

2022

# CSR REPORT

CORPORATE SOCIAL  
RESPONSIBILITY REPORT

*Promote the smart energy revolution,  
create a green and beautiful life*





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# About the Report

## Contents

This report mainly presents the economic, social and environmental activities of Narada Power for the period from January 1 to December 31, 2022. Due to the possible continuous nature of disclosed activities, some information may be retrospective or prospective as appropriate.

## Data

The financial data in this report are based on financial reports and other data are obtained from internal statistics of the company. All financial data in this report are presented in RMB.

## Main reference standards

- GRI Standards by GRI
- Guidance on the Fulfillment of Corporate Social Responsibility by Central Enterprises by SASAC of the State Council
- United Nations Sustainable Development Goals (SDGs)
- GB/T36001-2015 Guidelines for Preparing Corporate Social Responsibility Reports
- Guidelines to CSR Reporting in China by CSR Center of CASS
- CFIE Guidelines to Social Responsibility of Chinese Industrial Enterprises and Industrial Associations
- Guidelines for the Preparation of Enterprise Environmental Reports (HJ617-2011) by Standard of the State Ministry of Environmental Protection
- International Organization for Standardization ISO26000:2010 Guide to Social Responsibility

## Release status

This is the fourteenth CSR report of Narada Power.

It can be read and downloaded from the company's website: <http://www.naradapower.com>



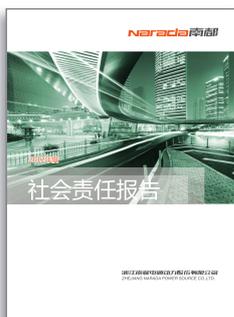
2009



2010



2011



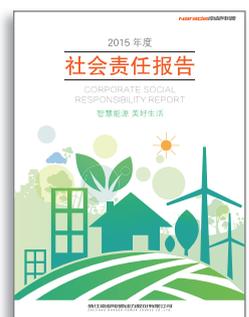
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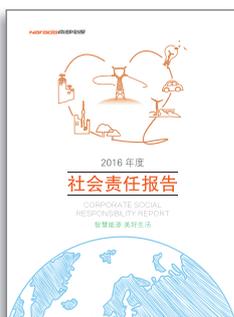
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2014



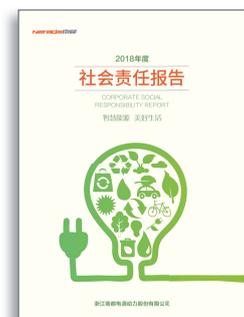
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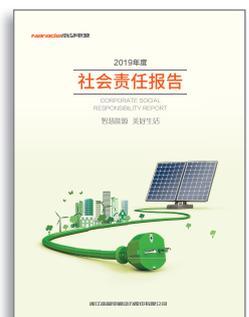
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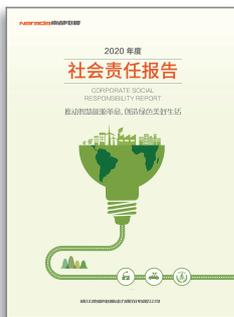
2017



2018



2019



2020



2021



2022

## *Address from CEO*

In the context of global energy transition, the construction of new power systems dominated by renewable energy has become a global consensus. Energy storage, as a key support for building these new power systems, is a crucial step towards carbon neutrality. In 2022, the energy storage industry maintained a high-speed development trend, entering a new stage of scaled development. Narada Power, taking advantage of its early mover advantage in the energy storage industry, has delivered impressive results.

We believe that a company's sustainable development is inseparable from creating economic and social value. Looking back, since the first disclosure of our corporate social responsibility (CSR) report in 2009, this report marks the fourteenth CSR report of Narada Power. We have always used the CSR report as a "yardstick" to drive reflection and improvement. We hope that in addition to learning about Narada Power through financial reports and news media, you can also understand the sustainability and value of our development through our CSR report.

As a pioneer in the renewable energy industry, Narada Power has fully leveraged its technical capabilities and resource advantages in the new energy field. Through innovation-driven value, we have achieved a green, low-carbon transformation. In 2022, Narada Power built shared energy storage stations, which helped absorb new energy power through a leasing model. It provides an excellent example of a shared energy storage operating model. Our independently developed intelligent battery exchange cabinets and systems have provided efficient, convenient, and safe battery swap services for hundreds of thousands of riders nationwide, promoting green and safe travel. By continuously building a battery recycling industry chain, we have realized the recycling and reuse of waste batteries, reducing the consumption of natural resources in production and manufacturing, and escorting the sustainable and healthy development of the renewable energy industry.

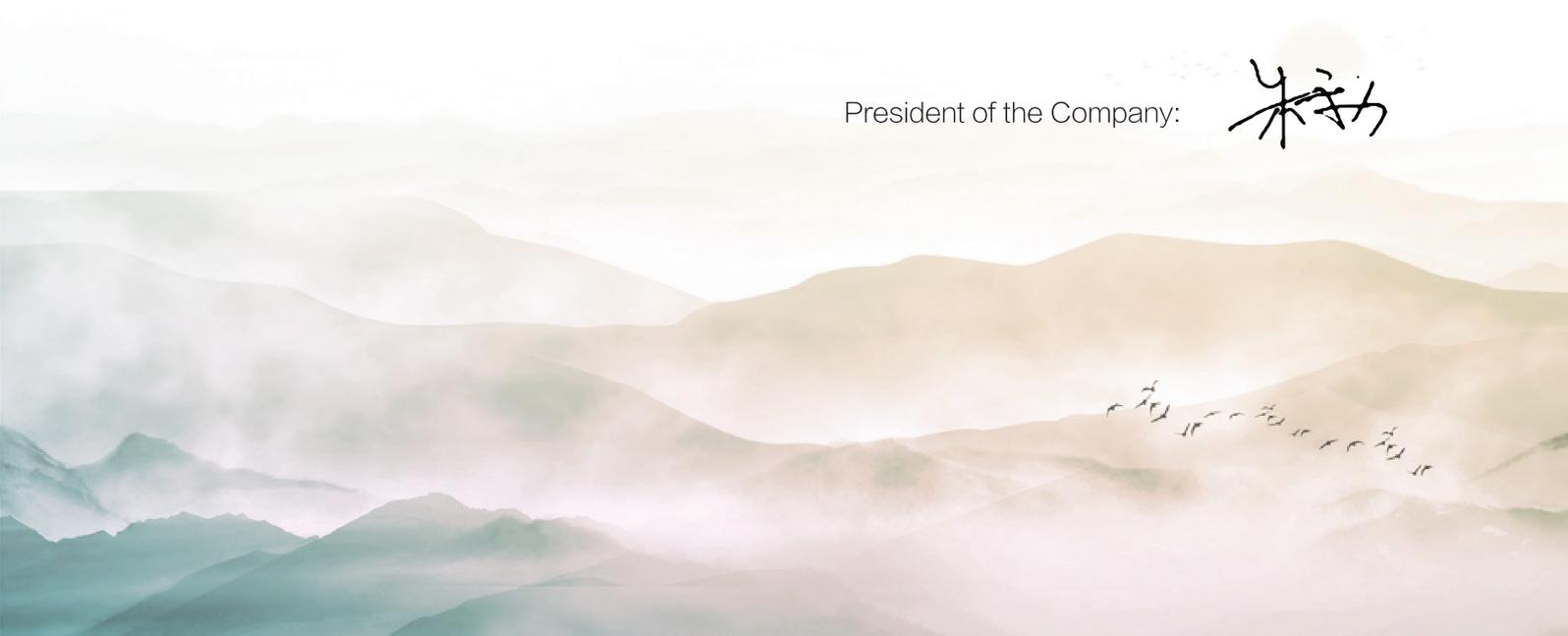
As a practitioner of the "carbon peaking and carbon neutrality" strategy, in 2022, Narada Power commissioned a third-party professional organization to carry out carbon footprint certification for the company's main products. This certification encompassed every stage of the product lifecycle, from raw material acquisition, raw material transportation, product production, product transportation, product use to product recycling. This process allowed the company to understand its carbon emissions profile fully. Based on the results of the carbon footprint test, Narada Power

promptly formulated and implemented a more targeted carbon reduction plan. This plan aims to reduce greenhouse gas emissions throughout the product lifecycle, thereby supporting green manufacturing and green, low-carbon development.

As a practitioner of the concept of sustainable development, Narada Power integrates the concept of sustainable development into the entire process of company operations. In supply chain management, we continuously improve and perfect the supplier social responsibility risk assessment system, encouraging suppliers to build responsible, economically safe, and sustainable supply systems. In terms of social welfare, we actively participate in various social activities and charitable causes such as disaster relief, poverty alleviation, and education promotion, practicing corporate social responsibility. In terms of employee care, we continue to implement pay and benefit reforms and equity incentives, sharing the results of corporate development with employees who strive and struggle together.

Over the past year, we are pleased and proud that Narada Power has achieved some encouraging results in areas such as technological innovation, recycling industry chains, and green, low-carbon management. Based on these achievements, we are more confident in realizing our grand vision of ‘promoting the revolution of intelligent energy and creating a green and beautiful life’. In the future, Narada Power will continue to work with all relevant parties to be an explorer of green technology, a provider of green product services, and a participant in green development. We will jointly promote the harmonious coexistence and sustainable development of enterprises, the environment, and society, demonstrating corporate responsibility through practical actions.

President of the Company:



# I Management for Sustainable Development

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## | Company profile

● **Name:**

Zhejiang Narada Power Source Co. Ltd.

● **Company registered address:**

No. 72, Landscape Avenue, Qingshan Lake Street, Lin'an City, Zhejiang Province

● **Founded time:**

September, 1994

● **Listed Stock Exchange:**

Shenzhen Stock Exchange (Stock Code: 300068)

● **Company address:**

No.822, Wen'er West Road, Hangzhou, Zhejiang, China

● **Date of listing:**

April 2010

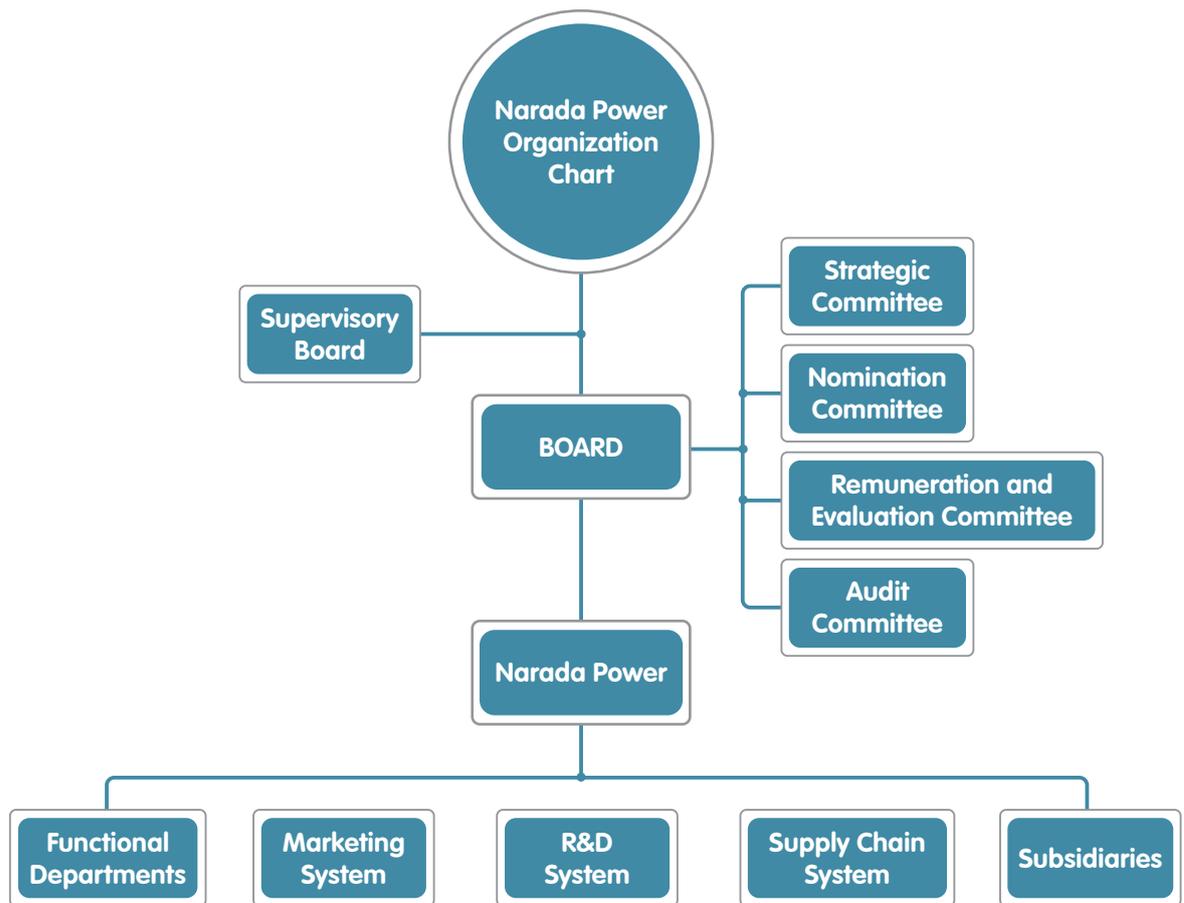
● **Main business:**

Zhejiang Narada Power Co., Ltd. (stock code: 300068) has long been focused on the development and application of energy storage technology and products. Catering to the fields of new power storage, industrial storage, and residential storage, the company provides lithium-based primary products, lead-based auxiliary products, system integration, and services. It has successfully established a complete industry chain from lithium battery manufacturing, system integration, operation services to lithium resource recycling. This integration has formed a unified layout around the energy storage business, constructing a comprehensive energy storage industry ecosystem

(For more information, please refer to Narada Power 2022 Annual Report)



## Narada Power Organization Chart





## Corporate Management

Narada Power has established a corporate governance structure that ensures all shareholders to fully exercise their powers and enjoy equal status. The Board of Directors is responsible for convening and reporting to the shareholders' meeting, executing the resolutions of the meeting timely, implementing the overall development and business strategies of the company, deciding on the company's business policies and investment plans, and guiding the company's management. We also have a Supervisory Board in place, which is responsible for overseeing the company's operations and investment decisions.

