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# 2020 Sustainability Report

Sennics Co., Ltd.

2020 Sustainability Report



## Sennics Co., Ltd.

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# CONTENTS

- 02 / About This Report
- 03 / Our commitment to sustainable development
- 09 / Message from the Chairman
- 11 / Company Profile
- 13 / Corporate Governance
- 19 / Spotlight: Redoubling our Efforts in Strategy Implementation
- 23 / "SCI-MAN 2030"-Led Sustainable Development

- 60 / Outlook
- 61 / CSR Performance
- 63 / GRI Content Index
- 67 / Third Party Assurance
- 69 / Feedback Form

# CONTENTS



## Global Production, Local Service

- 39 / Pursuing Excellent and Premium Services
- 42 / Strengthening Cooperation for Sustainable Future

## Safety-based Sustainable Development

- 47 / Consolidating the Foundation for Safety Management
- 48 / Driving HSE Improvement through Informatization
- 48 / Guaranteeing Employees' Safety and Health
- 49 / Raising Employees' Safety Awareness
- 50 / Leveraging the Spillover Effect of HSE Management

## Concerted Efforts for Shared benefits

- 53 / Stepping up Talent Cultivation
- 58 / Sharing Development Achievements

## About This Report

### Reporting Period

The Report covers from January 1, 2020 to December 31, 2020, and also includes additional information beyond the stated reporting period.

### Reporting Boundary

Sennics Co., Ltd. and its subsidiaries (Please refer to "Company Profile" for details).

### Compilation Principles

The Report is prepared in accordance with *Guidelines to the State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities*, *GRI Sustainability Reporting Standards (GRI Standards)* issued by *Global Sustainability Standards Board* (This report is prepared in accordance with the core option of GRI Standards), *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0)* issued by Chinese Academy of Social Sciences, and *GB/T 36001-2015: Guidance on Social Responsibility Reporting*.

### Data Source

All information and data disclosed in the Report come from official documents and statistical reports of Sennics Co., Ltd. All information disclosed in the Report has been confirmed by the Company.

### References in the Report

In the Report, "Sinochem Co., Ltd." is abbreviated as "Sinochem Group", "Sinochem International Corporation" as "Sinochem International", Sennics Co., Ltd. as "we", "Sennics" or "the Company", and its subsidiaries "Sennics Co., Ltd. Shandong", "Sennics Co., Ltd. Tai'an", "Sennics Co., Ltd. Anhui", "Sennics Co., Ltd. Lianyungang", "Shandong Huahong Chemical Co., Ltd." "Sennics Co., Ltd. Taizhou" and "Sennics Thailand Co., Ltd" as "Sennics Shandong", "Sennics Tai'an", "Sennics Anhui", "Sennics Lianyungang", "Shandong Huahong", "Sennics Taizhou" and "Sennics Thailand" respectively.

### Reporting Cycle

The sustainability report is released annually. The most recent sustainability report was released in May 2020.

### Accessibility of the Report

The Report is available in both paper and electronic versions. For the electronic version, please visit [www.sennics.com](http://www.sennics.com). For the paper version or if you have any further inquiries or suggestions of the Report, please contact us at [CSR@sennics.com](mailto:CSR@sennics.com) or 86-21-31769966/9988.

# Our sustainability commitment

Sustainable development has become a global consensus, and it is a necessary choice of chemical companies to stimulate technological innovation, promote green development and foster high-quality development. In 2020, Sennics maintained effective communication with internal and external stakeholders to fully understand their demands and concerns about material topics. To realize intelligent manufacturing supported by clean manufacturing and innovative-driven manufacturing, we officially issued the SCI-MAN 2030 Initiative to promote sustainable development of the polymer additive industry, and foster the achievement of SDGs with innovation and responsibility.

### Smart Manufacturing

- ▶ Completing the automation transformation of factories affiliated to Sennics to create a "5G network" for chemical production

### Innovative Manufacturing

- ▶ Annual investment in R&D should be no less than 3% of the revenue.
- ▶ Processes and products that contribute to a circular economy should be no less than 80% of the total.

### Green Manufacturing

- ▶ Striving to win a gold medal by EcoVadis and joining TFS
- ▶ Each subsidiary should have at least one factory to win the honor of "Green Factory"

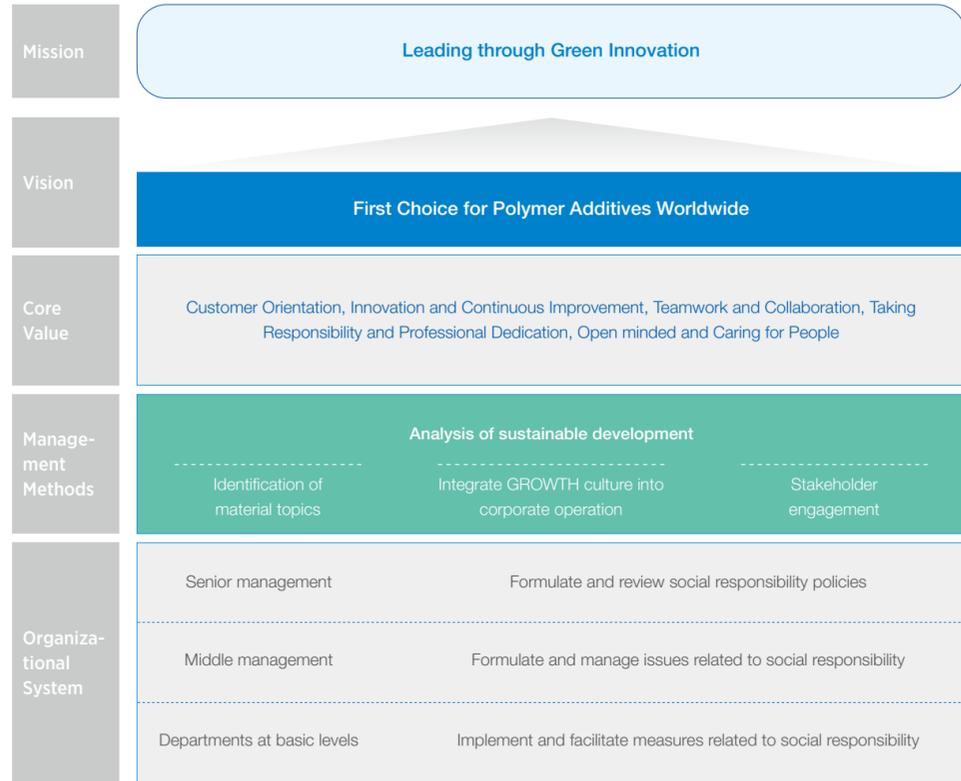
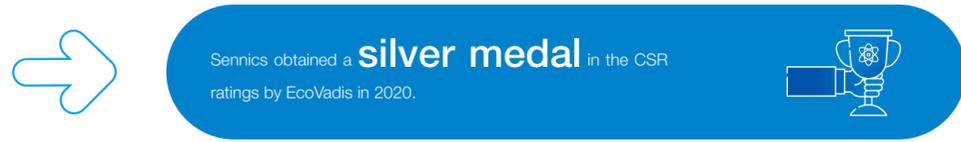


Scan the QR code to learn more about SCI-MAN 2030 Initiative

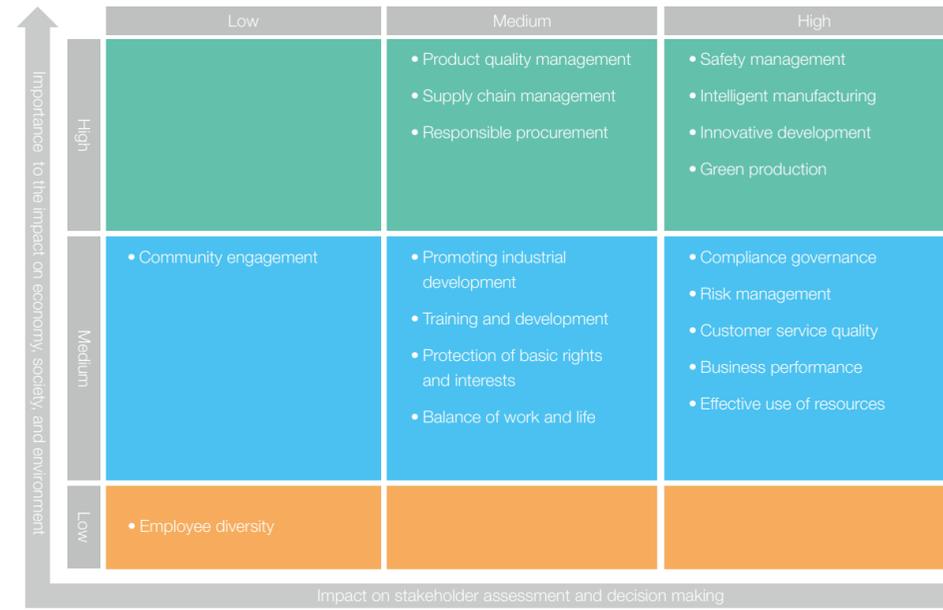
# By 2030



We continuously identify the relations between the Company's business development and CSR fulfillment, and incorporate the CSR concept and requirements into our management processes and regulations of all departments so that CSR can be an integral part of business decision-making and operation. Moreover, we break down CSR tasks and urge the management at all levels to understand and assume their social responsibility, forming a CSR management and promotion path with Sennics characteristics. In 2020, after the review, identification, prioritization and verification, we combined the results with our own business management priorities and the UN SDGs. Then 18 material topics that are important to the Company and stakeholders were determined, and disclosed in the Report systematically.



Social responsibility management structure of Sennics



Material topics of Sennics in 2020 and corresponding SDGs

Stakeholder	Material Topics	SDG Mapping	Corresponding Chapters and Sections
Shareholder	Intelligent manufacturing Innovation-driven development Risk management Operation performance Promoting industrial development	   	Intelligent manufacturing Innovative manufacturing Comprehensive risk Management Cooperation for a sustainable future
Government and regulators	Safety management Compliance governance Green production Effective resource utilization	  	Building a solid foundation of safety management Compliance and Business ethics Green manufacturing
Customers	Product quality management Customer service quality	 	Constantly striving for best quality
Suppliers	Supply chain management Responsible procurement	 	Cooperation for a sustainable future
Employees	Occupational health and safety Training and development Protection of basic rights and interests Work-life balance Employee diversity	   	Building a solid foundation of safety management Ensuring the safety and health of employees Raising the safety awareness of employees Consolidating the foundation of talents
Communities	Engagement in communities	 	Sharing development achievements

## Message from the Chairman



Development is meaningful only when it is sustainable. As a fundamental industry of the national economy, the chemical industry involves many scientific fields such as natural resources, chemistry, biology, machinery, environment and human life. The industry is making rapid progress in technological development, and greatly contributes to the better life of mankind whilst undergoing increasing pressure for green transition. In the context of the United Nations Sustainable Development Goals and China's goals of peaking carbon emissions before 2030 and reaching carbon neutrality before 2060, Sennics keeps innovating in and improving production technology, balancing the relationship between chemical production and environmental protection. Under the guidance of Sinochem Group's philosophy of "In Science We Trust" and Sinochem International's policy of "Deepening Reform", we have proposed the CSR strategy of "green mileage accomplishment" to produce green chemical products.

In 2020, Sennics worked to overcome the adverse effects of COVID-19. Despite those uncertainties in the market, we achieved a hard-won and huge rebound in business performance in the second half of the year.

Since setting the strategic goal of ten-billion-yuan-worth Sennics, all our employees have worked hard towards it day and night alike. In March 2020, Sennics Thailand officially started construction, marking the beginning of Sennics strategic plan of global development. We strive to build Sennics Thailand into a "smart pioneer" serving the Southeast Asian market so as to continuously improve the stability of our global supply chain, bring strong momentum to local industry development and create jobs. Focusing on the strategic goal of digital, intelligent, and service-oriented transformation and upgrading with "Smart Sennics" as the core, we have ramped up efforts to improve operation efficiency, and innovatively optimized our production processes.

In line with the principle of "independent development, green sources and intrinsic safety", we fully promote HSE management. We work to develop processes for efficient recycling of resources by improving energy-saving and emission reduction technologies and build a green manufacturing system that is more efficient, cleaner, low-carbon and circular. Meanwhile, we carry out carbon emission management to integrate energy conservation management into the whole process of production. During the reporting period, we managed to reduce CO<sub>2</sub> emissions by more than 3,700 tons. Safety is the cornerstone of development. So we conduct safety risk analysis on occupational health, equipment and facilities regularly, and spare no effort to ensure work safety and improve intrinsic safety. Development is meaningful only when it is inclusive. We provide employees with a fair and transparent working environment full of opportunities, hold the workers congress and trade union congress to enhance communication with employees, and build a democratic and harmonious corporate culture. We share our development achievements with communities, and encourage employees to participate in poverty alleviation and public welfare activities.

The year 2021 marks the start of China's 14th Five-Year Plan, a year in which China will embark on a new journey toward building a modern socialist country and march toward the second centenary goal. Under the guidance of Sinochem Holdings strategy which is to "build up a technology-driven innovator and a world-class chemical conglomerate", and with a strong sense of mission and hard work, we will strive towards the goal of "becoming a global leader in high quality, fine and specialized chemical manufacturing", create greater value for stakeholders, and make due contributions to a better society.

**Hongsheng LIU**

Chairman of Sennics  
General Manager of Sinochem International

# Company Profile



## About Sennics

Sennics Co., Ltd. (Sennics) is a world's leading comprehensive service provider of polymer additives, a member of Sinochem International. Guided by the motto of "In Science We Trust" and adhering to the innovative development concept on ultimate, sustainable growth, the Company actively builds the strategic goal of digital, intelligent and service-oriented transformation and upgrading with "Smart Sennics" as the core, in an effort to provide outstanding products and services to global customers, as well as a new brand experience.

Located in the China (Shanghai) Pilot Free Trade Zone, Sennics holds multiple R&D centers and production facilities across the globe, with its main products consisting of rubber antioxidant, insoluble sulfur, rubber vulcanizing accelerator and nitrobenzene among others. Sennics operates in more than fifty countries and regions, and its extensive distribution network covers regions such as Europe, North America and Southeast Asia. The Company accelerates the strategic layout of globalization and strives to build an agile supply chain in order to realize "GLOCAL" (Global Production, Local Service). Sennics continues to increase the investment in independent R&D, HSE and other efforts, and constantly strengthens the cooperation with the upstream and downstream industries. Sennics strives to be a reliable and comprehensive teammate to business partners worldwide, setting an example of green development amongst global polymer additives industry.

## Profile of the Controlling Shareholder

Sinochem International Corporation (Sinochem International) is an international large-scale state-owned listed enterprise with core competitiveness in agrochemicals, intermediates and new materials, polymer additives and natural rubber, etc. Upholding its vision of "Fine Chemistry, Green Life", Sinochem International is dedicated to building a world-class innovative enterprise of fine chemicals. It provides products and services in over 100 countries and regions.



As a responsible fine chemical manufacturing enterprise, Sennics has always put sustainability as a concept of development that the company must adhere to.

—Fu SU, CEO of Sennics

# Honors in Reporting Period (Partial)

## Honorary Award



- Sennics was awarded the Technological Innovation Award in the Sixth Pudong Headquarters Economy Ten Model Enterprises Awarding Ceremony by the Commission of Commerce of Pudong District, Shanghai.
- Sennics was awarded the Top 100 Fine Chemical Enterprises of China in 2020 by the National Fine Chemical Industrial Raw Materials & Intermediates Industry Cooperative, China National Chemical Information Center, China Chemical Industry Information Association.
- Sennics was awarded the 2020 Demonstration Enterprise for Technological Innovation in China's Petroleum and Chemical Industry by the China Petroleum and Chemical Industry Federation.
- Sennics was awarded the 2020 Demonstration Enterprise for Intellectual Property in China's Petroleum and Chemical Industry by the China Petroleum and Chemical Industry Federation.
- Sennics was awarded the Second Prize for Technological Progress awarded by China Petroleum and Chemical Industry Federation in 2020.
- Sennics Anhui was awarded the 2020 National Demonstration Enterprise for Technological Innovation by the Ministry of Industry and Information Technology of the People's Republic of China.

