

Sateri

**SUSTAINABILITY
REPORT
2022**





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PRESIDENT'S MESSAGE



Allen Zhang

President

2022 commemorates the 20th anniversary of Sateri Group's establishment and the 3rd year since the release of our 2030 Sustainability Vision. Amidst the complex, dynamic external business landscape, coupled with the ongoing threat posed by global warming, Sateri Group remains true to the business ethos of Chairman Mr Sukanto Tanoto: "Creating value for the Community, Country, Climate, Customer and Company by protecting the environment and creating value for clients." We collaborate closely with our partners to explore innovative pathways for sustainable development. We are committed to advancing circular and low-carbon product design and manufacturing, aspiring to be a frontrunner in the sustainable transformation of the viscose industry.

Unleash innovation, forging ahead beyond limits.

In 2022, Sateri launched three variants of All for Zero® zero-carbon fibres, which are under the flagship brands of EcoCo-sy®, FINEX™, and Lyocell. Pioneering in the realm of circular economy, FINEX™ achieved a significant breakthrough, increasing the proportion of recycled content from 20% to 50%. Lyocell also made remarkable strides, gaining recognition from domestic and international denim, home textile, knitwear, and woven garment brands, empowering the traditional textile industry with innovation. Advocating for an "industrial chain alliance and partnerships" approach, Sateri collaborated with renowned clothing and personal care brands, including ANTA, Semir, and BabyCare, to jointly innovate sustainable products that are sourced from nature, with a low-carbon footprint. These collaborations have sparked a transformative shift in the end consumer market.

Embody a long-term perspective, striving to be a leader in delivering a net positive impact.

Building upon the implementation of the distributed photovoltaic power project, in 2022, the mills continued to expand their utilisation of renewable energy sources and improve energy efficiency. They also achieved "zero landfilling" for general solid waste. The en-

ergy consumption per unit of viscose fibre product decreased by 4% compared to 2021, which is superior to the EU-BAT norms for the 5th consecutive year. Additionally, Sateri has collaborated with Conservation International for four successive years in the conservation of the Poyang Lake wetlands, protecting the ecosystem of China's largest freshwater lake. Through this collaboration, Sateri contributes to the exploration and support of biodiversity conservation efforts.

Sateri promotes inclusive growth and sustainable development of individuals and society with a more open and inclusive approach.

Sateri fosters employee growth through a personalised approach and places a strong emphasis on shaping female leadership. In 2022, employee training achieved a coverage rate of 100%, and the proportion of women in managerial roles increased by 2%. Guided by the social responsibility principles of Community Enhancement, Education Support and Competence Empowerment, Sateri has launched impactful philanthropic initiatives such as the Limin Programme, Happy Library Programme, and the Sateri Philanthropy Third Classroom. In 2022, Sateri employees volunteered for a total of 16,000 hours, a doubling of volunteer service hours compared to 2021.

By embracing the new, all things converge and spring forth.

For more than two decades, Sateri has been deeply rooted in the viscose industry, and now we have embarked on a new stage of development. We will carry forward our "green" DNA, driven by innovation, and uphold a more responsible and higher standard of production and operations. Starting from the very beginning of the industry's value chain, we will drive green transformation, and create more possibilities. Together with the entire industry, we will work towards a promising future of sustainable development.



ABOUT THE REPORT

This is the 7th *Sustainability Report* (hereinafter referred to as the "Report") issued by Sateri (hereinafter referred to as "Sateri", "Sateri Group", "the Company" or "our/we"). This Report provides Sateri's sustainability philosophy, strategies, vision, and up-to-date sustainability progress to stakeholders.



Reporting Scope and Boundary

The Report mainly includes Sateri's performance from 1 January 2022 to 31 December 2022 (hereinafter referred to as the "reporting period"), with some information extending beyond this time frame. 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 Plant	SJX	Viscose mills
Sateri (Jiangsu) Fibre Co., Ltd.	SJS	
Sateri (China) Fibre Co., Ltd.	SCN	
Sateri (Yancheng) Fibre Co., Ltd.	SYC	
Linz (Nanjing) Viscose Yarn Co., Ltd.	Linz Nanjing	—
Sateri (Rizhao) Lyocell Fibre Mill	Lyocell Rizhao	—
Sateri (Changzhou) Fibre Co., Ltd.	Lyocell Changzhou	—
Sateri (Xinhui) Nonwoven Plant	Sateri (Xinhui) Nonwoven	
Sateri (Jiujiang) Nonwoven Plant	Sateri (Jiujiang) Nonwoven	Nonwoven mills
Sateri (Liyang) Nonwoven Plant	Sateri (Liyang) Nonwoven	

For SSH, Linz Nanjing, Lyocell Rizhao, Sateri (Xinhui) Nonwoven, and Sateri (Jiujiang) Nonwoven, data and information relating to human resources, occupational health and safety, training, greenhouse gas emissions, and sustainable procurement are disclosed in the Report while other environmental data (i.e. data on exhaust emissions, wastewater discharge, energy consumption) are not disclosed¹. Sateri (Liyang) Nonwoven commenced production relatively late, so only the data and information relating to greenhouse gas emissions, sustainable procurement, and some occupational health and safety data have been disclosed. Lyocell Changzhou also commenced production relatively late, thus its data is not disclosed in the Report. Employees based in Singapore and Nanjing work in the offices of Royal Golden Eagle (RGE). The energy consumption and greenhouse gas emissions data of such offices are not included in the Report.

¹ The energy supply and waste disposal of Lyocell Rizhao, Sateri (Xinhui) Nonwoven, and Sateri (Jiujiang) Nonwoven 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.



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") 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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20 YEARS, OUR JOURNEY



Founded and registered in Jiangxi in 2002, SJX emerged as the foremost foreign-owned viscose fibre manufacturer in China

Sateri is a subsidiary of RGE, with a commitment to responsible and sustainable production of viscose fibre sourced from sustainably managed plantation. We have expanded our product portfolio from fibres to textiles and non-woven products to better serve the needs of downstream customers and consumer markets.

We have been guided by our core values, with a firm commitment to consolidating our reputation as a reputable company. We have built an equal and inclusive platform for 6,479 employees with sophisticated skillsets and diverse backgrounds. With a focus on the international market, our sales, marketing, and customer service networks cover Asia, Europe, and the Americas, providing high-quality products and experience for customers worldwide.

Over the last 20 years, Sateri has grown from humble beginnings to become the world's largest producer of viscose. Throughout this journey, Sateri has always regarded innovation as the "engine" and green initiatives as the "foundation" for its success, providing low-carbon, circular innovative solutions from the initial segment of the industrial chain. Sateri has managed to weave the concept of sustainability into each fibre and every aspect of the industrial chain, creating more possibilities for sustainable development within the industry.

Our success comes from the contributions of our employees, cooperation along the value chain, and the support of our communities. As a responsible corporate citizen, Sateri is proud to share its achievements with its partners, and to work together to address urgent environmental and social challenges. The objective is to promote the inclusive growth of individuals and society, and contribute to the development of the people, the country, and the industry.



The name "Sateri"

Originates from the Finnish word "Säteri," which is transliterated as "Saide-li" in Chinese. It is taken from the 19th Century Finnish epic "Kalevala," and means "a woman's dress with a silky shine."



Core values

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



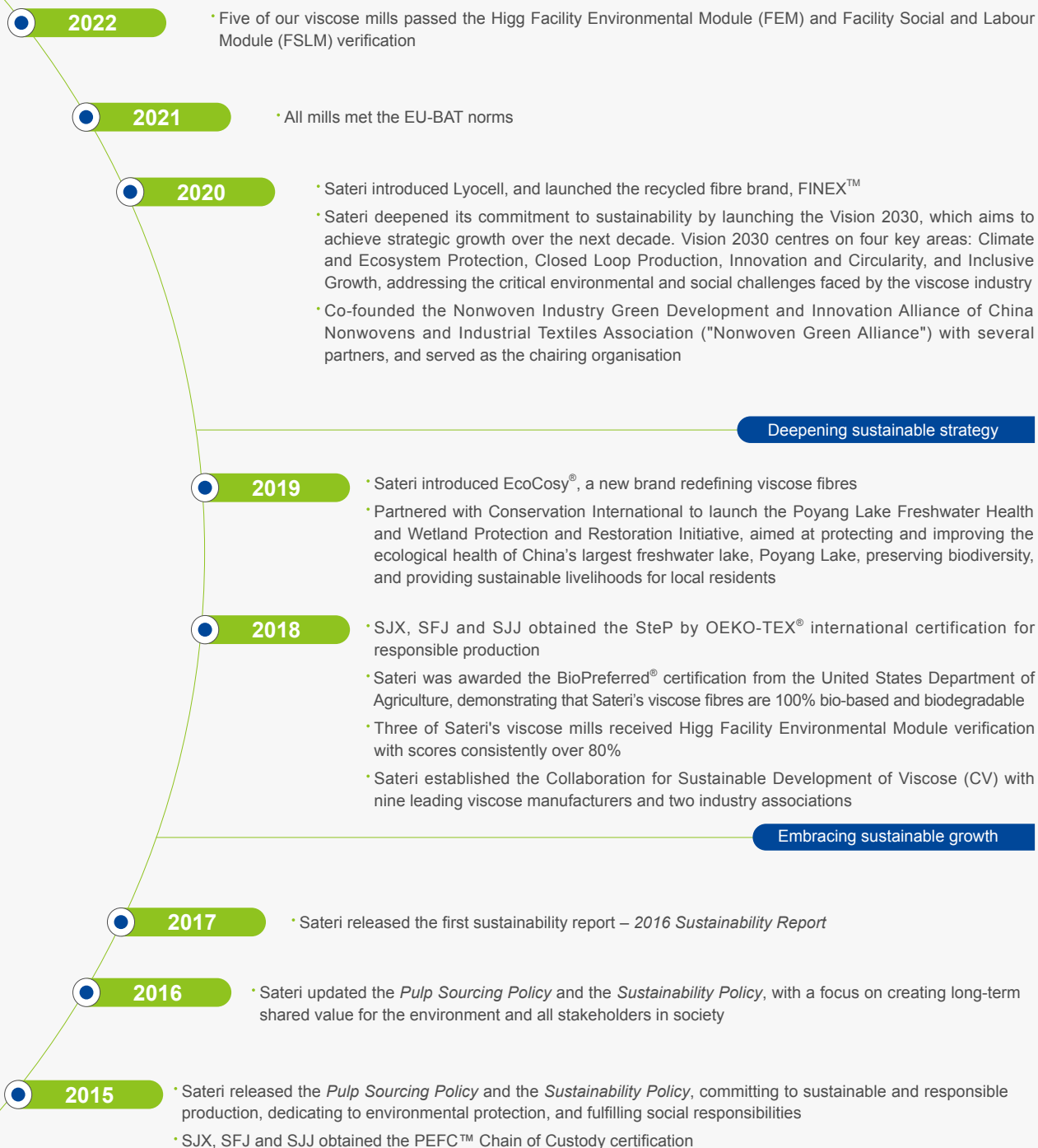
Vision

Our vision is to become one of the largest, optimally-managed, and most efficient group based on sustainable resource development. We aim to achieve this by creating value for the Community, Country, Climate, Customer and Company by protecting the environment and creating value for clients.

Milestones in Sateri's Business Development



Milestones in Sateri's Sustainable Development



Deepening sustainable strategy

Embracing sustainable growth

Embarking on a journey towards sustainability

2022, PLANNING FOR A SUSTAINABLE FUTURE

In 2022, Sateri remains steadfast in prioritising sustainable development, and continues to optimise its production to ensure a stable market supply and create a positive impact. We do so by developing sustainable products, promoting green low-carbon circular development, and empowering employees and communities, thereby striding forward towards our Vision 2030.

Stable Production Ensuring Supply

2022 Output

Viscose

1,738,000 tonnes

Lyocell

44,000 tonnes

Spunlace Nonwoven

56,000 tonnes

Yarn

9,000 tonnes

Sateri's Operations in 2022





01

SUSTAINABLE DEVELOPMENT MANAGEMENT

Our Policies and Vision 2030

Sateri is committed to becoming a world-leading "net-positive" viscose producer. We have released our *Sustainability Policy* with a firm pledge to focus on responsible raw material procurement, excellent production, innovation and circularity, carbon neutrality, employee, and community development, and reporting and transparency, consistently supporting the integration of sustainability philosophy with our operations and decision making.

We published our 2030 Sustainable Development vision ("Vision 2030") against the backdrop of accelerating global climate change, loss of biodiversity, and the sustainable transformation of the economy and society. Our Vision 2030 sets out our sustainability targets and commitments for the next decade. Specifically, we will continue to innovate and drive sustainable development at four major strategic levels, namely climate and ecosystem protection, closed loop production, innovation and circularity, and inclusive growth. The aims are to achieve growth and value creation that is centred on sustainable development, and to work with our partners to build a more resilient and sustainable future.



- Achieve Scope 1, 2 net-zero carbon emissions by 2050
- Reduce GHG emissions in Scope 1, 2 and 3 by 30% before 2030 (baseline year no earlier than 2015)
- Support the protection, restoration and regeneration of the land and freshwater ecosystems across our value chain footprint



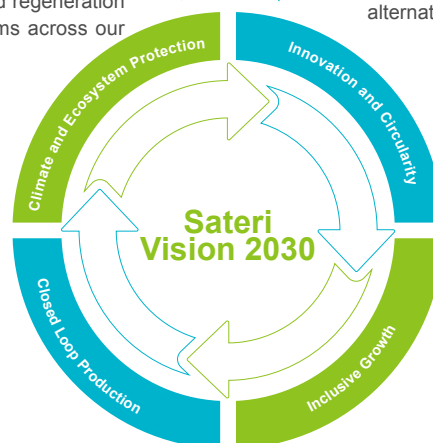
Utilise textile waste and produce viscose products with recycled content:

- Utilise textile waste and produce viscose products with 50% recycled content by 2023 and 100% by 2030
- By 2025, 20% of the feedstock sourced will contain alternative or recycled materials



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% total sulphur recovery rate by 2025
- All viscose mills will achieve zero waste to landfill by 2025
- Further reduce Water Intensity beyond EU-BAT level and significantly increase Wastewater Recycling Rate



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 at management level 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

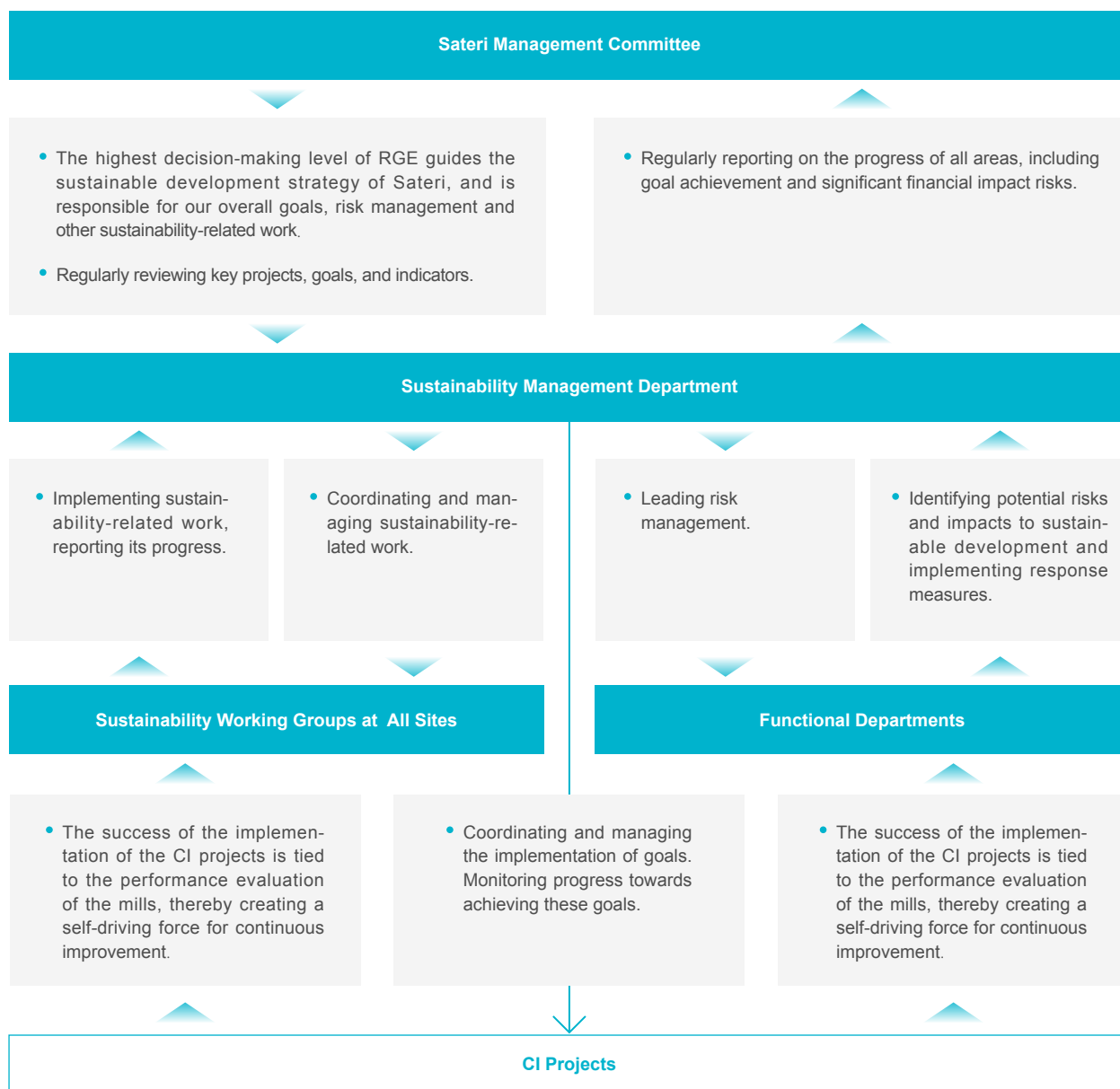


Our Goals and Risk Management

Our goal is to integrate sustainable development into our daily business operations and key decision-making, thereby establishing a multi-level sustainable management framework that brings together leaders from diverse backgrounds to enhance our leadership in sustainable development. In an ever-changing external environment, we uphold the core value of Continuous Improvement (CI) to ensure the realisation of our Vision 2030 and goals through a comprehensive goal management mechanism. We value cross-departmental collaboration and have formed a top-down governance structure guided by the highest decision-making level, with a sustainable management department composed of senior managers and sustainability professionals to coordinate and advance Sateri's sustainability initiatives.



Sateri's Sustainability Governance Structure, Goals, and Risk Management Mechanisms

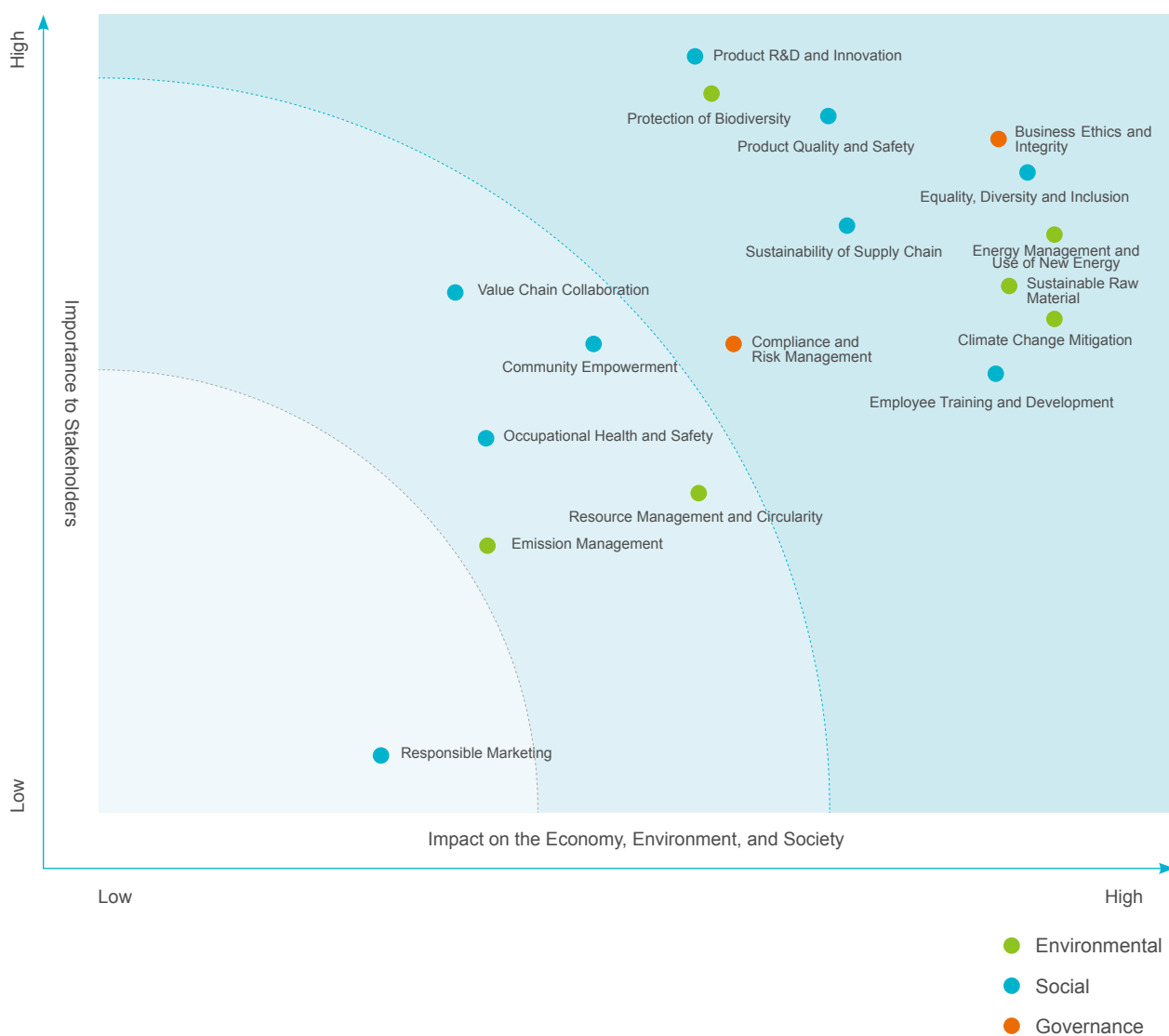


Our Material Issues

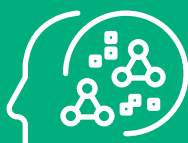
Sateri is guided by its *Sustainability Policy* and Vision 2030 to determine the direction of material issues. Sateri uses the results of its material issue analysis to guide the management and achieve its sustainable development targets. In 2022, we analysed the latest policies, market trends, and stakeholder concerns, and updated material issues. In this Report, we prioritise our response to 11 key material issues that have been identified. Furthermore, we respond, in part, to issues of low to moderate importance.



