

Sateri

SUSTAINABILITY REPORT 2025



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About the Reporting

This is the 10th *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 will systematically outline the Company's commitments, policies, strategies, actions, and results on sustainability in 2025.

Reporting Scope and Boundary

The Report mainly includes Sateri's performance from 1 January 2025 to 31 December 2025 (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. The newly established Sateri (Shandong) Fibre Co., Ltd.¹ is excluded from the data in this Report. The detailed list is as follows:

Entity	Abbreviation	Collectively known as
Sateri (Shanghai) Management Limited	SSH	Viscose mills
Sateri (Fujian) Fibre Co., Ltd.	SFJ	
Sateri (Jiujiang) Fibre Co., Ltd.	SJJ	
Sateri (China) Fibre Co., Ltd. Jiangxi Plant	SJX	
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	Lyocell mills
Sateri (Rizhao) Lyocell Fibre Mill	Lyocell Rizhao	
Sateri (Changzhou) Fibre Co., Ltd.	Lyocell Changzhou	
Sateri (Nantong) Fibre Co., Ltd.	Lyocell Nantong	
Sateri (Shandong) Fibre Co., Ltd.	/	Nonwoven mills
Sateri (Xinhui) Nonwoven Plant	Sateri (Xinhui) Nonwoven	
Sateri (Jiujiang) Nonwoven Plant	Sateri (Jiujiang) Nonwoven	
Sateri (Liyang) Nonwoven Plant	Sateri (Liyang) Nonwoven	
Sateri (Tongling) Nonwoven Material Co., Ltd.	Sateri (Tongling) Nonwoven	

Reporting Standards and Data Sources

This Report is prepared in accordance with the *GRI Standards* issued by the Global Sustainability Standards Board and the United Nations Sustainable Development Goals (UN SDGs), combined with the analysis results of the Company's material issues.

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 suppliers.

Monetary figures mentioned in this Report are in RMB.

External Verification

TÜV SÜD Certification and Testing (China) Co., Ltd. has provided independent limited verification of this Report in accordance with *AA1000AS v3*, whereby its opinion is detailed in Appendix V: Independent Verification 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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¹ Sateri (Shandong) Fibre Co., Ltd. will commence production in phases from March 2026, and its data will be gradually incorporated after operations stabilise.

President's Message



With the passing of time, new chapters emerge. 2025 marks the 24th year of Sateri's dedication to the global cellulosic fibres industry and serves as a pivotal year for anchoring our '2030 Sustainable Development Vision' and advancing our green, low-carbon transformation. Amidst the global tide of deepening climate governance and the green revolution in the textile industry, we remain steadfast in our business philosophy of 'protecting the environment, creating value for customers, and benefiting the people, the nation, and the industry,' persisting with determination in the field of sustainable development.

In 2025, Sateri continued to enrich its cellulosic fibres product matrix, with strong growth momentum in our Lyocell business. During the year, the Lyocell single line at Lyocell Changzhou Phase II operated smoothly, consolidating the Group's global leadership position. This has not only provided robust capacity and technical support for the green transformation of China's textile industry but also delivered lower-carbon, high-performance fibre solutions to the global market. Drawing upon global trends in sustainable development and stakeholder expectations, and aligning them with our operational realities, we have strategically repositioned our 2030 Vision, focusing on deepening our goals, strengthening our pathways, and ensuring verifiable outcomes. With more ambitious commitments, more transparent disclosure mechanisms, and a more agile execution system, we are leading the industry toward a "dual transformation". Through these concrete actions, Sateri has presented our stakeholders with an annual report that reflects both the depth of our responsibility and the warmth of our growth.



Sateri fulfils its responsibility for climate and ecology, building a shield for nature through dedicated practical efforts

Sateri deeply integrates addressing climate change and safeguarding biodiversity into its corporate development practices, steadily advancing low-carbon transformation through the systematic introduction of clean energy and improvements in energy efficiency.

In 2025, Sateri continued to achieve breakthroughs in green energy applications, with several of its mills accelerating the roll-out of photovoltaic systems. Among these, the 5.81 MWp distributed photovoltaic project at our Changzhou Phase II facility was successfully connected to the grid, significantly increasing the share of clean electricity. Our under-construction Lyocell mill in Shandong uses biomass energy across the site, and the park has been successfully selected as a pilot for the "Shandong Province Low-Carbon Industrial Park" initiative, marking a critical step forward in our practice of low-carbon and green development. In the field of ecological protection, Sateri has continued to deepen ecological governance in the Poyang Lake basin, implementing a systematic approach of "protection, restoration, shared governance, and integration". By identifying key ecological areas outside protected zones and promoting Jacana-friendly agriculture, we have effectively safeguarded biodiversity. Furthermore, utilizing a mechanism of

"collaborative co-development and community leadership", we have empowered local communities to form management teams, fostering a sustainable, long-term governance model that serves as a replicable template for corporate participation in ecological protection across the Yangtze River basin. Meanwhile, leveraging our sustained performance in climate action and supply chain responsibility, we have expanded our environmental initiatives into green financial innovation, successfully securing China's first biodiversity-linked loan for both the manufacturing sector and foreign-invested enterprises, which directly ties financing costs to tangible wetland conservation outcomes. Additionally, Sateri strictly adheres to our *Wood Pulp Sourcing Policy*, building a sustainable and traceable wood fibre supply chain through concrete actions.

In April 2025, Sateri Group officially joined the United Nations Global Compact (UNGC). This is not only a key milestone in our ESG journey, but also signifies our commitment to comprehensively aligning with globally recognised high standards. Through tangible actions, we aim to drive green transformation within the textile industry and redefine the green competitive edge of Chinese manufacturing.

Sateri integrates closed-loop clean production into its corporate DNA, committed to becoming a leader in the regenerated cellulosic fibres industry with a net-positive impact

Sateri fully integrates environmental principles into its production and operations, continuously optimizes its environmental management system, advances efficient resource circulation and clean production, and collaborates with supply chain partners to build a green ecosystem.

SYC was included in the 2025 Green Factory list by the *Ministry of Industry and Information Technology*, while SJS and Lyocell Changzhou were awarded the title of "2025 Jiangsu Province Green Factory", demonstrating industry-leading green operational standards. All four Viscose mills and one Lyocell mill under Sateri

have received the highest rating (Aspirational Level) in the *ZDHC MMCF Guidelines 2.2*.

In 2025, wastewater discharges of key pollutants per unit of product, including sulphur and zinc, from the Viscose mills under Sateri all met the annual environmental targets. All Viscose mills under Sateri have obtained the PEFC-CoC (Chain of Custody) Certification, ISO 9001, and ISO 14001 certifications, and met the EU Best Available Techniques (EU-BAT) requirements.

Sateri remains committed to technological innovation as its core driving force, advances circular economy practices, and continuously works across the value chain to improve quality, enhance efficiency and co-create value

Sateri drives the reshaping of industrial value through material innovation and actively builds a closed-loop pathway of 'resources-products-consumption-recycled resources'. FINEX® fibres contain up to 50% recycled raw materials and is transformed into high-quality fibres through our independently developed cellulose regeneration technology, driving the enhancement of circular value across the supply chain.

At the same time, Sateri continues to increase its R&D investment in functional and high-end fibre fields, focusing on consumers' diverse needs for improved handfeel, added functionality and an enhanced user experience, thereby driving product upgrades from

"basic materials" to "high-value-added solutions". In 2025, we successfully developed multiple new-generation functional fibre products featuring sun protection, antimicrobial properties, skin-friendly texture, and breathability, achieving significant breakthroughs in both tactile performance and practical functionality of fabrics.

In addition, Sateri continued to strengthen process innovation and expand our patent portfolio. In 2025, we were granted 43 new authorized patents and actively collaborated with industry partners to advance product design and manufacturing process upgrades, jointly building a green future for the textile industry.

Sateri upholds an open and inclusive vision, collaborates with partners across the board, and builds a path for shared prosperity and development within the industry

Sateri regards employees as its most precious asset. We are committed to designing clear career growth pathways for everyone and fostering an open, equal, and dynamic workplace environment to help employees realize their professional aspirations.

In 2025, Sateri placed occupational health and safety at the core of its management, achieving the goal of zero occupational diseases to comprehensively safeguard the physical and mental well-being of employees. We place high importance on gender equality and diverse development, proactively expanding advancement pathways for female talent. Currently, women account for 16.5% of

the senior management team and 17.8% of middle-management positions. In the future, we will continue to optimize our talent deployment and build a more diverse team structure. At the same time, as a responsible enterprise, Sateri actively assumes social responsibilities. Since 2020, we have continuously implemented community investment programmes, with a cumulative investment of over RMB 14 million, benefiting over 200,000 residents. We have also made long-term investments in educational support, helping more than 100,000 students gain opportunities for growth. Looking ahead, we will continue to empower community development and fulfill our long-term commitment to co-create and share value with the community.

Though the journey is long, persistence leads us to our destination. Sateri remains steadfast in our commitment to sustainable development, continuously deepening the construction of our sustainability framework while focusing on innovation and in-depth cultivation in the field of green fibres. We are dedicated to working hand in hand with all stakeholders-staying grounded and persistent in our purpose. Together, we will advance along the path of safeguarding the Earth's ecology and creating enduring value, forging a shared journey toward a more resilient, inclusive, and brighter tomorrow.

About Sateri

Sateri is a global leader in manmade cellulose fibre (MMCF). Our natural and high-quality fibre, made from trees grown on renewable plantations, can be found in comfortable textiles and skin-friendly hygiene products.

As the world leading MMCF producer - with fifteen mills and annual capacity over 2 million metric tonnes (including Viscose and Lyocell) - we are committed to sustainability, environmental protection and responsible production from start to finish. The Company also operates yarn spinning mills and non-woven fabric plants. Headquartered in Shanghai, we have a sales, marketing and customer service network covering Asia, Europe, and the Americas.

Sateri is committed to sustainability and actively promotes responsible forest management. While obtaining Chain of Custody (CoC) certification from both the China Forest Certification Council (CFCC) and the Programme for the Endorsement of Forest Certification™ (PEFC™), the Company also formally issued its *Wood Pulp Sourcing Policy* in June 2015. Since then, Sateri has continuously improved its

practices and worked closely with suppliers to promote the sustainable development of the global pulp supply chain.

Sateri's MMCF plants have achieved certification in ISO 9001 (Quality Management), ISO 14001 (Environmental Management), and ISO 45001 (Occupational Health and Safety Management). Our Viscose mills have also completed assessments against the European Union Best Available Techniques Reference Document, the Higg Facility Environmental Module (Higg FEM), and the Higg Facility Social & Labor Module (Higg FSLM). Sateri has achieved OEKO-TEX STeP® certification with the highest performance level (level 3) and the STANDARD 100 by OEKO-TEX® certification, confirming that its products are tested for harmful substances and meet globally recognised human-ecological safety standards. Sateri is the first MMCF producer in China to receive OEKO-TEX STeP® certification and obtain the right to use the MADE IN GREEN by OEKO-TEX® traceable label.

2030 Sustainability Vision



Sateri aspires to be the world's leading net-positive fibre producer, putting more back into our society than we take out. Sustainability will be Sateri's defining market differentiator underpinning our continued growth in volume and value; value to the community, country, climate, customer and company.

Core Values



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

Sustainability Highlights in 2025

Climate and Ecosystem Protection

6

factories have completed their renewable energy layout



In 2025, photovoltaic power generation reached

representing a year-over-year increase of approximately

26,985 MWh6.08%

Among them,

Yutai Industrial Park of RGE has been successfully selected as a pilot for the "Shandong Province Low-Carbon Industrial Park" initiative

The Sateri Lyocell fibre demonstrated a product carbon footprint of

1.83 tonnes of CO₂ equivalent²

representing a reduction of over

70%

in carbon emissions compared to conventional Lyocell fibre,³ demonstrating excellent environmental performance

In 2025, Sateri joined the United Nations Global Compact (UNGC) together with Asia Symbol and Vinda Group to further align corporate actions with the Sustainable Development Goals (SDGs)

Sateri has been recognised as a "CDP Supporter" for

5

consecutive years

The proportion of pulp sourced from certified or controlled forests increased to

99.45%

in 2025

China's first biodiversity-linked loan for both the manufacturing sector and foreign-invested enterprises



exploring pathways for the integration of ecological protection and green finance

Poyang Lake Ecological Protection Project

- In terms of ecological research, we conducted Pheasant-tailed Jacana friendly agricultural trials to explore synergistic pathways for agricultural production and biodiversity conservation. We initiated a study on the identification of potential OECM areas in the Poyang Lake basin and capacity building, aiming to explore new ecological protection pathways at the basin scale
- In terms of public engagement, over 10,000 individuals benefited from activities such as patrol training, nature education, and ecological conservation practices
- In terms of international exchange, the project outcomes were showcased at the 15th Meeting of the Conference of the Parties to the Ramsar Convention (Ramsar COP15), promoting the international dissemination of Poyang Lake conservation practices

Innovation and Circularity

Number of patent applications

107

Number of patents granted

43

FINEX® contain up to

50%

recycled raw materials



Closed Loop Production

Sateri (Yancheng) Fibre Co., Ltd. was included in the 2025 Green Factory list by the Ministry of Industry and Information Technology

Sateri (Yancheng) Fibre Co., Ltd., Sateri (Jiangsu) Fibre Co., Ltd., and Sateri (Changzhou) Fibre Co., Ltd. were awarded the title of "2025 Jiangsu Province Green Factory"

All Viscose mills under Sateri have obtained ISO 14001 certification

All Viscose mills under Sateri have passed the STeP by OEKO-TEX® verification for sustainable textile production by the International Oeko-Tex Association

Four Viscose mills and one Lyocell mill under Sateri have successfully achieved the "Aspirational Level" requirement in the latest edition of the ZDHC Man-Made Cellulosic Fibre (MMCF) Guidelines issued by the Zero Discharge of Hazardous Chemicals (ZDHC)

All Viscose mills under Sateri meet the EU Best Available Techniques (EU-BAT) requirements



All Viscose mills under Sateri have passed the Higg Facility Environmental Module (FEM) verification

All Viscose mills and Lyocell mills under Sateri have achieved zero landfill, with a 75% recycling rate and a 25% energy recovery rate

The total sulphur recovery rate of the Viscose mills under Sateri reached 97.4%

Inclusive Growth

Serious work-related injuries

0

and occupational diseases

0

Assistant Managers and above have career development plans

100%

Employee training coverage rate

100%

All Viscose mills and Lyocell mills are certified under ISO 45001

Since 2020, the number of residents who have directly benefited from Sateri's community programmes

215,348

Since 2020, the number of students who have directly benefited from Sateri's school education support programmes

100,943



² The product carbon footprint of Lyocell fibre produced by Lyocell Rizhao is 1.83 kg CO₂e per kilogram.
³ Carbon emissions data were calculated using the Higg Materials Sustainability Index (Higg MSI) tool provided by the Sustainable Apparel Coalition, comparing Sateri's Lyocell fibre with conventional Lyocell fibre.

Sustainability Management

Our Position

In 2025, based on our in-depth insights into global sustainable development trends, we refined our sustainability vision and goal framework, established a more measurable roadmap for action, and remained committed to continuously creating long-term sustainable value for all stakeholders. In 2025, Sateri joined the United Nations Global Compact (UNGC), together with Asia Symbol and Vinda Group, to further align corporate actions with the Sustainable Development Goals (SDGs).

Sateri has deeply embedded the principles of sustainability throughout the entire product lifecycle, from raw material sourcing and production to product delivery. We drive transformation across the entire industry chain through systematic thinking and build a new value co-creation ecosystem covering employee empowerment, co-creation of customer value, community prosperity, and ecological responsibility. We are committed to becoming an industry benchmark for net-positive impact in the global cellulosic fibre industry.

Relying on four core strategic pillars-climate and ecosystem protection, closed-loop production, innovation and circularity and inclusive growth, Sateri formally released its 2030 Sustainable Development Vision in 2020. This established scientifically grounded, quantifiable, and trackable ESG goals benchmarked against global climate action initiatives, circular economy principles, and the United Nations Sustainable Development Goals (UN SDGs).

In 2025, based on global trends in sustainable development and the expectations of stakeholders, and considering the Company's actual development, we strategically repositioned our 2030 Vision. We updated specific targets regarding greenhouse gas (GHG) reduction, biodiversity protection, clean production, employee rights, and community philanthropy. This update focuses on three dimensions: deepening targets, strengthening pathways, and ensuring verifiable outcomes. Through more advanced commitments, a more transparent disclosure mechanism, and a more agile execution system, we aim to lead the industry toward a "dual transformation"-reducing negative environmental externalities toward zero while proactively creating incremental value in climate, biodiversity, and social well-being.

We firmly believe that sustainability is not only a responsibility but also the source of innovation and the cornerstone of long-term competitiveness. In the future, Sateri will continue to drive a comprehensive transformation towards positive environmental impact, social progress, and improved governance through global standards, local insights, and value chain collaboration, jointly creating a more resilient and meaningful sustainable future for our global customers, employees, communities, and the planet.

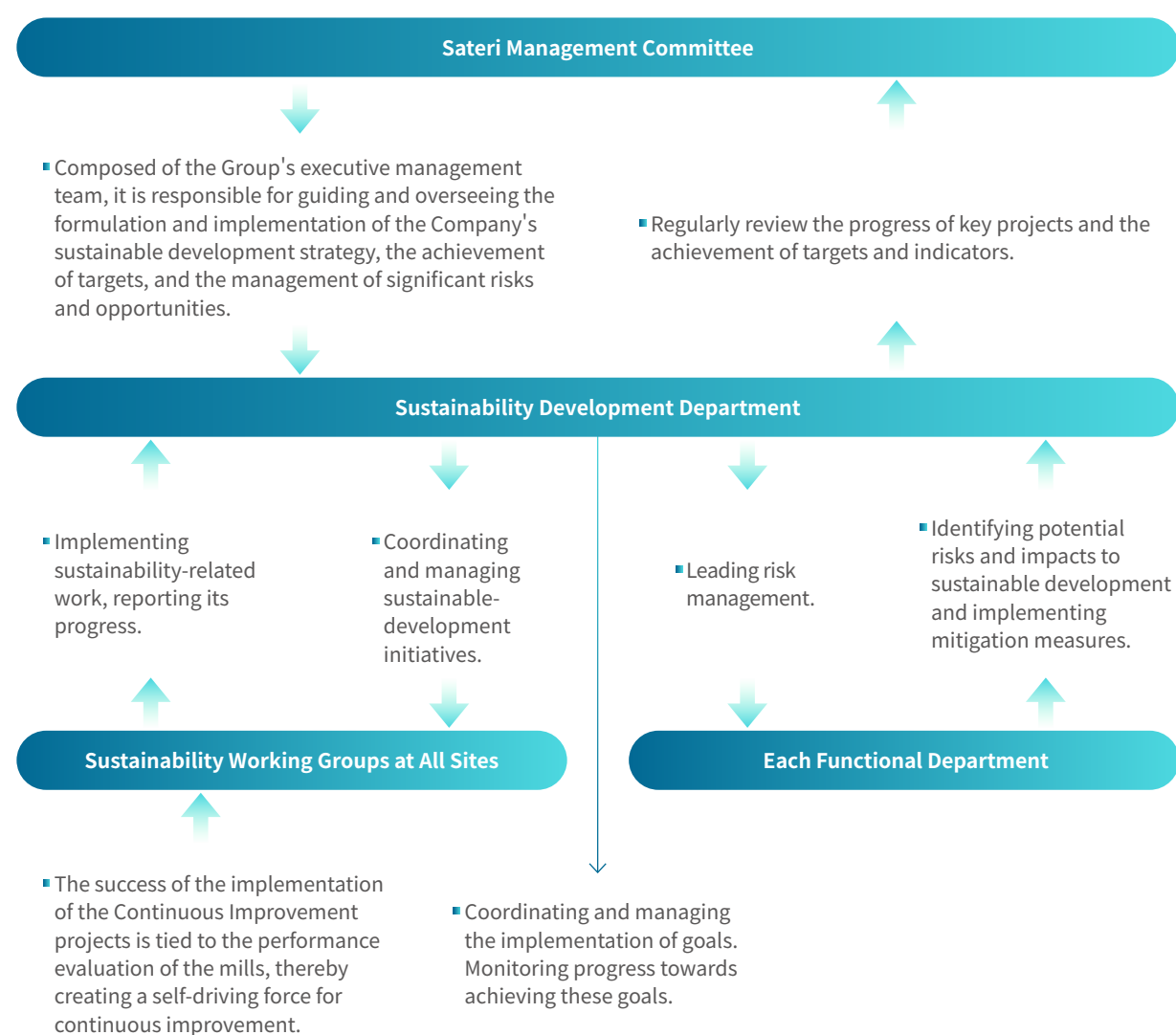
Vision 2030 of Sateri



Our Governance

Sateri regards environmental responsibility, social inclusion, and transparent governance as the core foundation for sustainable corporate development. To ensure the effective implementation of sustainable goals, we have established a governance mechanism led by the Sateri Management Committee and coordinated by the Sustainability Development Department, with collaborative execution by the sustainability working groups of all sites. This mechanism embeds sustainability requirements into production processes, supply chain management, and daily operations, achieving cascading targets, clear role ownership, and performance appraisal and accountability to drive the transition of sustainability from strategy to practice.

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

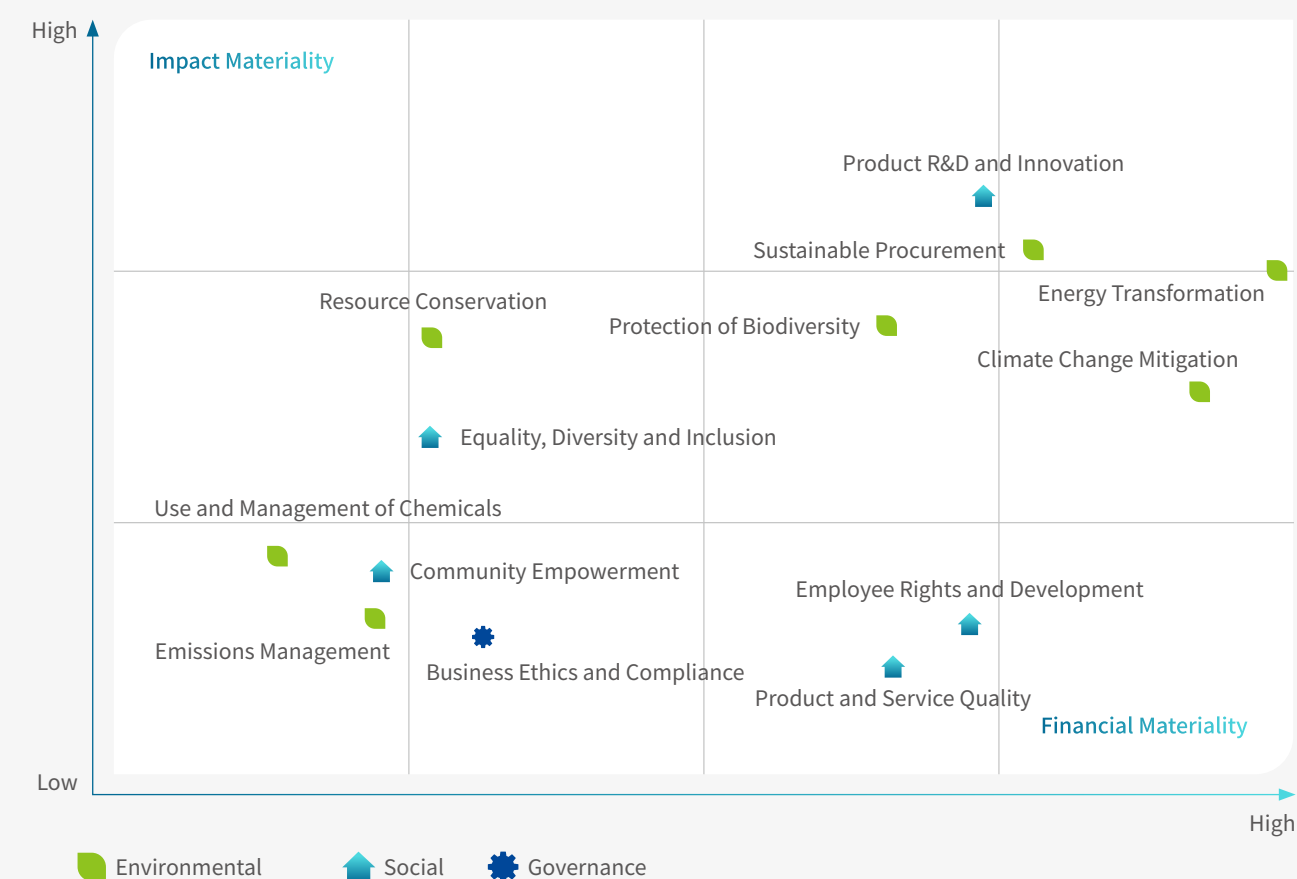


Our Management Strategy

During the Reporting Period, based on communication with the Company's stakeholders, feedback from capital markets, and industry best practices, Sateri identified 13 sustainability issues relevant to the Company. Based on the issue list, we systematically collected feedback from stakeholders-including management, customers, employees, suppliers and partners, regulatory authorities, and local communities-regarding sustainability issues through channels such as questionnaires. Following a comprehensive analysis of the in-depth research findings, we ultimately developed the 2025 Double Materiality Matrix.

We will incorporate the assessment results into our 2025-2030 sustainable development strategy and disclosure framework to support key investment directions and management actions, achieving a transition from responding to concerns to driving decision-making.

2025 Sateri Double Materiality Matrix



Climate and Ecosystem Protection

Our Position

Climate change and ecological pressures are reshaping resource patterns and industry boundaries. The 30th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP30) advanced the deepening of global climate governance under the framework of the *Paris Agreement*. It focused on implementing the 1.5 °C pathways, mitigation and adaptation actions, climate finance, and a fair transformation. The conference emphasized converting commitments into actionable measures to accelerate the implementation of government, corporate, and capital initiatives.

Based on the principle of double materiality, Sateri has integrated climate and ecological issues into its strategic planning and core management. Aligned with the UN SDGs and global climate goals, we focus on resource efficiency, lifecycle emission reductions, and green supply chain collaboration to establish quantifiable action pathways. Through optimisation of the energy structure, process upgrades, and green procurement mechanisms, we systematically reduce environmental impacts to ensure that business growth does not come at the expense of the ecosystem. Environmental responsibility has evolved from risk management into a core driver of long-term resilience and sustainable value creation.



Our Goals and Progress

Focusing on climate and ecosystem issues, Sateri has translated key topics into quantifiable and monitorable phased goals based on operational conditions and external policy developments. During the Reporting Period, we made phased adjustments and updates to certain climate and ecosystem-related targets based on our operational conditions and changes in the external policy environment. As of the end of the Reporting Period, Sateri's objectives and progress regarding climate and ecosystem protection are as follows:

Our Goals	2025 Progress
By 2030, with 2023 as the base year, reduce Scope 1 and 2 GHG emissions intensity by 30%	The Yutai Green and Low-Carbon Industrial Park of the RGE Group extensively utilizes biomass energy and has been successfully selected as a pilot for the "Shandong Province Low-Carbon Industrial Park" initiative. The Lyocell Nantong, the Sateri (Tongling) Nonwoven and other factories have successfully implemented photovoltaic power generation projects. In total, renewable energy deployment has been completed across six manufacturing sites
Sateri commits to achieving net-zero GHG emissions by 2050	In 2025, the Company conducted carbon verification and carbon emission management assessments for the Group's power plants. By optimizing the carbon verification process, enhancing policy comprehension capabilities, and strengthening carbon asset management, the Company further improved its carbon quota management capabilities
	In 2025, we participated in formulating industry standards such as the <i>Quantification Methods and Requirements for Product Carbon Footprint of Greenhouse Gases - Lyocell Fibre Bedding Sets</i> and the <i>Energy Consumption Limits per Unit of Chemical Fibre Products</i>
	The specific energy consumption intensity of Sateri's viscose fibre mills outperforms the EU BAT best performance level
	The Sateri Lyocell fibre demonstrated a product carbon footprint of 1.83 tonnes of CO ₂ equivalent, ⁴ representing a reduction of over 70% in carbon emissions compared to conventional Lyocell fibre, demonstrating excellent environmental performance
	In 2025, the GHG emissions intensity of our cellulose fibre was 2.60 tonnes of CO ₂ equivalent per tonne of product
By 2030, Sateri will support the conservation, restoration, and regeneration of terrestrial and freshwater ecosystems within its operations and supply chain through the following initiatives:	2025 Poyang Lake Basin Ecological Conservation Project:
- Expand the protected areas within the freshwater and wetland ecosystem of Poyang Lake by more than 4,000 hectares - Conducted biodiversity education and public engagement programmes benefiting at least 1 million people - Strengthen responsible sourcing practices in its wood-based raw material supply chain and use 100% PEFC⁵ or FSC⁶ certified wood pulp raw materials	- In terms of ecological research, we conducted Pheasant-tailed Jacana-friendly agricultural experiment to explore synergistic pathways for agricultural production and biodiversity conservation. We initiated a study on the identification of potential OECM areas in the Poyang Lake basin and capacity building, aiming to explore new ecological protection pathways at the basin scale - In terms of public engagement, over 10,000 individuals benefited from activities such as patrol training, nature education, and ecological conservation practices - In terms of international exchange, the project outcomes were showcased at the 15th Meeting of the Conference of the Parties to the <i>Ramsar Convention</i> (Ramsar COP15), promoting the international dissemination of Poyang Lake conservation practices
	Successfully secured China's first biodiversity-linked loan for both the manufacturing sector and foreign-invested enterprises
	The proportion of pulp from certified or controlled forests in 2025 was 99.45%

Awards and Certifications

- Sateri has been awarded the "CDP Supporter" title for five consecutive years

Relevant Sustainable Development Goals (SDGs)



⁴ The product carbon footprint of Lyocell fibre produced by Lyocell Rizhao is 1.83 kg CO₂e per kilogram.

⁵ PEFC™: Programme for the Endorsement of Forest Certification, also known as the Programme for the Endorsement of Forest Certification (PEFC), is an international forest certification system aimed at promoting sustainable forest management.

⁶ FSC®: Forest Stewardship Council, a globally recognised forest certification system that ensures timber and forest-based materials are sourced in accordance with environmental, social, and economic sustainability standards.

Addressing Climate Change

Our Commitments

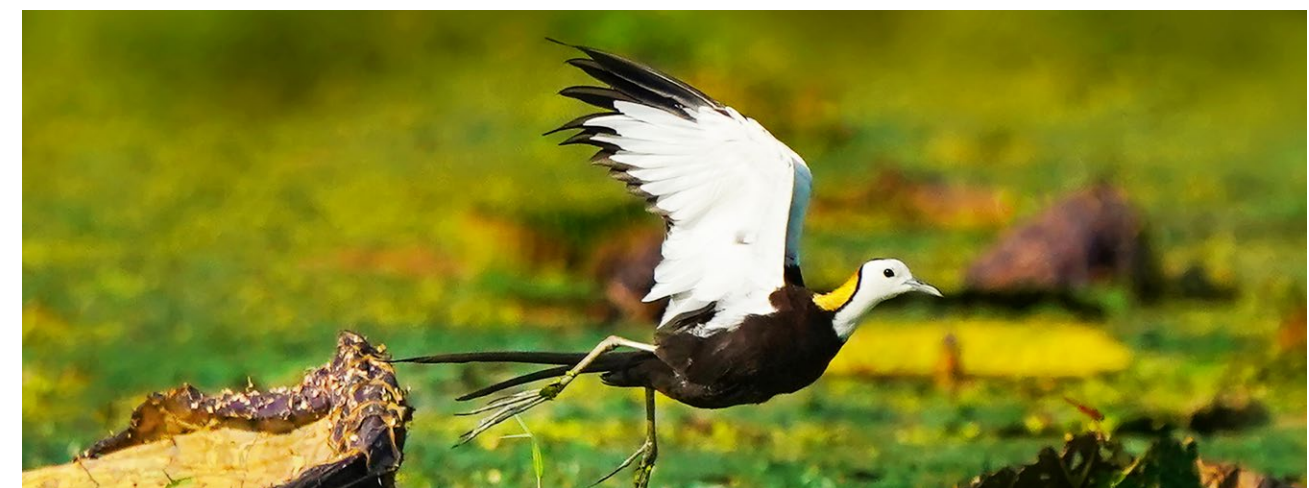
Against the backdrop of advancing global climate governance and the deepening of China's "Dual Carbon" goals (carbon peaking and carbon neutrality goals), Sateri has identified addressing climate change as a critical long-term issue for corporate operations. Through technological optimisation and management measures, the Company aims to mitigate related risks and progressively enhance the climate adaptability of its business system. Guided by the temperature goals and action framework established in the *Paris Agreement*, we are simultaneously advancing the transformation of our production and value chain towards low carbon.

