use water and also greatly promotes the efficiency of daily management business of rural drinking water.



GIS panoramic monitoring map of rural drinking water in Pizhou City

NR Electric helped CNNP Rich Energy's agriculture, sightseeing and tourism integration project for rural revitalization connect to the grid for power generation

CNNP Rich Energy's agriculture and photovoltaic power complementary photovoltaic power station (Phase I) for rural revitalization is located in Shuitou Town and Jingtou Town of Qingyuan City. Covering an area of about 4,000 Mu, it is an agriculture, sightseeing and tourism project, and it deeply integrates agriculture, sightseeing and tourism, which can realize “power generation on the upper side, planting on the lower side”. As it integrates sightseeing and tourism, it can effectively improve the economic value of land per unit area. NR Electric provided all secondary key equipment for this project, including the automation system, relay protection, stability control system and AGC/AVC, helping this project achieve grid connection for power generation on December 31, 2022. After this project is completed and put into operation, villagers are expected to achieve an annual per capita income increase of more than RMB 6,000 by renting land and working in the photovoltaic area. In addition, agriculture and tourism can create about 200 employment opportunities for the local area, and the construction of tourism can also bring additive effects to the development of local tourism.



Voluntary Service and Charity

With the original aspiration of public welfare and the volunteer spirit of “dedication, friendship, mutual assistance and progress” in mind, NARI extensively conducts employee volunteer activities such as environmental protection, care and assistance, and knowledge popularization, and organizes public welfare donation activities to spread love and happiness, creating a good social atmosphere of unity and friendship. In 2022, NARI donated RMB 1 million of funds in helping and promoting, which was applied to the rooftop photovoltaic project of Zhanghoutun Village, the improvement of Zhanghoutun Village tourist reception center, and the classroom lighting improvement project of Heji Primary School in Shouxian Town, Fengxian County, Xuzhou City, Jiangsu Province according to local conditions, benefiting 1,852 villagers and effectively improving their happiness index.



Clean plate campaign to curb “waste on the tip of the tongue”

NARI actively conducted publicity week activities on the theme of “resolutely curb food waste”. Young volunteers placed publicity posters against food waste in No. 1, No. 2 and No. 3 canteens of Jiangning Base, and issued an initiative of “resolutely curb food waste” to the dining staff, calling on everyone to practice strict economy and inherit industriousness and frugality. In addition, in order to encourage employees to cherish the “meal on the plate”, NARI together with the Ruitao Community carried out the online punching activity of “clean plate campaign”, contributing to the building of an energy-saving enterprise.



NARI has conducted the public welfare educational assistance activity on the theme of “‘Electrify’ Dream Led by Flag” for four consecutive years

On August 4, 2022, the Power Distribution Branch Company conducted the “‘Electrify’ Dream Led by Flag” public welfare educational assistance activity, and donated grants and school supplies to the students of Sanhe Middle School in Haixing, Zhongwei, Ningxia for the fourth consecutive year. On that day, the Power Distribution Branch Company sent grants and school supplies to 20 students of Sanhe Middle School who were academically excellent and from poor families, and conducted warm visits and exchanges with the students. Since 2018, the Power Distribution Branch Company has been assisting students from poor families in Haiyuan County of Zhongwei City, helping with local rural revitalization. This activity has become a conventional public welfare activity of the Power Distribution Branch Company, which will continue to be conducted annually to constantly pass on the love.



NARI has conducted educational assistance activities in Guizhou, Guangxi and other regions for 17 consecutive years

On January 13, 2022, the Power Grid Security & Stability Branch and the Marketing Service Center went to Tangxing Zengcheng Primary School, Wangdian Village, Youjiang District, Baise City, Guangxi with people of Yao Ethnic Minority living mainly, to conduct an educational assistance activity. Actively fulfilling its social responsibilities, the Power Grid Security & Stability Branch conducted educational assistance activities in Puding of Guizhou Province, Baise and Donglan of Guangxi for 17 consecutive years. More than 300 pupils and 200 students from senior high school have been assisted, and more than 80% of the assisted students have been admitted to universities. Especially, one of them has been admitted to Fudan University by ranking first in the college entrance examination of Anshun City. With dedication of love and spreading of warmth, NARI spreads more positive energy to society and arouses more power to care about the education in China.