The Board of Directors consists of seven directors, three of whom are independent directors. These independent directors are experts with professional academic qualifications and rich experience in finance, law, and industry technology, ensuring the interests of all shareholders, including small and medium shareholders.

The Supervisory Board consists of three supervisors, one of whom is a worker representative. The number and composition of the Supervisory Board comply with legal and regulatory requirements. During the reporting period, all supervisors, in accordance with the requirements of the Rules of Procedure of the Supervisory Board, diligently fulfilled their duties, supervised the company's major issues, financial conditions, and the legality and compliance of directors and senior management in performing their duties, effectively safeguarding the legal rights and interests of all shareholders.

The core management team and business backbone of the company have an average of more than 15 years of industry and management experience. They have a forward-looking grasp of market and technology development trends to maintain the company's sustainable development.

The company has established a corporate performance appraisal incentive system, with a continuously improving mechanism. The income of the managers is linked to the company's business performance and goals. The appointment of senior management is open and transparent, in compliance with relevant laws and regulations. The remuneration of the company's directors, supervisors, and senior management is determined and issued in accordance with the company's Board of Directors' Remuneration and Assessment Committee Work Rules, combined with their business performance, work ability, job responsibilities, and other assessments.

The company strictly follows the Company Law, Securities Law, Basic Norms of Enterprise Internal

Control and other laws and regulations, and requirements of regulatory documents of listed companies by the China Securities Regulatory Commission. By combining the company's industry and its characteristics, it continuously improves and standardizes the company's internal control organizational structure and operating mechanism, ensuring the company's management is legal and compliant, assets are secure, and financial reports and related information are accurate and complete. This promotes the effective implementation of the company's various business activities and the achievement of the company's strategic goals.

The company's Board of Directors has established four special committees: the Strategic Committee, Audit Committee, Nomination Committee, and Remuneration and Assessment Committee. According to their respective responsibilities, they conduct research on various professional matters, providing scientific and professional opinions and references for the Board of Directors' decision-making.



## Main organizations the company participating

International Advanced Lead-Acid Battery Consortium (CBI, formerly ALABC)	Member Units
China Association of Chemical and Physical Power Industry	Vice Chairman Unit
Lead-Acid Battery Branch of China Electrical Equipment Industry Association	Vice Chairman Unit
Secondary Metals Branch of China Nonferrous Metals Industry Association	Executive Director
China Battery Industry Association	Vice Chairman
CNESA	Vice Chairman
EESA	Vice Chairman
China Communications Standards Association	Director Unit
EPTC Power Technology Collaboration Platform	Vice Director Member
Energy Storage Application Branch of China Association of Chemical and Physical Industry	Vice Chairman
China Data Center Working Group (CDCC)	General Members
China Power Battery Recycling and Cascading Utilization Alliance	Director Unit
Battery Professional Committee of China Electronic Energy-saving Technology Association	Member Units

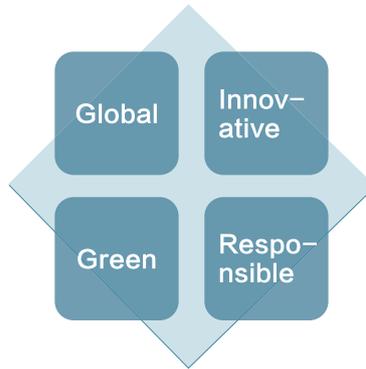
Zhejiang Listed Companies Association	Vice Chairman
Zhejiang Province Bicycle and Electric Vehicle Industry Association	Director Unit
Zhejiang Province Enterprise Social Responsibility Promotion Association	General Members
Zhejiang Province Environmental Monitoring Association	Director Unit
Hangzhou City Bicycle and Electric Vehicle Industry Chamber of Commerce	Vice President



## Main awards

- National Champion in Manufacturing Industry
  - Second Place in DNV 2022 Global Battery Performance Test.
  - Top Ten in China's Light Industry New Energy Battery Industry
  - China Light Industry Science and Technology Top 100 Enterprises
  - China Light Industry Top 200 Enterprises
  - Green Development Service Demonstration Case at the 2022 China International Service Trade Fair
  - 2022 China Energy Storage Industry's Most Influential Company Award
  - 2022 Energy Storage Industry Chain TOP30
  - Best System Integration Brand in the 2022 China Photovoltaic Storage and Charging Industry
  - Outstanding Resource Comprehensive Utilization Award
  - Energy-Saving and Carbon-Reducing Pioneer Enterprise
  - 2022 Zhejiang Province Intellectual Property Demonstration Enterprise
  - Benchmark Enterprise for Corporate Social Responsibility in Zhejiang Province
  - Hangzhou City Credit Management Demonstration Enterprise
  - High-Quality Green Development Benchmark Brand Enterprise
- Ranked 44th in the Top 100 Comprehensive Private Enterprises in Anhui Province Manufacturing Industry

# | Strategy and management of responsibility



## ● Vision and mission

Promoting the smart energy revolution and creating a green and beautiful life.

## ● Core values

Integrity, responsibility, innovation and dedication.

## ● Responsibility viewpoints

Responsibility knowing no time difference, no limit, and no national boundaries. Be an excellent corporate citizen and always shoulder responsibilities.

Motivating employees and leading them to actively expand their careers.

--Responsibility to employees.

Taking pride in customers and meet their needs with quality products and services.

--Responsibility to customers

Making contributions to the society, dedicating to the harmonious development of society.

--Responsibility to the society

Caring for the earth, build an environmentally friendly enterprise and making efforts for environmental protection.

--Responsibility for the environment

## ● Roles and operations of social responsibility committee

Narada has established a Social Responsibility Committee, led by the Social Responsibility Department and comprising senior executives of the Company and various business divisions, which is mainly responsible for formulating the Company's social responsibility, environment, safety and energy objectives and policies; building, implementing and continuously improving the social responsibility management system to ensure that the Company's social responsibility management is in compliance with the relevant domestic and international laws, regulations, standards and customers' needs; and promoting the work of social responsibility in green environmental protection, responsible purchasing, business ethics and human rights to ensure that its business is in line with the requirements of social responsibility.

## ● System construction and management of responsibility

Through the introduction of ISO9001, ISO14001, ISO45001, SA8000, QC080000, RBA and other standards, Narada Power has established a relatively complete corporate social responsibility management system, which covers various aspects such as business, product, and environment responsibilities, as well as human rights and labor, social welfare, supply chain and business ethics.

December 1996, passed the ISO9001 quality management system certification

July 2000, passed ISO14001 Environmental Management System Certification

September 2004, passed cleaner production audit

December 2006, passed circular economy audit

December 2006, introduced QC080000 Hazardous Substance Free Process Management System.

December 2006, passed OHSAS18001 Occupational Health and Safety Management System Certification

March 2008, passed TL9000 Quality Management System Certification for Telecom Industry

February 2009, passed SA8000 Social Responsibility Management System Certification

July 2010, implemented EICC Standard for Business Ethics Management System in the Electronics Industry

July 2011, introduced ISO14064 Greenhouse Gas Quantification and Reporting Guidelines

January 2012, introduced the Performance Excellence Evaluation Guidelines

March 2016, passed TS16949 Quality Management System Certification for the Automotive Industry

November 2017, passed ISO50001 Energy Management System Certification

December 2017, passed IATF16949 Quality Management System Certification for the Automotive Industry

August 2018, introduced ISO22301 Business Continuity Management System

October 2018, passed the QC080000 Certification of Non-Hazardous Substances Process Management System

September 2020, passed ISO45001 Occupational Health and Safety Management System Certification

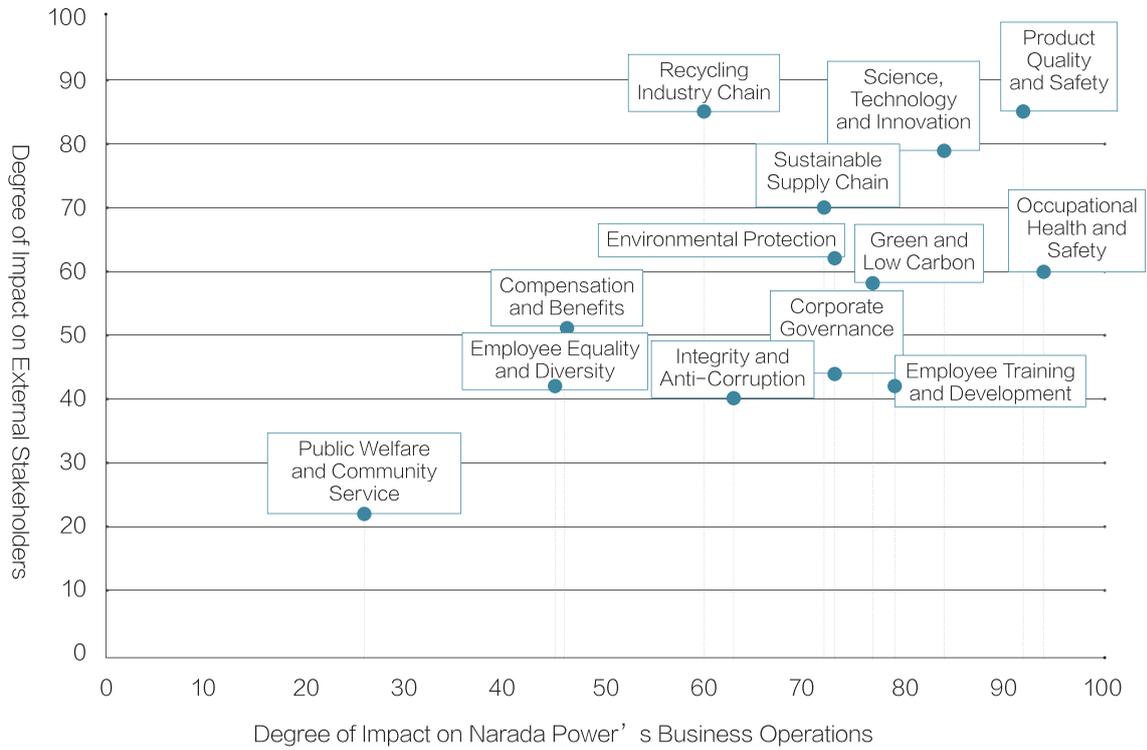
October 2021, Passed the Joint Audit Cooperation (JAC) Examination

May 2022, Implementation of ISO 14067 Carbon Footprint Certification:

### ● Materiality issue management

Narada incorporates the development of our business, the needs of our stakeholders, the social responsibility risks within our industry, and the requirements of relevant social responsibility standards (such as the GRI standards, the United Nations SDGs, and the Chinese Corporate Social Responsibility Report Writing Guide (CASS-ESG 5.0)) into our social responsibility risk assessment process. This process helps us identify key social responsibility issues for Narada Power and rank them in order of importance. We construct a materiality matrix based on two dimensions: the impact of these issues on our business operations and their effect on external stakeholders. This matrix allows us to determine the significance and ranking of each issue. Issues that have a high impact are prioritized as key areas of focus in our social responsibility management. This approach ensures that the most critical social responsibility issues are addressed effectively, allowing us to maintain our commitment to social responsibility while ensuring the sustainable development of our business.

### Substantive Issues



## Participation of interested parties



### Shareholders

#### Topics of concern

- Corporate governance
- Integrity and anti-corruption
- Technological Innovation

#### Main communication ways

- Disclosure of relevant information legally
- Shareholders' Meeting
- Email
- Investor reception
- Maintain good communication with investors



### Customers

#### Topics of concern

- Product quality and safety
- Sustainable supply chain
- Environmental protection
- Occupational health and safety
- Green and low-carbon
- Circular Industrial Chain

#### Main communication ways

- Customer satisfaction survey
- Technical exchange and symposiums
- Industry exhibitions and forums
- Customer interviews



### Government/Industry

#### Topics of concern

- Integrity and Anti-Corruption
- Environmental Protection
- Occupational health and safety

#### Main communication ways

- Sustainable development issues and cooperation
- Policy communication meetings
- Industry forums and association events
- Standards formulation
- Research results release



## Suppliers

### Topics of concern

- Product quality and safety
- Sustainable supply chain
- Environmental protection
- Occupational health and safety
- Green and low-carbon

### Main communication ways

- Supplier evaluation
- Supplier audits
- Supplier conferences
- Responsible Sourcing
- Supplier carbon inventory
- Regular communication
- Mutual visits



## Staff

### Topics of concern

- Employee equality and diversity
- Environmental protection
- Occupational health and safety
- Employee training and development

### Main communication ways

- Employee satisfaction survey
- Workshop group talks
- Creative proposal activities
- CEO's reception
- Suggestion box
- Email
- Phone
- Employee representative communication
- Basketball league
- Employee Sports Day



## The public and community

### Topics of concern

- Environmental Protection
- Product quality and safety
- Public welfare and community service

### Main communication ways

- Disclosure of information on the company website
- Participation in community activities
- The Light of Narada Power
- WeChat official account
- Video No.
- Tik Tok
- Today's headlines
- Carrying out community charity activities

## | Business ethics and commercial liability

Narada Power's business ethics policy is to adhere to integrity, abide by business ethics, and comply with all applicable laws and regulations of the location for business activities, so as to be a responsible corporate citizen..

