SUSTAINABILITY REPORT 2021

Sateri 2021 Sustainability Report



To be the world's leading net-positive fibre producer



Contents

- 01 PRESIDENT'S MESSAGE
- 03 About This Report
- 05 About Us

01 Sateri 2030 Vision

Sustainability Philosophy		
Vision 2030 and Progress in 2021	11	

- 85 Appendix 1: Awards, Certifications, Organisations and Initiatives Involved
- 89 Appendix 2: Glossary
- 97 Appendix 3: GRI Standards Content Index (Core)
- 103 Appendix 4: SDGs Index
- 105 Appendix 5: Assurance Statement

02

Sustainability Management

Sustainability Governance Structure	13
Sustainability Target Management	14
Stakeholder Engagement	15
Management of Material Issues	19
Sustainability Risk Management	21
[Looking into 2022]	22

03 Climate and Ecosystem Protection

Climate Change Mitigation	25
Ecosystem Protection	32
【Looking into 2022】	38

05 Innovation and Circularity

Product Innovation	59
Responsible Products and Services	67
[Looking into 2022]	68

04

Closed Loop Production

Environmental Management System	41
Water Conservation and Consumption	43
Chemicals Management	45
Emissions Management	47
Energy Management	54
【Looking into 2022】	56

06

Inclusive Growth

Compliance with Business Ethics	71
Attracting Diversified Talents and Retaining Talent	71
Actively Participate in Social Welfare	79

PRESIDENT'S MESSAGE

In 2021, frequent extreme weather events emphasised the need for sustainable development during the ongoing COVID-19 pandemic. As the largest manufacturer of viscose fibre in the world, Sateri upholds "quality" and "sustainability" and practices a business philosophy of "creating value for the Community, Country, Climate, Customer and Company" to achieve sustainable operations at high standards and be a sustainability leader in the viscose fibre sector.

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Allen Zhang

President

Sustainability as the direction

Sustainability is the lifeblood of Sateri. We released our 2030 Sustainability Vision based on our sustainability concepts and growth targets. The Vision defines our sustainability goals and commitments for the next decade in four strategic aspects, namely, climate and ecosystem protection, closed loop production, innovation and circularity, and inclusive growth. Looking back at 2021, we are proud to have made remarkable sustainability progress in these four aspects.

Climate and ecosystem protection

Sateri supports the global transition to a low-carbon economy, to continuously advance climate and ecosystem protection, and raise the momentum to achieve zero-emission production. Taking a sciencebased approach, we have set challenging greenhouse gas (GHG) emissions reduction targets while actively exploring renewable energy sources. In 2021, our first distributed solar power project in Sateri (Jiangsu) Fibre Co., Ltd. was successfully connected to the grid, marking a solid first step in developing and utilising renewable energy, scientifically managing carbon emissions, and contributing to China's "carbon peaking and carbon neutrality" goals.

As an industry leader, we believe that cooperation is the key to long-term development. As we reduce our own emissions, we have our eyes on more open cooperation, so we actively promote the development and commercialisation of zero-carbon products to assist value chain partners with their carbon actions.

Closed-loop production

Sateri strives for manufacturing excellence and is dedicated to cleaner closed loop production. In 2021, our Lyocell fibre mill became the first Lyocell producer in the industry to receive the STeP certification for sustainable textile production at the highest level. All five viscose mills have been verified for compliance with the European Union's Best Available Technology (EU-BAT), fulfilling our commitment to our 2030 Sustainability Vision two years ahead of schedule. As a raw materials provider, we have established a benchmark for the industry with strict clean production standards and have enabled downstream brands to create a green supply chain from the source.

Innovation and circularity

Sateri supports circular economy solutions and is committed to sustainable product innovation through investment and R&D. Our Lyocell is a natural and biodegradable fibre made from wood pulp sourced from sustainable plantations. The organic solvent used in its manufacture is nearly fully recoverable and reusable. Through Lyocell and FINEX[™], we have deepened our partnerships with leading innovators to drive the development and production of next-generation alternative fibre products. Our commitment to quality performance and sustainability provides a consistent and powerful guarantee for value chain partners and conveys our vision of sustainability and quality life to consumers.

Inclusive growth

Sateri endeavours to safeguard the health and safety of our employees and community, creating shared value and prosperity through innovation and care. The COVID-19 pandemic has underlined our belief that sustainable growth is synonymous with inclusive growth. Thus, we place a great deal of importance on cultivating diversified talents cultivation, and we strive to create comprehensive career ladders and a harmonious, safe, and enjoyable workplace. Our 5 viscose mills have been Higg FSLM certified.

We focus on individual development, especially the career opportunities for female employees. In 2021, we worked with independent female designers to bring a sustainable fashion collection made from Lyocell to the Shanghai Fashion Week. We have also shown consistent care for the community and disadvantaged children. In 2021, Sateri launched charitable events such as "Grow with the Community" and "Happy Library" to actively fulfil our social responsibility.

Looking ahead

As long and difficult as the journey may be, sustained actions will take us to our destination. Looking to the future, Sateri will continue to create long-term value for the environment and stakeholders, driving climate and ecosystem protection, closed loop production, innovation and circularity, and inclusive growth. As we continue to strengthen our technological innovation and product innovation capabilities, we aim to draw on our 2030 Vision, industry ties and governance transparency to join with more partners to build a more resilient and sustainable future together.

About This Report

This is the sixth Sustainability Report (hereinafter referred to as the "Report") issued by Sateri (hereinafter referred to as "Sateri", "the Company" or "our/we") since 2016. This Report provides Sateri's sustainability vision and up-to-date sustainability progress to stakeholders.

Reporting Scope and Boundary

The Report covers Sateri's performance from 1 January 2021 to 31 December 2021 (hereinafter referred to as the "reporting period"). Unless otherwise stated, the entities covered in this Report include all assets and operations managed by Sateri, as listed below.

Entity	Abbreviation	Collectively known as
Sateri (Shanghai) Management Limited	SSH	
Sateri (Fujian) Fibre Co., Ltd.	SFJ	
Sateri (Jiujiang) Fibre Co., Ltd.	SJJ	
Sateri (China) Fibre Co., Ltd Jiangxi Factory	SJX	Viscose mills
Sateri (Jiangsu) Fibre Co., Ltd.	SJS	
Sateri (China) Fibre Co., Ltd	SCN	
Linz (Nanjing) Viscose Yarn Co., Ltd.	Linz Nanjing	
Sateri (Rizhao) Lyocell Fibre Mill	Sateri Lyocell	
Sateri (Xinhui) nonwoven plant	Sateri (Xinhui) nonwoven	
Sateri (Jiujiang) nonwoven plant	Sateri (Jiujiang) nonwoven	

For SSH, Linz Nanjing, Sateri Lyocell, Sateri (Xinhui) nonwoven, and Sateri (Jiujiang) nonwoven, data and information relating to human resources, occupational health and safety, training data, greenhouse gas emissions, and sustainable procurement

are disclosed in this Report while any other environmental data (i.e. data on exhaust emissions, wastewater discharge, energy consumption) are not disclosed in this Report¹. Employees based in Singapore and Nanjing work in the offices of Royal Golden Eagle (RGE) Group. The energy consumption and greenhouse gas emissions data of such offices are not included in this Report.

Reporting Standards and Data Sources

This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards (hereinafter referred to as the "GRI Standards") – "Core" option and the United Nations Sustainable Development Goals (SDGs).

Unless otherwise specified, data in this Report are measured and calculated in accordance with internationally recognised standards, while the cited data and cases are from Sateri's official documents or provided by third parties such as regulators, auditors or utility suppliers.

Monetary figures mentioned in this Report are in RMB.

External Verification

TÜV SÜD has provided independent limited verification of this Report in accordance with AA1000 Assurance Standard (AA1000AS v3) whereby its opinion is detailed in Appendix: Assurance Statement.

Language

This Report is published in both Chinese and English. In the event of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

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¹The energy supply and waste disposal of Sateri Lyocell, Sateri (Xinhui) nonwoven, and Sateri (Jiujiang) nonwovens are handled by Asia Symbol (Shandong) Pulp and Paper Co., Ltd., Asia Symbol (Shandong) Paper Co., Ltd., and SCN. Therefore, their environmental data are not separately disclosed in this Report.

About Us

Overview

Sateri, a member of the RGE group of companies, is the largest manufacturer of viscose fibre in the world. Viscose is a naturally sourced material widely used in textile and nonwoven products such as apparel, baby wipes and personal hygiene products. Headquartered in Shanghai, we have a total of 5,739² employees and operate a well-established marketing and customer service network covering Asia, Europe and the Americas.

To better serve China, the largest and fastest-growing market for viscose fibre, as at the end of the reporting period, we have established five viscose mills and one lyocell mill. We also operate one yarn factory and two nonwoven factories and we expect to further expand this capacity in the coming years.



we have a total of





In China we have established



viscose mills

lyocell mill

yarn factory

nonwoven factories

² The figure does not include contractors.



Saterí



Core Values

Complementary team, ownership, people, integrity, customer oriented, continuous improvement

Origin of "Sateri"

"Sateri" is a transliteration of the Finnish word "Säteri" which comes from Finnish epics and folklore stories Kalevala in the 19th century, and can be interpreted as, "the silk-like lustrous dress".

Corporate Vision

Sateri is committed to becoming one of the largest, best-managed and sustainable resource-based groups, creating value for the Community, Country, Climate, Customer and Company by protecting the environment and creating value for clients.

Production Volume in 2021³



Sateri's Business

As one of the world's leading providers of viscose fibre, Sateri is committed to providing high-quality fibres that the world needs in a responsible and sustainable manner. With a legacy of expertise and experience from Finland, our modern mills make viscose from 100% dissolving wood pulp for high-quality production.



⁴ Factories added in 2022 are not included in the reporting period.

Sustainable Product Concept

Sateri makes viscose fibre from wood cellulose. Viscose fibre feels like cotton, provides excellent comfort, breathability, and moisture absorption properties, and is biodegradable at the end of its life cycle. Viscose fibre is widely used in textiles and personal hygiene products. Focusing on the responsible production and sustainable value of viscose fibre, Sateri is committed to providing customers with premium-quality and eco-friendly products, such as EcoCosy[®] BV[®], EcoCosy[®] Colour Viscose, and FINEX[™].

Sateri's Lyocell fibre is sourced 100% from internationally certified sustainable plantations. Our exclusive pulp manufacturing technology minimises the environmental impact while delivering superior properties. Sustainability is ensured throughout the life cycle of our Lyocell fibre. Manufactured by using a clean and closed loop technology that involves zero chemical reaction, Sateri's Lyocell utilises non-toxic and harmless organic solvents that can be 99.7% recovered and reused. It is a biodegradable product renowned as next-generation green textile fibre.







Sateri's Lyocell fibre is sourced

100% from internationally certified or controlled sustainable plantations



harmless organic solvents that can be recovered and reused

99.7%

In addition, drawing on the integration of its plantation, pulp, fibre and downstream value chain, Sateri produces a variety of yarn and spunlace nonwoven fabric with world-class facilities and technology, contributing green development solutions to the textile and personal hygiene industries.

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"In recent years, China's viscose fibre industry has maintained a sound and stable momentum. As a pacesetter in the industry, Sateri has benchmarked itself against advanced standards at home and abroad and has made sustained improvements in low-carbon development, application of energy-saving and emission reduction technologies, and cleaner production, so as to continuously enhance its comprehensive competitiveness. We hope that Sateri can continue to implement the green development concept of the country, pursue sustainability in concrete terms, fulfil corporate social responsibility, and lead and drive the high-quality development of the industry."

—Xinwei Chen, President of China Chemical Fibers Association

Sateri 2030 Vision

Sustainability Philosophy



As the leader of viscose fibre production, Sateri upholds "Quality Excellence" and "Sustainability" and seeks active partnerships with value chain partners, driving the sustainability trend in the fashion industry from the fibre maker's perspective.

Committed to creating value for the Community, Country, Climate, Customer and Company by protecting the environment and creating value for clients, Sateri has developed a responsible procurement policy and responded in active terms to the United Nations Sustainable Development Goals (SDGs). A sustainability strategy focusing on "Climate and Ecosystem Protection", "Closed Loop Production", "Innovation and Circularity" and "Inclusive Growth" has been established as the Sateri 2030 Vision (hereinafter referred to as "Vision 2030"), setting out directions and approaches for the medium and long-term development of the Company. Sateri is stepping up innovation based on our vision to draw on sustainability as our competitive strength for sustained growth and value creation, becoming a world-leading viscose fibre provider with a net positive impact.





Vision 2030 and Progress in 2021

Vision	UN SDGs	Vision ⁵
Climate and Ecosystem Protection	7 AFFORDABLE AND CLEAN ENERGY 33 ACTION 13 ACTION 14 BELOW WATER 15 LIFE 15 LIFE	 Achieve Scope 1, 2 net-zero carbon emissions by 2050 Reduce GHG emissions in Scope 1, 2 and 3 by 30% (baseline year no earlier than 2015) Support the protection, restoration and regeneration of the land and freshwater ecosystems across our value chain footprint.
Closed Loop Production	6 CLEAN WATER AND SANITATION CONSUMPTION AD PRODUCTION	 Build a clean and closed loop production system at all viscose mills and deliver on the following targets: All viscose mills will meet EU-BAT limits by 2023 All viscose mills will meet ZDHC MMCF Guidelines Progressive Level by 2023 All viscose mills will achieve ZDHC-MMCF Guidelines Aspirational Level by 2027 All viscose mills will achieve 98% sulphur recovery rate All viscose mills will achieve zero waste to landfill Further reduce Water Intensity beyond EU-BAT level and significantly increase Wastewater Recycling Rate
Innovation and Circularity	9 ADUSTRY, INVOLUTION AND INFRASTRUCTURE AND INFRASTRUCTURE AND PRODUCTION AND PRODUCTION	 Utilise textile waste and produce viscose products with recycled content: with 50% recycled content by 2023 with 100% recycled content by 2025 By 2025, 20% of the feedstock will contain alternative or recycled materials
Inclusive Growth	1 NO POVERTY 4 Definition 4 Definition 5 Edenomic Growthin 10 Poverty 10	 Build a safe, healthy and happy workplace for all. Prevent incidents and occupational diseases everyday - through 2030, and beyond Reduce Loss Time Incident (LTI) Rate to below 0.1 per 200,000 working hours by 2025 Increase female ratio in management positions or above through 2030 Develop Personal Development Plans for 100% of employees by 2025 Respect the rights and interests of employees and require all suppliers to do the same to create a safe and healthy workplace Build a better life for all through community empowerment and education Support more than 300,000 people to develop needed skills for maintaining sustainable livelihoods through the Sateri Flagship Empowerment programmes by 2030 Ensure all left-behind and disadvantaged children in local communities receive quality pre-primary education, through Sateri Flagship Education programmes by 2030.

⁵https://www.sateri.com/sustainability/vision2030/

Progress in 2021

- Scope 1 and Scope 2 GHG intensity of viscose mills dropped by 10.48% from 2020
- Sateri received a "B"rating in the CDP Climate Change Questionnaire
- 96.1% of dissolving wood pulp was sourced from certified or controlled plantations, and 100% of wood pulp sourced from certified or controlled plantations at Sateri Lyocell
- 100% of dissolving wood pulp suppliers were assessed against environmental and social criteria; 100% of wood pulp suppliers have signed the Supplier Code of Ethics
- The first biodiversity expedition in Duchang Migratory Bird Nature Reserve, Jiangxi Province, progressed smoothly, filling a gap in existing research
- Sateri's 5 viscose mills have been verified as EU-BAT compliant
- Sateri performed wastewater testing twice a year according to the ZDHC MMCF Wastewater Guidelines and were rated as good or above for the majority of the 24 testing items.
- Sateri's 5 viscose mills continued to reduce their chemical oxygen demand (COD) emission per unit of product, a drop of 10.62% compared to 2020
- Sateri's 5 viscose mills continued to reduce their ammonia nitrogen (NH₃-H) emission per unit of product, a drop of 38.21% compared to 2020
- Sateri's 5 viscose mills continued to reduce their sulphide emission per unit of product, a drop of 24.76% compared to 2020
- Sateri's 5 viscose mills continued to reduce their zinc (Zn) emission per unit of product, a drop of 43.68% compared to 2020
- Sateri's 5 viscose mills increased their sulphur recovery rate by 0.3% compared to 2020
- Sateri's 5 viscose mills reduced their sulphur to air per unit of product by 14.31% compared to 2020
- Sateri's 5 viscose mills achieved a sodium sulphate recovery rate of 513kg per tonne of product
- Sateri's 5 viscose mills achieved 100% of general solid waste recovery
- Sateri Lyocell achieved more than 99.7% recycling of organic solvents used in production processes
- Sateri's R&D expenditures exceeded RMB600 million
- Sateri filed 60 patent applications and received 41 patent grants. Today, the Company boasts a total of 267 patent applications and 195 patent grants.
- In collaboration with the China Association of Circular Economy, Sateri conducted studies on recycled dissolving pulp from textile waste to address
 insufficient recycled dissolving pulp issue faced by the industry
- 5 viscose mills have been Higg FSLM certified, all with an average score of above 81%
- Female ratio in management positions reached 16%
- Training programmes covered all employees; all employees received performance appraisal and career development assessment on a regular basis
- Occupational health and safety training covered all employees
- 1,808 underprivileged students were sponsored by the Sateri Education Bursary
- 23% of Sateri's target for empowering local families and smallholder farmers defined in Vision 2030 has been reached

Sustainability Management

Sustainability Governance Structure

Sateri has integrated sustainability issues into our routine management and key business decisions to guide our sustainable development. Sateri has established a Management Committee to strategically manage and oversee our sustainability efforts. A sustainability management department, comprising senior managers and sustainability professionals, has also been formulated to manage our sustainability efforts through cross-departmental collaboration, aimed at driving the implementation of our sustainability decisions and Vision 2030.

