

**Smarter Power Better Life**

**Sieyuan Electric Co., Ltd.**

**Social Responsibility Report**

**2020**



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## Chairman's Speech

Sieyuan Electric has always understood that corporate development originates from the society and that it is our responsibility to pay back the society. We take corporate social responsibility as a basic value for our development and growth, strengthen our sense of responsibility and mission to society, integrate it with Sieyuan's development strategy, production and operation, and corporate culture, and strive to achieve the harmonization of corporate development with staff growth, ecological protection and social harmony.

Internally, we aim to build a harmonious enterprise. We strictly abide by the Labor Law, the Labor Contract Law and relevant local laws and regulations to protect the legitimate rights and interests of our employees. Insisting that human capital is the first productive force, we strive to enrich the spare time of our employees and create a good working atmosphere for them by organizing various team building and corporate cultural activities. We take an active role in paying attention to the difficulties of our employees, especially on issues of immediate interest to them, and provide considerate care and guidance for them. We make every effort in plan preparation and process supervision to ensure openness, fairness and impartiality, so as to get tasks well done.

Externally, we are active to fulfill our social responsibility. Over the years, we have continued to carry out social welfare activities such as donating money to schools, blood donation, helping the poor and employing people with disabilities. In 2020, we continued to strengthen cooperation with Tsinghua University, Shanghai Jiao Tong University, Xi'an Jiaotong University, Huazhong University of Science and Technology, North China Electric Power University and other well-known institutions in talent training and industry-university research, and set up scholarships for both students and teachers to promote the progress of scientific research in universities and the employment and success of university graduates. Our trade union actively responds to and participates in blood donation and volunteer activities organized by the government and the community. Since 2015, our Party Committee has taken the lead in planning and organizing the "Run for Love" themed public welfare activity, which has been held for six consecutive years until 2020, with 70% of our employees participating in this activity and their total accumulated mileage reaching 90,671 km, 2.3 times the circumference of the Earth. We have collected more than RMB 600,000 and 12,000 books to provide donations for more than 1,400 poor children in remote mountainous areas of Yunnan, Sichuan, Guizhou and Jiangxi, and made these children to feel a warm winter by providing quilts and winter clothes, and brightened their future by donating school bags, books, learning materials, teaching aids, etc. All of these have demonstrated our public spirit, social care and humanistic attitude.

During the outbreak of COVID-19 across the world, our Sierra Leone project team donated living and epidemic prevention supplies to the residents of the three communities related to the 225kV Bumbuna substation site in Sierra Leone, Africa, and provided training on epidemic prevention to the participants in the donation ceremony, so as to tide over the difficulties together with the communities, and these efforts have enhanced the relationship between our project in Sierra Leone and the communities, demonstrated the international role of Chinese enterprises and established a good international image for Sieyuan.

We insist on green and low-carbon development strategies for energy saving, emission reduction and proper treatment of emissions; we pay continuous attention to the impact of our production and operation activities on the environment and actively promote clean production to realize green management of the whole life cycle of products. We insist on planning our future with a scientific outlook on development in the long term by harmonizing with the environment and incorporating the concept and methods of circular economy into all aspects of corporate development and construction, production processes and product marketing.

In the future, we will also continue to adhere to our mission and philosophy by fulfilling our social responsibilities, actively practice corporate social responsibility, continue to struggle, go forward, treat our customers and partners with integrity and honesty, keep improving the quality of our products and services, and strive to maximize the integrated economic, social and environmental value!

Chairman: Dong Zengping

**01      Join Hands with Sieyuan to  
Offer a Wonderful Chapter**

## About Sieyuan

<b>Company name</b>	Sieyuan Electric Co., Ltd.	<b>Date of establishment</b>	December 1993
<b>Registered address</b>	Jindu Road, Minhang District, Shanghai	<b>Stock code</b>	002028
<b>Registered capital</b>	RMB 760,209,282	<b>Listed in</b>	2004

Established in December 1993, Sieyuan Electric Co., Ltd. is a well-known listed company (stock code: 002028) in China specializing in electric power technology research and development, equipment manufacturing and engineering services, with its registered capital of RMB 760,209,282 and registered address of No. 4399 Jindu Road, Minhang District, Shanghai, P.R.C., postal code: 201108.

Since its listing on the Shenzhen Stock Exchange in 2004, Sieyuan has grown steadily at a compound growth rate of 30% per year, and its industrial chain has been expanding. At present, we have more than ten manufacturing entities located in Shanghai, Rugao, Changzhou, Nanjing and other cities, with our products covering ultra-high-voltage and high-voltage switchgear, transformers, relay protection and automation systems, reactive power compensation devices, measurement and monitoring devices, electric and electronic equipment, automotive electronics, and other specialized areas. Sieyuan is an intelligent manufacturer with modern scientific management concept, which attaches great importance to independent innovation and investment in R&D, continuous lean production and automatic production line improvement.

Sieyuan serves a wide range of industries such as power, new energy, metallurgy, rail, petrochemical, coal, port and data center, and has provided self-developed 500kV DC circuit breakers for the world's first 500kV DC flexible power grid project - Zhangbei Station, and has also quality products and reliable technical support for Qinshan Nuclear Power Station, Yunnan-Guangdong 800kV UHV DC transmission project, Southeast Shanxi-Nanyang-Jingmen 1000kV UHV expansion project, CNPC Xinjiang Dushanzi 10-million-ton oil refining project, Railway Nanning Junction Station, Shanghai Maglev, Beijing Olympic Games, Brazil World Cup, networking project of four West African countries and other major projects at home and abroad.

Following the national “One Belt, One Road” and “Global Energy Interconnection” strategies, Sieyuan has accelerated the pace of going global in the tide of global energy transformation and construction of the electric power interconnection, and has been recognized as a qualified supplier for the European power system, National Grid of the United Kingdom, National Grid of the Netherlands, National Grid of Russia, National Grid of Italy, National Grid of Mexico, National Grid of India and other customers. We have established a global network of branches and regional businesses across Asia, America, Europe and Africa, and provide innovative products, solutions and EPC services to main power system operators, industrial and power generation customers in more than 60 countries and regions around the world, based on a complete product portfolio and professional engineering capabilities.

## Sieyuan in the world



## Sieyuan in 2020

In 2020, thanks to the efforts of all staff, we earned RMB 8.46 billion (tax-exclusive) from new orders, with a year-on-year growth of 4.17%; achieved a total operating income of RMB 7.373 billion, with a year-on-year growth of 15.56%; achieved a net profit of RMB 933 million, with an a year-on-year growth of 67.39%; and the net cash flow from operating activities was RMB 818, a year-on-year decrease of 1.66%.

## Group Members

### Shanghai Sieyuan High-Voltage Switchgear Co., Ltd.

This company has established a technology development system with independent intellectual property rights by cooperating with well-known domestic and international universities. Its main products have been certified by international testing authorities KEMA, CESI and other STL laboratories. It independently develops and produces 72.5-550 kV high-voltage and ultra-high-voltage GIS, HGIS and tank-type circuit breakers. The company has operations in the power, metallurgical, mining, transportation and utilities industries in China and overseas. Overseas businesses include the power supply system for the main stadium of the World Cup in Brazil, the airport in Islamabad, Pakistan, etc. With its strong technical and delivery capabilities, the company has achieved a breakthrough in the overseas high-end market and major projects for China's private power equipment manufacturing industry.

### Jiangsu Sieyuan Hertz Instrument Transformer Co., Ltd.

Known as a high-tech enterprise in Jiangsu Province, this company has a world-class production base for transformers, which is at an international advanced level in all aspects of industrial automation manufacturing and quality management. The company specializes in the production of 5kV-500kV AIS high-voltage current transformers, 35kV-1000kV AIS high-voltage voltage transformers, 35kV-1000kV GIS supporting voltage transformers and 66kV-500kV Power PTs, with an annual production capacity of 20,000 units of transformers. The company has a technology development system with completely independent intellectual property rights, and a number of technical invention patents and new products of national focus. All of its products have been certified by domestic or international testing authorities, and can meet the GB/IEC/IEEE standards and the requirements for use under special temperature, altitude and earthquake conditions. Sieyuan Hertz's products are widely used in domestic and overseas sectors such as electric power, metallurgy, petrochemical, machinery and transportation, and have been certified in UK, Brazil, Chile, Mexico, Russia and other overseas markets, with the proportion of these overseas markets accounting for more than 25%.

### Jiangsu Rugao High Voltage Electric Apparatus Co., Ltd.

This company has a R&D and production base for new and high-precision power transmission and transformation equipment, which covers an area of 200,000 square meters, and mainly produces high-voltage AC disconnect switches at 800 kV and below, circuit breakers at 252 kV and below, and full series of 12kV-36kV distribution network column products. With more than 50 years of R&D and production experience, it is a professional high-tech enterprise for R&D and manufacturing of power transmission and transformation equipment, providing comprehensive solutions and integrated services for power transmission and transformation projects.

Jiangsu Rugao's products have won a number of national utility-model patents, and also honored as high-tech products of Jiangsu Province and products of the National Torch Plan. Its products have passed the type tests by domestic testing authorities and Dutch "KEMA" laboratory.

### Shanghai Sieyuan Power Capacitor Co., Ltd.

Specialized in the R&D, manufacture, sales and service of power capacitors, this company is a leading brand of capacitors with an annual production capacity of up to 40,000 Mvar. It has supplied to its customers worldwide over 400,000 power capacitors, which are widely used in power transmission and transformation, rail transportation, high speed rail, metallurgy, petrochemical industry, coal mining and utilities.

All of its products meet the latest domestic and international standards and have passed the type tests by KEMA and CESI and been certified by LAPEM. Among these products, 27 have passed the product appraisal by the National Energy Administration, indicating that their comprehensive performance has reached the international advanced level. As of June 2018, the company had obtained 20 invention patents and 69 utility model patents, and

participated in the revision of 4 IEC standards, 7 national standards and 12 industry standards related to the capacitor industry.

#### **Sieyuan Qingneng Electric & Electronic Co., Ltd.**

This company is a high-tech power enterprise focusing on the R&D, manufacture and sales of high-power electric and electronic equipment, and provides quality electric and electronic products and comprehensive power quality management solutions for the smart grid industry, large substations and industrial and mining enterprises. Its main products include chain-type dynamic reactive power compensation and harmonic control devices (SVG), active power filters (APF), low-voltage dynamic reactive power compensation devices (SVG, TSVG), charging piles, rectifiers and inverters. The company has established a research and development system with independent intellectual property rights, obtained 37 national invention patents, 78 utility model patents and 21 software copyright registrations, and participated in the formulation of the industrial standards including the *Specification for Testing of the Grid-connected Performance of Dynamic Reactive Power Compensation Devices in Wind Farms* and the *Technical Specification for Dynamic Voltage Restorers*.

Sieyuan Qingneng has put into operation more than 3,000 sets of high-voltage SVG products and more than 10,000 sets of low-voltage SVG/APF products, which are widely used in various aspects of power generation, transmission, distribution and consumption, such as new energy based power generation, power system, electrified railway and urban rail transit industry, mining, metallurgy, steel, oil, port, textile, food, post and telecommunications, communications, electric vehicle charging stations, amusement parks, commerce and building construction. It has played a great role in improving the power quality of the power supply system and ensuring power supply.

#### **Shanghai Sieyuan Hongrui Automation. Co., Ltd.**

This company focuses on providing relay protection and substation automation solutions, distribution automation solutions, process-layer products, intelligent operation and maintenance and safety solutions for power customers. It has been deeply involved in the design and construction of intelligent substation projects of the State Grid and Southern Power Grid, and has undertaken the equipment supply and system integration for a number of pilot and demonstration projects, and has become one of the main suppliers of substation automation systems of the State Grid and Southern Power Grid. Moreover, the company has been following the pace of the construction of the distribution network of China Southern Power Grid, vigorously expanding its distribution automation business and helping the construction of the distribution network.

The company has obtained more than 20 invention patents and utility model patents each. It has formed a delivery capacity of hundreds of systems and tens of thousands of devices per year, and has expanded its production capacity according to market demand, reserving a solid hardware and management foundation.

Sieyuan Hongrui's substation monitoring systems and relay protection products, distribution automation products, process-layer series, intelligent operation and maintenance and safety products have been successfully applied in various fields such as power grids, power generation, new energy, coal, rail transportation, and large industrial and mining enterprises across China.

#### **Changzhou Sieyuan Toshiba Transformer Co., Ltd.**

Sieyuan Toshiba Transformer is a company jointly invested by Sieyuan Electric Co., Ltd. and Toshiba Corporation, and fully introduces and absorbs Toshiba's transformer technology and designs and manufactures products in China at the same performance level as those in Japan. It has perfect design, manufacturing and production capacity, with its products covering various voltage levels of power transformers, rectifier transformers, electric furnace transformers and other special transformers.

The company is highly-praised for its product designs and manufacturing technologies. Its products have been widely used by China's State Grid, China Southern Power Grid, Vietnam's State Grid, Nigeria's State Grid and other grids, and have been also put into operation in many national key projects, including South-to-North Water Diversion Project, West-East Natural Gas Transmission Project, Hong Kong-Zhuhai-Macau Bridge and other major construction projects. Sieyuan Toshiba's products are also exported to Uzbekistan, Ecuador, Mexico, Brazil, Australia, Japan, Indonesia, Malaysia, Vietnam, Congo, Nigeria, Thailand and other countries, and are trusted by customers.



### **Shanghai Sieyuan Power Transmission and Distribution Engineering Co., Ltd.**

With a global vision and a professional management and service team, the company is committed to providing customers with integrated solutions for the entire process or several stages of power transmission and distribution, including overall planning and design, procurement, installation, commissioning, technical training and commissioning of substations and lines.

The company actively responds to the national policy for “One Belt, One Road” and strives to develop the international market, with business scope covering Europe, Africa, the Middle East, Central Asia and Southeast Asia. The scope of projects covers substations and EPC projects with voltage levels ranging from 33kV to 400kV, indicating brilliant achievements.

Riding on its strong substation integration capability and IPD development process, the company has developed mobile substations to provide customers with temporary power supply solutions to enhance reliability and construction speed. The combination of mobile substations is flexible and can be customized according to customer needs, and applies to various temporary power supply scenarios. They can be divided by combination type into vehicle-mounted and skid-mounted substations.