The business principle is to comply with business ethics, contribute to society, and achieve business success. This is the company's commitment and the basis for its many policies

It relies on honesty and integrity to build long-term relationships with customers, with all marketing and advertising being accurate and truthful; It is also committed to striving to meet specific local codes of conduct in any community or country in which it operates. These codes sometimes are embodied in regulations and are not formalized, but they are deeply rooted in the philosophy and practices of the local community. Adherence to these codes in the company's operations is not only its expectation, but also a part of its success, for engaging and motivating employees, for satisfying customers, and for dealing effectively with private and public institutions.

In order to better fulfill its ethical business responsibilities, the company introduced the Electronic Industry Code of Conduct (EICC) standard in July 2010. The standard was renamed the Responsible Business Alliance (RBA) Code of Conduct in 2018. (Responsible Business Alliance), and the company has also followed suit to make its business ethics work more systematic, comprehensive and standardized while making continuous improvement.

### Business Integrity

#### ● Anti-corruption and integrity management

Narada Power adheres to the highest standards of integrity in all of its business dealings. We maintain a “zero tolerance” stance toward any and all forms of bribery, corruption, extortion, and embezzlement. A comprehensive



anti-corruption mechanism is in place, with the Audit and Oversight Department serving as the central management entity to carry out anti-corruption work, with no areas exempt from scrutiny.

### ● Building an integrity system

In 2022, Narada Power established and refined a number of policies to bolster our commitment to integrity and anti-corruption, including Integrity and Anti-Corruption Management System, Internal Audit Management Method, Audit Rectification Management Method. As part of our commitment to integrity, we require all employees to sign an “Integrity Pledge”, where they must also voluntarily declare any conflicts of interest. We also require all suppliers to sign an “Integrity and Honesty Agreement”. Violation of this agreement could result in termination of cooperation, loss of qualified supplier status, and other related risks. As of the end of the reporting period, all employees and suppliers have signed the relevant agreements, demonstrating our collective commitment to maintaining the highest ethical standards.

### ● Building an integrity culture

Narada Power is committed to fostering a culture of integrity. We regularly conduct training sessions on integrity and anti-corruption to guide our employees to identify with and practice this culture. During each traditional Chinese holiday this year, we carried out activities to promote our culture of corporate integrity, including anti-corruption training for new employees. For our suppliers, we communicate our integrity requirements and foster an atmosphere of honesty based on our control procedures.

### ● Integrity supervision mechanism

Narada Power practices proactive integrity supervision. When required, we carry out audits for departing employees and special investigations into illegal activities. We maintain close contact with regional judicial authorities, seeking their professional advice on anti-corruption work. In addition, our company has joined the “Corporate Anti-Fraud Alliance”, actively learning from the advanced experience of exemplary member units in combating fraud. Through these measures, we ensure a robust integrity supervision mechanism that supports our culture of integrity

### ● No unfair advantages

Narada Power is committed to a policy of no unfair advantages. We strictly prohibit the promise, provision, granting, giving, or acceptance of bribes and other forms of benefits provided to gain illegal or unfair advantages. This prohibition includes directly or indirectly committing, providing, authorizing, giving, or accepting anything of value through a third party to obtain or retain business, or to provide business to any person or otherwise gain an unfair benefit.

### ● Information disclosure

Narada Power abides by relevant laws, regulations, and current industry practices to disclose information related to labor, health and safety, environmental practices, business activities, structure, financial status, and performance of stakeholders. We do not permit the falsification of records or misreporting of various actual operating conditions in the supply chain.

### ● Intellectual property

Narada Power places a high emphasis on the protection of our own intellectual property and trade secrets, as well as respecting those of others. We have established a robust intellectual property management system. This system encourages employees to create, ensures timely patent application for inventions, and promotes the transformation of patented technologies into the company's core competitiveness – all to facilitate continuous high-quality development. We actively prohibit employees from improperly obtaining, disclosing, using, or disposing of others' trade secrets. Our patent staff are adept at utilizing various patent protection measures. We strictly adhere to patent laws and have not violated others' patent rights in recent years.

Narada Power participates in the Hangzhou City Patent Navigation Project and is committed to building a culture of intellectual property use and management within the company. In 2022, we were selected as a Model Enterprise for Intellectual Property in Zhejiang Province.

We place great emphasis on our intellectual property development strategy, continuously carrying out systematic work in patent knowledge popularization, patent training, patent application, and protection. We have led and participated in the formulation of several international, national, and industry standards and have seen a steady increase in core patents in areas such as new battery materials, new technologies, and new structures.

## ● Fair trade

Narada Power competes fairly and legally. Our employees are prohibited from using inappropriate or illegal means to obtain confidential or proprietary competitive information belonging to others. Similarly, they are not allowed to use or disclose any confidential or proprietary information they obtained while employed at other companies. We have established requirements for conflict-free mineral management for our suppliers, ensuring responsible procurement.

## ● Privacy Protection

Narada Power is committed to protecting the personal privacy of employees, including but not limited to, applicants, hired personnel, and those who have left or retired from the company. We comply with laws and regulations related to privacy and information security when collecting, storing, processing, transmitting, and sharing personal information.

For job applicants, we keep the personal information submitted during the application process confidential. We manage permissions for electronic information and regularly destroy paper information provided by candidates who aren't hired.

For hired employees, personal information is managed electronically through an EHR system. Dedicated staff maintain and safeguard personal information records, and employees can access and correct their personal information at any time. Through the control settings of the information system, unrelated individuals cannot access employees' private information.

For those who have left or retired, both online and offline employee archive information is sealed and stored.

All management, technical, and marketing personnel of the company have signed a "Confidentiality and Non-competition Agreement", effectively protecting the personal information of everyone who has business dealings with the company (including suppliers, customers, consumers, and employees), satisfying their reasonable expectations for privacy protection.

## ● Whistleblower protection

The company provides various channels for reporting and encourages knowledgeable people to report illegal and irregular behaviors. The identity information of the whistleblower is kept strictly confidential, and any form of retaliation is prohibited.

### ● Open Complaint/Reporting Channels:

1. Reporting QR code: Use any mobile app with a “scan” feature to scan the reporting QR code, enter the reporting page, and fill out the report.
2. Reporting email: [sjjc@naradapower.com](mailto:sjjc@naradapower.com)
3. Reporting phone number: 0571-5603 6018

# Reliable And Trustworthy New Energy

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## Enormous achievements in scientific and technological innovation

Technological innovation is the driving force for enterprise development. Narada Power has always attached great importance to independent innovation and technology research and development. The company holds key core technological advantages and sustainable research and development capabilities in the energy storage application field, including battery materials, battery systems, and battery recycling. This innovation-driven approach leads the company's technological progress and continuously strengthens its core competitiveness.

Narada Power adheres to the concept of driving enterprise development with technological innovation. We have a strong R&D team with rich theoretical and practical experience that has accompanied the company's growth. We have advanced research and development platforms, such as the industry's first nationally recognized laboratory, a national postdoctoral research station, academician expert workstation, and Zhejiang Provincial Key Enterprise Research Institute for Equipment Electronics. Our technical innovation capabilities are exceptional. Our nationally recognized laboratory has also been honored with the CTF Accredited Laboratory qualification, conferred by the globally recognized third-party testing and certification organization, SGS. This recognition underscores our status as an internationally certified laboratory.

In 2022, we made 187 patent applications, including 125 for inventions, 35 for utility model patents, and 62 for design patents. We were granted 151 patents, including 29 for inventions.

As of December 30, 2022, the company has 614 valid patents, including 177 for inventions, 348 for utility models, and 89 for design.

Our company adopts the strategy of "Develop one generation and reserve one generation" for technological progression. We co-build R&D platforms with universities and research institutions, delve deep into technological collaboration, and continuously conduct fundamental and prospective research. In partnership with Zhejiang University, we are undertaking a solid-state

battery R&D project. Together with Xi'an Jiaotong University, we are co-building a new discipline in energy storage. We also have teamed up with Central South University for materials research. We have invested in the New Source Power company, a subsidiary of the Chinese Academy of Sciences, marking our strategic entry into the fuel cell industry. These strategic collaborations and investments are designed to power our company's future sustainable development.



## Core technology and product research powering green innovation

### ● Phosphate lithium-ion battery for energy storage

Trends in energy storage batteries are veering towards larger capacities. From the perspective of assembly technology, there are predominantly two main routes: winding and stacking. In 2022, the company developed a phosphate lithium-ion battery specifically for energy storage. By adopting a series of original technical innovations such as stacked four-roll core structure, double butterfly welding process, and anode expansion suppression technology, we effectively balanced production economics and optimal cell performance, achieving a super-long life of 20 years for the product. This laid the process foundation for the product's low impedance, long cycle, and high safety core technology advantages, promoting the green and rapid development of the new energy industry.

### ● High energy density battery technology

The company uses ultra-high nickel positive electrode material, improves the structural stability of the material through single crystal technology, and balances ultra-high capacity and cycles, significantly enhancing the energy density of the cell. By pre-lithiating the silicon negative electrode material, we achieved the research and application of high first efficiency and high gram capacity silicon negative electrode. By combining the rigid-flexible composite binder with the high safety separator technology, we achieved an energy density of 350Wh/kg, with a capacity retention rate of up to 90% after 500 cycles, and passed the national standard safety tests. This ensures the industrial application of high energy density batteries.

### ● Graphite interlayer spacing control technology

The energy storage market is increasingly demanding longer cycle life for battery cells. After

several generations of evolution, the mainstream requirement has now reached up to 12,000 cycles. Long-term failure analysis data accumulation has found that the decay of the graphite anode is a major factor in most battery cell failures. Due to the transmission and storage of lithium ions in the layers of carbon material, the size of the interlayer spacing in the carbon material affects the ion transmission rate and the extent of volume expansion in the carbon material. Based on this, the company proposed a solution using graphite with larger interlayer spacing. By controlling the degree of graphitization to 92%, we can fully exploit the comprehensive performance of graphite.

### ● High-end colloidal battery technology

By optimizing the key processes and equipment of high-end colloidal batteries, such as the gel filling equipment and the key raw materials of the battery separator and fumed silica, and adopting the internationally leading gel mixing technology and gel formula, we have made high-end colloidal batteries have a high-temperature accelerated float life of more than 12 years and an 80% DOD cycle life of over 700 times. The application of high-end colloidal technology greatly extends the service life of colloidal batteries, reduces the replacement frequency of colloidal batteries in the subway industry from the original 5 years to 10 years, and lowers the use cost of the product in its entire lifecycle.

### ● EFB (Enhanced Flooded Battery) stop-start technology

As a secondary energy source, the battery industry, particularly lead-acid batteries, offers high safety and high resource recovery. The demand for stop-start batteries in the automotive industry is increasing. In response to the issues posed by traditional flooded batteries, the targeted development of Enhanced Flooded Battery (EFB) stop-start technology meets the growing demand for batteries for stop-start applications. The main technical applications include: 1. The use of specialized carbon materials to increase conductivity and improve charge acceptance, with the charging acceptance reaching more than 4.0 (as per national standards, the requirement is  $\geq 2$ ). 2. The employ of a specialized EFB+ formula technology, which includes the addition of super-strong fibers to improve the binding force of the active substances, thereby increasing the cycle life by 60%. 3. The adoption of a special group melt glue technology for the poles, which results in the vibration resistance reaching eight times the national standard requirements (as per national standards, the vibration requirement is 5G for 8 hours, while for the EFB stop-start air

conditioning battery, the requirement is 5G vibration for 64 hours).

The successful development of EFB stop-start technology enables the vehicle to use the battery to supply the vehicle's electricity demand while parked, while excess energy during driving can quickly charge the battery. This not only meets the commercial vehicle's demand for the use of air conditioning under stop-start conditions, greatly improving the comfort of passengers, but also, compared to fuel idling, dramatically reduces fuel consumption and CO<sub>2</sub> emissions, thus contributing to low-carbon green development.

### ● **Lithium iron phosphate cathode material repair technology**

Lithium iron phosphate is a new type of lithium-ion battery electrode material that has high voltage, high capacity, multiple cycle times, low cost, non-toxicity without environmental pollution. It has been widely used in new energy vehicle power batteries and energy storage fields. However, with the rapid development of lithium-ion batteries and the continuous rise in raw material prices, the manufacturing cost of lithium iron phosphate batteries is increasing. Our company is committed to the development of recycling technology. After a year of continuous technological development, they have completed the development and industrial application of direct repair and utilization technology for lithium iron phosphate cathode material. The repaired lithium iron phosphate cathode material we produced has excellent processing performance compared to new materials, with an energy density reaching more than 97% of that of new materials, and a manufacturing cost reduction of over 50%.

### ● **Efficient extraction technology development for waste lithium-ion batteries**

Waste lithium-ion batteries are rich in abundant metal elements such as nickel, cobalt, manganese, lithium, and copper, and are a natural urban mine. With the rapid development of new energy vehicles, battery recycling technology and industrialization must be resolved. Through years of technology accumulation and development, our company has completed the very efficient separation and purification technology of metals such as nickel, cobalt, copper, manganese, and lithium, and can use waste batteries to produce high-purity lithium-ion battery raw materials. Through lithium metal selective extraction technology, element-oriented extraction technology, and membrane separation technology, the fairly efficient separation of nickel, cobalt, manganese, lithium, copper, aluminum, calcium, magnesium, sodium, chromium, fluorine, and sulfate ions, etc., is achieved. We have also mastered the purification and production technology of battery-grade nickel sulfate, cobalt sulfate, manganese sulfate, lithium hydroxide, and lithium carbonate.

## New electric energy storage guards green and low-carbon development

Against the global backdrop of “carbon peaking and carbon neutrality”, the global clean energy industry is entering a period of rapid development. More and more countries are accelerating their energy transition, and the energy storage industry has become one of the catalysts for global economic recovery, providing a broad space for the large-scale market development of energy storage.

