SUSTAINABILITY
REPORT
2 0 2 3

Sateri

CONTENT

About the Report

	President's Message	5
	About Sateri	7
	Sustainability Highlights in 2023	9
	Sustainability Management	11
01	Climate and Ecosystem Protection	15
	Climate Change Mitigation	19
	Ecosystem Protection	27
02	Closed Loop Production	33
UZ	Emission Management	37
	Resource Saving	45

Innovation and Circularity	5′
Innovation and Circularity Product Quality and Safety	5
Product R&D and Innovation	5
Customer Service Experiences	6
Industrial Circularity Drive	6
Inclusive Growth	69
Talent Empowerment	7
Community Support	7
Operation Guarantee	8
Appendix	
Appendix I: Progress on Sateri's 2030 Vision	9

103

107

107

Appendix II: KPIs

Appendix III: GRI Index

Appendix IV: 2023 Awards and Certifications

Appendix V: Independent Assurance Statement

Saterí 2023 Sustainability Report

About the Report

This is the 8th 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 2023.

Reporting Scope and Boundary

The Report mainly includes Sateri's performance from 1 January 2023 to 31 December 2023 (hereinafter referred to as the "Reporting Period"), with some information extending beyond this time frame. Unless otherwise stated, the entities covered in this Report include all assets and operations managed by Sateri, as listed below.

Entity	Abbreviation	Collectively known as		
Sateri (Shanghai) Management Limited	SSH	1		
Sateri (Fujian) Fibre Co., Ltd.	SFJ			
Sateri (Jiujiang) Fibre Co., Ltd.	SJJ	- Viscose mills		
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	1		
Sateri (Rizhao) Lyocell Fibre Mill	Lyocell Rizhao			
Sateri (Changzhou) Fibre Co., Ltd.	Lyocell Changzhou	Lyocell mills		
Sateri (Nantong) Fibre Co., Ltd.	Lyocell Nantong	-		
Sateri (Xinhui) Nonwoven Plant	Sateri (Xinhui) Nonwoven			
Sateri (Jiujiang) Nonwoven Plant	Sateri (Jiujiang) Nonwoven	Nonwoven mills		
Sateri (Liyang) Nonwoven Plant	Sateri (Liyang) Nonwoven			
Sateri (Tongling) Nonwoven Material Co., Ltd	Sateri (Tongling) Nonwoven			

For SSH, Linz Nanjing, and Nonwoven mills, data and information relating to human resources, occupational health and safety, training , greenhouse gas emissions, and sustainable procurement are disclosed in this Report while other environmental data (i.e. data on exhaust emissions, wastewater discharge, energy consumption) are not disclosed. Lyocell Nantong commenced production relatively late, and its data is not disclosed in the Report. Employees based in Singapore and Nanjing work in the offices of Royal Golden Eagle (RGE). The energy consumption and greenhouse gas emissions data of such offices are not included in this Report.

Reporting Standards and Data Sources

This Report is prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) (hereinafter referred to as the "GRI Standards") and the United Nations Sustainable Development Goals (SDGs).

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

Monetary figures mentioned in this Report are in RMB.

External Verification

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

Language

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

For more information, please contact us via:

Email: sustainability@sateri.com

Phone: +86 21 3861 6841

Saterí 2023 Sustainability Report

President's Message





In 2023, Sateri Group remains true to the business ethos of the Founder and Chairman of Royal Golden Eagle (RGE), Mr Sukanto Tanoto: "Creating value for the Community, Country, Climate, Customer and Company by protecting the environment and creating value for clients." We collaborate closely with our partners to explore the "green" pathways, and lead the transformation of the entire industry chain into an innovative, circular, green and low-carbon direction, aspiring to support the textile and fashion industry in advancing steadily towards sustainable development.

We are committed to climate and ecosystem protection, contributing to the safeguarding of nature and human well-being.

In active response to international initiatives, Sateri focuses on climate change and biodiversity, continues to expand its positive ecological effects and enhances its business resilience. In terms of low-carbon development, we adhere to international standards and proactively promote low-carbon transformation through clean energy replacement solutions and improvements in energy efficiency. In 2023, we not only achieved a 42% year-on-year increase in total power generation from distributed photovoltaic projects, but also successfully conducted a pilot project on biomass fuel blending to further broaden the application scenarios of renewable energy. In terms of ecological conservation, we fully safeguard the eco-friendly properties of our own business, insist on sustainable procurement of dissolving pulp, and continue to promote sustainable management of plantations at the source end. Currently, 99.67% of Sateri's wood pulp is sourced from certified or controlled plantations. We are concerned about the ecological well-being of local and neighbouring communities, and keep enhancing our ecosystem restoration and nature conservation efforts. Sateri has launched the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative since 2019 and has established in-depth cooperation with 3 major local nature reserves. By 2023, we have supported a total of nine nature conservation civil society organisations and promoted community participation in the conservation of nearly 85,000 hectares of land. We have established seven constructed wetlands, treating over 50,000 tonnes of domestic sewage annually; and initiated two community pilot projects to build an innovative model of ecological economy where ecological conservation and community development symbiotically coexist. We have established 6 nature education sites, reaching about 10 million people to deepen their understanding of ecological conservation, and introducing a solid force for climate and ecological conservation.

We practice closed loop production, striving to "become a leader in regenerated viscose fibres with a 'net positive impact'."

Sateri keeps optimising its environmental management system, strictly controls pollutant emissions, and continuously reduces resource consumption, making steady progress in achieving closed loop production and contributing to building a sustainable ecological environment. We are dedicated to incorporating the principles of minimum pollution emission and maximum resource circular utilisation into the entire industrial chain. We have passed the Sustainable Apparel Coalition's Higg Facility Environmental Module (FEM) third-party verification for three consecutive years, with an average score of over 80% which demonstrates our excellent performance in environmental management, energy and water, waste, and air emissions, consistently positioning us as a leader in the industry. In 2023, we achieved further reductions in water consumption per unit of viscose fibre product, sulphide in wastewater, ammonia nitrogen and other emission indicators, with total sulphur recovery rate meeting the requirements of the ZDHC optimal grade. We outperformed the optimal value of EU-BAT for four consecutive years, which once again demonstrates Sateri's outstanding performance of sustainable development.

We uphold the principles of innovation and circularity, and promote the entire industry chain to create greater value for the green economy.

With product quality as our cornerstone, customer demand as our guide, and fibre sourcing as our growth driver, Sateri leverages the unique pulp-making technology and the eco-friendly closed-loop fibre production process, enhancing overall upgrades of green products. We lead the way in the production and promotion of Lyocell fibres, the next generation green fibres with excellent eco-friendly properties. With the successful commissioning of the Changzhou and Nantong Lyocell mills, we can provide the industry with a more stable and reliable source of green materials. We keep making innovation across various textile categories by joining hands with our downstream partners in yarn, fabric, dyeing and finishing, and brands, in a bid to enrich and diversify the applications and usage scenarios of Lyocell. Our three product lines -Sateri Lyocell, FINEX®, and EcoCosy® - derived from wood-based fibres, have introduced pioneering carbon-neutral products. The greenhouse gas emissions per unit of Lyocell fibre are as low as 1.83 tonnes of carbon dioxide equivalent, much lower than all types of conventional textile fibres. The recycled product, FINEX®, has achieved a recycled material content of 50%, driving the industry towards a circular economy. Therefore, we have carried out in-depth cooperation with downstream brand partners such as Anta, Semir, Babycare, etc., and worked across the entire industry chain to advance towards "green" pathways, thus providing the market and consumers with a more comfortable, healthy and sustainable consumption experience.

We value inclusive growth and strive to empower more people to enjoy a better life.

Sateri respects and values every employee. We provide comprehensive personal development opportunities for employees, and make best effort to build a safe, healthy and happy working environment. In 2023, we achieved 100% coverage of comprehensive employee training and 0 incidents of major injuries and occupational diseases. At the same time, we uphold the concept of long-termism and actively explore the integration of commercial value and social value, while deepening our support for the community. Focusing on the three pillars of Education, Empowerment, and Enhancement, we continue to deepen our philanthropic initiatives such as FOUNDER's DAY, the Sateri Philanthropy Third Classroom, the Limin Programme, and the Happy Library Programme, and share the fruits of development with the community. Since 2020, nearly 200,000 residents have directly benefited from Sateri's community programmes. More than 50,000 students have benefited directly from Sateri's programmes in support of school education.

Looking ahead, Sateri will continue to uphold the concept of sustainable development, comprehensively advance closed loop production, promote innovation and circularity, and invest in climate and ecosystem protection, inclusive growth, etc., aiming to drive the Company to achieve enhanced economic, social and environmental benefits. Together with the entire industry, we will work towards a promising future of sustainable development.

About Sateri



Sustainability Highlights in 2023

Climate and Ecosystem Protection

Sateri is actively building a community co-management model for wetland ecosystems, and has supported 9 nature conservation civil organisations. More than 500 professional trainings for wetland managers were provided, and the total area patrolled with the participation of local communities amounted to 84,500 hectares

We carried out warehouse rooftop PV projects at four factories, with a cumulative PV capacity power generation of **17,688 MWh** in 2023

Sateri received a B rating in the 2023 CDP Climate Change



Sateri practiced sustainable wood pulp sourcing, with **99.67%** of the purchases coming from certified or controlled plantations

The Sateri Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative has produced a total of **26** reports, **2** publications and **14,100** promotional products, contributing to the exploration of scientific paths for ecological protection

Sateri supported the construction and upgrading of 6 nature education sites, and about 10 million people have learned about the concept of ecological conservation through the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative

Sateri supported the compilation and publication of the first nature education textbook with Poyang Lake conservation as the theme,

The Fascinating Life of Poyang Lake, which affected more than 50,000 people

Closed Loop Production



All Sateri's viscose mills were validated by Higg Factory Environmental Module (FEM) third-party auditor, with an average score of 80 or higher, demonstrating our excellent performance in the areas of environmental stewardship, energy and water, waste, and air emissions



Sateri's 6 viscose mills and 2 Lyocell mills have achieved **zero landfilling** of general solid waste



SYC Mill has been verified as EU-BAT compliant, and all viscose mills meet the EU-BAT requirements



Sateri's viscose mills have achieved **97.1%** total sulphur recovery rate, outperforming the optimal value of EU-BAT for four consecutive years, leading the industry

Innovation and Circularity



Three of our products have

obtained PAS 2060 verification for carbon neutrality and were commercialised and widely recognised by the market



FINEX®'s recycled content reached 50%

We have developed new cross-linked Lyocell fibres to broaden Lyocell applications. The greenhouse gas emissions per tonne of Lyocell fibre are as

low as 1.83 tonnes of carbon dioxide

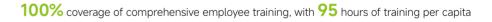
equivalent, **much lower than** conventional textile fibres



Inclusive Growth



No major injuries and **0 occupational diseases**





Since 2020, **190,958 residents** have benefited directly from Sateri's community programmes

Since 2020, **54,612 students** have benefited directly from Sateri's programmes in support of school education.



Sateri
2023 Sustainability Report

Sustainability Management

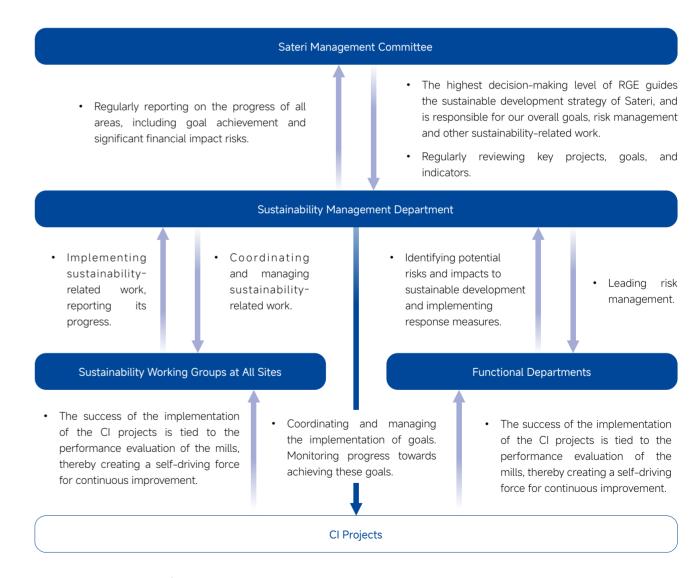
With the growing global concern for sustainable development and environmental protection, the concept of sustainable development has become an integral part of business operations. Sateri is committed to becoming a world-leading "net-positive" viscose producer. To achieve this goal, we are actively engaged in environmental protection and sustainable development initiatives and strive to be a responsible global corporate citizen. In addition, we align our sustainable management strategy with the United Nations' Sustainable Development Goals (SDGs) to create sustainable long-term value for our employees, customers and communities.

On this basis, we published our challenging 2030 Sustainable Development vision ("Vision 2030"), which sets out our sustainability targets and commitments for the next decade. Our vision includes four major strategic dimensions: climate and ecosystem protection, closed loop production, innovation and circularity, and inclusive growth.

Innovation and Climate and Circularity **Ecosystem Protection** Sateri Vision 2030 Closed Loop Inclusive Production Growth Sateri believes that creating long-term value depends on the sustainability of the Group's growth. We have integrated the concept of sustainable development into our daily operations and production, established and continuously improved our sustainable governance structure to strengthen the top-level design of sustainable governance, further enhanced the participation of the Company's management in Sateri's sustainability efforts, and continuously bolstered our own management and construction capabilities in sustainable development.

In terms of management, the Company has established Sateri Management Committee, which is responsible for formulating sustainability strategies and overall goals, conducting regular risk management, and reviewing key projects, goals and indicators.

In terms of execution, the Company has set up a Sustainability Management Department, comprising sustainability professionals, to coordinate the sustainability working groups at all sites and the functional departments of the Company, which are jointly responsible for the implementation and execution of the sustainability-related work, identifying and monitoring the potential risks of sustainability in the course of daily operations, tracking the Company's sustainability performance and disclosing information related to sustainability



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

14



To adequately respond to the challenges that may arise from changes in internal and external factors, Sateri is guided by its *Sustainability Policy* and Vision 2030 to determine the direction of material issues. Sateri uses the results of its material issue analysis to guide the management and achieve its sustainable development targets.

During the Reporting Period, to more accurately analyse and respond to the impact of these changes, Sateri adjusted and updated the list of material issues and the matrix to fully protect the interests of stakeholders. By factoring the external interest in each issue, and taking into account expert opinion and peer experience, we have identified a total of 13 issues related to sustainable development, a decrease of 4 issues compared to last year.



2023 Sateri Materiality Matrix

No.	Issue	Scope	
1	Protection of Biodiversity		
2	Energy Transformation		
3	Climate Change Mitigation	-	
4	Resource Conservation	Environmental	
5	Emission Management	-	
6	Use and Management of Chemicals		
7	Sustainable Procurement		
8	Product and Service Quality	-	
9	Product R&D and Innovation	-	
10	Equality, Diversity and Inclusion	Social	
11	Employee Rights and Development		
12	Community Empowerment		
13	Business Ethics and Compliance	Governance	



Our Position

Climate and ecosystems are essential for human survival. In recent years, climate change has garnered increasing global attention, leading countries to take robust actions to safeguard the stability of climate and ecosystem. During the Reporting Period, the twenty-eighth session of the United Nations Climate Change Conference (COP28) conducted a comprehensive review of actions and progress required worldwide to achieve the climate goals of the *Paris Agreement*, and further called on global partners to work together to accelerate the resolution of the climate crisis with a scientific approach.

As a responsible global citizen, Sateri actively responds to the international call, and conducts comprehensive assessments, analyses and responses to the risks related to climate change and biodiversity based on the principles of forward-looking, scientific and systematic management. We reduce the impact of our operations on the climate and ecosystems and contribute to the security of human well-being while improving our own business resilience.

Awards and Certifications

Sateri 2023 CDP¹ Climate Change score: B

CDP: Carbon Disclosure Project

Related Sustainable Development Goals















Our Goals and Progress

Sateri pays close attention to the effectiveness of climate change response and ecosystem protection efforts. We have established clear goals and maintain ongoing tracking of our processes to enable regular review and optimisation. Sateri's goals and progress for climate and ecosystem protection during the Reporting Period are as follows:



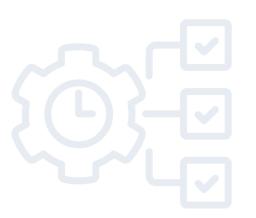
Our Goals

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



Progress in 2023

- We carried out warehouse rooftop PV projects at four factories, with a cumulative PV power generation of 17,688 MWh in 2023
- Sateri received a B rating in the 2023 CDP Climate Change
- For the first time, we carried out a biodiversity risk assessment to scientifically and systematically promote the protection and restoration of natural ecosystems
- Sateri practices sustainable wood pulp sourcing, with 99.67% of purchases coming from certified or controlled plantations
- Together with the Conservation International, we carried out the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative to extend the conservation action to the entire Poyang Lake area. The programme has produced a total of 26 reports, 2 publications and 14,100 promotional products, contributing to the exploration of scientific paths for ecological protection
- Sateri is actively building a community co-management model for wetland ecosystems, and has supported 9 nature conservation civil organisations. More than 500 professional trainings for wetland managers were provided, and the total area patrolled with the participation of local communities amounted to 84,500 hectares
- Sateri supported the compilation and publication of the first nature education textbook with Poyang Lake conservation as the theme, *The Fascinating Life of Poyang Lake*, which affected more than 50,000 people
- Sateri supported the construction and upgrading of 6 nature education sites, and about 10 million people have learned the concept of ecological conservation through the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative



Climate Change Mitigation

Our Commitments

Human well-being and the stability of the natural economy are the foundation for business development. Deeply recognising the importance of addressing climate change, Sateri has actively responded to the *Paris Agreement* and China's '3060' carbon peaking and carbon neutrality goals, implemented effective climate change risk management, and explored comprehensive pathways towards low-carbon transition.

To fully implement the low-carbon transition, Sateri issued an operation-wide net-zero emissions target and a value chain carbon reduction target in 2021. We have developed management strategies accordingly and implemented annual action programmes to deliver tangible results to fulfil our commitment to climate and ecosystem protection.

Our Governance

Based on the International Financial Reporting Standard S2 - Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB2) and the disclosure recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD3), we have formulated detailed short-, medium- and longterm climate change strategies and plans, and are actively identifying, assessing and controlling climaterelated risks, as well as mitigating and adapting to climate change. To ensure the implementation of the strategic plan, we have established and improved a series of management systems covering a wide range of aspects, including management-based emission reduction, improvements in energy efficiency, utilisation of renewable energy, innovation in low-carbon products and sustainable procurement, thus enhancing our capacity to conserve energy, reduce emissions and respond to climate change, and promote the low-carbon development of the value chain.

We have also improved our corporate governance structure to address climate change. Sateri Management Committee is responsible for the overall direction and regular review of the strategy, processes and objectives. The Sustainability Management Department is responsible for the overall management of climate change response, risk management and continuous improvement (CI4) programmes, and regularly reports on the progress of related work. The Sustainability Working Groups at all sites are responsible for implementing the climate change response and reporting on its progress. Each functional department is responsible for identifying climate change risks, impacts, and implementing risk response actions. The implementation of the CI programmes is linked to the performance of each site's Sustainability Working Group and each functional department, creating a self-driving force for continuous

2 ISSB: International Sustainability Standards Board

Our Management Strategy

Sateri has developed a comprehensive climate change management strategy, creating a risk identification-assessment-control workflow to ensure the effectiveness of our management efforts.

We identify various types of potential risks and opportunities related to climate change based on the key factors of climate change impacts in the textile and fashion industry as well as the TCFD disclosure structure.



Specific departments provide recommendations on our risk reduction policies, control development, potential opportunities exploration and special actions to effectively guide the relevant work.