### **Shanghai Timi Motor Technology Co., Ltd.**

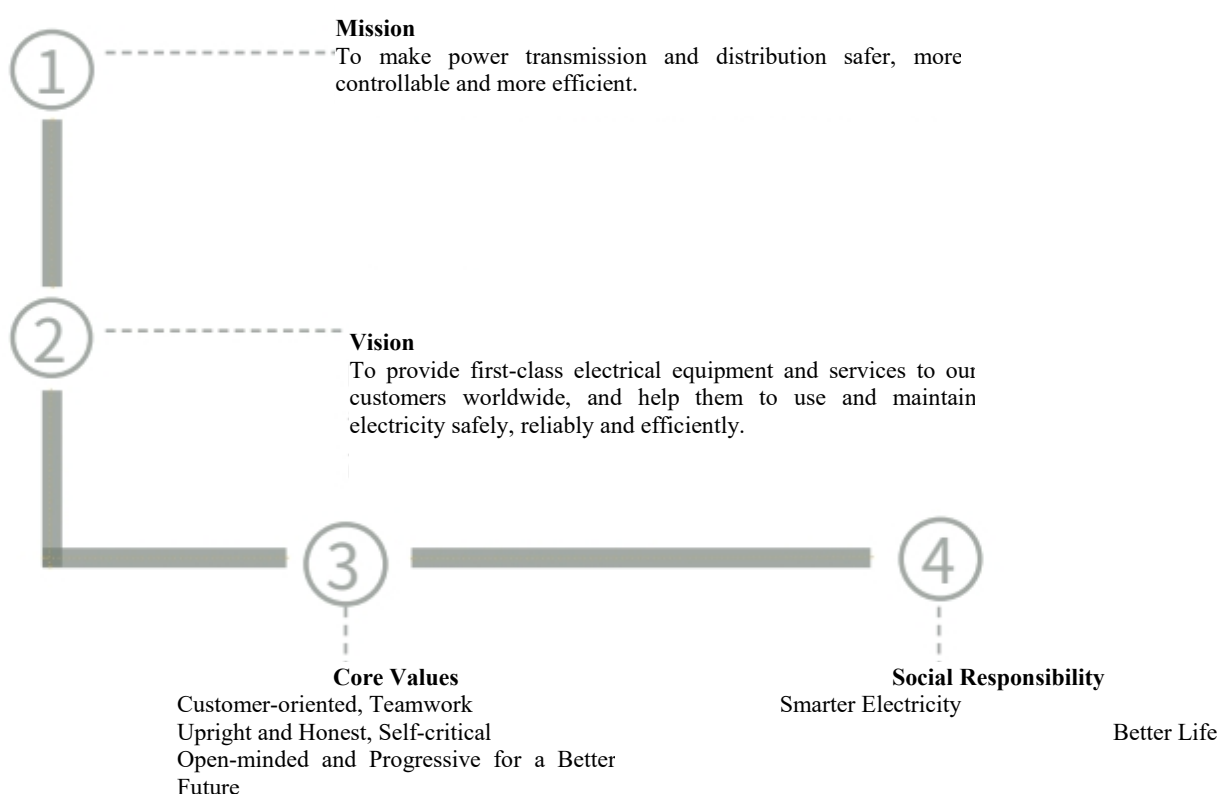
Timi Motor focuses on automotive electrification, and its self-developed super-capacitor modules, thanks to the ultra-high power density and long service life brought by dry electrode technology, are widely used in application scenarios such as automotive start-stop system, ADAS backup power, brake energy recovery, and plate net voltage support.

## Shanghai Sieyuan Optoelectronics Co., Ltd.

This company is a professional supplier of world-class primary and secondary power equipment, and well-known for its capabilities in independent R&D and design, production and manufacturing. Its products are mainly divided into four ranges: neutral point grounding sets, reactors, power equipment online monitoring, and test equipment.

By virtue of excellent product performance, rigorous technology and efficient after-sales service, the company has gained the trust of customers and won a large number of long-term partners at home and abroad. Each series of its products are widely used in power generation, power substation, petroleum, chemical industry, smelting, railroad, new energy and other fields, and are working stably in the Three Gorges, Qinshan Nuclear Power Station, Olympic Games, World Expo, West-East Power Transmission Project, Zhangbei VSC-based DC Grid Project and other national major projects, and are highly praised and recognized by customers.

## Corporate Culture



## Qualifications and Honors

Information Security Management System Certification (Sieyuan Electric)



Occupational Health and Safety Management System Certification (Sieyuan Electric)

Environmental Management System Certification (Sieyuan Electric)



Quality Management System Certification (Sieyuan Electric)

Certificate of Contract-compliant and Trustworthy Shanghai Enterprise (Sieyuan Electric)



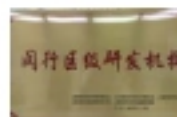
Certificate issued by Shanghai Enterprise Technology Center



Science and Technology Cultivation Enterprise in Minhang District



Certificate of R&D Institution in Minhang District



Contract Credit Rating AAA Certificate (Sieyuan Electric)






Certificate of High-tech Enterprise - GR201731002894 (Sieyuan Electric)



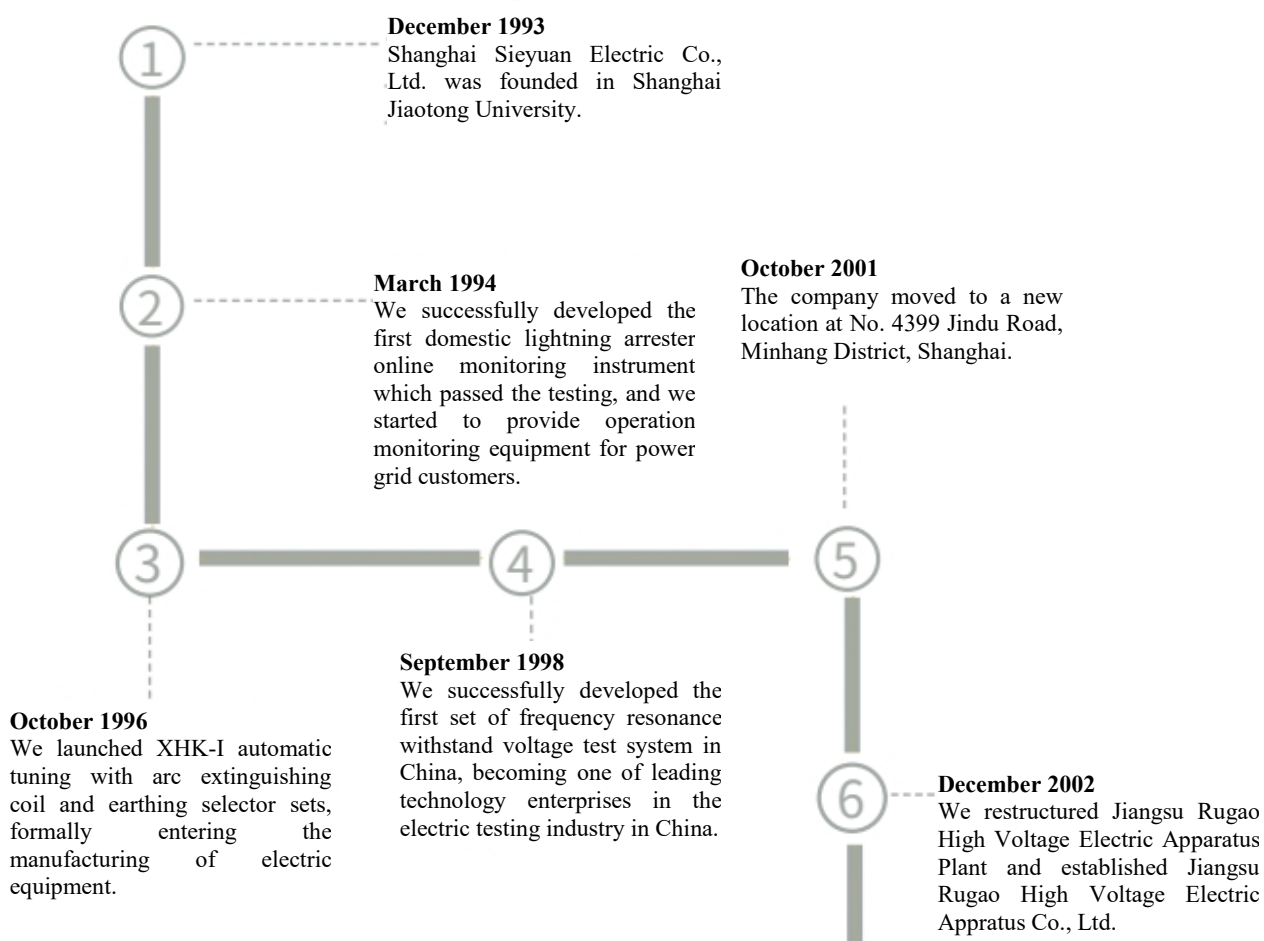
Model Unit of Patent Work in Minhang District