## System Standards



- Sennics obtained the Intellectual Property Management System Certificate issued by the China Petroleum and Chemical Industry Federation, China Chemical Industry News.
- Sennics Shandong was certified by the Integration of Informatization and Industrialization Management Systems issued by the Ministry of Industry and Information Technology of the People's Republic of China.
- Sennics Anhui obtained the Accreditation of CNAS from the China National Accreditation Service for Conformity Assessment (CNAS).
- Sennics Anhui was awarded the 2020 Anhui Demonstration Enterprise for Standardization in the Industry and Information Field by the Economic and Information Department of Anhui Province.

## Social Responsibility



- Sennics was awarded the Corporate Citizen Model ·Most Socially Responsible Company by the China Petroleum and Chemical Industry Federation, China Chemical Industry News.
- Sennics Tai'an obtained the certification of Social Accountability 8000 International Standard issued by the International Certification Network (IQNet).
- Sennics was awarded the Outstanding Enterprise in CSR Performance by the Southern Weekly.
- Sennics was awarded the GoldenBee Excellent CSR Report 2020 · Growing Enterprise by the China Sustainability Tribune.
- Sennics was awarded the Silver recognition medal from EcoVadis.

# Corporate Governance

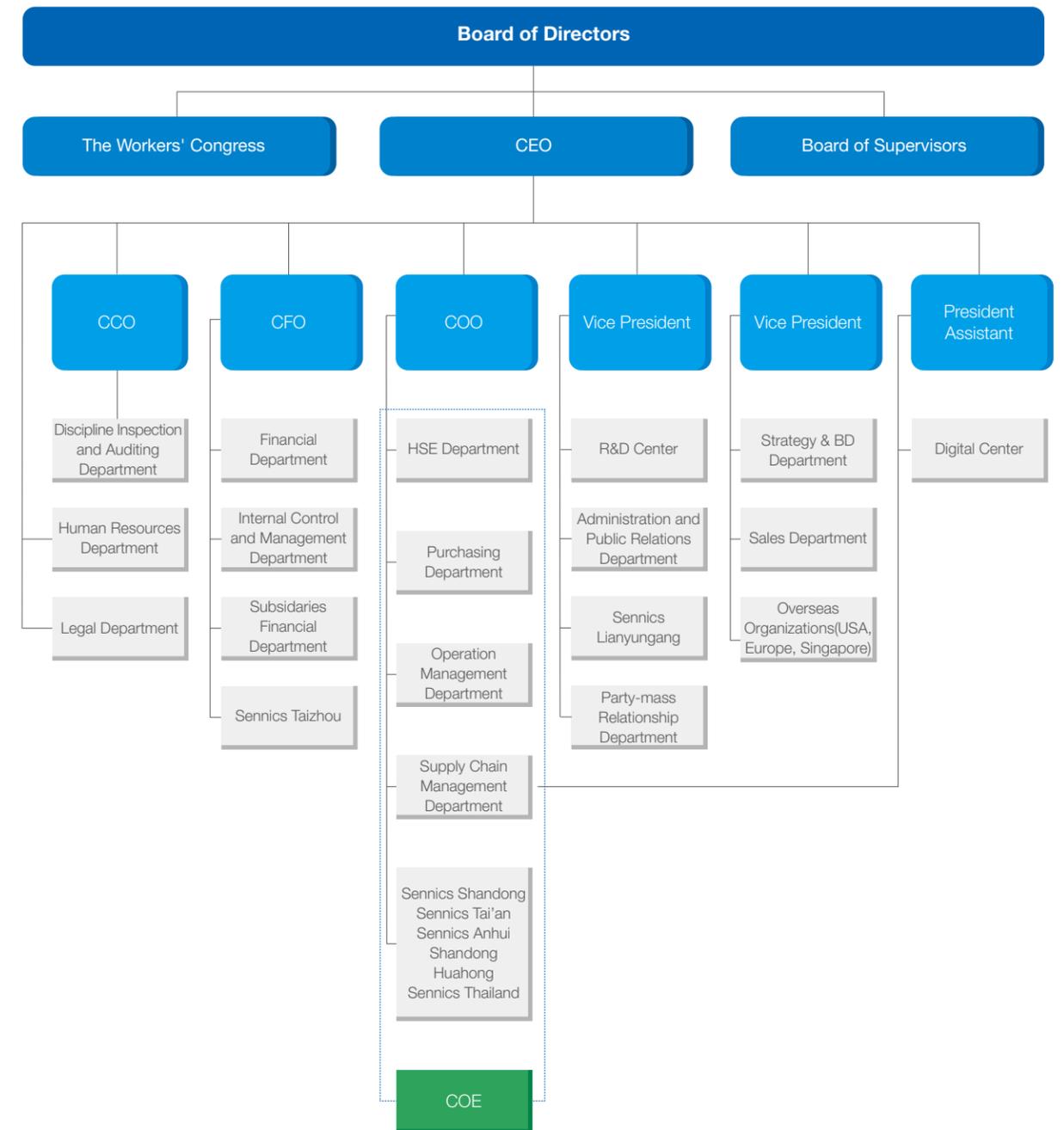
To realize the strategic goal of becoming a global leader in high quality, fine and specialized chemical manufacturing, Sennics has continuously improved its modern corporate governance level. Based on changes in shareholders, customers and the external market environment, the Company keeps optimizing the corporate structure, systems and mechanisms, enhances its capability of preventing risks, and maintains efficient communication with stakeholders, thus laying a solid governance foundation for sustainable development.

## Management Team



<b>Wenlei TANG</b> Assistant President	<b>Shiming GAO</b> Director Chief Operating Officer	<b>Hui HUANG</b> Chief Financial Officer	<b>Fu SU</b> Director Chief Executive Officer	<b>Bo LU</b> Vice President	<b>Zhimin TANG</b> Vice President	<b>Lei CHEN</b> Chief Compliance Officer
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# Organizational Structure



## Compliance and Business Ethics

Compliance operation is the due responsibility of Sennics to earn recognition from stakeholders. To practice “compliance first and active compliance”, the Company carries out compliance systems including the *Sinochem Integrity and Compliance Manual*, *Sinochem Group Anti-trust Compliance Manual*, *Sinochem Group Anti-commercial Bribery Compliance Manual*, the *ABCs of Trade Compliance Practice for Chinese Enterprises*, *Personal Data Protection under the EU General Data Protection Regulation (GDPR)* and the *Cybersecurity Law of China*. We continuously improve internal compliance management systems and process, strictly abide by business ethics, and make sure that our branches at home and abroad meet compliance requirements, so that Sennics grows sustainably on the basis of compliant operation and with a code of conduct that conforms to business ethics. In 2020, neither the Company nor our employees were involved in any violations.



## Anti-corruption

Sennics continues to provide anti-corruption trainings for employees in the headquarters, subsidiaries and branches overseas. The trainings focus on cultivating ideals, faiths and professional ethics and regulations. Employees are required to sign *Anti-corruption Work Statement* and *Critical Positions Anti-corruption Letter of Commitment*. We keep a close watch on the “sensitive minority”, and give full play to the role of inspections. Apart from daily inspections and supervision, we also conduct integrity interview with personnel for sensitive positions before they assume office. We have a database of integrity risks covering all sensitive positions, and issued the Integrity Manual to each employee in sensitive positions. We have established and improved the supervision systems, and innovatively optimized the anti-corruption systems and mechanisms, striving to build a high-quality team of talents with courage, integrity and loyalty.



Sennics strive to maintain a healthy and legal business relationship with our clients, suppliers and distributors. We have formulated and issued policies such as *Procedures for Visiting and Whistle-blowing*, *Procedures for Disciplines Inspections and Regulations for Internal Auditing*. We ensure compliance first and active compliance. Based on cautiously considerations of risk prevention , Sennics has authorized Auditing Department as the chief internal inspection and risk-managing body, managing whistle-blowing information and leading whistle-blowers to exercise their rights within the scope of the law.

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 Anti-corruption telephone: 021-31769766  
 Visiting us at: Floor 7, North Changqing Rd 233, Pudong Distric, Shanghai

### Holding a working conference on improvement of clean government and anti-corruption themed with “Drawing lessons from the cases”

Sennics held a conference on improvement of Party conduct and clean government and anti-corruption awareness education. Fu SU, CEO of Sennics, delivered the speech themed “Firm Ideals and Convictions, Strong Awareness of Potential Threats, and a Keen Sense of Responsibility.” Lei CHEN, Chief Compliance Officer of Sennics, reported typical cases of violations in recent years and thoroughly analyzed the root causes. The conference aimed to further improve clean government, promote anti-corruption work, clarify the political responsibility of full and strict governance, and enhance the purity of thoughts and anti-corruption consciousness of employees. It raised the whole Company’s awareness of legal compliance, and provided strong political and disciplinary support for our strategic development.



## Comprehensive Risk Management

Work safety and stable operation are the solemn promises we have made to our stakeholders. Based on the assessment of COVID-19's impacts on our tasks, we conduct internal and external risk identification regularly, and clarify the risk control responsibilities of each business line, covering security, environment and labor rights. According to the requirements of Sinochem Group and the headquarters, we have formulated an action plan for preventing and controlling systemic regional risks, market risks, and work safety risks, expanding our risk control scope. During the reporting period, the internal control department of the headquarters analyzed the risk and compliance management system and designed business processes for Sennics Thailand. These policies and mechanisms had been gradually transferred to the local team in Thailand. Human rights protection is clearly stated in investment term sheet.

## Intellectual Property Protection

Sennics has formulated and issued special management regulations such as the *Regulations on Intellectual Property Management*, *Measures for Confidentiality Management*, and *Measures for Archives Management*. Our intellectual property management system has obtained the certification of GB/T 29490-2013 Enterprise Intellectual Property Management. Our legal department is responsible for intellectual property protection and information security to conduct unified management of confidential information, confidential personnel, intellectual property applications and protection, etc. We also provide intellectual property trainings for employees regularly, and continuously organize intellectual property publicity activities to enhance their awareness and ability to protect intellectual property rights.



Scan the QR code to learn more about measures about Intellectual Property Protection

2020

Sennics provided trainings on intellectual property

**17** times

With a total of **500** participants

Our intellectual property management system obtained the certification of GB/T 29490-2013.

**Clarifying management responsibilities**

We have set up the Intellectual Property Management Committee at the top management level of the Company to take full charge of intellectual property management and protection of the Company.

The headquarters and subsidiaries hold regular publicity activities on intellectual property to effectively spread the idea of intellectual property protection across the production and operation departments, forming a good atmosphere in which all employees value intellectual property and respect technological innovation.

**Continuously carrying out education campaign**

**Carrying out special trainings**

We have provided intellectual property trainings on topics like information confidentiality and patent application for the functional managers and business personnel.

We carry out special inspections regularly and supervise the rectification of problems.

**Strengthening confidentiality inspections**

**Applying digital tools**

We have entrusted a third-party institution to conduct a comprehensive analysis according to internal and external regulations on patents, and promoted the development and use of the patent map.



Intellectual property publicity activities

# Redoubling our Efforts in Strategy Implementation

As a central SOE and a leading enterprise dedicated to the development and manufacturing of polymer additives, Sennics upholds the idea of "In Science We Trust" and regards innovation as the core driving force for its development. In 2018, Sennics set up the goal of fully developing the polymer additive industry featuring high-tech, fine chemical manufacturing and high added value. In 2019, Sennics put forward the strategic plan of "global production capacity" to further broaden the product chain worldwide, improve industrial competitiveness, and achieve leapfrog development. In 2020, with the unremitting efforts of all our employees, these two strategic goals had been implemented to move towards the new era for innovation-driven long-term progress based on strategic victory.



In the past two decades, we have achieved leapfrog development. Now standing at a new historic starting point, we must breakthrough our limitations and find new positioning and development opportunities...We will work hard to fulfill our mission and responsibilities to create a bright future and build the Company into a global leader in high-quality, fine and specialized chemical manufacturing.

—Fu SU, CEO of Sennics



## Achieving Sustainable Growth with Concerted Efforts

At the beginning of 2020, COVID-19 broke out in Wuhan. The severe situation pressed the "pause button" on social and economic operation, and hindered our business development and strategy implementation. In the first half of 2020, our operating performance even dropped to the lowest point in history. In the face of unprecedented difficulties and uncertainties in the market, over 1,800 Sennics employees were with a firm conviction. The top management responded promptly to make strategies, middle management quickly adjusted the budget, and front-line employees kept providing good customer service. With the containment of COVID-19 in China, our business gradually recovered after the second quarter. Based on good management experience over the years and the trust of customers, our business realized the v-shaped growth rapidly in the second half of 2020, and we achieved historic breakthroughs in major strategic projects.

## Overcoming Obstacles with Firm Convictions

At the end of 2017, we put forward the strategic goal of building a "ten-billion-yuan-worth Sennics". After three years of planning, the blueprint has begun to take shape. Sennics Lianyungang project and Sennics Thailand construction project are two key strategic measures for achieving the goal, which play a decisive role for achieving further progress in the polymer additive industry, and realizing high-quality and leapfrog development through transformation and upgrading.

## As a new generation smart factory overseas, Sennics Thailand contributes to the global production capacity plan

Sennics Thailand is the first overseas production base invested by Sennics. As the starting point for the new journey of GLOCAL, Sennics Thailand has integrated "intelligence" into its construction and operation plans since its establishment, featuring "green, smart, and sustainable" development.

**Green** Making full use of our experience in green production and world-leading environmentally friendly processes, Sennics Thailand has built a modern factory based on the idea of "green, environmentally friendly, and energy saving" development, and manages product quality, resource utilization, emissions of the three wastes, process safety with high standards, etc.

**Smart** Following the guidance of Smart Sennics and relying on our integrated operating system, Sennics Thailand will extend the supply chain services to ensure that production plans, production and logistics go with customers' orders once the factory is put into production, which can help customers reduce the cost for raw material inventory and improve the agility of supply.

**Sustainable** While establishing a stable global supply system, Sennics Thailand will provide better local services to customers in Southeast Asia, create opportunities to the local community in Thailand, and achieve win-win results in social, economic and environmental development.



## Steadily advancing the Sennics Lianyungang Project

The Sennics Lianyungang project is a vital way for the Company to implement the idea of "green source, green process, and green outcome" and develop an industrial model of circular economy. Adopting the innovative mode of "independent R&D, technology introduction, and cooperative R&D," we strive to build Sennics Lianyungang into a world-class clean and intelligent production base for green polymer additives.

## Setting a Great Vision for the New Era

Currently the high-performance materials and lightweight materials are developing rapidly, and China's fine chemical industry has great development opportunities. 2021 is the first year of the 14th Five-Year Plan. Sennics clarifies that on the premise of realizing the "Four Zeros" goal of HSE management, we should ensure stable operation in the current period, and speed up the building of a ten-billion-yuan-worth Sennics to strive for the new strategic goal of becoming a "global leader in high quality, fine and specialized chemical manufacturing".

### Starting the construction of Sennics Thailand

Located in Chonburi province, Thailand, Sennics Thailand is our sixth production base, also the first overseas production base we invested. Sennics Thailand takes on the important task of expanding service capabilities of our global supply chain, and marks a milestone in the transformation to GLOCAL.