Sateri Climate Change Management Strategy

³ TCFD: Task Force on Climate-Related Financial Disclosures

⁴ CI: Continuous Improvement

Risk Type	Risk Name	Impact Intensity	Current Frequency	Risk Description	Control Measures and Potential Opportunities	Risk Typ		Risk Name	Impact Intensity	Current Frequency	Risk Description	Control Measures and Potential Opportunities
	Legal and regulatory risk	Strong	High	Increasingly stringent emission standards, regulatory and disclosure requirements at the international, Chinese and local levels may create potential operational and emission compliance risks. The power plants of all the factories have been included in the China National Emissions Trading Scheme. If the greenhouse gas emissions exceed the quota allocated by the regulators, the entities will be required to pay additional fees according to the relevant regulations.	The operation team regularly adjusts and implements action plans based on the new regulations to avoid non-compliant activities. The risk of excess greenhouse gas emissions is assessed and managed by each factory, with regular daily energy reviews. In addition, each year, the management department assigns a third party to participate in the auditing of GHG emissions to ensure the authenticity of GHG emissions data.	Transition Risks	Reputational risk	Weak	Low	The 28th United Nations Climate Change Conference (COP28) and the 20th National Congress of the Communist Party of China re-emphasised the importance of addressing climate change. Under this trend, regulators, the public, the media and other stakeholders are paying more attention to the climate change-related performance of enterprises and their energy transformation, and have taken measures such as negative information disclosure and news reports to strengthen the monitoring of enterprises. Failure to meet stakeholder expectations of corporate performance related to climate change, failure to communicate effectively with stakeholders, or negative events that are contrary to the sustainability philosophy will have a negative impact on	The risk is directly assessed and managed by the Sustainability Management Department, which is supported by the PR Department for the related work. We strive to minimise reputational risk by setting up diversified communication channels and proactively disclosing climate and energy-related data and practices to help stakeholders fully understand our climate change response measures and achievements. Sateri actively implements the goals and commitments of the 2030 Sustainable Development vision, and publicises and promotes the concept of green development to create the image of a green, low-carbon and sustainable company with practical actions.	
	Technological risk	Strong	Medium	targets and low-carbon development, we need to increase our investment in technology and equipment upgrades for cleaner production, energy saving and emission reduction, and emissions treatment, which may result in risks of significant upfront investment or losses due to rapid technology updates and iterations.	We organise risk assessments at each factory to jointly explore the feasibility of clean energy alternative solutions and technological modifications, and promote energy transformation and technological upgrading. We work with industry associations to explore the circular industry path, committed to promoting low-carbon, circular development while controlling costs and improving efficiency.			Acute risks (typhoons, floods, droughts, etc.)	Strong	Medium	Sateri's reputation. Sateri's mill in Fujian is affected by typhoons from time to time, which may have a significant impact on equipment and personnel health. Sateri's mill in Jiangxi is at risk of flooding and drought, which could have a significant impact on equipment, personnel health and production.	We actively carry out relevant risk assessments. Serious physical risks associated with extreme weather are monitored and managed by the EHS Department, supply chain related departments and production teams, with senior management of business operations responsible for the ultimate control of the associated risks. We develop and
	Market risk	Medium	Low	As consumers and customers increasingly demand low-carbon, circular products, international fashion brands are paying more attention to corporate climate risk identification and prevention. Failure to meet their needs will affect our future market share. In addition, leading international fashion brands have extended their climate and energy targets upstream in the value chain, urging suppliers to step up their carbon reduction efforts and requesting some suppliers to restructure their energy mix.	The Marketing Department and Sustainability Management Department work closely with the R&D Departments on the development of low carbon fibre products. We have successfully launched and commercially mass-produced FINEX®, a brand of circular regenerated fibres made from waste textiles as raw materials, achieving commercial production with 50% recycled content. We have also launched three zero-carbon products to fully meet market demand. We rely on our R&D foundation of low-carbon and circular products and close insight into market demand to enhance the cost-effectiveness of our product development and production. We will continue to promote our climate change strategy and planning, explore energy efficiency improvements and renewable energy use, and continuously optimise our energy mix to meet customer requirements	Physical Risks	Chronic risks (changes in precipitation, sea level rise, increase in average temperature, etc.)	Medium	Low	In addition, extreme weather may cause impediments to the transportation of raw materials and finished products, which could negatively impact the stability of our production and operations. Climate change is altering precipitation patterns on a global scale. As Sateri's viscose mills rely on surface water for production (e.g., water from rivers and lakes in Jiangxi Province), rainfall shortfalls caused by climate change will affect the cost of water supply to the sites and daily operations, as well as degrading our production environment, which in turn affects productivity, economic output, and the health and safety of our employees. The chronic physical risk of climate change may exacerbate forest degradation, affecting the long-term stable supply of wood and its price, rendering a potential negative impact on the stability of our production.	update our emergency response plan and communication plan on a quarterly basis based on the results of the assessment. The operation team is responsible for monitoring and assessing the likelihood of such risk and its impact. If necessary, we will change the production schedule. We constantly strengthen the management of employee health and safety, and efficiently implement various protection measures to provide a safe working environment for our employees. Such measures would also help mitigate the potential negative impact of chronic physical risks on productivity and economic output. We are committed to sustainable procurement of dissolving pulp, increasing the use of recycled pulp, and working with stakeholders to support the sustainable management of forests, in order to proactively address the potential negative impacts of climate change on wood supply, safeguard our production stability, and	

Sateri 2023 Sustainability Report 22

Our Actions

Sateri promotes energy saving and emission reduction in three aspects: managementbased emission reduction, improvements efficiency and transformation. During the Reporting Period, we operated a total of 35 CI programmes on the theme of energy saving and consumption reduction, which significantly improved the effect of energy saving, especially the raw coal. On top of that, we continued to increase our investment in renewable energy and promote the low-carbon energy transformation of our business.

CI programmes on the theme of energy saving and consumption reduction

35 programmes

Management-based Emission Reduction

Sateri has introduced a key target implementation mechanism in energy efficiency management. By reviewing and summarising the existing energy consumption, we analyse and assess the potentials and ways for further energy saving and consumption reduction to achieve management-based emission reduction. During the Reporting Period, Sateri further explored the possibility of energy recycling and minimised energy waste through energy efficiency analysis and management.

SFJ, SJS and SYC Plants Use Steam Generated from Acid Production to Generate Electricity

Sateri's sulphuric acid plants in several production bases produce a large amount of steam. The reasonable secondary use of steam by-products offers a sustainable alternative to energy sources such as coal and electricity, thus achieving energy saving and emission reduction. For example, SFJ and SJS use the steam generated from acid production to drive the turbine to generate electricity, reducing energy consumption; SYC directly feeds the steam generated from the WSA⁵ acid production process into production. During the Reporting Period, the total amount of steam recycled from the acid production process of the above three plants amounted to 453,400 tonnes, equivalent to saving 14.99 million kWh of coalgenerated electricity.

Saving coal-generated electricity

14.99 million kWh

Steam recycled

453,400 tonnes

Waste Heat Recovery and Utilisation of SJJ and SYC

SJJ and SYC recover the waste heat from the steam of several production processes (including air-to-air exhaust steam, HVAC, acid station, spinning, etc.), which reduces CO₂ emissions while reducing coal consumption. For example, SJJ exchanges the heat from the condensation and recovery of heat exchange soft water in the Phase II HVAC spinning with that of the Phase I desalted water of the power plant through a heat exchanger to increase the temperature of the desalted water and reduce energy consumption while optimising the waste heat recovery process.

Improvements in Energy Efficiency

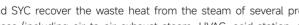
Sateri actively introduces advanced equipment to improve energy efficiency performance and continues to optimise our own processes and production flow to further reduce energy waste. Alongside these, we regard the cognition of energy efficiency management of frontline staff as fundamental to improving energy efficiency, and vigorously carry out relevant trainings to promote energy conservation, efficiency improvement, and low-carbon development.

Turbine Efficiency Improvement at SYC Power Plant

SYC conducted research and analysis on the turbine inlet pressure and inlet temperature of the power plant, and trained each team based on the analysis results to ensure that the boiler's main steam temperature is controlled at 470°C to 485°C, aiming to improve the operational efficiency and reduce unnecessary energy losses. In addition, SYC has developed a group competition model to foster a positive competition atmosphere of catching up, learning, comparing and surpassing. The average annual power generation of each team has risen by 18% year-on-year after the improvement.

> The average annual power generation of each team has risen by

18%



Energy Transformation

The utilisation of renewable energy is increasingly critical in addressing climate change. Sateri is actively exploring opportunities to replace conventional energy sources with renewable energy and low-emission fuels across its operations to drive the energy transformation. During the Reporting Period, we continued to develop our photovoltaic power generation projects to gradually increase the proportion of renewable electricity used, and successfully launched a biomass fuel blended burning pilot project. SJS, SYC, Linz Nanjing and Lyocell Changzhou plants have initiated warehouse rooftop PV projects. During the Reporting Period, the cumulative PV power generation reached 17,688 MWh, with a year-on-year increase of approximately 42%.

Cumulative PV power generation reached

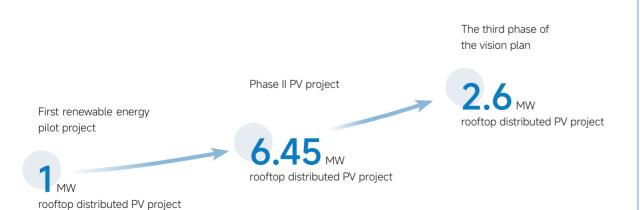
17,688 MWh

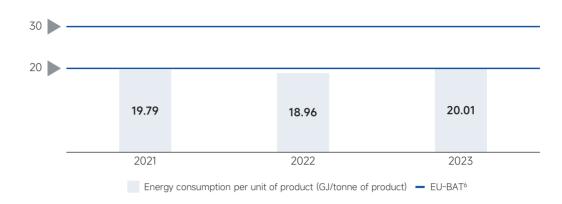
Year-on-year increase of approximately

42%

SJS Phase II PV Power Generation Project Successfully Connected to the Grid

Suqian City, where SJS plant is located, has abundant sunshine year-round, making it ideal for developing photovoltaic power generation projects. The local government and the power sector actively support enterprises in independently developing photovoltaic power generation. Following the successful grid connection of SJS's first renewable energy pilot project, the 1 MW rooftop distributed PV project in August 2021, SJS completed its second phase PV project, the 6.45 MW rooftop distributed PV project, which had successfully connected to the grid in February 2023. A total of approximately RMB 30 million was invested in the SJS Phase II PV project, which is expected to generate 7,315,700 kWh of electricity per year, further developing and utilising renewable energy sources, and scientifically managing the Company's carbon emissions. At present, SJS has started the third phase of the vision plan, the 2.6 MW rooftop distributed photovoltaic power generation project, taking a solid step forward to support national goal of carbon peaking and carbon neutrality.





Energy Intensity of Viscose Mills vs. EU-BAT Standards, 2021-2023

	2021	2022	2023
Scope 1 + Scope 2 + Scope 3	16,199,354	18,694,456	19,943,921
Scope 1 + Scope 2	4,583,427	5,283,988	6,037,864
Scope 1	4,225,644	5,005,617	5,742,059
Scope 2	357,783	278,371	295,805
Scope 3	11,615,927	13,410,468	13,906,056

Sateri Greenhouse Gas Emissions (tonne of CO₂ equivalent)

We engaged a third-party company to calculate the carbon footprint of the products from SFJ and Lyocell Rizhao. The data shows that in 2023:

- The carbon footprint of the EcoCosy® viscose staple fibres produced by SFJ is 5.56 kg CO₂/kg.
- Lyocell Rizhao used biomass energy during the production of Lyocell fibres, which reduced greenhouse gas emissions at the production stage. The carbon footprint of the Lyocell fibres produced by Lyocell Rizhao is $1.83 \text{ kg CO}_2/\text{kg}$.

6 EU-BAT: EU-Best Available Techniques

Ecosystem Protection

Our Commitments

World Wildlife Fund (WWF) stated in the *The Living Planet Report 2022* that wildlife populations have declined by an average of 69% over the past few decades⁷, and that biodiversity degradation is happening at an unprecedented rate, posing significant challenges to our natural ecosystems.

Every part of the Sateri value chain depends on nature and can have an impact on the ecosystem. Therefore, Sateri has identified ecosystem protection as a key area of action in our 2030 Sustainable Development vision, and is committed to minimising the environmental footprint of our own operations and supply chain, supporting science-based conservation and restoration of natural ecosystems, and creating positive ecological impacts.

Our Governance

Sateri attaches great importance to ecological conservation. Our Sustainability Management, EHS, Procurement and Marketing functions are responsible for identifying, monitoring and assessing biodiversity risks and impacts, and reporting regularly to Sateri Management Committee to ensure the scientific rigor and effectiveness of our ecological conservation efforts.

Every year, we develop annual work plans with specific work targets for key tasks such as biodiversity impact assessment and ecological conservation projects to comprehensively guide our efforts in ecological conservation, demonstrating our full commitment to safeguarding natural ecosystems.

7 https://www.wwf.org.uk/sites/default/files/2023-05/WWF-Living-Planet-Report-2022.pdf



Our Management Strategy

Sateri adheres to a scientific and systematic approach in establishing and implementing biodiversity management strategies. Based on the guideline recommendations of the Task Force on Nature-Related Financial Disclosure (TNFD8) and the Science-Based Targeting Network (SBTN9), we have established a traceable and assessable biodiversity impact management system and developed targeted management initiatives to address the challenges posed by biodiversity degradation and contribute to ecosystem improvements.







- Positioning our operations and value chain activities and identifying the ecosystems involved in our business footprint
- Creating list of sites for prioritised assessment, taking into account the biodiversity importance of the ecosystems involved and operational realities
- Identifying the environmental assets and ecosystem services that each prioritised site depends on or influences
- Regularly assessing the extent of the dependence on and impact on nature at the prioritised sites, developing and updating biodiversity management strategies based on quantitative assessment results
 - Biodiversity Management Process
- Coordinating the allocation of company resources based on the overall management strategy, and carrying out targeted actions in conjunction with various stakeholders
- Regularly tracking, measuring and reporting on biodiversity management performance, continuously optimising the relevant action plans

During the Reporting Period, Sateri conducted an assessment on our own operations, taking into account the WWF Risk Filter for Biodiversity¹⁰. In terms of the dependence of our own operations on ecological conditions and the impact of our own operations on the ecosystem, we obtained the risk values of each operation site under multiple categories of sub-indicators, such as ecosystem provisioning, ecosystem regulation, biodiversity pressure, environmental factors, and socio-economic factors. The assessment revealed that all Sateri sites are subject to low to medium level biodiversity risk. Since our business relies on forest productivity and our operations are generally located in densely populated areas, we have optimised our biodiversity management strategy based on assessment results and have implemented several initiatives to address these findings, aiming to lead the industry with "net positive impact." Furthermore, we actively expand partnerships with upstream and downstream partners in the industry, scientific research institutions, nature conservation organisations, and others to jointly advance the ecological harmony between humanity and nature.

- 8 TNFD: Taskforce on Nature-related Financial Disclosures
- 9 SBTN: Science Based Targets Network
- 10 https://riskfilter.org/biodiversity/home

Sateri believes that maintaining biodiversity is critical to our business. We keep exploring ecologically sustainable development paths, focusing on the following two directions:

Avoiding and Reducing Stress on Nature

Sateri fibres are produced from renewable wood pulp. We practice sustainable wood pulp sourcing and continue to increase the proportion of certified wood pulp purchased to promote the sustainable development of the global wood pulp supply chain.

Restoring and Protecting Natural Ecosystems

Sateri is concerned about the ecological well-being of local and neighbouring communities, and actively works with all relevant parties to carry out high-quality ecological conservation projects and enhance ecosystem restoration and nature conservation.

Nearly 50% of our operating sites are located in the Yangtze River Basin, with a number of important operating sites clustered in the Poyang Lake Ecological and Economic Zone. Considering the important impact of the ecological health of the Poyang Lake area on the ecological security and economic development of the middle and lower reaches of the Yangtze River, we have taken the Poyang Lake area as a pilot project to actively explore an innovative model of ecological protection and coordinated development of the community in a cohesive and symbiotic manner. In the future, we will use this experience to scientifically and systematically promote ecological restoration and conservation projects with Sateri's characteristics at our other local and neighbouring communities, delivering a greater positive impact on the ecological environment.

Sustainable Wood Pulp Procurement

Sateri is dedicated to the sustainable sourcing of dissolving pulp and the promotion of a sustainable global wood pulp supply chain. We maintain our commitment not to use wood pulp processed from trees in old-growth or endangered forests, avoiding deforestation and encroachment on wildlife habitats and reducing the ecological stress of our operations.

We strictly regulate the sources of the wood pulp we use, relying on PEFC™, FSC® and other forest certification programmes, prioritising the procurement of certified or controlled wood pulp, and conducting annual risk assessments of the relevant suppliers to ensure the supply of sustainable, high-quality wood pulp. During the Reporting Period:

99.67%

of the pulp purchased came from certified or controlled plantations



8 wood pulp suppliers

were PEFC™ certified



wood pulp suppliers were FSC® certified

Ecological Conservation of Poyang Lake

Poyang Lake is the largest freshwater lake in China and one of the two major lakes directly connected to the Yangtze River. Protecting the ecological environment of the Poyang Lake area is of great significance in promoting the ecological civilisation of the Yangtze River basin. Sateri has launched the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative in cooperation with Conservation International since 2019, and has established in-depth cooperation with the three major local nature reserves to protect the ecological health of the Poyang Lake Basin with a scientific and professional approach, support the enhancement of the comprehensive management capacity of the nature reserves, and promote the harmony between the reserves and the neighbouring communities

Scientific Protection

Sateri is dedicated to working with all stakeholders to explore scientific and win-win ecological conservation strategies. As of the end of the Reporting Period, the Sateri Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative has produced a total of 26 reports, 2 publications and 14,100 promotional products, contributing significantly to the exploration of scientific paths for ecological conservation.

We have introduced the advanced experience of Conservation International in freshwater health and wetland protection into the Poyang Lake Basin, and have used the Freshwater Health Index (FHI)¹¹ tool to assess the health of the Poyang Lake ecosystem and scientifically guide our conservation efforts.

Using Duchang Migratory Bird Provincial Nature Reserve as a pilot, we support the creation of a comprehensive protection demonstration area of the "Duchang Model" to promote the restoration and protection of wetland resources in the Poyang Lake area. We have comprehensively identified and investigated the birds, fishes, plants, amphibians and reptiles in Duchang area of Poyang Lake, compiled the *Duchang Migratory Bird Nature Reserve Biodiversity Scientific Survey Report* and published more than 1,000 copies, providing scientific basis and technical support for the management of the Reserve.

We hope to extend the experience and impact of the conservation programme to the broader region. Therefore, we have organised experts to prepare the *Constructing a New Pattern of Ecological Conservation of Maying Lake - Maying Lake Protection and Management Recommendations*, which suggests that the conservation area be extended to the outer lake area of Xinmiao Lake, and assigned it to the Duchang Migratory Bird Nature Reserve for protection and management, further promoting the regional linkage of ecological conservation and the overall enhancement of the ecological conservation.

Besides, we are dedicated to creating a community model of harmonious coexistence between humans and nature. We have constructed seven constructed wetlands, treated more than 50,000 tonnes of domestic wastewater annually, and initiated two community pilot projects, aiming to explore innovative models of ecological economy compatible with ecological protection and coordinated community development. During the Reporting Period, we completed the *Planning Report on Rural Revitalisation and Sustainable Development of Kangshan Community in Poyang Lake.* We also launched a pilot project of constructed wetlands and landscape enhancement for communities within Poyang Lake Basin in Dashan Village, Kangshan Township, designing and creating constructed wetlands in terms of sewage management, garbage treatment, community micro-landscaping, and improvement of living environment, in a bid to promote synergistic efforts of ecological conservation and local community development, and jointly guard a lake of clear water.

Produced reports

26

Publications

2

Promotional products

14,100

Constructed wetlands

7

Treated domestic wastewater annually

50,000 toppes

Initiated community pilot projects

30

2

11 https://www.freshwaterhealthindex.org

Capacity Building

Sateri supports the establishment of the Poyang Lake Protected Area Network, actively creates a community co-management model for the wetland ecosystem, and enhances the management capacity of the reserves through professional training, facility construction, and financial support.

We have compiled a series of practical manuals and teaching materials for the staff of the protected area, such as a list of birds in Poyang Lake, and regularly provide them with professional skills training covering topics such as laws and regulations on wildlife protection, patrolling and monitoring skills, and disease control for field work. Moreover, we have set up a micro-funding system to incubate local environmental organisations, and have helped upgrade patrols and infrastructure at protected area patrol stations to create a more professional and comfortable working environment for frontline staff in protected areas.

Supporting Kangshan Patrol Team in Protecting Chinese White Dolphins and Migratory Birds

We are committed to building and supporting community-based grassroots conservation teams. We have helped the Kangshan Patrol Team improve their skills in computer use, photo storage, and patrol data recording to support the team in updating patrol forms and routes, and thus enhance the professionalism of the patrol members. Besides, we donated five sets of advanced equipment such as computers, binoculars and drones to the patrol team to further support patrol, monitoring and rescue work for the Chinese white dolphins and migratory birds by optimising the hardware facilities.