At the institutional level, Sateri has formulated the general Sustainability Policy and released it on our official website⁶, as well as a series of internal sustainable development-related policies to ensure transparency in the promotion of our sustainability endeavours. As a leading supplier of sustainable raw materials, Sateri has been continuously innovating in the R&D of viscose fibre, as well as low-carbon transition and emissions reduction progress across the industry chain, among other achievements. Sateri has also actively shared our sustainability perspectives, trends and best practices with value chain partners.



Sateri Management Committee Sustainability Management Department Sustainability Working Groups at All Sites SJX Linz Nanjing SJJ SCN SFJ SJS Sateri Lyocell Sateri (Xinhui) Nonwoven Sateri (Jiujiang) Nonwoven

Sateri's Sustainability Governance Structure

⁶ https://www.sateri.com/sustainability/sustainability-policy/

Sustainability Target Management

Sateri has established a comprehensive target management mechanism to drive the achievement of Vision 2030 and its targets. The Sateri Management Committee is responsible for formulating, monitoring and reviewing Vision 2030 and meeting regularly to assess the progress of key projects, targets, and indicators. The Sustainability Management Department is responsible for managing Sateri's sustainable development and assisting in tracking the progress of key projects and targets.

Continuous Improvement (CI) is an integral part of Sateri's core values and a key implementation mechanism for Sateri to incorporate Vision 2030 into our routine operations. The CI Department promotes innovation in CI projects across all sustainability aspects, including clean production, energy efficiency, energy conservation and emissions reduction, to facilitate the delivery of its sustainability goals. By linking the delivery of CI projects with the performance appraisal and remuneration of project teams, Sateri can encourage active innovation and unleash the sustainability potential to allow us to achieve those targets.

Sateri's Target Management Mechanism



Stakeholder Engagement

As the largest viscose fibre producer in the world, Sateri recognises it is a major stakeholder and has an important role to play in driving sustainability in the global textile/apparel value chain, from plantation to fashion. For this reason, we place high importance on the needs and expectations of internal and external stakeholders as we push forward our sustainability agenda.

Stakeholder	Government Agencies	Business Operators and Investors	Employees	Suppliers and Contractors
Issues of Interest	•Wastewater and exhaust emissions treatment compliance •Solid waste treatment compliance •Occupational health and safety •Corporate social responsibility •Product safety •Greenhouse gas emissions and targets •Water resources management and targets	 Business ethics and integrity Innovation and R&D Climate change risk identification and response Greenhouse gas emissions and targets Water resources management and targets Sustainable supply chain management Employee training and development 	•Occupational health and safety •Fair Labour rights and benefits •Employee training and development	•Business ethics and integrity •Sustainable supply chain management •Supply chain transparency and traceability
Channel of Communication and Response	 Environmental and safety supervision, audit and management Disclosure of pollutant discharge data Participation in the setting of industry standards 	•Work meetings, seminars •Official website, corporate publications •Email, telephone and social media	 Work meetings, training Staff congress activities, team activities Official website, corporate publications Email, phone, and social media such as WeChat Various recruitment activities 	•Supplier assessment •Supplier Chain of Custody review, evaluation, and site visits targeting wood pulp sourcing •Regular communication via meeting, email and telephone •Product exhibitions and industry seminars •Sustainability Report
Stakeholder Representatives	•Central government and local regulatory agencies	•Senior management at Sateri •Investors	•Sateri Employees	•Dissolving pulp suppliers such as Bracell, APRIL and Södra •Suppliers of other materials, such as chemicals

Sateri has diversified communication channels in place. We are committed to building a partnership of mutual trust and support with all stakeholder groups, so we have built a mechanism for stakeholder engagement by collecting and reviewing stakeholder feedback on a regular basis. The following table shows the groups of stakeholders that are important to our operations, their issues of interest, and our communication channels.

Downstream Partners (Clients)	NGOs (Non-Government Organisations)/Media/Industry Associations	Surrounding Communities	Academic and Research Institutions
 Product certification Product safety Product marketing compliance Innovation and R&D Chemical management Climate change risks identification and response Greenhouse gas emissions and targets Water resources management and targets Sustainable supply chain management Supply chain transparency and traceability 	 Climate change risks identification and response Water resources management and targets Chemicals management Environmental Management System Greenhouse gas emissions and targets Energy consumption and trend Sustainable supply chain management Supply chain transparency and traceability 	•Wastewater and exhaust emissions treatment compliance •Corporate social responsibility	•Innovation and R&D
•Technical exchange and collaborative R&D with clients, client satisfaction survey •Official website, corporate publications •Regular communication via meeting, email and telephone •Product exhibitions and industry seminars •Sustainability Report	 Industry surveys and research reports Disclosure of environmental pollutant discharge data Chain of Custody and system audit and evaluation Industry surveys and research reports Participation in the setting of industry standards Sustainability Report Product exhibitions and industry seminars Regular communication via meeting, email and telephone 	•Community visits •Public open day •Public mailbox for complaint and feedback •Community engagement activities and daily communication	•Joint R&D mechanism and strategic cooperation in talent training •Academic and industry research reports
•Yarn and fabric companies •Fashion brands •Personal care brands	 Non-government organisations, such as Changing Markets Foundation (CMF) and Canopy Style Industry associations, such as China Chemical Fibres Association (CCFA), China National Textile and Apparel Council (CNTAC) and Collaboration for Sustainable Development of Viscose (CV) Multi-stakeholder organisations and initiatives, such as the United Nations Framework Convention on Climate Change (UNFCCC), Sustainable Apparel Coalition (SAC) and the Zero Discharge of Hazardous Chemicals Coalition (ZDHC), Textile Exchange (TE), etc 	•Communities and residents in the surroundings of Sateri's operations	•China Textile Academy, Donghua University, China Association of Circular Economy (CACE) and other academic research institutions

In 2021, Sateri adopted a variety of ways to maintain active dialogues with stakeholders on sustainability issues, tailoring topics and communication channels to the characteristics of different stakeholder groups.

Sateri's online communication channels and sustainability dashboard



Sateri's Grievance Mechanism



⁷ https://www.sateri.com/sustainability/sustainability-dashboard/

⁸ such as electronic publication https://www.sateri.com/thread/, WeChat Public Platform Sateri_Group, and LinkedIn

⁹ https://www.sateri.com/sustainability/policies/

¹⁰ https://www.sateri.com/sustainability/pulp-suppliers/

¹¹ https://www.sateri.com/sustainability/grievance/

We actively organise face-to-face communication events to have regular dialogues and cooperation with our business partners and discuss our common challenges and opportunities.

Case

Sateri further deepened investment cooperation with Infinited Fibre Company to promote next-generation textile fibre technologies

In 2021, Sateri further enhanced its partnership with Infinited Fibre Company, a textile fibre technology group, to promote innovative R&D and production expansion of next-generation recyclable regenerated fibres. In the future, we will leverage our business partnerships in more active terms to facilitate our innovation and circularity goals as per Vision 2030.

Case

Active participation in high-level industry exhibitions, showcasing high-quality sustainable solutions with innovative green technology

At the Yarn Expo Spring in March 2021, Sateri, as a sustainability advocate, brought innovative and sustainable solutions to the textile market in collaboration with 15 partners with innovative green technology. At the event, Sateri highlighted new applications of fibre products and its belief in industry synergies, contributing to the growth of the industry with eco-friendliness and functionality.



The Sateri Booth

In October 2021, as an exhibitor at Intertextile and Yarn Expo, Sateri set up an EcoCosy[®] Booth and a Sateri Yarn Booth under the theme of "Sourced from Sustainably Managed Plantations, Natural and Smart" to showcase our latest EcoCosy[®], Lyocell and FINEX[®] products. At the event, Sateri presented a green development solution for our downstream business partners, which reflected Sateri's belief in industry chain alliance and partnerships.



The EcoCosy[®] Booth

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Management of Material Issues

Sateri understands that the stakeholders' opinions, decisions and actions play a decisive role in our journey to sustainability. In 2021, in accordance with the GRI Standards, we identified our material issues using industry research and peer benchmarking while factoring in the impact of environmental, economic and regulatory changes on corporate development. We also assessed the impact and boundaries of major issues as an important direction for our sustainable development. This Report will focus on the disclosure of these important issues.

Assessment Process of Material Issues and Materiality Matrix

l s	dentify potential sustainability issues	Stakeholder survey	Prioritize the issues	Formulate the m matrix	ateriality
0 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Comprehensively review the key areas of Vision 2030, nternational trends, consumer needs, and issues of interest of stakeholders, benchmark against domestic and foreign competitors, and dentify potential sustainability issues of the year	Create and distribute questionnaires to survey ESG issues that interest internal and external stakeholders, including Sateri's managemen suppliers, direct downstream business partners, retailers/ end consumers, government agencies, NGOs/industry associations, surrounding communities, academic and research institutions, etc. A tot of 2,911 valid questionnaires were collected.	Evaluate the materiality issues from their "impact on the economy, environment, and society" and "impact on the assessment and decision-making of stakeholders" according to the materiality principle	Work with exter experts to revie assess the resu of materiality is selection and fi the materiality i of the year	rnal ew and ults sues nalise ssues
Imp			Product quality and safety		
act on			Business ethi	cs and integrit	
the Assessment and		Product R&D and innovation supply chain transparency and traceability Governance transparency	Sustainable supply chain value chain Corporate social responsibility Fair labour rights and benefits Sustainable wood pulp sour	d risk management water resources management Sustainable wood pulp sourcing	
Decision-Making	 Biodiversity 		customer feedback and satisfactio W m Responsible Energy management marketing solidwaste management chemica	n /astewater and exhaust gas anagement roduct carbon footprint Is management	
of Sta	,		Employee traini Sustainable investment	ng and development	 Environm
keholo		Employee diversity and workplace inclusiveness			 Social
ders					 Governar

Impact on the Economy, Environment, and Society

Environmental

Governance

19

High-Importance Issues	UN SDGs	Upstream Partners (i.e. suppliers and contractors)	Sateri's Operations	Downstream Partners (i.e. yarn mills and brands)	End Consumers
		Environ	mental		
Water Resources Management	6 ELEMENTATE MOCRAFIATION TO ANTIATION HIGH BECON MATTER		Ø	•	
Science-Based Targets	13 CUMATE	S	S	S	
Sustainable Wood Pulp Sourcing		S	S	S	
		Soc	sial		
Product Quality and Safety	9 MOSTER NOVALIDA AN INFORMATION AND PROSTACTION AND PROSTACTION	•	•	0	0
Occupational Health and Safety	8 несит или лио гозовае долгн	I	I	0	
Corporate Social Responsibility	1 POLETY 1 POLE	Ø	Ø	0	Ø
Sustainable Supply Chain Management	17 PRIMESSING FOR THE COULS	Ø	Ø	S	
Value Chain Collaboration	17 PARTINESHIPS FOR THE GOALS	S	S	Ø	Ø
Fair Labour Rights and Benefits	8 DECENT WORK AND ECONOMIC GOWTH	Ø	Ø	Ø	
Governance					
Compliance and Risk Management	8 весон ники ли соможе систин	Ø	Ø	Ø	Ø
Business Ethics and Integrity	8 весят нов лас головае соотн	v	v	S	Ø

Boundaries of influence for high importance issues

Sustainability Risk Management

As a leading provider of viscose fibre, Sateri cannot overemphasise the importance of risk identification and management. To identify sustainability related risks, Sateri has established a complete internal risk management system. In addition, external certification has been employed to further identify risks and strengthen risk management inspection, thereby continuously improving the internal management system.

Internal risk management

At Sateri, risk management is coordinated by the Management Committee, with the identification and management of risks carried out by functional departments according to their scope of responsibility. We have incorporated sustainability risks into our comprehensive risk assessment and management system, such as climate change-related risks, and have formulated an internal risk identification and management process to address all types of risks. In 2021, closely following changes in internal and external environments, Sateri identified labour risks, EHS risks, climate risks, chemicals management risks and others and implemented the appropriate management measures.



External certification support

Sateri also identifies and manages risks through management and performance certifications on environmental, labour, and other aspects issued by third parties at home and abroad. Sateri develops internal improvement programmes to manage and address risk factors identified in certification processes, demonstrating its ability to act with huge sustainability potential.



Sateri has gradually improved our risk management system through internal management, supplemented by external certification. As of the end of the reporting period, all risks identified by Sateri through certification and audits were deemed manageable.

[Looking into 2022]

As China moves towards carbon neutrality, we will ingrain our sustainability concepts more deeply into corporate management, corporate development, product development, and other areas. In the future, we will identify and analyse potential risks in more systematic ways and upgrade our risk management work to the next level. We will further break down our sustainability targets and deepen our communication and cooperation with stakeholders so as to raise the awareness of sustainability across our operations and progressively drive the achievement of Vision 2030.

Climate and Ecosystem Protection





 Impact on the Economy, Environment, ■ I Impact on the Assessment and Decisi and Society on-Making of Stakehol ders

Highlights

•	B rating	in the CDP Climate Change Questionnaire
•	96.1%	of wood pulp sourced from certified or controlled planta- tions , a year-on-year increase of 0.2%
•	100%	of wood pulp sourced from certified or controlled planta- tions at Sateri Lyocell
•	2.34 t CO ₂ e per tonne of product	Scope 1 and Scope 2 GHG emissions intensity of Sateri's viscose mills was 2.34 t CO₂e per tonne of product in 2021, a year-on-year decrease of 10.48%

Climate Change Mitigation

Climate Strategy and Plan

A global consensus has developed to reduce greenhouse gas emissions and actively address climate change. Effective management and response to climate-related risks form an integral part of Sateri's Vision 2030, with these measures serving as an important driving force to contribute to the sustainable development agenda of the United Nations. To reduce greenhouse gas emissions across the entire value chain, we are proactively developing strategies to adapt to, and mitigate, the impacts of climate change.

In 2020, we set ambitious targets to proactively respond to the carbon peaking and carbon neutrality strategy of the Chinese government, which has committed to reducing greenhouse gas emissions (Scope 1, 2, and 3) by 30% by 2030 and achieving net-zero carbon emissions by 2050. Sateri has formulated climate strategies and plans in the short, medium, and long term to help deliver on the targets, and has taken active steps to track and disclose our progress via the world-leading Carbon Disclosure Project (CDP). Drawing on a pragmatic carbon reduction roadmap and transparent performance disclosure, Sateri anticipates a progressive reduction in our carbon emissions to move steadily towards net zero emissions.

Sateri's Climate Change Strategies, Plans, and Progress in 2021¹²



• Plan: Address the most pressing climate issues, such as transparency and information disclosure adequacy in the short term

• Progress in 2021: Sateri actively responded to CDP Climate Change Questionnaire and achieved a B- rating; calculated GHG emissions with reference to the *GHG Protocol Corporate Accounting and Reporting Standard*; formulated paths to carbon reduction according to Science Based Targets initiative (SBTi).



• Plan: Sateri will work with stakeholders across the value chain to formulate and implement a GHG reduction plan to lower Scope 1, 2, and 3 emissions. Although climate change is not historically on the business agenda of the textile and fashion industry, it is expected to fully engage stakeholders within one to three years, during which Sateri will work out science based targets.

• Progress in 2021: Sateri joined hands with upstream suppliers, downstream brands, yarn mills, and independent designers to drive GHG emissions reduction. See "Create a green value chain" for details.



• Plan: In the long term, Sateri will reduce GHG emissions following the targets and roadmap set, regularly review target progress to identify opportunities to further mitigate climate change, and determine the decarbonisation path according to Science Based Targets.

• Progress in 2021: Sateri is on our way to peaking carbon emissions.

¹² Short term: within one year; medium term: within three years; long term: in three to ten years.

During the reporting period, we tracked our emissions throughout our operations and across the value chain with reference to the methods endorsed by the SBTi and the GHG Protocol Corporate Accounting and Reporting Standard, which provided the data basis for working out science-based and practical carbon reduction targets and paths.

Sateri's GHG Emissions (tonne of CO₂ equivalent)¹³

	2019	2020	2021
Scope 1 + Scope 2	3,375,678	4,543,340	4,583,427
Scope 1	3,214,288	4,308,646	4,225,644
Scope 2 ¹⁴	161,390	234,694	357,783
Scope 3		13,000,954	11,615,927

Scope 1 and Scope 2 GHG Emission Intensity of Viscose Mills (tonne of CO₂ equivalent /tonne of product)¹⁵



¹³ The accounting scope includes all viscose mills, Lyocell mills, yarn mills, and nonwoven operation sites under Sateri's operation and control and the Shanghai office. In 2021, Sateri updated the GHG statistics and accordingly retrospectively adjusted the GHG Scope 1 and Scope 3 data in 2020.

¹⁴ The calculation uses the electricity emission factors defined in *Notice on the Key Work Related to the Management of Corporate Greenhouse Gas Emissions Reporting* in 2022 issued by the Ministry of Ecology and Environment.

¹⁵ CO₂ emission intensity = total CO₂ emissions from viscose mills (including power plants)/converted viscose output. In 2021, Sateri updated the GHG statistics and accordingly retroactively adjusted the scope 1 and scope 2 GHG emission intensity of viscose mills.

Climate-Related Risks and Mitigation Efforts

Climate change is one of the most vital crises faced by governments, civil society and stakeholders. It has been identified by the World Economic Forum (WEF) as one of the most severe risks over the next 10 years. At Sateri, we actively explore the opportunities and challenges that climate change may present, and incorporate climate measures into our entire life cycle, including product design, material procurement, project construction, and operations.

In 2021, Sateri further implemented a management process for climate-related risks in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) to manage our identified climate-related risks with three steps, namely identification, assessment and control. Climate-related risks are integrated into our risk management system to help develop management strategies and operation models that progressively mitigate, adapt to and reverse climate-related risks.



(3) **ζ**@ Risk Identification × Risk Assessment Risk Control \cap • Refer to the TCFD framework; • Consider the probability • Dedicated departments (likelihood) and severity to develop policies Considers policy, legal, economic, technology of such risks. and special actions to and sustainability trends; reduce risks • The risks identified include non-compliance risk, increased costs associated with carbon trading schemes, competitive disadvantage in international markets and potential reputational risk.

