

SUSTAINABILITY REPORT 2020



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

Sateri

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ABOUT THE REPORT

Overview

This is the fifth sustainability report issued by Sateri (hereinafter referred to as "Sateri", "the company" and "we") since 2016, reflecting the company's performance in corporate social responsibility in sustainable development.

Reporting Cycle

This is an annual report covering the period from 1 January 2020 to 31 December 2020 (the "Reporting Period"). Some of the data and information are extended to cover previous years or first two quarters of 2021, which, however, are separately stated in this report.

Basis of Data Preparation and Data Sources

This report is prepared in accordance with the latest Global Reporting Initiative ("GRI") standards – "Core" option and the United Nations Sustainable Development Goals ("SDGs").

Scope of the Report

Unless otherwise stated, the business units and data covered in this Report include all assets and operations that are currently managed by Sateri, as listed below:

Operations	Abbreviated Name	Also referred to as
Sateri (Shanghai) Management Limited	SSH	-
Sateri (Fujian) Fibre Co., Ltd.	SFJ	Viscose Mills
Sateri (Jiujiang) Fibre Co., Ltd.	SJJ	
Sateri (Jiangxi) Chemical Fibre Co., Ltd.	SJX	
Sateri (Jiangsu) Fibre Co., Ltd.	SJS	
Sateri (China) Fibre Co., Ltd.	SCN	
Linz (Nanjing) Viscose Yarn Co., Ltd.	Linz Nanjing	-

In 2020, Sateri expanded production capacity as follows:

New production lines in 2020	Abbreviated Name
Sateri (Rizhao) Lyocell Fibre production line	Sateri Lyocell
Sateri (Xinhui) nonwoven production line	Sateri (Xinhui) nonwoven
Sateri (Jiujiang) nonwoven production line	Sateri (Jiujiang) nonwoven

Sateri (China) Fibre Co., Ltd. commenced operation from December 2019, and was included in Sateri's sustainability report for the first time. For the newly added production lines in 2020, which are Sateri Lyocell and Sateri Nonwoven, data and information relating to human resources, occupational health and safety, trainings, greenhouse gas emission and responsible sourcing are included for reporting, while other environmental data air emission, wastewater discharge, waste disposal etc. are not disclosed in this report.

As both Singapore and Nanjing employees work in the Royal Golden Eagle (RGE) group of companies' offices, energy consumptions and the corresponding Greenhouse Gas (GHG) emissions data from these offices are not included in this report.

Data Sources and Reliability Assurance

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

The currency used in the report is Chinese Yuan (RMB).

External Verification

TÜV SÜD has provided independent verification of this Report whereby its opinion is detailed in the appendix: Independent Verification Statement.

Language

The Report is published in both Chinese and English.

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PRESIDENT'S MESSAGE

Allen Zhang
| President



2020 was a year marked by rapid change. Economic uncertainty brought on by a global pandemic, strategic changes in the textile industry under China's "dual carbon" goal, brands and companies renewing sustainability commitments in the new decade – these are some developments that have collectively drawn attention to materials that are biodegradable with lower environmental impact and cleaner production methods.

Since Sateri's inaugural sustainability report in 2016, we have made a series of commitments to improve our sustainability performance. We had a set of goals for 2020, which were mostly achieved, that paved the way for even more ambitious goals in Sateri's Vision 2030. Launched in November 2020, this 10-year vision was a comprehensive strategic goal setting process which took several months to finalise, and involved the participation Sateri's leaders, consultation with external stakeholders, as well as industry best practice benchmarking.

Sateri 2030 Vision: A New Decade of Change & Action

Through the Sateri Vision 2030, we aspire to be the world's leading net-positive viscose fibre producer. Sustainable development will be a market advantage that supports Sateri's continuous growth and value creation to society. We seek to advance climate and ecosystem protection, adopt closed loop production, and promote innovation, circularity and inclusive growth.

As you will note in this report, we have already started taking active steps to realise the Vision. Sateri signed the Fashion Industry Charter for Climate Action, becoming the first viscose producer in China to support this global fashion agenda. We joined several leading industry associations, including Sustainable Apparel Coalition (SAC), China Association of Circular Economy (CACE) and European Disposables and Nonwovens Association (EDANA), to learn and share best practices, and lend our support for sustainability advocacy.

In 2020, three of our five mills have been verified for compliance with the European Union's Best Available Technology (EU-BAT). We are well on track to achieving compliance for all our existing mills by 2021, two years ahead of our original schedule of 2023. Our collaboration with Conservation International to enhance biodiversity of Poyang Lake, China's largest freshwater lake, has also entered a new phase.

Our relentless efforts in raising the bar on our sustainability performance translates to more and better products for our customers. Notably, in 2020, we introduced FINEX™, consisting 20% post-consumer textile waste, and Lyocell, which is made using a cleaner closed-loop process. Sateri's fibre brands now include 'EcoCosy®', 'FINEX™' and 'Lyocell by Sateri'. We actively promote these environmentally-friendly and safe options to consumers in China through partnerships with leading brand retailers, seeking to raise environmental consciousness among consumers.

Our employees and communities that surround our operations give us our social licence to operate. Sateri's mills are located in third and fourth tier cities in China, and we strive to engage in innovative community programmes that empower lives, as well as render disaster relief support including the COVID pandemic and floods.

Looking Ahead

As part of the 14th five-year plan, the 2035 vision for China's textile industry is to become the main driver of world textile technologies, a key leader in global fashion and an advocate of sustainable development. At the national level, the goals of Carbon Neutrality and Emission Peak have been proposed.

As a raw material supplier, Sateri will continuously strive to mitigate impact on resources and the environment from our business activities. Although there are still many uncertainties due to multiple waves of the pandemic globally, the textile industry has strong resilience and is actively integrating into the new pattern of domestic-international dual circulation. Sateri will continue to cooperate with upstream and downstream partners to strengthen industrial collaboration, jointly build a sustainable omni-channel win-win chain and contribute to the realization of the 2035 vision for the textile industry.

Allen Zhang
President

HIGHLIGHTS OF 2020



Launched 2030 Sustainability Vision

Obtained **10**
sustainability certifications/
assessments related to mills



Obtained **6**
sustainable product-related
certifications



Won **7**
sustainability-related
awards



Climate and Ecosystem Protection



Signed the Fashion Industry
Charter for Climate Action,
striving towards

30%

GHG emissions reduction by
2030 (scope 1, 2 and 3)



Net **0** GHG emissions
by 2050 (scope 1 and 2)

Proportion of wood pulp from
certified or controlled wood source

96%



Risk assessment covers
100%
of wood pulp suppliers

Sateri started a five-year Poyang
Lake Freshwater Health and
Wetland Protection and Restoration
initiative with Conservation
International



Won the CDP Corporate
Impact Award for
Addressing Climate

Closed Loop Production



3

of 5 viscose mills
verified as EU-BAT
compliant

100%

compliant with ZDHC
MMCF Wastewater
Guidelines

0

prosecution or
punishment on
environmental protection

84%

of general solid
waste was recycled
or converted to
energy



Total sulphur recovery rate
97.7%

Sulphur to air
36.7% ↓
compared with 2019

Investment on
environmental protection
582.69 million RMB

Energy consumption
18.95 GJ/tonne
product and was better
than EU-BAT norms

Process water

9.7% ↓

and was better than
EU-BAT norms



COD emissions per Unit
Product

16.0% ↓
compared with 2019



$\text{NH}_3\text{-H}$ emissions per
Unit Product

21.9% ↓
compared with 2019

Indicators cover regenerated cellulose fibre mills

Innovation and Circularity



R&D investment in 2020 has exceeded

580 million RMB



By 2020, a total of

207 patents have been applied



Successfully commenced production of Lyocell fibre

Recycled fibre FINEX™ was launched, with up to **20%** recycled content.

Inclusive Growth



Total employee training hours

330,843

48.53

Average hours of training per employee



Announced support for UN Women's Empowerment Principles (WEPs)

Female employees account for

10%

in the senior management team, and

16%

in the middle management team



Investment used for education, empowerment, and improvement has been

1.499 million RMB

No. of Sateri Education Bursary recipients

1,600+



100%

of viscose mills have been certified to ISO45001 (OHSMS)

0 fatality due to work-related injury or occupational disease

0 lost-time incident

SATERI AT A GLANCE

The largest manufacturer of viscose fibre in the world

ABOUT US

Sateri, a member of the Royal Golden Eagle (RGE) group of companies, is the largest manufacturer of viscose fibre in the world. Headquartered in Shanghai, we have a global market outreach covering Asia Pacific, Europe and the Americas. We are strategically positioned with 5 viscose mills in China to serve the China market which is the world's largest and fastest-growing market for regenerated cellulose fibre. In 2020, our viscose fibre output was more than 1.5 million metric tonnes per annum. We also operate Linz (Nanjing) Viscose Thread Co., Ltd. In 2020, we actualized the first official production of Lyocell fibre and nonwoven.



Total Production Volume

1.549 million tonnes

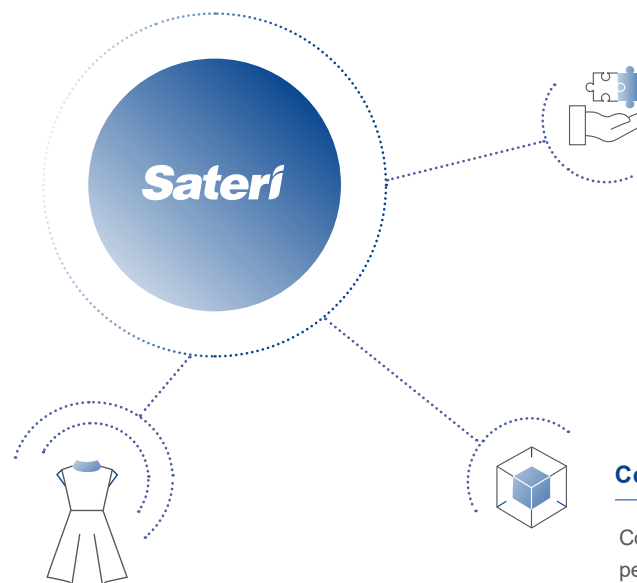


No. of Employees

5,739



Operating facilities added up to **9** in 2020



Corporate vision

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

Core values

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

Origin of "Sateri"

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

SATERI'S BUSINESS

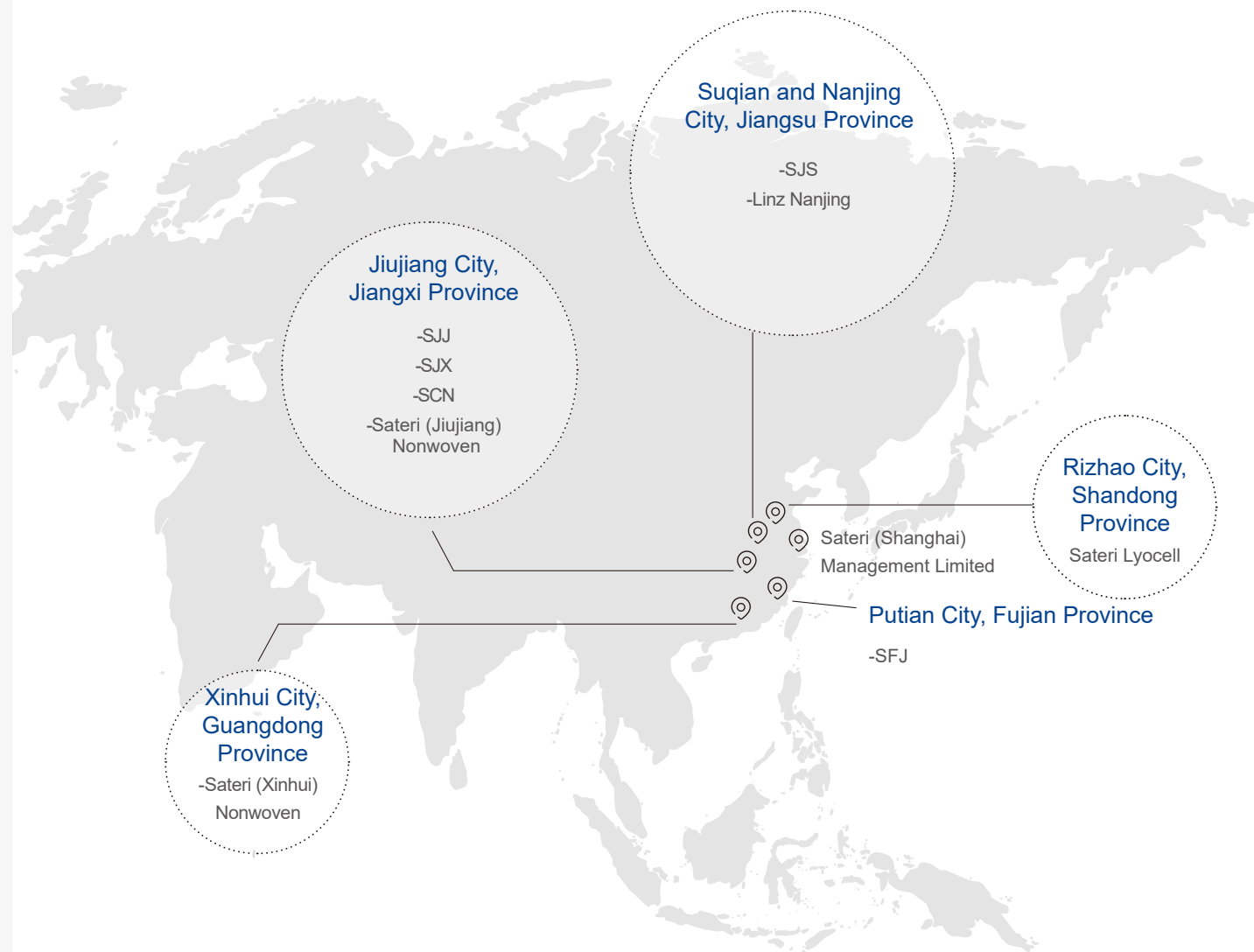
With a history of expertise from Finland, our modern mills use advanced European technology to make viscose from 100% dissolving wood pulp to provide best-quality and highest-purity viscose fibres to our clients.

Use

100%



dissolving wood pulp as raw material



Viscose fibres

Viscose fibre is Sateri's main product. Made from wood cellulose, viscose fibre is a natural and sustainable raw material. Due to its comfort and softness, viscose fibre is a popular choice for daily items such as textiles, baby wipes and personal hygiene products. As smooth as silk with excellent drape, it has great moisture absorption, breathability and skin sensorial properties. According to Higg Materials Sustainability Index (MSI) by the Sustainable Apparel Coalition (SAC), viscose fibres has a lower environmental impact than other conventional plant- and animal-based fabric materials such as leather, silk, cotton and wool.



Renewable source

Utilizing renewable raw materials, reducing reliance on fossil fuels.



100% Bio-based

Sourced from forestry materials, 100% bio-based, no plastic content



Biodegradable and compostable

Naturally degradable and compostable, from nature, back to nature, providing a solution to eliminate marine pollution.

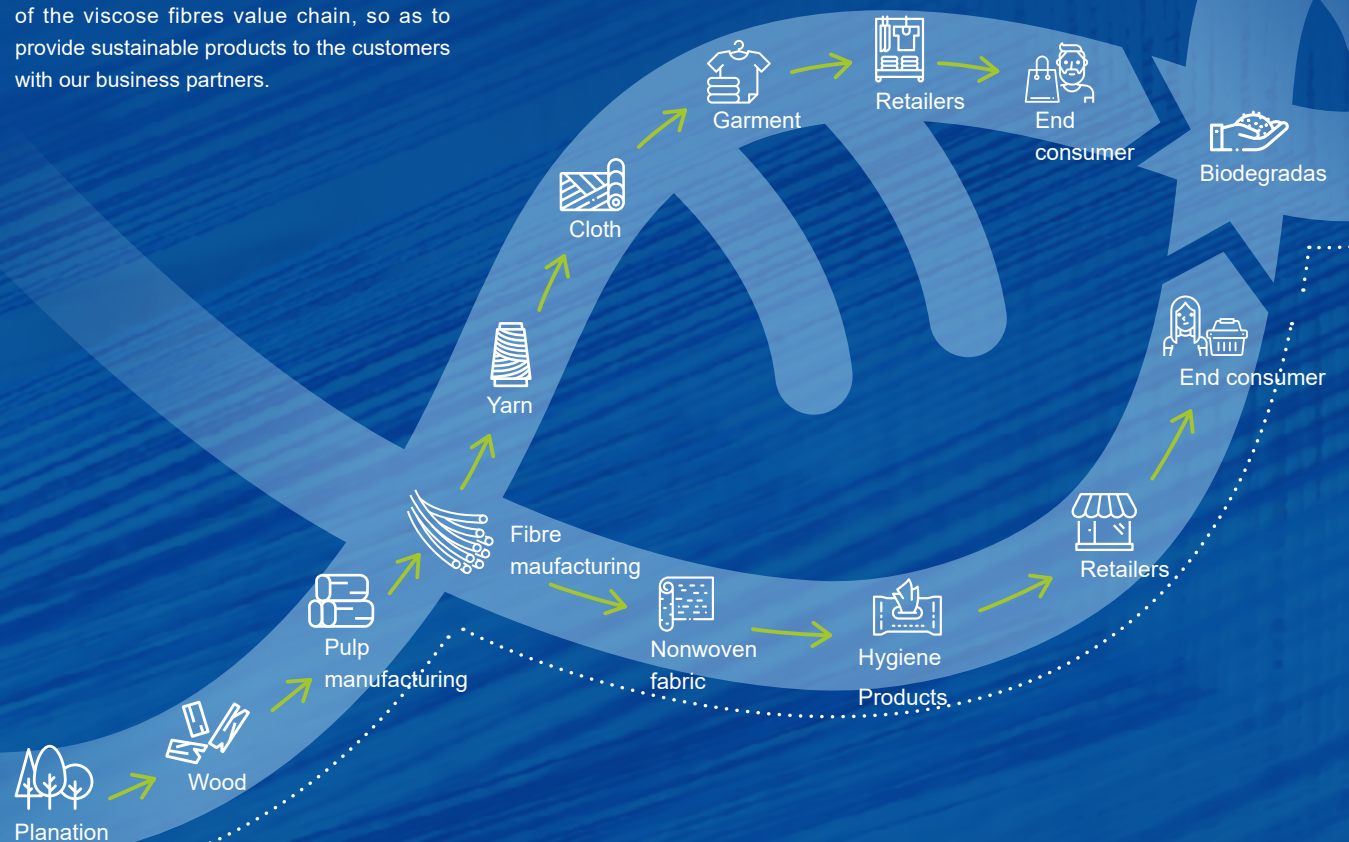


Non chemically modified natural polymers

"Non-chemically modified" natural polymers, only the physical structure altered, an environmentally friendly alternatives to traditional petroleum-based fibres (such as polyester and nylon)

The MMCF Value Chain

While ensuring product performance, we are committed to embedding green procurement and sustainable production at every step of the viscose fibres value chain, so as to provide sustainable products to the customers with our business partners.



Nonwoven fabric

Sateri nonwovens fabric is the newest business unit launched in 2020. It uses natural biodegradable wood fibres as raw materials. By integrating international advanced production equipment and technology, it provides fashionable, safe and comfortable products in personal care, medical and hygiene and other fields, while driving towards a greener and more sustainable value chain of forest, pulp, fibre and spunlace nonwoven production.

Sateri has a full range of spunlace nonwoven production and R&D capabilities to achieve full coverage of the two mainstream processes which are parallel lapping and cross lapping. On top of that, we are able to produce plain, perforated, embossed, prints and other styles of products with a product weight range from 30-100g/m², including personal care, beauty and make-up, cleaning wipes, medical & hygiene and other applications.

Product weight range from

30-100g/m²



SUSTAINABLE DEVELOPMENT

Performance Highlights

- Launched 2030 Sustainability Vision
- Optimised the identification of sustainability issues and re-evaluate the materiality issues.
- Signed the Fashion Industry Charter for Climate Action
- Announced support for the UN Women's Empowerment Principles (WEPs)
- Joined the "GoldenBee Global CSR 2030 Initiative"
- Joined Sustainable Apparel Coalition (SAC)

Obtained

10

sustainability certifications/
assessments related to mills



Obtained

6

sustainable product-
related certifications



Won

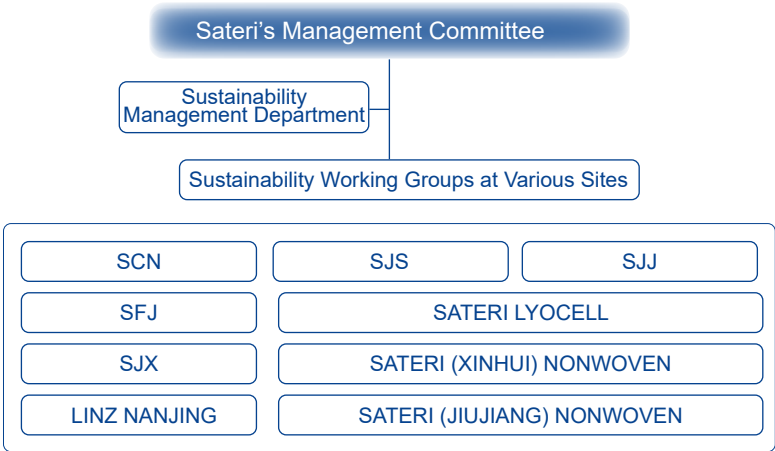
7

sustainability
related awards



SUSTAINABILITY GOVERNANCE

We proactively integrate all aspects of sustainability into our corporate development. Following our business and development path, we continuously improve our Innovation and R&D capabilities on viscose fibres, promote low-carbon and emission reduction along the value chain, work closely with our stakeholders and strengthen our sustainability governance to accelerate sustainable development of the economy, society and environment. We established a Sateri Management Committee for overseeing sustainability management within the company, supporting by a sustainability department which comprises senior management and sustainability experts who are responsible to coordinate the sustainability management across the company.



SUSTAINABLE DEVELOPMENT APPROACH

Sateri's approach to sustainable development is deeply anchored on the 5-C principle of Creating Value for the Community, Country, Climate, Customer and the Company. As a raw material supplier, we have and will continue to do our part to respond to the urgency of decoupling growth from further resource impact. We met most of the 2020 commitments we have set in our first Sustainability Report 2016. We have reviewed the United Nations Sustainable Development Goals (SDG) framework, identified and prioritised the SDGs where we can enhance our focus and improve our SDG performance going forward. These efforts have culminated in the Sateri Vision 2030 that set higher goals and paved the way for more ambitious actions in the coming decade.





SDGs:



Climate and Ecosystem protection

- Achieve net-zero carbon emissions by 2050, and contribute to a net-positive state of natural through supporting the protection, restoration and regeneration of the land and freshwater ecosystem across our value chain footprint;
- We aim to reduce GHG emissions in Scope 1, 2 and 3 by 30% by 2030. We are in the process of setting science-based GHG emission reduction targets to define our climate commitments.
- We will develop science-based Biodiversity Strategy to guide our effort towards planetary biodiversity goals.



SDGs:



Closed-Loop Production

- Build a clean and closed-loop production system, and to produce with zero harm through radical reduction of emissions and zero discharge of hazardous materials.
- Our ambition is to have all our viscose mills meet ZDHC MMCF Progressive Level by 2023 and meet Aspirational Level by 2027 with respect to chemical recovery, wastewater discharge and air emissions.
- We aim to have all Sateri viscose mills meet the EU-BAT norms in resource efficiency and emission control by 2023.
- Further reduce water intensity beyond EU-BAT levels and significantly increase wastewater recycling rates.
- Our approach to reduce Sulphur emissions to air and in water is through maximising Sulphur recovery in our production process. We commit to achieving 98% Sulphur recovery rate at all Sateri plants by 2025;
- We also commit to achieving zero waste to landfill at all plants before 2025.





SDGs:



Innovation and circularity

- Realise the net-positive potential of MMCF by leading in innovation and driving circularity across our value chain;
- We commit to utilising textile waste and produce viscose products with 50% recycled content by 2023 and 100% by 2030;
- By 2025, 20% of the feedstock we source will contain alternative or recycled materials.



SDGs:



Inclusive growth

- Ensure the health and safety of employees and communities, create common value with innovation and care, and share social prosperity;
- We aspire to build a safe, healthy and happy workplace for all. We strive to achieve zero incidents and zero occupational diseases today, tomorrow and everyday - through 2030, and beyond. By 2025, we'll reduce our Loss Time Incident (LTI) Rate to below 0.1 per 200,000 working hours and have developed Personal Development Plans for 100% of our employees. We will also increase the ratio of women in management positions through 2030. We respect the human and labour rights of all and will work to ensure that our suppliers do the same, including acknowledging the rights of indigenous people and rural communities to give or withhold their Free, Prior and Informed Consent (FPIC);
- We strive to build a better life for all through community empowerment and education. By 2030, we will support more than 300,000 local families and smallholder farmers to develop needed skills for maintaining sustainable livelihoods through the Sateri Flagship Empowerment programmes. We will also ensure all left-behind and disadvantaged children in our local communities receive quality pre-primary education, through Sateri Flagship Education programmes.



Memberships & Initiatives

During our journey in fulfilling Sateri 2030 Vision, we have responded to the calls of various global organisations by joining a number of international and local organisations and initiatives. We undertake our sustainability commitments with strong actions. Sateri became the member of the Zero Discharge of Hazardous Chemicals (ZDHC) in 2018 and has been promoting the goal of zero hazardous chemicals emission since then. As one of the founders of the Collaboration for Sustainable Development of Viscose (CV), we pledge to work together with other members to explore and promote the sustainable development model for the industry and strive to minimise the environmental impact throughout the viscose fibre life cycle.

Initiatives and Organizations



Textile Exchange



Fashion Industry Charter for Climate Action



Zero Discharge of Hazardous Chemicals (ZDHC)



Sustainable Apparel Coalition (SAC)



Women's Empowerment Principles (WEPs)



European Disposables and Nonwovens Association (EDANA)



Collaboration for Sustainable Development of Viscose (CV)



Working Group of China National Textile and Apparel Council (CNTAC) - Life Cycle Assessment



GoldenBee CSR 2030 Initiative



China Association of Circular Economy (CACE)



As of December 2020, the CV had a total of

12 members



163



downstream value chain members

► Collaboration for Sustainable Development of Viscose (CV)

In 2018, Sateri, in partnership with the China Chemical Fibre Industry Association, the China Cotton Textile Industry Association and other viscose fibre enterprises, established the Collaboration for Sustainable Development of Viscose (CV), aimed at promoting more sustainable production of viscose. As of December 2020, the CV had a total of 12 members (2 industry associations and 10 viscose fibre producers) and 163 downstream value chain members.

Following the launch of the Coalition's three-year action plan for green development (2018-2020) at its inception, CV, in consultation with raw material suppliers, brands, government agencies and civil society organisations, has begun to map out a sustainable development goal for the Chinese viscose fibre industry for 2025 and a sustainable vision for the medium to long term in 2030/2050. This is to guide the industry to further optimise its energy structure, raw material sources and innovative business models, set up global value chain collaboration, lead the sustainable, circular and low carbon development of the viscose fibre industry and support the fashion industry, global climate change and biodiversity governance agenda. As a founding member of the CV, Sateri is committed to jointly working with other industrial members to explore and advance the sustainable development model for the industry.