The Company explicitly established emission reduction targets covering its operations and value chain in 2021. These targets have since been integrated into daily management, with periodic adjustments made to certain goals in response to operational changes. Specific measures are advanced through annual plans, and implementation progress is tracked and evaluated based on phased results to ensure that emission reduction efforts remain aligned with established targets.

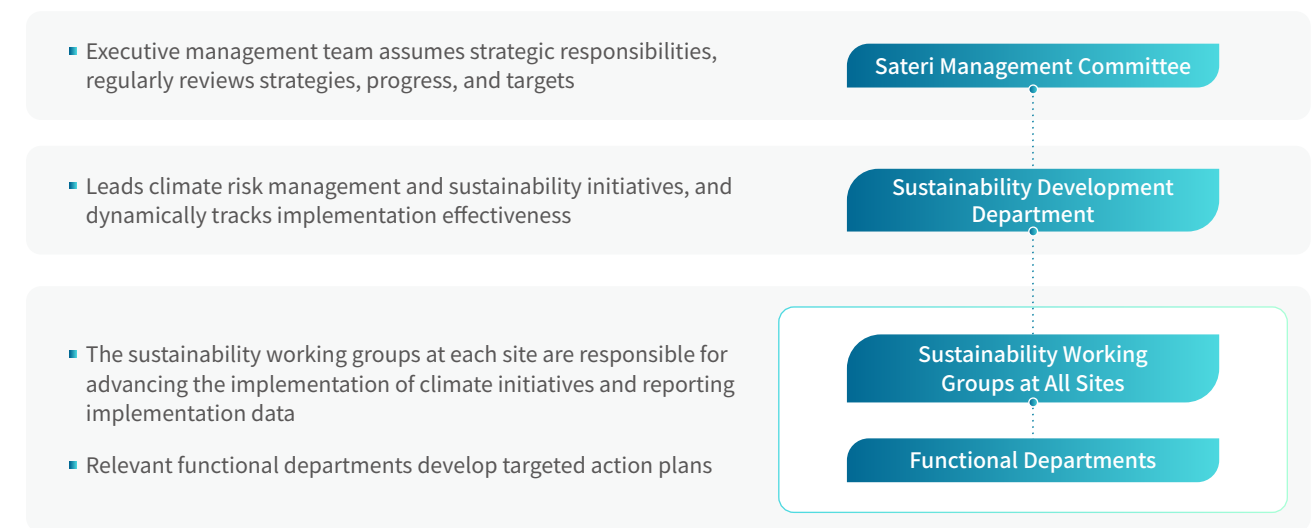
Our Governance

Sateri incorporates climate risk and opportunity identification into daily management in accordance with the requirements of the *International Financial Reporting Standard S2 - Climate-related Disclosures* issued by the International Sustainability Standards Board (ISSB) and the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, while establishing corresponding response arrangements tailored to its business characteristics. Building on this foundation, the Company systematically reviewed key priorities of climate governance and established a closed-loop governance architecture spanning strategy formulation, target setting, business unit (BU) execution, and performance evaluation.

During the Reporting Period, Sateri optimised its sustainability development governance structure and further strengthened cross-business unit collaboration mechanisms. Carbon reduction working groups were established in each business unit to drive the implementation of emission reduction targets at the operational level. At the same time, we have integrated sustainability-related indicators into our business performance management system and established an indicator system at each production base covering carbon emissions, energy consumption, water resource management, chemical management, and social responsibility. Focusing on key improvement areas, the Company has linked relevant progress to the performance of factories and functional departments, gradually establishing a continuous improvement mechanism oriented towards objectives.



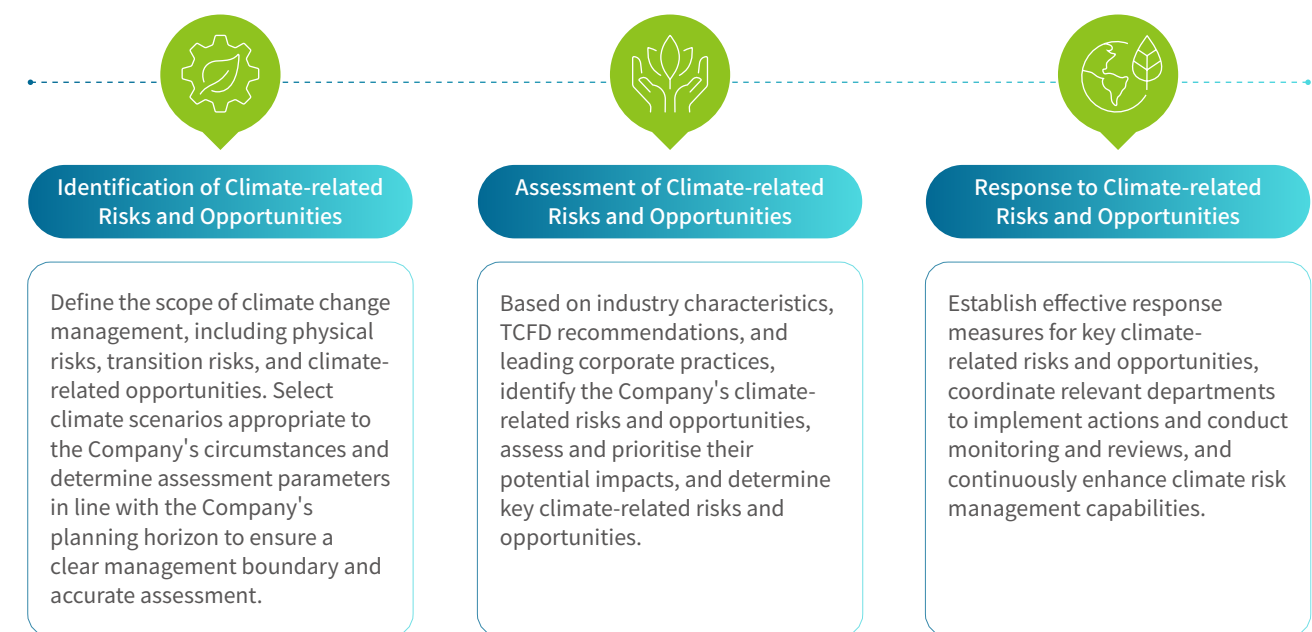
Sateri Climate Governance Structure



Our Management Strategy

Based on management needs related to climate change, Sateri has established a climate change management strategy. Relying on the "identify-assess-respond" management mechanism, it promotes the orderly implementation of relevant measures.

Sateri Climate Change Management Strategy



Sateri identified climate-related uncertainties surrounding its operating activities and classified and analyzed their potential impacts. The identified results primarily include transition risks, physical risks, and opportunities. Among these, transition risks involve aspects such as laws and regulations, technology, markets, and reputation. Physical risks cover acute and chronic risks, while opportunities are mainly reflected in areas such as resource utilisation, energy sources, and products and services.

Risk/Opportunity Type	Risk/Opportunity Name	Impact Magnitude	Time Dimension	Risk/Opportunity Description	Response Measures
Transition Risk	Legal and Regulatory Risks	Strong	Medium Term	■ Emission standards, regulations, and disclosure requirements at the international, Chinese, and local levels are becoming increasingly stringent, which may give rise to potential operational and emission compliance risks. ■ Power plants at all facilities have been included in the China National Emissions Trading Scheme. The continued deepening of the emissions trading mechanism may bring additional compliance costs and management pressure.	■ Regulatory Compliance: Continuously monitor changes in domestic and international climate-related policies and carbon market rules, and formulate compliance management measures based on operational conditions ■ Carbon Emission Management: Conduct carbon verification and emission management assessments for power plants, optimize the carbon verification process, and enhance data management capabilities ■ Carbon Asset Management: Strengthen carbon quota management and compliance capabilities to enhance the level of carbon asset management ■ Third-party verification: Continue to conduct third-party verification of GHG emissions to ensure data accuracy
	Technology Risk	Strong	Medium Term	■ During the promotion of energy conservation and emission reduction as well as low-carbon transformation, continuous technical upgrades and equipment renewal are required. These involve substantial investments, and the technology pathways remain uncertain, which may impact returns on investment.	■ Technical Optimisation: Carry out energy-saving technical transformation and equipment operation optimisation around key processes to improve energy utilisation efficiency ■ Process Improvement: Reduce energy consumption through measures such as improving boiler efficiency and optimizing the wastewater treatment system ■ Standard Participation: Participate in the formulation of industry standards related to energy consumption and emissions, enhancing the forward-looking nature of technology pathways ■ Low-carbon Technology Assessment: Evaluate the feasibility of clean energy and energy storage technologies in conjunction with business development
	Market Risk	Medium	Long-term	■ Customers and brand owners are increasingly demanding low-carbon products and supply chain emission reductions. Failure to meet these requirements in carbon management and product sustainability may impact market competitiveness and customer partnerships.	■ Customer Support: Providing support to customers regarding carbon emissions, product carbon footprint, and certification ■ Product Carbon Footprint: Advance the development of product carbon footprint methodologies and data capabilities (Lyocell-related standards) ■ Cross-Departmental Collaboration: The Sustainability Development team collaborates with the Marketing and R&D teams to support low-carbon product development ■ Supply Chain Response: Strengthen carbon management within the supply chain and compliance capabilities for regulations such as the EUDR

Risk/Opportunity Type	Risk/Opportunity Name	Impact Magnitude	Time Dimension	Risk/Opportunity Description	Response Measures
Transition Risk	Reputational Risk	Weak	Long-term	■ The 30th United Nations Climate Change Conference (COP30) once again emphasized the importance of addressing climate change. Against this backdrop, stakeholders such as regulators, the public, and the media have increasingly focused on enterprises' performance related to climate change and their energy transformation processes, strengthening supervision over these enterprises through measures such as the public disclosure of negative information and news reporting. ■ Failure to meet stakeholders' expectations regarding the Company's performance on climate change-related issues, ineffective communication with stakeholders, or the occurrence of negative events that contradict sustainable principles could adversely affect Sateri's reputation.	■ Risk Assessment and Management: The Sustainability Development Department is directly responsible for conducting risk assessment and management, while the Public Relations Department provides support to ensure smooth communication ■ Communication and Transparency: By establishing diverse communication channels, we proactively disclose climate and energy-related data and practices to help all stakeholders extensively understand our measures and achievements in addressing climate change, striving to minimize reputation risk ■ Sustainability Initiatives: Sateri is actively implementing the goals and commitments of its 2030 Sustainability Vision, promoting and advocating for green development concepts, and building a low-carbon, sustainable corporate image through concrete actions
Physical Risk	Acute risks (typhoons, floods, droughts, etc.)	Strong	Short-term	■ Sateri's factory in Fujian is frequently affected by typhoons, which may have a significant impact on equipment and personnel health. ■ The factory in Jiangxi operated by Sateri faces risks of floods and droughts, which may have significant impacts on equipment, personnel health, and production. ■ Furthermore, extreme weather may impede the transportation of raw materials and finished products, adversely affecting the stability of our production and operations.	■ Risk Assessment: Continuously conduct identification and assessment of extreme weather risks ■ Emergency Management: Regularly update emergency plans and conduct drills ■ Operational Synergy: Collaborative management of related risks by production, supply chain, and EHS⁷ teams ■ Infrastructure Management: Strengthen monitoring and protection capabilities for critical facilities
	Chronic Risk (changes in rainfall levels, rising sea levels, and increasing average temperatures)	Medium	Medium- and Long-Term	■ Climate change is altering rainfall patterns globally. Potential decreases in rainfall caused by climate change may increase water supply costs and affect daily operations at production sites. ■ Chronic physical risks from climate change may affect the long-term stable supply and price of timber, which will have a long-term impact on our production stability.	■ Water Resource Management: Strengthening the management of water usage and recycling ■ Scientific protection and restoration: Conducting watershed ecological assessments in conjunction with the Freshwater Health Index (FHI) and continuing to advance the Poyang Lake ecological protection project ■ Sustainable procurement: Promote PEFC™ /FSC® certified procurement and supply chain traceability management (EUDR)

⁷ EHS: Environment, Health and Safety (abbreviated as EHS).

Risk/Opportunity Type	Risk/Opportunity Name	Impact Magnitude	Time Dimension	Risk/Opportunity Description	Response Measures
Opportunities	Resource Utilisation	Medium	Short-term	■ By optimizing energy and water resource management and advancing a circular production model, we enhance resource efficiency, reduce operating costs, and achieve green low-carbon transformation.	■ Energy Efficiency Optimisation: Advance projects such as improving boiler efficiency and optimizing the sewage system ■ Water Resource Utilisation: Promoting water recycling and wetland projects ■ Resource Circularity: Exploring pathways for circular production and material utilisation
	Energy Sources	Medium	Short-term	■ By increasing the proportion of renewable energy and cleaning up the energy structure, we reduce our carbon footprint, enhance operational resilience, and lead the industry's low-carbon transformation.	■ Renewable Energy: Advance the construction and operation of photovoltaic projects ■ Optimisation of Energy Structure: Exploring the application of biomass and alternative energy ■ Technical Assessment: Conduct feasibility assessments for energy storage and clean energy
	Products and Services	High	Medium Term	■ By innovating low-carbon technologies and developing sustainable materials, we are creating environmentally friendly products to respond to global green consumption trends and enhance market competitiveness.	■ Product Development: Advance the development of low-carbon fibre and recycled materials ■ Standard Setting: Participating in the formulation of industry standards related to product carbon footprint ■ Customer Collaboration: Support brand customers in carbon data management and certification activities



Our Actions

Sateri advances climate-related work through three aspects: emission reduction management, energy efficiency improvement, and energy transformation. We carry out emission reduction practices from different levels, including production process control, energy utilisation efficiency, and optimisation of the energy structure. During the Reporting Period, in light of actual production operations, the Company continued to advance work in key areas such as critical material management, equipment and system optimisation, and clean energy application, thereby gradually reducing resource consumption and carbon emissions levels during the production process. At the same time, several Sateri's factories have carried out relevant management work in accordance with the ISO 50001 energy management system standard and are gradually improving the system construction on this basis. Certification work will be promoted in the future. During the Reporting Period, Lyocell Changzhou and Lyocell Nantong have obtained ISO 50001 energy management system certification.

Management-based Emission Reduction

Sateri focuses on emission reduction management for the use and recycling of key materials during the production process. By identifying loss points and optimizing recycling pathways, we reduce resource consumption and process emissions. During the Reporting Period, the Company advanced relevant work in areas such as operational management, equipment maintenance, and process optimisation to improve the utilisation efficiency of key raw materials.

Energy Efficiency Improvement

We are advancing energy efficiency improvements in high-energy-consumption segments of our electricity and steam systems by optimizing equipment operations and production processes to reduce energy losses and enhance energy utilisation efficiency.



SJS Optimised the Operation of Its Sewage Wastewater System to Reduce Electricity Consumption per Unit of Product

SJS conducted a special optimisation project to address the high energy consumption issue of its wastewater treatment system. After reviewing the processes and electrical equipment, it was determined that the concentrated operation of aeration process equipment and low energy efficiency are the primary issues. The plant adjusted equipment operating modes, replaced aging aeration equipment with new models, and optimised the circulation system to reduce the duration of synchronized equipment operation. While ensuring stable and compliant wastewater treatment performance, the plant's comprehensive power consumption decreased by 10.8%.



SYC Optimised Boiler Operations to Increase Steam Output per Ton of Coal

SYC conducted a specialized analysis to address efficiency gaps in boiler operations, focusing on optimizing three core issues: flue gas heat loss, system air leakage, and combustion efficiency. By cleaning ash accumulation in the air preheater, sealing air leakage points, and calibrating equipment operating conditions, we effectively reduced flue gas temperature and minimized ineffective flue gas emissions. By integrating fuel particle size control with dynamic adjustment of boiler load to optimize combustion conditions, coal utilisation efficiency is enhanced. We strengthened inspection and maintenance of valves and steam-water systems to reduce steam-water losses. Following this improvement, the steam generation per ton of coal increased by 6.9%.



Lyocell Nantong Continues to Optimise Energy Management, Reducing Both Steam and Electricity Consumption

Lyocell Nantong continuously reduced steam consumption by optimizing process parameters and operational management methods. In the power management, we conduct statistical analysis of the use of electricity in each production link, combined with process optimisation, equipment upgrade and energy comprehensive utilisation measures to improve energy utilisation efficiency.

Through the implementation of a series of optimisation measures, the unit steam consumption of Lyocell Nantong Fibre Plant decreased by 8% year on year in 2025, and the unit electricity consumption decreased by 6% year on year.

Energy Transition

Sateri actively responds to the energy transition strategy and continues to promote the optimisation of the energy structure by systematically integrating renewable energy into production processes. Through the scaled deployment of photovoltaic projects and exploration of the application potential of energy storage technologies, we are gradually replacing traditional fossil fuels and significantly reducing carbon emission intensity in production processes.



Sateri Lyocell Shandong Mill's Biomass Cogeneration Project

Aligned with the goals of optimizing the energy structure and achieving low-carbon transformation, Sateri is simultaneously advancing the construction of a biomass cogeneration project at its newly established Lyocell Shandong mill. Construction of the factory commenced in November 2024. The facility is planned to accommodate multiple Lyocell fibre production lines and will utilize biomass energy as its primary power source, thereby reducing reliance on fossil fuels at the source.

The project utilizes biomass resources such as crop straw as fuel and achieves coordinated supply of electricity and steam through combined heat and power generation. This approach meets production energy demands while enhancing energy efficiency. Compared to traditional energy supply models, this project effectively reduces energy losses through cascaded energy utilisation and lowers carbon emission intensity during the production process.

Upon completion and commissioning of the project, it is expected to reduce GHG emissions by over one million tons annually, while providing stable clean energy assurance for the production system and enabling partial power supply to external entities. While promoting the enterprise's energy transition, this project also provides practical reference for the scaled application of biomass energy in the industrial sector. During the Reporting Period, the "Yutai Green and Low-Carbon Industrial Park of the RGE Group", where the Sateri Yutai Project is located, was selected for the list of Shandong Province Low-Carbon Industrial Park, further promoting green low-carbon construction and energy structure transformation within the park.

Currently, Lyocell Nantong and Sateri (Tongling) Nonwoven have successfully implemented photovoltaic power generation projects. A total of six factories have completed their renewable energy layout. During the Reporting Period, the Company's total photovoltaic power generation reached 26,985 MWh, representing a year-over-year increase of approximately 6.08%. The proportion of renewable energy in the overall energy structure continued to rise, providing strong support for green and low-carbon production.

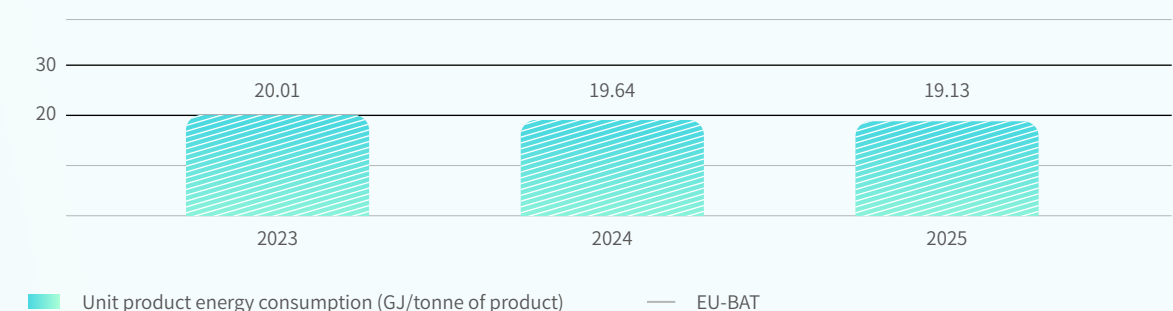
The Company's total photovoltaic power generation reached

26,985 MWh

Sateri PV Power Generation (2023-2025) (MWh)



Energy Intensity of Viscose mills and Lyocell mills vs. EU-BAT Standards (2023-2025)



Sateri GHG Emissions⁸ (tonne of CO₂ equivalent)

	2023	2024 ⁹	2025
Scope 1	5,742,059	5,978,661	5,818,677
Scope 2	295,805	410,555	571,378
Scope 3	13,906,056	21,695,854	/ ¹⁰
Scope 1 + Scope 2	6,037,864	6,389,216	6,390,055
Scope 1 + Scope 2 + Scope 3	19,943,921	28,085,070	/

⁸ GHG emissions are calculated in accordance with the *GHG Protocol*. The data scope covers the Viscose mills, Lyocell mills, Nonwoven mills, Linz Nanjing, and SSH.

⁹ In 2024, Sateri's production capacity expanded and GHG emissions increased correspondingly.

¹⁰ Mid-term assessment of Scope 3 targets is underway. Relevant results are not disclosed in the Report and will be updated in due course based on accounting progress.

Ecosystem Protection

Our Commitments

The production of cellulose fibres relies heavily on renewable natural resources; therefore, the health of the ecosystem directly affects the sustainable supply of raw materials and the resilience of the industrial chain. With the implementation of the *Kunming-Montreal Global Biodiversity Framework* (GBF), ecological protection and natural resource management are accelerating from policy levels to industrial practices, imposing higher requirements on raw material sourcing and production models.

Against this backdrop, Sateri has integrated ecological protection into its corporate development considerations. The Company proactively identifies and manages the impacts of raw material sourcing, production operations, and the entire product lifecycle on the ecosystem, striving to achieve a coordinated unity between production growth and natural capital conservation.

Our Governance

Sateri has established an ecosystem governance mechanism featuring cross-functional collaboration. The Sustainability Development Department leads risk identification and strategic planning, the EHS Department is responsible for monitoring, assessment, and compliance management, while procurement and other relevant functional departments implement ecological requirements across the supply chain to ensure a closed-loop of accountability.

The Company formulates work plans related to ecological protection based on its annual operational performance and establishes corresponding indicators to monitor implementation. During the Reporting Period, in conjunction with the phased progress of the "2030 Sustainability Development Vision", the Company adjusted and updated relevant targets to better reflect current business development and changes in the external environment.

Our Management Strategy

We have integrated the biodiversity protection issue into the core of our sustainability development strategy. Referencing frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD)¹¹ and the Science Based Targets Network (SBTN)¹², we systematically identify, assess, and prioritize nature-related risks to ensure that management actions are grounded in scientific evidence.

Based on its business layout and the characteristics of its raw material supply chain, the Company has identified several key ecological protection areas (such as the Poyang Lake basin) and is steadily advancing key ecological restoration and conservation projects. In terms of implementation pathways, the LEAP¹³ methodology is adopted to scientifically identify and quantitatively assess biodiversity-related risks, thereby pinpointing key impact areas.

¹¹ TNFD: Taskforce on Nature-related Financial Disclosures.
¹² SBTN: Science Based Targets Network.
¹³ LEAP is the core assessment process of the TNFD framework, designed to help enterprises systematically identify, assess, and manage dependencies, impacts, risks, and opportunities related to nature. Its name represents four key steps: Locate, Evaluate, Assess, and Prepare.

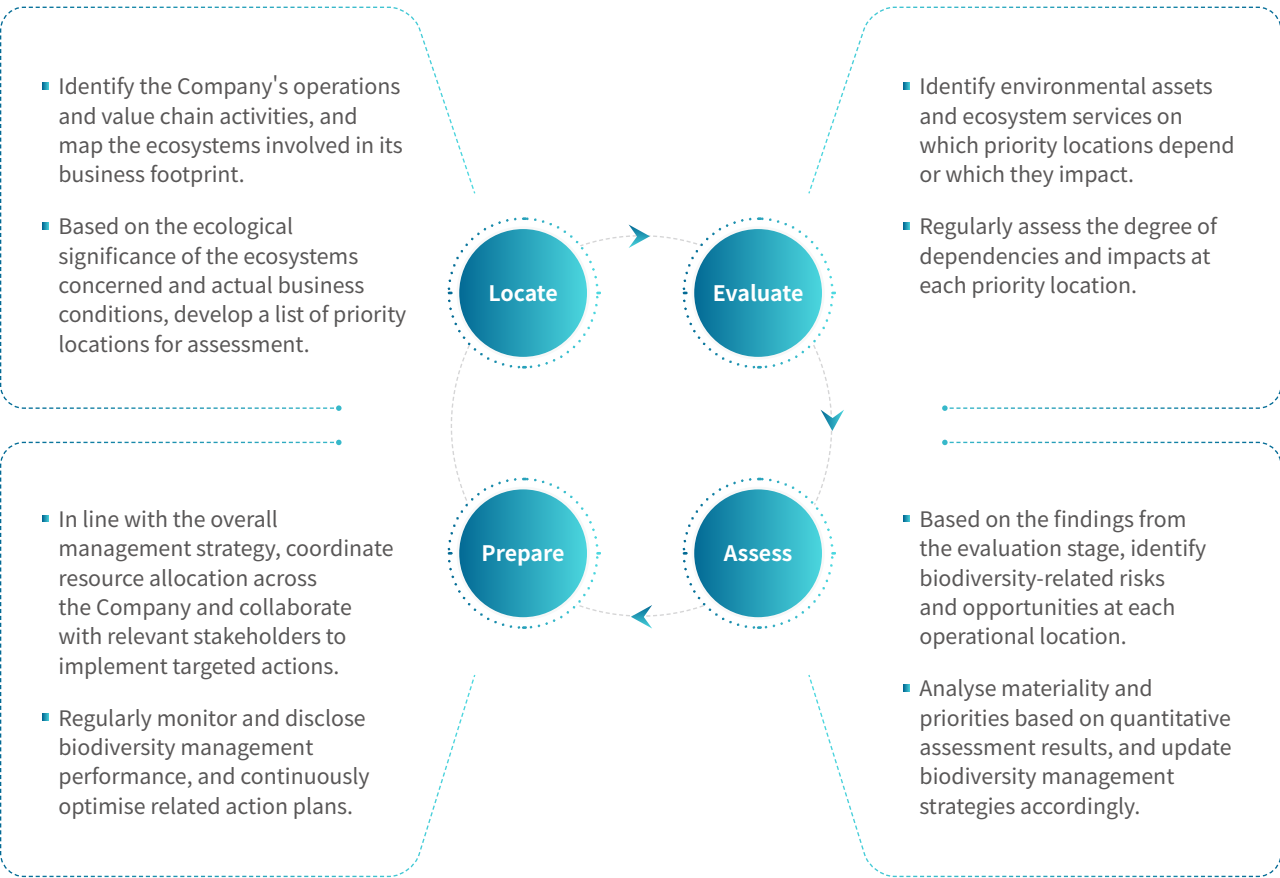
Currently, our management measures focus on three core areas

- **Raw Material Sourcing:** Systematically review the sources of raw materials to promote supply chain traceability and responsible procurement;
- **Production and Operations:** Strengthen the management of water resources, land resources and pollutants, and continuously reduce the impact of production activities on the ecological environment;
- **Impact on Surrounding Ecology:** Strengthen ecological monitoring and restoration around the plant site to enhance environmental resilience.



Through systematic management, we continuously reduce the negative impacts of our business activities on natural capital and promote the creation of green sustainable value. In addition, the Company has established an ecological environment risk management process based on the TNFD LEAP methodology. The relevant identification, assessment, and response pathways are illustrated in the figure below.

Sateri Ecological Environment Management Process



Our Actions

Sateri regards biodiversity protection as a key support for business resilience. We focus on the following two directions to continuously explore ecological sustainability development pathways:

Avoid and Reduce Exerting Pressure on Nature

- Sateri uses renewable wood pulp as the raw material for fibre production. It continues to optimize its procurement structure and increase the proportion of certified wood pulp used, thereby promoting sustainable management of raw material sources and reducing dependence on natural resources and their potential impacts.

Restore and Protect Natural Ecosystems

- Sateri is advancing ecological protection and restoration work in the Poyang Lake basin, gradually forming an implementation pathway based on scientific assessment, supported by ecological restoration, and involving multi-party collaboration. During the Reporting Period, focusing on 'protection, restoration, co-management, and integration', we continued to advance systematically. This marked a transition from demonstration and exploration to a systematic approach in ecosystem restoration, biodiversity conservation, and basin governance mechanisms.

Sustainable Wood Pulp Sourcing

As the core raw material for fibre production, wood pulp sourcing is directly linked to forest resource conservation, biodiversity maintenance, and supply chain sustainability. To address increasingly stringent global environmental regulations and market expectations, Sateri has embedded sustainable forest management into its raw material sourcing strategy and systematically advanced the green transformation of its supply chain.

The Company consistently adheres to one of the core procurement principles of prioritizing pulp sourced from PEFC™ or FSC® certified or controlled sources. Through third-party certification mechanisms (such as PEFC™ and FSC®), it conducts routine verification of supply chain compliance and sustainability to ensure that raw material origins are traceable and auditable.

On this basis, we will gradually increase the proportion of sustainably certified wood pulp sourcing and strive to achieve a supply of 100% raw materials from sustainable sourcing. To support this goal, we continuously conduct a comprehensive review of the entire supply chain and identify ecological risks. By integrating annual procurement assessments, analysis of material topics in the supply chain, and a transparent disclosure

mechanism, we strengthen supervision and guidance for our suppliers.

In response to the compliance requirements posed by the European Union's *Deforestation Regulation* (EUDR), the Company proactively conducted a comprehensive review of the raw material traceability system. Through cross-departmental collaboration with quality, legal, and technical teams, we have established a full-chain traceability path, further enhancing the transparency of raw material sourcing and supply chain traceability.

In addition, Sateri actively promotes ecological co-governance by maintaining close communication with domestic and international customers, industry partners, and non-governmental organizations. It supports domestic and international customers in conducting thematic dialogues on sustainability development, providing professional information and data support on key issues such as the recognition of certification systems, product carbon footprint accounting methodologies, and supply chain ESG performance, achieving a two-way closed loop of stakeholder engagement and information sharing.

99.45%

of purchased wood pulp is sourced from certified or controlled forests

8

wood pulp suppliers have obtained PEFC™ certification

6

wood pulp suppliers have obtained FSC® certification

Ecological Conservation of Poyang Lake

Since 2019, Sateri has partnered with Conservation International (CI) to continuously advance ecological protection projects in the Poyang Lake basin and has now entered the third phase of deepened implementation. The project is centered on the overarching strategy of 'Protection, Restoration, Co-management, and Integration,' focusing on three core areas: biodiversity conservation, ecosystem restoration, and collaborative community governance. It progressively explores and practices a new paradigm for sustainable ecological protection based on scientific principles, supported by multi-party participation, and scaled to the watershed level.

Scientific Assessment Drives Precise Governance

Scientific assessment serves as the foundation for project decision-making and action. Sateri continues to introduce systematic assessment tools and multi-stakeholder engagement mechanisms to build a closed-loop management pathway of 'assessment-decision-implementation', promoting the transformation of ecological protection from experience-based judgment to data-driven approaches.

In 2025, the project initiated the second assessment of the Freshwater Health Index (FHI) for the Poyang Lake Basin. Integrating government open data, monitoring results from research institutions, and academic findings, the assessment systematically evaluates the current status and evolution trends across three dimensions: ecosystem vitality, service function supply, and governance response capability. Through a horizontal comparison of the results from the first assessment in 2021, key areas and driving factors of ecological degradation were precisely identified, the effectiveness of existing protection measures was scientifically evaluated, and a strong basis was provided for optimizing subsequent governance priorities.

Building on this foundation, the project proactively advances the identification and research of Other Effective Area-based Conservation Measures (OECMs) in Poyang Lake Basin, exploring new pathways that transcend traditional protected area boundaries to extend conservation scope to large-scale watershed spaces. Through multi-round discussions with local governments, research institutions, and university experts, we systematically identified regional types with conservation potential across dimensions including ecological value, current land use status, and management feasibility.

Ultimately, this project will produce the results such as the *Identification and Research of Potential OECMs Regions in the Poyang Lake Basin* and the *Poyang Lake Basin OECM Capacity Building Plan*, clarifying a three-in-one implementation pathway of "enhancing awareness, improving mechanisms, and strengthening capacity building", and planning to select typical areas for pilot demonstration. This exploration not only provides a replicable and scalable institutional design framework for biodiversity conservation in non-protected areas but also contributes practical wisdom to the improvement of the national ecological protection system.

Pilot Demonstrations Lead Innovation in Ecological Restoration

To address the needs of Poyang Lake water environment governance and ecological resilience enhancement, Sateri advanced an integrated restoration practice of "ecological wetland + community participation + long-term maintenance" at key ecological nodes.

From 2024 to 2025, the project implemented the Ruanjiatang Wetland Ecological Environment Improvement Project in Wucheng Town, Yongxiu County. By adapting to local conditions, it constructed a subsurface flow wetland system, ecological floating islands, and ecological buffer zones to effectively treat domestic sewage from the community. At the technical level, the process design adopts low interference and high ecological benefits, taking into account the purification of sewage and the reconstruction of animal habitats dominated by birds. At the management level, a collaborative mechanism led by the government, guided by experts, and involving community participation is established to ensure integrated implementation of project construction and subsequent operations and maintenance.