Sateri's Management Cycle of Climate-Related Risks

Details	Countermeasures	
SFJ, SJJ, and SJX have been included in the China National ETS. If GHG emissions exceed the quota allocated by regulators, the entities will be required to pay additional fees in accordance with the ETS.	This risk is assessed and managed by the Utility Department at each entity, which conducts regular routine energy reviews. In addition, regulators engage a third party to participate in the auditing of GHG emissions each year, to ensure the authenticity of GHG emissions data.	
Requirements to promote coal alternatives and transformation and upgrading, to improve the circularity of industrial parks and to strengthen the comprehensive use of bulk solid waste are clearly stipulated in the <i>Action</i> <i>Plan on Peaking Carbon Emissions by 2030</i> issued by the State Council, which will increase the potential operating risks and costs for Sateri.	Sateri organised the utility departments at all entities to perform risk assessments and implemented a series of energy saving measures to explore clean energy alternatives to reduce the risks.	
All viscose mills are equipped with in-house power plants that supply steam and electricity ¹⁶ for production. Given China's carbon neutrality goal and increasingly stringent air pollution control, there are potential risks associated with the operation of in-house power plants.	Sateri's legal and operations teams regularly update and implement action plans in line with new regulations to avoid non-compliant activities.	

¹⁶Electricity consumed by SJS is deemed as purchased electricity as electricity generated by SJS's in-house power plant is directly connected to the grid.

28



Details		Countermeasures
	The demand for zero carbon products is on the rise, and failure to meet the growing demand of consumers and customers will affect Sateri's future market share.	The Marketing Department and Sustainability Department are responsible for assessing and managing product development trends while the R&D Department is responsible for the development of low carbon fibre products. Sateri's EcoCosy [®] BV [®] series fibre is a product combination led by innovative technologies. It will help downstream spinning mills improve productivity and thus reduce energy consumption.
	Climate change is a growing concern in the industry and failure to meet stakeholder expectations for transparency and GHG emissions reduction will have adverse effects on our reputation.	This risk is directly assessed and managed by our Sustainability Department, with support from the Public Relations Department. We are committed to minimising our reputational risk by bolstering public understanding of our business and GHG emissions reduction strategy through measures such as enhanced stakeholder engagement, proactive disclosure of relevant data and improved operational management.
	SFJ suffers from typhoons every year. Although typhoons have so far only caused serious damage once, extreme weather events may cause significant adverse effects in the future. Therefore, we are actively assessing the risk of extreme weather events. In addition, extreme weather events can disrupt the transportation of raw materials and finished products, which would also have a negative impact on Sateri.	The EHS Department, Supply Chain Department and production teams oversee the management of severe physical risks associated with extreme weather events while senior managers of our operations perform ultimate control over the risks. We also develop and update contingency plans and communication plans on a quarterly basis, based on the results of our assessments.
	Climate change is changing global precipitation patterns. As Sateri's viscose mills rely on surface water for production (e.g. from reservoirs in Fujian and rivers and lakes in Jiangxi), rainwater deficits caused by climate change will affect the cost of water supply and daily operations of our production sites.	The operations teams monitor and assess the likelihood of this risk and the extent of its impact. Production plans will be altered if necessary.

Create a Green Value Chain

As an intermediate link in the value chain, Sateri carries out supplier risk management, formulates the *Carbon Emissions Data Collection Form*, and develops EcoCosy[®] BV[®] series products to continuously build a green and sustainable value chain.

To manage and assess supply chain risk, we have formulated internal systems such as the *Code of Ethics for Procurement, Code of Ethics for Procurement Staff, Code of Ethics for Procurement from Suppliers*, and *Supplier Selection and Pre-qualification* to clarify the procedure for supplier lifecycle management covering supplier introduction, assessment and withdrawal. In the supplier assessment stage, ASL (Approved Supplier List), NSL (Disapproved Supplier List) and DSL (Delisted Supplier List) system are adopted by our viscose mills to effectively identify the risks, reduce environmental, social and safety hazards, support the growth of suppliers, and strive for win-win cooperation. To further manage and promote suppliers' GHG emissions reduction efforts, we require suppliers to fill in the *Carbon Emissions Data Collection Form*. A supplier carbon data management platform is built based on the data collected for us to continuously advance the climate change transformation progress of suppliers.

Sateri sees it as our mission to lead the way for consumers and downstream customers. We draw on sustainable product communication and a variety of customer engagement activities to stimulate the passion for a green lifestyle in customers, consumers and the public, thereby enhancing their awareness of sustainability.Sateri's EcoCosy® BV® series products is a product combination led by innovative technologies. It will help downstream spinning mills improve productivity by 19-20% and thus reduce energy consumption.

Case

Sateri successfully organised a Low Carbon Lakeside Charity Walk to spread environmental awareness

On 4 December 2021, more than 1,000 employees from Sateri operations in Jiujiang gathered at Fanglan Lake Park in Lianxi District, Jiujiang for a low-carbon lakeside charity walk. The event was one of RGE's Founder's Day events in 2021. Under the theme of "Tackle Plastic Pollution with Action", the charity walk was held along the edge of the beautiful Fanglan Lake. Many Sateri employees participated in the event, collecting garbage and cleaning up the park, promoting a low-carbon and healthy lifestyle. The event spread environmental awareness and contributed to Jiujiang's civilised city construction as well as the carbon peaking and carbon neutrality goals of China.



Lakeside Charity Walk in Jiujiang

Ecosystem Protection

Biodiversity is the basis for the survival and development of human society. Biodiversity loss is a common challenge faced by the global community. Sateri has joined with various parties to implement biodiversity conservation and maintain ecological balance.

Case

Sateri products at the UN Biodiversity Conference (COP 15) -

From 11 to 15 October 2021, the first session of the United Nations Conference on Biological Diversity was held in Kunming, Yunnan Province. Sateri donated degradable plant-derived wipes made with EcoCosy[®] fibre to help deliver a greener event. Sateri products were used in parallel sessions of the conference and by the conference Secretariat, which reduced the negative impact of disposable plastic products on the environment.



UN Biodiversity Conference (COP 15)

Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative

Located in Jiangxi Province, Poyang Lake is renowned as a paradise for migratory birds, a wetland of international importance of high conservation value, and an ecosystem of great environmental, cultural, and economic importance. It is home to a treasury of rare wildlife species, including the critically endangered whooping crane and Yangtze finless porpoise, and provides key regulatory services for the Yangtze River.

In 2019, Sateri commenced its partnership with Conservation International for wetland conservation in Poyang Lake. The parties launched the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative, dedicated to safeguarding and improving the resilience and robustness of the Poyang Lake ecosystem, protecting biodiversity, while providing sustainable livelihoods for local people. The initiative has been marked by a number of firsts – the first biodiversity expedition in Duchang Migratory Bird Nature Reserve, the first application of Freshwater Health Index (FHI) to watershed ecosystem assessment, and the first Migratory Birds Library, which is the earliest nature-themed public space in Jiangxi Province, laying a more solid foundation for strengthening biodiversity conservation in the Poyang Lake Basin. The initiative also aims to improve the comprehensive ability of the Duchang Migratory Bird Nature Reserve and promote network development and capacity building at the Poyang Lake Nature Reserve to protect the valuable wetland ecosystem. The initiative is aligned to the UN SDGs as well as China's commitment to the UN Biodiversity Conference (CBD COP 15).

Main content of the project about safeguarding the wetland and freshwater ecosystem health of the Poyang Lake:

 For biodiversity: to develop scientific approaches and tools and take them out of the lab to support the building of nature reserves along the lake basin and improve the management of nature reserves to help the authorities protect and manage the habitats to enhance the publicity and education about the wetland and increase public awareness of wetland protection to evaluate the freshwater ecosystem health of the Lake basin and support the comprehensive capacity building of the wetland protection system in Jiangxi Province and nature reserve for migratory birds in Duchang
 For neighborhoods: to help those near the nature reserves explore sustainable lifestyles and means of living to allow private organizations at the neighborhood level to take part in the protection of wetland and migratory birds and neighborhood publicity to advance the sustainable development among neighborhoods near the nature reserve for migratory birds in Duchang

Plans and Targets for the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative



First phase (between June 2019 and March 2021)

- to build up advisory committees and other mechanisms that enable the participation of interested parties
- to perfect the freshwater ecosystem health index system, put it into effect, and explore its use in the management of water resources among enterprises
- to help launch the first scientific investigation of biodiversity in the nature reserve for migratory birds in Duchang
- to build pilot sustainable neighborhoods in Duchang, Jiangxi

Second phase (from April 2021):

- to advance the networking of nature reserves along the Lake basin and improve the management and protection through training, thus making 2,000 employees capable and protecting more than 470,000 hectares of the ecosystem of the Lake
- to support the work of the nature reserve for migratory birds in Duchang, build its comprehensive strength, advance the fine-tuning, scientific management
- to motivate interested parties to advance ecological protection, build a union of social organizations, rural neighborhoods, enterprises, and governments to protect the ecology, recruit rangers in the rural areas, and provide them with training.
- to advance the sustainable development among rural neighborhoods near the nature reserves of the Lake, keep supporting the pilot sustainable neighborhoods in Duchang, explore sustainable means of living in line with local conditions, create 100 job opportunities, improve the rural environment, and boost rural revitalization
- to advance the publicity and education concerning protecting the nature, encourage public participation, develop education courses, train environmental protection lectures, and enable the events to cover 50,000 students
Developments in the second phase:

Progress A	>	 employed a new biodiversity indicator, FHI, to evaluate the conditions and needs of migratory birds and Yangtze Finless Porpoises
Progress B	>	 provided the front workers in nature reserves and neighborhood rangers with training, compile teaching materials, and write the practical manual to build the comprehensive strength of the nature reserves in the Poyang Lake
Progress C	>	• completed the planning of "bird-watching neighborhoods" in the pilot projects and built the "Bookshop of Migratory Birds" in a rural neighborhood.
Progress D	>	the finished first scientific investigation of biodiversity will advance the protection and scientific management of the nature reserve.







Case

A protection case was selected for the *BRI Report* on the Protection Case of Biodiversity.

In 2021, RGE's case "Protecting the Biodiversity of the Poyang Lake" is selected as one of the twelve global cases in the report, one finished by the *BRI International Green Development Coalition*, built by the Ministry of Ecology and Environment. Besides, the case was published at the Special Conference on Policy Research of the Coalition in 2021.



Sustainable Wood Pulp Sourcing

With a keen focus on the sustainable development of the forest industry as well as the threats forest degradation poses to biodiversity, Sateri is committed to sustainable sourcing of dissolving pulp to support sustainable forest management. In full accordance with the *RGE Group Sustainability Framework for Forest, Fibres, Wood Pulp and Paper Products*, we formulated and released the Pulp Sourcing Policy on our website to support sustainable forest management, propagate forests with ecological and cultural value, and protect the rights of local communities, including indigenous groups. Through a concerted effort with stakeholders such as suppliers, partners, government agencies, and other organisations, we are dedicated to the sustainable development of the global wood pulp supply chain to protect ancient and endangered forests and reduce the impact of our value chain on biodiversity.

Sateri has established a strictly managed pool of potential wood pulp suppliers. All wood pulp suppliers are required to sign the Commitment Statement of Pulp Sourcing Policy and fill in the *Chain of Custody Form for Dissolving Pulp* and *GHG Questionnaire for Pulp Supplier*. In addition, we monitor the potential risks of potential wood pulp suppliers using PEFC[™], FSC[®] Forest Management (FM) and Chain of Custody (COC) certifications, laying the foundation for a long-term sustainable business.

Sateri places forest ecosystem protection at the heart of sustainable development. To this end, we will continue to prioritise wood pulp sourced from certified or controlled forests and suppliers dedicated to forest protection and peatland management, continuing to improve the amount of certified or controlled wood pulp.





We also utilise third-party standards, such as PEFC[™] (Programme for the Endorsement of Forest Certification[™]) and FSC[®] (Forest Stewardship Council[®]) Chain of Custody certifications, ISO 14001 Environmental Management System Certification etc., to assess the sustainability risks of existing pulp suppliers on an annual basis, and thereby identify their compliance risks in view of the Pulp Sourcing Policy while ensuring that assessment results are quantifiable, comparable and traceable.





In 2021, our viscose and Lyocell operations purchased a total of 1,619,158 tonnes of wood pulp, 96.1% of which was sourced from certified or controlled plantations.



[Looking into 2022]

As the largest viscose fibre producer worldwide, Sateri is fully aware of the noticeable impacts we exert on the surrounding areas of our factories and the community. Therefore, we have been taking proactive measures to minimise our GHG emissions. However, as we expand our operations, we are faced with great challenges in GHG management. In the next few years, we will continue our focus on the potential environmental impacts of our GHG emissions, as well as the opportunities and challenges brought by climate change. As we accelerate our carbon peaking progress, we will make a determined effort to maximise our energy efficiency in operational terms, and put a stronger emphasis on product innovation, technological innovation and cooperation with value chain partners to reduce the carbon footprint of our products and value chain, thereby mitigating climate change and protecting Mother Earth. In addition, more resources will be invested in the Poyang Lake programme to help restore biodiversity and minimise our impact on the ecosystem.



1250

6 GLEAN WATER AND SANITATION

14 BELOW WATER

Closed Loop Production



Water resources management



■ Impact on the Economy, Environment, ■ I Impact on the Assessment and Decisi

on-Making of Stakehol ders

Highlights

Performance

• 1.312 kg per tonne of product	The chemical oxygen demand (COD) emission per unit of product at Sateri's 5 viscose mills was 1.312kg per tonne of product, registering a decrease of 10.62% compared to 2020
• 0.032 kg per tonne of product	The ammonia nitrogen (NH₃-H) emission per unit of product at Sateri's 5 viscose mills was 0.032kg per tonne of product, registering a decrease of 38.21% compared to 2020
• 0.001 kg per tonne of product	The sulphide emission per unit of product at Sateri's 5 viscose mills was 0.001kg per tonne of product, registering a decrease of 24.76% compared to 2020
• 0.008 kg per tonne of product	The zinc (Zn) emission per unit of product at Sateri's 5 viscose mills was 0.008kg per tonne of product, registering a decrease of 43.68% compared to 2020
• 98.0%	The sulphur recovery rate at Sateri's 5 viscose mills was 98.0%, registering an increase of 0.3% compared to 2020
• 4.61	The sulphur to air at Sateri's 5 viscose mills was 4.61kg per tonne of product, registering a decrease of 14.31% compared to 2020
• 513 kg per tonne of product	The sodium sulphate recovery rate at Sateri's 5 viscose mills was 513kg per tonne of product
 513 kg per tonne of product 99.7% 	The sodium sulphate recovery rate at Sateri's 5 viscose mills was 513kg per tonne of product Sateri Lyocell achieved more than 99.7% recycling of organic solvents used in production processes
 513 kg per tonne of product 99.7% 100% 	The sodium sulphate recovery rate at Sateri's 5 viscose mills was 513kg per tonne of product Sateri Lyocell achieved more than 99.7% recycling of organic solvents used in production processes Sateri's 5 viscose mills achieved 100% of general solid waste recovery
 513 kg per tonne of product 99.7% 100% Recognition 	The sodium sulphate recovery rate at Sateri's 5 viscose mills was 513kg per tonne of product Sateri Lyocell achieved more than 99.7% recycling of organic solvents used in production processes Sateri's 5 viscose mills achieved 100% of general solid waste recovery
 513 kg per tonne of product 99.7% 100% Recognition 2 	The sodium sulphate recovery rate at Sateri's 5 viscose mills was 513kg per tonne of product Sateri Lyocell achieved more than 99.7% recycling of organic solvents used in production processes Sateri's 5 viscose mills achieved 100% of general solid waste recovery Sateri performed wastewater testing twice a year accord- ing to the ZDHC MMCF Wastewater Guidelines and were rated as good or above for the majority of the 24 testing items.
 513 kg per tonne of product 99.7% 100% Recognition 2 5 	The sodium sulphate recovery rate at Sateri's 5 viscose mills was 513kg per tonne of product Sateri Lyocell achieved more than 99.7% recycling of organic solvents used in production processes Sateri's 5 viscose mills achieved 100% of general solid waste recovery Sateri performed wastewater testing twice a year accord- ing to the ZDHC MMCF Wastewater Guidelines and were rated as good or above for the majority of the 24 testing items. Sateri's 5 viscose mills have been verified as EU-BAT compliant





Environmental Management System

Sateri propagates and practises the concept of environmental stewardship, and continuously work to reduce the impact of our production and operational processes on the environment with the view to achieving clean and closed loop production. Sateri has established a comprehensive environmental management system and the Environmental, Health and Safety (EHS) Management Committee. A series of systems have been formulated to safeguard clean and closed loop production mechanisms, including the *Regulations on the Management of New, Expansion and Remodelling Projects, Environmental Risk Emergency Response Plan, Environmental Monitoring Programme, Emergency Response and Preparation Control Plan for Effluent Treatment Plants, and Plan for Handling Power Plant Flue Gas Online Data Anomalies.* In addition, Sateri places the utmost importance on preventive measures in environmental management, working to identify and control environmental risks in a timely manner. Operational audit meetings are held on a regular basis to systematically analyse environmental issues relating to or revealed by pollutant detection, pollutant emissions, and internal and external audits. A sound management scheme is in place to contribute to efficient, clean and sustainable ecological restoration. In 2021, Sateri took steps to embrace the concept of green development and increased its investment in environmental protection, which amounted to RMB112.86 million. In 2021, Sateri received no environmental complaints or penalties.



In addition, operations of Sateri have pursued third-party certifications for their environmental management systems, during which the assessment of third-party experts and continuous improvement actions allow them to enhance their management capacity. Certifications and audits performed at Sateri operations as of the end of 2021 are as follows.