According to statistics from the China Energy Storage Alliance (CNESA), in 2022, the global energy storage market, especially the new energy storage, continued to maintain high-speed development. The newly added operating scale of global new energy storage broke through 20GW for the first time, which is twice that of the same period in 2021. The newly added scale of domestic new energy storage also reached a record high, with the power scale breaking through 7GW and the energy scale breaking through 15GWh for the first time. The power scale increased by 200% year-on-year, and the energy scale increased by 280% year-on-year.

Narada Power, as a wholly-owned subsidiary of Narada Power’s energy storage business unit, has always focused on the field of new energy storage. Its business covers the research and production of energy storage products, system integration and overall solutions for intelligent operations. In different fields such as the power supply side, the grid side, and the user side, it has achieved integrated applications of various scenarios such as the integration of source, grid, load, and storage, integration of wind, light (hydro and fire), storage, independent shared storage, virtual power plants, and multi-energy complementation. In the battery performance test of the Norwegian Classification Society DNV in 2022, the company’s energy storage lithium iron phosphate battery performed excellently and ranked second in the world.

The company continues to strengthen in-depth industry cooperation, gradually creating a closely cooperative ecological relationship around the energy storage business. It has formed strategic alliances with domestic and foreign power generation groups, comprehensive energy service companies, EPC companies and power design institutes, domestic and foreign operators, component companies, etc., actively co-building the energy storage industry ecosystem and laying the foundation for the subsequent large-scale development of the energy storage business.

## ● Narada Power’ s energy storage lithium iron phosphate battery ranked second globally in DNV’ s 2022 battery performance test

Det Norske Veritas (DNV), founded in 1864, provides comprehensive risk management and various evaluation and certification services.

In the energy storage industry, DNV has carried out certification testing projects for energy storage battery products, providing a wealth of information about battery technology and how to compare different types of batteries. It is currently an authoritative testing and certification organization in the energy Storage industry.

DNV conducted tests on lithium iron phosphate batteries from 19 battery manufacturers worldwide. The battery performance tests were conducted under different temperatures, different SOC and rates. At the same time, the battery calendar decay, battery management system optimization, safety and thermal runaway risks were also examined.

Narada Power’ s energy storage lithium iron phosphate battery performance ranked among the top in this test. The battery performed excellently in the fixed energy storage application tests for <2 hours and 4 hours.



## ● 100MW/200MWh shared energy storage project in Hunan Chenzhou Fuchong

With the large-scale grid connection of renewable energy, the power system’ s demand for peak regulation, frequency regulation, and other services is increasing. Building a “renewable energy + energy storage” application model has become one of the essential means to solve the problem of renewable energy consumption.

However, the mandatory pairing of new energy and energy storage has also led to some social investment waste. To address the problem of low utilization rate and declining return on investment for mandatory energy storage, the market introduced the concept and business model of “shared energy storage”. Large-scale independent energy storage stations built by third-party investment not only meet the demand of their own station but also provide services for other renewable energy stations. It transforms energy storage from serving only a single entity to serving multiple

entities, providing effective services to users through scientific coordination and control. In 2022, the Hunan power grid faced three major problems: large load peak–valley differences, a high proportion of renewable energy installations, and strong direct wiring for ultra–high voltage. Narada Power jointly won the bid for the EPC general contracting project of the Chenzhou Fuchong 100MW/200MWh battery energy storage station. The project is Narada Power’s first large–scale shared energy storage station, promoting friendly grid connections of renewable energy and solving wind and light abandonment issues with a renewable energy leasing model. For the power grid, energy storage stations built with a capacity leasing model usually have a larger scale, making them easier to dispatch and manage. Compared with scattered resources, these large–scale stations are easier to schedule and provide flexible regulation services such as peak adjustment for the grid. They meet the region’s high electricity demand for winter heating, ensuring the safe and stable operation of the power grid during the peak winter period.



## ● Huaneng Xinjiang 60MW/125MWh new energy supporting energy storage project

The northwest region of China has rich wind and light resources, making it an excellent area for developing new energy power generation such as wind power and photovoltaics. Renewable energy paired with energy storage can effectively



solve the volatility and discontinuity of new energy power generation, ensuring the safe and stable operation of the power system.

In 2022, Narada Power won the bid for the Huaneng Xinjiang 60MW/125MWh new energy supporting energy storage project. This energy storage project is a major project for wind and solar new energy storage in the northwest region of China. It is divided into six sub-projects located in Aksu and Kizilsu in southern Xinjiang, and Turpan and Urumqi in northern Xinjiang. After grid connection and power generation, the project provides a strong guarantee for meeting the peak winter power supply in the Xinjiang region. It promotes the standardized application of “new energy + energy storage”, enhancing the ability to absorb new energy in the Xinjiang region and stabilizing the safety level of the power grid.

## ● Enel 597.88MWh energy storage project in Italy

Founded in 1962, Enel (Italy’s national power company) is the third largest power company globally and one of the world's largest energy storage project operators. The company is currently striving to become an energy company mainly focused on renewable energy, power distribution, and comprehensive energy services.

In 2022, Narada Power signed a lithium battery energy storage system project with Enel, with a total capacity of 597.88MWh. This includes the Stampede solar energy storage project in the United States, the France Post solar energy storage project in the United States, and the La Casella grid service project in Italy.

The La Casella 339.8 MWh grid service project in Italy is one of the largest lithium battery storage



projects in the country. After installation and grid connection, it will greatly improve the reliability of power supply in the region, enhance the grid's power supply capacity during peak load periods, meet the large load electricity demand, and ensure the safe and stable operation of the grid.

The Stampede and Frence Post solar energy storage projects in the United States include 22 non-walk-in storage containers. They can store photovoltaic energy during peak power generation periods and reduce the volatility of new energy units. Once operational, they can effectively address the volatility and intermittency of renewable energy on the power system, actively supporting the stable operation of the grid.



## | Secure communications and big data

The fields of communication and data centers have always been key service markets for Narada Power. The company has self-developed data centre for backup power technology, industry-level integrated solutions, and a wealth of application experience. With the acceleration of 5G commercialization, a vast amount of data from the industrial internet and the internet of things is being uncovered. Simultaneously, with the development of AI technologies represented by large models like ChatGPT, the demand for high-performance computing is growing daily. This trend is further driving the need for iterative upgrades of foundational infrastructure such as data centers, gradually highlighting the enabling value of the data center industry. However, if a data center experiences operational failures, resulting in service interruptions or data loss, the consequences could be unimaginable. In that case, Narada Power's backup power supply provides crucial protection for communication and big data, ensuring their safe and uninterrupted operation.

### ● Uninterrupted power supply aiding China's aerospace endeavors

Narada Power has provided a full business process service for places like the Jiuquan Satellite Launch Center, and the Xichang and Wenchang Space Launch Sites. These services encompass the design of industrial energy storage battery solutions, hardware equipment, and project integration.

In June 2022, the Jiuquan Satellite Launch Center successfully completed the launch mission of the Shenzhou-14 manned spacecraft. During the launch,

if a power outage occurred at the launch center, the industrial energy storage backup power supply would immediately provide power to the ground control system, ensuring uninterrupted



communication for the base.

The Wenchang Space Launch Site is located in a tropical maritime climate zone, characterized by “high temperature, high humidity, and high salt spray.” Ordinary batteries cannot adapt to this local environment. Narada Power has equipped the local base station with high-temperature-resistant batteries suitable for long-term normal use in a 35°C high temperature environment. After years of operation, the product’s performance in various aspects are excellent.



### ● CRRC Big Data Center Construction Project

The CRRC (China Railway Rolling Stock Corporation) Big Data Center project is located at the northeast intersection of Beikexing Road and Hongxiang Sixth Road in Chengyang District, within the area of the National High-Speed Train Technology Qingdao Innovation Center. The project has a construction area of 39,857 square meters. Construction began in March 2021, the main body was completed by November 2021, and by April 2022, it was ready for CRRC's use.

Narada Power provided comprehensive services for the CRRC Data Center, effectively supporting the high-quality development of the data center industry. It offers necessary digital basic services

such as connectivity, computation, storage, analysis, and security to support regional industrial development, improving the comprehensive utilization rate of information resources and effectively supporting the digital transformation of related enterprises.

Upon completion, the CRRC Big Data Center will become a leading professional data center in China. It will initially form a cloud-architecture big data center covering CRRC's global business. Based on the requirements of the information security assurance system framework, it will fully utilize cloud concepts and technology for unified planning, standards, resource integration, and coordinated implementation. With a foothold in China and expansion globally, the center will employ a multi-point layout and cross-site response strategy, building an intensive, integrated cloud-architecture data center covering CRRC's global business.

## | Green energy drives the future

Driven by the global consensus on “carbon neutrality,” an energy transformation focusing on the development of low-carbon and green energy, with energy conservation and emission reduction as strategic breakthroughs, is underway globally. China’s 14th Five-Year Plan and the 2035 Vision outline also clearly state the goal of “continually improving environmental quality and accelerating the green transformation of development methods.” To achieve this goal, promoting green and low-carbon travel reform is essential.

### ● Battery swap services boost green, safe travel

The production and sales of electric two-wheelers in China continue to grow rapidly. In 2022, the sales of two-wheeled electric vehicles in China reached approximately 50.1 million units, with green and safe travel becoming the main demand.

In the era of new retail, instant delivery has become an important part. Millions of couriers and food delivery workers provide essential services for social life. They are plagued by problems such as unsafe charging, slow charging speed, high cost, and short battery life. With the help of a battery swap system, they can quickly replace the battery in less than a minute.

Narada Power has independently developed an intelligent battery swap cabinet and system. It integrates a highly reliable BMS management system, which allows batteries to be quickly charged in 2 hours and quickly plugged and unplugged. Based on the battery characteristics and application conditions, a reasonable control strategy ensures its cycle life reaches 2,000 times. It thoroughly achieves the separation of vehicle and electricity, not only focusing on efficient and professional battery charge and discharge management but also solving urban safety hazards caused by chaotic charging cables and indoor charging of two-wheeled electric vehicles. It also provides users with quick energy replenishment through swift battery replacement. Narada Power has operated nearly a million sets of two-wheeled vehicle lithium battery packs in more than 30 provinces and hundreds of cities nationwide, providing efficient, convenient, and safe battery swap services for hundreds of thousands of riders every day. No safety accidents have occurred so far.



## | A circular industrial chain

Narada Power has constructed two major industrial cycles, “Lithium-ion Battery Recycle Industry Chain” and “Lead-acid Battery Recycle Industry Chain.” By continuously developing platforms for lithium battery regeneration, lead-acid battery regeneration, and the comprehensive utilization of new materials, products are given a second life. This reduces the consumption of natural resource extraction and promotes the sustainable development of green energy.

### ● Lithium-ion battery recycle industry chain

In recent years, several departments, such as the Ministry of Industry and Information Technology and the National Development and Reform Commission, have continuously promoted the recycling and utilization of lithium batteries. They have released a series of policies including the “Administrative Measures for the Recycling and Utilization of Power Batteries for New Energy Vehicles,” “Comprehensive Utilization Industry Standard Conditions for Waste Power Batteries for New Energy Vehicles,” “14th Five-Year Plan for Circular Economy Development,” and “Normative Conditions for Lithium-ion Battery Industry.” These policies clarify that China will vigorously develop the circular economy, accelerate the construction of power battery recycling and utilization systems, and guide the healthy development of the industry from many aspects, such as origin supervision, recycling, transportation and storage, cascading utilization, and regeneration.

According to the EVTank “White Paper on the Development of China’s Waste Lithium-ion Battery Recycling, Dismantling, and Cascading Utilization Industry (2022)”, by 2026, the theoretical recovery volume of China’s waste lithium-ion batteries will reach 2.312 million tons, and the theoretical market size of China’s waste lithium-ion battery recycling will reach RMB 94.32 billion. As the lithium battery industry develops rapidly and battery dismantling and recycling technology continuously progresses, the lithium battery recycling market is continuously expanding. Lithium resource recycling has become an indispensable part of the battery industry chain and is entering a period of quick development.

Narada Power witnesses its company’s lithium battery business and capacity continue to expand. To effectively ensure raw material supply and cost control, the company has completed the closed

loop and upgrade of the entire lithium industry chain. At present, it has a lithium battery recycling capacity of 70,000 tons, and another 150,000 tons of capacity is prepared for investment and construction. The lithium recycling project adopts the industry-leading environmentally friendly lithium recycling process and equipment, achieving harmless treatment throughout the process, with low energy consumption and high added value of products. This can effectively solve key technical problems in the industry, such as high comprehensive energy consumption and low resource utilization rate per unit product. The economic benefits are good, and the lithium recycling rate can reach 90%. The company's subsidiary, Huabo New Materials, is included in the White List of Companies for the "Comprehensive Utilization Industry Standard Conditions for Waste Power Batteries for New Energy Vehicles." It has established close business cooperation with major domestic lithium battery core factories. At the same time, relying on the company's existing recycling network system and the recycling platform of its affiliated company, Quick Power, as the company's raw material supply channel, the recycling channel advantage is evident.

### ● Lead-acid battery recycling industry chain

In recent years, to regulate the waste battery recycling industry, the Chinese government has issued various laws and regulations. These regulations strictly limit the annual processing capacity and emission targets, with further standards and audits applied to crucial stages such as collection, transportation, storage, and processing.

China ranks second in lead resource reserves and is the largest producer and consumer of refined lead. Compared to primary lead extracted from ore, secondary lead obtained from discarded lead-acid batteries has a lower energy consumption during the production process, emits fewer pollutants, and aligns more closely with low-carbon and environmentally-friendly needs.

