

2022 Sustainable Development Report China Resources Chemical Innovative Materials Co., Ltd.



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About This Report

This Report is the second sustainable development report issued by China Resources Chemical Innovative Materials Co., Ltd., which describes our philosophies and policies in respect of sustainable development, and discloses the efforts made by us in environmental protection, social responsibilities, corporate governance and other areas in 2022, to respond to the expectations and concerns of the stakeholders.

Reporting period

From January 1, 2022 to December 31, 2022. For purpose of comparison and forward looking, this Report covers certain information of prior and subsequent years.

Reporting scope

This Report covers China Resources Chemical Innovative Materials Co., Ltd. and its subsidiaries. For the convenience of expression, China Resources Chemical Innovative Materials Co., Ltd. is sometimes referred to as "CR CHEM-MAT", the "Company" or "we/us", and China Resources (Holdings) Co., Ltd. is sometimes referred to as the "China Resources" in this Report.

References

SDG Compass

Global Reporting Initiative Standards (GRI Standards) issued by the Global Sustainability Standards Board Guide for the Preparation of Corporate Social Responsibility Report in China (CASS-CSR5.0) issued by the Chinese Academy of Social Sciences

Sustainable Accounting Standards Board (SASB) Standards

Guide for the Preparation of Social Responsibility Report (GB/T 36001-2015) (Chinese national standard) Guide on Self-regulatory Supervision for Companies Listed on the Shenzhen Stock Exchange No. 2 – Code of Operation for ChiNext-listed Companies

Source of data

The data used in this Report come from the original data collected in our operation, annual financial data, internal statistical statements, third-party appraisals and interviews, etc. Unless otherwise indicated, the financial data contained herein are denominated in RMB. In case of any discrepancy between the financial data contained herein and the financial report, the financial report shall prevail.

Process of preparation

This Report has undergone the steps of peer benchmarking, questionnaires, information collection, information review, drafting, review by the management and review by the Board of Directors before being externally disclosed, to ensure the completeness, truthfulness and balance of the information contained herein.

Warranty as to the reliability of this Report

We warrant that this Report is free from any misrepresentation, misleading statement or material omission, and are responsible for the completeness, truthfulness and balance of the information contained herein.

Access to this Report

You may download the Chinese version of this Report from our official website at https://www.China Resourceschem.com/index. html, or send an email to hxcldb@China Resourceschem.com to ask for a copy of the Chinese version of this Report.

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CR CHEM-MAT



Statement on Responsibility



In 2022, we witnessed complicated and grave overall situations, worsening climate crisis, backlash against economic globalization, and frequent outbreak of conflicts in the world. In this context, sustainable development becomes increasingly important, and persisting in sustainable development is the golden key to solving the present global issues. At this critical juncture, China has stepped up to its responsibility as a major country, continued to vigorously implement the sustainable development strategy, spared no effort in promoting sustainable actions, made positive progress and achieved remarkable success, and contributed the great powers of China to the sustainable development of the world.

At this historic juncture, as a leading global company specializing in the production and sale of non-fiber grade polyester (PET) flakes, we unswervingly adhere to the philosophy of sustainable development, and seek to find new opportunities in crisis and create a new situation amid the changed situations. The year of 2022 was significant to our sustainable practices. With the vision for sustainable development, we developed the sustainable development strategies focusing on five fields, and through vigorous and determined endeavor of our employees, strived to fulfill the mission of sustainable development together with the investors, customers and partners.

Operate in a prudent manner, and lay solid foundations for development

This year, we concentrated our efforts on improving our capabilities and building strength for development, and through the implementation of the "double-hundred action" for reform of state-owned enterprises, strived to make improvements and breakthroughs in governance mechanism, ideological building, risk management and other areas, and successfully fulfilled the annual reform tasks. We used Party building to lead political and cultural building, strengthen the foundations and solidify the soul, continuously enhanced the building of supervisory system, focused on effective implementation and operational assurance; stuck to the correct direction, focused on the key issues, continuously strengthened functional support, kept in mind the original intention and mission, pressed forward bravely, implemented the major decisions and arrangements made by the 20th National Congress of the Party step by step, and obtained positive results.

Protect the earth, and seek green development and common prosperity

As the country and the whole industry are seeking green development, we actively respond to the challenges brought by the responsibilities and duties in connection with the carbon peak and neutrality goals, vigorously promote green development, actively explore the ways to reduce carbon emission, and advocate green and low-carbon production styles and lifestyles. This year, we improved our modern environmental governance system, actively developed green and environment friendly products, developed green processes and technological innovation capabilities, renovated and upgraded traditional production equipment, introduced new environment friendly equipment, gradually built the integrated digital environment monitoring system and connected it with the production system, to achieve green control of the whole production process, and gradually build advantages in green development.

Pool the talents to make innovations, take the lead and set up models

This year, we pooled the strength to make innovations to promote our transformation, continuously developed and applied new technologies and intellectual properties (IPs), to create new market opportunities and value space. We actively engaged in the research of new functional PET products with high added value, and research and industrialization of new technologies and new processes, and obtained good economic results. Our rPET product, as a self-developed differential product, has successfully got coke certification, which will lead the "bottle to bottle" technological development in the field of PET recycling. We have also carried out in-depth industry-university-research cooperation with China Resources Beer (Holdings) Company Limited, China Resources Cement Holdings Limited, China Resources Land Limited, the Shenzhen University and other companies, colleges and universities, to acquire leading IPs and technologies.

Constantly strive for perfection, and enable the industry chain to deliver value

This year, we continuously implemented the comprehensive quality management, built a sound quality management system, and further ensured our product quality through integration of and innovation in new-generation information technologies and industrial technologies. In face of the wild fluctuations in oil price, unstable supply of raw materials, logistics disruption, inability to transmit the rising upstream prices to the downstream, production interruption, inability to begin works on the new projects, weak demands and other difficulties brought by the impact of the extreme weather and Russia-Ukraine conflict on the economic activities, our employees have overcome the difficulties one by one to stabilize the situation, accomplished lots of tough tasks, such as continuity of production and unimpeded flow of goods and materials, and ensured orderly production, stable product quality, and continuity and stability of production and operation.

Respect talents, and fulfill missions and responsibilities

This year, we adhered to the concept of "human orientation" in talent development, attached great importance to the development and growth of our employees, strived to build platforms for them to demonstrate their abilities; actively organized a variety of employee care activities, created an organization environment in which the officers and employees help each other to achieve a win-win situation, strictly protect the safety of employees through standardized and institutionalized management, and implemented the requirements for building "3+1" talent teams, in order to build a talent team that will develop and advance together with us. In the future, we will further arouse the enthusiasm of our teams, design and conduct all kinds of talent training programs, and continuously improve work efficiency and team cohesion, to provide strong talent assurance for our strategic development.

We have passed the extraordinary year of 2022 and entered the year of 2023 that is full of hope. The journey is long, we must work hard! In the new year, we will stick to our ambition and direction, be brave in shouldering responsibilities, act efficiently, work silently, be firm and persistent, not fear the fatigue and future, defy hardship and danger; adhere to the vision of sustainable development, unswervingly pursue green, low-carbon, inclusive, sustainable development, and strive to grow into a chemical material enterprise that will create more and sustainable value in cooperation with the industry chain partners.

About CR CHEM-MAT

As the core platform of new chemical materials under the China Resources, since its establishment, CR CHEM-MAT has set it as its objectives and vision to "be an internationally competitive and outstanding enterprise in the field of polymer materials".



Company profile

Overview

As the core platform of new chemical materials under the China Resources, since its establishment, CR CHEM-MAT has set it as its objectives and vision to "be an internationally competitive and outstanding enterprise in the field of polymer materials". We belong to the technology and emerging industry segment of the China Resources, and are a tier-1 profit center under the China Resources that specializes in the production and sale of non-fiber grade PET flakes. After years of development, we have formed a business structure comprising two segments, namely PET flakes and new materials. PET flake business is our cornerstone business. After years of development, we now have two manufacturing bases in Changzhou and Zhuhai, 4 production lines with an annual production capacity of 300,000 tons each, 2 production lines with an annual production capacity of 200,000 tons each and 1 production line with an annual production capacity of 500,000 tons, with an annual PET flake production capacity of 2.1 million tons in total, which takes the lead in the industry. The new material business is the new growth driver that we strive to build up. In 2022, our PETG and PET thermoplastic composites successfully entered into mass production, and the trial production of PET foam boards was successfully completed. In the future, we will continue to develop new chemical materials with high added value and high technical barriers by various means.

We have a young management team, advanced testing equipment and first-class production management system. Our New Chemical Materials Research Institute, established in 2016 on the basis of Jiangsu (China Resources) Engineering Research Center for New Polyester Materials, is an enterprise technology center recognized in Jiangsu and postdoctoral innovation practice base, has the first laboratory of the Joint Institute of China Resources Research Institute of Science and Technology and Research Institute of Tsinghua University in Shenzhen, 2,600m² of research and development ("R&D") laboratories, and an efficient and lean R&D team. According to our strategic arrangement, the New Chemical Materials Research Institute focuses on the research of advanced basic new chemical materials and critical strategic new chemical materials with polyester and nylon as the representatives, and R&D, innovation and industrialization of premium new materials with huge

potentials, new technologies and new processes, promotes the commercialization of scientific and technological achievements, and satisfies the requirements of the Company strategies, market and country.

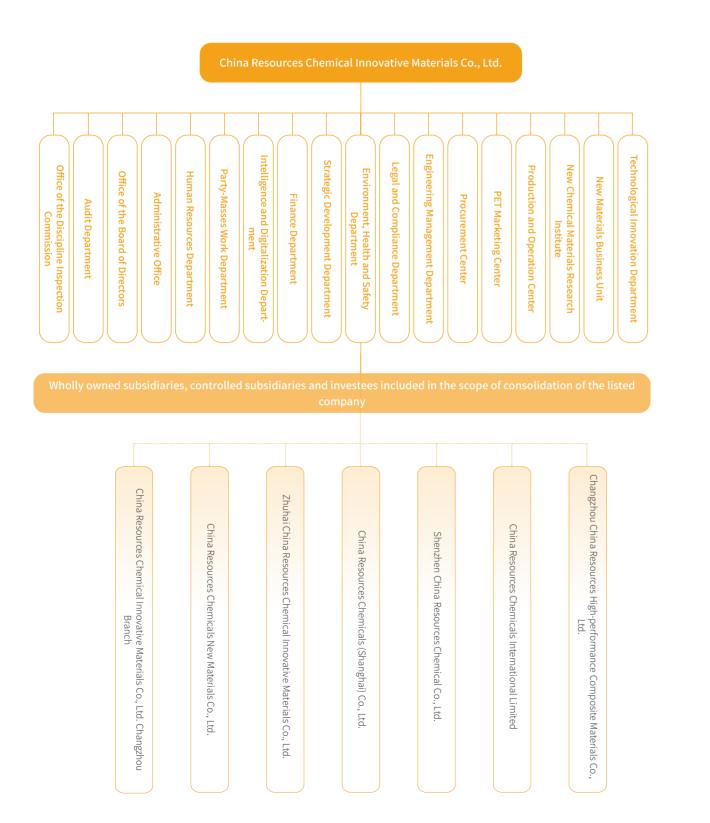
We are oriented on customers and guided by the market, purchase high-quality raw chemical materials from the domestic and overseas market, and produce high-quality and diversified chemical products to satisfy the demands of domestic and foreign customers at different levels.

We actively exploit the domestic and overseas market, and have a premium customer base, including Coca Cola, Evian, Nongfu Spring and Master Kong, among others. Our "Hualei" brand bottle-grade PET flakes feature beautiful color, low ash and acetaldehyde content, wide product processing scope and high yield, and are widely used in drinking water, hot-filled beverage, carbonated drinks, edible oil, alcohol packaging, medical blood collection tube, film, sheet and other fields. We actively develop rPET project in conformity with the trend of circular economy, to set up a model and take the lead in the industry. We have enhanced management, consolidated the foundation, actively built brands, passed FDA test, ISO9001 system certification, OHSAS18001 system certification, Coca Cola and Pepsi Cola certifications, and won the "Second Prize of the State Science and Technology Advancement Award", "Second Prize of the State-level Achievements in Modern Business Management Innovation", "Best Process Advancement Award", "Sustainable Development and Environment Protection Award" and the titles of "Civilized Unit of Jiangsu Province", "National Civilized Unit" and other honorary titles.

By sticking to the operation concept of "Create Value for Customers Continuously", the Company wholeheartedly provides customers with top-grade products and excellent services; cooperates with customers sincerely for common development and creating brilliant tomorrow hand in hand.

Organization structure

We have set up 18 tier-1 departments. Six wholly owned subsidiaries and one controlled subsidiary are included in the scope of consolidation of the listed company.



Cultural philosophy

Corporate culture is one of our core competencies. In the course of development, we have, based on the corporate culture system of the China Resources and taking into the characteristics of our operations, developed a philosophy system with corporate mission, vision and values at the core, which is accepted and complied with by all of our employees.

We will make continuous innovations and explorations, enrich and improve the philosophy and connotation of our corporate culture, build a cultural philosophy system matching with our development strategy, improve our business competencies, expand our cultural influence, and provide strong spiritual impetus for the building of a world-class enterprise.

Executive philosophy system of CR CHEM-MAT

Safety philosophy

Life is priceless, safety is priority Talent philosophy

Give full play to people's talents, go forward hand in hand

Marketing philosophy

Create value for the customers with best products and services Governance philosophy

overnance printosophy

Self-cultivation, morality, and honesty

Quality philosophy:

Quality is the root of the Company

Product philosophy

Make continuous innovations with unlimited motivation Operating philosophy

operating philosophy

Keep on optimizing and improving

M	ISSION
VISI	D
	АТМО



Core philosophy system of CR CHEM-MAT

DNA

Be determined to make contributions to the great rejuvenation of the Chinese nation

Fulfill the mission to create happy lives for the people

Strive to achieve the economic prosperity of the country
Spirit

Spirit of dedication, to dedicate to the country's cause

Spirit of innovation, to dare to be the first

Spirit of sticking, to press forward firmly

Spirit of struggle, to constantly strive to become stronger

Mission

Providing new polymer materials through continuous exploration and innovation; committed to creating value for customers and promoting living standard, thus maximizing the value of the shareholders and employees.

Vision

Be an internationally competitive and outstanding enterprise in the field of polymer materials

Values

Honesty,good faith,performance-guid-ed,

human-oriented, cooperation and win-win

Atmosphere

Sincere, united, open, enterprising

History

Since our establishment in 1994, we have undergone three stages of development, namely, "transition from international trade to industry", "conversion into a supply chain management-oriented enterprise" and "conversion into a scientific and technological innovation-oriented enterprise", and are now striving to fulfill the vision to "be an internationally competitive and outstanding enterprise in the field of polymer materials".

First stage

Second

stage

Third

stage

Transition from international trade to industry through reorganization and acquisition

When we were established in 1994, we were a pure trade company primarily engaged in the import and sale of petrochemical products. After ten years of business exploration, we built a chemical distribution network in south and east China.

In 2006-2008, we sold the oil business, span off the gas and chemical business, and acquired the two polyester companies, Worldbest Radici and Changzhou Andeli, thus moving from international trade into the field of PET flake production, and converting from a trade company into a production and industrial enterprise.



△ In 2007, we acquired Worldbest Radici and established China Resources Polyester Co., Ltd.

Conversion into a supply chain management-oriented enterprise through management

After becoming an industrial enterprise, we developed rapidly in 2009-2012. We put forward the "three in one" management model, and set up three business units, namely PET production, distribution and warehousing business units. Along with the commencement of production of a number of PET flake production lines in Changzhou and Zhuhai, increasing storage capacity for liquid chemicals and improvement of our sales distribution network, our operating revenue increased rapidly, driving the rapid elevation of our position in the industry.

In 2013-2015, in light of the increasing inter-segment transactions, we put forward the unique business model of "integration of industry, trade and logistics, and seamless linked industry chain of purchase, production and sales", and successfully converted into a supply chain management-oriented enterprise.



○ In 2010, our first self-built project entered into production after we entered into the PET industry

Conversion into a scientific and technological innovation-oriented enterprise with the support of the capital market

Since 2016, we have actively responded to the call of the country for "transformation, innovation and development", and kept forging ahead. In 2016, we established the New Chemical Materials Research Institute, and determined the strategic direction of driving business development with scientific and technologic innovation. In 2018, we changed our name from China Resources Packing Materials Co., Ltd. into China Resources Chemical Innovative Materials Co., Ltd., marking we formally started the process of conversion into a scientific and technological innovation-oriented enterprise. We converted into a company limited by shares in 2020, and were successfully listed on the ChiNext Market of the Shenzhen Stock Exchange in 2021, raising RMB2.319 billion from the capital market.



ket of the Shenzhen Stock Exchange in 2021



In April 2022

In June 2022

We won "2021 China Resources Group High-quality Development Awards – Silver Prize of the Award for Achievements in Scientific and Technological Innovation", and "2021 China Resources Group High-quality Development Awards – Silver Prize of the Social Responsibility Award".

In August 2022

We were recognized by the Jiangsu Provincial Department of Industry and Information Technology as a "Five-star Cloud Enterprise" in the 2022 Jiangsu Industrial Internet Model Engineering Projects.

We got the "ESG Sustainability

Award" granted by Coca Cola.

China Resources Chemical Innovative Materials Co., Ltd. 2022 Sustainable Development Report was rated five-star by the Chinese Expert Committee on CSR Report Rating, and our cases of social responsibility were included in the Blue Book of Corporate Social Responsibility released by the Chinese Academy of Social Sciences.

In August 2022

In 2022

We were included in the "Central State-owned Enterprises ESG Pioneer 50 Index", and outstanding cases in the ESG Blue Book of Listed Central State-owned Enterprises (2022)".

In February 2023

We won the title of "Five-star Industrial Enterprise of Changzhou", "Award for Top 100 Enterprises of Changzhou in Tax Payment" and "Sales Award for Enterprises", in each case, for the year of 2022.

Our PETG and PET thermoplastic composites successfully entered into mass production, and the trial production of PET foam boards was successfully completed.

In April 2022

Zhuhai 500.000 Tons PET Project Phase III entered into formal production, marking our total annual PET flake production capacity reached 2.1 million tons.

In May 2022

Our Wind ESG rating was upgraded from BBB to A, ranking 7th among 410 listed chemical companies.

In November 2022

In December 2022

Our 600,000 Tons PET Intelligent Workshop in Changzhou was recognized as a "2022 Intelligent Workshop of Changzhou" by the Changzhou Municipal Bureau of Industry and Information Technology.

In 2022

> We were named as the "Top 100 Enterprise of Zhuhai" in 2022.

02

Operate in a Prudent Manner, and Lay Solid Foundations for Development

High-quality and efficient corporate governance is the foundation for the success of a modern enterprise. We have continuously improved the system of general meeting, Board of Directors and Board of Supervisors through advancing reforms, actively communicated and interacted with the investors while seriously performing the obligation of information disclosure, continuously enhanced risk identification and response, and the building of internal control and internal audit systems, while insisting on doing business in good faith and in compliance with the laws and regulations, in order to lay solid foundations for our sustainable development.