2022 Sateri Materiality Matrix



02



FROM DEMAND TO PRODUCT: OUR FIBRES





At Sateri, we believe that sustainable product innovation is key to achieving our Vision 2030 and driving green, low-carbon production and lifestyles. As a leader in the industry, Sateri is committed to promoting sustainability through the principles of circularity and low-carbon development. By pioneering sustainable products and actively engaging with stakeholders along the value chain, we aim to promote sustainability in the textile and fashion industry, satisfying our customers' needs for a more sustainable and fulfilling lifestyle.

High-importance Material Issues



FINEX™ contains up to

50%

recycled content

Three of our products have obtained **PAS 2060 verification** and are now available on the market

The issuance of EcoCosy® hangtags has **exceeded 30 million**

The MarColor Toast Denim Jacket, a product under the Semir Group, obtained the title of **"2022 Top Ten Innovative Textile Products"**

DONDON™ Soft Tissue, a product under BabyCare, received the title of **"2022 Top Ten Innovative Textile Products"**

In 2022,

The number of patent applications reached **66**, reflecting a growth of **10%** compared to the previous year

The number of patent grants reached **56**, showing a growth of **37%** compared to the previous year

The total cumulative number of patent applications reached **361**, with a growth of **35%** compared to the previous year

The total cumulative number of patent grants reached **267**, with a growth of **37%** compared to the previous year



Sateri has always regarded sustainable development as a cornerstone of the Company. We are committed to protecting the climate and the ecosystem, and actively promoting the reduction of greenhouse gas emissions. By stepping up our research and development of new generation green fibres, we are contributing to China's '3060' carbon neutrality goals. Sateri continues to explore new pathways for low-carbon initiatives within the textile and fashion industry, thereby meeting the growing demand for 'circular fashion' from customers and consumers alike.



—Allen Zhang, President of Sateri Group

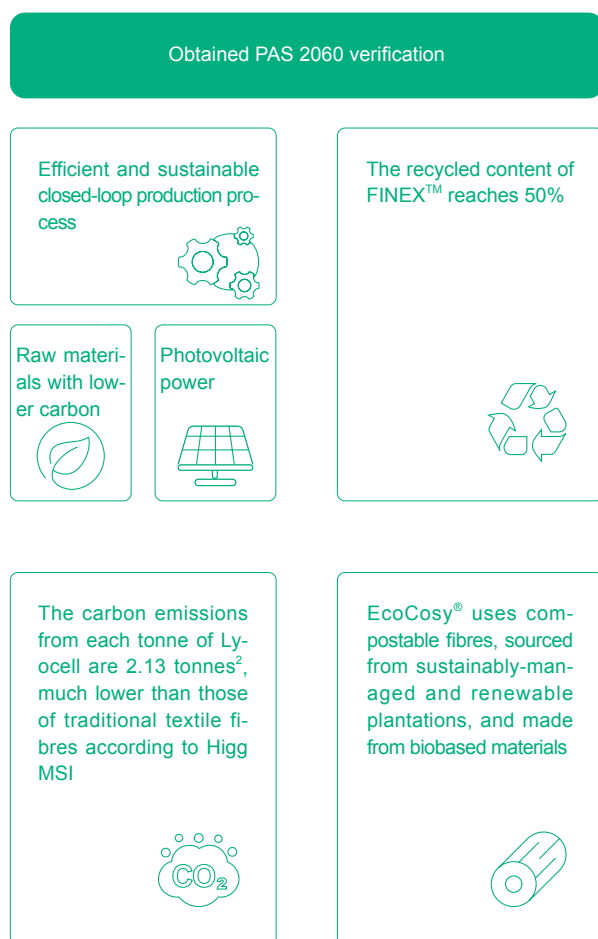
Low Carbon and Circularity

As a responsible raw material producer, Sateri leverages its experience in plantation, pulp, fibre, and downstream product applications to innovate product categories. We have launched new products that are biodegradable, recyclable and low-carbon. These products have enabled us to expand our product portfolio from fibres to yarns, nonwoven fabrics, and other fields.



Product Innovation towards Zero-Carbon

The textile and fashion industry is a high-carbon sector and, as such, has been exploring the use of zero-carbon products as a way to reduce its carbon footprint in global climate change mitigation. As the world's largest viscose producer, Sateri has been actively innovating and initiating changes to promote zero-carbon development within the industry. In 2022, Sateri launched three zero-carbon products under the EcoCosy®, Lyocell, and FINEX™ brands. All three products have obtained PAS 2060 verification. This represents a giant leap forward for Sateri on its path towards green, low-carbon, sustainable development.



Three Zero-Carbon Products with Low-Carbon Properties



²The carbon emissions data of Lyocell is calculated in detail by domestic and international third-party professional organisations, starting from the plantations, to accurately assess the carbon footprint of the products.



Three Zero-Carbon Products Have Obtained the PAS 2060 Verification

Sateri actively shares its circular low-carbon philosophy with suppliers, brand partners, retailers and consumers, to facilitate the sustainable development of the textile and fashion industry. Our zero-carbon fibres provide a reference for other enterprises within the industry, responding to the needs of downstream brand partners and retailers for low-carbon products. Our products inspire consumers to observe the vitality of the products while raising their awareness of green and low-carbon concepts.



Circular Product Innovation

According to statistics, a large amount of fast fashion clothing is discarded in China every year, which leads to an urgent need to address the issue of recycling textile waste. Considering this, Sateri has independently developed a circular recycled fibre – FINEX™, using textile waste as the raw material. Its name, which stands for “Next Generation Viscose Fibre,” embodies the spirit of the brand which is “TOGETHER FOR A BETTER NEXT.” Sateri’s FINEX™ has obtained the Recycled Claim Standard (RCS) certification.



Circular Industrial Path of Sateri's FINEX™

Behind the success of FINEX™ products lies the tireless efforts and pioneering spirit of our R&D team. Through constant technological innovation, our R&D team has successfully achieved the industrial production of circular viscose fibre. In 2022, with major improvements in pulp quality, we achieved a significant breakthrough in our circular viscose fibre with FINEX™ reaching a recycled content of 50%, surpassing our 2023 target well ahead of schedule.

Sateri is committed to sharing its innovative concepts in technology with industry partners. We actively participate in R&D and standardisation to further the development of the industry. In 2022, as the only representative of the viscose industry, Sateri took part in the expert review meeting held by the China Association of Circular Economy (CACE) to provide professional advice for the formulation of standards relating to *Technical Specifications for Waste Textile Sorting Centres* and *Ecological Recycling Products of Textile Waste*, further empowering the recycling of textile waste. In the future, the two standards will provide more effective guidance for the industry's circular development.



Sateri was Named the 2022 Outstanding Sustainable Development Partner of China Hotel Supply Chain



As a representative of the textile raw material industry, Sateri stays true to the concept of green innovation by adopting the collaborative development model of the industry chain and providing green products to the market, thereby promoting the healthy, sustainable development of the textile and fashion industry.



— Huang Wei, Vice President of Sateri Group

Sustainable Product Portfolio

EcoCosy® is a Sateri brand that uses compostable fibres sourced from sustainably-managed and renewable plantations and biobased materials. EcoCosy® naturally biodegrades after use, thereby avoiding plastic pollution and harmful emissions.



EcoCosy®'s Sustainable Features



100% Biobased Products

Certified by USDA
BioPreferred® Program



Sustainable Wood Sourcing

Certified by CFCC® and
PEFC™ for sustainable
wood sourcing



Sustainable Production Processes

Certified by SteP by OEKO-TEX®
for sustainable management
certification



Free from Harmful Substances, Satisfying the Requirements for Baby-care Products

Received STANDARD 100 by OEKO-
TEX® testing for harmful substances



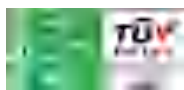
Biodegrade Rapidly within 90 Days to Form Water, CO₂, and Biomass with zero Hazardous Residues

Certified by "Seedling", a
credible EU-based label
for compostability



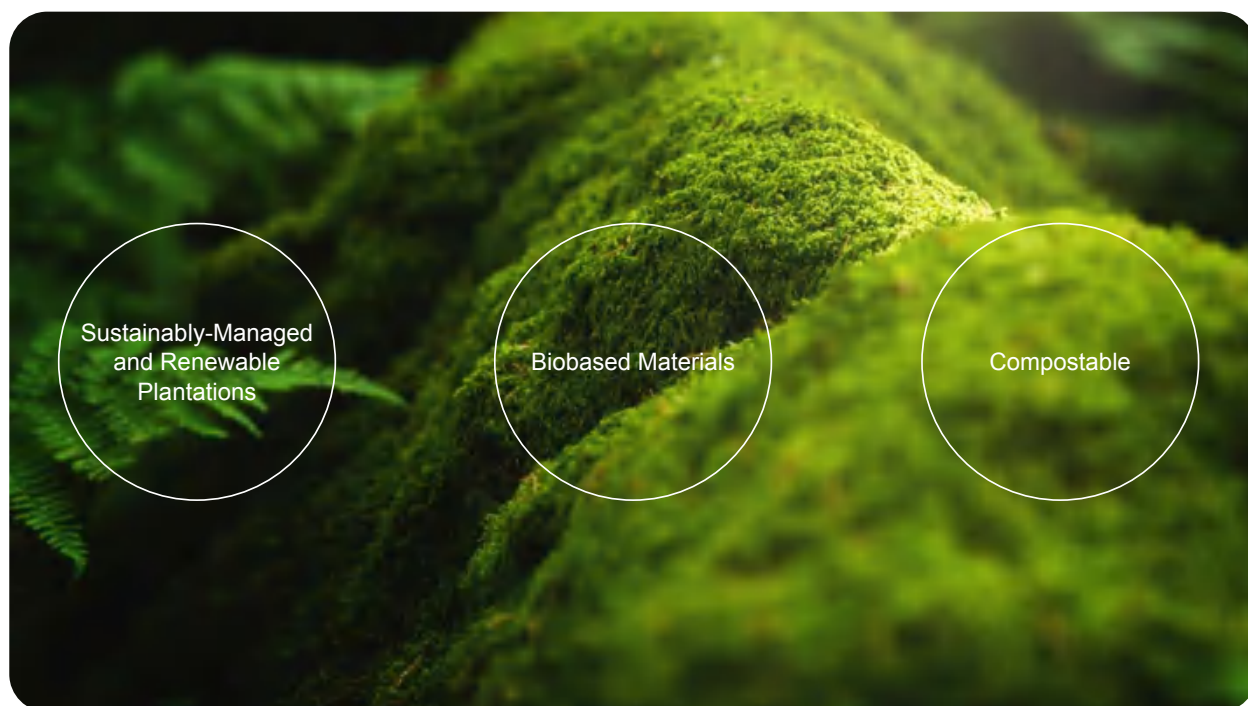
Socially Responsible Manufacturing Adhering to the Highest Environmental and Safety Standards

Awarded MADE IN GREEN by
OEKO-TEX® label

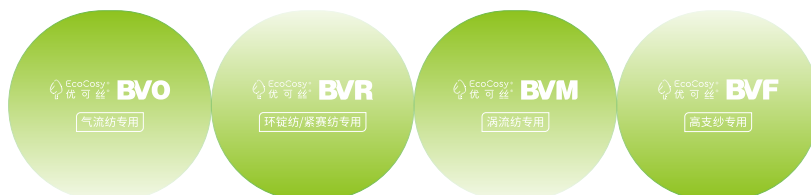


Eco-Friendliness throughout the Entire Lifecycle

Received TÜV OK Biodegradable
Certification



To satisfy the diverse needs of customers, Sateri employs specialised technologies and responsible production processes to create the EcoCosy® BV® series, using wood from sustainably-managed and renewable plantations. We closely integrated the development of the EcoCosy® BV® series fibres with their downstream applications, thereby enhancing the productivity of downstream spinning mills. Furthermore, we offer customised fibre products for different spinning forms, improving the quality of the downstream yarn. This reinforces the core value of EcoCosy® BV® as "efficient, premium and easy spinning".

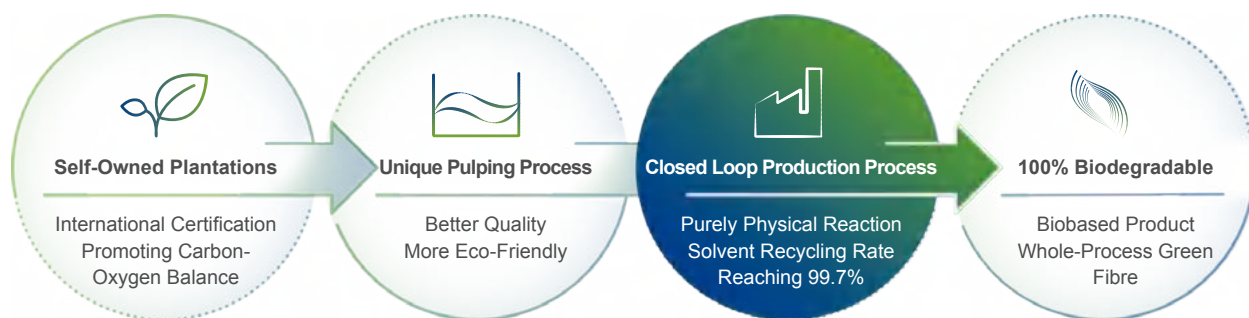


As a pre-spun dyed fibre, EcoCosy® Colour Viscose avoids the traditional post-dyeing process, effectively saving energy, water, and dye, establishing its low-carbon credentials. EcoCosy® Colour Viscose is more uniform, longer lasting and brighter, fully meeting customers' demand for high-quality fibres.



Sateri's Lyocell is sourced 100% from sustainable international plantations. Its unique pulp-making technology and eco-friendly closed-loop production process effectively reduces environmental impact. During the production process, we use non-toxic organic solvents, 99.7% of which can be fully recovered and reused. At the end of its lifecycle, the product can be biodegraded, fulfilling the circular concept of "originating from nature, returning to nature". Lyocell has been widely used in downstream applications, delivering the best product experience for consumers, while promoting our low-carbon and circular sustainability philosophy.

Lyocell
By Sateri



Lyocell: The New Generation Green Fibre

Sateri continues to expand downstream applications to lead the industry through innovation. Since its market debut in 2020, Sateri's Lyocell has been favoured by customers due to its inherently green and eco-friendly attributes, as well as excellent fibre performance. Lyocell has made numeral breakthroughs in various spinning processes, expanding from traditional tight spinning techniques to current methods such as air-jet spinning and vortex spinning. The combination of different spinning techniques has brought about versatile fabric styles.

Currently, we have successfully developed basic products in denim, home textiles, woven and knitted garments. These products are crafted using a combination of cotton and other fibres in varying proportions, resulting in enhanced performance and elevated quality – breathing new life into the traditional textile industry.



The MarColor Toast Denim Jacket, from the Semir Group, obtained the title of "2022 Top Ten Innovative Textile Products"



We believe that only through industry-wide innovation, resource integration, and collaboration between upstream and downstream stakeholders can we rapidly advance and achieve win-win outcomes.



—Liu Tao, Vice President of Sateri Group

As the concept of plastic-free becomes more widespread and plastic restrictions are ever more stringent, both domestically and internationally, the spunlace nonwovens industry is increasingly looking to biodegradable materials. This aligns perfectly with Sateri's circular and low-carbon production philosophy. Sateri's spunlace nonwoven fabrics, made from natural and biodegradable plant-based fibres, were launched in 2019. By starting from aspects such as equipment and technological innovations, Sateri strives to create differentiated advantages and lead the industry chain of plantations, pulp, fibre, and spunlace nonwoven production in a greener and more sustainable direction.

Our R&D teams are increasingly developing ever more circular, more efficient production methods. Based on innovative technologies that use a greater proportion of wood pulp, our products are not only more biodegradable but also more comfortable, convenient, and hygienic. This opens up a wide range of applications including personal care, medical hygiene, and biodegradable wipes. In the future, we will continue to discover new ways to upgrade green technology in spunlace nonwoven fabric products, leading the circularity and low-carbon development of the industry through technology innovation.

Spunlace Nonwoven Fabric



Downstream Applications of Sateri's Spunlace Nonwoven Fabrics



Growing Flowers in Tissues – EcoCosy® 28-Day Biodegradation Challenge

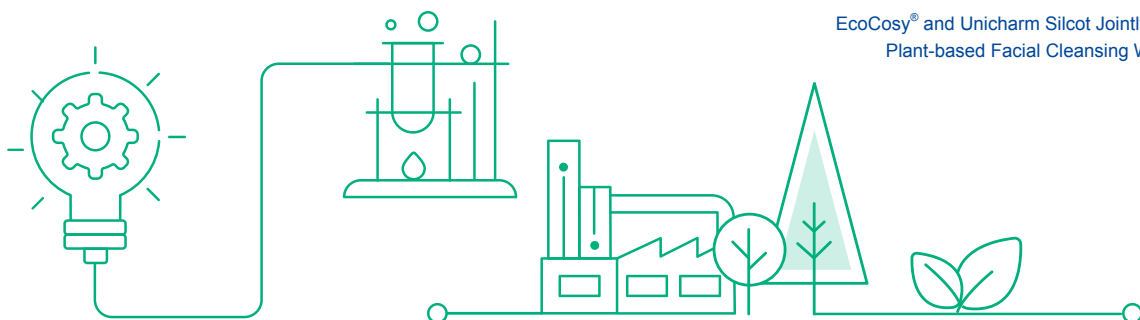
EcoCosy® products can fully biodegrade in 28 days under the following five conditions: seawater at 30°C, freshwater at 21°C, and in soil, industrial and home composting. In 2022, we launched the EcoCosy® 28-Day Biodegradation Challenge, buried tissues 100% made from EcoCosy® fibres in soil containing plant seeds. We invited people to follow the biodegradation process of EcoCosy® and the growth of the plants on social media, enabling them to appreciate the beauty of sustainable products that originates from nature and return to nature.



28-Day Biodegradation Challenge



EcoCosy® and Unicharm Sincot Jointly Launched Plant-based Facial Cleansing Wipes



Sustainable Consumption

The sustainable development of the industry requires collaboration between partners along the industry chain and participation from consumers. Therefore, Sateri has adopted the development model of "industrial chain alliance and partnerships" and uses digital traceability methods to help our consumers understand the concepts of circularity and low carbon, thereby promoting sustainable consumption.



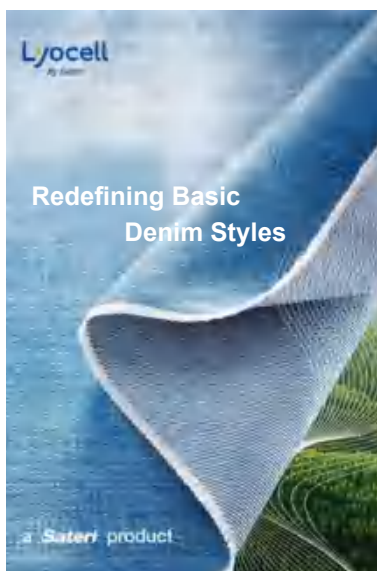
Value Chain Co-operation Promoting Sustainable Consumption

Sateri and its downstream brand partners work together to create high-quality, low-carbon products, and expand product categories and applications, providing consumers with a more comfortable, healthy, and eco-friendly experience.

Sateri and Semir joined forces to incorporate Lyocell into Semir Soft Comfortable Jeans, adding more eco-friendly features to the classic garment and enhancing consumers' experience. We collaborated with MarColor and Prosperity Textile to blend cotton and Lyocell to create Toast Denim, which is comfortable, durable, smooth, and soft. This innovative product not only effectively reduces the environmental impact of the production process, but also achieves superior fibre functionality, thereby breathing new life into children's denim.



Lyocell Brings Green and Eco-friendly Features to Semir Soft Comfortable Jeans



Breathable and Comfortable Fabric of Toast Denim





IMIS, under AIMER, incorporates the use of EcoCosy® zero-carbon fibres, sourced from nature, into its home apparel. This not only integrates biodegradable wood-based fibres into its products but also promotes environmental sustainability and low-carbon practices, breaking the boundaries between urban and natural, and blurring the line between home and outdoor wear.



IMIS Natural Product Portfolio

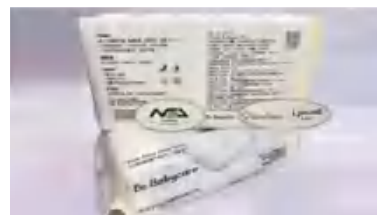


Semir Knitted Pants are made with EcoCosy® Zero-Carbon fibre from Sateri, contributing to a reduction in carbon dioxide emissions. According to the carbon footprint assessment, it has been demonstrated that compared to regular fibres, Semir Knitted Pants utilising EcoCosy® Zero-Carbon fibre, can reduce carbon dioxide emissions by 30.47% per garment.



The Carbon Footprint Assessment of the Semir Knitted Pants

In 2022, Sateri partnered with BabyCare to launch DONDON™ Soft Tissue, made with EcoCosy® and Lyocell derived from eco-friendly and renewable wood sources. The product can be 100% degraded and returned to nature within 90 days and the entire production process is free from plastics. Furthermore, the product carries both the Sateri Fibre identification and the Nonwoven Green Alliance biodegradable identification, ensuring its traceability and sustainability.



Sateri Fibre Identification



DONDON™ Soft Tissue Received the Title of "2022 Top Ten Innovative Textile Products"



Nonwoven Green Alliance BIODEGRADABLE Identification

In the future, Sateri will collaborate with partners along the value chain to bring more circular and low-carbon products to consumers, bringing the sustainability of the entire textile and fashion industry to the next level.