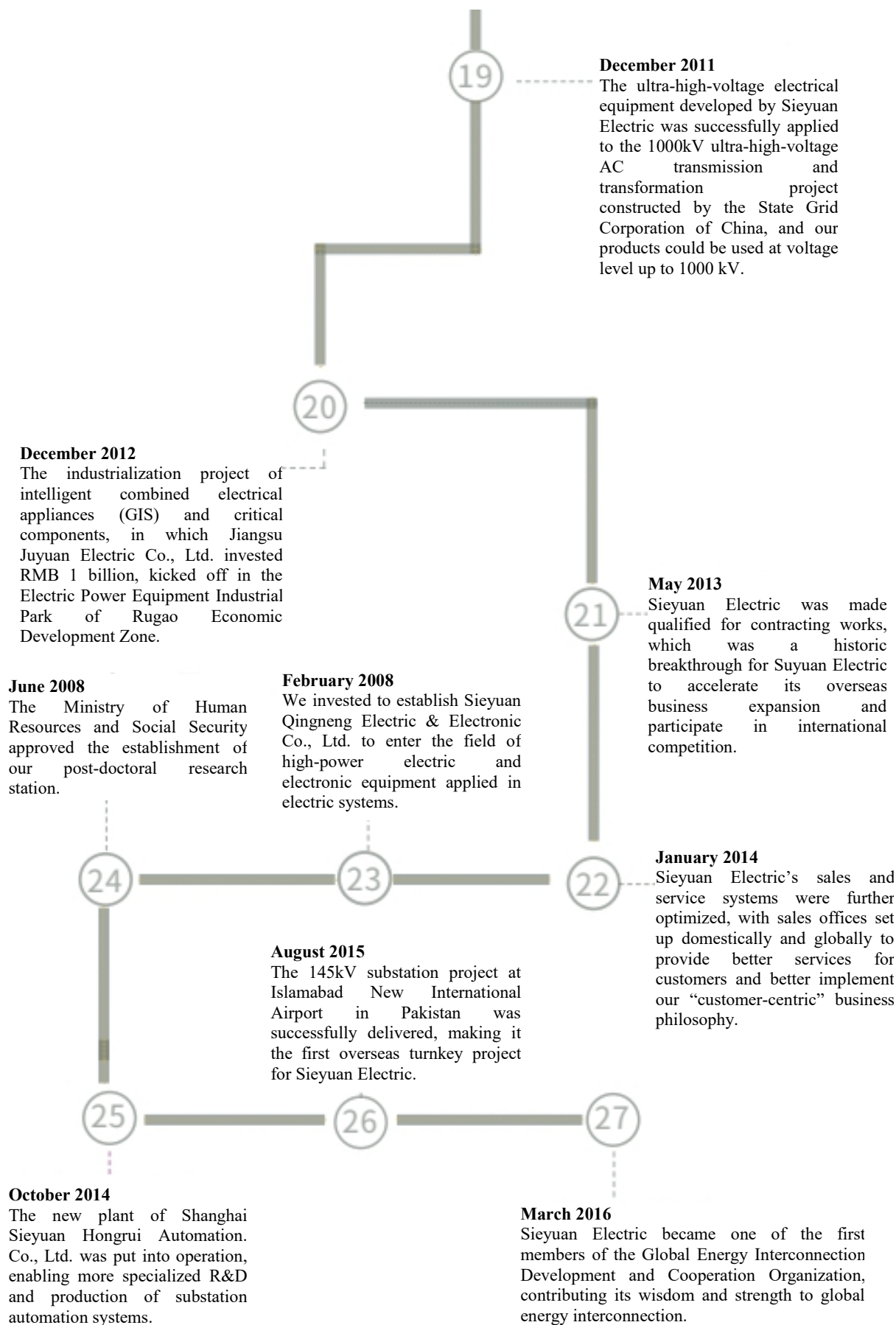
## Qualifications and Honors

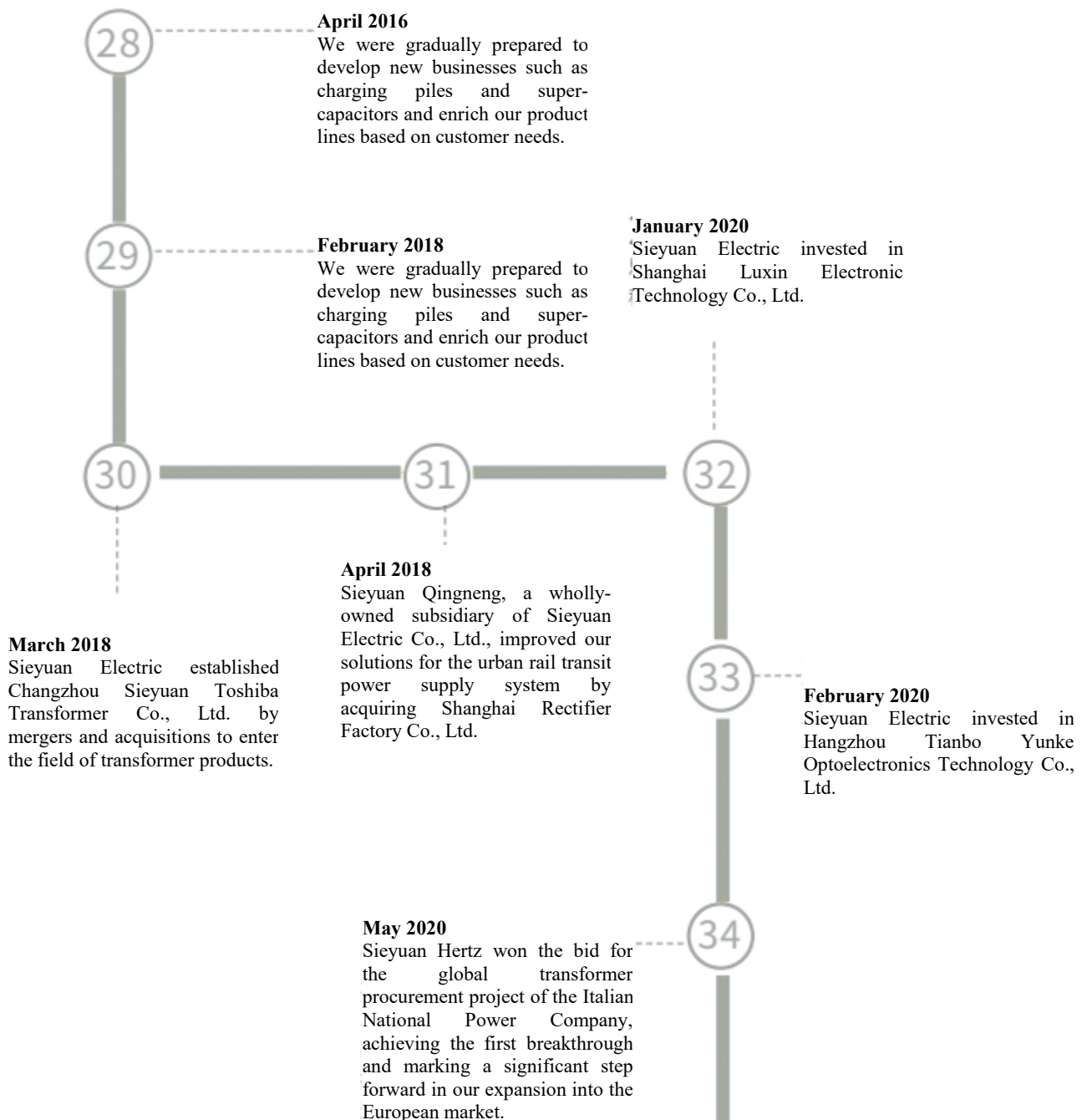
Postdoctoral Research Station	
Shanghai Innovative Enterprise	
Certificate of High-tech Achievement Transformation Project	

## Sieyuan's Milestones









**02**

**Remain People-oriented to  
Create More Values**

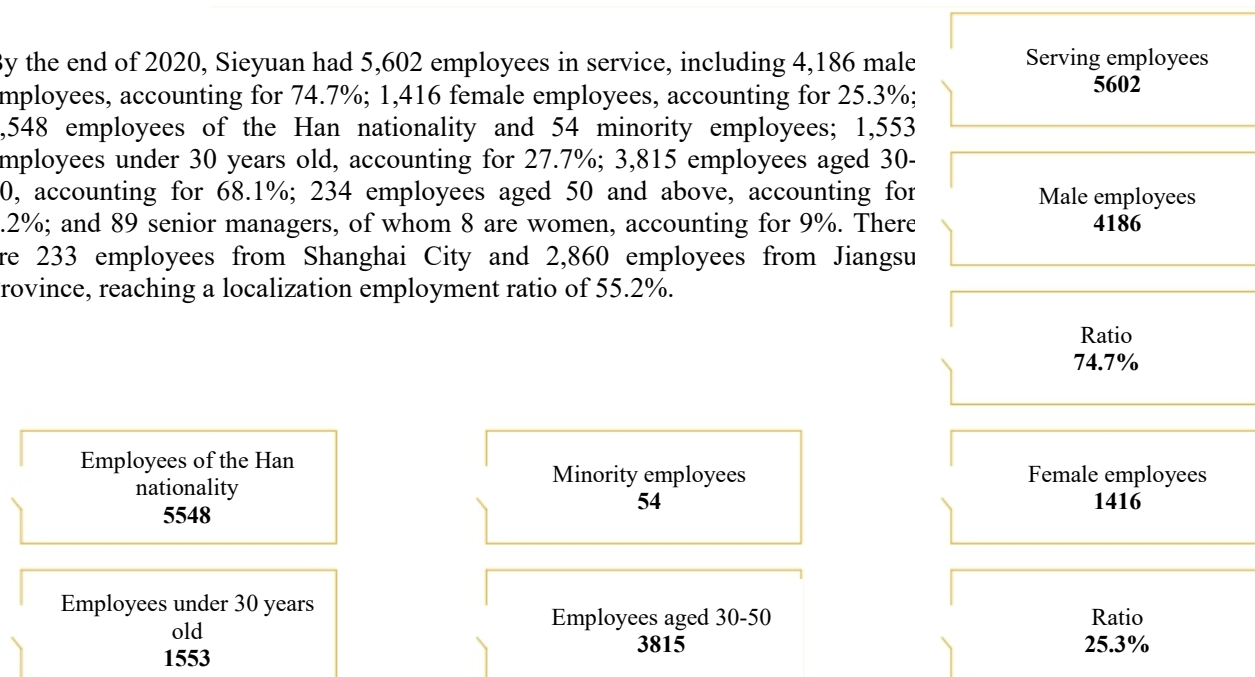


We always believe that: employees are valuable assets and good employee management is a key to our sustainable development. We adhere to human resource policies that are based on applicable conventions of ILO, UN and IFC and national laws and regulations, and that are inclusive to regional and cultural differences.

We are committed to: treating everyone fairly, not discriminating against anyone, and creating equal employment opportunities; establishing, maintaining and improving employee relations management; complying with applicable employment and labor laws and regulations; and protecting workers, including vulnerable groups such as migrant workers, third-party workers, and those up and down the supply chain; promoting safe and healthy working conditions; avoiding forced labor; prohibiting child labor; and prohibiting the use of enslaved and trafficked workers.

## Overview of Employees

By the end of 2020, Sieyuan had 5,602 employees in service, including 4,186 male employees, accounting for 74.7%; 1,416 female employees, accounting for 25.3%; 5,548 employees of the Han nationality and 54 minority employees; 1,553 employees under 30 years old, accounting for 27.7%; 3,815 employees aged 30-50, accounting for 68.1%; 234 employees aged 50 and above, accounting for 4.2%; and 89 senior managers, of whom 8 are women, accounting for 9%. There are 233 employees from Shanghai City and 2,860 employees from Jiangsu Province, reaching a localization employment ratio of 55.2%.



## Compensation & Benefits

We implement the compensation principle of “Level by post, compensation by level, matching between employee and post, and suitable post & high compensation”. We, adhering to our compensation payment capacity and talent competition strategies, cooperate with internationally renowned consultants to determine the compensation range of different positions based on the value of the positions and using the market compensation level as a reference; and adjust the compensation of employees taking into account their performance and actual contribution, competence and undertaking of strategic tasks and other comprehensive factors, in order to maintain the market competitiveness in terms of employees' compensation. We also adopt the value distribution method of linking individual performance bonus with our overall outcome, taking the organizational performance and individual performance as the guide to benefit more our fighters and outstanding contributors.

We have formulated the *Measures for Compensation Management* to establish a compensation system that is fair internally and competitive externally to reasonably allocate limited resources, and attract, retain and motivate talents respecting our culture and with professional competence and great performance to facilitate our long-term development. We establish a unified and fair reward system, fulfill our promise to employees, maintain a certain degree of flexibility in the mechanism, adhere to the principle of “suitable post & high compensation”, and make dynamic adjustments at the right time.

Sieyuan follows the compensation principles of open and transparent reward policies, strict confidentiality of personal compensation, and hierarchical and graded communication. Upon formulation and release of our compensation system and relevant program, the Human Resources Center (HR Center) of the Corporation (joint-stock company) and the Department of Personnel Administration (DPA) of branches (subsidiaries) conduct publicizing and implementation of policies to department heads in order to ensure that they understand and master

the content thereof. And department heads promptly publicize within the department the compensation system and policy to the employees involved, and DPA offers support throughout the process. After the variation of compensation or bonus of employees is approved by the Company, relevant department heads will communicate to the employees in time to clearly explain the Company's mechanism relating to the decision of compensation and bonus so as to enhance the effect of compensation incentives. If any employee disagrees with the variation of compensation or bonus, he/she can consult with relevant department heads or DPA. With regard to an objection against the said variation, he/she may make a representation to DPA; and with regard to a complaint about the representation results by DPA of his/her unit, he/she can make a representation to the HR Center of the Corporation.

## Training of Employees

We insist that more investment into talents but financial capital will bring better outcome, focusing on the training and development of employees. We establish and constantly improve the hierarchical training and talent development system (levels: "Group - System - Business Unit - Department"), strive for enriching training resources, standardize the training implementation and pursue greater effectiveness of talent trainings. Based on the strategy and business development needs, we deepen the optimization and certification of qualification criteria, and perfect and optimize the curriculum and teaching material system based on the criteria, implement various talent development projects and training projects in a hierarchical and graded manner, and focus on training lots of technical businessmen, engineering businessmen and Sieyuan craftsmen. In terms of training management, we have made full use of IT and Internet technologies to diversify training formats and to effectively reach employees in overseas offices around the world, thus boosting the timeliness and coverage of trainings.

We attach importance to the growth and development of our employees, and have built a three-tier training management system with a division of labor to help employees adapt to the company's business development needs and the requirements relating to their positions as soon as possible. Personal performance and performance appraisals are conducted annually for all employees, and promotions or salary adjustment is made based on the results. 100% of our employees accepted performance appraisals in 2020.

By the end of 2020, we have 572 active in-house lecturers, most of whom are employees at all levels of management and higher professional positions. With the summary and sharing of experiences by such lecturers, we achieve better efficiency of in-house talent development.

In 2020, we conducted 1,057 formal trainings, with 23,166 participants in total, reaching a coverage rate of 100%. The number of trainings per participant is 5. The number of accumulative training hours is 105,544 and the number of training hours per participant is 21.

### Group headquarters:

Responsible for induction trainings, cultural trainings and development of general working competency and professional skills, for new employees, at the group level, as well as the competency development of management cadres.

### Subsidiaries:

Responsible for induction trainings and trainings on the Company's system and procedures, for new employees.

### Departments / workshops:

Responsible for trainings on the system and procedures, and development and enhancement of professional competence, related to the department.

## Protection of rights and interests

We provide sufficient funding and organizational guarantee for the trade unions to perform their functional duties, and carry out the formation and renewal of trade union organizations in accordance with the provisions of the *Trade Union Law of the People's Republic of China* and the *Constitution of Trade Unions of China*. We help trade union organizations fully play the role of "democratic management, democratic participation and democratic supervision", and sign collective contracts with trade union organizations upon consultation on the basis of equality for the purposes of safeguarding labor rights and interests of employees, such as wages, benefits, working and rest time, labor safety and health, etc., effectively protecting the legitimate rights and interests of employees and

establishing and maintaining harmonious labor relations. The signing rate of labor contract with employees is 100%, and that of collective agreement with organizations is 100%. The participation rate of our employees in respect of union election is also 100%.

We, laying emphasis on the legitimate rights and interests of workers and strictly abiding by the *Labor Law*, *Labor Contract Law* and relevant local laws and regulations, protect the legitimate rights and interests of employees, and sign labor contracts and purchase social insurance with and for all employees. We also formulate systems and regulations to facilitate strong safeguard of our employees' rights and interests in respect of wages, benefits, working hours, leave and vacation, labor protection, safety production, training and development, etc.

For human rights-related issues such as child labor, forced labor, discrimination and harassment, we, in addition to highlight in the employee handbook, have established special procedures for management and supplement, conduct regular risk assessments and awareness trainings covering all employees, and specify channels to report in documents (such as the employee handbook). In 2020, we conducted an in-house assessment of human rights-related risks at headquarters and subordinate factories. The results showed no risk of the above factors, and there were no related complaints and infringements throughout the year.

Our system weekly sends the list of employees whose labor contracts are about to expire in the coming quarter, and conduct monthly check on labor contracts to sort out the details on the signing of labor contracts with new recruits in that month and on employees whose labor contracts are about to expire, so as to ensure that all employees sign labor contracts with us in a timely manner.

We value the happiness of employees and advocate "efficient work, happy life and rapid growth". We implement the responsibility system for post targets, and advocate task completion by employees within the normal working hours with improved methods and working efficiency. Each unit of the Company reasonably balances the work and rest time of employees, takes the initiative to control the overtime hours of employees and ensure its compliance with the legal requirements; after the employees work overtime, we give the same amount of time for rest or overtime pay according to the law. We encourage employees to take appropriate time off from work for rest in order to maintain a balance between work and life.

We, through various initiatives, hear the voices of employees, find out the shortcomings in management and work, and continuously bridge the gaps by analyzing the causes and formulating action plans, thus creating a good working atmosphere. We collect employees' opinions and needs through quarterly and annual performance counseling interviews, investigation of organizational atmosphere, all-round assessment of the management, luncheon party of general managers and other activities. 10%-20% of our employees are randomly selected every month to participate in the satisfaction surveys of food and beverage, administration and IT and satisfaction survey reports are prepared to build a bridge of communication between employees and the company. Efforts are also made to analyze and correct the dissatisfaction of employees in a timely manner. We hold engagement surveys twice a year, and based on the survey results, we develop engagement survey reports and improvement plans to continuously advance employee satisfaction. We continuously carry out activities for valuable suggestions and supervise the implementation of the adopted ones. We reward employees reaching relevant criteria in forms of announcement, souvenir, cash and commendation meeting.

## **Incentive Development**

We pay attention to the development and cultivation of talents and constantly perfect the compensation and incentive mechanism to make available diverse development channels to employees. We develop equity incentive plan, employee stock ownership plan and other employee incentives, and provide multiple rewards such as double pay at the end of year, performance reward, profit sharing and equity incentive, as well as two-way channel development, accelerating the identification and rapid growth of outstanding talents.

We issue various bonuses according to the operating efficiency of current period, organizational performance of unit, departmental performance, employee performance and other comprehensive factors. Our bonus allocation follows the performance-oriented principle which values the endeavor for pioneer, excellence, cooperation and hard work. We continuously improve the living standard of employees while implementing our strategies and realizing performance improvement, to enhance the cohesion and centripetal force in the organization.