Future Outlook

2023 is a confidence-boosting year when the Chinese economy has been firming up. NARI will rally efforts to practice the development philosophy of “pursuing innovation-driven development, putting quality and customers first and promoting win-win cooperation led by the Party building”, take new leaps for high-quality development, and push forward the Company to make a new leap in corporate governance, industrial green development, and economic and social empowerment, endeavoring to become a global industry leader in Energy Internet.

We will lay a solid foundation for management by standardizing governance measures. NARI will make sustained efforts to improve the corporate governance structure, optimize the Company's management system and enhance ESG management and disclosure. We will focus on building a management and control system featuring unimpeded communication at all levels and coordination among all departments and units as well as a governance mechanism that is precise, efficient, flexible and practical, to promote the robust and efficient operation of the Company. Based on this, we intend to build a law-based enterprise with well-rounded systems, a digital enterprise running efficiently, and a green enterprise practicing energy conservation and low-carbon development, so as to constantly improve the Company's market recognition and brand reputation.

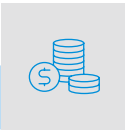
We will support energy transition to serve green development. Centering on building a new electric power system, NARI will insist on innovation-driven development, deepen the system of scientific and technological innovation, and boost the integrated innovation of digital and energy technologies as well as the deep integration of innovation and industry chains. We will make all-out efforts to develop the intelligent power grid, digital energy, and offline and emerging industries, keep improving the “climate elasticity”, “security resiliency” and “adjustment flexibility” of the power grid, and take the lead in Energy Internet technologies, contributing to the early accomplishment of China's 30-60 Decarbonization Goal.

We always put people first and positively give back to society. NARI will further improve the talent cultivation and incentive mechanism, enhance the team building and collaborative mechanism, and actively respond to new challenges with the unique manners and spirits of people at NARI, vigorously creating a clean and upright environment where everyone shoulders their responsibility and is willing to make a dedication and achievements. We will deepen internal and external cooperation and exchange, build the industry and supply chains for opening up and cooperation, and effectively make the pie of cooperation bigger. We will persist in bringing benefits to local communities, actively integrate ourselves into community building, contribute more to public charity, and take the initiative to bear social responsibility to become an excellent corporate citizen.

Looking back over the past, we have taken root deeply and yielded fruitful results. Looking into the future, we are bound to make further progress. NARI will promote high-quality development with determination, actively respond to challenges, seize development opportunities, maintain an upward and better development trend, and forge ahead to achieve new historic leaps and write a new chapter in history.



Appendix Key Performance



Economic Performance

Indicator	Unit	2020	2021	2022
Total assets	RMB 100 million	659.62	727.33	766.66
Operating revenue	RMB 100 million	385.02	424.11	468.29
Total profits	RMB 100 million	59.34	68.66	78.85
Net profit attributable to shareholders of listed companies	RMB 100 million	48.52	56.42	64.46
Total tax payment	RMB 100 million	26.65	23.03	30.62
R&D investment	RMB 100 million	24.28	30.93	31.25
National key scientific research projects undertaken by NARI	pcs	2	12	8
Papers published in core journals	pcs	233	218	247
Authorized patents obtained	pcs	357	456	434
Invention patents authorized	pcs	284	385	403
Software copyrights registered	pcs	284	312	242
Contract review rate	%	100	100	100

Environmental Performance



Indicator	Unit	2020	2021	2022
Total investment in environmental protection	RMB 10,000	223.93	1358.76 ¹	319.85
Electricity consumption (thermal power)	10MWh	7674.46	7425.21	7167.28
Electricity consumption (PV power)	10MWh	477.67	500.47	503.08
Gasoline consumption	ton	171.57	126.04	89.77
Natural gas consumption	10,000 cubic meters	52.32	48.19	57.44
Materials used in product packaging (wooden cases)	ton	1362.8	1439.6	1356.75
Water consumption	10,000 tons	73.63	66.83	71.23
Water consumption per capita	ton/person	83.62	69.97	67.94
Office electricity consumption	10MWh	5431.4	6570.52	6615.53
Office water consumption	10,000 tons	41.56	41.72	55.32
Office paper consumption (cleaning paper)	ton	73.8	77.9	83.00
Effluent volume discharged	10,000 tons	62.05	62.19	56.71
Discharge of hazardous waste	ton	11.53	10.82	6.90
Discharge of non-hazardous waste (waste cartons, kitchen waste)	ton	38.9 ²	1518.71	2005.68