During the Reporting Period, the Kangshan Patrol Team conducted an average of 60 patrols per month, with a total patrol mileage of 2,500 kilometres, contributing significantly to the ecological conservation of the area around Kangshan Township Base.



60 Patrols per month

Total patrol mileage of

2,500 kilometres

As of the end of the Reporting Period, Sateri has supported nine nature conservation organisations, provided professional training to more than 500 ecological management personnel, and patrolled a total area of 84,500 hectares with the participation of local communities.

9

nature conservation organisations supported

Professional training provided to

500

ecological management personnel

Patrolled a total area of

84,500 hectares

Nature Education

Focusing on spreading the concept of ecological conservation, Sateri collaborates with all relevant parties to build a platform for wetland awareness and public participation, and carries out a wealth of science education and publicity activities for the public. During the Reporting Period, we supported the Jiangxi Provincial Forestry Bureau to produce 12,000 copies of scientific and publicity materials, such as *Poyang Lake Bird Watching Map* and *Poyang Lake Bird Watching Passport* for the Third Poyang Lake Bird Watching Season, and continuously enhance the awareness of ecological conservation in the community.









Supporting the Construction of Jiangxi Wetland Publicity and Education Centre

Proposing to Launch the Philanthropic Activity of "Colourful Poyang Lake" Creative Painting Collection

With a focus on nature education, we are active in building community nature education centres and have conducted a series of nature education activities to inspire more young people to care about and love the ecological environment. We supported the compilation and publication of the first nature education textbook with Poyang Lake conservation as the theme, *The Fascinating Life of Poyang Lake*, which affected more than 50,000 people.



Demonstration Lesson of *The Fascinating Life of Poyang Lake* at Schools

As of the end of the Reporting Period, Sateri had directly impacted more than 100,000 people through its support and implementation of nature education. We have created five nature education sites and hosted 53,692 participants. We organised three natural instructor trainings with 140 participants, and conducted four demonstration classes in four elementary schools around Poyang Lake, involving 190 students. We also organised five nature education events and hosted 490 students and parents. We released 1 animation of *Letters from the Little White Crane* to convey the concept of ecological conservation to more people. At present, the number of people affected by nature education of Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative has exceeded 2.1 million.

The number of people affected by nature education and Wetland Protection and Restoration Initiative

2.1 million

Closed Loop Production



Our Position

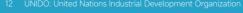
Long-term research conducted by the United Nations Industrial Development Organisation (UNIDO¹²) and the United Nations Environment Programme (UNEP¹³) has demonstrated¹⁴ that resource conservation and clean production not only protect the environment but also enhance economic efficiency and social well-being. As an upstream link in the textile production chain, Sateri is committed to mitigating the environmental pollution from apparel production at its source. While pursuing our own sustainable development transformation, we also respond to the environmental requirements set by downstream purchasing companies in the supply chain.

Guided by the vision of becoming a leader in regenerated viscose fibres with a "net positive impact", Sateri upholds the concept of closed loop production and implements sustainable development practices. We persist in optimising the environmental management and reducing the environmental impact of our own production and operations. We are also dedicated to minimising emissions and maximising resource recycling along the entire industry chain, jointly promoting closed loop production and contributing to the construction of a sustainable ecological environment.

Awards and Certifications

- Sateri (Jiangsu) Fibre Co., Ltd was recognised as a "Green Benchmark" demonstration enterprise in Suqian City
- Sateri (Fujian) Fibre Co., Ltd. was awarded the title of "Advanced Member Enterprise and Advanced Green Unit for 2023" by China Chemical Fibers Association (CCFA)

Related Sustainable Development Goals



- 13 UNEP: United Nations Environment Programm
- 14 https://www.unido.org/our-focus-safeguarding-environmentresource-efficient-and-low-carbon-industrial-production/resourceefficient-and-cleaner-production-recp





Our Goals and Progress

Sateri is dedicated to developing a clean and closed loop production system and has established a series of quantitative targets for this purpose. We regularly track the progress to ensure the advancement of clean production practices. Sateri's goals and progress for emissions management and resource conservation during the Reporting Period are as follows:



Our Goals

· Build a clean and closed loop production system at all viscose mills and deliver on the following targets:

- All viscose mills will meet EU-BAT limits by 2023
- All viscose mills will meet ZDHC MMCF Guidelines Progressive Level by 2023
 All viscose mills will achieve ZDHC-MMCF Guidelines Aspirational Level by 2027

• All viscose mills will achieve total sulphur recovery above 98% by 2025

• All viscose mills will achieve zero waste to landfill by 2025

· Further reduce water intensity beyond EU-BAT level and significantly increase wastewater recycling rate



Progress in 2023

- Sateri's 6 viscose mills have achieved a continuous reduction in the sulphide emission in wastewater per unit product
- Sateri's 6 viscose mills have achieved a continuous reduction in the wastewater ammonia nitrogen (NH₃-N) emission per unit product, with a 15% decrease compared to 2022
- All Sateri's viscose mills have passed the ISO 14001 certification
- All Sateri's viscose mills were validated by Higg Factory Environmental Module (FEM) third-party auditor, with an average score of 80 or higher, demonstrating our excellent performance in the areas of environmental stewardship, energy and water, waste, and air emissions
- All Sateri's viscose mills have passed the STeP by OEKO-TEX® verification for sustainable textile production certified by Oeko-Tex
 Association
- SYC Mill has been verified as EU-BAT compliant, and all viscose mills meet the EU-BAT requirements
- Sateri conducted biannual testing of the viscose mills' wastewater based on the ZDHC Man-Made Cellulosic Fibre (MMCF) Guidelines issued by Zero Discharge of Hazardous Chemicals (ZDHC¹⁵), and all viscose mill meet the Progressive Level
- Sateri's 6 viscose mills have achieved an average total sulphur recovery rate of 97.1%, and two of them were above 98%
- · Sateri's 6 viscose mills and 2 Lyocell mills have achieved zero landfilling of general solid waste
- Sateri's 6 viscose mills have achieved a 19% reduction in general solid waste per unit product compared to 2022
- Sateri's 6 viscose mills have achieved a 5% reduction in water intensity per unit product compared to 2022



Emission Management

Our Commitments

Sateri regards compliance as the bottom line of emission management, and on this basis, fully implements a clean closed loop production system, creating a scientific and effective emission management process following the logic of monitoring and evaluation, analysis and review, and improvement and enhancement.

On top of that, we are devoted to actively carrying out emission management improvement initiatives, fully implementing emission management practices for all aspects, including source, process, and disposal, and effectively reducing the environmental impact of our production and operations by focusing on systematic management, external supervision and certification, and pollutant reduction.

Our Governance

Sateri strictly follows the *Environmental Protection* Law of the People's Republic of China and other relevant laws and regulations as well as industry norms. Based on our own operations, we have identified key issues including chemical management, wastewater management, air emission management and waste management, and have established internal management systems such as the Chemical Safety Management Policy, the Production Waste Management Policy, and the Environmental Monitoring Management Policy in a targeted manner to achieve refined governance.

Under the guidance of internal and external regulatory requirements, we have established a multi-departmental governance structure and a governance charter with clear lines of authority and responsibility to manage emission management matters in a coordinated manner and report to the Management Committee on a regular basis to ensure that the emission management work is effectively supervised.



Our Management Strategy

Sateri has established a comprehensive environmental management system that integrates the concept of sustainable development into all aspects of production and operations, and fully implements requirements and practices for the management of chemicals and emissions such as wastewater, exhaust gas and waste, with the aim of achieving closed loop production.

To ensure the effectiveness and scientific validity of the environmental management system, Sateri conducts regular internal and external audits at all sites and optimises its management methods based on the findings of these audits. During the Reporting Period, we obtained the following environmental management system certifications:

Name	Scope	Result
ISO 14001	All Sateri's viscose mills	All Sateri's mills have passed the ISO 14001 certification. Each mill re-identifies and evaluates environmental factors annually in accordance with the requirements of the <i>Procedures for Identification and Evaluation of Environmental Factors</i> , and establishes control measures at different levels for each identified environmental factor. We implement key controls on the identified critical environmental factors. For example, chemicals, wastewater discharge, air emissions, and hazardous waste treatment are the focus of environmental protection control in factories, and special control plans have been formulated.
Higg FEM	All Sateri's viscose mills	We obtained an average score of over 80, which demonstrates our excellent performance in environmental management, energy and water, waste, and air emissions, etc.
EU-BAT	All Sateri's viscose mills	The EU BAT assessment report shows that the Sateri's mill is at the international advanced level in terms of raw material consumption, energy consumption, wastewater and air emissions, as well as total sulphur recovery.
STeP by OEKO-TEX®	All Sateri's viscose mills	By demonstrating our commitment to sustainable production through third-party certification systems, Sateri has created a basis for the long-term implementation and continuous optimisation of sustainable production and working conditions in production facilities along the supply chain.
ZDHC MMCF Guideline	All Sateri's viscose mills	All Sateri's viscose mills have passed the of ZDHC MMCF Guideline Progressive Level.

The effectiveness of the implementation of the environmental management system is highly related to the environmental management awareness and emergency response capability of all employees. To enhance the practicability of environmental management, we regularly conduct various types of training and emergency drills, and build a culture of environmental protection that involves all employees.



Sateri Emission Management Training



SFJ Caustic Soda Leakage Comprehensive Emergency Response Drill

Furthermore, Sateri places great importance on the role of external cooperation in enhancing environmental management. We actively engage in joint external research and sharing to explore innovative approaches to emission management.



Sateri is pledged to total emissions management, covering four major areas: chemicals management, wastewater management, air emission management and waste management. In terms of chemicals management, we strive to ensure the safety and closed loop management of chemicals, and actively promote the reduction of chemicals and the use of green alternatives in strict compliance with the relevant regulations and standards. In terms of wastewater management, we adopt advanced treatment processes, technologies and equipment to ensure that wastewater discharges comply with environmental standards and reduce wastewater emissions. In terms of air emission management, we implement stringent exhaust control and sulphur recovery measures to minimise the impact of exhaust emissions on air quality. In terms of waste management, we actively promote waste classification, recycling and reuse to minimise the impact on the environment. On the premise of ensuring compliant discharge, we constantly launch and implement continuous improvement (CI) programmes to enhance our emissions management and achieve closed loop production.

Chemicals Management

Closed loop management of chemicals is a key control aspect of Sateri's closed loop production. In strict accordance with the Law of the People's Republic of China on Work Safety, Regulations on the Safety Management of Hazardous Chemicals and other laws and regulations, we have formulated the Chemical Safety Management System and conducted the safety and compliance management of chemicals including caustic soda, sulphuric acid and carbon disulphide. Guided by international certifications and standards, Sateri has built a closed loop chemical management system covering procurement, transportation, use, storage and disposal to ensure the standardisation and efficient use of chemicals and risk management in all aspects. For chemicals involved in major hazard sources of carbon disulphide storage, we clarify the responsibility for the safe use and management of chemicals based on the requirements of the guarantee responsibility system, and effectively implement closed loop management of chemicals. In terms of chemical recycling, we use a multi-effect evaporation, crystallisation and roasting process to recycle sodium sulphate for sale as by-product, while reducing salt discharge in wastewater.

Sateri has been implementing continuous improvement programmes for chemical management over years to mitigate the possible negative impacts of chemical use. During the Reporting Period, the unit product consumption of sodium hypochlorite at the viscose mills decreased by 5% year-on-year, and the unit product consumption of zinc sulphate at the viscose mills decreased by 3% year-on-year. In addition, we reduce the amount of carbon disulphide added through the optimised design of temperature, pressure, and reaction time, and continuously implement carbon disulphide recovery.

The unit product consumption of sodium hypochlorite at the viscose mills decreased by

5% year-on-year

The unit product consumption of zinc sulphate at the viscose mills decreased by

3% year-on-year

SJX Chemical Reduction Project

In 2023, SJX implemented a new waste rubber renovation system, changing the secondary waste rubber from entering the waste rubber system to entering the primary filtration system, reducing the amount of waste rubber and lowering the alkali consumption.

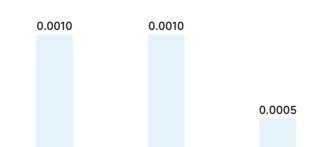
2023

Wastewater Management

Sateri's major viscose mills strictly implement the Class I-A standard of Discharge Standard of Pollutants for Municipal Wastewater Treatment Plants, and adopt the physicochemical, biochemical, and deep treatment. The biochemical treatment adopts cyclic activated sludge treatment (CASS¹⁶) or A/O¹⁷ process, and deep treatment adopts Fenton treatment or ozone oxidation method to ensure that the discharge water quality meets the compliance requirements. We regularly monitor wastewater discharge indicators and conduct biannual testing of wastewater from our six viscose mills in accordance with the ZDHC Man-Made Cellulosic Fibre (MMCF) Guidelines to ensure that the wastewater treatment process is effective and stable.

Building on compliant discharge practices, Sateri actively implements wastewater discharge management initiatives to reduce wastewater discharge, and introduces advanced wastewater treatment technologies and equipment to improve wastewater treatment efficiency and minimise the negative impact of wastewater discharge on the surrounding environment. During the Reporting Period. we adopted the following enhancement initiatives for wastewater discharge:

Relying on comprehensive wastewater management initiatives, Sateri's wastewater emissions have been declining year after year. During the Reporting Period, the amount of sodium sulphate recovered by the viscose mills reached 516 kg/tonne of product, and wastewater sulphide emissions per unit of product achieved a year-on-year decrease, and wastewater ammonia nitrogen (NH₃-N) emissions per unit of product decreased by 15% year-on-year.



- Biochemical tank renovation to add scattered star cyclone aerator and improve the oxygen utilisation rate of biochemical tank:
- Conversion of neutralisation tank slurry mixer to a hyperbolic mixer to improve lime utilisation by improving mixing performance;
- · Transformation of lime dosing into doublepoint multi-point dosing to improve lime utilisation and reduce the lime consumption per tonne of fibre.

The amount of sodium sulphate recovered by the viscose mills

516 kg/tonne of product

Wastewater ammonia nitrogen emissions per unit of product decreased by



2023

2022 Wastewater Sulphide emissions per unit of product (kg/tonne of product)

Trends in Viscose Mills' Wastewater Sulphide Indicator Per Unit of Product, 2021-2023

16 CASS: Cyclic Activated Sludge System

2021

17 A/O: Anoxic/Oxic

0.01 1.310 1.290 1.180 0.008 0.008 0.007

Wastewater Zinc (Zn) emissions per unit - EU-BAT of product (kg/tonne of product)

Wastewater Zinc (Zn) Emissions Per Unit of Product of Viscose Mills vs. EU-BAT Standards, 2021-2023

2022

2021 2022 2023 Wastewater chemical oxygen demand - EU-BAT (COD) emissions per unit of product (kg/tonne of product)

Wastewater Chemical Oxygen Demand (COD) Emissions Per Unit of Product of Viscose Mills vs. EU-BAT Standards, 2021-2023

Air Emission Management

Sateri's air emission is mainly divided into two categories: production process exhaust gas and fuel combustion exhaust gas, and we have established targeted treatment methods for different types of exhaust gas. For the production process exhaust gas, we adopt alkali washing, adsorption and condensation, boiler incineration process for treatment after airtight collection. The low concentration exhaust from the wastewater treatment plant is treated with ion deodorisation, biological deodorisation and other processes, and the dry low concentration exhaust is treated with demisting spraying and plasma treatment to reduce the odor. For fuel combustion emissions from power plants, we implement ultra-low emission standards to ensure compliant discharge.

As carbon disulphide and hydrogen sulphide are the main components of the exhaust gas generated during the production of circular viscose fibres¹⁸, Sateri is engaged in a long-term programme of optimised sulphur recovery, with strict management of the sulphur recovery rate in accordance with national standards for cleaner energy production, as well as the EU-BAT (EU-Best Available Techniques) standard.

For air emission management, we constantly explore advanced technologies and practices to minimise our impact on the environment. During the Reporting Period, we introduced sulphur recovery, dust control and other initiatives to continuously reduce emissions and enhance our air emission management capabilities.

Sateri Applies Sulphur Recovery Technology to Strictly **Control Sulphur Emissions**

Sateri adopts condensation recovery, alkali washing and activated carbon adsorption technology to recover sulphide, and the adsorbed tail gas is sent to the boiler for incineration. In 2023, for the exhaust sulphurcontaining emission standards, we implemented 10% of the emission standards for malodorous pollutants to strictly control the sulphur emission into the air.

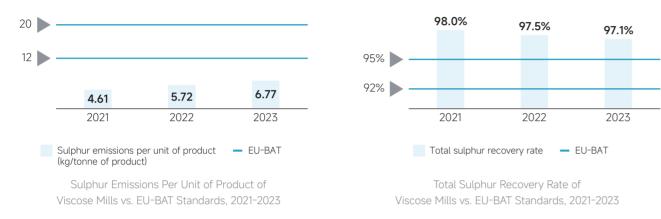
Sateri Conducts Dust Control to Reduce Fugitive Emissions

Sateri focuses on control of fugitive emissions. Coal canopies are managed with water spraying and enclosed covering methods. Fly ash and coal slag are stored in enclosed warehouses, and there is a closed enclosure at the inlet. The relevant departments will arrange vehicles to sprinkle water and suppress dust on the main roads in the plant at regular intervals every day to reduce the fugitive emissions of dust.

18 Assessment Indicator System of Cleaner Production in the Circular Viscose Fibre Manufacturing Industry (Viscose Method): https://www.ndrc.gov.cn/xxqk/zcfb/qq/201901/ W020190905485837754024.pdf

Furthermore, we constantly strengthen waste management and reduce the amount

By far, the unit product sulphur emissions and total sulphur recovery rate¹⁹ of Sateri's viscose mills have been superior to the EU-BAT standards for several consecutive years. During the Reporting Period, the sulphur emission per unit product of Sateri's viscose mills was 6.77 kg/tonne of product, with a total sulphur recovery rate of 97.1% achieved.



Waste Management

Sateri strictly implements waste management norms to ensure harmless waste disposal. For hazardous waste, Sateri conducts stringent controls throughout the entire process of generation, storage, transportation and disposal to ensure that hazardous waste is classified, labelled and recorded in accordance with applicable laws and regulations. We engage qualified third-party organisations for hazardous waste disposal and strive to minimise the risk of contamination during the disposal process.

Regarding general solid waste, in addition to the unified collection of domestic waste by the park, Sateri continues to increase the proportion of solid waste recycled and reused with a focus on resource utilisation. During the Reporting Period, Sateri's six viscose mills and two Lyocell mills achieved zero landfill for general solid waste, with a recycling and reusing ratio of 77% and an energy recovery ratio of 23%. The main recycling and reusing directions we have taken are shown below:

Recycling and reusing ratio

77%

Energy recovery

23%



of waste generated at the source. During the Reporting Period, the amount of hazardous waste generated per unit of product at Sateri's viscose mills was 0.50 kg/tonne of product, representing a year-on-year decrease of 19%; the amount of general solid waste generated per unit of product was 0.55 tonne/tonne of product.

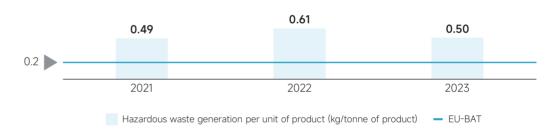
The amount of hazardous waste generated per unit of product

0.50 kg/tonne of product

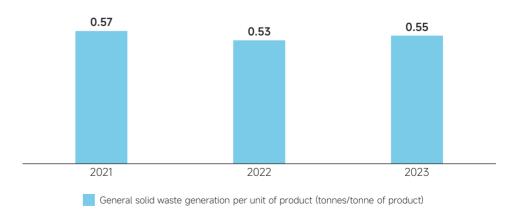
The amount of general solid waste generated per unit of product

0.55 tonne/tonne of product





Hazardous Solid Waste Indicator of Viscose Mills Vs. EU-BAT Standards, 2021-2023



Trends in Viscose Mills' General Solid Waste Indicator, 2021-2023

19 The total sulphur recovery data were calculated by referring to the definition of "S to Air" in EU-BAT.

Resource Saving

Our Commitments

Sateri fully understands the importance of resource management and is endeavouring to manage all aspects of the production and operation process in an environmentally responsible manner, minimising the risks associated with business operations, actively improving the efficiency of resource use, and reducing the impact of the Company's business activities on resources and the environment.