¹⁷ SJX and SCN passed the audit in 2021 and received their certificates in early 2022.

¹⁸ Sateri Lyocell was the first Lyocell producer in China to receive the STeP by OEKO- TEX[®] certification.

¹⁹ SJX and SCN passed the audit in 2021 and received their certificates in early 2022.

Water Management

As water consumption of households and industries continues to grow, China is facing serious challenges in the utilisation and protection of water resources. As a water-intensive fibre producer, Sateri attaches critical importance to water resources management. Group-level measures are made to prompt our factories to improve wastewater management, carry out water recycling, and reduce wastewater discharge, thereby protecting and saving water resources.

Water conservation, water recycling, and water efficiency improvement are Sateri's focuses throughout all operation stages. We act in strict compliance with the *Water Law of the People's Republic of China* and other water-related laws and regulations and do not build or operate manufacturing facilities in areas threatened by water shortages.

Sateri's main water sources are surface water and municipal water. To save water, we have improved our water recycling rate through advanced recycling and processing technologies, while continuously upgrading water-saving equipment through renovation projects, aiming at conserving water in production processes. SCN reduced its water consumption by filtering and reusing rainwater and cooling water. In 2021, the process water intensity per unit of product at SCN was 26.05 cubic metres per tonne of product, well below EU-BAT norms. SJJ also continued to reduce its water consumption through improvement measures such as retrofitting water supply control valves to HVAC cooling towers, retrofitting control valves to AC replenishment, and placing additional rainwater collectors outside the factory.



2019-2021 Comparison of Process Water Intensity Per Unit of Product to EU-BAT Norms (cubic metre per tonne of product)

Water consumption of viscose mills 2021



Total water consumption





Surface water, including rivers, lakes and reservoirs



.....





Municipal water **151,150**

Cubic metre



Rainwater collection/recycled water from production



.....

Cubic metre

Process water intensity per unit of product²⁰



34.03

Cubic metre per tonne of product



²⁰Process water intensity per unit of product = water used in viscose fibre production process (excluding water used in power plants)/converted viscose fibre output

Chemicals Management

Sateri

Sustainability Report

2021

Chemicals are indispensable raw materials in Sateri's production processes. The chemicals we purchase mainly include sodium hydroxide (NaOH), concentrated sulfuric acid (H_2SO_4) and carbon disulfide (CS_2). As an industry leader and sustainability pioneer, we have established an all-round, closed-loop chemicals management system. At the same time, we have called for zero emission of hazardous chemicals across the industry to reduce the negative impact on our planet and mankind.

Sateri's closed-loop chemicals management system addresses the procurement, transportation, use, storage and disposal of chemicals. In 2021, Sateri continued to reduce the presence of hazardous chemicals in our production processes through continuous improvement projects. Each viscose mill set its own targets of the year on reducing the consumption of CS_2 per tonne of viscose fibre. Specifically, having adopted advanced clean production technologies since its inception, SCN consumed 46kg of CS_2 per tonne of product in 2021, outperforming the highest EU-BAT requirements.

Sateri's Closed Loop Chemicals Management System



- Chemicals suppliers are required to sign a statement to commit to the STeP by OEKO-TEX[®] Manufacturing Restricted Substance List (MRSL), Zero Discharge of Hazardous Chemicals (ZDHC) MRSL, chemical registration, evaluation, permit and restriction standard (REACH-EC 1907/2006), GB18401- National Textile Product Basic Safety Technology Standard, and STANDARD 100 by OEKO-TEX® and other standards. For suppliers of major chemicals: Before introduction, build a cross-department team with the Safety and Environmental Protection Department to review suppliers, making sure they meet our sourcing requirements which includes sustainability specifications. • Suppliers of general chemicals: According to the Hazardous Chemical Safety Management Regulation and other regulations on operation, the Safety and Environmental Protection team shall oversee procurement, transportation, storage, Procurement usage and disposal with the assistance of other departments. • In 2021, Sateri had a total of 149 chemicals suppliers. All chemical suppliers have been assessed with environmental and social standards, compliant with ZDHC chemicals management requirements, and signed the Supplier Code of Ethics • Sateri engages only qualified transport service providers, whose qualifications are subject to on-site verification and assessment. Transportation • We are constantly improving our management of hazardous chemicals and SOPs for chemical management at our viscose mills, according to the requirements of STeP by OEKO-TEX[®]. • Formulate reduction targets on the use of NaOH, H_2SO_4 and CS_2 on an annual basis; ensure our compliance with strict safety standards through implementing an effective chemicals management programme. • Lyocell is produced in eco-friendly closed loop processes with non-toxic, harmless organic solvents. The recycling rate of N-methylmorpholine-N-oxide (NMMO) has Usage reached 99.7%. SFJ, SJJ, SJX and SJS have been granted STeP by OEKO-TEX[®] Level-3 certificate and Level-3 safety standard (hazardous chemicals) re-examination certification. Sort, classify and store chemicals according to their properties. Carry out regular inspections and assign dedicated professionals to manage chemicals; Provide emergency recovery facilities in factories and equip employees with personal protective equipment; · Formulate and practice emergency response plans for chemical spills. Storage
- Disposal
- Chemical waste shall be stored in designated locations for compliant and detoxifying processing by qualified waste disposal providers.

Emissions Management

Dedicated to green production, Sateri upholds the principle of "minimising waste output and maximising resource recycling" to promote clean and closed loop production. In addition, Sateri has formulated an advanced emissions management system and regular monitoring and inspection mechanisms, which ensures that the wastewater, exhaust gas and solid waste generated in operation processes comply with the laws and regulations of where we operate.

Air Emissions Management

To manage air emissions resulting from our business activities, Sateri has undertaken concrete actions to further improve exhaust gas treatment.

The air emissions generated by Sateri's viscose mills are primarily from the flue gas of the power plant's coalfired boilers and production processes. Main pollutants include carbon disulphide (CS₂), hydrogen sulphide (H_2S) , sulphur dioxide (SO_2) , NOx, and particles. There are also air emissions from the Linz Nanjing plant dust. To address different types of air emissions, Sateri factories have taken measures such as lowering exhaust gas temperature to improve recovery rate, optimising downtime operation, and reducing exhaust gas concentration in absorber tanks. Sateri draws on the Wet gas Sulfuric Acid(WSA) technique to turn CS₂ exhaust gas from the production line into SO₂ through chemical reactions, and then turn SO₂ into concentrated sulphuric acid product to be recycled in the factory, reducing air emissions while saving raw material consumption. In terms of flue gas treatment of coal-fired boilers at power plants, we strive to satisfy the regulatory requirement of ultralow emissions. An ultra-clean flue gas emission transformation programme has been implemented at all viscose mills to reduce the emissions of air pollutants such as NOx and SO₂. The total sulphur recovery rate of Sateri's 5 viscose mills in 2021 is 98.0%, which has preliminarily achieved Sateri's 2030 Vision.

Air emissions of in-house power plants of viscose mills in 2021²¹



2019-2021 Air Emissions of In-house Power Plants of Viscose Mills (tonne)



²¹As boilers at power plants are the main source of air emissions in viscose mills, recovered process exhaust gas is delivered to boilers for further desulphurisation. Therefore, this Report discloses air emissions from boilers at power plants only. The data are from the 2021 Annual Pollution Discharge Permit Execution Report of the viscose mills.

To reduce CS_2 usage and emission, each viscose mill formulates its reduction target for CS_2 emission per tonne of fibre on an annual basis and actively identifies areas for improvement to launch targeted improvement measures, thereby reducing CS_2 usage while improving the recovery rate. Over the past three years, the total sulphur recovery rate and sulphur to air per unit of product at Sateri's viscose mills have been consistently above EU-BAT norms. In 2021, Sateri's viscose mills improved their total sulphur recovery rate by 0.3% and decreased sulphur to air per unit of product by 14.31% compared to 2020.

S ↑↑ In 2021, Sateri's viscose mills





0

decreased sulphur to air per unit of product by





2019-2021 Comparison of Sulphur Emission Targets of Viscose Mills to EU-BAT Norms



Total Sulphur Recovery Rate



²²Calculated per EU-BAT method: Sulphur to air per unit of product = Sulphur to air related to viscose fibre production/non-converted viscose fibre output

Wastewater Management

Sateri actively develops water pollution prevention measures to mitigate the potential environmental impact of our operations. Industrial wastewater and domestic sewage are generated at our mill sites. The main pollutants include chemical oxygen demand (COD), ammoniacal nitrogen (NH₃-N), SOx, Zn, etc. During the reporting period, we drew on Cl projects and third-party certification to carry out a series of wastewater treatment system upgrades. As a result, Sateri's 5 viscose mills continued to reduce their wastewater discharge. In addition, the five mills performed wastewater testing twice a year according to the ZDHC MMCF Wastewater Guidelines and were rated as good or better for the majority of the 24 testing items. In addition to meeting regulatory requirements, our viscose mills offered to tighten our own wastewater discharge standards. Through water reuse and in-depth wastewater treatment, our viscose mills have lowered municipal sewage discharge as well as wastewater intensity. Sateri viscose mills continue to reduce the salinity in water, and the sodium sulphate recovery is 513 kg per tonne of product in 2021.



Refined wastewater management at SJS

In 2021, SJS organised training on professional skills and management skills for employees at its in-house wastewater treatment facility to enhance their leadership and teamwork. This was aimed at developing a team of core employees that can execute task efficiently, to lay a solid basis for the efficient, safe, and stable operation of the facility. In addition, SJS formulated internal systems that require operators to receive on-site training for standardised procedures. In 2021, SJS raised its wastewater discharge standard to Grade I Level A under GB18918-2002, requiring COD content to be consistently below 40mg/L, which is stricter than the previous 50mg/L standard.

Case

AOPs to process fiber production wastewater and continually reduce wastewater discharge

As traditional wastewater treatment techniques have limited capacity for fiber production wastewater, Fenton is gaining increasing attention for its application prospects. Research shows that Sateri's wastewater treatment plants provide 85% of colour removal and 90% of COD removal, reaching I-A level as defined in GB 18918-2002 Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant.

Wastewater treatment plays an important role in Sateri's Vision 2030. Sateri will dedicate every effort to clean and closed-loop production, applying advanced techniques to reduce wastewater discharge and protect the environment and water resources.



Wastewater Treatment Facilities at Sateri Factories

Case

New CI project to further improve sodium sulphate recovery at SJX

Sodium sulphate is a by-product of fibre manufacturing. Better sodium sulphate recovery not only lowers production costs, but also reduces salt content in wastewater. In 2021, SJX further improved sodium sulphate recovery through measures such as replacing enlarged intensifiers, straightening air dusts, adding inspection ports, etc.





Wastewater discharge of viscose mills ²³	Unit	2021	Year-on-year change ²⁴
Wastewater discharge	Cubic metre	70,720,905	0.77%
Rivers and lakes	Cubic metre	56,689,381	-0.69%
Sea	Cubic metre	14,031,524	7.12%
Total COD emission	Tonne	2,024.74	-2.58%
Total NH₃-N emission	Tonne	48.63	-32.38%
Total sulphide emission	Tonne	1.16	-18.80%
Total zinc (Zn) emission	Tonne	12.17	-38.83%
COD emission per unit of product	kg per tonne of product	1.312	-10.62%
$\ensuremath{NH_3}\xspace$ -H emission per unit of product	kg per tonne of product	0.032	-38.21%
Sulphide emission per unit of product	kg per tonne of product	0.001	-24.76%
Zn emission per unit of product	kg per tonne of product	0.008	-43.68%
Sodium sulphate recovery	kg per tonne of product	513	

2019-2021 Comparison of Wastewater Discharge of Viscose Mills to EU-BAT Norms



Solid Waste Management

All Sateri factories have strict hazardous waste management systems in place. Upholding "prevention first" as the basic principle, the factories implement a multi-level accountability system for solid waste management to ensure the proper handling of all solid waste. Solid waste generated at the mill sites includes general solid waste, hazardous waste, and municipal waste. Hazardous waste is handled by qualified treatment providers as required by law; general solid waste is classified at the mill sites and handed to recycling providers; municipal waste is handled by the park, all of which satisfy regulatory requirements. In 2021, Sateri's 5 viscose mills have achieved 100% of general solid waste recovery for the first time.



Scope

Coal ash, coal slag, desulphurised gypsum, pulp packaging paper, packaging wire, sludge, etc.

Treatment

On-site recycling at mills; third-party recycling and reusing; energy recovery



Scope

Waste engine oil/lubricating oil, waste mineral oil, waste reagent, waste activated carbon, waste resin, waste lead accumulator, waste lamp, waste ink cartridge/tonne cartridge, etc.

Treatment

Build warehouses for hazardous waste; use ledger for standardised management of dangerous waste; based on Directory of *National Hazardous Wastes* and other regulations, entrust qualified third party to recycle and conduct "Five documents" management during transfer to ensure traceability of hazardous waste

²³Wastewater discharge per unit of product = total wastewater discharge/non-converted viscose fibre output

²⁴In 2021, Sateri updated the production statistics, and accordingly, the production in 2020 and the related COD emission per unit of product, NH₃-H mission per unit of product, Sulphide mission per unit of product, Zn mission per unit of product have been retrospectively adjusted.



Solid waste discharge and disposal of viscose mills	Unit	2021	Year-on-year change ²⁵
General solid waste	Tonne	884,243	-42.16%
General solid waste per unit of product ²⁶	Tonne per tonne of product	0.57	-46.94%
Percentage of recycled and reused general solid waste	%	70	37.76%
Percentage of general solid waste by energy recovery	%	30	-9.87%
Total hazardous waste	Tonne	757.27	15.56%
Hazardous waste per unit of product ²⁷	Kg per tonne of product	0.49	6.68%

2019-2021 Comparison of Hazardous Waste Emissions of Viscose Mills to EU-BAT Norms (kg per tonne of product)



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²⁵In 2021, Sateri updated the production statistics, and accordingly, the production in 2020 and the related general solid waste per unit of product, hazardous waste per unit of product have been retrospectively adjusted.

²⁶General solid waste per unit of product = total non-hazardous general solid waste/non-converted viscose fibre output

²⁷Hazardous waste per unit of product = total hazardous waste/ nonconverted viscose fibre output



Energy Management

Committed to maximising the energy efficiency of our production process, Sateri prioritises energy management and control in our routine operations. We have taken a series of measures to strengthen energy management, such as improving refined management and embracing advanced technology, thereby reducing energy consumption and boosting efficiency at source. In addition, Sateri proactively explores investment in renewable energy, aiming at a cleaner energy structure.

Utilisation of Renewable Energy

In 2021, Sateri moved towards renewable energy with the full support of the management and operations team, introducing solid actions to respond to the China carbon peaking and carbon neutrality goals. In 2021, SJS invested RMB 5 million to build Phase I of its distributed solar power system using the warehouse roofs, achieving a breakthrough in the use of renewable energy. The system generates approximately 522,441 kWh of renewable electricity per year, equivalent to saving 160 tonnes of standard coal, 435 tonnes of carbon dioxide and 0.08 tonnes of sulphur dioxide. At present, SJS is preparing for the Phase II project.

²⁸ Emission reduction compared with thermal power, emission factor data source: issued by China Electricity Council China's Electric Power Industry Annual Development Report 2021.



Enhance Energy Efficiency

Sateri has developed a management system and implemented energy saving renovations to continuously improve the energy efficiency of all factories. In terms of management, Sateri has formulated a series of energy management systems, such as the *Control Procedures for Energy Management Review, Control Procedures for Energy Management Implementation Plans,* and *Control Procedures for Energy Use and Operation,* on top of which we have defined our energy policy and targets. In terms of implementation, we continuously improve the operational energy efficiency of our factories by formulating and implementing continuous improvement projects.

Advanced production lines and environmental treatment facilities were introduced from abroad when we built our factories, which, in combination with cutting-edge intelligent manufacturing systems, form energy-efficient production lines. Sateri creates modern factories following high industry standards and the low-carbon principle. In the last 10 years, our production capacity has grown by 50%, while our comprehensive energy consumption remained almost unchanged.

At SJS forklifts handle 300,000 tonnes of viscose fibre per year. Traditional forklifts powered by internal combustion engines are not only not good for the environment but also have high operation and maintenance costs in view of their pollution, low energy efficiency, and frequent breakdowns. In cooperation with the local power supplier, SJS leased 13 new energy forklifts for in-plant logistics, achieving zero pollution and emissions in warehousing and factory logistics stages, while saving fuel costs by nearly 50%.



2019-2021 Total Energy Consumption of Viscose Mills (GJ) and Output³⁰ (10,000 tonnes)



2019-2021 Comparison of Energy Intensity of Viscose Mills to EU-BAT Norms (GJ per tonne of product)



[Looking to 2022]

Despite our sustained progress in clean and closed loop production, we are deeply aware that there is a long road ahead - our energy consumption has been on the rise, but so has our hazardous waste. Therefore, we will further optimise our own energy management system, intensify our exploration of clean energy sources such as renewable energy, and put better systems and technologies in place to improve our energy efficiency. As to other resources (such as water resources, chemicals and other raw materials), we will continually carry out technological upgrades and resource conservation programmes to achieve world-leading clean production, cutting consumptions at the source. In the future, we will work in concert with our suppliers to explore opportunities to reduce the use of chemicals and other raw materials, to prevent waste and boost our green development resilience to incrementally reduce our environmental impact.

³⁰ Converted viscose fibre output

²⁹ Energy intensity = energy consumption of the production process of viscose fibre (excluding energy consumption of power plants)/converted viscose fibre output

Innovation and Circularity







High-importance sustainability issues addressed in this chapter

Product quality and safety

Compliance and risk management

Value chain: collaboration

Science Based Targets



Impact on the Economy, Environment, and Society

I Impact on the Assessment and Decisi on-Making of Stakehol ders

Highlights

- RMB **600** Million Sateri's R&D expenditures exceeded RMB600 million in 2021, an increase of RMB20 million compared to 2020.
 - **267**Patent Applications As of 2021, Sateri filed 267 patent applications in total.
- **60**Patent Applications

In 2021, Sateri filed 60 patent applications, an increase of 9 applications compared to 2020.