> Sustainable Apparel Coalition (SAC)

The Sustainable Apparel Coalition (SAC) is a non-profit organisation comprising over 250 leading apparel and footwear brands, retailers, manufacturers, trade associations and academic institutions, etc, with the purpose of uniting and leading the fashion industry towards sustainable development. Sateri joined the alliance during the Reporting Period and looks forward to cooperating with SAC's members to improve the industry's environmental and social impacts.

> Women's Empowerment Principles (WEPs)

Women's Empowerment Principles (WEPs) is an initiative jointly put forward in 2010 by the United Nations Global Compact (UNGC) and the United Nations Women's Agency (UN Women) to achieve the "Goal 5: Gender Equality" in the United Nations 2030 Sustainable Development Goals.

Following the seven Women's Empowerment Principles (WEPs), Sateri will: establish a high-level corporate leadership mechanism to promote gender equality; respect and support the principle of human rights and non-discrimination, and treat all male and female employees equally; protect the health, well-being and safety of all male and female employees; strengthen the education and training of female employees to facilitate their career advancement; promote enterprise development plans, supply chains and marketing practises that are conducive to improving women's capabilities and rights; herald gender equality through community initiatives and advocacy; measure and publicly report the progress of enterprises in promoting gender equality.

> China National Textile And Apparel Council - Life Cycle Assessment

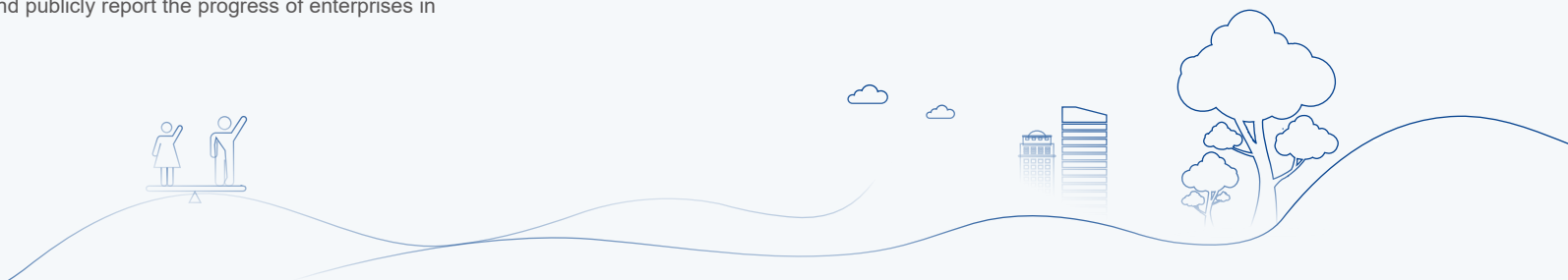
The "Working Group of China National Textile and Apparel Council - Life Cycle Assessment" was officially established during the China Textile and Apparel Industry Social Responsibility Annual Meeting in December 2020.

By joining the Working Group, Sateri will work with industry partners to build a textile product life cycle assessment (LCA) system and tools to investigate, study and develop the material environmental database and application cases throughout the entire life cycle of the textile value chain, in an effort to achieve the standardised measurement and ecological analysis of a number of environmental indicators including carbon, water, and chemical footprint of textiles and related products.

> GoldenBee Global CSR 2030 Initiative

At the 15th China International Forum on Corporate Social Responsibility, Sateri announced its support for the "GoldenBee Global CSR 2030 Initiative".

The initiative was jointly launched by the "China Sustainability Tribune" and the United Nations Global Compact Network China and strives to adopt a common vision and shared value, cross-border collaboration, and fair competition to help companies elevate their social responsibilities.



► Sateri Night: Sustainable Fashion • Building the Future

Against the backdrop of rising calls for sustainable development, the bright future coming with sustainable solutions, sustainable materials, and sustainable fashion creativity is a common vision aspired by all clothing industry participants. Following the latest dynamics of sustainable development and the changes in green fashion, Sateri provided the fashion industry with answers to “how to make a sustainable fashion industry” at the China International Clothing and Apparel Expo 2020 (Autumn).

On 23 September, 2020, Sateri and CHIC jointly held an evening party with the theme of “Sateri Night: Sustainable Fashion • Building the Future” to raise the industry's attention to sustainable fashion again. During the party, Sateri led the discussion about the future of fashion, launched new sustainable fibre brand and expressed its desire for a beautiful future.

Sateri believes in the needs of remaining steadfast foundations amid the crisis, and seeking innovations

and changes, especially in the course of transforming to sustainable development and green innovations. Companies need to step up their R&D and innovation capabilities, and evolve environmental friendliness as the core of their products. Sustainability being its constant lifeline, Sateri will continue to promote the research and development of new technologies and new products, so as to introduce our products to the markets on a rapid and large scale and provide solutions for our downstream partners.



> Seeking green solutions for fashion and sustainable development

On 27 October, 2020, "Green Empowers Fashion and Sustainable Development – Sateri Product Development Innovation Summit" was held in Keqiao, Shaoxing city, Zhejiang province. The theme of the conference was "Green Empowers Fashion and Sustainable Development". Based on the development and application of Sateri's environmentally friendly fibre materials in sustainable textile products, systematic discussion was carried out covering topics such as fashion trends, product systems, consumer awareness, marketing strategies and potential prospects, etc.

Sustainable fashion is no longer just a green trend, but an important driver to promote the entire industrial value chain. Green products, low-carbon and environment protection have become important focuses of the industry development. As the world's largest cellulosic fibre manufacturer, Sateri has been consistently working to achieve a win-win cooperation within the value chain from the fibre source, and making constant innovations. Taking this summit as an opportunity, Sateri invited our partners from the entire industrial value chain to gather in Keqiao and discussed how to recover from the impacts of the COVID-19 pandemic, and use innovative green materials and new technologies to achieve sustainable development.



COMMUNICATIONS WITH STAKEHOLDERS



Sateri strive to maintain active interaction with internal and external stakeholders and listen to them in order to find solutions to social, environmental and economic issues. In 2020, we continued to build trusting and supportive partnerships with various stakeholder groups through open dialogues, communications and feedbacks. Their suggestions were used to assess and continuously improve sustainability efforts. We used a variety of ways to involve stakeholders in our sustainable development strategies or initiatives, and to understand the views and expectations of stakeholders, so that we can make more effective management decisions.

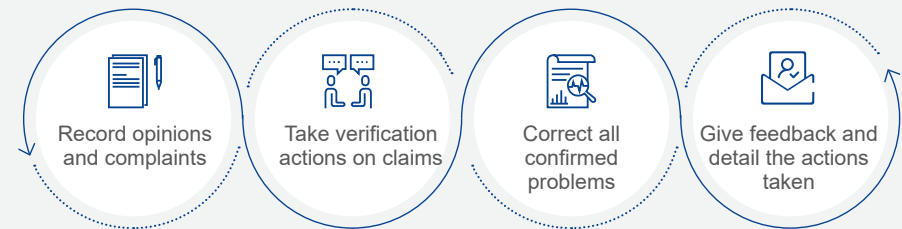
The following table shows the types of stakeholders that are important to Sateri's business operations, the topics of interest to these stakeholders, and the communication channels of the Group.

Stakeholders	Government agencies	Business operators and investors	Employees	Suppliers or contractors	Downstream partners (customers)	NGOs (Non-Government Organisations)/Media/Industry Associations	Surrounding communities	Academic and research consulting institutions
Topics of interest	<ul style="list-style-type: none"> Wastewater and air emissions treatment compliance Solid wastes treatment compliance Occupational health and safety Corporate Social Responsibility Product safety Greenhouse gas emissions and targets Water resources management and targets 	<ul style="list-style-type: none"> Business ethics and integrity Innovation and R&D Climate change risk identification and responses Greenhouse gas emissions and targets Water resources management and targets Sustainable supply chain management Employee training and development 	<ul style="list-style-type: none"> Occupational health and safety Fair Labour Rights and benefits Employee training and development 	<ul style="list-style-type: none"> Business ethics and integrity Sustainable supply chain management Supply chain transparency and traceability 	<ul style="list-style-type: none"> Product certification Product safety Product compliance and marketing Innovation and R&D Chemical management Climate change risks identification and responses Greenhouse gas emissions and targets Water resources management and targets Sustainable supply chain management Supply chain transparency and traceability 	<ul style="list-style-type: none"> Climate change risks and responses Water resources management and targets Chemical Management Environmental Management System Greenhouse gas emissions and targets Energy consumption and trend Sustainable supply chain management Supply chain transparency and traceability 	<ul style="list-style-type: none"> Wastewater and air emission treatment compliance Corporate Social Responsibility 	<ul style="list-style-type: none"> Innovation and R&D
Communication and feedback channels	<ul style="list-style-type: none"> Environmental and safety supervision, audit and management Disclosure of pollutant discharge data Participation in the formulation of industry standards 	<ul style="list-style-type: none"> Work meetings and seminars Company websites, corporate publications Email, phone and/or other social media 	<ul style="list-style-type: none"> Work meetings, training Staff congress activities, team activities Company website, corporate publications Email, phone and/or social media such as WeChat Various recruitment activities 	<ul style="list-style-type: none"> Supplier assessment Supplier Chain of Custody review, evaluation, and site visits targeting wood pulp sourcing Regular communication via meetings, email and telephone Product exhibitions and industry seminars Sustainability report 	<ul style="list-style-type: none"> Customer technical exchange, cooperative research and development, and customer satisfaction survey Company websites, corporate publications Regular communication via meeting, email and telephone Product exhibitions and industry seminars Sustainability Report 	<ul style="list-style-type: none"> Industry surveys and research reports Disclosure of environmental pollutant discharge data Chain of Custody and system audit and evaluation Industry surveys and research reports Participation in the formulation of industry standards Sustainability Report Product exhibitions and industry seminars Regular communication via meetings, email and telephone 	<ul style="list-style-type: none"> Community visits Public open day Public mailbox for appeals and feedback Community activities and daily communication 	<ul style="list-style-type: none"> Cooperative research and development mechanism, and strategic cooperation in talent training Academic and industry research reports
Stakeholder representatives	<ul style="list-style-type: none"> Central government Local government regulatory agencies 	<ul style="list-style-type: none"> Sateri senior management Investors 	<ul style="list-style-type: none"> Sateri employees 	<ul style="list-style-type: none"> Dissolving pulp suppliers such as Bracell and APRIL Suppliers of other materials, such as chemicals 	<ul style="list-style-type: none"> Yarn and fabric companies Fashion brands Personal care brands 	<ul style="list-style-type: none"> Non-government organisations, such as Changing Markets Foundation (CMF) and Canopy Industry associations, such as China Chemical Fibres Association (CCFA) and China National Textile and Apparel Council (CNTAC) Multi-stakeholder organisations and initiatives, such as the Sustainable Apparel Coalition (SAC) and the Zero Discharge of Hazardous Chemicals Coalition (ZDHC) etc 	<ul style="list-style-type: none"> Residents near Sateri's business area 	<ul style="list-style-type: none"> China Textile Academy, Donghua University and other academic research institutions

Through regular dialogues and engagement with stakeholders, we seek to understand and address key issues of stakeholders. In addition to our annual Sustainability Report, we also regularly update stakeholders of our sustainability progress through our Sustainability Dashboard (<https://www.sateri.com/sustainability/sustainability-dashboard/>) and newsletters "Thread" (<https://www.sateri.com/thread/>).

Where the wood pulp comes from and how it is produced is arguably one of the most important stakeholder concerns. We have developed and strictly implemented the Sustainability Policy and Pulp Sourcing Policy (<https://www.sateri.com/sustainability/policies/>) to guide our business practices and conduct. We also publish the names of our dissolving wood-pulp suppliers and their location on our website (<https://www.sateri.com/sustainability/pulp-suppliers/>), and provided links to the sustainability practices and performance of most of them.

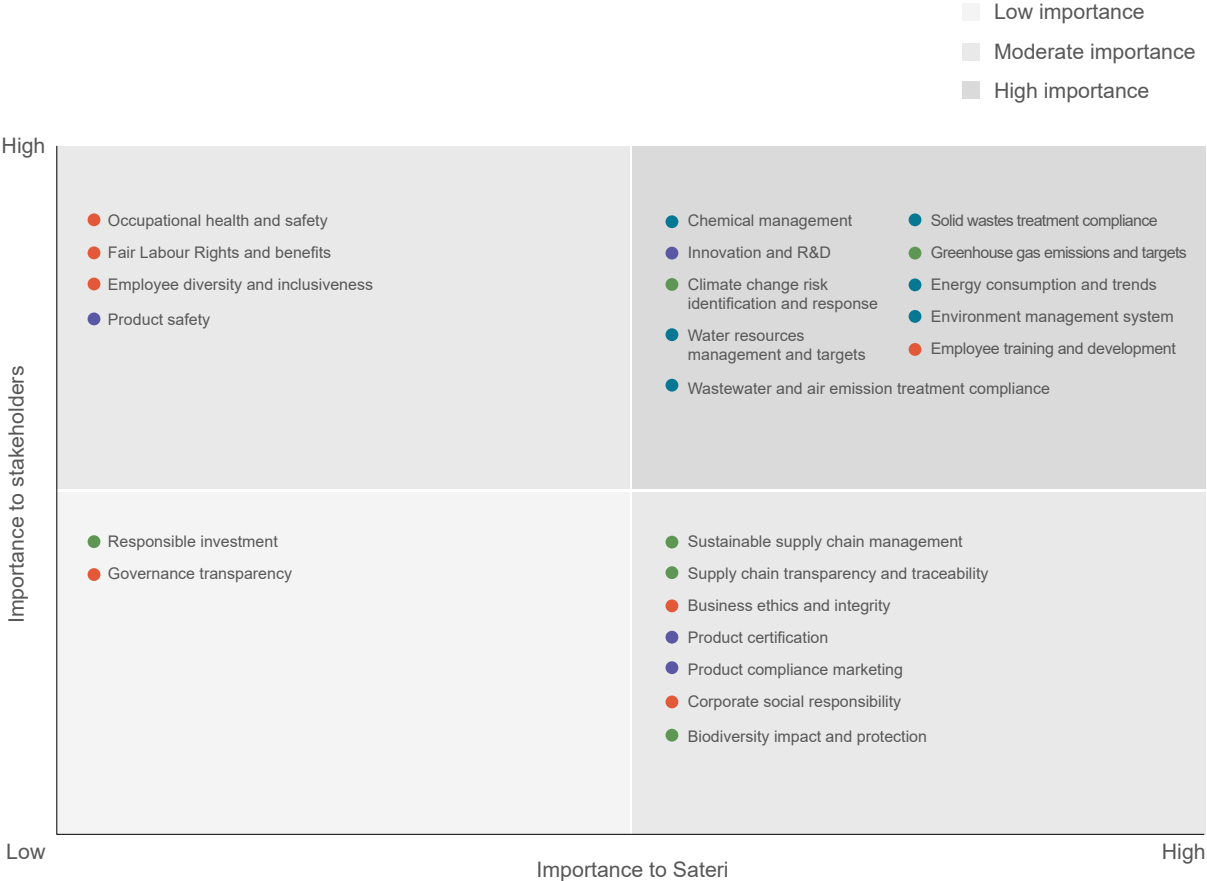
As a transparent and accountable company, we encourage stakeholders to send us feedback about our policies, operations and activities – and those of our suppliers and partners – so we can take action to address concerns, resolve grievances and improve our performance. Any raised grievance is treated seriously in line with our grievance protocol (<https://www.sateri.com/sustainability/grievance/>):



Sateri is committed to handling all complaints in a fair and timely manner. An appeal can be made for further follow-up when the offered solution is deemed unsatisfactory.

ANALYSIS OF MATERIALITY ISSUES

Building on the key issues identified in the materiality assessment conducted in 2019 and Sateri Vision 2030 stakeholder consultation in 2020, we have identified 23 topics of concern to an stakeholders and which have an impact on our business including 10 material issues of high importance (e.g. sustainable sourcing of wood pulp, chemical management, Innovation and R&D, climate change risk identification and responses etc), 11 of moderate importance (e.g. sustainable supply chain management, occupational health and safety) and 2 of low importance which are responsible investment and governance transparency. The material issues with high importance are chosen to be key directions of the company's sustainable development and we will focus on these issues for disclosure in this report.



CERTIFICATIONS/ AWARDS AND BENCHMARKING

By continuously strengthening sustainable development practises and promoting the sustainable development along the entire industrial value chain, Sateri has been recognized by multiple institutions in both China and abroad in the field of sustainability, demonstrating excellent ability of action-taking and tremendous sustainable development potentials.

Factory certification/ assessment



STeP by OEKO-TEX®

Sustainable Textile and Leather Production certification

STeP by OEKO-TEX® is an independent certification system for sustainable production companies, certifying sustainable textile and leather production. Through a modular format and dynamic certification system, comprehensive analysis and evaluation of a company's sustainable production conditions are carried out, which is to enable an environmental friendly production process, ensure a healthy and safe working environment and protect the social rights and interests of workers.

Achievements

SFJ, SJX, SJJ and SJS have all obtained Level 3 STeP by OEKO-TEX® certifications.



HIGG FEM 3.0

Facility Environmental Module verification

Higg FEM 3.0 was developed by the Sustainable Apparel Coalition (SAC) to measure the environmental management status on seven environmental categories, including environmental management systems, energy and greenhouse gas emissions, water use, wastewater, air emissions, waste and chemical management.

Achievements

SFJ, SJX, SJJ and SJS have all successfully completed the Higg FEM 3.0 third-party field verification with scores over **84%**



PEFC™ CoC

Programme for the Endorsement of Forest Certification-Chain of Custody

PEFC is an independent, non-profit international organisation that promotes sustainable forest management through certification of forest products, aiming to protect and enhance capacity of forests to mitigate climate change.

PEFC™ Chain of Custody (CoC) is a mechanism for tracking certified raw materials from forest to final product to ensure that the wood products used come from sustainably-managed plantations/forests and other non-controversial sources.

Achievements

SFJ, SJX, SJJ, SJS, and SCN have all obtained the international PEFC™ CoC certification, and CFCC CoC certification recognized by China Forest Certification Council (CFCC). Sateri Lyocell was certified in 2020 while Sateri (Jiujiang) nonwoven was certified in May 2021.



The United Kingdom Accreditation Service (UKAS), is a national organisation responsible for accreditation of certification authorities and laboratory measurement and test. It is the most authoritative accreditation organisation in the British Commonwealth and even the world.

Achievements

SFJ, SJJ, SJX, SJS, and Sateri Lyocell have all obtained the ISO9001 certification issued by UKAS. SCN obtained the certification in January 2021.

SFJ, SJJ, SJX, SJS, and Sateri Lyocell have all obtained ISO14001 certification issued by UKAS, and SCN obtained the certification in January 2021.

SFJ, SJJ, SJX, SJS, and Sateri Lyocell have all obtained ISO45001 certification issued by UKAS, and SCN obtained the certification in January 2021.



ZDHC MMCF Interim Wastewater Guidelines Version 1.0 (Zero Discharge Hazardous Chemicals)

The Zero Discharge of Hazardous Chemicals (ZDHC) programme was established in 2011 to promote the zero hazardous chemicals discharge in the textile, leather and footwear industries. ZDHC MMCF Interim Wastewater Guidelines were released in 2020, which defines standard practises for wastewater testing and expectations for manufacturing facilities producing Man-Made Cellulosic Fibres (MMCF).

Achievements

SFJ, SJX, SJJ, SJS, and SCN have all carried out wastewater monitoring in accordance with the requirements of the guidelines and fully complied.



Recycled Claim Standard (RCS)

The Recycled Claimed Standard (RCS) is a recycling (and regenerating) standard launched by Textile Exchange in 2013. It specifies the requirements for third-party certification of recycled contents and Chain of Custody for the use of recycled materials, providing a certification basis for products that use recycled raw materials, which is applicable to products with recycled raw material content between 5% and 100%.

Achievements

SJS and Linz Nanjing have obtained RCS certifications.



EU-BAT Assessment

In 2007, the European Union issued a reference document on the best available technology (BAT) for the production of polymer materials, which stipulated the most effective technologies needed to achieve environmental protection and responsible production of synthetic materials and cellulose fibres (including viscose fibres). Its main purpose is to explain the industrial process and promote the global utilisation of the important BAT and related emission and consumption level limits adopted by the EU in the industry.

EU-BAT has made the most comprehensive and ambitious regulations on air and water pollution during the production, which has been included in the "Roadmap for Responsible Production of Viscose and Modal Fibres" by the Changing Markets Foundation.

Achievements

SFJ, SJJ and SJX have been verified by the Sustainable Textile Solutions (STS) as being EU-BAT compliant.

Cleaner production audit and acceptance

SFJ, SJJ, SJX and SJS¹ have all carried out the cleaner production assessment. Among them, SFJ, SJX and SJS were rated as Domestic Advanced Cleaner Production Enterprise.

¹SJS was rated as Domestic Advanced Cleaner Production Enterprise in January, 2021.

Product certification >>



STANDARD 100 by OEKO-TEX® (Annex 6, Class I) Eco-textile certification

STANDARD 100 by OEKO-TEX® is one of the world's best-known labels for textiles tested for harmful substances. It stipulates limits of harmful substances in fibres, yarns and various textiles, and stands for customer confidence and high product safety.

Awarded to

Textile and nonwoven viscose fibres, FINEX™ recycled viscose fibre, and lyocell fibre



MADE IN GREEN by OEKO-TEX® Traceable product label

MADE IN GREEN by OEKO-TEX® is a traceable product label that can communicate traceability throughout the supply chain with end users. By scanning the QR code on the label, the customer can trace that the product has passed the hazardous substance tests and has been manufactured using sustainable processes.

Awarded to

Textile and nonwoven viscose fibres and FINEX™ recycled viscose fibre



Hohenstein Institute "Biological Safety" certificate

Hohenstein biosafety certification includes:

Cytotoxicity testing according to EN ISO 10993-5 and In vitro skin sensitisation test by flow cytometry according to SOP-QM 11.08.03.068
The certification ensures that the product is non-cytotoxic, safe, non-allergenic, and reliable.

Awarded to

EcoCosy® viscose fibre



Seedling label EU certification for industrial composting

Seedling is an internationally recognised compost label developed by the European Bioplastics. This certification is mainly based on the EN 13432 standard to evaluate materials from chemical substance limit, biodegradability, disintegration performance and eco-toxicological performance.



BPI (Biodegradable Products Institute)
BPI is an internationally recognised industrial compostable label developed by the International Biodegradable Products Institute. The certification is mainly based on the ASTM D6400 standard to evaluate materials in terms of biodegradability, disintegration performance and eco-toxicological properties.

Awarded to

Nonwoven viscose fibres



USDA certified 100% bio-based product

This product certification proves that the product is bio-based, and not petroleum based. Bio-based products are derived from renewable resources, such as plant, animal, marine and forest resources. As a substitute for non-renewable petrochemical products, bio-based materials play an important role in reducing greenhouse gas emissions.

Awarded to

Viscose fibre (white), lyocell fibre and FINEX™ recycled viscose fibre

Recognition and awards



"Belt & Road Green Development Case Report (2020)"

This report is organized and released by the secretariat of the Belt and Road Initiative International Green Development Coalition (BRIGC). The Report combines the 2030 Agenda for Sustainable Development and selects 13 project cases in 8 aspects, namely biodiversity and ecosystem protection, clean energy, clean water, sustainable transportation, waste-free cities, sustainable consumption and production, green buildings, and corporate social responsibility. The success of these cases means great contributions to the country's economic and social development.

Awarded to

Sateri's recycled fibre FINEX™ project was selected as the only one outstanding case in China.



Golden Key – China's SDG Solutions

In the spirit of becoming a "golden key" to global problems and in response to the "Decade of Action" for the 2030 Sustainable Development Goals (SDGs) initiated by the United Nations in January 2020, China Sustainability Tribune officially launched the "Golden Key – China's SDG Solutions" event in October 2020. Through recommendation, presentations, road shows, and reviews, the event aims to find and build a benchmark for China's action towards the United Nations 2030 Sustainable Development Goals (SDG), and tell stories of China's innovative actions and breakthroughs.

Awarded to

Sateri won the "Golden Key • Poverty Elimination Award" after pre-review, roadshow and expert review of its Chicken Farming projects, which facilitated poverty elimination in the disadvantaged communities.

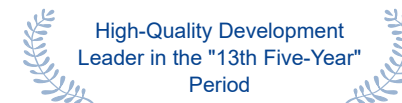


The Global Environmental Information Research Center (formerly known as Carbon Disclosure Project, CDP) was established in the United Kingdom in 2000. As an independent non-profit organisation, it invites enterprises to fill out questionnaires every year to disclose their environmental actions and provide analysis reports to help decision makers make decisions, manage risks and seize opportunities better.



Awarded to

CDP Score (Climate Change):
A- (2020 rating for 2019 questionnaire)
B (2021 rating for 2020 questionnaire)



High-Quality Development
Leader in the "13th Five-Year"
Period



Green Development Model
Enterprise in the "13th Five-
Year" Period

In order to recognise companies that have achieved development results and contributions to the industry during the "13th Five-Year Plan" period (2016 – 2020), the Seventh Member Conference of China Chemical Fibre Association (CCFA) commended leaders of high-quality development in the chemical fibre industry, and model enterprises of technological innovation and green development in the "13th Five-Year" period.

Awarded to

Sateri won the title of High-Quality Development Leader in the "13th Five-Year" Period.

SFJ won the title of Green Development Model Enterprise in the "13th Five-Year" Period.

SFJ's 2020 environmental credit
evaluation results

SJS's 2020 environmental credit
evaluation results

The environmental protection department conducts a credit evaluation of company's environmental behaviour, based on the company's environmental behaviour information, specified indicators, methods and procedures, to determine the credit rating, and discloses it to the public for public supervision and as an environmental management application reference for relevant departments, institutions and organisations.

Environment Protection Enterprise of Integrity (Green Card, the highest evaluation level).

Environment Protection Enterprise of Integrity (Green Card, the highest evaluation level)
The environmental credit assessment of other mills is still in progress.

CLIMATE AND ECOSYSTEM PROTECTION

The apparel industry is one of major emitters of greenhouse gas. To address the increasing reality of climate change and its devastating impacts, we support science-based target setting to define our climate commitments.



Performance Highlights

Signed the Fashion Industry Charter for Climate Action, striving towards

30%

GHG emissions reduction by 2030 (scope 1, 2 and 3)



Net **0** GHG emissions by 2050 (scope 1 and 2)



Won the CDP Impact Award on Climate Action



Sateri started a five-year Poyang Lake Freshwater Health and Wetland Protection and Restoration initiative with Conservation International



Disclosed greenhouse gas emission in Scope 3 for the first time



Proportion of wood pulp from certified or controlled wood source

96%

Risk assessment covers **100%** of wood pulp suppliers

MITIGATING CLIMATE CHANGE


Strategies for Climate Change

In our Vision 2030, reducing carbon emissions is one of the focuses. To reasonably manage GHG emissions and address risks brought by climate change, Sateri has adopted a science-based approach to reviewing our GHG emissions, and analysed the potentials and opportunities to address climate change, and set a net-zero carbon emissions goal based on the Paris Agreement and UN SDG13.