To provide development opportunities for all employees, we implement a "dual-channel" promotion system with parallel technical/business promotion sequences and management promotion sequences so that employees working at different positions have a sustainable career path. Thanks to the effort, employees in the position of chief expert in the technical channel will enjoy the same treatment as senior managers in the Company.

## Occupational Health

We have established a three-level EHS management committee, with the representatives of managers and employees appointed. The employee representatives at all levels will represent all employees in their plants and exercise functions of supervision, administration, and communication. In accordance with the requirements of the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Provisions on the Administration of Occupational Health at Workplaces* and other laws, regulations and norms, we constantly enhance and conscientiously implement the occupational health management system. Description of occupational disease hazard factors is provided in labor contracts, and the workplace is equipped with warning signs and instructions for occupational disease hazards to effectively protect the occupational health and safety of employees.

We make continuous efforts to improve the workplace for employees to build a safe and healthy working environment. Every year, we commission professional testing institutions to test various production sites of the Company for detecting factors of main occupational disease hazards, such as dust, chemical hazardous substances, noise and high temperature, etc. All of our 16 factories were tested for occupational disease hazards in 2020.

By the end of 2020, 13 of the said 16 factories have been certified with ISO45001 Occupational Health and Safety Management Systems. The factories failing to be certified are newly built or under construction, and are at the phase of planning for certification.

In accordance with the requirements of the *Code of Practice for Selection of Personal Protective Equipments* (GB/T11651-2008) and the *Management Rules for Labor Protection Products of Employers*, the workers exposed to dust, chemical hazardous substances, noise, high temperature and other occupational hazards are equipped with approved and effective personal protection products, and are instructed and supervised in terms of proper use of the products.

We organize annual occupational health checkup for all employees in positions of occupational hazards. In 2020, no occupational disease cases were detected in such checkup, and the coverage rate of occupational health checkups and health records reached 100%.

For the year 2020, our rate of lost-time injury and of lost-time serious injury was 0.64 and 0.22, respectively.

## Human Care

We value our employees' mental health, and keep a watchful eye on their emotions and stress. Through trainings, surveys and upward and downward communication, we identify employees' needs in a timely manner to help them relieve stress and maintain physical and mental health.

We have set up special funds to provide employees with loans for house purchase, dormitories, and consulting services for residence permit points and settling in Shanghai to help them live and work in peace and contentment. We continue to implement the policy of insurance protection and purchase for employees the group major disease insurances (including personal accident insurance and traffic accident insurance) to effectively relieve the life pressure brought by diseases and accidental disasters. Through the establishment of General Manager's Special Award, implementation of monthly appraisal, annual honorary commendation and visit for employees' families, publicity with internal magazine "Sieyuan People", internal information release, and use of instant messaging tools, etc., we keep enhancing the sense of honor and belonging and cohesion of employees. With social media such as website, WeChat, and DingTalk, various news and cultural trends are released in a timely manner to ensure active participation and full interaction of employees. We strive to enrich the spare time of our employees by organizing team building activities, employees' birthday parties, group tours, matchmaking activities, sports and friendship competitions, and calling on them to participate in other recreational and sports activities held by local community and within the Company. To create a good working atmosphere, we continue to carry out such colorful corporate cultural activities as "Love & Run" public welfare activities, games of basketball, badminton and tug-of-war, visits in high-temperature weather, Thanksgiving Day activities, fun games, etc.

We offer subsidy for purchasing the major disease insurance for employees with coverage of RMB 250,000. If any employee unfortunately suffers from a specified severe illness, the insurer will pay a one-time insurance compensation of RMB 250,000 in accordance with the relevant regulations to give financial support to the employee and help him/her to tide over the difficulties. By the end of 2020, 22 people have received their compensation, with a total amount of RMB 5.05 million.





#### “Thanks for your timely support”

##### Dear leaders and colleagues:

I am \_\_\_\_\_ from 220kV workshop of the department \_\_\_\_\_. On December 31 last year, I suddenly felt very uncomfortable at night. After a thorough examination at hospital the next day, I was diagnosed with a major disease and the doctor immediately asked me to be hospitalized. After hearing that I was hospitalized, the leaders and colleagues of \_\_\_\_\_ came to visit me, learning about my condition and showing great concern, making me feel very warm in my heart when I was sick in bed.

Due to the severity of my illness, the hospitalization expense was very high, beyond my range. Accepting the warm from my leaders and colleagues, I expressed my concerns about the treatment cost. Hearing what I said, my team leader reminded me and asked if I joined the Company's Health Mutual Benefit Association and purchased the group major disease insurance. The leader told me that if I was covered the insurance for 52 major diseases, then I can file for claims after treatment was completed. Fortunately, I did at as

After learning about my situation, the department head and DPA of the Company confirmed that I was covered by the insurance for 52 major diseases. After I was discharged from hospital, Sieyuan supervised and urged the General Management Department and the Personnel Service Team of Headquarters to assist me in filing my claim, and I finally got the compensation. It is a relatively stupendous sum, helping relieve my family of financial stress and allow me to continue to work and live without distractions. I would like to thank the Company for establishing the platform - Health Mutual Benefit Association and purchased for employees the group major disease insurance, offering me timely support in the most difficult time and solving my worries; \_\_\_\_\_. Thanks for your care, trust and encouragement, helping me live a wonderful life now. Thank you. In

**03**

## **Win-Win Cooperation for a Better Future**

Performance Development | R&D Innovation | Customer Training



We attach great importance to the protection of legitimate rights and interests of consumers, suppliers and other stakeholders, and strictly assume our social responsibility in respect thereof. We fully respect and strictly safeguard the legitimate rights and interests of relevant stakeholders, strive for achieving a coordinated balance of the interests of all parties, and adhere to the principle of mutual benefit and win-win result with relevant stakeholders to jointly promote the sustainable, sound and steady development of the Company.

## **Customer-oriented**

We value long-term strategic relationships with our core customers, advocate the concept of “developing together with customers”, actively cooperate with core customers in project development or product design, and strive to build ourselves an important provider involving in their supply chain, thus enhancing customer loyalty. In addition, we are committed to continuing developing long-term core customers and achieving a moderate diversification of customer resources.

We have established cross-product sales and customer service platforms for domestic and overseas markets, respectively. Our product subsidiaries are able to provide products and services to the outside world through the sales platform, greatly expanding sales channels and customer sources, and also make available one-stop integrated services to customers, fully satisfying their needs, enhancing customer stickiness, and further increasing market share.

Our service organizations and regional networks are located in major cities at home and abroad, with professional service teams and perfect and rapid response mechanism of after-sales service, to provide customers with timely and exquisite engineering services. We have established systems of regular return visit, inspection and training services to realize the management of the whole life cycle of products and all-round quality management, offering customers a full range of quality services.

We always believe that: “Firm” customers offer us the ladder for progress. Every exact request from our customers helps us grow, and the expectation and trust from customers drive us to move forward. Our company ensures that appropriate processes for communication with customers are established and that communication channels are open, through various media such as meetings, on-line information platforms, internal publications, transfer of documents and information, trainings, technical disclosure, and identification, etc.

- a) The sales/marketing departments of each branch introduce the Company's products, and answer and clarify various product-related questions through various channels during the product sales process;
- b) To timely communicate with customers regarding the progress of order and contract execution, and to provide confirmation and feedback with no delay on any changes in the process of order and contract execution;
- c) The after-sales service department of each branch receives feedback, including customers’ complaints, ensures timely and internal communication, and offers proper resolution and response to customers.

We set up a customer complaint platform to accelerate the communication with our customers, and take initiative to collect all kinds of feedback from our customers on their usage, focusing on the part related to user safety. We review and handle customer complaints in accordance with relevant management process, and respond quickly to customer needs. To effectively obtain customer feedback, we commission a third-party consultant to conduct the monthly customer satisfaction survey in an anonymous manner for the following interaction with customers, including overall evaluation, pre-sales, engineering design, supervision and construction, delivery, installation and operation, focusing more on health and safety suggestions. In response to the results of such surveys and customers’ feedback, we are energetically working to improve the efficiency and quality of the Company's operations in all aspects, thereby advancing customer satisfaction. By the end of 2020, our customer satisfaction score has been 95.41 (data for 2020 is available if necessary), fully demonstrating that our product quality and services are highly recognized and evaluated by customers. Although we have developed a product recall system, there was no recall case in 2020.



## Supply Chain Construction

We, implementing continuous optimization of procurement strategy, improvement of risk response strategy, and advancement of product design, has maintained stable supply, boosted competitiveness and developed strategic partnerships with suppliers. We insist on taking objective criteria as the basis for evaluation, and fully adopt bidding and tendering processes, network electronic quotation platform and other process tools, achieving fairness and equity in the procurement business process; and keep implementing approval procedures of supplier parts, proactively provide demand forecast and quality counseling to suppliers, vigorously advancing quality and delivery timeliness of parts while reducing material procurement costs. Through continuous improvement in the area of supply chain, we have effectively enhanced our products in terms of quality and cost competitiveness.

We have established the *Sustainable Procurement Policy*, clarifying guidelines on environmental, health and safety, working conditions, legal and trade compliance, conflict minerals, and business ethics for suppliers, and for guiding our sustainable procurement management. Guided by such Policy, we also formulated the *Procedure for Supplier Development and Management* to facilitate all-round management of supplier development, social responsibility performance management and quantitative evaluation.

When establishing cooperation with new suppliers, we conduct risk assessment of the supplier in terms of its business management, quality management, EHS management, business ethics, etc. in accordance with the *Procedure for Supplier Development and Management*. Only after the assessment result is approval will the supplier become a qualified supplier. We give priority to suppliers with good performance in social responsible management through more orders and preferential conditions.

In 2020, we conducted a quantitative evaluation of social responsibility risk factors for 100% of our new suppliers, and at least one questionnaire survey of social responsibility for all of our major suppliers, with a response rate of over 90%.

In 2020, we implemented at least one on-site audit of all of our major suppliers, in terms of quality, safety and social responsibility performance, and provided appropriate guidance and trainings to some of them as needed. In case of any non-conformity in the audit, we have carried out rectification and improvement together with the suppliers involved. After rectification, all the problems identified have been solved.

In accordance with the *Sustainable Procurement Policy*, we have developed the *General Procurement Terms and Conditions of Sieyuan*, and as an annex to procurement agreements, it requires the signature of suppliers and is equivalent to the *Supplier Code of Conduct*. Suppliers signing such annex shall commit to continuous enhancement of their performance in terms of social responsibility. In 2020, 100% of our suppliers have signed the said annex.

We conduct annual due diligence as needed on cooperation risks such as corruption and bribery, information security and financial risks for our partners, including suppliers, in accordance with the *Integrity Compliance Guidelines*. There was no significant risk detected in such due diligence in 2020. The process and content of due diligence over partners will be further refined in the future.

In 2020, we conducted 34 procurement trainings for all the purchasing personnel at headquarters and plants, in which the sustainable procurement awareness was promoted and specific methods of operation were introduced. 100% of the purchasing personnel were trained and approved in the test.

Since 2020, the score of sustainable procurement performance accounts for 15% of total score of regular performance appraisal for the purchasing personnel at headquarters and plants. The plan is to realize a gradual increase to 25% in the next five years.

In 2020, our supply chain has no record of accidents involving hazardous substances exceeding standards, serious injuries or human rights violations.

In our daily business dealings with suppliers, we actively maintain our good reputation of "fairness, impartiality and integrity", protect their legitimate rights and interests, and enhance the good business relationships with them. During the supplier selection, we, to ensure fairness and impartiality, implement an "opening" policy to create an open and free competitive market for suppliers, and also implement a standardized evaluation mechanism that includes technology, quality, delivery capability, environmental protection, safety production, financial capability and other elements; during the supplier share allocation, we strictly implement the internal bidding and tendering system and the committee decision-making system to refine the allocation rules and make them open and transparent; during the supplier delivery, appeals against inspection conclusions are allowed; and during the payment process, payment is made in full and on time in strict accordance with contracts.

We have established various supplier relationship management systems and measures, such as return visits by audit department, reporting mailboxes, management personnel exchanges, and publicizing at suppliers' conference, to fully listen to suppliers' opinions; and to respond to suppliers' concerns in a timely manner.

## Leading Quality

We insist on the management policy of leading quality, fully implement ISO9001 quality management model, actively use quality improvement tools such as comprehensive quality management tools, lean improvement, QCC, employee proposal improvement, project management, etc. Through full participation, whole process planning and control, and continuous improvement, we pursue high quality in every activity to meet customers' needs with excellent products and services.

By the end of 2020, 13 of our 16 factories have been certified with ISO9001 or IATF16949 Quality Management Systems. The factories failing to be certified are newly built or under construction, and are at the phase of planning for certification.

We have established a quality exception database to manage the review and rectification of non-conforming parts, process abnormalities and client abnormalities, and implement monthly statistics on the effectiveness of rectification, to promote the rectification of abnormalities. We hold weekly and monthly quality meetings at a fixed time for review and develop a priority reduction plan for non-conforming products, to improve product quality.

From 2018 to 2020, the rate that a success is realized in the first practical operation was 99.88%, 99.78%, and 99.93%, respectively

**Rate of success in the first practical operation in 2018**

**99.88%**

**Rate of success in the first practical operation in 2019**

**99.78%**

**Rate of success in the first practical operation in 2020**

**99.93%**

## Technical Advantages

We adhere to market-driven R&D, strengthen R&D platform and pre-research management, actively develop and utilize new technologies to achieve continuous product upgrading, and strictly regulate key control links such as project approval, process management, acceptance, development and protection of research results in R&D business. We also effectively reduce R&D risks and ensure R&D quality. Thanks to these efforts, we succeed improving the efficiency and effectiveness of R&D, and obtaining lots of advanced or leading core technologies at home and abroad, enabling our products to feature leading technologies, low cost and high quality and to lead the domestic market. While improving the competitiveness of existing products, we continue to increase investment into forward-looking technologies, such as flexible DC power transmission, optoelectronic technology, new energy, energy storage and automotive electronics, etc. to lay the foundation for future expansion of new businesses. We make continuous effort to perfect and promote the construction of Sieyuan's integrated product development system, providing a strong guarantee for the rapid development of products featuring advanced technologies, high quality and low cost.

We unswervingly strengthen product quality and technology innovation, and increase the investment into R&D year by year. Such investment in 2020 was about RMB 400 million, and the continuous investment brings about great achievements. In 2020, we applied for 147 patents (including 62 invention patents), of which 56 have been authorized in the same year.