Sateri is expected to launch zero-carbon products in 2022 as a result of continuous production upgrades and R&D efforts

- Zero-Carbon Product
- 2021 Top Ten Innovative Textile Products

Sateri was honoured with a "2021 Top Ten Innovative Textile Products" award by China National Textile and Apparel Council

Product Innovation

Innovation Mechanism

Sateri has been exploring the innovation of natural and sustainable materials. Ever since our establishment, we have been always innovating and making progress, and therefore, we have gradually become one of the most influential corporates in the world. We have always insisted on taking technological innovations as the primary driving force of the Company's development. We focused on the R&D of sustainable products and absorbed the best talents and cutting-edge technologies in the world. As our technological strategic decisions and technological innovation capabilities keep upgrading, we have promoted many kinds of viscose fibre products, such as Sateri Lyocell, EcoCosy[®], providing an unlimited possibility for social development. In 2021, Sateri's R&D expenditures exceeded RMB600 million.

To ensure our technological innovation is carried out smoothly, we have built a complete and innovative internal coordination system, covering from product development to the market. Internally, Sateri set up R&D departments that specialise in viscose fibre, Lyocell, and nonwoven fabric respectively. Through close coordination with the marketing department, Sateri is able to meet the market's demand for the products' sustainability, to constantly innovate sustainable fibre products and nonwoven fabrics. Externally, Sateri has proactively cooperated with universities, and research institutions to carry out industry-university-research cooperation, to build high-tech enterprises and cultivate a good atmosphere for innovative research and development. Sateri also set up a shift mechanism and "1.5 hours innovation encouragement" mechanism to reward patent applications. In doing so, we hope to encourage employees to conduct self-innovation and to improve the innovation and R&D capacity in various product sectors. In 2021, we filed 60 patent applications and received 41 patent grants, which makes the Company boasting a total of 267 patent applications, and 195 patent grants.





Internal coordination-based innovation system of Sateri

The major product innovation mechanism in Sateri



Sateri Technological Innovation Alliance for Product Development

To deliver on the China carbon peaking and carbon neutrality goals, green development has become a common understanding in the textile industry globally underlining the importance of the development of ecological and environmentally friendly products to the development of enterprises in the industry. In 2021, China Textile Information Center, National Textile Developing Center, and Sateri cooperated again to launch the "Sateri Technological Innovation Alliance for Developing Series Fibre Products", which aims to promote the upgrade of design creation and quality improvement of textile products through the deep coordination with both upstream and downstream partners in the industrial chain.

"After joining the Sateri Technological Alliance, our company was able to obtain the trend and direction of the development of fibre products, which enriched our R&D resources. As our cooperation with Sateri are expanded to wider fields, our innovation capacity and marketing competence have also been strengthened."

------R&D Manager at Zhejiang Saintyear Textile Co., Ltd.

Case

Case

Sateri's Ecocosy[®] and Lyocell were honoured "2021 Top Ten Innovative Textile Products" in the nonwoven and textile fields respectively

On October 21, 2021, the award ceremony for "Product Publication and Marketing" and "Cultivation and Promotion of 2021 Top Ten Innovative Textile Products" were held in Shengze Town, Wujiang District, Suzhou, Jiangsu Province. Our functional product "icecream" Lyocell jeans and non-allergic face towel for babies and children were entitled to be "2021 Top Ten Innovative Textile Products".



Sateri's products were voted among the "2021 Top Ten Innovative Textile Products" by China National Textile and Apparel Council

Case

Sateri proactively participated in formulating the industrial standards, to promote the sustainable development of the industry.

In 2021, Sateri participated in formulating two industry standards on nonwoven fabric and offered professional advice on another two textile standards and three nonwoven fabric products standards. Five nonwoven industrial standards, including: Textile:

Technical Specification for Evaluation of Green Design Products - Regenerated Viscose Fibre (viscose method) Evaluation Requirements for Green Factories in Regenerated Viscose Fibre (Viscose Method) Industry Nonwoven:

GB / T Washable Spun Laced Nonwoven Materials and Products
GB / T 40276-2021 Soft Towel
T / CHINA 23101-2021 Evaluation of Biodegradability of Spun laced Nonwovens and Related Products
GB / T 27728.1 Wet Wipes
GB / T 27728.2 Wet Wipes for Babies and Children

Recycling and Low Carbon Innovation

Combining the concept of circularity with the goal of high-quality production, Sateri strives to maximise the renewability of raw materials and degradability of fibres. Sateri adheres to green management throughout the fibre life cycle and follows the principle of minimal energy and resource consumption, minimal ecological and environmental impact, and maximal recycling rates.

Sateri provides plantations-sourced viscose fibre with the USDA Certified Biobased label, which demonstrates the carbon neutral property of the fibre products. EcoCosy[®] has been certified by Seedling and the Biodegradable Products Institute (BPI) as compostable in industrial facilities, which means EcoCosy[®] fibre can degrade by more than 90% within 90 days by test, effectively reducing the environmental impact of products after use.

In view of national GHG goals to reach peak carbon emissions by 2030 and achieve carbon neutrality by 2060, green, lowcarbon products are on growing demand. EcoCosy[®] and BV[®] series, since their launch in the market, have been proven by several partners to be effective in improving spinning efficiency and reducing carbon emissions from energy consumption in downstream production. FINEX[™] is a fruit of the marriage of circularity and low-carbon concepts. The carbon print of production using recycled pulp is lower than that of dissolving pulp. Sateri has achieved commercial-scale production of viscose fibre with 20% recycled content. In addition, Sateri has been working actively with stakeholders such as the China Association of Circular Economy on research on the manufacture of recycled dissolving pulp and fibre from waste textiles, with a view to addressing the current shortage of dissolving pulp and promoting low-carbon, circular development across the textile industry.

Sateri has also made dedicated efforts to develop zero-carbon products based on the whole life cycle. In 2021, Sateri conducted life cycle assessment (LCA) and GHG emissions audit for all types of fibre products to lay the foundation for future zero carbon products. Committed to "connecting industrial chain, cooperating with partners", Satery actively explores greater values of viscose fibre in green and low-carbon development, promoting the progress of the industry and consumption at the same time and the sustainable development of green consumption, and environmental protection.

С

Sateri provides forest-sourced viscose fibre with the USDA Certified 100% Biobased label

100% Biobased label whic degr.

which means EcoCosy[®] fibre can degrade by more than

90% within 90 days

The progress of the development of the low carbon/ zero-carbon product in Sateri





Sateri is awarded "2021 Pursuer of Excellence in Sustainability – Pursuer of Circularity of the Year" by China National Garment Association and WWD China





Case

Sateri Shared About Recycling Technologies and Philosophies at the "Innovation and Application of Green Functional Yarn Material Technologies" Seminar.

On December 9, 2021, Sateri was invited to participate in the "Innovation and Application of Green functional Yarn material technologies" seminar to share the innovation and application of the function of upstream yarn materials and technologies and to discuss the industrial trend of green development. We gave a keynote speech titled "Innovate from the source to regrow beauty" and participated in the Panel Discussion. The talks covered policies brand & customer awareness, supply chain demand, and green technology-enabled product solutions, presenting Sateri's efforts to create green fibre brands through coordination and cooperation and Sateri's approach to link fashion consumption with sustainability and boost downstream industries.



Traceable Products

Traceability refers to the capability to track the product development process from the origin. Sateri believes that only when tracing back to the origin, is it possible to realise the sustainability of the product chain. To this end, we have tried to improve the products' traceability by adding tracers and by providing traceable solutions to brands and retailers. Based on external certification, we further consolidated our regulation basis and constantly improved the traceability of products. Sateri's fibre products have been certified by MADE-IN-GREEN by OEKO-TEX®, which provides traceable product tags to make sure that the product has passed the hazardous test and can be made sustainably. Meanwhile, Sateri obtained certification for PEFCTM CoC. And we proactively built platforms to communicate with consumers. We enable consumers to quickly recognise our products through proper branding and labelling efforts, including using labels and fabric certifications.

Sateri's approach to enhanced product traceability





MADE IN GREEN by OEKO-TEX[®] traceable product label

OEKO-TEX® CONFIDENCE IN TEXTILES MADE IN GREEN



FINEX[™] Label

EcoCosy[®] Label



Customer Orientation

Sateri fully considers the needs of downstream customers and consumers in the product development process. Thus, Sateri has developed a variety of innovative products to meet their various needs. For example, EcoCosy[®] Colour Viscose employs advanced pre-spinning injection and blending technology to evenly disperse high-quality colour paste into the fibre, providing a more uniform and lasting colour compared to ordinary dyeing. In addition, the COVID-19 pandemic has led to a growing emphasis on the antibacterial property. Sateri's EcoCosy[®] Antibacterial Fibre has an inhibitory effect on micro-organisms such as bacteria and fungi, protecting textiles from micro-organisms and reducing the possibility of cross-infection, and at the same time protecting the health of users from infectious diseases.

Responsible Products and Services

At Sateri, everything is designed to deliver high-quality products and services. Quality and customer satisfaction are the top priorities.

Sateri firmly believes that product quality is the foundation of the company's development and success. For that reason, we have always continued to strengthen quality regulations. Our mills SCN, SJS, Sateri Lyocell, SJX, SFJ, and SJJ have all obtained ISO 9001: 2015 Quality Management System Certification. We established a closed-loop quality regulation system, a quality regulation structure and a reporting system. We regularly discuss the trends of quality-related indicators and abnormal quality events to always optimise the internal regulation mechanism. Following the quality regulation system, we have formulated a series of internal regulation documents, such as *Product Inspection Regulations*, *Product Quality Inspection and Grading Regulations*, *Quality Inspection Management System*, covering client management, production, quality regulation, and other aspects. Meanwhile, we also regularly seek for external certification and appraisal of our internal mechanism. Additionally, in our viscose mills we have set up quality regulator representatives and a CI improvement mechanism, to conduct strict quality control on each link, including the raw material storage, production, finished product inspection, and delivery.

Sateri is driven by the client's experience and is dedicated to improving the quality of customer service. Through strict client complaint management and high-quality service, we bring our clients reliable and convincible high-quality experiences. Based on those demands, and by setting up related customer service departments, we have formulated regulatory documents like *Working Process of Technical Service*, forming a customer service procedure and communication mechanism that requires the marketing department to communicate both inward and outward, the quality department to trace, and all departments to coordinate with each other. In doing so, we have constantly improved customer satisfaction and provided better service and experience for all. Meanwhile, Sateri insists on responsible marketing methods to promote and sell products. We protect clients' legal rights and interests. In 2021, the after-sales resolution rate remained at 100%. According to the results of e-mail and phone surveys, clients' satisfaction with all brands of Sateri averaged 87/100.



The after-sales resolution rate remained at



Customers' satisfaction with all brands of Sateri was





Brand management and responsible marketing in Sateri

[Looking into 2022]

Sateri believes that producing low-carbon or even zero-carbon products is a crucial method to reduce the company's carbon footprint as well as a key R&D direction. Sateri will continue to develop recyclable fibre products with 50% to 100% recycled content, helping to translate circularity into reality in the textile industry and reducing environmental pollution and resource waste. In addition, through industry chain integration, the EcoCosy[®] BV[®] series has attained improvements in yarn production efficiency, yarn quality and fabric quality, and maintenance of spinning equipment, among other aspects. Fibre R&D is closely aligned to downstream applications, so that fibre excellent properties can open new space for downstream applications. Also, to better mitigate climate change, we plan to launch zero-carbon products in 2022, contributing to the national GHG emission reduction goals in concrete terms.

Inclusive Growth


High-importance sustainability issues addressed in this chapter



Compliance with Business Ethics

Sateri is committed to creating a high-standard corporate culture with both business ethics and compliance. We adhere to the principle of "Correcting Every Mistake" for any acts that might violate business ethics. At the corporate level, employees are required to keep their promises, and be pragmatic, honest and self-disciplined. And we resolutely fight against corruption. In terms of anti-corruption governance, Sateri has established a solid internal review management structure, set up a professional audit team, and adopted strict audit workflows to prevent corruption risk. Regarding process assurance, we have also established a sound and fully-fledged reporting and complaint mechanism to encourage internal and external stakeholders to report any corruptions timely, and take all-around protection measures for whistle-blowers. During the reporting period, 100% of Sateri employees have received anti-corruption training, and no corruption cases occurred.

As an industry leader, Sateri has long adhered to the principle of fair competition, respecting every competitor, and regarding excellent competitors as a driving force for us to constantly seek innovation and transformation. We strictly abide by the *Anti-Monopoly Law of the People's Republic of China* and *Anti-Unfair Competition Law of the People's Republic of China* and other relevant regulations, and strongly resist acts that restrict or exclude market competition by unfair means.



During the reporting period, the coverage rate of Sateri employees receiving anticorruption training reached

100%

and no corruption cases occurred

Attracting Diversified Talents and Retaining Talents

Sateri regards employees as our most valuable assets and ensure we take in a range of talents with diverse backgrounds to embrace diversity throughout our businesses. Shaping a corporate culture of mutual respect, diversity and inclusiveness enables us to build a high-quality platform for sustainable growth and productivity acceleration.

Labour Practice

Sateri's adherence to the principles of human rights is the cornerstone of our access to the world stage. Sateri has always supported the International Labour Organisation (ILO)'s *Declaration on Fundamental Principles and Rights at Work* and the *United Nations Universal Declaration of Human Rights* and other international conventions. We strictly abide by the

Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China and the Provisions on Prohibition of the Use of Child Labour and other laws and regulations in China, and conduct due diligence throughout the value chain to identify risks of human rights violations. We also continuously improve the awareness of rights protection of both the management team and employees and proactively protect the rights and interests of employees, We establish prompt and democratic communication channels to actively care about employees' demands. We formulate comprehensive employment management policies, adopt stable and transparent recruitment procedures. Meanwhile, we will implement "Responsible Recruitment" principle, so that employees can become the builders of the Company and develop harmoniously with the Company. By 2021, the total number of Sateri employees has reached 5,739³¹.





Diversity and Inclusiveness

Inclusiveness and diversity are the foundation of Sateri's employment principles, so we take practical actions to continuously foster a highly inclusive and diverse corporate culture. To this end, we build the human resource management system and continuously improve it. We provide equal opportunities for all, and encourage the creation of values. In accordance with the relevant national labour regulations, we have formulated the *Labour Contract and Probationary Period Management Regulations*, insisting on people-oriented principles, prohibiting all forms of child labour, forced labour, and any discrimination on the basis of race, religion, gender, age, marital status, disability or nationality. Violators shall be subject to severe punishment or termination of employment. We strive to create a comfortable, healthy, equal and inclusive development environment. In 2021, the female ratio in management positions at Sateri reached 16%.



In 2021, female ratio in management positions at Sateri reached

16%

Workforce Empowerment

Sateri provides employees with a full spectrum of development programmes. Therefore, Sateri creates professional training courses at all levels and provides equal training and learning opportunities to every employee, to help employees to realise their personal values. Based on the job responsibilities and role requirements of employees, the company has set up tailored career development paths and planned different promotion processes for employees. During the reporting period, we have continued to promote talent development and training programs, continuously searched and reserved backup forces at all levels, created a "market-oriented, internationalised and professional" talent team, and fully stimulated the employees' innovation and enthusiasm. To strengthen the empowerment of training, Sateri has integrated corporate resources and established Sateri Learning Institute (SLI) to coordinate the company's training. Following advice from various internal and external systems such as *Training Management Control Procedure, Internal Lecturer Management System* and *Professional and Technical Personnel Advanced Training Management Measures*, the SLI occasionally organises all sorts of training both for the employees' soft and hard skills, cultivating high-quality internal training lecturers, achieving the effective integration of experience teaching as well as competence enhancement. Meanwhile, the SLI greatly motivates the self-driving forces from individuals. All this forms mutual support between the organisation and individuals, resulting in shared growth. In 2021, the training programmes covered all employees, with average training hours of 76 hours; and all employees received performance appraisal and career development assessment on a regular basis



Average training hours of employees (by gender)



Case

Laying a solid foundation for standardised management - SJS Newly-appointed Monitor's Ability Improvement Training Camp

In January 2021, to cope with the rapid changes in the environment and improve the ability of operation and management requirements, team leaders are required to receive training to polish the comprehensive basic skills. Thirty-three newly appointed monitors from the regional production, maintenance, public engineering systems, quality and other departments participated in the event. The training integrated theoretical knowledge with management practice experience, and included comprehensive and systematic training instructions in team construction, on-site management, and work efficiency enhancement. The SLI conducted group evaluations on the theoretical examination of monitors, tested the learning results and gave positive feedback to well-performed training groups. The training was positively appraised and fully acknowledged by its practical values.





At the Training Camp

Case 2021 Sateri Talent Training Award _

"Talent cultivation" is the cornerstone of the sustainable development of enterprises and one of the core values of Sateri. Sateri systematically cultivates talents at all levels, helps employees lay a solid theoretical foundation, and promotes the application of what they have learned. To this end, the "Talent Training Award" was officially launched in October 2021 by the Singapore Golden Eagle Group for all employees of the group. Revolving around the code of conduct of the Group's core values, the Award identifies a group of individuals who actively practice those core values, especially outstanding performance in talent training, and publicly commends them for their improvement in following aspects: employee skills, organisational echelon building, performance, talent development, nurturing talents, cherishing learning opportunities, and helping the community make contributions in six aspects. This Award can promote in-depth learning and exchanges between companies within the Group through evaluation at each level, create an atmosphere of "aiming for better" and ensure that talent training fits the strategic objectives of the Company.



At the "2021 Sateri Talent Training Award"

Case

2021 Sateri Skills Contests

In May 2021, to improve the professional skills of employees and create an atmosphere of "aiming for better", regular skills contests were carried out within the Company. For example, in May 2021, the 2021 SFJ Skills Contest was jointly held by SLI, SFJ, and the Human Resources Department. The contest included eight new items compared to last year, covering forklift skills, spinneret assembly skills, etc. During the two-month contest, candidates remained enthusiastic and competed fiercely.