Transparent and Traceable Sustainability Information

To track product information, Sateri has launched an all-in-one digital fabric certification and hangtag management system that is applicable to all EcoCosy®, FINEX™ and Lyocell products. Among them, the issuance of EcoCosy® hangtags has exceeded 30 million.

At Sateri, we rely on external certification to further ensure the traceability of our products. Our commitment to sustainable sourcing is reflected in our PEFC™ Chain of Custody certification, which monitors and records the entire supply chain from plantation to consumer. This certification guarantees that the wood used in our products comes from sustainable sources. Our products are certified MADE IN GREEN by OEKO-TEX®, and the traceable product labels effectively ensure that our products have passed the relevant tests and are manufactured in a sustainable way.

To better serve our downstream customers and consumers, we continue to strengthen communication and cooperation along the supply chain. Since 2020, we have launched the EcoCosy® Licensee Programme, in collaboration with partners, to encourage consumers to choose circular low-carbon products in a traceable and transparent manner, promoting the development of the industry and the market.

● Our Culture of Innovation

Sateri's high-quality products are born from its strong culture of innovation. Sateri remains true to the concept of technological innovation and transformation throughout the entire industry chain. We have established R&D departments for viscose fibre, Lyocell, and spunlace nonwoven fabric. This, coupled with a solid mechanism for promoting collaboration between R&D, production, and marketing, fosters a vibrant culture of innovation.



We closely track the market's sustainable demands, using them as a guide to create high-quality, highly functional, and differentiated products.



—Wu Xiaodong, Vice General Manager of the R&D Department of Viscose Fibre, Sateri Group



In the R&D process of Lyocell, we apply Sateri's unique full value chain technology innovation and transformation concept to create high-quality products that are technology-empowered, green, and fashionable.



—Xue Liwei, Director of the R&D Department of Lyocell, Sateri Group



We apply an integrated development strategy throughout the entire value chain, driving innovation both upstream and downstream. We adhere to green concepts, creating degradable products to minimise our impact on the environment.



—Chen Rui, Director of the R&D Department of Spunlace Nonwoven Fabric, Sateri Group

Creating a Corporate Culture of Innovation

Sateri fosters an innovative atmosphere, encouraging employees to actively implement all kinds of creative ideas. We adopt the "15% R&D mechanism," allowing employees to distribute 15% of their work time to explore their own interests and stimulate their inspiration. In addition, we offer scientific research rewards for patent applications and standard development, which enhances both the quality of patents and research and development, as well as drives innovation among employees.

2022

The number of patent applications was

66

The number of patent grants was

56

The total cumulative number of patent applications was

361

The total cumulative number of patent grants was

267

● Looking into 2023

As sustainable development gains traction globally, emphasising low-carbon and circular consumption is central to national progress. Facing challenges like product differentiation and textile recycling in the viscose industry, Sateri firmly anchors its operations in sustainability. Using technological innovation, Sateri aims to foster low-carbon product development. By innovating our value chain and partnering with top brands, we hope to offer consumers more sustainable products and encourage eco-conscious consumption.



03



FROM PRODUCT TO VALUE: OUR ENVIRONMENT





Governments and businesses around the world are increasingly active in addressing environmental concerns including resource scarcity, the mitigation of climate risks, and the loss of biodiversity. Sateri is keenly aware of the impact of environmental considerations on its production and operations. Driven by our Vision 2030, we actively participate in the risk governance process, fostering innovation in areas such as climate change mitigation, ecosystem protection, and closed loop production, to create positive value for the environment.

High-importance Material Issues



The cumulative installed capacity of photovoltaic power generation projects added in three factories is approximately 12 megawatts, which can reduce approximately **10,000 tonnes** of carbon dioxide annually

Unit energy consumption of viscose decreased by **4%** year-on-year (YoY), continuously outperforming the upper limit of the EU-BAT (Best Available Techniques) standard **for five consecutive years**

Evaluated by the Carbon Disclosure Project (CDP) as an **"Enhanced-level Supporter"**

96%

of the wood pulp purchased are sourced from certified or controlled plantations

Supported the compilation and publication of the first nature education textbook with Poyang Lake conservation as the theme, titled *The Fascinating Life of Poyang Lake*. The accompanying demonstration courses benefited more than 30 local primary schools and over **1,000** students

Launched **a new pilot project**, as part of the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative, in collaboration with the Conservation International, extending conservation efforts to the entire Poyang Lake region

The "Duchang Migratory Bird Nature Reserve Biodiversity Scientific Survey Report" has been reviewed by experts, providing a solid scientific foundation for biodiversity conservation in Poyang Lake

Promoted wetland conservation capacity building, empowered over **100** wetland managers from 49 protected areas

Participated in the Conference of the Contracting Parties to the Ramsar Convention on Wetlands (COP14), shared the experience of corporate engagement in ecosystem conservation

In the viscose mills, the water intensity per unit product has **decreased by 2%** YoY, the chemical oxygen demand (COD) emissions per unit product have **decreased by 10%** YoY, and the zinc (Zn) emissions per unit product have **decreased by 5%** YoY. These improvements are superior to the upper limit values of the European Union Best Available Techniques (EU-BAT) norms **for three consecutive years**

The general solid waste generation per tonne of product achieved

Zero Landfilling

Five viscose mills have passed the Sustainable Apparel Coalition's Higg Facility Environmental Module (FEM) verification for two consecutive years, with an average score of

over 80%

Climate Change Mitigation

As an upstream raw material producer in the textile and fashion industry, we actively respond to global climate initiatives and work towards meeting China's '3060' carbon peaking and carbon neutrality goals. Sateri was among the first viscose producers in China to sign the Fashion Industry Charter for Climate Action³. In 2021, we published Vision 2030 with carbon reduction as its core, making ambitious climate commitments to society. Sateri has also taken proactive measures to mitigate and adapt to the potential impacts of climate change on its operations.



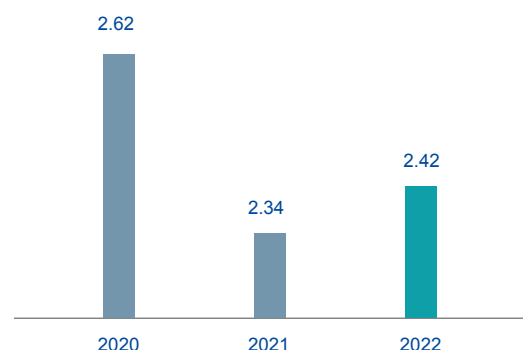
Climate Strategy and Plan

Sateri integrates climate action into its operations and value chain, committing itself to reduce greenhouse gas emissions in Scope 1, 2 and 3 by 30% by 2030 (baseline year no earlier than 2015). We also aim to achieve Scope 1 and 2 net-zero carbon emissions by 2050.

Our Greenhouse Gas Emissions

	2020	2021	2022
Scope 1+Scope 2	4,543,340	4,583,427	5,283,988
Scope 1	4,308,646	4,225,644	5,005,617
Scope 2	234,694	357,783	278,371

Greenhouse Gas Emissions (tonne of CO₂ equivalent)



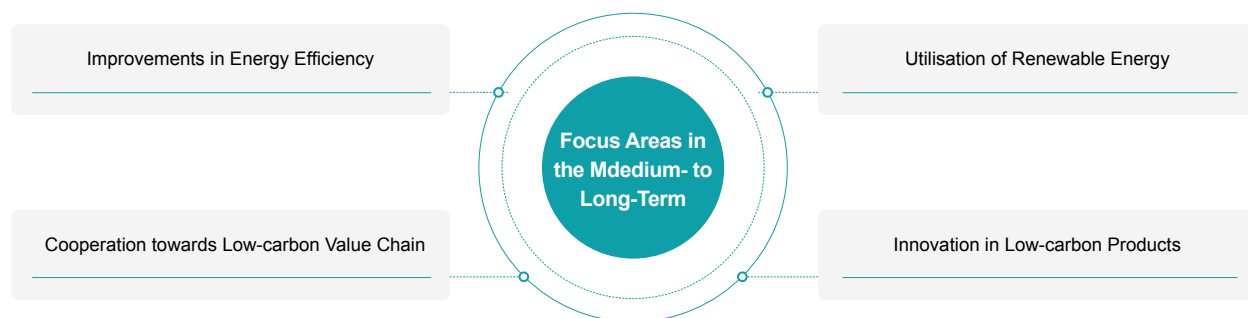
Viscose Mills (including power plants) Scope 1 and 2 Greenhouse Gas Emission Intensity (tonne of CO₂ equivalent per tonne of product)

In the journey towards net zero, Sateri has given priority to minimising its operational carbon footprint. We have developed feasible short-, medium-, and long-term action plans to achieve our carbon reduction targets. In 2022, based on globally recognised standards such as the GHG Protocol, ISO 14064, and PAS 2060 verification, Sateri completed carbon footprint accounting at product and enterprise levels, establishing a systematic carbon data management system. We also launched three certified zero-carbon products, achieving a significant breakthrough in zero-carbon product innovation. Sateri is acutely aware of the vital role energy holds in the realm of sustainability. Our energy framework encompasses both internal consumption and external supply. In 2022, Sateri expanded its external energy provisioning, culminating in a marginal escalation in the greenhouse gas emission intensity within the precincts of the viscose mills' scope 1+2. Nevertheless, it is noteworthy that the viscose mills managed to achieve a reduction in its inherent energy intensity compared to 2021.

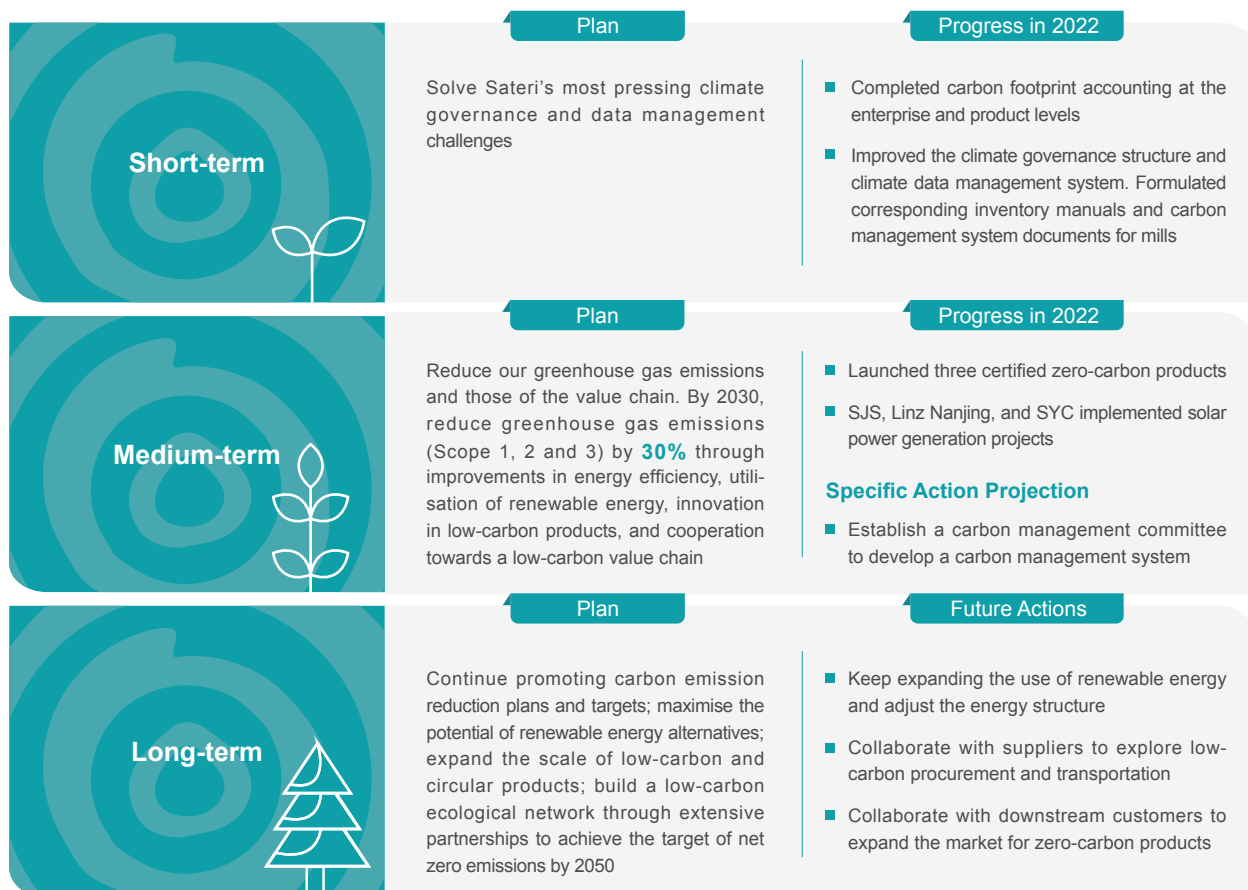
Sateri's commitment to the low-carbon transformation is not only reflected in its own operations but also focused on setting an example and empowering the entire supply chain. By 2030, we aim to reduce Scope 3 greenhouse gas emissions and meet the commitment of a 30% reduction in Scope 1, 2, and 3 by 2030. In 2022, we conducted research on the low-carbon transformation status of key category suppliers, and investigated trends in the industry to help identify effective low-carbon transformation strategies for the supply chain. We will continue to explore science-based means of progressing towards a low-carbon supply chain, while ensuring a stable and high-quality supply.

In the medium- to long-term, Sateri will focus on four main areas, including improvements in energy efficiency, utilisation of renewable energy, innovation in low-carbon products, and co-operation towards a low-carbon value chain. The overall aims are to achieve a reduction in carbon emissions and to promote the low-carbon development of the value chain.

³The *Fashion Industry Charter for Climate Action*, initiated by the United Nations Framework Convention on Climate Change (UNFCCC), aims to rally the fashion industry to support the Paris Agreement's objectives and achieve the target of limiting global average temperature increase to within 2 degrees Celsius above pre-industrial levels by the end of this century.



Sateri's Carbon Reduction Plan – Four Focus Areas



Sateri's Short-, Medium- and Long-term Climate Plans and Progress

We track and disclose the greenhouse gas emissions from our operations and value chain on an annual basis via the global carbon disclosure platform Carbon Disclosure Project (CDP). Sateri received a B rating for two consecutive years and was recognised as an "Enhanced-level Supporter" by CDP in 2022⁴. Going forward, we commit ourselves to fulfilling our carbon reduction and information disclosure responsibilities, thereby actively contributing to solving global climate challenges.



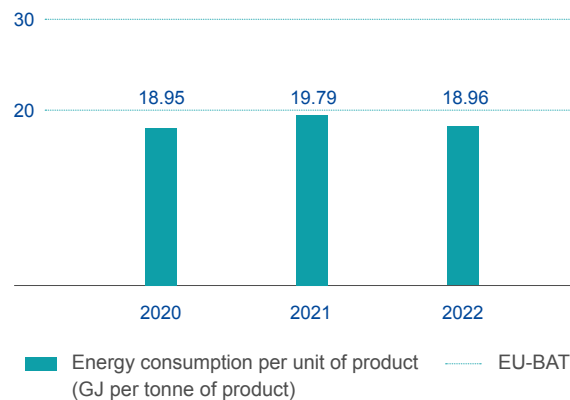
⁴ For more details, please refer to: [Sateri's CDP rating results](#).

Renewable Energy Utilisation and Transformation

Energy efficiency improvement and clean energy transformation are crucial to enabling Sateri to achieve its carbon reduction targets. Sateri regards energy-saving technology and equipment upgrades, investments and use of renewable energy, as central to low-carbon production. Through CI projects, key target implementation mechanisms, and by exploring avenues to improve energy efficiency in production operations, Sateri aims to increase the proportion of renewable energy.

Energy Efficiency Improvement

Sateri plans to build a "green factory" by introducing advanced production lines and environmental treatment facilities, supporting refined energy management and intelligent production systems. In 2022, Sateri implemented several key energy efficiency improvement projects, focusing on energy conservation and reduction throughout the production process. By controlling the energy intensity per tonne of fibre, the viscose mills have achieved a reduction of approximately 4% in unit product energy consumption compared to 2021.



2020-2022 Comparison of Energy Intensity of Viscose Mills to EU-BAT Norms (GJ per tonne of product)



SFJ's Energy-saving and Emission-reduction Initiative

To improve the energy efficiency of our production process, in 2021 SFJ completed a project in the Sulphur Recovery Department to reduce the electricity consumption per tonne of fibre produced. Energy is saved by reducing the operating frequency of both the scouring wind machine and the alkali pump, and by better planning of the operating time of variable frequency equipment. With these changes implemented, the annual saving in electricity consumption can reach more than 1.33 million kWh.



SFJ Project

Renewable Energy Utilisation

Sateri is committed to promoting renewable energy, with the aim of achieving international leadership in this area. Based on the achievements of Phase 1 of the 2021 distributed solar power system project in SJS, this year we launched new solar power generation projects in three mills: SJS, Linz Nanjing, and SYC. The cumulative installed capacity stands at 12 MW, which can provide renewable electricity totalling 12,000 MWh per year and reduce CO₂ emissions by about 10,000 tonnes per year.

Specifically, Phase 2 of the SJS rooftop distributed solar project fully utilised the remaining roof space of the factory area. SJS also upgraded and transformed the existing parking lot, and constructed a solar integrated carport, effectively solving the problem of charging difficulties for new energy vehicles and electric cars. As a result, SJS has successfully integrated energy conservation and carbon reduction into operations and employees' everyday lives. Additionally, Sateri is currently looking at ways to introduce biomass energy, thereby increasing the use of renewable energy and green technologies to achieve a systemwide transformation of the energy structure.



Sateri has been awarded the title of "Pioneer of China Textile and Garment Industry Climate Innovative Action" by the China National Textile and Apparel Council



Bird's-Eye View of the SJS Photovoltaic Power Generation Demonstration Project

12,000

MWh per year

Potentially provide renewable electricity totalling



10,000

tonnes per year

Potentially reduce CO₂ emissions about



Bird's-Eye View of the SYC Photovoltaic Power Generation Demonstration Project

● Protecting Ecosystem

According to the *Global Assessment Report on Biodiversity and Ecosystem Services* by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), biodiversity loss is occurring at an unprecedented rate and poses significant risks to global economic activity, exacerbating the challenges presented by climate change. Sateri's fibre production is derived from renewable wood pulp, and its operations, which depend on nature, may have a negative impact on the environment. Therefore, Sateri has incorporated biodiversity conservation into Vision 2030 and identified science-based ecosystem protection and restoration as a key target. Sateri is dedicated to minimising the operational environmental footprint and safeguarding the ecological well-being of local and neighbouring communities. In addition, we proactively collaborate with stakeholders to develop biodiversity conservation flagship projects that enhance ecosystem restoration and protect nature, creating positive ecological impacts.



Poyang Lake Wetland Protection

Poyang Lake, China's largest freshwater lake, is of immense ecological importance. However, the severe drought caused by extreme weather and hydrological events due to global climate change has put its ecosystem in a precarious situation. As this issue came to our attention, we partnered with Conservation International in 2019 to launch the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative. This project aims to support the protection of the Poyang Lake Basin through scientific and professional methods. It focuses on activities such as scientific research, enhancing natural conservation management capabilities, promoting community sustainable development, and nature education. By establishing a comprehensive conservation demonstration area, the project seeks to improve the health of local ecosystems and achieve a harmonious coexistence between humans and nature.

Wetland Protection

Sateri is seeking a collaborative and win-win ecological conservation strategy with all parties involved. Using the "Freshwater Health Index (FHI)," the health of the freshwater ecosystem in Poyang Lake is assessed. With the Duchang Migratory Bird Nature Reserve as the pilot site, Sateri supports the Conservation International in creating a comprehensive conservation demonstration area known as the "Duchang Model."

In 2022, the project provided exclusive support for the "Duchang Migratory Bird Nature Reserve Biodiversity Scientific Survey Report." This report, after expert review, helped the reserve gain a scientific and comprehensive understanding of its biodiversity conditions, laying a solid foundation for further enhancing its conservation efforts. The project collaborated with the Jiangxi Provincial Department of Forestry and the Food and Agriculture Organisation of the United Nations - Global Environment Facility (FAO-GEF) Jiangxi Wetland Project to conduct a series of capacity-building activities. Over 100 wetland managers from 49 protected areas participated in the training organised by the project, leading to enhanced protection capabilities.



Through our collaboration with Conservation International, we aim to explore innovative models that integrate ecological conservation with community development at the same time.

—Huang Wenbin, Senior Manager of Sustainability Department, Sateri Group



Training Programme for Wetland Nature Reserve Managers in Jiangxi Province

In 2022, the project initiated a new project area in Kangshan Community, Yugan County, in the southern part of Poyang Lake – collaborating with the Xucun Community in Duchang to extend its impact to the entire Poyang Lake region, promoting both local ecological conservation and community development. In the future, the project will continue to strengthen biodiversity research and capacity-building efforts. Alongside protecting the ecological environment, it will foster alternative economic development and provide sustainable livelihoods for local residents.

Building on its collaboration with the project, Sateri also actively participated in the 14th Meeting of the Conference of the Contracting Parties to the Ramsar Convention on Wetlands (COP14), where it shared its corporate practices in ecosystem conservation. Sateri engaged in discussions with various stakeholders present, including the Nature Resource Conservation Association and Conservation International to jointly explore the construction of an action mechanism for wetland species and habitat conservation.



Safeguarding Homeland of the Rare Migratory Birds

Ecological Education

Sateri actively engages in ecological education based on the achievements of the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative, aiming to increase awareness of wetlands among young people. In 2022, Sateri supported the Conservation International Foundation in launching the first nature education textbook with a focus on Poyang Lake titled *The Fascinating Life of Poyang Lake*. This textbook was officially released during the 14th Meeting of the Conference of the Contracting Parties to the Ramsar Convention on Wetlands (COP14). With the help of this textbook, we aim to convey fundamental scientific knowledge about wetlands and migratory birds to the younger generation, inspire awareness of biodiversity conservation, and enhance the youth's engagement in nature conservation. Building upon this, we collaborated with Conservation International to launch the supporting demonstration course of *The Fascinating Life of Poyang Lake* in 6 schools located in the Poyang Lake area. Trained reserve management personnel and teachers have also introduced nature education materials into the conservation stations and nearly 30 primary schools, disseminating wetland ecological conservation knowledge and concepts to more than 1,000 students.