Focusing on water resources and packaging materials, we actively explore effective ways to reduce the use of resources and recycle resources, leading the enterprise towards a greener and more efficient future.



In strict accordance with the Water Law of the People's Republic of China and other relevant laws and regulations as well as industry norms, Sateri has established an internal system and policy related to the management of water resources and the use of packaging materials, aligning with the national strategic stance in terms of resource solutions. In addition, we have established a governance structure involving cross-functional departments to organise matters such as water conservation and the use of packaging materials, and report regularly to the Management Committee to support resource management efforts.

Our Management Strategy

In terms of water resource management, Sateri has established a comprehensive management process, taking water consumption and water recycling rate as key monitoring indicators, and regularly evaluates and analyses the performance of each plant's water use efficiency and room for improvement, providing a solid management basis for stage-by-stage planning.



Development of Water Resources Management Strategy

- Sorting out the water consumption and water recycling situations in different plants;
- Establishing the scope, objectives and management strategies for water resources management.

- · Evaluating plant water use efficiency;
- · Analysing the expected results of current water management initiatives;
- · Developing water resource management measures.



Implementation of Water **Resources Management** Initiatives



Management Review and Optimisation

- · Regularly tracking and reporting on water management performance;
- · Continuously optimising the water management programmes based on the results of the review.

In terms of packaging material management, Sateri's end-products involve less packaging due to the product properties. The packing materials are mainly the consumables used in the logistics process. We have included the management of packaging materials into the scope of Continuous Improvement (CI) projects to further explore the possibilities of reducing, replacing and recycling packaging materials in the logistics and distribution process.

Sateri Water Resources Management Process

Our Actions

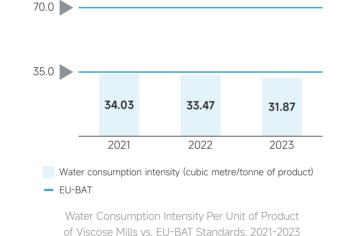
Sateri attaches great importance to resource conservation and takes practical actions to strengthen water resource protection and package material management, reduce waste in the Company's production, operation, logistics and transportation, and effectively improve resource utilisation.

Water Resource Protection

Sateri is actively engaged in water resource protection by conducting ongoing management analyses and implementing process optimisation and equipment upgrades to reduce water

During the Reporting Period, water consumption intensity per unit of product of Sateri's viscose mills was 31.87 m³/tonne of product, representing a decrease of 5% year-on-year.

> Water consumption intensity per unit of product **31.87** m³/tonne of product



Furthermore, Sateri continues to explore the methods of water recycling, and further improves the utilisation rate of water resources using recycled water in production and centralised recycling of rainwater.

SFJ Water Use Improvement Project

To reduce the water consumption per tonne of fibre of the plant, SFJ has formulated action plans for water conservation projects such as zinc-containing wastewater salt extraction and water resource recycling, and initiated 13 improvement projects for the cooling water tower, direct-exhaust fan, and alkaline wastewater pool, etc., which can save about 1.17 million tonnes of water per year. The current ratio of workshop recycled water use to total production process water use is about 50% (excluding circulating water of the cooling water tower).

Improvement projects 13

Save water

Ratio of workshop recycled water use to total production process water use

50%

Optimisation of Water-consuming Equipment and Water Reuse of SJS

Starting from the technical transformation of equipment water supply pipeline and strict control, SJS has optimised the equipment water supply, and accurately controls the water-consumed equipment through daily control, creating a virtuous circle atmosphere of on-site water saving, saving 17 tonnes/hour of water compared with the scenarios before transformation.

SJS has carried out secondary reuse of evaporated condensate from the acid station, replacing filtered water as refill water for the water sealing tank, reducing the amount of filtered water by 9,000 tonnes/year.



Saving water compared with the scenarios before transformation

17 tonnes/hour



Reducing the amount of filtered water

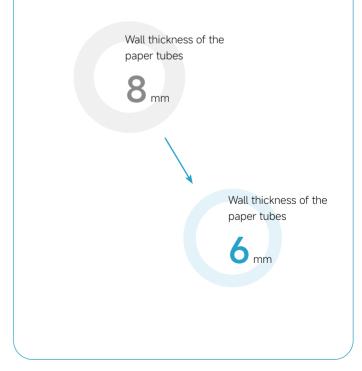
9,000 tonnes/year

Packaging Material Management

Sateri has gradually strengthened the management of packaging materials and explored the recycling of packaging materials and the application of environmentally friendly packaging materials. We ensure that waste packaging materials are effectively handled and recycled through the establishment of a comprehensive recycling mechanism and partnerships in logistics and transportation. We have launched multiple packaging material management initiatives to reduce the consumption of packaging material resources, demonstrating Sateri's excellent practices in resource conservation and environmental protection.

Nonwoven Mills Packaging Material Reduction Project

Sateri Nonwoven Mills put forward optimisation proposals for packaging paper tubes. After feasibility assessment and several test verifications, it is proved that the package material complied with the technical specifications and quality standards, while reducing the wall thickness of the paper tubes from 8 mm to 6 mm, and thus decreasing packaging material consumption.





Our Position

China is the world's largest textile producer, accounting for over 50% of global textile fibre processing²⁰. With the increase of per capita consumption, the amount of waste textiles generated is also increasing, posing challenges to the economic environment, while bringing green opportunities to the textile and fashion industry within the framework of a "circular economy."

As the world's largest producer of viscose fibres, Sateri has always been committed to innovation and circularity to create high-quality sustainable products. Focusing on product quality and customer needs, we have achieved a sustainable upgrade across raw materials, partnerships, and consumption. We collaborate with partners to introduce innovative recycling solutions to the industry.

Awards and Certifications

- Sateri (China) Fibre Co., Ltd won the 2023 Award for Outstanding Professional Supplier of Hygiene and Maternity Products by China Nonwovens and Industrial Textiles Association
- Sateri (Yancheng) Fibre Co., Ltd. was honoured as "Advanced Collective in Science and Technology Innovation" in Jiangsu Funing Hi-Tech Industrial Development Zone in 2023.

Related Sustainable Development Goals







Our Goals and Progress

Sateri strives to lead the development with innovation and promote the entire industrial chain to create greater value in the circular economy. Therefore, we have set up a series of quantitative targets and established a comprehensive target tracking and evaluation mechanism to ensure the achievement of the targets.

Sateri's goals and progress for innovation and circularity during the Reporting Period are as follows:



Our Goals

Production of recycled fibres from used textiles:

• By 2023, products shall be manufactured with up to 50% recycled material content from used textiles, and it shall be increased to 100% by 2030

Progress in 2023

- Sateri applied for 61 patents and 54 patents were granted
- Three products received the PAS 2060 verification statement for carbon neutrality and were commercialised and widely recognised by the market
- FINEX®'s recycled content increased to 50%
- We have developed new cross-linked Lyocell fibres to broaden Lyocell applications
- The greenhouse gas emissions per tonne of Lyocell fibre are as low as 1.83 tonnes of carbon dioxide equivalent, much lower than all types of conventional textile fibres





Product Quality and Safety

Our Commitments \

Sateri recognises that product quality and safety are the cornerstones of sustainable development in the global textile and fashion industry. We have established a full-process closed loop quality management system to strictly control the quality of our products. We aim to bring more products of superior quality, safety and reliability to the market and consumers through continuous improvement and innovation.

Our Governance

In strict accordance with internationally and industry recognised quality standards, Sateri has developed internal management measures such as the Quality Inspection Management System, achieving whole chain product quality and safety management through a series of process control and operational standard documents.

We have established a comprehensive quality management structure and reporting system to ensure efficient and transparent quality management. Sateri Management Committee, as the highest level of leadership for product quality and safety, is responsible for overseeing the compliance and effectiveness of the quality management system. Moreover, we have a dedicated quality department and continuous improvement department responsible for at all levels to ensure that quality information is effectively communicated and reported at both the corporate and operating plant levels.

Our Management Strategy

Attaching great importance to quality management, Sateri has established a closed loop quality management system covering the entire lifecycle of its products to ensure product quality and safety throughout the process. To ensure the compliance and effectiveness of our quality management system, we conduct internal and external quality audits on a regular basis and take necessary corrective and preventive measures in response to audit findings to continuously optimise our quality system and product quality. As of the end of the Reporting Period, all Sateri's viscose mills have been awarded the ISO 9001 quality management system certification, underscoring our excellent quality management capabilities.

Furthermore, we place emphasis on the construction of quality culture, organising various quality and lean training sessions each year, continuously improving the quality awareness and level of employees, and striving to create

at each of our operating plants every year. During the

Reporting Period, we conducted a total of 26 quality

improvement projects, significantly enhancing work

efficiency and the quality of our products and services.

a cultural atmosphere of "full participation and continuous improvement."



2023 Sustainability Report

Our Actions

Sateri is dedicated to manufacturing products with excellent performance and consistent quality. We keep enhancing the construction of whole process quality control system and quality culture for the Company to improve the quality of products and enhance market competitiveness.

Whole Process Quality Control

We have established and implemented a whole-process quality control system, with strict quality management for R&D, production, supply chain and delivery.

Whole Process Quality Control System

Material side

- Quality control at the source, evaluating and selecting raw materials to ensure compliance with production requirements
- Establishing long-term cooperative relationships with high-quality suppliers, helping them to improve their quality level, and guaranteeing the stable quality of raw materials
- Establishing strict finished product inspection standards and test methods, implementing comprehensive quality inspection and performance testing to ensure that products meet quality requirements
- Tracing and analysing problems identified during inspections and completing quality improvements

side

roductio

- Implementing strict process control, setting up critical control points, and guaranteeing the quality and safety of the whole process of production
- Introducing advanced production equipment and processes to improve production efficiency and product quality
- Collecting customer feedback and market information to have timely understanding of market demand and expectations for product quality, making continuous improvement and optimisation of quality control system

Market side

During the Reporting Period, we focused on optimising the quality of raw materials and inspection of finished products to improve the quality and safety of our products.

Quality Improvement on the Raw Material Side: Pulp Quality Improvement

Pulp is the most important raw material for viscose fibre production, and its stable quality is crucial to the performance of our products. We implement refined classification management of purchased pulp based on raw material quality, usage, and experience. We regularly engage with suppliers through factory visits, video conferences, and report emails to identify quality issues and improvement plans, and strengthen the pulp raw material supply.

Safety and Security on the Test Side: Formaldehyde Testing of Products

Excessive formaldehyde in textiles is a major hazard to human health. To identify the source of formaldehyde in the finished fibre products, we sample and analyse the pulp, fibre before oiling, undried fibre after oiling, fibre after drying, and strictly control the formaldehyde content in each link to guarantee the safety of the products. We also engage a professional third-party testing organisation to conduct formaldehyde testing on our finished products according to the relevant national standards, and the test results show that formaldehyde is not detected, which has fully verified the safety of our products.

Quality Culture Construction

Upholding the core value of continuous improvement, Sateri organises Lean and Six Sigma training every year to continuously improve the quality process management techniques and drive the quality level up. As of the end of the Reporting Period, we have helped 338 employees obtain Six Sigma Green Belt certification, which is of great significance to the Company's consolidation of quality management and pursuit of continuous improvement.

Moreover, we summarise the quality problems feedback from production, supply chain, market and other links in a timely manner, organise and carry out all kinds of themed quality training, and actively build a quality culture with full participation of all staff.

338
employees
obtained Six
Sigma Green Belt
certification

Themed Training of "Expert Technical Forum" to Help Control Foreign Objects

During the Reporting Period, we launched the "Expert Technical Forum" series of courses, inviting experts from various departments to share and exchange views on various quality issues. Among them, the third session focused on the theme of foreign object control, detailing the foreign object risk identification, tool management, cleanup records, etc., and sharing the excellent control measures of various factories and related cases of customer complaints, which effectively enhanced our foreign object control measures and contributed to a stronger market reputation for the Company.



Product R&D and Innovation

Our Commitments

Sateri believes that R&D and innovation are the key drivers of business development. As a leader in the global fibre industry, we always focus on customer feedback to guide our innovation efforts, take innovation and technology iteration as the core strategy, and constantly refine our innovative R&D management capabilities to enrich our own product system while continuously expanding the application scenarios of our products to support the in-depth development of the industry chain.

Our Management Strategy

Upholding the concept of technological innovation and transformation of the entire industrial chain, Sateri has established a comprehensive and efficient R&D management system to standardise the whole process of product innovation. We have set up Viscose, Lyocell and Nonwoven R&D Departments and actively promote communication and collaboration among R&D, production and marketing teams to safeguard our innovative R&D system.

We are devoted to creating a dynamic environment for science and technology innovation, and have set up a multi-level innovation incentive policy to stimulate the innovation vitality of talents. The Company has formulated the *Provisions on Rewards and Remuneration for Duty Invention and Creation* to provide scientific research incentives for patent application and standard formulation, which has effectively enhanced the enthusiasm of employees for innovation and R&D. We have also introduced the "15% R&D Mechanism," which encourages employees to dedicate 15% of their working time to exploring their own areas of interest, driving the employees to actively realise all kinds of innovative ideas. During the Reporting Period:



The number of patent applications reached



The number of patents granted reached



54



The total number of patent applications reached



The total number of patents granted reached

428

336

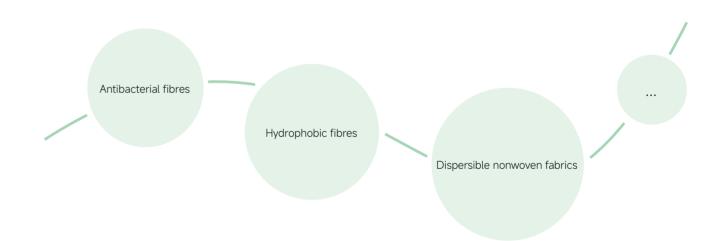
Inclusive development is a driver of innovation in the industry. We give full play to our leading role in the industry. We are willing to share our strengths in technology and innovative R&D, and work together with all partners to promote the industry's high-quality and sustainable development.

Our Actions

Insisting on product innovation empowered by market demand, Sateri aims to create differentiated fibre products that meet market demands. We are actively engaged in the value chain co-creation, and collaborate with stakeholders to promote the development and improvement of high-quality fibres, contributing to the development of the global textile and fashion industry.

Innovative Product Development

Taking the market demand as the guide and paying close attention to the development trend of the industry and the change of consumer demand, we actively explore the application fields and market space of the products, and constantly launch innovative and competitive fibre products. During the Reporting Period, we developed and optimised multiple innovative products such as antibacterial fibres, hydrophobic fibres and dispersible nonwoven fabrics in response to market demand, which can be widely used in a variety of end-use scenarios and fully satisfy diversified market demands.



Developing New Lyocell Fibres to Broaden Lyocell Applications

When Lyocell fibres are used in polished fabrics, their fibrillating properties may lead to pilling of the fabric, affecting the comfort and aesthetics of the end product. To address this market pain point, during the Reporting Period, we successfully researched, developed and launched a new cross-linked Lyocell fibre, which can improve the fibre performance and stability using Sateri's proprietary green cross-linking technology. Sateri's cross-linked Lyocell fibre not only solves the problem of fibrillation of some Lyocell applications from the source, but is free of formaldehyde, and has excellent performance in knitting, weaving, home textile, denim and other applications, which fully meets the diversified needs of the market.

Industry-university-research Exchange and Collaboration

Sateri implements a specialised new development path under the industry-university-research model. We increase the innovation investment and work closely with the top scientific research institutions, universities and upstream and downstream partners in the industrial chain to jointly promote industry research innovation and development.

Conducting Research on Hydrophobic Viscoses and Promoting Technology Development and Industrialisation

During the Reporting Period, we worked with Fuzhou University to launch an in-depth research project on R&D and Industrialisation of Key Technologies for Hydrophobic Viscoses. The project targets at the key technologies of hydrophobicity, fast permeability and spinnability of viscoses, aiming to achieve the industrialisation of hydrophobic viscose products and expand their application in the disposable sanitary products and other fields.



At present, the project has been included in the Regional Development Projects under Fujian Provincial Science and Technology Plan, and created two hydrophobic modification-related invention patents, maximising the value of industry-academia integration.



Moreover, we actively play a leading role in the industry, advising on the development of industry norms and standards, and driving the entire industry chain towards innovation, standardisation and healthy development. As of the end of the Reporting Period, Sateri has participated in the formulation of 6 national standards and 3 industry standards:

National Standards Test Method and Evaluation of the Dispersibility of Disposable Sanitary Nonwovens Soft Towel Diffusible Spunlace Non-Woven Materials and Products Water Abstraction Quotas Part 25: Viscose Fibre Products Chemical Fibre: Test Methods for Tensile Properties of Staple Fibre Surface Layer for Disposable Sanitary Products

Antimicrobial Viscose Staple Fibre

Coloured Viscose Staple Fibre

Chemical Fibres: Test Method for Flammability - Oxygen Index Method

Customer Service Experiences

Our Commitments

With a well-established sales and service network covering Asia, Europe and the Americas, Sateri is committed to providing its global partners with high quality fibre materials and an excellent service experience. We are always oriented to customer needs, and keep improving the quality of our services to provide optimal value for our customers and consumers.

Our Management Strategy

Sateri is pledged to creating a customer-oriented service system of excellence. We have formulated the *Technical Service Workflow* to comprehensively standardise the process of handling customer claims, listen carefully to and understand customer needs, and ensure that customers have a high-quality service experience.

Listening to customer demands

- Establishing diversified customer communication channels and collecting customer demands in a timely manner
- Identifying customer complaints, analysing the quality points through the complaints, and carrying out detailed management and process management for the defective points and important processes

Customer rights protection

- Strengthening information security management and maintaining customer information and privacy security
- Practicing responsible promotion and sales practices and conducting strict compliance audits of marketing materials

Customer satisfaction management

- Conducting annual customer satisfaction surveys through questionnaire surveys, customer visits etc.
- Analysing our own strengths and weaknesses, and carrying out targeted improvement projects based on the results of customer satisfaction surveys

Furthermore, we leverage our technological, product, and service advantages to engage in collaborative innovation with terminal brands through R&D cooperation, joint marketing, and other initiatives. Together, we explore the development and application of high-quality fibre products, promoting the maximisation of value across the entire industry chain.

Our Actions

With the protection of customers' rights and interests as the cornerstone and the satisfaction of customers' needs as the core driving force, Sateri strives to provide customers with more high-quality and differentiated solutions, create an industry-leading quality service experience, and continuously improve customer satisfaction.

High-quality Services

Sateri actively captures the market and industry dynamics and understands the diverse needs of different customers. Our marketing, R&D, production and other related departments work together to provide customised high-quality solutions for our customers.

Listening to Customers' Demands and Creating Customised Product Solutions in All Aspects

During the Reporting Period, we helped C&S Paper to successfully develop "Super Soft" facial cleansing tissue. Focusing on the customer's demand for flexible and wash-resistant performance, we conducted in-depth market and technical research to evaluate the key indicators affecting product performance and developed customised technical solutions. In addition, we carried out several rounds of sample performance evaluation and product sampling to provide reference for product usage

experience, to create high-quality solutions that satisfy customers' needs and exceed their expectations.



We attach importance to customer satisfaction throughout the entire business process and organise annual customer satisfaction surveys for different customer groups. During the Reporting Period, we conducted all-round research focusing on such dimensions as product quality, packaging and packing quality, new product development, technical service, logistics and delivery, financial service, sales service and brand promotion. The results show that our overall customer satisfaction is among the industry leaders. Furthermore, we perform multi-dimensional data analysis for the results of customer satisfaction surveys, incorporate key enhancement items into actionable plans, develop improvement measures and monitor the progress of implementation to continuously improve customer experience.

Joint Actions

Leveraging its leading experience in R&D, production, operation, promotion and strategic planning, Sateri has joined hands with partners in the fields of spinning, fabric manufacturing, printing and dyeing to drive application innovation and development, and build an entire industry chain cooperation model covering raw materials, yarns, fabrics and garments, enhancing the overall product experience for customers.

We have created and maintained the "Sateri Series Fibre Product Development Technology Innovation Alliance" for years to gather the development and innovation capability of downstream enterprises and encourage them to establish a new product development model from the source. During the Reporting Period, the Zero-Carbon Lyocell Small Cool Cover Home Textile Four-Piece Set developed jointly with LOVO, the Toast Cowboy developed jointly with Prosperity Textile and Marcolor, and the Five-sandwich Air Cotton developed jointly with Fynex Textiles and Marcolor were awarded the title of "Top Ten Textile Innovative Products" issued by the China National Textile and Apparel Council, demonstrating our ability to improve use experience of consumers with high-quality products.