Scan the QR code to learn more about Sennics Thailand

In early September, 2019

Signed cooperation agreement with Rojana Industrial Park



On September 11, 2019

Sennics Thailand Co., Ltd. was founded



At the end of 2018

CEO Fu Su led a team to conduct business due diligence in Thailand and decided to build the first production base overseas in Thailand



On March 9, 2020

Sennics Thailand commenced construction



On March 10, 2020

The first batch of products of Sennics Thailand successfully rolled off the production line



# "SCI-MAN 2030" -led Sustainable Development

Sustainability has become a global consensus, and it is a necessary choice for chemical companies to stimulate technological innovation, promote green development and foster high-quality development. To realize intelligent manufacturing supported by clean manufacturing and innovative-driven manufacturing, we comprehensively implement the SCI-MAN 2030 Initiative to lead sustainable development of the polymer additive industry.

## Intelligent Manufacturing

Focusing on the strategic goal of digital, intelligent, and service-oriented transformation and upgrading with "Smart Sennics" as the core, we actively pursue digital transformation, continuously improve the IT-based management of factories, and facilitate the construction of digital factories on an ongoing basis, in an effort to become a model of digital factory transformation in China's fine chemical industry through practice and further promote high-quality development of the industry.

## Informatization-led high-quality development

Automation rate reflects most of the automation performance in the process industry, but for now, most domestic chemical enterprises, especially fine chemical ones, suffer a number of issues with relatively low automation rate. Sennics upgrades and transforms its production processes on an ongoing basis, and optimizes processes and the information system to boost the efficiency of production and manufacturing, thus breaking the pain point of low factory automation level and contributing to the high-quality development of the fine chemical industry.

### Deeply integrated information management systems

A flow chart has been added under the three-level IATF16949:2016 system to fit current system settings and ensure that all management systems can be put into use. Offline unmanned operations will be realized in the future for all systems.



### Enhanced automation level of production processes

- It has solved problems caused by manual control, such as safety hazards, unstable product quality and high energy and material consumption.
- Three Sennics factories have improved the automation control rate from 40% to over 90%.

## Sennics Shandong certified by the Integration of Informatization and Industrialization Management Systems

Sennics Shandong continues to strengthen informatization and industrialization construction. The company has established an OA system, ERP software management system, DCS automation control system, SPC data analysis system and MES production process implementation and management system, achieving high performance in on-site management, product quality and production control. etc. This also constantly improves intelligent production capacity and contributes to the excellent "smart" manufacturing capability.

In April 2020, Sennics Shandong officially passed the certification to the *Integration of Informatization and Industrialization Management Systems—Requirements* (GB/T 23001-2017) of the Ministry of Industry and Information Technology, marking a new stage for the company in deepening the integration of informatization and industrialization. Sennics Shandong is the second subsidiary successfully obtained the certification of Integration of Informatization and Industrialization Management System after Sennics Anhui in September 2018.



## Digitalization-empowered intelligent factories

Sennics digitalization strategy is based on our continuous efforts to strengthen the foundation of digital applications, improve intelligent management of chemical production and constantly enhance the capacity of smart production. The construction of "digital factories" is regarded as an important pathway to upgrade management practices and strategies. By driving innovation in operation and management through digitalization, we strive to build Sennics into an agile and efficient intelligent organization.

### Advanced information systems

Applying digital management systems such as SAP, MES, CPM, iEAM, WMS and HSE to boost smart production capacity, build stronger competitiveness and management level, thus supporting "Smart Sennics"

### Sennics Lianyungang

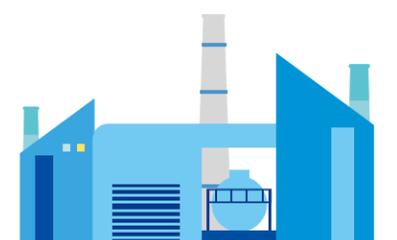
Continuously implementing digital delivery and vigorously enhancing digital efforts in the development of digital delivery project management system and in project construction

### Strategic technology cooperation

Establishing strategic partnerships with the world's leading tech companies, fully leveraging strengths of both sides and improving corporate management level and efficiency with joint efforts, contributing to the transformation and upgrading of China's fine chemical industry

### Sennics Thailand

- Realizing "digital delivery" and other functions such as remote management, personnel locating, electronic alarm and full-life-cycle equipment maintenance through online virtual factory
- Building smart warehouses that realize unmanned operations in all links, including packaging and delivery
- Planning, designing, constructing and putting into service the digital information systems and the main project simultaneously during the project implementation



In 2020, Sennics continued to implement the Smart Sennics strategy and promoted deeper application of its digital systems in all subsidiaries simultaneously. A number of subsidiaries including Sennics Anhui, Sennics Shandong and Sennics Tai'an have optimized business procedures and realized efficient management through building MES-centered multi-level information integration platform and IEAM equipment health management platform.

### Sennics Anhui continuously enhances the capacity of digital production and operation management

Leveraging the scalable MES system, Sennics Anhui independently programmes and integrates a series of data modules for the use of MIBK devices from raw material entry, process control, energy consumption tracking to shipment, realizing comprehensive monitoring, tracking and management of main products on the MES platform system. In the meantime, the company continuously optimizes the IEAM system, improves the system's standard libraries, incorporates offline processes and form optimization into the system, and improves the system's preventive maintenance strategy and point inspection system step by step to optimize all processes.

For effective overall planning and integrated control of the information system, Sennics Anhui has integrated a number of management and information systems and developed a MES-centered unified data platform for production management. Data can be read and transmitted between MES and DCS/PLC, as well as MES and SAP in real time, automatically generating built-in reports, realizing visualization and real-time data sharing. It unblocks the whole digital management cycle from purchase, sales and inventory management to production management and even financial accounting. Information transmission in the whole process is fast and convenient, and each step in the whole process and all business links are related to each other in an organic manner, realizing networked, digitalized and collaborative production and operation management.



### Building a smart factory at Sennics Thailand

The concept of "intelligence" was embedded at the very beginning of Sennics Thailand's planning. Placing the digital strategy of Smart Sennics at the core of overall planning, Sennics Thailand capitalizes on the experience of Sennics factories in China in digital transformation, integrates digital, intelligent and service-oriented development, and refines operation processes that adapt to local features. By properly implementing the integrated plan, including self-service entry and exit, smart management and control at the entry and exit points, smart manufacturing of product packages, and scientific and accurate equipment inspection, Sennics Thailand has become an intelligent pioneer among the new generation of antioxidant manufacturers.



In 2020, Sennics Thailand completed the construction of an online virtual factory. Besides realizing remote management, the virtual factory system is able to locate staff members entering the factory through GPS. It can also be used to set up electronic fences around the explosion-proof hydrogen sector for LNG production to avoid people entering. An alert will be sent out if anyone enters the area, so as to guarantee security of the site. Moreover, the operation, maintenance and usage data from the system can be drawn out to identify hidden safety hazards of the factory, realizing full life-cycle equipment maintenance.

### Talent fostering for digital transformation

While making full use of the digital system, Sennics works to foster a talent team equipped with sharp work skills and sound knowledge of digital tools. As PID tuning is critical to the accurate and stable operation of the automation control system and there is a shortage of professional staff in this realm, Sennics assigns 1-2 workers with work experience in technology and electric instruments from each factory. Through receiving expert tutoring in offline diagnostics and online tool application, the workers learn theoretical knowledge and hone professional skills, and later form an internal expert team in PID optimization and tuning in Sennics, consolidating the foundation for overall improvement of production process automation.



## Clean Manufacturing

As climate change and resource scarcity have become critical issues of our time, Sennics adheres to the “best and eco-friendly” development driven by innovation and upholds the principle of “safe and green production”. The Company has been working hard on green manufacturing to continuously improve environmental management and ensure the coordinated development of production and operation management and environmental benefits.

### Responding to the goals of peaking carbon emissions and achieving carbon neutrality

By investigating the current status of the Company's carbon management and reporting relevant data and information, Sennics has developed the green and low-carbon action plan, which specifies the energy conservation and emission reduction indicators down to a single product. The Company has included the indicators in the letter of responsibility for the target to ensure that directives are put into effect at all levels and duties are performed by every employee. With data models of the Manufacturing Execution System (MES), all factories affiliated to Sennics guide and carry out continuous improvement of their production processes to reduce carbon emissions. In addition, Sennics vigorously participates in professional training on green and low-carbon development, in an effort to enhance the professional capabilities of management personnel. In 2020, Sennics launched more than twenty new projects for energy conservation and emission reduction, and adopted over 100 relevant suggestions. Last year, the Company saved more than 1,000 tons of standard coal equivalent, and reduced CO2 emissions by 3,737.27 tons (including 2,097 tons of Scope 1 emissions and 1,640.27 tons of Scope 2 emissions).

2020



The Company carried out training sessions on environment management and specific topics

11 times

Covering

100 % of employees

Subsidiaries rolled out environmental risk assessment across all workplaces.

### Improving environmental management

Sennics actively carries out environmental management in strict compliance with national and regional environmental protection regulations. We continuously improve the environmental management system based on ISO 14001:2004 – Environmental Management System certification. We set environmental management goals, regularly conduct environmental management inspections and training, and timely rectify environmental hazards to eliminate lapses and environmental incidents. In 2020, we invested a total of RMB 49.06 million in environmental management.

#### Strengthening Waste Management

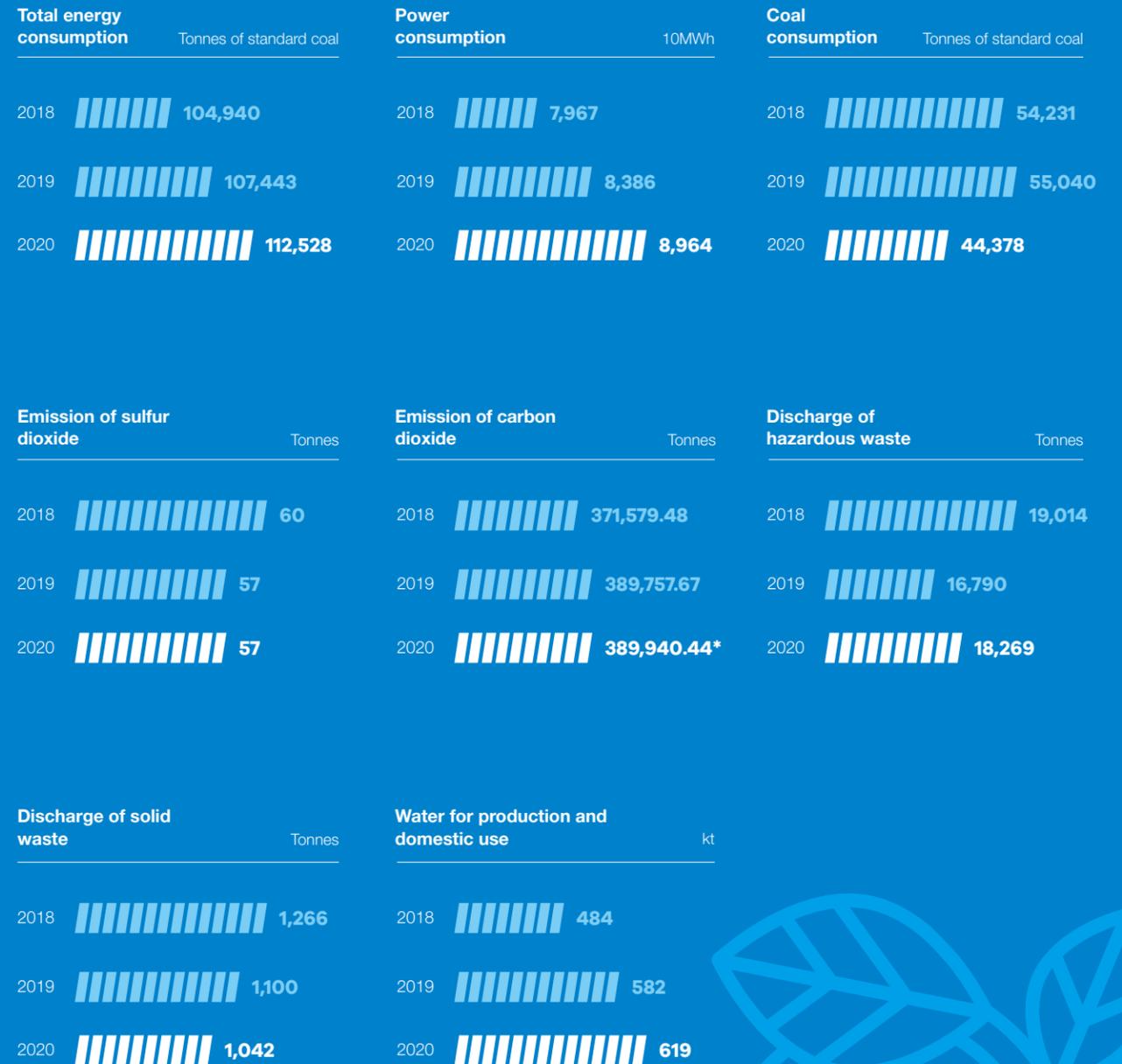
- Formulating monitoring plans, controlling liquid running, continuously improving anti-seepage measures to prevent groundwater pollution, and demanding that all factories that extract groundwater should strictly comply with the regulations on groundwater extraction introduced by the local governments<sup>1</sup>
- Adopting the enclosed cooling water circulation system to save water
- Upgrading equipment to reduce water consumption
- Realizing the recycling and reuse of reclaimed water
- 38,560 tons of water were recycled and reused, accounting for 14.6% of the total water consumption.



#### Improving Water Resource Management

- Diverting polluted water from clean water, discharging treated industrial wastewater to municipal sewage pipe network<sup>2</sup>, installing emergency polluted water collection pools and treating biological wastewater to reduce pollutants discharged into water bodies
- Formulating annual waste management plans, signing hazardous waste disposal contracts with licensed hazardous waste treatment companies for compliant treatment(Outsource hazardous waste treatment and disposal tasks covering incineration, landfilling, recycling), and reducing waste through optimizing processes, recycling and increasing the service time of catalysts

Note 1: groundwater consumption 140.3 tons. Note 2: discharge water 172.809 tons



Note\*: Scope 1 236323.41 tonnes, Scope 2 153617.02 tonnes

In 2021, we carried out environmental data review and verification, and we revised data because of the adjustment of statistical caliber



Sennics HSE Goals and Indicators 2020		Progress
Industrial energy saving indicator	Total energy consumption: less than 104,213 tons of standard coal equivalent (TCE) Energy saved annually: more than 9,237 TCE	✓
	Fresh water consumption: less than 693,000 tons Fresh water saved annually: more than 25,600 tons	✓
	Comprehensive energy consumption per RMB 10,000 of output value: below 0.328 TCE (comparable price)	✓
Industrial emission reduction indicator	SO <sub>2</sub> emissions: less than 70 tons	✓
	NO <sub>x</sub> emissions: less than 116 tons	✓

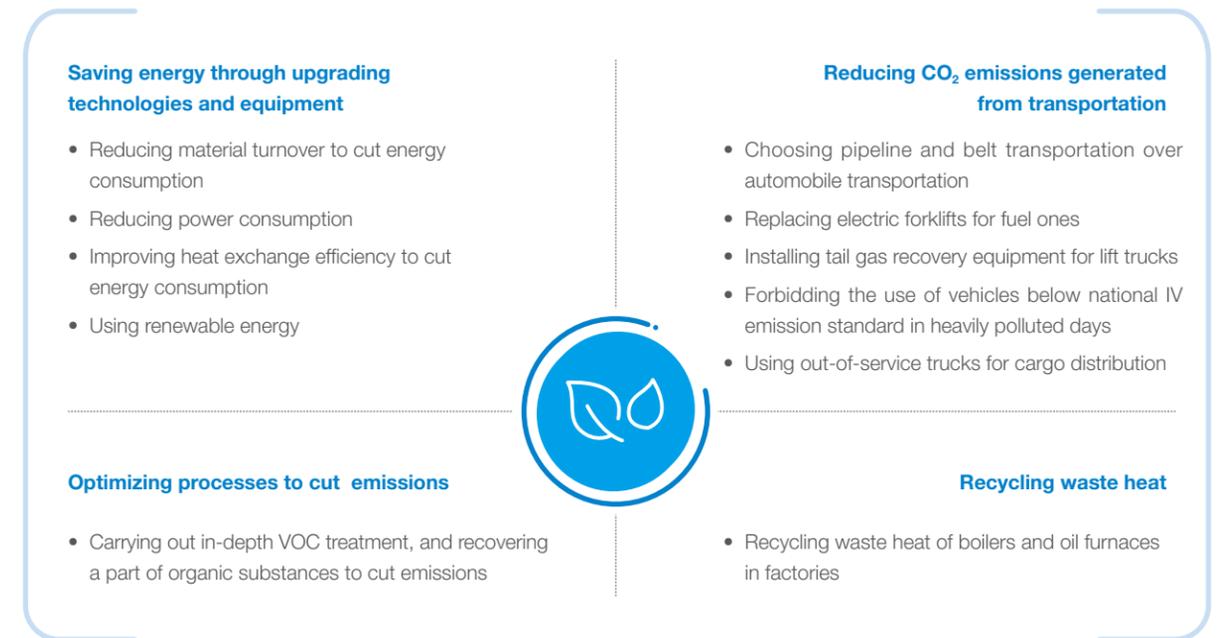
In 2020, factories under Sennics, i.e. Sennics Shandong, Sennics Tai'an, Sennics Anhui, all obtained and maintained the honor of **“Green Factory”**.