Official Presentation of *The Fascinating Life of Poyang Lake* in the 14th Meeting of the Conference of the Contracting Parties to the Ramsar Convention on Wetlands (COP14)



The Demonstration Course of *The Fascinating Life of Poyang Lake*



The First Demonstration Course of *The Fascinating Life of Poyang Lake* at Fuchuan Primary School in Kangshan Township, Yugan County

Impact Expansion

Sateri has joined forces with brand partners to maximise the ecological benefits and sustainable impacts of the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative. In December 2022, Sateri partnered with Semir in the Poyang Lake Ecosystem Protection Donation Campaign to donate 200 sets of warm clothing to local departments and frontline workers, to raise consumer awareness of the importance of conservation and to promote the ecological protection of Poyang Lake.



Poyang Lake Ecosystem Protection Donation Campaign

Sustainable Pulp Procurement

Sateri is dedicated to procuring sustainable dissolving pulp, and actively promotes the sustainable development of the global wood pulp supply chain. We prioritise sourcing wood pulp from certified or controlled sources of fast-growing plantations that are 5-to-7 years old, avoids using wood pulp from ancient and endangered forests, and commits to protecting plantations with high conservation value (HCV) or high carbon stocks (HCS), as well as habitats of endangered species. In line with certifications such as PEFC™ CoC and FSC® CoC, we conduct annual risk assessments on our suppliers and strictly monitor the sources of our wood pulp. In 2022, 96% of our wood pulp purchased came from certified or controlled plantations.

We also actively collaborate with pulp suppliers to promote the concept of sustainable dissolving wood pulp production. In 2022, we assisted a key supplier in Thailand in obtaining international sustainable forest certification.

In 2022, RGE was elected to the Vice Chair Unit of the China Forest Certification National Innovation Alliance. This is recognition by the government and various sectors of Sateri's leadership in ecological protection. Sateri remains dedicated to principles of "openness, innovation, joint development, and sharing," with a goal to establish a robust traceability system for forest products through a cooperative service platform. Our objectives include optimising ecological product value, strengthening ecosystem services, bolstering carbon sink capacity, advancing sustainable forestry, and driving transformation in the forestry sector. All these efforts align with the '3060' carbon goals and broader ecological development.

Our Sustainable Pulp Procurement

96%

of the wood pulp purchased are from certified or controlled plantations

9

The number of PEFC™ CoC certified wood pulp suppliers

7

The number of FSC® CoC certified wood pulp suppliers



The Vice Chair Unit of the China Forest Certification National Innovation Alliance

Closed Loop Production

Sateri is committed to closed loop production, i.e., incorporating the principles of maximum resource utilisation and minimum pollution emission throughout the production processes. Through sophisticated production processes, resource conservation and recycling, and innovative eco-friendly technologies, we strive to improve our environmental footprint. We strictly control pollutant emissions, optimise the consumption of water and chemicals, and improve waste classification and management to minimise environmental pollution and waste.

Core Areas of Sateri's Closed Loop Production

Core Area I

Optimal Use of Water Resources



Principles

With the growing scarcity of global water resources and the potential impact on economic activity, sustainable water management has become a top priority for us. We have integrated the concepts of conservation and recycling into every step of the "water withdrawal – water consumption – wastewater treatment and discharge – wastewater recycling and reuse" process to ensure that our production is eco-friendly and sustainable.



Actions

Sateri places great emphasis on water conservation and on recycling resources at every stage. Through the mechanism of Continuous Improvement, we consistently upgrade our water-saving equipment, increase water utilisation efficiency by producing and using recycled water and collecting rainwater, and reduce the amount of water used per unit of product in viscose mills.



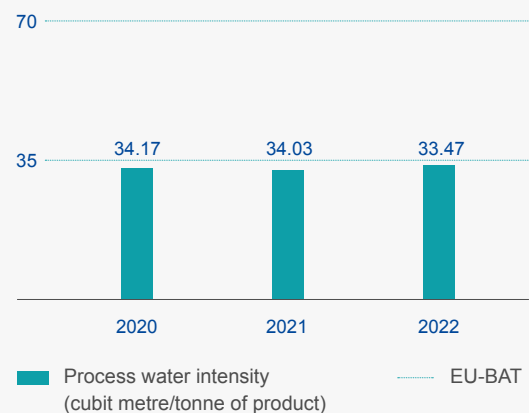
Results

◆ Continuous Improvement

By implementing multiple water management projects, our viscose mills have achieved a continuous reduction in process water intensity per unit of product from 2020 to 2022, which is superior to the EU-BAT norms. In 2022, the viscose mills' process water intensity was 33.47 cubic metres per tonne of product.

◆ Application of Innovative Technology

In 2022, SJJ embarked on a project to reduce water consumption by collecting and reusing rainwater, and filtering cooling water. We also lessened water intake from the Yangtze River to conserve freshwater resources in the basin. As a result of this project, SJJ was named "Jiujiang Water-Saving Enterprise of the Year".



2022-2022 Comparison of Water Intensity Per Unit of Product of Viscose Mills to EU-BAT Norms

In 2022, five of our viscose mills passed the Higg Facility Environmental Module (FEM) verification for two consecutive years, with an average score of over 80%. Additionally, SJJ was included on the Jiangxi Province Green Technology Innovation Enterprise Cultivation List, in recognition of its advanced processing technology, and energy and water consumption indicators.



Core Area II

Closed Loop Chemical Use



Principles

Chemicals are an indispensable input to the production process. Therefore, the correct use and control of chemicals is essential for Sateri's closed loop production. Sateri is dedicated to achieving zero discharge of hazardous chemicals, to mitigate the adverse effects of chemical use.



Actions

Sateri has established a closed loop chemicals management system that encompasses procurement, transportation, usage, storage and disposal. Additionally, Sateri has embarked on material reduction projects based on the philosophy of continuous improvement to reduce the use of harmful chemicals throughout the production process.



Results

◆ Continuous Improvement

In 2022, the viscose mills actively implemented projects to reduce material consumption including chemicals. For instance, in the case of SFJ, the alkali consumption per unit of product has decreased by 0.30% compared to 2021, and the sodium hypochlorite consumption per unit of non-woven product has decreased by 12.99% compared to 2021. In comparison to 2021, SCN's raw liquid alkali consumption per unit of product has reduced by 0.33%, and zinc sulfate consumption per unit of product has decreased by 5.37%.

Core Area III

Emissions



Principles

Sateri is committed to clean production. To achieve this, Sateri effectively controls the discharge of air emissions, solid waste, and wastewater via an advanced emissions management system and regular monitoring and inspection mechanisms. We prioritise the reduction of emissions at source and proactively explore ways to actively reduce air emissions. We also follow the principle of "prevention first", placing great emphasis on preventing and controlling water pollution, minimising waste, and maximising resource recycling along the entire industry chain.

Core Area III

Emissions

◆ Air Emissions



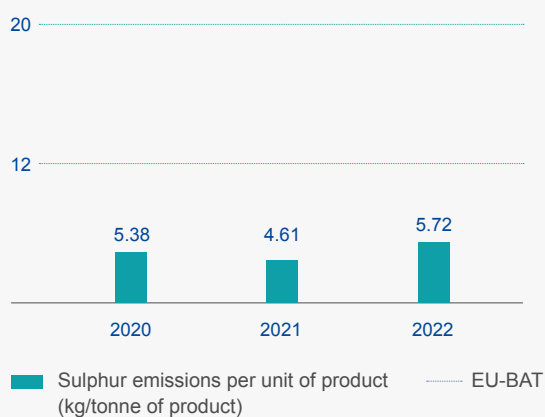
Actions

Sateri successfully retrofitted boilers to achieve ultra-clean emissions. As a result, the Sateri coal power plant has achieved significant reductions in the emission of nitrogen oxides and sulphur dioxide. In 2022, Sateri, together with other industry leaders, established the Jiangxi Enterprise Voluntary Reduction of Pollution and Carbon Emissions Alliance to champion the green development of the industry. The overriding aim is to achieve sustainable development through unimpeded information channels, resource sharing, exploration of the synergy between the reduction of pollution and carbon emissions, and a collaborative approach to improvements in efficiency.

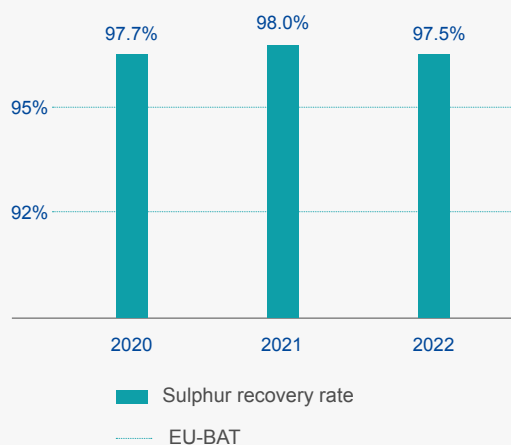


Results

From 2020 to 2022, Sateri's power plants showed continuous improvement in indicators such as total particle emissions and total nitrogen oxide emissions, with reductions of approximately 10% and 3% respectively compared to 2021. The unit product sulphur emissions and overall sulphur recovery rate per unit of product of viscose mills have been superior to the EU-BAT norms for three consecutive years. In 2022, the viscose mills' per-unit sulphur emissions and total sulphur recovery rate extended their reach to the SYC, indicating a broader scope in comparison to the data recorded in 2021. The SYC establishment, initiated in 2021, is presently committed to optimising its sulphur recovery infrastructure, consequently contributing to a marginal year-on-year uptick in per-unit sulphur emissions from the viscose mills, accompanied by a minor dip in the total sulphur recovery rate data.



2020-2022 Comparison of Sulphur to Air Per Unit of Product of Viscose Mills to EU-BAT Norms



2020-2022 Comparison of Total Sulphur Recovery Rate of Viscose Mills to EU-BAT Norms⁵

⁵ Considering the definition of "S to Air" as specified in the EU-BAT, the overall sulphur recovery rate data is derived.

◆ Wastewater



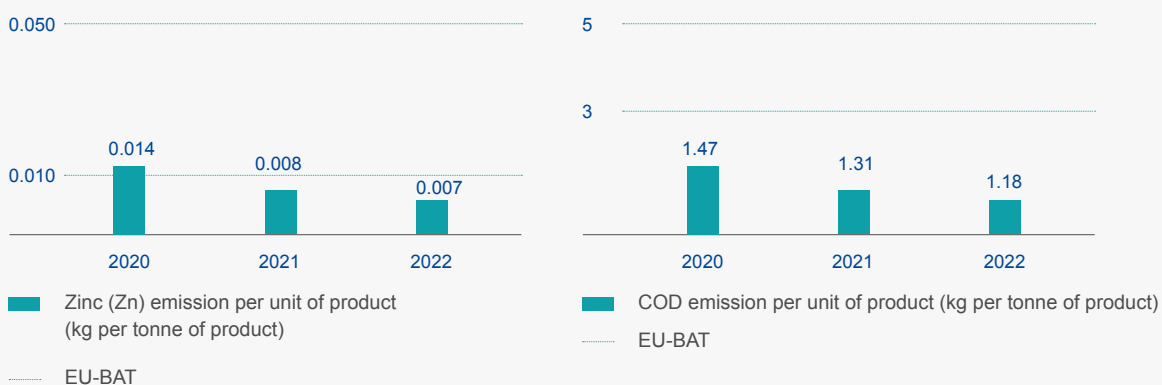
Actions

Sateri has strict controls in place to minimise the risk of water pollution. Specifically, via the upgrading of sewage facilities and the use of innovative technologies, Sateri has reduced the quantity of wastewater while at the same time improving its quality. In 2022, Sateri introduced multi-stage flash distillation equipment in the acid station to recycle and reuse wastewater. By doing so, it recycled substances such as salt, sulphuric acid, and zinc that were originally discharged into the wastewater treatment plant. Each year, the project can effectively save water resources and recovers sodium sulphate, sulfuric acid, and zinc from wastewater. The project has brought substantial economic benefits to Sateri while enhancing environmental performance.



Results

Sateri conducts biannual testing of the six viscose mills' wastewater based on the ZDHC MMCF Wastewater Guidelines, with the majority of the indicators rated good or above. We have continuously reduced the salt content of wastewater. In 2022, the rate of sodium sulphate recovery was 521 kg/ per tonne of product, an increase of 2% from 2021. In 2022, our water pollution control measures yielded significant positive results. The viscose mills' per-unit chemical oxygen demand (COD) emissions decreased by 10% compared to the previous year, per-unit ammonia nitrogen (NH_3N) emissions dropped by 17%, and per-unit zinc (Zn) emissions decreased by 5%.



2020-2022 Comparison of Wastewater Discharge of Viscose Mills to EU-BAT Norms

Core Area III

Emissions

◆ Solid Waste



Actions

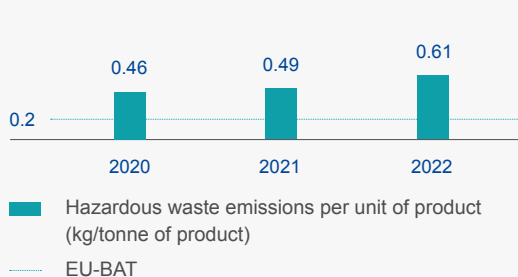
Sateri adheres to a waste management accountability mechanism, meticulously categorising waste generated in the production process. Hazardous waste is disposed through certified entities in accordance with the regulations, while general waste is sorted and recycled by suitably qualified third parties. Municipal solid waste is collected and processed by the industrial park.



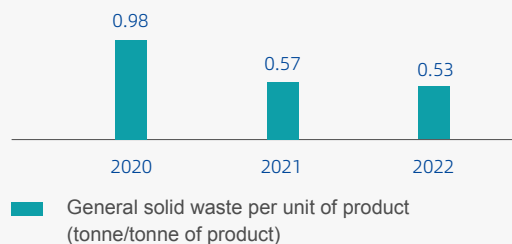
Results

In 2022, we further enhanced the management and recycling of waste. The viscose mills have achieved an 8% reduction in per-unit production of general solid waste compared to the previous year. Notably, the viscose mills have accomplished zero landfilling of general solid waste, demonstrating our commitment to reducing the environmental footprint associated with disposal methods such as landfilling and incineration. Due to the increased viscose output in 2022, there was a slight increase in per-unit hazardous waste compared to 2021. Looking ahead, our commitment remains strong to intensifying hazardous waste management efforts, focusing on reducing the creation of hazardous waste from its inception.

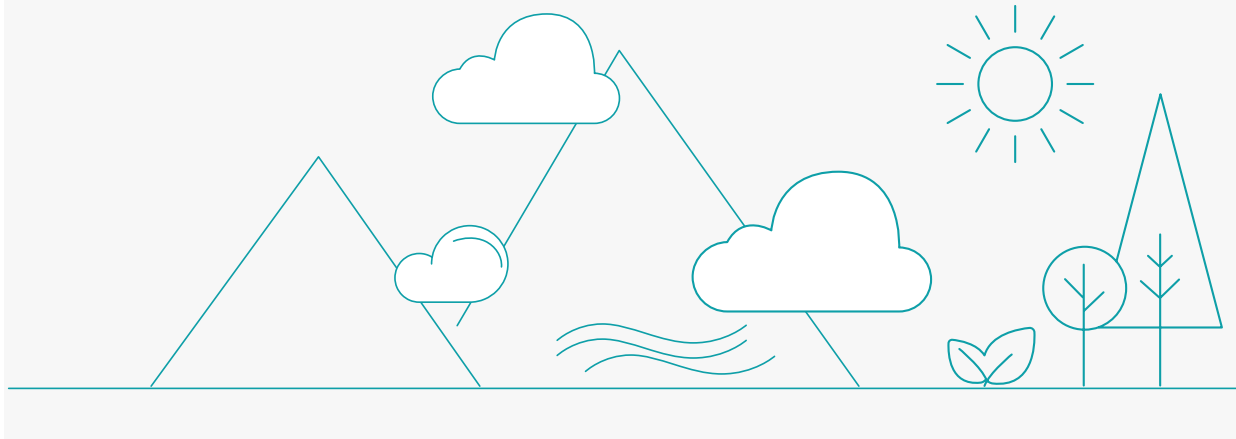
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2020-2022 Comparison of Hazardous Waste Emissions of Viscose Mills to EU-BAT Norms



2020-2022 Trends of General Solid Waste Emissions of Viscose Mills



Looking into 2023

Sateri actively advocates for and practices sustainability philosophy, making positive progress in areas such as climate change mitigation, ecosystem conservation, and closed-loop clean production. Guided by the vision of becoming a leader in regenerated viscose fibres with a "net positive impact," our journey ahead involves advancing the transformation in our energy structure, practicing sustainable procurement, constructing an environmentally conscious and low-carbon supply network, and unlocking greater potential in reducing water consumption, material usage, and the discharge of diverse waste materials.

In the future, Sateri will continue exploring the possibilities of renewable energy usage, planning alternative solutions for using biomass energy, and expanding the scale of renewable energy utilisation. We will also persist in implementing projects for resource conservation and pollution prevention, keep improving our clean production processes to minimise our negative impact on the environment and ecosystems. By expanding the scale and impact of ecosystem conservation projects, we aim to drive collective action within the value chain, scaling up the positive impact on the ecological environment.

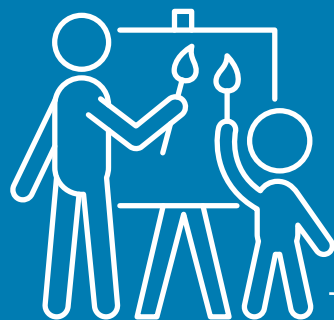
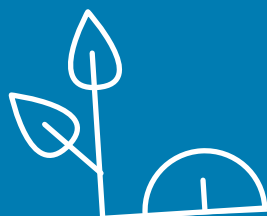


a Common Crane family_ Poyang Lake ©YangFan

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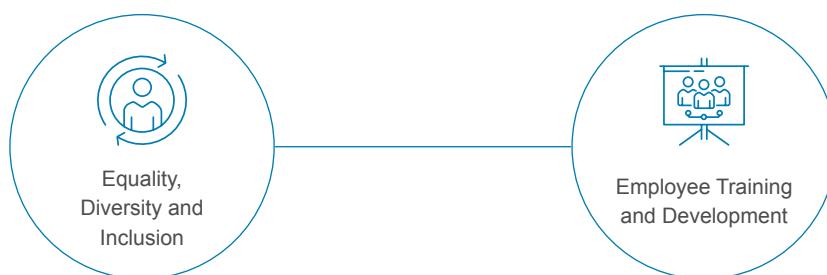
FROM VALUE TO RESPONSIBILITY: OUR SOCIETY





The unequal distribution of resources and environmental degradation pose severe challenges for society. Consequently, meeting the development needs of people is the top priority when it comes to achieving sustainable development. As a responsible corporate citizen, Sateri has created an equal, inclusive, and healthy development environment for employees and supply chain partners with diverse backgrounds. This has created momentum for the sustainable development of the Company and the industry. At the same time, we actively recognise the developmental needs of communities and the public, and work alongside community partners to achieve inclusive growth for individuals and society as a whole.

High-importance Material Issues



Comprehensive training coverage rate has reached **100%** for three consecutive years

Achieved an average of **110 training hours** per employee, representing a **YoY growth of 45%**

The female ratio of management positions achieved a **YoY growth of 2%**

Received the **Annual Award for Public Service Project at the 12th Philanthropy Festival (2022)**

Health and safety training coverage rate has reached **100%** for three consecutive years

Achieved a total training duration of **167,076 hours**, representing a **YoY growth of 54%**

Total duration of volunteer service reached **16,086 hours**, representing a **YoY growth of 109%**

Five of Sateri's viscose mills have successfully passed the Higg Facility Social and Labour Module (FSLM) verification for two consecutive years, with an average score **exceeding 80%**. This fully demonstrates Sateri's value creation in the social and labour domains

The beneficiaries of the Education Support projects **15,415 person-times**

Invested a total of **2.6 million yuan**

The Sateri Education Bursary supported nearly **6,000 students** from low-income families

The beneficiaries of the Competence Empowerment project **3,350 person-times**

The beneficiaries from the Community Enhancement projects **3,821 person-times**

Equality, Diversity and Inclusion

The concepts of equality, diversity and inclusion are deeply embedded in the corporate culture of Sateri. They serve as the foundation on which we create value for our employees, industry partners, and communities. We respect and appreciate individual differences, and create a work environment that is inclusive, open, and integrated.



Equal Opportunity

Sateri adheres to the principle of "responsible recruitment", treating every employee equally and prohibiting any form of discrimination based on gender, age, or marital status; health condition, nationality, or religion; race, ethnicity, or other factors. Any discrimination-related violators will face severe penalties, including termination of employment. We also provide equal promotion and development opportunities based on employees' abilities, allowing them to fully utilise their talents and potential.



We prohibit any form of discrimination and treat our employees equally based on their personal capacities.

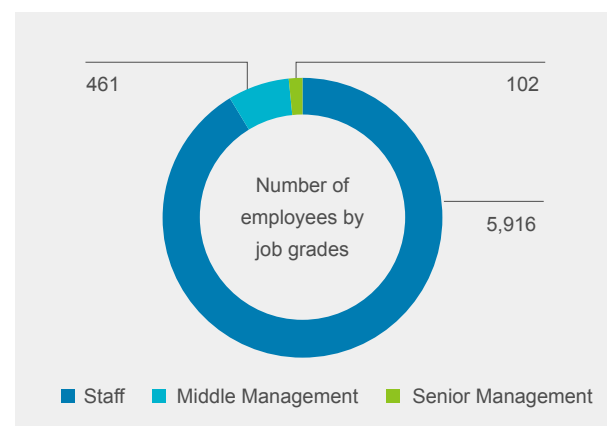
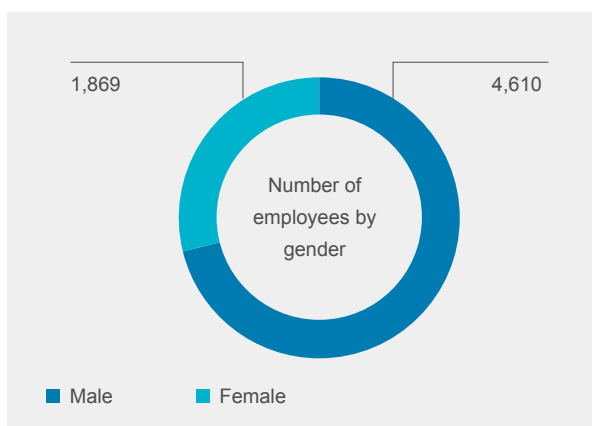


—Zheng Xiaorong, General Manager of Human Resources Department

Diversity and Inclusion

In the context of globalisation, building a diverse workforce is not only a responsibility, but also a key driver of our business success. It is also essential to the achievement of our Vision 2030. A diverse workforce helps us identify and approach problems from different perspectives, leading to more innovative solutions.