Conducting Joint Research and Promotion of Lyocell Fibre to Enhance Consumer's Product Satisfaction

We are committed to improving end consumers' satisfaction with Lyocell products and continuously expanding the application scenarios and utilisation ratio of Lyocell. During the Reporting Period, we conducted a series of research and optimisation projects in conjunction with our downstream customers, and effectively broke through the application difficulties such as whitening and linting after washing that existed in Lyocell by increasing yarn varieties and adjusting dyeing and finishing processes.

We also enhanced market education efforts to promote the standardised application of Lyocell, increased its use in home textiles, fashion, children's wear, sports and other fields, and helped customers give full play to the advantages of Lyocell fibres to create more high-quality, environmentally friendly and innovative products.

Industrial Circularity Drive

Our Commitments

Sustainable product innovation is key to Sateri's Vision 2030 and promoting low-carbon, sustainable production and lifestyles. We are committed to being a pioneer, leader and promoter of sustainable fashion. Upholding the concept of innovation and circularity, and relying on the synergistic industry chain development model, we aim to provide more green products and solutions for the market, fostering the healthy and sustainable development of the textile and fashion industry.

Our Management Strategy

Insisting on the development model of "industry chain association and partnership," Sateri provides innovative and sustainable products and solutions for the textile and fashion industry from the source, and continuously promotes the circular industry path of "Resource - Product - Consumption - Recycled Resources."

Taking active advantage of our integration of forest, pulp, fibre, and downstream product application, we keep innovating product categories, develop and produce fibres with low-carbon, environmentally friendly, regenerative recycling, and biodegradable attributes, extending from fibres to yarns, nonwovens, and other fields

On top of that, we pass on the concepts of innovation and circularity to suppliers, peers, brands, and consumers, empowering the sustainable development of the textile and fashion industry through industrial collaboration. Our innovative products provide a practical direction of green transformation for other enterprises in the industry, responding to the growing demand for green consumption in the market and promoting the entire industry chain towards sustainable development.

Our Actions

Sateri focuses on creating market-leading green fibre products and spares no effort in market research, innovative R&D, and supply chain optimisation. We take practical action to set up a green transformation model for the industry, advocate the concept of low carbon and environmental protection, and collaborate with the entire industry chain to move forward green from the source, and develop a sustainable future together.

Sustainable Products

We are market demand-driven, committed to the innovative R&D and production of sustainable fibres, and provide industry chain partners with a full range of zero-carbon solutions with green technology products. Taking wood-based fibre products as the zero-carbon target, Sateri's three product lines, Sateri Lyocell, FINEX® and EcoCosy®, have all launched innovative zero-carbon products, providing the market and consumers with greener and more diverse choices.



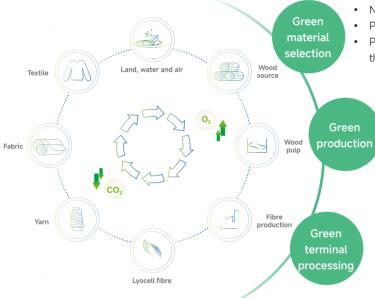
The three zero-carbon products, Our fibre products have which have been granted the received TÜV OK Biodegradable PAS 2060 verification statement Certification in soil, freshwater, for carbon neutrality, marine, industrial compost, and home have been commercialised and composting within 28 days, and the recognised by the market. final degradation products are non-toxic and non-hazardous to the environment. We are the first viscose company in China to be awarded the OEKO-TEX STeP certification for sustainable textile production and the right to use the OEKO-TEX MADE IN GREEN traceable hangtag, signifying that our products have passed the relevant tests and are manufactured in a sustainable manner.

International Authoritative Certification to Guarantee the Sustainable Attributes of the Products

We maintain optimisation and innovation in the selection of raw materials and production processes to meet differentiated market needs with a diversified and sustainable product portfolio.

Greening the Future: Lyocell Fibre

We are committed to creating innovative low-carbon products and have launched Sateri Lyocell fibre, which leads the industry with its full-process green attributes and excellent fibre performance, injecting green vitality into the textile and fashion industry.

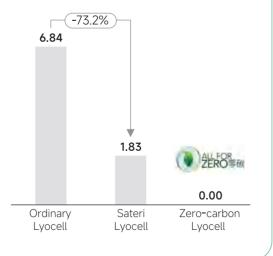


- Nature-derived and recyclable
- Protecting forests with mosaic planting
- · Practicing sustainable forest management, with the planted forest being PEFC™ certified
 - · Closed loop production with biomass fuel for power generation
 - Physical reaction with more environmentally friendly alkaline pulping process
 - The solvent is non-toxic and non-polluting, with a recovery rate of 99.7%, and does not produce hazards
 - The product is bio-based, certified by TÜV OK. It can realise 100% biodegradation, being safe and reliable for returning to nature.

Lvocell Full Process Green Fibre

During the product development process of Lyocell, we invited professional organisations home and abroad to measure the carbon footprint of our products. Measurements show that each tonne of Sateri Lyocell fibre emits 1.83 tonnes of carbon dioxide equivalent, a 73.2% reduction in carbon emissions compared to ordinary Lyocell fibres²¹, providing excellent environmental protection performance.

We continue to advance in innovation, constantly expanding downstream application spaces and creating various fabric styles through different process combinations. Sateri Lyocell fibre boasts high quality characteristics such as softness and toughness, bright colour, wrinkle resistance, shape retention, and low static generation. It can be widely used in all kinds of non-woven and textile products. and is a new generation green technology fibre to meet the diversified needs of the market.



²¹ Carbon emissions data were calculated using the Higg Material Sustainability Index (Higg MSI) tool provided by the Sustainable Apparel Coalition, based on comparison between Sateri Lyocell fibre and conventional Lyocell fibre.

TOGETHER FOR A BETTER NEXT: FINEX®

Sateri has independently developed the FINEX® circular recycled fibre, which pioneers in producing new plant-based apparel and nonwovens through the industry's leading viscose recycling technology, using recycled textiles (such as jeans, T-shirts and other used clothing) as the raw materials, embodying the spirit of the brand which is "TOGETHER FOR A BETTER NEXT," and leading the "Green" transformation in the fashion industry.

FINEX® has obtained the Recycled Claim Standard (RCS) certification, and has successfully developed and produced products with up to 50% recyclable raw material content, providing innovative solutions for the entire industrial chain to practice the recycling development model from the source.



Recycling Industry Path for FINEX® Products

Sustainable Supply Chain

While engaged in promoting its own sustainable development and providing the market with a wide range of sustainable products, Sateri focuses on building a sustainable supply chain. Through management systems such as the Supplier Performance Evaluation, it has set stringent management requirements for its suppliers in the environmental, social and governance dimensions.

We have established a Supplier Evaluation Team consisting of users, quality, safety and technical departments to conduct regular audits of suppliers covering dimensions such as business ethics, technical capabilities, product and service quality, EHS performance, etc., and to supervise and support suppliers in implementing relevant management initiatives in order to achieve sustainable development of the value chain. During the Reporting Period, we conducted sustainability-related reviews and assessments of over 600 suppliers.

To further promote the construction of sustainable supply chains, during the Reporting Period, we launched a special project on carbon reduction and emission reduction in the supply chain, identifying opportunities for carbon reduction and emission reduction in the supply chain through questionnaires, field surveys, training and publicity, enabling the sustainable product solutions in the industry.

Upgrade of supplier

We have optimised our supplier management platform and added new assessment criteria of "Carbon Footprint" to systematically track, manage and evaluate our suppliers' carbon reduction efforts and progress.

Supplier investigation and evaluation

For the first time, we carried out a supplier carbon reduction mapping review to comprehensively understand the current situation of suppliers in terms of energy saving and emission reduction system construction, carbon footprint measurement, low-carbon product substitution, etc., and to assess and identify carbon reduction and emission reduction opportunities in the supply chain in terms of bulk materials, transportation and warehousing.

Supplier training and awareness-raising

Based on the Company's business development needs and the status quo of supplier management, we regularly carry out supplier training to publicise the company's carbon reduction requirements and goals, and to learn in-depth professional knowledge and skills, such as carbon reduction area identification, factors affecting carbon emissions, carbon emission calculations.

Sustainable Consumption

Sateri believes that fostering green concepts and promoting green consumption is crucial for the textile and fashion industry to achieve high quality and sustainable development. We gain insight into consumer trends, and promote product innovation and development in four directions: technology, comfort, fashion, and green, based on market hotspots and end-use scenarios, thus guiding consumers to practice sustainable consumption and lifestyles.

We work together with our downstream brand partners to create high-quality low-carbon products, and continuously broaden product categories and application scenarios to provide consumers with a more comfortable, healthy and green consumption experience.

EcoCosy® Fibre Provides Green Companionship

EcoCosy® fibres are sourced from internationally certified plantation forests, providing the market with green products from the source and bringing comfort and peace of mind to consumers

During the Reporting Period, we joined hands with Semir to create new breathable pants. The product is made of EcoCosy® Zero Carbon Fibre, which is fully biodegradable, reducing the burden on the earth while at the same time has good breathability,

bringing consumers a comfortable and non-restrictive sports experience. We have also launched a series of products called "Elastic Suite" in collaboration with Woobaby. The natural properties of EcoCosy® fibres give this series of products green and environmentally friendly, delicate and soft characteristics, ensuring the healthy growth of children.



Joining Hands with Semir to Create Comfortable and Environmentally Friendly Products

We pay close attention to consumers' growing concern for the comfort and environmental attributes of our products. Taking full advantage of the natural attributes of Sateri Lyocell fibre, which is green and environmentally friendly, we partnered with Semir to successfully develop the Senrou denim series products. Thanks to innovation of raw materials, this series of products has both soft skin-friendly performance and green low-carbon attributes, which are widely welcomed by the market, providing consumers with more green consumption choices and making fashion more sustainable.



Furthermore, we are committed to guiding end consumer behaviour and promoting green and healthy concepts to a broader audience through science publicity, joint promotion, and other forms.

Collaborating with Anta KIDS to Lead the New Trend of Green

Together with Anta KIDS, we have pioneered the use of zero-carbon Lyocell in the field of children's sports clothing, and we are leading a new trend of green consumption together. Besides, we focus on consumer education and guide consumers to integrate green consumption concepts into their daily lives through joint zero-carbon promotional videos of Sateri Lyocell x Anta KIDS and zero-carbon pop-up stores. The cooperation between Sateri and Anta KIDS has not only promoted the popularisation of the green consumption concept, but also established an environmental protection benchmark for the field of children's sports clothing, leading the fashion industry towards a greener, low-carbon future.



Sustainable Industry Sharing

Sateri has always been at the forefront of promoting sustainable development in the industry, leading the industry towards a greener, more environmentally friendly and sustainable direction with practical actions.

As a leader in the viscose industry, we actively contribute to the formulation of industry standards, promote textile recycling, and boost the innovation and circularity development of the entire industrial chain.

We have also co-founded the Nonwoven Industry Green Development and Innovation Alliance of China Nonwovens and Industrial Textiles Association ("Nonwoven Green Alliance") with several partners, and served as the chairing organisation. We use the Nonwoven Green Alliance as a platform to build consensus, promote cooperation, help the industry establish a sound regulatory and evaluation system for green development, accelerate the industry's research and breakthroughs in the fields of green design products, green factories, green supply chains and green service platforms, and support the industry in sustainable transformation.

Looking ahead, Sateri will continue to work with partners along the value chain to bring consumers more low-carbon and circular choices, and promote the sustainable development of the textile and fashion industry to new heights.



Our Position

Sateri has drafted a comprehensive and robust blueprint for sustainable development with operational security as the cornerstone. In addition, we are committed to delivering sustainable value to a wider range of stakeholders continuously expanding the positive impact that Sateri brings internally and externally, and including companies talents and even society in the empowerment radius of inclusive growth.

Internally, we focus on talent development, not only empowering our employees to achieve holistic personal development, but also guaranteeing them an exceptional experience. Externally, we vigorously develop community support, actively explore solutions where business value and social value complement each other, and promote economic and social progress and development with the concept of long-termism.

Awards and Certifications

Charity Awards of Sateri in 2023

- SCN was awarded "Responsibility 100 | CSR CHINA TOP100 Best Responsible Corporate Brance
- SCN was awarded "Responsibility 100 | SDGs Sustainable Excellence Programme" (Sateri Philanthropy Third Classroom)
- SJJ was awarded "Responsibility 100 | SDGs Sustainable Excellence Programme" (Limin Chicken
- SJJ was awarded "Responsibility 100 | CSR CHINA TOP 100 Best Responsible Corporate Brance
- Sateri was awarded "Outstanding Corporate Volunteer Team" and "Outstanding Corporate Volunteer Programme" at the Corporate Volunteering Festival 2023
- SCN was honoured with the "Award for Outstanding Contribution to Charity Scholarship"
- SJJ was awarded the "CSR Global Innovation List Industry Revitalisation Tribute Award" (Limin Chicken
- SJJ was honoured as "Industrial Outstanding Enterprise of Jiujiang City for 2022"
- SEI was awarded the first "Fujian Charity Award

Health and Safety Awards of Sateri in 2023

- "Demonstration Unit for Standardised Fire Safety Management" granted by the Suqian City Fire Safety Committee
 - ent" granted by the Hea



 "Jiujiang Healthy Enterprises" granted by the Office of Jiujiang Patriotic Health Committee



Related Sustainable Development Goals











Our Goals and Progress

Sateri's goals and progress for inclusive growth during the Reporting Period are as follows:



Our Goals

- Achieve 0 major injuries and 0 occupational diseases by 2030 and beyond
- Reduce the accidental loss rate to less than 0.1 per 200,000 man-hours by 2025
- Continue to increase the number of women in management positions²²until 2030
- 100% of employees have a customised career development plan by 2025
- Advocate and require all supply chain partners to respect the rights and interests of employees and provide a safe and healthy working environment in the long run
- Support more than 300,000 people to sustainably improve their lives through Sateri empowerment programmes by 2030
- Ensure that all children left behind in neighouring communities receive high-quality preschool intellectual enlightenment through the Sateri Education Programme by 2030



Progress in 2023

- No major injuries and 0 occupational diseases in 2023
- The accidental loss rate of Sateri in 2023 was 0.11 per 200,000 man-hours
- 20.00% of Sateri's senior management and 14.84% of its middle management were female in 2023
- Ongoing

- Since 2020, 190,958 residents have benefited directly from Sateri's community programmes
- $\bullet \quad \text{Since 2020, 54,612 students have benefited directly from Sateri's programmes in support of school education}\\$



Talent Empowerment

Our Commitments

Sateri focuses on talent attraction, selects talent globally, and respects and values each and every employee. We are active in creating an inclusive cultural atmosphere to help our employees achieve sustainable career development, focusing on their physical and mental health and providing comprehensive protection for our employees.

73

Our Governance

Sateri actively responds to the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact (UNGC) and other conventions, and complies with the laws and regulations of the countries in which it operates. We have formulated the Compilation of Occupational Health Management System, EHS Education and Training System and other rules and regulations based on the above external requirements, and standardised the recruitment process, employee career development, occupational health protection and other work processes and requirements considering the actual situation of the enterprise, to provide the governance basis and safeguard for an equal, inclusive and healthy working environment.



Our Management Strategy

Sateri's management strategy encompasses four main areas: Talent Attraction, Talent Development, Health & Safety and Care & Communication. This holistic management approach not only provides comprehensive protection for employees, but also reflects the Company's deep concern and respect for its employees, creating a high-quality corporate environment that attracts, nurtures and retains talent.

- We have carefully set up a diversified training system covering different training contents such as general skills, professional skills, leadership, office skills, functions, new hires, sales, corporate culture and general categories.
- We develop different performance appraisals and internal promotion mechanisms for different groups of people to retain and motivate talents.

- We have built a market-competitive compensation system consisting of fixed salaries, special incentives and performance awards, and ensure its fairness and equity.
- We have established an employee welfare system covering employee welfare activities, employee living allowance, etc. to provide employees with a richer work and life experience.



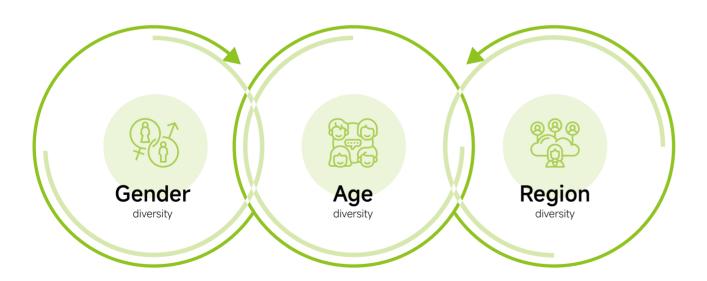
 We have established a comprehensive recruitment management strategy, implement demanddriven strategic talent pool planning, measure hiring needs by evaluating current talent skill gaps, and attract a wide range of diversified talent from around the world. We have set up a safety risk prevention and control system, set multiple health and safety targets, and further break down the targets to the factories relying on comprehensive system management and assessment tools, and fully implement the safety responsibilities.



Sateri keeps investing in and optimising its actions in the areas of Talent Attraction, Talent Development, Health & Safety and Care & Communication. We are committed to creating an equal and inclusive working environment through practical measures to help employees obtain sustainable career development, pay close attention to the physical and mental health of employees, and work together with employees to shape a better future.

Talent Attraction

We recruit talents through diversified recruitment channels and provide employment opportunities for talents from different countries, nationalities and cultural backgrounds. We firmly believe that the diversity of our talent pool can inject team innovation into the development of the Company, improve the efficiency of scientific research, better meet the complex and diverse needs of our customers, and drive business growth.

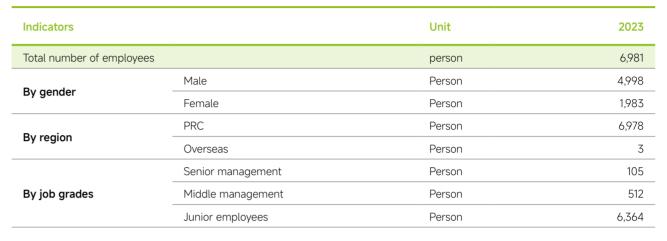


Based on principle of "Responsible Recruitment," we treat every employee equally without any discrimination on the basis of gender.

75

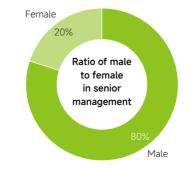
We believe that age diversity can lead to beneficial career development for our employees. We accept employees from different regions and maintain a regionally equal workplace environment.

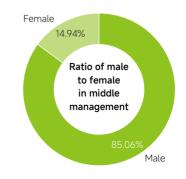
Diversified Recruitment of Sateri

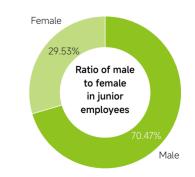




Indicators		Unit	2023
Caniar managament	Male	%	80.00
Senior management	Female	%	20.00
Middle management	Male	%	85.16
Middle management	Female	%	14.84
luniar amplayaga	Male	%	70.47
Junior employees	Female	%	29.53







76

Talent Development

Sateri always believes that the shaping and presentation of employees' personal value is an important part of the Company's overall value. We provide employees with mature training programmes and rich learning resources. During the Reporting Period, to better match the individual needs of employees, make the annual training more targeted and practical, and effectively help employees in their daily work, Sateri conducted a solicitation of opinions on open courses for all employees. Meanwhile, to help key talents to grow rapidly and develop comprehensively, Sateri promotes the annual promotion programme for key talents on board. In addition, the Company has launched a series of targeted programmes, including start-up training courses, start-up summary seminars, and "Synergistic Fusion, Balanced Win-Win" management seminars, etc., to support the rapid growth of the business units.



Managerial training programme for managers and above

- To empower managers with the knowledge and skills to perform their duties
 efficiently, the content and implementation of the course is globally standardised
 by RGE, covering RGE's workflow/approach (hard skills) and focusing on
 leadership (soft skills), and covering all managerial level staff and above.
- A total of 213 persons completed training during the Reporting Period.



Training camp for new directors

- Based on the LBCM model and the professional skills matrix of the production department, the new directors were provided with leadership enhancement training and a series of professional courses to help them successfully complete the role transition.
- Two sessions were implemented in June and October 2023, covering 27 new directors from 5 BUs.