- Our Road to Sustainable Development
- Corporate governance
- Investor relations
- Compliance and risk control
- Anti-corruption and self-cultivation









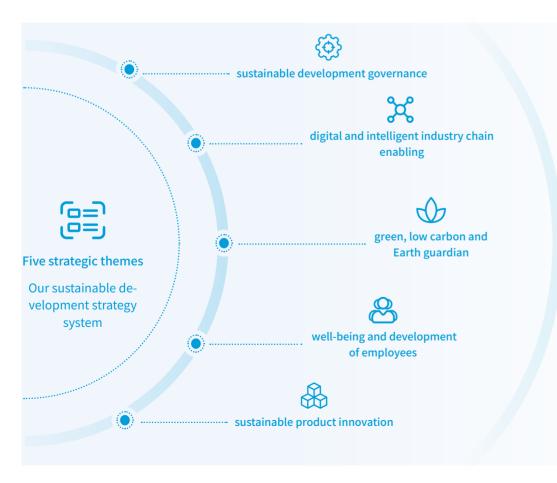
Our Road to Sustainable Development

In face of complicated and severe domestic and international situations, the country has set the sustainable development strategy as one of the eight strategies to be firmly implemented, and made a set of material and innovative discourses and material strategic arrangements in respect of sustainable development and building of ecological civilization. The enterprises also need to firmly take the road to sustainable development, to create more value for the society, environment and all stakeholders.

Sustainable development strategy

We always stick to the corporate mission, and strive to create value for the customers, improve the quality of lives and maximize the value of shareholders and employees; keep in mind our core values and solemn mission as a central state-owned enterprise, and are committed to building a good corporate image that is honest, strong and responsible. We continuously enhance our overall competencies, build a sustainable development system matching with our characteristics, incorporate the philosophy of sustainable development in the whole course of our operation and development, strive to contribute to the business ecosystem and the planet Earth with our premium services and products, and deliver perpetual value to our partners.

In 2022, we made excellent achievements in sustainable development, in particular, were included in the "Central State-owned Enterprises ESG Pioneer 50 Index", ranked 7th among 410 listed chemical companies in Wind ESG rating, and got a five-star rating for our annual sustainable development report. In the year of 2023 that is full of challenges and opportunities, we will go a step further, by aligning with the UN SDGs in an all-round way, and taking into account our business development and actual situations, make overall plans for our future sustainable development strategies, continue to upgrade our strategies centering on five strategic themes, develop corresponding strategic objectives and specific action plans, to support the development and implementation of 2023 sustainable development strategies. In addition, we will develop a sustainable development indicators system comprising over 100 indicators.



Communication with the stakeholders

We attach great importance to listening to the opinions of all stakeholders on the development and promotion of ESG projects, and determine the important issues regarding environmental, social and corporate governance through continuous communications with the stakeholders. We firmly believe that the sustainable development efforts will not be a success without the trust and support of internal and external stakeholders. We continuously improve our communication mechanisms, actively communicate with the government, shareholders, employees, customers, partners, public and other stakeholders, and respond to their concerns and expectations, to achieve a win-win situation in which the enterprise achieves growth and the stakeholders feel satisfied. We conscientiously subject ourselves to the supervision and inspection of the regulators at all levels, ensure the provision of true and accurate information to the public, and establish sound communication mechanisms to respond to the issues that have potential impact on our stakeholders. When planning for any material event, before disclosing any periodic report, during any important internal business meeting, or at other sensitive point in time, we will enhance monitoring, and promptly detect signs of abnormality, to prevent any emergency.

Stakeholders	Key issues concerned	Communication and response
Government	 Abide by laws and observe discipline Pay taxes according to the law Support local development Pay attention to environmental protection 	 Comply with the regulations Actively pay taxes Work meetings Information reporting
Group	 Improve profitability and core competencies Enhance image Realize appreciation of assets 	 Innovation in products and services Continuously increase income- Work report Statistical statements
Shareholders	 Return and growth Corporate governance and risk control	Enhance internal control systemImprove information disclosure
Employees	 Benefits and remunerations Space for development Protection of rights and interests Health and safety 	 Employee seminar Job security Employee training Protection of rights and interests or employees
Customers	Premium productsExcellent services	 Customer visits and exchange Satisfaction survey Continuously improve product and service quality
Partners	Contract abiding and trustworthyCooperation on an equal footingMutual benefit and win-win	 Perform contracts according to the law Publish bidding information
Environment	 Energy saving and emission reduction Protection of eco-environment Reasonable utilization of resources 	 Develop environment friendly products Build green factories Enhance environmental protection and propaganda of green philosophy
Public	Support social developmentDevote to public welfare undertaking	 Promote employment Volunteer services Actively carry out public benefi activities

Analysis of material topics

Pursuant to the "14th Five Year Plan" of the country, the *GRI Standards, the Guide for the Preparation of Corporate Social Responsibility Report in China* (CASS-CSR5.0), the SASB Standards and other common standards, taking into account the hot issues of the year, national strategies, trends of the industry and our actual development situations, we prepared questionnaires on material topics, to listen to the opinions of all stakeholders.

In 2022, we continued to conduct a survey on material topics related to sustainable development, to provide an important basis for the preparation of the sustainable development report. The questionnaires were distributed to government authorities, trade associations, peers, shareholders, investors, customers, media, suppliers, research institutes, NGOs and our employees, who returned 200 valid questionnaires in total. According to the feedback from the questionnaires, we further analyzed the significance of all material topics, selected the important sustainable development issues in 2022 over which the stakeholders showed great concern and which were closely related to our sustainable development, and focused on such issues in our sustainable development report.



- Improve corporate governance
 Advance reforms and develop-
- ment
- 3 Enhance Party building4 Do business in good faith
- 6 Protect the rights and interests of the shareholders
- 6 Improve the environmental management system
- **7** Develop green products
- 8 Create a green office
- 9 Support environmental protection and public benefit activities
- Contribute to the achievement of the carbon peak and neutrality goals

- Propagandize environmental protection culture
- Protect the rights and interests of the employees
- Support the development of the employees
- A Care for the employees
- (6) Respect diversity and inclusion(6) Improve product quality and service
- managementRegulate publicity activitiesEnhance scientific and technological
- innovations Increase customers' satisfaction
- Increase customers satisfactio
- Enhance strategic cooperation and the building of strategic sharing platforms

- Build a responsible supply chain
- Promote development of the industry
- 23 Ensure workplace safety
- Be enthusiastic for benevolent and public benefit activities
- Innovate in green and low-carbon products
- 26 Promote local employment
- 2 Contribute to community
- development
- 28 Support rural revitalization

Our contributions to the SDGs

We have actively responded to the SDGs, identified 14 SDGs to which we will give priority according to our actual situations, and continuously taken actions in order to solve social problems with concrete actions and promote the sustainable development of the whole society.

SDGs	Our responsible practice	Reference
a İ ¥ İİ İ	Guangchang County is the first county designated by the China Resources for poverty relief. We have ctively mobilized resources from all sources to assist with the new countryside construction in Guangchang County, and expressed solicitude for and provided assistance to our employees whose amilies lived in straitened circumstances.	Poverty relief in Guangchang County, employ welfare and care
<u> </u>	Ve have purchased lots of materials to help employees who fell in difficulties, carried out the "Central itate-owned Enterprises' Consumption Assistance and Rural Revitalization Week" and other activities, lonated materials to our designated counties for poverty relief and support.	and care, public benefits and cha
_w∕∳ a	Ve arrange our employees to have physical checks on a regular basis, carry out a variety of cultural ctivities, care for our employees' mental health while protecting their physical health, and strive to bu happy work environment.	ild Employee welfa
	Ve have built a complete talent training and development system, and set up diversified training ourses, covering new employees recruited among graduates and from the society, scientific research professionals, skilled talents, the management, among others, in order to build a high-level talent team or the society is the management.	Talent employm and retention
5 titler	Ve adhere to the principle of equal employment to ensure female employees have fair opportunities for areer development and promotions. We have continuously improved the benefits offered to the femal imployees, set up restrooms for female employees during pregnancy, confinement or lactation, organi emale employees to participate in yoga classes, conducted a variety of activities for female employees uch as public lectures and "March 8" free medical treatment, and actively demonstrated the workplace harm of female employees.	e zed Employee welfa , and retention
- <u>6</u> - C	Ve actively respond to the low-carbon development strategy of the country, and vigorously develop lov arbon and clean energy. In 2022, our Zhuhai company generated 4.7444 million kWh of electricity in to Ising solar photovoltaic energy.	
ir ir	Our salary system is designed to attract, inspire, develop and retain talents. We link the remunerations in ncentives of employees with the achievement of our key business strategies, and provide birthday and soliday allowances, and other additional benefits to our employees.	
9 NOLEST INCLUSE In INFOLENCE	Digitalization is an important means for an enterprise to achieve perpetual development. Factories ntegrate industrial data, business data and management data through the data mid-platform of indust nternet platform, serve businesses in an all-round way through big data analysis, and use data value to promote and drive business growth and development.	
	Ve actively carry out poverty relief activities, and through industrial poverty relief, help the poverty- tricken areas to increase economic revenue and reduce regional inequalities.	Poverty relief in Guangchang County
0	While seeking growth, we persist in sharing our development results with the society, and encourage our employees to participate in community volunteer activities, to support the building of harmonious ommunities.	Public benefits charity
12 ISTOCALL AND MODICIDIN AND MODICIDIN AND MODICIDIN AND MODICIDIN AND MODICIDIN AND MODICIDIN AND MODICIDIN AND AND AND AND AND AND AND AND AND AND	Ve attach importance to the appraisal of our suppliers in terms of environmental responsibilities and ther sustainable development capabilities, continuously improve the green procurement mechanism: nd take a set of environmental protection measures, such as control of greenhouse gas emissions duri production, setup of hazardous wastes storerooms, recycling and utilization of reclaimed water, to ensu- hat the production process is green and recycling.	ng supply chain
d d	Ve actively respond to the "3060" commitment made by the country, continuously promote green proc lesign, reduce energy consumption to lower greenhouse gas emissions, and achieve green developme vhile delivering green value to the society.	
16 read adding Restitutions O	Ve have established an effective and responsible corporate governance system, stuck to the bottom lin of business ethics, strictly complied with all laws, regulations and policies related to anti-corruption, mplemented risk management and internal controls in an all-round way, and established operational ompliance regimes and mechanisms, in order to seriously protect the rights and interests of the invest	Corporate governance
W HINT RECOULS a	Ve have established close cooperation relationships with industrial partners, colleges, universities ind other stakeholders, and actively participated in the development of industrial standards, industry- iniversity-research cooperation, cooperation with industrial partners and other activities, in order to go prward and march toward the sustainable future hand in hand with our stakeholders.	R&D cooperatio

17 China Resource

Corporate Governance

Feature: Forge character through Party building, and stick to the original intention

We have taken Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as guide, thoroughly studied and implemented the spirit of the 20th National Congress of the Party, digested and translated the guiding spirit of the written reply by the General Secretary Xi Jinping to the China Resources, further implemented the work ideas of "stick to correct political views, advance reforms, enhance innovations, seek development, and open a new situation", and enhanced the political and organizational functions of the Party organizations at all levels, in order to give full play to the guiding and safeguard role of Party building, promote our reforms, innovations, transformation, upgrading, project execution and other work to a new step and in a high-quality manner, guide the high-quality implementation of the "14th Five-year Plan", and make solid steps toward improvement of quality and efficiency, transformation and upgrading.

Enhance political leadership, and keep the enterprise on the right course

We have strictly implemented the "first topic" rule, set the in-depth study and implementation of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and important speeches and instructions of the General Secretary Xi Jinping as the "first topic" of the meetings of Party committees, Party central groups and Party branches, and Party lectures, strived to gain a thorough understanding through comprehensive study; seriously digested and accurately understood the new ideas, inferences and arrangements made and new requirements put forward at the 20th National Congress of the Party, focused on thorough study, understanding and implementation, and strived to transform the achievements in study, publicity and implementation into actual results at work.

We have implemented the important guiding spirit of the written reply by the General Secretary Xi Jinping to the China Resources at its 80th anniversary, reviewed the achievements and experience in implementing such guiding spirit in the past four years, identified the problems and gaps in the implementation thereof, developed the special correction plans, carried out multi-level, full-coverage studies and propaganda, and prepared a key task breakdown table, in order to study and refresh the guiding spirit constantly, and continuously promote the transformation of the guiding spirit into actual results at work.

We always put the political building of the Party in the first place, incorporate Party leadership in all links in corporate governance; implement the "rules of procedure", "pre-check list" "inclusion of Party building in articles of association", "performance appraisal in respect of the accountability system for Party building" and other regulations, ensure Party leadership is set forth in regulations and assured by established procedures; stick to the "big Party building" work philosophy, focus on in-depth integration of Party building and business, and promote the fulfillment of the political responsibility of self-governance in the grass-roots Party organizations at all levels, to improve the efficiency and quality of enterprise reform and development.





4 issues of References for Theoretical Study of Party Branch Committees.

11.1.11

2022 Sustainable Development Report 18 Give play to the guiding role of ideology, and tighten the master switch for ideology

We have continuously enhanced ideological and theoretical study; developed and promulgated the Measures for Promoting Regular, Long-Term Study of the Party's History in order to consolidate the achievements in deepening the study and education of the Party's history, through enhancing study and training in respect of the Party's history, study of innovative theories, regular propaganda, academic study and interpretation, and the education and guiding function of red resources, strengthen confidence in history and theoretical consciousness, unity and fighting spirit.

In order to study and implement the spirit of the 20th National Congress of the Party, we organized the preliminary study centering on Xi Jinping: *The Governance of China* IV, and preliminary propaganda campaign with "celebrate the 20th National Congress of the Party, always follow the Party" as the theme. During the 20th National Congress of the Party, we organized all Party members and

officers to watch the live broadcast, and prepare self-study materials, and propaganda groups to give lectures at workshops, and carried out other activities to promptly pass on and grasp the spirit of the 20th National Congress of the Party. After the end of the 20th National Congress of the Party, we organized special democratic life meetings and organization life meetings, carried out business investigations and cultural propaganda, to thoroughly digest the spirit of the 20th National Congress of the Party; and combined the spirit with the objectives of the reform and development of the state-owned enterprises and the "red gene" of the China Resources, in order to achieve our major task to build and grow into a world-class enterprise during the "14th Five-year Plan" period.

Strengthen the role of grass-roots organizations as "bridgeheads"

We have advanced the building of grass-roots organizations, grass-roots work and practice of basic skills in an all-round way. Regulate and enhance the building of Party branches: We have optimized and adjusted the existing Party organization structure on the principle of neighboring regions, similar business, appropriate scale and convenience for organization, to improve the level of standardized management and orderliness, and give fuller play to the role, of the activities of Party branches. We established the "Red Engine" model base in Jinwan District, to build a new front for the education and management of Party members. Strengthen the building of basic team: We have selected excellent and strong leaders for the Party branches, developed customized training courses, given progressive, rotary training to the grass-roots Party leaders by grade and level, invited experts and professors to give lectures on special topics, enhanced business skill training, and the abilities of the grass-roots Party leaders to perform their duties; rigorously controlled the admission of new Party members, in strict accordance with the established procedures and on the principle of admitting new Party members only when they meet the criteria, in order to always ensure the purity and advancement of the Party. Focus on the implementation of the basic regulations: We have prepared and distributed the collection of basic work regulations for grass-roots Party building, and practical manual for Party work, and duly performed compulsory exercises, such as regular organization activities, review of oaths, political birthdays, democratic appraisals, publication of Party affairs, volunteer services, Party care, warnings and education, to improve Party building of the grass-roots Party organizations in an all-round way.

We give great importance to the promotion of Communist Youth League (the "CYL") building through Party building. In 2022, we put CYL building on the agenda of the Party committee, requested CYL leaders to attend the studies of the central group of theoretical study, included the CYL work in the annual work report of the Party committee; in addition, included the promotion of CYL building through Party building in the performance appraisal for grass-roots Party organizations at all levels in respect of the accountability system for Party building, and organized series of activities for joint building of Party branches and CYL branches, to form a work pattern that Party branches and CYL branches make concerted efforts in CYL building. We have organized "Youth Study", "Youth Marxism Course" and other study, education and training activities, and used all kinds of red resources to conduct themed CYL day activities, to strengthen the ideal and faith of the youth, and guide the youth to pass the "red gene"; enhanced the training of CYL leaders, conducted the "youth take the lead in making innovations and creating benefits" program, to encourage our young employees to devote to their jobs, make contributions and create benefits.





Study and propaganda of the spirit of the 20th National Congress of the Party



 Training Course of the Youth Marxist Training Project



Corporate governance

We continuously enhance our ESG governance capability and management level through continuous optimization of corporate governance structure and operating regimes, accelerate the reforms, transformation and upgrading, actively play the role of stateowned enterprise as pioneer and pacemaker, and explore the great practice of the modern enterprise system with the Chinese characteristics.

Improvement of corporate governance

We have established the modern corporate governance structure comprising the general meeting, the Board of Directors, the Board of Supervisors and the senior management in strict accordance with the requirements of the *Company Law*, the *Securities Law* and our Articles of Association, and continuously improved all rules and regulations related to corporate governance.

In 2022, we released the Administrative Provisions on the Delegation of Powers by the Board of Directors, the List of Issues over Which the Decision-making Power is Delegated by the Board of Directors, the Rules of Procedures for the Special Meetings of the Chairman, the Rules of Procedures for the Work Meetings of the General Manager and other regulations, amended the Policy of Decision Making on Major Issues, Important Appointments and Removals, Major Projects and Use of Large Amounts of Money, and the List of Issues Subject to Decision Making on Major Issues, Important Appointments and Removals, Major Projects and Use of Large Amounts of Money, further defined the powers and responsibilities of the Party committee, the Board of Directors, the management and other persons charged with governance, to form a governance regime in which each attends to his duties, coordinates with and checks each other, and improve our management level and governance capability.

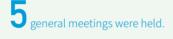
Our Board of Directors has set up the Strategy Committee, Audit Committee, Nomination Committee and Remuneration and Appraisal Committee, comprises 9 directors^{*}, including 7 external directors, of whom, 3 are independent non-executive directors, who are senior accountant, specialist with years of experience in securities regulation and famous expert in new materials respectively. Our 3 independent directors have strictly maintained their independence, given full play to their professional skills, expressed independent opinions on or given prior consent to the appointment and dismissal of directors and senior officers, material related-party transactions and other major issues, and duly protected our overall interests.

Our Board of Supervisors now has 3 members, including one employee representative supervisor, and one chairman. The number of members and composition of our Board of Supervisors comply with the applicable laws and regulations. We started the reelection of the Board of Directors and the Board of Supervisors in December 2022, and completed the same in January 2023. We strictly complied with our Articles of Association and the applicable laws and regulations, and followed the established procedures in the reelection. The newly elected members of the Board of Supervisors will actively perform their supervisory duties, to ensure our operational compliance and seriously protect our and our shareholders' legitimate rights and interests.

*One director was newly elected in January 2023.



Data of the general meeting, the Board of Directors, the Board of Supervisors in 2022



10 meetings of the Board of Directors were held.

7 meetings of the Board of Supervisors were held.

16 meetings of the committees of the Board of Directors were held.

All proposals regarding corporate governance, share incentives, related-party transactions, management of offering proceeds and other major issues have been considered.

Advance reforms and development

In 2020, we were selected as a pilot enterprise in the "double-hundred action" for reform of state-owned enterprises. We have advanced the reforms in 10 areas with 38 tasks in an orderly manner in accordance with the Three-year Action Plan for Reform of State-owned Enterprises (2020-2022), and successfully completed the Three-year Action Plan in 2022.