With our targets set on reducing 30% of our total Scope 1, 2 and 3 GHG emissions against the baseline year of no later than 2015² by 2030, and reaching zero carbon emissions (Scope 1 & 2) by 2050, we aim to achieve this through a roadmap comprising short-, medium- and long-term actions.

To reduce

30%



of total GHG emission by 2030

Medium-term and Long-term Plans for Addressing Climate Change

Short-term
(within 1 year)

In the short-term, Sateri will solve the most urgent climate problem, such as transparency, lack of data disclosure.

Medium-term
(within 3 years)

In the meduim-term, Sateri will cooperate with stakeholders on the value chain, make and implement greenhouse gas reduction plans to reduce Scope 1+2 and 3. In history, climate change was never listed in the business agenda of textile and fashion industries. But it's predicted that stakeholders will fully participate in addressing this problem in the next 1 to 3 years.During this time Sateri is preparing to set scientifically based goals.

Long-term
(3-10 years)

In the long-term, Sateri will reduce greenhouse gas emissions based on our goals and roadmaps, review our proggess regularly, spot opportunities of next-step measures to further address climate change and set decarbonization methods based on science.

²The base year is being set up.

➤ Sateri Signed Fashion Industry Charter for Climate Action

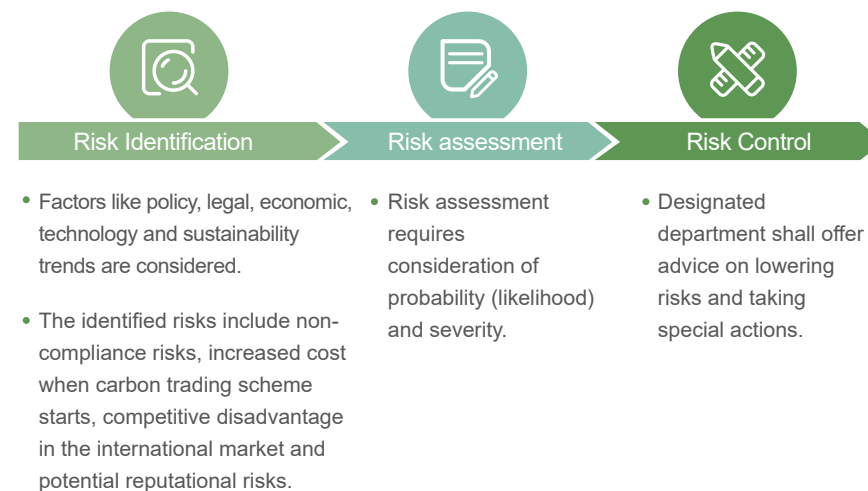
During the Reporting Period, Sateri signed Fashion Industry Charter for Climate Action, becoming the first Chinese viscose manufacturer to support this global action in the fashion industry. The United Nations Framework Convention on Climate Change (UNFCCC) initiated this action, aiming to call upon the fashion industry to support the goal of Paris Agreement, which is to limit global warming to well below 2 degrees Celsius compared to pre-industrial levels by this century. By 2030, greenhouse gas (GHG) emissions should be reduced by 30%, including the emissions from the supply chain. At the same time, Sateri also joined the policy group of the organisation—Working Group 1 (WG1), Working Group 2 (WG2) and Working Group 4 (WG4) Policy Engagement-China Taskforce, actively contributing to the low-carbon efforts and empowering the fashion industry's climate action.

In particular, WG1 focuses on developing a roadmap for decarbonisation and GHG reduction following these principles:

- 1) Support the Paris Agreement goals in limiting global temperature rise to well below two degrees Celsius above pre-industrial levels;
- 2) Commit to 30% aggregate GHG emission reductions in scope 1, 2 and 3 (Greenhouse Gas Protocol Corporate Standard) by 2030 against a baseline of no earlier than 2015;
- 3) Commit to analysing and setting a decarbonization pathway for the fashion industry based on Science-Based Targets Initiative methodologies; and
- 4) Quantify, track and publicly report GHG emissions, consistent with measurement and transparency standards and best practices.









Risks Brought by Climate Change

Given the nature and scale of our business, Sateri is highly dependent on natural resources, energy and chemical, which bring potential climate-related risks to our business. To address these risks in a timely manner, our Sustainability Department leads climate risk assessments and make corresponding response strategies, supported by relevant departments such as legal department, operation department, supply chain department and commercial department. We manage the potential climate change risks that might affect our business by a 3-step approach, namely identification, assessment and control. During the risk management cycle, we also consider different time scopes of short-term, medium-term and long-term to apply risk management strategies consistently and systematically. Each operation site undergoes similar process of risk identification, evaluation and management, particularly looking into energy supply and usage, and taking measures to reduce risk and improve on efficiency.



Climate Change Risk Management Cycle

During the Reporting Period, Sateri has been making further efforts to become a company which has the adaptability to climate change. We took advice from Task Force on Climate-related Financial Disclosures (TCFD), carried out work on risk identification of climate change, and gradually implemented our management ideas and strategies in adapting to and fighting against climate change. At the same time, through these efforts, we will comprehensively report on climate risks and opportunities and eventually integrate climate risks into the overall enterprise risk management. Detailed risk types and countermeasures were as follows:

Risk Type	 Current Regulations	 New Regulations	 Technology	 Law	 Market	 Reputation	 Severe natural factor	 Long-term natural factor
Risk Description	SFJ, SJJ and SJX have all been included in the China National Emissions Trading Scheme (ETS). If GHG emissions exceed quota distributed by the management, the factory has to bear the increased cost as a result of complying with the ETS.	Article 7 of "Guiding Opinions on Strengthening the Prevention and Control of the Eco-Environmental Source of Construction Projects with High Energy Consumption and High Emissions." Launched by Ministry of Ecology and Environment of the People's Republic of China have clearly stated that carbon emission impact assessment should be incorporated into the environmental impact assessment system. This will increase Sateri's potential operational risks and costs.	We need to keep improving energy efficiency of the fibre to make sure we can realise our climate goals.	All of Sateri's viscose fibre mills have their own power plants to provide necessary steam and electricity. With China's carbon neutrality targets and increasingly stringent air pollution controls, there are potential risks in the operation of these self-owned power plants.	According to a UN study, the fashion accounts for 10% of global greenhouse gas emissions ³ . As consumers' awareness go up, the need for low-carbon footprint products is constantly rising.	Climate change is gaining more and more attention in the industry. If we cannot meet stakeholders' expectation on transparency and greenhouse gas emission reduction goals, it will have negative effects on our reputation.	Every year, Sateri's factory in Fujian Province will be affected by typhoons. Although there was only one serious damage, extreme weather could still have major impact on us. Therefore, we actively carry out evaluations on extreme weather. Besides, extreme weather could also interrupt transportation of raw materials and finished goods, which will also bring negative effects on Sateri.	Climate change is influencing rainfall patterns globally. Since Sateri's viscose fibre mills need surface water to manufacture (such as withdrawal from dams in Fujian and rivers in Jiangxi), rainfall shortage caused by climate change will affect water supply costs and daily operations of our mills.
Risk Control Measures	This risk is assessed and managed by the Public Affair Department of each factory. This department will carry out regular energy review. Besides, every year a third party is engaged for GHG emissions verification to ensure the authenticity of enquiry gas emission data.	We organize Utility Department of each factory to carry out risk evaluation, take multiple energy-saving measures, and explore alternatives from clean-energy to lower these risks.	Sateri's EcoCosy®BV series fibre is a product combination led by innovative technologies. It will help downstream spinning mills improve productivity by 19-20% and thus reduce energy consumption.	Our legal and operation teams regularly adjust and make action plans according to new laws and regulations to avoid illegal activities.	The Marketing Department and Sustainability Department evaluate and manage product trends, and the R&D Department is responsible for the development of low-carbon fibre products.	Our Sustainability Department will directly evaluate and manage these risks with the supports from Public Relations Department. Through strengthening communication with stakeholders, disclosing relevant data actively and improving operation management, we are dedicated to increasing public understanding of our business and greenhouse gas strategies, lowering reputation risk to the minimum.	EHS Department, Supply Chain Department and manufacturing teams will monitor and manage serious physical risks from extreme weathers. Senior managers of business operation will have the final control over this risk management. Every quarter, we will also make and update contingency plans and communication plans based on these evaluation results,	Operation teams will monitor and evaluate the probabilities and degrees of effects of this risk. If necessary, we will change our production plans.

³United Nations Framework Convention on Climate Change.

Addressing Climate Change

As one of the largest suppliers of viscose fibre, Sateri recognises its role in addressing climate change. In response, Sateri's sustainability team regularly monitors the company's exposure to climate-related risks, and has set up an internal risk management process.



During the Reporting Period, we calculated total GHG emissions of Sateri based on the GHG Protocol Corporate Accounting and Reporting Standard. The scope of the calculation covers all sites under our operational control including all viscose fibre mills, Lyocell, yarn, nonwoven operation sites and the Shanghai Office. Due to capacity expansion, compared with 2019, GHG emissions from SCN Sateri Lyocell, Sateri (Xinhui) nonwoven, Sateri (Jiujiang) nonwoven were added to the Scope 1 and Scope 2 calculation; at the same time, we calculated and disclosed total Scope 3 (viscose business as the boundary) greenhouse gas emissions from five categories, namely products and services procurement, capital goods (fixed assets), fuel and energy related emissions, upstream transportation and market products processing. These five categories' emissions account for 96.6% of total Scope 3 emission. The detailed data was as follows:

Sateri Greenhouse Gas Emissions (tonnes of CO₂ equivalent)

	2018	2019 ⁴	2020
Scope1 +Scope 2	2,615,651	3,375,678	4,420,477
Scope 1	2,545,412	3,214,288	4,185,783
Scope 2	70,239	161,390	234,694
Scope 3	-	-	12,221,996

Emission intensity of viscose fibre mills was as follows:

Emission Intensity of Viscose Mills (Scope 1+Scope 2)

Emission Intensity⁵
(tonnes of CO₂ equivalent /tonne product)



⁴We optimized the emission calculating methods of Scope 1 and Scope 2 in 2018 and 2019, and updated the data.

⁵CO₂ emission intensity=total CO₂ emission of viscose fibre mills (including power plants)/standard viscose fibre output (including waste fibre).

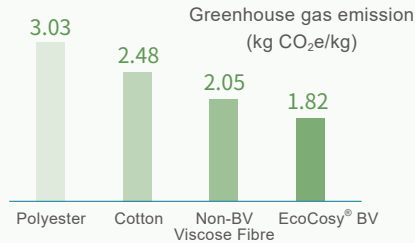
Emission Reduction of the Industrial Value Chain

One of Sateri's key climate strategies is to work with partners along the value chain to address climate change. While mapping out pathways to reduce greenhouse gases, we apply whole life cycle management to our products and have developed solutions to integrate greenhouse gas emission reduction activities into the production plans and operations of our supply chain.

> EcoCosy® Climate Leadership Programme

China National Textile and Apparel Council (CNTAC) Social Responsibility Office and Sateri launched "EcoCosy® Climate Leadership Programme" together. We invited value chain partners to join the "Climate Innovation 2030" action to explore emission reduction plans on how upstream enterprises could drive downstream businesses to achieve energy conservation and emission reduction together. The results of this programme is in the 2020 EcoCosy® Climate Leadership White Paper (<http://en.worldsilk.com.cn/content/13492.html>), which provided new paths for partners to combat climate change and realise low carbon transformation.

Compared with polyester, cotton and non-BV viscose fibre, EcoCosy® BV fibre requires less electricity and generates less greenhouse gases per every kilogram yarn production.



Comparison of greenhouse gases emission of producing 1 kg yarn in summer (40S/1 compact-siro spinning viscose yarn)



Furthermore, Sateri launched BVY project to issue yarn customers who meet the requirements with the BVY certificates. This certificate is to prove their yarn products uses Sateri's BV fibre and have better quality than normal yarn products. Sateri also started a preferred fabric partner project to satisfy downstream brand customers' needs for product quality and sustainability. Through BVY and similar certification system, EcoCosy® wishes to expand its positive influence on environmental protection to the downstream, promoting transparency and traceability management of the entire value chain.

In addition to BV products, fabric manufacturers acknowledged the huge potential of energy, water and dye savings that Colour™ viscose of Sateri EcoCosy® brings in. Colour™ viscose is a coloured fibre undergone dope dyeing technique with better dyeing uniformity and colour fastness. According to data from authoritative organisations, fabrics made from liquid-coloured fibres can save 30%-50% of the cost per tonne compared to fabrics made by subsequent dyeing. For example, fabrics with medium-deep colours can save 11,000 kilowatt-hours of electricity, 100 tonnes of water per ton and 150 kg⁶ of dyeing materials.

⁶Data source: Green Fibre Certification Instruction issued by China Chemical Fibres Association.

SUPPORTING ECOLOGICAL CONSERVATION

"Water security and biodiversity loss are two of the most pressing challenges facing humanity and the environment. Our strategic partnership with Jiangxi Provincial Forestry Bureau and Sateri at the Poyang Lake, China's largest freshwater Lake, demonstrates how government, corporate and communities can work together on conservation, and will go a long way towards addressing these challenges, and finding solutions that benefit both people and nature."

--- Richard Jeo, Senior Vice President, Conservation International APAC

People and nature are interdependent on this planet. However, the rate of extinction is accelerating globally. This loss of biodiversity and ecosystem degradation poses a significant risk to human wellbeing and economic development. Sateri recognises the importance of sustainable development, environmental conservation, and the protection of biodiversity to ensure a safe and prosperous future.

Poyang Lake Ecological Protection Project



Poyang Lake, located in the north of Jiangxi Province, is a globally important wetland and the largest freshwater lake in China. It is also one of most important migratory waterfowl habitats in the East Asia-Australasian flyway. Poyang Lake plays an irreplaceable role in global biodiversity stability and the ecological security of the middle and lower reaches of the Yangtze River. As a natural flood control barrier, the freshwater ecosystem of Poyang Lake also provides many benefits for human beings in the basin. However, due to the impact of human activities and climate change, the freshwater ecosystem of the lake is facing many pressures, such as wetland function degradation, aquatic biological resources reduction, water quality deterioration, and water supply capacity decline.

Considering the ecological and social

importance of Poyang Lake, as well as the challenges faced by the basin, Sateri, in cooperation with Conservation International (CI), launched the Poyang Lake Freshwater Health and Wetland Conservation Project (Phase I) in 2019. In cooperation with the Jiangxi Provincial Forestry Bureau and with the collaboration of protected area management experts in local government departments, scientific research institutions, and NGOs, this project introduced innovative tools and practical experience of freshwater ecosystem conservation into the Poyang Lake Basin. It also protected the local wetland ecosystem by carrying out ecological status assessments, capacity-building within the nature reserves, ecological restoration, enterprise participation, public publicity and education, and more. In addition, the Duchang Migratory Birds Nature Reserve piloted a conservation model based on reserving and restoring wetland resources in the northern part of Poyang Lake and Jiangxi Province.

➤ Protect the freshwater health of Poyang Lake Basin and pay attention to the conservation of wetland ecological diversity

To maintain the ecosystem health of the lake and strengthen its ecosystem services for human wellbeing, Sateri, together with Conservation International (CI), Jiangxi Provincial Forestry Bureau, and other governmental agencies, research institutes, universities, and NGOs launched the Freshwater Health and Wetland Conservation Project in Poyang Lake Basin.



● Project Plan:

This 5-year plan contains two phases:



Phase I (from June 2019 to March 2021) consisted of the following two overall objectives:

- Maintain the health of the Poyang Lake ecosystem, strengthen its ecosystem services for human welfare, and protect the main habitats of endangered birds and Yangtze finless porpoise.
- Support the improvement of Freshwater Health Index (FHI), promote its application in Poyang Lake Basin and explore its use in helping enterprises to improve water resources management.



Phase II (from April 2021)

- Support the establishment of the protected area network system for Poyang Lake, and carry out a series of trainings and exchange activities on protected area management and innovation;
- Continue the support of the stakeholder engagement mechanism like the Advisory Committee of Poyang Lake Freshwater Health and Wetland Conservation Project;
- Help improve the management of Duchang Migratory Bird Nature Reserve;
- Build two "Sustainable Community Pioneer" pilots such as Zhangshuxu Village by the Poyang Lake.

● What We Have Done:

In order to understand the health status of freshwater ecosystems, Freshwater Health Index (FHI) tool was used for preliminary assessment of Poyang Lake Basin from three aspects: Ecosystem Vitality, Ecosystem Services, Governance and Stakeholders. In addition, two seminars of FHI and Watershed Conservation of Poyang Lake were held and a cross-sectoral Advisory Committee of Poyang Lake Freshwater Health and Wetland Conservation Project was then established. Through cooperation with local government departments, nature reserves, scientific research institutions, universities, and communities, the project promoted the establishment of a wetland conservation system in Poyang Lake Basin and Jiangxi Province. Based on the gap analysis, the project conducted a baseline survey and research on related species and their habitats. At the same time, the project helped to build a platform for wetland publicity, science popularization, and public participation at the provincial level, which improved capabilities in publicity and education and the awareness of wetland conservation from the public.



Science-based
Localized
Delicacy management
Multi-stakeholder engagement

©Duchang Nature Reserve

> Improve the management of the Duchang Migratory Birds Nature Reserve and pay attention to improving the performance of bird guards

The project helped to improve the management of the nature reserve holistically. To achieve this, the project conducted performance assessments of the front-line staff and then provided training that combined theory with practice and skills competition. The project assisted the nature reserve to establish a brand and visual identity system and sort out the stories about conservation, committed to improving its performance of external publicity and fund-raising. The project also launched the "Sustainable Community Pioneer Pilot" in Duchang County on the northern bank of Poyang Lake, to explore and create a sustainable development model for neighboring rural communities characterized by bird watching and conservation, nature education, and public participation. The project also launched the "Sustainable Community Pioneer Pilot" in Duchang County on the northern bank of Poyang Lake, to explore and create a sustainable development model for neighboring rural communities characterized by bird watching and conservation, nature education, and public participation. The project comprehensively studied the biodiversity within the Duchang Migratory Birds Nature Reserve for the first time and produced a scientific investigation report. The project also composed technical regulations on biodiversity monitoring for the nature reserve, which will promote the overall monitoring and management of the nature reserve and continue to be updated in the future.



Canopy

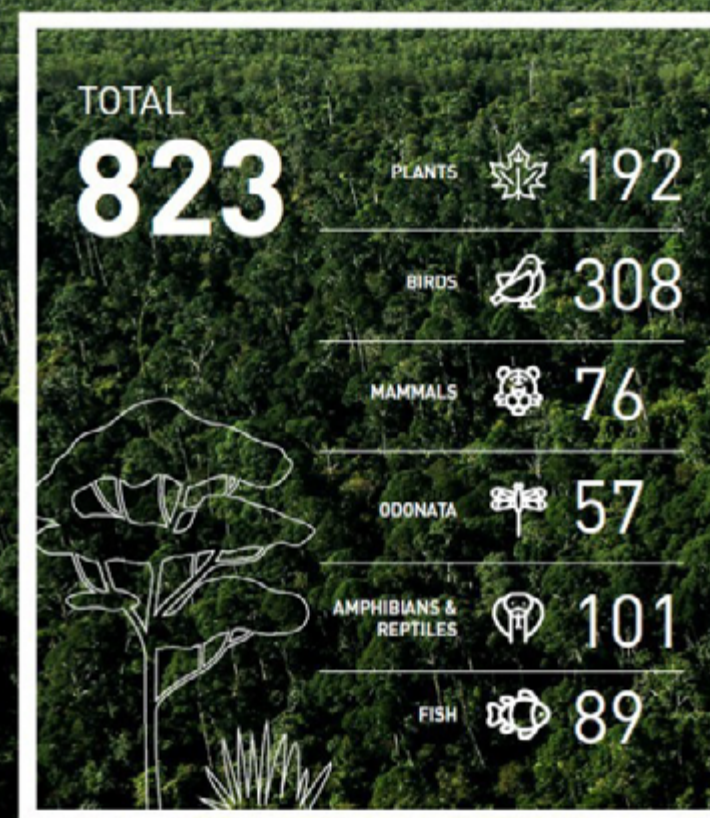
We have engaged with Canopy for five years now. We constructively shared our feedback on their Forest Mapper tool, and responded positively to a number of Canopy requests, including adopting action plans to address gaps in our supply chain, and a commitment to Next Generation textile fibre innovation and technology. We remain open and keen to pursue constructive engagement that is sincere, fair, objective, and towards improved outcomes for ourselves and for the environment. Our strategic wood pulp supply partner, APRIL, has also been in active and facilitated dialogue with Canopy in more recent years.

RER Programme

Restorasi Ekosistem Riau (RER) is a biodiversity conservation programme established by APRIL in partnership with Fauna & Flora International (FFI), and Bidara and Laskar Alam. The RER programme started in 2013. Through close collaboration with NGOs, 150,693 hectares of ecologically diverse forest landscapes have been restored and protected in the Kampar Peninsula and Padang Island on the east coast of Sumatra, and RER has brought expertise in habitat management and knowledge of the forests on which we depend to all participating partners. As a sister company and strategic business partner of APRIL, Sateri actively supports the work at RER.

The peat swamp forest area of RER is located in the interior of Kampar Peninsula, surrounded by sustainably managed fibre plantations. This can protect the peat swamp forest by reducing erosion to and exposure of the forest, while income from productive plantations provides funding and operational resources for the project recovery plan. This way of operation and protection enables RER to restore the peat swamp forest with ecological significance and generating multiple ecosystem benefits through cooperation with a large number of relevant parties and communities. The 2020 progress report of the RER programme can be found in this website: <https://www.rekoforest.org/wp-content/uploads/2021/06/Progress-Report-RER-2020.pdf>

BIODIVERSITY OF RER





> Biodiversity research

RER continues to find more new species through camera trapping. Bird Monitoring and flora surveys recorded 823 species of animals and plants in 2020, compared with 797 species in 2019. It includes 76 mammal species, covering five of Sumatran's six cat species, including the critically endangered Sumatran tiger, 7 primates, 308 birds, 80 reptiles, 21 amphibians and 192 plants.

26 new species of plants and animals recorded in 2020 compared to the 2019 survey



Eco-research camp

The construction of a new eco-research camp has been completed to help restore and protect the tropical peatland forest landscape of Kampar Peninsula, thus contributing to the mitigation of climate change in Indonesia and around the world.



> Bringing the Sumatran tiger Corina back to its habitat

There are several keystone species in RER, but the most notable of all is the Sumatran Tiger, whose presence was documented as early as 2013. Tigers are important in balancing the ecosystem as they keep their prey species, mostly herbivores, at controlled level and this in turn would help reduce growth of certain types of trees and plants due to overfeeding by these animals. In December 2020, RER released a female Sumatran Tiger named Corina back to its habitat on the peat swamp forest of Kampar Peninsula.



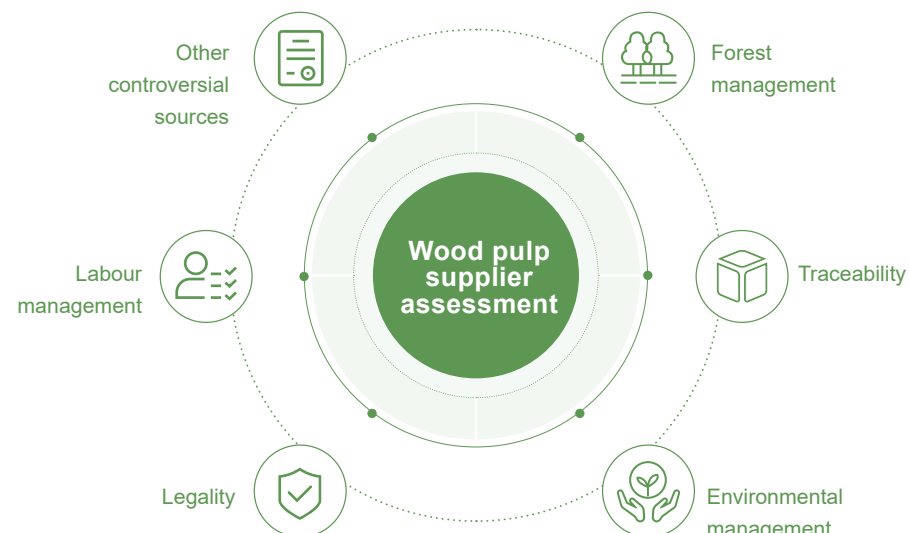
Wood Pulp Sourcing

Forest is the most abundant area of biodiversity in terrestrial ecosystem, so forest degradation will be the biggest threat to biodiversity. Sateri is committed to sourcing sustainable dissolving wood pulp that supports sustainable forest management and advocates for the protection of ecologically and culturally important forests and the rights of local communities, including indigenous groups. Sateri's responsible practices strictly follows its Pulp Sourcing Policy, which was formulated in accordance with RGE group's Sustainable Development Framework for Forests, Fibres, Wood Pulp and Paper Products. Sateri also works jointly with suppliers, partners, government agencies, other organisations and stakeholders to promote the sustainable development of global wood pulp supply chain, so as to protect ancient and endangered forests and reduce the impact of industrial value chain on biodiversity.

Our pulp sourcing standard operating procedures (SOP) and supplier risk assessment criteria help ensure we are adhering to our Pulp Sourcing Policy⁷. We communicated our policy and requirements to our suppliers, and provided guidance to assist suppliers in meeting them. According to the Pulp Sourcing Policy, Sateri will avoid using wood pulp that is:



- illegally harvested or traded
- From forests of high conservation value (HCV), high carbon stock (HCS), from ancient and endangered forests or from the habitats of endangered species
- From natural forest
- From the conversion or simplification of natural forests after June 2015
- From genetically modified trees
- Obtained in violation of the rights of indigenous peoples and communities to give or withhold their "Free, Prior and Informed Consent" (FPIC) to operate on lands they hold legal, communal or customary rights
- Obtained in violation of workers' rights or any of the International Labour Organisation (ILO)'s Declaration On Fundamental Principles and Rights at Work



We require all wood pulp suppliers to sign the Commitment Statement of Pulp Sourcing Policy and fill in the Chain of Custody Form for Dissolving Pulp and GHG Questionnaire for Pulp Supplier. In addition, we work with international and domestic forest certification bodies to encourage wood pulp suppliers to obtain PEFCTM, FSC[®] Forest Management (FM) and Chain of Custody (COC) certifications, and promote sustainable forest management practises. We give priority to sourcing FSC[®] wood pulp and suppliers dedicated to forest protection and peatland management, continuing to improve the amount of FSC[®] certified wood pulp.

⁷The Pulp Sourcing Policy (<https://www.sateri.com/sustainability/pulp-sourcing-policy/>) was updated in May 2021.



We also use commonly-adopted third-party standards, such as PEFC™ (Programme for the Endorsement of Forest Certification™) and FSC® (Forest Stewardship Council®) Chain of Custody certifications, ISO 14001 Environmental Management System Certification etc., to define our sourcing expectations. Our assessment is mainly based on third-party evidence, and if necessary, further desktop or field analysis may be adopted to confirm the risk results. In view of the risk assessment results, we actively communicate with suppliers and jointly discuss risk control measures, so as to promote the sustainable sourcing development of cooperative suppliers. In 2020, we conducted a risk assessment of all our wood pulp suppliers. The majority of wood pulp suppliers were identified as low risk, with only two assessed as high risk, and we discontinued procurement activities for high risk wood pulp suppliers.