According to the "14th Five-Year Plan for Industrial Green Development" released by China's Ministry of Industry and Information Technology, China's secondary lead production scale will continue to expand during the "14th Five-Year Plan" period. It is expected that by 2025, China's secondary refined lead will reach 2.9 million tons, with a total market capacity of approximately RMB 40 billion.

The company's lead recycling industry has a well-established recycling and sales network nationwide. It has established good long-term cooperative relationships with domestic lead-

related key customers and has accumulated extensive resources. The brand recognition is relatively high, giving the company a leading position in the industry. The company's secondary lead products are mainly supplied to downstream enterprises in the park, such as Tianneng and Huayu, demonstrating a clear geographical advantage. Huabo Technology's lead-acid battery recycling adopts a strict environmental control system. With globally leading technology and equipment, the recycling of waste batteries achieves green, environmentally friendly, and harmless treatment throughout the process. The recycling rate for metals and plastics can reach more than 99%.

# For A Wonderful World

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Many business leaders around the world are focusing on addressing climate change and environmental degradation as major new risks and opportunities for the competitiveness, growth and development of their businesses. Narada Power is committed to the harmonious coexistence and sustainable development of enterprise and environment as its environmental policy, integrating the concept of sustainable development into the whole process of operation. From product design, manufacturing, application to recycling, the whole process is green, environmentally friendly and low-carbon. Through the integration of the upstream and downstream industry chains, it creates a closed-loop of lithium and lead industrial chains, and realizes the harmonious integration of enterprise growth with the environment protection and society development.

## | Green sustainable development

Made in China 2025 is a strategic document issued by the State Council in May 2015 to comprehensively promote the implementation of a strong manufacturing country. It is a national action program for the first decade of China to become a major manufacturing country and green, sustainable development.

Narada Power has been practicing the concept of green development and has perfected the green manufacturing system with green standards, factories, products, supply chains and parks as its core. Through the integration of resources and independent innovation, the company has improved the efficiency of "low-carbon development and transformation", bringing systemic and sustainable innovation value and demonstration significance to the whole industry and even the whole industrial chain from upstream to downstream.

## ● Green products

Narada power has five products to be selected as national green products:

Order	Green product model	Entry batches, time	Production unit
1	GFM-1000 RC lead-carbon battery	The fifth batch (2020)	Zhejiang Narada Power Co., Ltd.
2	6-GFM-180HR high power valve-regulated sealed lead-acid battery	The fifth batch (2020)	Zhejiang Narada Power Co., Ltd.
3	12HTB200F valve-regulated sealed lead-acid battery	The sixth batch (2021)	Zhejiang Narada Power Co., Ltd.
4	GFM-1000E valve-regulated sealed lead-acid battery	The sixth batch (2021)	Zhejiang Narada Power Co., Ltd.
5	REXC-600 lead-carbon battery	Sixth batch (2021)	Zhejiang Narada Power Co., Ltd..

Narada Power designs and develops products for the new energy industry based on the whole life cycle concept, from acquiring raw materials, production, use, end-of-life treatment, recycling, and final disposal to improving environmental performance.

It provides clean power for new energy vehicles and light electric vehicles. Committed to reducing the consumption of fossil energy, it has explored new modes of green travel such as sharing and power exchange to promote zero-carbon emissions. At the same time, the company also focuses on intelligent energy storage service, adopting international advanced energy storage technology to provide safe and reliable products and services for global users. After years of exploration and accumulation, the company's energy storage has achieved full application and coverage from industrial to residential, from grid to household, from fixed to mobile vehicles. Through advanced, continuous manufacturing technology, its products can greatly reduce pollutant emissions and further improve the utilization rate of renewable resources, meeting or even exceeding the requirements of national standards.

## ● Green plants

In 2022, one factory under Narada Power was honored with the title of “Green Factory” in Chengdu City, and another factory was awarded the title of “Green Low-Carbon Factory”

in Hangzhou City. As of 2022, a total of two factories of Narada Power have been awarded the “Green Factory” title by the Ministry of Industry and Information Technology, and two factories have received the municipal “Green Factory” title.

Order	List of selected green factory enterprises	Entry batches and time
1	Zhejiang Narada Power Source Co., Ltd.	The second batch (2017)
2	Anhui Huabo Renewable Resources Technology Co., Ltd.	The second batch (2017)
3	Sichuan Nandu Guojian New Energy Co., Ltd.	Chengdu City (2022)
4	Hangzhou Nandu Power Technology Co., Ltd.	Hangzhou City (2022)

As a key part of building a green manufacturing system, creating a green factory is a key task in implementing the green manufacturing project, which has a leading role in promoting structural optimization, upgrading, quality improvement and efficiency enhancement in various industrial sectors.

Narada Power focuses on a series of managements, ranging from plant environment, production process, energy management, to ultimate products and other aspects. It reduces energy consumption in the production and operation process through technology, management and other manners. Meanwhile, green package is also adopted, including suitable package, reuse, recycling materials, etc., so as to improve the recycling rate of materials. The utilization rate of recycled wood is over 90%. Its five factories use the green energy provided by the photovoltaic + energy storage power plants developed and manufactured by the company, which plays a good role as a model to promote the construction of national and industry demonstration system of green manufacturing.

### ● Green supply chain

In 2022, one factory under Narada Power was honored with the title of “Green Supply Chain Management Enterprise” in Sichuan Province. As of 2022, a total of two factories of Narada Power have been awarded the “Green Supply Chain Management Enterprise” title by the Ministry of Industry and Information Technology, and one factory has received the provincial “Green Supply Chain Management Enterprise” title.

Order	List of selected green factory enterprises	Entry batches and time
1	Zhejiang Narada Power Source Co., Ltd.	The fifth batch (2020)
2	Anhui Huabo Renewable Resources Technology Co., Ltd.	The fifth batch (2021)
3	Sichuan Nandu Guojian New Energy Co., Ltd.	Sichuan Province (2022)

Narada Power has established a product traceability system and built a full tracking management, tracking products from raw materials to delivery and then to recycling. Meanwhile, the company also cooperates with logistics suppliers to carry out reasonable layout and planning of transportation routes while taking measures such as reverse logistics, shortening transportation lines and improving vehicle loading rates to achieve energy saving and emission reduction.

Narada Power continues to build a comprehensive utilization platform for lithium regeneration, lead regeneration and new materials to reuse products, reduce the consumption of natural resources, and promote the sustainable development of green energy.

## | Preservation of environment

Narada Power has set up an environmental management committee under the direct responsibility of the CEO to be in charge of environmental protection work, with a special environmental management department and environmental engineers responsible for environmental management. The company has formed an environmental management network system featuring complete and throughout by constructing organization structure. It also implements the responsibility system for environmental protection, setting up environmental objectives and performance assessment, and signing responsibility letters with each responsible department to make it clear that environmental issues are vetoed by one vote. In 2022, Narada Power and its subsidiaries were not subject to administrative penalties for environmental issues during the reporting period.

In terms of environmental management system, Narada Power has a perfect environmental management system and environmental protection facilities. Starting from adopting production technology and importing advanced equipment, it has strengthened the construction of environmental protection facilities, increased investment in R&D of production processes, and adopted a series of environmental protection management systems through "three waste and energy resource management" to reduce the emission of pollutants. The company operates in strict accordance with environmental laws and regulations and the requirements of the environmental management system. In July 2000, the company passed the ISO14001 environmental management system certification of DNV for the first time. By 2022, eight plants of Narada Power have passed the environmental management system certification.

### ● Environment policy

Committed to achieving coexistence and sustainable development between company and environment.

### ● Environment goals

Up-to-standard discharge: 100% up-to-standard discharge

Energy saving and emission reduction: taking 2017 as the benchmark, the company achieves a 10% reduction in resource consumption and three waste emissions per unit of product in five years.

### ● Environmental protection input

Sufficient funds are essential for good environmental protection work. The company absolutely provide financial support whenever the environmental protection work has the need. Meanwhile, in the approval process, it also opens green channels and provide convenience for special cases while making the funds implemented as soon as possible.

### ● Environmental monitoring

Self-monitoring is an important means to implement corporate responsibilities and self-declaration of innocence. Narada Power and its subsidiaries strictly carry out environmental self-monitoring work in accordance with legal regulations and policy requirements such as the technical guidelines for self-monitoring of pollutant discharge units and the technical specification for pollutant discharge permit application and issuance. They prepare self-monitoring plans, install online monitoring equipment, equip with sampling and analysis equipment, and entrust qualified units to carry out regular environmental monitoring. The environmental information is reported to the environmental authorities in accordance with regulations, and the monitoring data is publicly disclosed on websites such as the national pollutant discharge permit management information platform, accepting social supervision.

As one of the key links in self-monitoring work, environmental monitoring personnel are responsible for providing fair, scientific, and reliable monitoring data. The company sets up specific environmental monitoring positions and equips with full-time testing engineers and environmental engineers, all of whom have obtained corresponding qualification certificates.

In terms of sampling and analysis equipment, the company is equipped with advanced environmental monitoring equipment such as Qingdao Laoying Company's automatic smoke/dust (gas) tester, mid-flow intelligent TSP sampler, Perkin Elmer's ICP emission spectrometer, and graphite furnace atomic absorption spectrometer.

With perfect quality control measures, the company has established an environmental monitoring quality control system, using standardized standard samples, quality control samples, etc., to control the monitoring quality. Since 2014, the company has participated in the external laboratory capability verification every two years. The verification results are satisfactory, and the robust standard deviation is always  $\leq |0.2|$ . In 2022, Narada Power participated in the external laboratory capability verification organized by China Testing and Certification Corporation, and achieved satisfactory results.

### ● Pollutants emission

According to national regulations, the main pollutants discharged by Narada Power and its subsidiaries are wastewater, exhaust gas, solid waste, and noise. Narada Power and its subsidiaries strictly comply with national and local laws and regulations, equip corresponding environmental protection facilities, and ensure the long-term effective operation of all pollution control facilities. Regular inspections and maintenance of environmental protection equipment are carried out. All wastewater is discharged through pipes after being treated by wastewater treatment facilities. All exhaust gases are emitted at high altitude after being collected and treated to meet the standards. Noise sources all adopt vibration reduction and noise reduction measures. Solid waste is stored and disposed of according to regulatory requirements, with a standardized disposal rate of 100%. In 2022, the emission concentrations of all pollutants such as wastewater, exhaust gas, noise, and solid waste met the relevant national standards. The company took the lead in the industry to complete the re-issuance of the new version of the pollutant discharge permit, and strictly carried out discharge according to the permit and post-certification management. All subsidiaries have obtained pollutant discharge permits, and the emission concentration and total amount are in compliance with the requirements of the pollutant discharge permit.

### ● Extended responsibility for lead-battery enterprise producers

According to the requirements of “Pilot Program of Centralized Collection and Cross-Regional Transfer System for Lead Battery Producers” (Environment Office Solid Body [2019] No. 5) and “Notice on Continuing the Pilot Program of Centralized Collection and Cross-Regional Transfer System for Lead Battery Producers” issued by the Ministry of Ecology and Environment and the Ministry of Transport’s (Environment Office Solid Body Letter [2020] No. 726), Narada Power has actively participated in the pilot program of centralized collection and cross-regional transfer system for lead battery producers. It has also taken the initiative to assume the extended responsibility of producers and recycles waste lead batteries through sales channels. At present, the company has established 22 transportation centers and more than 370 collection outlets in 7 provinces and cities, including Zhejiang, Anhui and Hubei provinces, forming a fully closed industry chain featuring “raw materials-battery manufacturing-product application-operation service-resource recycling-raw materials”. It has also built an ecological recycling system to enhance the vitality of the industry. Its national standardized recycling rate of waste lead batteries reaches more

than 60% in 2019, 2020, and 2021.

Narada Power actively participated in the formulation of 7 group standards related to the extension of producer responsibility. In 2022, the standards led/participated by Narada Power, namely “Requirements for Waste Lead-Acid Battery Recovery Rate” (T/ATCRR 37—2022) and “Management Specifications for Waste Lead-Acid Battery Recycling Outlets” (T/ATCRR 38—2022), were officially released. The other standards are currently under formulation and revision.

### ● **Cleaner production**

Cleaner production is to continuously take measures to improve design, use clean energy and raw materials, adopt advanced process technology and equipment, improve management and comprehensive utilization, so as to reduce pollution at the beginning, improve the efficiency of resource utilization, and reduce or even avoid discharging pollutants in the process of product production and usage. That aims to reduce or eliminate possible hazards to human health and the environment.

The core of cleaner production is “energy saving, consumption decreasing, pollution reduction and efficiency enhancement”. As a new development strategy, cleaner production changes the old passive and lagging means of pollution control, and emphasizes the reduction of pollution before it occurs. This approach not only reduces the burden of end-of-pipe treatment, but also effectively avoids its harms, representing an effective means to control environmental pollution. Narada Power implements the cleaner production concept throughout the product life cycle, especially focusing on the application of new technologies and techniques, and on the green products’ production and use. Each subsidiary company regularly conducts clean production audits in accordance with the requirements of the competent authorities and focus on continuous improvement. With continuous efforts in clean production, Narada Power has been awarded as a national clean production demonstration enterprise.

### ● **Environmental information disclosure**

Narada Power actively carries out environmental information disclosure in accordance with the Administrative Measures for Legal Disclosure of Enterprise Environmental Information and the requirements of relevant standards for information disclosure of listed companies.

The company regularly discloses important environmental information such as administrative

approval, operation of pollution facilities and environmental monitoring through the national assessment and management information platform for environmental impact, national management information platform for emission permit, data management platform for key pollution source monitoring and annual reports of listed companies.