We actively participate in the formulation and revision of national and industry standards, such as GB7674 and NB/T42025, contributing to the standardization and standardized development of the power industry. At present, some of the standards formulated and revised with superior organizations have been released and in force, and the number of such files is 11. Meanwhile, we actively participate in the activities organized by relevant industry associations, including the China High Voltage Electrical Network, the Technical Committee for the Standardization of High Voltage Switchgear and DC Power Supplies in the Electric Power Industry, the National Technical Committee for the Standardization of High Voltage Switchgear, and the High Voltage Switchgear Branch of the China Electrical Equipment Industrial Association. Thus, it not only helps enhance communication and exchange with peers and strengthen mutual trust and cooperation, but also provides timely and accurate

information about the guidance and opinions of governments at all levels on economic development.

## **Fair Competition**

We support open and fair competition and are committed to complying with domestic and international laws and regulations on anti-unfair competition. We will not accept any agreements, decisions or practices entered into or made by companies that disrupt competition, or any behavior disrupting competition or exclusionary behavior by companies with market influence. We will absolutely not conduct any discussion and exchange of information or reach any agreement or consensus with competitors, potential competitors or their representatives (including those indirectly through customers, suppliers or subcontractors) regarding competitive bids, prices, any price-related matters (including discounts, premiums or credit terms), contract terms or other commercially sensitive information.

We have a policy of zero tolerance for the bribery, collusion, coercion, fraud, and insider trading by partners or employees, regardless of whether the business involved is performed with the public sector or the private sector.

We have established the *Integrity Compliance Guidelines of Sieyuan Electric*, requiring employees to comply with the principles set forth therein and various relevant internal policies and procedures. Any violations by employees against any requirement of the Guidelines will be considered as misconduct and the employee involved may be subject to disciplinary action or even termination of employment, and will be reported to the appropriate authorities. We encourage business partners, who we have established significant business relationships with, to adopt the same or equivalent standards and guidelines and to jointly comply with integrity standards and related laws.

In 2020, we conducted trainings on anti-unfair competition awareness for 100% of employees in management positions and of business departments. For ordinary employees, the concept and awareness of anti-unfair competition is also popularized in daily trainings and publicity activities. In 2020, we had no disputes and lawsuits related to unfair competition.

## **Protection of Intellectual Property Rights**

We attach great importance to the protection of intellectual property rights (IPR), strictly abide by the laws and regulations for IPR protection, respect the rights and interests of all parties in connection with IPR, and enhance the IPR awareness of employees and managers to ensure that our operations will not infringe on the IPR of other companies or individuals such as the trademarks, patents, copyrights, etc.

We have formulated the *Regulations on the Management of Intellectual Property Rights* (SY/A-XZ(2012)002) and the *Operation Manual for the Management of Intellectual Property Rights* to regulate the IPR management by departments, encourage inventions, promote technological innovation and the formation of enterprises' independent intellectual property rights (IIPR), facilitate production technology progress, and boost our market competitiveness and economic benefit.

In 2020, we conducted trainings on IPR protection awareness for 100% of employees in management positions and of business departments. For ordinary employees, the concept and awareness of IPR management is also popularized in daily trainings and publicity activities. In 2020, we had no disputes and lawsuits related to IPR infringement.

## **Maintenance of Information Security**

We adhere to the information security management policy of "prevention first, comprehensive prevention, system management, customer-oriented, supply of stable, reliable and secure quality services, and continuous improvement".

In order to ensure the confidentiality, integrity and availability of information assets and provide customers with more reliable services, we have established an information security management system based on ISO/IEC27001:2013 to protect the information security of customers and the Company in an all-round manner. We ensure the security of information assets, enhance customer confidence, and maintain business continuity by systematically identifying all information assets involved in the Company's business operations and customer services, classifying them scientifically and effectively and identifying their risks, taking appropriate measures to reduce such risks, meeting legal and regulatory requirements, and making continuous improvements.

We have been certified with ISO/IEC27001:2013 Information Security Management Systems. And according to the requirements of the Systems, we have established the confidentiality system and privacy policies. In the *Integrity Compliance Guidelines* and contracts signed with employees, we have reached the agreement as below: It is prohibited to use for personal purposes, or disclose to any third party (individual or organization), any business, account, financial condition, R&D, project, trade secret, business strategy, bidding information or any other potentially sensitive or confidential information which relate to Sieyuan and its customers or business partners; or to disclose to anyone other than Sieyuan any information about the business, customers or business partners learned in the course of business; or to use social media to share or disclose the information of any third party on Sieyuan and business. Specific handling procedures have also been developed.

Our company implements comprehensive assessment and management of data security, optimizes data retention and fault tolerance, formulates special contingency plans for data disasters and information leakage, and carries out graded response management. The retention time of our internal and external stakeholders' data is specified, and regulations on retention and destruction are provided.

Our Information Technology Department conducts the centralized management of information system construction, and implements effective management of IT operation and maintenance, general system security, system log audit, system development and change, and data backup by establishing sound information system management system and mechanism, and ensures the normal operation of information system through regular inspection to enhance the security and reliability of information system.

Our management and employees from business departments are bound by specific agreements with the Company regarding the confidentiality of the information of the Company and stakeholders. Other binding terms for employees are detailed in the *Labor Contract*.

In 2020, we conducted trainings on information security awareness for 100% of our employees. There were no accidents, disputes and lawsuits related to information security, data loss, and disclosure of trade secrets throughout the year.

We adhere to the information security management policy of "prevention first, comprehensive prevention, system management, customer-oriented, supply of stable, reliable and secure quality services, and continuous improvement".



**04**

**Compliance with the Law  
to Build a Better Foundation**

## Corporate Governance

In accordance with the *Company Law*, *Securities Law* and other relevant laws, regulations and rules, we have established the shareholders' meeting, board of directors, board of supervisors, management, etc., and the shareholders' meeting, the board of directors and the board of supervisors of the Company operate independently. We have also established and improved the corporate governance structure, and have an organizational unit system independent of controlling shareholders. We also have independent organs and functional departments satisfying the development needs of the Company.

### (I) Shareholders and shareholders' meeting

The shareholders' meeting is our highest authority. We regulate the convening, holding and voting procedures of the shareholders' meeting in strict accordance with the provisions and requirements of the *Articles of Association* and the *Rules of Procedure of the Shareholders' Meeting*, and hire lawyers to attend and witness the meetings. We treat all shareholders equally, and safeguard the legitimate rights and interests of the Company and our shareholders. We ensure that small and medium-sized shareholders are entitled to fully exercise their rights and that there are no situations harming the interests of shareholders. The shareholders' meeting enjoys the highest decision-making power on major business development matters of the Company. In 2020, our Company held one shareholders' meeting and adopted 10 motions in strict accordance with the *Articles of Association*, *Rules of Procedure for Shareholders' Meeting* and other provisions.

### (II) Directors and board of directors

Our directors perform their duties as directors in strict accordance with the *Company Law*, *Articles of Association*, *Rules of Procedure of the Board of Directors* and other relevant provisions and execute the resolutions of the shareholders' meeting. We currently have 7 directors, including 3 independent directors, accounting for over one-third of all directors and 2 accounting professionals, and thus we are in compliance with the relevant requirements of the *Guidelines on the Establishment of Independent Director System in Listed Companies* of the China Securities Regulatory Commission. Independent directors are able to make judgments and express opinions independently, and protect the legitimate rights and interests of shareholders, especially medium and small shareholders, with their professional knowledge and rich working experience. The board of directors has established the Audit Committee, Remuneration and Appraisal Committee and Investment Decision-making Committee. Each special committee performs its duties in strict accordance with the regulations and is operating well.

### (III) Supervisors and board of supervisors

Board of supervisors of the Company holds meetings in strict accordance with the *Articles of Association* and the *Rules of Procedure of the Board of Supervisors* and other relevant provisions.

There are 3 supervisors, including 1 employee representative supervisor, and the number and composition of the board of supervisors comply with the requirements of relevant laws and regulations. Supervisors of the Company are able to conscientiously perform their duties to supervise the decision-making procedures, resolutions and relevant matters of the Board of Directors, and to supervise the compliance of the Company's operations with the law, ensuring the legality and compliance of the Company's directors and senior management in performing their duties.

### (IV) Employees

Our employees participate in the management and decision making of the Company's affairs through labor union organizations and elected employee representatives, as well as the Company's work relating to quality, environment and safety improvement through rationalization proposals, QCC improvement and other activities.

## Information Disclosure

We fulfill our information disclosure obligations in strict accordance with the *Information Disclosure Management System*, *Accountability System Regarding Material Errors in Information Disclosure of Annual Reports*, *Reporting System for Informants of Insider Information*, *Articles of Association* and other laws and regulations. We and the information disclosure obligors coordinate investor relations, receive visits from shareholders, answer inquiries from investors in strict accordance with the requirements of the *Working Guidelines for the Relationship Between Listed Companies and Investors* and the *Guidelines of the Shenzhen Stock Exchange for the Standard Operation of Listed Companies*, to ensure that our information disclosure is true, accurate and complete in a timely and open manner. We disclose our information as required through the *Securities Times* and Juchao Information Website (<http://www.cninfo.com.cn>).

We have established a management system for internal information transmission, to regulate business operations such as production and operation information transmission, official document information transmission, financial information transmission, meeting information transmission and management of internal information informants, to ensure compliance, integrity, soundness and scientific nature of the internal reporting system, to provide a strict internal reporting process, and to strengthen internal reporting information integration and sharing. With such efforts, timely internal information transmission and smooth channels are guaranteed.



## Compliance Management

We make it a priority to comply with all applicable laws and to conduct our business in an ethical manner. We effectively manage the compliance in accordance with the *Integrity Compliance Guidelines of Sieyuan Electric*, *Regulations on Compliance Management of Sieyuan Electric* and relevant domestic laws, regulations and other relevant compliance policies. A compliance organization has been established at five levels, with the chairman of the board of directors as the top person in charge for the Sieyuan compliance management system and with the

Compliance Management Committee set up to supervise the overall implementation of Sieyuan's compliance management policies. And a meeting is held quarterly.

At the beginning of each year, Compliance Management Department prepares a compliance review plan in which it selects key compliance risk areas, and then conducts a compliance review of relevant documents. We also disclose in a timely and complete manner the information about our policies, actions and performance in respect of anti-corruption and anti-bribery, from time to time.

Internally, we have included trainings on compliance, anti-corruption and anti-bribery into our training program for all employees. The Compliance Management Department formulates a compliance training plan at the beginning of each year or in the event that there is a new legal policy or institutional adjustment, especially arranging targeted thematic compliance trainings for our executives, compliance teams, high-risk areas and key positions. We publish information and trends in the form of briefings and circulars, to promote advanced experiences and awareness of internal control, and facilitate the dissemination of compliance and improvement of internal control in group companies and subsidiaries.

In 2020, 100% of our employees at all levels received trainings on anti-corruption and anti-bribery awareness. We had no disputes and lawsuits related to corruption and bribery occurred throughout the year.

Externally, we introduce our compliance management system and requirements and measures to comply with the highest ethical standards, while promoting to the partners our position and requirements on integrity and compliance. We also actively carry out joint actions with advanced enterprises, industry organizations and professional institutions that have compliance systems in place, exchange experiences and assist each other to take joint actions in an effort to create a fair and clean market environment.

Through employee handbook, website, OA system, etc., we provide channels for employees and external stakeholders to file complaints and report all issues such as corruption and bribery, information security and privacy, unfair competition, child labor, forced labor, discrimination, harassment and abuse, environmental violations, fraud, etc. We are committed to investigating and concluding all complaints and reports received, keeping confidential the whistleblowers (unless required by law) and protecting them from all retaliation. Throughout the year 2020, we received 39 complaints and reports, of which 5 were related to issues such as corruption and fraud. All such complaints and reports were handled in accordance with our regulations and the results were returned to the whistleblowers.

## **Audit Internal Control**

We, Sieyuan, have established the Audit and Internal Control Department as a permanent institution for daily supervision of the Company's internal control. According to the internal audit system and the relevant management system of the Company, a routine comprehensive audit of some important subsidiaries is conducted once a year, making audit supervision a regular activity. Internal control teams are established in each company, and thus we form a three-tier internal control organization, including the Audit Committee, the Audit and Internal Control Department and the internal control team of each company. The Audit and Internal Control Department issues annual internal control self-inspection plans at the beginning of each year, and the internal control teams of each company is responsible for the implementation on a monthly basis, and conduct various routine and special audits and other activities as required. Based on the evaluation of internal control, the Audit Committee and the Audit and Internal Control Department review the establishment, optimization and implementation of the Company's internal control system, propose timely rectification suggestions and supervise the completion of rectification for the problems identified. In 2020, a total of 40 audits and investigations were completed, including the assessments of business ethics risks for all organizations and all segments of the Company, and no significant risks or vulnerabilities were identified.

A good internal control system effectively facilitates the enhancement of the overall internal control level of the Company.

## **Contract Review**

Based on the *Procurement Management System*, *Management System of Invitation for Bids* and relevant internal regulations of each subsidiary and department, we have clarified the responsibilities and approval authority of requisition, approval, invitation for bids, procurement, acceptance, payment and post-procurement evaluation; established a contract evaluation system to strictly regulate the process of signing procurement contracts so as to



avoid legal and commercial risks; and further standardized the selection of cooperative suppliers by fully adopting supplier electronic quotation platform to obtain external quotations, using the form of tendering procurement in a large proportion, and guiding and regulating resolutions of contract award with tendering program, in order to improve the fairness and impartiality of supplier selection.

We use the tools, such as CRM system and contract review database, to enhance daily contract business management. The Business Implementation Department is responsible for the formulation of contract text. If the contract text is provided by customers, the Contract Management Department will organize the review of the commercial terms and conditions thereof, and instruct the account manager to modify the contract according to the final review opinions. The Legal Department participates in the review of legal matters of important contract texts, the Finance Department reviews the reasonableness and legality of contract funds and settlement, and the leaders at all levels of the Company review or approve according to the authority.

**05**

## **Green Safety for a Better Environment**

Production Safety | Occupational Health | Energy Efficiency | Environmental Performance

We have made "sustainable development" an important part of our strategic planning, and taken the safety, health and environment as an integral part of our daily work. We will also make continuous efforts for the improvement.