>> Case On Promoting Sustainable Development Of Suppliers



During the sustainability risk assessment of suppliers in 2019, one supplier's fibre could not be traced back to forest sources. The supplier's traceability was limited to the purchasing region without providing specific geographic data. And no greenhouse gas emissions data could be provided.



We suspended our procurement activities with the supplier and recommended supplier to take action to obtain the geographic data file of its procurement area immediately and provide public or non-public data on greenhouse gas emissions.



Following our engagement with the supplier, the traceability of the supplier's forest source has been improved in 2020. At the same time, their greenhouse gas emissions have been disclosed through the sustainability report. On this basis, we have resumed our cooperative relationship and actively promoted the sustainable development of our partners.

In 2020, a total of 1,498,654 tonnes of wood pulp was purchased for our viscose and Lyocell mills, of which 95.9% was sourced from certified or controlled wood sources. Sateri's Lyocell fibre is made from 100% certified wood pulp.

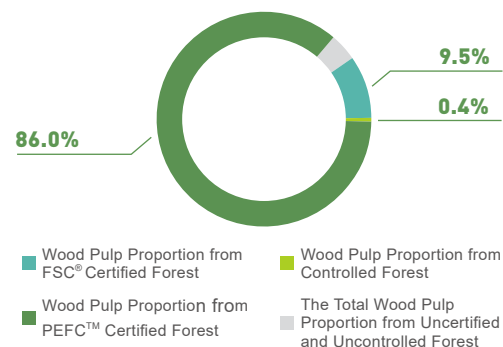
Certification Obtained Condition

Suppliers with PEFC™, FSC® certification **15** (total **16**)

Procurement in 2020

Annual Purchase Quantity of Wood Pulp **1,498,654** tonne

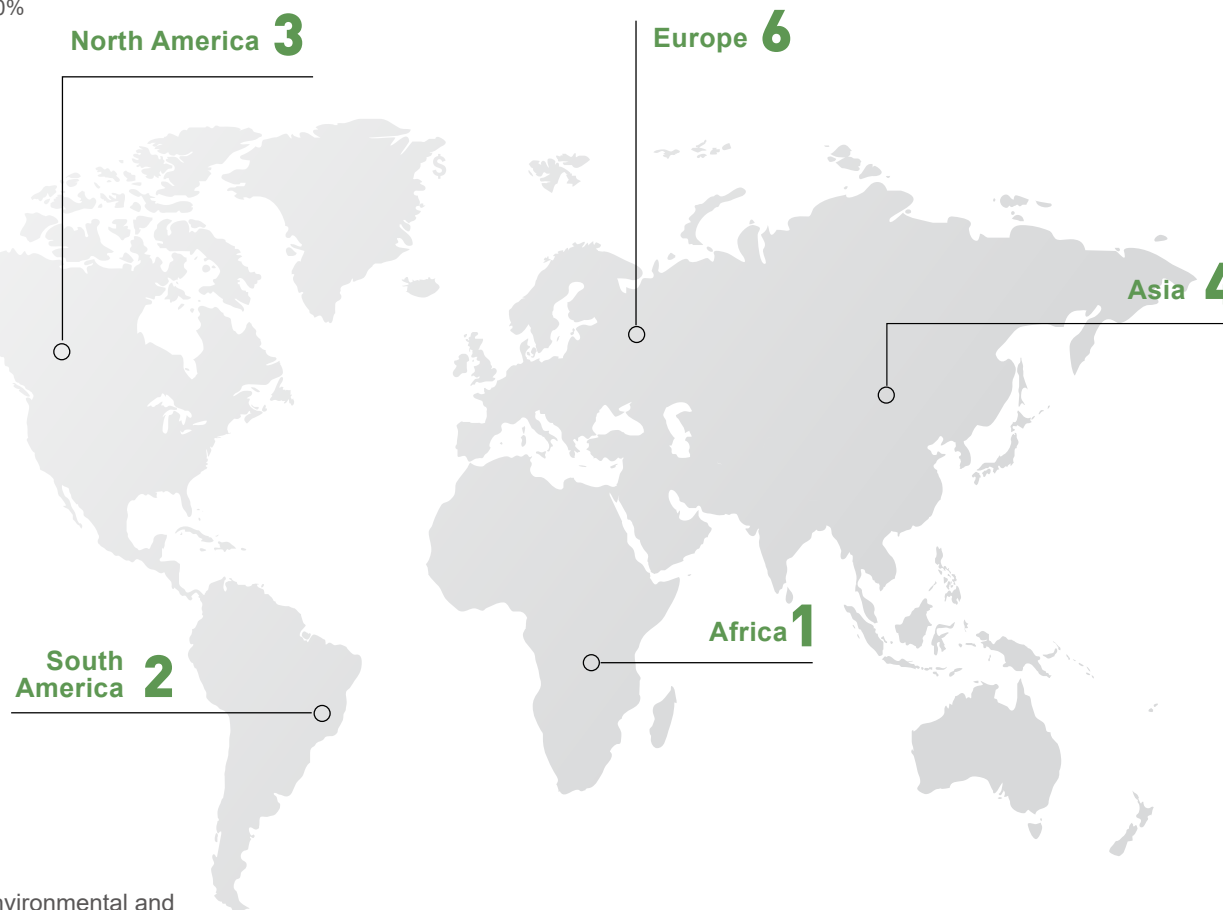
The Total Wood Pulp Proportion from Certified and Controlled Forest was **95.9%**



Certification Condition

Proportion of Wood Pulp Suppliers Assessed According to Environmental and Social Standards was **100%**

Proportion of Wood Pulp Suppliers Signing Supplier Code of Ethics was **100%**



The number of wood pulp suppliers by region

CLOSED LOOP PRODUCTION

As a cellulosic fibre producer, a clean and closed-loop production is a priority. Through benchmarking ourselves against industry best practices and investments in environmental retrofits, we optimise the utilisation of raw materials, avoid waste, and reduce emissions to air and natural waterways.



Performance Highlights

3

of 5 viscose mills
verified as EU-BAT
compliant



97.7%

Total sulphur recovery rate

Sulphur to air

36.7% ↓
compared with 2019

Energy consumption

18.95 GJ/tonne product
better than EU-BAT norms



84%

of general solid waste was
recycled or converted to
energy

Hazardous waste

0.42 kg/tonne product
met EU-BAT norms

Investment on environmental
protection

582.69 million RMB⁸

0 prosecution or punishment
on environmental protection



Process water

9.7% ↓
compared with 2019

100%

compliant with ZDHC
MMCF Wastewater
Guidelines

COD emissions per unit
product

16.0% ↓
compared with 2019



NH₃-H

NH₃-H emissions per unit
product

21.9% ↓
compared with 2019

⁸Including SCN's Environmental Protection Investment.

ENVIRONMENTAL MANAGEMENT

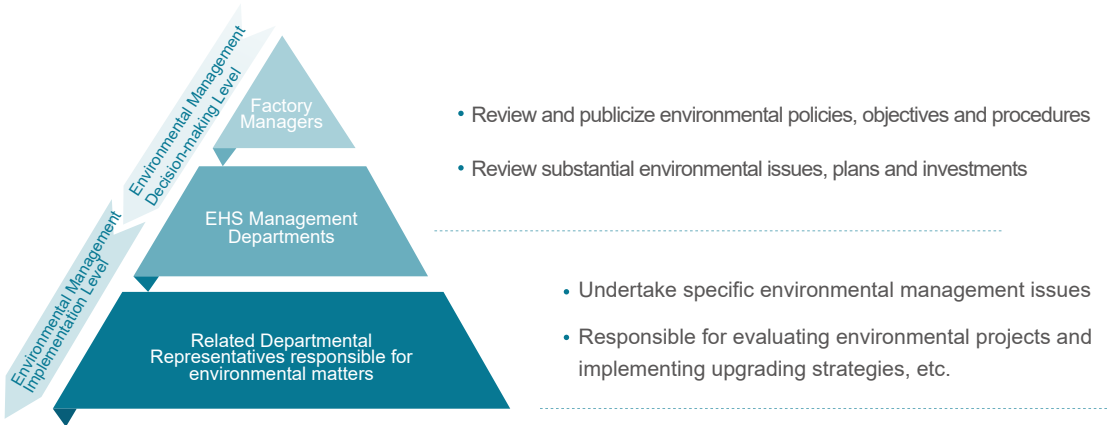
Sateri has established an environmental management system. Our Environmental, Health and Safety (EHS) Management Committee is responsible for systematically identifying and addressing environmental issues by holding regular operation review meetings to discuss related issues such as pollutant monitoring, pollutant discharges and internal/external audit results.

Environmental Management System

- Regulations on the Management of New, Expansion and Remodelling Projects
- Environmental Risk Emergency Plan
- Environmental Monitoring Programme
- Emergency Response and Preparation Control Plan for Effluent Treatment Plant
- Emergency plan regarding the online data abnormality of the power plant flue gas

⁹SCN was granted with ISO14001 Environmental Management System certification in January, 2021.

¹⁰SJS was rewarded as Domestic Advanced Cleaner Production Enterprise in China in January, 2021



EHS Committee Members and Responsibilities

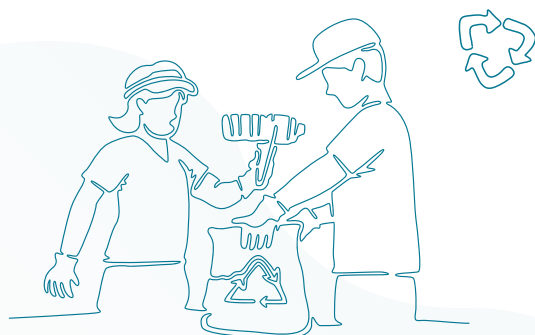
During the time of this report, our mills passed ISO14001 Environmental Management System, Higg FEM 3.0 third-party field testing, STeP by OEKO-TEX® certification, EU-BAT Assessment and clean production audit. All our mills also adopted the ZDHC MMCF guidelines to all viscose mills to further improve our environmental performance.

ISO14001 Environmental Management System	SFJ, SJJ, SJX, SJS, Sateri Lyocell, SCN ⁹ .	EU-BAT Assessment	SFJ, SJJ and SJX have been verified by Sustainable Textile Solutions (STS) as being fully compliant with EU-BAT norms.
HIGG-FEM-3.0	SFJ, SJX, SJJ and SJS have all completed Higg FEM 3.0 third-party field verification with scores over 84%.	Clean Production Audit and Acceptance	SFJ, SJJ, SJX, SJS ¹⁰ have all passed cleaner production audit, among which SFJ, SJX, SJS were rated as Domestic Advanced Cleaner Production Enterprise.
STeP by OEKO-TEX®	SFJ, SJX, SJJ and SJS have received STeP by OEKO-TEX® level-3 certification.		

Sateri Environmental Management System related Certifications/Evaluation

During the Reporting Period, we had 93 EHS professionals. We have invested 582.69 million RMB on environmental protection, which is a 249% increase compared to 2019. There were zero incidents of environmental non-compliance during the year. SFJ was rewarded "13th Five-year-plan Green Development Model Enterprise" and "Environment Protection Enterprise of Integrity (Green Card, the highest evaluation level)"; SJS's review on environmental protection in 2020 was blue¹¹.

During the year, we also conducted a series of environmental protection activities, contributing to an environmentally friendly society with employees, consumers, governments and other stakeholders collaboratively.



¹¹Environmental protection reviews of other operation sites are in progress.

> "A Plastic Bag Less A Day for A Better Tomorrow"

As part of our Founder's Day 2020 programme, we collaborated with the Jiujiang Development and Reform Commission, the Municipal Bureau of Ecology and Environment of Jiujiang and Jiujiang Daily to promote environmental awareness through a signing campaign to encourage people to use one less plastic bag a day, everyday.

During the campaign period, Sateri volunteers visited shopping malls and the residences of community and used various media forms to share knowledge on environmental impact of single-use plastic and benefits of reducing and recycling.

The campaign has a total of 95 volunteers who collectively served 285 hours in offline activities, and collected more than 150,000 signatures online.

95 volunteers participated in our offline campaign

reached a total service time of

285 hours



ENERGY AND GHG EMISSIONS CONTROL

Energy consumption mainly comes from the production process, and Sateri regards energy management and control as the focus of daily management. Measures taken to increase productivity and energy efficiency include technological transformation and promotion of continuous improvement culture.

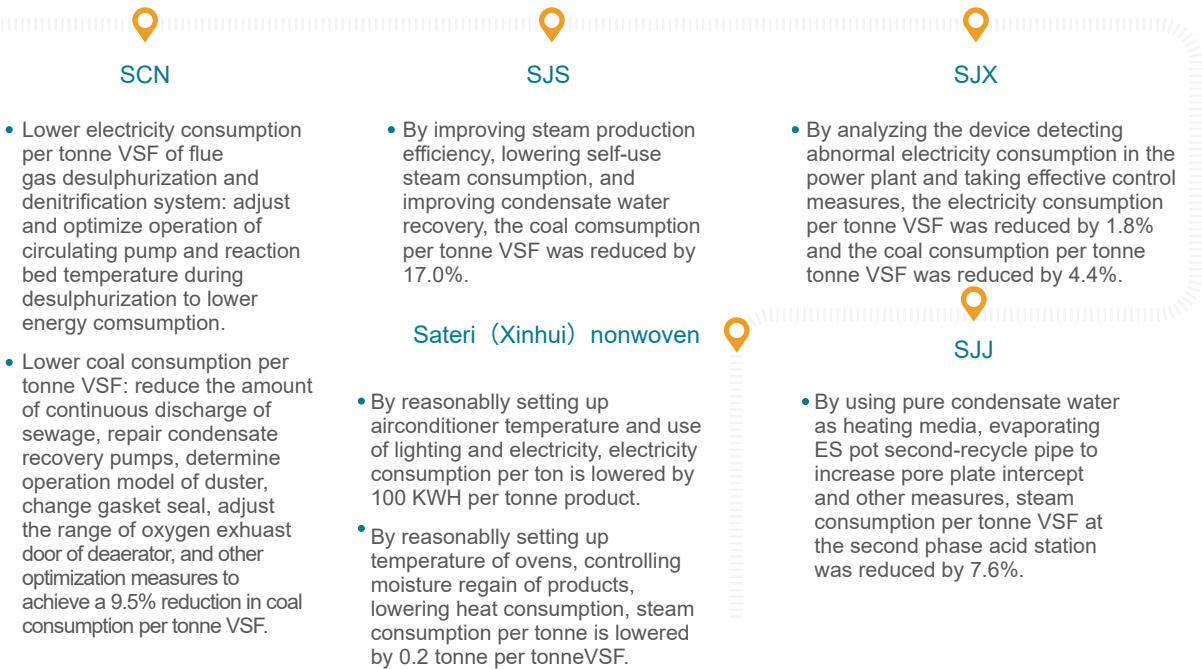
Continuous Improvement (CI) Programme

Sateri has an ongoing CI programme which encourages employees to come up with ideas on energy reduction or efficiency improvement. Rewards will be awarded to employees whose ideas are approved, tried and proven to work.



Energy Conservation Results of Mills

All mills of Sateri actively carried out energy conservation and emission reduction activities. Through technological transformation, we make breakthroughs in per unit energy consumption.



¹²The data includes energy consumption of producing viscose fibre of viscose mills, but not energy consumption from power plants in the mills.

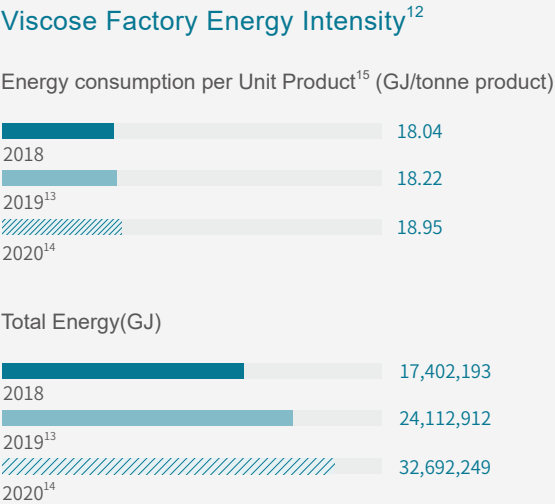
¹³We optimized the calculation method of energy intensity and updated the data of 2019.

¹⁴Because the increase in productivity of viscose fibre, energy consumption of viscose mills went up in 2020; due to the new mills of Sateri China, device adjustment and trial operation of production lines, energy intensity of 2020 was higher than that of 2019.

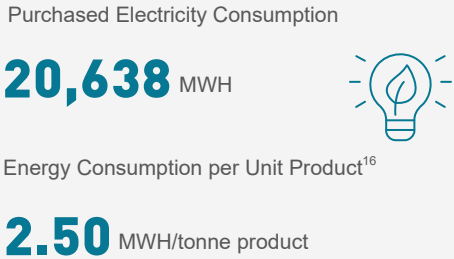
¹⁵Energy intensity = energy consumption during production of viscose fibre (excluding energy consumption of power plants)/standard viscose fibre output (including waste fibre) .

¹⁶Energy intensity = total energy consumption/Linz Nanjing product output.

During the Reporting Period, energy consumption data of the viscose mills was as follows:



During the Reporting Period, energy consumption data of Linz Nanjing was as follows:



WATER RESOURCE UTILIZATION

Fibre manufacturing is water-intensive. In this regard, our mills are built on sites with good access to water sources. Our main water sources are surface and municipal water.

During the Reporting Period, we were dedicated to improving water use efficiency during production and operation through water recycling, using water-saving equipment and upgrading technologies.

Highlights of Sateri Water Saving Measures in 2020

▪ SCN used recycled water into filtered water

During the Reporting Period, SCN reduced water consumption by recycling rainwater and cooling water into filtered water. The implementation of the two renovation projects can reduce the water intake by approximately 949,000 tonnes per year, which is equivalent to the water storage capacity of 380 standard swimming pools.



SCN added pipes to water treatment plants on the rain collecting pipes. When the rain water quality is normal, it would be pumped to water treatment plants to make filtering water; when not, it would be pumped to sewage plants.

This transformation can reduce the daily water intake by **2,000m³**.



SCN collected cooling water for device sealing from sewage plants and make filtering water out of it through water treatment plants. This

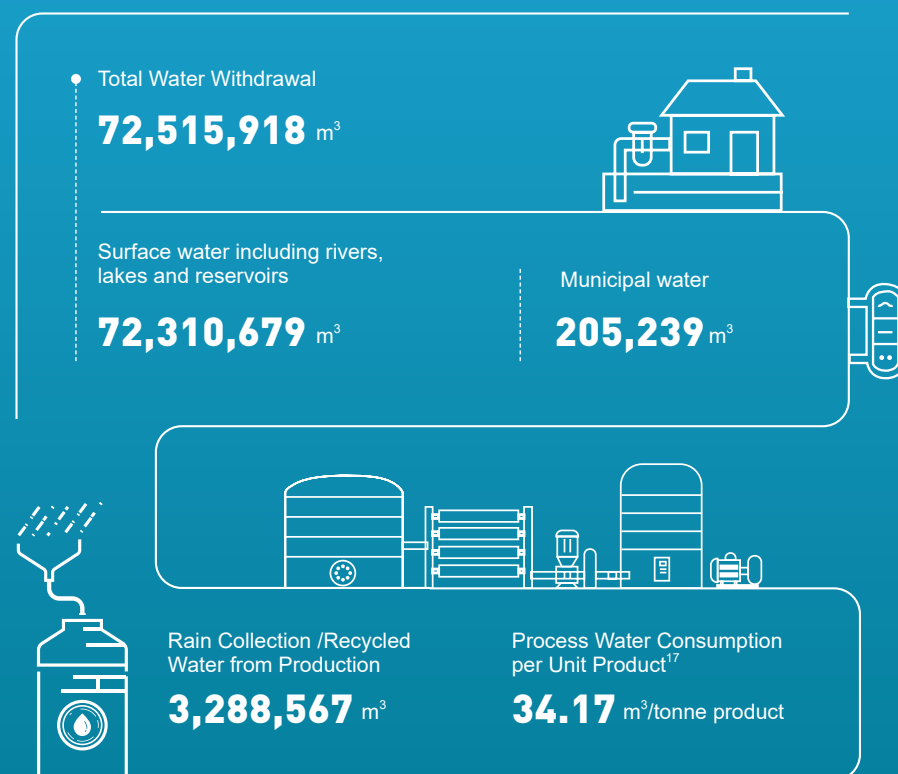
measure can save about **600m³** water usage every day.



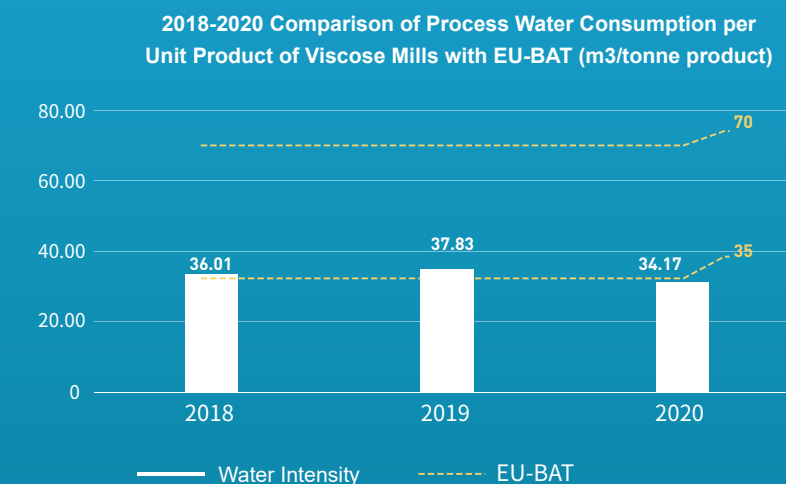
▪ SJS Lowered Unit Water Consumption per Tonne VSF

During the Reporting Period, SJS analyzed the problem of heavy use of filtered water per tonne VSF and identified six improving opportunities on problems of low water production rate, used water directly to the trench and pipe leaks. SJS then started plans to lower consumption of filtered water, soft water and demineralized water in all factory departments and public engineering systems, including making water use standards, technological adjustments for water conservation and repairing leaks. These measures improved water consumption per tonne VSF, which is about 30.7% lower than the baseline level from June to December 2019, while reducing wastewater discharge by about 7.46 million tonnes per year.

During the time of report, total water consumption and intensity of viscose mills were as follows:



During the Reporting Period, process water consumption per Unit Product of viscose mills was better than the EU-BAT (35-70 m³/tonne product)



During the Reporting Period, Linz Nanjing total water consumption and intensity were as follows:



¹⁷Water consumption per unit product=water consumption during production of viscose fibre (excluding water consumption of power plants)/standard viscose fibre output (including waste fibre) .

POLLUTANT MANAGEMENT



During the Reporting Period, Sateri's wastewater discharges and air emissions were 100% up to standard.



100%

Air Emissions Management

The air emissions generated by Sateri's viscose mills are primarily from the flue gas of the power plant's coal-fired boilers and production processes. Main pollutants include carbon disulphide (CS₂), hydrogen sulphide (H₂S), sulphur dioxide (SO₂), and dust particles. In addition, there are also air emissions from Linz Nanjing plant dust.

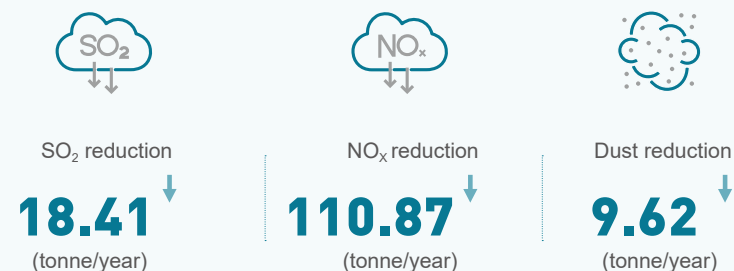
Our power plants follow the 2020 standards¹⁸ in laws and regulations relating to coal-fired power plants ultra-low emission. We were one of the first companies to make cleaner emission plans about boiler air emissions in all viscose mills, which largely reduced concentration, emission rate and emission amount per unit product of air emissions, in compliance of standards in advance.

¹⁸According to documents of three national ministries (Ministry of Environmental Protection, National Development and Reform Commission and National Energy Administration), by 2020, all qualified coal-burning power plants should try to realise ultra-low emission (under the standard of 6% oxygen content; concentration of dust, SO₂ and NO_x emission should be lower than 10, 35 and 50 mg/ m³).

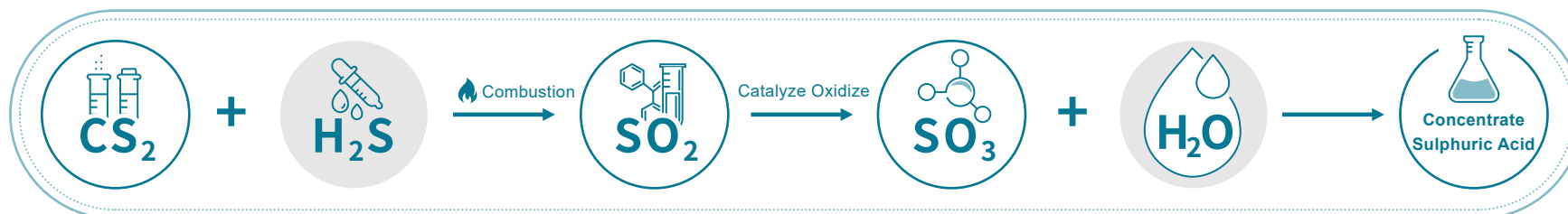
➤ SFJ Power Plants Ultra-clean Emission Project

SFJ power plant originally had two boiler desulphurization units and an absorption tower. During the Reporting Period, SFJ completed the retrofitting of #1 absorption tower and built a new #2 absorption tower, making sure that desulphurization efficiency was above 99% and SO_2 concentration $\leq 35\text{mg/Nm}^3$. At the same time, based on the original SNCR desulphurization technology level-1 desulphurization, we added ozone desulphurization on the entrance of #1 and #2 absorption tower, undergoing level-2 desulphurization of exhaust gas, which made NO_x concentration lower than 50mg/Nm^3 . Besides, we upgraded electric bag dust extraction and installed efficient demister, making dust concentration lower than 10mg/Nm^3 .

SFJ Power Plant Ultra-low Emission Results



In the aspect of reducing exhaust gas of production processes, during the Reporting Period, SFJ improved condensation recovery rate through lowering exhaust gas temperature and cut-off gas concentration by optimizing downtime operation, lowering CS_2 consumption of 50.1 kg/tonne product in 2019 to 49.3 kg/tonne product, which reduced Sulphur emission. In addition, SFJ adopted WSA technique, turning CS_2 exhaust gas from production line into SO_2 through chemical reactions. And then we made it into concentrated sulphuric acid product to be recycled in the factory, reducing air emissions while saving raw material consumption.