Indicator	Unit	2020	2021	2022
Carbon dioxide emissions (natural gas, gasoline and electricity) ³	ton	63276.17	61237.31	68280.26
Scope I emissions (natural gas and gasoline)	ton	1699.03	1475.56	1343.80
Scope II emissions (electricity)	ton	61577.14	59761.76	66936.46

1. In 2021, the Company started the sewage treatment equipment renovation project, with an investment of RMB 12.1277 million.

2. The indicator “discharge of non-hazardous waste” of 2020 excludes kitchen waste.

3. The indicator excludes other greenhouse gas emissions in Scope III. We focus on the field of secondary power and information communication and serve the security and stability of the national power system, with a large customer base, so it is hard for us to calculate the Scope III emissions. However, the Company takes the initiative to seize development opportunities (see P51 for details), fully supports the construction of a new electric power system, and promotes low-carbon energy transformation.

Social Performance



Indicator	Unit	2020	2021	2022
Safety training	time	257	292	983
Participants attending safety training	person-time	23139	26272	70600
Occupational health and safety training	session	7	11	15
Participants attending occupational health and safety training	person-time	385	690	880
New occupational cases	person	0	0	0
Employee physical examination coverage	%	100	100	100
Total number of employees	person	8806	9551	10483
Total new recruits	person	803	978	1173
Number of employees from minority ethnic groups	person	202	250	283
Labor contract signing rate	%	100	100	100
Proportion of female managers ⁴	%	1.50	1.28	1.21
Labor contract signing rate	%	100	100	100
Coverage of social insurance	%	100	100	100
Employee satisfaction	%	100	100	100
Employee turnover rate	%	2.36	2.44	2.30
Total charitable donations	RMB 10,000	100	100	100
Duration of employees' volunteer activities	hour	1966	2482	7652
Number of employees participating in volunteer activities	person-time	578	697	879

4. Proportion of female managers = Number of female managers / total number of employees ×100%

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Rating Report



2022 Environmental, Social and Governance (ESG) Report of NARI Technology Co., Ltd.

Upon the request of NARI Technology Co., Ltd., the Chinese Expert Committee on CSR Report Rating invited experts to form a Rating Team and rated the *2022 Environmental, Social and Governance (ESG) Report of NARI Technology Co., Ltd.* (hereafter referred to as "the Report").

I. Rating Basis

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0) of the Chinese Academy of Social Sciences and *Rating Standards for the ESG Report of Chinese Enterprises (2023)* of the Chinese Expert Committee on CSR Report Rating.

II. Rating Process

- The Rating Team reviewed and confirmed the *Confirmation Letter on Materials for Process and Accessibility Evaluation of the ESG Report of Enterprises* and related supporting materials submitted by the Preparation Team of the Report;
- The Rating Team evaluated the compilation process and the disclosed information of the Report and drafted the Rating Report;
- The Vice Chairman of the Chinese Expert Committee on CSR Report Rating and the leader and the expert of the Rating Team cosigned the Rating Report.

III. Rating Results

Process (★★★★☆)

The Company established the sustainability (ESG) working team. The office under the team was responsible for preparing the annual ESG report, and the Strategy Committee under the Board of Directors was responsible for the final review. The Report was positioned as an important tool for disclosing responsibility performance information and strengthening communication with stakeholders, with clear functional value positioning. Material issues were identified according to the national macro policies, domestic and foreign index systems, benchmarking analysis in the industry, development plans of the Company, and the expectations of stakeholders. An ESG index system was built and the management process was optimized. The Report will be presented variously in electronic and printed forms and long pictures. Therefore, the Report has leading process performance.

Materiality (★★★★★)

The Report disclosed industrial key issues, including improving ESG governance, serving the national strategy, technical innovation of products, saving energies and resources, reducing the emissions of waste water, waste gas and solid waste, tackling climate change, product and service quality management, employee health and safety, and sustainable supply chain in full and in detail. Therefore, the Report has remarkable materiality performance.