In terms of hazardous chemical management, Sennics has formulated hazardous chemical management control procedures on the basis of guaranteeing compliance management of hazardous chemicals. We clearly define responsibilities of each department and subsidiary to effectively manage and control hazardous chemicals.

## Deepening green reform

While striving to meet the management goal of “zero accident, zero pollution, and zero injury”, we focus on developing a “green and circular” product chain. To this end, we channel more funds into clean production, improve production equipment, and recycle water resources, in an effort to enhance energy and resource efficiency and strive for green, low-carbon and circular development.



### Selection

Choosing efficient and less-harming hazardous chemicals and timely reporting the use of such chemicals to the HSE Department; prohibiting the use of hazardous chemicals banned by the national government

Establishing the inspection and management system for hazardous chemicals and strictly following safety regulations and technical standards; tankers shall keep samples of each truckload to ensure traceability

Following the *Technical Specifications for the Safety of Hazardous Chemicals* as the guide for use; all users are required to master treatment methods for different hazardous chemical accidents and operate in strict accordance with regulations while wearing required personal protection equipment

Appointing qualified companies to discharge and recycle hazardous chemicals in a unified and compliant manner

The HSE Department shall register hazardous chemicals at relevant authorities regularly

The HSE Department shall formulate emergency plans for hazardous chemical accidents and ensure the support of emergency personnel and equipment. It shall also organize regular emergency drills

To strengthen the environmental management performance of suppliers and contractors, we assign environmental supervisors to a number of projects and also examine the suppliers' Environmental Management System qualifications and conduct on-site supervision during the project period. Unqualified companies will be blacklisted. We give annual audits to suppliers, offer advice for rectification and require timely rectification.

### Procurement

The Purchasing Department shall establish a list of qualified suppliers of hazardous chemicals and purchase such chemicals according to the *Raw Material Quality Standards*; the Production Department is responsible for formulating the *Raw Material Quality Standards* and requiring suppliers to label and package hazardous chemicals in a safe manner

### Inspection

### Transportation

Choosing qualified transporters and completing all legal and compliance procedures; adopting appropriate means of transportation for hazardous chemicals considering their different properties

### Use

### Warehousing

Storing hazardous chemicals in specific sites in line with national and industrial standards, assigning specific personnel for management, setting up obvious signs and conducting regular tests and inspections

### Discarding/Disposal

### Registration of Hazardous Chemicals

### Emergency Response





**Energy conservation and consumption reduction projects effectively fuel stable output**

Sennics Anhui continuously explores and practices ways to cut costs and boost efficiency through technological innovation, process optimization and lean production. In 2020, Sennics Anhui put into operation high-pressure coal-to-hydrogen inverter compressors and innovative high-efficiency energy-saving water circulating pumps. Such compressors allow stepless loading adjustment and thus can eliminate backflow and waste of labor, reducing electricity consumption per unit of hydrogen output by 26.67%. The energy-efficient pumps not only provide more favorable production conditions but also cut electricity consumption per ton of water circulated by 40.99%, greatly enhancing equipment efficiency. The innovative projects create more diverse choices to fit a variety of production scenarios, and contribute to achieving the company's annual production and operation goals. They provide strong momentum and guarantee for stable production and development in the future.



## Innovative Manufacturing

Innovation is a powerful driving force for Sennics sustainable development. We actively practice the core value of "In Science We Trust", constantly improve the innovation system, innovate in industrial layout and product development, and continuously unleash innovation momentum, thus comprehensively consolidating the foundation for innovative development.



Innovation will be embedded across all our work in 2021 and the next five years. It will always be a keyword in our technological research, product, development pattern, institution and system, and corporate culture. Based on the current R&D innovation as well as new product and technological innovation, we will always be patient and determined to invest more resources and create an innovative atmosphere full of diverse ideas, enthusiasm and vitality.

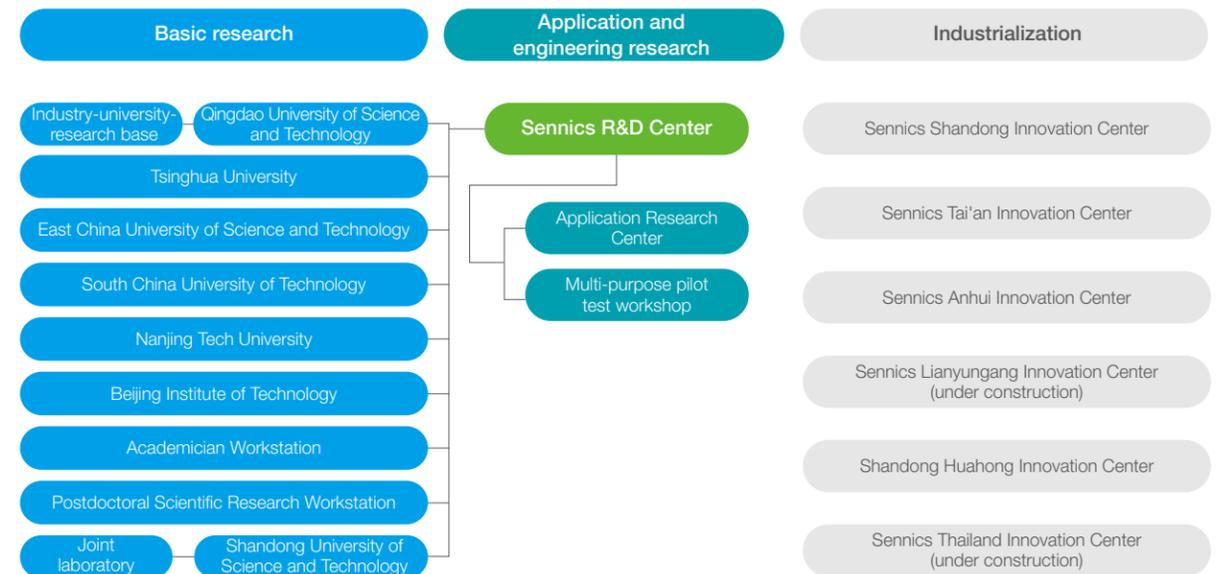
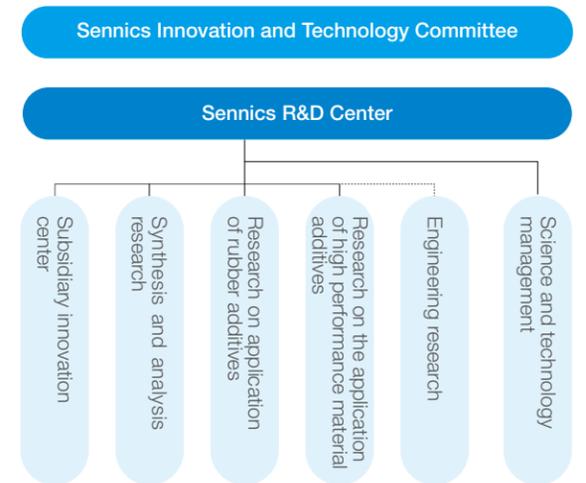
—Fu SU, CEO of Sennics



## Building a sound innovation system

We strive to develop an integrated innovation architecture that fosters our independent innovation capability through highlighting business development, internal restructuring and core capacity building, etc.

To build a market-oriented R&D model that relies on the industry-university-research-application cooperation, we have formed a research structure that is led by Shanghai R&D Center and supported by innovation centers of our subsidiaries. The R&D structure relies on the open innovation system supported by collaborative research cooperation with renowned universities at home and abroad, and ultimately aims to industrialize technological outcomes.



Indicator	2020	2019	2018
Number of R&D Projects	32	18	13
Number of Projects in Small Test Phase	20	11	4
Number of Projects in Pilot Test/Engineering Research Phase	12	7	7

## Delivering an innovative industrial layout

Besides the original rubber additives business, Sennics started research and development in the field of high-performance material additives and increased investment in scientific and technological research in a swift manner. More innovative products will be launched into the market in the future. In the meantime, Sennics is continuously improving the layout of patents to better facilitate the strategic development of new products and businesses, heading toward the strategic goal of “a global leader in high quality, fine and specialized chemical manufacturing”.

### A quick look at Sennics innovative products

#### 6PPD

An excellent anti-ozone agent and antioxidant with outstanding comprehensive performance of anti-ozone, anti-fatigue and anti-flexure, good compatibility with rubber and low pollution. It can be applied to tires, conveyor belts, rubber hoses and cables, etc. It can stabilize many dissolved and emulsion polymers.

#### 6PPD-L

Low-odor 6PPD product with significantly reduced odor, VOC and volatility compared with 6PPD. It can effectively reduce the odor of rubber compounds and products.

#### 7PPD

An excellent antioxidant and anti-ozone agent that can endow rubber materials with excellent anti-ozone, anti-fatigue and anti-flexure properties. It has long-term protection effect and better compatibility with rubber. It is also less polluting and volatile.

#### 77PD

77PD has excellent static ozone resistance, good solubility in rubber, and is not likely to form frost on rubber materials at high concentration. It is applicable to rubber materials that need long-term static ozone-proof effect, such as aircraft tires, engineering tires, agricultural tires, hoses and gaskets and other rubber products.

#### S-TMQ

A high-performance quinoline antioxidant with effective content much higher than that of ordinary TMQ, with excellent heat and oxygen aging resistance, good fatigue resistance, low volatility and less pollution. Compared with ordinary TMQ, S-TMQ has a very low content of non-effective substances, and has little influence on the reducibility of insoluble sulfur, which is good to the adhesion between rubber and steel wire. It is recommended to be applied to the adhesion formula for tire steel wire, for it can improve the adhesion between rubber and steel wire.



Scan the QR code to learn more about Sennics products

## Breakthroughs in product development

In 2020, Sennics made new breakthroughs in rubber additives and high-performance materials, etc.

### Industrializing MIBK

- Unblocking the industrial chain from basic raw materials to the terminal products – rubber antioxidants, ending the monopoly of foreign companies, realizing construction, operation and immediate benefits within the same year, winning the 2020 Science and Technology Progress Award of the Chemical Business Division
- Leveraging the pilot research platform, further expanding the development of related product series and downstream derivatives

### Developing green processes for accelerating agents

- Unblocking the production process of accelerating agents and realizing continuous and stable operation of industrial test devices by adopting the green circulation of sulfur and using chemical process for strengthening technique
- Developing process packages together with a domestically renowned engineering company, laying solid foundation for the construction of polymer additives (phase 1) project of Sennics Lianyungang

### Developing new antioxidants

- Starting from the new process of traditional 3100 product, carrying out R&D and iterations of N3100 and finally successfully developing new compound
- Conducting research continuously in new antioxidants and registering some new compounds as new substances in China

### Exploring high-performance materials

- In terms of antioxidants, adopting a two-step strategy to rapidly industrialize a part of mature technologies while making new breakthroughs in processes and technologies and keeping up with the industrialization process
- In terms of other absorbers, actively seeking new market opportunities, and cooperating with domestic universities to develop subsequent new products and downstream derivatives

## Continuous process innovation

Sennics adopts the “new technologies for old products” strategy, continuously strengthens independent innovation and R&D, and has taken the lead to realize green production processes from the intermediate M to downstream accelerators products. All these products, together with antioxidants and insoluble sulfur, have formed multiple product portfolios, providing customers with diverse packages of products and services. In 2020, the Company achieved a huge technological breakthrough in continuous chemical vapor deposition (CCVD) method for preparing insoluble sulfur, completing pilot test and continuous production upgrade of the method and realizing continuous and green production of insoluble sulfur. At the same time, Sennics attaches great importance to product safety, carries out product safety environment analysis and risk assessment in the process of research and development, guarantees product safety, pursues green technology to reduce the negative impact on the environment.

### Key performance

The project “Development and industrialization of new process intensification techniques for diaryl-p-phenylenediamine antioxidants” was certified and registered as a scientific and technological achievement and was granted 2020 Second Prize for Technological Progress by China Petroleum and Chemical Industry Federation.

The project “Common catalytic technologies based on alkylation of aromatic amines and industrial applications in producing diaryl-p-phenylenediamine antioxidants” won Second Prize for Technological Progress in China’s Chemical Industry.

The “Process technology of continuous synthesis of H-TMQ and S-TMQ catalyzed by composite solid acid” was included in the 2020 List of Green Petrochemical Technologies.



Sennics 6PPD is certified as Level-AA for Customer Satisfaction by Shandong provincial government and awarded Taishan Quality Certificate, proving its premium quality.

## Unleashing innovation momentum

Sennics upholds the principle of "In Science We Trust" and thoroughly implements the strategy of innovation-driven development. Besides innovating in internal R&D management, system, investment and mechanisms, we have been exploring the open research model and cultivating innovative professionals to save momentum for better scientific and technological research and innovation management.

## Strengthening innovative talents development

While improving R&D investment, Sennics attaches importance to building an innovative research team. We keep improving scientific research performance through a variety of ways and have developed sound incentive mechanisms.

### Going all-out to build a R&D talent team

- Focusing on the scientific research system with the goal of "continuously pursuing high-efficiency innovation and creation", and fostering a batch of R&D and innovation teams with strong technology background and innovation capacity in different links of the industrial chain
- Unblocking internal career ladders for employees with high potential while recruiting external high-end talent
- Creating and improving career development routes for industrial leaders, professional and technical personnel, and front-line operation staff
- Giving all kinds of talent training to employees with high development potential in different business lines to build a systematic talent team

Scan the QR code to learn more about Sennics innovation guarantee and achievements

### Optimizing incentive mechanisms that drive innovation

- Unleashing employees' enthusiasm for innovation in two dimensions – growth strategy and technology innovation
- Rewarding project outcomes that fit the Company's development progress, and rewarding project teams by sharing profits to encourage project industrialization
- Optimizing incentive policies such as dual-ladder promotion programme, de-administration programme, shared equity incentive plan during term, mid- to long-term incentive plans, and remuneration adjustment for professional and technical personnel

## Expanding open innovation cooperation

Sennics has successively established a postdoctoral research station, polymer additive engineering laboratory and industry-university-research cooperation base with Qingdao University of Science and Technology. By leveraging strengths of both sides, we deepen collaboration with partners in talent cultivation, scientific research and technical service, etc., thus creating innovative platforms for mutual benefits and win-win outcomes.