77

Training camp for new shift leaders

- It is designed to improve the ability of grass-roots shift leaders in a systematic and standardised manner, to help them enhance the role perception, master the necessary work management methods, and carry out effective shift construction.
- In 2023, 41 shift leaders participated in the training in two sessions, and Department Heads, SLIs, and HR participated in the evaluation.

03

Implementation of key programmes at different levels

Wrap-up Workshop on Lyocell "9 Key Tasks" for Start-up

As a key brand line in Sateri's development of sustainable products, Lyocell has a growing need for talent. To address the demand for talent, Sateri organised a 10-hour systematic learning and practice session for 32 trainees, helping them identify and master the "9 Key Tasks" for successful start-up. Through an in-depth analysis of the gap between the reality and the objectives, the participants pinpointed the main factors affecting the implementation of the tasks. In the end, we distilled and summarised valuable lessons learned, laying a solid foundation for the continued development of the Lyocell team.



Skills Competition

To demonstrate the Company's commitment to "talent training," stimulate the enthusiasm of the staff to learn technology, practice and hone skills, and create a positive atmosphere of dedication and excellence, Sateri organised the Skills Competition. The event is designed to improve the level of employees' operational skills, so as create a high-quality team with a strong sense of safety, high work efficiency and excellent business skills. As the competition progressed, more employees actively participated, collectively improving the overall quality of individuals and teams.



78

Sateri focuses on the career development of talents. Based on different groups of people, we have further subdivided the promotion assessment mechanism and formulated the production and operation assessment programme, the sales assessment programme, and the PMP²³ assessment programme, aiming at comprehensively and fairly evaluating the performance of the employees, continuously enriching the talent pool of the Company, and providing a solid talent guarantee for the long-term development of the Company.

Indicators	Unit	2023
Comprehensive training coverage	%	100
Percentage of employees receiving regular performance and career development reviews	%	100
New training courses	/	52
Total courses	/	394
Per capita training time	Hour	95

23 PMP: Project management Professional

Health and Safety

Based on the development strategy of "people-oriented" and "healthy development", Sateri constantly improves the working environment and conditions of employees. We have carried out a series of occupational disease prevention initiatives, comprehensive emergency drills and occupational health and safety awareness activities, so that the concept of occupational safety and health is deeply ingrained in the daily work and life of all employees.

In terms of management, Sateri incorporates health and safety management capabilities into the performance appraisal and promotion of the relevant management, upholding the safety awareness of all staff from top to bottom. During the Reporting Period, to more comprehensively and accurately assess the health and safety management capability of the relevant management, Sateri established an EHS capability evaluation model, which contains 8 key evaluation indicators, 7 of which are highly relevant to health and safety, and comprehensively covers all types of occupational health and safety risks.

At present, the application of EHS competency evaluation model covers six departments of administration, production, public works, supply chain, maintenance and safety and environment of first-line production and operation, involving 108 people in 31 categories of positions at supervisory, ministerial and managerial levels. It is adopted in all key aspects of recruitment, transition, transfer and annual promotion processes to ensure that health and safety management is a management priority for Sateri

Emergency drill **EHS** system nd effectiveness **Environmental** operations and job safety Basic safety Vorkshop safety Accident disposal firefighting and **Eight dimensions** emergency and analysis equipment of the EHS capability valuation model

In terms of implementation, Sateri regards prevention as the first line of defence in risk management, and provides health and safety management requirements and guidance to each plant to ensure that it can effectively control health and safety risks through the main channels such as preplanning drills, daily inspections, and information and education.



Comprehensive Emergency Response Drill for Caustic Soda Leakage

In June 2023, Sateri simulated a scenario in which the driver of a soda ash unloading truck turned on the unloading pump, causing a caustic soda leakage to spray onto the driver's right arm due to a weak connection at the outlet end of the pump. The incident information was quickly reported to the plant manager via the escort, warehouse manager, onduty dispatcher, and safety and environmental manager. The company decided to start level 1 emergency response and set up an emergency drill leading group. Under the leading group, 9 groups including command group, rescue group and fire group were set up for rescue. After the rescue, the on-site commander announced the end of the emergency drill.

Comprehensive Emergency Response Drill for Pipeline Leakage

In November 2023, Sateri simulated a scenario in which large quantities of carbon disulphide spewed out of the flange at the pressurized carbon pipe and the south tank during the carbon compression process. The onsite personnel received the alarm and reported it level by level, and the Company decided to activate level 1 emergency response. At the scene of the accident, 7 groups of personnel, including the warning group, the liaison group, and the rescue group, carried out the accident rescue. The accident was effectively controlled after 50 minutes and the emergency drill was declared over.



Comprehensive Emergency Response Drills of Sateri

82

Sateri has carried out a large-scale investigation of potential safety hazards, which requires "full coverage, zero tolerance, strict law enforcement, and practical results", focusing on carrying out a comprehensive and detailed investigation over the equipment, facilities and ancillary facilities, and implementing necessary measures to rectify the hidden dangers detected.

Sateri implements speed limit management for vehicles entering the plant, strictly divides vehicle routes, implements a system of segregation of people and vehicles in the plant, and carries out regular maintenance and testing on the company's vehicles to guarantee the safe and orderly travelling of vehicles.



Sateri conducts full-coverage inspections in departments where accidents have occurred in the past five years, focusing on verifying the implementation of corrective measures proposed in accident investigation reports.

Sateri continuously improves its automation and control level, and promotes the construction and improvement of combustible gas and toxic gas leakage detection and alarm devices, automation control systems, and monitoring systems for the key regulated hazardous chemical processes, key regulated hazardous chemicals, and production devices and storage facilities of the major hazardous sources of hazardous chemicals.

100-Day Action to Determine Risks, Eliminate Hidden Troubles, Implement the Four Priorities, Curb Accidents, and Ensure Safety

Publicity and Education: "Work Safety Month" Series of

During the Reporting Period, Sateri's mills successively participated in "Work Safety Month" activities, including emergency response training, online knowledge competition, plant-wide hidden danger investigation and management, Work Safety Consultation Day, offline knowledge competition, comprehensive emergency response drill for caustic soda leakage, rehearsal of the Company's volunteer fire department, speech contest themed "Everyone pays attention to safety, and everyone will act in an emergency," special inspection of contractor sites, etc. to create a positive atmosphere of Work Safety Month.



Training on the Theme of "Healthy Production, Resilience Management"

Attaching great importance to the mental health of its employees, Sateri organised a training course for the shift leaders, attended by a total of 176 participants, with the aim of helping the shift leaders quickly identify employees' psychological problems and effectively intervene, to reduce the organisation's psychological risk. Sateri helps employees mitigate their negative stress emotions in a timely manner, and builds warm and rational working relationships through effective communication to improve employee satisfaction.



Publicity and Education: 100-Day Safety Action

Sateri organised thematic publicity and education training on the dual prevention mechanism, aiming at guiding the management personnel to establish risk awareness and master the knowledge of risk classification, control, and hidden danger investigation and management. At the same time, we organised the investigation of major sources of danger and major hidden dangers, and publicised the results to enhance the staff's ability to monitor and control major sources of danger.

In addition, Sateri conducted a comprehensive safety audit. Based on the principle of "full coverage, zero tolerance, strict law enforcement, and practical results," we carried out a detailed inspection of equipment and facilities and ancillary facilities, and took effective measures to rectify the hidden dangers identified.

Indicators	Unit	2023
Health and safety training coverage	%	100
Total hours of occupational health and safety training	Hour	172,547
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	1	8
Lost time injury - Ratio (per 200,000 working hours)	1	0.11
Serious work-related injuries – number of incidents	1	0
Serious work-related injuries - ratio (per 200, 000 working hours)	/	0

Care and Communication

Sateri values the employee experience, provides impactful benefit programmes to employees, and actively communicates with employees for their feedback. In addition, we organise a variety of activities to encourage employees to achieve a balance between life and work.

Lecture on "Rejecting Domestic Violence and Promoting Effective Communication"

In July 2023, Sateri Jiangsu Plant and the Women's Federation jointly organised a seminar on the theme of "Rejecting Domestic Violence and Promoting Effective Communication". The seminar not only raised the awareness of more than 50 female workers in safeguarding their rights and interests and combating domestic violence, but also taught them how to take effective countermeasures when domestic violence is in its infancy. In addition, the workers also learned how to live in harmony with different family members and work together to create a harmonious and fulfiling family environment.



Employee Birthday Party

To promote core values, increase team cohesion and enhance employees' sense of belonging, SYC held the second quarter birthday party. The employees celebrating their birthdays enjoyed cakes, played games and won prizes, and the activity site was full of happiness and joy. On this special day, the Company's leaders extended them blessings and expressed their recognition and gratitude for employees' hard work throughout the year.



Family Day

To promote in-depth communication between the Company and employees' families, convey the corporate culture, win the support of employees' families, and enhance employees' sense of belonging and pride, SYC grandly held the first "Family Day" (Employee Family Open Day) during the Reporting Period. Through the colourful family day activities, Sateri enhanced the understanding of employees' family members about the Company, and at the same time integrated the corporate culture with the family culture, helping the employees interactively exchange their growth journey in Sateri.



Community Support

Our Commitments

Since its establishment, Sateri has been promoting a better society and innovating the corporate philanthropy model. We are committed to consolidating and expanding the achievements of poverty alleviation, effectively connecting with rural revitalisation, focusing on establishing and improving a long-term support mechanism to promote sustained, in-depth, high-quality, and efficient support work. Furthermore, we will collaborate with our employees, NGOs, professionals and partners to participate in public welfare behaviours. Together we will become the backbone of social support.

Our Management Strategy

Sateri has been deeply engaged in community development support for many years, empowering local development and rural revitalisation in all aspects. We are committed to addressing community issues through the 3E approach. The 3E stands for Education, Empowerment, and Enhancement.

The education of minors is the cornerstone of community progress and development. Since 2006, we have invested heavily in the minors' care and support programme, and have basically built up a system for supporting the minors aged 0-18, providing material support and spiritual care, covering the three stages of pre-school, compulsory education and high school education, supporting minors' education in the form of awards for excellence and assistance to the needy, quality enhancement, and popularisation of science and technology, and building a solid foundation for community development and rural revitalisation.



0-

Pre-school education stage

 Huiyu Hope Free Early Learning Programme



3-14

Compulsory education stage

- Sateri Education Bursary/Red Fund
- Sateri Philanthropy Third Classroom
- · Sateri Love Book Corner
- · Mental Health Education Programme
- Dream Transformer+ Project
- · Children's Day Wishes



15-18

High school education stage

- Sateri Education Bursary
- Mental Health Education Programme
- Dream Transformer+ Project

Industrial revitalisation is the top priority of rural revitalisation, and the establishment of a reasonable industrial system is one of the key strategies for Sateri to promote common prosperity. Since 2020, Sateri has been aiding the fight against poverty with its "Limin Chicken" programme. After achieving victory in poverty alleviation, to comprehensively promote rural revitalisation, Sateri has actively expanded the types and coverage of community projects to support the consolidation and expansion of the effective connection between poverty alleviation achievements and rural revitalisation.

On the one hand, we create more types of Limin programmes and organise Limin training courses to promote the convergence of industrial development initiatives, and accelerate the construction of a modern agricultural production system, management system and industrial system by intensifying the cultivation of advantageous characteristic industries. On the other hand, we organise multiple community care projects covering cultural development and environmental protection, helping bridge cultural and environmental governance measures, promoting the integrated development of rural agriculture and tourism industries, and building a modern rural industrial system.



The development of local public service levels is an endogenous driving force for rural revitalisation. To further empower community development, Sateri has built multiple volunteer service stations and carried out volunteer activities covering the three areas of community care, biodiversity protection and civilisation literacy promotion, vigorously promoting and nurturing the development of local public service levels, comprehensively advancing rural revitalisation, and solidly propelling common prosperity.

	Community Care	Caring for the elderly individuals living alone in the community	Caring for left-behind children and differently-abled children in the community
	Protecting Biodiversity	Protecting Chinese white dolphins and caring for patrol members	Protecting migratory birds and caring for bird patrol members
Volunteer Activity	Promotion of Civilisation Literacy	Helping create a civilised city in Jiujiang	Maintenance of order at all events at the city and county plants
	Environmental	Action to clean the beach around Poyang Lake	Protecting famous mountains, rivers, lakes and cities
	Protection	Clean Community	Removal of invasive species

Our Actions

Sateri invests in a wide range of community support programmes and activities. Since 2013, Sateri has invested more than RMB 15 million in community support.²⁴

Supporting Education

During the Reporting Period, Sateri's support for education programmes benefited a total of approximately 100,000 students, we continued our efforts in various areas such as educational equity, science popularisation and promotion, and mental health, to safeguard the healthy growth of minors.

Pre-school Education: Huiyu Hope Early Childhood Development (Gutang) Centre

To protect the development potential of infants and toddlers in the neighbouring communities, Sateri joined forces with the Lianxi District People's Government, the District Civil Affairs Bureau, the District Health Committee, the Gutang Township Government and the Sukanto Tanoto Foundation to establish Jiujiang City's first completely free early childhood education centre in Gutang Township. The centre covers an area of more than 160 square metres, has 486 sets of play and teaching aids and more than 420 picture books, provides "one-to-one parent-child" curriculum play and teaching aids for children of different ages, and provides "one-to-one parent-child curriculum" to children aged 6-36 months, using the *Parenting the Future* as the teaching material. As of November 2023, the programme has received a total investment of RMB 608,000, launched a total of 3,550 session courses, and intervened in 141 community infants and children.

Total investment

кмв608,000

Launched session courses

3,550

Intervened in community infants and children

141





Happy Library Programme

Since 2016, Sateri (Fujian) has actively responded to the national call for "A Campus that Embraces the Culture of Reading" and educational reform requirements. For eight consecutive years, the Company has donated and established libraries in 24 rural primary and secondary schools in Putian, providing over 50,000 books. We have also outfitted schools at all educational stages within the district with classroom library corner bookshelves. "Protecting and Cultivating Children's Reading Interests" is the origin and core mission of the programme. In 2023, with the assistance of community schools, Sateri (Fujian) donated the "First Extra-Curricular Book" of the new semester to nearly 400 students based on their book wish lists. The Company has also vigorously supported community rural schools in organising a series of reading activities, such as the "Campus Reading Festival," to promote the effective use of books.



Brightening Children's Hearts: Caring for Children in Distress

Caring about the healthy and harmonious development of the neighbouring communities, Sateri cares for underprivileged children in the neighbouring communities and ensures they have a happy childhood through various programmes such as "Little Wishes" and public welfare summer camp.

Every year, SJJ joins hands with the local government of Hukou County to carry out the activity of "Little Wishes, Happy Children's Day," brightening the wishes of local students in difficulty and orphans who lack support on Children's Day, allowing them to experience warmth and care through fulfilment of their wishes.



To address the issue of summer custodianship for left-behind migrant children, SFJ has consistently organised public welfare summer camps for many years. In 2023, SFJ comprehensively upgraded the programme, replacing the monotonous

classroom teaching with a full-care model, and ensuring that children in the neighbouring community enjoy a happy and fulfiling vacation time and access to better quality and comprehensive educational resources through a rich and colourful teaching and learning content of science, culture, arts, and outdoor activities.

Furthermore, SJS actively responded to the call of Sugian City and Suyu District Women's Federation and participated in the "Spring Bud Programme" action. We donated RMB 90,000 (distributed over three years, RMB 30,000 per year) through the Jiangsu Women and Children's Welfare Foundation to support the relevant programmes. We set up the "Sateri Spring Bud Class" at Qiming Experimental School in Suyu District, Sugian City, to provide financial support to 30 girls facing difficult circumstances but demonstrating excellent academic performance, and alleviate their living and learning difficulties and support their healthy development.





24 Excluding Poyang Lake Project of Conservation International Foundation under CI

Escorting Growth: CAS Mental Health Education Programme for Primary and Secondary School Students

With the support of RGE China, Sateri has launched educational programmes to support the mental health of primary and secondary school students across various regions, escorting the healthy growth of minors.

SJJ introduced the school mental health education programme and scientific service system of the Institute of Psychology of the Chinese Academy of Sciences for Lianxi District and Hukou County. The programme addressed gaps in school mental health education, broadened teachers' perspectives, enhanced their teaching skills, and fostered the long-term development of mental health education in schools. In 2023, we continued to further the programme in Hukou County and Lianxi District.



SJS introduced a team of experts from the Institute of Psychology of the Chinese Academy of Sciences to support more than 30 primary and secondary schools in Suyu District to establish a professional and diversified pan-school psychological service system to promote harmonious and sustainable physical and mental development of students. Up to now, with the support of RGE China, SJS has conducted three relevant training sessions for mental health backbone teachers in Suyu District, training more than 140 full-time and part-time mental health teachers and benefiting nearly 10,000 students.

Training full-time and parttime mental health teachers

140+

Benefiting students

Nearly 10,000



"Let Love Shine, Lighting up the Stars" Programme

Sateri (Fujian) has partnered with special education schools in the community to provide heartfelt support to 130 children with autism. The Company has organised various volunteer activities, including

inclusive concerts, Winter Solstice celebrations, and making tangguan (sweet rice balls), bringing care and warmth to these "star children." After undergoing professional training, Sateri volunteers offer compassionate companionship to help children with autism develop self-care skills, improve interpersonal abilities, and enhance social adaptability. Sateri (Fujian) also actively calls on the government, charitable organisations, and industry partners to join efforts in supporting children with autism as they integrate into society and achieve personal and social value.



Dream Transformer+ Project

In 2022, Sateri joined hands with the Hukou County Civil Affairs Bureau to jointly plan and implement the "Sateri Dream Transformer+" project, which helped renovate study rooms for children in need, improved their learning environments and provided them with a "1+6" care system, so that they can feel the same warmth from family and society as their peers. The programme has successfully explored a set of "material support and spiritual care" model for aiding children in challenging situations, and accurately cared for the healthy growth of children in difficulty, receiving high recognition and praise from the government and residents.

During the Reporting Period, under the demonstration and driving of Sateri, 13 more caring enterprises in Hukou joined the "Dream Transformer+" public welfare project. Furthermore, we attracted our partner Balabala, which donated 200 down jackets for distressed children in Hukou, demonstrating a growing collective commitment to public welfare.



Supporting the Growth of Needy Youth

In July 2023, accompanied by the leaders of Guoshu Town, the Sateri (Yancheng) delegation visited Liu, a student from Xibei Village. Liu's mother left home when he was young, and his father suffers from illness and works away from home year-round. Liu has been living with his aunt since childhood. Liu achieved outstanding results, ranking first in the high school entrance exam in Guoshu Town. To encourage and support his continued success, Sateri (Yancheng) presented Liu with a scholarship of RMB5,000 and other gifts.



2023 Sustainability Report Sateri

Community Programme

Sateri focuses on industrial development while enhancing livelihoods, protecting the ecological environment, and empowering rural development. During the Reporting Period, approximately 300,000 people benefited from Sateri's community programmes.

Benefited from Sateri's community programmes

300,000

Limin Programmes

Limin Chicken | Helping to fight poverty and revitalise the countryside by teaching skills to people

The Limin Chicken Programme is a public welfare programme set up by Sateri in response to the national strategy of "Poverty Alleviation" and "Rural Revitalisation". Over the past four years, we have invested a total of RMB 240,000 in public welfare funds for the programme, organised free training, and distributed nearly 20,000 chickens free of charge, recording a cumulative increase of more than RMB one million in income for farmers and cooperatives. Currently, we have helped Huangcun Township in Hukou County to create a comprehensive industrial chain of "Limin Chicken" integrating incubation and cultivation, ecological breeding, marketing and brand promotion, helping the villagers implement scientific breeding, earn sustained income, and embark on the road of rural revitalisation for self-development.



Limin Tea, Limin Cauliflower, Limin Duck | Adapting to local conditions and helping to differentiate agriculture development

Through the joint efforts of government and enterprises, Sateri has developed and built "Limin Tea" in Chengshan Township, "Limin Duck" and "Limin Cauliflower" in Wushan Township, and developed and strengthened the characteristic industries in rural areas, contributing to the realisation of common prosperity in the countryside. In addition, the Group also utilises the e-commerce platform to broaden the sales of Limin series of agricultural products.