We promise: Provide an environmentally friendly, healthy and safe workplace and comply with applicable laws and regulations.

Our objectives: Continuously strengthen our performance in terms of environment, health and safety and realize accident minimization.

## **Green Design**

### **In product design**

We take full consideration in the control of hazardous substances: For all kinds of cable surfaces and injection molded parts, raw materials have been changed from PVC to green materials with low smoke and zero halogen; color-plated zinc has been changed from hexavalent chromium galvanized zinc to trivalent chromium galvanized zinc; and conductors inside the metal shell are closely spaced to effectively reduce electromagnetic radiation, and other series DFX design concepts. We make continuous efforts for the improvement to reduce the energy loss and the complexity of installation and disassembly, of products, and to enhance the convenience of recycling. Applying the concept "Green" in our product will make the product better serve and respond to more future needs.

### **In production line design**

We continue to accelerate automation, information technology, and intelligence, enabling the access via QR code to information such as the production process, etc. We also take such measures as adopting lead-free welding process, changing the oil-based paint to water-based paint for painting production line, using recycling package of parts, etc., to realize the selection of production equipment in the way that the energy will be saved, the consumption and the generation of hazardous waste and hazardous chemical will be reduced.

### **In new architectural design**

We have completed the planning of intelligent power distribution and intelligent building solutions, including: Thermal/fireproof wall materials, energy-saving and emission-reducing green electrical facilities (LED lights, water-saving sanitary ware, etc.). It is estimated to reduce energy consumption by at least 26%, CO<sub>2</sub> emission by 78%, renewable credit by 20%, and water consumption by 20%.

## **Green Operations**

Adhering to energy saving and cost reduction, better efficiency and quality assurance, and recycling and sustainability, we have always upheld the concept of environmental protection, reducing our impact on the environment through pollution prevention and sustainable use of resources. In operations, we adopt the software systems (CRM, PLM, ERP, etc.) of information factory, making the use of paper, manual operations and paperwork reduced from the supplier to the client by at least 30%. With digital means, we further optimize the preliminary design, continuously boost our capacity for post-operation and maintenance of all aspects of the whole life cycle, and realize the "green factory" in four dimensions: safety, efficiency, intelligence and environment protection. Diverse needs of enterprises for flexible expansion, rapid replication, and remote management are all satisfied. We also improve our network system. With the thin client, lots of office energy consumption has been reduced.

The energy we use is all electrical energy. And we have reduced the indirect GHG emissions (Category II) by carrying out activities of energy conservation and consumption reduction. We also realize the emission reduction of such greenhouse gas as SF<sub>6</sub> through technological modification, process substitution and leakage prevention.

We are concerned about the protection and conservation of water resources and have developed the water conservation management program and wastewater treatment procedure to facilitate the treatment of wastewater before it is discharged into the plant sewer pipe.

We have developed plans to deal with emergencies of environment and safety issues, and accidents. We also provide annual emergency trainings and drills every year.

### **Take LED factory lights instead of metal halide lamps as outdoor street lights for energy-saving renovation**

Before the renovation, we installed 62 metal halide street lights (250W, with 50W inductive ballast), with an annual lighting time of about 4,380 hours, an annual electricity consumption of about 81,500 kWh, and an annual lighting cost of about RMB 58,700. After the adoption of LED factory lights, only 150W light source can achieve the same illumination as the original 250W light source, realizing an energy-saving rate of 45%, an annual power saving of 50,500 kWh (equivalent to 17.66 tons of standard coal), an annual electricity saving benefit of RMB 3,8300.

### **Retrofitting of central air-conditioning for energy conservation and emission reduction**

To do a good job of energy saving and emission reduction, we implemented the retrofitting of piston central air-conditioning in a centralized manner, following the basic principles of "reduction and resource utilization". Before the renovation, the average monthly electricity consumption of central air-conditioning is estimated to be 87,000 kWh (June - October) (if the normal operation current is 650A, then with the formula:  $650A * 380v * 16 \text{ hours} / 1000$ , the daily electricity consumption will be 3,648 kwh, and the average monthly electricity consumption will be around 100,000 kWh) (including water pumps). After the renovation, the average monthly electricity consumption is 64,000 kWh (including water pumps). We succeed saving the electric energy of 23,000 kWh per month. If the annual operation time of air-conditioning is 4.5 months, the electric energy of 103,500 kWh will be saved every year. If the average electricity price is 0.7 yuan / kWh, a total of RMB 72,500 will be saved.

Our electricity consumption is 14,557.04 MWh in 2018, 15,798.4 MWh in 2019 and 15,491.68 MWh in 2020, respectively.

All of our energy is electrical energy. According to the OM factor of East China Power Grid in the *2019 Annual Emission Reduction Project - Baseline Emission Factor of China's Regional Power Grid*, the GHG emissions (Category II) for 2018 to 2020 are 11,530.63 tons of carbon dioxide equivalent, 12,513.91 tons of carbon dioxide equivalent, and 12,270.96 tons of carbon dioxide equivalent, respectively.

Our fresh water consumption is 77,659 cubic meters in 2018, 54,860 cubic meters in 2019 and 68,344 cubic meters in 2020.

**Table of electricity consumption statistics (MWh)**

2018	2019	2020
14557.04	15798.40	15491.68

**Table of fresh water consumption statistics (tons)**

2018	2019	2020
77659	54860	68344

**Table of GHS emission statistics (tons of carbon dioxide equivalent)**

2018	2019	2020
11530.63	12513.91	12270.96

### **Green Transportation**

Our products are assembled to achieve the largest scale of product pre-assembly in the factory, thus reducing the number and volume of product transportation. We simplify the packaging under the premise of safety delivery, reuse packaging, and use centralized delivery for transportation to improve the number of vehicles in use; adopt the mode of direct delivery from factory to the project site, reducing vehicle transit and intermediate logistics links; and deliver export products with containers to reduce operation links of logistics process, improve the efficiency of logistics and realize green logistics.

### **Pollution Prevention**

We actively introduce new technologies and equipment to optimize management and reduce emissions. We have formulated relevant management measures for pollution factors such as waste water and gas, particulate matter and noise.

The exhaust gas is filtered by water curtain and adsorbed by activated carbon and then discharged at high altitude.

We regularly implement the replacement and maintenance and commission third parties for test every year. Wastewater will be first treated in the self-built sewage treatment tank with processes of settlement, air flotation and sludge press filtration, and then discharged in a centralized manner after the chemical control of acid and alkali balance. The commissioned test results show that the discharge is in line with relevant standards. Particulate matter is treated by dust removal devices, and noise is reduced by isolation walls and isolation rooms, and by equipping employees with noise-proof earplugs. With these measures, noise emission in long street environment and the impact on employees' health are both reduced.

We commission a third party to conduct environmental monitoring every year according to the law, and the test result is approval in terms of the wastewater, exhaust gas, particulate matter and noise.

Name of company or subsidiary	Name of main pollutants and characteristic pollutants	Discharge method	Number of outlets	Distribution of outlets	Discharge concentration	Pollutant discharge standards implemented	Total amount of discharge	Total approved amount of discharge	Excess discharge
Shanghai Sieyuan High-Voltage Switchgear Co., Ltd.	Sulfur dioxide nitrogen oxide particulate matter	Intermittent discharge	1	Diesel heating furnace 1# (outlet 1)	Sulfur dioxide: 15.7 mg/ Nm3, nitrogen oxides: 23.0 mg/Nm3, particulate matter: 3.0 mg/m3	DB31/T933-2015 <i>Integrated Emission Standards of Air Pollutants</i>	13.7kg	13.7kg	Not exceeding limit
Shanghai Sieyuan High-Voltage Switchgear Co., Ltd.	Sulfur dioxide nitrogen oxide particulate matter	Intermittent discharge	1	Diesel heating furnace 2# (outlet 2)	Sulfur dioxide: 16.3mg/ Nm3, nitrogen oxides: 25.0mg/Nm3, particulate matter: 1.48mg/m3	DB31/T933-2015 <i>Integrated Emission Standards of Air Pollutants</i>	7.8kg	7.8kg	Not exceeding limit
Shanghai Sieyuan High-Voltage Switchgear Co., Ltd.	Sulfur dioxide nitrogen oxide particulate matter	Intermittent discharge	1	Diesel heating furnace 3# (outlet 3)	Sulfur dioxide: 15.7 mg/ Nm3, nitrogen oxides: 26.0mg/Nm3, particulate matter: 0.94mg/m3	DB31/T933-2015 <i>Integrated Emission Standards of Air Pollutants</i>	21kg	21kg	Not exceeding limit
Shanghai Sieyuan High-Voltage Switchgear Co., Ltd.	Sulfur dioxide nitrogen oxide particulate matter	Intermittent discharge	1	Diesel heating furnace 5# (outlet 4)	Sulfur dioxide: 17.0 mg/ Nm3, nitrogen oxides: 26.0 mg/Nm3, particulate matter: 0.81mg/m3	DB31/T933-2015 <i>Integrated Emission Standards of Air Pollutants</i>	10.1kg	10.1kg	Not exceeding limit
Shanghai Sieyuan High-Voltage Switchgear Co., Ltd.	Benzene, methylbenzene, xylene, non-methane hydrocarbon, particulate matter	Intermittent discharge	1	Purification equipment outlet of coating exhaust gas exhaust pipe (outlet 5)	Benzene < 0.0004 mg/m3 Methylbenzene <0.0006mg/m3 Xylene < 0.0006mg/ m3, non-methane hydrocarbon 1.20 mg/m3, particulate matter: 0.30 mg/m3	DB31/T933-2015 <i>Integrated Emission Standards of Air Pollutants</i>	0.5kg	0.5kg	Not exceeding limit

## Solid Waste Management

We strive to realize control and innovation in process, management and equipment to further reduce the generation of hazardous waste. We will achieve continuous reduction of hazardous waste discharge through production process control and process improvement. The amount of solid waste discharge was reduced by 5 tons in 2020 when compared with 2019.

Our products, such as circuit breakers, disconnect switches and mutual inductors, are constantly optimized in the production process. All processes (from product design to raw material procurement, processing and manufacturing, assembly and commissioning, shipping and transportation, installation and trial operation, and even product scrapping and recycling) follow the EHS policy of energy saving, environmental protection, safety and health.

We established an EHS improvement team in March 2019 to carry out improvement activities to reduce hazardous waste generation in the insulation coating workshop. As a result, the annual volume of hazardous waste outbound disposal in 2019 decreased by 64.2 tons, down 51.52% year-on-year.

Sieyuan Qingneng Electric & Electronic Co., Ltd. reuse the non-conforming electronic components after treatment to reduce the generation of electronic waste. To ensure product quality, we conduct strict testing and screening of components, and select about 1.5 tons of non-conforming electronic components each year before improvement. After on-site investigation and analysis, the improvement team divides the generated e-waste into two categories and manages the e-waste by type. The damaged and non-recyclable ones will be stored in the hazardous waste room as hazardous waste and managed by dedicated personnel; the recyclable ones will be stored in centralized storage and reported to qualified suppliers for reworking and reuse, effectively reducing the generation of electronic waste and increasing the recycling of resources. Upon improvement, our non-conforming electronic waste has been reasonably utilized and disposed of, reducing the generation of electronic hazardous waste by about 1.2 tons per year. According to the price of hazardous waste disposal and raw materials, the annual saving of hazardous waste disposal cost is RMB 12,060, and the saving of raw material cost is about RMB 45,000.

To effectively prevent, timely control and eliminate the associated / secondary pollution generated in the process of accident handling, and regulate the emergency management of environmental pollution, we develop emergency plans for environmental incidents, hazardous waste emergency drill programs, etc., to clarify the responsibilities and division of tasks of all relevant departments in the process of incident handling. We organize emergency drills every year to improve the emergency response speed and collaborative operation ability for environmental pollution events, so as to protect the lives and health of our employees and the public, minimize environmental risks, protect the ecological environment and promote the sustainable development of the Company.

Solid waste discharge data in 2020:

Non-hazardous solid waste  
discharge in 2020  
**255 tons**

Decrease when compared  
with 2019  
**14 tons**

Hazardous waste discharge  
**299.58 tons**

Decrease when compared  
with 2019  
**227.08 tons**

## EHS Management

We insist on safety development, implement the employee-oriented development idea, always put the safety of employees in the first place, and correctly handle the relationship between safety and production development. We strictly implement the main responsibility of enterprises, fulfill the legal responsibility of production safety, and establish and improve the endogenous mechanism of self-restraint and continuous improvement. We guarantee the investment of safety production funds to ensure the normal use of various facilities and equipment necessary for safe production, and the funds for safety insurance, safety training and safety incentives.

Sieyuan Electric and its subsidiaries have established safety committees, with the chairman and the main person in charge of the subsidiary as the director of the safety committee, and the safety committee members are department heads, employee representatives and union members. The safety committee meeting is held quarterly to discuss the issues of the Company, including safety situation, management of the compliance with national laws and regulations and departmental regulations, etc., Four Prohibitions of occupational injury, and the control of major hazard sources, etc. Our subsidiaries also have the safety committee and the full-time safety management department.

New recruits are given a three-level safety training and will only start working after passing the test. We also conduct a variety of on-line and off-line trainings. In 2020, there were 43 EHS education trainings, with the training duration of 61.5 credit hours and 1,292 participants.

We carry out annual trainings for new employees and all employees on energy conservation and emission reduction, greenhouse gas and climate change, water conservation, and occupational health and safety, with a coverage rate of 100%.

We conduct annual trainings on waste and hazardous material handling for specific employees, with a coverage rate of 100%.

The main person in charge of the Company and management cadres at all levels regularly carry out inspection in accordance with the safety inspection system, and require the responsible person of the area with safety hazards to implement the closed-loop rectification of the safety hazards identified during the inspection. Main person in charge is personally responsible for major safety hazards. We implement safety risk assessment and hazard grading for production areas, and establish sound safety risk grading maps and safety commitment cards.

We implement safety audits on contractors to ensure that their operational and safety qualifications meet the requirements of laws and regulations. We further implement the *Safety Management Regulations for Contractors and Construction Units*, requiring the project leader, as the first responsible person, to accept project safety trainings and safety qualification audit, and to implement qualification audit of operators, work risk analysis and protection and other safety work, and to personally designate safety guardians. We further implement the *Regulations on the Management of Hazardous Operations*, adopting a hierarchical approval system, and designating safety heads and guardians on site for each construction project to be specifically responsible for safety work. Contractors abide by Sieyuan's health and safety procedures when working on the sites of Sieyuan.