Upon completion of the project, it is expected to treat approximately 120,000 tons of domestic sewage annually. Preliminary operational monitoring indicates that key water quality indicators have approached Class IV standards under the *Environmental Quality Standards for Surface Water*, and the ecological functions of the wetland have significantly recovered. More noteworthy is that the project serves not only as environmental infrastructure but also as an "ecological green corridor" integrating pollution control, buffer zones, and biological habitats, providing continuous habitat space for species such as fish and waterbirds.

The project is gradually transitioning from single-oriented restoration to a collaborative model of "integration and symbiosis between production spaces and ecological spaces", exploring the likelihood of building an ecological resilience network in areas with dense human activity. This provides a demonstration model that is "technically feasible, mechanism-sustainable, and socially acceptable" for future watershed ecological restoration.



Pheasant-tailed Jacana-Friendly Agricultural Experiment: Exploring Ecological Restoration Pathways in Production

In response to the ecological characteristics of the Poyang Lake Basin, where agricultural land and wetlands are closely interwoven, Sateri, together with Conservation International (CI), launched Scientific Research Project on Eco-planting Technology of Pheasant-tailed Jacana-friendly Gorgon Fruit at Kangshan Farm in Yugan County, Shangrao City in 2025. The project aims to explore a viable pathway for enhancing agricultural production and biodiversity conservation in parallel. Approximately 60 mu of trial area was selected to compare three cultivation approaches-natural growth, traditional farming, and precision-managed cultivation-and to systematically assess their productivity, costs, and ecological benefits.

During the research, the project worked with research institutions to conduct continuous monitoring and observation. Results showed that the natural growth approach was unable to provide a stable habitat for Pheasant-tailed Jacana. In contrast, both the traditional local cultivation model and the precision-managed cultivation model, which applied more scientific and refined controls over fertilizer and pesticide use, created pond ecosystems better suited to Pheasant-tailed Jacana's habitat requirements. These approaches supported larger Pheasant-tailed Jacana populations and higher breeding success rates. However, certain human-induced disturbances remained. Building on the findings to date, the project will continue exploring more suitable cultivation and management practices to achieve a win-win outcome of stable agricultural yields and enhanced ecological functions.

This practice provides a quantifiable and replicable innovative paradigm for promoting a win-win outcome of production and ecology in non-protected agricultural areas, marking a significant breakthrough in biodiversity conservation from "isolated protection" to "integrated co-governance".



Sateri Pheasant-tailed Jacana-Friendly Agriculture Pilot Project

Community Co-construction and Ecological Co-governance

In the process of ecological protection in the Poyang Lake basin, community participation is an important component for achieving conservation goals.

The project adopts "co-construction and co-management" as its core mechanism to deeply integrate the community into the entire process of ecological wetland construction. In the wetland restoration project at Ruanjiatang in Wucheng Town, the project organized residents to participate in construction and established a local management team responsible for daily patrols and maintenance. Supporting operation and maintenance training was conducted to systematically enhance the community's capabilities in facility management, plant care, and ecological monitoring. Through the shift from participating in construction to 'leading management', the community has gradually transformed from a beneficiary of ecological protection into a responsible entity, truly achieving an organic integration of ecological projects and public affairs.



Co-construction and Co-management Practice of Wucheng Ruanjiatang Wetland: From 'External Construction' to 'Community-led Management'

In the ecological restoration of Ruanjiatang Wetland in Wucheng Town, the project broke away from the traditional single model of constructed by government, managed by operating body by innovatively implementing a 'co-construction and co-management' mechanism. During the project construction phase, local residents were engaged in frontline tasks such as dredging, grass planting, and embankment construction to enhance their sense of belonging and responsibility. Before and after the construction, a wetland management team composed of local residents was established leveraging community resources to undertake daily patrols, facility maintenance, and aquatic vegetation management.

To meet the long-term operational requirements of the wetland, the project simultaneously conducted operations and maintenance training to enhance community capabilities in ecological monitoring, disaster response, and vegetation care, thereby enabling the community to gradually acquire the foundational conditions for independent wetland management. By integrating ecological projects into the community public affairs management system, we truly achieve 'built well, managed sustainably, and utilized effectively'. This model not only significantly improves the water quality of the region but also establishes a new paradigm for sustainable grassroots ecological governance, providing a practical sample that can be promoted for community-based operation of ecological projects outside protected areas.



Wucheng Ruanjiatang Wetland Ecological Environment Improvement Project

Capacity Building and Nature Education

Sateri adheres to a dual-wheel drive strategy of "professional capacity building" and "public nature education" to construct a sustainable nature education system. We support the training of nature educators and facilitate the acquisition of professional qualifications by representatives of Poyang Lake protection units. We participated in the compilation of the *Guidelines for Nature Education Development in Jiangxi Province* and actively engaged in regional exchange activities to provide foundational support for capacity building of forestry science popularization and nature education in the province.

Focusing on the construction of a nature education system, the project has gradually expanded from supporting single activities to talent development, professional exchange, and the formulation of development plans, thereby promoting the advancement of relevant capacity building towards a more sustainable direction.



Capacity Building for Nature Education and Professional Talent Development

During the Reporting Period, the project supported forestry science communication activities and participated in organizing training programmes for nature educators. Dozens of practitioners from organizations involved in Poyang Lake conservation obtained Nature Educator certification from the Chinese Society of Forestry. The skills and awareness gained through these training programmes have enabled them to better promote the concept of nature conservation to a broader public audience. At the same time, the project supported the development of the *Guidelines for Nature Education Development in Jiangxi Province* and participated in national and regional nature education conferences and industry exchange activities. These efforts provided foundational support for the development of Jiangxi's nature education system and enhanced the professional capabilities of relevant practitioners.



Forestry science popularization and nature education training activities

Simultaneously, at the public level, the project promotes ecological protection knowledge into more specific learning and dissemination scenarios by continuously delivering nature education and ecological science popularization resources to schools and communities and combining them with regional publicity campaigns.



Support for nature Education Resources and Practices in Popular Science Communication

During the Jiangxi Province Bird Protection Week, the project donated nature education knowledge products, including the popular science book *Wonder Life at Poyang Lake*, accompanying courses, and bird-related educational posters, to the Honghu Bookstore at Kangshan Central Primary School in Yugan County, Shangrao. This initiative continues to support the development of nature education in rural schools. At the same time, the project participated in and supported the launch ceremony of the 2025 "Jiangxi Province Wildlife Protection Publicity Month". The case studies of the *Wonder Life at Poyang Lake* and the two Poyang Lake nature education projects, "Migratory Bird Book House" and "Honghu Book House", were also included in the compilation the *Power of Wetlands - Wetland Education (CEPA) China Case Studies*, further expanding the dissemination scope of the project outcomes.



Donation to Honghu Book House

Impact Expansion and Global Dialogue

Sateri relies on the Poyang Lake Basin Ecological Protection Project to continuously promote the expansion of ecological protection practices to a broader scope and gradually form comprehensive results that integrate ecological benefits, social benefits, and institutional impact. Overall, the project has gradually shifted from early-stage demonstration and exploration to systematic advancement, achieving phased progress in river basin governance, mechanism innovation, and social impact.

During the Reporting Period, the project supported patrol and conservation research in protected natural areas, as well as wetland restoration and management. It carried out wildlife protection across an area exceeding 40,000 hectares and generated nearly RMB 150,000 in direct economic benefits for surrounding community residents. More than 10,000 people deeply participated through patrol training, nature education, and project operations, resulting in a significant improvement in ecological awareness and action capability.

More breakthroughingly, the project pioneered pathways for integrating ecological protection with green finance and assisted in completing China's first transformation finance loan application centered on Biodiversity. This loan links interest rates to performance indicators such as the area of wetland conservation, the number of participants in nature education, and pollutant emission reductions. It introduces third-party monitoring and evaluation to achieve dynamic linkage between cost of capital and ecological output. This initiative holds pioneering significance within the industry, has been submitted to the headquarter of People's Bank of China, and provides an innovative model for manufacturing enterprises and foreign-invested companies to participate in biodiversity investment.

Furthermore, by engaging in exchanges through international platforms, we have connected the ecological protection practices of the Poyang Lake basin with global wetland conservation issues and amplified the 'Poyang Lake voice' for Chinese wetland protection on global platforms.



Project Achievements Were Showcased at the 15th Meeting of the Conference of the Parties (COP) to the Ramsar Convention on Wetlands (Ramsar COP15)

In 2025, the achievements of the Poyang Lake Basin Ecological Conservation Project were showcased during the 15th Meeting of the Conference of the Contracting Parties to the *Ramsar Convention on Wetlands* (Ramsar COP15) held in Zimbabwe. Through a dedicated exhibition booth, the project presented its practical experience in wetland conservation and ecological restoration, while also supporting the Jiangxi Provincial Forestry Department and the Jiujiang Municipal Government in receiving the designation of "Wetland City Accreditation" at the conference. By participating in this international platform for exchange and dialogue, the project gained broader recognition and created new opportunities for the cross-regional dissemination of nature education and ecological conservation practices.



Project achievements were showcased at the 15th Meeting of the Conference of the Parties to the *Convention on Wetlands* (Ramsar COP15)

Closed Loop Production

Our Position

The Ministry of Industry and Information Technology¹⁴ has explicitly called for the transformation of the industrial sector towards higher-end, smarter and greener development, guided by China's "Dual Carbon" goals, while accelerating the development of clean production and resource circularity systems. As a key player in the upstream segment of the textile value chain, Sateri responds to the urgent demand from downstream industries for greener supply chains. By starting from the fibre source, we are helping the apparel industry reduce its environmental footprint.

We uphold the core philosophy of "closed-loop production" and aim to lead the regenerated cellulose fibre industry in delivering a net-positive impact. By strengthening our environmental management system, systematically reducing energy consumption and pollutant emissions, and improving the efficiency and circularity of water, energy and material use, we are building a replicable and verifiable green manufacturing model through collaboration across the entire value chain. Together with our value chain partners, we are shaping a more sustainable future.

¹⁴ Circular of the Ministry of Industry and Information Technology on Issuing the [14th Five-Year Plan for Green Industrial Development](#).



Our Goals and Progress

Sateri upholds green development as a guiding principle and comprehensively advances the construction of an environmentally friendly production system. By establishing clear, quantifiable, and trackable targets, the Company continuously advances its cleaner production process. During the Reporting Period, our objectives and progress regarding emission management and resource conservation are as follows:

Our Goals	2025 Progress
All Viscose mills shall establish a clean closed-loop production system and achieve:	The annual environmental targets have been achieved for indicators such as the emission of sulphur in wastewater per unit of product and the emission of zinc (Zn) in wastewater per unit of product from Viscose mills All Viscose mills under Sateri have obtained ISO 14001 certification All Viscose mills under Sateri have passed the STeP by OEKO-TEX® verification for sustainable textile production by the International Oeko-Tex Association
Passed the EU-BAT standard audit in 2023	All Viscose mills have passed the EU-BAT audit
All Viscose mills will meet ZDHC MMCF Guidelines Progressive Level by 2023 All Viscose mills will achieve ZDHC-MMCF Guidelines Aspirational Level by 2027	Four Viscose mills and one Lyocell mill under Sateri have successfully achieved the Aspirational level requirement under the latest edition of the <i>ZDHC Man-Made Cellulosic Fibre (MMCF) Guidelines</i> issued by the Zero Discharge of Hazardous Chemicals (ZDHC)
Achieve a total sulphur recovery rate exceeding 98% by 2025	The average total sulphur recovery rate of the Viscose mills is 97.4%
Achieve zero waste landfilling by 2025	Zero landfilling of general solid waste and hazardous waste has been achieved at the Viscose mills and the Lyocell mills
By 2030, further reduce water consumption intensity to a level below that of the EU-BAT	The specific water consumption of Viscose mills and Lyocell mills continues to decline, outperforming the industry benchmark levels suggested by the EU-BAT

Awards and Certifications

- Sateri (Yancheng) Fibre Co., Ltd. was included in the 2025 Green Factory list by the Ministry of Industry and Information Technology
- Sateri (Jiangsu) Fibre Co., Ltd., and Sateri (Changzhou) Fibre Co., Ltd. were awarded the title of '2025 Jiangsu Province Green Factory'

Relevant Sustainable Development Goals (SDGs)



Emission Management

Our Commitments

Sateri ensures compliant emissions as a fundamental requirement and has established a clean closed-loop production system. We have established a scientific, systematic, and long-term emission control system centered on the closed-loop management mechanism of "monitoring-assessment-analysis-improvement" to drive continuous improvement in environmental performance.

We continue to strengthen emission management measures, covering the entire process from source control and process supervision to end-of-pipe treatment. Supported by systematic management and guaranteed by external supervision and certification, the Company focuses on reducing pollutant emissions to effectively minimize the impact of production and operations on the environment.

Our Governance

Sateri strictly complies with national laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, as well as industry standards. Based on its actual operations, Sateri systematically addresses four core environmental issues: chemicals, wastewater, waste gas, and waste. The Company has established and improved an internal management policy system, covering documents such as the *Chemical Safety Management System*, the *Production Waste Management System*, the *Environmental Monitoring and Management System* and the *Pollution Tax Calculation and Declaration System*, achieving full coverage from policy design to implementation.

The Company has established a cross-departmental collaborative governance mechanism with clearly defined responsibilities. Multiple departments, including Environment, Production, Technology, and Management, work together to advance emission management. The Management Committee regularly reviews emission performance and corrective progress to ensure efficient decision-making, effective supervision, and effective implementation, thereby strengthening the primary responsibility for pollution prevention and control.

Our Management Strategy

Sateri has established an environmental management system covering the entire production and operation cycle. It has built a closed-loop management system featuring "source prevention, process control, end-of-pipe treatment, and continuous improvement", to support clean production and resource recycling.

To ensure the continued effectiveness and scientific operation of this system, each mill conducts regular audit assessments, including internal self-inspections and external audits, and continuously improves management mechanisms based on the assessment results. During the Reporting Period, Sateri continued to consolidate the authority of its environmental management system by obtaining the following certifications:

Certification Name	Scope of Certification	Certification Results
ISO 14001	All Sateri's Viscose mills	Certified
Higg FEM	Sateri's Viscose mills	Certified
STeP by OEKO-TEX®	All Sateri's Viscose mills	Certified

Sateri's Viscose mills continue to benchmark their operational management and performance improvement against the EU-BAT, with regular assessments with regular assessments of key environmental indicators such as wastewater, air emissions and resource consumption. This year's report focuses on presenting the benchmarking results of the Viscose mills against relevant EU-BAT indicators. As the Lyocell mills adopt a closed-loop solvent-based production process and have pollutant profiles that differ from those of Viscose mills, the related data are not presented separately in the main body of this report. Sateri will continue to align its environmental management practices with advanced international standards and conduct regular performance assessments.

Our Actions

Sateri applies systematic control of emissions throughout the production and operation processes. It has established a comprehensive management system covering chemicals, wastewater, waste gas, and waste to ensure that emissions at all stages are compliant and controllable, while continuously reducing environmental impact. Looking ahead, Sateri will continue to be guided by a systematic and disciplined approach to further enhance its emission management capabilities. While ensuring compliant operations, the Company will continue to deepen closed-loop clean production practices through continuous improvement and technological innovation, thereby promoting the green and sustainable development of the enterprise.

Chemical Management

Sateri strictly complies with national laws and regulations and, based on its operational needs, has formulated and implemented the *Chemical Safety Management System* to establish a closed-loop safety management system covering the entire lifecycle of chemicals. The system covers key stages such as procurement approval, secure storage, usage standards, transportation supervision, waste disposal, and emergency response, clarifying responsibilities and operational procedures.

Each mill has established a localized management mechanism based on this, equipped with professional management teams and standardized operating procedures, and regularly conducts safety training and emergency drills to ensure that chemical management is "institutionalized, implemented, supervised, and feedback-driven". At the same time, the Company continues to advance the exploration of chemical substitution and reduction technologies. It prioritizes the selection of low-toxicity, renewable, and environmentally friendly alternatives to mitigate environmental and health risks at the source, thereby achieving the dual goals of green manufacturing and safe operations.

Sateri Chemical Management Advantages

- » Implementing International Standards and Building a Standardized Management System
- Benchmark against international certifications and standards to build a standardized management system, promoting comprehensive international alignment from philosophy to execution, and ensuring that management is compliant, verifiable, and replicable.
- » Full-Lifecycle Closed-Loop Management to Ensure Controllable Risks Throughout the Process
- Construct a chemical full-lifecycle closed-loop management system covering "procurement-transportation-storage-usage-disposal", with clear responsible entities, operating specifications, and monitoring points set for each stage. Through mechanisms such as digitized ledgers and dynamic early warnings, we achieve proactive risk identification and timely intervention, reducing safety and environmental hazards like leaks, misuse, and cross-contamination at the source.
- » Implementing the Guarantee Responsibility System and Strengthening Control over Key Links
- For chemicals involving major hazard sources such as carbon disulfide storage, define usage and management responsibilities, and strictly implement full-process closed-loop control of hazardous chemicals.
 - For chemicals involving major hazard sources such as carbon disulfide, establish the "One Warehouse, One Policy, One Dedicated Person" guarantee responsibility system. We clarify management personnel, operating procedures, and emergency response protocols, and implement multi-layered protection measures such as dual-person dual-lock, video surveillance, and intelligent alarms, ensuring high-risk items are "trackable, monitorable, and traceable" to comprehensively improve intrinsic safety levels.
- » Innovative Recycling and Driving Waste-to-Value Transformation
- Apply advanced processes such as multi-effect evaporation, crystallization, and roasting to resourcefully recover sodium sulfate from wastewater generated during the production process, converting waste salt into high-purity by-products for sale. This achieves the triple benefits of "reduction, resource recovery, and harmlessness". This initiative not only significantly reduces wastewater salt emissions and the pressure of solid waste transportation and disposal but also creates tangible economic benefits, truly realizing a win-win pathway of "environmentally friendly + economically viable".

In chemical management, Sateri adheres to the approach of "source governance, systematic prevention and control, human-machine collaboration, and capability building". Through the integration of engineering optimisation, strict procedural controls, behavioural norms, and capability building, the Company comprehensively prevents chemical risks and creates a replicable and sustainable green safety operation paradigm.

Sateri Chemical Management Initiatives

Implement engineering controls at the source to mitigate risks from the origin



- Synchronously optimize reaction processes and equipment configurations to enhance system sealing and automation, effectively reducing fugitive emissions of CS₂ and H₂S as well as operational exposure, shifting the focus from "passive emergency response" to "proactive prevention". These measures have significantly reduced the incidence of major safety accidents such as poisoning, fire, and explosion, providing technical support for green transformation.

Standardized storage and management to build a solid physical safety barrier



- Sateri implements classified and zoned storage for chemicals based on their physical and chemical properties (e.g., flammability, corrosivity, and oxidizing potential) to strictly prevent chemical reactions or secondary disasters caused by improper mixing. For highly toxic chemicals (such as CS₂), strictly enforce the "dual-person, dual-lock, specialized cabinet management, and entry-exit registration" system to ensure full-lifecycle traceability and end-to-end control. Equip the site with fire dikes, containment berms, leakage collection systems, emergency eye wash and shower devices, and gas detection and alarm systems. This establishes a three-tier protection system of "physical isolation, real-time monitoring, and rapid response", comprehensively enhancing the intrinsic safety level of storage and usage areas.

Standardized operation to secure the behavioural safety line



- Sateri strictly enforces a chemical operation access mechanism, equipping employees with standardized protective gear (such as chemical-resistant gloves, goggles, fully enclosed protective suits, and gas masks) based on risk levels to prevent skin contact and harmful gas inhalation. The Company has established standardized operating procedures (SOPs) and strengthened inspection and operational supervision in areas with major hazard sources, strictly prohibiting the mixing of unknown reagents to prevent violent reactions. High-risk behaviours such as "washing hands with alkaline solutions", "handling chemicals in dining areas", and "entering flammable zones wearing shoes with iron nails" are explicitly prohibited. By using institutional rigidity to constrain personnel behaviour, the Company eliminates human error at the source.

Training and drills to forge emergency response capabilities



- Sateri provides regular chemical safety training for all employees, focusing on risk identification, emergency response, personal protective equipment (PPE), and operating procedures to continuously enhance overall safety awareness and risk sensitivity. We regularly organize emergency drills for various scenarios, such as leaks, fires, and poisoning, to test the effectiveness of contingency plans and response coordination capabilities. The Company has established a "post-incident review" mechanism to continuously optimize emergency contingency plans. On-site facilities are equipped with comprehensive emergency supplies (such as absorbent pads, neutralizing agents, and first-aid kits) to ensure that emergencies can be "detected early, responded to quickly, controlled effectively, and handled properly".

Wastewater Management

Sateri regards wastewater management as a critical component of operational control. Leveraging a systematic approach and advanced technologies, the Company promotes the synergistic development of compliant operation, efficiency improvement, and environmental friendliness in wastewater treatment.

The wastewater discharge from major Viscose mills strictly complies with the Class 1A standard under the *Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant* (GB 18918-2002), while continuing to pursue higher environmental performance.



Standardized Treatment for a High-Standard Emission System

- The Cyclic Activated Sludge System (CASS) and Anoxic/Oxic (A/O) processes are widely applied in biochemical treatment to enhance organic load removal efficiency and system impact resistance.
- Advanced oxidation technologies, such as Fenton oxidation and ozone oxidation, are integrated into the deep treatment stage to precisely degrade refractory organic pollutants (such as lignin derivatives and soluble dyes), significantly improving effluent quality.
- During the Reporting Period, the Company's wastewater discharge indicators at all mills consistently remained superior to national statutory limits. Notably, some production areas at SCN have achieved wastewater discharge meeting the Class IV water quality standard for surface water, reflecting a higher commitment to watershed ecological protection.

Process Innovation to Drive Operational Efficiency



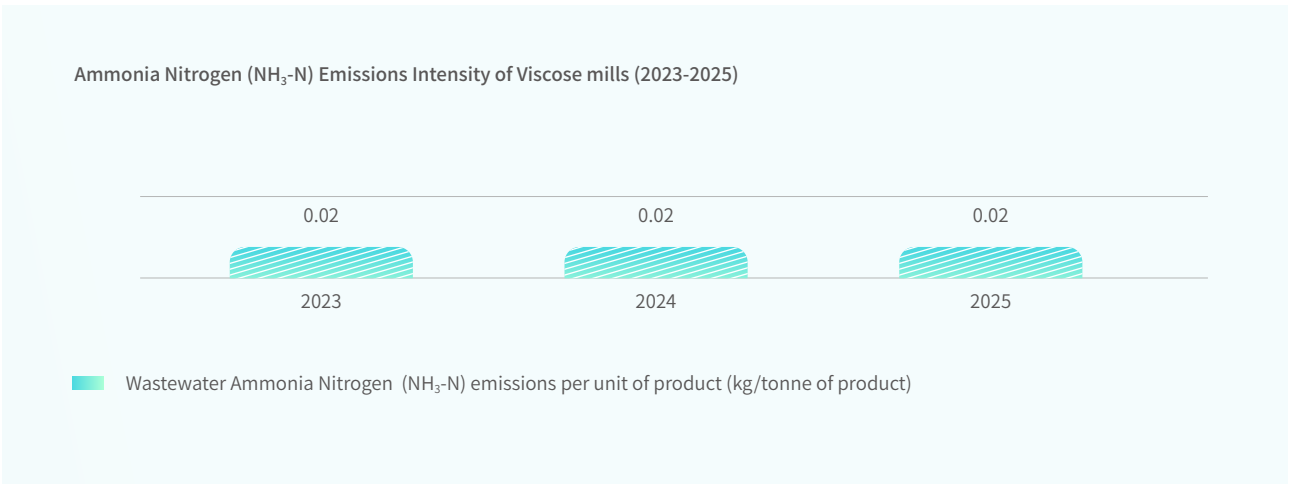
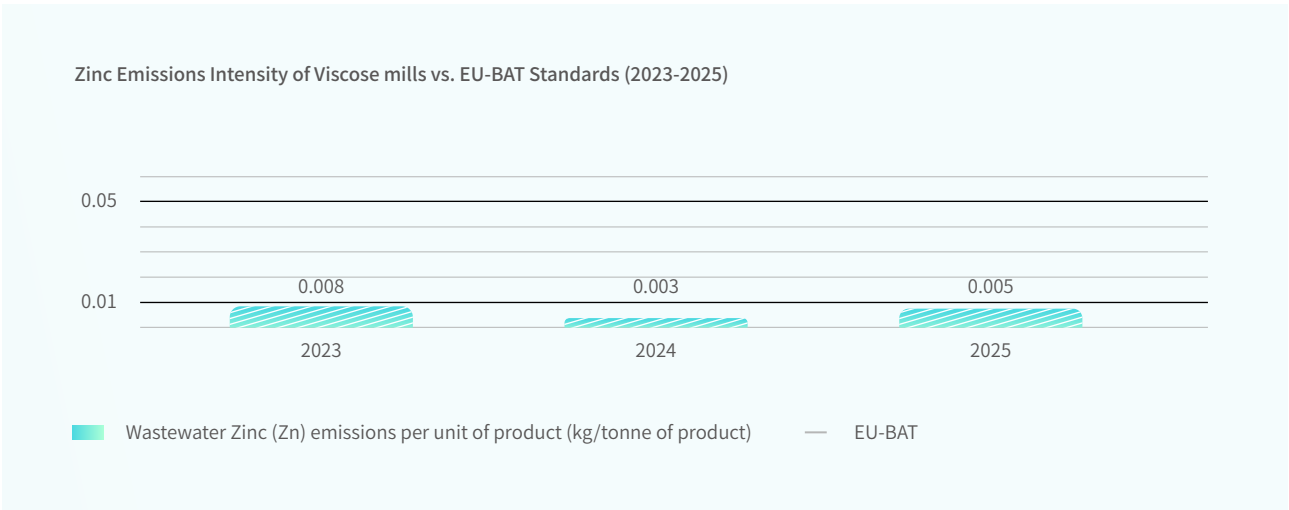
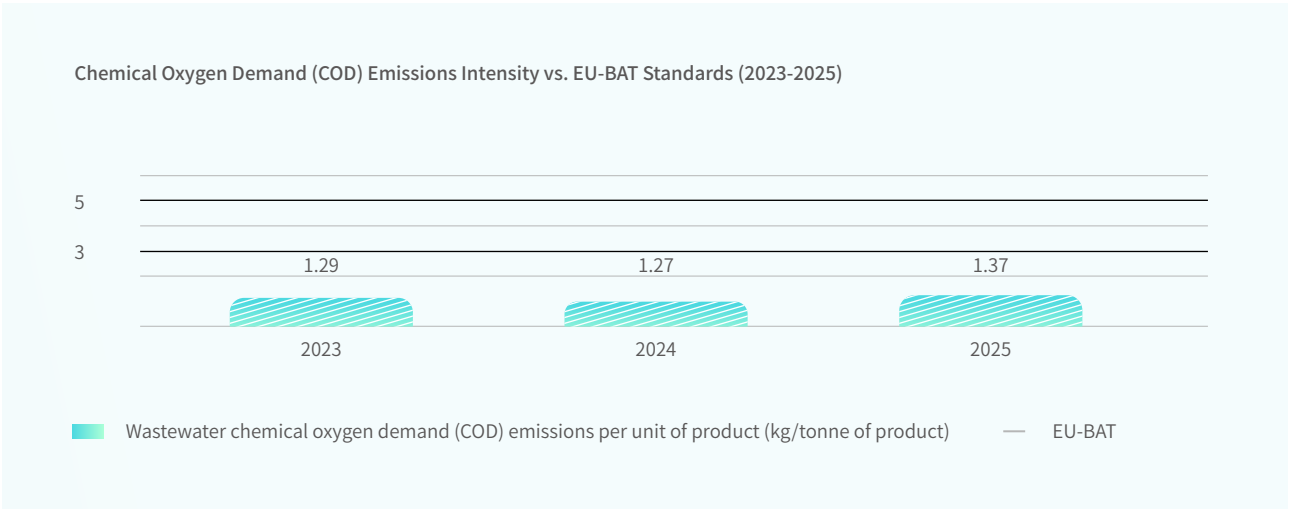
- The Company promotes continuous optimisation of wastewater systems through key technological improvements such as intelligent aeration control, water distribution network retrofitting, and dynamic regulation of reflux ratios, significantly reducing energy and chemical consumption while improving treatment efficiency and operational stability.
- Simultaneously, the Company advances the exploration of sludge reduction and resource recovery, achieving dual goals of pollution control and energy conservation, thus helping to build a low-carbon and intensive wastewater treatment system.



Regular Monitoring for a Data-Driven Closed-Loop Verification Mechanism

- The Company has established a comprehensive, precise, and traceable water quality monitoring system, which includes:
- Implementing routine online monitoring and monthly testing of key indicators to dynamically track trends in core parameters such as COD, BOD, SS, ammonia nitrogen, and color.
 - Strictly adhering to the requirements of the *ZDHC Man-Made Cellulosic Fibre (MMCF) Guidelines*, the Company conducts standardized testing twice a year at its six Viscose mills, covering the entire process and typical discharge points to ensure consistent testing methods, comparable data, and reliable results.
 - Establishing a "problem diagnosis-process adjustment-effectiveness verification" feedback loop, driving continuous process optimisation and performance enhancement.

Sateri has ensured compliance with wastewater pollutant discharge concentrations through systematic wastewater management and continuous process optimisation. Meanwhile, the wastewater discharge intensity per unit product at its Viscose mills has continued to remain below the EU-BAT best value, with specific indicators detailed in the table below.



Air Emission Management

Sateri continues to advance technological upgrades and management optimisation, focusing on building a robust and efficient air emission management system. Based on the sources and pollutant characteristics, the Company has categorized the air emission sources into two major types: process emissions and fuel combustion emissions. Sateri implements a refined control strategy of "one source, one policy" with separate management to enhance governance efficiency and the precision of resource allocation.

Production Process Waste Gas: Closed Collection and Multi-stage Purification

For pollutants generated during the production process, such as volatile organic compounds (VOCs) and odorous gases, a 'closed collection-multi-stage treatment' technical pathway is adopted:

- **High-concentration waste gas:** A combined process of alkaline scrubbing, adsorption and condensation is adopted to efficiently recover organic solvents, reduce toxicity, and achieve resource utilisation.
- **Low-concentration, high-volume waste gas:** Distributed treatment to address different sources separately:
 - Odorous gases emitted from the wastewater treatment system are treated using technologies such as ion-based odor removal, bio-deodorization, UV photolysis, and activated carbon adsorption to effectively control odorous emissions and prevent noticeable odours beyond the site boundary.
 - Dust-laden and humid waste gas generated during the drying process is treated through the synergistic application of mist elimination spraying and plasma technology, significantly removing odors, particulate matter, and trace organic compounds. Stable operation, compliant emissions, and environmental friendliness are achieved throughout the entire process.

Fuel Combustion Emissions: Ultra-low Emissions, Compliance Throughout the Entire Process

For pollutants such as NO_x, SO₂, and particulate matter (PM) generated by boiler combustion in combined heat and power systems, Sateri supports the national ultra-low emission policy:

- Using low-nitrogen combustion technology, SCR denitrification systems, high-efficiency bag filters, and wet flue gas desulphurization units to ensure that the emission concentrations of major pollutants are remain below the limits specified in China's the *Emission Standard for Air Pollutants from Thermal Power Plants* (GB 13223);
- Operating a full-process online monitoring system (CEMS) to upload data in real time to the environmental protection regulatory platform, achieving clear visibility, effective control, and precise management of emissions.

During the production of regenerated cellulose fibres, emissions of carbon disulfide (CS₂) and hydrogen sulfide (H₂S) are among the key environmental risks. To achieve clean production and sustainable operations, Sateri benchmarks its practices against the *Measures for National Clean Production Audit* and the *EU-BAT*, and has established comprehensive sulphur emission management system covering "source reduction - process recovery - end-of-pipe treatment - dynamic monitoring".

Sateri Waste Gas Management Initiatives

Applying Sulphur Recovery Technology to Achieve Closed-Loop Sulphur Management

In response to the hazardous nature of CS₂ and H₂S, Sateri has established a process integrating "multi-stage recovery + incineration", significantly reducing the environmental release of gaseous sulphur.

- The Company utilizes a three-stage combination process of condensation recovery, alkaline absorption, and activated carbon adsorption to efficiently capture sulphur compounds in process tail gas, achieving a stable recovery rate of over 95%;
- The residual gas is directed to a boiler for high-temperature incineration, where residual sulphur compounds are fully decomposed and converted into SO₂, which is then treated through the flue gas desulphurisation system;
- Sateri has established a dynamic monitoring mechanism for sulphur recovery efficiency, assessing recovery rates, emission concentrations, and system stability on a monthly basis to ensure that key indicators consistently outperform national limits and EU-BAT requirements.