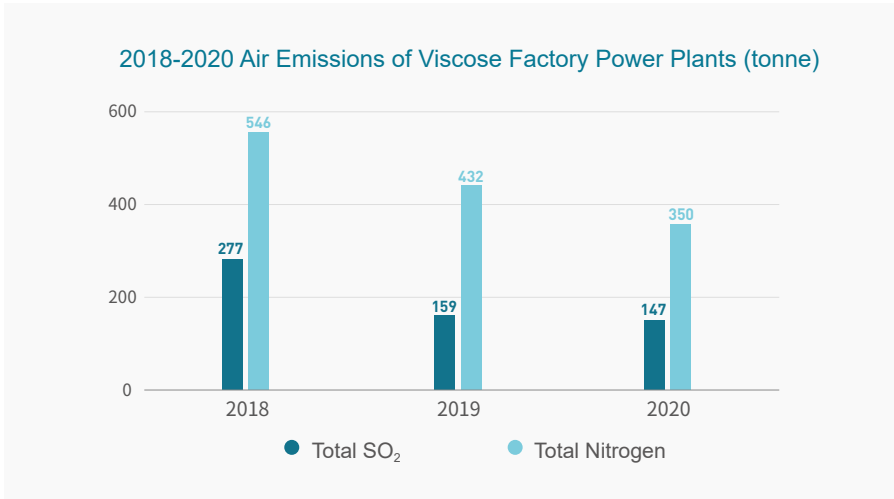


WSA Process

During the Reporting Period, the total emission ratio¹⁹ and concentration ratio²⁰ of air emissions from viscose factory power plants were as follows, lower than local standards.

Air Emissions of Viscose Factory Power Plants²¹

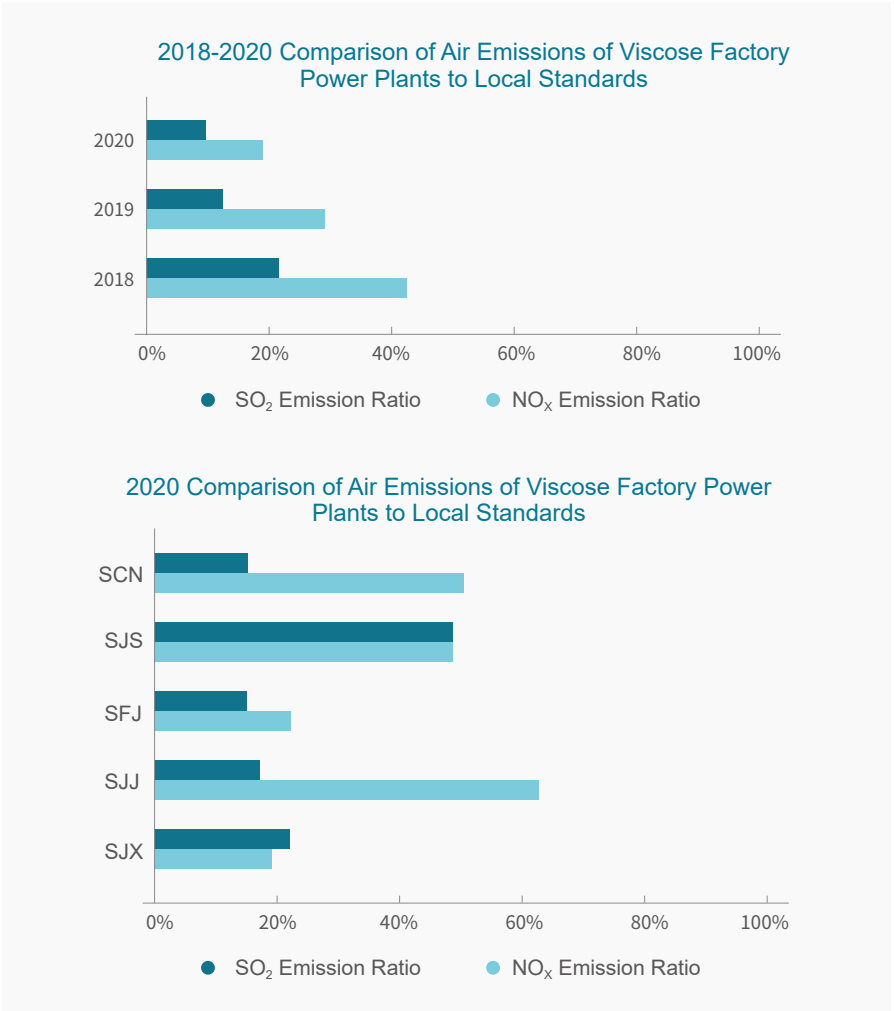
Index	Unit	2020
Power Plant Boiler		
Total SO ₂	tonne	147
Dust	tonne	39
Total Nitrogen	tonne	350



¹⁹Air emission ratio= total air emissions/air emissions local standard.

²⁰Air emission concentration ratio= air emissions concentration/air emissions local standard.

²¹Because the main source of exhaust gas of viscose mills is power plant boilers and production process air emissions is again desulphurized in plant boilers after recycled, this report only shows the amount of exhaust gas from power plant boilers.



The Total Sulphur Recovery Rate and Sulphur to Air emission of our viscose fibre mills in 2020 outperformed the EU-BAT limits. The Sulphur to Air emissions per unit product was decreased by 36.7% compared with 2019.

Sulphur to Air and Recovery of Viscose Fibre Mills ²²

Total Sulphur Recovery Rate

97.7%

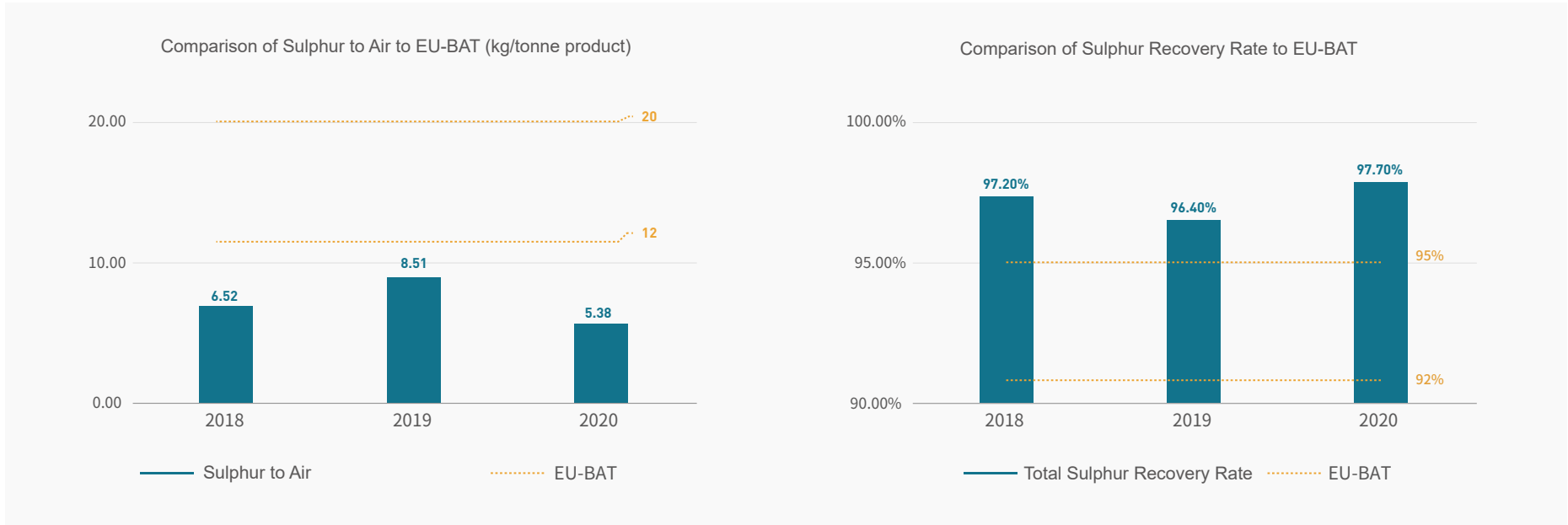


Sulphur to Air ²³

5.38 kg/tonne product



2018-2020 Sulphur to Air of Viscose Fibre Mills



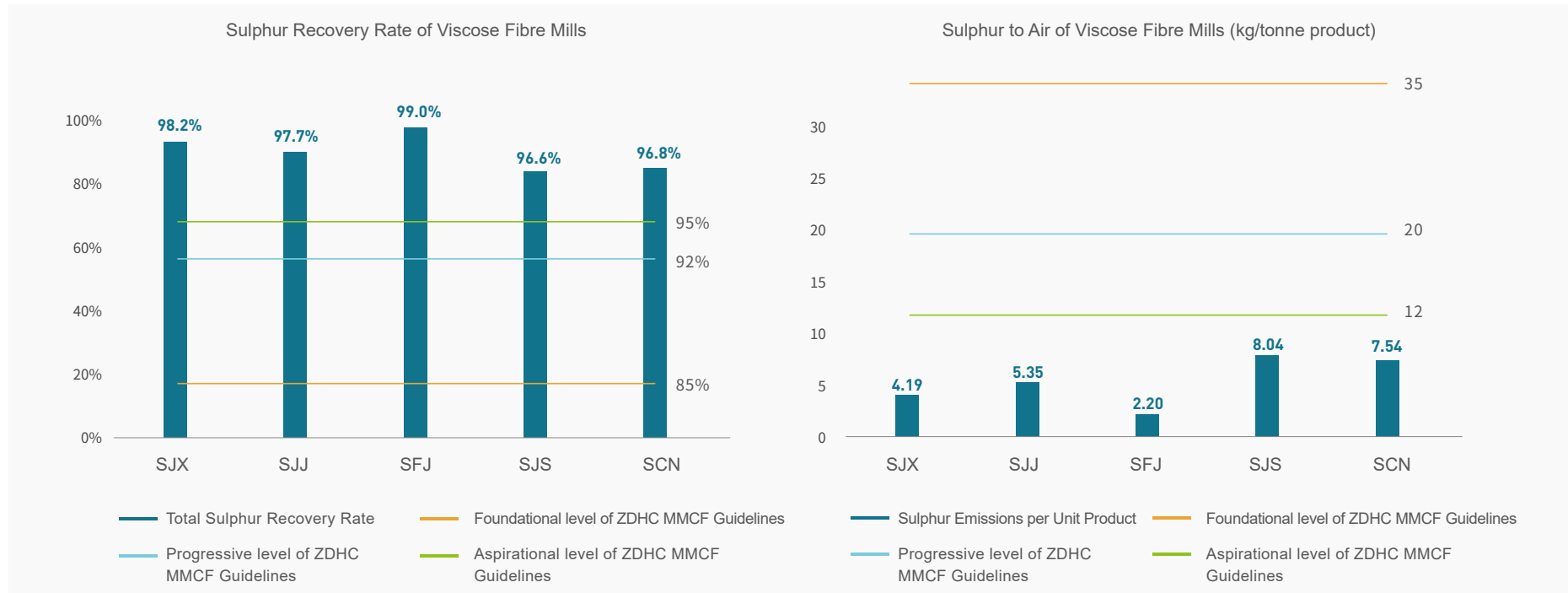
²²Sulphur associated with viscose fibre production (excluding the power plant).

²³Sulphur to Air=Sulphur emissions associated with viscose fibre production/ viscose fibre output (including waste fibre).

Sulphur emissions and recovery rate of all viscose fibre mills were as follows:

Sulphur to Air and Recovery of Viscose Fibre Mills ²⁴								
Index	Unit	SJX	SJJ	SFJ	SJS	SCN	EU-BAT	ZDHC MMCF Guidelines
Total Sulphur Recovery Rate	%	98.2	97.7	99.0	96.6	96.8	92-95 (coverted)	Foundational level: 85 Progressive level: 92 Aspirational level: 95
Sulphur to Air ²⁵	kg/tonne product	4.19	5.35	2.20	8.04	7.54	10-20	Foundational level: 35 Progressive level: 20 Aspirational level: 12

2020 Comparison of Sulphur to Air of All Viscose Fibre Mills to ZDHC MMCF Guidelines



²⁴Sulphur associated with viscose fibre production (excluding the power plant).

²⁵Sulphur to Air = Sulphur emissions associated with viscose fibre production/viscose fibre output (including waste fibre).

Wastewater Management

Industrial wastewater and domestic sewage are generated at our mill sites. The main pollutants include COD, NH₃-N, SO_x, Zn, etc. Sateri benchmarks its emissions performance against industry best practices such as the limits set in the EU-BAT BREF on Polymers Limits and ZDHC MMCF Interim Wastewater Guidelines. During the Reporting Period, we started a series of retrofitting projects of wastewater treatment system.

> SJS Biochemical System Sludge Pipe Renovation

Sludge produced by SJS sewage plant was sent to different acidized treatment cells through sludge pipes of the biochemical system, which caused high COD in the inlet of the biochemical system and affected the COD concentration of the outlet. During the Reporting Period, SJS renovated the sludge pipes of the biochemical system, connecting them to the outside neutralization reaction cell and parallel flow cell. This effectively used the remaining sludge, reduced COD concentration in the biochemical system inlet, and ensured that COD level was well within the permitted limits.

> Research on Velvet Slot Overflow Water Recycling Technology

Velvet slot overflow water has the highest salt and COD concentration among all wastewater during fibre production. Its flow accounts for only 5% of all wastewater, but its salt concentration can reach 40%-50%. During the Reporting Period, based on the features of high temperature, high salinity, rich acid, rich COD and rich suspended solids of wastewater, we researched on its recycle technologies. The recycling rate of salt is ≥99%, and the water recycling rate is ≥90%. It was predicted that we could recycle 12,528 tonnes of sodium sulphate, 4,849 tonnes of acid, 732 tonnes of zinc, and 164,160 tonnes of soft water every year, and reduced 11,213 tonnes of lime consumption and 20,885 tonnes of sludge generation.



It was predicted that we could recycle

12,528
tonnes of sodium sulphate

4,849 tonnes of acid

732 tonnes of zinc

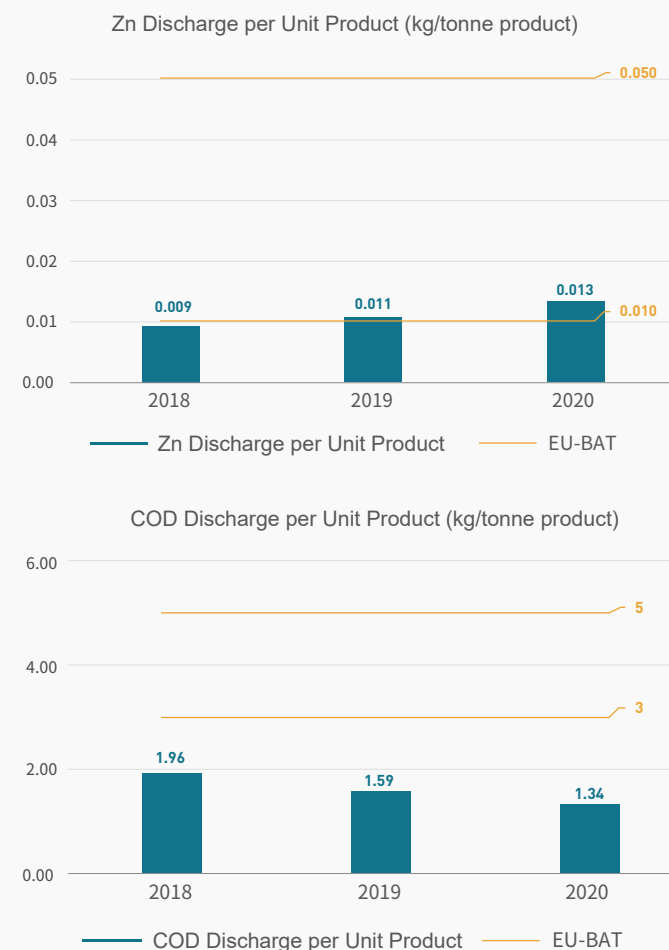
164,160
tonnes of sludge generation

During the Reporting Period, discharge index of viscose fibre mills was as follows:

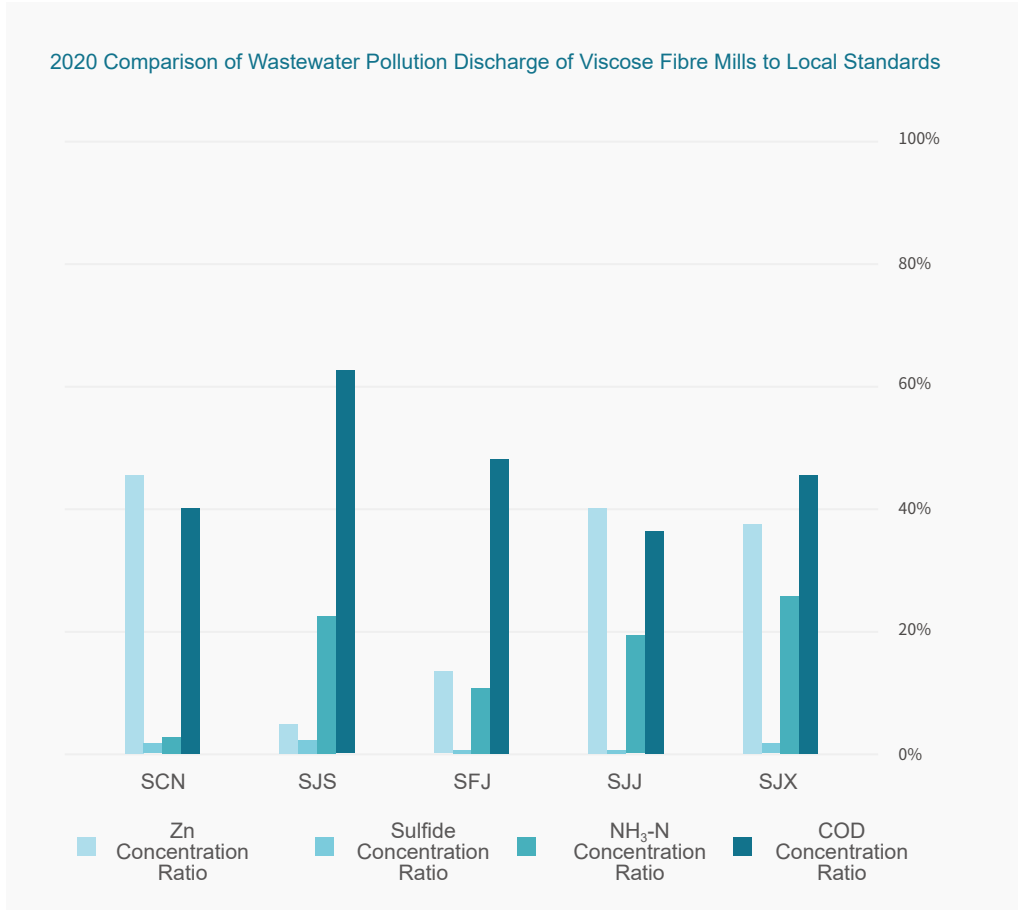
Discharge index of viscose fibre mills in 2020		
Index	Unit	2020
Wastewater	m ³	70,180,317
River and Lake	m ³	57,081,485
Ocean	m ³	13,098,832
Discharge Index		
COD Discharge	tonne	2,078.45
NH ₃ -N Discharge	tonne	71.91
Sulphide Discharge	tonne	1.43
Zn Discharge	tonne	19.89
Unit Discharge ²⁶		
COD Discharge per Unit Product	kg/tonne product	1.339
NH ₃ -N Discharge per Unit Product	kg/tonne product	0.046
Sulphide Discharge per Unit Product	kg/tonne product	0.001
Zn Discharge per Unit Product	kg/tonne product	0.013

²⁶Wastewater discharge per unit product=total discharge/viscose fibre output (including waste fibre).

2018-2020 Comparison of Wastewater Discharge of Viscose Fibre Mills to EU-BAT



All of our wastewater discharge concentration was lower than the local limits, details²⁷ were as follows:



²⁷Ratio=wastewater discharge concentration of mills/local standards of wastewater.



In addition, all of our wastewater discharge of viscose fibre mills was up to the ZDHC MMCF Interim Wastewater Guidelines, details were as follows²⁸.

ZDHC MMCF wastewater test results overview

ZDHC MMCF Wastewater Regular Parameter													ZDHC MMCF Wastewater Additional Parameter										ZDHC MMCF Specific Parameter		
Parameter	PH	Tem- pera- ture	Chroma	COD mg/L		BOD5	Grease	Total Nitro- gen	NH3-N	Total suspend- ed solids	Total phospho- rus	AOX	Phenol	Total Chromi- um	Cadmi- um	Cop- per	Nickel	Chro- mium (VI)	Lead	Mercury	APEO	Hydro- carbon	Zinc	Sulphide	Carbon disulphide
Unit		°C	{m-1} (436nm; 525; 620nm)	Ocean	Oth- ers	Others	mg/L	mg/L	mg/ L	mg/L	mg/L	mg/ L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/ L	mg/L	mg/L	mg/L	mg/L	mg/L	mg/L
SJX	A	P	A	-	A	A	P	A	A	A	A	A	A	A	A	A	A	A	A	A	O	F	A	A	A
SFJ	A	F	A	A	-	P	A	A	A	A	A	A	A	A	A	A	A	A	A	A	O	A	A	A	A
SJJ	A	A	A	-	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	O	A	A	A	A
SJS	A	P	A	-	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	A	O	A	A	A	A
SCN	A	A	A	-	A	P	A	A	A	A	A	A	A	A	A	A	A	A	A	A	O	A	A	A	A

A: Aspirational level

P: Progressive level

F: Foundational level

O = In observance of ZDHC limits

During the Reporting Period, Linz Nanjing total wastewater discharge and intensity were as follows:

Wastewater Discharge

4,465 m³

Wastewater Discharge per Unit Product

0.54 m³/tonne product



²⁸Test results came from reports issued by ZDHC-accredited third party testing lab.

Waste Management

General solid waste generated at the mill sites includes general industrial solid waste and municipal waste from office and living. Hazardous waste includes industrial hazardous waste and harmful waste from office and living.

We are dedicated to recycling and reusing waste and treating hazardous waste responsibly. Therefore, Sateri viscose fibre mills jointly developed the Production Waste Management Ordinance and Waste Label Management Ordinance, specifying methods and processes of waste collection and treatment, and monitoring waste generation, collection, labelling, recording, storage, transportation, delivery, disposal and other steps.

During the Reporting Period, SFJ used all 99,681 tonnes of waste of coal ash, coal slag and desulphurised gypsum as subgrade filling and raw material for brick making. Waste alkali cellulose, diatomaceous earth slag and sludge were transported to power plants to be incinerated to generate heat. At the same time, we continued to promote sodium sulphate electrolysis project to achieve recycling and reuse of general solid waste.

Sateri Waste Classification and Treatment



> Sodium Sulphate Electrolysis Project

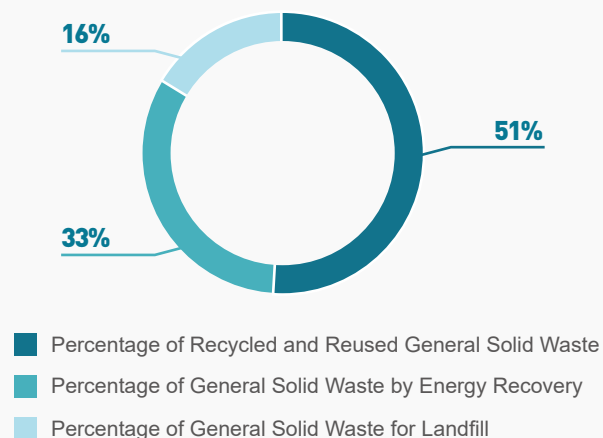
Sodium sulphate electrolysis project is aimed to achieve the recycling and reuse of sodium sulphate generated as a by-product at the factory acid stations through crystallization and calcination. Through electrodialysis, this project turns sodium sulphate into sulphuric acid and caustic soda and uses them as raw materials in production, realizing a green circle of raw material-product-raw material.

This project can achieve 69%-84% conversion rate of acid and alkali, process 12-14 tonnes of sodium sulphate every day, produce 8.2 tonnes of acid and 6.76 tonnes of alkali per day. Up to December 31, 2020, it converted **3,200** tonnes of sodium sulphate and produced **1,700** tonnes of acid and **1,400** tonnes of alkali.

During the Reporting Period, general solid waste disposal data of viscose fibre mills were as follows:

General Solid Waste Disposal Data of Viscose Fibre Mills		
Index	Unit	2020
General Solid Waste Disposal	tonne	1,528,767
General Solid Waste Disposal per Unit Product ²⁹	tonne/tonne product	0.98
Percentage of Recycled and Reused General Solid Waste	%	51%
Percentage of General Solid Waste by Energy Recovery	%	33%
Percentage of General Solid Waste for Landfill	%	16%

2020 Percentage of General Solid Waste Disposal Classified Based on Disposal Methods



The hazardous waste generated in 2020 is shown below; the amount generated per unit product is at the low end of EU-BAT limit range of 0.2-2.0 kg/tonne product.(0.2-2.0 kg/tonne product).

Hazardous Waste Generated of Viscose Mills

Total Hazardous Waste Generated

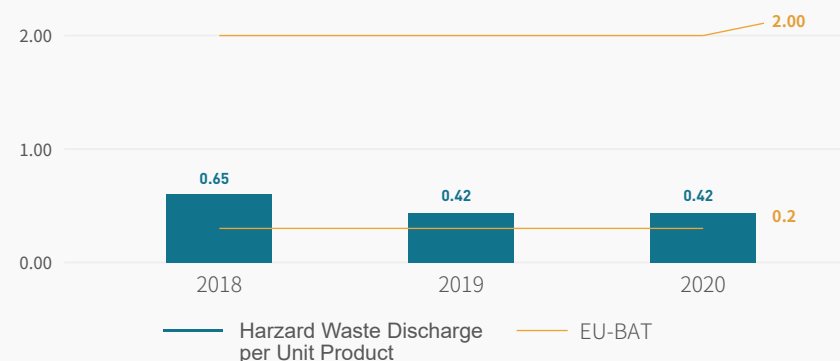
655.30 tonne

Hazardous Waste Generated per Unit Product³⁰

0.42 kg/tonne product



2018-2020 Comparison of Hazardous Waste Generated of Viscose Fibre Mills to EU-BAT norms



During the Reporting Period, waste disposal data of Linz Nanjing were as follows:

Total General Solid Waste Output

57 tonne

General Solid Waste Output per Unit Product

0.01 tonne/tonne product

Total Hazardous Waste Output


0.14 tonne

Hazardous Waste Output per Unit Product

0.017 kg/tonne product

²⁹General solid waste output per unit product=non-hazardous general waste output/viscose fibre output (including waste fibre).

³⁰Hazardous waste output per unit product=total hazardous waste output/viscose fibre output (including waste fibre).



100% of our chemical suppliers signed supplier code of conduct.

100%

CHEMICAL MANAGEMENT

Chemical Management

Chemicals are indispensable raw materials in the process of Sateri's product manufacturing. We actively respond to the initiative "Textile and Clothing Industry to achieve Zero Discharge of Hazardous Chemicals by 2020". We became a member of ZDHC alliance in 2018 and has been dedicated to promoting the goal of zero discharge of hazardous chemicals in the value chain of textile, leather and shoes in order to improve the environment and human welfare.