Focus of reform		Feat
Define the overall requirements and most important tasks	>>	• Tho Xi Ji and stud
Improve the modern enterprise system with the Chinese charac- teristics	>>	• Clai mal app of t the emj
Advance the layout optimization and structural adjustment of stated-owned economy	>>	• Acc tech and
Actively and prudently advance the reform of mixed ownership system	>>	• Dev ces: (Ter sea Thr Sup mix
Improve the market-oriented operating mechanisms	»	• Dev Wor Mea mer
Develop the state-owned assets regulatory regime focusing on capital management	»	• Ame Gui insp con
Promote the fair participation by the state-owned enterprises in market competition	»	• Cari con
Duly implement the special pro- jects for reform of state-owned enterprises	>>	• Org stud the
Enhance Party leadership and Party building in state-owned enterprises	>>	• Adv stat sea
Implementation and policy safe- guard	>>	 Breasant Samoffic holo efficionaction actionaction
	$\langle \rangle = 1$	

tures and performance in reform in 2022

oroughly study the important discourses by the General Secretary Jinping on the development and reform of state-owned enterprises d Party building, organize studies of the central group of theoretical idy, meetings, seminars and other activities.

arify the six powers of the Board of Directors, including decision aking regarding medium-to-long term development, selection and pointment of the management members, appraisal of performance the management members, management of the remunerations of e management members, management of wage allocation of the pployees, and management of material financial issues.

ccelerate the building and application of the intelligent and digital chnology platforms, launch the LIMS and WMS in Changzhou base, nd start the building of digitally operated factory in Zhuhai base.

evelop and promulgate the Work Guide for Enhancing Whole-pross Supervision of the Mixed Ownership Reform of the Enterprise entative), study and discuss the availability of shares and board ats and other reforms according to the principle of "Three Reasons, iree Suits and Three Nos" as required by the State-owned Assets pervision and Administration Commission (the "SASAC") for the xed ownership reform.

evelop China Resources Chemical Innovative Materials Co., Ltd. 2022 ork Plan for Optimizing the Rank System, amend the Administrative easures for Quit of Managers, and implement performance manageent covering 100% employees.

nend China Resources Chemical Innovative Materials Co., Ltd. Work uide for "Big Supervision" System, further integrate the discipline spection, audit, risk control and other supervisory forces, to make uncerted efforts in supervision.

arry out investigations and rights defending actions related to unfair ompetition, participate in seminars on industrial cooperation.

ganize the studies of the central group of theoretical study, and udy and propaganda of the spirit of the 20th National Congress of e Party.

lvance regional integrated reforms of stated-owned assets and ated-owned enterprises, consider and approve the Benchmark Rearch Report on CR CHEM-MAT vs. World-class Enterprises.

eak down the three-year action plan into specific tasks, include the me in the performance contracts of the relevant departments and fices, and follow up on the fulfillment thereof on a regular basis; old the kick-up meeting of the reform assessment and quality and ficiency improvement project in respect of the "double-hundred ction" for reform of state-owned enterprises, themed promotion eeting and other relevant activities.

Investor relations

We attach importance to the protection of the investors' interests, and strive to build sound investor relations through information disclosures in accordance with the regulations and active communications and interactions, to share our development results with the investors.

Regulate information disclosure

In 2022, we strictly complied with China Resources Chemical Innovative Materials Co., Ltd. Information Disclosure Management Regulations, updated and improved the Management Regulations for the Registration of Insiders, the Internal Reporting Regulations for Material Information and the Regulations for External Users of Information in accordance with the latest requirements of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, and seriously performed the obligation of information disclosure.

In 2022, we released 147 announcements in total, truthfully, accurately, completely and timely disclosed the related-party transactions, changes in directors and senior officers, profit distribution, hedging transactions, offering proceeds, removal of restrictions on non-tradable shares, periodic reports, sustainable development reports, share incentives and other information to the investors, effectively safeguarded and protected the rights and interests of the investors.

Enhance interactions with the investors

We always attach importance to the exchanges and interactions with the investors. According to China Resources Chemical Innovative Materials Co., Ltd. Investor Relations Management Regulations, we have established the internal mechanisms for investor relations management under which the Board Secretary assumes the primary responsibility with the cooperation of all departments, and "4R" relations management mechanisms covering investor relations, analyst relations, media relations and regulatory relations.

Maintenance of investor relations (IR)

In 2022, we held 19 exchange activities with institutional investors (including investigations by institutional investors, annual performance briefing and road show), replied 131 questions, accounting for 100% of the questions, raised through the e-interaction platform, and kept the investor hot line open. We follow up on and analyze the changes in shareholders on a regular basis, and attach great importance to the exchanges and communications with the long-term shareholders and new institutional shareholders, to deliver our value to them.

Maintenance of analyst relations (AR)

We have established the communication channels with the securities companies and chemical research institutes, and maintained day-to-day friendly communications with the analysts through participation in the strategy seminars of the securities brokers, active reception of investigators or otherwise, disclosed our business updates to and shared the industrial developments with them. In 2022, we procured the release of 7 research reports by the securities brokers.

Maintenance of media relations (MR)

We have maintained friendly relations and established sound communication mechanisms with the major media on the capital market, to leverage specialized communication to enable our high-quality development; and given full play to the innovative channels provided by the new media platforms, promptly disclose our business updates on Sina Finance, Wind Information, TouTiao, Sohu and other platforms, actively replied to media interview letters (we received one ESG-related interview letter in 2022), taken the initiative to disclose our business updates, and corrected the untrue information contained in press releases.

Maintenance of regulator relations (RR)

We have actively communicated and established mutual trust relationships with the regulatory authorities; participated in 5 online/offline professional training and exchanges organized by the regulatory authorities and related platforms, carefully replied to the questionnaires and inquiries about project progress from the regulatory authorities, actively received on-site investigations and visits made by the regulatory authorities, and promptly disclosed 18 records of investor exchange activities.



2021 performance briefing conducted online + offline

We have also developed China Resources Chemical Innovative Materials Co., Ltd. Public Opinion Management Regulations, monitored and managed public opinions on the network, and established the internal reporting and communication mechanisms based on the Weekly Report on Investor Relations. In 2022, we prepared 41 Weekly Reports on Investor Relations, promptly reporting to the management team of the stock price movement after disclosure of operating results, comments by the securities brokers on our operating results, analysts' forecasts about our earnings and other information on the capital market.

Compliance and risk control

We firmly believe that operation in accordance with the laws and regulations is our lifeline, continuously improve the internal control system and implement risk management in an all-round way, to safeguard our high-quality development. We have set up the Corporate Governance, Risk Control and Compliance Management Committee, which is primarily responsible for system building and supervision in respect of compliance, internal control and risk control, development and implementation of work plans and annual plans in respect of compliance, internal control and risk control, and advancement of the building of compliance, internal control and risk control information systems. In 2022, the Committee held 5 meetings in total.

Persist in compliance with the laws and regulations

We continuously improve our compliance management system. During the reporting period, 12 compliance management regulations were newly developed and approved by the Corporate Governance, Risk Control and Compliance Management Committee, further improving our compliance management system. The compliance management system requires us to appoint one compliance advisor in the compliance management department and one compliance officer in the business department, who shall perform their respective compliance duties and responsibilities. In 2022, such personnel have been selected and received training.



Our three-tier compliance management regulations system

We continuously enhance compliance monitoring. In 2022, we actively advanced the building of the compliance obligation library, and based on the review and analysis of regulatory cases of the listed companies, identified the compliance risks closely related to our corporate governance, and completed the building of the compliance obligation library, which covers 9 modules, namely articles of association, capital contributions by the shareholders/sponsors, incorporation and registration, general meeting, board of directors, directors, supervisors and senior officers, securities offering and trading, information disclosure and share repurchase, and 26 compliance obligations. We have also actively carried out a special campaign against problems existing in business compliance management, in which 15 units (100% coverage) made self-examinations, 1 problem (which was caused by changes in local government policies and law enforcement environment, not involving any violation of the laws and regulations) was identified and corrected, and 2 risks were identified and addressed.

We have intensively carried out special compliance programs. During the reporting period, in order to achieve systemic management of certificates and licenses, and further improve compliance risk management and control capability related to certificates and licenses, we carried out legal compliance checks, explored and built a corporate certificates and licenses compliance system.

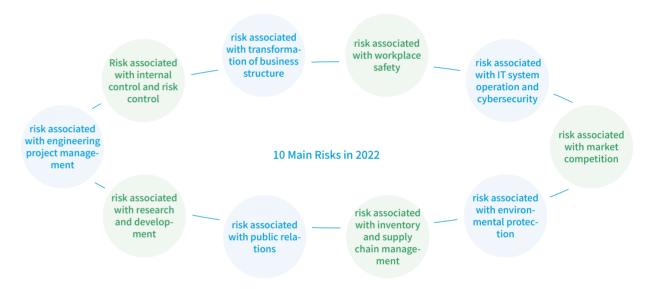
	One regulation	Administrative Measures for Certificates, Licenses and Administra- tive Procedures	Å	Basic regulations
	-(Two lists	Lists of Certificates, Licenses and Administrative Procedures Re- lated to Business Operation of the Company – Operation Period & Construction Period		Scope of management
Chemical material _	(Three accounts)	Management Accounts for Certificates, Licenses and Administra- tive Procedures – Operation Period & Construction Period Statistical Account of Defective Certificates, Licenses and Adminis- trative Procedures		Management tools
censes compliance system	-(Four examinations)	Semi-annual self-examination of all departments Annual self-examination of all departments Annual examination by the Legal Department Special examinations by the Legal Department		Supervisory mechanisms
	Job responsibilities	Instructions about job responsibilities for the management of certificates, licenses and administrative procedures		Bottom line safeguard
	Guiding do	ocuments		

Implementation of internal control and risk control

With respect to system building, we have developed an internal control and risk management system with the Board of Directors acting as the supreme decision-making body and comprising three lines of defense. As the first line of defense, all departments and subsidiaries carry out self-examinations of internal control and risk control within the scope of their receptive responsibilities. As the second line of defense, the risk control group of the Audit Department is responsible for organizing, coordinating and promoting the implementation of the specific risk control measures, and reporting to the management about the progress of the building of internal control system and the existing problems. As the third line of defense, the audit group of the Audit Department is responsible for identifying the weaknesses and deficiencies existing in internal control and risk control.

With respect to rules and regulations, we have strictly complied with China Resources Chemical Innovative Materials Co., Ltd. Risk Management Procedures, and promulgated China Resources Chemical Innovative Materials Co., Ltd. Management Regulations for Internal Controls in June 2022, thus forming a "1+N" internal control and risk control regulations system guided by regulations on internal control and risk control system building and supervision, and supported by the specific operating rules.

Based on the risk factors collected, summarized, analyzed and sorted out by the Corporate Governance, Risk Control and Compliance Management Committee, and all departments, centers and subsidiaries, we identified 10 main risks in 2022, and developed corresponding risk mitigation measures. Our Legal and Compliance Department monitors the 10 main risks of the year and new risks on an ongoing basis, and reports the results of monitoring to the China Resources Legal and Compliance Department on a quarterly basis.



In 2022, we carried out internal control self-assessment and monitoring assessment on the Company and all subsidiaries, covering 25 business modules (including organization structure, development strategy, human resources, etc.), and spot checks on the effectiveness of key control points on key processes, and formed the Work Paper on Internal Control Assessment and Detailed Statistical Statement of Deficiencies in Internal Control, based on which, we conducted 6 training in risk control, covering the relevant personnel holding key posts in the Company and its subsidiaries, effectively enhancing the employees' awareness of risk control, and fostering a sound corporate culture of risk control.



Regular training in risk control

Our certificates and licenses compliance system

Anti-corruption and self-cultivation

We attach great importance to anti-graft, anti-corruption and anti-commercial bribery, and continuously enhance prevention and control of corruption risk, to improve the level of anti-corruption management.

Improve the regimes and mechanisms

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C Enhance enforcement of discipline and accountability

We have further improved the "big supervision" work mechanisms under which the discipline inspection, financial, audit, legal and compliance and other supervisory forces make concerted efforts, and extended the antennas of "big supervision" toward the grass-roots level. In 2022, we held two "big supervision" work meetings, defined the supervisory duties of all departments, centers and subsidiaries, identified 195 risk points to be monitored, and developed 201 targeted supervisory measures. During the reporting period, we took disciplinary actions against 3 persons, admonished 1 person, and gave oral warnings to 2 persons, to create a clean and upright work environment; and issued 3 disciplinary suggestions and 3 work reminders with respect to the problems discovered during supervision and enforcement of discipline, to prompt the relevant departments to examine gaps, remedy deficiencies and make rectifications, draw inferences about other cases from one instance, and seek both temporary and permanent solutions.

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Protect the whistle-blowers

In order to keep the offence-reporting and compliance channels open, we have established anti-corruption email and anti-corruption telephone and publicize the same through billboards. We keep the information of whistle-blowers in strict confidence during investigations, to seriously protect their legitimate rights and interests.



○ Focus on both education and supervision

In 2022, we carried out regular educations on Party conduct, integrity and anti-corruption in the forms of education and warning meetings covering middle-level officers and grass-roots Party members, warning and education seminars for grass-roots officers and employees, special courses on "resisting corruption, shouldering responsibility" for young officers, anti-corruption talks with newly appointed officers or otherwise, and thoroughly studied the spirit of the important lecture delivered by the General Secretary Xi Jinping at the 6th plenary session of the 19th Central Commission for Discipline Inspection of the CPC. In addition, we carried two special campaigns against the operation of enterprises by the employees and their spouses and children, and extravagance in banquettes, focused on and severely penalized typical violations, to strictly implement the eight provisions of the Party Central Committee.



03 Protect the Eart

Protect the Earth, and Seek Green Development and Common Prosperity

Eco-environment is the source of materials and basic living space for the survival and development of human kind, and the home in which we live together and which we should take care of jointly. We strive for green and high-quality development, actively embrace the carbon peak and neutrality initiative, continuously build the modern environmental management system, use digitalization to drive efficient energy management, resolutely fight the battle against pollution, and are committed to becoming a practitioner of environmental governance, promoter of ecological civilization and builder of beautiful China.

- Climate change and carbon peak initiative
- Environmental Management
- Resource Management
- Discharge Management
- Environmental safety







29 China Resources Chemical Innovative Materials Co., Ltd.

Feature

Climate change and carbon peak initiative

We have actively responded to the carbon peak and neutrality goals of the country, and the national development strategy for the new chemical material industry, calculated our greenhouse gas emissions, set greenhouse gas emission reduction goals, developed carbon peak action plans and administrative measures for carbon emission, continuously taken measures to reduce carbon emission, incorporated the environment friendly philosophy in day-to-day operations, seriously carried out production using clean energy, and enhanced environmental management and pollution control, to provide green power for the green and low-carbon development of the society, and make our contributions as a stated-own enterprise to the achievement of the carbon peak and neutrality goals of the country in an all-round way.

By 2025

We will make positive achievements in the R&D, promotion and application of green and low-carbon technologies, and reduce the overall energy intensity ratio per RMB10,000 of output value by 10% from 2020, and carbon dioxide emission per RMB10,000 of output value by 5% from 2020.

Dur carbon peak and

peak and neutrality goals

By 2030

We will make remarkable achievements in green and low-carbon transformation, attain the advanced world level in terms of energy efficiency of PET business, and reach the peak level of carbon emission in 2028.

Status of greenhouse gas emission

In 2022, the total greenhouse gas emissions generated from our operations reached 502,559.08 tons, where 276,077.44 tons were directly emitted (scope 1) and 226,481.64 tons were indirectly emitted (scope 2). The direct emissions (scope 1) accounted for 55% of the total emissions, primarily coming from combustion of fossil fuel, including emissions from gas boilers (natural gas) and vehicles within the premises (diesel), representing 99.93% and 0.07% of the total direct emissions respectively; and indirect emissions (scope 2) accounted for 45% of the total emissions, primarily coming from outsourced electricity for the operation of power equipment.

Strategy for achieving the carbon peak and neutrality

In order to thoroughly implement the major decisions and arrangements by the Party Central Committee and the State Council regarding carbon peak and neutrality, and Xi Jinping thought on ecological civilization, we have developed the Carbon Peak Action Plan, taken solid actions for achieving carbon peak and neutrality, optimized and adjusted the industrial structure, reduced intensity and controlled the total volume, focused on scientific, technological and institutions innovations, and continuously accelerated green and low-carbon transformation and high-quality development, to contribute to achievement of the carbon peak and neutrality goals of the country on schedule.

Low-carbon transformation and upgrading of traditional business

- Acceleration of the building of plastic recycling system
- R&D and application of recycled, lightweight new PET products
- Relocation and elimination of outdated industrial capacity

Energy saving and carbon reduction

- Improvement of energy consumption monitoring management level
- Implementation of key energy saving and carbon reduction projects
- Internal resources recycling system
- Coordinated development of green and circular industries

Our eight actions for

achieving carbon

peak

Development of green financial business • Utilization of green finan-

cial products and services

Improvement of carbon emission management capability

- Improvement of carbon emission data management capability
- Professional capability of carbon emission managers

Persist in technology-led and goal-guided

Basic

principles

Persist in energy saving and carbon reduction at source

Green and low-carbon technology innovation

- Building of green and low-carbon technology innovation platform
- Low-carbon innovation capability building and talent training
- Promotion of the utilization of key green and low-carbon technologies

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Nurturing of new carbon-neutral business

• Application of advanced low carbon, zero carbon and carbon negative technologies

All-staff green and low-carbon campaign

- Promotion of consumption-led green and low-carbon production
- Advocacy of green and low-carbon life and work styles

All-round cooperation in green and low-carbon

- Cross-regional cooperation in low-carbon transformation
- Enhancement of inter-agency technological cooperation

Persist in overall planning and coordinated development

Our carbon reduction actions



Waste heat to power project

In 2021, we started the contract energy management project for waste heat to power from process tower steam, using the contract energy management model, under which China Resources Intelligent Energy Co., Ltd. installed three power generating units within our plant area, that use waste heat from the process tower steam on three production lines to generate electricity. At present, 4 waste heat to power units have been put into operation.

Due to the steams emitted from the top of the process towers on out production plant contain lots of energy, but cooling of such steams needs to consume energy, by installing waste heat to power units, we recover the energy from the steams and use the same to generate electricity, while removing the steam cooling units, thus effectively save energy. The ORC power generating unit has an installed capacity of 3,000KW, can generate up to 15 million KWh of electricity and reduce about 10,000 tons of carbon emission each year. In 2022, the waste heat to power units generated 9.8896 million KWh of electricity. The project lowers our production costs, increases energy efficiency, produces good economic, environmental and social benefits, and accelerates the building of our clean and efficient energy structure system.



Our waste heat to power project



In order to respond to the carbon peak and neutrality strategy of the country and build an industrial enterprise-grade integrated energy model project, our Zhuhai company carried out the photovoltaic power generation project. The phase I of the project installed a 4.28MWp photovoltaic power station on about 46,500m² of idle plant building roofs at No. 1 Factory of Zhuhai company. The project is designed to operate 25 years, and generate about 4 million KWh of electricity each year, and about 100 million KWh of electricity in 25 years. The roof distributed photovoltaic power generation project phase I formally started in October 2019, and achieved full-capacity grid-connected power generation on December 31, 2019.