### ● Hazard-free management

Narada Power started to introduce QC080000 Harmful Substance Process Management System in 2008, strictly controlling the risk of harmful substances in the whole process of product production and delivering the products to meet the standards of hazardous substances control at home and abroad, such as the Management Measures for Restriction of Hazardous Substances in Electrical and Electronic Products, China GB/T26572, EU RoHS/REACH Directive, etc.

Through strict source control, process control and product testing, the company ensures that the following ten hazardous substances in its products meet the requirements: lead, mercury, chromium, hexavalent chromium, polybrominated biphenyls, polybrominated diphenyl ethers, di(2-ethylhexyl) phthalate, tolyl butyl phthalate, diisobutyl phthalate butyl phthalate, diisobutyl phthalate.

## Green and low carbon manage

In order to achieve the major strategic goals of peaking carbon dioxide emissions by 2030 and achieving carbon neutrality by 2060, Narada Power established a carbon peaking and carbon neutrality working group led directly by the president, responsible for the company's green and low-carbon work. The company has formulated action plans for carbon peaking and carbon neutrality, promoting a revolution in intelligent energy across society and striving to create a green and beautiful life. It promotes the construction of a recycling system across the entire industry, focusing on reducing the carbon footprint of the industrial chain. It also promotes the implementation of energy-saving and emission-reduction across the entire company, striving to reduce its own carbon emission levels.

### ● Greenhouse gas inventories

Since 2011, Narada Power has been conducting an inventory of the seven greenhouse gases within the organization's production boundary for 12 consecutive years in accordance with the requirements of the ISO14064 standard, compiling corporate greenhouse gas inventory reports, and disclosing the results in social responsibility reports. In the greenhouse gas inventory report released by Narada Power in 2022, a third-party professional institution was commissioned to verify the company's direct greenhouse gas emissions (Scope 1), energy indirect greenhouse gas emissions (Scope 2), and other indirect greenhouse gas emissions (Scope 3). A "Greenhouse Gas Verification Report" was compiled, which passed the ISO14064-1:2018 verification.

### ● The greenhouse gas emission situation of Lin' an Narada Power and Linping Narada Power in 2022 is as follows:

Greenhouse gas emissions in 2022(by category)

Greenhouse gas	CO2	CH4	N2O	HFCs	PFCs	SF6	NF3	Total emissions (t-CO2e)
Emissions (t-CO2e)	107,381.14	15.40	1.92	0	0	0	0	107398.46
Percentage of total emissions	99.98%	0.02%	0.00%	0	00	0	0	100%

## Greenhouse gas emissions in 2022(by scope)

Emission scope	Direct Emissions	Energy indirect emissions		Total emissions (t-CO <sub>2</sub> e)
		Electricity	Steam	
Emissions (t-CO <sub>2</sub> e)	270.60	57293.52	4983.34	107398.46
Proportion of total emissions	0.25%	53.35%	46.40%	100%

In 2022, indirect emissions from electricity and steam accounted for 99.75% of total emissions at Narada Power, with electricity indirect emissions accounting for 53.35% and steam indirect emissions accounting for 46.40%. This shows that the energy structure of Narada Power is becoming more reasonable, with fossil fuels accounting for less than 0.5%. The main source of greenhouse gas emissions comes from the indirect emissions of purchased electricity. Therefore, by improving management methods and continuously enhancing production technology levels, and increasing energy utilization, the greenhouse gas emissions per unit of product can be effectively reduced.

### ● Carbon Footprint Management

In 2022, Narada Power commissioned a third-party professional organization to perform carbon footprint certification for the company's products in accordance with the requirements of ISO14067-2018 and PAS2050: 2011. They issued a product carbon footprint certification certificate covering six stages from cradle to grave (raw material acquisition, raw material transportation, product production, product transportation, product use, and product recovery).

### ● Greenhouse gas verifications

The National Development and Reform Commission has published three batches of GHG emission accounting methods and reporting guidelines for enterprises in 24 industries. Since 2011, Narada Power has compiled carbon emission reports in accordance with the requirements of "Greenhouse Gas Emissions Accounting Methodology and Reporting Guidelines for Machinery and Equipment Manufacturers (for trial implementation)" for 12 consecutive years. It has accepted carbon verification by administrative authorities and third-party qualified institutions every year since 2016, and all verification data are true and accurate.

### ● Participation in CDP of the Center for Global Environmental Research

CDP is an international non-profit organization based in London, formerly known as the Carbon Disclosure Project. In 2020, more than 9,600 companies worldwide participated in the CDP, including more than 1,300 Chinese companies. Narada Power started to disclose greenhouse gas emission information on the CDP platform in 2018 and water conservation information in 2019.

### ● Energy management

Natural resources are the material basis for human's survival and development. However, with the development of industrial civilization and the growing population of society, energy scarcity has become a bottleneck and an obstacle to the sustainable development of society. For companies, energy is also a major challenge. Using energy rationally and achieving its largest value is an important factor the sustainable development of enterprises.

The company attaches importance to energy management work, adopting technology, management and other means to reduce energy consumption in the production and operation process while improving energy efficiency and reducing greenhouse gas emissions. Its five plants use photovoltaic+storage power plants to provide renewable green energy for production and offices. Meanwhile, it also strives to achieve the sustainable development of both enterprises and the environment through reusing wastewater after treatment, increasing renewable energy proportion, using waste heat and other measures. In 2022, two subsidiaries of Narada Power passed the ISO50001 Energy Management System certification. By the end of 2022, five factories under Narada Power had passed the ISO50001 Energy Management System certification, and one factory was in the process of integrating the energy management system.

On top of that, it also vigorously implements energy saving and environmental protection measures. In order to improve energy efficiency and reduce greenhouse gas emissions, it adopts a series of measures, such as making full use of renewable energy and waste heat, taking feed-back type charging and discharging machine renovation, energy online metering and other renovations. As such, energy saving and environmental protection have been integrated into the company's operation and employees' behavior.

## IV Common Development

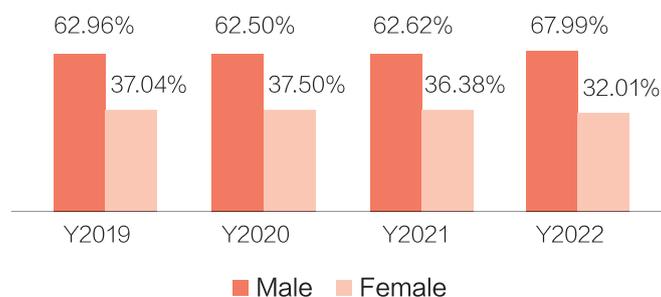
### | Caring for our employees

In order to support the rapid transformation and upgrade of Narada Power and the globalization of its business, it is particularly important for the company to effectively, and reasonably ensure the “selection, employment, cultivation and retention” of talents while providing distinctive learning, development and promotion opportunities and platforms for diverse employees so that they can fully develop their skills and receive reasonable material and non-material rewards. That is the company’s main tasks in 2022.

#### Diverse employees

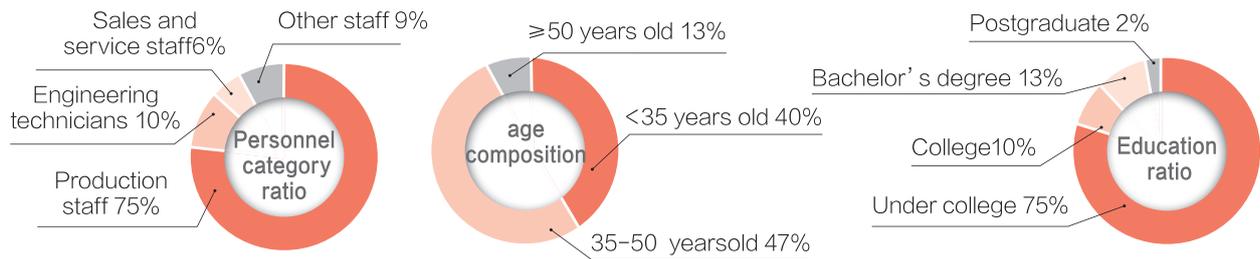
As of the end of December 2022, the company had a total of 5742 employees. In China alone, there were employees from 26 ethnic groups. The average age of employees was 37.9 years, and female employees accounted for 32.01%. There were 268 mid-to-high-level managers, of which 48 were female, accounting for 17.91%. Narada Power strictly adheres to national laws and regulations and international conventions, ensuring equal employment for male and female employees, strictly prohibiting employment discrimination, and opposing modern slavery. In recent years, the proportion of female employees has remained relatively stable and shows an upward trend. The company provides an equal career development platform for female employees. In recent

Employee gender ratio during Y2019–Y2022



years, the proportion of women in mid-to-high-level management at Narada Power has remained relatively stable. In 2022, it reached 17.91%.

### The Company's personnel ratio, education ratio and age composition of employees are as follows:



### Protect the basic rights and interests of employees

Narada Power strictly adheres to labor laws and regulations, and has never employed child labor or underage workers. The company has legally signed labor contracts with all employees, with a signing rate of 100%. More and more employees maintain an optimistic attitude towards the development of the company, with a total of 367 employees having signed labor contracts with no fixed term.

In recruitment, Narada Power adheres to the principle of equal employment, opposes discriminatory behavior, and provides equal job opportunities for applicants. The company follows the country's policies related to stable employment, actively provides various employment positions for socially disadvantaged groups, and shares the burden of promoting employment for the country:

Narada Power upholds the principles of equal pay for equal work and fair promotion in all aspects of human resource management, including salary compensation, training opportunities, position promotion, and termination of labor contracts. It does not engage in or support any discriminatory behavior based on race, nationality, social origin, social class, lineage, religion, physical disability, gender, pregnancy, sexual orientation, family responsibilities, marital status, union membership, political views, age, or any other discrimination prohibited by laws and regulations.

The company respects employees' legal rights to freedom of association and collective bargaining, and does not oppose employees' participation in the legal activities of locally registered unions on a voluntary basis and without violating local laws.

## Compensation and benefits

The company builds a comprehensive compensation system around value creation and high-performance orientation, based on the job management system and performance management system. On the one hand, in conjunction with the company's dual-channel management results, a broadband compensation system that covers diversified, multi-regional management needs is formulated. Employee compensation is strongly related to position, ability, and performance. On the other hand, the dual-channel welfare projects of the whole group are connected, which increases the welfare of grassroots employees and enhances employees' sense of happiness. In terms of incentive policies, short-term, medium-term, and long-term are combined, result-oriented, annual incentive programs for business personnel are formulated to lead the completion of high-performance goals. At the same time, the company has launched a stock incentive plan, effectively stimulating organizational vitality and employee entrepreneurial passion. In 2022, the total compensation paid was 621 million, and the average salary maintained a substantial growth rate.

In addition to paying various statutory social insurances (including basic pension insurance, basic medical insurance, work injury insurance, maternity insurance, unemployment insurance) and housing provident fund for employees according to law, Narada Power also purchased supplementary medical insurance for core employees. At the same time, personal accident insurance was purchased for middle and high-level employees, core employees, technical support and customer service, and production employees. In 2022, Narada Power's investment in employee social security and commercial guarantees reached 89.603 million yuan.

In addition to this, Narada Power has also designed and provided various corporate benefits for employees:

- Funding for team building activities is allocated based on the number of employees in each department.
- A medical office has been established as a supplement to employees' medical insurance.
- The company provides festival benefits, employee physical examinations, and work meal

allowances.

- Regular routine physical examinations for employees and gynecological disease screenings for female employees are arranged.
- Gifts/condolence money is provided for employee birthdays, weddings, childbirth, serious illness, and the death of direct relatives. In 2022, the company's unions at all levels paid condolences to 110 people and issued a total of 310,000 yuan in condolence money.

As Narada Power continues to develop, the company will continue to improve its corporate benefits system to provide high-quality benefits for employees. The corporate benefits apply to all employees working at this company



## Staff recognition

The continuous development of the company is inseparable from the hard work of all employees, especially the leading role of benchmark employees. The company advocates high-quality operations, continuous innovation, management improvement, truth-seeking and pragmatism, and service awareness. In 2022, the company selected company-level special contribution awards, the most influential projects, business quality awards, innovation achievement awards, management excellence awards, and other excellent teams and individuals. These awards reward teams and individuals who are able to innovate continuously around customer needs, create value for customers, and make significant or outstanding contributions to the company's business success and sustainable development in their respective positions. Business units also recognized and rewarded teams and individuals from their own units who made outstanding contributions to achieving organizational goals in a timely manner. More than 1,150 people were awarded various levels of honors throughout Narada Power, with a total of more than 1.6 million yuan in reward money. At the same time, the company has increased its recognition and publicity of benchmark employees through various channels such as OA, Narada Power Light, and internal multimedia, to fully expand the exemplary influence of benchmark employees.



## Employee satisfaction

The company values communication and exchange with employees. To fully embody the company's social responsibility, create a comfortable and good work environment for employees,

meet employees’ life needs, and enhance the company’s internal cohesion, the company has designed a multi-dimensional survey questionnaire related to employees’ personal interests. The survey covers various aspects such as work positions, company management, compensation and benefits, canteens and dormitories, and public facilities. A comprehensive satisfaction survey was conducted and the satisfaction data results were statistically analyzed and submitted for implementation of improvement measures.

The survey results show that compared with the year 2021, overall employee satisfaction has slightly increased, and employees’ satisfaction with their work positions and daily management has received higher scores. The company has submitted systematic corrective measures for areas where satisfaction scores are relatively low, such as compensation level, welfare policy, variety and pricing of meals, hygiene of meals, freshness of meals, attitude of cafeteria staff, and service attitude of the cafeteria. The company is making continuous improvements to increase employee satisfaction. The average monthly turnover rate for employees in 2022 was 3.10%, and the average monthly turnover rate remained stable at less than 5%.



## Employee promotion and skill development

According to big data research conducted by multiple consulting firms, career development is a significant factor in employee turnover and career choice. Therefore, it's crucial to manage employees' career development internally within the company.