### Deepening fundamental research collaboration with universities

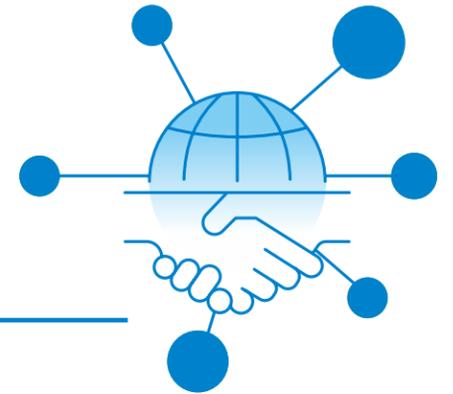
- Keeping up with frontier information, following product development trends and strengthening technology screening
- Vigorously promoting the co-construction of joint labs with Nanjing University of Technology, Beijing Institute of Technology and Shandong University of Science and Technology, and scaling up efforts in building the Industry-University-Research Cooperation Base with Qingdao University of Science and Technology
- Continuously deepening project cooperation with Tsinghua University, University of Science and Technology of China, South China University of Technology and Xi'an Jiaotong University

### Expanding cooperation in industrialization projects

- Leveraging experience and design strengths in process amplification and process simulation and expanding cooperation with renowned engineering companies in China

### Strengthening research-production-sales collaboration

- Cooperating with sales department to promote the product samples, listening to customer feedback and realizing strategic collaboration and market synergy



In July 2020, Sennics Tai'an was accredited as Tai'an Industrial Technology Research Institute for Rubber and Plastic Additives, marking that the company has become an industry leader in R&D, industrialization, innovation system and innovative talent team in the rubber and plastic additives industry.



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# Global Production, Local Service

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While transforming ourselves to a “GLOCAL” company, we always regard “customer orientation” as the top core value. We keep improving our quality management system, continuously increase investment in innovation R&D, and actively expand collaboration along the industrial chain, so as to create diverse values for customers through providing reliable products, services and solutions in a stable manner, and lead the industry’s sustainable development.

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## Pursuing Excellent and Premium Services

As we uphold the idea of “In Science We Trust” and aim for high-quality development, we make an all-out effort to improve product quality and optimize customer experience, and are committed to becoming a reliable “All-weather Partner” of our global partners.

### Consolidating the quality foundation

Quality improvement is always our top priority. We strictly manage and control quality throughout the life cycle of products, including raw material sourcing, production and logistics. By improving systems and mechanisms on an ongoing basis and innovating in technology management, we strive to enhance the quality control capability of all employees across Sennics throughout the product life cycle and in all respects, striving to improve quality management and core competitiveness.

### Perfecting the quality management system

We continue to improve our quality management system and manage product quality strictly in all phases of product life cycle, including raw material sourcing, production, manufacturing, and delivery.

#### ISO 9001:2015 Quality Management System

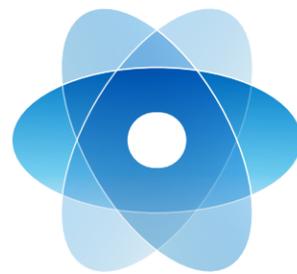
Being compliant with requirements of ISO 9001:2015 Quality Management System during production and continuously improving product quality and stability

#### Sinochem Fine Chemical Excellence Operation System, SES

Comprehensively consolidating the Company's fundamental work in quality management and fueling excellent operation

#### China National Accreditation Service for Conformity Assessment (CNAS), Accredited Lab Certification

Three subsidiaries of Sennics have been accredited by CNAS, effectively ensuring proper product quality control



#### TPM Total Productive Maintenance 6S System

Implementing the Total Productive Maintenance 6S System throughout production, clarifying each department's rights and responsibilities, boosting production efficiency and ensuring safety and quality through long-term supervision, inspection and performance assessment

#### EU REACH Regulation

6PPD, IPPD and 4-ADPA products have all been registered at the European Chemicals Agency and passed the test of third-party organizations authorized by REACH, meeting quality requirements for products exported to Europe

Scaling up efforts in REACH compliance and maintaining close communication with European subsidiaries, European law firms, consultants and relevant association to make timely decisions

#### IATF 16949-2016 Automotive Quality Management System

Certified to IATF 16949-2016, Sennics tracks, monitors and manages the full production process of products to ensure that product quality and customer service live up to customers' needs



中国合格评定国家认可委员会  
实验室认可证书  
(注册号: CNAS L15062)

获证机构: 安徽鑫泰化学科技有限公司检测中心  
(地址: 安徽省铜陵市铜官山区)  
安徽省铜陵市铜官山区  
1111号, 244100

符合: ISO 9001:2015, 2017 标准  
证书编号: CNAS L15062-01, 02, 03, 04, 05, 06, 07, 08, 09, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

获证日期: 2020-09-20  
有效期至: 2023-09-20

In September 2020, Sennics Anhui Testing Center was accredited by China National Accreditation Service for Conformity Assessment (CNAS), becoming one of the laboratories recognized both domestically and internationally. Sennics Anhui is the third Sennics subsidiary obtaining CNAS accreditation since Sennics Tai'an and Sennics Shandong were accredited respectively in 2018 and 2019.



中国合格评定国家认可委员会  
标准良好行为证书  
AAA

获证机构: 安徽鑫泰化学科技有限公司  
(地址: 安徽省铜陵市铜官山区)  
安徽省铜陵市铜官山区  
1111号, 244100

符合: GB/T 19000-2015, GB/T 19001-2015, GB/T 19004-2017, GB/T 19005-2017, GB/T 19006-2017, GB/T 19007-2017, GB/T 19008-2017, GB/T 19009-2017, GB/T 19010-2017, GB/T 19011-2017, GB/T 19012-2017, GB/T 19013-2017, GB/T 19014-2017, GB/T 19015-2017, GB/T 19016-2017, GB/T 19017-2017, GB/T 19018-2017, GB/T 19019-2017, GB/T 19020-2017, GB/T 19021-2017, GB/T 19022-2017, GB/T 19023-2017, GB/T 19024-2017, GB/T 19025-2017, GB/T 19026-2017, GB/T 19027-2017, GB/T 19028-2017, GB/T 19029-2017, GB/T 19030-2017, GB/T 19031-2017, GB/T 19032-2017, GB/T 19033-2017, GB/T 19034-2017, GB/T 19035-2017, GB/T 19036-2017, GB/T 19037-2017, GB/T 19038-2017, GB/T 19039-2017, GB/T 19040-2017, GB/T 19041-2017, GB/T 19042-2017, GB/T 19043-2017, GB/T 19044-2017, GB/T 19045-2017, GB/T 19046-2017, GB/T 19047-2017, GB/T 19048-2017, GB/T 19049-2017, GB/T 19050-2017, GB/T 19051-2017, GB/T 19052-2017, GB/T 19053-2017, GB/T 19054-2017, GB/T 19055-2017, GB/T 19056-2017, GB/T 19057-2017, GB/T 19058-2017, GB/T 19059-2017, GB/T 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## Staying service-oriented

Staying customer-oriented, we continuously enhance our service capability, and unblock communication channels to respond to customers' needs timely while protecting customer privacy and intellectual property rights. We win trust and recognition from customers with premium service.

In 2020, when cities were locked down due to COVID-19, the logistics network and the sea transporting market was severely blocked, Sennics swiftly adjusted logistics strategies and assigned local personnel for delivery support at provincial and county boundaries to ensure that all raw materials were delivered to local factories in time and all products delivered timely to customers. Even at height of COVID-19, Sennics fully considered the shortage of maritime transport service and gave early warning to customers, leaving them enough time to manage inventory properly.

Always being customer-oriented, Sennics grows together with customers and leads the industry's green, innovative and sustainable development. In 2020, the customer satisfaction of Sennics scored 96, ranking the first among all suppliers.



Scan the QR code to learn more about Sennics customer services practices



**Putting customers first and improving service experience**

In 2020, Sennics carried out continuous improvement on product packaging, adding product protection standards onto the packages. The Company provides standard package templates to packaging staff to ensure conformity, and requires First Article Inspection (FAI) for labeling, packaging, warehousing and delivery to reduce errors. In terms of customer service, Sennics gives timely and efficient response to all kinds of customers' needs. In a satisfaction survey of our customer, a global tire manufacturer, we scored 100 in both "Packaging" and "Service" in 2020, while it scored 80 in both items in 2019.

When it comes to product quality, we constantly conduct R&D experiments in equipment, process, technology and other aspects to provide solutions to customers' pain points, demonstrating to the industry its innovation and R&D capacity as well as firm determination to pursue green, innovative and sustainable development, winning recognition and high praise from customers and the industry.

## Strengthening Cooperation for Sustainable Future

The chemical industry cannot achieve high-quality development without cooperation between peer companies. Sennics adheres to the innovative development concept on ultimate, sustainable growth, actively practices responsible procurement, strengthens sustainable supply chain management, and promotes sustainable development of the industry and itself by working together with upstream and downstream partners in the industrial chain.

### Co-building a sustainable supply chain

#### Supply chain management

Facing the grim challenge brought by COVID-19 to the supply chain in 2020, Sennics, on the one hand, spared no effort to ensure regular and full-capacity operation of factories to guarantee timely delivery of products, and on the other hand, followed the principle of proximity to cooperate with local suppliers. By so doing, we overcame institutional restrictions on examination and approval as well as sample delivery so that the hard copies for review can be submitted in advance, thus delivering samples and goods at the same time. We also expedited examination to effectively enhance the stability and agility of the supply chain.

We have further integrated the concept of sustainable development into supplier management, take compliance, environment, labor, human rights and other factors into the audit content of suppliers' access. Suppliers who score above certain points shall be listed in the *Prospective Suppliers List*. According to the *Sennics Supplier Management Manual*, major raw material suppliers were evaluated in the first and second half of 2020; seven suppliers were audited on site; major raw material suppliers were evaluated from three perspectives, i.e. sampling site, production quality and procurement. We also actively cooperate with downstream customers, promote low-VOC antioxidants and improve tire performance, jointly driving energy conservation and emission reduction across the industrial chain.

With regard to the sustainable management of key raw material suppliers, we have already promoted CSR system review to suppliers, putting forward higher requirements for the social and environmental performance of suppliers in terms of sustainable development, fair competition, labor and human rights, environmental protection, and ethics. In future days, with the goal of joining Tfs in mind, we will require key raw material suppliers to implement CSR system review to help suppliers improve sustainable management.

**"Agile supply chain" fuels global production and local service**

"Agile supply chain" is a core operation capability that Sennics has been striving to improve. Aiming to provide better customer service, we make every effort to maximize the supply chain efficiency of Sennics Thailand.

After being put into operation, Sennics Thailand will become a localized supplier and serve the Southeast Asian production bases of Sennics downstream customers. It will also radiate its influence to the whole Southeast Asia and even the world by leveraging Thailand's geographical and commercial edges, thus continuously improving Sennics global supply stability. At the same time, Sennics Thailand will create more local jobs in Thailand and support the development of local society, economy and other various undertakings.

### Sustainable procurement

Sennics is dedicated to realizing intensive and intelligent management. The Company shifts the focus of procurement management from transaction management to strategic management, comprehensively building its stronger competitiveness in sustainable procurement management.

Sustainable development is included in the Company's procurement management system as an independent chapter

The *Sennics Supplier Management Manual* and content about sustainable procurement are incorporated into the supplier management system with eight new articles specified

Requirements for conflict minerals are specified in the management system, and suppliers are required to explain whether they exploit conflict minerals and sign confirmation letters on conflict minerals for all long-term contracts

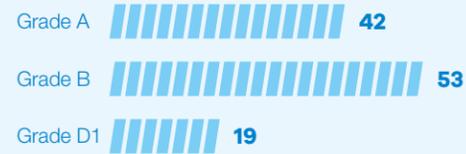
2020

Number of suppliers **136** Percentage of local procurement **96.32 %**

Percentage of suppliers conducting CSR assessment **13.23 %**



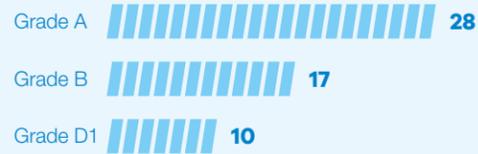
#### Number of suppliers



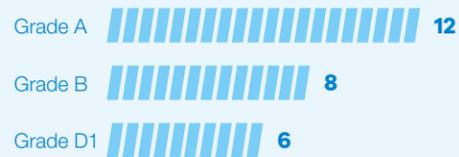
#### Suppliers who pass OHSAS 18001 certification



#### Suppliers who pass ISO 9001 certification



#### Suppliers who pass ISO14001 certification



Note: Grade A: core material suppliers; Grade B: suppliers of raw materials other than Grade A suppliers; Grade D1: packaging suppliers.

### Logistics quality management and control

Sennics strictly controls logistics links such as warehousing and transportation, and implements regulations and rules such as *Regulations on Protection for Domestic Delivery and Transportation of Products and Regulations on Product Protection and Delivery Management* to ensure that products do not have problems during the process. In 2020, the Company used the digital logistics management platform "66 Express Platform" to track the travel route and delivery progress of vehicles in real time. This move realized the timely acquirement of logistics information before, during and after transportation, and helped regulate future improvement of logistics suppliers through statistical analysis.

### Leading green development across the industry

Guided by technological innovation, Sennics puts independent intellectual property at the heart of development to unswervingly pursue green and sustainable development. We actively participate in industrial events at home and abroad to share best practices and experience with peer companies along the industrial chain, with a view to jointly drive high-quality development of the industry and build a green industrial chain.

In June 2020, Fu SU, CEO of Sennics, attended the online session of 2020 China Rubber Conference and gave a speech on Business Operation and Market Exploration, introducing Sennics explorations and practices in promoting innovative development across the fine chemical industry through digital, intelligent, and service-oriented transformation and upgrading.



Scan the QR code to learn more



In August 2020, as a member of the Chemical Additives Sub-Technical Committee of China National Technical Committee for Standardization of Rubber and Rubber Products, Sennics co-organized the working meeting of the 2020 Tire Labeling Technical Committee of China Rubber Industry Association. About 30 experts from the rubber tire industry attended the meeting and shared ideas about the industrialization of eco-friendly tires.



In September 2020, Sennics attended the 20th International Exhibition on Rubber Technology to display various green products and innovative technologies such as rubber antioxidants, intermediates, insoluble sulfur and accelerators.



In October 2020, Sennics participated in the 2020 Global Tire Tech Forum and delivered a keynote speech on the *Impact of Rubber Protection on Green Tires*, introducing tire labeling regulations, research on the impact of anti-aging treatment on tire rolling resistance and skid resistance, and how antioxidants reduce volatile substances and odors of tires, showing the Company's strength in innovation and R&D.

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# Safety-based Sustainable Development

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Work safety is the lifeline of companies and a critical foundation for sustainable economic and social development. Sennics continuously improves intrinsic safety, develops sounder safety management systems, and practices the corporate culture of "felt leadership". We determinedly follow work safety guidelines, build strong lines of defense, and embark on a new chapter of work safety.



## Consolidating the Foundation for Safety Management

Sennics always underscores work safety and regards it the core bottom line that managerial staff at all levels and front-line personnel should stick to. We attach great importance to the development of safety systems, concepts, organizations and culture, pay attention to details and require concrete implementation, thus enhancing resilience against risks and reassuring employees, their families and society.

### Improving the management mechanism

While coordinating the HSE management, our HSE Management Committee has promoted the DuPont Safety Management System in factories for years, so that HSE management not only plays its fundamental role in protection and influence but also serves the Company's strategic development and creation of comprehensive value.