Aerial view of the photovoltaic power generation project of Zhuhai company

Recycling of waste and old PET materials

Guided by the national policies on carbon peak and neutrality goals and development of circular economy, we actively carry out research and market-oriented exploration on the PET bottle-to-bottle recycling technology, strive to create a bottle-to-bottle "closed-loop circulation"; clean recycled beverage bottles and the re-process them into rPET and rPETG, and actively research the technology to use PET scraps on beverage packaging, to recycle the waste and old materials. As the most used beverage packing material, PET has very high recycling value. The recycling of PET will effectively reduce carbon emission during production, and have far-reaching significance to the sustainable development of the environment.

We have accelerated the building of plastic recycling system, and continuously enhanced the R&D and application of recycled PET, lightweight PET and other products. At the Coca Cola China Annual Show of rPET Peripherals, we displayed rainbow glasses, interlocked bottle strap, air circulation fan, book bag and other peripheral products made of rPET/rPETG materials, to promote the building of rPET/rPETG recycling system, and coordinated development of the circulation industry in cooperation with the upstream and downstream industries.

Development of high-barrier PET material for beer packaging

In response to the requirement of the country for sustainable development, we developed high-barrier PET material for beer packaging, which using our self-developed technology to solve the poor oxygen and carbon dioxide resistance performance of conventional PET bottles used as beer containers, and making it possible for PET to be used in beer packaging. PET bottles also show clear advantages in greenhouse gas emission, as the greenhouse gas emission generated during the production of PET bottles is only 50% of that generated during the production of glass bottles of the same size. It can not only greatly reduce the energy consumption and carbon emission on the whole supply chain, but also enter the existing recycling system. The recyclability of the PET beer bottles made using this technology will effectively reduce the carbon emission during the production of traditional beer bottles, and accelerate the green, low-carbon and sustainable transformation of the traditional business.







S Innovation Association for Green, High-performance PET Beer Packaging Mate-

Transportation model with reduced packaging

We take the initiative to shoulder the responsibilities and duties to achieve the carbon peak and neutrality goals, and actively explore the ways to reduce carbon emission. In cooperation with Nongfu Spring, we have made efforts at the supply side, transportation side and demand side, replaced ton bags with tank trucks as means of transportation, to reduce the use of packaging bags, thus saving energy and reducing emission, and help the supply side, transportation side and demand side achieve the carbon emission reduction goals. While helping downstream customers promote fine, green production, we can save about 15,000 pieces, or 7.86%, of packaging bags each year.



PTA tank truck



Upgrading of energy equipment

In response to the carbon peak and neutrality policy, we have actively upgraded our energy system, and invested RMB 100 million to transform the outdated coal furnace into natural gas furnace. The new natural gas furnace is equipped with a full set of industrial instruments, which can collect real-time air intake, temperature, pressure, oxygen content, nitrogen oxide (NOx) and other combustion data of natural gas furnaces, and transmit such data to the upper computer in the central control room of the heating medium station. The production staff can monitor the operating status of the heating medium station through the configuration interface of the upper computer, adjust the parameters of the heating medium furnace, to let it run in the best condition, thus effectively reducing carbon dioxide emission, save energy and helping achieve energy saving and emission reduction.



Natural gas heating medium station

Solar road lamps

We purchased solar road lamps to upgrade the road lamps around the office building, which have been put into use and are expected to save 4,380 KWh of electricity and reduce 29,915 tons of carbon emission each year.





Solar road lamps put into use in batches

Propaganda of low carbon

We vigorously carry out propaganda and education on climate change and protection of eco-environment, continuously advocate green and low-carbon work and life styles, enhance economization and recycling of office supplies, create a green and low-carbon office environment; encourage the employees of all enterprises to green their commute, advocate travel by public transport, bicycle or otherwise green, and use of green and low-carbon products, and encourage our employees to foster green and low-carbon habits.



Themed propaganda on the low-carbon day

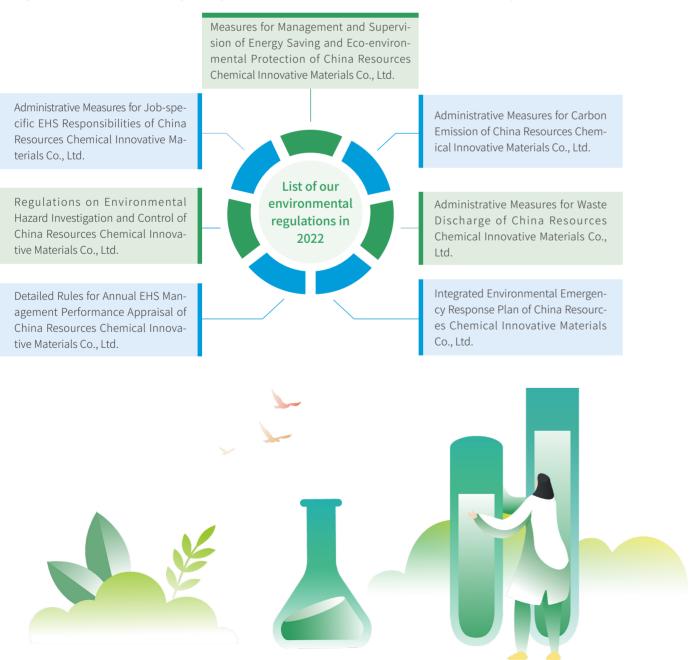


Environmental Management

In order to implement the applicable laws, rules and regulations related to environmental protection, make full and reasonable use of all kinds of resources, control and eliminate pollutions, promote our green and high-quality development, and create a sound work and living environment for our employees, we have developed a set of environmental management policies, restrict our environment-related behaviors in accordance with ISO14001 environmental management system standards, set energy saving and emission reduction goals each year, and disclosed the achievement of environmental goals, to save resources, reduce environmental pollution and promote continued healthy economic development. During the reporting period, we have not violated any environmental protection law or regulation, or been involved in any environmental pollution-related incident or dispute, or subject to any administrative penalty due to any violation of the regulations related to environmental protection.

Environmental policies

In 2022, we amended the Regulations for Management and Supervision of Energy Saving and Emission Reduction and the Management Regulations for Energy Saving and Emission Reduction Monitoring and Statistics, and integrated them into the Measures for Management and Supervision of Energy Saving and Eco-environmental Protection, which has been promulgated and taken effect.





Materials Co., Ltd.

With a view to further reducing the carbon emission generated on the product chain of the Company, regulating the carbon emission management of the enterprises at all levels, and advancing the carbon peak and neutrality efforts of the Company in an orderly manner, these Administrative Measures are developed pursuant to the policies and requirements of the National Development and Reform Commission, the Ministry of Ecology and Environment, the SASAC and other competent authorities and the China Resources, and taking into account of the Company's actual situations.

Organization and management

The Company will set up the leading group for carbon peak and neutrality, which shall be responsible for overall management of the carbon peak and neutrality efforts of the Company.

Carbon emission data management

The enterprises at all levels shall identify sources of carbon emission, and monitor, account for and report carbon emission data according to the monitoring standards, and accounting boundaries and measures specified by the competent national and local governmental authorities. and ensure the truthfulness and accuracy of the carbon emission data.



Management structure

We have set up the environmental management organization structure, which is responsible for reviewing our annual key environmental protection projects, organizing review and validation of our new technologies, new processes, new equipment, new materials and other technical solutions and measures related to environmental protection, and developing our pollution reduction plans.

ivironmen tal protection specialists of the Environment, **Health and Safety** (EHS) Department of CR CHEM MAT

SASAC and the China Resources;

- profit centers:
- ing;
- Supervise the implementation by the base companies of the eco-environmental protection and energy saving measures;
- energy saving goals;
- Convey and implement the environmental protection policies in the base company;
- Develop and amend environmental protection regulations;
- Inspect environmental protection facilities, online monitoring facilities and other equipment;
- Ensure normal operation of the environmental protection system;
- Connect the environmental monitoring facilities with the network;
- Develop monitoring plans;
- Submit environmental protection reports, and perform other tasks assigned by the local environmental authorities.

Our environmental management structure and related duties

Administrative Measures for Carbon Emission of China Resources Chemical Innovative



Carbon asset management

The key grass-roots enterprises that are subject to carbon emission quota management shall trade in carbon assets on the principle that "gives first place to quota compliance rather than surplus trade, and gives priority to internal trade", and manage transaction accounts, transaction strategies, transaction processes, quota compliance, carbon asset swap and other activities in accordance with the relevant standards

- Convey and implement the eco-environmental protection and energy saving policies of the
- Develop and amend the eco-environmental protection and energy saving regulations for the
- Propagandize the culture and philosophy of eco-environmental protection and energy sav-
- Appraise the achievement by the base companies of the eco-environmental protection and
- Summarize the eco-environmental protection and energy saving data of the base companies, and submit the same to the EHS Department of the China Resources.



Achievement of environmental goals

We have formulated the Detailed Rules for Annual EHS Management Performance Appraisal of China Resources Chemical Innovative Materials Co., Ltd., conducted annual performance appraisal according to the regulations and the relevant letters of EHS responsibility, and issued annual appraisal reports. We set new environmental goals every year, and disclose the achievement of the goals for the preceding year. Below is a summary of the achievement of the energy saving and emission reduction goals for 2022, and the energy saving and emission reduction goals for 2023:

Achievement of the energy saving and emission reduction goals for 2022

No.	Indicator	Annual ag- gregate value	Appraisal goal	Percent- age of goal achieved
1	Energy consumption per RMB10,000 of output value (comparable price) (ton of standard coal/ RMB10,000)	0.1745	\leqslant 0.197, down by at least 4%	111.7%
2	Energy consumption per RMB10,000 of incremental value (comparable price) (ton of standard coal/ RMB10,000)	1.6573	\leqslant 1.2297, down by at least 3.2%	65.2%
3	Total energy consumption of chemical products (ton of standard coal/t)	0.1012	\leqslant 0.1049, down by at least 1.5%	103.5%
4	NOx emission (t)	117.5227	\leqslant 120.91, down by at least 20%	102.8%
5	Carbon dioxide emission intensity (ton of carbon dioxide/ RMB10,000)	0.5021	\leqslant 0.5762, down by at least 2%	112.9%

Energy saving and emission reduction goals for 2022

No.	Indicator	Appraisal goal	goal for 2023
1	Energy consumption per RMB10,000 of output value (compa- rable price)	Down by at least 6% from 2020	\leqslant 0.1935, down by at least 6%
2	Energy consumption per RMB10,000 of incremental value (comparable price)	Down by at least 4.8% from 2020	\leqslant 1.2094, down by at least 4.8%
3	Total energy consumption of chem- ical products per ton	Down by at least 3.5% from 2020	\leqslant 0.1028, down by at least 3.5%
4	NOx emission	Down by at least 40% from 2020	\leqslant 90.6825, down by at least 40%
5	Carbon dioxide emission intensity (comparable price)	Down by at least 3% from 2020	≤ 0.5704, down by at least 3%
6	Ratio of new energy generated elec- tricity to total electricity used	The ratio of new energy generat- ed electricity to total electricity used shall not be lower than 15.00% in 2023	15%

Environmental protection training and propaganda

We continuously enhance environmental protection training and propaganda, and strive to improve our employees' awareness of environmental and social responsibilities through environmental education. In 2022, 88 persons attended the special training in environmental protection organized by the EHS Department and profit center of the China Resources, studying the existing laws, regulations and policies related to environmental protection. We have also carried out environmental protection propaganda in various forms with "June 5" World Environment Day as the theme, and created an atmosphere of participation by all employees in eco-environmental protection and energy saving in the Company through putting up banners and slogans.



Special training in environmental protection



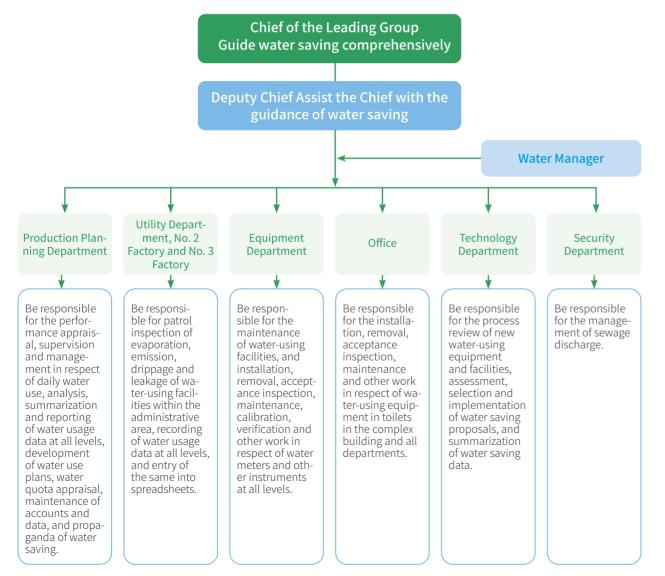


Resource Management

With a view to implementing Xi Jinping thought on ecological civilization and the major decisions and arrangements by the Party Central Committee and the State Council regarding the building of ecological civilization, and further enhancing energy saving and environmental protection management, we developed the Measures for Management and Supervision of Energy Saving and Eco-environmental Protection, and designated the EHS Department to be responsible for the day-to-day management and supervision of energy saving and eco-environmental protection. We have continuously enhanced comprehensive development and utilization of resources, established the green supply chain, given priority to the purchase of products that save energy and water, recycle wastes or are otherwise favorable to environmental and resource protection, strengthened management of all kinds of resources, and conducted day-to-day energy propaganda.

Water saving management

We have vigorously advanced water saving projects, set up the Leading Group for Water Saving, developed a set of rules and regulations on water saving, compiled the Collection of Management Regulations for Water Saving, defined the management system and job responsibilities in respect of water saving, enhanced operation management, examinations and repairs, continuously carried out comprehensive utilization of water resources, further improved water balance tests, and strengthened the efforts to build a water saving enterprise of the city.



Leading Group for Water Saving

Our existing water saving measures

Water saving technology upgrading

- Recycled concentrated water from **600.000** tons demineralization plant
- Increased the cycles of concentration of the circulating water system, which can save **36.000** tons of water each year
- Upgraded certain water pipelines, and eliminated over 60 points of drippage or leakage, which can save over **200** tons of water each day;
- Recycled million ton of steam condensate, to recycle steam to the maximum extent practicable;;
- Invested RMB **4**.9 million in upgrading the reclaimed water recycling project

Daily water saving management

• Enhanced water saving management at key points, and inspection of evaporation, emission, drippage and leakage

Propaganda of water saving

• Put up slogans and posters on water saving, and shared water saving experience and approaches with the employees at the water saving propaganda event.

31,625,507.5^{m³ of water} 31,596,096^{m³ of indirect}

27,404^{m³ of process water,}

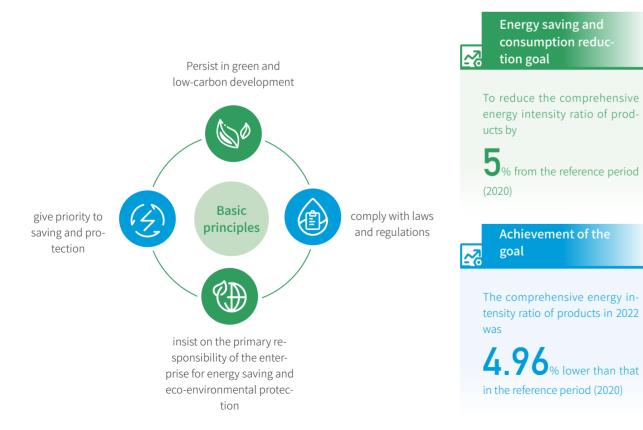
2,007.5 m³ of steam conden-

Energy saving management

We have continuously enhanced energy management, developed and implemented energy saving plans and measures on the principle of reasonable use of energy, reasonably adjusted the industrial structure, product structure and energy consumption structure, continuously reduced energy consumption per unit output value and energy consumption per unit output of products, vigorously eliminated outdated industrial capacity, and improved energy efficiency.

Typical measures taken by us to improve energy efficiency

- Continuously improved energy efficiency, for example, used polyester waste heat to generate 9.8896 million KWh of electricity in 2022;
- Actively developed and utilized renewable energy, and promoted a clean and low-carbon energy structure;
- Purchased and installed solar road lamps to replace the road lamps around the office building:
- Advanced R&D, promotion and application of green, renewable and other new materials, processes and energy;
- Organized and passed clean production review;
- Obtained energy management system certificate, and passed annual review of energy management system;
- Actively carried out propaganda of energy saving;
- •





Certificate of energy management system certification



Case | Energy Saving Propaganda Week

We actively organized the "Energy Saving Propaganda Week" and other energy saving propaganda activities, creating an atmosphere of participation by all employees in energy saving in the Company through putting up banners and slogans or otherwise.



CR CHEM-MAT Energy Saving Propaganda Week

Digital energy management

In 2022, we further accelerated coordinated digital and green transformation, used digital energy management tools to realize visual management of the consumption of water, electricity, coal, gas and other major energy on all production lines, and effectively improved low-carbon management level and resources utilization ratio through remote monitoring of energy consumption, real-time alert of abnormal circumstances, and identification of points for improvement using big data. In addition, we built the intelligent park and launched the IEAM system, to realize paperless management of equipment and circulation of work orders via the

information system, effectively manage and maintain reasonable stock of spare parts, reduce inventories, energy consumption, environmental pollution and ecological damage, achieve green and sustainable development using digital technology, and vigorously advance the building of digital ecological civilization.

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The efficiency and accuracy of energy consumption data statistics have increased by

53



S Energy management screen, showing the usage of energy and comparison of usage at all areas

Discharge Management

With a view to enhancing discharge management of wastes (including waste water, waste gas, solid wastes, factory bound noise, etc.), we have developed Administrative Measures for Wastes of China Resources Chemical Innovative Materials Co., Ltd. in accordance with the applicable laws and regulations, and carried out the relevant emission reduction projects accordingly. We have also carried out whole life-cycle pollution reduction projects covering us and downstream industries, recycled and reasonably utilized wastes, to promote the green enterprise initiative.

Management duties

The EHS Department is responsible for the supervision and management of waste discharge, collection and summarization of the amount of "three wastes" of all enterprises, reporting of the same to the EHS Department of the China Resources, and supervision, examination and performance appraisal in respect of the operation of pollution control facilities, disposal and discharge of "three wastes" in accordance with the regulations and standards at all enterprises and units.

Waste water discharge management

Establish our requirements for the setting of internal control indicators for industrial sewage, sewage discharge, and setup of sources of pollution, and develop pollution prevention and control plans and environmental emergency plans.

Waste gas emission management

Establish our requirements for the design, construction and maintenance of waste gas outlets, waste gas emission indicators, recovery or treatment of volatile organic compounds (VOCs).

Solid waste management

Establish our requirements for the treatment and disposal of consumer wastes and construction wastes, storage or disposal of hazardous wastes, and develop measures to prevent accidents and emergency response plans.

Noise emission management

Establish our requirements for the monitoring of noises within the boundaries of our plant areas, emergency measures to reduce noise, and responsibilities for violation of regulations.



Waste water treatment

All waste water generated by us is treated at our onsite sewage treatment station, and after meeting the third-grade standard set forth in the Integrated Wastewater Discharge Standard (GB8978-1996), discharged to the municipal sewage pipelines. We have four preliminary storm water collection ponds, which collect storm water from the storm water pipelines. Part of the storm water in No. 3 pond is used in greening after precipitation._o

In order to achieve the goal of zero discharge of waste water and recycling of industrial waste water, we have carried out the sewage quality improvement and reclaimed water recycling project, used advanced technologies and equipment to effectively treat all kinds of sewage and waste water, and then recycled the reclaimed water meeting the relevant national standards, thus addressing the problem of shortage of water resources and reducing the discharge of waste water.