Completeness (★★★★)

The Report disclosed 79.74% of industrial core indicators from various aspects, including "Value-based NARI, Taking Root Deeply in Governance", "Low-carbon NARI, Safeguarding the Leaf of Ecology", and "People-centered NARI, Sharing the Fruits of Harmony". Therefore, the Report has excellent completeness performance.

Balance (★★★★☆)

The Report disclosed negative data such as "number of major corruption incidents", "number of casualty accidents", "employee turnover rate" and "number of recalls due to product quality problems", and introduced the problems and handling results in potential risks identification and rectification briefly. Therefore, the Report has leading balance performance.

Comparability (★★★★★)

The Report disclosed and compared data on 47 KPIs (key performance indicators) over the past three years, including "total profits", "R&D investment", "total investment in environmental protection", "carbon dioxide emissions", "employee satisfaction",

"duration of employees' volunteer activities" and "total charitable donations", and horizontally compared the indicators such as "Central Enterprise's ESG · Pioneering 50 Index" and the grade for information disclosure. Therefore, the Report has remarkable comparability performance.

Readability (★★★★☆)

The Report adopted a clear framework and showed the enterprise's responsibility performance actions and achievements in governance, environment and society from three chapters ("Value-based NARI", "Low-carbon NARI" and "People-centered NARI") to respond to the expectations and requests of the stakeholders. The three-colored design of the cover echoes the framework, and the concise layout and flexible and diversified expression elements made it more pleasant to read the Report. The column "NARI in Figures" concentratedly demonstrated the responsibility performance and enhanced the communicability of the Report. Therefore, the Report has leading readability performance.

Accessibility (★★★★☆)

The Report will be issued together with the Company's Annual Report. The Report has clear release channels and will be released on the Company's official website, the WeChat official account, and the website of the Shanghai Stock Exchange to enhance the timeliness of the Report. The Report explored and created ESG-related content and formed long pictures to facilitate forwarding and spreading to enhance the communicability of the Report. The Report will be available by Internet search and mail, which is simple and convenient. Therefore, the Report has leading accessibility performance.

Overall Rating (★★★★☆)

Upon evaluation by the Rating Team, the *2022 Environmental, Social and Governance (ESG) Report of NARI Technology Co., Ltd.* is rated as a four-and-a-half-star as a leading ESG report.

IV. Suggestions for Improvement

- More industrial core indicators should be disclosed for better completeness of the Report.
- Internal and external stakeholders should be further involved to further improve the process management of the Report.

黄群慧

Vice Chairman of the Chinese Expert Committee on CSR Report Rating

张惠

Leader of the Rating Team

魏秀丽

Expert of the Rating Team



Scan the QR code to view the enterprise's rating file

Issuing Date: April 27, 2023

Feedback

Dear readers,

Thank you for taking the time to read this report. To improve the preparation of the report and NARI’ s ESG management and practice ability, we are looking forward to your valuable comments and suggestions.

Thank you for your ardent support!

1. Which of the following stakeholder do you belong to?

- ☐ Government
- ☐ Regulator
- ☐ Shareholder and investor
- ☐ Employee
- ☐ Customer
- ☐ Supplier and partner
- ☐ Community resident
- ☐ Others

2. What is your overall impression on this report?

- ☐ Very good
- ☐ Good
- ☐ Average
- ☐ Poor
- ☐ Very poor

3. What do you think of the quality of the ESG information disclosed in this report?

- ☐ Very good
- ☐ Good
- ☐ Average
- ☐ Poor
- ☐ Very poor

4. What do you think of the structure of this report?

- ☐ Very good
- ☐ Good
- ☐ Average
- ☐ Poor
- ☐ Very poor

5. What do you think of the layout of this report?

- ☐ Very good
- ☐ Good
- ☐ Average
- ☐ Poor
- ☐ Very poor

6. What do you think of the readability of this report?

- ☐ Very good
- ☐ Good
- ☐ Average
- ☐ Poor
- ☐ Very poor

7. What about your comments and suggestions on NARI's ESG work and this report? Please specify here:

NARI 国电南瑞科技股份有限公司
NARI TECHNOLOGY CO.,LTD.



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