Through this year's contests, a range of skills, talents and professionalism in various aspects emerged, with skilled craftsmanship clearly shown. Following the contests, department leaders organised meetings to review and summarise any drawbacks during the process and provide a timely manner in which to improve. A total of 113 winners were awarded certificates, building knowledge, skills and talent respecting environment. This activity provides employees with a platform to communicate, compare, and improve, together with each other, greatly facilitating the effectiveness and productivity of the Company.



At the Skills Contest

At the awarding ceremonies

Occupational Health and Safety

Sateri is committed to creating a healthy and safe working environment. To this end, we fully promote the building of a safety risk prevention and control system, provide employees with complete labour protection supplies, and install sufficient safety facilities and equipment in the factory, strengthen safety and health education and continuously improve employee health and production safety management. As at the end of the reporting period, SCN, SFJ, SJJ, SJX, SJS, and Sateri Lyocell have all obtained the ISO45001 Occupational Health and Safety Management System.

Sateri attaches great importance to potential occupational health and safety problems in operations and carries out fundamental functions in terms of organisation and responsibilities, systems and procedures, hidden danger investigation and management, equipment and facility management, safety training and education, and emergency management. Each mill carries out annual risk assessment and review, focuses on building a dual preventive work mechanism for safety risk classification management and control and hidden danger investigation and management and refines specific safety management requirements. To strengthen safety risk management, we have established a safety production committee, improved safety systems, identified potential safety hazards, and ensured the implementation of the broad and deep safety production management structure.

Indicator	2021	2020
Health and safety training rate for our employees	100	100
Total hours of occupational health and safety training	108,831	—
Occupational health examination rate	100	100
Fatalities due to work-related injury or occupational disease ³² - number of incidents	0	0
Fatalities due to work-related injury or occupational disease - ratio ³³ (per 200, 000 working hours)		0
Lost time injury ³⁴ - number of incidents	3	12
Lost time injury - ratio (per 200, 000 working hours)	0.05	0.22
Serious work-related injuries ³⁵ - number of incidents	0	0
Serious work-related injuries - ratio (per 200, 000 working hours)	0	0
Number of occupational disease cases ³⁶	0	0
Rate of occupational disease	0	0

³²Number of workplace deaths due to work-related injuries or occupational diseases, as defined by Chinese laws.

³³Rate (per 200,000 hours worked) = (Number of incidence) / (Number of hours worked) *200,000.

³⁴A work-related injury or occupational disease, as diagnosed by a doctor, which causes the loss of at least one working day by an employee, or the employee to be able to perform only 50% or less of his or her normal workload without loss of a working day.

³⁵A work-related injury that results in a fatality or in an injury from which the worker cannot, does not, is not expected to recover fully to pre-injury health status within 6 months, per GRI Standards.

³⁶Work-related ill health can include acute, recurring and chronic health problems caused or aggravated by work conditions or practices, as defined by Chinese Law.

Benefits and Care for Employees

In addition to providing employees with remuneration higher than the industry level, Sateri also cares for the work and life of each employee and is committed to creating the most suitable workplace for employees to achieve a balance between work and life as much as possible. It also provides the warmest help, the most solid backing and wishes to be the most considerate companion for employees.

Sateri actively carries out a variety of recreational and sports activities for employees and builds an activity platform for employees in their spare time. The company's labour union focuses on the needs of the employees and actively provides various benefits for employees. It not only cherishes the guarantee of employees' own living standards but also takes their families into account. It builds a bridge of communication between the company, and employees and their families, and creates a harmonious working environment for the benefit of both our employees and their families.



Case Employee Birthday Party

To build a harmonious atmosphere among employees and facilitate cohesion within the company, Sateri operations holds birthday parties for employees whose birthdays fall in the same month, where employees can enjoy delicious food, gifts and games together. The events have helped to build up cohesion in the workplace.



At the birthday parties

Case

Creating a family-like corporate culture within the company - to be the happiest _ employee of Sateri

To allow more family members of employees to blend in Sateri and form a good atmosphere of family-like corporate culture, in December 2021, the Human Resources Department of SJJ and the labour union jointly held a "family-enterprise family, creating a better future" opening event for employees' family members. Through quizzes with prizes, safety knowledge explanations, parent-child games, DIY handcrafting, exhibition hall visits and other activities, the relationship between SJJ employees' families and the enterprise has been further enhanced. After the event, employees said that these activities are very meaningful and have a positive effect on employees' families and the Company.





At a family corporate activity

Case Fun Sports Meets

Fun Sports Meets were organised at Sateri operations to raise the fitness awareness of employees and create a lively and cohesive workplace. Sports games such as basketball showed the passion and energy of Sateri teams.



At a sports meeting

Actively Participate in Social Welfare

While developing its business, Sateri also drives and promotes local social and economic development to benefit the people of the communities in which we live and work. We have established timely and effective communication mechanisms with local governments at all levels and surrounding communities to enhance mutual understanding and actively participate in community construction. Starting from the actual needs of the community, Sateri helps disadvantaged groups, enhances the level of education, improves the community environment, coexists harmoniously with the community, develops together, and builds a new type of social enterprise relationship.

Upholding the 4Es Corporate Social Responsibility (Community Enhancement, Education Support, Environmental Protection, and Competence Empowerment), Sateri has spared no effort to carry out the charitable programme of "Grow with the Community" over many years, which cares for low-income families, aids needy students to go to university, and contributes to a new type of community with a higher sense of happiness. Sateri has long paid attention to the operation of community neighbourhood centres, devoted its efforts to collaborative construction, and organised volunteer teams to provide the best community services.



4Es for Corporate Social Responsibility

Case Sateri Happy Library Season VI ____

On May 20, 2021, Sateri initiated Season VI of the Happy Library programme, which was the sixth season since it began in 2016. The Happy Library programme has donated 45,000 books to 22 elementary schools in Putian city and Putian North Bank Economic Development Zone, bringing libraries and classroom bookshelves to more than 20,000 teachers and students.



Volunteer in a Happy Library

Case

Limin Programme Achieved Remarkable Results in Rural Revitalisation

2021 not only kicked off China's 14th Five-Year Development Plan but was also the start of the implementation of the "rural revitalisation" strategy which endowed the Limin Chicken Programme with a new mission to promote rural revitalisation and increase the income of farmers. In 2021, Sateri operations in Jiujiang put greater efforts into this programme and donated RMB80,000 to support it. According to the governments of Huangcun Town, Wushan Town, and Duobao Township of Duchang Town in Hukou County, in 2021 the Limin Chicken Programme brought 3,925 chickens to market, achieving a total income of RMB477,410 (excluding income from egg sales, including RMB25,360 of government subsidies), a sharp increase compared to 2020.

Case

Building a Community Neighbourhood - Sateri Volunteering Centre

In 2021, SFJ took "Co-building Neighbourhood Centre in the Community" as an annual core public welfare programme to care for the community, donating funds to improve the hardware facilities in the centre and facilitating the implementation of all functions. In July 2021, Sateri Volunteering Center was nominated in Dongpu County, which is located within the SFJ. It organises employees to provide volunteering work to the nearby community residents and builds an "outreach window" with appropriate services. The centre has also carried out a series of events, such as "Kindergarten-elementary school transitional" programmes, "Art Interest Groups" to enrich the summer vacation lives of the children in the community, such as the "Little Cotton Artist" creative handicraft workshop, "Reading with Care", "Happy Reading Sharings", greatly spreading knowledge, broadening horizons as well as accompanying them through their growth.



Sateri volunteers teaching at a community centre

The Sateri Education Bursary has been in operation for 15 years since 2006. In 2021, we further expanded the social impact of the Bursary by launching five projects in Gutang Town, Huangcun Town, and Tongwen Middle School in the form of door-to-door visits, seminars, and an award ceremony. As at the end of 2021, Sateri Education Bursary has contributed RMB1.7 million to a total of 1,808 disadvantaged students.

In 2021, we continued to expand the social influence of the Sateri Education Bursary. We have carried out five activities in the form of frontline visits, seminars bursary award ceremonies, etc. in Gutang County, Feng Village and Jiujiang TongWen Middle School, totalling RMB0.2 million and helping a total of 210 recipients.

Sateri Education Bursary

has contributed RMB

17_{million}

A total of

1,808 disadvantaged students

Sateri Supports Development of Outstanding Students' Potentials in Jiujiang

In October 2021, SJJ held a heart-warming bursary award ceremony in Huangcun Town, Hukou County. This Sateri bursary award ceremony is dedicated to helping local children overcome their current difficulties and successfully complete their studies. After the ceremony, the relevant persons in charge of the party committee, government and Sateri Company of Huangcun Township also had a cordial discussion with the children and their parents, asked them about their studies and living conditions, encouraged them to study hard and live happily, and reminded parents to cooperate as much as possible. School education cares about children's mental health and helping children to grow up with the morning dew of love. This event made the local people feel the warmth of the society and demonstrated the high social responsibility of Sateri as an enterprise caring for society.



At the bursary awards ceremony

Case

Case

"Together We Act to Protect the Beautiful Jiujiang" Employee Volunteering Programme

To promote the 52nd "Earth Day", the Sateri Jiujiang Volunteer Association organised an environmental protection volunteering activity themed "Together We Act to Protect the Beautiful Jiujiang" in Nanshan Park, Lianxi District, Jiujiang City. Some 83 Sateri volunteers were involved in this activity to cherish our earth planet and protect the environment through actual practice.



At Sateri "To protect the beautiful Jiujiang, we act together" activity

Case

SJS – Showing warmth and care in Spring Festival

In February 2021, the SJS Volunteer Association went to Shiling Town and Lailong Town to carry out the Spring Festival greeting activities themed "sincere warm caring in New Year". We sent New Year's goods and New Year's blessings to nearly 50 needy families. Every time they went to a household, the volunteers had a personal conversation with the people in need and learned about their physical and living conditions and the difficulties they face.



At the warm-caring activities

Case

Golden Eagle Dream Centre _

On September 24, 2021, Golden Eagle's first "Dream Centre" was officially unveiled at Huangcun School, Huangcun Town, Hukou County, Jiujiang, Jiangxi Province. The Dream Centre not only provides a complete set of "dream courses" to cultivate children's core literacy and comprehension ability, but also provides professional and systematic training for the school's front-line teachers, effectively supporting the school's implementation of the "double reduction" policy of compulsory education and improving the teaching qualities. The courses focus on improving the quality of students, and are committed to promoting the balanced development of urban and rural education levels and to help children in economically underdeveloped areas to grow up confidently, calmly and in a dignifiedly manner.



The Jinying Dream Centre

Case SFJ Actively fights Against the COVID-19 Epidemic and Makes contributions to Society

During the spread of COVID-19, SFJ worked to coordinate social resources to donate masks, disinfectants, and other preventive measures while ensuring its own epidemic prevention and production safety. In September 2021, during another round of outbreak of COVID-19, SFJ donated RMB600 million through the Putian Red Cross to take on social responsibilities quickly, which was spoken highly of and widely complimented by the community. SFJ also organised volunteers to help front-line medical staff which consolidated the bonded relationship to fight the epidemic. Overall, SFJ took on the social responsibility to fight the epidemic and was a great supporting force for local government to win the fight.

Highlights of Sateri social donations and social welfare

Program	Unit	2021	2020
Total (according to Sateri social welfare donation plans)	RMB10,000	162	149.9
Number of employees participating in volunteering work	person	1,662	958 ³⁷
Total voluntary working hours	hour	7,611	5,686
Disadvantaged students aided by the Sateri Education Bursary	person	1,808	1,600
Total of Sateri Education Bursary funded	RMB10,000	170	155

Sateri strives to create shared value and prosperity for employees and communities through innovation and care. Our efforts and results on inclusive growth have also been externally recognized. Sateri 5 viscose mills have passed Higg FSLM certification with an average score of above 81%.





³⁷In 2021, Sateri improved the scope and method of data statistics, and retrospectively made retrospective adjustments to 2020.

Appendix 1: Awards, Certifications, Organisations and Initiatives Involved

Awards Secured in 2021

Categories	Qualification and Awards	Issued by
Sateri	2021 Excellent Supplier of Viscose-Cotton Textile Industry Value Chain	China Chemical Fibre Industry Association, China Cotton Textile Industry Association
Sateri	China Garment (New Material) Innovation Enterprise	China National Garment Association (CNGA)
Sateri	Member of 520 Social Responsibility Day Initiative	520 Social Responsibility Day Initiative Committee
Sateri	Excellent Supplier in China's Nonwovens Industry 2020 /2021	China Nonwovens & Industrial Textiles Association (CNITA)
Sateri	National Viscose Product Development Base	China National Textile and Apparel Council (CNTAC), China Textile Information Center (CTIC), National Textile Product Development Center
SFJ	National High-Tech Enterprise	Ministry of Science and Technology
SFJ	Excellent Professional Suppliers in the National Health and Maternal Infant Care Products Industry	Health and Maternal Infant Care Products Branch of CNITA
SFJ	2020 Product Development Contribution Award of China National Textile and Apparel Council (CNTAC)	China National Textile and Apparel Council (CNTAC)
SFJ	2020 Corporate Social Responsibility Model of the Industry	The 10th China Charity Festival
SFJ	Certificated as the "specialized, refined, differential and innovative" SME in Fujian	Department of Industry and Information Technology of Fujian
SFJ	Fujian Sci-Tech Giant	Department of Science and Technology of Fujian
SFJ	Certificated as Advanced Enterprise by Fuzhou Customs District	Fuzhou Customs District
SFJ	Leading Enterprises in Fujian	Department of Industry and Information Technology of Fujian
SIJ	National Hi-Tech Enterprise	Jiangxi Provincial Leading Group for High-Tech Enterprises Certification
SJJ	China's High-Quality Garment Manufacturing Enterprise with Technology Innovation in 2020	China National Garment Association (CNGA)

				Sateri			
Certification Type	Title of Certification	Logo for Certification	Category	Scope	Textile viscose	Non- Woven Viscose	Lyocell fibre
Traceability	MADE IN GREEN by OEKO-TEX®		Certificate	Products, equipment and facilities	V	V	V
Product safety	STANDARD 100 by OEKO-TEX	OEKO-TEX®	Certificate	Products	V	V	V
Product safety	REACH Testing	REACH SVHC	Testing	Products	V	V	V
Forest management	Program for the Endorsement of Forest Certification		Certificate	Equipment and facilities	V	V	V
Biobased	U.S. Department of Agriculture (USDA)	USDA CERTIFIED BIOBASED PRODUCT 100%	Certificate	Products	V	V	V
Industrial composting	Seedling	empotable	Certificate	Products		√ (SFJ only)	
Industrial composting	BPI	BPI BPI	Certificate	Products		√ (SFJ only)	
Medical test on toxin	Hohenstein Accreditation for Biosafety	Biological Safety HOHENSTEIN+	Certificate	Products	V	V	
Compliance For Food Contact	FDA	Food and Drug Administration	Testing	Products		V	V

Certification Obtained in 2021



					Sateri		
Certification Type	Title of Certification	Logo for Certification	Category	Scope	Textile viscose	Non- Woven Viscose	Lyocell fibre
Assessment on environmental management	Higg FEM	Higg Index	Inspection	Equipment and facilities	\checkmark	\checkmark	
Certification of sustainable management	STeP by OEKO-TEX®	OEKO-TEX® CONFIDENCE IN TEXTILES STEP	Certificate	Products, equipment and facilities	\checkmark	\checkmark	\checkmark
Cleaner Production, Closed Loop Production	EU-BAT		Inspection	Equipment and facilities	\checkmark	\checkmark	
Cleaner Production, Closed Loop Production	ZDHC MMCF Guidelines		Inspected	Equipment and facilities	\checkmark	\checkmark	
Recycled	RCS	٢	Certificate	Products, equipment and facilities	√ (only FINEX)		
Climate change(GHG)	Carbon Disclosure - Climate Change		Report	Equipment and facilities	\checkmark	\checkmark	
ISO management system	9001	ISO	Certificate	Equipment and facilities	\checkmark	\checkmark	
ISO management system	14001	ISO	Certificate	Equipment and facilities	\checkmark	\checkmark	
ISO management system	54001	ISO	Certificate	Equipment and facilities	\checkmark	\checkmark	\checkmark

Name of initiative and organization	Logo of initiative and organization	Name of initiative and organization	Logo of initiative and organization
Textile Exchange (TE)	Restar	Fashion Industry Charter for Climate Action	Global Climate Action
(ZDHC) the Zero Discharge of Hazardous Chemicals (ZDHC)		Sustainable Apparel Coalition (SAC)	Sustainable Apparel Coalition
Women's Empowerment Principles (WEPs)	WOMEN'S EMPOWERMENT PRINCIPLES	European Disposables and Nonwovens Association (EDANA)	edana
Collaboration for Sustainable Development of Viscose (CV)	商生纤维素纤维行业 GELARGK REVIEW BINAMAGE FE EXVELOPMENT OF VISCORE	Working Group of China National Textile and Apparel Council(CNTAC) - Life Cycle Assessment	CNTAC-LCA
GoldenBee CSR 2030 Initiative	ERE 2030 CHILA GOLDENBEE CAR 2030	China Association of Circular Economy (CACE)	

Sustainability Initiatives and Organisations Involved

Appendix 2: Glossary

Terms	Explanations
Biobased	Biobased products are those that originate partially or completely from renewable resources. These products can be either biodegradable or non-biodegradable.
Biodegradable Products Institute (BPI)	BPI is a science-driven organisation that supports a shift to the circular economy by promoting the production, use, and appropriate end of lives for materials and products that are designed to fully biodegrade in specific biologically active environments.
Canopy	Canopy is a non-profit environmental organisation dedicated to the protection of forests, species and climate worldwide.
Carbon Disclosure Project (CDP)	Founded in the UK in 2000, the Centre for Global Environmental Information and Research (formerly the Carbon Disclosure Project (CDP)) is an independent, not-for-profit organisation that invites companies to complete an annual questionnaire to disclose their environmental actions and provides analysis to help decision makers make better decisions, manage risks and seize opportunities.
Chain of Custody (COC)	The COC documents the flow of materials and raw materials through various stages right up to the final product. It is important for the certification of raw materials and their traceability. To ensure that final products really meet the requirements of the standard, initiatives trace the flow of materials throughout the chain of custody.
China Association of Circular Economy (CACE)	The CACE is a cross-regional, cross-industry and national association established by the former China Resources Comprehensive Utilization Association. Its main functions include providing technical support to the government in formulating strategic plans, improving regulations and standards, perfecting policies and mechanisms, promoting technological progress, carrying out demonstrations and pilot projects, strengthening publicity and training, enhancing supervision and management, promoting the development of circular economy and building ecological civilization, etc.
China Chemical Fibres Association (CCFA)	China Chemical Fibres Association (CCFA), founded on November 10, 1992, is an industry and social association formed by enterprises and public institutions engaged in chemical fibre manufacturing and research as well as their closely connected upstream and downstream across the industry value chains and supply chains.