Case | Our sewage quality improvement and reclaimed water recycling project

The reclaimed water recycling project was put into operation after one year of construction, with a total investment of RMB7.076 million (including the costs of equipment and supporting facilities). The project adopts the "biochemical + efficient precipitation + ultra filtration + reverse osmosis" technology in waste water treatment, with reference to the requirement for water quality set forth in the Water Quality Standards for Urban Water Supply (CJ/T206-2005). The quality of reclaimed water meets the water quality standard for reclaimed water set forth in the Code for Design of Industrial Re-circulating Cooling Water Treatment (GB/T50050-

2017). The project can reclaim 192,000 tons of water, representing 60% of total waste water discharged each year.

In addition, our reclaimed water recycling project is worth spreading, as it can recycle all waste water with COD content below 60mg/L. At present, we are actively spreading this technology in the Company, and plan to apply the technology in Zhuhai company.



Equipment in our sewage quality improvement and reclaimed water recycling project

Waste gas control

In order to respond to the call of the country for keeping our skies blue, and seriously implement the Implementation Plan for Air Pollution Prevention and Control Campaign of Jiangsu, we have actively carried out low NOX combustion, high-standard VOCs control and other waste gas control projects, identified the sources of VOCs pollution, ensured non-existence of leakage points at level 1 or above, enhanced waste gas collection and treatment at intermittent, unorganized VOC emission points, such as air outlets of preparation tanks and ventilation hoods of the laboratory, and carried out leakage detection and repair (LDAR) on the equipment.



Case | Technology upgrading to reduce NOx emission

The 2020 Work Plan of Changzhou on Prevention and Control of Pollution released by the Changzhou Municipal Government requires the standard of NOx emission from all gas boilers to be lowered from 150ppm to 50mg/m³, which is even lower than the national NOx emission standard of 100ppm set forth in the Integrated Emission Standard for Air Pollutants.

During NOx combustion upgrading, we set up a technological upgrading team for reducing NOx emission, and after multiple technical exchanges with the boiler manufacturer, determined the technological upgrading solution of ultra-low NOx burner + low NOx combustion. The core equipment used is XRO-type low nitrogen burner, which adopts the coupled staged combustion technology and fume recycling technology, to achieve effective control of thermal NOx, and can reduce NOx emission by about 99.55 tons each year. At present, Zhuhai company has started the approval process, planning to upgrade the gas boilers on the 600,000 tons production line, which is expected to be completed in 2023.



Low NOX burner

Solid waste management

During collection, transportation, treatment and emergency response in respect of solid wastes, the hazardous substances contained in or caused by solid wastes may cause pollution to the air, soil and waters. We have carried out solid waste management projects in accordance with the applicable administrative measures for wastes, continuously enhanced prevention and control of pollution caused by solid wastes, focused on emission reduction at source, strengthened the standardized management of industrial solid wastes, consumer wastes and construction wastes, established and maintained temporary storage places for solid wastes in accordance with the relevant requirements, taken measures to protect such storage places against rain, wind, seepage and leakage, developed pollution prevention and emergency response measures during transfer and transportation of solid wastes, and established general solid waste management account.

Management of hazardous wastes

We have continuously enhanced the standardized management during collection, storage, transportation, use and disposal of hazardous wastes, developed pollution prevention and emergency response measures during transfer and transportation of hazardous wastes, appointed qualified service providers to properly dispose of hazardous wastes (including strictly control wastes), taken measures to prevent hazardous wastes from polluting the soil and underground water, established and improved hazardous waste management account, and built a new hazardous waste warehouse in 2022.



Case | Temporary hazardous waste storerooms

Our hazardous waste warehouse has a total floor area of 256.2m², was erected at the cost of RMB1.5 million, passed the acceptance inspection at the end of June 2022, and was formally put into use on July 1, 2022. The warehouse consists of 5 storerooms, including 2 Class A temporary storerooms and 3 Class C temporary storerooms, and has a total storage capacity of 128 tons. The warehouse has passed all safety and environmental protection procedures, including planning, design, environmental impact assessment, environmental inspection, design of safety facilities, workplace safety conditions, comprehensive analysis and final acceptance.





Whole circulation process of hazardous wastes

Panoramic view of the hazardous waste warehouse

Four lists of facilities, and six stages of the whole circulation process of hazardous wastes from generation, storage, self-utilization and disposal, transfer, utilization and disposal, and post-utilization and disposal

Environmental safety

Environmental safety management

We have attached great importance to environmental safety management, strictly managed and improved environmental safety, established environmental safety emergency management system, enhanced chemical management to prevent environmental pollution, and actively organized environmental risk examinations, environmental emergency response exercises and environmental safety training.



Case | Safety and environmental upgrading project

Our new hazardous waste warehouse manages storerooms and hazardous wastes in strict accordance with the design requirements. We have appointed 33 new workshop hazardous waste handlers, to strictly manage hazardous wastes at source; equipped all storerooms with explosion-proof appliances, and installed high-resolution probes and waste gas collection and treatment facilities, combustible gas alarms in Class A storerooms which are connected with the control room, high and low concentration waste gas collection and outlets in storerooms that are likely to produce volatile gases. Waste gases are sprayed with water and then absorbed using activated carbon before being emitted into the atmosphere.



S Explosion-proof control switch

Combustible gas alarm

Emergency response exercise

In 2022, we organized 7 environmental examinations, through which 199 environmental hazards were identified. According to the result of risk identification, we developed environmental safety emergency response plans against potential environmental risks, including special emergency response plans for fire, explosions, natural disasters, chemical leakage and other incidents. Each production base also developed general emergency response plans, special emergency response plans and on-site response plans. We sent the employees to attend the special training in environmental protection organized by the local government authorities, the China Resources and other entities. In addition, we develop an annual emergency response exercise plan at the beginning of each year, and conduct exercises as planned, such as exercise of emergency response to natural gas leakage, heating medium leakage and fire, and other tabletop exercises, to effectively improve the emergency response capabilities of all kinds of employees, and test and improve the emergency response capabilities of the enterprises at all levels.

Date	Subject	Organizing department	No. of par- ticipants	Effect of exercise
April 19	Exercise of on-site response to breakage and leakage of chemical reagents	Logistics Depart- ment/ Quality Management Department	18	Improve the employees' capability to respond to leakage of chemical reagents, and prevent environmental pol- lution.
April 29	Exercise of on-site response to leakage at the diesel tank area	Logistics Depart- ment	15	Improve the employees' capability to respond to diesel leakage, and prevent environmental pollution
June 17	Exercise of emergency response to heating medium leakage	No. 1 Factory	15	Improve the employees' capability to respond to heating medium leakage and fire
June 29	Exercise of integrated emergency response to EG leakage and fire at EG tank area	, , , , , , , , , , , , , , , , , , ,	25	Improve all employees' capabilities to respond to emergencies, handle changes and save themselves, and enhance their awareness of safety and sense of responsibility
August 23	Exercise of emergency response to heating medium leakage at No. 5 Factory	No. 5 Factory	12	Enhance the employees' awareness of safety and emergency response capabilities
September 12	Exercise of emergency response to leakage of laboratory liquid wastes from the hazardous waste ware- house	- ·	7	Improve the employees' capability to respond to leakage of liquid wastes
December 17	Tabletop exercise of response to heating medium leakage and fire at No. 4 Factory	No. 4 Factory	12	Enhance the employees'awareness of safety and emergency response capabilities



 Exercise of emergency response to breakage and leakage of chemical reagents Exercise of emergency response to heating medium leakage





S Fire fighting-themed sports meet

04

Move with the Times, Go Deep and Make Outstanding Achievements

We regard quality as our life, stick to the product philosophy of "make continuous innovations with unlimited motivation", provide new polyester materials and products through continuous explorations and innovations, leverage high-quality digital transformation and industrial development to build a higher quality production system, and strive to create value for the customers, improve quality of lives, and maximum the value of our shareholders and employees.

- Focus on new materials, and make explorations and innovations
- IP protection
- Technological innovation
- R&D cooperation

- Realize efficient and intelligent manufacturing through digital transformation
- Quality assurance
- Customer services
- Supply chain management
- Digital information security







Pool the Talents to Make innovations, Take the Lead and Set up Models

Feature: Focus on new materials, and make explorations and innovations

As a leading PET enterprise, we always attach importance to the important supporting and leading role of technological innovation in our development. We have built an innovation association with the characteristics of China Resources, leveraged the technical advantages of the partners, adopted the in-depth cooperation model of joint R&D and result sharing, built an innovation chain from technology to products to industrialization, and explored "China Resources road" to make breakthroughs in key and core technologies.

"Innovation Association for Green, High-performance PET **Beer Packaging Materials**"

We and China Resources Snow jointly established the Innovation Association for Green, High-performance PET Beer Packaging Materials, to carry out interdisciplinary cooperation in R&D by leveraging the respective advantages of the two companies, in which we are responsible for the development of high-barrier materials and injection moulding technology, while China Resources Snow is responsible for the development of beer bottle blow moulding and filling technologies. At present, the Association has developed 1.6L large-capacity, single-layer, high-barrier PET beer bottle that has similar performance as a certain imported beer brand and combines active and passive barrier functions. Its core ingredient, high-barrier master batch, breaks up the monopoly by the foreign companies. The product has entered 6-month product tracking test period, and is expected to become a domestic replacement for PET beer bottles.

China Resources Chemical Innovative Materials Co., Ltd.

Eliminate the pain point that PET material is difficult to satisfy the requirement of the beer industry for high-carrier performance.

Have similar effect as glass bottles, and make it possible for PET to be used in beer packaging

The materials and processes used are non-poisonous, harmless, pollution-free and recyclable.



Inauguration Ceremony of the "Innovation Association for Green, High-performance PET Beer Packaging Materials"



Its greenhouse gas emission is only 50% of glass bottle.

"Innovation Association for Green, Low-carbon, Environmentfriendly Building Materials"

We, China Resources Cement and China Resources Land jointly established the Innovation Association for Green, Low-carbon, Environment-friendly Building Materials, in order to make breakthroughs in key technologies and application development of green, low-carbon, environment-friendly building materials with broad application prospects. Upon industrialization of the project, the application of green building materials will promote the achievement of carbon peak and neutrality goals, and green and sustainable development practices.



Inauguration Ceremony of the "Innovation Association for Green, Low-carbon, Environment-friendly Building Materials"

RPET containing 25% recycled materials

In order to promote circular economy, realize recycling of PET bottles and reduce energy consumption, we and Coca Cola cooperated in the production, application and research of RPET. On the basis of investigation and technical analysis of the market application of recycled PET scraps in beverage packaging, repeated investigations of the suppliers of recycled bottle scraps, and examination of the quality of such scraps, and discussion with Coca Cola and other parties about the quality standard and trial use certification process for recycled bottle-grade PET flakes, we successfully developed the flake-to-resin (FTR) process, upgraded the production equipment taking into account the site conditions, and finally produced the RPET products containing 25% recycled materials, thus realizing recovery and reuse of PET bottles, and creating the bottle-to-bottle "closed-loop circulation" mode. The safety of the products has been recognized and certified by Coca Cola.



IP protection

We protect intellectual property rights (IPs) in an all-round way, continuously improve our IP compliance management system, and regulate all IP affairs. We have released CR CHEM-MAT IP Management Manual, patent management regulations, CR CHEM-MAT IP Control Procedures for Authorization and Implementation of R&D Projects, and 19 procedural documents and 40 forms related to IP management, complied with the national IP management system standard (GB/T29490-2013), and passed the supervision and review of implementation of the national IP management system.

We conduct IP protection work solidly, strive to enhance our awareness of technological innovation, and continuously improve our patent protection efforts; strictly implement the patent management regulations, make IP analysis prior to the authorization of each R&D project and conduct periodic searches during the R&D process, to identify risks and reduce the risk of IP infringement; take measures to timely protect the IPs in R&D achievements, ensure whole-chain IP protection during the R&D process, and safeguard our innovation, transformation and high-quality development.



Certain patent certificates held by us

Case | Patent titled a method of preparation of low-carboxyl end group polyester

In October 2022, we applied for the 6th Patent Awards of Changzhou with our patent for invention titled a method of preparation of low-carboxyl end group polyester. This application has passed expert review and entered the second round of comprehensive review. Because polyester with low content of carboxyl end groups will delay the aging and degradation of the material, we added the end-capping reagent, titanate, during the synthesis reaction of polyester, to lower the value of carboxyl end groups in the polymers, extend the polymer chain, and form a network structure through interlocking of linear molecules. The polyester produced thereby has a carboxyl end group value of 3-15mmol/kg, features good heat resistance and aging resistance and long life, and is easy to process.

As of the date of this ~? Report 78



system certification

	监督审核合格通知书
-	和化学材料科技设备有限公司。
	经中坛公司认证审核。贵方建立的知识产权管理体系。
	■在证书范围内持续符合标准要求并保持有效,证书所载信息均无:
1 1	2, 经评议决定, 批准保持注册资格。
	□本监审年度內证书所载信息发生变动。在变动后的范围内持续符
	F建要求并保持有效,经评议决定,就准保持注册资格。同时换发新证 8.
	5。 这,这书店里所在以里整种业务地、重新定新业的、推力应用标业单定研究中址公司、同时 1分词制度用印度中的风险、最多度用印度书。
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Certificate of supervision and review

Technological innovation

We focus on our core business, make innovations on the basis of what has worked in the past, and continuously improve our core competencies. We set "strengthen and improve the PET business, develop differential nylon, and transition toward and innovate in the field of high-performance polymers and high-performance fibers" as our staged goal of innovation and development, focus on advanced basic new chemical materials and critical strategic new chemical materials with polyester and nylon as the representatives, and R&D, innovation and industrialization of premium new materials with huge potentials, strive to develop a number of new materials independently or in cooperation with our partners, advance innovation in new materials, and lead the development of the industry.

System for product R&D, scientific and technological innovation

We have continuously improved the R&D regime, and developed the whole-process R&D system from input to output, and a set of administrative and support measures. For example, our Administrative Measures for Incentives to Scientific and Technological Innovations set forth the guota of incentives, awardees, conditions of incentives, approval process and other innovation incentive policies.



Reward of R&D Projects for R&D Projects for R&D Cooperation Projects (2021) Refer to the Group Adminis-Technological Projects for R&D Projects

Management organizations

(2020) Rules of Procedures for the Innovation Committee

(2020) Administrative Measures for the Expert Committee

(2022) Adopt the Group Management Rules for Scientific and Technological Innovations (Tentative)

R&D personnel

(2021) Management Regulations for Tolerance and Correction of Errors in Scientific and Technological Innovations

(2021) Management Regulations for the Training of Scientific and Technological Personnel

(2022) Administrative Measures for Incentives to Scientif-

ic and Technological Innovations (Tentative) (2022) Adopt the Group's Measures for Recognition of

Scientific and Technological Talents (Tentative)

(2019) Measures for Appraisal and (2020) Management Regula tions for Incubation of R&D (2020) Management Regulations Projects (2020) Performance Appraisal (2020) Management Regulations Measures for R&D Projects in the Stage of Industrialization (2022) Guide for Engineering trative Measures for Scientific and Management (Tentative) (2022) Simplified Approval Process

R&D funds

(2020) Regulations for Appropriation and Management of R&D Funds (2021) Adopt the Group's Instructions about the SASAC Statistical Standard for R&D Expenditures (2022) Guide for Super Deduction of R&D Expenses

IP

(2021) Patent Management Regulations (2021) IP Management Manual and Control Procedures

Scientific research files

(2021) Detailed Rules for the Management of Scientific **Research Files** (2021) Adopt the Group's Guide for Scientific and Technological Statistics

Management philosophy for scientific and technological innovation

"Focus on innovation driving and high-quality development, driven by reform and innovation, align with world-class level, continuously consolidate the competitive advantages of the core PET business, and leading position in the industry; vigorously develop the new material business, optimize allocation of resources, accelerate transformation and upgrading, and achieve metamorphosis of the enterprise."



Special award for key subject granted by the Think Tank Alliance of Central State-owned Enterprises

In 2022, the Research on Accelerating the Leverage of the Scientific and Technological Leading Role of Central State-owned Enterprises prepared by our R&D team based on internal practices was granted a special award for key subject by the Think Tank Alliance of Central State-owned Enterprises.



Focus on talent trainin

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 $7_{\text{doctors and}} 30$

Industrial technological exchanges



Signing event of Nongfu Spring



Coca Cola Annual Supplier Conference

Case | Participation in the 10th International PET Summit

In August 2022, we participated in the 21st Hangzhou China – Chemical Fiber Forum & the 10th International PET Summit, at which, we discussed the general situation and status quo of the PET industry, the challenges that the PET industry faced in its development, hot topics and the development prospects of the industry with the peers from all corners of the country and the world.



Case | Participation in the China Chemical Fibers Science and Technology Conference

In July 2022, we participated in the China Chemical Fibers Science and Technology Conference on line, at which, we discussed with the peers about the focus of the high-quality development of the chemical fiber industry, major constraints faced in the development, progress of the development of new fiber materials, and the development trends of the industry.



R&D cooperation

We actively participate in industrial technological exchanges, and development of industrial standards. We have led the development of the Assessment for Cleaner Production Performance in Bottle Polyester Industry (T/CCFA 02008-2019), and participated in the development of the Poly (Ethylene Terephthalate) (PET) Resin for Bottles (GB/T17931-2018) and other standards related to PET materials. We always attach great importance to industry-university-research cooperation, continuously enhance cooperation in scientific research with major universities and external experts, and strive to acquire advanced IP and technologies through R&D cooperation, industrial incubation, share investment or otherwise.

Project Name	Partners
R&D of 202001 high temperature resistant nylon	DX New Material Technology Co., Ltd.
Innovation Association for Green, High-performance Packaging Materials	China Resources Snow
Innovation Association for Green, Low-carbon, Environment-friendly	China Resources Cement and China
Building Materials	Resources Land
Thermoplastic carbon fiber reinforced composites (key R&D project of	Shenzhen University and Suzhou Silver
Guangdong)	Age
201902 Continuous fiber reinforced thermonlastic polyester composites	Research Institute of Tsinghua University
201802 Continuous fiber reinforced thermoplastic polyester composites	in Shenzhen
High-performance resin 3D printing technology	China Aerospace Science and
nigh-performance resin 50 printing technology	Technology Corporation No. 529 Factory
Shenzhen University Joint Research Center for High-performance Fiber	Shenzhen University
and Advanced Composites	



Talk with Nongfu Spring



O Deliver a keynote titled "Innovation and Circulation, Meet with the Future"





Constantly Strive for Perfection, and Enable the Industry Chain to Deliver Value

Feature: Realize efficient and intelligent manufacturing through digital transformation

We set the goal to build an "intelligent PET flake manufacturing factory" at our Changzhou base in our "13th five-year" strategic plan for intelligentization and digitalization, and have been building the cloud platform based on China Resources industrial Internet since 2019.