Sennics highly values intrinsic safety management. We continuously strengthen intrinsic safety management of processes, optimize SOPs, strictly manage operational discipline (OD), and sharpen employees' operational skills. For projects under construction, we highlight intrinsic safety from the very beginning of project design. For example, we apply the process hazard analysis (PHA) results into consideration when designing processes of Sennics Thailand and Sennics Lianyungang to improve the intrinsic safety level of processes. In 2020, we formulated and completed the three-year rectification action plan on work safety, and further improved safety guarantee through a number of measures.

Key performance

In 2020, four factories of Sennics (Sennics Shandong, Sennics Tai'an, Sennics Anhui, Shandong Huahong) kept the honorary titles of "Five-star Factory" and "Outstanding Safety and Environmental Protection Practitioner"; Sennics Anhui won the National Safety and Health Cup.



Scan the QR code to learn more HSE management of subsidiaries

Sennics Safety Management Indicators 2020	Progress
Accident control indicator	Zero serious work safety accident with serious injury or fatality
	Zero environmental incident of general impact or above
	Zero employee with occupational disease
	Zero HSE negative public opinion event with significant impact
	Year-on-year decrease of Lost Time Injury Frequency (LTIF) per one million man hours of labor and Total Recordable Case Frequency (TRCF) per one million man hours of labor

Sennics always insists on "Three Standards" (standardized working sites, standardized activities, standardized operations), promoting safety management to transform from a strict regulatory culture to independent management. We have rolled out "Three Standards" management at front-line operation posts and non-operation ones. And our PHA advice and measures highlight intrinsic safety even more to foster changes in mindset and behaviors. We also attempt to shift our management culture from independent management to team management, and invite families of employees to visit our factories and experience our safety management performance themselves. In 2020, three of our subsidiaries, namely, Sennics Shandong, Sennics Tai'an and Sennics Anhui, scored higher than 81 in DuPont annual review.

Subsidiary	2020	2019	2018
Sennics Shandong	81.5	80.0	77.0
Sennics Tai'an	82.4	80.0	76.5
Sennics Anhui	82.5	80.9	79.0

## Driving HSE Improvement through Informatization

Intelligentization and informatization have become important driving forces for the development of chemical enterprises. All eight modules of the Sennics HSE information platform operated steadily in 2020 and the project is about to be checked and accepted. Since the platform went online, the approval processes have been running steadily as designed. Risk points and control facilities of each factory are displayed online during operation, effectively strengthening supervision and improving the overall efficiency by over 50%. Besides, the system platform transmits field data and allows managers to monitor field conditions in real time, raising their awareness of responsibility. To identify safety hazards, Sennics has established a real-time dynamic risk distribution map, which divides all risks into four levels according to the number of high-risk operations, hazard level and the number of safety hazards across the factory, so as to better visualize risks for the convenience of supervision and management, and carry out more targeted HSE management.

## Guaranteeing Employees' Safety and Health

Sennics attaches importance to the life safety of employees. We constantly improve the occupational health and safety management system, strengthen the troubleshooting of safety hazards and ensure safety investment, thus creating a healthy and safe workplace for employees.

### Creating a safe workplace

- Carrying out process hazardous analysis to improve intrinsic safety level
- Regularly carrying out occupational health and safety equipment inspection & maintenance to ensure all employees and equipment are in good status
- Regularly carrying out risk identification and safety hazard troubleshooting and treatment, implementing safety and occupational health risk prevention and control measures, and ensuring field risks are under control
- Strengthening management and control of special field operations and ensuring operational safety
- Optimizing SOPs and improving operational procedures, strengthening operational discipline (OD) and reducing operational deviation to ensure process safety

### Providing sound safety guarantee measures

- Ensuring abundant investment in safety
- Regularly carrying out occupational health checks and ensuring employees' psychological and physical wellness
- Regularly handing out personal protection equipment (PPE) and giving instructions on proper use

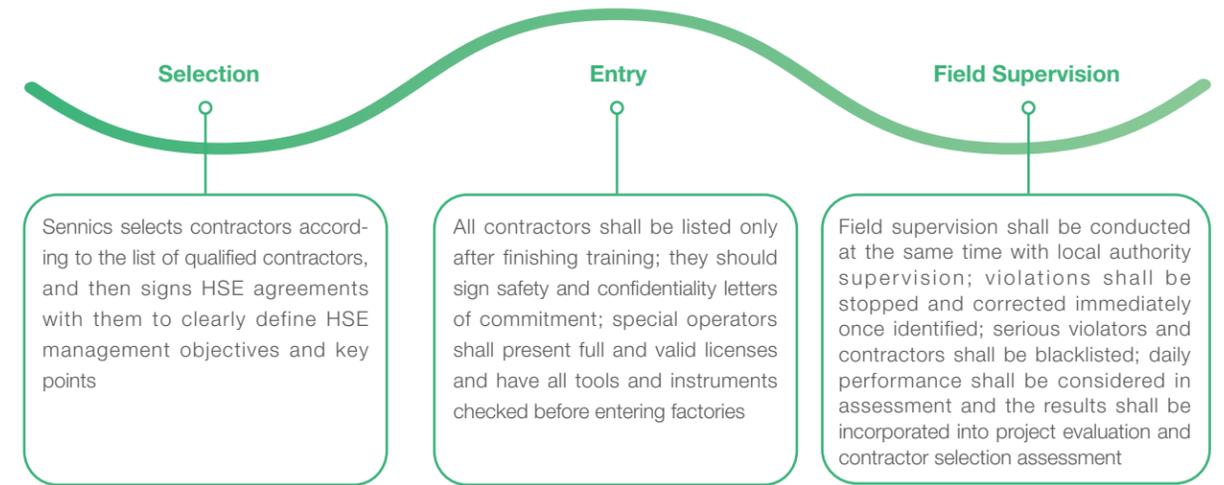
## Raising Employees' Safety Awareness

Sennics is committed to strengthening employees' safety skills through specific activities such as safety education and training, and emergency drills. We provide training on theoretical knowledge and field practice to equip our employees with more profound safety knowledge and higher safety awareness. In June 2020, the 19th National Work Safety Month, we carried out diverse activities as required by Sinochem Group and its Chemical Industry Division, and our subsidiaries implemented targeted actions according to their actual situation.

单位	Safety education and training	Safety skill training
Sennics Shandong	Carried out safety education and training, safety knowledge promotion campaigns, micro-video competition on safety, accident reconstruction and analysis competition, etc.	Carried out fire drills, tabletop emergency maneuver training, emergency drills for hazardous chemical leakage, etc.
Sennics Tai'an	Organized general manager's open lecture on safety, interpretation and promotion campaigns of work safety laws and regulations, safety tool "Why-tree" analysis competition, etc.	Organized "Dual Prevention System Safety Hazard Inspection and Treatment Competition"; carried out emergency evacuation and rescue exercise, etc.
Sennics Anhui	Carried out all-staff safety training, general manager's safety lectures, safety knowledge contest; participated in National Safety Knowledge Network Contest; shared typical safety accidents, and organized Creative Cartoon Contest on Fire Safety, etc.	Carried out safety hazard inspection and treatment, Skill Contest, fire drills and emergency drills, etc.
Sennics Lianyungang	Disseminated Work Safety Month leaflets to employees; carried out accident case studies, all-staff safety training, and Work Safety Month Speech Contest, etc.	Carried out safety hazard inspection, job safety analysis and fire drills, etc.
Shandong Huahong	Carried out safety education and training for all employees, HSE Knowledge Contest, and "You Play, My Guess" Work Safety Contest, etc.	Carried out safety hazard self-inspection, simulation of certain operations, and emergency drills for major safety hazards, etc.

## Leveraging the Spillover Effect of HSE Management

We are committed to building a safe and efficient supply chain by spreading our own safety management experience and health and safety policies to contractors and suppliers. We have formulated contractor management and control procedures as well as site management regulations to continuously improve the safety management and HSE performance across our supply chain.

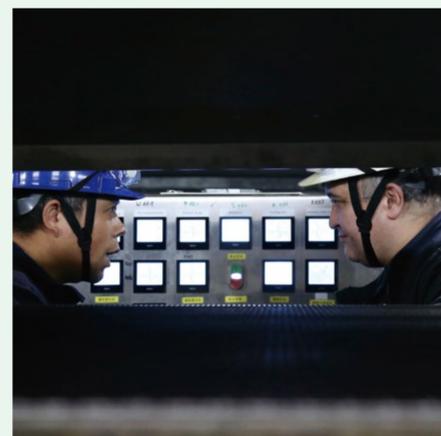
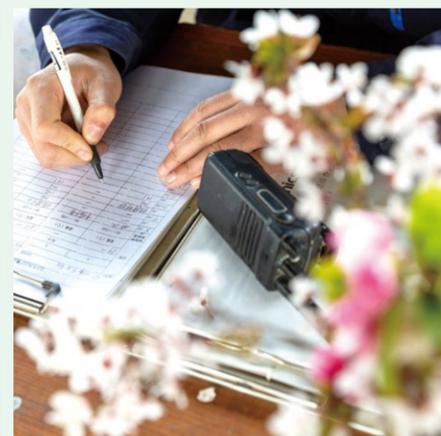


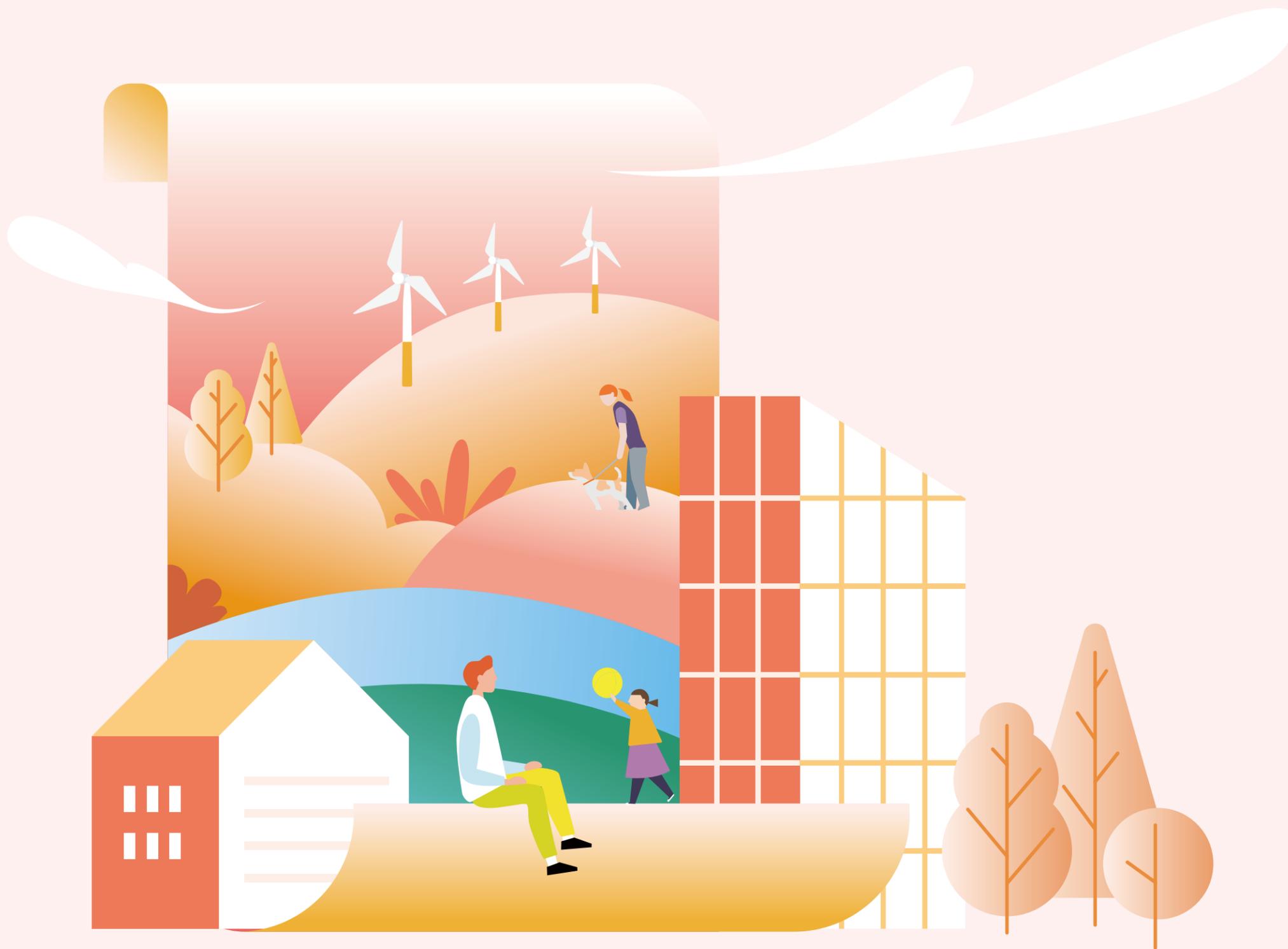
### Supporting our partners to become benchmark companies in HSE management

After on-site diagnosis and careful planning, the HSE team of Sennics G Project put forward a systematic rectification plan for one of its partner companies. The plan was divided into 15 professional categories, containing 87 main tasks of system improvement and 1,442 improvement points. Through mobilizing resources from multiple parties and pressing ahead with field implementation, Sennics spent only three and a half months to transform this relatively weak company in HSE management to a first-class and model company in the local area, which was highly recognized by local authorities.



Scan the QR code to learn more activities on Work Safety Month





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## Concerted Efforts for Shared benefits

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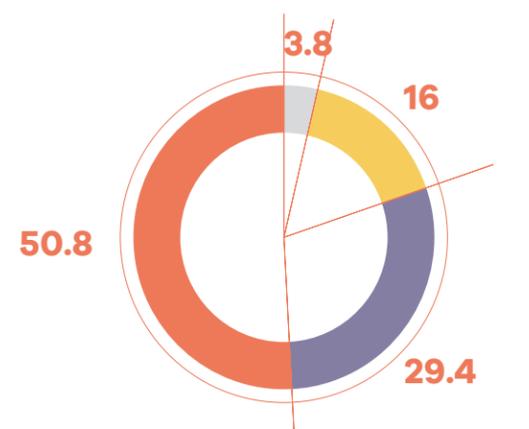
As the key driver for Sennics to achieve its strategic goals, talent cultivation is also essential for continuous business growth. We combine employee growth with business development, and create a positive and friendly working environment for employees to keep improving their sense of happiness and fulfillment. Taking on the social responsibility of a corporate citizen, we are devoted to supporting major national strategies, and encourage employees to participate in public welfare activities, jointly build a beautiful community and share a happy life.



## Stepping up Talent Cultivation

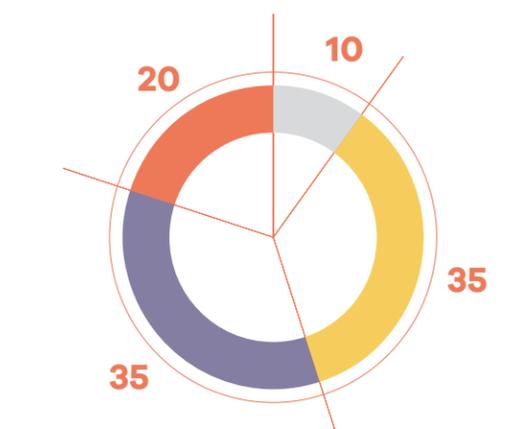
Sennics regards talents as its precious assets. Being people-oriented, we adopt a competitive system for talent recruitment, retention, motivation and training, and provide equal and clear career paths for employee growth. We have built a team compatible with our business strategy and development stage. All members of the senior management team are hired locally in key operating sites.