Terms	Explanations
China Cotton Textile Association	China Cotton Textile Industry Association ("CCTA") is a registered national social organization approved by the Ministry of Civil Affairs of PRC in 1995. As a bridge connecting members and the governmental authorities, it communicates and practices the intention of the government, reflects the wishes and requirements of enterprises, protects the legitimate rights of members according to policies and laws, and wholeheartedly provides various services for members.
China National Garment Association (CNGA)	China National Garment Association (CNGA), founded in 1991, is a national organization for China's garment industry and one of the first 4A trade associations in China. Inspired by the responsibility and mission to build a strong garment power, the association builds a garment community with a shared future. As a bridge, it supports governmental decision-making, speaks for industrial interests, facilitates the industrial innovation, and promotes the high- quality and sustainable development of the industry. It is a platform-like, hub-like and open industry organization that provides multi-directional services for the industry and members.
520 Social Responsibility Day Initiative Committee	On July 28, 2017, the 520 Social Responsibility Day Initiative Committee was jointly established by the first ten initiative sponsors, namely, the CSR consulting organization SynTao, the Corporate Citizenship Committee of China Association of Social Work, Ant Group, Yili Group, Bayer China, FAW Group, L'Oreal China, ANTA Group, and Wanglaoji.
China Nonwovens & Industrial Textiles Association (CNITA)	China Nonwovens & Industrial Textiles Association is a national non-profit social group voluntarily formed by enterprises, public institutions, social organizations and individuals engaged in the production and research of industrial textiles and nonwovens.
China National Textile and Apparel Council (CNTAC)	China National Textile and Apparel Council is a national textile organization whose main members are textile industry associations and other legal entities with legal personality. It is a comprehensive, non-profit corporate and self-discipline industry intermediary that carries out activities in accordance with its articles of association to achieve the shared wishes of its members.
China Textile Information Center (CTIC)	China Textile Information Center (CTIC) is organized by the State-Owned Assets Supervision and Administration Commission of the State Council and managed by China National Textile and Apparel Council. It is a prestigious information consulting, research and service organization and the largest comprehensive research and public service organization in the national textile industry.
Collaboration for Sustainable Development of Viscose(CV)	The Collaboration for Sustainable Development of Viscose (CV) aims to establish a public conversation platform to supervise and promote green development among industries, to minimize the impact of viscose production and the whole life cycle on the environment.



Terms	Explanations
Conservation International (CI)	The CI is an international non-profit environmental organisation that focuses on protecting nature and preserve biodiversity and to demonstrate that human societies can live harmoniously with nature.
EDANA	The EDANA is the world's leading association for the nonwovens and related industries. The association is dedicated to advocating free and fair trade in the nonwovens industry, promoting product stewardship in the industry and creating an environment conducive to innovation and sustainable and profitable growth.
EU-Best Available Techniques (EU-BAT)	EU-Best Available Techniques (EU-BAT) refers to the Directive 2010/75/EU of the European Parliament and the Council on Industrial Emissions. It is the basis for Europe to approve, monitor and inspect more than 50,000 industrial units. The Directive requires the application of best available techniques in industrial sectors related to environmental impacts.
Seedling Logo (for Compostable) in EU	The Seedling Logo proves that the product is an industrial compostable product certified to follow the European standard (EN 13432).
Fashion Industry Charter for Climate Action	The Fashion Industry Charter for Climate Action aligns with the objectives of the Paris Agreement and contains a vision for the industry to achieve net zero emissions by 2050, and identifies issues to be addressed by signatories, including decarbonization production, environmentally friendly and sustainable material choices, low carbon transport, raising consumer awareness, working with the financing community and policy makers, and exploring circular business models.
Forest Management (FM)	The FM certification is used to confirm that a forest operator or owner's operations meet the criteria for sustainable forest management.
Forest Stewardship Council [®] (FSC [®])	The FSC is an international non-profit organisation for wood certification, dedicated to the promotion of responsible forest management globally.

Terms	Explanations
Food and Drug Administration (FDA)	Authorized by the U.S. Congress or the federal government, FDA is the highest law enforcement agency specializing in food and drug management. It is also a government health control watchdog composed of doctors, lawyers, microbiologists, chemists, statisticians and other professionals committed to protecting, promoting and improving national health. Many other countries seek and receive assistance from FDA to promote and oversee the safety of their products.
GHG Protocol Corporate Accounting and Reporting Standard	The GHG Protocol is a collaborative effort between stakeholders including businesses, non- governmental organisations, governments and other organisations, with the objective of providing a methodology and standard for accounting for greenhouse gases. One of the most influential standards in the GHG Protocol is the GHG Protocol Corporate Accounting and Reporting Standard, which provides step-by-step guidance for companies to quantify and report on GHG emissions reductions.
GoldenBee CSR 2030 Initiative	The GoldenBee CSR 2030 Initiative aims to raising CSR and corporate citizenship standards in China and elevating China's global standing on sustainable development, contributing to the realization of SDGs.
Higg Facility Social& Labour Module(Higg FSLM)	Higg FSLM evaluates the social and labour conditions required by the factory and the effectiveness of its social management plan.
Health and Maternal Infant Care Products Branch of CNITA	The Second Session of the First Council Expansion Conference and Industry Summit Forum of Health and Maternal Infant Care Products Branch of CNITA were held in Shanghai on July 25. The branch held a grand event - "2019 National Competitive Enterprise in Health and Maternal Infant Care Products Industry"
HOHENSTEIN	Hohenstein is a founding member and certification agency of the International Association for Research and Testing in the Field of Textile and Leather Ecology, known in short as OEKO-TEX®. It was founded in March 1992 through a partnership between the Hohenstein Research Institute and the Austrian Textile Research Institute (OETI) by formulating STANDARD 100 by OEKO-TEX®. Moreover, Hohenstein is also the founder of the International Test Association for Applied Protection against UV Radiation and formulated UV STANDARD 801. Also, it is also the official certification authority of RAL-GZ 992 and personal protective equipment (PPE). Thus, Hohenstein is internationally recognized as a high-quality testing service provider and trusted scientific research partner.
MADE IN GREEN by OEKO- TEX [®]	MADE IN GREEN by OEKO-TEX [®] is a textile product label. The products marked with this label are manufactured in environmentally friendly facilities under safe and socially responsible working conditions, and which has passed the detection of harmful substances. The product ID on the label can help track the product transparently and learn more about its manufacturing.

Terms	Explanations
National Textile Product Development Centre	The National Textile Product Development Centre is a joint office of China Textile Information Center and the National Textile Product Development Center. The secretariats of China Textile Engineering Society and the China Fashion Colour Association are in the centre. In addition to continuing to provide decision-making support for the government, the China Textile Information Center and National Textile Product Development Center is positioned to provide services for companies' technological progress and marketing, mainly involving three areas: developing textile information and technology, industry information resources and textile products.
International Labour Organisation (ILO)	The ILO was established in 1919 as a subsidiary body of the League of Nations under the Treaty of Versailles and became a specialised agency of the United Nations dealing with labour issues in 1946. Its aims are: to promote full employment and better standards of living; to foster cooperation between employers and employees; to extend social security measures; and to protect the lives and health of workers.
International Organisation for Standardisation (ISO)	The International Organisation for Standardisation is a worldwide federation of national standards bodies with 140 member countries. Its purpose is to promote the worldwide development of standardization and related activities to facilitate the international exchange of goods and services in the fields of intellectual, scientific, technological and economic cooperation. Its main task is to develop and publish international standards to coordinate standardization worldwide and cooperate with other international organizations to research standardization issues.
Programme for the Endorsement of Forest Certification Schemes ™ (PEFC ™)	The PEFC is an international not-for-profit accreditation and certification organisation. Established in 1999 to promote sustainable forest management through independent third- party certification, PEFC™ provides a mechanism to safeguard buyers of wood and paper products that promote sustainable forest management.
Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)	The REACH is a Regulation of the European Union (Registration, Evaluation, Authorisation and Restriction of Chemicals entered into force in June 2007. The REACH test shows that the product meets the requirements of the EU regulation REACH on the "obligation to provide information on safe use".
REACH Testing	REACH Testing is a regulation on the registration, evaluation, authorisation and restriction of chemicals in the EU market; the use and content of toxic and harmful substances restricted in REACH Regulation. The REGULATION (EC) No 1907/2006 (EU REACH) - the Registration, Evaluation, Authorisation, Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) officially came into force on June 1, 2007.

Terms	Explanations
Recycled Claimed Standard RCS	It is another recycling standard launched by TE Textile Exchange in 2013. This standard is applicable to all companies producing or selling RCS products. This standard covers all products processed, manufactured, packaged, labelled, sold and used must contain a minimum of 5% of recycled materials.
Royal Golden Eagle (RGE)	Founded in 1967, RGE manages a number of world-leading renewable energy-based manufacturing and clean energy companies and is the parent company of Sateri.
Science-Based Targets (SBT)	SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the Worldwide Fund for Nature (WWF). The aim is to promote the setting of scientifically sound greenhouse gas reduction targets to achieve the "2°C target" set out in the Paris Agreement — which is to limit the increase in the world's average temperature to 2°C relative to the pre-industrial revolution.
Scope 1, 2 and 3 greenhouse gas emissions	Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions.
STANDARD 100 by OEKO- TEX	STANDARD 100 by OEKO-TEX [®] is a globally standardized, independent testing and certification system for safer textiles in the world. It tests harmful substances for textile raw materials, semi-finished products and finished products and all accessories in all processing links. It not only covers important legal and regulatory requirements, but also includes chemicals harmful to health but not controlled by law and medical parameters to maintain human health.
STeP by OEKO-TEX®	STeP by OEKO-TEX [®] is an independent certification system that allows enterprises in the textile chain to clearly demonstrate their commitment to sustainable production through an impartial and neutral third party and create a foundation for facilitating and optimizing sustainable production and working conditions of manufacturing facilities in the supply chain in the long run.



Terms	Explanations
Sustainable Apparel Coalition (SAC)	The SAC was founded in 2011. It is an association of leading companies, non-profit organisations as well as research and educational experts aiming to create a more sustainable international apparel, footwear and textile industry. SAC is also the developer of the Higg Index.
Task Force on Climate-related Financial Disclosures (TCFD)	The TCFD was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures.
Textile Exchange	The Textile Exchange is a global non-profit organisation that is a leader in the fibre and materials industry. The organisation develops, manages and promotes a leading set of industry standards and collects and publishes key industry data and insights to reduce the impact of the textile industry on the world's water, soil and air and human populations.
United Nations Framework Convention on Climate (UNFCCC)	The UNFCC is the world's first legally binding international convention to comprehensively control greenhouse gas emissions and address climate change and is also the basic framework for international cooperation on global climate change. The UNFCC is the world's first legally binding international convention to comprehensively control greenhouse gas emissions and address climate change.
United Kingdom Accreditation Service (UKAS)	The UKAS is the National Accreditation Body for the Unite Kingdom and the world. It is responsible for accreditation of certification bodies and the accreditation of laboratory measurements and tests.
United Nation Sustainable Development Goals(SDGs)	The UN Sustainable Development Goals (SDGs) are 17 global development goals set by the United Nations that continue to guide global development efforts for 2015-2030 beyond the expiration of the Millennium Development Goals (MDGs) for 2000-2015

Terms	Explanations
U.S. Department of Agriculture (USDA)	The goal of the BioPreferred Program, managed by the U.S. Department of Agriculture (USDA), is to increase the purchase and use of bio-based products. The BioPreferred Program was created by the 2002 Farm Bill and reauthorized and expanded as part of the Agriculture Improvement Act of 2018 (2018 Farm Bill).
Women's Empowerment Principles (WEPs)	The WEPs is a set of principles developed by UN Women and the UN Global Compact in 2010 to provide guidance to businesses on how to promote gender equality in the workplace, marketplace and community.
Working Group on Whole Life Cycle Assessment of the Textile and Garment Industry in China	The working group was established in 2020 at the Annual Conference on Social Responsibility in China's Textile and Garment Industry. The group works together to build an LCA evaluation system and tools for textile products, achieve standardised measurement and ecological analysis of many environmental indicators including carbon footprint, water footprint and chemical footprint of textile and related products, analyses energy saving, emission reduction and carbon reduction of enterprises and products as well as environmental management of the supply chain through a scientific approach from the perspective of products It also strengthens the two-way collaboration between the industrial chain and the value chain in green governance.
World Economic Forum (WEF)	WEF is an unofficial global organisation with the purpose of studying and exploring the problems existing in the world economy and facilitating international economic cooperation and exchanges. Its headquarters is located in Geneva, Switzerland.
ZDHC Man-Made Cellulosic Guidelines	The ZDHC MMCF Guidelines is a set of guidelines that addresses integrated expectations for discharge wastewater quality, emissions to air, and chemical recovery for manufacturing facilities producing Man-Made Cellulosic Fibres (MMCF).
Zero Discharge of Hazardous Chemicals (ZDHC)	The ZDHC is a group of apparel and footwear brands and retailers working together to lead the industry towards zero discharge of hazardous chemicals for all products across all pathways by 2020. ZDHC has published "Joint Roadmap" and the "Manufacturers Restricted Substance List (MRSL)"in November 2011 and in June 2014.

Appendix 3: GRI Standards Content Index(Core)

GRI Standard No.	Location	Page
GRI 102: General Disc	closure 2016	
Organizational	Profile	
102-1 Name of the organization	Overview	5-6
102-2Activities, brands, products, and services	Overview Sateri's Business	5-7
102-3 Location of headquarters	Overview	5-6
102-4Location of operations	Overview Sateri's Business	5-7
102-5 Ownership and legal form	Overview Sateri's Business	5-7
102-6 Markets served	Overview Sateri's Business	5-7
102-7 Scale of the organisation	Overview Sateri's Business	5-7
102-8 Information on employees and other workers	Attracting Diversified Talents and Retaining Talents	71-79
102-9 Supply chain	Climate Change Mitigation Ecosystem Protection	31 35-37
102-10 Significant changes to the organisation and its supply chain	There was no significant change during the reporting period	
102-11 Precautionary Principle or approach	Climate Change Mitigation	27-30
102-12 External initiatives	Appendix 1	88
102-13 Membership of associations	Appendix 1	85-88
Strategy		
102-14 Statement from senior decision-maker	President's Message	1-2
Ethics and Integrity		
102-16 Values, principles, standards, and norms of behaviour	Overview	5-6
Governance		
102-18 Governance structure	Sustainability Governance Structure	13-14
stakeholder engagement		
102-40 List of stakeholder groups	Stakeholder Engagement	15-18
102-41 Collective bargaining agreements	Attracting Diversified Talents and Retaining Talents	71-79

GRI Standard No.	Location	Page
102-42 Identifying and selecting stakeholder	work closely with our stakeholders	15-18
102-43 Approach to stakeholder engagement	work closely with our stakeholders	15-18
102-44 Key topics and concerns raised	work closely with our stakeholders	15-18
Reporting Pra	ctice	
102-45 Entities included in the consolidated financial statements	About the Report	3-4
102-46 Defining report content and topic Boundaries	Management of Materiality Issues	19-20
102-47 List of material topics	Management of Materiality Issues	19-20
102-48 Restatements of information	There is no restatement of important inform report during the reporting period	ation in this
102-49 Changes in reporting	There is no significant change in this report reporting period	during the
102-50 Reporting period	About the Report	3-4
102-51 Date of most recent report	About the Report	3-4
102-52 Reporting cycle	About the Report	3-4
102-53 Contact point for questions regarding the report	About the Report	3-4
102-54 Claims of reporting in accordance with the GRI Standard	About the Report	3-4
102-55 GRI content index	Appendix 3	97-102
102-56 External assurance	Appendix 5	105-106
Disclosure of Mate	rial Topic	•
Environmen	tal	
Water Resources Management, Compliance and Risk Management		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its boundaries	Management of Materiality Issues	19-20
103-2 The management approach and its components	Water Conservation and Consumption	43-44
103-3 Evaluation of the management approach	Water Conservation and Consumption	43-44
GRI 303: Water and Effluents 2018		
303-1 Interactions with water as a shared resource	Water Conservation and Consumption	43-44
303-2 Management of water discharge related impacts	Water Conservation and Consumption	43-44