During the implementation of the re-digitalization strategy, we has focused on the building of CRSEMS industrial Internet platform, and based on that platform, built EMS (energy management system), LIMS (laboratory information management system), EAM (equipment and assets management system), HSE (health, safety and environment management system), DTS (digital twin system) and other information platforms, to achieve value enabling and value mining in safety, equipment, energy, quality and other key fields of production management. With respect to supply chain management, we have gradually completed the deployment of financial derivatives risk management system, BI and other products, linked up the business value chain, such as internal and external analyses of supply chain, and collaborative analysis of manufacturing and supply. With respect to data governance and data value mining, we have gradually advanced the building of data governance system, and realized digital operation aided decision-making analysis through BI decision-making system, DTS and data analysis and display tools. We plan to build IT&OT integrated agile operations team, agile digital products and agile digital operation system, to enable new types of operation, new products and new scenarios, acquire sustainable competitive advantages, and achieve our strategic goals.

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China Resources Chemical Innovative Materials Co., Ltd.



CRSEMS industrial Internet platform



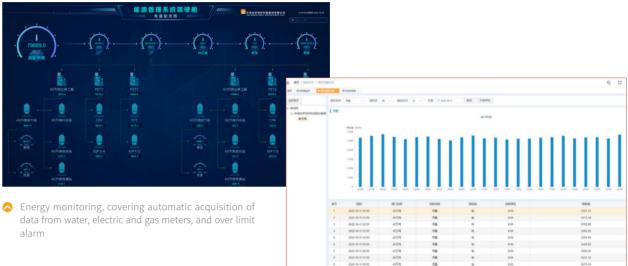
"Five-star Cloud Enterprise" in the Jiangsu Industrial Internet Model Engineering Projects

Rated AAA in the implementation of Integration of Informatization and Industrialization Management System



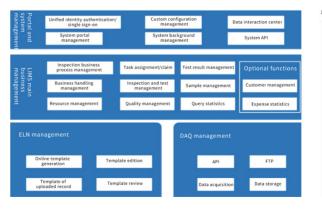
EMS

We use the EMS to automatically collect production data, filter, store and intelligently analyze data, and achieve high integration of production line benchmarking, production capacity optimization, equipment operation assurance and other business processes with digital technology.



LIMS

The LIMS improves quality inspection management level by using information technology, achieves automatic acquisition of quality data, eliminates the pain point of lack of systemic auxiliary management tools in business process, sample management and resource management, further mines the value of laboratory data, guides the improvement of production quality, and increases the overall efficiency of quality management by 40%.



Sunctional architecture of the LIMS

2022 Intelligent Manufacturing Workshop of Changzhou

S Energy efficiency analysis, covering horizontal and longitudinal comparison analysis of energy data, and over limit alarm

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Quality management, which covers initiation of work order, sample reception and handling, testing task assignment and result review, and achieves online management of the whole quality inspection process

EAM system

The EAM covers the demand, purchase, requisition, installation, patrol inspection, maintenance and other activities in respect of equipment, achieves mobile and automatic patrol inspection of the operation points of the on-site equipment using the IoT technology, and greatly improves the key indicators of equipment management.



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- Equipment management screen, which shows the execution of work orders, conditions of equipment and assets and other key indicators in real time
- S EAM patrol system management, which optimizes the route of patrol inspection for the deployment points of the system

HSE system

The HSE system includes four modules, through connection with the safety information acquisition equipment, achieves data monitoring and alert for combustible and poisonous gases, all-staff post and positioning management, factory-wide safety risk zone-based management, and whole-process management of workplace safety, and gives support to our workplace safety management. With this system in place, we became the first enterprise in Changzhou that passed the acceptance inspection of five-inone platform.



Safety risk zone-based management, which examine two forms, three cards, etc.



Production staff post and positioning management, which will give an alarm when there are excessive persons in, or any person crosses the boundary of or lingers about, any key area within the plant area.

DTS

The DTS, as the middle platform displaying the factory operation status, integrates equipment, safety and energy systems, links static information of the enterprise with three-dimensional model, and achieves visualization of production process, emergency troubleshooting and energy consumption optimization and management.



BI system

The BI analysis tools integrate all systems, through summarization, sorting, analysis and modeling of data analysis demands of purchasing, production, logistics and other departments at all levels, build a business decision-making system. In addition, the BI system uses domestic and overseas data, external research reports and other tools to achieve visualization of strategic management, and provide more rapid data support for important decision making.







Through application of digital technology, we have increased our overall rate of standardized and online operations, f $98_{\%}$ and mobile rate of $95_{\%}$ and predictive maintenance of certain core equipment using the intelli-

Through application of digital technology, we have reduced costs and increased efficiency of financial management, supply chain management, R&D management and other management scenarios, linked up the value chain in the field of management, mined the value of business value, and improved our

61 China Resources Chemical Innovative Materials Co., Ltd.

Quality assurance

We have persisted in creating value and promoting harmony with quality, built a quality management system covering the whole supply chain and production process, to effectively ensure quality safety; and complied with the applicable quality standards of the country, continuously conducted training in quality management and control, improved the skills of the relevant personnel, and made efforts to reduce reject ratio of products, in order to provide our customers with premium products.

Comprehensive quality safety management system

We attached great importance to the quality management system, organized review of the operation of the quality management system in the previous years, and based on the result of such review, determined the quality goals and continuous improvement projects in 2022. As of the date of this Report, 100% of the corrective actions have been completed. Through the building, implementation and effective operation of ISO9001-2015 quality management system, we achieve control and management of the whole process from selection and management of suppliers, purchase and acceptance inspection of raw materials, control of production process, control of product quality, storage, transportation and delivery of products, to after-sale services, to ensure the high quality and safety of our PET products.



Quality risk control

We have taken the initiative to identify regulations and standards related to bottle-grade PET products, incorporated them into our enterprise standards, appointed third-party authoritative testing institutions to carry out product compliance tests, to ensure our products comply with the requirements of the applicable national, FDA and EU standards, prevent quality risks, and satisfy the demands of our customers.

2022	Tested product	Standard/item	Result	Testing institution
February	PET for bottles	GB 31604.30	Pass	Changzhou Commodity Inspection Bureau
	CR-8816/8816L CR-8839/8863 CR-8828/8828F	GB 4806.6/4806.7	Pass	Changzhou Commodity Inspection Bureau Changzhou Commodity
February - March		GB/T 17931	Pass	Changzhou Commodity Inspection Bureau
		FDA	Pass	Shanghai SGS
		GB 4806.6	Pass	Changzhou Commodity
Мау	CR-8828FR2		1 0 3 5	Inspection Bureau
		FDA	Pass	Shanghai SGS

Quality propaganda, education and training

We actively carry out quality propaganda, education and training in various forms, and through holding lean management, national "month of quality" activities and quality contests, and participating in quality activities conducted by the government, trade associations and other organizations, continuously enhance our employees' awareness of quality and professional skills, and ensure high production quality.



Month of quality" activities with "promote quality reforms the theme

Case | Organize quality training to promote quality reform

On September 13, 2022, we organized our laboratory technicians to attend the inspection skill training organized by the Department of Human Resources and Social Security and the Department of Finance of Jiangsu in the Changzhou Technician College, to improve our employees' testing capabilities and levels, and train professional and skilled talents.



and innovations, and build a country strong on quality" as

Customer services

We have stuck to the service principle of "respect customers, understand customers and create value for customers", and the service philosophy of "solve problems for customers whole-heartedly and diligently", built a quality management system covering all functional departments, developed the Customer Complaint Handling Procedures, determined the customer complaint handling process and related responsibilities, and established the rapid response mechanism, to ensure effective and rapid settlement of complaints.

We have set up a quality improvement team, collected and analyzed customer complaint information, identified common problems, found out the root causes, and made quality improvements in the key areas. In addition, we have established the rapid response mechanism, which sets forth the time for each functional department to respond to complaints, and requires our customer staff to be available whenever the technicians of Dingjin, Tongyi, Coca Cola, Luhua, Jinmailang and other customers meet with any technical problems, and to always give satisfactory answers to our customers. Our Customer Service Department has given more than 10 offline and online technical training to the customers, continuously enhanced communications and exchanges with the customers, and strived to achieve the goal of "be easy to communicate when meeting with problems, and to negotiate about compensation, and achieve a win-win situation through cooperation".

Customer satisfaction ~? survey

116, **97**,

94_6% in 2022

Customer service philosophy

II We believe that a good customer service system is an important component of an outstanding enterprise, which shall comprise a set of essential elements, including clear customer service philosophy, relatively fixed customer service staff, standardized customer services and service process, service quality standards for each link, among others.



Case | Pass the tests through close communications

During the development of RPET for Coca Cola bottles, due to certain differences between the RPET product and original flake product, certain processing technology needed to be adjusted. Before providing the product to the customer for use, the Customer Service Department of the Marketing Center actively communicated with the customer about the related usage technology and testing scheme, and arranged for the technology center of Coca Cola to try the product at the production site. The customer followed up on the injection moulding, blow moulding, filling and other production processes, analyzed all quality indicators of the product, and provided useful advice on the drying of flakes, optimization of injection moulding process, adjustment of blow moulding parameters, performance analysis of finished goods, taste testing of finished goods, etc. In September 2022, the bottle preform passed the test at Coca Cola Shanghai Shenmei Jinqiao factory, and the blow moulding, filling and other production processes also passed the tests.



Control Con als



Case | Seek excellence, mutual benefit and win-win together with Nongfu Spring

Promote low-carbon development to win the market: We have changed our transportation mode by replacing ton bags with tank trucks, to help our customers reduce the consumption of packaging bags and achieve energy saving and emission reduction. Taking our major customer Nongfu Spring as an example, it can save up to 90,000 pieces of packaging bags and reduce electricity expenses by about 10% each year, and the orders increased by 34.91% year on year. While reducing costs and increasing efficiency, it helps our customers enhance their brand and market superiority.

Overcome difficulties to secure supply: In the first half of 2022, many regions faced difficulties in transportation. The sales and logistics staff of our Marketing Center stuck to the first line, to guarantee the supply of raw materials in the busy season for our customers. Our trucks overcame numerous resistances, to guarantee the supply of PET pellets to all factories of Nongfu Spring. In 2022, we delivered 75,490 tons of goods using tank trucks, which showed clear advantages in transport capacity, and ensured uninterrupted supply of materials.

Take targeted measures according to the specific demands of customers, to overcome logistics challenges

Enter the overseas market by breaking up the whole into parts: We summarized the experience and lessons of the low port clearance rate and unavailability of containers, resulting in sharp increase in sea transportation costs in 2021, applied the mode of bulk shipment of PTA materials to the transportation of finished PET products, increased the rate of bulk shipment to nearly 40%, thus effectively reducing the transportation costs and overcoming the logistics challenges for our overseas customers.

Optimize the logistics to revitalize the domestic market: Due to the economic downturn, the domestic market faced labor shortage, which directly affected transportation of raw materials and finished products. Based on our years of experience in transportation by "seabulk", we vigorously promoted the mode of transportation by seabulk and container and by tank truck to Coca Cola, Nongfu Spring, Master Kong and other customers. In 2022, the total quantity of goods transported using seabulk and tank truck was 145,000 tons, up 137% year on year, which lowered the transportation costs, reduced the use of packaging bags and plastic bags, increased the efficiency of handling through sea-rail inter-modal transport, road-rail inter-modal transport and point-to-point delivery, and ensured the efficiency and stability of our customers' supply chain and industry chain.

	2020	2021	2022
Number of bags saved (PC)	49,271	93,145	157,912
Quantity of plastics saved (KG)	145,651.7	27,456.1	506,181.5

Number of bags and quantity of plastics saved in the past three years due to transportation by seabulk and tank truck







Supply chain management

We continuously focus on the building of a responsible industry chain and actively cooperated with our business partners. Our Purchase Management Department has organized and improved the building of supplier management system, released and implemented Administrative Measures for Suppliers of China Resources Chemical Innovative Materials Co., Ltd. based on the quality, cost, safety, green and efficiency standards, developed the measures to manage suppliers by category and grade according to the products provided by the suppliers, focused on the identification and training of key suppliers, and continuously improved purchasing quality and efficiency.

Admission of suppliers

- When a supplier applies for admission, the Purchase Department will, based on the application materials submitted by the supplier, organize the relevant departments to make a comprehensive review of the supplier in terms of qualification, performance, quality capability, safety, environmental responsibility, business situation, among others, and consider its sustainability; and after the supplier passes such review, submit a request for admission to the Finance Department. After the request has been reviewed and approved by the Finance Department and its chief, the Intelligence and Digital Department will review the relevant information and enter the supplier into our supplier library.
- With respect to any major purchase project involving any new material or new process, or any new supplier subject to professional license or quality control and certification requirements, the Purchase Department will, according to the relevant management and control requirements, conduct a review in conjunction with the professionals from the technology, quality assurance, safety and other relevant departments, which shall cover qualifications, competencies, quality management and control, EHS management and control, service guarantee, delivery capability, R&D capability, among others.

Due diligence

• We identify our specific potential risks taking into account the industry in which we operate, and carry out regular due diligence reviews of the suppliers involving key risks. The Purchase Department is responsible for due diligence investigations of high-risk suppliers, in which at least "two departments and three members" shall participate, and manages such suppliers according to the result of due diligence investigations and the levels assigned to the suppliers.





S Factory inspection of Shanghai Hanhui New Materials



On-site technical exchange with INEOS Zhuhai



Monitoring

- We monitor the production, quality, management and production process of our suppliers, to ensure they provide products meeting the relevant quality requirements. We have established effective communication and correction mechanisms, to build a sustainable industry chain together with our suppliers.
- With respect to any supplier that causes any adverse effect, if it has not resulted in any significant loss or effect, we will promptly adjust it to the state of "correction needed", and claim compensation from the supplier for the losses arising therefrom according to the relevant regulations and contract; if it has resulted in any significant loss or material adverse effect, we will promptly adjust it to the state of "unqualified", and collect its information and proofs of violation, institute the emergency defect elimination and exit procedures, and reserve the right to hold it liable financially and legally.



On-site inspection of Guangxi Huakai

😑 Appraisal

• In subsequent purchasing activities, we conduct whole-process, ongoing appraisal of the suppliers through on-site inspection, performance appraisal or otherwise according to the status of execution of contracts and fulfillment of responsibilities, to ensure process monitoring and regulate the purchases from suppliers. In 2022, our Purchase Center appraised over 300 suppliers in conjunction with other functional departments, according to the administrative measures and control procedures for suppliers. Both the appraisal coverage rate and pass rate were 100%.



Training in purchase control procedures and qualified supplier control procedures

Supplier training

We organize supplier management training on an irregular basis, to ensure our suppliers master the relevant work approaches and skills, have the requisite awareness and perception of responsibility, and request them to build and maintain the basic image of honesty, good faith and compliance with laws, actively assume the duties for natural environment, social and economic development, subject themselves to the supervision of the society and the public, and seek great advancement and development together with us.



Case | Supplier training session in the third quarter

On September 22, 2022, in order to further promote online electronic purchasing, and improve the suppliers' skills to operate the electronic purchasing platform, we organized the online supplier training session in the third quarter, covering training and exchange in respect of the system and software setting of Shouzheng platform, registration of suppliers, maintenance of basic information, etc., to ensure the fairness, justice and transparency of bidding and purchasing activities through online electronic purchasing, and deliver the value of social responsibilities on our upstream and downstream supply chains.

WeChat mini program 12:00

Sunshine purchasing

to engage in any unfair bribery or fraud.

Digital information security

We have attached importance to information security management, set up the leading group for cybersecurity, developed sound information security management regulations and information security emergency response mechanisms to regulate digital governance and information security; developed a set of control measures to protect customer information and trade secrets, included customer information in the scope of our internal control system, requested the business personnel to sort out the relevant customer files on a regular basis, designated the person responsible for data protection in each link, and assigned permissions for different types of customer information level by level, to strictly protect the customers' confidential information, titles and legitimate interests, and maintain our honesty and justice. During the reporting period, we successfully addressed many problems with our system, and ensured that our system ran normally. In 2022, our cybersecurity equipment ran normally, and we did not meet with any data security incident or abnormal network attack.



C The air gap system and machine room protect the security of production data



- Code for Management of Cybersecurity Incidents
- Administrative Measures for Cybersecurity
- Code for Management of Cybersecurity Compliance Examinations
- Cybersecurity and Information System Emergency Response Plan
- Code for Management of Disaster Recovery of Information System
- Code for Management of Information System User Accounts and Permissions
- Code for Lifecycle Management of Information Projects

Case | Data security propaganda and training

In 2022, we conducted the cybersecurity propaganda week activities with "cybersecurity benefits the people and relies on the people" as the theme, and put up posters on billboards, corridors and elevators to propagandize cybersecurity. In addition, we conduct training in awareness of cybersecurity on a regular basis, to inform our employees about the security conditions of internal and external networks, strengthen our employees' awareness of cybersecurity, and hold cybersecurity examinations after the end of training.



2022 cybersecurity propaganda week

2022 Sustainable Development Report 68





05

Respect Talents, and Fulfill Missions and Responsibilities

We stick to the talent philosophy of "give full play to people's talents, go forward hand in hand", strive to create an equal, inclusive and enterprising career development platform, and sincere, united and warm organization atmosphere for our employees, and continuously care for their physical and mental health. We persist in sharing the same future with the society, continuously improve the people's wellbeing, and strive to create sustainable social value.

- "Party building + industry" poverty relief in Guangchang County
- Talent Employment and Retention
- Employee Welfare and Care
- Respect and Protection of Human Rights
- Health and Safety of Employees
- Public Benefit and Charity







Feature

"Party building + industry" poverty relief in Guangchang County

In 2002, the State Council Leading Group Office of Poverty Alleviation and Development designated Guangchang County of Fuzhou, Jiangxi as the first paired county for poverty relief for the China Resources. The China Resources charity foundation has actively mobilized resources from all sources to assist with the new countryside construction, healthcare, middle and primary school education and development of specialty industries in Guangchang County. Since 2021, we has provided assistance to Guangchang Changsheng New Materials, leveraged our advantages in raw materials and technical services, and organized Party members and core technical personnel of our Marketing Center to give strong support to Guangchang County in the development of new materials industry, helped Guangchang County build a closed-loop assistance chain from supply of raw materials to sale of products, and through multi-level cooperation and exchanges, achieved the transition of our assistance from "transmitting blood" to "producing blood", to promote local economic and social development, and propel rural revitalization in an all-round way.

esources Chemical Innovative Materials Co., Ltd.



Celebration of the 20th anniversary that the China Resources provided assistance to Guangchang County



Case | "1+7" assistance agreement with Guangchang County

We have provided extensive "industrial assistance" to the Guangchang County People's Government on the principles of "mutual supplement, resource sharing, mutual benefit, winwin and common development", and in accordance with the arrangements and requirements of the meeting on promoting paired assistance by central entities, vigorously supported Guangchang County in the development of new materials industry, provided premium materials, technical services and product R&D support to local enterprises, developed reasonable and economic formulas for different blister products of local enterprises, guided them to develop new products, thereby further deepening our paired assistance efforts, continuously consolidating and increasing our achievements in poverty relief, and propelling rural revitalization.

Case | Cooperate with Guangchang Changsheng New Materials in various forms

We and Changsheng New Materials executed a purchase order of 622.6 tons of PET flakes, with a total amount of RMB4.63 million, under which we gave it a discount of RMB71,170 based on CCF monthly average price. We have provided Changsheng New Materials with premium raw materials continuously and stably, and offered competitive prices to it, in order to reduce its material costs, and maintained good cooperation relationship with it. In particular, we supplied goods to it in priority of other customers when the supplies were tight in the first half of 2022.