Our Diverse Workforce





Female employees are a solid force in creating innovative and sustainable products at Sateri.



—Wu Xiaodong, Vice General Manager of the R&D Department of Viscose Fibre, Sateri Group



Sateri has been witness to the outstanding talents of our female employees. We have actively recruited, cultivated and empowered our female employees, and built a high-quality environment in which they may thrive.

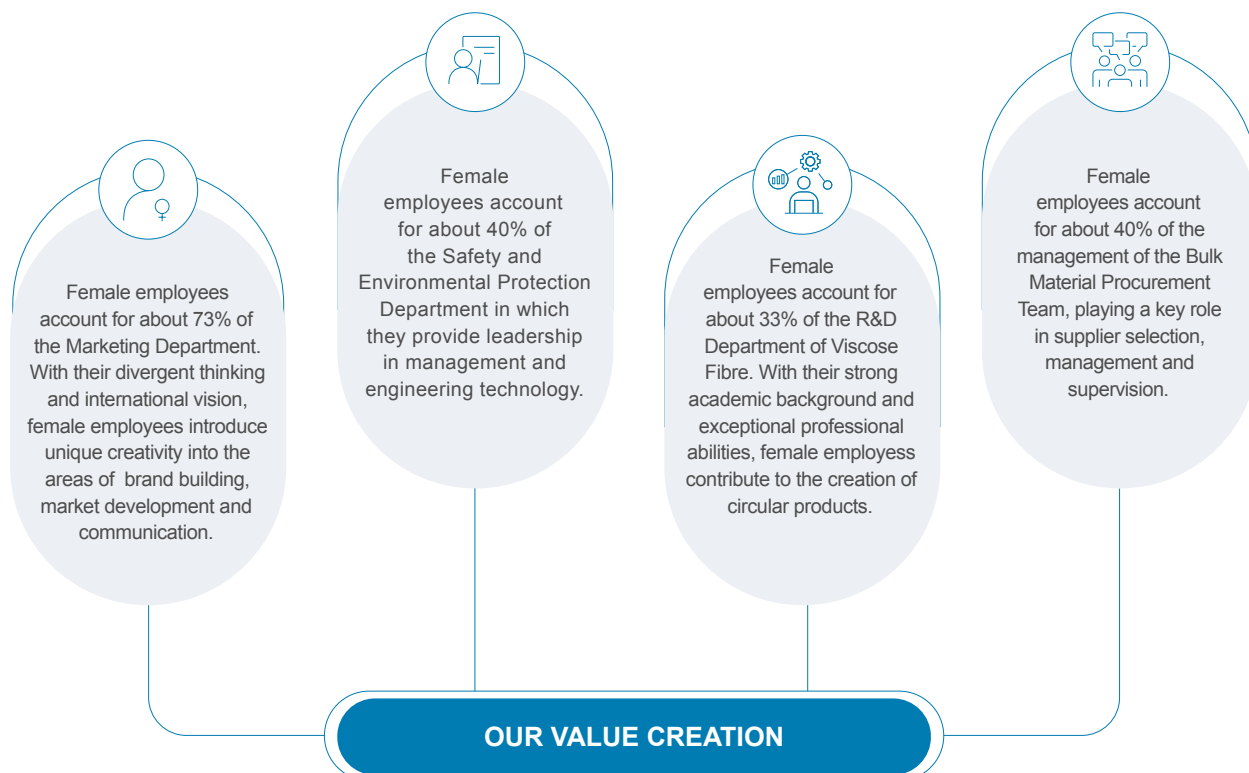


—Chen Jie, Director of Strategy Marketing of Sateri Group

Female employees, with their outstanding abilities and keen insights into issues regarding sustainability, have become important leaders in the sustainable development of the textile and fashion industry. Sateri, in strict adherence to the principle of equality, fully respects female employees and continuously strives to promote their growth.

At Sateri, female employees are the backbone of many of its teams, and they exercise leadership in different positions based on their own interests and specialities. In 2022, the female ratio of middle- and senior-management positions (managerial level and above) has increased 2%. Sateri is committed to continuously increasing the proportion of women in management, providing them with clear promotion paths and training.

Women's Leadership in Sateri's Value Creation⁶



⁶ Until December 2022, including former employees.



Female Employees Creating Value in Different Positions



SJS Carried Out Special Activities to Promote Awareness of Women's Health

To better care for the health of female employees and establish a scientific basis for disease prevention, SJS carried out special activities to promote health knowledge involving a group of female employees. The activities introduced a variety of topics about female healthcare, enhancing the awareness of maintaining health and conveying care from the Company.



Sending Gifts and Flowers to Female Employees During International Women's Day

Equal and Inclusive Supply Chain

Constructing an equal and inclusive supply chain is a fundamental requirement for achieving sustainable development. The textile and fashion industries have a global supply chain that covers diverse geographies, populations, cultures, and economies. Ensuring that suppliers from different backgrounds have equal development opportunities is a global issue. As a leading raw material supplier in the industry, Sateri continues to exert its influence, thereby extending respect for human rights and guaranteeing equal labour rights throughout the supply chain.

To promote equality and inclusiveness and establish a resilient supply chain, we strictly require our suppliers to comply with labour laws and regulations, provide social security records, legally pay employee wages, and ensure good working conditions for the labour force. Meanwhile, as a leading enterprise in the industry, Sateri assists in the stable and healthy development of small and micro businesses in the supply chain. We actively procure goods from these businesses, help them acquire more development opportunities, and promote the inclusive growth of the supply chain.

● Empowerment, Training and Development

As Sateri's industrial chain becomes ever more integrated and its products more diverse, the demand for diversified and sophisticated talent increases accordingly. We have, therefore, increasingly focused on cultivating long-term talent and built a team of employees with the required mix of skills, leadership, and future vision. To achieve this, we integrated our corporate resources and established the Sateri Learning Institute. This has created a personalised, multi-structured and sustainable system to cultivate talent in a way that meets the needs of employees, by helping them to develop their unique talents, thereby enabling them to become the very people who can lead the future development of the Company and the industry.



Focusing on cultivating employees and growing together are the guiding principles of Sateri's innovative philosophy on talent development.



—Zheng Xiaorong, General Manager of Human Resources Department of Sateri Group

100%

Comprehensive training coverage rate

100%

Percentage of employees receiving regular performance and career development reviews

714,528 hours

Total training duration

110 hours

Average training hours of employees



Multi-Structured Employee Training

Employees at different stages of their career development have different growth needs. Therefore, we provide employees with customised learning opportunities, focusing on the key capabilities required at all stages, and offering a hierarchical employee training programme to help employees better unleash their potential and realise their own value.

The Sateri Eagle Project targets promising front-line employees and graduate trainees, helping them quickly become qualified shift supervisors, engineers, central control operators and more. The project focuses on formulating detailed on-the-job training plans based on the training cycle of different positions, and equips on-the-job mentors to help grassroots employees grow rapidly in six-to-eight months. By the end of 2022, the Sateri Eagle Project had trained a total of 200 qualified employees.

Sateri Eagle Project Cultivation Stages

"Eagle in Flight" Stage

"Eagle Run" Stage

"Eagle Ahead" Stage

Carrying out sharing sessions, safety courses, logical thinking, and other training exercises

Adopting a dual-track training model: combining practice with in the department with centralised training provided by the Sateri Learning Institute



Driving experience through practice, and using experience to guide practice, is challenging yet meaningful. Sateri is a 'Huangpu Military Academy' in the field of fibre, gathering all-around talents. The deep learning of the theory would help us to innovate.



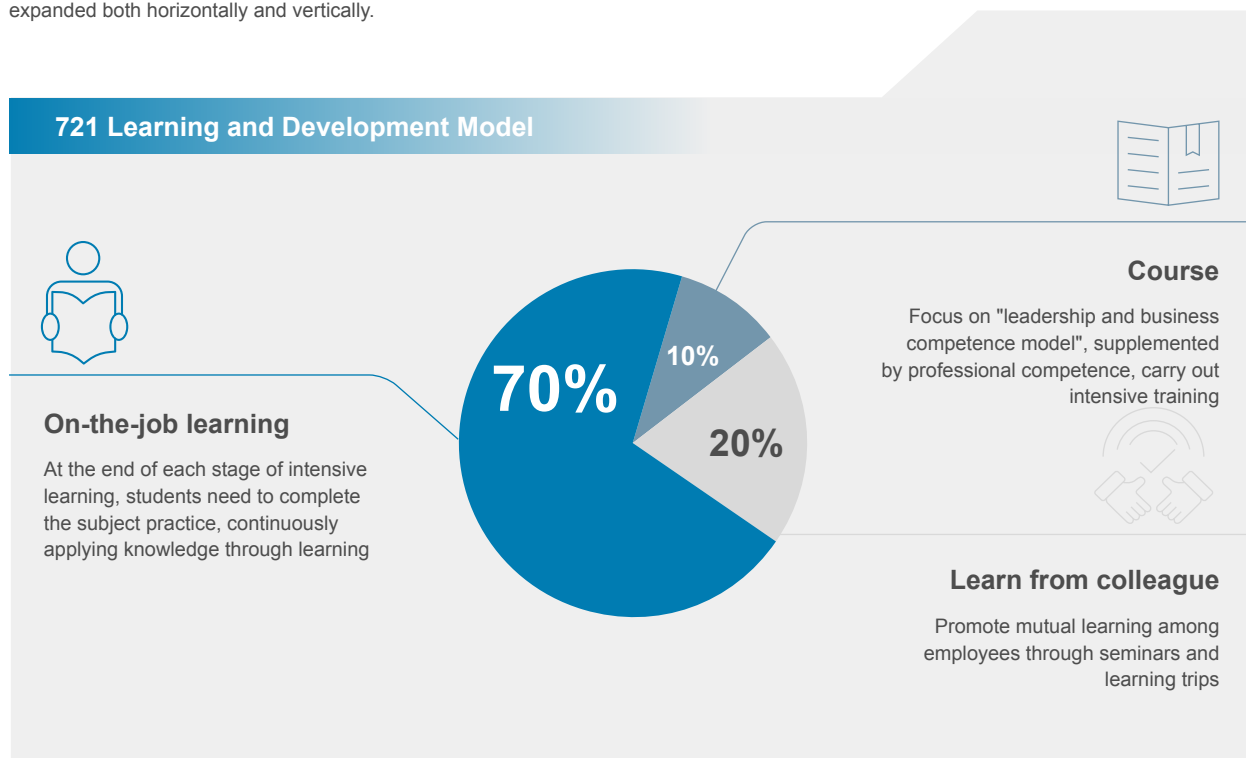
—Zou Xing, the first batch of trainees of the Cuiying programme

For the newly joined mid-level managers at Sateri, in 2022, we established the Cuiying Club, which empowers employees by building communication networks, customised training plans, and regular follow-up evaluations, aiming to further promote their integration and growth within the Company. The first phase of the Cuiying programme provides training for more than 40 new employees to help them quickly adapt to their positions, explore their own potential, and accelerate their progress toward becoming leading experts.



The Opening Ceremony and First Event of the "Cuiying Club, Moving Forward Together"

The Sateri Eagle Project is designed to identify high-potential talent and cultivate mid-level managers who pursue excellence and have multi-faceted skills. By means of the 721 Learning and Development Model, the project focuses on the implementation and transformation of training, thereby comprehensively improving the operation- and personnel-management capabilities of mid-level managers. Since 2018, a total of 82 trainees have participated in the Sateri Eagle Project. Half of the trainees have been promoted in the past three years, and their career paths have expanded both horizontally and vertically.



Sateri launched the Future Leaders Programme (FLP) for experienced managers and deputy managers, to help them develop into senior managers over a period of four to six years. This programme was taught by the Company's internal experts and professors from Nanyang Technological University, adopting the 721 Learning and Development Model. Students are provided with leading-edge courses and tutoring mechanisms and are subsequently set challenging tasks to enable them to apply their newly acquired professional skills. Over the past five years, multiple FLP trainees have been promoted and have taken on core responsibilities.

Fostering Sustainable Philosophy

While cultivating professional skills, we also integrate the sustainability philosophy into our employee training activities. The aim is to inspire employees to think about '3060' carbon peaking and carbon neutrality goals and other topics and, in so doing, promote long-term behavioural change so that employees become partners along our path towards sustainable development. In 2022, the 14th "Tao of Sateri Forum" focused on the topic of climate change. We targeted 183 students and systematically imparted carbon-related knowledge. We also introduced the Company's carbon-neutral products and the achievements of our carbon management plan, helping them gain a deeper understanding of how the Company is advancing in its low-carbon development and working towards its '3060' carbon peaking and carbon neutrality goals.

Prioritising Personalised Employee Growth

Sateri's talent cultivation system will increasingly focus on the growing needs of employees, which will guide the training direction. In 2022, we actively carried out an "Employee Value Survey" to identify employees' concerns regarding personal career development and to learn what they expect from the Company. The most prevalent needs identified were improvements in performance management, management by wandering around, and upward communication. The Sateri Learning Institute has formulated targeted training plans in response to these requests. We will continue to listen to the needs of employees and develop more personalised and diversified training programs, to help employees leverage their unique strengths and foster Sateri's sustainable development.

Health, Safety and Well-Being

The health, safety, and well-being of employees are crucial if companies are to maintain productivity and achieve long-term stability and growth. Sateri continues to improve health protection measures and to provide employees with a variety of benefits. Specifically, we keep looking at ways to improve our employees' quality of life and happiness, and share the benefits of our achievements with them. In this way, we aim to achieve a win-win situation that benefits both employees and the Company.



Health and Safety

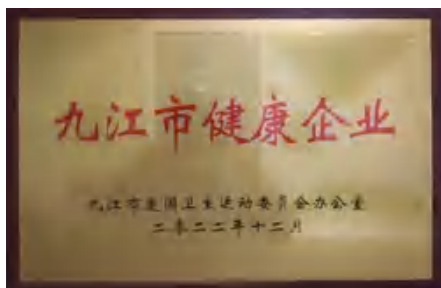
One of the visions set out in Sateri's sustainable development strategy is caring for people. As such, the health, and safety of employees are a priority. We have established a safety risk prevention and control system, set several health and safety goals through a well-established system and evaluation measures, fully implementing safety responsibility by breaking down targets to the mills. Over the past three years, the total number of accidents in our mills has gradually decreased and have been awarded multiple times, demonstrating the effectiveness of the health and safety work.



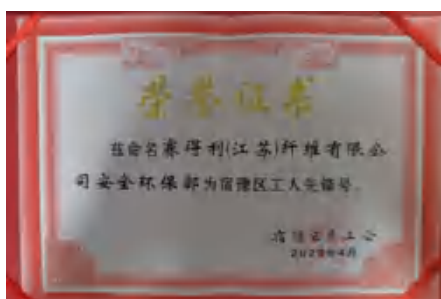
We emphasise that we must do our work diligently, ensure the safety of our employees, and our employees should also assume responsibility for their own safety management. The safety of employees is the foundation of the factory's security.



—Ma Chi, Director of Safety and Environmental Protection Department of Sateri Group



SCN was Awarded the Title of "Health Enterprise of Jiujiang" in Jiangxi Province



SJS Safety and Environment Protection Department Obtained the Award of "Workers Pioneer in Suyu District"

Our Achievements in Health and Safety

100%

Health and safety training coverage rate

100%

Coverage rate of occupational health examinations

167,076 hours

Total hours of occupational health and safety training

0%

Occupational disease incidence rate

To create a health and safety culture, Sateri has implemented management by wandering around as a daily practice. This enables unsafe behaviour and conditions to be identified. At the same time, Sateri urges employees to remain vigilant regarding safety and to be responsible for their own health. We also impart training courses on safe production and occupational disease prevention and control to improve employees' awareness and their ability to look after their own health and safety.



SFJ Launched "Safety Production Month"

During the Safety Production Month in 2022, and in response to the theme of "Compliance with the Safety Production Law as the First Responsible Person," SFJ launched a series of activities on safety production. These were focused on promoting production safety, organising safety training for all employees, and running a safety knowledge competition and comprehensive emergency drills. We also conducted an evaluation activity on dress requirements for contractors to create awareness of production safety and enhance the safety awareness of employees and contractors alike.



Kick-off Meeting of SFJ Safety Production Month



Comprehensive Emergency Drill

In 2022, five of Sateri's viscose mills passed the verification of the Higg Facility Social & Labour Module (FSLM) for the second consecutive year, with average scores of over 80%, which demonstrates Sateri's commitment to safe and fair social and labour conditions.



During the Safety Production Month, SCN's Emergency Team Conducted Safety Drills Using Their Own Firefighting Vehicles



Sateri Launched the 2022 Publicity Week for the Law on the Prevention and Control of Occupational Diseases

To promote awareness of the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, Sateri launched a publicity week on the theme of "All for the Health of Workers." During the activity, we actively promoted the occupational health management experience of each mill, and organised relevant publicity activities such as occupational disease diagnosis and identification, and work-related injury insurance. We also focused on occupational health-related publicity and carried out training activities to effectively improve employees' awareness and ability regarding occupational health and self-protection.



Publicity Week for the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases

Sateri mills keep improving safety equipment and facilities to reduce the impact of factory operations on the environment, and safeguard employees' health and safety. In 2022, SCN successfully reduced noise levels from 100 decibels to 85 decibels by installing sound-insulating glass in the mill and implemented measures such as replacing filter windows with mosquito screens and increasing axial flow fans to effectively reduce the impact of high temperatures on employees.

At the same time, we also attach great importance to the health and safety of contractors. Drawing on past experiences, we have implemented a dual-prevention mechanism of safety risk classification and control, as well as identifying and addressing hidden dangers. We have also increased investment in safe production and strengthened the safety supervision of contracting units.

In 2022, the COVID-19 pandemic had a profound impact on our production and operation. To proactively respond to the pandemic, Sateri adjusted its focus on pandemic prevention and control in accordance with national policies, developed relevant plans, and responded in a timely and efficient manner to mitigate the risks of the pandemic.

Employee Well-being

It is important for Sateri to ensure the well-being of employees. Among other things, it creates a sense of belonging and motivates employees to grow. Sateri strives to support employees in their lives and to help them advance professionally. We offer competitive remuneration and performance incentives, and a variety of employee benefits that fully recognise the contribution of our employees to the Company and our shared values.



SJS Held Birthday Parties for Employees

From March to May 2022, SJS held a series of birthday parties for more than 100 employees. There were food and games to enhance a sense of belonging.



Birthday party for employees in SJS

Devoted to Social Development

As a responsible enterprise, Sateri strives to address society's most urgent challenges and maximise its positive impact. This we do in collaboration with stakeholders and with maximum respect for the environment. In 2022, we adhered to the social responsibility concept of 3E (i.e., Education Support, Competence Empowerment, and Community Enhancement) and strived to create a social environment that promotes inclusive growth for all.



The Company, in fulfilling its social obligations, places a strong emphasis on the growth of individuals and their sustainable development. It persistently seeks to establish a new framework for corporate development through the embodiment of social responsibility.



—Hu Zuoyan, General Manager of Public Affairs in Jiujiang Region

Education Support

The unequal distribution of education resources is a major obstacle to achieving long-term social equality and inclusiveness. To expand the opportunities for the next generation in regards to access to education resources, and to create an environment that promotes inclusive growth, Sateri has made supporting education one of its core social responsibility commitments. In 2022, which incidentally marks the 16th anniversary of the establishment of the Sateri Education Bursary, the bursary supported nearly 6,000 students from low-income families and invested a total of 2.6 million yuan.

15,415 person-times

The beneficiaries of the Education Support projects

Supporting the Descendants of Red Martyrs

Xiushui County in Jiangxi Province is a famous revolutionary district in China, where many descendants of Red Martyrs are still living in poverty. In 2022, Sateri established the country's first-ever martyr descendant support fund in Xiushui County, donating 100,000 yuan annually to assist 100 descendants of martyrs who are academically excellent but face financial difficulties. This will reduce obstacles to their education and support their growth.



The assistance made us feel acknowledged and brought us a sense of care, motivating us to embrace our revolutionary heritage and strive for progress.



—Student representative who is the descendant of a martyr from Xiushui County, Jiujiang City, Jiangxi Province



Donation ceremony of "Sateri-Xiushui County 'Descendants of Red Martyrs' Support Fund"

Promoting the Intangible Cultural Heritage of China

Intangible cultural heritage serves as a precious embodiment of Chinese traditional culture. We support the next generation in embracing intangible cultural heritage and preserving the legacy of our traditional culture. The "Sateri Public Welfare Third Classroom" for intangible cultural heritage brought cultural activities to primary and secondary school students in Jiujiang City to enhance their awareness of traditional Chinese culture and to ensure its preservation.



Students Experience Traditional Handicrafts

Developing A Campus that Embraces the Culture of Reading

Encouraging widespread reading among the population is a crucial means to elevate the educational level of citizens and acquire knowledge extensively. In response to the national call to "build a China of avid readers and advocate nation-wide reading" in 2016, Sateri carried out a series called "Sateri-Happy Library Programme". For seven consecutive years, we have donated age-appropriate books to primary and secondary schools in rural areas of Bei'an county of Putian City. In 2021-2022, we invited professional organisations, experts, and used monthly guiding figures from Putian City to help teachers enhance their reading instruction skills. Additionally, we created a positive reading atmosphere and boosted students' reading motivation through various campus activities such as student reading competitions and "Volunteer Reading Buddies."



The 7th "Sateri-Happy Library Programme"



Sateri's "Volunteer Reading Buddies"

Caring for Children in Difficulties

Sateri initiated the "Sateri Dream Transformer+" project in collaboration with the Hukou Civil Affairs Bureau of Jiujiang City. A total of RMB 100,000 was raised for the project, with Sateri contributing RMB 50,000. In response to the poor learning environment faced by disadvantaged students in Hukou County, volunteers were organised to help improve and transform a bedroom. This involved tasks such as wall scraping, lighting upgrades, floor renovations, and the purchase of beds, desks, wardrobes, and other furnishings. Through the transformation, Sateri aimed to improve the learning environment for the students, providing them with a warm and caring home atmosphere.