Chemical Procurement Management

Sateri has strict management process from the beginning of the lifecycle of chemicals, making sure chemical procurement is safe and environmentally friendly. As for bulk chemical raw materials, such as sulphuric acid, caustic soda, carbon disulphide and zinc sulphate, we adopt centralized procurement by the company in order to manage suppliers from multiple dimensions. At the same time, we ask chemical suppliers to sign the STeP by OEKO-TEX® manufacturing restriction list, ZDHC hazardous chemical zero discharge manufacturing restriction list, chemical registration, evaluation, permit and restriction standard (REACH-EC 1907/2006), GB18401-National Textile Product Basic Safety Technology Standard, and STANDARD 100 by OEKO-TEX® and other standards in order to ensure compliance of chemical procurement and reduce the impact on environment. 100% of our chemical suppliers signed supplier code of conduct.

Supplier Procurement Management



- **New supplier introduction:** check supplier's EHS, making sure it meets the requirement of Royal Golden Eagle and Sateri.
- **Supplier review:** add supplier's performance on sustainability into review and support them to keep improving

Supplier Classification Management



- **Suppliers of major chemicals:** before introduction, build a cross-department team with Safety and Environmental Protection Department to review suppliers, making sure they meet our sourcing requirements which includes sustainability specifications.
- **Suppliers of general chemicals:** based on Hazardous Chemical Safety Management Regulation and other regulations on operation, let the Safety and Environmental Protection team be in charge of procurement, transportation, storage, usage and disposal with the assistance of other departments.

Chemical Use Management

The production of viscose involves the use of certain hazardous chemicals, including sodium hydroxide (NaOH), concentrated sulphuric acid (H_2SO_4), carbon disulphide (CS_2). Sateri has established a set of robust chemical management rules which cover the procurement, transportation, usage, storage, and waste management of chemicals. In particular, every year we set reduction goals for three hazardous chemicals, namely NaOH, H_2SO_4 and CS_2 , and implement continuous improvement measures to ensure compliance with safety standards. SFJ and SJS have gained STeP by OEKO-TEX® Level-3 certificate, Level-3 safety standard (hazardous chemicals) re-examination certificate.

Carry out risk evaluation of chemicals regularly:

To effectively understand all chemicals' impact on human health and the environment, we set up risk management system for major chemicals. During the Reporting Period, we updated RSLs and MRSLs lists and underwent a thorough evaluation of risks on health and environment brought by chemicals in order to eliminate potential risks.

Major chemical hazards identification:

According to the Identification of Major Hazard Installations for Hazardous Chemicals (GB18218-2009), we carry out regular inspections in each viscose mill to properly identify major hazardous installations in order to eliminate safety risks and strengthen safety management of hazardous installations of chemicals.

Strengthen daily management and emergency response capabilities:

We compile Material Safety Data Sheets (MSDS) and carry out employee training of safety operations. We also make warning signs for operational sites and associated safety cards for hazardous chemicals to help employees understand safety risks and control measures of chemicals. In addition, we set up an emergency response system, install emergency recovery device in mills and carry out emergency drills against chemical leaks, aiming to improve our response to safety emergencies. During the Reporting Period, there was no chemical leak incident in any mills.

In 2020, we actively looked for safer alternatives to replace the use of potassium dichromate, with the aim of minimising the use and discharge of chemicals harmful to human health or the environment.

2020 Sateri Chemical Reduction Highlights

▪ SFJ Upgraded Manufacturing Equipment

During the Reporting Period, SFJ added four automatic backwash filters to lower the ratio of alkali to fibre in the original dope and expanded the area of heat exchanger from 88m² to 240m² to increase the recycling capacity of flash evaporation and second-bath, resulting in the following chemical reduction:

Caustic soda unit consumption was reduced by **↓ 0.9%**

Sulphuric acid unit consumption was reduced by **↓ 1.0%**

Zinc sulphate unit consumption was reduced by **↓ 7.4%**

▪ SCN Improved Chemical Techniques

During the reporting period, SCN used the principle of sulfide and zinc ions to generate zinc sulfide precipitation. NaHS is added to the primary reaction pond to achieve the purpose of removing zinc from wastewater. The reaction can reuse about 7 tonnes of NaHS/day.

As at December 31, 2020, a total of 529.2 tons of NaHS was reused. At the same time, this reaction requires a lower environmental pH value than before improvement. This helps reduce the amount of calcium hydroxide used to adjust the pH value of wastewater by about 35 kg/tonne of fibre, thereby lowering the usage of chemicals and the environmental impact caused by wastewater discharge.

reduced use of

35 kg calcium hydroxide per tonne product to adjust the pH of wastewater



Treatment device after improvement

For other suppliers of raw and auxiliary materials, equipment, building materials, technical and consultancy services, Sateri's plants are managed using the ASL (Approved Supplier List), NSL (Disapproved Supplier List) and DSL (Delisted Supplier List) systems. The procurement department regularly selects ASL suppliers that have business relationship with during the year to evaluate their qualifications and performance, identifies suppliers with significant negative environmental or social impacts and a valid record of non-compliance or penalties. The department adds these suppliers to the NSL or DSL and terminates the business relationship with them.

For new suppliers, Sateri plants develops and implements a Supplier Selection and Prequalification process to pre-qualify all new suppliers.

INNOVATION AND CIRCULARITY

Innovation is at the heart of Sateri's ambition to produce closed-loop, circular and climate-positive cellulosic fibres. We leverage our deep expertise in the cellulosic fibre industry and integrated R&D capabilities to commercialise and deliver sustainable, high quality and affordable products to customers and contribute to the realisation of a circular economy for the broader apparel industry.



Performance Highlights



R&D investment exceeded

580 million RMB



By 2020, a total of

207 patents
had been applied



Successfully commenced production of Lyocell fibre

Recycled fibre FINEX™ was launched, with up to

20% recycled content.

PRODUCT INNOVATION

We are dedicated to product innovation because we believe our products will help create a better living for consumers, while at the same time address pressing environmental challenges facing by the textile industry. In addition to our in-house R&D capabilities, we also work with research institutions, upstream and downstream business partners to drive product innovation and value creation.



R&D management

Sateri has established the Sateri R&D Incentive Programme to give cash rewards to employees who have won technical awards at the national, provincial and ministerial, city and county levels. Through this way, Sateri encourages employees to attach great importance to R&D and innovation, and thus driving Sateri's product and business development.

One of Sateri's main research and development directions is to solve the problems found in current products to make them more catered to market demands. While focusing on product performance, we are also committed to researching and developing innovative processes and technologies to improve the health, safety and environmental performance of our products. This year, we completed the research and development projects of Fresh (Smell Management Technology)nonwoven fibres, Ultra-care (No Residual Chloride, No AOX or EOX) Nonwoven fibres and Thin-soft (Super Thin)Nonwoven fibres, and solved the long-standing problems in the aspects of product performance, safety and environmental impact. Our efforts have been unanimously recognized by the market and the industry.

Through testing and implementing existing research and development results, Sateri continues to gain insights into the market demand status of various products in the industry, to better plan future research and development directions as it is committed to providing consumers with safer, more environmentally friendly and more satisfying products of high-quality. At present, we plan to invest in the research and development of hydrophobic Nonwoven fibres and anti-bacterial Nonwoven fibres in the future to provide more reliable choices of materials for daily necessities. During the Reporting Period, we invested more than 580 million RMB in research and development.

Sateri's planned R&D direction

Development plan for hydrophobic non-woven fibre

In the field of diaper products, in order to prevent liquid reverse osmosis, low water absorption materials are widely used as surface materials; but such materials usually has but a limited comfort level and their non-degradable properties cause environmental risks.

In order to solve this problem, Sateri plans to establish a project to develop a semi-hydrophilic viscose fibre with fast-dry properties, which will reduce the impact on the environment while meeting market demands.

Development plan for antibacterial nonwoven fibre

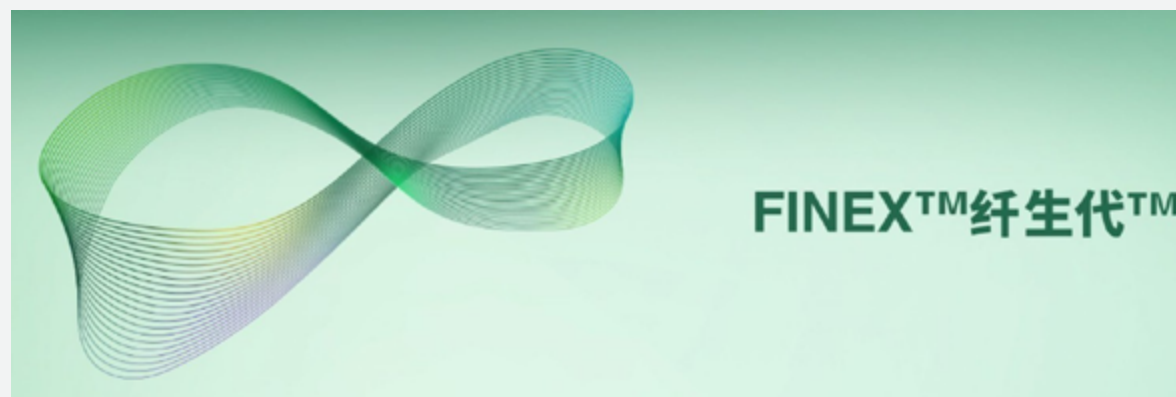
Due to COVID-19, the demands for masks and wipes as daily necessities have increased significantly.

In order to solve the cross-infection risks of harmful microorganisms and environmental pollution posed by such products, Sateri plans to establish a project to develop antibacterial non-woven fibres so that masks and wipes can be biodegradable, long-lasting, antibacterial and antiviral, and non-irritating to the skin. Such products are good for consumer health and environmental protection.

Number of Sateri patents			...
index	unit	2020	
Number of patent applications during the Reporting Period	item	51	
Number of patents granted during the Reporting Period	item	27	
Total number of patent applications	item	207	
Total number of patents granted	item	54	

Innovation results

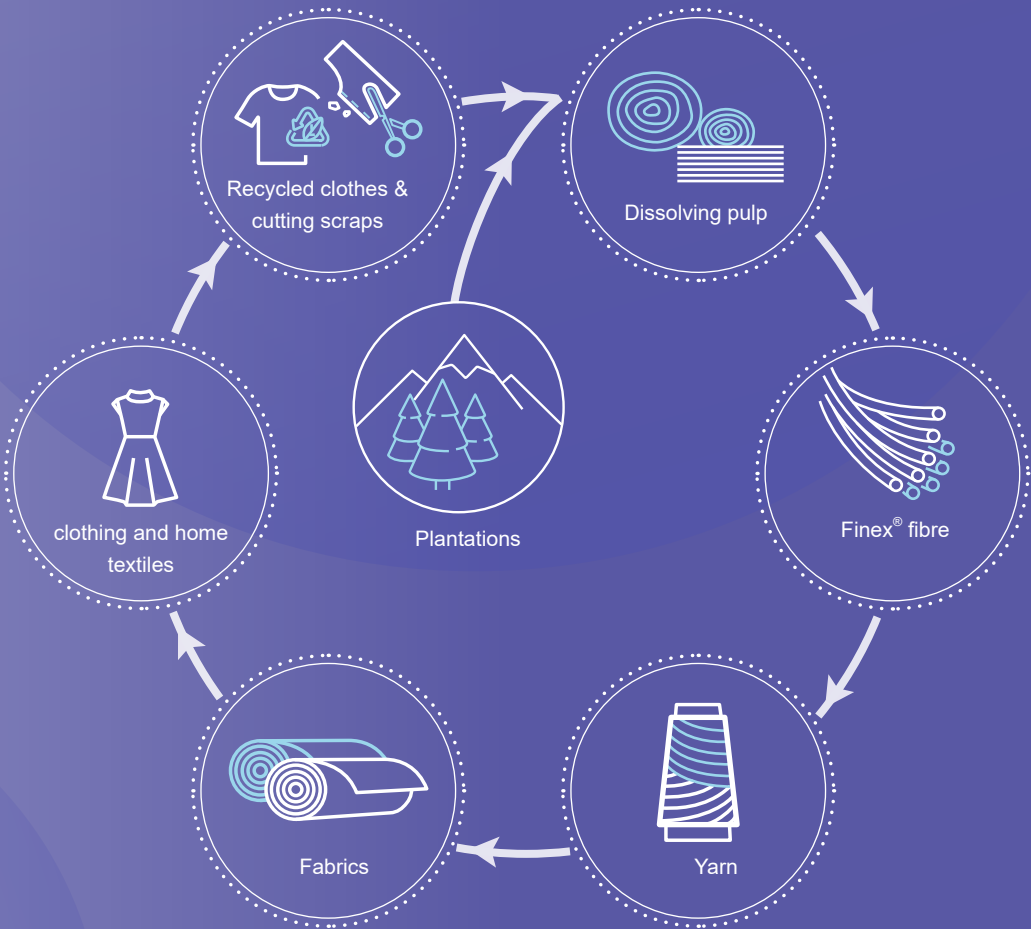
FINEX™



On a global scale, less than 1% of waste products are recycled for new garment production every year³¹. This means that there is still a huge untapped potential for the recycling of textile fibres, especially China, the world's largest garment producer. In June 2020, Sateri officially released its new cellulose fibre brand FINEX™ and achieved commercial mass production of fibres with 20% recycled contents. FINEX™ has now obtained the "Recycled Claimed Standard (RCS) Certification", a standard providing the certification basis for products that use recycled raw materials.

³¹"Sustainability and Circularity in the Textile Value Chain"

FINEX™, short for ‘Fibre Next’, is an innovative next-generation cellulosic fibre containing recycled content. FINEX™ uses a mix of dissolving pulp made from recycled post-consumer textile waste by Swedish company Södra, and other PEFC™ certified wood pulp. This product has obtained certifications of Recycled Claim Standard, STANDARD 100 by OEKO-TEX® (Appendix 6, Class I), USDA certified 100% bio-based product, and passed the REACH test.



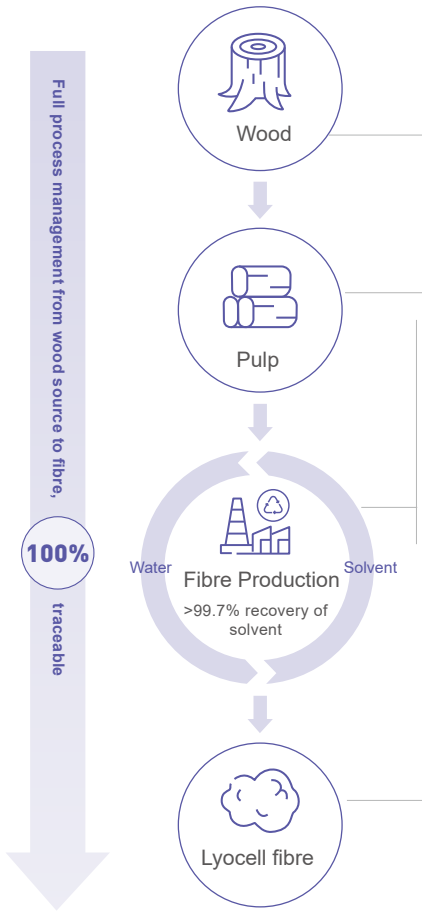
FINEX™ Value Chain

Lyocell products

Sateri's Lyocell fibre is derived from nature – sources from internationally certified plantations under sustainable management. Made with unique pulp manufacturing technology, it has excellent fibre performance with low environmental impact.

Based on a unique technical path and precise process control, our lyocell fibre has outstanding strength in both dry and wet conditions, with small fluctuations in various indicators, showing high uniformity and superior quality. It interweaves well with numerous textile fibres or blends through spinning to create different fabric styles and properties. Sateri's Lyocell is derived from pure wood sources, and such products are naturally skin-friendly, moisture-absorbing, breathable, silky and drape-like, being widely used in all kinds of downstream applications. At the same time, its good colour absorption performance and special fibre structure make the fabric soft and bright in colour, more suitable to meet the market demand.

Sateri's Lyocell fibre is biodegradable, and is produced with an environmentally friendly closed-loop production, where the organic solvents used are non-toxic and harmless with a solvent recovery and recycling rate of more than 99.7%. Our Lyocell passed the requirements of STANDARD 100 by OEKO-TEX® (Appendix 6, Class I) and the EU regulation "Registration, Evaluation, Authorization and Restriction of Chemicals" (REACH).



Sateri's Lyocell Production Process

Sustainability attributes of Sateri's Lyocell:

- Derived from 100% PEFC™ certified sustainable wood source, maintaining ecological balance
- Environmentally friendly pulping technology to minimize environmental impact
- Wood pulp and fibre manufacturing make full use of bioenergymass fuels to reduce carbon footprint
- Closed-loop production with a solvent recovery rate at 99.7%
- Use of biomass fuel, no harmful by-products (low-environmental footprint)
- Certification of OEKO-TEX® STANDARD 100 (Appendix 6, Class I), and reached the infant safety level
- Passed the REACH tests
- 100% bio-based product certified by U.S. Department of Agriculture (USDA) Priority Programme®
- Naturally biodegradable, no burden on the environment

Industry innovation

Sateri is dedicated to working with industry partners and related stakeholders to jointly carry out technological innovation, research and development projects, and to share our industry experience, so as to promote the development of the viscose industry. As part of the enterprise-university-research institute cooperation endeavor, we have launched a three-year project jointly with Donghua University on "Incorporating Waste Cotton Textiles to Prepare Dissolving Pulp with Recycled Content", which was successfully developed and accepted in 2020.



Enterprise-university-research institute cooperation projects

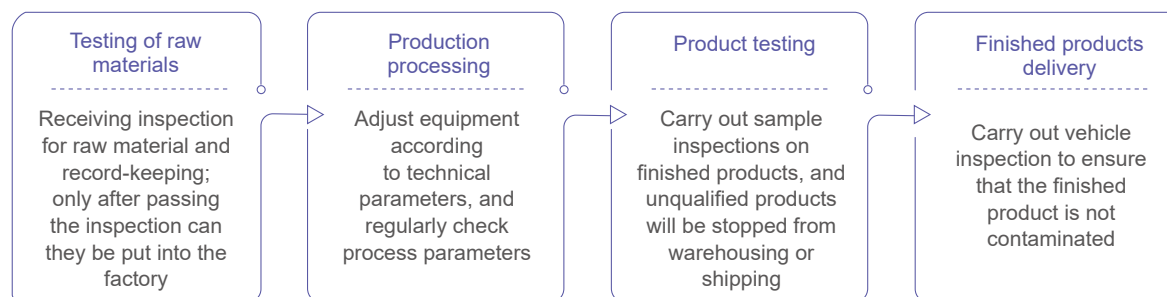
- Pre-treatment of waste cotton textiles recycling and its standards
- Analysis of fibre characteristics of waste cotton fabrics and formulation of testing indicators and operating procedures
- Pre-impregnation process research
- Cooking technology research
- Removal of metal impurities
- Bleaching process research
- Study on the effects of different sources of cotton fibre on the pulp properties
- Pulp quality assessment

QUALITY ASSURANCE

Sateri is devoted to providing customers with solid and reliable product quality assurance. We ensure the high-quality, health and safety of our products through efficient and well-defined quality management systems and measures as well as comprehensive quality certification and testing. We value customer feedback and continue improving product management accordingly.

Quality management

To provide high-quality products for customers, Sateri's viscose mills have established a quality manager representative system to ensure strict quality control on each link, which include raw material storage, production, finished product inspection, and delivery. At the same time, we have established a series of quality management system documents, such as Product Inspection Regulations, Product Quality Inspection and Grading Regulations, Quality Inspection Management System, and continued to improve them in order to carry out delicacy and standardized management on product quality. At present, our subsidiaries SCN, SJS, Sateri Lyocell, SJX, SFJ and SJJ have all obtained ISO9001:2015 quality management system certification.



Sateri product quality management measures

The closed-loop optimization on quality management helps us to improve product quality on a continued basis. Sateri's Quality Department actively discusses quality issues with the Technical Department, Production Department, Maintenance Department and other relevant departments on various occasions like morning meetings, manager weekly meetings, and quality meetings. Indicator trends and quality issue events are analysed so that we can better control and improve quality together. The Quality Department summarises the annual quality trends and analysis results to report to the management and cooperates with relevant departments to establish CI improvement teams to lead the key quality improvement projects in the next year.

"Increasing Excellent Fibre Quality Rate In Finished Products":

The rate of premium products in finished products increases from 61.7% in 2019 to 91.1%, and reaches 97.1% from April to December.

"Reducing Foreign Objects that Cause Fibre Reworks":

The amount of reworks caused by foreign objects decreases from 52.5 tonnes in 2019 to 2.4 tonnes, which is reduced by 95.43%.

"Reducing the Rate Of Contaminated Fibre In The Third Phase Of Spinning And After-treatment":

The proportion of polluted cotton decreases from 0.34% in 2019 to 0.21%

"Improving the Uniformity of Fibre Moisture Regain":

The standard deviation of moisture regain drops from 1.80% in 2019 to 1.24%

"Improving the Fibre Whiteness Uniformity":

The standard deviation of the whiteness of the finished product decreases from 0.252% in 2019 to 0.145%

Examples of Sateri's improvement projects in 2020

In order to increase our employees' quality management awareness and capabilities, in 2020, we evaluated the work skills of employees at every position and provided relevant training for them. For inspectors in the factory, we carried out technical competition to strengthen their technical skill level. This year, we formulated quantitative quality assessment and management to further raise the employees' awareness of quality management and improve their accountability.



Quality Certification

We have conducted comprehensive third-party certifications and testing on our products to ensure product quality, health and safety performance. PDCA cycle has been applied throughout our daily management and work. Through continuous improvement, we implement the specific requirements of various certifications into our working routine and cultivate a culture and the capabilities for continuous improvement among all employees. We achieve the goal of quality system optimization through continuous process optimization.

Sateri product certification and testing

Certification	Products
STANDARD 100 by OEKO-TEX® certification (Appendix 6, Class I) v ³²	Textile and nonwoven fibre, Recycled Fibre FINEX™, Lyocell fibre
Chemical Registration, Evaluation, Authorization and Restriction (REACH) Testing ³³	Textile and Nonwoven fibre, Lyocell fibre
Restriction of Hazardous Substances (RoHS) ^{34 35}	Nonwoven fibre
German Hohenstein Biosafety Certification	EcoCosy® viscose fibre
TTTS Antibacterial Testing	EcoCosy® Antibacterial fibre
TTTS Safety Testing	EcoCosy® Antibacterial fibre
TTTS Standard Microbial Testing	EcoCosy® Antibacterial Fibre
Skin Sensitization Testing	EcoCosy® Antibacterial Fibre and Nonwoven fibre

Certification	Products
Cytotoxicity Testing	EcoCosy® Antibacterial Fibre and Nonwoven fibre
Bioburden Analysis test	Nonwoven fibre
In vitro cytotoxicity Testing	Nonwoven fibre
Detection of Pathogenic Bacteria (Including Escherichia Coli, Pseudomonas Aeruginosa, Staphylococcus Aureus, etc.)	Nonwoven fibre
RIPT Skin Allergic Testing United States Department of Agriculture (USDA) certification (US Department of Agriculture 100% bio-based products)	Nonwoven fibre (One-time test)
California Act No. 65 (Testing the Content of Lead, Cadmium, Formaldehyde, etc.)	Nonwoven fibre (One-time test)
US FDA Chloroform Soluble Extract Testing (Paper Product Requirements)	Nonwoven fibre (One-time test)
Halogen Testing	Nonwoven fibre (One-time test)
Polychlorinated Biphenyls and Glyphosate Testing	Nonwoven fibre (One-time test)

In addition, Sateri have been persistent in adopting responsible marketing methods to promote and sell products. The BV Series project we launched has passed the Chain of Custody (CoC) certification of forest product production, which proves that this project has been recognized in terms of product declaration and compliance promotion.

Customer feedback

Customer feedback points out the important direction for us to improve product quality. Sateri has laid down clear guidance and mechanism on handling customer complaints and feedback. Through the formulation of management documents such as Technical Service Workflow, Sateri has formulated a working mechanism where Marketing Department leads internal and external communication, and Quality Department implement full-line tracking, with all departments' support and collaboration. In this way, Sateri is dedicated to solving problems efficiently for customers and improving product quality.

This year, Sateri's customer satisfaction has exceeded **80%**, and the after-sales resolution rate has reached **100%**.

³²STANDARD 100 by OEKO-TEX® is applicable to white and black textile and nonwoven fibres; other certification and testing are applicable to white textile and nonwoven fibres.

³³Passing the REACH test means passing the requirements of "obligation to provide safe use information" under the EU regulation REACH.

³⁴RoHS test, skin irritation test, skin sensitization test, cytotoxicity test, bioburden analysis test, in vitro cytotoxicity test, pathogen test, RIPT test, California Act 65 test, U.S. FDA chloroform soluble extract test (required for paper products), halogen testing, PCB and glyphosate testing are all tested items passed by Sateri Fujian.

³⁵RoHS mainly tests the content of harmful substances such as lead (Pb), cadmium (Cd), mercury (Hg), hexavalent chromium (Cr6+), polybrominated biphenyls (PBBs) and polybrominated diphenyl ethers (PBDEs).

INCLUSIVE GROWTH

Sateri is committed to safeguarding the health and safety of our employees and our community, and creating shared value and prosperity through innovation and care. As a company that respects Labour Rights, we provide our employees with comprehensive career paths to empower their growth and promote labour equality on the value chain. We are also dedicated to building a harmonious and safe working environment for the sake of the health and safety of our employees. We uphold a high level of integrity and do not tolerate corruption or misconduct. Our social responsibility to the community is demonstrated by the range of programmes in place.



Performance Highlights



0 fatality due to work-related injury or occupational disease

0 lost-time incident



100% of viscose mills have been certified to ISO45001 (OHSMS)



Total employee training hours

330,843

Average hours of training per employee

48.53

Announced support for UN Women's Empowerment Principles (WEPs)

Female employees account for

10%

in the senior management team,



and

16%

in the middle management team

Investment used for education, empowerment, and improvement has been

1.499 million RMB

No. of Sateri Education Bursary recipients

1,600+



Total investment more than

1.55 million RMB

LABOUR RIGHTS

Sateri firmly believes that people are the most critical element in the long-term development of a company. We respect employees' rights, care about their work and life, and emphasise the importance of their career development. We aim to build a safe working environment to promote harmonious, stable and equal labour relations and inclusive environment.

Employment

Sateri abides by the Declaration on Fundamental Principles and Rights at Work of the International Labour Organisation (ILO), UN Universal Declaration of Human Rights and other related international conventions. We also signed UN Women's Empowerment Principles (WEPs) during the Reporting Period in a bid to promote an equal and harmonious working environment. At the same time, we strictly comply with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, Provisions on the Prohibition of Child Labour and other laws and regulations. We also formulated the Management Regulation on Labour Contract and Probation Period to regulate the management of labour contract and protect legal rights and interests of employees. In addition, we introduced the Recruitment Management Regulation to ensure legal employment. We preserve and protect employees' right to choose, firmly resist the use of Child Labour or forced labour, and strive to avoid any kind of workplace discrimination based on race, religion, gender, age, marital status, disability or nationality.