Limin Training Programme | Public welfare empowerment to help revitalise rural talents

To promote Hukou County's rural revitalisation efforts, in 2023, Sateri set up the public welfare empowerment "Limin Training Programme." Together with Hukou County Rural Revitalisation Bureau, we conducted a series of special trainings on agricultural planting, poultry breeding, e-commerce operation, and more to tackle the bottlenecks encountered in modernisation of the agricultural industry, addressing issues such as outdated craftsmanship, poor management, basic packaging, and ineffective marketing, to provide a "flowing stream" for rural development.



Holiday Greetings to the Community

In June 2023, to ensure that the underprivileged families in Dongshagang Village could enjoy a peaceful and warm Dragon Boat Festival, the Sateri (Yancheng) volunteer team made arrangements to deliver holiday greetings before the festival.

In September 2023, led by General Manager Yang Aizhong and Deputy General Manager Li Donglin, the Sateri (Yancheng) volunteers visited the Guoshu Town Elderly Care Centre. They conducted a heartfelt support activity titled "Mid-Autumn Meets National Day: A Warm Reunion with Sateri."



Sateri Filial Piety Cultural Festival

Filial piety is the foundation of all virtues. Since 2018, Sateri has been organising the "Sateri Filial Piety Cultural Festival" in Lianxi District and Hukou County of Jiujiang City, caring for the elderly in the local community. During the festival, we provide Huangmei Opera performances for the elderly, as well as a range of public services including "Family Memories Station," "Free Medical Checkups," "Free Appliance Repair," "Pitching Games," and "Rewards for Subscribing." The rich, diverse and participatory content of the activities helps to create a wonderful atmosphere of harmonious community and neighbourly affection.



119 Fire Prevention Month | Helping the fire service public welfare for the 11th consecutive year

Since 2013. Sateri has been participating in the 119 Publicity Month activities of the firefighting detachment for 11 consecutive years, and has co-organised activities such as "Searching for the Most Beautiful Firefighters in Jiujiang," "Sateri Cup Basic Firefighting Skills Competition for the Whole Population," and established Sateri's Firefighting Heroes Around Us Award and many other activities and programmes. The related public welfare investments have totalled more than RMB one a million. In 2023, Jiujiang 119 Fire Awareness Month activities were integrated with Sateri Filial Piety Cultural Festival activities, reaching five counties and districts, including Xiushui and De'an, to enhance the firefighting awareness among local residents, and ensure the fire safety of the communities.



"Protecting the Environment - Sateri's Beach Cleanup Around Lake Jinsha" Campaign

On 20 December 2023, upholding the Company's business philosophy, implementing the idea of ecological civilisation and carrying forward the spirit of volunteer service, a group of volunteers from SYC went to Jinsha Lake and carried out the "Protecting the Environment - Sateri's Beach Cleanup Around Lake Jinsha" Campaign. Sateri's volunteers worked together with the staff of the scenic spot to clean up the fallen leaves and tidy up the sundries, which not only enhanced the staff's awareness of environmental protection and sense of social responsibility, but also beautified the environment of Jinsha Lake.



Volunteer Activity

Sateri extends its commitment to community support throughout the value chain, collaborating with stakeholders to conduct volunteer activities and encouraging more groups to join forces in building a harmonious community. During the Reporting Period, volunteer service hours of Sateri in Jiujiang amounted to 11,254 hours, or 3.8 hours per capita; volunteer service hours of Sateri in Fujian amounted to 2,335 hours, or 2.8 hours per capita.



Sateri Volunteer Service Station

To further extend to the community, take root in the community and serve the community, since 2022, Sateri has been cooperating with local governments, communities and NGOs to set up community fixed volunteer service stations and open a new front for volunteer service. As of the end of the Reporting Period, we have set up 10 community volunteer service stations. In the future, we plan to conduct volunteer service activities with different themes focusing on protecting the environment, safeguarding the ecology of Poyang Lake, and community care, to create community spaces that meet the needs of community residents, enhance the sense of well-being, and foster neighbourhood warmth.



Set up community volunteer service stations

10

FOUNDER'S DAY

Upholding the Group's public welfare philosophy of "the more you give, the more you have", Sateri effectively fulfils its corporate social responsibility, and celebrates Founder's Day with practical actions. During the Reporting Period, we organised a total of 22 FOUNDER'S DAY activities, with around 2,400 participants and 6,300 hours of volunteer service. During the event, Sateri volunteers were active in various settings, from green playgrounds in schools and busy community squares to the muddy shores of lakes and beaches.

A total of FOUNDER'S DAY activities

Participants

Hours of volunteer service

22

2,400

6,300



Operation Guarantee

Our Commitments

Sateri adheres to the principles of business ethics and compliance, providing customers with high-quality products based on adherence to compliance standards and demonstrating our positive impact to stakeholders. We mitigate risks related to business ethics and anti-corruption, and ensure robust guarantees for the Company's sustainable operation and development.

Our Governance

A comprehensive and efficient business ethics and risk management system is the solid operation guarantee for Sateri. In strict accordance with the *Anti-Monopoly Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China* and other relevant laws and regulations, we constantly optimise our internal systems and management structures, and conduct governance on business ethics, compliance and anti-corruption issues. Sateri has also established a multi-level Sustainability Management structure led by the Sateri Management Committee, which is responsible for implementing objectives and risk management, and supporting the coordinated advancement and stable assurance of Sateri's sustainable operation and development.

Our Management Strategy

In terms of business ethics, we maintain a "zero-tolerance" attitude towards corruption. We have established an internal review management structure and a professional internal audit team to review and identify potential problems, formulate targeted improvement plans, and continuously follow up on the implementation and effectiveness of the improvement plans. In addition, we have an efficient whistle-blowing and complaint mechanism in place to encourage internal and external stakeholders to report any possible acts of corruption promptly and to provide comprehensive protection measures for whistleblowers. We uphold the principle of fair competition, fully respect our competitors, and firmly oppose using unfair means to restrict or exclude market competition, thus fostering a fair and just market environment.

In terms of risk management, the Sateri Management Committee holds overall responsibility for Sateri's risk management and conducts regular analyses and reviews. The Sustainability Management Department leads the risk management process and is responsible for identifying potential risks to the Company's operations and development and analysing their impact, developing risk response plans and implementing actions, and reporting regularly to the Management Committee on risks with significant financial impact. The functional departments and the Sustainability Working Groups at all sites are responsible for the specific implementation of risk management initiatives and report regularly to the Sustainability Management Department on potential risks and risk management progress.

Our Actions

Sateri conducts regular internal and external audits and improvements annually in accordance with the management strategy. By reinforcing the management system, we regard the compliance awareness of internal and external stakeholders as the first line of defence in compliance management, and constantly improve the business ethics and risk management level of our external partners and internal employees, to ensure stable operations.

For external stakeholders such as suppliers, we clearly define the rights and obligations of all relevant departments in our daily business dealings to prevent corrupt behaviours. We also provide integrity training to our procurement staff and employees who liaise with suppliers to ensure that compliance awareness is embedded in all key aspects of the value chain.

For internal employees, Sateri conducts annual integrity action training for all employees to help them understand the anticorruption rules and encourage them to lead by example in their work. According to the *RGE Global Code of Conduct*, the *RGE COPE*, the *Sateri Employee Handbook*, and other internal norms, we have developed offline workshops and WD online learning courses tailored to the job grades and function of the training target group, to ensure that all employees have a grasp of the Group's regulations on corrupt practices and integrity duties in business dealings. During the Reporting Period, we organised 15 offline workshops, with 486 participants passing the exam, and 6,585 employees completed the WD online learning and passed the exam. During the Reporting Period, no major corruption cases occurred.

Organised offline workshops

Employees completed the WD online learning and passed the exam

15

6,585



Sateri Integrity Action Training

Sateri 96

Appendix I: Progress on Sateri's 2030 Vision

Vision

Protection

Climate Ecosystem











UN SDGs Our Goals

> Achieve Scope 1.2 netzero carbon emissions by 2050

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

Progress in 2023

- We carried out warehouse rooftop PV projects at four factories, with a cumulative PV power generation of 17,688 MWh in 2023
- · Sateri received a B rating in the 2023 CDP Climate Change
- For the first time, we carried out a biodiversity risk assessment to scientifically and systematically promote the protection and restoration of
- Sateri practices sustainable wood pulp sourcing, with 99.67% of purchases coming from certified or controlled plantations
- Together with the Conservation International Foundation, we carried out the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative to extend the conservation action to the entire Poyang Lake area. The programme has produced a total of 26 reports, 2 publications and 14,100 promotional products, contributing to the exploration of scientific paths for ecological protection
- Sateri is actively building a community co-management model for wetland ecosystems, and has supported 9 nature conservation civil organisations. More than 500 professional trainings for wetland managers were provided, and the total area patrolled with the participation of local communities amounted to 84,500 hectares
- Sateri supported the compilation and publication of the first nature
- textbook with Poyang Lake conservation as the theme, The Fascinating Life of Poyang Lake, which affected more than 50,000 people
- · Sateri supported the construction and upgrading of 6 nature education sites, and about 10 million people have learned concept of ecological conservation through the Poyang Lake Freshwater Health and Wetland Protection and Restoration Initiative

Closed Loop Production



Build a clean and closed loop production system at all viscose mills and deliver on the following targets:

- All viscose mills will meet EU-BAT limits by 2023
- All viscose mills will meet ZDHC MMCF Guidelines Progressive Level by 2023
- All viscose mills will achieve 7DHC-MMCF Guidelines Aspirational Level by 2027
- All viscose mills will achieve total sulphur recovery above 98% by 2025
- All viscose mills will achieve zero waste to landfill by 2025
- Further reduce water intensity beyond EU-BAT level and significantly increase wastewater recycling rate

- Sateri's 6 viscose mills have achieved a continuous reduction in the sulphide emission in wastewater per unit product
- Sateri's 6 viscose mills have achieved a continuous reduction in the wastewater ammonia nitrogen (NH₃-N) emission per unit product, with a 15% decrease compared to 2022
- All Sateri's viscose mills have passed the ISO 14001 certification
- All Sateri's viscose mills were validated by Higg Factory Environmental Module (FEM) third-party auditor, with an average score of 80 or higher, demonstrating our excellent performance in the areas of environmental stewardship, energy and water, waste, and air emissions
- All Sateri's viscose mills have passed the STeP by OEKO-TEX® verification for sustainable textile production certified by Oeko-Tex Association
- SYC Mill has been verified as EU-BAT compliant, and all viscose mills meet the EU-BAT requirements
- Sateri conducted biannual testing of the viscose mills' wastewater based on the ZDHC Man-Made Cellulosic Fibre (MMCF) Guidelines issued by Zero Discharge of Hazardous Chemicals (ZDHC), and all viscose mill meet the
- Sateri's 6 viscose mills have achieved an average total sulphur recovery rate of 97.1%, and two of them were above 98%
- Sateri's 6 viscose mills and 2 Lyocell mills have achieved zero landfilling of general solid waste
- Sateri's 6 viscose mills have achieved a 19% reduction in general solid waste per unit product compared to 2022
- · Sateri's 6 viscose mills have achieved a 5% reduction in water intensity per unit product compared to 2022

UN SDGs Vision Our Goals Progress in 2023 Innovation Production of recycled fibres from used • Sateri applied for 61 patents and 54 patents were granted. Circularity • By 2023, products shall be manufactured • Three products received the PAS 2060 verification statement for carbon neutrality with up to 50% recycled material content and were commercialised and widely from used textiles, and it shall be increased to 100% by 2030 recognised by the market • FINEX®'s recycled content increased to 50% We have developed new cross-linked Lyocell fibres to broaden Lyocell applications. The greenhouse gas emissions per tonne of Lyocell fibre are as low as 1.83 tonnes of carbon dioxide equivalent, much lower than all types of conventional textile fibres Achieve 0 injuries and 0 occupational No major injuries and 0 occupational diseases in Inclusive diseases by 2030 and beyond Growth **#** Reduce the accidental loss rate to less than The accidental loss rate of Sateri in 2023 was 0.11 4 QUALITY EDUCATION 0.1 per 200,000 man-hours by 2025 per 200,000 working hours GENDER EQUALITY 20.00% of Sateri's senior management and Continue to increase the number of women ₽[™] in management positions until 2030 14.84% of its middle management were female 8 DECENT WORK AN 100% of employees have a customised career Ongoing development plan by 2025 Advocate and require all supply chain partners to respect the rights and interests of employees and provide a safe and healthy working environment in the long run Support more than 300,000 people to Since 2020, 190,958 residents have benefited directly from Sateri's community programmes sustainably improve their lives through Sateri empowerment programmes by 2030 Ensure that all children left behind in Since 2020, 54,612 students have benefited neighbouring communities receive highdirectly from Sateri's programmes in support of quality preschool intellectual enlightenment school education through the Sateri Education Programme by 2030

Appendix II: KPIs

KPI	Unit	2021	2022	2023
Products				
Output				
Viscose fibre	10,000 tonnes	153.9	173.8	177.8
Lyocell	10,000 tonnes	2.8	4.4	13.9
Spunlace Nonwoven fabric	10,000 tonnes	3.1	5.6	7.0
Yarn	10,000 tonnes	0.8	0.9	0.0
Product R&D and Innovation				
Number of patent applications	1	60	66	6
Number of patent grants	1	41	56	54
Total number of patent applications	1	267	361	428
Total number of patent grants	1	195	267	33
Environmental				
GHG Emissions ²⁵				
Scope 1	Tonne of CO ₂ equivalent	4,225,644	5,005,617	5,742,059
Scope 2	Tonne of CO ₂ equivalent	357,783	278,371	295,80
Scope 1+2	Tonne of CO ₂ equivalent	4,583,427	5,283,988	6,037,864
Scope 3	Tonne of CO ₂ equivalent	11,615,927	13,410,468	13,906,05
Total energy consumption (excluding power plants) ²⁶	GJ	37,301,257	40,482,803	45,859,51
Energy intensity (excluding power plants) ²⁷ of viscose mills	GJ per tonne of product	19.79	18.96	20.0
Photovoltaic power generation	kWh	522,441	12,471,880	17,688,47
Standard coal saved by photovoltaic power generation	Tonne	160	3,767	5,34
Carbon dioxide emission reduction through photovoltaic power generation ²⁸	Tonne	435	10,327	14,64

KPI		Unit	2021	2022	202
Air Emissions ²⁹					
SO ₂ of in-house power pl	ants	Tonne	107	148	18
Particles of in-house pow	er plants	Tonne	31	28	3
NO _x of in-house power pl	ants	Tonne	377	366	42
Total sulphur recovery rat	e of viscose mills	%	98.0	97.5	97
Sulphur to air per unit of p	oroduct of viscose	Kg per tonne of product	4.61	5.72	6.7
Water Consumption 30					
Total water consumption		Cubic metre	67,675,775	74,118,841	86,605,38
Surface water, including r reservoirs	ivers, lakes and	Cubic metre	67,524,625	73,925,583	86,389,07
Municipal water		Cubic metre	151,150	193,258	216,30
Rainwater collection/recyo	cled water from	Cubic metre	4,371,050	4,804,472	5,163,75
Process water intensity	Viscose mills	Cubic metre per tonne of product	34.03	33.47	31.8
per unit of product 31	Lyocell mills	Cubic metre per tonne of product	1	/	15.1
Wastewater Discharge ³	2				
Wastewater discharge		Cubic metre	70,720,905	74,859,611	78,870,26
Total COD emission		Tonne	2,025	2,065	2,35
COD emission per unit	Viscose mills	Kg per tonne of product	1.31	1.18	1.2
of product	Lyocell mills	Kg per tonne of product	/	/	0.4
Total NH ₃ -N emission		Tonne	49	46	
NH ₃ -N emission per	Viscose mills	Kg per tonne of product	0.03	0.03	0.0
unit of product	Lyocell mills	Kg per tonne of product	/	1	0.0
Total sulphide emission		Tonne	1	2	
Sulphide emission per	Viscose mills	Kg per tonne of product	0.001	0.001	0.000
unit of product	Lyocell mills	Kg per tonne of product	/	1	0.000

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 2023 Annual Pollution Discharge Permit Execution Report of the viscose mills.

²⁵ Scope 1, 2, and 3 GHG includes emissions from viscose mills, Lyocell mills, nonwoven mills, Linz Nanjing and SSH.

The scope of total energy consumption in 2023 (excluding power plants) includes viscose mills and Lyocell mills; in previous years, only viscose mills were included.

²⁷ Energy intensity of viscose mills = energy consumption of the production process of viscose fibre (excluding energy consumption of power plants)/converted viscose fibre output.

²⁸ Emission reduction compared with thermal power, emission factor data source: China's Electric Power Industry Annual Development Report 2022 issued by the China Electricity Council.

³⁰ The scope of water consumption in 2023 includes viscose mills and Lyocell mills; in previous years, only viscose mills were included.

Process water intensity per unit of product of viscose mills = water consumption of the production process of viscose fibre (excluding water consumption of power plants)/
converted viscose fibre output; Process water intensity per unit of product of Lyocell mills = water consumption of the production process of Lyocell (excluding water
consumption of power plants)/non-converted Lyocell output

³² The scope of wastewater discharge in 2023 includes viscose mills and Lyocell mills; in previous years, only viscose mills were included. Wastewater discharge per unit of product of viscose mills = total wastewater discharge of viscose mills/non-converted viscose fibre output; Wastewater discharge per unit of product of Lyocell mills = total wastewater discharge of Lyocell mills/non-converted Lyocell output; The scope of sodium sulphate recovery includes only viscose mills.



KPI		Unit	2021	2022	2023
Total zinc (Zn) emission		Tonne	12	13	14
Zn emission per unit	Viscose mills	Kg per tonne of product	0.008	0.007	0.008
of product	Lyocell mills	Kg per tonne of product	/	/	(
Sodium sulphate recove	ery	Kg per tonne of product	513	521	516
Solid Waste Discharge	and Disposal 33				
Total general solid waste	e	Tonne	884,243	938,934	979,666
General solid waste	Viscose mills	Tonne per tonne of product	0.57	0.53	0.5
per unit of product 34	Lyocell mills	Tonne per tonne of product	/	/	0.04
Percentage of recycled general solid waste	and reused	%	70	74	77
Percentage of general s energy recovery	olid waste by	%	30	26	23
Percentage of general s to landfill	solid waste sent	%	0	0	(
Total hazardous waste		Tonne	757	1072	906
Hazardous waste per	Viscose mills	Kg per tonne of product	0.49	0.61	0.50
unit of product 35	Lyocell mills	Kg per tonne of product	/	/	0.1
Wood Pulp Suppliers					
Total number of wood p	oulp suppliers	1	13	15	13
Number of PEFC™ certing suppliers	fied wood pulp	1	8	9	8
Number of FSC® certified suppliers	ed wood pulp	1	7	7	
Percentage of wood pul or controlled plantations	•	%	96.1	96.0	99.6
Percentage of wood pul assessed with environm criteria		%	100	100	100
Percentage of wood pul have signed the <i>Supplie</i>		%	100	100	100

33	The scope of solid waste in 2023 includes viscose mills and Lyocell mills; in previous years, only viscose mills were included. General solid waste per unit of product of viscose
	mills = total non-hazardous general solid waste of viscose mills/non-converted viscose fibre output; General solid waste per unit of product of Lyocell mills = total non-
	hazardous general solid waste of Lyocell mills/non-converted Lyocell output.