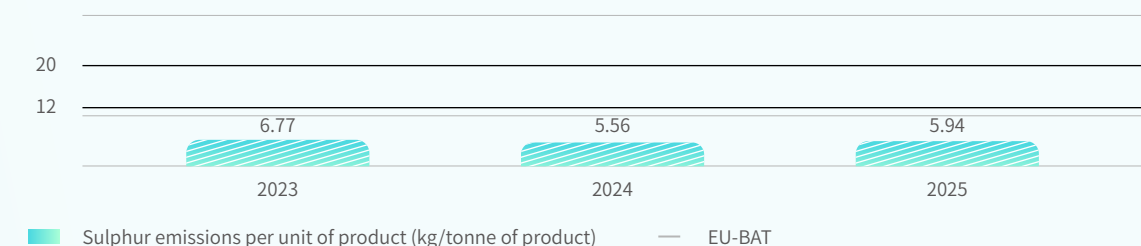
Implementing Dust Control to Reduce Fugitive Emissions

To address the issue of fugitive dust emissions from particulates such as coal, fly ash, and coal slag during production processes, Sateri has established a comprehensive dust management system combining engineering controls and operational measures:

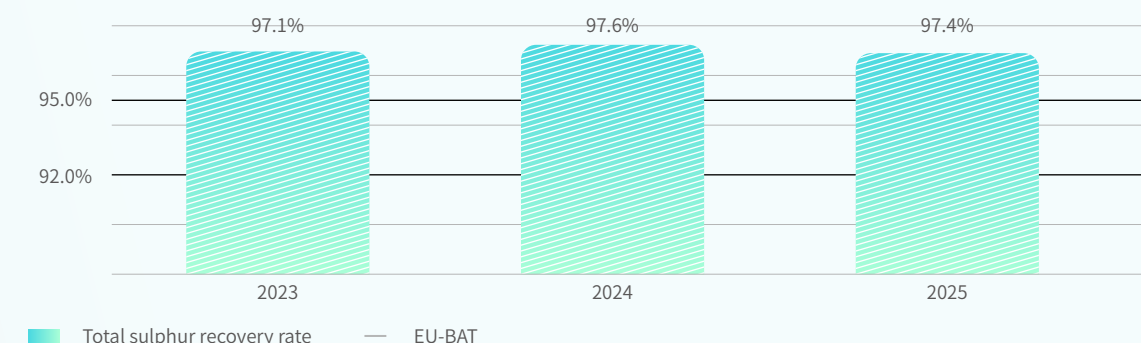
- **Source control:** Coal stockpiles are stored in enclosed facilities equipped with spray systems to suppress dust generation.
- **Process control:** Fly ash and coal slag are stored in fully enclosed facilities. Pneumatic seals and local negative-pressure extraction systems are installed at discharge points to prevent dust release.
- **Site cleaning:** Assign personnel to regularly spray water for dust suppression on main roads and operational areas within the mill, and optimize frequency and coverage through an intelligent scheduling system to make dust reduction effects visible and quantifiable.
- **Intelligent supervision:** Deploy online monitoring equipment for particulates (PM10/PM2.5) to provide real-time data feedback to the environmental management platform, supporting early warning and response decision-making.

During the Reporting Period, Sateri Viscose mills continued to advance sulphur emission control. The unit product sulphur emission was maintained at 5.94 kilograms per ton of product, and the total sulphur recovery rate reached 97.4%, outperforming the EU-BAT best value for consecutive years reflecting Sateri's continued progress in resource circularity and emission reduction.

Sulphur Emissions Intensity of Viscose mills vs. EU-BAT Standards (2023-2025)



Total Sulphur Recovery Rate of Viscose mills vs. EU-BAT Standards (2023-2025)



In viscose fibre production, carbon disulfide (CS₂) serves as a key process chemical; its consumption level directly impacts resource efficiency, carbon emission intensity, and environmental performance. In 2025, the SJX mill focused on optimizing CS₂ consumption per unit of product. Through targeted technical upgrades and management improvements, it reduced CS₂ consumption while increasing the recovery rate.



Practice of CS₂ Specific Consumption System Optimisation at SJX Mill

In 2025, the SJX mill established a cross-functional task force focused on reducing CS₂ consumption per unit of product and improving recovery rate. The team implemented three key measures: extending maintenance cycles, conducting daily preventive maintenance activities, and carrying out technical upgrades for water and air emission recovery systems. These initiatives drove an increase in the recovery rate of nearly two percentage points, supporting both efficient resource utilisation and clean production.

Waste Management

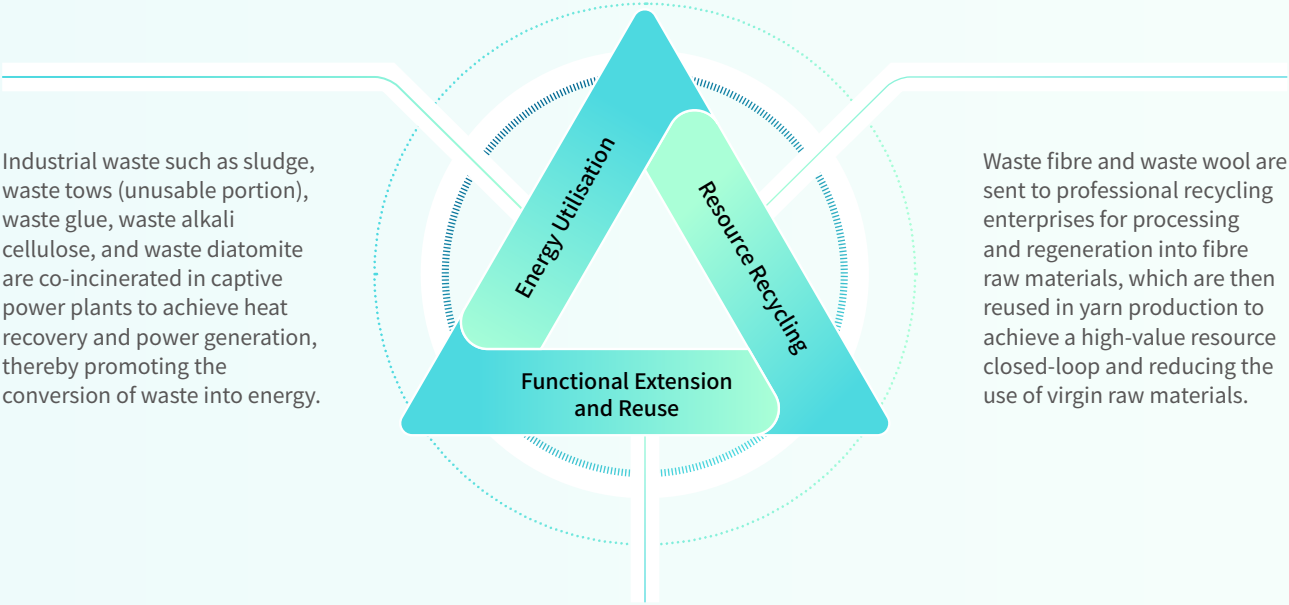
In implementing the concept of green development, Sateri places strong emphasis on environmental management throughout the entire lifecycle of waste, covering all stages from generation, storage, and transportation to final disposal, ensuring that waste is managed in a safe, compliant and environmentally responsible manner. Regarding hazardous waste, the Company strictly enforces a system of classified management, standardized labeling, and comprehensive record-keeping, and entrusts all disposal to qualified third-party institutions for compliant handling.

To continuously enhance the intelligent management of hazardous waste, the Company has adopted standards such as the *Standard for Pollution Control on Hazardous Waste Storage and the Technical Specification for Setting Identification Signs of Hazardous Waste*. Leveraging electronic weighbridges, electronic tags, and a QR code management system, the Company has achieved digital and visualized supervision throughout the entire process of hazardous waste generation, transfer, and storage, significantly strengthening traceability capabilities and risk prevention levels.

At the same time, the Company embraces circular economy principles and continues to promote the classified management and resource utilisation of general industrial solid waste and general domestic waste: the recycling and utilisation rate of general industrial solid waste has steadily increased; general domestic waste has been integrated into the park's centralized collection and transportation system, achieving safe and compliant disposal, supporting a resource-conserving and environmentally friendly enterprise. During the Reporting Period, Sateri's Viscose mills and Lyocell mills achieved zero landfilling of general solid waste, with a recycling rate of 75% and an energy recovery rate of 25%.

Recycling rate of **75%** Energy recovery rate of **25%**

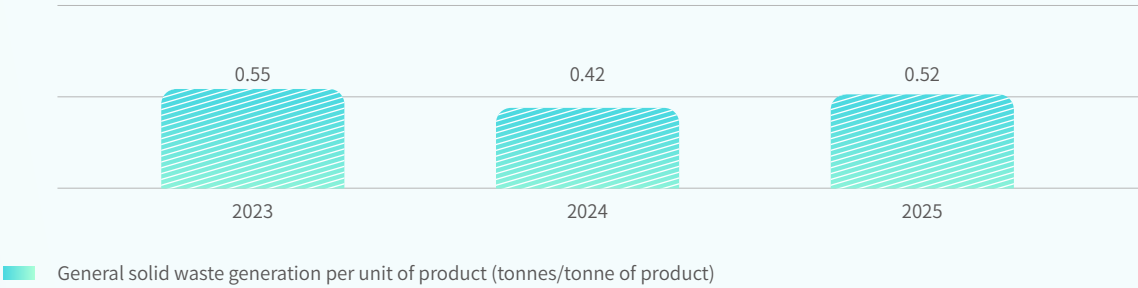
Sateri's Waste Resource Recovery and Reuse Initiatives



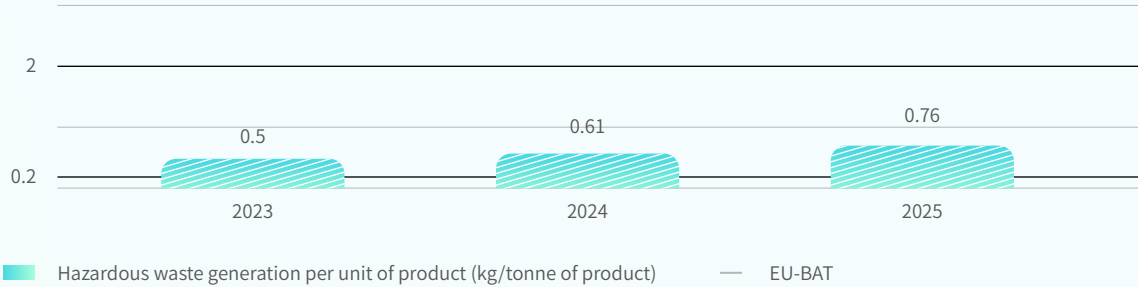
Fly ash is sold for use in cement production. Coal slag, coal ash, and desulphurization gypsum are processed by qualified service providers and widely applied in industries such as building materials manufacturing, commercial concrete batching plants, and brick production, thereby expanding the application scenarios for waste and improving the resource utilisation rate.

Sateri systematically improved its waste management mechanisms and focused on enhancing source reduction levels. During the Reporting Period, the amount of general solid waste generated per unit of product at our Viscose mills was 0.52 tons per ton of product, while the amount of hazardous waste generated per unit of product at our Viscose mills was 0.76 kilograms per ton of product.

Trends in Viscose mills' General Solid Waste Indicator (2023-2025)



Hazardous Solid Waste Indicator of Viscose mills Vs. EU-BAT Standards (2023-2025)



To strengthen environmental risk control and enhance the standardised management of hazardous waste, we regularly conduct training on hazardous waste management, strengthening environmental safety management.

Standardizing Hazardous Waste Management to Build a Solid Environmental Protection Defense Line: Lyocell Hazardous Waste Standardized Management Training

The Lyocell Liyang mill conducted training on the standardized management of hazardous waste for frontline employees. Focusing on relevant laws and regulations, management requirements, and the types and sources of the Company's hazardous waste, the training highlighted the requirements covering the full lifecycle for the classification, collection, packaging, labeling, storage, transfer, and disposal of hazardous waste relevant to each position. The training also included case studies of non-compliance to further enhance employees' awareness of hazardous waste management requirements and their on-site management capabilities.

In February 2025, the Lyocell Rizhao mill conducted a training programme on hazardous waste treatment for all employees. Integrating a hazardous waste warning educational video from the Shandong Provincial Department of Ecology and Environment and the new National Hazardous Waste List, the training explained the generation, warehousing, ledger recording, transfer, and disposal of hazardous waste, as well as associated environmental risks, further enhancing employees' understanding of hazardous waste management.

In addition, in 2025, the Lyocell Nantong mill conducted multiple special training sessions focused on the standardized management of hazardous waste and the identification, evaluation, and control of environmental factors. Covering relevant personnel and engineers across all departments, these trainings further improved their understanding of hazardous waste management requirements and the processes for identifying, evaluating, and controlling environmental factors.

Resource Saving

Our Commitments

As a leading enterprise in the global cellulosic fibre industry, Sateri has always regarded sustainable resource management as the foundation of its business, and integrated the concept of resource conservation across its operations. We focus on water resource and packaging material management. By continuously optimizing production processes, introducing advanced technologies, and implementing effective management practice, we systematically advance the reduction of resource consumption and the improvement of recycling rates. This drives the enterprise to deepen its transformation along resource-saving and environmentally friendly adaptation pathways.

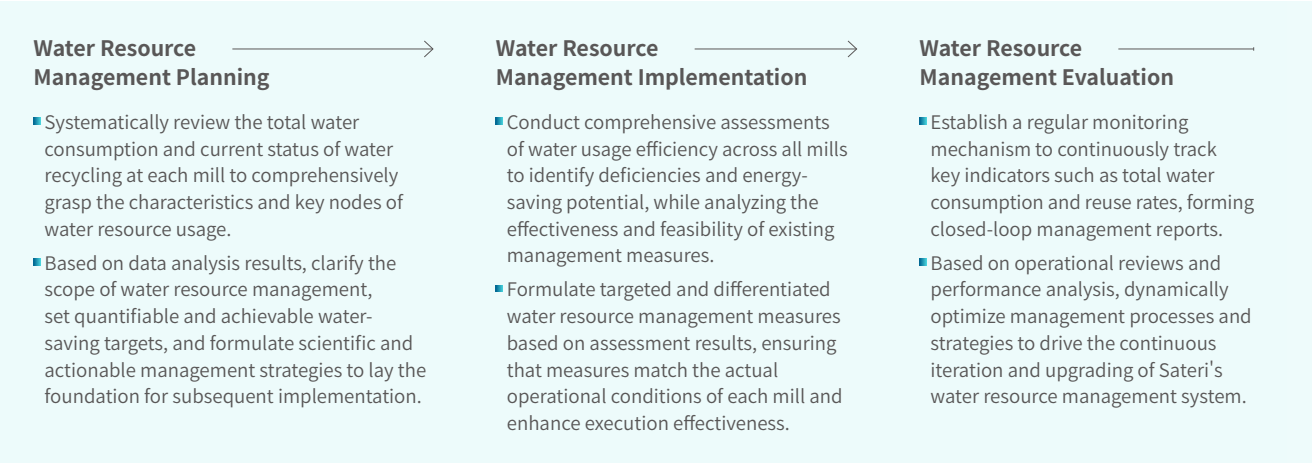
Our Governance

Based on the *Water Law of the People's Republic of China* and relevant industry standards, Sateri has established an internal control system covering water resources and packaging materials to support the responsible management of these resources. We haestablished a cross-fuctional management mechanism to coordinate water resource protection and packaging material control. We regularly report implementation progress to the Management Committee to ensure the effective operation of the resource management framework and clear accountability.

Our Management Strategy

As part of its commitment to sustainable development and resource efficiency, Sateri has continuously improved its water management system. Through systematic measures such as optimizing the water usage structure and enhancing the efficiency of industrial water reuse, Sateri is comprehensively promoting water conservation and recycling. We use total water consumption and the water recycling rate as key performance indicators to conduct regular assessments of mill water management, track performance and thereby provide data support for formulating and implementing phased water-saving targets and action plans.

Sateri Water Resource Management Process



Our Actions

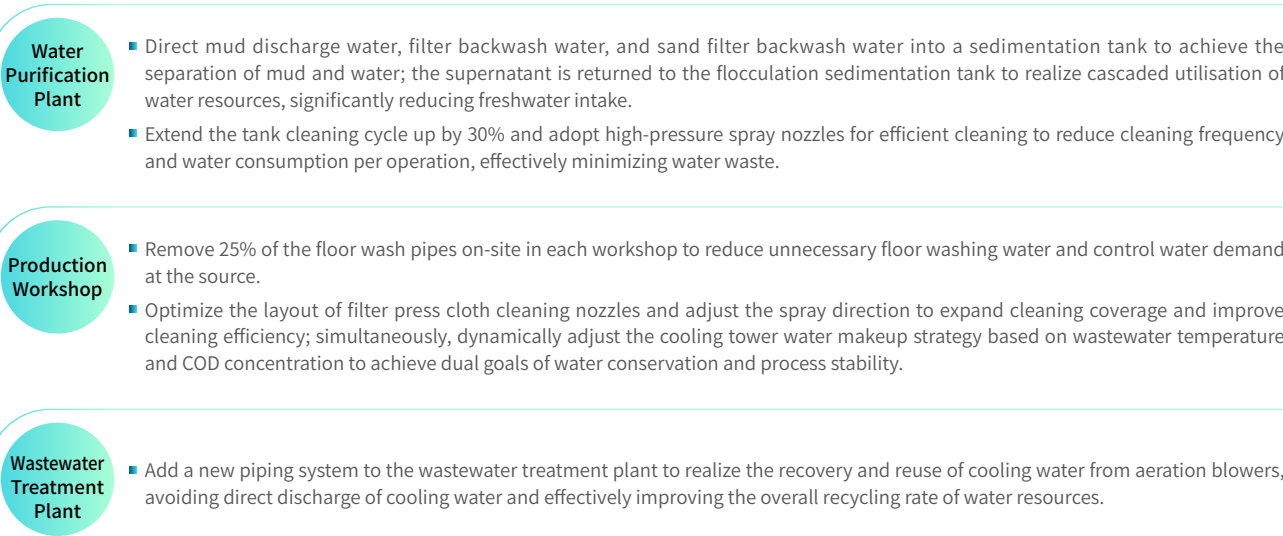
Sateri regards efficient resource utilisation as a core driver for achieving sustainable development, systematically advancing water conservation and packaging material management, and effectively implementing these measures in key areas such as production, operations, and logistics transportation. Through continuous optimisation of resource allocation, strengthened process control, and technological innovation, continue to improve resource efficiency, supporting the Company's long-term sustainable development.

Water Resource Protection

While ensuring stable production operations, Sateri has implemented water-saving measures across all its production sites, continued to advanced water reuse, effectively reduced total water consumption and water consumption per unit of product, and continuously improved water use efficiency.

Process water intensity per unit of product at the Viscose mills and Lyocell mills continued to decline and remained below the EU-BAT benchmark.

Sateri's Multi-Scenario Water Resource Utilisation Initiatives



Packaging Material Management

Sateri is committed to sustainable development principles, actively optimizes packaging, reduces material usage, and seeks to minimise the environmental footprint across the entire lifecycle of packaging while maximizing resource efficiency.

The characteristics of Sateri products result in relatively limited packaging requirements, which are primarily concentrated in the logistics and transportation stages. The Company continues to prioritize the control of packaging materials as a key area for ongoing optimisation. Through structural optimisation, material substitution, and recycling within logistics and distribution, it systematically reduces resource consumption and environmental impact associated with packaging.

Innovation and Circularity



03

Our Position

In the global manufacturing landscape, the green transformation of the textile industry has become an indispensable issue. To reduce the ecological footprint, the industry urgently needs to develop resource-saving, circular, and climate-friendly fibre products to open up new pathways for sustainable growth.

Sateri has always adhered to the concepts of innovation and circularity, committed to promoting green upgrades across the entire industry chain, from raw material sourcing and upstream-downstream collaboration to the end-use stage. We closely align with customer needs and continuously drive technological innovation to deliver high-performance, traceable, and environmentally friendly products, building a more resilient and responsible circular economy ecosystem.

Our Goals and Progress

Our Goals

Production of recycled fibres from waste textiles:

- By 2023, products shall be manufactured with up to 50% recycled material content from waste textiles, and it shall be increased to 100% by 2030
- By 2030, under the premise of technical feasibility, sufficient market supply, and economic viability, increase the proportion of raw materials containing alternative or recycled materials to 20%

2025 Progress

Number of patent applications:107; Number of granted patents:43
FINEX® fibres contain up to 50% recycled raw materials

Awards and Certifications

- Sateri (Jiangsu) Fibre Co., Ltd. was officially certified as Provincial Foreign-Invested Enterprise R&D Center
- Sateri (Nantong) Fibre Co., Ltd. was successfully recognised as a Nantong Municipal Enterprise Technology Center in 2025

Relevant Sustainable Development Goals (SDGs)



Product Quality and Safety

Our Commitments

Sateri recognises that product quality and safety constitute the foundation for sustainable development in the global textile and fashion industry. Sateri always prioritizes the health and rights of customers and consumers. We have established a closed-loop quality management system across the entire process. Upholding our original commitment to quality, we continuously innovate in processes and control methods to strive to provide global customers with fibre products that are of superior quality and safe and reliable.

Our Governance

To ensure the continued effectiveness of its product quality and safety systems, Sateri strictly complies with widely recognised international and industry standards, while systematically establishing and continuously optimizing its quality management and safety governance framework. We have established a quality supervision and management structure comprising Sustainability Development Department and Quality Department. The Sustainability Development Department is responsible for comprehensively overseeing the compliance and effectiveness of the quality management system, while the Quality Department is responsible for its implementation, operation, and continuous improvement. Supported by this well-established management structure, Sateri has enhanced cross-functional coordination and operational efficiency in quality control.

Our Management Strategy

Sateri continues to deepen the construction of its quality management system, has established a closed-loop management system covering the entire product lifecycle, and is advancing quality control towards systematic, intelligent, and refined operations. All production bases have extensively implemented 5S on-site management. Through the standardization of operational processes and the normalization of management rules, the controllability of the production site and quality assurance capabilities have been significantly enhanced.

We continue to align with international high-standard systems to ensure the continuous improvement of our management system. As of the end of the Reporting Period, all Viscose mills and Lyocell mills under Sateri have obtained ISO 9001 quality management system certification and implemented a routine review mechanism consisting of one internal audit and one third-party external audit annually to ensure the continuous effectiveness of the system.

At the same time, the Company actively obtained multiple international authoritative certifications that comprehensively cover key dimensions including traceability at the product source, compliance in production processes, safety in chemical management, and fulfillment of environmental responsibilities, thereby meeting the stringent requirements of global mainstream markets for product quality and consumer health protection.

During the Reporting Period, the Textile Product Certifications We Implemented Include:

■ OEKO-TEX® STANDARD 100

■ RECYCLED CLAIM STANDARD 2.0 (RCS 2.0)

■ OEKO-TEX® STeP

■ PEFC ST 2002:2013

■ REACH

■ TÜV Austria OK Biodegradable Certification

Sateri adheres to the core philosophy of Continuous Improvement, allocating dedicated annual funds to advance quality enhancement projects focused on process optimisation, performance enhancement, and customer experience upgrades.

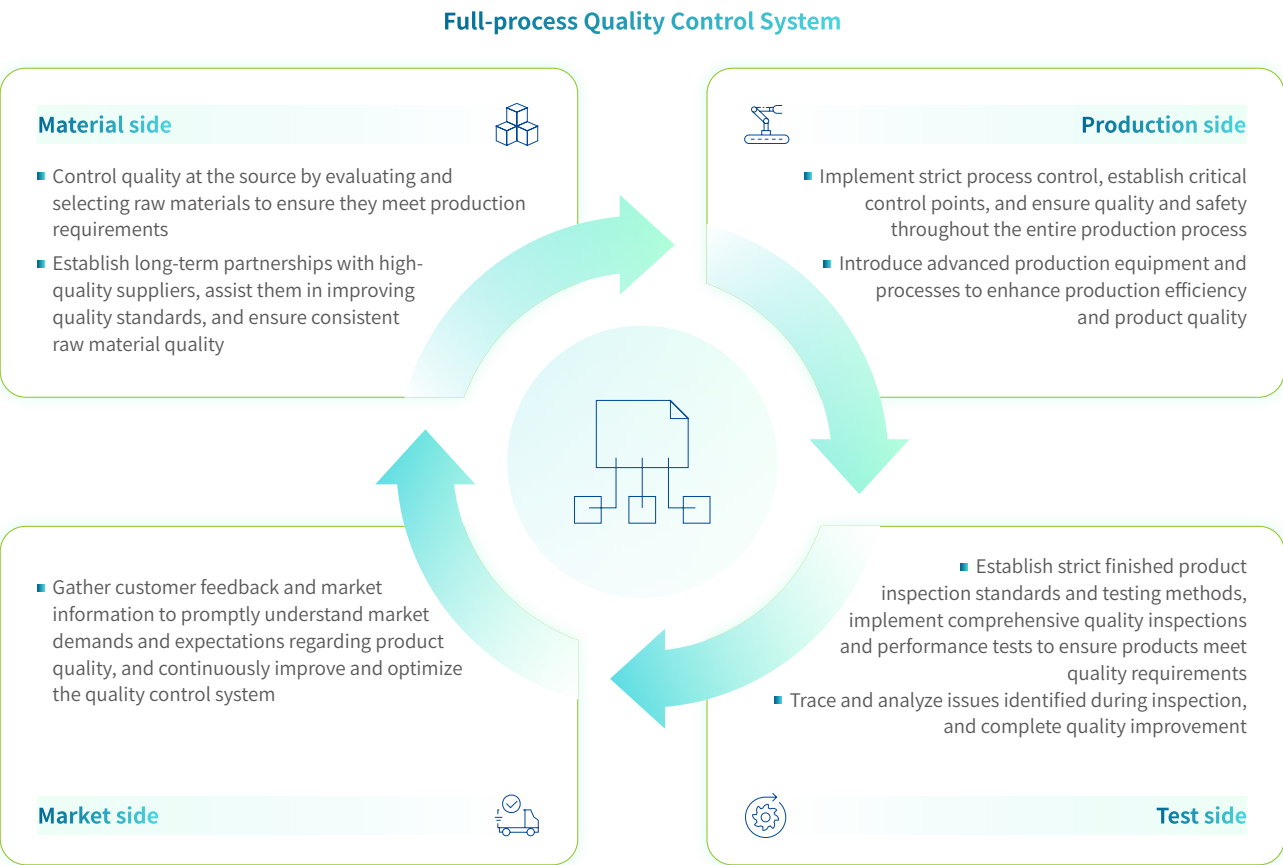
In 2025, the Company's R&D team conducted preliminary explorations on key topics such as Factory Quality Data Analysis, laying the foundation for building a scientific and forward-looking quality management system. In the future, the Company will establish a dedicated quality project team to increase R&D investment around three core dimensions: raw materials, processes, and theory, thereby advancing quality control towards a systematic and refined evolution.

Our Actions

Sateri has internalized its quality commitment into the genetic code of corporate culture, embedding a high sense of responsibility throughout the entire product lifecycle. From R&D design and raw material selection to manufacturing production and supply chain delivery, we consistently adhere to stringent quality control standards. This ensures that every stage meets international safety and quality requirements, providing robust and reliable quality assurance for our customers and end consumers.

Full-Process Quality Control

We have established a full-process quality control system spanning the raw material, production, testing, and market stages. By implementing rigorous quality management measures, we ensure that all links in research and development, production, supply chain, and delivery meet high-quality standards.





Upstream Raw Material Quality Management - Pulp Quality Assurance

Dissolving pulp is the primary raw material used in the production of cellulosic fibres, and its quality and stability play a critical role throughout the entire cellulosic fibre production process. Therefore, Sateri adheres to the principle of "strict control at the source" and strengthens quality assurance for both internal and external dissolving pulp supply.

For external suppliers, the Company implements a "three-tier classified admission" mechanism to strictly control the procurement of low-quality dissolving pulp, and regularly drives suppliers to improve quality. Based on quality and grade, the Company allocates dissolving pulp to different mills and provides real-time feedback on its usage. Meanwhile, through unified inspection standards, sample comparison tests, interactive communication, and on-site handling mechanisms for sudden quality issues, the Company ensures the quality of its core raw materials.



Production Technology Optimisation - Enhancing System Stability

Sateri carries out long-term projects to optimize the consumption and cost of stabilizers and silicon filaments while ensuring production safety and stability. These efforts enhance the Company's ability to maintain the stability of its production system and provide a necessary foundation for new product development. In 2025, this project was awarded the First Prize of the RGE China President's Award for Continuous Improvement.



Terminal Product Quality Control - Product Quality Enhancement

During the Reporting Period, Sateri continues to promote product optimisation and quality improvement. For instance, the flushable products series has been continuously optimised in terms of feel, toughness and impurity control, with the aim of providing customers with a high-quality product experience.

Hand Feel Optimisation for the Flushable Series

Enhance product tactility and toughness to improve the end-user experience.

Reduction of Impurities in Flushable Products

Decreasing impurity content to enhance production efficiency and the stability of product quality.



Series of Training Programmes for Theoretical Capability Enhancement of Quality Inspection Personnel

To systematically enhance the theoretical knowledge of frontline quality inspection personnel, improve their professional competence, and increase the accuracy and stability of test data, Sateri launched a series of training programmes in 2025 focused on strengthening the theoretical capabilities of its QC (Quality Control) staff.

Training courses were developed and led by shift supervisors, managers, and engineers. Designed around the practical needs of inspectors in daily operations, equipment maintenance, anomaly identification, and emergency response, the programme comprises nine scenario-focused modules covering core content such as standard operating procedures, instrument calibration logic, common error analysis, and handling procedures.

The training adopts a three-in-one model comprising theoretical instruction, practical drills, and post-course closed-book examinations, achieving a 100% pass rate. Phased assessments indicate that the error rate caused by knowledge gaps among frontline operators has decreased significantly compared to pre-training levels.



Sharing Session with Production Technology Experts

In 2025, Sateri innovatively launched the "Production Technology Expert Sharing Session" project. By inviting expert teams to be deeply involved and integrating advanced management concepts with frontline practical experience, the initiative established an advanced growth platform tailored for key technical personnel.

The project focuses on the dual core themes of "Quality Management" and "Budget Management", launching a total of 9 professional courses. The Quality Management module covers core content including the construction of QA (Quality Assurance) systems, optimisation of quality control processes, and data-driven quality improvement. By analyzing real-world project cases, it systematically demonstrates the end-to-end operational mechanism of quality management, from process design to implementation. It particularly provides replicable and scalable best practices in the design of quality early warning mechanisms and cross-departmental collaboration processes.



Company-wide Quality Awareness Training

Sateri has always adhered to the core values of "customer orientation" and "continuous improvement", closely aligning with the high consistency and quality standards required by its Lyocell fibre business. Consequently, it has completed a new iteration and upgrade of the *Enhancing Quality Awareness* course.

In 2025, this training was piloted in the LRG (Lyocell Fibre Global Operating Unit), covering core departments including spinning and finishing, dope preparation, maintenance, quality, and supply chain, with a total of 377 training attendances.

The course content focuses on four key dimensions: the impact of quality on customer trust, the logic for measuring quality performance, the linkage between quality accountability and individual roles, and a review of typical quality incidents based on real-world work scenarios. Through methods such as scenario simulations, group discussions, and case reviews, the course guides employees to shift from 'passive execution' to 'proactive prevention', truly integrating the concept that 'everyone is the primary person responsible for quality' into their work habits.

Post-training survey results indicate a significant improvement in employees' awareness and proactiveness regarding quality responsibilities. The reporting rate of frontline quality issues and the willingness for autonomous improvements have risen simultaneously, preliminarily establishing a quality culture ecosystem characterized by 'full participation and full-process control'.

Quality Culture Construction

Sateri further deepened the construction of quality culture by establishing a management system driven by awareness guidance, capability empowerment, and incentive mechanisms. We have established a systematic, multi-tiered quality awareness training system covering new employee onboarding, job rotation training, and specialized enhancement courses to strengthen employees' understanding of and sensitivity to quality responsibilities. Simultaneously, we developed targeted and practical quality management tools and methodologies based on actual production scenarios. This approach has effectively enhanced our capabilities in problem identification and closed-loop resolution, facilitating the continuous accumulation and sharing of quality competencies.

In addition, we established a *monthly quality honor policy* to regularly select and recognise R&D technical personnel who have made outstanding contributions in improving product quality stability, process optimisation, and technological innovation. This initiative aims to reinforce the 'quality-first' behavioural orientation through positive incentives and encourage all employees to transform the spirit of pursuing excellence in quality into the enterprise's core competitiveness.