We have improved the *Rules for the Implementation of Safety Accident Penalties*, to assess our person chiefly in charge, department heads and safety directors according to the level of safety accidents and the attributes of responsibility. Every year, we sign a safety responsibility letter with each employee to establish a safety management responsibility system featuring one post & two responsibilities and full coverage.

We communicate with the government and safety-related authorities in a timely manner to understand the latest government guidelines, policies, and legal and

EHS education  
trainings  
**43**

Training duration  
**61.5 credit hours**

Number of  
participants  
**1,292**



regulatory requirements for safety production.

For product safety, we have developed the product safety management manual and problem collection procedures to proactively communicate with customers the information on safe use of product, warn of potential risks in advance, collect and analyze problems relating to the usage and customer opinions, and conduct special studies. Almost all of our products are customized, and we, taking into account the features of each product, have included instructions for safe installation, operation, and disassembly and recycling in our product manuals, enabling users to easily understand relevant information and avoid damage to health and safety.

By the end of 2020, 13 of our 16 factories have been certified with ISO14001 Environmental Management Systems. The factories failing to be certified are newly built or under construction, and are at the phase of planning for certification.



**06      Give Back with Love and  
Share a Better Life**

We focus on public interest, always remember to repay the society, actively support the social welfare undertakings, and strive for building a good social image. We actively perform our social responsibility and insist on repaying the society with love. We have set up scholarships in many universities, donated money for children in poor areas at home and abroad, and actively participated in blood donation and community public welfare activities. Through our branches and organs in China and overseas, we make contributions to local communities in terms of the welfare, education, charity and disaster relief.

## Donation

We strengthen cooperation with Tsinghua University, Shanghai Jiao Tong University, Xi'an Jiaotong University, Huazhong University of Science and Technology, North China Electric Power University and other well-known institutions in talent training and industry-university research, and set up scholarships (RMB 930,000 in 2018, RMB 920,000 in 2019, and RMB 1.54 million in 2020) for both students and teachers to promote the progress of scientific research in universities and the employment and success of university graduates.

School	2018	2019	2020
Tsinghua University	/	/	300,000
Xi'an Jiaotong University	200,000	200,000	300,000
Huazhong University of Science and Technology	300,000	300,000	300,000
North China Electric Power University	200,000	200,000	200,000
Shanghai Jiao Tong University	200,000	200,000	200,000
Northeast Electric Power University	30,000	30,000	30,000
Heilongjiang University	/	/	10,000
Hunan University	/	/	200,000
Subtotal	930,000	930,000	1,540,000

We set up "Sieyuan Electric Education Fund" with Shanghai Jiaotong University to finance the cultivation of undergraduate and graduate students in the Department of Electrical Engineering of the School of Electronic Information and Electrical Engineering, the support program for outstanding young teachers and the annual salary support for newly introduced young teachers, in order to help the School and the University to cultivate high-quality talents; and set up "Li Fusou Sieyuan Electric Scholarship", named after Li Fusou, the original inventor of the arc suppression coil and teacher of Jiaotong University, to specially support young talents and reward outstanding students.

We set up "Sieyuan Electric Laboratory Construction Fund" and "Sieyuan Electric Scholarship" with the High Voltage Technology Laboratory of the School of Electrical Engineering, Xi'an Jiaotong University. In September 2020, we donated RMB 1.5 million to Xi'an Jiaotong University to reward their students in the School of Electrical Engineering with outstanding academic performance and to help the School and the University cultivate high-quality talents.

"Sieyuan Electric Scholarship" is the scholarship with the largest amount and the widest coverage of students in the School of Electrical Engineering of Huazhong University of Science and Technology. Since 2008 when Sieyuan Electric donated RMB 1 million to set up "Sieyuan Electric Scholarship" with the School of Electrical Engineering, there have been nearly 1,000 students of the School receiving the scholarship. Sieyuan Electric makes its own contributions to the cultivation of talents in the field of electric power.

In December 2019, we carried out material donation, teaching activities, home visits for left-behind children and other poverty-stricken support activities to Shunchang



Primary School in Chama Town, Qinglong County, Qianxinan Buyei and Miao Autonomous Prefecture, Guizhou Province. We donated a total of over RMB 10,000 of cold-proof clothes and learning materials, demonstrating our public welfare spirit, social care and humanitarianism.

## Public Welfare Activities

While creating enterprise value, we actively carry out various public activities to "give back to the society after taking from it". Among them, "Love Run" public welfare activity has been held for six times, aiming to pass on our love and to call on every Sieyuan people to join in public activities. When a participant runs one kilometer, we will donate RMB 5.20 (similar pronunciation with the words "I love you") in his/her name.

The sixth "Love Run" public welfare event in 2020 raised a total of RMB 85,789.60, and with our additional donations, the donation totaling about RMB 200,000 has been provided. The school accepting donation is the Dazhai Primary School in Banchang Town, Yanhe Tujia Autonomous County in Tongren, Guizhou. It is a village elementary school founded in the early 1930s, with 14 teaching staff and nearly 270 students, including 52 students enjoying the rural minimum living guarantee and 49 left-behind children. Sieyuan purchased winter clothes, scarves, blankets, quilts and other warm materials for the children, and equipment such as printers, large mixers and speakers, and school sports supplies and facilities including school bags, basketball stands, basketballs, ping pong tables, ping pong rackets, badminton rackets, as well as food and other materials, which were delivered to the children after long distance transportation.

Since 2015, a total of 17,434 Sieyuan employees have participated in the "Love Run" public welfare activity, realizing a running length of 90,671 kilometers in total and donation of charity fund of nearly RMB 510,000 in total (and additional donation of the Company which is nearly RMB 700,000). We helped many schools in Guizhou, Yunnan, Qinghai, Sichuan, Jiangxi and other provinces, benefiting a total of more than 1,400 children.



Session No.	Year	Total number of participants	Total length	Total donation
1	2015	1334	9723.55	65258.82
2	2016	2806	15129.90	86636.00
3	2017	2839	15349.99	87880.99
4	2018	3026	15928.24	90153.83
5	2019	3852	18041.65	93816.60
6	2020	3577	16498.00	85789.60
Total	Total	17434	90671.329	509535.8383

## **Community Co-construction**

We continue to actively respond to the call of the government and the community to participate in the community co-construction and to establish harmonious neighborly relations. We take active part in the social welfare activities at the community level such as the construction of cultural activities, blood donation, poverty assistance, employment of the disabled, etc. to build a beautiful community.

On the morning of November 17, 2020, we attended the 10th anniversary celebration of Xindu Kindergarten as a social co-construction friendly unit. In the community co-construction ceremony, Xindu Kindergarten awarded our company and other three social co-construction friendly units. As a member of Xinzhuang Industrial Zone, Sieyuan Electric will keep firmly supporting the development of education.

## **Epidemic Prevention and Control**

In 2020, during the prevention and control of COVID-19 pandemic, Sieyuan, with great political consciousness, responsibility, view of overall situation and team spirit, and in strict accordance with the owner's requirements, carefully and orderly planned, organized and promoted the project during the construction, and strictly completed the tasks with high quality, including production and supply.

In May 2020, Sieyuan Hongrui was awarded the "Supplier with Outstanding Contribution to Epidemic Prevention and Control" by Pinggao Group. In February, Pinggao Group urgently needed the supporting project materials involved in the agreement signed with Sieyuan Hongrui. Sieyuan Hongrui delivered to Pinggao Group the intelligent equipment of 8 contracts from February 18 to 29, helping Pinggao Group deliver urgent projects.

On February 1, 2021, Extra High Voltage Power Transmission Company of China Southern Power Grid sent letters of thanks to Sieyuan Rugao High Voltage, Sieyuan Hezi and Sieyuan Capacitor, for the great assistance to Kunliulong DC Project during the epidemic prevention and control (like the mobilization of the company's resources for project construction). The letters said that our support provided a solid material guarantee for the smooth operation of the Project.

## **Love without Borders**

As the outbreak of COVID-19 pandemic around the world, the government of Sierra Leone issued an order of national blockade as quarantine measures, making life more difficult for some Sierra Leoneans living in poverty, especially those with disabilities, elderly people living alone, and other people who cannot take care of themselves. The team of Africa Sierra Leone Project of Sieyuan Electric donated to the three communities related to Sieyuan 225kV Bumbuna Substation (namely, kadija village, kabari and Bumbuna Town) the rice, cooking oil, salt, onion, butter and other living supplies as well as materials for epidemic prevention and control like hand washing buckets and soap to satisfy their basic needs at that time. The donation event was covered by Sierra Leone National Television on April 27 (local time).

At the donation ceremony, Fatuma, official of Tonkolili District Government, expressed his gratitude for the kindness of Sieyuan Electric. He said: "On behalf of District Government, I would like to thank Sieyuan Electric for helping the community. Sieyuan Electric is constructing a very beautiful project for us and has established a very good template for relations with community."

Local Grand Chief P.C. Koroma, on behalf of the community, said: "Thank you, Sieyuan Electric. Thanks for helping our community. On behalf of the people of the community, I would like to thank you for all the help and support you have given to our community since the start of construction."

Mbalu, the owner's community coordinating engineer, said the event was a timely help to the community, especially when many people are unable to go out and earn a living as the country is restricting mobility across the region, and these living supplies are timely support to the local people."

Li Liyong, the site representative of Sieyuan Electric, expressed his gratitude to the representatives of all parties who came to the site in person, and also thanked the three communities for their utmost support and help since the Project started. Finally, Li Liyong offered trainings to the participants of the ceremony on the protection of COVID-19 pandemic. He said that in the future, he would offer more information and protection knowledge of COVID-19 pandemic to the community, organize more relevant trainings, and tide over the difficulties together with the community.

After the ceremony, staff of Sieyuan Electric personally delivered the supplies to the three communities. The local

villagers praised Sieyuan Electric for the kindness and expressed their sincere gratitude.

This event enhanced the relationship between the projects of Sieyuan Electric in Sierra Leone, Africa and the local community. Through the event, Sieyuan Electric performed the social responsibility, played its role in global markets as a China's enterprise and established a good international social image.

**07**

**Stay True to Original Aspiration and  
Share the Responsibility**

Focusing on fulfilling the corporate social responsibility, Sieyuan Electric integrates social responsibility into its strategy, management and long-term development goals, actively explores social responsibility integration mechanisms, carries out systematic social responsibility management and undertakes the responsibility of stakeholders.

### **Improvement of leadership structure and working mechanism**

To effectively implement the concept of responsibility to every position, we have established a comprehensive social responsibility system. We set a Social Responsibility Management Committee, chaired by the chairman, with all full-time vice presidents as members. The Social Responsibility Management Committee is the decision-making organ for corporate social responsibility, responsible for studying and establishing strategies and policies on corporate social responsibility, participating in the preparation of proposals related to social responsibility reports, and externally dealing with matters related to corporate social responsibility.

### **Enhancement of employees' awareness of social responsibility**

Taking the performance of corporate responsibility as an important mission, we actively promote our culture, and concept and practices of social responsibility through platforms such as trainings for new employees and *Sieyuan People* to help employees understand the corporate responsibility and make joint efforts to fulfill such responsibility. During the trainings for new employees, we will play promotional films to introduce our cultural concept and our social responsibility concept and practices.

### **Stakeholder engagement**

We focus on the needs of our stakeholders and take them as the prerequisite to perform our social responsibility. Through multiple communication mechanisms and channels, we have conducted extensive and in-depth communication with stakeholders such as customers, suppliers, employees, government, regulators and communities. We value full communication with stakeholders, listen and respond to stakeholders' concerns, understand stakeholders' expectations and demands on the Company, seriously treat stakeholders' feedback and actively adopt constructive opinions and suggestions.

The following table lists the main communication topics of Sieyuan with different stakeholders, and responses from Sieyuan.

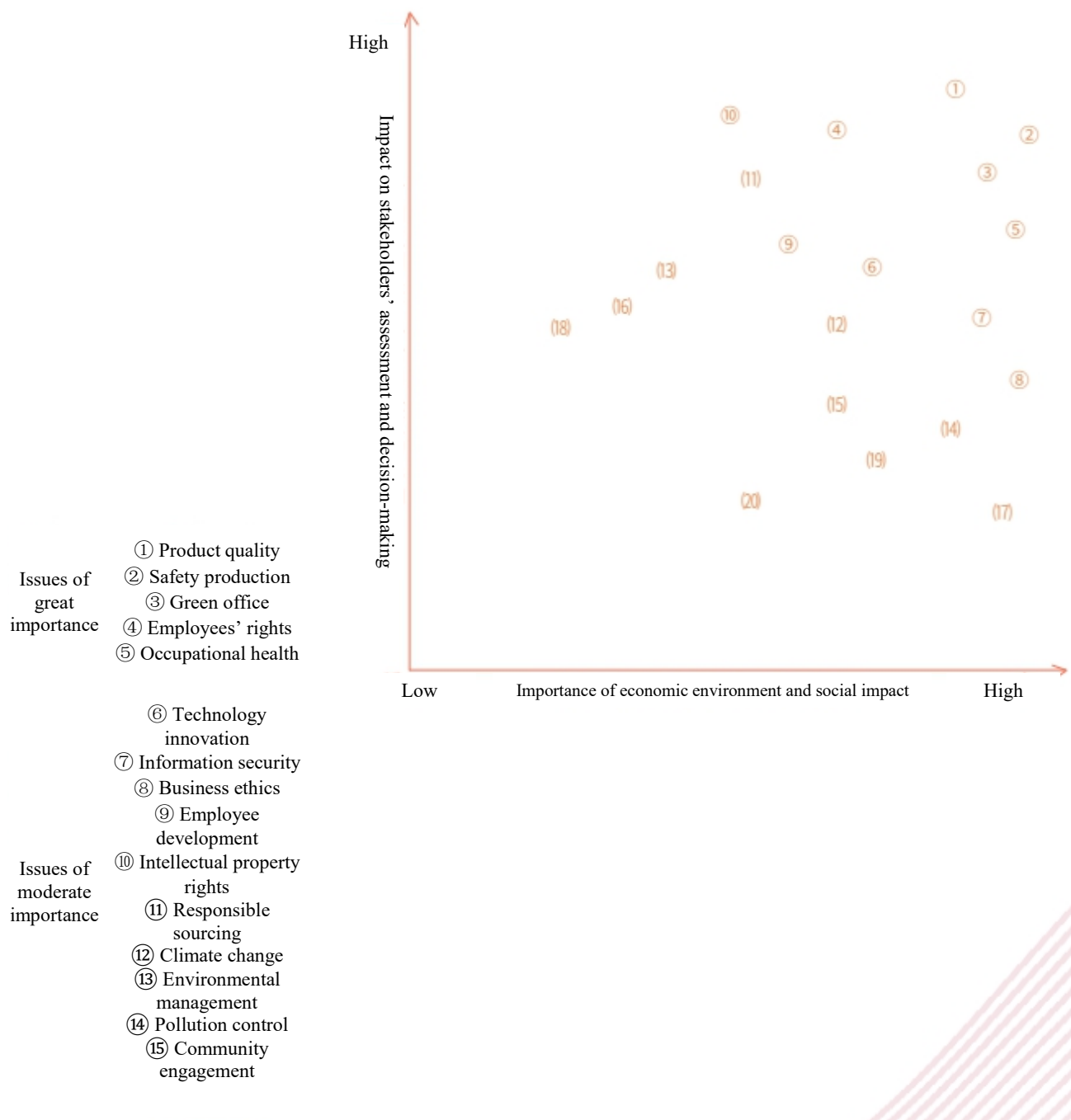
## Stakeholders' demands and Sieyuan's response