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

KPI		Unit	2021	2022	2023
Social					
Number of empl	oyees				
Total number of e	employees	Person	5,739	6,479	6,981
D	Male	Person	4,084	4,610	4,998
By gender	Female	Person	1,655	1,869	1,983
D wa sia n	PRC	Person	1	/	6,978
By region	Overseas	Person	1	/	3
	Senior management	Person	80	102	105
By job grades	Middle management	Person	370	461	512
	Junior employees	Person	5,289	5,916	6,364
Senior	Male	%	1	/	80.00
management	Female	%	/	/	20.00
Middle	Male	%	1	/	85.16
management	Female	%	1	/	14.84
Junior	Male	%	1	/	70.47
employees	Female	%	1	/	29.53
Employee Traini	ng				
Comprehensive to	raining coverage	%	100	100	100
Percentage of em	nployees receiving regular performance and ent reviews	%	100	100	100
Occupational He	ealth and Safety				
Health and safety	rtraining coverage	%	100	100	100
Total hours of occ	cupational health and safety training	Hour	108,831	167,076	172,547
Average duration	of health and safety training per person	Hour	18.96	25.79	24.72
Fatalities due to v number of incide	vork-related injuries or occupational diseases -	/	0	1	0
	vork-related injuries or occupational diseases -	1	0	0.02	C
•	number of incidents	/	3	7	8
Lost time injury -	Ratio (per 200,000 working hours)	/	0.05	0.11	0.11
Serious work-rela	ated injuries - number of incidents	/	0	2	C
Serious work-rela	ated injuries - ratio (per 200, 000 working	1	0	0.03	C
Charitable Dona	tions				
Total philanthropy	/ investment	RMB	580,000	675,600	572,100
. 117					<u> </u>
Number of studer education suppor	nts benefiting directly from Sateri's school t programmes	Person	18,257	28,993	54,612

Appendix III: GRI Index

Disclosu	ire Topics	Location	Status and Omissions	Reasons	for
General :	Standards				
GRI 1: Bas	sic 2021				
GRI 2: Ge	neral Disclosure 2021				
Organisat	ion and its reporting practices				
2-1	Organisation details	About Sateri			
2-2	Entities included in the sustainability report	About the Report			
2-3	Reporting period, frequency, and contact point	About the Report			
2-4	Information restatement		N/A		
2-5	External assurance	Appendix V: Independent Assurance Statement			
Activities	and workers				
2-6	Activities, value chain and other business relationships	About Sateri Industrial Circularity Drive			
2-7	Employees	Talent Empowerment			
2-8	Workers other than employees	Talent Empowerment			
Governan	ce				
2-9	Governance structure and composition	Operation Guarantee			
2-10	Nomination and selection of highest governing body		N/A		
2-11	Chairman of highest governing body		N/A		
2-12	Oversight role of the highest governing body in managing impact		N/A		
2-13	Delegating responsibility for managing impact		N/A		
2-14	Role of the highest governing body in sustainability reporting	Sustainability Management			
2-15	Conflict of interests		N/A		
2-16	Communication on issues of major concerns	Sustainability Management			
2-17	Common knowledge of the highest governing body		N/A		
2-18	Performance evaluation of the highest governing body		N/A		
2-19	Remuneration policy		N/A		
2-20	Procedures for determining remuneration	Talent Empowerment			
2-21	Ratio of annual total remuneration		Information incor	nplete/unavai	lable
Strategies	s, policies and practices				
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	Sustainability Management			
2-27	Compliance with laws and regulations	Operation Guarantee			
2-28	Membership associations	Industrial Circularity Drive			
Stakehold	er engagement				
2-29	Approach to stakeholder engagement	Sustainability Management			
2-30	Collective bargaining agreements		N/A		

Disclosu	re Topics	Location	Status and Reasons Omissions	for
GRI 3: Ma	terial Topic 2021			
3-1	Process to determine materiality	Sustainability Management		
3-2	List of material topics	Sustainability Management		
3-3	Management of material topics	Sustainability Management		
Topics C	riteria			
GRI 201: E	Economic Performance 2016			
201-1	Economic value directly produced and allocated		Information incomplete/unav	ailabl
201-2	Financial impact of climate change and other risks and opportunities	Climate Change Mitigation		
201-3	Mandatory defined benefit plans and other retirement plans		N/A	
201-4	Government grants		N/A	
GRI 202: I	Market Performance 2016			
202-1	Ratio of standardised starting level wage to local minimum wage, by gender		Information incomplete/unav	ailabl
202-2	Percentage of executives hired from local communities		Information incomplete/unav	ailabl
GRI 203: I	ndirect Economic Impact 2016			
203-1	Infrastructure investment and support services		Information incomplete/unav	ailabl
203-2	Significant indirect economic impact		Information incomplete/unav	ailabl
GRI 204: I	Procurement Practices 2016			
204-1	Proportion of expenditure on procurement from local suppliers		Information incomplete/unav	ailabl
GRI 205: /	Anti-Corruption 2016			
205-1	Operations assessed for risks related to corruption		Information incomplete/unav	ailabl
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: I	mproper Competitive Conduct 2016			
206-1	Legal action against improper competitive conduct, anti-trust and anti-monopoly practices	Operation Guarantee		
GRI 207:	Tax 2019			
207-1	Taxation guideline		N/A	
207-2	Tax governance, control and risk management		N/A	
207-3	Stakeholder engagement and management related to tax concerns		N/A	
207-4	Country report		N/A	
GRI 301: 1	Materials 2016			
301-1	Weight or volume of the material used		Information incomplete/unav	ailabl
301-2	Recycled feeds used	Resource Saving		
301-3	Recycled products and packaging materials	Resource Saving		
GRI 302: I	Energy 2016			
302-1	Energy consumption within the organisation	Climate Change Mitigation Appendix II: KPIs		
302-2	Energy consumption outside the organisation		Information incomplete/unav	ailabl
302-3	Energy intensity	Climate Change Mitigation Appendix II: KPIs		
302-4	Reduction of energy consumption	Climate Change Mitigation Appendix II: KPIs		
302-5	Reductions in energy requirements of products and services	Climate Change Mitigation Industrial Circularity Drive		
		-/ -		



Interactions between the organisation and water as a common resource Managing drainage-related impacts Water intake Drainage Water consumption diversity 2016 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas Significant impacts of activities, products and services on biodiversity Habitats protected or restored Species on the IUCN Red List and National Conservation List in habitats	Emission Management Appendix II: KPIs Appendix II: KPIs Appendix II: KPIs	
Managing drainage-related impacts Water intake Drainage Water consumption diversity 2016 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas Significant impacts of activities, products and services on biodiversity Habitats protected or restored	Emission Management Appendix II: KPIs Appendix II: KPIs Appendix II: KPIs Ecosystem Protection	
Water intake Drainage Water consumption diversity 2016 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas Significant impacts of activities, products and services on biodiversity Habitats protected or restored	Appendix II: KPIs Appendix II: KPIs Appendix II: KPIs Ecosystem Protection	
Drainage Water consumption diversity 2016 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas Significant impacts of activities, products and services on biodiversity Habitats protected or restored	Appendix II: KPIs Appendix II: KPIs Ecosystem Protection	
Water consumption diversity 2016 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas Significant impacts of activities, products and services on biodiversity Habitats protected or restored	Appendix II: KPIs Ecosystem Protection	
diversity 2016 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas Significant impacts of activities, products and services on biodiversity Habitats protected or restored	Ecosystem Protection	
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas Significant impacts of activities, products and services on biodiversity Habitats protected or restored	Ecosystem Protection	
areas and areas of high biodiversity value outside protected areas Significant impacts of activities, products and services on biodiversity Habitats protected or restored	Ecosystem Protection	
Habitats protected or restored	Ecosystem Protection	
·		
Species on the IUCN Red List and National Conservation List in habitats	Ecosystem Protection	
affected by the operations		N/A
ssion 2016		
Direct (Scope 1) GHG emissions	Climate Change Mitigation Appendix II: KPIs	
Energy Indirect (Scope 2) GHG emissions	Appendix II: KPIs	
Other indirect (Scope 3) GHG emissions	Climate Change Mitigation Appendix II: KPIs	
GHG emissions intensity		N/A
Reduction of GHG emissions	Climate Change Mitigation Appendix II: KPIs	
Emissions of ozone-depleting substances(ODS)		N/A
Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant gas emissions	Emission Management Appendix II: KPIs	
ste 2020		
Waste generation and significant waste-related impacts	Emission Management	
Management of significant waste-related impacts	Emission Management	
Waste generated	Emission Management Appendix II: KPIs	
Waste transferred from disposal	Appendix II: KPIs	
Waste for disposal	9	
plier Environmental Assessment 2016		
New suppliers that were screened using environmental criteria	Industrial Circularity Drive	
Negative environmental impacts in the supply chain and actions taken	Industrial Circularity Drive	
oloyment 2016		
New employee hires and employee turnover		Information incomplete/unavailable
Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent Empowerment	
Parental leave		Information incomplete/unavailable
Minimum notice periods for operational changes	Talent Empowerment	
supational Health and Safety 2018		
•	Talent Empowerment	
	·	
	Energy indirect (Scope 2) GHG emissions Other indirect (Scope 3) GHG emissions GHG emissions intensity Reduction of GHG emissions Emissions of ozone-depleting substances(ODS) Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant gas emissions ste 2020 Waste generation and significant waste-related impacts Management of significant waste-related impacts Waste generated Waste transferred from disposal Waste for disposal plier Environmental Assessment 2016 New suppliers that were screened using environmental criteria Negative environmental impacts in the supply chain and actions taken loyment 2016 New employee hires and employee turnover Benefits provided to full-time employees that are not provided to temporary or part-time employees Parental leave pur/Management Relations 2016 Minimum notice periods for operational changes	Energy indirect (Scope 2) GHG emissions Energy indirect (Scope 2) GHG emissions Other indirect (Scope 3) GHG emissions GHG emissions intensity Reduction of GHG emissions Emissions of ozone-depleting substances(ODS) Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant gas Emission Management emissions tete 2020 Waste generation and significant waste-related impacts Emission Management Management of significant waste-related impacts Emission Management Management of significant waste-related impacts Emission Management Management of significant waste-related impacts Emission Management Appendix II: KPIs Waste generated Emission Management Appendix II: KPIs Emission Management Appendix II: KPIs Waste transferred from disposal Emission Management Appendix II: KPIs Emission Management Appendix II: KPIs Diler Environmental Assessment 2016 New suppliers that were screened using environmental criteria Negative environmental impacts in the supply chain and actions taken Industrial Circularity Drive Ioyment 2016 New employee hires and employee turnover Benefits provided to full-time employees that are not provided to Talent Empowerment Industrial Empowerment Parental leave Dour/Management Relations 2016 Minimum notice periods for operational changes Talent Empowerment Talent Empowerment Talent Empowerment Talent Empowerment Talent Empowerment

Disclosure	Topics	Location	Status and Reasons for Omissions
403-4	Occupational health and safety matters: worker participation, consultation and communication	Talent Empowerment	
403-5	Occupational health and safety training for workers	Talent Empowerment	
403-6	Promotion workers' health	Talent Empowerment	
403-7	Prevention and mitigation of occupational health and safety impacts directly related to the business	Talent Empowerment	
403-8	Workers to whom the occupation health safety management system applies	Talent Empowerment	
403-9	Work-related injury	Talent Empowerment	
403-10	Work-related health issues	Talent Empowerment	
GRI 404: Trai	ning and Education 2016		
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: Div	ersity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Talent Empowerment	
405-2	Ratio of basic pay and remuneration for men and women		Information incomplete/unavailable
GRI 406: Ant	i-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Talent Empowerment	
GRI 407: Free	edom of Association and Collective Bargaining 2016		
407-1	Operational sites and suppliers where freedom of association and collective bargaining rights may be at risk		N/A
GRI 408: Chi	d Labour 2016		
408-1	Operations and suppliers at significant risk for incidents of child labour		N/A
GRI 409: For	ced or Compulsory Labour 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour		N/A
GRI 410: Sec	urity Practices 2016		
410-1	Security personnel trained in human rights policies or procedures		N/A
GRI 411: Indig	jenous Rights 2016		
411-1	Incidents involving violations of indigenous rights		N/A
GRI 413: Loca	al Communities 2016		
413-1	Operating sites with local community engagement, impact assessment and development plans	Community Support	
413-2	Operating sites that have an actual or potential significant negative impact on the local community	Ecosystem Protection	
GRI 414: Sup	plier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Industrial Circularity Drive	
414-2	Negative social impacts on the supply chain and actions taken	Industrial Circularity Drive	
	lic Policy 2016		
415-1	Political contributions		N/A
	tomer Health and Safety 2016		
416-1	Assessing the health and safety impacts of product and service categories	Product Quality and Safety	
416-2	Violations involving health and safety impacts of products and services		N/A
	keting and Logo 2016		. 1// 1
417-1	Requirements for product and service information and labeling	Customer Service Experiences	
417-1	Violations involving product and service information and labeling	Castorner Service Experiences	N/A
417-3	Violations involving marketing communications		N/A
418-1 Cus	Substantiated complaints relating to violations of customer privacy and loss of		N/A
	customer data		

Saterí 2023 Sustainability Report

Appendix IV: 2023 Awards and Certifications

Sateri Group was honoured as one of the Top 10 Supply Chain Companies in CBMESUPPLY2023 in 2023

Sateri Group was honoured as "GoldenKey SDG Forerunner" in 2023

Sateri (China) Fibre Co., Ltd won the 2023 Award for Outstanding Professional Supplier of Hygiene and Maternity Products by China Nonwovens and Industrial Textiles Association

Sateri (China) Fibre Co., Ltd won the Award for Outstanding Contribution to Charity Scholarship in 2023

Sateri (China) Fibre Co., Ltd was honoured as the Outstanding Unit of the Enterprise Contribution Award in Lianxi District

The Volunteer Association of Sateri (China) Fibre Co., Ltd was honoured as the Outstanding Corporate Volunteer Team in the 2023 Corporate Volunteer Service Festival.

The Philanthropy Third Classroom was awarded the Outstanding Corporate Volunteerism Programme in 2023

Sateri (China) Fibre Co., Ltd was awarded the Best Responsible Corporate Brand in Responsibility 100 | CSR China Education List in 2023

The Philanthropy Third Classroom of Sateri (China) Fibre Co., Ltd was awarded "SDG Sustainability Excellence Programme in Responsibility 100 | CSR China Education" in 2023

Sateri (China) Fibre Co., Ltd won the Responsible Brand Award at the 13th Public Welfare Festival in 2023

Sateri (China) Fibre Co., Ltd ranked 60th on the list of "Top 100 Enterprises in Jiangxi" in 2023

Sateri (China) Fibre Co., Ltd ranked 5th on the list of "Top 40 Industrial Enterprises in Jiujiang" in 2023

Sateri (China) Fibre Co., Ltd was awarded "Best Employer" by Zhaopin and "Outstanding Employer" by 51Job in 2023

Sateri (Fujian) Fibre Co., Ltd won the first "Fujian Charity Award" in 2023

Sateri (Fujian) Fibre Co., Ltd won the "Responsible Brand Award for 2023" at the 13th Public Welfare Festival in 2023

Sateri (Fujian) Fibre Co., Ltd was awarded "Enterprise with Outstanding Economic Contribution" in Putian City in 2023

Sateri (Fujian) Fibre Co., Ltd was awarded the title of "Advanced Member Enterprise and Advanced Green Unit for 2023" by China Chemical Fibers Association

Sateri (Changzhou) Fibre Co., Ltd was honoured as "Advanced Enterprise of Liyang City in Safe Production Management" in 2023

Sateri (Changzhou) Fibre Co., Ltd was honoured as "Excellent and Honest Customer for 2023" by SINOPEC East China Branch

Sateri (Yancheng) Fibre Co., Ltd was honoured as "Advanced Collective for Strengthening City with Industry" in Yancheng City in 2023

Sateri (Yancheng) Fibre Co., Ltd was honoured as "Star Enterprise" in Funing County in 2023

Sateri (Yancheng) Fibre Co., Ltd was honoured as "Comprehensive Advanced Industrial Enterprise" in Funing County in 2023

Sateri (Yancheng) Fibre Co., Ltd was honoured as "Advanced Collective for Project Introduction" in Hi-tech Zone in 2023

Sateri (Yancheng) Fibre Co., Ltd was honoured as "Advanced Collective for Economic Development" in Hi-tech Zone in 2023

Sateri (Yancheng) Fibre Co., Ltd. was honoured as "Advanced Collective for Science and Technology Innovation" in Hi-tech Zone in 2023

Sateri (Yancheng) Fibre Co., Ltd was honoured as "Advanced Collective for Economic Development" in Hi-tech Zone and awarded RMB 300.000 in 2023

Sateri (Jiangsu) Fibre Co., Ltd was honoured as "Regional Advanced Enterprise for Science and Technology Innovation" in 2023

Sateri (Jiangsu) Fibre Co., Ltd was awarded as a Caring Enterprise by Suyu Charity Federation in 2023

Sateri (Jiangsu) Fibre Co., Ltd was honoured as Unit of Outstanding Contribution to Women and Children Charity in Jiangsu in 2022

Sateri (Jiangsu) Fibre Co., Ltd won the "Scale Breakthrough Award" of Jiangsu Eco-Chemical Science and Technology Industrial Park for the high-quality development of industrial economy in 2023

Linz (Nanjing) Viscose Yarn Co., Ltd was awarded the "2022/2023 Chinese Yarn Fashion Trend Product - Recycled Regenerated Viscose Fibre Siro Compact Spinning Yarn" in 2022

Sateri (Changzhou) Fibre Co., Ltd was honoured as "Advanced Enterprise of Liyang City in Safe Production Management" in 2023

Sateri (Changzhou) Fibre Co., Ltd was honoured as "Excellent and Honest Customer for 2023" by SINOPEC East China Branch

Sateri
2023 Sustainability Report

Appendix V: Independent Assurance Statement

Independent Verification Statement



To the management and stakeholders of Sateri,

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as "TÜV SÜD") has been engaged by Sateri Group (hereinafter referred to as "Sateri" or "the Company") to perform an independent third-party verification on "2023 Sateri Sustainability Report" (hereinafter referred to as "the Report"). During this verification, TUV SÜD's verification team strictly abided by the contract signed with Sateri and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

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

Scope of Verification

Time frame of this verification:

The Report contains the data disclosed by Sateri during the reporting period from January 1st, 2023 to December 31st, 2023, including governance, environmental and social information and data, methods for management of material issues, actions/measures and the Company's sustainability performance during the reporting period.
Physical boundary of this verification:

The on-site verification sampling took place at below listed location:

23rd Floor, East Tower Zhongrong Hengrui International Plaza, 620 Zhang Yang Road, Pudong, Shanghai, China.

Gutang Town, Lianxi District, Jiujiang City, Jiangxi Province, China. Scope of data and information for the verification:

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

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

Any information and contents beyond the reporting period of this Report; and

The data and information of Sateri's suppliers, partners and other third parties; and

The financial data and information disclosed in this Report that have been audited by an independent third party are not verified again herein.

Limitations

- The verification process is conducted in the above scope and places. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the Company are interviewed; and
- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information before January 1st, 2023 are beyond the scope of this verification.

Basis for the Verification

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

AA1000AS v3, Type 2 Engagement and Moderate level Assurance

TÜV SÜD Procedure of Verification on Sustainability Report

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

- Preliminary investigation of the relevant information before the verification;
- Confirmation of the presence of the topics with high level of materiality and performance in the Report;
- On-site review of all supporting documents, data and other information provided by Sateri; tracing and verification
 of key performance information;
- Special interview with the representative of Sateri's management; 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, and can be used by stakeholders.

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch No.151 Heng Tong Road, Shanghai 200070 Page 1 of 2 Tel: +86 21-61410123 Fax: +86 21-61408600 Web: www.tuvsud.com

Independent Verification Statement



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

Inclusivity	Sateri has identified the internal and external stakeholders such as shareholders and investors, governments and regulators, employees, customers, suppliers and contractors, and communities etc., and established a stakeholder communication mechanism to collect the real demands of stakeholders on a regular basis.
Materiality	Sateri has established the process of material topics determination, identified the sustainability topics which are highly related to the industry, the Company disclosed the strategy, management approach as well as sustainability performance in corporate operation, therefore the Report's adherence to materiality principle is guaranteed.
Responsiveness	Sateri has disclosed the management approach and performance of high material topics that stakeholders concern, such as product development and innovation, climate action, business ethics and compliance, biodiversity protection, diversity, equality and inclusion, etc., and has established a communication mechanism, to fully respond to the demands and expectations of stakeholders.
Impact	Sateri has established a management committee responsible for the development of sustainability strategies, overall objectives and regular risk management. The subordinate sustainability development department identifies and monitors potential sustainability risks in daily operations, tracks the Company's sustainability performance and discloses sustainability related information. The Company assesses the impact of its own business on the economy and the environment, monitors, measures and be accountable for impacting the broader ecosystem.

Recommendations on Continuous Improvement

It is recommended that the Company implements the climate risk response measures continuously to quantify the financial impact of climate change on business development.

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 26,000 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. Shanghai Branch is one of TÜV SÜD's global branches and has an expert team whose members have professional background and rich industrial experiences.

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

Signature:

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



Licensed Report 000-437/V3-6FOI8

Zhu Wenjun

TÜV SÜD Sustainability Authorized Signatory Officer

July 9th, 2024 Shanghai, China

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

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch No.151 Heng Tong Road, Shanghai 200070 Page 2 of 2 Tel: +86 21-61410123 Fax: +86 21-61408600 Web: www.tuvsud.com

AA1000

Saterí