Product R&D and Innovation

Our Commitments

Product innovation is the core engine driving corporate sustainable development and industry advancement. Sateri has always started with customer needs, actively expanding the application boundaries of cellulose fibre products in functional, intelligent, and sustainable scenarios, empowering the industry chain to accelerate its evolution towards high-end, green, and differentiated directions.

Our Management Strategy

Sateri adheres to technological innovation and transformation across the entire industry chain, systematically building an organizational mechanism and institutional environment that supports sustainable innovation. The Company established the EcoCosy®, Lyocell and Nonwoven R&D Department to form an R&D structure focused on niche segments with collaborative synergy. By standardizing project management processes (PMP) and designing clear responsibility boundaries, we achieve efficient collaboration across multiple departments including R&D, production, marketing, and supply chain. This ensures that the entire lifecycle of innovation projects, from concept to implementation, remains extensively controllable, traceable, and evaluable.

To stimulate organizational innovation vitality, the Company has formulated and implemented the *Provisions on Rewards and Remuneration for Duty Invention and Creation*. Substantial incentives are provided for achievements such as patent applications, formulation of technical standards, and transformation of major results, thereby reinforcing a cultural orientation that takes pride in innovation.

During the Reporting Period		By the end of the Reporting Period	
The number of patent applications reached	and the number of granted patents reached	The total number of patent applications reached	and the total number of granted patents reached
107	43	731	488

As a technology driver in the industry, Sateri actively integrates into the global technology ecosystem, deeply participates in industry technical seminars, joint standard development, and industrial dialogues, promotes key technology sharing and collaborative breakthroughs, and facilitates fibre material upgrades and industrial value transformation.

Our Actions

Sateri closely monitors industry development trends and the increasingly diversified needs of consumers, continuously driving the innovative research and development of differentiated fibre products. At the same time, the Company actively practices value chain synergy by partnering with upstream and downstream industry players, industry organizations, and research institutions to conduct in-depth cooperation and jointly promote technological advancement and sustainable industrial development.

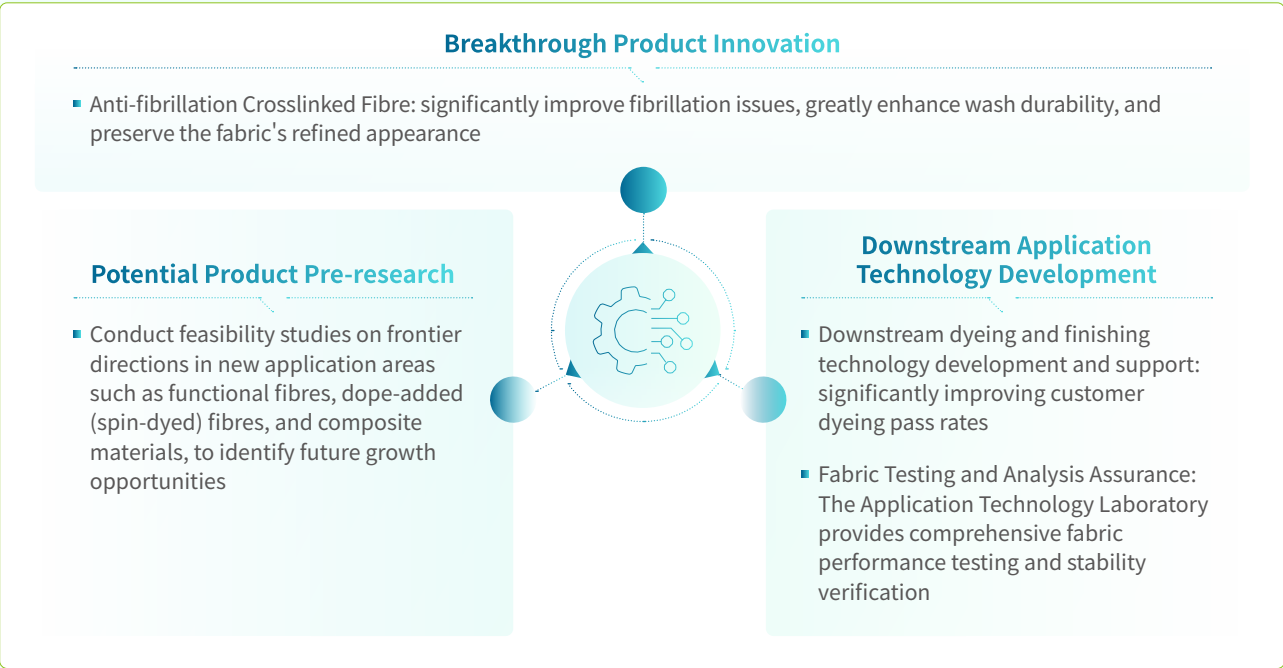
Innovative Product Development

In 2025, Sateri continued to increase its R&D investment in functional and high-end fibre fields. Focusing on consumers' diverse needs for enhanced texture, extended functionality, and optimised experience, the Company is driving product upgrades from 'basic materials' to 'high-value-added solutions'.

Relying on breakthroughs in upstream technologies, the Company successfully developed a new generation of functional fibre products, achieving a dual leap in both tactile performance and practical functionality.

The relevant products have achieved scaled application in sun-protective clothing, functional underwear, colour-spun fabrics, and high-end knitted textiles, effectively meeting the market's upgrading demand for differentiated, high-quality fabrics. Customer feedback has been positive.

Key Product Development and Technical Application of Lyocell



Innovation Achievements in Functional Fibres

Product Name	Core Performance	Product Breakthrough	Application Scenarios
Cloud Matt™ Fibre	Cloud-like softness, thin yet opaque, matte finish, and UV protection functionality	Adopting pre-spinning injection technology to enhance fibre texture and functionality, meeting consumers' pursuit of high-quality apparel	Underwear and athletic apparel
EcoCosy Fresh® Fibre	High cleanliness and a fresh scent when wet	Lower cost and fresher scent	Dry wipes
Black Fibre	High color fastness and resistance to fading	Adopting the dope dyeing technology to conserve energy and water; developed a new blue-phase black product, expanding the hue range of black fibre	Colored Spinning Industry

Industry-University-Research Exchange and Collaboration

Sateri actively collaborates with universities, research institutions, and upstream and downstream partners across the industrial chain to deepen industry-university-research collaborative innovation. By integrating high-quality talent and technical resources, Sateri continuously enhances its independent innovation capabilities, contributing to the overall technological upgrading and coordinated development of the industrial chain.



Collaborating with Universities to Overcome Technical Bottlenecks in Functional Fibre Technology

In 2025, Sateri continued to advance deep collaboration among industry, academia, and research institutions. We partnered with top-tier domestic universities to tackle cutting-edge technological challenges and promoted the industrialization of scientific research outcomes. The Company focused on breakthroughs in environmentally friendly functional fibres. The project is committed to developing new viscose products with long-lasting antibacterial properties, durable deodorizing capabilities, and excellent wash fastness, demonstrating broad application prospects in the fields of hygiene protection, sportswear, and home textiles.

Leveraging its profound technical expertise in the fibre sector, Sateri has deeply integrated itself into the construction of the industry ecosystem. As a core member of authoritative bodies such as the China Industrial Textiles Association and the China Chemical Fibre Industry Association, we not only actively participate in industry dialogues and share cutting-edge practices but also regard the formulation of industry standards as our responsibility. Actively participated in the drafting of multiple national, industry, and group standards, playing a driving role in the technological iteration and standardized development of the fibre industry.

Relevant Standards (Partial) Formulated by Sateri

National Standards



- *Wet Wipes and Similar Products* (GB/T 27728-2024)
- *Test method and evaluation for flushability of disposable sanitary nonwoven materials* (GB/T 40181-2021)
- *Soft nonwoven towels* (GB/T 40276-2021)
- *Flushable spunlaced nonwoven and finished products* (GB/T 41244-2022)
- *Man-made fibre-Test method for tensile properties of staple fibre* (GB/T 14337-2022)
- *Topsheet for disposal sanitary products* (GB/T 30133-2022)

Industry Standards



- *Antimicrobial Viscose Staple Fibre* (FZ/T 52059-2021)
- *Coloured Viscose Staple Fibre* (FZ/T 54030-2023)
- *Chemical Fibres: Test Method for Flammability - Oxygen Index Method* (FZ/T 50016-2023)

Group Standards



- *Greenhouse Gases - Product Carbon Footprint Quantification and Requirements - Lyocell Fibre Bedding* (T/HOMETEX 58-2025)
- *Method for Evaluating Fibrillation Appearance of Lyocell Woven Fabrics* (Draft for Comment)
- *Ultra-short Fibres for Dispersible Nonwovens*
- *Rotor spun lyocell grey yarn* (T/CCTA 30405-2024)
- *Spunlaced nonwoven* (T/YNIA 007-2022)
- *Technical specification for eco-design product assessment -spunlaced nonwoven products* (T/CNTAC 173-2023)

Customer Service Experiences

Our Commitments

From Asia to Europe and the Americas, Sateri has established a global sales and service network and is committed to delivering green, high-performance cellulosic fibre products to every customer. We consistently uphold a customer-centric business philosophy. Leveraging a resilient supply chain, professional technical support capabilities, and an agile response mechanism, we provide global customers with fibre solutions featuring stable quality and outstanding performance, fully meeting the needs of diverse application scenarios.

Our Management Strategy

Sateri has always prioritized customer experience and is committed to building a comprehensive customer service management system. To ensure the efficient flow and precise implementation of customer requests, the Company has established and implemented the *Technical Service Workflow*, which defines standardized operational pathways for key nodes such as demand response, technical coordination, and issue closure, thereby achieving end-to-end traceability, assessment and continuous improvement. At the same time, we deeply integrate customer feedback from actual applications. Relying on our technical accumulation and extensive project experience in the field of cellulose fibres, we continuously iterate our service mechanisms. We promote the standardization of service processes, the intelligence of response systems, and the customization of solutions to effectively improve customers' efficiency in accessing services and their satisfaction.

Customer Service Management System



Our Actions

Upholding a service philosophy of professionalism and transparency, Sateri safeguards customers' interests, continuously elevates service quality, and builds a trustworthy brand image. Centered on customer needs, we deepen two-way communication and long-term partnerships, align our development with that of clients to achieve coordinated growth, and jointly forge a sustainable, win-win future.

High-Quality Service

We value the customer experience. Annually, we conduct multi-dimensional satisfaction surveys targeting customers across different regions and levels to systematically collect their authentic feedback regarding delivery timeliness, product quality, communication response speed, and solution adaptability. Based on survey data analysis, we accurately identify service gaps and improvement opportunities to drive cross-departmental collaboration in formulating and executing targeted corrective measures. From requirement input to issue closure, a full-process management mechanism of 'survey-analysis-rectification-verification' has been established to drive continuous improvement in service quality and evolve services driven by the Voice of the Customer.



Continuous Improvement Workshop

Sateri extensively understands and practices the importance of its core values of "customer orientation" and "continuous improvement". To continuously enhance customer satisfaction, the Company launched a continuous improvement workshop in 2025 themed 'The Path to Excellence'. Twenty-two participants brainstormed and formulated action measures to continuously improve customer satisfaction. Dedicated personnel were assigned to track the completion of each action item to ensure the plan's implementation.



Continuous Improvement: The Path to Excellence

Stable Supply and Enhanced Delivery Experience

Focusing on the procurement of logistics providers and balanced shipment distribution, the sales and supply chain teams jointly discussed how to ensure stable supply and strengthen collaboration, shifting the shipment model from being driven by "logistics capability" to one oriented toward "customer receiving capability".

Enhance Professional Skills and Customer Complaint Handling Capabilities

Conduct training on *Minor Customer Complaint Handling Techniques* and *Introduction to Fibre Characteristics* to strengthen sales personnel's understanding of the performance, blending ratios, and raw material impacts of new products (such as black fibre and Lyocell), thereby improving their ability to independently resolve minor customer complaints.

Responsible Marketing

Sateri is committed to building a compliant and rigorous responsible marketing management system. The Company has established a comprehensive content review mechanism. It implements tiered review and filing management for external communication materials, technical specifications, and promotional copy to ensure that information is truthful, accurate, and free from misleading content. At the same time, we ensure the marketing and sales teams deeply understand product technical characteristics and sustainable value, thereby enhancing their professional communication capabilities and precision. By driving standardization of processes and capacity building in tandem, we ensure the credibility and public trustworthiness of brand communication, thereby supporting the continuous improvement of the Company's corporate image.

Responsible Marketing Management Initiatives



A Multi-tiered Review Mechanism Strengthens Prevention and Control of Communication Risks

- Dedicated audit working groups have been established at the Group, brand, and factory levels, including external review team, government PR review team, and internal compliance support teams.
- Implement a three-tier review process for content publication to ensure compliance, accuracy, and brand consistency across all external materials, including brochures, videos, official website content, and social media posts.
- Strictly enforce the accountability mechanism of "whoever publishes, takes responsibility; whoever reviews, assumes liability", ensuring that disseminated content is traceable and verifiable.



Standardize Communication Messaging to Strengthen Brand Image Consistency

- Establish standardized guidelines for key messaging, including core communication statements, technical descriptions, and sustainability value propositions, to create the *External Communication Information Handbook*.
- All promotional channels (including the official website, PPTs, videos, WeChat public accounts, and exhibition materials) must adhere to a consistent message, eliminating fragmented and contradictory information.
- Establish a cross-departmental information coordination mechanism to ensure that marketing, sales, technical, and PR teams are aligned in messaging, thereby enhancing brand professionalism and credibility.



Systematic Training Mechanisms to Enhance Responsibility Communication Capabilities

- Daily capability building: Regularly promote responsible marketing principles through monthly meetings, specialized workshops, and other formats to strengthen compliance awareness and value communication skills across the organization.
- Scenario-based specialized training: Conduct intensive training sessions prior to key events such as major exhibitions, new product launches, and policy communications, focusing on refining consistent messaging, response strategies, and risk anticipation capabilities.
- Establish a closed-loop system of "training-assessment-feedback" to ensure marketing personnel accurately understand product value, compliance boundaries, and communication limits, enabling professional expression, precise messaging, and compliant communication.

Joint Actions

Building on its commitment to ensuring a high-quality and highly stable supply of fibres, Sateri actively collaborates with downstream ecosystem partners to jointly advance the commercialization of innovative materials. The Company deeply collaborates with key enterprises in spinning, fabric processing, and dyeing. Relying on professional technical support and customized solutions, it empowers customers to achieve product iteration and market breakthroughs. This approach builds a mutually beneficial industrial collaboration network, driving the collaborative upgrade and long-term development of the value chain across upstream and downstream sectors.



Empowering Bananain's Sustainable Product Innovation

Sateri Group has officially signed a strategic cooperation agreement with Bananain, a body-sensing science apparel brand. The two parties will engage in long-term and systematic cooperation focused on the deep application of regenerated cellulose fibres across multiple categories, including underwear, loungewear, and functional outerwear. Together, they will explore new pathways for upgrading product experiences and advancing sustainable industry development through material innovation.

Bananain has utilized Lyocell fibre to develop a range of homewear product series and plans to extend application scenarios to multiple categories including underwear and functional outerwear.



Release of the 2026 Lyocell Industry White Paper

The China National Textile Information Center, Sateri, and Guangdong Demei Fine Chemicals Group Co., Ltd. have joined forces to jointly release the 2026 Lyocell Industry White Paper. The white paper systematically reviews the core performance, manufacturing processes, and market value of lyocell fibre. It provides an in-depth analysis of key issues such as the iteration of manufacturing technologies, the expansion of application scenarios, and the optimisation of dyeing and finishing techniques. Beyond illustrating the evolution trajectory of lyocell fibre from technological breakthroughs to scaled applications, it offers actionable pathways for enterprises to optimize their innovation directions and enhance their application competitiveness.



Sateri Supports the 2025 Shan Yi Forum

In October 2025, the 2025 Shan Yi Forum: "Fashion Reset", co-presented by yehyehyeh Innovation Hub and Shanghai Fashion Week, successfully concluded. Nearly 300 guests and attendees-including practitioners and thought leaders from fields such as artificial intelligence, sustainable materials, and digital manufacturing-gathered to explore how to integrate artificial intelligence, nature's wisdom, and collective practice to leverage technology in empowering the construction of an "Earth Positive" fashion system, against the backdrop of an era where fashion iterations intersect with technological waves.



(From left to right) Wenbin Huang, Director of Sustainable Development, Sateri
Li Lin, Chief Strategy Officer, ZDHC
Dr. Wei Zheng, Dean of Ultra-Soft Research Institute, Luolai Lifestyle Technology Co., Ltd.
Moderator: Guangyu Chen, Co-Founder, China ESG Alliance



The Lyocell Company Meets the Demand for Green and Sustainable Products

In September 2025, Sateri launched its new corporate brand, The Lyocell Company by Sateri. Leveraging the Group's integrated forest-pulp-fibre supply chain as a foundational guarantee and its globally leading technological capabilities, the Company focuses on the large-scale production of lyocell. The Lyocell Company provides trusted lyocell products to customers across the entire value chain, meeting global consumers' demand for green and sustainable products.



Sateri Lyocell Partners with Industry Chain Stakeholders to Achieve Win-Win Outcomes for a Green Future

In 2025, Sateri Lyocell consistently adhered to the 'industry chain collaboration and partnership-based cooperation' model. It provided customized services to downstream fabric enterprises across multiple dimensions, including product development, technical services, and marketing promotion, empowering fabric customers to jointly bring Lyocell fibres to market. In March, Tyson Textile and Sateri Group co-hosted the "Knitted Starry Sea" Fashion Show in Shanghai, vividly demonstrating the innovative breakthroughs of Lyocell fibres and fabrics in the knitting category. In September, Sateri Lyocell and Wanzhou Group successfully co-hosted the "Lingxian" VIP Event Day. Through three core segments-an innovative launch show, a static product exhibition, and a fashion gala-the event presented an industry gathering where technology and aesthetics intertwined. In December, Sateri Lyocell and Rayfull, a leading home textile fabric enterprise, jointly launched the Lyocell knitted bedding series under the theme "New Journey", providing new application trends for home textile applications.



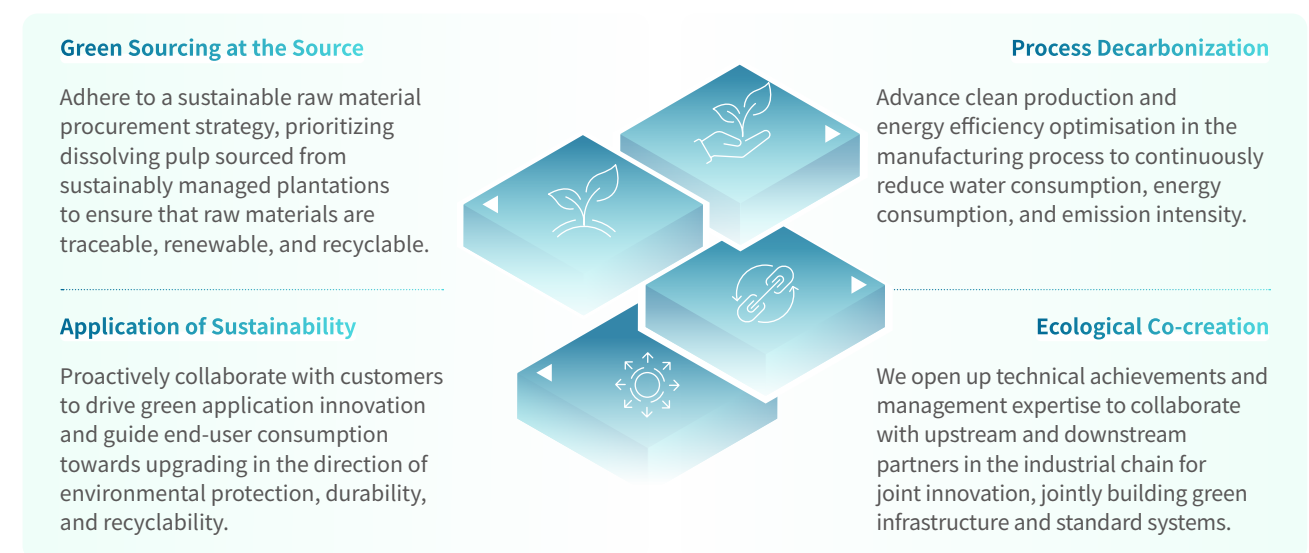
Industrial Circularity Drive

Our Commitments

Facing the global challenges of climate change and extreme weather, Sateri firmly implements its sustainable development strategy and continues to promote green transformation in the industry. We are committed to building a climate-friendly product system that is resource-efficient and circular, with regenerated cellulose fibre as the core, advancing the R&D of next-generation green fibre technologies. By building a more resilient green industrial chain with a lower carbon footprint, we aim to achieve the synergistic development of corporate value and ecological value, contributing core strength to the global textile industry's transition toward a low-carbon future.

Our Management Strategy

Sateri integrates the concept of sustainable development throughout the entire product lifecycle, covering key stages such as raw material procurement, manufacturing, product application, and end-of-life recycling, thereby establishing a comprehensive green management system.



In the future, Sateri will leverage green products as a fulcrum and sustainable procurement as a nexus to collaborate with raw material suppliers, manufacturers, brand owners, and recycling institutions, jointly advancing the textile industry's evolution toward a sustainable development model of "resource circulation - low-carbon manufacturing - closed-loop application".

Our Actions

On the path of textile innovation, Sateri has always centered on green fibres and endowed them with superior ecological value through continuously evolving environmental technologies. We actively advocate for a low-carbon lifestyle and are committed to building a transparent and responsible sustainable supply chain to achieve a green transition from raw materials to finished garments. From raw materials to finished products, and from production to recycling, Sateri is driving green upgrades across the industrial chain through product innovation, embedding circular economy principles across its business activities.

Sustainable Products

The three core product lines under Sateri-EcoCosy®, Sateri Lyocell, and FINEX®-all have completed low-carbon upgrades and launched a series of carbon-neutral products, providing the market with green choices that combine performance advantages with environmental friendliness.

EcoCosy®	Sateri Lyocell	FINEX®
The wood-based fibre originates from plantations managed responsibly under internationally authoritative certification. It meets international standards for natural biodegradation within 28 days. Originating from nature, surpassing nature, and returning to nature. Compared with traditional viscose fibres, it offers higher strength and stable performance, imparting fabrics with a smooth surface, elegant texture, and rich colors.	As a strategic pillar product, it continues to uphold the natural and environmentally friendly attributes of viscose fibres. Its environmental footprint across the entire life cycle has been continuously optimised, achieving industry-leading performance in biodegradability, water resource recycling, and carbon emission control.	Focusing on the high-value recycling and utilisation of waste textiles, it achieves the recovery and remanufacturing of discarded fibres through innovative regeneration technologies, truly establishing a closed-loop chain from old to new and promoting the transformation of products toward a circular economy.

International Authoritative Certification Ensures the Sustainable Attributes of Products

We have launched three carbon-neutral products, carried out commercial promotion, and received widespread market recognition.	
Our fibre products are certified by TÜV Austria OK Biodegradable, meeting degradation requirements within 28 days under soil, freshwater, marine, industrial composting, and home composting conditions, with the final degradation byproducts being non-toxic and environmentally harmless.	
Our fibre products are certified by OEKO-TEX® STANDARD 100 and strictly comply with EU REACH regulations, ensuring chemical safety throughout the entire lifecycle from production to end use, providing health protection for intimate textiles.	
We are the first viscose company in China to obtain the OEKO-TEX STeP certification for sustainable textile production and the right to use the OEKO-TEX MADE IN GREEN traceability label, signifying that our products have passed relevant testing and are manufactured in a sustainable manner.	
Our wood pulp suppliers comply with the PEFC ST 2002:2013 forest certification system requirements, ensuring that all plant-based raw materials come from legally operated and sustainably managed forests, safeguarding forest ecosystems and biodiversity.	
We have introduced the RECYCLED CLAIM STANDARD 2.0 (RCS 2.0) to certify the content of recycled materials.	

Sateri is committed to promoting the development and application of green fibres through technological innovation, providing sustainable solutions for the textile industry. In 2025, we achieved significant results in green product R&D, expanded application scenarios for green fibres, successfully launched various non-woven products with sustainable attributes, and promoted the green transformation of the textile industry.

Sustainable Nonwoven Product Development



Launch of the New EcoCosy® Product -Cloud Matt™, Defining a New Soft Touch for Fibres and a New Standard for Sustainability

Sateri, taking "nature, comfort, and functionality" as the origin of innovation, has launched EcoCosy®'s new functional fibre, Cloud Matt™, dedicated to redefining the sensory experience and sustainable boundaries of fibres.

Cloud Matt™ utilizes high-quality pulp sourced from sustainably managed forest plantations forests to achieve full-chain green traceability from the source to the fibre, embedding green DNA at its core. Its core selling point, "cloud-like soft touch", stems from precise control of the fibre's microstructure. This delivers a delicate and luxurious product experience, eliminating the slippery and stiff feel common in traditional chemical fibres and enhancing wearing comfort.

In addition, Cloud Matt™ possesses excellent anti-ultraviolet performance at the raw yarn stage. It achieves physical sun protection without requiring additional chemical post-treatment, precisely meeting the composite needs of outdoor apparel, light outdoor wear, and daily protection scenarios. Visually and texturally, the fibres exhibit a soft matte luster. The resulting fabric combines lightness with moderate light-blocking capability while maintaining a graceful drape.

To facilitate the scaled implementation of products in the mid-to-high-end market, Sateri collaborated with leading domestic spinning enterprises to jointly develop a supporting yarn system, ensuring yield rates, stability, and design flexibility, thereby extensively connecting the complete supply chain pathway from fibre to finished garment. Cloud Matt™ is not only a high-performance fibre but also the result of the fusion of materials science and lifestyle aesthetics, marking Sateri's deep breakthrough in the green fibre innovation track.



Research on the Sleep-Aid Function of Lyocell Home Textile Products. Sateri Collaborates with Authoritative Institutions to Conduct Research on the Sleep-Enhancing Functions of Lyocell Home Textiles

To further explore the potential value of Lyocell fibre in promoting quality sleep, Sateri launched a systematic and scientific sleep function research project.

The study focuses on users' authentic sleep experiences. By conducting multi-night continuous monitoring of subjects in a controlled environment and integrating key physiological indicators such as heart rate variability, brainwave activity, sleep latency, and deep sleep duration, the research comprehensively evaluates the impact of Lyocell home textile products on sleep quality. Concurrently, material performance analysis was conducted to verify the core advantages of lyocell fibre in terms of breathability, moisture-wicking capability, and temperature and humidity regulation.

Results indicate that, compared with the control group¹⁵, subjects using Lyocell bedding fell asleep faster, experienced fewer nocturnal awakenings, and spent significantly more time in deep sleep. This achievement not only scientifically validates the potential mechanism that "Lyocell fibre helps improve sleep" but also reveals its deeper value in creating a "comfortable sleep environment" for the human body by optimizing the micro-environment.

This study breaks through the limitations of traditional fibre evaluation that focuses primarily on performance parameters. For the first time, it establishes a quantitative link between material attributes and human health experiences. This marks Sateri's transformation from a green materials supplier to an enabler of healthy lifestyles, ensuring that fibres are not only an environmentally friendly choice but also a reassuring one that can be perceived.

¹⁵ The reference mean data is derived from the average sleep test results of 11,360 individuals (aged 3 to 55, primarily 18 to 30 years old) conducted by the Anhui Provincial Engineering Research Center for Healthy Sleep Home Products.

Sustainable Supply Chain

Sateri is committed to extending green value throughout every link of the value chain. We have established a series of supplier management policies that integrate the concept of sustainability throughout the entire process, from supplier access audits to production supervision. The supplier audit and evaluation criteria cover sustainable development aspects including quality management, occupational health and safety, labor rights, business ethics, and environmental protection, promoting the creation of a transparent, compliant, low-carbon, and green industrial ecosystem.

We have integrated "carbon footprint" into our supplier assessment framework to strengthen collaborative carbon reduction capabilities within the supply chain and provide replicable sustainable supply chain solutions for the industry. We actively advance the digital management of carbon footprints. Through 'carbon footprint' questionnaire assessments on our supplier management platform, we systematically track, manage, and evaluate the decarbonization efforts and progress of new suppliers to ensure alignment with the Company's Sustainable Development Goals (SDGs) and facilitate the green and low-carbon transformation of the supply chain.

Sustainable Consumption

Sateri has always believed that deeply integrating green concepts into market demand is the core engine driving the textile industry toward high-quality development. Sateri continues to monitor green consumption trends, deeply integrating health, comfort, and environmental values into product innovation. In 2025, through deep cooperation with multiple industry-leading brands, we guided consumers to establish sustainable lifestyles and consumption patterns through high-quality product experiences.



MINISO x Sateri Lyocell: Reshaping the Quality Benchmark for Disposable Underwear

Sateri has partnered with MINISO to use Lyocell fibre in disposable underwear, upgrading product quality from the material level. Lyocell fibre is derived from sustainably managed planted forests. It is natural and environmentally friendly, offering excellent breathability and rapid regulation of moisture balance. Effectively absorbing moisture and dissipating heat, it eliminates stuffiness and discomfort while maintaining skin dryness and comfort for an extended period. Its inherent Class 7A antibacterial performance further enhances the user experience.

In addition, for a single-use product, it also offers an environmental advantage: it is more environmentally friendly. Thanks to Lyocell fibre meeting international biodegradability standards within 28 days across five natural environments, consumers can embrace the eco-friendly concept of wear and discard for traceless travel. This approach not only frees up luggage space but also ensures environmental friendliness through biodegradability, truly realizing sustainable travel. As a pioneering material hailed as the green fibre of the 21st century, Sateri Lyocell not only redefines quality standards for disposable intimate products but also, through its sustainable design across the entire lifecycle, empowers consumers to easily achieve green travel and a low-carbon lifestyle.



ubras × EcoCosy®: Creating a New Experience of 'Down-Like' Base Layer Garments

EcoCosy® fibre brands under Sateri have collaborated with underwear brand ubras to jointly develop a down-like base layer. EcoCosy® adopts an innovative "mini-down" innovative fibre structure. The product's thermal insulation performance is improved by approximately 20% compared to traditional yarns. Equipped with far-infrared heating technology, it combines comfort and functionality.

During a series of pop-up experiences, consumers directly perceived its fluffiness, softness, and durability, authentically presenting the sustainable philosophy of "originating from nature yet surpassing it". This collaboration not only enhances the wearing experience of intimate apparel but also promotes green fibres into daily life for the general public, guiding consumption upgrades toward a direction that equally prioritizes comfort and environmental sustainability.



Sustainable Industry Sharing

While promoting the development and application of green fibre technologies, Sateri continues to engage in deep collaboration and knowledge sharing with partners along the value chain. The Company actively advances material branding operations to deeply convey its core values of "safety, comfort, and sustainability" to stakeholders across the value chain. We continue to contribute to addressing global climate change and promoting the circular use of resources, supporting the textile industry's transition toward a green, low-carbon, and sustainable future.



Empower the Maternal and Infant Wiping Industry to Upgrade towards Quality and Sustainability

Sateri was invited to participate in the forum of the Health and Maternal & Infant Products Branch of the China Industrial Technical Textiles Association to share industry insights. Leveraging EcoCosy® and Lyocell among other 100% bio-based fibres, Sateri precisely responded to the market's urgent demand for safe, transparent, and environmentally friendly materials. The product demonstrated outstanding performance in high cleanliness, low irritation, and biodegradability, earning high recognition from on-site experts and enterprise representatives. During the meeting, multiple parties jointly launched the "Initiative for High-Quality Development of the Disposable Hygiene Products Industry". Sateri leveraged technology as a bridge to support the advancement of the maternal and infant wiping category towards quality enhancement and sustainability.



Featured at the Shanghai International Nonwovens Exhibition (SINCE)

Sateri participated in the 2025 21st Shanghai International Nonwovens Exhibition (SINCE). As a benchmark event in the nonwovens sector across Asia and the Pacific, this exhibition gathered core strengths from both upstream and downstream segments of the industry chain. Sateri showcased its eco-friendly fibre products and green biodegradable solutions with distinction, focusing on the sustainable application of nonwoven materials in scenarios such as healthcare, hygiene, and home living. By demonstrating the full-chain technical pathways from plant-based raw materials to end biodegradable products, Sateri conveyed the concept of "Green Fibres, Empowering the Future" and provided a practical, actionable low-carbon model for the industry.



Inclusive Growth

Our Position

Sateri regards sustainable development as a long-term proposition for the joint evolution of enterprises and society. We build an inclusive development framework covering governance, talent, organizational structure, and social impact on the foundation of stable operations. We are committed to transforming corporate growth momentum into sustained empowerment for employee growth, industrial synergy, and social well-being, promoting a diverse ecosystem where all parties coexist and thrive together.