GRI Standard No.	Location	Page
303-3 Water withdrawal	Water Conservation and Consumption	43-44
303-4 Water discharge	Water Conservation and Consumption	43-44
303-5 Water consumption	Water Conservation and Consumption	43-44
Science Based Targets and Valu	e Chain Collaboration	
GRI 103: Management A	Approach 2016	
103-1 Explanation of the material topic and its boundaries	Management of Materiality Issues	19-20
103-2 The management approach and its components	Climate Change Mitigation Energy Management	25-31 54-56
103-3 Evaluation of the management approach	Climate Change Mitigation Energy Management	25-31 54-56
GRI 302: Energ	y 2016	
302-1 Energy consumption within the organisation	Energy Management	54-56
302-3 Energy intensity	Energy Management	54-56
302-5 Reduction in energy requirements of products and services	Climate Change Mitigation Energy Management Product Innovation	25-31 54-56 59-66
GRI 305: Emissio	ns 2016	
305-1 Direct (Scope 1) GHG emissions	Climate Change Mitigation	25-31
305-2 Energy indirect (Scope 2) GHG emissions	Climate Change Mitigation	25-31
305-3 Other indirect (Scope 3) GHG emissions	Climate Change Mitigation	25-31
305-4 GHG emissions intensity	Climate Change Mitigation	25-31
305-7 Nitrogen oxides (NO $_{\rm X}$), sulfur oxides (SO $_{\rm X}$), and other significant air emissions	Emissions Management	47-53
Sustainable Wood Pulp Sourcing, Value Chain Collaboration, Compliance and Risk Management		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its boundaries	Management of Materiality Issues	32-38
103-2 The management approach and its components	Climate Change Mitigation Ecosystem Protection	32-38
103-3 Evaluation of the management approach	Climate Change Mitigation Ecosystem Protection	32-38
GRI 304: Biodiversity 2016		
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Ecosystem Protection	32-38

GRI Standard No.	Location	Page
304-2 Significant impacts of activities, products, and services on biodiversity	Ecosystem Protection	32-38
304-3 Habitats protected or restored	Ecosystem Protection	32-38
Sustainable Supply Chain Management, Value Chain Co	llaboration, Compliance and Risk Managemer	nt
GRI 103: Management A	Approach 2016	
103-1 Explanation of the material topic and its boundaries	Management of Materiality Issues	19-20
103-2 The management approach and its components	Climate Change Mitigation	25-31
103-3 Evaluation of the management approach	Climate Change Mitigation	25-31
GRI 308: Supplier Environmer	ntal Assessment 2016	
308-1 New suppliers that were screened using environmental criteria	Climate Change Mitigation	25-31
308-2 Negative environmental impacts in the supply chain and actions taken	Climate Change Mitigation	25-31
Social		
Product Quality an	d Safety	
GRI 103: Management A	Approach 2016	
103-1 Explanation of the material topic and its boundaries	Management of Materiality Issues	19-20
103-2 The management approach and its components	Responsible products and services	67-68
103-3 Evaluation of the management approach	Responsible products and services	67-68
GRI 417: Marketing and Labelling 2016		
417-1 Requirements for product and service information and labelling	Responsible products and services	67-68
Occupational Health and Safety, Compliance and Risk Management		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its boundaries	Management of Materiality Issues	19-20
103-2 The management approach and its components	Attracting Diversified Talents and Retaining Talents	71-79
103-3 Evaluation of the management approach	Attracting Diversified Talents and Retaining Talents	71-79
GRI 403: Occupational Health and Safety 2018		
403-1 Occupational health and Safety management system	Attracting Diversified Talents and Retaining Talents	71-79
403-2 Hazard identification, risk assessment, and incident investigation	Attracting Diversified Talents and Retaining Talents	71-79

GRI Standard No.	Location	Page	
403-3 Occupational health services	Attracting Diversified Talents and Retaining Talents	71-79	
403-4 Worker participation, consultation, and communication on occupational health and safety	Attracting Diversified Talents and Retaining Talents	71-79	
403-5 Worker training on occupational health and safe	Attracting Diversified Talents and Retaining Talents	71-79	
403-6 Promotion of worker health	Attracting Diversified Talents and Retaining Talents	71-79	
403-7 Prevention and mitigation of occupational health and safety management system	Attracting Diversified Talents and Retaining Talents	71-79	
403-8 Workers covered by an occupational health and safety management system	Attracting Diversified Talents and Retaining Talents	71-79	
403-9 Work-related injuries	Attracting Diversified Talents and Retaining Talents	71-79	
403-10 Work-related ill health	Attracting Diversified Talents and Retaining Talents	71-79	
Sustainable Supply Chain Management, Value Chain Co	llaboration, Compliance and Risk Managemer	nt	
GRI 103: Management Approach 2016			
103-1 Explanation of the material topic and its boundaries	Management of Materiality Issues	19-20	
103-2 The management approach and its components	Climate Change Mitigation	25-31	
103-3 Evaluation of the management approach	Climate Change Mitigation	25-31	
GRI 414 Supplier Social Assessment 2016			
414-1 New suppliers that were screened using social criteria	Climate Change Mitigation	25-31	
414-2 Negative social impacts in the supply chain and actions taken	Climate Change Mitigation	25-31	
Fair Labour Rights and Benefits, Comp	liance and Risk Management		
GRI 103 Management A	pproach 2016		
103-1 Explanation of the material topic and its boundaries	Management of Materiality Issues	19-20	
103-2 The management approach and its components	Attracting Diversified Talents and Retaining Talents	71-79	
103-3 Evaluation of the management approach	Attracting Diversified Talents and Retaining Talents	71-79	
GRI 401: Employment 2016			
401-1 New employee hires and employee turnover	Attracting Diversified Talents and Retaining Talents	71-79	
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Attracting Diversified Talents and Retaining Talents	71-79	
GRI 402: Labour Management Relations 2016			
402-1 Minimum notice periods regarding operational changes	Attracting Diversified Talents and Retaining Talents	71-79	

GRI Standard No.	Location	Page
GRI 404:Training and I	Education 2016	
404-1 Average hours of training per year per employee	Attracting Diversified Talents and Retaining Talents	71-79
404-2 Programs for upgrading employee skills and transition assistance programs	Attracting Diversified Talents and Retaining Talents	71-79
404-3 Percentage of employees receiving regular performance and career development reviews	Attracting Diversified Talents and Retaining Talents	71-79
GRI 405: Diversity and Equ	al Opportunity 2016	
405-1 Diversity of governance bodies and employees	Attracting Diversified Talents and Retaining Talents	71-79
GRI 406: Non-discrin	nination 2016	
406-1 Incidents of discrimination and corrective actions taken	Attracting Diversified Talents and Retaining Talents	71-79
GRI 408:Child La	bour 2016	
408-1 Operations and suppliers at significant risk for incidents of Child Labour	Attracting Diversified Talents and Retaining Talents	71-79
GRI 409: Forced or Compu	ilsory Labour 2016	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Attracting Diversified Talents and Retaining Talents	71-79
Corporate Social Re	sponsibility	
GRI 103: Management /	Approach 2016	
103-1 Explanation of the material topic and its boundaries	Management of Materiality Issues	19-20
103-2 The management approach and its components	Actively Participate in Social Welfare	79-84
103-3 Evaluation of the management approach	Actively Participate in Social Welfare	79-84
GRI 413: Local Communities 2016		
413-10perations with local community engagement, impact assessments, and development programs	Actively Participate in Social Welfare	79-84
Economic		
Business Ethics and Integrity		
GRI 1032016 GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its boundaries	Management of Materiality Issues	19-20
103-2 The management approach and its components	Compliance with Business Ethics	71
103-3 Evaluation of the management approach	Compliance with Business Ethics	71
GRI 205: Anti-corru	ption 2016	••••••
205-2 Communication and training about anti-corruption policies and procedures	Compliance with Business Ethics	71

Appendix 4: SDGs Index

UN SDGs	Chapter	Sateri's Process in 2021
1 ^{ng} veriy ⋔∵☆☆☆ ŵ	Inclusive Growth	Total funding for the public welfare more than RMB162 million according to Sateri social welfare donation plan 1,662 employees participating in voluntary work 7,611 hours of voluntary services Achieved 23% of the corporation's vision of empowering local families and farmers
4 equality Education	Climate and Ecosystem Protection Inclusive Growth	In Zhangshuxu Village by Poyang Lake, the Sustainable Community Project has completed the "Bird Watching Community Plan" and created a multi-purpose public space for the community – a Migratory Bird Library. The first biodiversity expedition in Duchang Migratory Bird Nature Reserve, Jiangxi Province, progressed smoothly, filling the gap in existing research 1,808 recipients of students in poverty aided by the Sateri Education Bursary Sateri Education Bursary funded RMB 1.7 million
5 ERIORR EQUALITY	Inclusive Growth	Female ratio in management positions reached 16% in Sateri, with a growth of 1% compared to 2020.
6 CLEAN WATER AND SANITATION	Clean and Closed Loop Production	Sateri performed wastewater testing twice a year according to the ZDHC MMCF Wastewater Guidelines and were rated as good or better for the majority of the 24 testing items. Sateri's 5 viscose mills have been verified as EU-BAT compliant Sateri's 5 viscose mills continued to reduce their chemical oxygen demand (COD) emission per unit of product, a drop of 10.62% compared to 2020 Sateri's 5 viscose mills continued to reduce their ammonia nitrogen (NH ₃ -H) emission per unit of product, a drop of 38.21% compared to 2020 Sateri's 5 viscose mills continued to reduce their sulphide emission per unit of product, a drop of 24.76% compared to 2020 Sateri's 5 viscose mills continued to reduce their sulphide emission per unit of product, a drop of 24.76% compared to 2020 Sateri's 5 viscose mills continued to reduce their zinc (Zn) emission per unit of product, a drop of 43.68% compared to 2020
7 AFORDABLE AND CLEAN EMERGY	Clean and Closed Loop Production	SJS invested RMB5 million to build a distributed photovoltaic system using the unused space on the factory warehouse roof, marking the beginning of our renewable energy journey.

UN SDGs	Chapter	Sateri's Process in 2021
8 DECENT WORK AND ECONOMIC BROWTH	Inclusive Growth	Training programmes covered 100% of employees; 100% of employee received performance appraisal and career development assessment on a regular basis Occupational health and safety training covered 100% of employees
9 ROUSTRY INVALUA AND INVASITRICTURE	Innovation and Circularity	Sateri's Ecocosy [®] and Lyocell were entitled to be "2021 Top Ten Innovative Textile Products" in nonwoven and textile fields respectively R&D expenditures exceeded RMB 600 million In 2021, we filed 60 patent applications and received 41 patent grants, which makes the Company boasting a total of 267 patent applications, and 195 patent grants.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Innovation and Circularity	Sateri cooperated with the China Association of Circular Economy to carry out the research on producing recycled dissolving pulp and fibre based on the recycling of textile wastes in China, to try to provide solutions to the insufficient and subquality of recycled dissolving pulp
13 climate	Climate and Ecosystem Protection Innovation and Circularity	Scope 1 and Scope 2 GHG intensity of viscose mills dropped by 10.48% from 2020 in Sateri Identified the intensity and frequency of climate change risks for the first time Sateri received a B rating in the CDP Climate Change Questionnaire
14 LIFE BELOW WATER	Clean and Closed Loop Production	Sateri performed wastewater testing twice a year according to the ZDHC MMCF Wastewater Guidelines and were rated as good or better for the majority of the 24 testing items.
15 UFE AND 	Climate and Ecosystem Protection	In 2021, 96.1% of wood pulp was sourced from certified or controlled plantations; and 100% of wood pulp sourced from certified or controlled plantations at Sateri Lyocell
17 PARTINEBSINGS FOR THE GOALS	Climate and Ecosystem Protection Innovation and Circularity Inclusive Growth	Five viscose mills have been Higg FSLM certified, all with an average score of above 81% Plastic-free wipes provided by Sateri at the UN Biodiversity Conference (COP 15) In 2021, 96.1% of wood pulp was sourced from certified or controlled forests; 100% of wood pulp was sourced from certified forests Sateri further deepened investment cooperation with Infinited Fibre Company

Appendix 5: Assurance Statement



Independent Verification Statement

To the management and stakeholders of Sateri,

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as "TÜV SÜD") has been engaged by Sateri (Shanghai) Management Limited (hereinafter referred to as "Sateri" or "the Company") to perform an independent third-party verification on Sateri Sustainability Report 2021 (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with Sateri and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by Sateri and provided to TÜV SÜD. The scope of verification is limited to the given information. Sateri shall be held accountable for authenticity and completeness of the provided data and information.

Scope of Verification

Time frame of this verification:

The Report contains the data disclosed by Sateri during the reporting period from January 1st, 2021 to December 31st, 2021, including
economic, environmental and social information and data, methods for management of substantial issues, actions/measures and the
Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- Remote verification took place due to Covid-19 pandemic.Data and information boundary of this verification:
- Scope of data and information for the verification:
 - The scope of verification is limited to the data and information of Sateri and Plants/Production sites under its operational control covered by the Report.

The following information and data are beyond the scope of this verification:

- Any information and contents beyond the reporting period of this Report; and
- Data and information of Sateri's suppliers, partners and other third parties; and
- The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

Limitations

- The verification process is conducted in the above scope and place. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the organization are interviewed; and
- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information on and before January 1st, 2021 are beyond the scope of this verification.

Basis for the Verification

This verification process was conducted by TÜV SÜD's expert team with extensive experience in the corporate social responsibility, economic, social, environmental and other relevant areas and drew the conclusions thereof. The verification referred to the following standards:

- AA1000AS v3, Type 2 Engagement and Moderate Assurance
- TÜV SÜD Procedure of Verification on Sustainability Report

In order to perform adequate verification in accordance with the contract and provide reasonable verification for the conclusions, the verification team conducted the following activities:

TUV SUD Certification and Testing (China) Co., Ltd. Shanghai Branch No.151 Heng Tong Road, Shanghai 200070 Page 1 of 4 Tel: +86 21-61410737 Fax: +86 21-61408600 Web: http://www.tuvsud.cn


- Preliminary investigation of the relevant information before the verification;
- Confirmation of the presence of the topics with high level of materiality and performance in the Report; .
- Remote review of all supporting documents, data and other information provided by Sateri; tracing and verification of key performance . information;
- Special interview with the representative of Sateri's board of directors; interviews with the employees related to collection, compilation and . reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

Verification Conclusions

According to the verification, we believe the Report prepared by Sateri adheres to the requirement of AA1000AS v3. The verification team has drawn the following conclusions on this Report:

Inclusivity	Sateri has identified the internal and external stakeholders such as employees, customers, suppliers, investors and shareholders, community and environment, government and regulatory agencies, NGOs and industry associations, and established a stakeholder communication mechanism to collect the demands of stakeholders on a regular basis.
Materiality	Sateri has established the process of substantial topics determination, identified and assessed the priority of the sustainability topics which are highly related to the industry, the Company disclosed the strategy, management approach as well as sustainability performance in corporate operation, therefore the Report's adherence to materiality principle is guaranteed.
Responsiveness	Sateri has disclosed the management approach of key issues that stakeholders concern, such as labor management, product quality and safety, corporate governance, clean technology opportunity, workplace safety and health, responsible supply chain management, etc., to fully respond to the demands and expectations of stakeholders.
Impact	Sateri has set up a Sustainability Management Committee to identify, monitor and assess the direct and indirect impacts of substantial topics to stakeholders, and formulated corresponding risk management mechanisms for the impacts.

After verification on a sample basis, we believe that the following data disclosed in the Sateri report for the year 2020 are true and reliable for use by interested parties:

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- Energy Consumption:
- Energy consumption total amount and intensity of viscose mills
- Water Resource Utilization:
- Total water withdrawal and process water consumption intensity
- Rain collection / Recycled water from production
- Pollutants, Solid Waste Disposal:
- Total amount and concentration of Sulphur dioxide emission of power plants for viscose mills
- Dust emission amount of power plants for viscose mills
- Total amount and concentration of Nitrogen oxides emission of power plants for viscose mills
- Total Sulphur emission and recovery rate of power plants for viscose mills
- Discharge intensity of Sulfide, COD, NH₃-N and Zn of viscose mills
- Wastewater discharge amount of viscose mills
- General solid waste total generated amount and intensity
- Reuse, energy recovery, percentage of general solid waste for landfill
- Hazardous Waste Generated total generated amount and intensity
- Performance on energy-saving, emission-reduction

- Lost time injury
- Occupation disease case
- Rate of occupation disease
- Training and Promotion:
- Average hours of training per employee and total training hours
- Percentage of employees receiving regular performance reviews
- Contributions to Society:
- Investment on charity projects
- Investment on environmental protection

- Annual purchase quantity of wood pulp
- Wood Pulp Proportion from FSC
 [®] Certified Forest
- Wood Pulp Proportion from Controlled Forest
- Wood pulp proportion from PEFC[™] Certified Forest
- Total wood pulp proportion from Certified and Controlled Forest
- Proportion of wood pulp suppliers assessed according to Environmental and Social Standards
- Proportion of wood pulp suppliers signing supplier Code of Procurement Ethics, COPE
- Business Ethics
- Innovation and R&D
- Number of patent applications
- Compliant or punishment on environmental protection

Recommendations on Continuous Improvement

It is recommended that the company disclose more energy consumption data in future reports.

Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specialises in testing, certification, auditing and advisory services.

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Since 1866, TÜV SÜD has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technologyrelated risks. Today, TÜV SÜD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. TÜV SÜD has been committed to sustainable development and actively promotes environmental protection related projects. Over the years, TÜV SÜD has been actively expanding its performance in energy management, renewable resources, and electric automobiles, etc., helping its customers meet sustainable development needs. TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch is one of TÜV SÜD 's global branches and has an expert team whose members have professional background and rich industrial experiences.

TÜV SÜD and Sateri are two entities independent of each other and both TÜV SÜD and Sateri and their branches or stakeholders have no conflict of interest. No member of the verification team has business relationship with the Company. The verification is completely neutral. All the data and information in the Report are provided by Sateri. TÜV SÜD has not been involved in preparation and drafting of the Report, except for the verification itself and issuance of the verification statement.

Signature:

On Behalf of TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch

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only.

Zhu Wenjun TÜV SÜD Sustainability Product Manager May 5, 2022 Shanghai, China Note: In case of any inconsistency or discrepancy, the simplified Chinese version of this verification statement shall prevail, while the English translation is used for reference



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