During the reporting period, we paid multiple on-site visits to Changsheng New Materials, to obtain an understanding of its production and business situations, shared our outstanding management experience and relevant information with it, and helped the enterprises in the industrial park develop and improve all kinds of rules, regulations and standard systems. As PET is a staple product and the market changes rapidly, we have maintained ongoing communications with the enterprises in the Guangchang New Materials Industrial Park, helped them keep abreast of the market movements, and provided basis for their business decision making. In addition, we provided professional technologies and after-sale services to the new materials enterprises of Guangchang, and assisted Changsheng New Materials in product upgrading and improvement of production environment. With the assistance of our R&D and technical personnel, the Guangchang New Materials Industrial Park installed one new production line for blister products, and developed electronic pallets, pallets for fresh products, packages for poultry and eggs, and other products. Leveraging our position and influence in the industry, we also organized the flake factories in the park to visit Jiangsu Minyang, Suzhou Weiluoke, Shenzhen Xinxieli, Dongguan Weibao and other famous enterprises in the industry, so that they can learn and draw on the production and management experience of outstanding flake enterprises in the industry.



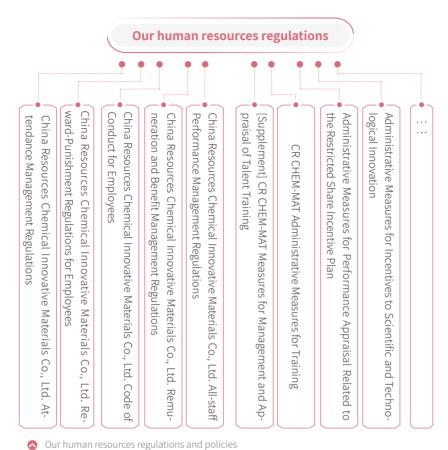
Signing ceremony with the Guangchang County People's Government



On-site visit to Changsheng New Materials

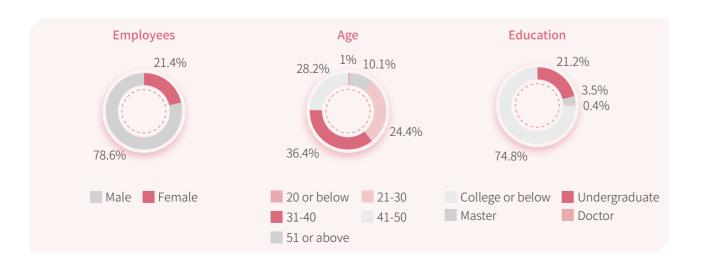
Talent Employment and Retention

We believe that economic competition is the competition in talents. Therefore, we have developed a set of employee recruitment, retention and development policies, strived to convert talent advantages into innovation advantages, competitive advantages and development advantages; enhanced innovation in business management through introduction of human resources management system, online training system and OA system, provided our employees with diversified learning opportunities and career development routes, gradually improved the performance appraisal system, and included the studies and skills of employees in the appraisal, to build comprehensive performance management capability, and promote coordinated development of the performance of the employees and the organization.



Employment policy and talent philosophy

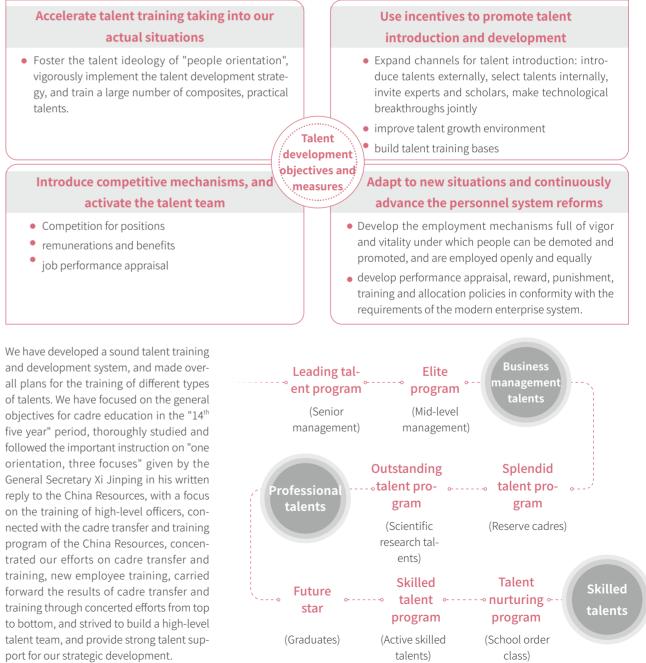
We insist on equal employment, and our first principle of employment is that employment shall be fair, justifiable and open. We openly recruit employment through interview, written examination, test and appraisal, or otherwise based on the fitness and adaptability for the relevant jobs, rather than sex, marital status or other classification, to build a diversified talent system. We always stick to the talent philosophy of "respect the value of people, exploit the potentialities of people, and refine the mind of people" in the treatment of our employees, strive to build us into an inclusive organization that helps more employees accomplish their dreams.



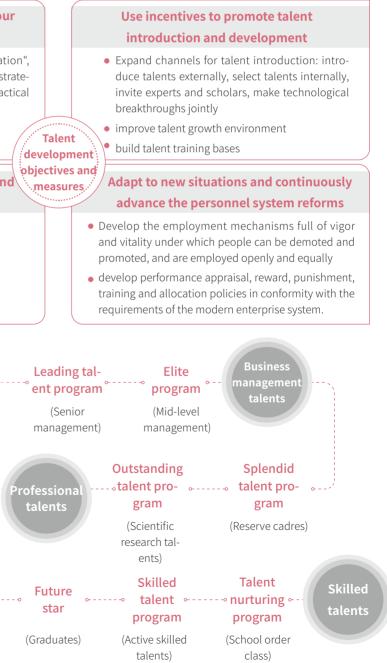
	Seek common developme
Talent development vision: Give full play	Encourage the employees plans.
to people's talents, go forward hand in hand	Give full play to people's t
	Build scientific and effectiv cultural atmosphere, and s strate his talent.
Our talent philosophy	

Employee development system

We divide the posts into four categories, namely management, scientific research, professional and skills, provide our employees with multiple channels for promotion and development, and streamline the management levels, to keep open the channels for promotion and development of employees, and accelerate the career development road of outstanding young talents.



and development system, and made overall plans for the training of different types of talents. We have focused on the general objectives for cadre education in the "14th five year" period, thoroughly studied and followed the important instruction on "one orientation, three focuses" given by the General Secretary Xi Jinping in his written reply to the China Resources, with a focus on the training of high-level officers, connected with the cadre transfer and training program of the China Resources, concentrated our efforts on cadre transfer and training, new employee training, carried forward the results of cadre transfer and training through concerted efforts from top to bottom, and strived to build a high-level talent team, and provide strong talent sup-



ent hand in hand

to link their own development with the Company's long-term

talents

ve talent mechanisms, fair competition mechanisms and sound strive to provide an arena on which each employee can demon-

Company	Training subjects	No. of participants	Class hours	Training costs	Training completion rate
Headquarters	6	230	488	1315360	100.00%
CR CHEM- MAT	27	1155	320	170060	96.00%
Zhuhai branch	36	2284	314	371940	100.00%
Total	69	3669	1122	1857360	98.67%

Training completed in 2022

Results of training

Recommendation of skilled talents

- Recommended 3 skilled talents to participate in the appraisal and selection of "Chief Technicians of Enterprises of Changzhou"
- Recommended 1 skilled talent to participate in the appraisal and selection of "Talents of Changzhou Making Outstanding Contributions"
- Recommended 1 skilled talent to participate in the appraisal and selection of "National Technical Experts"
- Recommended 1 skilled talent to participate in the appraisal and selection of "Technical Experts of Central State-owned Enterprises"
- Recommended 2 skilled talents to participate in the appraisal and selection of "Outstanding Craftsmen of the Group"



~2

In 2022, our total employee training costs were over RMB

1.85 million



ceived training

Total hours of training received by the employees were

35,538 hours

5 Appraisal of skill levels

• We actively encourage our em-• We actively encourage our employees to participate in appraisal of skill levels. In the second half of 2022, 16 members of Changzhou Quality Management Department participated in a skill contest for laboratory technicians, and obtained certificates of junior laboratory technicians after half month of study.

Employee Welfare and Care

In order to enhance the sense of belonging and satisfaction of our employees, we continuously improve our employee welfare policies, and practically care for the life, emotions and growth of our employees through a variety of festival greetings and team activities. We care for the physical and mental health of our employees, and through "I provide real services to the masses", "Run Xin Fang" and other practical activities, pay regular visits to retired employees, give assistance to employees in straitened circumstances, and practically solve the problems that the employees actually concern about.

Remuneration and benefit system

We strive to build a competitive remuneration and incentive system, and continuously optimize the internal income allocation mechanisms, to build a market-based, differential and diversified remuneration system that matches with our industrial characteristics, development stage and demands of key personnel. In 2022, we released the Administrative Measures for Incentives to Scientific and Technological Innovations, 2022 Restricted Share Incentive Plan and Administrative Measures for Performance Appraisal Related to the Restricted Share Incentive Plan, further enriched the diversified talent incentive mechanisms, and optimized the remuneration and benefit system, to ensure we are able to retain high-performance personnel and attract high-end talents.

> We have established a comprehensive remuneration and benefit system, executed labor contracts according to law, protected the employee's right to receive remunerations for their labors, and made contributions to the pension, medical, unemployment, worker's compensation and maternity insurances and housing provident fund for all employees, and the mandatory provident fund for our employees in Hong Kong.



In addition to contributions to the pension, medical, unemployment, worker's compensation and maternity insurances and housing provident fund, we have established the additional pension insurance system, implemented the enterprise annuity scheme for all employees, to guarantee and increase their post-retirement benefits. We also provide our employees with working meals, communication allowances, dormitories, shuttles, accident insurance, critical illness insurance, health checkups, holiday and birthday allowances and other benefits.



ployees to apply for professional titles. In the first half of 2022, 70 employees participated in preliminary recognition/valuation of professional titles, where 16 participated in preliminary recognition of junior professional titles, 49 participated in valuation of mid-level professional titles, and 5 participated in valuation of senior professional

• According to the information published, 30 persons gained mid-level professional titles, and 14 persons gained junior professional titles.

titles.

Evaluation of

professional titles

序号	姓名	性别	工作单位	紧接肥料
28	13	8	华侨化学材料和社会领有展立同	ISS
29	悲劇	易	华田礼学材料料按照供有原公司	工程時
30	刘巍		华侨文学材料和社会会有限公司	工造师
31	丁黄芽	R.	华侨文学材料科社服务有限公司	工造师
32	柴晒	易	华田礼学林和科技服务有限公司	180
33	1022	*	年後北学材料和社会历有限公司	186
34	朝持	文	年後北学材料将社会法有限公司	工程师
35	清洁市	8	华田北学林科科技撤出有限公司	工程時
36	无能制	R	华国化学材料科技服务有限公司	IES
37	10年代	8	\$ 译 2 节 相利 网络 图 5 年	IGH

职业核约等起证书		1000
		100
基础新建入进行本和内部环境的资源。 2、市场回知来(11月1日会建造学校	2.4-	DEM
War into partic) the the forget time descenational spending comparisons in this can particulate for	uess	ATZ
nda completion of the completenat call fer al- ments.	48-44.	
(STO)	7424	-19024
C T G A 2023 A 08 / 20 8	10/4124	
Contract of the Contract of Co	******	180.84
Rent Incomprised through the	4045	

Our employees are entitled to legal holidays, and annual leaves according to the applicable regulations of the country. In addition to pregnancy, maternity and breastfeeding leaves, our female employees have been entitled to parental and nursing leaves since 2022. In 2022, we applied for rewards to innovative talents, job stabilization subsidy and maternity allowance for eligible units and employees.

Offer condolences and assistance to employees

We actively condole with and assist our employees. With a view to enhancing the awareness of responsibility for assisting employees, developing the longterm mechanisms of helping those in danger and relieving those in need, and helping and caring for each other, and fostering harmonious corporate culture, we developed CR CHEM-MAT Administrative Measures for Helping Employees in Straitened Circumstances, to provide institutional support for providing continuous and strong assistance to employees in straitened circumstances. We have continuously cared for special employees, helped employees in straitened circumstances wholeheartedly, and paid visits to Party members, old cadres and non-native employees who stayed in dormitories during the Spring Festival. During the special period in which the employees needed help, our leaders visited the employees stuck to their posts in person, gave milk, fruits, breads and other items to them, to lay the solidest mass foundations for the Company, and gather the strong power with concerted efforts from top to bottom.



Sive New Year red packages to employees

Case | Actively help an employee whose family fell in difficulties

As the child of an employee contracted a serious illness, the employee asked for a long personal leave in order to take his child to the hospital in another city, as a result of which, he violated our rule that no employee may take a personal leave for more than 15 working days generally. In addition, his child's medical expenses amounted to over RMB200,000 in total, which was a great burden on his family. Our Party committee immediately held a meeting after learning his difficulties, and after discussion, decided to retain his post until he returns to work after his child' condition becomes stable. In addition, our Party-Masses Work Department and trade union actively contacted the relevant departments, to appropriate a hardship grant of RMB8,000 to the employee, thus promptly relieving him of his family worries, solving his material personal crisis with collective efforts, and creating a mutual help, friendly, warm and harmonious working environment.





Offer condolences to the employees in straitened circumstances

Mental health of employees

In order to follow the important instruction of the General Secretary Xi Jinping about care for health of employees, and implement the requirement of the China Resources Party committee for continuously implementing "I provide real services to the masses" program, we have continuously cared for the physical and mental health of our employees, set up the "Runxin ambassador" team, to propagandize the concepts of physical and mental health in all units, promptly discover the employees with mental problems, and provide preliminary emotional care, psychiatric consulting and other assistance to them. We also conduct pressure management, occupational health, mental adjustment activities for our employees on a regular basis, to improve their physical and mental health.



Case | Lecture on emotional self-regulation for employees

In order to spread knowledge of mental health, enhance the employees' awareness of mental health, and help the employees cope with mental stress, on August 30, 2022, Zhuhai China Resources Chemical Innovative Materials Co., Ltd. invited a second-class psychological consultant of China from the local health center to give a lecture on emotional self-regulation during the special period to our employees, who explained the methods of emotional management and stress regulation, in order to help the employees properly deal with the problems and setbacks they meet in work and life, release emotions, regulate stresses, eliminate worries, improve insomnia, dreaminess and other symptoms that affect health, and create a harmonious and healthy working and living environment.



🔕 Lecture on emotional self-regulation given by a national level 2 psychological counselor of China from the Nanshui Town Health Center

Employee cultural activities

Our trade union has set up a cultural and sports activities group, centered its work on improving the employees' quality of life and health demands, attached great importance to employees' cultural and sports activities, vigorously promoted cultural and sports activities, guided the employees to actively and continuously participate in all kinds of cultural and sports activities, advocated the balance between work and life, and helped the employees enjoy the pleasure of work and life.



In order to enrich our female employees' cultural and ideological life, and provide real services to our female employees, we organized a "March 8" forum attended by 26 representatives of female employees. We also conducted "March 8" free medical treatment event with "care for women, protect health" as the theme, in which we invited experts from the Zhuhai People's Hospital in Gaolan Port to enable our employees to enjoy premium medical services provided by the experts from a first-class hospital. The event covered health preservation in traditional Chinese medicine, health propaganda and education, free treatment and medicines. The famous doctors and experts in internal medicine, surgery, gynecology, general medicine, traditional Chinese medicine, rehabilitation and physical therapy, and other professions provided free treatment to our employees, which represented the health gifts offered by forum attended by 26 representatives of female employees. We also conducted "March 8" free medical treatment event with "care for women, protect healthus to our employees, and made them feel our warm care and considerate services.



tect health'



"March 8" female employee forum and free medical



S Women's public lecture on "care for women, pro- S "March 8" free medical treatment



Parent-child activity with "childhood dreams in the company of Zhuhai CR CHEM-MAT" as the theme

	Summary of the activities of all clubs under Changzhou branch in 2022									
ltem	Yoga	Badminton	Basketball	Reading	Marathon	Dance				
Number of members	40	100	49	36	67	28				
Expenses (RMB)	35000	53640	37897	15000	13000	36000				

Respect and Protection of Human Rights

We persist in guaranteeing people's democracy and ensuring people are the masters, regularly solicit the opinions of the employees, give full play to the civil management function of the trade union, and hold democratic life meetings to properly solve the problems that the employees may have. We comply with the Convention of the International Labor Organization, reject child labor, and abide by the Law on the Protection of Women's Rights and Interests of the People's Republic of China, respect and safeguard the legitimate rights and interests of female employees, firmly prohibit discrimination against sex or identity at workplace, and ensure equal employment of women.

Promote democratic communications

We implement the democratic management system, and respect the employees' freedom of speech. Our trade union effectively collect the feedback and suggestions of grass-roots employees, listen to their opinions and give timely replies, and procure the adoption of their opinions and suggestions to the maximum extent practicable, to continuously improve the employees' satisfaction and devotion to work. With respect to the matters of immediate concern to the employees, we hold congress of workers and staff to discuss and vote on such matters, and procure the implementation of the relevant resolutions adopted thereat, to create an active, harmonious and democratic atmosphere.

Employee complaint mechanisms

We continuously improve our communication and complaint procedures, designate the Human Resources Department to be responsible for labor protection, complaint handling, satisfaction survey, training, investigation and other work in respect of employees, encourage our employees to positively and actively communicate and report their concerns based on facts orally, in writing, at meetings or otherwise, and prohibit any malicious attack, false accusation or defamation.

Team building activity with "pool the strength, go together happily" as the

If an employee believes that his personal interest is violated improperly, disagrees with any operating and administrative measures of the Company, or discovers any violation of the rules and regulations of the Company, the employee may lodge a complaint to the Company

through appropriate channels.

The relevant responsible persons or departments at all levels shall investigate the persons involved, make decisions as soon as possible according to the result of investigation, and inform the claimant, the General Manager and Human Resources Department of the Company of their decisions in writing or by email.

Anti-forced labor and anti-discrimination

We strictly comply with the Labor Contract Law in our employment activities, scientifically set up posts, reasonably determine workloads, ensure our employee have normal work schedules, prohibit forced labor by violence, threat or restricting personal freedom, and ensure the employees' freedom, rights and interests will not be violated. Our Reward-Punishment Regulations for Employees provides that any person who engages in misconduct in management or disrespects his subordinates, which violation is of a serious nature, such as punishing any employee by beating, shall be subject to a demerit.



Employee complaint procedures



The responsible persons or departments at all levels shall give a reply to such employee within three working days after receiving his complaint.

Health and Safety of Employees

We have stuck to the philosophy that "life is priceless, safety is priority", developed China Resources Chemical Innovative Materials Co., Ltd. Administrative Measures for Job-specific EHS Responsibilities, and defined the primary responsibilities for EHS of the enterprises at all levels and the EHS responsibilities of key posts. In 2022, we developed 21 new EHS management regulations, forming an EHS management regulations system comprising 211 regulations. We have set up the Workplace Safety Committee and Office of the Workplace Safety Committee, built a workplace safety network covering all areas and levels, set up the EHS Department, as the independent workplace safety supervision and management body, deployed three full-time workplace safety specialists, and set up a security department and deployed full-time workplace safety specialists at each production base.