Within the organization, we regard talent as a valuable asset and systematically advance a multi-level talent development system. Through institutionalized training, clear career development pathways, and rotation practice platforms, we not only assist employees in continuously refining their professional capabilities but also focus on cultivating a work culture that integrates respect, trust, and a sense of belonging. Here, every employee not only achieves growth in their role but also gains recognition and satisfaction of their self-worth through advancing alongside the enterprise.

Externally, we actively explore the deep synergy between commercial value and social well-being. Through industrial collaboration, community co-construction, and strategic philanthropic investment, Sateri precisely channels resources into key areas of regional development, striving to position enterprise growth as a positive force driving regional progress and social sustainability. In the future, we will continue to build on responsibility and make inclusivity a guiding principle, ensuring that growth truly becomes a shared journey.



Our Goals and Progress

Sateri has established a system of Sustainable Development Goals (SDGs), promoting the solid implementation of specific objectives through scientific planning and layout as well as dynamic management mechanisms. During the Reporting Period, the Company established clear objectives for inclusive development and has achieved the following progress:

Our Goals	2025 Progress
Achieve 0 accidents and 0 occupational diseases by 2030 and in the long term thereafter	In 2025, Sateri recorded zero serious work-related injuries and zero occupational diseases
By 2025 and beyond, the lost time Injury (LTI) rate will be reduced to below 0.1 per 200,000 work hours	In 2025, Sateri's Lost Time Injury Rate was 0.03
By 2030, the proportion of women in management positions ¹⁶ will be increased to at least 20%	In 2025, women accounted for 16.5% of Sateri's senior management and 17.8% of its mid-level management
By 2025 and beyond, we will ensure that 100% of employees at the assistant manager level and above have customized career development plans, while providing comprehensive job-related training opportunities for all employees to support long-term talent growth	100% of Assistant Managers and above have career development plans 100% employee training coverage rate
By 2030 and beyond, we aim to uphold the human rights and labor rights of all and will work to ensure that our suppliers do the same, including acknowledging the rights of indigenous people and rural communities to give or withhold their Free, Prior and Informed Consent (FPIC)	100% of Viscose mills have obtained OEKO-TEX® STeP certification All Viscose mills and Lyocell mills are certified under ISO 45001 Higg FSLM audits have been conducted at key Viscose mills
By 2030, we will support more than 300,000 local families/smallholder farmers to develop needed skills for maintaining sustainable livelihoods	Since 2020, 215,348 residents have benefited directly from Sateri's community programmes
By 2030, we will continue to advance the Children's Education Support Programme across all regions where Sateri operates, with the goal of reaching over 100,000 children through long-term investment in educational resources, capacity building, and collaborative partnerships	Since 2020, 100,943 students have benefited directly from Sateri's programmes in support of school education

Awards and Certifications

- 2025 New Responsibility Enterprise Award - Southern Weekly
- Golden Eagle Group Heartfelt Appreciation - Shanghai Overseas Chinese Development Foundation
- 2025 Outstanding Case of Responsibility Practice - Annual Sustainable Development in Responsibility Practice - The Paper
- Sateri (Fujian) Fibre Co., Ltd. was awarded the title of "Enterprise Contributing to Education Support"
- Sateri (China) Fibre Co., Ltd. was honored with the Responsibility 100 | CSR China Education List Best Responsible Enterprise Brand
- Sateri (China) Fibre Co., Ltd. was honored with the Responsible Brand of the Year award at the 15th Public Welfare Festival
- The "Rural Girls Care Initiative" of Sateri (China) Fibre Co., Ltd. won the Most Publicly Recognised Project at the CSR China Education Awards
- The "Rural Girls Care Initiative" of Sateri (China) Fibre Co., Ltd. was awarded the 2025 Public Welfare Project Award at the 15th Charity Festival
- Sateri (Jiujiang) Fibre Co., Ltd. was awarded the 2025 Rural Revitalization Contribution Award at the 15th Public Welfare Festival
- The "Sateri Limin Series Public Welfare Project for Helping Farmers" of Sateri (Jiujiang) Fibre Co., Ltd. was awarded the 2025 Public Welfare Project Award at the 15th Public Welfare Festival

Relevant Sustainable Development Goals (SDGs)



¹⁶ Management positions include senior and middle management. Senior management refers to positions above department-head/manager level, while middle management refers to department-head/manager-level positions.

Talent Empowerment

Our Commitments

Sateri is committed to creating value and growing together with its employees. We actively attract and bring together outstanding talent worldwide, providing solid support for the Company's sustainable development, while creating a development platform and workplace environment that offers abundant opportunities and care for employees. We have established clear career advancement pathways and, through a multi-dimensional employee benefits system and care initiatives, fully support employees in achieving career development while realizing the comprehensive enhancement of their personal value.

Our Governance

Sateri strictly adheres to international guidelines such as the *International Labour Organization Declaration on Fundamental Principles and Rights at Work*, and the *United Nations Global Compact (UNGC)*, while complying with the laws and regulations of the countries where it operates. To effectively implement relevant management requirements, we have established a series of internal policies, including the *Recruitment and Hiring Management Policy*, the *Compilation of Occupational Health Management System*, and the *EHS Education and Training System*. These policies cover the entire process from employee onboarding to career development and occupational health and safety. They have formed a standardized and systematic management mechanism, providing solid policy support and execution basis for building a fair, inclusive, and safe working environment.

Our Management Strategy

Sateri has established a talent management strategy that provides employees with diverse career development pathways and continuous empowerment platforms. Through scientific mechanisms and humanistic care, the Company aims to unlock talent potential, foster team synergy, and build a solid foundation of talent for high-quality corporate development.

Talent Attraction

- We have established a talent recruitment management strategy. By analyzing the competency structure of our existing workforce, we precisely identify directions for talent supplementation and actively recruit professionals with diverse backgrounds from around the globe.
- We uphold the concept of diversity and inclusion, establish an equitable recruitment system, prohibit any form of employment discrimination, and strictly comply with labor compliance requirements.

Talent Development

- We have established a systematic talent development system covering multiple domains such as generic skills, professional competencies, and leadership to comprehensively enhance employees' overall capabilities.
- We implement differentiated management and personalized incentives for different groups to precisely stimulate employee potential and enhance organizational vitality and cohesion.

Health and Safety

- We have established a systematic safety risk prevention and control mechanism. Through sound institutional norms and assessment systems, we scientifically set health and safety goals and decompose responsibility for these goals layer by layer across all factories to ensure the full implementation of safety management responsibilities.
- As of the end of the Reporting Period, we achieved 100% ISO 45001 certification across all cellulose mills.

Care and Communication

- We have established a market-oriented compensation system that integrates fixed salary, special incentives, and performance awards to ensure the competitiveness of our compensation within the industry while reflecting internal equity.
- We have established an employee benefits plan. By organizing diverse welfare activities and providing various subsidies, we continuously enhance employees' job satisfaction and well-being.

Our Actions

Sateri adheres to the principle of "people-oriented". Centering on four pillars-Talent attraction, Talent development, Health and Safety, and Care and Communication-the Company has systematically established an organizational support system covering the entire lifecycle of employee growth. This system empowers employee development, safeguards employee well-being, and fosters an organizational ecosystem built on mutual respect and shared progress, thereby laying a solid talent foundation for the enterprise's sustainable development.

Talent Attraction

The Company is committed to building a diversified talent recruitment system that provides equal employment opportunities for talents from different countries, ethnic groups, and cultural backgrounds. We explicitly prohibit discrimination in the full employment process, hiring, compensation, and promotion based on gender, age, ethnicity, religious belief, disability status, or any other factor. Furthermore, selection for all positions is strictly based on role competency standards, evaluating candidates comprehensively across three dimensions: role fit, cultural alignment, and development potential, to ensure the objectivity and fairness of the selection process.

We adhere to the principle of lawful employment. We have established rigorous verification and archiving mechanisms for supporting documents during the interview and onboarding stages. We firmly prohibit the use of child labor and any form of forced labor, thereby solidifying the bottom line of compliance in workforce management. The Company actively upholds the values of equality and respect. During the Reporting Period, we successfully hired an employee with a disability who met the job requirements, demonstrating our concrete commitment of diversity and inclusion.

Gender Diversity

We firmly oppose any form of gender discrimination and ensure the career development of female employees by promoting women to management positions internally and providing equal development opportunities. At the same time, we continue to refine our care system for female employees by providing welfare and leave benefits that exceed statutory standards and regularly organizing activities such as health and wellness seminars. We are committed to creating a more friendly and equal work environment.

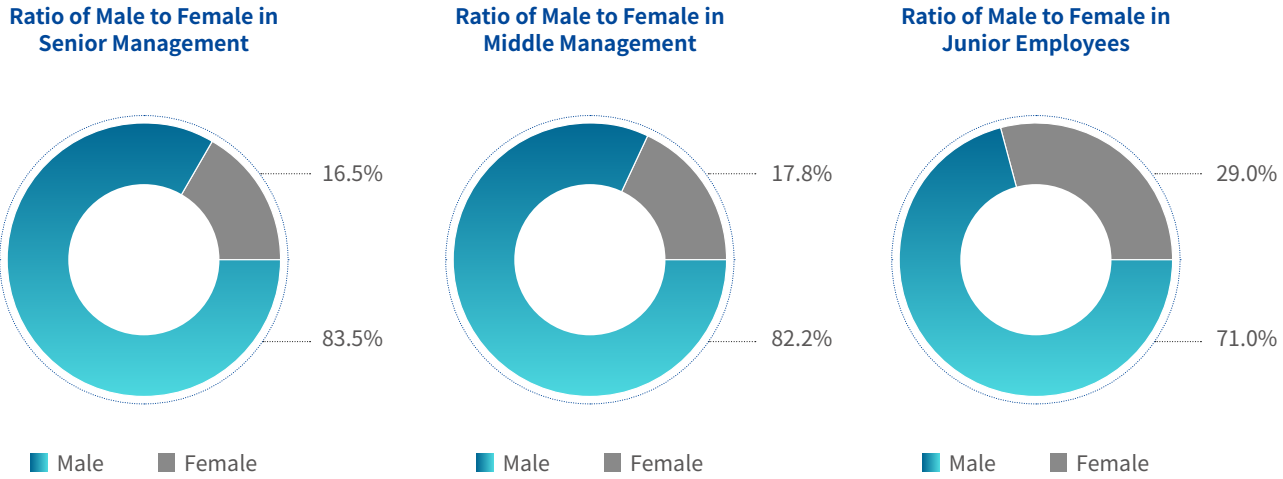
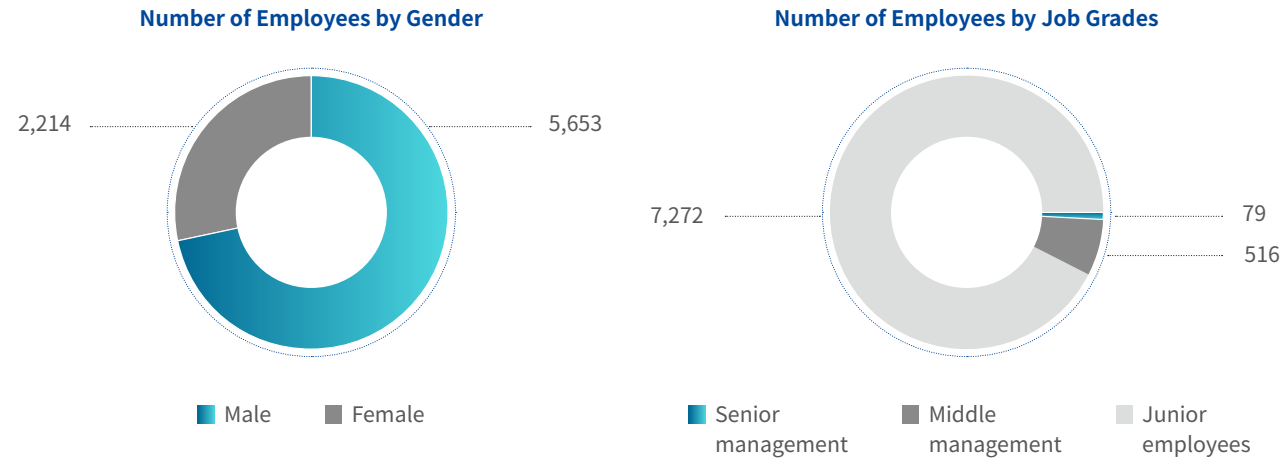
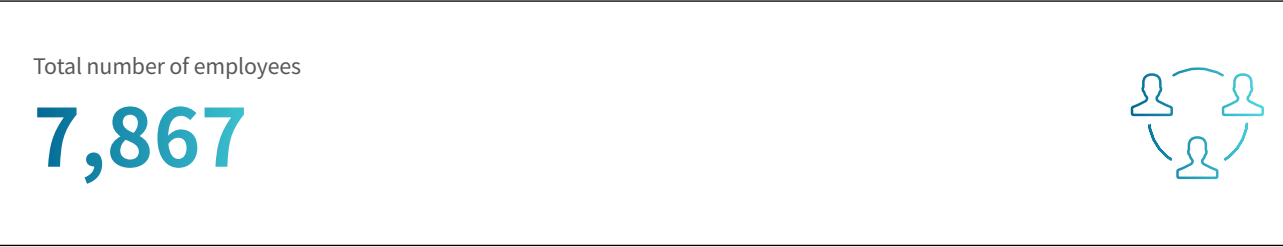
Age Diversity

We believe that a diverse age structure facilitates experience complementarity and professional growth among employees, fostering a more dynamic organizational atmosphere.

Region Diversity

We actively recruit diverse talent from various regions to create a fair workplace environment free of regional disparities. As a company rooted in local development, we prioritize recruiting labor from the factory location and its surrounding areas, continuously providing employment opportunities for the local population.

The Company has established a diversified recruitment channel encompassing external recruitment, campus recruitment, internal transfers, online platforms, social media, employee referrals, and government job fairs. It emphasizes combining internal development for key positions with external recruitment for frontline roles to uphold the principle of Equality in employment.



Talent Development

Sateri regards employees' personal growth and realization of value as the core driving force for sustainable enterprise development. The Company leverages the Human Resources Business Partner (HRBP) mechanism as a nexus to systematically build a talent development system centered on organizational and individual growth needs. It has established clear promotion pathways and a fair performance management system to foster the joint development of employees and the organization.

Employee Training

The Company has established a systematic training system and a multi-dimensional learning platform based on the Sateri Academy. It has also implemented a tiered development mechanism covering three levels of talent pipelines, extensively rolling out job rotation practices and specialized talent development programmes. Building on the training programmes and courses established in 2024, Sateri Academy further enriched its curriculum content in 2025. For management personnel, in addition to retaining existing programmes, a dedicated capability enhancement module has been added. For professional and technical talents, besides offering general courses open to all employees, the shop-floor course series has been systematically organized to refine the employee knowledge system architecture. Furthermore, intermediate equipment-specific training was introduced based on introductory courses, while efficiency improvement seminars were conducted across multiple processes including refrigeration and evaporation.

To precisely align employee growth with business development needs, Sateri systematically optimised its curriculum based on the results of a company-wide training needs assessment, enhancing the relevance and practical value of training content to work scenarios. For key personnel, we implement a specialized development programme. By customizing course lists based on individual improvement directions and Individual Development Plans (IDP), we accelerate the enhancement of their professional capabilities. In addition, the Company developed a series of targeted training programmes, including Startup Training courses, Startup Summary Workshops, and Management Seminars, to provide continuous professional support for the rapid development of business units. In 2025, Sateri Academy conducted a total of 75 training programmes, with cumulative training hours reaching 623,437.

Sateri's Tiered Talent Development Cultivation System

Level	Cultivation Approach	Collaboration Resources	Representative Programmes
Senior Level	Supported by RGE Group	Nanyang Technological University (NTU) Institut Européen d'Administration des Affaires (INSEAD)	Director/Senior Manager Development Programme
Middle Level	Sateri Academy Specialized Plans	Internal and External Talent Linkage	"Sateri Eagle" Phase IV
Junior Level	PRP System	100% Coverage	Annual Diagnosis and Assessment

Sateri Job Rotation System Practice Cases

Position Type	Rotation Direction/Case	Purpose
Mid/Senior Management	Cross-regional rotation of Lyocell Business Heads	Strategic Synergy & Experience Sharing
	Rotation of Financial Directors	Cross-regional Business Integration
Internal	Successful multi-position rotation cases	Top-down and bottom-up communication, ensuring coordinated execution

Sateri Talent Development Programmes

Programme Type	Specific Programme Name	Target Group	Development Tool
High-Potential	■ Executive Leadership Programme (ELP)	■ High-potential Backbone Staff	■ Individual Development Plan (IDP)
	■ Frontline Leadership Programme (FLP)		
	■ Management Training Programme (MTP)		
	■ Apollo Project		
Management Talent	■ New Director/Shift Leader Bootcamp	■ Newly Appointed Managers	■ Scenario-based Courses
Technical Talent	■ Professional Technical Open Courses	■ Technical Position Staff	■ Leadership Development Programme (DLP)
Coverage for All Employees	■ RGE Standardized Courses	■ All Functional Departments	■ Collective Large-Class Training

Sateri upholds the philosophy of talent-driven development. The Company has systematically designed and implemented a comprehensive training system covering all positions and multiple dimensions for employees at various career levels. It is committed to providing every employee with abundant learning resources and growth support that align with their career adaptation pathways.

Sateri Viscose mills Employee Training Management System

Application and Transformation of External Training Outcomes for Annual Lecturers and Business Backbone Employees

- To support the Group's business development needs and enable instructors and business backbone personnel from business units to stay updated with cutting-edge management concepts and professional knowledge, the Company organized external training sessions followed by internal knowledge transfer. This year, 7 courses have been completed, with 4 successfully delivered as internal training sessions.

Building Competency Models and Developing a Structured Curriculum System

- To define core competency standards for roles, the Company established "Engineer QS Competency Models" at both junior and senior levels, providing a foundation for talent development and evaluation. Based on these models, existing and planned training resources were systematically reviewed and benchmarked. A total of 35 core courses aligned with competency requirements were identified, forming a structured curriculum blueprint.

Capturing Practical Wisdom and Promoting Knowledge Transfer

- Through the creation of Startup Manuals and the production of the "Craftsmen Excellence" video series, the Company has systematically captured and disseminated reusable practical experiences, effectively enhancing experience transfer and operational efficiency.

Driving Deep Adoption Across the Group Through Benchmarking

- The TPM (Total Productive Maintenance) initiative aims to implement the Group's equipment management strategy by building a S-TPM system tailored to Sateri's characteristics. The project focuses on zero-fault management, refined spare parts consumption control, and reduced frequency of emergency repairs. With SFJ serving as the benchmark site, the initiative promotes deep TPM application across the Group, supporting a strategic shift from "emergency repair" to "systematic prevention".

Sateri focuses on business development and talent growth needs by launching a series of distinctive training programmes. Through a combination of internal and external training, it continuously enhances employees' professional capabilities to empower the organization.



Internal Trainer Talent Empowerment Programme: From Knowledge Transmitters to Organizational Enablers

Since 2018, Sateri Academy has continued to advance the "Internal Trainer Talent Empowerment Programme" with a commitment to building an internal instructor echelon that understands business operations, possesses teaching capabilities, and excels in knowledge transfer. In 2025, 16 new junior instructors were certified, bringing the cumulative total to 230 junior instructors and 14 intermediate instructors. This has established an instructor resource pool characterized by clear hierarchical levels, broad coverage, and sustainable iteration.

Instructors are not only presenters of courses but also distillers of organizational experience and disseminators of cultural values. Through systematic training, instructional practice, and review, evaluation, and incentive mechanisms, the internal trainer team has deeply participated in the development and delivery of more than 50 core courses, becoming a key pillar for building corporate knowledge assets.



Apollo Project: Forging Future Management Backbone

To build on the talent pipeline development outcomes of the Eagle Talent Programme - Apollo Project, in 2025, Sateri Academy selected 34 high-potential employees from frontline shift leaders, supervisors, and outstanding engineers across six cellulosic fibre mills for a dedicated development programme. The programme adopted a three-stage model of "centralized learning + practical experience + graduation presentation", providing systematic capability-building around key themes such as "from technology to management", "cross-functional collaboration", "production and operations management", and "safety management systems".

During the implementation of the programme, 13 participants had already achieved role advancement, demonstrating a strong alignment between talent development and organizational growth needs. The programme not only enhanced the comprehensive management competencies of talents in core positions, but also injected new momentum into the Group's reserve pool of middle management talent.





Capacity Enhancement Training for Engineers at the Lyocell Mills

To systematically enhance the professional capabilities of the production team at the Lyocell mill in lean operations and continuous improvement, the Company developed a tiered and progressive specialized training system based on frontline research findings, covering four core modules: lean production, data analysis, Six Sigma, and tool-based problem-solving mindset.

In December 2025, the first "Lean Fundamentals" training session was successfully conducted, covering 68 engineers. The training aligned engineering terminology and strengthened the foundation for continuous improvement thinking. Going forward, subsequent training sessions will continue to follow a pathway of "general knowledge - advanced learning - practical application", with the aim of bridging capability gaps and building a high-caliber engineering team that understands technology, is capable of data analysis, and can drive improvements. This will provide professional support for quality enhancement and efficiency breakthroughs.



CI Talent Development Programme for Nonwoven Mills: Igniting the Engine of Enterprise-wide Improvement

CI projects are key improvement and talent development initiatives prioritized by Sateri Nonwoven mills in 2025, covering four subsidiary mills with nearly 700 participants. Through systematic training, project initiation, implementation, and summary, the initiative integrates improvement concepts into daily operational processes to promote the deep embedding of a continuous improvement culture.

In December 2025, the Nonwoven mills convened its annual Lean Improvement Summary and 2026 CI Launch Meeting at the Tongling mill in Anhui. Through project presentations and expert reviews, the event selected outstanding cases from the year and established nearly 20 "Continuous Improvement" projects for 2026. These initiatives aim to set benchmarks, stimulate enthusiasm for improvement among all employees, and further deepen the Company's Lean culture.



Systematic Specialized Empowerment for Nonwoven Mills: Team Capability Enhancement Training

To enhance the management capabilities and professional standards of the Sateri Nonwoven mills team, the Company introduced four specialized training programmes in 2025: "General Management Skills for Duty Supervisors", "Lean & Six Sigma Training", "Overcoming Six Logical Traps", and "TPM Training". Among these, the general management course for shift supervisors effectively strengthened their foundational management capabilities; Lean & Six Sigma training enhanced the team's awareness of continuous improvement and professional proficiency; the "Overcoming Six Logical Traps" course helped participants break out of fixed mindsets and improve systems thinking and problem-solving abilities; and TPM training elevated equipment management capabilities and overall mills production efficiency. This series of training sessions has laid a solid foundation for the launch of the Nonwoven mills project in 2026.



Professional Competence and Educational Advancement

Sateri encourages employees to pursue continuous learning and self-improvement, and has established a support system covering academic advancement and professional qualification certification. To continuously enhance the professional skills and compliant operation capabilities of employees in special operation positions, the Company has systematically advanced a certification support programme for special operation personnel. Through organizing relevant qualification training, coordinating examination arrangements, and covering the corresponding certification fees, the Company supports employees in obtaining the required certificates for their roles. During the Reporting Period, Lyocell employees obtained a total of 126 special operation qualification certificates, covering categories such as safety management certificates, low-voltage electrician certificates, explosion-proof electrician certificates, and fire facility operator certificates.

At the same time, we provide full support for employees applying for union-funded tuition subsidies to enhance their academic qualifications, comprehensively empowering their professional growth and sustainable development.



Sateri Odor Panel Assessor Qualification Training

In response to qualification requirements identified by the R&D team during customer surveys, Sateri Academy systematically organized odor panel assessor certification training for relevant employees of SJJ, SFJ, and SYC quality departments. The academy provided comprehensive support throughout the registration process, reimbursed training expenses, and ensured off-the-job online learning arrangements for all participants. Obtaining this qualification helps enhance the professional image of product promotion and customer trust.

Performance Appraisal

Sateri adheres to the principles of fairness and transparency in performance appraisal, establishing a systematic performance and incentive system aimed at promoting the coordinated development of the organization and employees. In accordance with the *Performance Management Policy* and the *Compensation Management Policy*, we have defined the performance assessment process and implemented a combined monthly and annual evaluation mechanism.

Sateri Performance Assessment Mechanism

Monthly Performance Assessment

A differentiated evaluation approach is applied based on distinct business attributes, with assessment results directly linked to performance-based bonuses.

Annual Performance Assessment

Comprehensive evaluations are conducted on the implementation of core values and the fulfillment of performance contracts. Results are categorized into five tiers, serving as a key basis for annual bonus distribution.

Employee Promotion

Sateri has established a clear and smooth promotion mechanism to provide employees with diversified growth pathways and equitable promotion opportunities, fostering the synergistic advancement of individual employee value and corporate development. The Company relies on the *Personnel Change Management Policy* as its institutional basis and adheres to the principle of "matching personnel to positions", organizing promotion reviews centrally every April. Promotion requires meeting criteria including position vacancy, length of service, performance results, adherence to core values, and competency. It becomes effective only after submission by the department, review by the Performance Committee, and approval through hierarchical levels.

Talent Differentiation Management Initiatives at Sateri Lyocell Mills

Promoting Development through Evaluation and Fostering Mutual Growth

■ The Lyocell mills have launched a quarterly "Outstanding Shift Supervisor" competition. This initiative comprehensively evaluates team building across multiple dimensions, including EHS (Environment, Health, and Safety), QPC (Quality, Productivity, Cost), autonomous maintenance, personnel management, team culture development, and the effective implementation of processes. The activity provides a valuable platform for shift supervisors to exchange ideas and learn from one another, effectively enhancing their capabilities in building high-performing teams.

■ The Lyocell mill conducts quarterly Outstanding Employee evaluations, with candidates assessed comprehensively across multiple dimensions, including improvement implementation, identification of potential hazards and deviations, abnormality handling, operational execution, and problem-solving. Differentiated awards, such as Business Expert, Safety Star, Best Mentor, and Outstanding Manager, have been established to encourage employees to continuously improve and to set learning benchmarks for all employees.

Setting Benchmarks and Inspiring Growth

Health and Safety

Sateri places employee health and safety at the core of its corporate development. Guided by the philosophy of "people-oriented and healthy development", we systematically advance the optimisation of occupational environments and the development of safety assurance systems. Through a series of measures, including dedicated occupational disease prevention and control initiatives, regular emergency drills, and occupational health awareness and education activities, we deeply embed a safety culture into employees' daily work and lives, continuously strengthening safety awareness among all employees.

Sateri directly links the health and safety management performance of relevant personnel to their performance appraisals and promotion evaluations. We have also designed an EHS competency assessment model covering eight core indicators, seven of which focus on health and safety. This model systematically evaluates capabilities in managing occupational health and safety risks, thereby ensuring that health and safety matters are prioritized and effectively implemented throughout the management process.



In 2025, Sateri continued to optimize its occupational health and safety management system by strengthening the safety foundation through measures such as testing for occupational disease hazard factors and conducting special inspections. SCN conducts a comprehensive testing and evaluation of occupational disease hazard factors annually to systematically monitor and improve the workplace health environment. At the same time, Sateri conducts semi-annual occupational health cross-inspections across its mills to assess compliance and safeguard employees' occupational health rights and interests. Corrective actions have been implemented for all relevant issues identified during the inspections. During the year, we organized two safety management cross-inspections, with a focus on reviewing the implementation of safety laws, regulations, and internal policies. In response to the non-conformities identified during the inspections, the relevant units have completed corrective actions, effectively enhancing the Company's safety management performance.

To continuously enhance safety awareness among all employees and systematically improve occupational health management standards, Sateri organized a series of occupational health and safety training sessions covering multiple job roles and scenarios.



Guarding Mental Well-being, Walking Together in Health: Sateri Launches Publicity Week for the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*

During the 2025 Publicity Week for the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, Sateri organized a series of activities across its factories in the Jiujiang region under the theme "Caring for Workers' Mental Health". By displaying publicity slogans, hosting health ambassador events, and introducing mental health training programmes, the Company fulfilled its responsibility to provide psychological support. The Group's EHS Department has explicitly required all factories to advance employee psychological care in four key areas: launching thematic campaigns to foster an inclusive atmosphere; organizing mental health training to help employees balance work and life; establishing consultation channels to provide psychological assistance; and strengthening education on safety and mental health knowledge. These measures aim to systematically build a comprehensive employee psychological support system. This initiative further enhanced employees' understanding of occupational health and continued to promote the construction of a healthy workplace environment within the Company.



Learning Through Competition to Fortify Safety Defenses: Sateri Hosts the 2025 Work Safety Knowledge Contest

In June 2025, Sateri held the online final of its annual Work Safety Month Knowledge Competition to further implement the safety philosophy of "Everyone Talks About Safety, Everyone Knows Emergency Response". A total of 12 teams from various mills competed under the theme of "identifying safety hazards around us". Through sessions including hazard identification, preparation of Job Safety Analysis (JSA), and objective-question assessments, the competition systematically evaluated participants' capabilities in areas such as understanding safety laws and regulations, identifying risks, and handling emergencies. Ultimately, six teams, including Sateri Yancheng, delivered outstanding performances and successfully advanced to the offline grand final.



Promoting Safety Through Dialogue, Preventing Hazards Before They Arise: SJJ Hosts a Themed Speech Contest on Work Safety

To implement the requirements of the 24th national Work Safety Month, Sateri's mills in the Jiujiang region organized safety speech contests around the theme of "Everyone Talks About Safety, Everyone Knows Emergency Response: Identifying Safety Hazards Around Us". A total of 20 participants from the Jiangxi mill and eight employees from the Jiujiang mill delivered vivid speeches based on their respective job responsibilities, covering topics such as hazard identification, on-site supervision, Job Safety Analysis (JSA), and emergency response. Following on-site evaluation, five employees stood out and will represent the Jiujiang region in the final of the Group Safety Speech Contest.



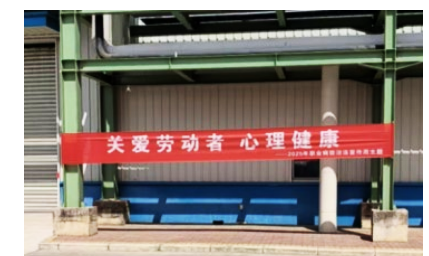
Training to Enhance Prevention, Safety Together: SJX Conducts Office Building Fire Emergency Drill

In June 2025, a fire emergency drill was conducted at the office building of SJX. After the alarm sounded, employees covered their mouths and noses and moved in a low posture under the guidance of evacuation wardens, evacuated in an orderly manner to the designated safe area within 3 minutes and 6 seconds. At the same time, some personnel quickly used fire extinguishers to combat the initial "fire", and fire trucks arrived promptly to respond to the incident. Following the drill, we conducted a systematic review. While affirming the overall effectiveness, we identified areas for optimisation in emergency response details and implemented targeted improvements.



Promoting Prevention Knowledge, Safeguarding Occupational Health: Lyocell Liyang Launches Week of Activities on the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*

With the theme of "Adhering to prevention first, combining prevention with treatment, and protecting workers' health", Lyocell Liyang organized a week-long campaign to commemorate the 23rd anniversary of the enactment and implementation of the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. Through a mix of online and offline training, open online courses, and thematic lectures, the mill disseminated knowledge on the prevention and control of occupational hazards to both company employees and contractors. The activities also promoted best practices in occupational health management and mental well-being for workers, ensuring that occupational health awareness reached every department, workshop, and team.



Learning through Competition, Safety through Learning: Lyocell Liyang Hosts Safety Knowledge Contest

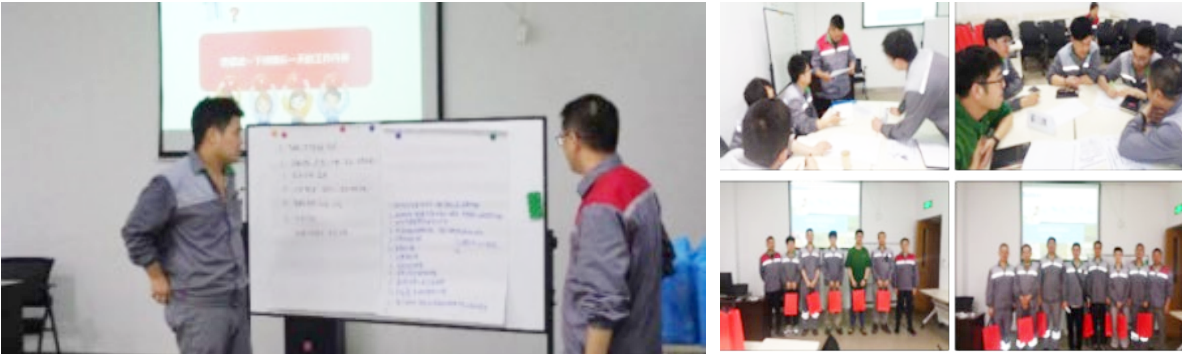
Lyocell Liyang organized a safety knowledge contest covering laws and regulations on work safety, operational procedures, risk identification and control, emergency response and first aid, and occupational health. By fostering learning through competition and enhancing safety through knowledge, the event aimed to popularize safety knowledge, elevate employees' safety literacy, strengthen safety awareness and emergency response capabilities across the board, and cultivate an atmosphere where everyone prioritizes safety.