**Educational background of employees** %



- Master's degree or higher
- Bachelor's degree
- Junior college
- Technical secondary school or lower

**Age structure of employees** %



- Below 30 years of age
- 30-39 years of age
- 40-49 years of age
- Above 49 years of age

## Employee rights and interests

In strict accordance with relevant laws and regulations such as the *Company Law of the People's Republic of China* and Labor Law of the People's Republic of China, Sennics signs labor contracts with all its employees, ensures gender equality, gives equal pay for equal work, and prohibits child labor or forced labor. We firmly oppose any violation of the basic rights and interests of employees. Employees remuneration meets local minimum wage standard and employees are offered supplementary pension and social security payment.

### Institutional Guarantee

We have formulated the *Employee Handbook*, clarified labor management methods, and signed standard labor contracts containing labor protection regulations with all employees.

### Regular medical examinations

We organize regular physical examinations for all employees, and add occupational disease to the checklist for front-line workers.

### Complaint channel

We set up an employee complaint mechanism to ensure that violations can be reported in a timely manner.

### Data management

We combine the data platform of the parent company and mathematical models to conduct regular inspections on employees and obtain comprehensive and real-time information about them, so as to stop violations of work regulations in time.

We are committed to building two-way communication channels, and promote democratic management and transparent corporate affairs through the workers' congress and trade union congress. We also set up the feedback box with the purpose of deepening corporate transparency, thus constantly enhancing employees' sense of identity and belonging to the Company.



The workers' congress and trade union congress

**2020**

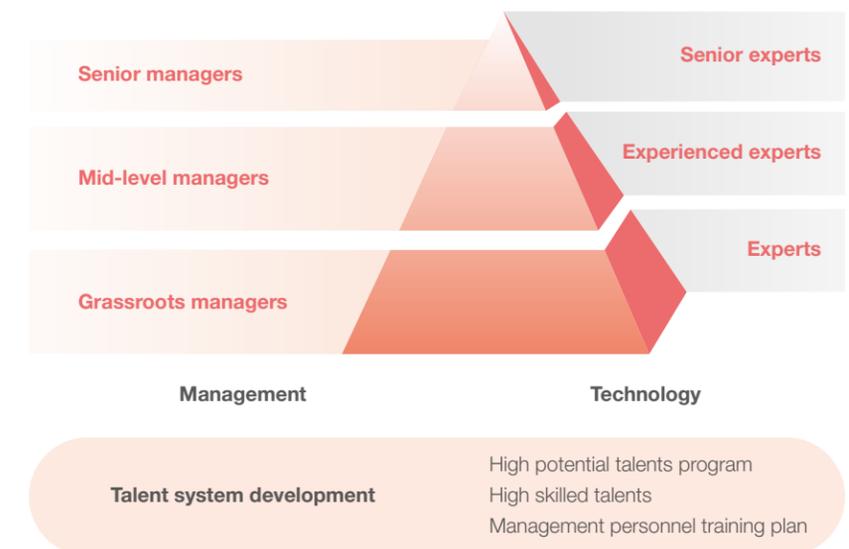
- Sennics held meetings to communicate with employees **4** times
- A total of participants attended the meetings more than **50**
- The number of options and suggestions that put forward were **50**
- Which were implemented **25**

### A meeting themed "Pursuing Dreams with Youthful Enthusiasm" for young employees

Shandong Huahong organized a meeting themed "Pursuing Dreams with Youthful Enthusiasm" for young employees. More than 20 young employee representatives attended the meeting. Hongsheng LIU, Board of Director of Sennics, attended the meeting and conducted in-depth discussions with young employees on the Company's production and operation as well as future plans. The meeting facilitated young employees to better understand the direction of the Company and their responsibilities. They all expressed their aspirations for future work and their commitments to the high-quality development of the Company.

## Employee development

Sennics provides employees with a platform for growth and development, opens up career development channels, and carries out various forms of trainings and vocational skill competitions to support employee development. We have increased the selection, appointment and training of young leaders in Sennics Lianyungang project and Sennics Thailand project to offer more development opportunities to key employees.



### Multiple trainings

By organizing skills competitions, professional trainings and labor emulations, Sennics empowers employees and cultivates talents for the Company. In 2020, the Company invested RMB 760,000 for 26,146 participants in employee trainings. Training hours per person is 38.68.



As our global business development develops, employees are required to have a better understanding of international trade theories and trade policies at home and abroad. For these employees, Sennics invites experts and professors from Shanghai University of International Business and Economics to give a two-day training workshop on "import and export trade".

### Employee incentive mechanism

Sennics continues to reform the income distribution system, and takes both employees' income and corporate efficiency into account, aiming to stimulate the creativity and enthusiasm of employees.

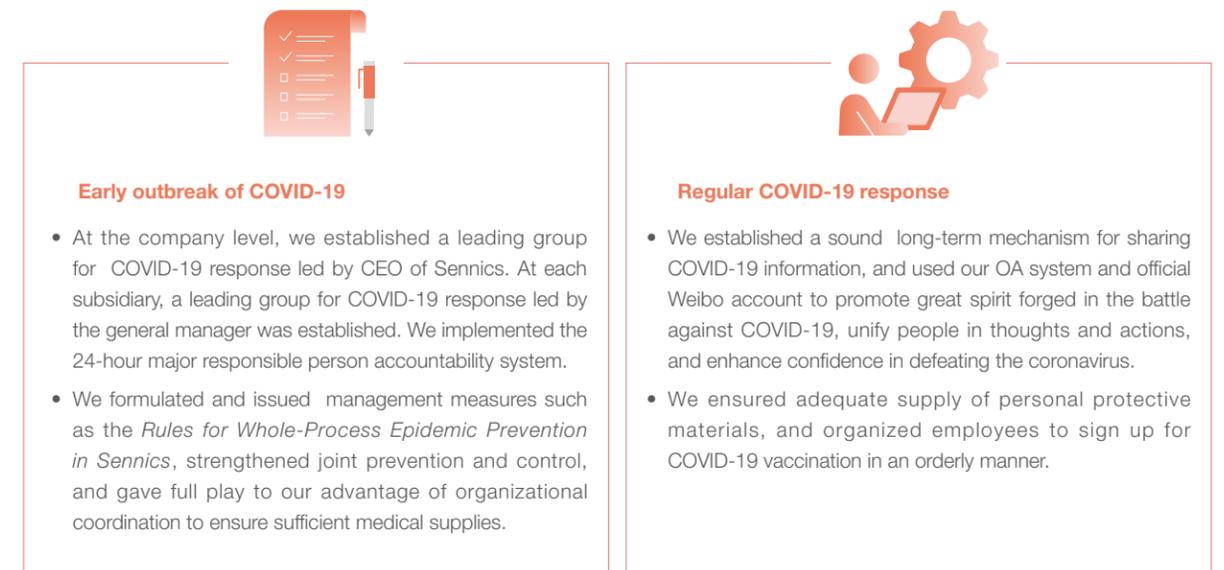


### Employee care and welfare

Tracking the concerns of employees, we have released the *Benefit Management Measures of Sennics* to set up a safety net for them. During the COVID-19 pandemic, we provided employees with protective equipment in a timely manner. During the reporting period, we have no layoffs and gave employees bonuses in time.

### Protecting the health of employees

After the COVID-19 outbreak, Sennics strictly implemented various anti-virus measures, carried out real-time monitoring of the health of employees and the outbreak's dynamic, inspired employees to win the battle, and increased a budget of RMB 200,000 for protecting the health of employees.



### Taking a positive attitude in the COVID-19 fight, Sennics holds a home cooking competition

During the outbreak of COVID-19, all our employees actively responded to the call for "social distancing" and we held a home cooking competition themed "Fighting COVID-19, and Enjoying Great Food" for employees at home and abroad. We received a total of 58 entries, and selected the "Masterchef of Sennics", "Star Chef of Sennics" and "Top Chef of Sennics". This lively activity has brought employees closer, made employees' life at home during the COVID-19 fight and reflected our corporate culture of caring for employees.

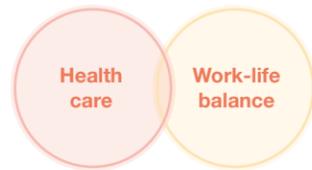


### Helping employees live a happy life

Sennics encourages employees to achieve a work-life balance, and takes solid steps to care for employees at all levels. Our well-designed employee care actions make employee feel the people-centered culture of "Happy Sennics". We also provide employees with spaces for cultural and recreational activities, aiming to create a corporate cultural environment of vitality.



- We have upgraded the insurance types of the trade union card to the highest level, visited sick and hospitalized employees, purchased cholesterol monitoring meters and blood pressure meters for employees in need, and provided maternity insurance for female employees, adding childbearing expense guarantee to commercial insurance.



- We have provided group fitness classes and set up sports teams.
- We encourage employees to participate in volunteer activities for educational support and activities of the Youth League organization.



### Sharing Development Achievements

Sennics shares its development achievements with the community, actively engages in national targeted poverty alleviation and community public service together with employees, thus contributing to the building of a happy and harmonious community.

### Engaging in targeted poverty alleviation

In response to the 2020 "Dream Action" program of Sinochem Group to support education, Sennics raised RMB 43,000 of donations from the Company and its subsidiaries to support poor students in targeted regions including Kamba county in Tibet, as well as Da Qaidam region and Delhi city in Qinghai province.



### Sennics Shandong supports the fight against poverty

Sennics Shandong has paired up with the Party organizations of two poor villages under Niji Sub-district Office of Cao County in Shandong. It has not only made donations to improve the basic conditions of the region, but also stimulated local industrial development. The company has taken the lead in the expansion of rural collective economy by following the mode of "government policies + enterprise projects + village Party branch-led cooperatives". During the reporting period, the 150 mu of cash crops with higher economic benefits became a new channel for local people to raise incomes.

### Giving back to the community

The community provides necessary condition for a company's sustainable development. We actively participate in community voluntary services, send materials and greetings to community stakeholders in need, contributing to a harmonious society and a better life.

**Caring for the elderly**

- Shandong Huahong carried out a volunteer activity themed “Staying True to Our Founding Mission and Respecting the Elderly”, and sent gifts to 10 households of elderly people living in poverty, accompanying them with love and bringing them warmth with actions.
- During the Spring Festival, Sennics Tai’an organized a volunteer service for elderly people of no family. The company visited 6 households and brought them daily necessities.

**Supporting school education**

- Since 2010, Sennics has given “Sennics Scholarship” to outstanding students of Nanjing Tech University of for 10 consecutive years. During the reporting period, we rewarded 10 excellent graduate students and 10 excellent undergraduates, and subsidized 10 students with our scholarships.

**Supporting the army**

- Sennics Lianyungang visited 186 firefighters in Xuwei New District in Lianyungang on August 1st, China’s Army Day, and sent them heatstroke prevention supplies and greetings.
- On August 1st, China’s Army Day, Sennics Anhui visited local soldiers, carrying forward the good tradition of supporting the army.

**Factory Open Day**

- Sennics Shandong welcomes local residents on Safety Open Day with the purpose of promoting transparency and acceptance through communicating HSE measures in details.



**“Lighting up the Little Wishes”, Sennics Anhui gives students a beacon of hope**

Employee representatives of Sennics Anhui went to Jinlang Middle School and Jinlang Central Primary School in Tongling City to carry out the volunteer activity themed “Lighting Up the Little Wish”, and handed out 21 dream gifts to the students. The activity aimed to support local education, send practical help and greetings to students in need, and bring hope for life to families in need. Meanwhile, it strove to foster a loving social environment and encourage more people to pay attention to education.



# Outlook

Upholding the enterprise spirit of “In Science We Trust and Innovation Drives Progress”, Sennics will continue to take this philosophy as its key driving force, and pursue the strategic goal of digital, intelligent, and service-oriented transformation and upgrading with “Smart Sennics” as the core. We will further expand the product chain around the world to improve the agility of supply, quicken the pace to achieve the goal of GLOCAL, and become an all-weather reliable friend of global partners. We will promote green and sustainable development and continuously contribute to the transformation and upgrading of China’s fine chemical industry.

With the goal of “high-quality development”, we will continuously innovate in and optimize the production process, produce high-quality products, and promote transformation to intelligent and automated manufacturing. We will conduct lean and standardized management throughout the entire process from the source, production, logistics, to after-sales services, and use good and systematic quality tools to keep enhancing the stability of product and service quality.

We will continue to improve core HSE competitiveness and enhance our HSE management. All our employees will participate in in-depth identification and management of hidden dangers. We will improve employee trainings on controlling high-risk operations, strengthen source control, and use information technologies to enhance the level of intrinsic safety and monitoring management, striving to achieve the “Four Zeros” goal of HSE management and build Sennics into an enterprise with world-class HSE management and high sense of social responsibility.

We will practice the concept of innovative, coordinated, green, open and shared development and regard the development of a green and sustainable supply chain as an important part of our future strategy. We will cooperate with upstream and downstream enterprises in the industrial chain and develop a green supply chain with in-depth, solid and sustained efforts, so as to build a resource-saving and better society.

We will continue the people-oriented principle, encourage employees to combine their growth with corporate development, and provide them with a broader development platform. At the same time, we will continuously track the concerns of the community, participate in community development, and contribute to a harmonious society.

2021 is the most crucial year for the strategic development of Sennics. We will continue to respond to the call of the times, work hard to fulfill our mission and responsibilities, build the Company into a global leader in high quality, fine and specialized chemical manufacturing. Together with our stakeholders, we will strive to create value and share a better future of sustainable development.



## CSR Performance

Category	Indicators	Unit	2018	2019	2020
Economic	Gross operating income	RMB billion	2.933	2.57	2.39
	Number of intellectual property applications (including patents and copyrights)	-	17	12	31
	Number of authorized intellectual property (including patents and copyrights)	-	6	27	25
	Contract performance rate	%	85	94	96
	Number of suppliers	-	93	114	136
	Percentage of localized procurement	%	89.09	92.48	96.32
	Percentage of suppliers conducting CSR assessment	%	17	12	13.23
	Social	New employees	headcount	91	167
Total employees		headcount	1,762	1,797	1,853
Total male employees		headcount	1,223	1,261	1,328
Total female employees		headcount	539	536	525
Total employees of minority nationality		headcount	11	14	18
Total employees with disabilities		headcount	11	11	17
Employees with a Master's degree or higher		headcount	57	67	70
Employees with a Bachelor's degree		headcount	269	289	296
Employees graduated from junior colleges		headcount	463	513	484
Employees graduated from technical secondary schools or lower		headcount	973	928	1,003
Employees aged 29 and below		headcount	152	182	190
Employees aged 30-39		headcount	674	631	650
Employees aged 40-49		headcount	746	757	683
Employees aged 50 and above		headcount	190	227	330
Management personnel		headcount	227	232	249
Female management personnel		headcount	65	67	67
Coverage of collective contract		%	100	100	100
Coverage of social insurance		%	100	100	100
Labor Union members		headcount	1,762	1,797	1,850
Employee turnover rate		%	3.85	3.90	3
Total training investment		RMB 10,000	197	240	76
Total training hours		Hour	86,402	113,438	71,666
Total training participants		-	12,053	23,198	26,146
Percentage of employees who receive regular performance assessment and career development appraisal (management personnel excluded)		%	100	100	100
Percentage of management personnel who receive regular performance assessment and career development appraisal		%	100	100	100

Category	Indicators	Unit	2018	2019	2020
Social	Basic salary ratio for male and female employees	-	1.24	1.28	1.27
	Average paid leave of employees	Day	13	13	15
	New occupational diseases in 2020 and accumulated occupational diseases	-	0	0	0
	Coverage of medical examination and records	%	100	100	100
	Employees on maternity / paternity leave	headcount	43	42	52
	Employees returning from maternity / paternity leave	headcount	43	42	47
	Number of positions for open competition	-	9	7	17
	Input for supporting employees in need	RMB 10,000	49.42	50	49
	Total investment in work safety	RMB 10,000	1,532.6	1,498.1	1,812
	Work safety accidents	-	0	0	0
	Employee casualties	headcount	0	0	0
	Total investment in public welfare	RMB 10,000	65.7	98.8	107.7
	Number of public welfare projects	-	8	9	25
	Volunteers for public welfare	headcount	630	120	1,492
	Length of services for public welfare	Hour	248	183	428
Environ-mental	Total energy consumption	tce	104,940	107,443	112,528
	Water for production and domestic use	kt	484	582	619
	Power consumption	GWh	7,967	8,386	8,964
	Diesel consumption	1,000 liters	147	153	257
	Gasoline consumption	1,000 liters	44	43	34
	LPG consumption	tonne	0	0	0
	Natural gas consumption	1,000 cubic meters	30,239	26,401	34,216
	Coal consumption	tce	54,231	55,040	44,378
	Paper consumption	-	1266,328	1238,917	1072,620
	Total amount of packaging materials	tonne	2,537	2,971	3,085
	Discharge of solid waste	10,000 tonnes	1,266	1,100	1,042
	Discharge of hazardous waste	tonne	19,014	16,790	18,269
	Intensity of greenhouse gas emission	tonne/RMB 10,000	-	-	1.4
	Emission of carbon dioxide	tonne	371,579.48	389,757.67	389,940.44
	Emission of sulfur dioxide	tonne	66	57	57
	Total investment in environmental protection	RMB 10,000	5,081	5,630	4,906
	Investment in energy-saving technological improvement	RMB 10,000	344	301	679
	Number of energy-saving technological improvement projects	-	19	19	25
	Power saved by installing LED lamps	MWh	19	23	26
	Water saving	10,000 tonnes	16.65	16.33	17.49

# GRI Content Index

This report is prepared in accordance with the core option of *GRI Sustainability Reporting Standards (GRI Standards)*.