Workplace safety management

We develop annual workplace safety goals, key workplace safety tasks and specific work plans every year, instruct all production bases in workplace safety, carry out general examinations, special examinations and routine examinations as scheduled, to eliminate safety hazards; appraise the achievement of workplace safety goals and accomplishment of key tasks by each production base every year, and issue the relevant reports, procure the production bases to take measures to eliminate their safety hazards, and continuously improve workplace safety management level.



Case | Training of junior first-aid providers

In order to improve workplace safety, further enhance the employees' capability to rescue themselves and others, and create a good atmosphere of "life first, safe development", we conducted a training of junior first-aid providers on June 6-7, 2022, attended by 64 persons.



S First-aid provider training at the Red Cross Society of Zhuhai

Case | Safety education and training

On November 24, 2022, in order to ensure the accomplishment of overhaul tasks in a safe, all-round, efficient and high-quality manner, Zhuhai branch organized an overhaul safety education and training, attended by 187 employees of the Company and workers of contractors.



Overhaul safety education and training

安全生产绩效

the total safety training hours were

84,135 hours.

The number of work-related fatalities was

zero



Occupational Health and Safety Management System Certification



The expenditures on workplace safety were RMB

6.84 million

The number of workplace safety incident was





Second-class Certificate of Work Safety Standardization



Month of workplace safety" activities



Special workplace safety examination before the National Day



Propaganda of the Law on the Prevention and Control of Occupational Diseases at Changzhou branch



Workplace safety guiz show



So Forklift operation skill contest, to ensure the safety of loading and unloading operations



O Deliver heat stress prevention products to first-line workers during hot weather

Emergency management system

We have developed a set of emergency response plans with respect to all kinds of major workplace safety incidents that may occur, and conducted exercises of emergency response to elevator entrapment, workplace safety incidents and other safety incidents on a regular basis. In 2022, our production bases conducted 59 on-site exercises in total as scheduled, attended by 872 persons, reviewed the shortcomings discovered during exercises, and took corresponding corrective measures.



On-site exercise of response to typhoon and storm weather at Changzhou branch



On-site exercise of integrated emergency response to workplace safety incidents at Zhuhai branch

Public Benefit and Charity

We are always enthusiastic for the benevolent and public welfare undertaking, actively shoulder social responsibilities, keep in mind our enterprise DNA to be determined to make contributions to the great rejuvenation of the Chinese nation, fulfill the mission to create happy lives for the people, and strive to achieve the economic prosperity of the country, actively participate in public well-being and benefit activities, persist in sharing our development results with the society, to fully demonstrate our awareness and sense of responsibility.



Case | Donate goods to the Changzhou Children's Home

In order to let the special children feel the warmness and care of the society, and advocate mutual-aid spirit and building of a harmonious and friendly society, we conducted a donation activity with "care for children in Mid-Autumn Festival" as the theme on September 8, 2022, in which we donated 1,500kg of poverty-relief rice purchased from Haiyuan County, Ningxia, to deliver our love and care to the children.





S Visit medical personnel of the Gaolan Port Hospital of Zhuhai



S Visit the Dingwu Home for the Aged, and conduct "I provide real services to the masses" activity



Opnate goods to the Changzhou Children's Home



Make donations to the Yutang Middle School



Purchase 1,500kg of rice to support the paired county for assistance under the "Central State-owned Enterprises' Consumption Assistance and Rural Revitalization" program

Performance in 2022

•		Corporate g	governance			•
	Diada		11.11		Data	
	Disclosure		Unit	2020	2021	2022
	Number of reports disclosed		EA	0	34	147
	Meetings of the Board of	Directors held	Time	13	8	10
	Meetings of the Board of	Supervisors held	Time	6	7	7
	Meetings of the Strategy	Committee held	Time	1	1	1
	Meetings of the Audit Co	mmittee held	Time	5	6	6
	Meetings of the Nominat	tion Committee held	Time	4	2	6
Corporate governance	Meetings of the Remune mittee held	ration and Appraisal Com-	Time	2	1	3
	Members of the Board o	fDirectors	Person	9	9	9
	Pugondor	Male directors	Person	6	8	8
	By gender	Female directors	Person	3	1	1
		Independent directors	Person	3	3	3
	By category	Non-independent directors	Person	6	6	6
	Number of cases of correct regulatory authorities age employees that have be	ainst the Issuer or its	Piece	2	0	1
	Number of whistleblowing events related to an- ti-corruption and anti-bribery		Time	1	0	3
Anti-corrup-	Average hours of anti-corruption and anti-bribery training received by employees		Hour	6	6	6
tion	Number of employees receiving anti-corruption and anti-bribery training		Person	560	600	1,093
	Number of directors receiving anti-corruption and anti-bribery training		Person	0	2	2
	Average hours of anti-corruption and anti-bribery training received by directors		Hour	0	12	12
	Number of patents held		Piece	50	64	78
	Number of copyrights he	eld	Piece	0	0	2
Intellectual	Number of trademarks a	nd textual copyrights held	Piece	2	2	2
property rights	Number of software wor	ks held	Piece	0	0	1
IIgillo	Number of new patents	applied for annually	Piece	17	34	41
	Number of new copyrigh	nts applied for annually	Piece	0	0	2
R&D and	R&D expenditures		RMB	27,529,826.34	43,990,729.66	43,850,364.05
innovation	Number of R&D personn	el	Person	70	125	135
		Operating income	RMB0'000	1,238,040.63	1,321,024.99	1,732,685.03
		Net profit	RMB0'000	62,898.12	43,240.49	82,238.75
		Total taxes	RMB0'000	38,096.37	16,350.21	26,829.20
Operational performance	Economic indicator	Total cash dividends (including tax)	RMB0'000	-	7,249.14	12,279.16
		Cash dividends dis- tributed for every 10 shares	RMB	0	0.49	0.83

•		Employees				
		81 J			Data	
		Disclosure	Unit	2020	2021	2022
	Labor contract si	gning rate	%	100	100	100
Employee	Social insurance	coverage rate	%	100	100	100
interest	Physical examination	ation coverage rate	%	100	100	100
	Total employees		Person	1,431	1,657	1,753
	-	Male	Person	1,137	1,325	1,379
	By gender	Female	Person	294	332	374
		Labor contract	Person	1,431	1,657	1,753
	By employment	Labor dispatch	Person	0	0	0
	category	Others	Person	0	0	0
		51 or above	Person	-	-	184
		41 - 50	Person	-	-	512
	By age	31 - 40	Person	-	-	634
		30 or below	Person	-	-	423
	By region	Employees working in mainland China	Person	-	-	1,739
		Employees working in Hong Kong, Macau, and Taiwan	Person	-	-	14
		Employees working in other countries and regions	Person	-	-	0
		Percentage of locally employed staff	Person	-	-	541
Employ- ment	By education	Bachelor and below	Person	-	-	448
ment		Junior college diploma	Person	-	-	513
		Technical secondary school and below	Person	-	-	792
		Total grassroots employees	Person	-	-	1,578
		Total middle management	Person	-	-	129
	By employee	Number of female employees in middle management	Person	-	-	36
	category	Total senior management	Person	-	-	46
		Number of female employees in senior management	Person	-	-	10
		Production personnel	%	-	-	1,350
		Sales personnel	%	-	-	61
		Technical personnel	%	-	-	135
	By post	Finance personnel	%	-	-	39
		Administrative personnel	%	-	-	168
		Service personnel	%	-	-	0
		New graduates	%			34

87 China Resources Chemical Innovative Materials Co., Ltd.

					Data	
		Disclosure	Unit ⁻	2020	2021	2022
	Help employ- ees in difficul-	Number of employees in difficulties who we helped	Person-time	57	54	58
	ties	Expenditures for helping employees in difficulties	RMB0'000	7.36	7.5	7.88
Care for employees	Visit and offer condolences to employees in	Number of households of employees in difficulties that we visited and to which we offered condolences	Household	3	14	4
	difficulties	Expenditures for visiting and offering condolences to employees in difficulties	RMB0'000	0.5	1.1	0.51
	Help sick em-	Number of sick employees we helped	Person-time	7	17	25
	ployees	Expenditures for helping sick employees	RMB0'000	0.72	3.36	2.64
	Total resigned er	nployees	Person	-	-	127
	Employee turnov	ver rate	%	8.71	9.96	7.5
		Male employees departing their posts	Person	-	-	108
	By gender	Female employees departing their posts	Person	-	-	19
		51 or above	Person	-	-	7
	5	41 - 50	Person	-	-	12
	By age	1 - 40	Person	-	-	41
Employee turnover		30 or below	Person	-	-	67
rate	By region	Employees departing their posts in mainland China	%	-	-	124
		Employees departing their posts in Hong Kong, Macau, and Taiwan	%	-	-	3
		Employees departing their posts in other countries and regions	%	-	-	0
		Labor contract	%	-	-	127
	By employment category	Labor dispatch	%	-	-	0
	00005019	Others	%	-	-	0
	Total expenditur	es on employee training	RMB0'000	-	-	188
	Total employees	receiving training	Person	1,431	1,657	1,753
	Total employees	receiving special ESG training	Person	-	-	3
	Total employees	receiving environmental protection training	Person	-	-	41
	Dugondor	Total male employees receiving training	Person	-	-	1,379
	By gender	Total female employees receiving training	Person	-	-	374
Employee	By employee	Total grassroots employees receiving training	Person	-	-	1,578
training	category	Total middle management receiving training	Person	-	-	129
		Total senior management receiving training	Person	-	-	46
	Total length of tra	aining	Hour	54,579	34,960.50	35,538
	Total length of sp	pecial ESG training	Hour	-	-	68
	Average length c	of training	Hour	15	21	20
	By gender	Total hours of training received by male employees	Hour	-	-	25,888
	by Religed	Total hours of training received by female employees	Hour	-	-	9,650

		Disclosure	Ur	nit —		Data	
				2	020	2021	2022
		Total hours of training received by g roots employees	HC	our	-	-	31,842
Employee training	By employee category	Total hours of training received by m management	iddle Ho	our	-	-	1,656
		Total hours of training received by se management	enior Hc	ur	-	-	2,040
	Safety training h	nours	Hc	our 48	8,789	66,813	84,135
	Expenditures or	n workplace safety	RME mill	(0.16	0.08	0.07
Health and	Exercises of safe	ty emergency response	Tir	ne	32	38	59
safety	Number of parti response	cipants in exercises of safety emergency	Persor	n-time	592	460	872
	Number of work	-related fatalities	Persor	n-time	0	0	0
	Number of work	xplace safety incident	Tir	ne	0	0	0
•		Industrial and com	munity rela	ations			
	D	isclosure	Unit ⁻			Data	
				2020		2021	2022
	Total suppliers		EA	1,137		1,541	1,757
		Mainland China	EA	1,116		1,517	1,729
	By region	Hong Kong, Macau, Taiwan and overseas	EA	21		24	28
	Percentage of si er Code of Conc	EA	100		100	100	
	Percentage of su taining environn	EA	100		100	100	
	Number of supp pact assessment	EA	47		63	73	
Supply chain	Number of suppliers that have conducted environ- mental impact assessments		EA	47		63	73
manage- ment	potential signific	liers identified as having actual and cant negative social impacts	EA	0		0	0
		liers identified as having actual and cant negative environmental impacts	EA	0		0	0
	Total new suppli		EA	323		404	216
		suppliers	EA	174		244	290
	Number of local					0.16	0.34
	By assessment	Percentage of new suppliers select- ed using environmental standards	%	0.15		0.10	
	By assessment category	Percentage of new suppliers select- ed using environmental standards Percentage of new suppliers se- lected using social standards	%	0.15		0.04	0.04
	By assessment category Percentage of th	Percentage of new suppliers select- ed using environmental standards Percentage of new suppliers se-					
	By assessment category Percentage of th internally in sust	Percentage of new suppliers select- ed using environmental standards Percentage of new suppliers se- lected using social standards e procurement personnel trained	%	0.04		0.04	0.04
Social	By assessment category Percentage of th internally in sust	Percentage of new suppliers select- ed using environmental standards Percentage of new suppliers se- lected using social standards e procurement personnel trained ainable procurement ons participating in volunteer activities	% % Per-	0.04		0.04	0.04
Social welfare	By assessment category Percentage of th internally in sust Number of perso Charitable dona	Percentage of new suppliers select- ed using environmental standards Percentage of new suppliers se- lected using social standards e procurement personnel trained ainable procurement ons participating in volunteer activities	% % Per- son-time	0.04 100 321		0.04 100 356	0.04 100 340

		Industrial and com	munity rela	tions		•
		te de como			Data	
	Disclosure		Unit -	2020	2021	2022
	Total suppliers	(distributors)	EA	1,137	1,541	1,757
		Mainland China	EA	1,116	1,517	1,729
	By region	Hong Kong, Macau, Taiwan and overseas	EA	21	24	28
	Percentage of s er Code of Cone	uppliers that have signed the Suppli- duct	EA	100	100	100
	-	uppliers that have signed clauses con- nental and labor requirements	EA	100	100	100
	Number of supp pact assessmen	liers that have conducted social im- ts	EA	47	63	73
ly	Number of suppliers that have conducted environ- mental impact assessments		EA	47	63	73
ge-	Number of suppliers identified as having actual and potential significant negative social impacts		EA	0	0	0
		liers identified as having actual and cant negative environmental impacts	EA	0	0	0
	Total new suppl	iers	EA	323	404	216
	Number of loca	l suppliers	EA	174	244	290
	By assessment	Percentage of new suppliers select- ed using environmental standards	%	0.15	0.16	0.34
	category	Percentage of new suppliers se- lected using social standards	%	0.04	0.04	0.04
	-	Percentage of the procurement personnel trained internally in sustainable procurement		100	100	100
	Number of pers	ons participating in volunteer activities	Per- son-time	321	356	340
al	Charitable dona	itions	RMB0'000	47.93	54.62	67.49
re	Special funds fo	r poverty alleviation	RMB0'000	-	54.62	62.24
	Number of new	jobs	Per- son-time	223	394	96

•	Products and services							
	Disclosure description	Unit —		Data				
	Disclosure description		2020	2021	2022			
	Number of complaints received with respect to products and services	Piece	6	4	7			
Product	Quantity of products returned	Piece	0	0	0			
responsi- bility	Scope of business covered by quality management system certification	%	100	100	76.2			
	Customer satisfaction rate	%	95.6	96.4	94.6			
	Customer compliant handling rate	%	100	100	100			

•		Environmen	t		•	
	Diselecture	11		Data		
	Disclosure	Unit -	2020	2021	2022	
Total ex- penditures on environmental protection	Total expenditures on environmental protection	RMB100 million	0.07	0.06	0.114	
	Investment in energy saving and emission reduction technology up- grading	RMB100 million	0.01	0	0.018	
	Comprehensive energy consumption	10,000 tons	16.47	17.01	19.55	
	Energy-saving amount of products	10,000 tons of standard coal	1.77	-0.54	-1.09	
	Natural gas	m³	10,629	11,029	12,588	
Energy con-	Diesel	Litre	337,959	82,320	145,353	
sumption	Renewable energy sources	kWh	4,880,000	5,340,000	4,740,000	
	Outsourced electricity	kWh	187,647,754	198,546,057	222,423,126	
	consumption ratio per RMB10,000 of output value (comparable price)	-	0.2	0.19	0.17	
	Comprehensive energy consumption ratio per RMB10,000 of incremental value (comparable price)	-	1.26	2.14	1.63	
	Percentage of used clean energy	%	85.76	80	79.6	
Nater re-	Annual freshwater consumption	10,000 tons	95.32	103.75	103.74	
source con- sumption	Freshwater consumption per unit of industrial added value	Ton	7.56	13.07	8.63	

	Disclosure	Unit –	2020	Data	2022
		-	2020	2021	2022
	Sulfur dioxide emissions	Ton	0.91	0.66	0.55
Exhaust emis- sions and their reduction	Reduction of sulfur dioxide emissions (compared to the previous year)	Ton	8.89	-0.25	1.27
	Nitrogen oxide emissions	Ton	151.14	94.45	110.63
	Reduction of nitrogen oxide emis- sions (compared to the previous year)	Ton	45.17	-56.69	23.07
Wastewater discharge and its reduction	Wastewater discharge	10,000 tons	50.34	32.53	11.39
	Reduction of wastewater discharge (compared to the previous year)	10,000 tons	-4.57	17.81	20.10
	Chemical oxygen demand (COD) emissions	Ton	25.17	19.69	32.44
	Reduction of COD emissions (com- pared to the previous year)	Ton	-2.29	5.48	8.5
	Ammonia nitrogen emissions	Ton	4.03	0.17	4.21
	Reduction of ammonia nitrogen emissions (compared to the previous year)	Ton	-0.37	3.86	4.04
Waste dis- charge and its	Waste discharge	10,000 tons	0.22	0.33	0.19
	Reduction of waste discharge (com- pared to the previous year)	10,000 tons	0.57	0.11	-0.14
	Total amount of recyclable waste	Ton	1,877.86	2,992.29	1,687.88
reduction	Total amount of general solid waste	Ton	1,992.86	3,112.29	1,807.88
	Total amount of hazardous waste	Ton	191.26	144.10	126.66
	Scope I greenhouse gas emissions	Ton	233,679.04	241,749.42	276,077.44
Greenhouse	Scope II greenhouse gas emissions	Ton	187,084.81	197,950.42	226,481.64
gas emissions and its reduc- tion	Total greenhouse gas emissions at the level of operations	Ton	420,763	437,947	502,559.08
	Total reduction of greenhouse gas emissions	Ton	-	17,184	64,612
Chemical	Number of chemical spills	Time	0	0	0
spills	Total amount of chemical spills	Ton	0	0	0
System, measures and performance of chemi- cal product recycling and reuse	Product recycling ratio	%	102	100	100
Green office performance	Electricity savings	kWh	19,985	198,183	4,178,000

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Feedback

Dear reader:

Thanks for you to take time to read China Resources Chemical Innovative Materials Co., Ltd. 2022 Sustainable Development Report. In order to provide you and other stakeholders with more valuable information, and effectively improve our capability and level in fulfilling corporate social responsibilities and seeking sustainable development, we sincerely expect your opinions and suggestions.

Multiple-choice questions (please check the appropriate box below):

1.What's your general comment on this Report? □ Very good □ Good □ Fair □ Poor □ Very poor

2.What's your comment on the response to and disclosure of the issues of concern to the stakeholders in this Report?

□ Very good □ Good □ Fair □ Poor □ Very poor

3.What's your comment on the performance of CR CHEM-MAT in corporate governance?□ Very good □ Good □ Fair □ Poor □ Very poor

4.What's your comment on the performance of CR CHEM-MAT in the fulfillment of environmental responsibilities? □ Very good □ Good □ Fair □ Poor □ Very poor

5.What's your comment on the performance of CR CHEM-MAT in safety management?Very good Good Fair Poor Very poor

6.What's your comment on the performance of CR CHEM-MAT in the fulfillment of responsibilities to employees?

7.What's your comment on the performance of CR CHEM-MAT in the fulfillment of community responsibilities?
Very good Good Fair Poor Very poor

8.Are the information, indicators and data disclosed in this Report clear, accurate and complete?
Very good

Good
Fair
Poor
Very poor

9.Are the content arrangement and layout of this Report convenient for reading?□ Yes □ No

10. Open question:

Do you have any advice or suggestion about the performance of social responsibilities by China Resources Chemical Innovative Materials Co., Ltd. and this Report?

Your contact information:

Name:	
Telephone:	
Email:	
Employer:	
Title:	
Name: Telephone: Email: Employer: Title: Address:	