Precise Multi-Level Empowerment to Enhance Management Capabilities: Lyocell Nantong Conducts Tiered Safety Training

In 2025, Lyocell Nantong launched a series of safety training programmes and specialized capability-building sessions tailored to the specific safety management needs of different employee levels. These programmes covered frontline staff, shift supervisors, supervisors, engineers, and management personnel. For shift supervisors and department heads, the factory focused on specialized training in safety leadership, shift supervisor safety management, and equipment risk analysis for equipment risk assessment, continuously improving the safety management capabilities of personnel at all levels.



Indicators	Unit	2025
Health and safety training coverage	%	100
Total hours of occupational health and safety training	Hour	138,431
Average duration of health and safety training per person	Hours/Person	17.6
Fatalities due to work-related injuries or occupational diseases - number of incidents	/	0
Fatalities due to work-related injuries or occupational diseases - ratio (per 200,000 working hours)	/	0
Lost time injury - number of incidents	/	2
Lost time injury - ratio (per 200,000 working hours)	/	0.03
Serious work-related injuries - number of incidents	/	0
Serious work-related injuries - ratio (per 200,000 working hours)	/	0

Care and Communication

We regard our employees as the Company's most valuable asset and are committed to fostering an open, respectful, and warm organizational atmosphere. Through communication mechanisms, regular satisfaction surveys, and a welfare care system, we continuously listen to employee voices, actively respond to reasonable requests, and effectively promote the mutual growth of individuals and the organization.

We place high importance on employee communication. We have established the *Employee Representative Congress System* and created diversified internal communication and grievance channels, including a direct line for employee voices, on-site visits, the mill director's mailbox, HR hotline, employee symposiums, meetings with the factory director, satisfaction surveys, and an online opinion platform. In 2025, feedback collected through communication channels covered various aspects including logistics, management, and work suggestions. All feedback was responded to and addressed in a timely manner, with a completion rate approaching 100%. This effectively ensured the recording and resolution of employee opinions, thereby safeguarding the expression and implementation of employee rights.

During the Reporting Period, the Nonwoven mills conducted quarterly employee satisfaction surveys covering aspects such as cafeteria dining, company shuttle services, and employee dormitories, and tracked improvements on issues identified in the surveys. The Lyocell mills carried out a comprehensive employee satisfaction survey focusing on administrative support, working environment, and communication feedback, with overall satisfaction rates exceeding 90%.

To further enhance employees' sense of belonging, well-being, and organizational cohesion, the Company has established a comprehensive employee benefits system and continues to implement the "people-oriented" philosophy through diverse and caring activities. We strive to foster a supportive work environment where employees can grow together. While receiving comprehensive protection, they also feel the respect and care of the Company.

Sateri Employee Benefits

- Statutory Benefits** Social insurance and housing provident fund are paid in accordance with the law, and statutory leave such as annual paid leave is provided
- Health Benefits** Annual health checkups, high-temperature allowances, hospitalization condolences, paid sick leave, as well as an established survivor benefit scheme
- Economic Subsidies** Year-end bonuses, telephone allowances, resettlement allowances, transportation subsidies/family visit subsidies, work commencement red envelopes, New Year's Eve red envelopes, as well as monetary gifts for marriage, childbirth, and festivals
- Life Support** We provide free work meals or meal allowances, commuter shuttle services, employee dormitories or housing allowances, and arrange temporary hotel accommodations for employees in need
- Care Activities** We regularly organize birthday celebrations and International Women's Day events, as well as sports meets, annual trips, volunteer activities, and other diversified team-building initiatives to enrich employees' leisure lives



Lyocell Changzhou Outstanding Employees' Families Open Day

To express gratitude for the long-term support of employees' families and to convey the corporate philosophy of "people-oriented", Lyocell Changzhou specially planned and held an Open Day for Outstanding Employees' Families. We sincerely invited family members to visit our enterprise. Through on-site tours and interactive exchanges, we enabled them to personally experience the working environment and corporate culture. This initiative ensures that the contributions made by employees at work and the family support behind their honors are seen and cherished. This event not only enhanced employees' sense of belonging and well-being but also further bridged the gap between the Company and their families, infusing sustainable development with warm and solid humanistic strength.



Community Development

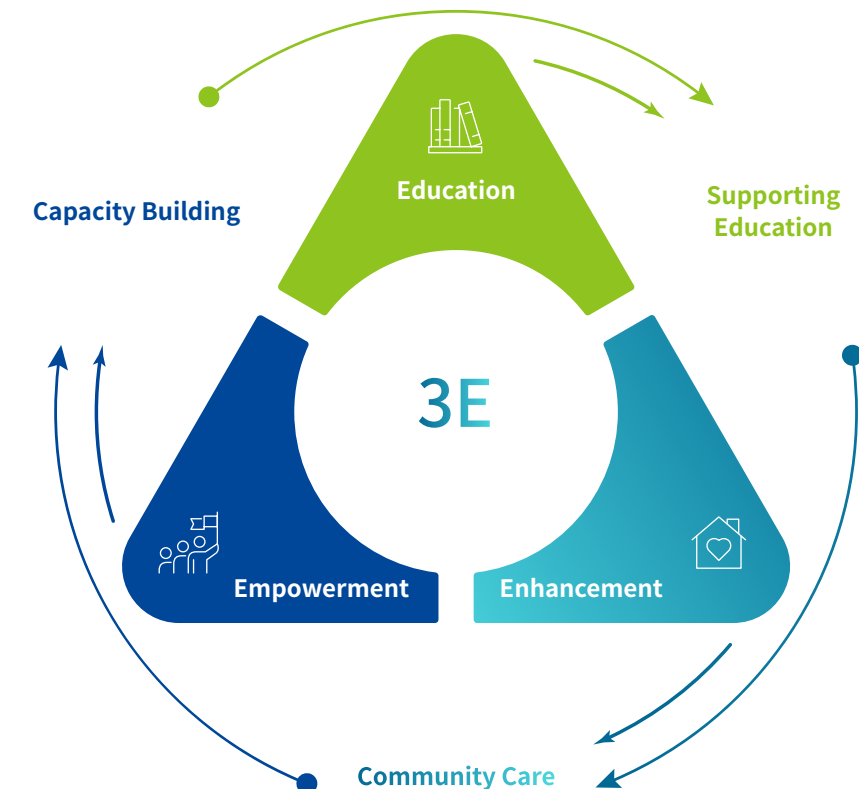
Our Commitments

Sateri upholds its community development goal of "creating economic, social, and environmental value for communities, while fostering a sound operating environment for the Company", and continues to fulfill its corporate social responsibility. Through innovative public welfare initiatives, we deeply align with the national rural revitalization strategy. While consolidating the achievements of poverty alleviation, we continue to optimize mechanisms for industrial support and resource collaboration. We also broadly mobilize employees, non-governmental organizations, professionals, partners, and other stakeholders to jointly participate in public welfare initiatives, continuously enhancing community well-being and quality of life.

Our Management Strategy

Sateri actively supports the development of local communities. Guided by the "3E" strategic directions of Education, Empowerment, and Enhancement, the Company systematically promotes endogenous community development, ultimately achieving shared growth and mutual prosperity between the enterprise and the communities in which it operates.

Sateri "3E" Concept of Community Development



Lyocell Nantong's First Hiking Team-Building Event in 2025

To enhance team cohesion and promote a healthy work philosophy, Lyocell Nantong organized its first outdoor hiking event in May 2025 under the theme "Keep Walking, Go Far Together". More than 100 employees gathered at the Longyou Bay Ecological Landscape Belt to jointly complete a 5-kilometers riverside hike. During the event, employees encouraged and collaborated with one another while connecting with nature. This not only fostered cross-departmental communication but also demonstrated the staff's positive spirit and strengthened organizational cohesion through shared experiences.

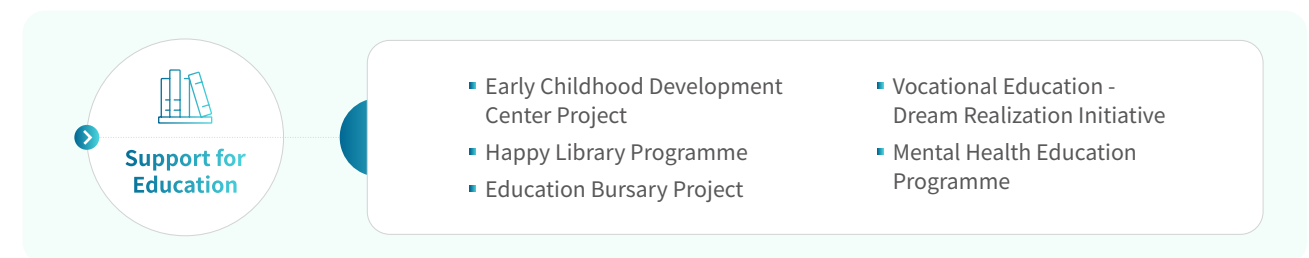


Lyocell Changzhou Creative Handicraft Event for International Women's Day

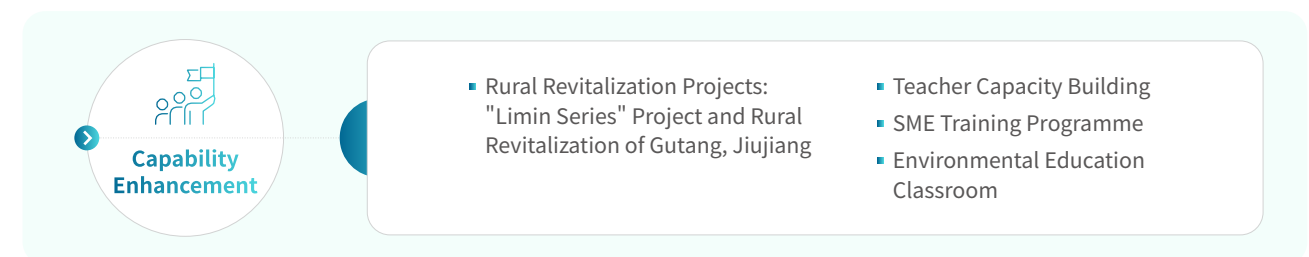
In March 2025, Lyocell Changzhou organized a creative handicraft activity themed "Bloom with Confidence, Embrace the Future" to celebrate International Women's Day and convey care and respect for female employees. Nearly 50 female employees experienced handcrafted art under professional guidance, creating a warm and enthusiastic atmosphere on site. Through engaging, thoughtfully designed activities, this event not only allowed female employees to relax and appreciate the beauty of art amidst their busy schedules but also further enhanced the warmth of corporate culture.



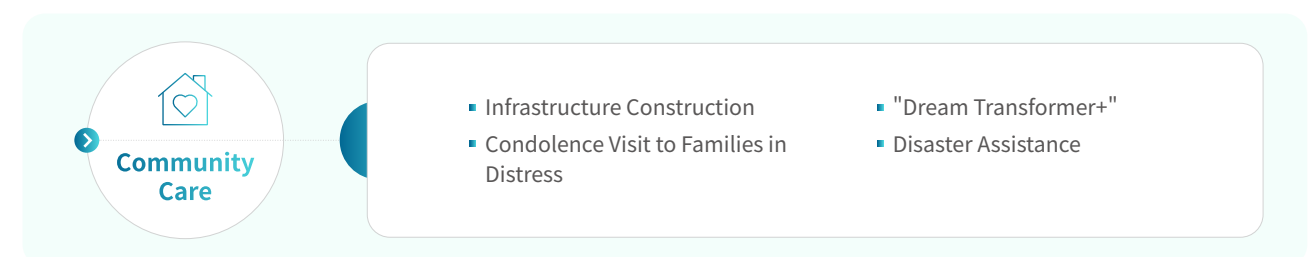
In terms of supporting education, we adhere to a management strategy of "full-cycle coverage, systematic empowerment, and multi-party collaboration", focusing on key areas such as early childhood development, support for compulsory education, high school and vocational education, mental health, and family empowerment. By establishing an education fund, improving hardware facilities, and launching projects such as "Happy Library Programme", we have constructed a long-term assistance system spanning from preschool education to vocational education. This system is structured on a dual-track framework of material support and psychosocial support. Through multi-dimensional pathways such as rewarding excellence and assisting the needy, enhancing quality, and promoting scientific popularization, it systematically contributes to resolving challenges in educational equity. It not only injects sustained momentum into individual growth but also provides long-term support for the accumulation of human capital in the community and the implementation of the rural revitalization strategy.



In terms of capacity building, we adhere to a management strategy of enabling self-reliance, systematic empowerment, industry-led development, and multi-stakeholder collaboration. Since the launch of the "Limin" Community Benefit Initiative Series in 2020, we have gradually built a diversified portfolio of public welfare initiatives, including the "Limin Chicken" Community Livelihood Project, the "Limin Tea" Community Livelihood Project, and the "Limin" Community Training Programme. Focusing on key areas such as rural revitalization, teacher development, SME growth, and environmental education, we systematically stimulate the endogenous development momentum of target groups through approaches such as cultivating local specialty industries, building full industry chains, and providing customized skills training. These efforts aim to help target groups build sustainable self-development capabilities and achieve a fundamental transition from external assistance to independent development.



In terms of community care, we adopted the core strategy of "institutionalized organization, platform-based management, project-oriented operations, and normalized participation". We established employee volunteer associations covering all regions and built a digital management platform to efficiently organize volunteer activities. We focus on key areas such as infrastructure construction, visits and support for families in need, Dream Transformer+, and disaster assistance to genuinely integrate care into the community.



Our Actions

Sateri is committed to being an active participant in community development and a co-creator of value. During the Reporting Period, the Company carried out community development projects focusing on three key areas: "Supporting Education", "Capacity Building", and "Community Care". These initiatives aim to build local capacity and self-sustaining momentum in communities from their roots and ensure that the fruits of corporate development are genuinely returned to society. Since 2013, the Company has cumulatively invested 18.53 million RMB in community philanthropy. This commitment has resonated widely across society. The Paper conducted an in-depth special report on the communities surrounding our factories, vividly documenting Sateri's public welfare practices in diverse areas such as education support, elderly care, employment for persons with disabilities, childcare, mental health services, and industrial revitalization. These efforts demonstrate how Sateri fulfills its responsibility to benefit both the people and the nation through concrete actions, continuously enhancing public well-being and truly achieving co-creation of value between the enterprise and society.

Supporting Education

Sateri has implemented long-term and systematic educational public welfare practices across multiple locations. These initiatives encompass establishing special funds, improving teaching environments, safeguarding physical and mental health, and empowering family education. The aim is to create more equitable growth opportunities, higher-quality growth environments, and warmer support systems for adolescents, thereby contributing to the advancement of education through concrete actions.

Sateri has established and continuously operates a special education bursary to provide long-term, stable financial support and spiritual encouragement to students with excellent academic performance and character who are facing financial difficulties. This initiative promotes educational equity and reserves future talent for social development.

Sateri Education Bursary: A Twenty-Year Journey of Rewarding Excellence and Alleviating Poverty

Since 2006, Sateri has successively established the "Sateri Education Bursary" in Gutang Town, Lianxi District, Jiujiang City; Tongwen Middle School, Jiujiang City; and Huangcun Town, Hukou County to reward and support academically excellent students from financially disadvantaged families. Among these, Gutang Town and Huangcun Town each annually disburse 50,000 RMB in scholarships to support 25 financially disadvantaged yet high-achieving students, providing sustained assistance for them to complete their high school education; Jiujiang Tongwen Middle School annually allocates 100,000 RMB to reward and support 160 students. Sateri Education Bursary was awarded the "Outstanding Contribution Award for Public Welfare and Student Assistance" by the Jiujiang Municipal Education Bureau. In September 2025, on the occasion of the fund's 20th anniversary, it was awarded the honorary title of "Model for Student Assistance" by local government authorities.

Sateri focuses on the physical and mental health and developmental needs of children. By providing care supplies, professional courses, psychological support, and empowering parents, it creates a safe, inclusive, and healthy growth environment to nurture their comprehensive development.



Sateri "Rural Girls Care Initiative": Guarding Growth with Love

In May 2025, Sateri's Jiujiang region, in collaboration with the United Front Work Department of the Jiujiang Municipal Committee, the Municipal Women's Federation, the Jiujiang Municipal Working Committee for the Care of the Next Generation, and the Municipal Education Bureau, jointly launched the "Rural Girls Care Initiative". This initiative provided "1+1+1" care services to 500 rural girls in Hukou County and Lianxi District. These services included one love care package, one growth class for girls, and a series of volunteer services, demonstrating our commitment to supporting the physical and mental well-being of left-behind rural girls through concrete actions. This project was honored with the "Most Publicly Recognised Project of 2025" at the CSR China Education Awards.



SJS School Mental Health Education Project: Building a Regional Adolescent Mental Health Education System

With the joint support of RGE China, Beijing Tanoto Foundation, and Sateri Group, SJS partnered with the Education Bureau of Suyu District, Suqian, to launch a mental health education project for primary and secondary schools. The project established a regional mental health education system integrating prevention, intervention, and development. Through collaboration among government, enterprises, and schools, curriculum-based implementation, and professional empowerment, the project systematically safeguards the mental health of adolescents and has developed a replicable and sustainable "Suyu Model". By providing capacity-building training for key mental health teachers and class teachers, and organizing activities such as themed class meetings on mental health and mental health culture festivals in pilot schools, the project has effectively supported schools in creating a safe and inclusive environment for student growth while enhancing students' psychological resilience and well-being. As of the end of the Reporting Period, the project had covered more than 30 schools, trained over 300 teachers, and benefited 13,000 students through its curriculum.



SJS "Good Mother Public Welfare Class": Empowering Family Education and Supporting Scientific Parenting

SJS collaborated with the Women's Federation of Suqian City to jointly establish the "Good Mother Public Welfare Class". Through regularly organizing free and high-quality special lectures, it has created a platform for parents to engage in continuous learning and exchange. The course curriculum is systematic and comprehensive, covering key areas such as child psychological development, parent-child communication, family emotional management, and the cultivation of learning habits. It assists parents in mastering scientific parenting concepts and methods. As of the end of the Reporting Period, this project has been continuously implemented for two years, reaching 13 communities and serving a total of 800 parents.



Sateri focuses on improving rural education hardware facilities and enriching campus culture as its core objectives. Through donating and building libraries, providing books, and organizing reading activities, it strives to narrow the urban-rural education gap, enhance the comprehensive quality of rural students, and inject sustained momentum into rural education revitalization.



SFJ "Happy Library Programme": A Decade of Literary Nourishment for Rural Education

In response to the national "Bookish Campus" initiative and Chinese language education reform requirements, SFJ launched the "Happy Library Programme" in 2016. The project has continuously funded the construction of caring libraries for primary and secondary schools in rural Putian. Through diverse reading activities, it guides students to develop reading habits, improves the circulation and utilisation efficiency of books, and contributes to narrowing the educational gap between urban and rural areas. After a decade of accumulation, the project has evolved into a corporate public welfare brand dedicated to supporting rural education revitalization. It was awarded the inaugural "Fujian Charity Award" by the Fujian Provincial Government in 2023 and received the title of "Enterprise with Outstanding Contributions to Education Support" in 2025.



The key initiatives of the project include:

- **Improvement of Hardware Facilities:** Donated and constructed Love Reading Rooms and Class Reading Corners for 26 rural primary and secondary schools in Putian.
- **Donation of High-Quality Books:** A cumulative total of 60,000 high-quality books have been donated to help community schools meet the Ministry of Education's standard for per-student book holdings.
- **Enrich Campus Activities:** Assisted the school in organizing more than 60 reading-related events, effectively enhancing book utilisation rates.
- **Conduct Volunteer Services:** Organize employee volunteers to carry out activities such as "Loveful Reading Companionship" and "Little Cotton Artisans", with the total duration of volunteer services showing continuous growth.
- **Expanding the Scope of the Project:** Centered on supporting rural education, the initiative extends from within schools to outside them. It continuously innovates its content and formats while addressing the educational needs of special groups such as left-behind children and children with autism.



SFJ Charity Summer Camp: Collaborative Efforts of Government, Enterprises, and Society to Warm the Childhoods of Left-Behind Children

To address the challenges of summer care for left-behind and migrant children in the community and to address gaps in family care and educational support, SFJ planned and implemented a public welfare summer camp project. This project serves as an off-campus extension of the "Sateri·Happy Library Programme" third classroom public welfare activity. As of the end of the Reporting Period, it has been continuously implemented for five years, benefiting approximately 400 left-behind and migrant children in the community. The project innovatively constructed a public welfare ecosystem featuring "government guidance, enterprise leadership, and social participation". With key support from the local community government in coordinating venues and matching teaching staff, the project attracted active participation from Sateri partners such as David Bell and HeyBetter, who provided material sponsorships for the summer camp. This has established a positive public welfare ecosystem characterized by effective multi-stakeholder collaboration.



Capacity Building

Sateri adheres to the philosophy of "equipping communities with sustainable livelihood skills rather than relying solely on short-term assistance" and empowering rural areas. Through initiatives such as the "Limin Series Projects", it systematically builds a support system for rural capacity building, covering industrial cultivation, skills training, and the integration of culture and tourism. We not only provide startup resources but also focus on stimulating endogenous rural development momentum through industrial chain construction, market matching, and skills transfer, helping farmers master sustainable Pathways to increase income and achieve prosperity.



Sateri "Limin Tea" Project: Leveraging Characteristic Industries to Drive Differentiated Rural Revitalization

In 2021, Sateri collaborated with local governments to launch the "Limin Tea" project in Hengshan Village, Chengshan Town. Through government-enterprise cooperation, the project aimed to leverage local characteristics and cultivate the tea industry. In 2025, the project contributed an additional income of RMB 198,500 to farmers. Since 2022, Sateri has also leveraged various large-scale exhibition platforms to continuously promote local specialty agricultural products in Hukou County. By helping high-quality products such as "Limin Tea" expand their market reach and enhance brand influence, the initiative has effectively increased farmers' income and provided sustainable industrial support for rural revitalization.



Sateri "Limin Chicken" Project: From Distributing Chicks to Cultivating Industries, Supporting Sustainable Rural Revitalization

The "Limin Chicken" project is a public welfare initiative established by Sateri to respond to the national strategies of "poverty alleviation" and "rural revitalization". As of the end of the Reporting Period, the project has been continuously implemented for six years, with a total of 27,000 chicks distributed free of charge, benefiting 1,434 farmer-households in need, and generating more than RMB 2.90 million in additional income for farmers. The project has helped Huangcun Town, Hukou County, establish a 'Limin Chicken' industrial chain integrating incubation and cultivation, ecological breeding, market sales, and brand promotion. It supports villagers in achieving sustained income growth through scientific breeding, paving the way for rural revitalization driven by self-development.



Sateri "Limin Training Programme": Activating Endogenous Rural Momentum through Skills Training

To support rural revitalization in Hukou County, Sateri, in collaboration with the Hukou County Rural Revitalization Bureau, jointly launched the "Public Welfare Empowerment Project: Limin Training Programme" in 2023 and has continued to implement it since then. This project addresses bottlenecks in the modernization of local agriculture by conducting a series of specialized training sessions focused on crop cultivation, poultry farming, and e-commerce operations. It aims to resolve issues such as outdated production processes, extensive management practices, simplistic product packaging, and inadequate market channels, thereby injecting new momentum into sustainable rural development.



Sateri "Rural Tourism + Industrial Tourism": Empowering Cultural and Tourism Development through Innovative Integration of Enterprise and Local Community

Sateri leverages the local cultural characteristics of Gutang Town by integrating modern factory resources into regional cultural tourism development to support rural revitalization. This project leverages core resources including Gutang Customs, Lianxi District Yangtze Finless Porpoise Joint Patrol Team, Poyang Lake, and non-woven fabric factories. In collaboration with professional study tour institutions, it developed a series of courses aligned with primary and secondary school curricula. The initiative established a distinctive "rural tourism + industrial tourism" study route for students in Jiujiang City, achieving an effective integration of industrial resources with rural cultural and tourism assets.



Community Care

Sateri continues to practice the concept of "bringing warmth to the community and growing together with the community". It has established employee volunteer associations for SJX, SJJ, SCN, SFJ, SJS, SYC, and Sateri Changzhou, and implements institutionalized and platform-based management. From supporting vulnerable groups and caring for children in need to nurturing the elderly community and empowering community development, we are committed to integrating warmth into the fabric of our communities. Through concrete actions, we convey corporate compassion and foster harmonious coexistence between the enterprise and the community.

To enhance the effectiveness of volunteer services, the Company has established an online volunteer management platform. This platform supports functions including the initiation, recruitment, sign-in, and retrospective entry of volunteer activities. It also facilitates learning and exchanges with other volunteer teams, promoting the continuous optimisation of volunteer activities.

In 2025, Sateri volunteers totaled over

4,000

participants

They launched

450

public welfare projects

contributing a cumulative service duration of

72,483

hours

These initiatives reached

109,380

individuals

extended their impact to

106

communities

and

136

schools



SFJ Autism Assistance Project: Paving the Way for Autistic Adolescents to Integrate into Society

SFJ launched an autism assistance project and established volunteer service stations in collaboration with special education schools. The initiative has organized over 20 events, including holiday care and daily life support, to provide sustained care for children and adolescents with autism. Simultaneously, the Company innovatively launched the "Heart Youth Innovation Employment Programme", partnering with schools to develop practical projects such as eco-friendly bags, bubble tea, and paper cutting. These initiatives help adolescents with autism enhance their skills and boost their confidence through hands-on practice, establishing a comprehensive empowerment system that spans from growth cultivation to employment support.



Sateri "Dream Transformer+": Revitalizing Spaces to Illuminate the Future of Children's Hearts

In 2022, Sateri, in collaboration with the Hukou County Civil Affairs Bureau, jointly launched the "Sateri Dream Transformer+" project. Through renovating "Love Study Rooms" for children in need to improve their learning environments and providing comprehensive support including the "1+6" care system, the project assists them in healthy growth and helps them experience the warmth of society. The project has established a precise assistance model that combines material assistance with emotional and psychosocial support, earning widespread recognition from the government and society. In 2025, the project continued to carry out multiple activities such as "Big Hands Holding Small Hands" summer companionship, deepening and solidifying the care system.



SYC Community Care: Four Years of Unwavering Dedication to the Elderly

Since establishing its roots in Funing, Sateri (Yancheng) has consistently regarded community co-construction as a cornerstone of its development, dedicating itself to the field of public welfare and volunteer services. For four consecutive years, the team has faithfully visited local families in need and elderly care centers. In the process of conveying kindness and respect, the team's cohesion has silently strengthened. The enterprise's responsible and warm social image has become increasingly deeply rooted in people's hearts. In the future, this love will continue to be passed on, injecting more "Sateri strength" into building a harmonious community!



Operation Guarantee

Our Commitments

Sateri regards compliance-based operations and business ethics as the foundation of its corporate development. While strictly adhering to laws and ethical standards, the Company continues to provide customers with high-quality products and services, and is committed to becoming a benchmark for responsible business practices. Through systematic management mechanisms, the Company effectively prevents and controls potential risks related to business ethics, thereby building a solid foundation for the Group's long-term sustainable development.

Our Governance

Sateri strictly complies with relevant national laws and regulations, and systematically advances its work in business ethics, compliance-based operations, and anti-corruption governance. In terms of risk management, we have established a three-tier vertical risk management structure covering strategic decision-making, professional assessment, and execution implementation. On this basis, by strengthening the synergy between target management and risk prevention and control, we have built a full-process management system covering strategic planning, execution tracking, and effectiveness evaluation, providing systematic support for the implementation of our sustainable development strategy.

Our Management Strategy

Sateri adopts a zero-tolerance approach toward bribery, corruption, and any other forms of misconduct. We have established a systematic internal review mechanism and a professional audit team to conduct regular risk assessments, implement targeted corrective actions for identified issues, and ensure closed-loop follow-up. At the same time, we have put in place comprehensive reporting and complaint channels to provide both internal and external stakeholders with accessible feedback mechanisms. We also strictly implement a whistleblower protection system to effectively safeguard whistleblowers' privacy, legitimate rights, and interests.

Sateri strictly complies with laws and regulations on anti-unfair competition and anti-monopoly, adheres to the principle of fair competition, and extensively integrates these requirements into all aspects such as supplier management and market expansion. We resolutely oppose unfair practices including price manipulation and commercial defamation, and effectively safeguard a healthy and orderly market environment.

Our Actions

Sateri continuously refines its management system, driving improvements in compliance and risk control through annual internal and external audits and a normalized improvement mechanism. We focus on strengthening the compliance awareness of both internal and external stakeholders, systematically enhancing the business ethics and risk management capabilities of employees, suppliers, and other relevant personnel, thereby further solidifying the foundation of corporate operational safety. During the Reporting Period, Sateri did not experience any major corruption incidents.

Regarding the management of external stakeholders such as suppliers, Sateri clearly delineates the responsibilities and authorities of relevant departments in daily operations, defines the rights and obligations of all parties, and has established

anti-corruption prevention mechanisms. Simultaneously, we regularly organize specialized integrity training for personnel in procurement and supplier-facing roles, ensuring that compliance management extensively covers the entire value chain.

Regarding the management of internal stakeholders such as employees, Sateri conducts integrity education programmes for all employees (covering all ranks) based on institutional policies including the *RGE Global Code of Conduct*, the *RGE COPE*, and the *Sateri Employee Handbook*. These programmes aim to enhance employees' ability to identify corrupt behaviour and their capacity to practice professional ethics, ensuring they accurately grasp compliance requirements and integrity responsibilities within business scenarios.