After the completion of the project, the beneficiaries were included in the "Sateri Dream Transformer 1+6 Care System" (Warm Winter Plan, Academic Tutoring, Children's Day Wishes, Summer Classroom, Psychological Counselling, and Joyful Reading Program). This comprehensive care system enabled the children to focus on their studies, live a secure life, pursue their dreams, and embark on a brave journey.

The "Sateri Summer Tuition-Free Classroom" project was jointly organised by SFJ, the Organisation Department of Meizhou Wanbei'an Economic Development Zone and the Dongpu Town Government in Putian City. It was aimed at addressing the issue of unsupervised children during the summer break, particularly for left-behind children in the communities. The project established summer classes in two communities, Dongwu and Xishan, providing educational support through 60 tuition-free classes. With a warm and safe environment, as well as a diverse range of activities, the project offered an enjoyable and meaningful summer experience for the left-behind children in the communities.

RMB 100,000

Fundraising amounts to

2

Summer Classes

60

Tuition-free Classes

Nearly 100 children in the community enrolled in the 2022 Summer Tuition-Free Classroom. Xu Jiansuan, Deputy Secretary of the Party Committee of Dongpu Town, said at the opening ceremony that the class held in Dongwu last year with SFJ had achieved good results. This year, both parties held the class together again as scheduled with careful preparations. Furthermore, the investment has been increased to include more children who can benefit from it. The government and Sateri, together, will carry forward the spirit of caring for the community.



The Opening Ceremony of "Sateri Summer Tuition-Free Classroom"



The Display of Our Achievements

Helping to Build a Mental Health Education System

Sateri invited experts from the Chinese Academy of Sciences' Institute of Psychology to design the "School Psychological Health Care Programme of the Lianxi District" and provided specialist training to 65 teachers. This project has contributed to the healthy development of children by improving teachers' understanding of children's psychology.



Official Project Launch



Expert Teaching Professional Skills

Competence Empowerment

Extreme weather, ecological degradation and natural disasters are exacerbating the living conditions of rural residents. Sateri is using its leverage to expand opportunities for rural residents and enhance the resilience of rural communities. We continue to participate in the Poyang Lake Wetland and migratory bird protection projects, as well as various rural industrial revitalisation initiatives to provide sustainable living plans for local communities. At the same time, Sateri relies on its experience and resources to carry out empowerment projects in cities to stimulate a vibrant economy and promote the development of urban culture and sports.

3,350

person-times

The beneficiaries of the Competence Empowerment projects

Ecological Protection and Sustainable Livelihood

The Duchang Bird Sanctuary, a provincial-level nature reserve for migratory birds, is located in the northern part of Poyang Lake. However, the reserve is facing numerous challenges. In 2020, Sateri partnered with the Conservation International and the Maying Lake Wild Goose Protection Association to launch the "Sustainable Community Pioneer Project" pilot in Zhangshuxu Village, aimed at developing it into a "bird village" with a theme of "birdwatching and wetland bird natural education".



Distribution of Natural Resources and Birding Guide Map of Maying Lake, designed by Zeng Juanli

“

Proper preservation of migratory birds can bring economic benefits to the local community, fostering greater enthusiasm among our community-based bird protectors and facilitating the smooth operation of bird conservation efforts.

”

——Xu Xiaohua, Head of Maying Lake Wild Goose Protection Association



Sateri Assisted in the Opening of "Manman Yuzhuang" Farmstay

Zhangshuxu Village is home to a traditional residence with distinctive features unique to the Poyang Lake region. Our project team carried out a comprehensive renovation of the residence and it now functions as a library, exhibition hall, museum, conference room, and classroom. We have named it the "Migratory Birds Library" and it has become an important vehicle for ecological protection projects and a showcase for Poyang Lake, attracting more visitors to Zhangshuxu Village. From this starting point, this project developed the "Bird IP (Intellectual Property)" from a variety of aspects. This has helped promote the development of local tourism. In fact, two individuals have already been assisted to register their businesses, which will provide sustainable livelihoods for community residents. The new pilot programme for Kangshan Community will integrate natural, cultural, historical, and folk resources to further develop alternative economies. The aim is to encourage a greater number of enterprises, social organisations, and the general public to participate in wetland conservation efforts. We wish to plot a sustainable development path that combines ecological protection with rural revitalisation.



Artist Creating "Maying Lake Travelling Troupe" for Maying Lake IP ©Zhengguo Design



The Story of Poyang Lake

Safeguarding the Habitat of the Chinese White Dolphins

The Lianxi District Jiangtun Patrol Team was established in 2017 and is the only non-governmental organisation dedicated to the protection of the Chinese white dolphins in Lianxi District. They are responsible for patrolling the approximately 55 kilometres stretch of the Yangtze River and Poyang Lake waters in the district. Due to limited funding, the patrol team has very few transportation resources, with only one van available for land patrols. During the dry season when the water level of Poyang Lake is low, illegal fishing activities along the lake shore pose a significant threat to the survival of the Chinese white dolphins. However, due to the long distance from the shoreline to the road and the limited mobility of the van, it becomes challenging for the patrol members to effectively address these illegal activities. The acquisition of a batch of off-road motorcycles has been a long-held hope for them. In response to this need, Sateri has donated off-road motorcycles, specifically for the patrol team, and has also facilitated the construction of outdoor billboards to enhance their patrol capabilities and promotional outreach. These efforts will contribute to protecting the survival environment of the Chinese white dolphins.



Sateri Donated Patrol Equipment to the Lianxi District Jiangtun Patrol Team

The Kangshan Jiangtun Patrol Team, initiated by retired fishermen from Kangshan Township in Yugan County, Shangrao City, Jiangxi Province, is a grassroots wildlife conservation group deeply rooted in the local community. It operates in Jiangxi and surrounding provinces, with retired fishermen as the main members and young volunteers from both within and outside the province providing collaborative support. In collaboration with the Conservation International, Sateri has established a special project to support the daily patrol work of the team. They monitor the activities of Chinese white dolphins and migratory birds, assist relevant authorities in detecting and addressing issues such as illegal fishing and bird poaching in the lake area. The project provides the patrol team with specialised equipment such as computers, binoculars, and drones, expands their horizons and awareness through to comprehensive and training, etc. This enhances their management and patrol capabilities, leading to comprehensive and systematic professional development of the patrol team. The Kangshan Jiangtun Patrol Team has become an important force in local conservation efforts. Over the past year, they have discovered and recorded six species of nationally protected animals, totalling 3,808 observations, and four species of second-level protected animals, totalling 181,245 observations.



©Kangshan Jiangtun Patrol Team, Yuan Wenbin



Daily Patrol of the Kangshan Jiangtun Patrol Team

Empowering Rural Industrial Revitalisation

To support rural revitalisation efforts, Sateri has been involved in public welfare projects in Hukou County and Duchang County of Jiangxi Province over the last three years. The aim is to help local farmers improve their production skills and enhance their development and value creation capabilities. Our projects have benefited 643 low-income households and empowered 7 village collective co-operatives.

Commencing with the Limin Chicken Programme, we continue to invest in this project to extend its reach and promote industrial development. In 2022, the Limin Chicken incubation base was officially unveiled in Huangcun Town. The aim is to create a Limin Chicken industrial chain that integrates incubation, cultivation, and ecological breeding; marketing, sales, and brand promotion. We hope to encourage more villagers to participate, thereby harnessing local driving forces for rural development.



Bringing Benefits to Farmers



Official Unveiling of the Limin Chicken Incubation Base

Professional Capacity Building

Sateri has a solid foundation in industry-university-research co-operation. While promoting innovation in scientific research, we share cutting-edge insights in the industry with college students and contribute to the development of local talent. In 2022, we collaborated with the Environmental Safety Department of Nanchang University to provide students with education in related sectors, effectively enhancing their awareness of the latest industry advancements and equipping them with the necessary knowledge and confidence to enter the workplace.



University Student Internship and Practical Training Base

Community Enhancement

Community care is a vital factor in promoting the well-being of residents and social development. Sateri is deeply rooted in the community and actively takes action to improve the livelihoods of community members. We show care and support for elderly individuals living alone, left-behind children, and differently-abled children. Additionally, we organise diverse community cultural activities to contribute to the development of the community and create a harmonious and nurturing environment.

3,821 person-times

The beneficiaries of the Community Enhancement projects

Caring for the Elderly in the Community

To promote the traditional teachings and care for the elderly in the community, Sateri has organised the "Sateri Filial Piety Cultural Festival" in Lianxi District and Hukou County of Jiujiang City since 2018. During the festival, we provide cultural experiences such as Huangmei Opera performances for the elderly, as well as a range of public services including "Family Memories Station," "Free Medical Check-ups," "Free Appliance Repair," "Pitching Games," and "Rewards for Subscribing."



A Diverse Range of Community Activities

Enriching the Cultural Lives in the Community

The "Sateri Charity Film Festival" serves as a platform that brings diverse cultural experiences to community residents through the medium of film. In 2022, the festival visited various locations, including Liufang Village in Hukou County, Wangchang Village in Wushan Town, Yuanming Community in Junqiao Town, Xintang Community in Maying Town, Xishan Village in Huangcun Town, Hubin Community in Xunyang District, and 8 new cultural service centres in Gutan Town of Lianxi District – reaching over 2,200 residents.



"Sateri Charity Film Festival" Enriching the Cultural Lives in the Community

Promoting Environmental Participation

Our commitment to environmental protection goes beyond our products and value chain. It is also reflected in the active engagement of our employees. We believe that environmental protection requires individual participation. Therefore, we organise a series of environmental activities to cultivate environmental awareness among our employees and the community, providing them with more opportunities to get involved in environmental conservation.



Demonstrating a Clean and Beautiful World to Children

On World Environment Day, Sateri launched the "Building a Clean and Beautiful World" campaign in which our employees explained concepts such as waste classification, green transportation, and water conservation to the public. Through creative, lively activities such as "turning waste into treasure" and "environmental painting" games, employees interacted with the public stressing the need for joint environmental action.

Our employees also visited communities and parks to participate in garbage collection, removing invasive species, and sorting activities, thereby safeguarding our home through actions.



Active Participation in Environmental Protection

On the same day, SFJ also collaborated with the Environment Protection Commission Office of the Meizhou Bay North Bank Economic Development Zone and the Ecological Environment Bureau of the North Bank in Putian City to organise a cycling event 'Building a Clean and Beautiful North Bank' to promote environmental awareness and engagement. Our employees and community volunteers participated in this event by cycling, advocating for reducing energy consumption and carbon emissions. They visited community markets, squares, and households to raise environmental awareness and promote green consumption, advocating for a lifestyle that embraces green and low-carbon practices. The event aimed to inspire the community members to take collective action in building a clean and green North Bank home.



Community Environmental Awareness Campaign

Promoting the Development of Sports

The 16th Games of Jiangxi Province, with the slogan "The Future is Here", embodies the confidence, openness, and spirit of the people of Jiangxi. The emblem of the Games, "Soaring", represents Jiangxi's spirit of "leaping over", symbolising the province's progress and ambition to overcome challenges and reach new heights. As one of the first contracted cooperating enterprises of the Games, Sateri is committed to responsible production and social welfare. We have donated RMB 10 million to support the Games and contribute to the development of sports in Jiangxi province.



The Countdown to the 16th Games of Jiangxi Province



Signing Ceremony for the First Batch of Cooperating Enterprises for the 16th Games of Jiangxi Province

Promoting Positive Social Values

The "Sateri Firefighters Hero Award" is the first public award in Jiangxi Province that recognises and honours "ordinary civilian firefighting heroes." Jointly initiated by Sateri and the Municipal Fire and Rescue Brigade, the award aims to identify, promote, and reward individuals who actively participate in fire prevention and control work in their daily duties. These individuals bravely face fires at the early stages, utilising their skills to independently or collaboratively combat fires, making significant contributions to preventing fire spread and protecting the lives and properties of people. The award is divided into three categories: gold, silver, and bronze medals, with cash rewards of RMB 5,000, RMB 2,000, and RMB 1,000 respectively for each awarded event. As of December 31st, we have presented certificates and monetary awards to 55 firefighting heroes in recognition of their outstanding contributions in 27 different incidents.



"Sateri Firefighters Hero Award"

Ensuring Stable Market Supply during the Pandemic

In 2022, Sateri, in line with China's pandemic prevention and control requirements, formulated scientific production plans to ensure continuity of production. Thousands of employees assumed responsibility for ensuring supply, successfully stabilising the market.



Our Employees on the Frontline



Ensuring Mill Operation during the Pandemic

Employee Volunteer Service

Over the years, Sateri has actively organised employee volunteers from various locations to engage in continuous public service activities such as environmental protection, education support, and community enhancement. We have also explored volunteer empowerment and the construction of volunteer service brands. Currently, all six Sateri mills have established volunteer associations and management committees. Through an online management system and corresponding volunteer incentive mechanisms, we strive to keep local employee volunteers energised and creative.



16,086_{hours}

the total volunteering hours of Sateri reached

109%

increase compared to the previous year



In 2022, the total volunteering hours of Sateri reached 16,086 hours, a 109% increase compared to the previous year. Sateri volunteers actively contribute their time and efforts, demonstrating the spirit of "dedication, friendship, mutual assistance, and progress".

In 2022, at the Third Zhumengzhe Philanthropy Conference hosted by Southern Weekly, the *China Corporate Volunteer Service Brand Observation Report (2021-2022)* was officially released. SCN and SFJ were ranked 12th and 24th, respectively, on the "Top 25 Corporate Volunteer Service Brand List for 2022."

排名	企业名称
1	阿里巴巴集团
2	腾讯控股
3	京东集团
4	美团
5	拼多多
6	携程集团
7	百度
8	网易
9	小米集团
10	华为
11	顺丰控股
12	赛得利 (中国) 纤维有限公司
13	京东集团
14	美团
15	拼多多
16	携程集团
17	百度
18	网易
19	小米集团
20	华为
21	顺丰控股
22	赛得利 (中国) 纤维有限公司
23	赛得利 (中国) 纤维有限公司
24	赛得利 (中国) 纤维有限公司
25	赛得利 (中国) 纤维有限公司



Looking into 2023

The increasingly prominent global social and environmental issues pose urgent challenges for human sustainable development. Guided by our Vision 2030, Sateri is committed to fostering shared development and values with employees, suppliers, and the community, together addressing pressing challenges to promote sustainable development.

In the future, we will continue promoting a diverse and inclusive culture that encourages employees to contribute to the industry's development with their unique perspectives and experience. To fully unleash employee potential, we will further develop a personalised talent development system, track employees' learning progress, and support the consolidation of their newly acquired knowledge and skills. As a corporate citizen, we will carry out a series of activities based on the 3E social responsibility concept, diversify and sustain our social welfare initiatives, contributing to the growth of social well-being.



05





MANAGEMENT APPROACH



Stakeholder Engagement

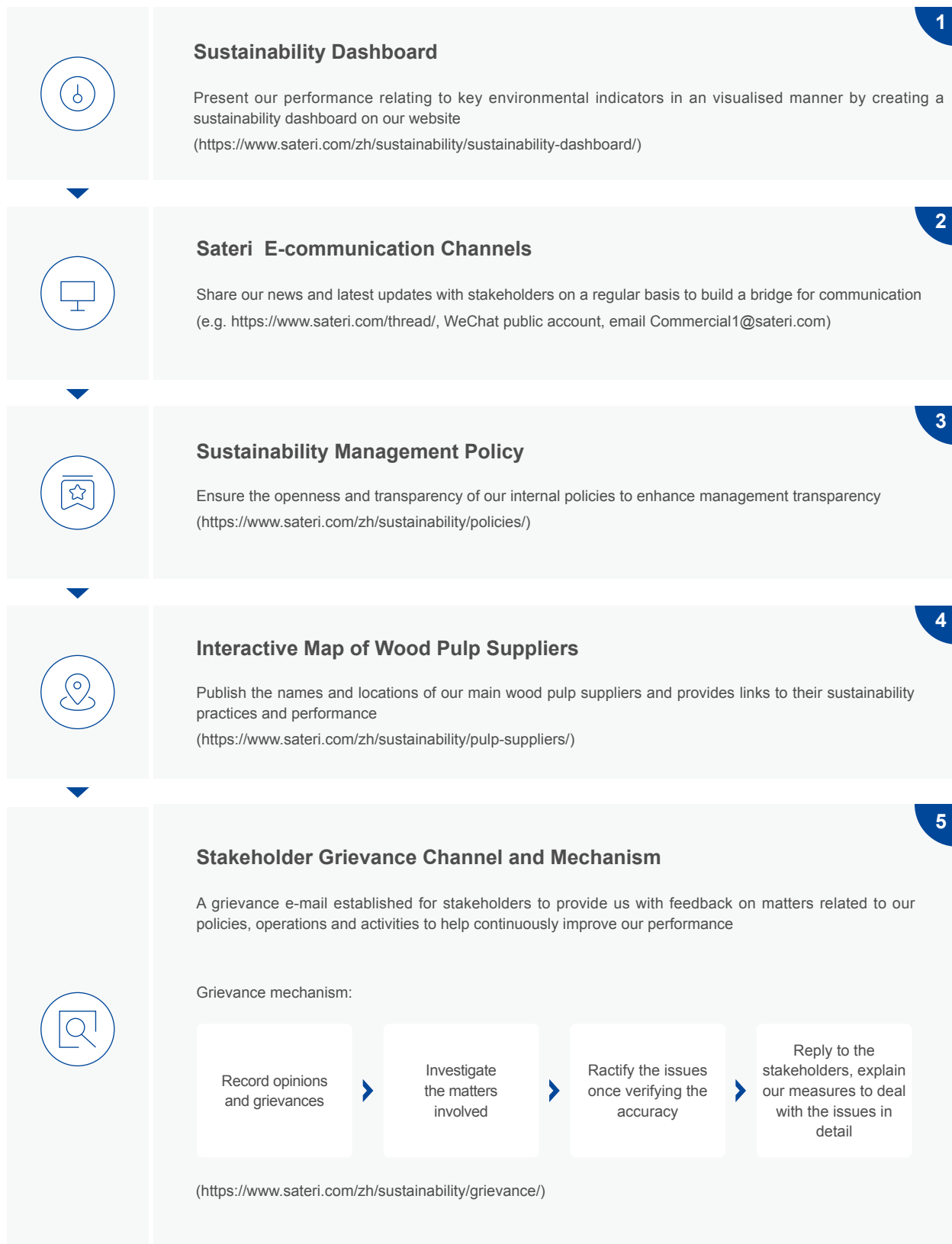
Sateri is committed to fostering the consensus of stakeholders on the path of sustainable development, actively identifying the needs and expectations of stakeholders, and responding to their concerns through diversified channels to promote the communication with stakeholders.



Stakeholder	Issues of Interest	Channels of Communication and Response	Stakeholder Representatives
 Government	<ul style="list-style-type: none"> Climate change mitigation Protection of biodiversity Energy management and use of new energy Resource management and circularity Emission management Product quality and safety Sustainability of the supply chain Occupational health and safety Community empowerment 	<ul style="list-style-type: none"> Environmental and safety supervision, audit and management Disclosure of pollutant discharge data Participation in the formulation of industry standards 	<ul style="list-style-type: none"> Central government Local regulatory authorities
 Business Operators and Investors	<ul style="list-style-type: none"> Climate change mitigation Energy management and use of new energy Sustainability of supply chain Product quality and safety Product R&D and innovation Compliance and risk management Business ethics and integrity 	<ul style="list-style-type: none"> Work meetings, seminars Official website, corporate publications Email, telephone and social media 	<ul style="list-style-type: none"> Senior Management at Sateri Investors
 Employees	<ul style="list-style-type: none"> Equality, diversity and inclusion Employee training and development Occupational health and safety 	<ul style="list-style-type: none"> Work meetings, training Staff congress activities, team activities Official website, corporate publications Email, phone, and social media such as WeChat Various recruitment activities 	<ul style="list-style-type: none"> Sateri Employees
 Suppliers or Contractors	<ul style="list-style-type: none"> Sustainable raw material Sustainability of supply chain Equality, diversity and inclusion Occupational health and safety Business ethics and integrity 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Dissolving pulp suppliers Suppliers of other materials such as chemicals

Stakeholder	Issues of Interest	Channels of Communication and Response	Stakeholder Representatives
 Downstream Partners (Clients)	<ul style="list-style-type: none"> Sustainable raw material Sustainability of supply chain Resource management and circularity Product quality and safety Product R&D and innovation Responsible marketing Value chain collaboration 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Yarn and fabric companies Fashion brands Personal care brands
 NGOs/Media/ Industry Associations	<ul style="list-style-type: none"> Climate change mitigation Protection of biodiversity Energy management and use of new energy Sustainable raw material Resource management and circularity Waste management Equality, diversity and inclusion Community empowerment 	<ul style="list-style-type: none"> 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 formulation of industry standards Sustainability Report Product exhibitions and industry seminars Regular communication via meeting, email and telephone 	<ul style="list-style-type: none"> Non-government organisations, such as Changing Markets Foundation (CMF) and Canopy, etc. 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.
 Surrounding Communities	<ul style="list-style-type: none"> Emission management Community empowerment 	<ul style="list-style-type: none"> Community visits Public open day Public mailbox for complaints and feedback Community engagement activities and daily communication 	<ul style="list-style-type: none"> Communities and residents in the areas around Sateri's operations
 Academic and Research Institutions	<ul style="list-style-type: none"> Climate change mitigation Protection of biodiversity Product R&D and innovation 	<ul style="list-style-type: none"> Joint R&D mechanism and strategic cooperation in talent training Academic and industry research reports 	<ul style="list-style-type: none"> China Textile Academy, Donghua University, China Association of Circular Economy (CACE) and other academic research institutions

Our Diverse Communications Channels



Boundaries of Influence for High Importance Issues

Aspects	High-Importance Issues	UN SDGs	Boundaries of Influence			
			Upstream (e.g. suppliers and contractors)	Sateri's Operations	Downstream clients (e.g., downstream spinning mills and brands)	End consumers
Environmental	Climate Change Mitigation					
	Protection of Biodiversity	 				
	Energy Management and Use of New Energy	 				
	Sustainable raw material					
Social	Product Quality and Safety	 				
	Sustainability of Supply Chain					
	Product R&D and Innovation	 				
	Equality, Diversity and Inclusion	 				
	Employee Training and Development	 				
Governance	Compliance and Risk Management	 				
	Business Ethics and Integrity	 				

Environmental Management

Environmental Management System

Sateri integrates its sustainability philosophy into every aspect of production and operation, striving to minimise its impact on the environment. We have established an Environment, Health, and Safety (EHS) Committee, and formulated regulations such as the *Regulations on the Management of New, Expansion and Remodelling Projects*, the *Environmental Risk Emergency Response Plan*, the *Environmental Monitoring Programme*, *Emergency Response and Preparation Control Plan for Effluent Treatment Plants*, and the *Plan for Handling Power Plant Flue Gas Online Data Anomalies*. We continuously improve and adjust our management system in accordance with international standards, national laws and regulations, and industry standards, to provide mechanism guarantee for closed loop production. We attach great importance to environmental risk management. We conduct testing on various pollutants, conduct internal and external audits, and identify potential environmental issues. Based on this, we systematically analyse the problems and jointly research solutions through regular operational review meetings.