Career development is a key dimension of employee motivation, and it mainly consists of job promotion and skill development.

Given the company’s diversified business and cross-regional development, the Human Resources Department launched a job system (dual channel) reform project in 2021, which optimized job positions, group/sequence divisions, job levels, job maps, etc., solidifying the “foundation” for staff development. After the establishment of the dual channel system, the company implemented fair promotion management principles, allowing for both promotion and demotion. By establishing the “Talent Selection and Promotion and Demotion System”,

a scientific and standardized talent selection and promotion and demotion mechanism was gradually built. This mechanism drives employees to continuously improve their individual skills and performance, promotes the construction of the company's talent team, and supports the sustainable development of the business.

In 2022, focusing on employee job promotion and skill development, the Human Resources Center carried out various forms of empowerment work for job promotion and skill development, such as training and case discussions. This covered more than 200 key personnel. The promotion policy mainly expounds on aspects such as the job level system introduction, promotion conditions, and promotion process. At the same time, in terms of skill development, the Human Resources Center also conducted research on the requirements for building a new job qualification system.

## Talent cultivation and training

In 2022, closely adhering to the working principle of “persisting in high-quality development and shifting from pursuing scale to pursuing business quality”, the company actively carried out various special training programs and business innovation projects. At the same time, to better promote the sharing of internal experiences and achievements, improve the professional capabilities of the organization and individuals, continuous efforts were made to develop training resources and improve the delivery environment.

### ● Quality special training

The company has always upheld the management philosophy of creating value for customers, and places great importance on product quality. In 2022, a series of quality management trainings were conducted for employees with different businesses, levels, and skills. Employees learned quality management skills in their respective professional fields, carried out quality improvement activities, held quality skill competitions, and improved quality awareness and quality assurance skills. The average training duration for quality special training was more than 20 hours per person.

### ● TPM innovation project

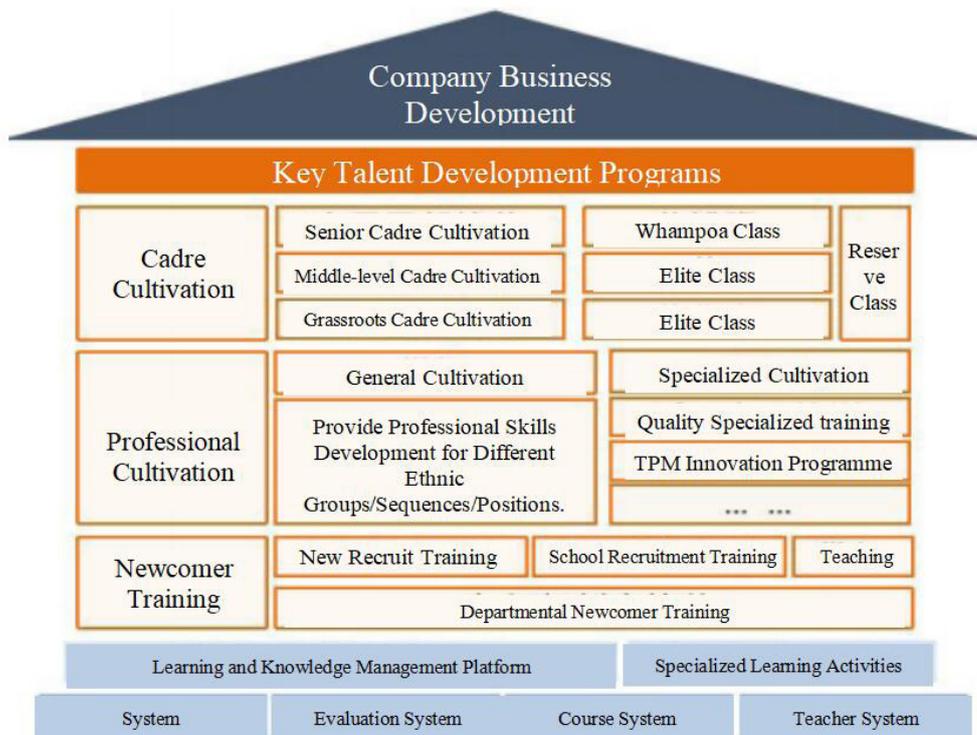
To establish a consciousness of lean production among all employees, stimulate everyone's wisdom, and promote the achievement of the company's production management goals, we

increased the promotion of lean production in 2022. By inviting external consulting advisors and promoting innovative work forms through internal theme projects, we carried out lean TPM projects to encourage full staff involvement in production preservation. We completed a total of 318 TPM internal training sessions and 883 OPLs for on-site personnel.

● **Develop training resources and improve the delivery environment**

In 2022, the proportion of learning content developed in-house increased, deeply mining the best practices of Narada Power and settling the organization's excellent experiences and culture. During the self-research process, practice cases with company characteristics were integrated, making the training content more suitable for the current abilities and business needs of Narada Power employees.

 **New performance management system fully implemented**



Under the project advancement mode of “pilot-review-iteration”, the company basically achieved full coverage of the new performance management system by the end of 2022.

Throughout the year, managers paid more attention to interpreting and reaching consensus on

corporate strategy and business goals with employees. Employees became increasingly clear about the role they need to play in creating value for the company, taking the initiative to take responsibility and challenge, shifting from “what I’m asked to do” to “what I want to do”. By introducing evaluation concepts and tools such as “based on facts and multi-dimensional calibration”, the effectiveness of managers’ performance evaluation improved, and employees’ recognition of performance results improved significantly. By focusing on and investing in process coaching and performance improvement, more and more employees indicate that they can understand their strengths and weaknesses through performance communication, clarify the direction of improvement at different stages, and achieve personal goals and development.



## **Establish and improve Trade Union Organizations and effectively protect workers’ legal rights and interests**

Under the leadership and support of the West Lake District General Trade Union and the company party committee, Narada Power Supply Trade Union has always been concerned about the lives of employees, fully playing the role of the union as a bridge and link, enhancing employees’ ownership spirit, and participating in the democratic management of the enterprise. At the same time, we have strengthened the construction of our own management system, comprehensively improved the quality of union work, and actively safeguarded the legal rights and interests of employees.

In 2022, to fully play the role of the workers’ congress, the company’s trade union allowed worker representatives to actively participate in the company’s democratic management through the workers’ congress. The congress reviewed several documents, which played a good role in promoting the democratic management of the enterprise.

Employees are the basic constituents of the corporate organization, and the maintenance of their legal rights and interests directly affects whether they can devote themselves to their work. Therefore, the trade union organization should shoulder the responsibility of supervising the legal rights and interests of employees.

In 2022, a research group led by the chairman of the joint-stock company’s trade union visited various subsidiaries to organize employee forums, understand the actual difficulties of employees in their daily work and life, visit the poor and ask about their hardships. They instructed local unions to fully mobilize their own and external resources, organize employees to help each other, actively

participate in the rectification of various internal problems of the enterprise, and continuously track the implementation of feedback issues by local branch unions. They have maintained good communication with local business management layers and actively played the supervisory role of the trade union.



## Employee care

Narada Power has designed and provided various corporate benefits for employees, such as holiday benefits, employee physical examinations, condolence money, etc. As the company develops, it continuously improves the corporate welfare system to provide high-quality benefits for employees. Corporate benefits apply to all employees working in the company.

In 2022, the company's trade union insisted on serving employees as the center, playing the role of the bridge and link of the trade union organization, and focusing on doing well in the “key matters” that employees care about: such as wages, holidays, labor intensity, occupational health, team atmosphere, organizational development, skill training, advanced commendations, etc., allowing employees to personally feel the new changes and experiences brought by the common development with the enterprise.

Hard work and progress, gratitude and giving back have always been an important part of Narada Power's corporate culture. Over the years, the company's trade union has vigorously carried out club activities, and clubs such as table tennis, badminton, basketball, and yoga are loved by employees. Regularly holding birthday parties for employees has been a tradition, which is a reflection of the company's care and love for employees.

We seriously study new ideas for employee cultural and sports activities, combine the characteristics of employee work and hobbies, vigorously promote the widespread development of cultural and sports activities, provide opportunities for young people in the company to socialize and help each other, show the Narada Power staff's high sense of corporate social responsibility to the outside world, and promote social harmony.



## Canteen

The company has a staff canteen that provides work meal services for employees. The

canteen environment is spacious, with a rich variety of dishes which are clean and safe. The company strengthens canteen food safety management through means such as supplier qualification control of catering raw materials, canteen environment hygiene inspection, food storage standards, and dish sample retention, ensuring the cleanliness and orderliness of the employee dining environment and food safety. In addition, it constantly changes the dishes through employee opinion collection, ensuring the nutrition and hygiene of employee meals.

### Dormitory

The company provides staff dormitories, which are equipped with wardrobes, tables and chairs, air conditioning, and other living facilities, providing good living support for employees. Employees can apply for accommodation as needed.

## | Health&safety First

Narada Power has always adhered to the health and safety policy of “people-oriented, law-based, prevention-oriented, safe and harmonious”, putting employee health and safety first. According to the requirements of ISO45001 Occupational Health and Safety Management System, it establishes and implements various safety management systems, processes, manuals, etc. in the fields of safety culture construction, production safety, and work environment safety, cultivates employee safety awareness, and fully guarantees the safety of employees and relevant parties.

### Safe production management

Narada Power continuously improves health and safety management of the occupation. As of the end of 2022, 100% of the company’s stable operation and certified production bases have passed the ISO 45001:2018 Occupational Health and Safety Management System certification. Other bases under construction or newly built are also actively involved in the construction of the ISO 45001 Occupational Health and Safety Management System. Safety production discussions are held monthly to strengthen the implementation and decomposition of responsibilities, establish an EHS evaluation system, carry out special inspections, cross-inspections, and supervision inspections from multiple dimensions and levels, covering and leading all EHS work, preventing and controlling EHS risks. Summaries and exchanges are made for the safety management of key projects and key engineering, and safety management guide manuals are compiled to precipitate the excellent experience and methods of safe production and build a platform for sharing experiences.

### Build the emergency response capacity

Adhering to the principle of “prevention first”, the company carries out and participates in fire fighting competitions and various emergency drills while doing a good job in normalizing risk control. In 2022, all factories carried out various types of emergency drills 169 times, covering all workshops. This has enhanced the disaster prevention and reduction awareness of all employees

and improved their emergency handling and evacuation capabilities in the face of sudden disasters and dangers.

## Safety culture construction

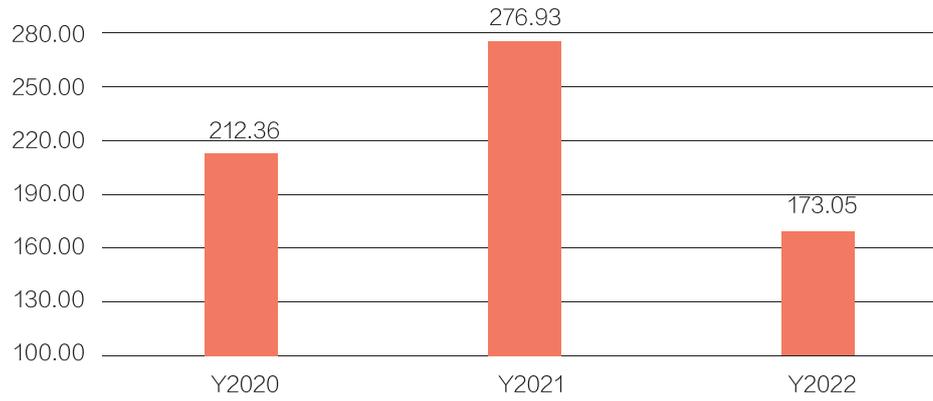
Safe production is the first priority of enterprise operation and is involved in all aspects of the whole process of work. Safety must be managed in business and production operations. June 2022 was the 21st National “Safe Production Month”, themed on “Comply with the Safe Production Law and Be the First Responsible Person”. Taking this as an opportunity, the company, according to its own characteristics and in accordance with the requirements of the local government, adopted various forms to carefully organize various activities, creating a strong atmosphere of attention to safety and learning safety, mobilizing and strengthening the safety production awareness of all employees, and ensuring safe production for enterprise operation.

## Occupational health monitoring

Narada Power has established a comprehensive employee health and safety protection system to promote the physical and mental health of employees. The company actively fulfills its responsibilities for occupational disease prevention and control, identifies occupational disease hazard factors, carries out regular detection, provides personal labor protection equipment, and sets up occupational health protection equipment and facilities such as dust removal devices, ventilation facilities, mufflers, and soundproof rooms. It continuously optimizes and improves the working environment and effectively controls occupational health and safety risks. The company actively carries out special occupational health inspections and daily inspections to supervise the implementation of occupational health protection measures. It conducts occupational health training and propaganda to popularize health knowledge.

The company organizes annual gynecological disease screenings for management personnel and all female employees, and organizes physical examinations for other employees every two years. Regular physical examinations are organized for positions exposed to hazards, and pre-employment physical examinations, pre-departure physical examinations, and pre-employment physical examinations for management personnel are organized in time. The occupational health examination is conducted according to the requirements of the “Occupational Health Monitoring Technical Specification” (GBZ188-2014).

### 2020–2022 Employee Medical Examination Expenses (ten thousand)



## | Sustainable supply chain

In accordance with Narada Power's strategic planning and business development needs, the company has developed a procurement strategy, established a comprehensive procurement management system, performed procurement management functions, provided material supply guarantees for company production and operations, ensured the achievement of strategic and operational goals, and ensured a competitive supply chain advantage.