Appendix

Appendix I: Progress on Sateri's Vision 2030

Vision	UN Sustainable Development Goals	Our Goals	2025 Progress
Climate and Ecosystem Protection	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION 14 LIFE BELOW WATER 15 LIFE ON LAND 17 PARTNERSHIPS FOR THE GOALS	- By 2030, with 2023 as the base year, reduce Scope 1 and 2 GHG emissions intensity by 30% - Sateri commits to achieving net-zero GHG emissions by 2050	- The Yutai Green and Low-Carbon Industrial Park of the RGE Group extensively utilizes biomass energy and has been successfully selected as a pilot for the "Shandong Province Low-Carbon Industrial Park" initiative. The Lyocell Nantong, the Sateri (Tongling) Nonwoven and other factories have successfully implemented photovoltaic power generation projects. In total, renewable energy deployment has been completed across six manufacturing sites - In 2025, the Company conducted carbon verification and carbon emission management assessments for the Group's power plants. By optimizing the carbon verification process, enhancing policy comprehension capabilities, and strengthening carbon asset management, the Company further improved its carbon quota management capabilities - In 2025, we participated in formulating industry standards such as the <i>Quantification Methods and Requirements for Product Carbon Footprint of Greenhouse Gases - Lyocell Fibre Bedding Sets</i> and the <i>Energy Consumption Limits per Unit of Chemical Fibre Products</i> - The specific energy consumption intensity of Sateri's viscose fibre mills outperforms the EU BAT best performance level - The Sateri Lyocell fibre demonstrated a product carbon footprint of 1.83 tonnes of CO₂ equivalent¹⁷, representing a reduction of over70% in carbon emissions compared to conventional Lyocell fibre,demonstrating excellent environmental performance - In 2025, the GHG emissions intensity of our cellulose fibre was 2.60 tonnes of CO₂ equivalent per tonne of product
		By 2030, Sateri will support the conservation, restoration, and regeneration of terrestrial and freshwater ecosystems within its operations and supply chain through the following initiatives: - Expand the protected areas within the freshwater and wetland ecosystem of Poyang Lake by more than 4,000 hectares - Conducted biodiversity education and public engagement programmes benefiting at least 1 million people - Strengthen responsible sourcing practices in its wood-based raw material supply chain and use 100% PEFC™⁴ or FSC®⁵ certified wood pulp raw materials	2025 Poyang Lake Basin Ecological Conservation Project: - In terms of ecological research, we conducted Pheasant-tailed Jacana-friendly agricultural experiment to explore synergistic pathways for agricultural production and biodiversity conservation. We initiated a study on the identification of potential OECM areas in the Poyang Lake basin and capacity building, aiming to explore new ecological protection pathways at the basin scale - In terms of public engagement, over 10,000 individuals benefited from activities such as patrol training, nature education, and ecological conservation practices - In terms of international exchange, the project outcomes were showcased at the 15th Meeting of the Conference of the Parties to the <i>Ramsar Convention</i> (Ramsar COP15), promoting the international dissemination of Poyang Lake conservation practices Successfully secured China's first biodiversity-linked loan for both the manufacturing sector and foreign-invested enterprises The proportion of pulp from certified or controlled forests in 2025 was 99.45%
Closed Loop Production	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	All Viscose mills shall establish a clean closed-loop production system and achieve:	- The annual environmental targets have been achieved for indicators such as the emission of sulphur in wastewater per unit of product and the emission of zinc (Zn) in wastewater per unit of product from Viscose mills - All Viscose mills under Sateri have obtained ISO 14001 certification - All Viscose mills under Sateri have passed the STeP by OEKO-TEX® verification for sustainable textile production by the International Oeko-Tex Association
		- Passed the EU-BAT standard audit in 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 - Achieve a total sulphur recovery rate exceeding 98% by 2025 - Achieve zero waste landfilling by 2025 - By 2030, further reduce water consumption intensity to a level below that of the EU-BAT	- All Viscose mills have passed the EU-BAT audit - Four Viscose mills and one Lyocell mill under Sateri have successfully achieved the Aspirational level requirement under the latest edition of the <i>ZDHC Man-Made Cellulosic Fibre (MMCF) Guidelines</i> issued by the Zero Discharge of Hazardous Chemicals (ZDHC) - The average total sulphur recovery rate of the Viscose mills is 97.4% - Zero landfilling of general solid waste and hazardous waste has been achieved at the Viscose mills and the Lyocell mills - The specific water consumption of Viscose mills and Lyocell mills continues to decline, outperforming the industry benchmark levels suggested by the EU-BAT

Vision	UN Sustainable Development Goals	Our Goals	2025 Progress
Innovation and Circularity	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	Production of recycled fibres from waste textiles: - By 2023, products shall be manufactured with up to 50% recycled material content from waste textiles, and it shall be increased to 100% by 2030 - By 2030, under the premise of technical feasibility, sufficient market supply, and economic viability, increase the proportion of raw materials containing alternative or recycled materials to 20%	- Number of patent applications:107; Number of granted patents:43 - FINEX® fibres contain up to 50% recycled raw materials
		- Achieve 0 accidents and 0 occupational diseases by 2030 and in the long term thereafter - By 2025 and beyond, the lost time Injury (LTI) rate will be reduced to below 0.1 per 200,000 work hours - By 2030, the proportion of women in management positions¹⁵ will be increased to at least 20% - By 2025 and beyond, we will ensure that 100% of employees at the assistant manager level and above have customized career development plans, while providing comprehensive job-related training opportunities for all employees to support long-term talent growth	- In 2025, Sateri recorded zero serious work-related injuries and zero occupational diseases - In 2025, Sateri's Lost Time Injury Rate was 0.03 - In 2025, women accounted for 16.5% of Sateri's senior management and 17.8% of its mid-level management 100% of Assistant Managers and above have career development plans 100% employee training coverage rate
Inclusive Growth	1 NO POVERTY 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS	- By 2030 and beyond, we aim to uphold the human rights and labor rights of all and will work to ensure that our suppliers do the same, including acknowledging the rights of indigenous people and rural communities to give or withhold their Free, Prior and Informed Consent (FPIC) - By 2030, we will support more than 300,000 local families/smallholder farmers to develop needed skills for maintaining sustainable livelihoods - By 2030, we will continue to advance the Children's Education Support Programme across all regions where Sateri operates, with the goal of reaching over 100,000 children through long-term investment in educational resources, capacity building, and collaborative partnerships	100% of Viscose mills have obtained OEKO-TEX® STeP certification - All Viscose mills and Lyocell mills are certified under ISO 45001 - Higg FSLM audits have been conducted at key Viscose mills - Since 2020, 215,348 residents have benefited directly from Sateri's community programmes - Since 2020, 100,943 students have benefited directly from Sateri's programmes in support of school education

¹⁷ The product carbon footprint of Lyocell fibre produced by Lyocell Rizhao is 1.83 kg CO₂e per kilogram.

Appendix II: KPIs

Indicators	Unit	2023	2024	2025
Products				
Product R&D and Innovation				
Number of patent applications	/	61	57	107
Number of patent grants	/	54	59	43
Total number of patent applications	/	428	526	731
Total number of granted patents	/	336	411	488
Environmental				
GHG Emissions ¹⁸				
Scope 1	Tonne of CO ₂ equivalent	5,742,059	5,978,661	5,818,677
Scope 2	Tonne of CO ₂ equivalent	295,805	410,555	571,378
Scope 1 + 2	Tonne of CO ₂ equivalent	6,037,864	6,389,216	6,390,055
Scope 3	Tonne of CO ₂ equivalent	13,906,056	21,695,854	/ ¹⁹
GHG emissions intensity ²⁰	Tonne of CO ₂ equivalent per tonne of product	2.67	2.69	2.60
Total energy consumption (excluding power plants)	GJ	45,859,514	51,816,451	55,540,105
Energy intensity (excluding power plants) ²¹	GJ per tonne of product	20.01	19.64	19.13
Photovoltaic power generation	kWh	17,688,475	25,438,310	26,985,356
Standard coal saved by photovoltaic power generation	Tonne	5,342	7,682	8,150
Carbon dioxide emission reduction from photovoltaic power generation ²²	Tonne	14,646	21,063	22,344
Air Emissions ²³				
SO ₂ of in-house power plants	Tonne	181	134	282
Particles of in-house power plants	Tonne	38	16	49
NO _x of in-house power plants	Tonne	429	464	592
Total sulphur recovery rate of Viscose mills	%	97.1	97.6	97.4
Sulphur to air per unit of product of Viscose mills	kg per tonne of product	6.77	5.56	5.94

¹⁸ Scope 1, 2, and 3 GHG emissions includes emissions from Viscose mills, Lyocell mills, Nonwoven mills, Linz Nanjing, and SSH.

¹⁹ Mid-term assessment of Scope 3 targets is underway. Relevant results are not disclosed in the Report and will be updated in due course based on accounting progress.

²⁰ GHG emissions intensity = GHG emissions (excluding power plant GHG emissions) / non-converted output.

²¹ Energy intensity = Energy consumption (excluding power plant energy consumption) / Total Standardized Output. Energy intensity in 2023 covered only Viscose mills, while from 2024 onwards, it covers both Viscose mills and Lyocell mills.

²² Compared to the emission reduction of thermal power generation, the source of the emission factor data is the *China Power Industry Annual Development Report 2022* published by the China Electricity Council.

²³ 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 is from the Annual Pollution Discharge Permit Execution Report of the Viscose mills. Among them, the data of particles of in-house power plants in 2024 and 2025 is the actual emission data of smoke and dust in the Annual Pollution Discharge Permit Execution Report of the Viscose mills.

Indicators	Unit	2023	2024	2025
Water Consumption ²⁴				
Total water consumption	Cubic meter	86,605,387	92,282,127	93,541,633
Surface water, including rivers, lakes and reservoirs	Cubic meter	86,389,079	92,103,578	93,372,365
Municipal water	Cubic meter	216,308	178,549	104,068
Rainwater collection/recycled water from production	Cubic meter	5,163,750	3,690,457	3,661,244
Process water intensity per unit of product ²⁵	Cubic meters per tonne of product	31.87	29.86	24.87
Wastewater Discharge ²⁶				
Wastewater discharge	Cubic meter	78,870,269	84,209,065	91,854,407
Total COD emission	Tonne	2,357	2,451	2,738
COD emission per unit of product	Viscose mills	kg tonne of product	1.29	1.27
	Lyocell mills	kg/tonne of product	0.43	0.34
Total NH ₃ -N emission	Tonne	41	35	37
NH ₃ -N emission per unit of product	Viscose mills	kg per tonne of product	0.02	0.02
	Lyocell mills	kg per tonne of product	0.01	0.01
Total sulphide emission	Tonne	1	0.02	0.03
Sulphide emission per unit of product	Viscose mills	kg per tonne of product	0.0005	0.00001
	Lyocell mills	kg per tonne of product	0.0001	0
Total zinc (Zn) emission	Tonne	14	5	10
Zn emission per unit of product	Viscose mills	kg per tonne of product	0.008	0.003
	Lyocell mills	kg per tonne of product	0	0
Sodium sulphate recovery	kg per tonne of product	516	506	489
Solid Waste Discharge and Disposal ²⁷				
Total general solid waste	Tonne	979,666	786,728	868,388
General solid waste per unit of product	Viscose mills	Tonne per tonne of product	0.55	0.42
	Lyocell mills	Tonne per tonne of product	0.04	0.05
Percentage of recycled and reused general solid waste	%	77	76	75

²⁴ Starting from 2023, water consumption includes the Viscose mills and the Lyocell mills.

²⁵ Process water intensity per unit of product = Water consumption for the production process (excluding water used by the power plant) / Total output of standardized. In 2023, process water intensity per unit of product covered only Viscose mills; from 2024 onwards, it covers both Viscose mills and Lyocell mills.

²⁶ Starting from 2023, wastewater discharge includes the Viscose mills and the Lyocell mills; in 2022, only Viscose mills were included. The recovery volume of sodium sulfate includes only the Viscose mills.

²⁷ Starting from 2023, solid waste includes the Viscose mills and the Lyocell mills.

Indicators		Unit	2023	2024	2025
Percentage of general solid waste by energy recovery		%	23	24	25
Percentage of general solid waste sent to landfill		%	0	0	0
Total hazardous waste		Tonne	906	1,222	1,668
Hazardous waste per unit of product	Viscose mills	kg per tonne of product	0.50	0.61	0.76
	Lyocell mills	kg per tonne of product	0.11	0.31	0.44
Wood Pulp Suppliers					
Total number of wood pulp suppliers		/	13	15	10
Number of PEFC™ certified wood pulp suppliers		/	8	10	8
Number of FSC® certified wood pulp suppliers		/	7	9	6
Percentage of wood pulp from certified or controlled plantations		%	99.67	98.3	99.45
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
Social					
Number of Employees					
Total number of employees		Person	6,981	7,698	7,867
By gender	Male	Person	4,998	5,567	5,653
	Female	Person	1,983	2,131	2,214
By job grades	Senior management	Person	105	137	79
	Middle management	Person	512	461	516
	Junior employees	Person	6,364	7,100	7,272
Senior management	Male	%	80.0	89.0	83.5
	Female	%	20.0	11.0	16.5
Middle management	Male	%	85.2	82.7	82.2
	Female	%	14.8	17.3	17.8
Junior employees	Male	%	70.5	71.3	71.0
	Female	%	29.5	28.7	29.0

Indicators		Unit	2023	2024	2025
Employee Training					
Comprehensive training coverage		%	100	100	100
Percentage of employees receiving regular performance and career development reviews		%	100	100	100
Occupational Health and Safety					
Health and safety training coverage		%	100	100	100
Total hours of occupational health and safety training		Hour	172,547	149,844	138,431
Average duration of health and safety training per person		Hours/Person	24.7	19.5	17.6
Fatalities due to work-related injuries or occupational diseases - number of incidents		/	0	0	0
Fatalities due to work-related injuries or occupational diseases - ratio (per 200,000 working hours)		/	0	0	0
Lost time injury - number of incidents		/	8	8	2
Lost time injury - ratio (per 200,000 working hours)		/	0.11	0.10	0.03
Serious work-related injuries - number of incidents		/	0	1	0
Serious work-related injuries - ratio (per 200, 000 working hours)		/	0.00	0.01	0.00
Charitable Donations					
Total philanthropy investment		RMB	1,654,000	1,506,000	1,273,100
Number of students benefiting directly from Sateri's school education support programmes		Person	54,612	71,799	100,943
Cumulative number of residents benefiting directly from Sateri's community programmes		Person	190,958	203,898	215,348

Appendix III: GRI Index

Instructions for Use	Sateri reported information referenced in this GRI Index in accordance with the GRI Standards for the period from January 1, 2025 to December 31, 2025.
GRI 1 used	GRI 1: Foundation 2021

GRI Standards / Other Resources	Disclosure Item	Location	Omissions and Reasons
General Disclosure			
GRI 2: General Disclosures 2021			
2-1	Organizational details	About Sateri	
2-2	Entities included in the organization's sustainability reporting	About this Reporting	
2-3	Reporting period, reporting frequency, and contact person	About this Reporting	
2-4	Restatement of Information	Appendix II: Key Performance Indicators	
2-5	External assurance	Appendix V: Independent Assurance Statement	
2-6	Activities, value chain and other business relationships	About Sateri Industrial Circularity Drive	
2-7	Employees	Talent Empowerment	
2-8	Workers who are not employees	Talent Empowerment	
2-9	Governance Structure and Composition	Operation Guarantee	
2-10	Nomination and selection of the highest governance body		Not applicable
2-11	Chair of the highest governance body		Not applicable
2-12	Role of the highest governance body in overseeing the management of impacts		Not applicable
2-13	Delegating of responsibility for managing impact		Not applicable
2-14	Role of the highest governing body in sustainability reporting	Sustainability Management	
2-15	Conflict of interests		Not applicable
2-16	Communication of critical concerns	Sustainability Management	
2-17	Collective knowledge of the highest governance body		Not applicable
2-18	Evaluation of the performance of the highest governance structure		Not applicable
2-19	Remuneration policies		Not applicable
2-20	Procedures to determine remuneration	Talent Empowerment	

GRI Standards / Other Resources	Disclosure Item	Location	Omissions and Reasons
2-21	Annual total compensation ratio		Information is incomplete or unavailable
2-22	Statement on sustainable development strategy	Sustainability Management	
2-23	Policy commitments	Sustainability Management	
2-24	Embedding policy commitments	Sustainability Management	
2-25	Processes to remediate negative impacts	Sustainability Management	
2-26	Mechanisms for seeking advice and raising concerns	Sustainable Development Management	
2-27	Compliance with laws and regulations	Operation Guarantee	
2-28	Membership associations	Industrial Circularity Drive	
2-29	Approach to stakeholder engagement	Sustainability Management	
2-30	Collective bargaining agreements		Not applicable
Material topics			
GRI 3: Materiality Topics 2021			
3-1	Process to determine material topics	Sustainability Management	
3-2	List of materiality topics	Sustainability Management	
GRI 101: Biodiversity 2024			
101-1	Policies to halt and reverse biodiversity loss	Ecosystem Protection	
101-2	Management of biodiversity impact	Ecosystem Protection	
101-3	Access and benefit-sharing	Ecosystem Protection	
101-4	Identification of biodiversity impacts	Ecosystem Protection	
101-5	Locations with biodiversity impacts	Ecosystem Protection	
101-6	Direct drivers of biodiversity loss	Ecosystem Protection	
101-7	Changes to the state of biodiversity	Ecosystem Protection	
101-8	Ecosystem services	Ecosystem Protection	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed		Information is incomplete or unavailable
201-2	Financial implications and other risks and opportunities due to climate change	Addressing Climate Change	
201-3	Defined benefit plan obligations and other retirement plans		Not applicable

GRI Standards / Other Resources	Disclosure Item	Location	Omissions and Reasons
201-4	Financial assistance received from government		Not applicable
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to the local minimum wage		Information is incomplete or unavailable
202-2	Proportion of senior management hired from the local community		Information is incomplete or unavailable
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure Investments and services supported		Information is incomplete or unavailable
203-2	Significant indirect economic impacts		Information is incomplete or unavailable
GRI 204: Procurement Practices 2016			
3-3	Management of materiality topics	Operation Guarantee	
204-1	Proportion of spending on local suppliers		Information is incomplete or unavailable
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption		Information is incomplete or unavailable
205-2	Communication and training about anti-corruption policies and procedures	Operation Guarantee	
205-3	Confirmed incidents of corruption and actions taken	Operation Guarantee	
GRI 206: Anti-competitive Behaviour 2016			
3-3	Management of materiality topics	Operation Guarantee	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Operation Guarantee	
GRI 207: Taxation 2019			
207-1	Approach to tax		Not applicable
207-2	Tax governance, control, and risk management		Not applicable
207-3	Stakeholder engagement and management of concerns related to tax		Not applicable
207-4	Country-by-country reporting		Not applicable
GRI 301: Materials 2016			
3-3	Management of materiality topics	Resource Saving	
301-1	Materials used by weight or volume		Information is incomplete or unavailable
301-2	Recycled input materials used	Resource Saving	
301-3	Reclaimed products and their packaging materials	Resource Saving	
GRI 302: Energy 2016			
3-3	Management of materiality topics	Addressing Climate Change	
302-1	Energy consumption within the organization	Addressing Climate Change Appendix II: Key Performance Indicators	

GRI Standards / Other Resources	Disclosure Item	Location	Omissions and Reasons
302-2	Energy consumption outside of the organization		Information is incomplete or unavailable
302-3	Energy intensity	Addressing Climate Change Appendix II: Key Performance Indicators	
302-4	Reduction of energy consumption	Addressing Climate Change Appendix II: Key Performance Indicators	
302-5	Reductions in energy requirements of products and services	Addressing Climate Change Industrial Circularity Drive	
GRI 303: Water and Effluents 2018			
3-3	Management of materiality topics	Resource Saving	
303-1	Interactions with water as a shared resource	Resource Saving	
303-2	Management of water discharge-related impacts	Resource Saving	
303-3	Water withdrawal	Appendix II: Key Performance Indicators	
303-4	Water discharge	Appendix II: Key Performance Indicators	
303-5	Water consumption	Appendix II: Key Performance Indicators	
GRI 305: Emissions 2016			
3-3	Management of materiality topics	Addressing Climate Change	
305-1	Direct (Scope 1) GHG emissions	Addressing Climate Change Appendix II: Key Performance Indicators	
305-2	Indirect (Scope 2) GHG emissions	Addressing Climate Change Appendix II: Key Performance Indicators	
305-3	Other indirect (Scope 3) GHG emissions	Addressing Climate Change Appendix II: Key Performance Indicators	
305-4	GHG emissions intensity		Information is incomplete or unavailable
305-5	Reduction of GHG emissions	Addressing Climate Change Appendix II: Key Performance Indicators	
305-6	Emissions of ozone-depleting substances (ODS)		Not applicable
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions	Emission Management Appendix II: Key Performance Indicators	
GRI 306: Waste 2020			
3-3	Management of materiality topics	Emission Management	
306-1	Waste generation and significant waste-related impacts	Emission Management	
306-2	Management of significant waste-related impacts	Emission Management	

GRI Standards / Other Resources	Disclosure Item	Location	Omissions and Reasons
306-3	Waste generated	Emission Management Appendix II: Key Performance Indicators	
306-4	Waste diverted from disposal	Emission Management Appendix II: Key Performance Indicators	
306-5	Waste directed to disposal	Emission Management Appendix II: Key Performance Indicators	
GRI 308: Supplier Environmental Assessment2016			
3-3	Management of materiality topics	Industrial Circularity Drive	
308-1	New suppliers that were screened using environmental criteria	Industrial Circularity Drive	
308-2	Negative environmental impacts in the supply chain and actions taken	Industrial Circularity Drive	
GRI 401: Employment 2016			
3-3	Management of materiality topics	Talent Empowerment	
401-1	New employee hires and employee turnover		Information is incomplete or unavailable
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Empowerment	
401-3	Parental leave		Information is incomplete or unavailable
GRI 402: Labor Relations 2016			
3-3	Management of materiality topics	Talent Empowerment	
402-1	Minimum notice periods regarding operational changes	Talent Empowerment	
GRI 403: Occupational Health and Safety 2018			
3-3	Management of materiality topics	Talent Empowerment	
403-1	Occupational health and safety management system	Talent Empowerment	
403-2	Hazard identification, risk assessment, and incident investigation	Talent Empowerment	
403-3	Occupational health services	Talent Empowerment	
403-4	Worker participation, consultation, andcommunication on occupational health and safety	Talent Empowerment	
403-5	Worker training on occupational health and safety	Talent Empowerment	
403-6	Promotion of worker health	Talent Empowerment	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Talent Empowerment	
403-8	Workers covered by an occupational health and safety management system	Talent Empowerment	
403-9	Work-related injuries	Talent Empowerment	
403-10	Work-related ill health	Talent Empowerment	

01 Climate and Ecosystem Protection	02 Closed Loop Production	03 Innovation and Circularity	04 Inclusive Growth	Appendix
GRI 404: Training and Education 2016				
3-3	Management of Materiality Topics	Talent Empowerment		
404-1	Average hours of training per year per employee	Talent Empowerment		
404-2	Programmes for upgrading employee skills and transition assistance programmes	Talent Empowerment		
404-3	Percentage of employees receiving regular performance and career development reviews	Talent Empowerment		
GRI 405: Diversity and Equal Opportunity 2016				
3-3	Management of materiality topics	Talent Empowerment		
405-1	Diversity of governance bodies and employees	Talent Empowerment		
405-2	Ratio of basic salary and remuneration of women to men			Information is incomplete or unavailable
GRI 406: Non-discrimination 2016				
3-3	Management of materiality topics	Talent Empowerment		
406-1	Incidents of discrimination and corrective actions taken	Talent Empowerment		
GRI 407: Freedom of Association and Collective Bargaining 2016				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk			Not applicable
GRI 408: Child Labor 2016				
408-1	Operations and suppliers at significant risk for incidents of child labor			Not applicable
GRI 409: Forced or Compulsory Labor 2016				
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor			Not applicable
GRI 410: Security Practices 2016				
410-1	Security personnel trained in human rights policies or procedures			Not applicable
GRI 411: Indigenous Peoples' Rights of 2016				
411-1	Incidents of violations involving rights of indigenous peoples			Not applicable
GRI 413: Local Communities 2016				
3-3	Management of materiality topics	Community Development		
413-1	Operations with local community engagement, impact assessments, and development programmes	Community Development		
413-2	Operations with significant actual and potential negative impacts on local therefore is not disclosed in the ESG report.	Ecosystem Protection		
GRI 414: Supplier Social Assessment 2016				
3-3	Management of materiality topics	Industrial Circularity Drive		
414-1	New suppliers that were screened using social criteria	Industrial Circularity Drive		

GRI Standards / Other Resources	Disclosure Item	Location	Omissions and Reasons
414-2	Negative social impacts of the supply chain and actions taken	Industrial Circularity Drive	
GRI 415: Public Policy 2016			
415-1	Political contributions		Not applicable
GRI 416: Customer Health and Safety 2016			
3-3	Management of materiality topics	Product Quality and Safety	
416-1	Assessment of the health and safety impacts of product and service categories	Product Quality and Safety	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		Not applicable
GRI 417: Marketing and Labeling 2016			
3-3	Management of materiality topics	Customer Service Experiences	
417-1	Requirements for product and service information and labeling	Customer Service Experiences	
417-2	Incidents of non-compliance concerning product and service information and labeling		Not applicable
417-3	Incidents of non-compliance concerning marketing communications		Not applicable
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		Not applicable

Appendix IV: 2025 Awards and Certifications

- Four Viscose mills and one Lyocell mill under Sateri have successfully achieved the [Aspirational level requirement](#) in the latest edition of the *ZDHC Man-Made Cellulosic Fibre (MMCF) Guidelines* issued by the Zero Discharge of Hazardous Chemicals (ZDHC)

- Sateri has been recognised as a "[CDP Supporter](#)" of 2024 (2022-2025)

- [2025 New Responsibility Enterprise Award](#) - Southern Weekly

- [Golden Eagle Group Heartfelt Appreciation](#) - Shanghai Overseas Chinese Development Foundation, 2025

- [2025 Outstanding Case of Responsibility Practice - Annual Sustainable Development in Responsibility Practice](#) - The Paper, 2025

- [Member of the 2025 Yuanchuang Alliance](#) - United Front Work Department of Huangpu District CPC Committee & Huangpu District Federation of Returned Overseas Chinese, Shanghai

- Sateri (Fujian) Fibre Co., Ltd. - "[Enterprise Contributing to Education Support](#)", 2025

- Sateri (Fujian) Fibre Co., Ltd. - "[2024 China Outstanding Employer](#)", 2025

- Sateri (Fujian) Fibre Co., Ltd. - "[Excellent Charitable Unit](#)" - The Putian Red Cross Society, 2025

- Sateri (Fujian) Fibre Co., Ltd. - "[Excellent Cargo Owner Award](#)"- Fuzhou Customs, 2025

- Sateri (Fujian) Fibre Co., Ltd. - "[2025 Outstanding Economic Contribution Enterprise](#)", 2025

- Sateri (China) Fibre Co., Ltd. - [Ranked 62nd among Top 100 Enterprises in Jiangxi Province](#), 2025

- Sateri (China) Fibre Co., Ltd. - [Ranked 40th among Top 100 Manufacturing Enterprises in Jiangxi Province](#), 2025

- Sateri (China) Fibre Co., Ltd. - [Ranked 8th among Top 40 Industrial Enterprises in Jiujiang City](#), 2025

- Sateri (China) Fibre Co., Ltd. - [Responsibility 100 | CSR China Education List Best Responsible Enterprise Brand](#), 2025

- Sateri (China) Fibre Co., Ltd. - "[Rural Girls Care Initiative](#)" - [Most Publicly Recognised Project at the CSR China Education Awards](#), 2025

- Sateri (China) Fibre Co., Ltd. - [Responsible Brand of the Year award at the 15th Public Welfare Festival in 2025](#), 2025

- Sateri (China) Fibre Co., Ltd. - "[Rural Girls Care Initiative](#)" - [2025 Public Welfare Project Award at the 15th Charity Festival](#), 2025

■ Sateri (Jiujiang) Fibre Co., Ltd. - 2024 Jiangxi Leading Enterprise for Social Responsibility, 2025
■ Sateri (Jiujiang) Fibre Co., Ltd. - Ranked 97th among Jiangxi Top 100 Enterprises, 2025
■ Sateri (Jiujiang) Fibre Co., Ltd. - Ranked 63rd among Jiangxi Top 100 Manufacturing Enterprises, 2025
■ Sateri (Jiujiang) Fibre Co., Ltd. - Ranked 12th among Jiujiang Top 40 Industrial Enterprises, 2025
■ Sateri (Jiujiang) Fibre Co., Ltd. - 2025 Rural Revitalization Contribution Award at the 15th Charity Festival, 2025
■ Sateri (Jiujiang) Fibre Co., Ltd. - "Sateri Limin Public Welfare Agriculture Support Project" - 2025 Public Welfare Project Award at the 15th Charity Festival, 2025
■ Sateri (Yancheng) Fibre Co., Ltd. - Named "2025 Jiangsu Green Factory" by the Department of Industry and Information Technology of Jiangsu Province, 2025
■ Sateri (Jiangsu) Fibre Co., Ltd. - 2024 Suqian Enterprise with Surging Sales Performance, Awarded in 2025
■ Sateri (Jiangsu) Fibre Co., Ltd. - 2024 Suqian Top 100 Industrial Enterprises, Awarded in 2025
■ Sateri (Jiangsu) Fibre Co., Ltd. - 2024 Industrial Enterprise with Outstanding Contributions in Suyu District, Awarded in 2025
■ Sateri (Jiangsu) Fibre Co., Ltd. - 2024 District Advanced Enterprise, Awarded in 2025
■ Sateri (Jiangsu) Fibre Co., Ltd. - Ranked 23rd among 2025 Suqian Top 100 Private Enterprises, 2025
■ Sateri (Jiangsu) Fibre Co., Ltd. - Recognised as Provincial Foreign-funded R&D Center, 2025
■ Sateri (Jiangsu) Fibre Co., Ltd. - Awarded the title of 2025 "Jiangsu Green Factory", 2025
■ Sateri (Nantong) Fibre Co., Ltd. - Obtained the patent for Countercurrent Regeneration Ion Exchange Technology in 2025
■ Sateri (Nantong) Fibre Co., Ltd. was successfully recognised as a Nantong Municipal Enterprise Technology Center in 2025
■ Sateri (Changzhou) Fibre Co., Ltd. - Awarded the title of 2025 "Jiangsu Green Factory", 2025
■ During the 2025 Qingdao Summit, Sateri (Shandong) Fibre Co., Ltd. was selected as a "Model Case of Multinational Corporations Supporting the Construction of Shandong Pilot Zone for Green, Low-carbon and High-quality Development"

Appendix V: Independent Verification Statement

ATTESTATION

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ATTESTATION

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ATTESTATION

Independent Verification Statement



Verification Statement: EIV2 119078 0005 Rev. 00

To the management and stakeholders of Sateri,

TÜV SÜD Certification and Testing (China) Co., Ltd. (hereinafter referred to as "TÜV SÜD") has been engaged by Sateri (hereinafter referred to as "Sateri" or "the Company") to perform an independent third-party verification on its 2025 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 all the data and information collected by Sateri and provided to TÜV SÜD. The scope of verification is limited to the given data and information. Sateri shall be held accountable for the authenticity and completeness of the provided data and information (contains assumptions, projections, and/or historical facts).

Scope of Verification

Time frame of this verification:

- ❖ The Report contains the data disclosed by Sateri during the reporting period from January 1st, 2025 to December 31st, 2025, including environmental, social and governance data and information, 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-site verification sampling took place at below listed location:
Sateri Shanghai Headquarter, 23rd Floor, East Tower, Zhongrong Hengrui International Plaza, No. 620 Zhangyang Road, Shanghai;

Sateri (China) Fiber Co., Ltd. Sateri (Jiangxi) Mill , Gutang Town, Lianxi District, Jiujiang City, Jiangxi Province.

Scope of data and information for the verification:

- ❖ The scope of verification is limited to the data and information of Sateri and all companies under its operational control covered by the Report.

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

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

Limitations

- ❖ The verification process is conducted in the above scope. 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, 2025, are beyond the scope of this verification.

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TÜV SÜD Certification and Testing (China) Co., Ltd.
Floor 1-4, Building B, No.37, Tuanjie Road(Middle), Xishan Economic and Technological Development Zone, Wuxi, Jiangsu, P.R. China

TUV®

ID: CCB_EIV_F_1003E Version: 4 Effective Date: 02 Mar 2026 Page 1 of 3

Independent Verification Statement



Verification Statement: EIV2 119078 0005 Rev. 00

The verification conclusions are based on the analysis of the data and information collected by TÜV SÜD and may not identify all problems and conditions, nor constitute any guarantee of the credibility or status of the subject of verification.

Verification Methodology

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

- AA1000 Assurance Standard v3, Type 2, Moderate Assurance
- Sustainability Report Verification Operation Rule (CCB_EIV_GR_002E Rev04)

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

- Preliminary investigation of the relevant information before on-site verification;
- Confirmation of the presence of the topics with high level of materiality and performance in the Report;
- On-site verification 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 management; and held 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 that the data and information presented in Sateri's report are objective, factual and reliable, without systematic problems.

The verification team has drawn the following conclusions in this Report:

Inclusivity	Sateri has comprehensively identified both internal and external stakeholders of the organization, including the company's management, customers, employees, suppliers and partners, regulatory bodies, and local communities, while establishing stakeholder communication mechanisms to regularly gather genuine feedback from these parties.
Materiality	Sateri has established a process for determining material topics, through which it identifies sustainability topics highly relevant to its industry and prioritizes them accordingly. The Report discloses the governance structure, management actions and key performance data related to the Company's sustainability management, and therefore demonstrates alignment with the principle of materiality.
Responsiveness	In response to stakeholder concerns, Sateri has clearly disclosed the management approaches and performance of its highly material topics, including product R&D and innovation, energy transition, response to climate change, sustainable procurement, biodiversity conservation, etc., and has established a communication mechanism, to fully respond to the demands and expectations of stakeholders.
Impact	Sateri has established a sustainability governance mechanism comprising the Management Committee, the Sustainability Department, and factories and functional departments. The Management Committee is responsible for the development of sustainability strategies, overall objectives and regular risk management. The subordinate Sustainability Department identifies and

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Independent Verification Statement



Verification Statement: EIV2 119078 0005 Rev. 00

monitors sustainability-related risks in daily operations, tracks the Company's sustainability performance, and discloses sustainability-related information. The Company has assessed the impacts of highly material topics on both stakeholders and the organization, based on a comprehensive and balanced understanding, and disclosed the relevant impacts.

Recommendations on Continuous Improvement

- The verification team has passed the improvement proposal to the management of Sateri during the on-site verification process.

Statement on Independence and Verification Capability

TÜV SÜD is a trusted partner of choice for safety, security and sustainability solutions. It specializes in testing, certification, auditing and advisory services. Since 1866, the company 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. Through expert teams represented by more than 28,000 employees, it adds value to customers and partners by enabling market access and managing risks. By anticipating technological developments and facilitating change, TÜV SÜD inspires trust in a physical and digital world to create a safer and more sustainable future.

TÜV SÜD Certification and Testing (China) Co., Ltd 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 this Independent Verification Statement.

Signature:

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



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Licensed Report
000-437/V3-GSL6E

Wenjun Zhu
TÜV SÜD Certification and Testing (China) Co., Ltd. Technical Certifier
Shanghai, China, June 17th, 2026

Note: In case of any inconsistency or discrepancy, the simplified Chinese version "Independent Verification Statement" of this verification statement shall prevail, while the English translation is used for reference only.

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Sateri