Climate and Ecological Environment

■ Climate Change Mitigation

- ① Formulate detailed short-term, medium-term and long-term climate change strategies and plans to guide our daily production and operation activities.
- ② To maintain resilience in the face of the global climate crisis, establish a three-stage risk management system.
 - In the risk identification stage, conduct an in-depth analysis of potential risks associated with various trends based on the disclosure framework of the Task Force on Climate-related Financial Disclosures (TCFD).
 - During the risk assessment phase, the probability and severity of potential risks are fully considered to adjust the focus of risk response work accordingly.
 - In the risk control process, specific departments provide recommendations on our risk reduction policies and special actions, which effectively guide relevant work.

■ Ecosystem Protection

Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative was included in the annual work plan, setting project objectives, clarifying work priorities, and comprehensively guiding the ecological environmental protection work for the year.



Resources and Energy

■ Water resources Management

- ① Strictly comply with national and local water resource-related laws and regulations, and do not construct or operate production facilities in water-scarce areas.
- ② In 2022, lay the foundation for our water resources management system through data collection, stakeholder communication, and other measures.

■ Chemical Management

We have established a comprehensive closed-loop management system for chemicals, guided by international certifications and standards. Strict control measures are implemented in procurement, transportation, use, storage, and disposal to ensure safety in all stages and the efficient utilisation of chemicals.

■ Energy Management

- ① Continuously strengthen energy management control by developing internal procedures such as the *Control Procedures for Energy Management Review*, the *Control Procedures for Energy Management Implementation Plans* and the *Control Procedures for Energy Use and Operation*.
- ② Actively introduce intelligent energy management systems to improve energy management efficiency.



Emission Management

■ Air Pollutant Management

We have conducted a comprehensive investigation of atmospheric pollutant emissions sources and specific categories. Through measures such as equipment modification, process optimisation, efficiency improvement, regular testing, and supervision, we effectively reduce atmospheric pollutant emissions.

■ Solid Waste Management

We have developed strict management systems for hazardous waste, established solid waste management responsibilities, and implemented management responsibilities at all levels. Targeted treatment methods are used for general solid waste, hazardous waste, and municipal solid waste to minimise the impact of solid waste on the environment.

Our Climate Risk Identification, Assessment and Control

Risk Type	Examples of Risks	Impact Intensity	Current Frequency	Examples	Control Measures
Existing laws and regulations	China National Emissions Trading Scheme (China National ETS)	Strong	High	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, management departments engage a third party to participate in the auditing of GHG emissions each year, to ensure the authenticity of GHG emissions data.
Newly enacted laws and regulations in 2022	<p>The Ministry of Industry and Information Technology of the People's Republic of China and other three ministries and commissions issued the <i>Notice on Issuing the Implementation Plan for Carbon Peak in the Industrial Sector</i></p> <p>Actively formulate the implementation plan for carbon peaking at the local level</p> <p>New requirements on sustainability information disclosure within the global community</p>	Strong	Medium	<p>The <i>Notice on Issuing the Implementation Plan for Carbon Peak in the Industrial Sector</i> states that low-carbon technological transformation in the textile industry, low-carbon management in the supply chain, lifecycle management, collaborative low-carbon development, textile recycling, and differentiated high-quality green fibre production are the key areas for implementing carbon peaking in the industrial sector.</p> <p>The provinces where Sateri mills are located, namely Jiangsu, Jiangxi, and Shandong, have already issued implementation plans for carbon peaking, which identify key tasks such as energy conservation and low-carbon transformation, promoting the circular economy to reduce carbon emissions, and enhancing corporate initiative in reducing carbon emissions.</p> <p>The European Council, the highest decision-making body of the European Union, passed and signed the <i>Corporate Sustainability Reporting Directive</i> (CSRD), requiring companies to strengthen the identification and management of supply chain sustainability risks. If Sateri expands into the European market, the downstream companies may have stricter controls on supply chain climate risks. If we do not act, our market performance will be affected.</p>	<p>We rely on the R&D foundation of low-carbon and circular products, closely monitor market demand, and strive to improve the cost-effectiveness of our product R&D and production.</p> <p>We organise the utility departments of each factory to conduct risk assessments, invite experts to explore the feasibility of clean energy replacement solutions and technological transformation, and work with industry associations to jointly explore circular industry paths, aiming to promote low-carbon and circular development while controlling costs and ensuring efficiency.</p>
Legal	Local regulatory requirements of Sateri factories	Strong	High	All viscose mills are equipped with in-house power plants that supply steam and electricity for production. Given China's carbon neutrality goal and increasingly stringent air pollution control, there are potential compliance risks associated with the operation of in-house power plants.	The legal and operations teams regularly update and implement action plans in line with new regulations to avoid non-compliant activities.
Market	<p>Demand for zero-carbon products</p> <p>Fashion brands set value chain climate and energy targets</p>	Medium	Low	<p>The increasing demand of consumers and clients for low-carbon and circular products, if not met, will impact our future market share.</p> <p>Additionally, leading international fashion brands have extended their climate and energy goals to the upstream of their value chains, urging suppliers to enhance carbon reduction efforts and requiring adjustments to the energy structure of certain suppliers.</p>	<p>The marketing, sustainable development, CI, and R&D departments work closely together to jointly develop low-carbon fibre products. We have successfully launched the FINEX™ brand of circular regenerated fibres made from waste textiles as raw materials, achieving commercial production with 50% recycled content. We have also introduced three zero-carbon products to fully meet market demand.</p> <p>We will continue to promote climate change strategies and planning, explore use of new energy sources, continuously optimise our energy structure, strive to meet customer requirements, and reduce potential market risks.</p>

Risk Type	Examples of Risks	Impact Intensity	Current Frequency	Examples	Control Measures
Reputation	Company reputation impact	Weak	Low	<p>The 27th Conference of the <i>Contracting Parties to the United Nations Framework Convention on Climate Change</i> (COP27) and the 20th National Congress of the Communist Party of China have both emphasised the importance of climate change mitigation. As a result, stakeholders, such as, regulatory agencies, the public, and the media, have increasingly focused on corporate performance related to climate change and energy transformation, and have taken measures such as negative information disclosure and news reporting to strengthen supervision of corporations.</p> <p>Failure to meet the expectations of stakeholders regarding a company's performance related to climate change, inability to effectively communicate with stakeholders, or negative events that contradict sustainable principles may have a negative impact on Sateri's reputation.</p>	<p>The Sustainable Development Department directly evaluates and manages this risk, with support from the Public Relations Department.</p> <p>We help stakeholders fully understand our climate change response measures and achievements through diverse communication channels and proactive disclosure of climate and energy-related data and practices, striving to minimise reputation risks.</p>
Extreme weather events	<p>Typhoon</p> <p>Flood</p> <p>Drone</p>	Strong	Medium	<p>Our mill located in Fujian is often affected by typhoons, which could potentially be negatively impacted.</p> <p>In addition, extreme weather may disrupt the transportation of raw materials and finished products, negatively affecting the stability of our production and operations.</p>	<p>We actively conduct related risk assessments, with the Safety and Environmental Protection Department, Supply Chain Department, and Production team overseeing and managing the serious physical risks associated with extreme weather. The senior management team responsible for business operations ultimately controls these risks. We also develop and update emergency plans and communication plans every quarter based on assessment results.</p>
Chronic physical risks	<p>Changes in precipitation</p> <p>Sea level rise</p> <p>Increase in temperature</p>	Medium	Low	<p>Climate change is altering precipitation patterns worldwide. As Sateri's viscose mills need to rely on surface water for production (i.e. water intake from Fujian Dam and Ji-angxi Lake), the insufficient rainfall caused by climate change will affect the water supply costs and daily operations of each production site, and will also deteriorate our production environment, which in turn affects production efficiency, economic output and the health and safety of employees.</p> <p>Climate change may exacerbate forest degradation, affect the long-term stable supply of wood and its price, and negatively affect our production stability.</p>	<p>The operation team monitors and evaluates the likelihood and degree of impact of the risk. If necessary, we will adjust our production plans.</p> <p>We also continuously strengthen our employee health and safety management and implement various safeguards to provide a safe production environment for employees. These measures will effectively mitigate potential negative impacts caused by chronic physical risks on production efficiency and economic output.</p> <p>We are committed to sustainable dissolving pulp procurement, increasing the use of recycled pulp, and working with stakeholders to support sustainable forest management. By doing so, we actively respond to the potential negative impact of climate change on timber supply and safeguard our production stability.</p>

Social Management

Social Management System

Solid management is a strong guarantee for Sateri to fulfil its social responsibilities. Focusing on the social issues of concern to stakeholders, we timely adjust the focus of our internal system and improve the relevant management system to help us solve the challenges faced by society in a more effective manner.



Business Ethics

① Through an internal review management structure and professional internal audit team, we identify potential problems, formulate targeted improvement plans, and maintain a "zero tolerance" attitude towards serious corruption incidents.

② Establish a mature reporting and complaint mechanism to encourage internal and external stakeholders to report any possible corruption in a timely manner, and implement comprehensive protection measures for whistle-blowers.

③ Adhere to the principle of fair competition, maintain full respect for competitors, jointly promote market vitality with them, and create a good market development environment.



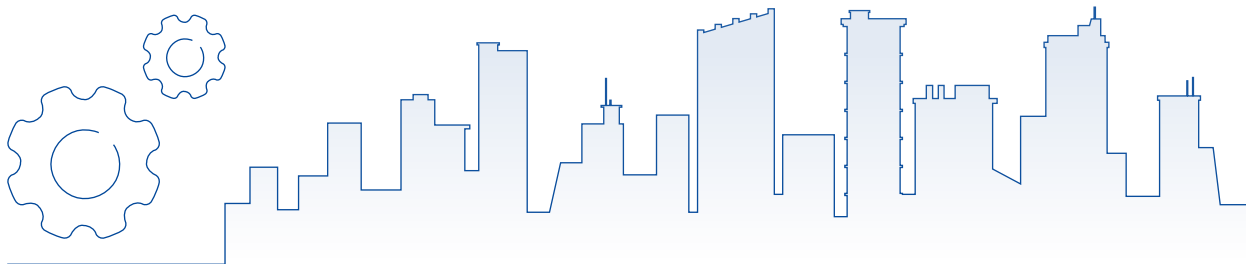
Product Quality and Safety

① Establish a closed loop quality management system, quality management structure and reporting system, and formulate internal management policies such as the *Operation Procedures for Product Inspection*, *Operation Procedures for Product Quality Inspection and Determination*, and *Quality Inspection Management System*.

② Each viscose mill actively implements the quality management representative system and CI continuous reconstruction mechanism to ensure the quality and safety of the whole production process.

③ In order to create excellent product quality and service experience, the Company has formulated the *Technical Service Workflow*, established diversified customer satisfaction survey channels, and continuously optimised service level and quality.

④ Adhere to the use of responsible marketing methods to promote and sell products, always attach importance to the protection of customer information and privacy security, and protect the legitimate rights and interests of consumers and customers.



Equality, Diversity and Inclusion

① Formulate the *Administrative Regulations on Labour Contract and Probation Period* to strictly prohibit the use of child labour, forced labour, or any form of discrimination.

② Support the International Labour Organisation (ILO) *Declaration on Fundamental Principles and Rights at Work*, the *United Nations Universal Declaration of Human Rights* and other international conventions and initiatives, strive to reduce human rights risks in the supply chain and ensure that labour in the supply chain is treated fairly.



Occupational Health and Safety

The Company continuously improves the safety risk prevention management system, strengthens the management of equipment and facilities, and carries out safety culture education to strengthen safety awareness. In the future, digital management will be introduced to continuously improve the efficiency of health and safety management.



Employee Training and Development

In accordance with internal training systems such as the *Training Management Control Procedures*, the *Internal Lecturer Management System* and the *Professional and Technical Personnel Training Management Measures*, the Company has formulated systematic training plans to cultivate employees' technical capabilities and soft skills and provide sustainable talent reserves for the Company.



Supply Chain Management

① Formulate internal policies such as the *Code of Ethics for Procurement*, the *Code of Ethics for Procurement Staff*, the *Code of Ethics for Procurement from Suppliers*, and the *Supplier Selection and Pre-qualification*, and required each procurement staff to sign a code of professional supply with suppliers.

② Conduct environmental and social assessments of suppliers on a regular basis, evaluate suppliers at the entry level, and review various compliance conditions. For existing suppliers, regular review will be conducted. If serious reputation problems or violations are found, co-operation will be terminated in a timely manner.

③ For wood pulp procurement, comprehensive management is carried out in accordance with internal systems such as the *Sustainable Development Framework for Forest, Fibre, Wood Pulp and Paper Products of Golden Eagle Group* and the *Pulp Sourcing Policy*.

Appendix 1: Our Progress on Vision 2030

Vision	UN SDGs	Vision ⁷	Progress in 2022
Climate and Ecosystem Protection	   	<ul style="list-style-type: none"> Achieve Scope 1, 2 net-zero carbon emissions by 2050 Reduce GHG emissions in Scope 1, 2 and 3 by 30% before 2030 (baseline year no earlier than 2015) Support the protection, restoration and regeneration of the land and freshwater ecosystems across our value chain footprint 	<ul style="list-style-type: none"> The cumulative installed capacity of photovoltaic power generation projects added in three factories is approximately 12 megawatts, which can reduce approximately 10,000 tonnes of carbon dioxide annually Unit energy consumption of viscose decreased by 4% year-on-year, continuously outperforming the upper limit of the EU-BAT (Best Available Techniques) standard for five consecutive years Sateri received a B rating in the CDP Climate Change Questionnaire, evaluated by the Carbon Disclosure Project (CDP) as an "Enhanced-level Supporter" 96% of dissolving wood pulp purchased was sourced from certified or controlled plantations The percentage of wood pulp suppliers assessed with environmental and social criteria and the percentage of wood pulp suppliers that have signed the <i>Supplier Code of Ethics</i> both reached 100% Supported the compilation and publication of the first nature education textbook with Poyang Lake conservation as the theme, titled <i>The Fascinating Life of Poyang Lake</i>. The accompanying demonstration courses benefited more than 30 local primary schools and over 1,000 students Launched a new pilot project, as part of the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative, in collaboration with the Conservation International, extending conservation efforts to the entire Poyang Lake region The "Duchang Migratory Bird Nature Reserve Biodiversity Scientific Survey Report" has been reviewed by experts, providing a solid scientific foundation for biodiversity conservation in Poyang Lake Promoted wetland conservation capacity building, empowered over 100 wetland managers from 49 protected areas Participated in the Conference of the Contracting Parties to the Ramsar Convention on Wetlands (COP14), shared the experience of corporate engagement in ecosystem conservation
Closed Loop Production	 	<p>Build a clean and closed loop production system at all viscose mills and deliver on the following targets:</p> <ul style="list-style-type: none"> 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% total sulphur recovery rate by 2025 All viscose mills will achieve zero waste to landfill by 2025 Further reduce Water Intensity beyond EU-BAT level and significantly increase Wastewater Recycling Rate 	<ul style="list-style-type: none"> Sateri's 5 viscose mills have been verified as EU-BAT compliant Sateri conducted biannual testing of the viscose mills' wastewater based on the ZDHC MMCF Wastewater Guidelines, with the majority of the indicators rated good or above Sateri's 6 viscose mills have achieved a continuous reduction in the chemical oxygen demand (COD) emission per unit of product, with an 10% decrease compared to 2021 Sateri's 6 viscose mills have achieved a continuous reduction in the ammonia nitrogen (NH₃-N) emission per unit of product, with a 17% decrease compared to 2021 Sateri's 6 viscose mills have achieved a continuous reduction in the zinc (Zn) emission per unit of product, with a 5% decrease compared to 2021 Sateri's 6 viscose mills have achieved the rate of sodium sulphate recovery of 521 kg per tonne of product Sateri's 6 viscose mills have achieved zero landfilling of general solid waste Sateri's 6 viscose mills have achieved an 8% reduction in per-unit production of general solid waste compared to 2021 Sateri's 6 viscose mills have achieved a 2% reduction in water intensity per unit product compared to 2021 Sateri Lyocell used organic solvents that are non-toxic, non-hazardous and have a 99.7% recycling rate Five viscose mills have passed the Sustainable Apparel Coalition's Higg Facility Environmental Module (FEM) verification for two consecutive years, with an average score of over 80%

⁷ For more information about Sateri's Vision 2030, please visit website: <https://www.sateri.com/zh/sustainability/vision2030/>.

Vision	UN SDGs	Vision ⁷	Progress in 2022
Innovation and Circularity	  	<p>Utilise textile waste and produce viscose products with recycled content:</p> <ul style="list-style-type: none"> Utilise textile waste and produce viscose products with 50% recycled content by 2023 and 100% by 2030 By 2025, 20% of the feedstock sourced will contain alternative or recycled materials 	<ul style="list-style-type: none"> Sateri has filed a total of 66 patent applications, with 56 patents granted. The cumulative number of patent applications currently stands at 361, with a total of 267 patents granted Three of our products have obtained PAS 2060 verification and are now available on the market As the only representative of the regenerated viscose industry, Sateri provided professional advice for the development of 2 standards, <i>Technical Specifications for Waste Textile Sorting Centres</i> and <i>Ecological Recycling Products of Textile Waste</i> FINEX™'s recycled content increased to 50% Initiated a waste cloth recycling pilot
Inclusive Growth	    	<p>Build a safe, healthy and happy workplace for all:</p> <ul style="list-style-type: none"> 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 at management level 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 <p>Build a better life for all through community empowerment and education:</p> <ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Five of Sateri's viscose mills have successfully passed the Higg Facility Social and Labour Module (FSLM) verification for two consecutive years, with an average score exceeding 80%. This fully demonstrates Sateri's value creation in the social and labour domains Female ratio in management positions reached 18%, achieved a YoY growth of 2% Comprehensive training coverage rate of Sateri employees has achieved 100% for three consecutive years. The percentage of Sateri employees receiving regular performance and career development reviews was 100% as well Sateri's health and safety training coverage has achieved 100% for three consecutive years The total duration of volunteer service reached 16,086 hours, representing a YoY growth of 109% Sateri Education Bursary supported a total of nearly 6,000 students from low-income families and invested a total of 2.6 million yuan The number of beneficiaries from the Education Support projects is 15,415 person-times The number of beneficiaries from the Competence Empowerment projects is 3,350 person-times The number of beneficiaries from the Community Enhancement projects is 3,821 person-times Sateri have benefited 643 low-income households and empowered 7 village collective co-operatives

Appendix 2: KPIs

KPI	Unit	2020	2021	2022
Products				
Output				
Viscose fibre	10,000 tonnes	154.9	153.9	173.8
Lyocell	10,000 tonnes	--	2.8	4.4
Spunlace Nonwoven fabric	10,000 tonnes	--	3.1	5.6
Yarn	10,000 tonnes	--	0.8	0.9
Product R&D and Innovation				
Number of patent applications filed in 2022	/	51	60	66
Number of patent grants in 2022	/	27	41	56
Total number of patent applications	/	207	267	361
Total number of patent grants	/	154	195	267
Environmental				
GHG Emissions⁸				
Scope 1	Tonne of CO ₂ equivalent	4,308,646	4,225,644	5,005,617
Scope 2	Tonne of CO ₂ equivalent	234,694	357,783	278,371
Scope 1+2	Tonne of CO ₂ equivalent	4,543,340	4,583,427	5,283,988
Scope 3	Tonne of CO ₂ equivalent	13,000,954	11,615,927	13,410,468
Scope 1 and Scope 2 GHG emission intensity of viscose mills	Tonne of CO ₂ equivalent per tonne of product	2.62	2.34	2.42
Total energy consumption (excluding power plants)	GJ	32,692,249	37,301,257	40,482,803
Energy intensity (excluding power plants) ⁹	GJ per tonne of product	18.95	19.79	18.96
Photovoltaic power generation	kWh	--	522,441	12,471,880
Standard coal saved by photovoltaic power generation ¹⁰	Tonne	--	160	3,767
Carbon dioxide emission reduction through photovoltaic power generation	Tonne	--	435	10,327
Air Emissions¹¹				
SO ₂ of in-house power plants	Tonne	147	107	148
Particles of in-house power plants	Tonne	39	31	28
NO _x of in-house power plants	Tonne	350	377	366
Total sulphur recovery rate of viscose mills	%	97.7	98.0	97.5
Sulphur to air per unit of product of viscose mills	Kg per tonne of product	5.38	4.61	5.72
Water Consumption of Viscose Mills				
Total water consumption	Cubic metre	72,515,918	67,675,775	74,118,841
Surface water, including rivers, lakes and reservoirs	Cubic metre	72,310,679	67,524,625	73,925,583
Municipal water	Cubic metre	205,239	151,150	193,258

⁸ Scope 1 and Scope 2 GHG includes emissions from viscose mills, nonwoven mills, Lyocell Rizhao, Linz Nanjing and SSH. Scope 1 and Scope 2 GHG Emission Intensity of Viscose Mills = Scope 1 and Scope 2 GHG Emission of Viscose Mills/non-converted viscose fibre output.