Demands		Responses
<ul style="list-style-type: none"> <li>• Provide quality products and services</li> <li>• Listen to customers' opinions and suggestions</li> <li>• Ensure security of customers' information</li> </ul>	Customers	<ul style="list-style-type: none"> <li>• Control of products</li> <li>• Service quality</li> <li>• Visit to customers</li> <li>• Satisfaction survey</li> </ul>
<ul style="list-style-type: none"> <li>• Sustainable profitability level</li> <li>• Standardized corporate governance</li> </ul>	Regulators	<ul style="list-style-type: none"> <li>• Improve corporate governance system</li> <li>• Regularly disclose operating information</li> </ul>
<ul style="list-style-type: none"> <li>• Insist on integrity management</li> <li>• Drive the growth of suppliers</li> <li>• Fair trade</li> </ul>	Suppliers	<ul style="list-style-type: none"> <li>• Fair and transparent procurement principles and processes</li> <li>• Deep cooperation</li> <li>• Honest trading</li> </ul>
<ul style="list-style-type: none"> <li>• Protect the legal rights and interests of employees</li> <li>• Provide career development opportunity for employees</li> <li>• Ensure the safety and health of employees</li> <li>• Inclusiveness and diversity</li> </ul>	Employees	<ul style="list-style-type: none"> <li>• Establish occupational health and safety management system</li> <li>• Create development channels for employees</li> <li>• Achieve work-life balance for employees</li> <li>• Care for employees</li> </ul>
<ul style="list-style-type: none"> <li>• Promote community economic development</li> <li>• Full communication with community for harmonious coexistence</li> <li>• Carry out multi-level and multi-dimensional cooperation</li> <li>• Community programs for public good</li> </ul>	Community	<ul style="list-style-type: none"> <li>• Employment support</li> <li>• Participate in community construction</li> <li>• Public activities</li> <li>• Community volunteer service activities</li> </ul>
<ul style="list-style-type: none"> <li>• Technical exchange</li> <li>• Collaborative innovation</li> <li>• Industry development</li> </ul>	Peers	<ul style="list-style-type: none"> <li>• Industry conference</li> <li>• Seminar</li> <li>• Industry-university-research cooperation</li> </ul>
<ul style="list-style-type: none"> <li>• Pay taxes in full and by law</li> <li>• Lead technology innovation</li> <li>• Drive social employment</li> </ul>	Government	<ul style="list-style-type: none"> <li>• Proactive taxation</li> <li>• Technology innovation</li> <li>• Provide employment opportunities</li> </ul>



## Substantive Issue Identification

To effectively respond to the demands of all sectors of society and better fulfill our social responsibility, we regularly carry out the identification and management of substantive social responsibility issues. By focusing on fields of economic responsibility, employee responsibility, customer responsibility, environmental responsibility, partner responsibility, public responsibility, etc., we, based on two dimensions - "importance to stakeholders" and "importance to corporate development", and taking into account the actual situation of each business segment, identify substantive issues of responsibility and clarify the main contents to perform social responsibility. In 2020, we conducted a survey on substantive issues of CSR reports through internal and external questionnaires and use it as an important reference basis for the preparation of CSR reports. 15 important issues were selected as major substantive issues for the current year's CSR reports based on their impact on stakeholder assessment and decision-making and on the economy, environment and society.



## GRI Index

GRI Standards	Disclosure	Chapter	Remarks
<b>GRI 102: General Disclosure</b>			
Organization Overview	102-1 Organization name	About Sieyuan	
	102-2 Activities, brands, products and services	About Sieyuan	
	102-3 Headquarters location	About Sieyuan	
	102-4 Business location	About Sieyuan	
	102-5 Ownership and legal form	About Sieyuan	
	102-6 Markets of services	About Sieyuan	
	102-7 Organization size	About Sieyuan	
	102-8 Information on employees and other workers	Overview of Employees	
	102-9 Supply chain	Supply Chain Construction	
	102-10 Significant changes in organization and its supply chain	/	Disclosure for the first time, with no material change
	102-11 Early warning principles or guidelines	/	No special early warning guidelines have been established yet
	102-12 External initiatives	/	None
	102-13 Membership of association	Technical Advantages	
Strategy	102-15 Key impacts, risks and opportunities	Compliance Management	
	102-16 Values, principles, standards and codes of conduct	Corporate Culture	
	102-20 Responsibility of executive management for economic, environmental and social issues	Corporate Governance	
	102-21 Consultation with stakeholders on social issues	Stakeholder engagement	
	102-41 Collective bargaining agreement	Protection of rights and interests	
	102-42 Stakeholder identification and selection	Analysis of substantive issues	
	102-43 Stakeholder engagement guidelines	Stakeholder engagement	
	102-44 Key issues and concerns raised	Stakeholder engagement, analysis of substantive issues	
<b>Substantive Issues</b>			
GRI201: Economic Performance	201-1 Economic value directly generated and distributed	Sieyuan in 2020	
GRI205: Anti-Corruption	103 Management methods	Compliance Management	

## GRI Index

GRI Standards	Disclosure	Chapter	Remarks
	205-2 Communication and trainings of anti-corruption policies and procedures	Compliance Management	
	205-3 Confirmed corruption incidents and actions taken	Compliance Management	
GRI206: Unfair Competition Behavior	103 Management methods	Compliance Management	
	206-1 Lawsuits against unfair competition behavior, and anti-trust and anti-monopoly practices	Fair Competition	
GRI302: Energy	103 Management methods	Green Operations	
	302-1 Energy consumption within organization	Green Operations	
GRI303: Water Resources	103 Management methods	Green Operations	
	303-1 Water extraction by source	/	All from municipal water supply
	303-2 Water sources significantly impacted by water extraction	Pollution Prevention	
GRI305: Emission	103 Management methods	Pollution Prevention	
	305-2 Energy Indirect GHG Emissions (Category II)	Pollution Prevention	
GRI306: Sewage and Waste	103 Management methods	Pollution Prevention	
	306-2 Total amount of waste by category and treatment method	Pollution Prevention	
	306-4 Hazardous waste transportation	Solid Waste Management	
	306-5 Water bodies affected by drainage and/or runoff	Pollution Prevention	
GRI307: Environmental Compliance	103 Management methods	Pollution Prevention	
	307-1 Environmental compliance	Pollution Prevention	
GRI308: Supplier Environmental Assessment	103 Management methods	Fair Competition	
GRI401: Employment	03 Management methods	Protection of rights and interests	
	401-2 Benefits to full-time employees (excluding temporary or part-time employees)	Protection of rights and interests	
GRI 403: Occupational Health and Safety	103 Management methods	Occupational Health	
	403-1 Worker representatives of Works Council of Health and Safety	Protection of rights and interests	
	403-2 Categories of occupational injury, and rates of occupational injuries, occupational diseases, lost workdays, absence from work, etc.	Protection of rights and interests	
GRI404: Training and Education	103 Management methods	Training of Employees	

## GRI Index

GRI Standards	Disclosure	Chapter	Remarks
	404-1 Average number of training hours per employee every year	Training Employees of	
	404-2 Skill enhancement program and transition assistance program of employees	Training Employees of	
	404-3 Percentage of employees regularly receiving performance and career development appraisals (education and training)	Training Employees of	
GRI405: Diversity and Equal Opportunity	103 Management methods	Protection of rights and interests	
	405-1 Diversity in governance organizations and employees	Protection of rights and interests	
GRI406: Anti-Discrimination	103 Management methods	Protection of rights and interests	
	406-1 Incidents of discrimination and corrective actions taken	Protection of rights and interests	
GRI 408: Child Labor	03 Management methods	Protection of rights and interests	
	408-1 Operating sites and suppliers with significant risk of child labor incidents	Protection of rights and interests	
GRI409: Forced or Compulsory Labor	103 Management methods	Protection of rights and interests	
	409-1 Operating sites and suppliers with significant risk of forced or compulsory labor incidents	Protection of rights and interests	
GRI 412: Human Rights Assessment	103 Management methods	Protection of rights and interests	
GRI414: Supplier Social Assessment	103 Management methods	Supplier management	
GRI418: Customer Privacy	103 Management methods	Protection of information security	
	418-1 Verified complaints related to invasion of customer privacy and loss of customer data	Maintenance of Information Security	
GRI419: Socio-Economic Compliance	103 Management methods	Compliance Management	
	419-1 Violation of laws and regulations in social and economic fields	Compliance Management	

## About the Report

### I. Time range

The time range of this Report is from January 1, 2020 to December 31, 2020, and some contents hereof are beyond the above range.

### II. Organization scope

Sieyuan Electric Co., Ltd. is the main body, covering the subordinate branches and subsidiaries. For ease of presentation, in this Report, we sometimes refer to ourselves as “Sieyuan Company”, “Sieyuan Electric”, “Sieyuan”, “the Company / our company” or “we” (including our and us).

### III. Release cycle

This is the first annual social responsibility report issued by Sieyuan Electric Co., Ltd.

### IV. Description of data

The data quoted in this Report is from official documents, statistical reports or unclassified documents of the Company. The costs and expenses in this Report are measured in RMB unless otherwise specified.

### V. Reference standards

Core programs of *GRI Sustainability Reporting Standards* of Global Sustainability Standard Board (GSSB), and *ISO 26000 Guidance On Social Responsibility* of ISO

### VI. Reliability assurance

The Report is prepared based on the principles of objectivity, standardization, transparency and comprehensiveness, providing details on the concepts, initiatives and performance of the Company in connection with the implementation of responsibility management and the fulfillment of economic responsibility, employee responsibility, customer responsibility, environmental responsibility, partner responsibility and public responsibility in 2020. The Company guarantees that this Report is free from any false records, misleading statements or material omissions, and is responsible for the authenticity, accuracy and completeness of the contents hereof.

### VII. How to get the Report

This Report is published in electronic form. If you want to get the electronic version of the Report or have any question or suggestion about the contents hereof, please feel free to call or write to us.

Company address: No.3399, Huaning Road, Minhang District, Shanghai

Contact number: 021-61610149

E-mail: [ir@sieyuan.com](mailto:ir@sieyuan.com)

Website: [www.sieyuan.com](http://www.sieyuan.com)

## Feedback Form

To whom it may concern:

Thanks for reading this Report. To help us continuously improve our social responsibility performance and enhance our relevant ability and level, we sincerely look forward to your valuable opinions and suggestions for this Report.

Selective questions: (Please check the box of your answer)

1. Which category of stakeholders do you belong to?

- |  |  |  |   |
|--|--|--|---|
| <input type="radio"/> Government personnel | <input type="radio"/> Regulators           | <input type="radio"/> Shareholder and investor | <input type="radio"/> Employees                     |
| <input type="radio"/> Customers            | <input type="radio"/> Supplier and partner | <input type="radio"/> Community resident       | <input type="radio"/> CSR practitioner              |
| <input type="radio"/> Similar enterprise   | <input type="radio"/> Consumer             | <input type="radio"/> Media                    | <input type="radio"/> Others (please specify) _____ |

2. Your overall impression of the Report is:

- |                                 |                            |                                |                                |                                  |
|---------------------------------|----------------------------|--------------------------------|--------------------------------|----------------------------------|
| <input type="radio"/> Excellent | <input type="radio"/> Good | <input type="radio"/> Adequate | <input type="radio"/> Marginal | <input type="radio"/> Inadequate |
|---------------------------------|----------------------------|--------------------------------|--------------------------------|----------------------------------|

3. What do you think of the quality of social responsibility information disclosed in the Report?

- |                                 |                            |                                |                                |                                 |
|---------------------------------|----------------------------|--------------------------------|--------------------------------|---------------------------------|
| <input type="radio"/> Excellent | <input type="radio"/> Good | <input type="radio"/> Adequate | <input type="radio"/> Moderate | <input type="radio"/> Very poor |
|---------------------------------|----------------------------|--------------------------------|--------------------------------|---------------------------------|

4. What do you think of the report structure?

- |                                       |                                  |                                |                                |                                  |
|---------------------------------------|----------------------------------|--------------------------------|--------------------------------|----------------------------------|
| <input type="radio"/> Very reasonable | <input type="radio"/> Reasonable | <input type="radio"/> Adequate | <input type="radio"/> Marginal | <input type="radio"/> Inadequate |
|---------------------------------------|----------------------------------|--------------------------------|--------------------------------|----------------------------------|

5. What do you think of the layout design and presentation form of this Report?

- |                                 |                            |                                |                                |                                  |
|---------------------------------|----------------------------|--------------------------------|--------------------------------|----------------------------------|
| <input type="radio"/> Excellent | <input type="radio"/> Good | <input type="radio"/> Adequate | <input type="radio"/> Marginal | <input type="radio"/> Inadequate |
|---------------------------------|----------------------------|--------------------------------|--------------------------------|----------------------------------|

Open-ended questions: Please give us your valuable opinions and suggestions for the *2020 Social Responsibility Report of Sieyuan Electric Co., Ltd.*:

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