### ● Strengthening supply chain quality

The company categorizes its suppliers into lithium power, energy storage, and lead-acid suppliers based on major business categories. After a comprehensive evaluation of the supplier's quality assurance capabilities, pro-activeness, and cooperation level, suppliers are further graded into key core suppliers, important suppliers, and general suppliers. At the same time, according to the importance of the materials supplied by the suppliers, the materials are divided into A/B/C categories, and based on the aforementioned differences, the company has developed a "Supplier Management Procedure" that clearly outlines the classification, evaluation, management, and other related requirements for suppliers, and differentiates management among different categories of suppliers.

The company conducts admission audits for all first-level suppliers, and key subcontractors also go through selective admission audits, performance monitoring, and other quality management work based on the project BOM. The company has set clear quality warranties for suppliers, such as arrival qualification rates, and carries out supplier quality level and quality management capability evaluations around multiple dimensions such as quality system management, technical development, procurement and supplier management, process control, product traceability, product inspection and testing, packaging and transportation. Controller products also involve software development capability evaluation dimensions. In the admission phase evaluation, quality has the final review right, and suppliers take quality as the first priority for comprehensive evaluation.

For suppliers who fail the audit rating, based on the supplier's cooperation intention and pro-activeness, the company uses third-party audit institutions to provide quality assistance to suppliers, and at the same time assigns internal quality team members to stay on-site at the

supplier's location and use their own experience and company quality characteristic requirements to guide suppliers in improving quality and ensuring delivery. For problems found during on-site audits, the company's quality team guides them in implementing improvement measures, and monitors and verifies the supplier's improvement effects through the "Supplier Audit Problem Closure Mechanism". The company has established supplier process audits and quality audits, covering all aspects of supplier quality issues, to promote supplier quality improvement.

The company regularly monitors suppliers' qualifications, contract performance, safety, integrity, and other management situations, guides and supervises suppliers to improve the problem list, and ensures the safety and compliance of supplier business operations.

To motivate suppliers for continuous quality improvement, the company strengthens communication and intensifies improvement effect verification through multiple dimensions and methods such as internal QCC project submission, supplier improvement issue special reporting, sharing of supplier arrival quality indicators, cooperation degree of major projects, quality problem improvement, and quality improvement level, and gives recognition and commendation for supplier quality improvement.

### ● Promoting sustainable development of the supply chain

To ensure the stable supply of the supply chain, the company has taken various measures to expand the team of qualified suppliers, optimize the supply chain structure, promote the localization layout of suppliers, etc., to ensure the stability of the supply chain.

In 2022, the company carried out a risk material review and identified 12 risk materials. Through re-sourcing, signing supply guarantee agreements, and promoting the validation of alternative materials, 10 risk materials were eliminated, effectively enhancing the supply chain's resistance to risk.

Narada Power actively promotes the construction of the battery life cycle industry chain. The effect was significant in 2022. The company has already established a comprehensive lead-acid and lithium battery recycling system, further ensuring the stable supply of important resources.

Taking Huabo Technology, a wholly-owned subsidiary of Narada Power, as an example. Huabo Company, with the resource regeneration industry as its support, strives to create a closed-loop lithium and lead-acid industry, forming a circular economic development model from raw materials to products, system applications, resource regeneration, and back to raw materials, achieving the maximization of product life cycle value.

In terms of lead–acid recycling, the company handles and uses approximately 1.2 million tons of waste lead–acid batteries and lead–containing waste each year, producing 590,000 tons of regenerated lead annually, which can save 5.9 million tons of primary lead ore each year, effectively reducing the development of limited mineral resources and initially realizing the self-sufficiency of main raw materials.

In terms of lithium battery recycling, the company's first phase of production can process 25,000 tons of various lithium–ion batteries each year, producing a total of 13,000 tons of lithium salt, cobalt salt, nickel salt, etc., 100 tons of ternary precursors and ternary positive electrode materials each, while also achieving comprehensive recycling and utilization of copper, aluminum, graphite powder, etc., realizing strong resource benefits, economic benefits, and social benefits, while effectively ensuring the supply of key raw materials.

### ● Enhancing supply chain stability

Narada Power benchmarks the industry’s best practices and adopts internationally recognized standards, fully considering and practicing the concept of sustainable development in the entire process of supplier admission, performance assessment, continuous improvement, and elimination.

<p><b>Supplier Admission</b></p>	<ol style="list-style-type: none"> <li>1. Use the “Supplier Survey Form” to screen and evaluate suppliers’ basic qualifications, production capabilities, quality environment, and occupational health and safety systems, ensuring supplier compliance from the source.</li> <li>2. Based on the production process and usage characteristics of raw materials, carry out graded management, and refer to ISO9001, ISO14001, ISO45001, and other management systems for audit supervision of key suppliers to ensure that the supplier's qualifications meet Narada Power's requirements.</li> <li>3. Sign the “Social Responsibility Commitment” and the “Integrity Agreement” and other documents with all suppliers.</li> </ol>
<p><b>Supplier Performance Evaluation</b></p>	<ol style="list-style-type: none"> <li>1. Carry out monthly, quarterly, and annual supplier performance evaluations to promote supplier risk identification and management, ensuring that key performance indicators continuously meet Narada Power's requirements.</li> <li>2. Conduct audits on quality, environmental safety, social responsibility, business continuity, and other aspects of key suppliers.</li> </ol>
<p><b>Continuous Improvement and Elimination</b></p>	<ol style="list-style-type: none"> <li>1. Use the “Supplier Survey Form” to screen and evaluate suppliers’ basic qualifications, production capabilities, quality environment, and occupational health and safety systems, ensuring supplier compliance from the source.</li> </ol>

To promote the sustainable development of the supply chain, Narada Power has designed policies that cover a range of standards, including business ethics review, restriction of harmful substances, carbon emission review and reduction, and the use of green packaging. The implementation and supervision of these policies have effectively promoted suppliers' understanding and implementation of sustainable development.

In combination with the current status and target enhancement requirements of supplier management, the company continuously promotes the achievement of supplier performance goals through irregular onsite audits and problem improvement verification. In 2022, Narada Power conducted onsite audits for 88 suppliers, covering quality, environmental safety, social responsibility, business continuity, and other aspects. They identified 783 non-compliant items, with a rectification completion rate of 98.7%. Due to incomplete rectification, two suppliers were included in the restricted purchase list. By focusing on performance targets and continuously promoting the survival of the fittest, Narada Power has effectively advanced the sustainable development of its supply chain.

### ● Building a responsible supply chain

Narada Power is committed to promoting responsible procurement of products containing raw materials such as tin, tantalum, tungsten, gold, and cobalt. The company refers to the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” and the “China Mineral Supply Chain Due Diligence Guidelines”. By participating in industry cooperation, the company works collectively with suppliers to prevent and reduce behaviors that may directly or indirectly contribute to human rights violations, environmental harm, health and safety damages, and corruption in their products.

<p><b>System Guarantee</b></p>	<ol style="list-style-type: none"> <li>1. Formulate a responsible mineral procurement policy, and inform suppliers through the “Narada Power Source Conflict-Free Minerals Notification”.</li> <li>2. Regularly evaluate suppliers involved in responsible mineral procurement, and sign a “Commitment to Not Use Conflict Minerals” with them.</li> <li>3. Develop a due diligence plan and conduct due diligence investigations on relevant suppliers based on the plan.</li> </ol>
<p><b>Identification and Assessment</b></p>	<ol style="list-style-type: none"> <li>1. Require suppliers to self-inspect according to the “Conflict Minerals Reporting Template (CMRT)”, and conduct evaluations based on the self-inspection results.</li> <li>2. Regularly inspect suppliers, with due diligence investigation as an important part of the inspection.</li> </ol>

<p><b>Supervision and Audit</b></p>	<ol style="list-style-type: none"> <li>1. Report evaluation and inspection results to the supervisory department in a timely manner, explaining actual and potential risks.</li> <li>2. Cooperate with downstream customers to complete due diligence audits, and promptly correct problems found in the audit.</li> <li>3. Provide one-on-one training to suppliers to help them improve their awareness and ability of due diligence investigation.</li> </ol>
<p><b>Information Disclosure</b></p>	<ol style="list-style-type: none"> <li>1. Regularly publish responsible mineral due diligence investigation reports on the official website.</li> <li>2. The company can submit responsible mineral due diligence investigation reports to downstream customers who need them.</li> </ol>

Narada Power actively participates in global industry cooperation through industry organizations such as the Responsible Minerals Initiative (RMI), cooperating with upstream and downstream companies in the supply chain to conduct supply chain investigations, identify smelter lists, and promote smelters to apply for and maintain Responsible Minerals Assurance Process (RMAP) compliance certification. Narada Power encourages suppliers to cooperate with smelters certified by the RMAP.

In 2022, Narada Power conducted due diligence on mineral procurement from suppliers involved in the corresponding mineral procurement, identified three compliant smelters, and shared the results of conflict mineral investigations with eight customers.

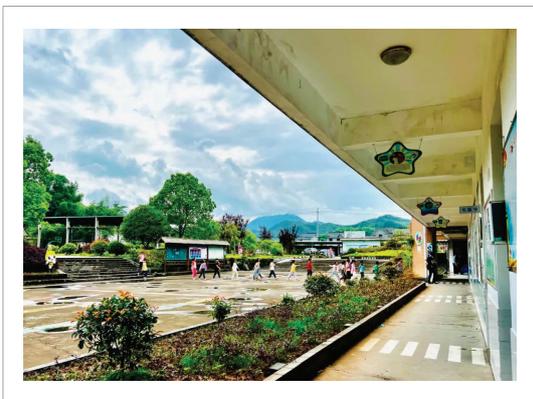
## | Public welfare undertakings

Narada Power has always regarded caring for society and fulfilling social responsibilities as a significant task. Actively participating in social activities and various charitable causes, providing disaster relief, helping those in danger and poverty, promoting education, etc., Narada Power has made positive contributions to the development of education and social causes.

By the end of 2022, Narada Power had rehired 89 retired employees, helped impoverished households around the company to find jobs and successfully helped them out of poverty, and donated 42,000 yuan to social causes. The company has actively responded to the national policy of placing disabled people, placing 28 disabled persons. For the remaining quotas that could not be placed, the company paid the employment guarantee fund for disabled persons to the government departments. In 2022, Narada Power paid a total of 3.18 million yuan to the employment guarantee fund for disabled persons.

For a long time, the company has been focusing on social responsibility and actively carrying out social donation activities. In 2022, Narada Power launched the “Dream Campus and House Project” in impoverished mountain areas, collecting more than 1,000 items such as books, stationery, toys, and clothes for the children of Upper Horse Primary School in Jiande City.

In the next three years, the company will co-build with Shangma Primary School for a long time. In addition to material support, we will also organize employees to regularly correspond with left-behind children, accompanying the children through this soulful exchange of letters.



On the occasion of the 112th International Women’s Day, the trade union of Zhejiang Narada Power Source Co., Ltd. launched the theme activity “Assisting Carbon Peaking and Carbon Neutrality Goals and Disseminating the Spring Spirit”, organizing more than 80 female workers to co-build the “Narada Power Women’s Forest” in the greening area of Xixi National Wetland Park’s Secret Bamboo Path Island. This actively responds to the national “Carbon Peaking and Carbon Neutrality” initiative, implementing the company’s concept of “Promoting the revolution of intelligent energy and creating a green and beautiful life”.



The company encourages employees to actively participate in public welfare practices, to help solve social problems with practical actions, to exert positive energy from the enterprise, and to influence more people to participate in the path to promote sustainable development. Each year, subsidiaries actively carry out activities such as voluntary blood donation, love donation, and epidemic prevention and control, to fulfill social responsibilities with practical actions and promote social development.



## GRI indicator index

Report Content	GRI Sustainable development reporting guidelines (G4) benchmarking
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<b>Managing Sustainable Development</b>	
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Sustainable Supply Chain	GRI102-9, GRI414-1, GRI414-2
Public Welfare	GRI413-1

## Reader Feedback Form

### Dear Reader:

Thank you for reading the “2022 Narada Power Social Responsibility Report”. In order to provide you and other stakeholders with more professional and valuable corporate social responsibility information, continuously improve Narada Power’s social responsibility work, and enhance the quality of corporate social responsibility reports, we especially hope to hear your opinions and suggestions. Please assist in completing the relevant questions in the feedback form and send an email to [narada@naradapower.com](mailto:narada@naradapower.com), or fax to 0571-56975900.

Thank you very much!

Narada Power Social Responsibility Report Writing Team

April 2023



## Multiple Choice Questions:

(Please tick “√” at the corresponding position)

1.You belong to which of the following stakeholders

- Government personnel  Regulatory authorities  Shareholders and investors  Employees  
 Customers  Suppliers and partners  
 Community residents  CSR practitioners  Peer companies  Other

2.Your overall evaluation of this report is

- Very good  Good  Average  Poor  Bad  Don't know

3.Do you think the information, indicators, and data disclosed in this report are clear, accurate, and complete?

- Very clear, accurate, and complete  Relatively clear, accurate, and complete  Basically clear, accurate, and complete  
 Not clear, accurate, and complete  Very unclear, inaccurate, and incomplete

4.Do you think the report structure of this report is reasonable?

- Very reasonable  Relatively reasonable  Basically reasonable  Not reasonable  Very unreasonable

5. Do you think the language and text expression of this report is smooth?

- Very smooth  Relatively smooth  Basically smooth  Not smooth  Very not smooth

6.Do you think the content design and format arrangement of this report is convenient for reading?

- Very convenient  Relatively convenient  Average  Not convenient  Very inconvenient

## Discussion Questions:

What are your suggestions and expectations for our future corporate social responsibility work?

What are your suggestions and expectations for the content and form of our future corporate social responsibility reports?

Your Information:

Name: \_\_\_\_\_ Job Title: \_\_\_\_\_ Company: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_



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**ZHEJIANG NARADA POWER SOURCE CO., LTD.**

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