⁹ Energy intensity = energy consumption of the production process of viscose fibre (excluding energy consumption of power plants)/converted viscose fibre output.

¹⁰ Emission reduction compared with thermal power, emission factor data source: issued by China Electricity Council China's Electric Power Industry Annual Development Report 2022.

¹¹ As 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 2022 Annual Pollution Discharge Permit Execution Report of the viscose mills.

KPI	Unit	2020	2021	2022
Rainwater collection/recycled water from production	Cubic metre	3,288,567	4,371,050	4,804,472
Process water intensity per unit of product ¹²	Cubic metre per tonne of product	34.17	34.03	33.47
Wastewater Discharge of Viscose Mills¹³				
Wastewater discharge	Cubic metre	70,180,317	70,720,905	74,859,611
Rivers and lakes	Cubic metre	57,081,485	56,689,381	62,384,777
Sea	Cubic metre	13,098,832	14,031,524	12,474,834
Total COD emission	Tonne	2,078	2,025	2,065
COD emission per unit of product	Kg per tonne of product	1.47	1.31	1.18
Total NH ₃ -N emission	Tonne	72	49	46
NH ₃ -N emission per unit of product	Kg per tonne of product	0.05	0.03	0.03
Total sulphide emission	Tonne	1	1	2
Sulphide emission per unit of product	Kg per tonne of product	0.001	0.001	0.001
Total zinc (Zn) emission	Tonne	20	12	13
Zn emission per unit of product	Kg per tonne of product	0.014	0.008	0.007
Sodium sulphate recovery	Kg per tonne of product	--	513	521
Solid waste Discharge and Disposal of Viscose Mills				
Total general solid waste	Tonne	1,528,767	884,243	938,934
General solid waste per unit of product ¹⁴	Tonne per tonne of product	0.98	0.57	0.53
Percentage of recycled and reused general solid waste	%	51	70	74
Percentage of general solid waste by energy recovery	%	33	30	26
Percentage of general solid waste sent to landfill	%	16	0	0
Total hazardous waste	Tonne	655	757	1,072
Hazardous waste per unit of product ¹⁵	Kg per tonne of product	0.46	0.49	0.61
Wood Pulp Suppliers				
Total number of wood pulp suppliers	/	16	13	15
Number of wood pulp suppliers by region	Asia	4	4	4
	South America	2	2	4
	Europe	6	4	4
	North America	3	2	2
	Africa	1	1	1
Number of PEFC TM certified wood pulp suppliers ¹⁶	/	--	8	9
Number of FSC [®] certified wood pulp suppliers	/	--	7	7
Percentage of wood pulp from certified or controlled forests	%	95.9	96.1	96.0
Percentage of wood pulp suppliers assessed with environmental and social criteria	%	100	100	100
Percentage of wood pulp suppliers that have signed the <i>Supplier Code of Ethics</i>	%	100	100	100

¹² Process water intensity per unit of product = water used in viscose fibre production process (excluding water used in power plants)/converted viscose fibre output.

¹³ Wastewater discharge per unit of product = total wastewater discharge/non-converted viscose fibre output.

¹⁴ General solid waste per unit of product = total non-hazardous general solid waste/non-converted viscose fibre output.

¹⁵ Hazardous waste per unit of product = total hazardous waste/ non- converted viscose fibre output.

¹⁶ In 2020, the number of pulp suppliers who have obtained PEFCTM and/or FSC[®] chain of custody certification totaled 15. In 2021 and 2022, a number of suppliers have obtained both PEFCTM and FSC[®] certifications simultaneously.

KPI	Unit	2020	2021	2022
Social				
Employment				
Total number of employees ¹⁷	Person	5,739	5,739	6,479
Number of employees by gender	Male	4,150	4,084	4,610
	Female	1,589	1,655	1,869
Number of employees by job grades	Staff	5,300	5,289	5,916
	Middle management	372	370	461
	Senior management	67	80	102
Equity, Diversity, and Inclusion				
Female ratio in management positions ¹⁸	%	--	16	18
Empowerment, Training, and Development				
Training coverage rate	%	100	100	100
Percentage of employees who receive regular performance and career development reviews	%	--	100	100
Health, Safety, and Well-Being				
Health and safety training rate	%	100	100	100
Total hours of occupational health and safety training	Hour	--	108,831	167,076
Fatalities due to work-related injury or occupational disease ¹⁹ - number of incidents	/	0	0	1
Fatalities due to work-related injury or occupational disease – ratio ²⁰ (per 200, 000 working hours)	/	0	0	0.02
Lost time injury ²¹ - number of incidents	/	12	3	7
Lost time injury - ratio (per 200, 000 working hours)	/	0.22	0.05	0.11
Serious work-related injuries ²² - number of incidents	/	0	0	2
Serious work-related injuries - ratio (per 200, 000 working hours)	/	0	0	0.03
Occupational health examination rate	%	100	100	100
Number of occupational disease cases ²³	/	0	0	0
Rate of occupational disease	%	0	0	0
Donations and social welfare				
Disadvantaged students aided by the Sateri Education Bursary	Person	1,600	1,808	5,995
Total of Sateri Education Bursary funded	RMB10,000	155	170	260
Total duration of volunteer service	Hours	5,686	7,611	16,086

¹⁷ Excluding contractors.

¹⁸ Female ratio in management positions = (Number of females in senior management + Number of females in middle management)/(Number of employees in senior management + Number of employees in middle management) x 100%.

¹⁹ Number of workplace deaths due to work-related injuries or occupational diseases, as defined by Chinese laws. It is with deep sadness and regret that an incident occurred in 2022 due to external personnel's violation of regulations. Following the incident, a thorough investigation was conducted to analyse the root causes. In the future, we will further enhance the dual preventive work mechanism, strengthen safety production management, improve safety risk measures, and reduce the occurrence rate of accidents.

²⁰ Rate (per 200,000 hours worked) = (Number of incidents) / (Number of hours worked) x 200,000.

²¹ A 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.

²² A 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.

²³ Work-related ill health can include acute, recurring and chronic health problems caused or aggravated by work conditions or practices, as defined by Chinese Law.

Appendix 3: 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.
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, CDP is an independent, non-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 records 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 Utilisation 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 civilisation, 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.
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 organisations and individuals engaged in the production and research of industrial textiles and nonwovens.
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 minimise the impact of viscose production and the whole life cycle on the environment.
Conservation International	The CI is an international non-profit environmental organisation that focuses on protecting nature and preserving biodiversity and demonstrating that human societies can live harmoniously with nature.
Corporate Sustainability Reporting Directive (CSRD)	CSRD was adopted and signed by the European Council in 2022, requiring companies to regularly disclose data and information regarding their social and environmental impacts. This aims to enhance transparency and promote the development of a sustainable economy in the European Union.
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.

Terms	Explanations
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 the best available techniques in industrial sectors related to environmental impacts.
EU Seedling Label (compostable fibres)	The Seedling label 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 decarbonisation production, eco-friendly and sustainable material choices, low-carbon transport, raising consumer awareness, working with the financing community and policymakers, and exploring circular business models.
Forest Stewardship Council® (FSC®)	The FSC is an international non-profit accreditation organisation dedicated to promoting globally socially responsible forest management.
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 <i>GHG Protocol Corporate Accounting and Reporting Standard</i> , which provides step-by-step guidance for companies to quantify and report on GHG emissions reductions.
Higg Facility Environmental Module (Higg FEM)	Higg FEM evaluates facilities' level of environmental sustainability, understands the facilities' conditions, to reduce negative impacts on the environment.
Higg Facility Social& Labour Module (Higg FSLM)	Higg FSLM evaluates the social and labour conditions required by facilities and the effectiveness of its social management plan.
International Labour Organisation (ILO)	The ILO was established in 1919 as a subsidiary body of the League of Nations under the <i>Treaty of Versailles</i> 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 standardisation and related activities to facilitate the international exchange of goods and services in the fields of intellectual, scientific, technological and economic co-operation. Its main task is to develop and publish international standards to coordinate standardisation worldwide and cooperate with other international organisations to research standardisation issues.
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 eco-friendly facilities under safe and socially responsible working conditions, and which have passed the detection of harmful substances. The product ID on the label can help track the product transparently and learn more about its manufacturing.
PAS 2060 Verification	PAS 2060 verification is the international norm for demonstrating carbon neutrality and is a strong proof of carbon neutrality for an entire enterprise or any uniquely identified object (i.e. a specific product, service, etc.).

Terms	Explanations
Programme for the Endorsement of Forest Certification Schemes™ (PEFC™)	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.
REACH Testing	REACH testing is the regulation of registration, evaluation, licensing and restriction of chemicals in the EU market; controls the use and content of toxic and harmful substances in REACH regulation, the <i>EU Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals</i> 1907/2006/EC officially effected on June 1, 2007.
Recycled Claimed Standard (RCS)	Recycled Claimed Standard 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.
Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)	The Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH) is a European Union legislative framework for the proactive management of all chemicals entering its market, which came into effect on June 1, 2007.
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.
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 standardised, 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 stages. 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 optimising sustainable production and working conditions of manufacturing facilities in the supply chain in the long run.
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.

Terms	Explanations
The Nonwoven Industry Green Development and Innovation Alliance of China Nonwovens and Industrial Textiles Association	The Nonwoven Industry Green Development and Innovation Alliance of China Nonwovens and Industrial Textiles Association, referred to as "Nonwoven Green Alliance." It was initiated and established by China Industrial Textiles Association, and is voluntarily formed by enterprises, institutions, and research institutes engaged in the whole industrial chain of Nonwoven materials nationwide. The development purpose of Green Alliance is, under the leadership of the Communist Party of China, and guided by the national industrial policy, to drive green development of the industry, exploring new models and new paths of green innovative development of nonwoven industry, promoting the transformation and upgrading of green development of the industry, and creating an ecology of green innovative development of the industry.
United Nations Framework Convention on Climate Change (UNFCCC)	The UNFCCC is the world's first legally binding international convention to comprehensively control greenhouse gas emissions and mitigate climate change and is also the basic framework for international co-operation on global climate change.
United Nations 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.
U.S. Department of Agriculture (USDA) Bio-Preferred® Program	The goal of the BioPreferred® Program, managed by the U.S. Department of Agriculture (USDA), is to increase the purchase and use of biobased products. The BioPreferred® Program was created by the 2002 Farm Bill and reauthorised 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 (UNGC) 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.
ZDHC Man-Made Cellulosic Fibres Guidelines	The ZDHC MMCF Guidelines is a set of guidelines that address 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 4: Organisations and Initiatives Involved





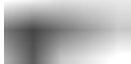




Name of initiative and organisation	Logo of initiative and organisation	Name of initiative and organisation	Logo of initiative and organisation
Textile Exchange (TE)		Fashion Industry Charter for Climate Action	
Zero Discharge of Hazardous Chemicals (ZDHC)		Sustainable Apparel Coalition (SAC)	
Women's Empowerment Principles (WEPs)		European Disposables and Nonwovens Association (EDANA)	
Collaboration for Sustainable Development of Viscose (CV)		Working Group of China National Textile and Apparel Council – Life Cycle Assessment (CNTAC-LCA)	
GoldenBee CSR 2030 Initiative		China Association of Circular Economy (CACE)	
The Nonwoven Industry Green Development and Innovation Alliance of China Nonwovens and Industrial Textiles Association		Jiangxi Enterprise Voluntary Reduction of Pollution and Carbon Emissions Alliance	












Appendix 5: Awards and Certifications

Awards in 2022

Companies/Projects	Qualification and Awards	Issued by
SCN	2022 Pioneer of China Textile and Garment Industry Climate Innovative Action	China National Textile and Apparel Council (CNTAC)
SCN	2021 Pioneer of Smart Manufacturing Demonstration	China Chemical Fibres Association (CCFA)
SJJ	2021 Pioneer of Standardisation	
SCN	2022 Leading Manufacturing Enterprise in Jiangxi Province	Department of Industry and Information Technology of Jiangxi Province
SCN	Nominated as one of the <i>First Batch of High-tech Enterprises Jiangxi Province in 2022</i>	Science and Technology Department of Jiangxi Province
SCN	Selected in the "White List" of core enterprises of Jiangxi foreign trade industry chain	Department of Commerce of Jiangxi Province, Department of Industry and Information Technology of Jiangxi Province, Jiangxi Provincial Tax Service, China Banking and Insurance Regulatory Commission Jiangxi Office, Nanchang Customs District P.R. China, Export-Import Bank of China Jiangxi Branch, China Export and Credit Insurance Corporation Jiangxi Branch
SCN	Health Enterprise of Jiujiang	Health Committee of Jiujiang, Health Promotion Centre of Jiujiang
SCN	Top 100 Enterprises in Jiangxi Province	Jiangxi Enterprise Federation, Jiangxi Entrepreneurs Association
SJJ		
SJJ	Special Award for "Excellent Enterprise"	People's Government of Jiangxi Province
SFJ	Workers Pioneer	Fujian General Labour Union
SJS	Workers Pioneer in Suyu District	Suyu District Labour Union
SCN	2022 Jiujiang Water-Saving Enterprise of the Year	Department of Industry and Information Technology of Jiujiang
SCN	Annual Award for Responsible Brand	12 th Philanthropy Festival (2022)
SJJ	Annual Award for Poverty Alleviation	
Sateri Public Welfare Third Classroom	Annual Award for Public Service Project	
Limin Series Programme		
Limin Chicken Programme	2022 CSR Global Innovation List – Industry Revitalisation Tribute Award	CSR World, Guangzhou Social Innovation Centre, Yangcheng Evening News
"Dream Transformer+" public welfare project	2022 CSR Global Innovation List – Excellent Project Award	

Certifications in 2022

Certification Type	Name of Certification	Logo of Certification	Category	Scope
Traceability	MADE IN GREEN by OEKO-TEX®		Certificate	Products, equipment and facilities
Product safety	STANDARD 100 by OEKO-TEX®		Certificate	Products
Product safety	REACH Testing		Testing	Products
Forest management	PEFC™: Program for the Endorsement of Forest Certification		Certificate	Equipment and facilities
Biobased	100% Biobased Products Awarded by U.S. Department of Agriculture (USDA)		Certificate	Products
Biodegradable	TÜV OK Biodegradable Certification		Certificate	Products
Industrial composting	Seedling		Certificate	Products
Industrial composting	BPI		Certificate	Products
Medical test on toxin	Hohenstein Accreditation for Biosafety		Certificate	Products

Certification Type	Name of Certification	Logo of Certification	Category	Scope
Compliance For Food Contact	FDA		Testing	Products
Assessment of environmental management	Higg FEM		Inspection	Equipment and facilities
Assessment of social and labour management	Higg FSLM		Inspection	Social and labour practices
Assessment of sustainable management	STeP by OEKO-TEX®		Certificate	Products, equipment and facilities
Cleaner Production, Closed Loop Production	EU-BAT		Inspection	Equipment and facilities
Cleaner Production, Closed Loop Production	ZDHC MMCF		Inspection	Equipment and facilities
Recyclable	RCS		Certificate	Products, equipment and facilities
LCA & GHG	Carbon Disclosure - Climate Change		Reporting	Equipment and facilities
ISO management system	9001		Certificate	Equipment and facilities
ISO management system	14001		Certificate	Equipment and facilities
ISO management system	54001		Certificate	Equipment and facilities

Appendix 6: GRI Standards Content Index

Instruction for use	Sateri reported with reference to the GRI Standards from January 1, 2022, to December 31, 2022, and provided information referenced in this GRI Content Index.
GRI 1 in use	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	Pages
This Report is prepared with reference to the GRI Standards			
GRI 2: The organisation and its reporting practices	2-1 Organisational details	20 YEARS, OUR JOURNEY	8-11 12-13
	2-2 Entities included in the organisation's sustainability reporting	Reporting Scope and Boundary	6
	2-3 Reporting period, frequency, and contact point	Reporting Scope and Boundary Language	6-7
	2-5 External assurance	Appendix 7	102-103
GRI 2: Activities and workers	2-6 Activities, value chain and other business relationships	20 YEARS, OUR JOURNEY Sustainable Consumption Climate Strategy and Plan Sustainable Pulp Procurement	8-11 12-13 29-31 36-37 43
	2-7 Employees	Equality, Diversity, and Inclusion	51-55
GRI 2: Governance	2-9 Governance structure and composition	Our Goals and Risk Management Management Approach	16
GRI 2: Strategy, policies and practices	2-22 Statement on sustainable development strategy	Our Policies and Vision 2030	15
	2-23 Policy commitments	Our Policies and Vision 2030	15
	2-24 Embedding policy commitments	Appendix 1	86-87
	2-25 Processes to remediate negative impacts	Stakeholder Engagement	77-80
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Engagement	77-80
	2-27 Compliance with laws and regulations	Management Approach	77-85
	2-28 Membership associations	Appendix 4	95
GRI 2: Stakeholder engagement	2-29 Approach to stakeholder engagement	Stakeholder Engagement	77-80
GRI 3: Disclosures on material topics	3-1 Process to determine material	Our Material Issues	17
	3-2 List of material topics	Our Material Issues Boundaries of Influence for High Importance Issues	17 80
Material Topic: Business Ethics and Integrity			
GRI 3: Disclosures on material topics	3-3 Management of material topics	Social Management	84-85

GRI Standard	Disclosure	Location	Pages
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Social Management	84-85
	205-2 Communication and training about anti-corruption policies and procedures	Social Management	84-85
	205-3 Confirmed incidents of corruption and actions taken	Social Management	84-85
GRI 206: Anti-competitive Behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Social Management	84-85
Material Topic: Energy Management and Use of New Energy			
GRI 3: Disclosures on material topics	3-3 Management of material topics	Environmental Management	81-83
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Appendix 2	88-90
	302-3 Energy intensity	Appendix 2	88-90
	302-4 Reduction of energy consumption	Appendix 2 Renewable Energy Utilisation and Transformation	88-90 38-39
	302-5 Reductions in energy requirements of products and services	Appendix 2 Renewable Energy Utilisation and Transformation	88-90 38-39
Material Topic: Protection of Biodiversity			
GRI 3: Disclosures on material topics	3-3 Management of material topics	Environmental Management Protecting Ecosystem	81-83 40-43
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	Protecting Ecosystem	40-43
	304-2 Significant impacts of activities, products and services on biodiversity	Protecting Ecosystem	40-43
	304-3 Habitats protected or restored	Protecting Ecosystem	40-43
Material Topic: Climate Change Mitigation			
GRI 3: Disclosures on material topics	3-3 Management of material topics	Environmental Management Climate Change Mitigation	81-83 36-39
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Appendix 2	88-90
	305-2 Energy indirect (Scope 2) GHG emissions	Appendix 2	88-90
	305-3 Other indirect (Scope 3) GHG emissions	Appendix 2	88-90
	305-4 GHG emissions intensity	Appendix 2	88-90
	305-5 Reduction of GHG emissions	Renewable Energy Utilisation and Transformation	38-39
	305-6 Emissions of ozone-depleting substances (ODS)	Appendix 2	88-90
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Appendix 2	88-90

GRI Standard	Disclosure	Location	Pages
Material Topic: Sustainability of Supply Chain			
GRI 3: Disclosures on material topics	3-3 Management of material topics	Social Management	84-85
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Social Management	84-85
	308-2 Negative environmental impacts in the supply chain and actions taken	Social Management	84-85
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Social Management	84-85
	414-2 Negative social impacts on the supply chain and actions taken	Social Management	84-85
Material Topic: Equity, Diversity, and Inclusion			
GRI 3: Disclosures on material topics	3-3 Management of material topics	Social Management	84-85
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Appendix 2	88-90
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Well-being	61
GRI 402: Labour/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Social Management	84-85
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Equality, Diversity, and Inclusion	52-55
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Equality, Diversity, and Inclusion	52-55
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Social Management	84-85
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Social Management	84-85
Material Topic: Employee Training and Development			
GRI 3: Disclosures on material topics	3-3 Management of material topics	Social Management	84-85
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Appendix 2	88-90
	404-2 Programs for upgrading employee skills and transition assistance programs	Empowerment, Training and Development	56-58
	404-3 Percentage of employees receiving regular performance and career development reviews	Appendix 2	88-90

Appendix 7: 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 (China) Fibre Co., Ltd. (hereinafter referred to as "Sateri" or "the Company") to perform an independent third-party verification on Sateri 2022 Sustainability Report (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, 2022 to December 31st, 2022, including economic, environmental and social information and data, methods for management of material issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- The on-the-spot verification took place at below listed locations:
23rd Floor, East Tower Zhongrong Hengrui International Plaza, 620 Zhang Yang Road, Pudong District, Shanghai, China
SATERI (JIUJIANG) FIBRE CO., LTD. Jinshawan Industrial Zone, Hukou County, Jiujiang, Jiangxi Province, China

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
- The 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 places. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the Company are interviewed; and
- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1st, 2022 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 economic, environmental, social and other relevant areas and drew the conclusions thereof. The verification is based on the following standards:

- AA1000AS v3, Type 2 Engagement and Moderate Assurance

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■ 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:

- 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;
- On-site 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. After verification on a sample basis, we believe that the data disclosed in the Sateri's Report for the year 2022 are true and reliable for use by interested parties. The verification team has drawn the following conclusions on this Report:

Inclusivity	Sateri has identified the internal and external stakeholders such as government and regulatory agencies, investors and shareholders, employees, suppliers or contractors, customers, NGOs and industry associations, and community, and established a stakeholder communication mechanism to collect the demands of stakeholders on a regular basis.
Materiality	Sateri has established the process of material topics determination, identified and assessed the priority of the sustainability topics which are highly related to the industry, the Company has 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 and performance of key issues that stakeholders concern, such as product quality & safety, sustainable supply chain management, energy management & use of new energy, business ethics & integrity, and has established a grievance mechanism, to fully respond to the demands and expectations of stakeholders.
Impact	Sateri has set up a Sustainability Management Department to monitor important sustainability issues, identify and assess related risks and opportunities, and provide institutional guidance as well as support for the development and implementation of sustainability strategies and measures.

Recommendations on Continuous Improvement

- It is recommended that the Company prepares the sustainability report in accordance with the GRI standards in future to further improve the quality of information disclosure.

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. Since 1866, TÜV SÜD has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related 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

Zhu Wenjun

TÜV SÜD Sustainability Authorized Signatory Officer

June 25, 2023

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 only.



Sateri

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