Workforce Diversity

Number of female employees in senior management team

7 people

Ratio of female employees in senior management team

10%

Number of female employees in middle management team

58 people

Ratio of female employees in middle management team

16%



While making sure our own employment policies and practises comply with relevant regulations, Sateri also actively advocates legal employment in the supply chain. We formulated our Pulp Sourcing Policy, which stipulates that Sateri avoids choosing suppliers that violate workers' rights or the ILO Declaration on Fundamental Principles and Rights at Work to protect legal rights and interests of workers in the supply chain. Various Sateri mills also rolled out appropriate employment management policy based on their own circumstances to make sure that practises are consistent within the company and in the supply chain. For example, SJJ introduced the Social Responsibility Management Regulation, which covers employees of the company as well as suppliers, in a bid to provide employees with a comfortable, fair and safe working environment.

Sateri values good employment relationship with local communities where we operate. During the Reporting Period, to stabilise employment and to enhance the localisation of employees, we actively promoted the Employee Referral Management Regulation, broadened employee recruitment channels, and strengthened employer brand building in the local area. This effectively increased the ratio of local employees in our workforce. To retain talent, during the Reporting Period, we identified employees with good performance and mapped out a career development plan for them as part of succession planning.

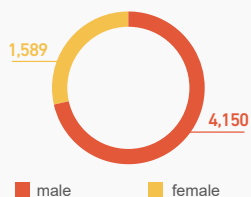
³⁶Functional staff including Supervisor, Officer and Clerk.

Middle management including Manager and AM.

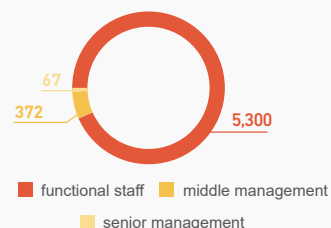
Senior management including SM and GM.

³⁷Employee turnover rate = Number of employee turnover *2/ (number of employee at the beginning of the year + number of employee at the end of the year).

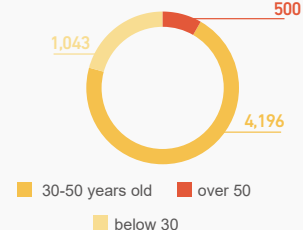
Total number of employees by gender



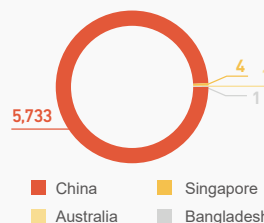
Total number of employees by position³⁶



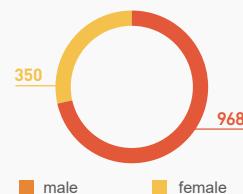
Total number of employees by age



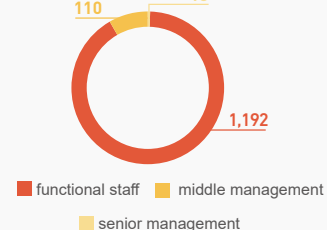
Total number employees by region



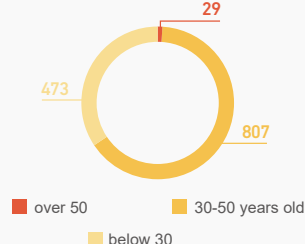
Total number of new employees by gender



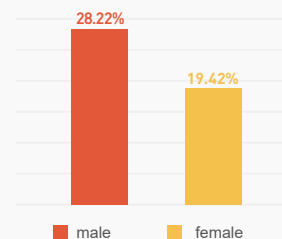
Total number of new employees by position



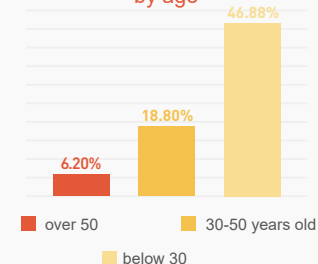
Total number of new employees by age



Employee turnover rate by gender³⁷



Employee turnover rate by age



Benefits

Sateri provides all employees with salary and benefits that are higher than industry standards. We formulated the Remuneration Accounting Regulation and the Benefits Policy to regulate the company's salary structure and various benefits. Besides providing employees with endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance, and housing fund, we also offer benefits covering accommodation, working lunch, transportation, family visits, mobile communication, medical checkups, gifts, holidays, etc. As supplementary protection, we provide Employers' Liability Insurance and Group Accident Insurance.

We established a trade union and encouraged employees to actively participate in discussions on employee rights. As of the end of the Reporting Period, more than 81% of employees at Sateri mills have joined the trade union. The union is actively exploring the applicability of collective bargaining agreements and has promoted the signing of collective bargaining agreements at Sateri Lyocell. Moreover, we organised new employee seminars, frontline visits and other activities. We receive feedback and suggestions through channels like Voice of the Employee (VoE) programme and grievance hotlines.



> SFJ held meetings with new employees

New employee meetings build a bridge between the company and new employees. During the Reporting Period, SFJ organised several such meetings, where new employees share their observations, thoughts and feelings after joining us, give suggestions on orientation, pre-job training and on-the-job learning, and talk about the difficulties they face at work. Colleagues from the Human Resources department answered their questions in detail, to make sure that every voice was heard.

> SJS set up the mills manager's reception day

In July 2020, SJS set up the mills manager's reception day. Departments would collect anonymous Appeal Form from employees during the first half of a month and recommend one employee to attend the mills manager's reception day at the end of the month. During the Reporting Period, SJS has held five such reception days and solved hundreds of problems from employees.

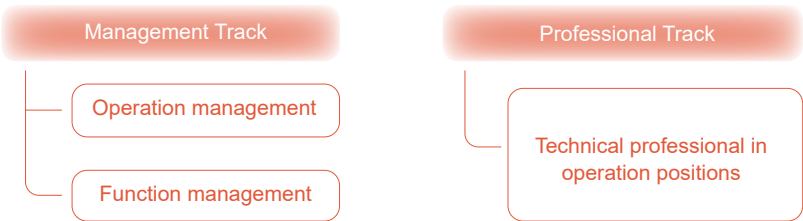
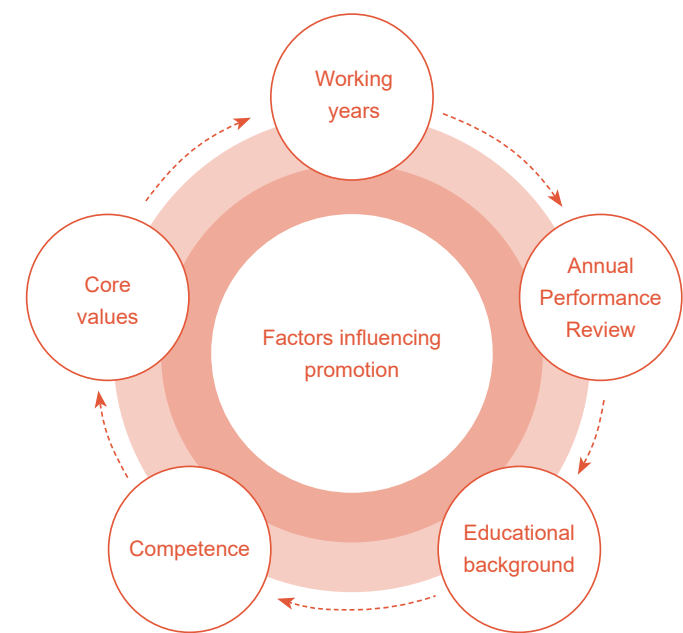
Sateri holds various activities to foster a happy and relaxing working atmosphere and enhance employees' sense of belonging. For example, we hold birthday parties for employees regularly, and hold cultural events before holidays like the Spring Festival, the Lantern Festival, etc. During the pandemic, SCN worked with the government and related departments to help 89 employees (including 25 who came from Hubei Province) get back to work, providing convenience for employees while ensuring stable production.

During the Reportin Period, SFJ conducted a satisfaction survey with 117 new employees. Survey results were analysed and feedback provided were acted upon.

Talent development

Sateri strives to develop our employees to their full potential through training and career growth.

We formulated the Personnel Change Management Regulation, which specified the promotion system and processes. We comprehensively evaluate employees based on their competence and promotion rules and provide them with vertical and horizontal development paths.



Vertical career development path

Apart from the vertical career development path, employees can also choose a horizontal one. The company will rotate employees' positions on the horizontal level based on the need for talent, employee development and organisation management.

The Sateri Learning Institute (SLI) serves to train our employees by equipping them with the latest knowledge, skills and practices. We formulated the Training Management Control Procedure to ensure a long-term training plan. During the Reporting Period, we mobilised employees to be trainers. Our Internal Instructor Management System ensures the trainers are of high quality and with the right experience, expertise and attitude. We also encourage our employees to pursue self-improvement. Sateri introduced the Technical Personnel Further Education Management Regulation to support technical personnel to further their studies. We also use the online Workday Learning platform to improve the management of training processes and records, twinning training plans with talent development plans. Our training programmes and system are tailored at different job types and at all levels.

Sateri Training System

> Mills manager training

Broaden leadership vision and enhance leaders' management capabilities
Includes contents like discussion on core values and founder's philosophy, production operation, safety and environmental protection, leadership, etc.

> Manager training

Contents include: Quality Productivity Cost (QPC), LEAN, financial management, human resources management, etc.
A total of 124 managers attended the training during the Reporting Period

> Secretary (general management) training

Contents include: manager's role cognition, team empowerment and motivation, etc.
Specific training include: cost awareness, management responsibility

> Entry manager training

Contents include manager role positioning, on-site task control and coordination, work report and issues management, etc.

> Frontline operator training

Position skills training: specifically designed for new employees according to different positions. Contents include: safety, operation, daily performance.
Driving License Process (DLP): DLP covers 17 positions and has its own evaluation standards. 63 DLP courses were developed during the Reporting Period.
One Point Lesson (OPL): OPL often takes around 10 minutes and can be finished on a working day. 17 such courses were developed during the Reporting Period.

The SLI has conducted satisfaction surveys on most training, with the average satisfaction rate at 4.68 (out of 5). We analysed problems like insufficient training management, inconsistency in the execution of business units and departments, and put forward solutions.

2020 Performance Highlights of the SLI:

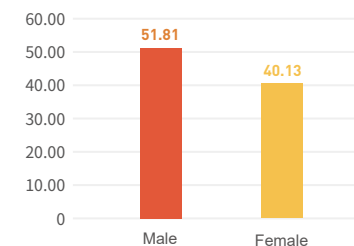
Number of training programmes	Number of new trainers	Number of newly developed courses	Average satisfaction rate
65	148	157	4.68

During the Reporting Period, the total training hours of the SLI reached 330,843 hours, with per capita training hours at 48.53 hours.

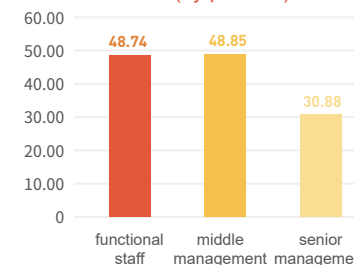
the training coverage was
100%



Average training hours of employees (by gender)



Average training hours of employees (by position)



> DLP Programme

Sateri established a DLP position certificate programme, which evaluates employees' practical skills, basic knowledge and work performance. The programme is graded and performance is linked to employee incentives.

During the Reporting Period, SLI upgraded the programme. Employees now have to pass all skill tests to obtain the highest grade. 756 employees from SJS and SCN completed the tests.

> Sateri Lecture

In 2020, the SLI created Sateri Lecture, an internal sharing platform, aimed to share Sateri's experience and expertise in management and technological innovation. Four lectures were held during the Reporting Period: Excellent Shift Team Management, Gemba Walk, Interview Skills, and Sateri Systematic and Standardized Management Programme. 757 employees attended these lectures which were held virtually and uploaded on Workday for review.



> Orientation training camp and Eagle talent training programme

In 2020, a total of 91 new employees from SJJ, SFJ, and SJS participated in the orientation training camp, which was tailored for different departments and positions. At the same time, with another training programme called Sateri Eagle, our aim is to optimize our training design. The SLI, HR department and business departments worked together to foster a better environment for the faster and better growth of new Sateri employees.

The 2020 Graduate Trainee (GT) programme lasted around 8 to 12 months. Sateri Eagle is a comprehensive talent development programme that focuses on high-performing graduate trainees and front-line workers who show potentials. Divided into three stages covering "eagle spreads wings", "eagle runs" and "eagle soars", the programme is aimed to help "eagles" to learn knowledge and skills quickly during the training period, so that they can fit into their job. During the Reporting Period, 30 employees from SJX, 19 from SJJ and 43 from SCN participated in the Sateri Eagle programme.

Health and safety

We insist on providing a safe, comfortable and happy working environment for our employees. We do our best to protect the health and safety of all employees and implement the policy of "keep safety and prevention first, insist on comprehensive management". At present, SCN, SFJ, SJJ, SJX, SJS, Sateri Lyocell have all obtained the ISO45001 Occupational Health and Safety Management System certification issued by UKAS. Additionally, they actively promote the standardization of safety production, comprehensively control safety production and occupational health in all aspects during production and operation activities.

Sateri has established the Occupational Health and Safety Production Committee, which is composed of senior managers, department managers and functional personnel. It is responsible for monitoring and managing the safety performance of the company, including identifying and controlling potential safety hazards, establishing safety production processes, organizing and carrying out safety improvement trainings, formulating emergency plans, preventing and monitoring safety accidents and occupational diseases. During the Reporting Period, in order to further improve the company's occupational health management ability, SFJ, SJS, SJX added some positions, such as occupational health engineer and occupational health manager, to be responsible for the occupational health and health work.

During the Reporting Period, the annual safety risk assessment and review work was carried out orderly in all the mills, and efforts were made to build a dual preventive working mechanism of safety risk grading control and hidden danger investigation and management. A total of 718 hazard sources were identified by SCN, including 9 significant risks. Control measures were formulated for all hazard sources and responsible persons were appointed. Sateri formulated SOP on chemical management, strictly controlled hazardous chemical vehicles, built hazardous chemical warehouse according to regulations, and equipped with corresponding safety and fire-fighting equipment.

Sateri's efforts in protecting the health and safety of employees have been widely recognized. During the Reporting Period, SJJ won the "119 City Fire Protection Award" issued by Jiujiang fire safety committee of Jiangxi Province.



SJJ won the "119 City Fire Protection Award"



Sateri actively creates a safety culture, and assists employees in raising safety awareness and implementing safety management through various activities, including occupational health examinations, occupational health publicity week, heatstroke prevention training fire law, production safety emergency planning, and special drills.



Invite professional medical team to the mill for medical consultation and promoting occupational health knowledge

Measures to ensure employees' occupational health and safety



Occupational Health

- **Personal Protective Equipments (PPE)**

According to the needs of various departments, the distribution of PPE on a monthly basis

- **Staff Physical Examination**

Establish employee's personal occupational health records, conduct occupational health examination for new employees before employment, conduct on-the-job physical examination for in-service employees every year, and conduct physical examination for outgoing employees



Production safety

- **Activities about Safety**

Set safety production month, fire month and other special activities to increase the safety awareness of all staff and cultivate a safety atmosphere

- **Training on Safety**

Carry out training and education on safety. New employees will receive three-level safety training, including factory level, department level and team level. Each team will publicize and implement safety production related knowledge before and after the shift

- **Emergency Response**

Establish safety emergency preparation and response procedures, organize all departments to formulate comprehensive emergency plans, special emergency plans and on-site disposal plans



Pandemic Prevention And Control

- **Education and training**

Hold and organize the training and study on COVID-19 prevention to all staff

- **Pandemic Prevention Supplies Guarantee**

Provide masks and other pandemic protection equipments every week

During the Reporting Period, health and safety training for our employees was 100%, occupational health examination was also 100%. Other indicators of occupational health and safety:

		2017	2018	2019	2020
Fatalities due to work-related injury or occupational disease ³⁸	Number of incidents	0	1	0	0
	Rate (per 200,000 hours worked) ³⁹	NA	NA	0	0
Lost time injury ⁴⁰	Number of incidents	NA	NA	8	12
	Rate (per 200,000 hours worked)	0.16	0.20	0.14	0.22
Serious work-related injuries ⁴¹	Number of incidents	NA	NA	1	0
	Rate (per 200,000 hours worked)	NA	NA	0.02	0
Occupational diseases case ⁴²	Number of incidents	0	0	0	0
Rate of occupation disease	Rate	0%	0%	0%	0%

³⁸ Number of workplace deaths due to work-related injuries or occupational diseases, as defined by Chinese laws.

³⁹ Rate (per 200,000 hours worked) = (Number of incidence) / (Number of hours worked) × 200,000.

⁴⁰ A work-related injury or occupational disease, as diagnosed by a doctor, which causes the loss of at least one working day by an employee, or the employee to be able to perform only 50% or less of his or her normal workload without loss of a working day.

⁴¹ A work-related injury that results in a fatality or in an injury from which the worker cannot, does not, is not expected to recover fully to pre-injury health status within 6 months, per GRI Standards.

⁴² Work-related ill health can include acute, recurring and chronic health problems caused or aggravated by work conditions or practices, as defined by Chinese Law.

Ethical Business Operation

Sateri adopts a "zero tolerance" policy on corruption for employees and supply partners. Our internal audit team follows a strict internal audit workflow to ensure robust internal control system as part of risk mitigation management, as well as promote efficient use of resources. We requires suppliers to sign the Code of Conduct and Code of Procurement Ethics.

We encourage all employees to report any suspected corrupt behaviors and practices in a timely manner. During the Reporting Period, all employees received training relating to anti-corruption. A small number of reports relating to employees' dereliction of duty and suppliers' failure to fulfill contractual terms was received.

During the Reporting Period, the coverage rate of anti-corruption training for Sateri's employees reached

100%



Public Welfare

Sateri actively fulfills its corporate social responsibility with focus on 3 areas: Education Empowerment Enhancement. Sateri actively participates in various public welfare activities, including student support, poverty alleviation, environmental protection, pandemic prevention and safety programmes.

Sateri has established a volunteer association to organise public welfare activities and engage our partners. During the Reporting Period, Sateri formulated a public welfare investment plan, with an actual investment worth of 1.499 million RMB and 162 volunteers in community causes dedicating a total of 5,686 service hours.

Actual investment worth of

1.499 million RMB



Number of volunteers in community

162



Total service hours

5,686



➤ Founders' Day: Fund raising activities of RGE Group

As part of RGE's Founders' Day fund-raising activities were organised to help communities affected by the pandemic. With RGE Group's 2:1 matching donation, Sateri raised more than 400,000 RMB in China. We used this fund to support the "A Dream Foundation" and built two "Dream Centers" located near Asia Symbol (Xinhui) Plant and SJJ. The details were as follows:



Huangcun town Huangcun School: No.2, Huangcun Road, Huangcun Town, Hukou County, Jiujiang City, Jiangxi Province

Yamen town Xiandong School: Dongnan village committee, yamen Town, Xinhui District, Jiangmen City, Guangdong Province

"Dream Center" project was established by the Shanghai A Dream Foundation to provide standardized quality education for schools in less developed areas. They are designed to help children in less developed areas obtain equal educational resources.



➤ Supporting Education -- Sateri Education Bursary

Sateri set up the Sateri Education Fund with the "Sateri Education Bursary" as the starting point to continuously aid students from low income families in communities around our mills. The financial support, since 2006, aims to help students from these families complete their studies from primary school through to university. At end 2020, we have donated 1.55 million RMB in total and supported over 1,600 beneficiaries.

We have established long-term collaboration with the People's Government of Gutang Town, the People's Government of Huangcun Town and the Tongwen Middle School of Jiujiang City. Sateri holds a bursary award ceremony annually which is attended by the beneficiaries as well as representatives from the local government, education departments and Sateri's management members. We received the "Model Enterprise for Charity & Love for Students" by Jiujiang Education Bureau of Jiangxi Province.



By the end of 2020

1,600+ beneficiaries



Cumulative investment of

1.55 million RMB

➤ Environmental Protection -- "Little Cotton Artist" creative handicraft workshop

SFJ's Volunteer Association designed and executed creative lessons promoting environmental protection in rural schools in the community. Children aged 3-12 enjoy "little cotton artist" creative handicraft workshops, which stimulates their curiosity. More than 2,000 students have participated over the last three years.





> Capability improvement – Breeding chickens to help farmers out of poverty and increase income

SJJ cooperated with the government of Huangcun Town in Hukou county to help farmers increase their income by 2,073 RMB on average through chicken breeding and sales support, so as to contribute to the country's comprehensive poverty alleviation target by the end of 2020. This project effectively leverages the government's resources and stimulate the enthusiasm of farmers by supporting farmers' breeding through the cooperation of enterprises, government and farmers. This model can be effectively replicated and extended to other areas and mills of Sateri. The project won the honor of “Golden Key- China action for SDGs” issued by Guide to Sustainable Development Economy.



Appendix 1: Glossary

Asia Pacific Resources International Holdings Limited (APRIL)

Founded in 1994, The APRIL is a world-leading integrated forest, pulp and paper producer. With its management headquarters in Singapore, it owns and operates the world's largest integrated pulp and paper production complex in Riau, Indonesia.

Biobased

Biobased products are those that originate partially or completely from renewable resources. These products can be either biodegradable or non-biodegradable.

Bracell

The Bracell is a leading global manufacturer of speciality cellulose with 150,000 hectares of freehold forest land and production facilities in Bahia, Brazil, with an annual capacity of 485,000 tonnes of dissolving wood pulp. Following its delisting from the Hong Kong Stock Exchange, the Bracell became part of the RGE.

Canopy

Canopy is a non-profit environmental organisation dedicated to the protection of forests, species and climate worldwide.

Carbon Disclosure Project (CDP)

Founded in the UK in 2000, the Centre for Global Environmental Information and Research (formerly the Carbon Disclosure Project (CDP)) is an independent, not-for-profit organisation that invites companies to complete an annual questionnaire to disclose their environmental actions and provides analysis to help decision makers make better decisions, manage risks and seize opportunities.

Chain of Custody (COC)

The COC documents the flow of materials and raw materials through various stages right up to the final product. It is important for the certification of raw materials and their traceability. In order to ensure that final products really meet the requirements of the standard, initiatives trace the flow of materials throughout the chain of custody.

Changing Markets Foundatio (CMF)

The Changing Markets Foundation (CMF) was established in the Netherlands to create and support activities that address sustainability-related issues and promote a more socially just and environmentally sustainable market transformation through partnerships with non-profit organisations, foundations and research institutions.

China Association of Circular Economy (CACE)

The CACE is a cross-regional, cross-industry and national association established by the former China Resources Comprehensive Utilization Association. Its main functions include providing technical support to the government in formulating strategic plans, improving regulations and standards, perfecting policies and mechanisms, promoting technological progress, carrying out demonstrations and pilot projects, strengthening publicity and training, enhancing supervision and management, promoting the development of circular economy and building ecological civilization, etc.

China Forest Certification Council (CFCC)

The CFCC, the highest governing body of China's forest certification system, achieved mutual recognition with PEFC™ in early 2013.

Collaboration for Sustainable Development of Viscose (CV)

The aim of the CV is to establish a public platform for green development that is monitored and promoted by the industry to minimise the environmental impact of the production and lifecycle of viscose fibres. The aim is to minimize the environmental impact of the production and life cycle of viscose fibres.

Conservation International (CI)

The CI is an international non-profit environmental organisation that focuses on protecting nature and preserve biodiversity and to demonstrate that human societies can live harmoniously with nature.

EDANA

The EDANA is the world's leading association for the nonwovens and related industries. The association is dedicated to advocating free and fair trade in the nonwovens industry, promoting product stewardship in the industry and creating an environment conducive to innovation and sustainable and profitable growth.

Fashion Industry Charter for Climate Action

The Fashion Industry Charter for Climate Action aligns with the objectives of the Paris Agreement and contains a vision for the industry to achieve net zero emissions by 2050, and identifies issues to be addressed by signatories, including decarbonization production, environmentally friendly and sustainable material choices, low carbon transport, raising consumer awareness, working with the financing community and policy makers, and exploring circular business models.

Forest Management(FM)	The FM certification is used to confirm that a forest operator or owner's operations meet the criteria for sustainable forest management.	PDCA	PDCA (Plan-Do-Check-Act) is an iterative, four-stage approach for continually improving processes, products or services, and for resolving problems. This working method is the basic approach to quality management
Forest Stewardship Council® (FSC®)	The FSC is an international non-profit organisation for wood certification, dedicated to the promotion of responsible forest management globally.	Programme for the Endorsement of Forest Certification Schemes™ (PEFC™)	The PEFC is an international not-for-profit accreditation and certification organisation. Established in 1999 to promote sustainable forest management through independent third-party certification, PEFC™ provides a mechanism to safeguard buyers of wood and paper products that promote sustainable forest management.
GHG Protocol Corporate Accounting and Reporting Standard	The GHG Protocol is a collaborative effort between stakeholders including businesses, non-governmental organisations, governments and other organisations, with the objective of providing a methodology and standard for accounting for greenhouse gases. One of the most influential standards in the GHG Protocol is the GHG Protocol Corporate Accounting and Reporting Standard, which provides step-by-step guidance for companies to quantify and report on GHG emissions reductions.	Registration, Evaluation, Authorization and Restriction of Chemicals (REACH)	The REACH is a Regulation of the European Union (Registration, Evaluation, Authorisation and Restriction of Chemicals entered into force in June 2007. The REACH test shows that the product meets the requirements of the EU regulation REACH on the "obligation to provide information on safe use".
Global Fashion Agenda(GFA)	The GFA is the leading forum for industry collaboration and public-private cooperation on fashion sustainability.	Restriction of Hazardous Substances (RoHS)	RoHS is a mandatory standard set by EU legislation, known as the Restriction of Hazardous Substances in Electrical and Electronic Equipment Directive. The standard has been implemented since 1 July 2006 and is intended to regulate the material and process standards of electrical and electronic products to make them more conducive to human health and environmental protection.
GoldenBee CSR 2030 Initiative	The GoldenBee CSR 2030 Initiative aims to raising CSR and corporate citizenship standards in China and elevating China's global standing on sustainable development, contributing to the realization of SDGs.	Royal Golden Eagle (RGE)	Founded in 1967, The RGE manages a number of world-leading renewable energy-based manufacturing and clean energy companies and is the parent company of the Sateri.
Higg Materials Sustainability Index(Higg MSI)	The Higg MSI, developed by SAC, is the apparel industry's most trusted tool for measuring and scoring the environmental impact of materials.	Science-Based Targets (SBT)	SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. The SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the Worldwide Fund for Nature (WWF). The aim is to promote the setting of scientifically sound greenhouse gas reduction targets in order to achieve the "2°C target" set out in the Paris Agreement ---- which is to limit the increase in the world's average temperature to 2°C relative to the pre-industrial revolution.
International Labor Organization (ILO)	The ILO was established in 1919 as a subsidiary body of the League of Nations under the Treaty of Versailles and became a specialised agency of the United Nations dealing with labour issues in 1946. Its aims are: to promote full employment and better standards of living; to foster cooperation between employers and employees; to extend social security measures; and to protect the lives and health of workers.		

Scope 1, 2 and 3 emissions

Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Sustainable Apparel Coalition (SAC)

The SAC was founded in 2011. It is an association of leading companies, non-profit organisations as well as research and educational experts aiming to create a more sustainable international apparel, footwear and textile industry. SAC is also the developer of the Higg Index.

Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was created in 2015 by the Financial Stability Board (FSB) to develop consistent climate-related financial risk disclosures.

Textile Exchange

The Textile Exchange is a global non-profit organisation that is a leader in the fibre and materials industry. The organisation develops, manages and promotes a leading set of industry standards and collects and publishes key industry data and insights to reduce the impact of the textile industry on the world's water, soil and air and human populations.

United Nations Framework Convention on Climate (UNFCCC)

The UNFCC is the world's first legally binding international convention to comprehensively control greenhouse gas emissions and address climate change, and is also the basic framework for international cooperation on global climate change. The UNFCC is the world's first legally binding international convention to comprehensively control greenhouse gas emissions and address climate change.

United Kingdom Accreditation Service (UKAS)

The UKAS is the National Accreditation Body for the Unite Kingdom and the world. It is responsible for accreditation of certification bodies and the accreditation of laboratory measurements and tests.

United Nation Sustainable Development Goals (SDGs)

The UN Sustainable Development Goals (SDGs) are 17 global development goals set by the United Nations that continue to guide global development efforts for 2015-2030 beyond the expiration of the Millennium Development Goals (MDGs) for 2000-2015.

Women's Empowerment Principles (WEPs)

The WEPs is a set of principles developed by UN Women and the UN Global Compact in 2010 to provide guidance to businesses on how to promote gender equality in the workplace, marketplace and community.

Working Group on Whole Life Cycle Assessment of the Textile and Garment Industry in China

The working group was established in 2020 at the Annual Conference on Social Responsibility in China's Textile and Garment Industry. The group works together to build an LCA evaluation system and tools for textile products, achieve standardised measurement and ecological analysis of many environmental indicators including carbon footprint, water footprint and chemical footprint of textile and related products, analyses energy saving, emission reduction and carbon reduction of enterprises and products as well as environmental management of the supply chain through a scientific approach from the perspective of products It also strengthens the two-way collaboration between the industrial chain and the value chain in green governance.

ZDHC Man-Made Cellulosic Guidelines

The ZDHC MMCF Guidelines is a set of guidelines that addresses integrated expectations for discharge wastewater quality, emissions to air, and chemical recovery for manufacturing facilities producing Man-Made Cellulosic Fibres (MMCF).

Zero Discharge of Hazardous Chemicals (ZDHC)

The ZDHC is a group of apparel and footwear brands and retailers working together to lead the industry towards zero discharge of hazardous chemicals for all products across all pathways by 2020. ZDHC has published "Joint Roadmap" and the "Manufacturers Restricted Substance List (MRSL)"in November 2011 and in June 2014.

Appendix 2: GRI Standards Content Index(Core)

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GRI 102: General Disclosures 2016			
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102-3	Location of headquarters	Shanghai, China	P08
102-4	Location of operations	Sateri at a Glance: Sateri's Business	P08-09
102-5	Ownership and legal form	About the Report	P02
102-6	Markets served	Sateri at a Glance: Sateri's Business	P08
102-7	Scale of the organization	Sateri at a Glance: Sateri's Business	P08
102-8	Information on employees and other workers	Inclusive Growth: Labour Rights	P74-P75
102-9	Supply chain	Climate and Ecosystem Protection: Supporting Ecological Conservation; Closed Loop Production: Chemical Management	P41-43 P62-63
102-10	Significant changes to the organization and its supply chain	No significant changes	-
102-11	Precautionary Principle or approach	Closed Loop Production: Environmental Management	P45
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102-42	Identifying and selecting stakeholders	Sustainable Development: Communications with Stakeholders	P21-23
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102-46	Defining report content and topic Boundaries	About the Report	P02
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102-48	Restatements of information	About the Report	P02
102-49	Changes in reporting	About the Report	P02
102-50	Reporting period	About the Report	P02
102-51	Date of most recent report	About the Report	P02
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GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Inclusive Growth: Ethical Business Operation	P83
	103-2 The management approach and its components	Inclusive Growth: Ethical Business Operation	P83
	103-3 Evaluation of the management approach	Inclusive Growth: Ethical Business Operation	P83
205-1	Operations assessed for risks related to corruption	Inclusive Growth: Ethical Business Operation	P83
205-2	Communication and training about anti-corruption policies and procedures	Inclusive Growth: Ethical Business Operation	P83
205-3	Confirmed incidents of corruption and actions taken	Inclusive Growth: Ethical Business Operation	P83
GRI 206: Anti-competitive Behavior 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Inclusive Growth: Ethical Business Operation	P83
	103-2 The management approach and its components	Inclusive Growth: Ethical Business Operation	P83
	103-3 Evaluation of the management approach	Inclusive Growth: Ethical Business Operation	P83
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Inclusive Growth: Ethical Business Operation	P83
Environmental			
GRI 301: Materials 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Climate and Ecosystem Protection: Supporting Ecological Conservation; Closed Loop Production: Chemical Management	P41-43 P62-63
	103-2 The management approach and its components	Climate and Ecosystem Protection: Supporting Ecological Conservation; Closed Loop Production: Chemical Management	P41-43 P62-63
	103-3 Evaluation of the management approach	Climate and Ecosystem Protection: Supporting Ecological Conservation; Closed Loop Production: Chemical Management	P41-43 P62-63
301-1	Materials used by weight or volume	Climate and Ecosystem Protection: Supporting Ecological Conservation;	P43
301-2	Recycled input materials used	Innovation and Circularity: Product Innovation	P67-69
301-3	Reclaimed products and their packaging materials	Innovation and Circularity: Product Innovation	P67-69

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GRI 302: Energy 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Closed Loop Production: Energy and GHG Emissions Control	P47-48
	103-2 The management approach and its components	Closed Loop Production: Energy and GHG Emissions Control	P47-48
	103-3 Evaluation of the management approach	Closed Loop Production: Energy and GHG Emissions Control	P47-48
302-1	Energy consumption within the organization	Closed Loop Production: Energy and GHG Emissions Control	P47-48
302-2	Energy consumption outside of the organization	Climate and Ecosystem Protection: Mitigating Climate Change Closed Loop Production: Energy and GHG Emissions Control	P35 P47-48
302-3	Energy intensity	Closed Loop Production: Energy and GHG Emissions Control	P47-48
302-4	Reduction of energy consumption	Climate and Ecosystem Protection: Mitigating Climate Change Closed Loop Production: Energy and GHG Emissions Control	P35 P47-48
		Climate and Ecosystem Protection: Mitigating Climate Change Closed Loop Production: Energy and GHG Emissions Control	P35 P47-48
302-5	Reduction in energy requirements of products and services	Climate and Ecosystem Protection: Mitigating Climate Change Closed Loop Production: Energy and GHG Emissions Control	P35 P47-48
GRI 303: Water and Effluents 2018			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Closed Loop Production: Water Resource Utilization Closed Loop Production: Pollutant Management	P49.P51 P56
	103-2 The management approach and its components	Closed Loop Production: Water Resource Utilization Closed Loop Production: Pollutant Management	P49.P51 P56
	103-3 Evaluation of the management approach	Closed Loop Production: Water Resource Utilization Closed Loop Production: Pollutant Management	P49.P51 P56
303-1	Interactions with water as a shared resource	Closed Loop Production: Water Resource Utilization	P49
303-2	Management of water discharge-related impacts	Closed Loop Production: Pollutant Management	P51.P56
303-3	Water withdrawal	Closed Loop Production: Water Resource Utilization	P50
303-4	Water discharge	Closed Loop Production: Pollutant Management	P57-59
303-5	Water consumption	Closed Loop Production: Water Resource Utilization	P50
GRI 304: Biodiversity 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Climate and Ecosystem Protection: Supporting Ecological Conservation	P36-43
	103-2 The management approach and its components	Climate and Ecosystem Protection: Supporting Ecological Conservation	P36-43
	103-3 Evaluation of the management approach	Climate and Ecosystem Protection: Supporting Ecological Conservation	P36-43

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304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Climate and Ecosystem Protection: Supporting Ecological Conservation	P36-43
304-2	Significant impacts of activities, products, and services on biodiversity	Climate and Ecosystem Protection: Supporting Ecological Conservation	P36-43
304-3	Habitats protected or restored	Climate and Ecosystem Protection: Supporting Ecological Conservation	P36-43
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Climate and Ecosystem Protection: Supporting Ecological Conservation	P36-43
GRI 305: Emissions 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Climate and Ecosystem Protection: Mitigating Climate Change Closed Loop Production: Pollutant Management	P30-35 P51
	103-2 The management approach and its components	Climate and Ecosystem Protection: Mitigating Climate Change Closed Loop Production: Pollutant Management	P30-35 P51
	103-3 Evaluation of the management approach	Climate and Ecosystem Protection: Mitigating Climate Change Closed Loop Production: Pollutant Management	P30-35 P51
305-1	Direct (Scope 1) GHG emissions	Climate and Ecosystem Protection: Mitigating Climate Change	P34
305-2	Energy indirect (Scope 2) GHG emissions	Climate and Ecosystem Protection: Mitigating Climate Change	P34
305-3	Other indirect (Scope 3) GHG emissions	Climate and Ecosystem Protection: Mitigating Climate Change	P34
305-4	GHG emissions intensity	Climate and Ecosystem Protection: Mitigating Climate Change	P34
305-5	Reduction of GHG emissions	Climate and Ecosystem Protection: Mitigating Climate Change	P34
305-6	Emissions of ozone-depleting substances (ODS)	Not relevant	-
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other	Closed Loop Production: Pollutant Management	P53-55
GRI 306: Waste 2020			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Closed Loop Production: Pollutant Management	P60
	103-2 The management approach and its components	Closed Loop Production: Pollutant Management	P60
	103-3 Evaluation of the management approach	Closed Loop Production: Pollutant Management	P60

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306-1	Water generation and significant waste-related impacts	Closed Loop Production: Pollutant Management	P60
306-2	Management of significant waste-related impacts	Closed Loop Production: Pollutant Management	P60
306-3	Waste generated	Closed Loop Production: Pollutant Management	P61
306-4	Waste diverted from disposal	Closed Loop Production: Pollutant Management	P61
306-5	Waste diverted to disposal	Closed Loop Production: Pollutant Management	P61
GRI 307: Environmental Compliance 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Closed Loop Production: Environmental Management	P45
	103-2 The management approach and its components	Closed Loop Production: Environmental Management	P45-46
	103-3 Evaluation of the management approach	Closed Loop Production: Environmental Management	P45-46
307-1	Non-compliance with environmental laws and regulations	Closed Loop Production: Environmental Management	P46
GRI 308: Supplier Environmental Assessment 2016			
302-5 302-5 302-5	103-1 Explanation of the material topic and its Boundary	Climate and Ecosystem Protection: Supporting Ecological Conservation Closed Loop Production: Chemical Management	P41-43 P62-63
	103-2 The management approach and its components	Climate and Ecosystem Protection: Supporting Ecological Conservation Closed Loop Production: Chemical Management	P41-43 P62-63
	103-3 Evaluation of the management approach	Climate and Ecosystem Protection: Supporting Ecological Conservation Closed Loop Production: Chemical Management	P41-43 P62-63
308-1	New suppliers that were screened using environmental criteria	Climate and Ecosystem Protection: Supporting Ecological Conservation Closed Loop Production: Chemical Management	P41-43 P62-63
308-2	Negative environmental impacts in the supply chain and actions taken	Climate and Ecosystem Protection: Supporting Ecological Conservation Closed Loop Production: Chemical Management	P41-43 P62-63
Social			
GRI 401: Employment 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Inclusive Growth: Labour Rights	P74
	103-2 The management approach and its components	Inclusive Growth: Labour Rights	P74
	103-3 Evaluation of the management approach	Inclusive Growth: Labour Rights	P74

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401-1	New employee hires and employee turnover	Inclusive Growth: Labour Rights	P75
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Inclusive Growth: Labour Rights	P76
401-3	Parental leave	N/A	-
GRI 402: Labour Management Relations 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Inclusive Growth: Labour Rights	P75
	103-2 The management approach and its components	Inclusive Growth: Labour Rights	P75
	103-3 Evaluation of the management approach	Inclusive Growth: Labour Rights	P75
402-1	Minimum notice periods regarding operational changes	Inclusive Growth: Labour Rights	P75
GRI 403: Occupational Health and Safety 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Inclusive Growth: Labour Rights	P80
	103-2 The management approach and its components	Inclusive Growth: Labour Rights	P80
	103-3 Evaluation of the management approach	Inclusive Growth: Labour Rights	P80
403-1	Occupational health and Safety management system	Inclusive Growth: Labour Rights	P80
403-2	Hazard identification, risk assessment, and incident investigation	Inclusive Growth: Labour Rights	P80
403-3	Occupational health services	Inclusive Growth: Labour Rights	P80-81
403-4	Worker participation, consultation, and communication on occupational health and safety	Inclusive Growth: Labour Rights	P80-81
403-5	Worker training on occupational health and safety	Inclusive Growth: Labour Rights	P81
403-6	Promotion of worker health	Inclusive Growth: Labour Rights	P80-81
403-7	Prevention and mitigation of occupational health and safety management system	Inclusive Growth: Labour Rights	P80-81
403-8	Workers covered by an occupational health and safety management system	Inclusive Growth: Labour Rights	P80-81
403-9	Work-related injuries	Inclusive Growth: Labour Rights	P82
403-10	Work-related ill health	Inclusive Growth: Labour Rights	P81-82

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GRI 404: Training and Education 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Inclusive Growth: Labour Rights	P77
	103-2 The management approach and its components	Inclusive Growth: Labour Rights	P77
	103-3 Evaluation of the management approach	Inclusive Growth: Labour Rights	P77
404-1	Average hours of training per year per employee	Inclusive Growth: Labour Rights	P78
404-2	Programs for upgrading employee skills and transition assistance programs	Inclusive Growth: Labour Rights	P77-79
404-3	Percentage of employees receiving regular performance and career development reviews	Inclusive Growth: Labour Rights	P78
GRI 405: Diversity and Equal Opportunity 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Inclusive Growth: Labour Rights	P74-75
	103-2 The management approach and its components	Inclusive Growth: Labour Rights	P74
	103-3 Evaluation of the management approach	Inclusive Growth: Labour Rights	P74
405-1	Diversity of governance bodies and employees	Inclusive Growth: Labour Rights	P74
405-2	Ratio of basic salary and remuneration of women to men	N/A	-
GRI 406: Non-discrimination 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Inclusive Growth: Labour Rights	P74-75
	103-2 The management approach and its components	Inclusive Growth: Labour Rights	P74
	103-3 Evaluation of the management approach	Inclusive Growth: Labour Rights	P74
406-1	Incidents of discrimination and corrective actions taken	Inclusive Growth: Labour Rights	P74
GRI 408: Child Labour 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Inclusive Growth: Labour Rights	P74-75
	103-2 The management approach and its components	Inclusive Growth: Labour Rights	P74
	103-3 Evaluation of the management approach	Inclusive Growth: Labour Rights	P74
408-1	Operations and suppliers at significant risk for incidents of Child Labour	Inclusive Growth: Labour Rights	P74-75

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GRI 409: Forced or Compulsory Labour 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Inclusive Growth: Labour Rights	P74-P75
	103-2 The management approach and its components	Inclusive Growth: Labour Rights	P74
	103-3 Evaluation of the management approach	Inclusive Growth: Labour Rights	P74
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Inclusive Growth: Labour Rights	P74-75
GRI 411: Rights of Indigenous Peoples 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Climate and Ecosystem Protection: Supporting Ecological Conservation	P36-43
	103-2 The management approach and its components	Climate and Ecosystem Protection: Supporting Ecological Conservation	P36-43
	103-3 Evaluation of the management approach	Climate and Ecosystem Protection: Supporting Ecological Conservation	P36-43
411-1	Incidents of violations involving rights of indigenous peoples	Climate and Ecosystem Protection: Supporting Ecological Conservation	P36-43
GRI 413: Local Communities 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Inclusive Growth: Public Welfare	P84
	103-2 The management approach and its components	Inclusive Growth: Public Welfare	P84
	103-3 Evaluation of the management approach	Inclusive Growth: Public Welfare	P84
413-1	Operations with local community engagement, impact assessments, and development programs	Inclusive Growth: Public Welfare	P85-87
413-2	Operations with significant actual and potential negative impacts on local communities	Inclusive Growth: Public Welfare	P85-87
GRI 414: Supplier Social Assessment 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Climate and Ecosystem Protection: Supporting Ecological Conservation; Closed Loop Production: Chemical Management; Inclusive Growth: Labour Rights; Inclusive Growth: Ethical Business Operation	P41-43 P62-63 P75.P83
	103-2 The management approach and its components	Climate and Ecosystem Protection: Supporting Ecological Conservation; Closed Loop Production: Chemical Management; Inclusive Growth: Labour Rights; Inclusive Growth: Ethical Business Operation	P41-43 P62-63 P75.P83
	103-3 Evaluation of the management approach	Climate and Ecosystem Protection: Supporting Ecological Conservation; Closed Loop Production: Chemical Management; Inclusive Growth: Labour Rights; Inclusive Growth: Ethical Business Operation	P41-43 P62-63 P75.P83

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414-1	New suppliers that were screened using social criteria	Climate and Ecosystem Protection: Supporting Ecological Conservation; Closed Loop Production: Chemical Management; Inclusive Growth: Labour Rights; Inclusive Growth: Ethical Business Operation	P41-43 P62-63 P75.P83
414-2	Negative social impacts in the supply chain and actions taken	Climate and Ecosystem Protection: Supporting Ecological Conservation; Closed Loop Production: Chemical Management; Inclusive Growth: Labour Rights; Inclusive Growth: Ethical Business Operation	P41-P43 P62-P63 P75.P83
GRI 416: Customer Health and Safety 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Innovation and Circularity: Quality Assurance	P70-71
	103-2 The management approach and its components	Innovation and Circularity: Quality Assurance	P70-71
	103-3 Evaluation of the management approach	Innovation and Circularity: Quality Assurance	P70-71
416-1	Assessment of the health and safety impacts of product and service categories	Innovation and Circularity: Quality Assurance	P72
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Innovation and Circularity: Quality Assurance	P72
GRI 417: Marketing and Labeling 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Innovation and Circularity: Quality Assurance	P72
	103-2 The management approach and its components	Innovation and Circularity: Quality Assurance	P72
	103-3 Evaluation of the management approach	Innovation and Circularity: Quality Assurance	P72
417-1	Requirements for product and service information and labeling	Innovation and Circularity: Quality Assurance	P72
417-2	Incidents of non-compliance concerning product and service information and labeling	Innovation and Circularity: Quality Assurance	P72
417-3	Incidents of non-compliance concerning marketing communications	Innovation and Circularity: Quality Assurance	P72
GRI 418: Customer Privacy 2016			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Innovation and Circularity: Quality Assurance	P72
	103-2 The management approach and its components	Innovation and Circularity: Quality Assurance	P72
	103-3 Evaluation of the management approach	Innovation and Circularity: Quality Assurance	P72
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Innovation and Circularity: Quality Assurance	P72

Appendix 3: SDGs Index

SDGs	Sateri's Commitment/Practice
	<ul style="list-style-type: none"> Support more than 300,000 local families and smallholder farmers to develop needed skills for maintaining sustainable livelihoods by 2030.
	<ul style="list-style-type: none"> Set up the Sateri Education Fund to provide long-term support for underprivileged and talented children in the communities surrounding the factory.
	<ul style="list-style-type: none"> Increase the ratio of women in management positions by 2030.
	<ul style="list-style-type: none"> Our ambition is to have all our viscose mills meet ZDHC MMCF Progressive Level by 2023 and meet ZDHC MMCF Aspirational Level by 2027. Increase Sulphur recovery to 98% in all Sateri plants by 2025 Meet the standard of EU-BAT in terms of resource efficiency and emission control by 2023 Zero waste to landfill at all plants before 2025.
	<ul style="list-style-type: none"> Achieve net-zero carbon emission by 2050 Achieve 30% reduction on GHG emissions in scope 1,2,3 by 2030
	<ul style="list-style-type: none"> Zero incidents and zero occupational diseases today, tomorrow and everyday - through 2030, and beyond. Reduce our Loss Time Incident (LTI) Rate to below 0.1 per 200,000 working hours by 2025.
	<ul style="list-style-type: none"> Leading innovation and driving the circular chain to deliver on the net-positive potential of the MMCF.

SDGs	Sateri's Commitment/Practice
	<ul style="list-style-type: none"> Our ambition is to have all our viscose mills meet ZDHC MMCF Progressive Level by 2023 and meet ZDHC MMCF Aspirational Level by 2027. Achieve 98% Sulphur recovery rate at all Sateri plants by 2025. Meet the EU-BAT norms in resource efficiency and emission control by 2023. Zero waste to landfill at all plants before 2025. Utilize textile waste and produce viscose products with 50% recycled content by 2023 and 100% by 2030. 20% of the feedstock we source will contain alternative or recycled materials by 2025.
	<ul style="list-style-type: none"> Net-zero carbon emissions by 2050. Reduce Greenhouse Gas emissions in Scope 1, 2 and 3 by 30% by 2030.
	<ul style="list-style-type: none"> Develop science-based Biodiversity Strategy to guide that our effort towards planetary biodiversity goals.
	<ul style="list-style-type: none"> Develop science-based Biodiversity Strategy to guide that our effort towards planetary biodiversity goals.
	<ul style="list-style-type: none"> Utilize textile waste and produce viscose products with 50% recycled content by 2023 and 100% by 2030. 20% of the feedstock we source will contain alternative or recycled materials by 2025. Support more than 300,000 local families and smallholder farmers to develop needed skills for maintaining sustainable livelihoods by 2030.

Appendix 4: Assurance Statement



Independent Verification Statement

To the management and stakeholders of Sateri,

TÜV SÜD Certification and Testing (China) Co., Ltd. Shanghai Branch (hereinafter referred to as "TÜV SÜD") has been engaged by Sateri (Shanghai) Management Limited (hereinafter referred to as "Sateri" or "the Company") to perform an independent third-party verification on Sateri Sustainability Report 2020 (hereinafter referred to as "the Report"). During this verification, TÜV SÜD's verification team strictly abided by the contract signed with Sateri and provided verification regarding the Report in accordance with the provisions agreed by both parties and within the authorized scope stipulated in the contract.

This Independent Verification Statement is based on the data and information collected by Sateri and provided to TÜV SÜD. The scope of verification is limited to the said 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, 2020 to December 31st, 2020, including economic, environmental and social information and data, methods for management of substantial issues, actions/measures and the Company's sustainability performance during the reporting period.

Physical boundary of this verification:

- The on-the-spot verification took place at below listed locations, respectively are,
Headquarter of Sateri address at 23rd Floor, East Tower Zhongrong Hengrui International Plaza, 620 Zhangyang Road, Pudong, Shanghai, China.
Sateri (Jiujiang) Fibre Co., Ltd address at Jinshawan Industrial Zone, Hukou County, Jiujiang City, Jiangxi Province, China

Data and information boundary of this verification:

- The scope of verification is limited to the data and information of Sateri and Plants/Production sites under its operational control covered by the Report.

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

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

Limitations

- The verification process is conducted in the above scope and place. Sampling and verification are adopted for the data and information in the Report by TÜV SÜD, and only the stakeholders within the organization are interviewed; and

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- The Company's standpoint, opinions, forward-looking statements and predictive information as well as the historical data and information on and before December 31st, 2019 are beyond the scope of this verification.

Basis for the Verification

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

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

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

- 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-the-spot review of all supporting documents, data and other information provided by Sateri; tracing and verification of key performance information;
- Special interview with the representative of Sateri's board of directors; interviews with the employees related to collection, compilation and reporting of the disclosed information; and
- Other procedures deemed necessary by the verification team.

Verification Conclusions

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

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

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Appendix 4: Assurance Statement



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

Environmental	Social	Economic
<ul style="list-style-type: none"> Greenhouse Gas Emission: <ul style="list-style-type: none"> Greenhouse gas emission total amount and intensity (tCO₂e) Scope 1 GHG emission total amount and intensity (tCO₂e) Scope 2 GHG emission total amount and intensity (tCO₂e) Energy Consumption: <ul style="list-style-type: none"> Energy consumption total amount and intensity Water Resource Utilization: <ul style="list-style-type: none"> Total water withdrawal and process water consumption intensity Rain collection/Recycled water from production Pollutants, Solid Waste Disposal: <ul style="list-style-type: none"> Total amount and concentration of sulphur dioxide emission Dust emission amount Total amount and concentration of nitrogen emission Total sulphur emission and recovery rate Discharge intensity of sulphide, COD, NH₃-N and Zn Wastewater discharge amount General solid waste total generated amount and intensity Percentage of general solid waste for recycle, reuse, 	<ul style="list-style-type: none"> Employees: <ul style="list-style-type: none"> Constitution of employees Employee turnover rate Occupational Health and Safety: <ul style="list-style-type: none"> Fatalities due by work-related injury or occupational disease Serious work-related injuries Rate of work-related injuries incident Lost time injury Occupation disease case Rate of occupation disease Training and Promotion: <ul style="list-style-type: none"> Average hours of training per employee and total training hours Percentage of employees receiving regular performance reviews Contributions to Society: <ul style="list-style-type: none"> Investment on charity projects 	<ul style="list-style-type: none"> Production Capacity: <ul style="list-style-type: none"> Total amount of regenerated cellulose fibre Sustainable Procurement: <ul style="list-style-type: none"> Total number of wood pulp suppliers Annual purchase quantity of wood pulp Wood Pulp Proportion from FSC® Certified Forest Wood Pulp Proportion from Controlled Forest Wood pulp proportion from PEFC™ Certified Forest Total wood pulp proportion from Certified and Controlled Forest Proportion of wood pulp suppliers assessed according to Environmental and Social Standards Proportion of wood pulp suppliers signing supplier Code of Procurement Ethics, COPE Business Ethics: <ul style="list-style-type: none"> Innovation and R&D Number of patent applications Compliant or punishment on environmental protection



- energy recovery and landfill
- Hazardous waste total generated amount and intensity
- Performance on energy-saving, emission-reduction
- Investment on environmental protection

Recommendations on Continuous Improvement

- It is recommended that the Company further improve the stakeholder participation mechanism, enhance stakeholders' engagement, and ensure the substantial participation of stakeholders.

Statement on Independence and Verification Capability

TUV SUD is a trusted partner of choice for safety, security and sustainability solutions. It specialises in testing, certification, auditing and advisory services. Since 1866, TUV SUD has remained committed to its purpose of enabling progress by protecting people, the environment and assets from technology-related risks. Today, TUV SUD is present in over 1,000 locations worldwide with its headquarters in Munich, Germany. TUV SUD has been committed to sustainable development and actively promotes environmental protection related projects. Over the years, TUV SUD has been actively expanding its performance in energy management, renewable resources, and electric automobiles, etc., helping its customers meet sustainable development needs.

TUV SUD Certification and Testing (China) Co., Ltd. Shanghai Branch is one of TUV SUD's global branches and has an expert team whose members have professional background and rich industrial experiences.

TUV SUD and Sateri are two entities independent of each other and both TUV SUD 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. TUV SUD 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 TUV SUD Certification and Testing (China) Co., Ltd. Shanghai Branch

Zhu Wenjun
TUV SUD Sustainability Product Manager
June 22, 2021
Shanghai, China

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



Sateri