Disclosure	Page
<b>GRI 102: General Disclosures</b>	
<b>Organizational Profile</b>	
102-1 Name of the organization	P11
102-2 Activities, brands, products, and services	P11
102-3 Location of headquarters	P11
102-4 Location of operations	P11
102-5 Ownership and legal form	P11
102-6 Markets served	P11
102-7 Scale of the organization	P11
102-8 Information on employees and other workers	P10, P52-P59
102-9 Supply chain	P11, P43
102-10 Significant changes to the organization and its supply chain	P10
102-11 Precautionary principle or approach	P34
102-12 External initiatives	P3
102-13 Membership of associations	P40, P44
<b>Strategy</b>	
102-14 Statement from senior decision-maker	P10
<b>Ethics and Integrity</b>	
102-16 Values, principles, standards, and norms of behavior	P15
<b>Governance</b>	
102-18 Governance structure	P13-14
<b>Stakeholder Engagement</b>	
102-40 List of stakeholder groups	P3-P5, P8
102-41 Collective bargaining agreements	P61
102-42 Identifying and selecting stakeholders	P3-P5, P7
102-43 Approach to stakeholder engagement	P3-P5, P7
102-44 Key topics and concerns raised	P3-P5, P7
<b>Reporting Practice</b>	
102-45 Entities included in the consolidated financial statements	P2
102-46 Defining report content and topic Boundaries	P2
102-47 List of material topics	P7

Disclosure	Page
102-48 Restatements of information	No restatements of information
102-49 Changes in reporting	P7
102-50 Reporting Period	P2
102-51 Date of most recent report	P2
102-52 Reporting cycle	P2
102-53 Contact point for questions regarding the report	P2
102-54 Claims of reporting in accordance with the GRI Standards	P63
102-55 GRI content index	P63-P66
102-56 External assurance	P67, P68
<b>GRI 200 Economic</b>	
<b>GRI 201 Economic Performance</b>	
103-1 Explanation of the material topic and its Boundary	P5, P7
103-2 The management approach and its components	P10
103-3 Evaluation of the management approach	P5
201-1 Direct economic value generated and distributed	P19, P61
201-2 Financial implications and other risks and opportunities due to climate change	P10
201-3 Defined benefit plan obligations and other retirement plans	P53, P56
201-4 Financial assistance received from government	—
<b>GRI 202 Market Presence</b>	
103-1 Explanation of the material topic and its Boundary	P10
103-2 The management approach and its components	P10
103-3 Evaluation of the management approach	P5
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	P53
202-2 Proportion of senior management hired from the local community	P53
<b>GRI 203 Indirect Economic Impacts</b>	
103-1 Explanation of the material topic and its Boundary	P10, P52
103-2 The management approach and its components	P10, P52
103-3 Evaluation of the management approach	P19, P20
203-1 Infrastructure investments and services supported	P58, P59
203-2 Significant indirect economic impacts	P58, P59

Disclosure	Page
<b>GRI 204 Procurement Practices</b>	
103-1 Explanation of the material topic and its Boundary	P42, P43
103-2 The management approach and its components	P42, P43
103-3 Evaluation of the management approach	P42, P43
204-1 Proportion of spending on local suppliers	P43
<b>GRI 205 Anti-corruption</b>	
103-1 Explanation of the material topic and its Boundary	P15
103-2 The management approach and its components	P15
103-3 Evaluation of the management approach	P15
205-1 Operations assessed for risks related to corruption	P15
205-2 Communication and training about anti-corruption policies and procedures	P15, P16
205-3 Confirmed incidents of corruption and actions taken	P15
<b>GRI 206 Anti-competitive Behavior</b>	
103-1 Explanation of the material topic and its Boundary	P15
103-2 The management approach and its components	P15
103-3 Evaluation of the management approach	P15
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P15
<b>GRI 300 Environmental</b>	
<b>GRI 301 Materials</b>	
103-1 Explanation of the material topic and its Boundary	P27
103-2 The management approach and its components	P27, P30
103-3 Evaluation of the management approach	P30
301-1 Materials used by weight or volume	P62
301-2 Recycled input materials used	—
301-3 Reclaimed products and their packaging materials	—
<b>GRI 302 Energy</b>	
103-1 Explanation of the material topic and its Boundary	P27
103-2 The management approach and its components	P27, P29, P30
103-3 Evaluation of the management approach	P29
302-1 Energy consumption within the organization	P28, P62
302-2 Energy consumption outside of the organization	—
302-3 Energy intensity	P29
302-4 Reduction of energy consumption	P27, P29, P31
302-5 Reductions in energy requirements of products and services	P29
<b>GRI 303 Water and Effluents</b>	

Disclosure	Page
103-1 Explanation of the material topic and its Boundary	P27
103-2 The management approach and its components	P27
103-3 Evaluation of the management approach	P27
303-1 Interactions with water as a shared resource	P27
303-2 Management of water discharge-related impacts	P27
303-3 Water withdrawal	P27
303-4 Water discharge	P27
303-5 Water consumption	P27, P28, P62
<b>GRI 304 Biodiversity</b>	
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	—
304-2 Significant impacts of activities, products, and services on biodiversity	—
304-3 Habitats protected or restored	—
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	—
<b>GRI 305 Emissions</b>	
103-1 Explanation of the material topic and its Boundary	P27
103-2 The management approach and its components	P27
103-3 Evaluation of the management approach	P27
305-1 Direct (Scope 1) GHG emissions	P28
305-2 Energy indirect (Scope 2) GHG emissions	P28
305-3 Other indirect (Scope 3) GHG emissions	—
305-4 GHG emissions intensity	P62
305-5 Reduction of GHG emissions	P27
305-6 Emissions of ozone-depleting substances (ODS)	—
305-7 Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	P28, P29
<b>GRI 306 Effluents and Waste</b>	
103-1 Explanation of the material topic and its Boundary	P27
103-2 The management approach and its components	P27
103-3 Evaluation of the management approach	P27
306-1 Water discharge by quality and destination	P27
306-2 Waste by type and disposal method	P27, P28, P62
306-3 Significant spills	P47
306-4 Transport of hazardous waste	P27, P28
306-5 Water bodies affected by water discharges and/or runoff	—
<b>GRI 307 Environmental Compliance</b>	

Disclosure	Page
103-1 Explanation of the material topic and its Boundary	P27
103-2 The management approach and its components	P27, P47, P48
103-3 Evaluation of the management approach	P27, P47
307-1 Non-compliance with environmental laws and regulations	P47
<b>GRI 308 Supplier Environmental Assessment</b>	
103-1 Explanation of the material topic and its Boundary	P5, P42-P43
103-2 The management approach and its components	P5, P42-P43
103-3 Evaluation of the management approach	P42, P43
308-1 New suppliers that were screened using environmental criteria	P42, P43
308-2 Negative environmental impacts in the supply chain and actions taken	P42
<b>GRI 400 Social</b>	
<b>GRI 401 Employment</b>	
103-1 Explanation of the material topic and its Boundary	P53
103-2 The management approach and its components	P53
103-3 Evaluation of the management approach	P53
401-1 New employee hires and employee turnover	P61
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P56
401-3 Parental leave	P62
<b>GRI 402 Labor/Management Relations</b>	
103-1 Explanation of the material topic and its Boundary	P53
103-2 The management approach and its components	P53
103-3 Evaluation of the management approach	P53
402-1 Minimum notice periods regarding operational changes	—
<b>GRI 403 Occupational Health and Safety</b>	
103-1 Explanation of the material topic and its Boundary	P46, P47, P48
103-2 The management approach and its components	P47
103-3 Evaluation of the management approach	P47, P48
403-1 Occupational health and safety management system	P47
403-2 Hazard identification, risk assessment, and incident investigation	P47, P48, P50
403-3 Occupational health services	—
403-4 Worker participation, consultation, and communication on occupational health and safety	P47
403-5 Worker training on occupational health and safety	P49

Disclosure	Page
403-6 Promotion of worker health	P56, P57
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P48, P49, P50
403-8 Workers covered by an occupational health and safety management system	P47
403-9 Work-related injuries	P47, P62
403-10 Work-related ill health	P47, P62
<b>GRI 404 Training and Education</b>	
103-1 Explanation of the material topic and its Boundary	P54, P55
103-2 The management approach and its components	P54, P55
103-3 Evaluation of the management approach	P54, P55
404-1 Average hours of training per year per employee	P61
404-2 Programs for upgrading employee skills and transition assistance programs	P54, P55
404-3 Percentage of employees receiving regular performance and career development reviews	P61
<b>GRI 405 Diversity and Equal Opportunity</b>	
103-1 Explanation of the material topic and its Boundary	P53
103-2 The management approach and its components	P53
103-3 Evaluation of the management approach	P53
405-1 Diversity of governance bodies and employees	P61
405-2 Ratio of basic salary and remuneration of women to men	P61
<b>GRI 406 Non-discrimination</b>	
103-1 Explanation of the material topic and its Boundary	P53
103-2 The management approach and its components	P53
103-3 Evaluation of the management approach	P53
406-1 Incidents of discrimination and corrective actions taken	P53
<b>GRI 407 Freedom of Association and Collective Bargaining</b>	
103-1 Explanation of the material topic and its Boundary	P54
103-2 The management approach and its components	P54
103-3 Evaluation of the management approach	P54
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P54
<b>GRI 408 Child Labor</b>	
103-1 Explanation of the material topic and its Boundary	P53
103-2 The management approach and its components	P53
103-3 Evaluation of the management approach	P53
408-1 Operations and suppliers at significant risk for incidents of child labor	No incidents of child labor occurred during the reporting period

Disclosure	Page
<b>GRI 409 Forced or Compulsory Labor</b>	
103-1 Explanation of the material topic and its Boundary	P53
103-2 The management approach and its components	P53
103-3 Evaluation of the management approach	P53
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	No incidents of forced or compulsory labor occurred during the reporting period
<b>GRI 410 Security Practices</b>	
103-1 Explanation of the material topic and its Boundary	P53
103-2 The management approach and its components	P53
103-3 Evaluation of the management approach	P53
410-1 Security personnel trained in human rights policies or procedures	P53
<b>GRI 411 Rights of Indigenous Peoples</b>	
411-1 Incidents of violations involving rights of indigenous peoples	—
<b>GRI 412 Human Rights Assessment</b>	
103-1 Explanation of the material topic and its Boundary	P52, P53
103-2 The management approach and its components	P53
103-3 Evaluation of the management approach	P53
412-1 Operations that have been subject to human rights reviews or impact assessments	P53
412-2 Employee training on human rights policies or procedures	P53
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	P17
<b>GRI 413 Local Communities</b>	
103-1 Explanation of the material topic and its Boundary	P58, P59
103-2 The management approach and its components	P58, P59
103-3 Evaluation of the management approach	P58, P59
413-1 Operations with local community engagement, impact assessments, and development programs	P58, P59
413-2 Operations with significant actual and potential negative impacts on local communities	P59
<b>GRI 414 Supplier Social Assessment</b>	
103-1 Explanation of the material topic and its Boundary	P5, P42, P43
103-2 The management approach and its components	P5, P42, P43
103-3 Evaluation of the management approach	P42, P43
414-1 New suppliers that were screened using social criteria	P42, P43

Disclosure	Page
414-2 Negative social impacts in the supply chain and actions taken	P42
<b>GRI 415 Public Policy</b>	
415-1 Political contributions	—
<b>GRI 416 Customer Health and Safety</b>	
103-1 Explanation of the material topic and its Boundary	P34, P39
103-2 The management approach and its components	P34, P39
103-3 Evaluation of the management approach	P34, P39
416-1 Assessment of the health and safety impacts of product and service categories	P34, P39
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	No incidents of non-compliance occurred during the reporting period
<b>GRI 417 Marketing and Labeling</b>	
103-1 Explanation of the material topic and its Boundary	P41
103-2 The management approach and its components	P41
103-3 Evaluation of the management approach	P41
417-1 Requirements for product and service information and labeling	P41
417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents of non-compliance occurred during the reporting period
417-3 Incidents of non-compliance concerning marketing communications	No incidents of non-compliance occurred during the reporting period
<b>GRI 418 Customer Privacy</b>	
103-1 Explanation of the material topic and its Boundary	P41
103-2 The management approach and its components	P41
103-3 Evaluation of the management approach	P41
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaints concerning breaches of customer privacy and losses of customer data were received during the reporting period
<b>GRI 419 Socioeconomic Compliance</b>	
103-1 Explanation of the material topic and its Boundary	P15-P18
103-2 The management approach and its components	P15-P18
103-3 Evaluation of the management approach	P15-P18
419-1 Non-compliance with laws and regulations in the social and economic area	P15

## Third Party Assurance



### Independent Assurance Statement

#### Introduction:

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (TÜV, We) has been entrusted by the management of Sennics Co., Ltd (Sennics, the Company) to conduct independent assurance of Sennics Sustainability Report 2020 (the Report). All contractual contents for this assurance engagement rest entirely within the responsibility of Sennics. Our task was to give a fair and adequate judgment on the Sennics Sustainability Report 2020.

The intended users of this assurance statement are stakeholders having relevance to the Sennics overall Sustainability Performance and impacts of its business activities during 2020 (January 2020 ~ December 2020). TÜV Rheinland is a global service provider of CSR & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement and were not involved in the preparation of report contents.

#### Assurance Standard:

The Independent Assurance was carried out in accordance with AccountAbility, U.K Standard AA 1000 AS (2008) and related standards AA 1000 APS (2018), AA 1000 SES (2015), Principles of Inclusivity, Materiality, Responsiveness and Impact, Global Reporting Initiative (GRI), 'In accordance-Core' reporting guidelines as per GRI-Standards.

#### Scope & Type of Assurance:

Our Assurance engagement covers the following:

- Sennics Sustainability performance as described in the report 2020 in accordance with GRI Standards (including GRI 100, GRI 200, GRI 300, GRI 400) and material topics and specific disclosures on management approach (DMAs) from Economic, Environment & Social category, also defined in Reporting boundaries.
- Evaluation of disclosed information in the report as per the Assurance Standards.
- Type-1, Moderate as per AA 1000 AS (2008)

Limitation: The assurance engagement was carried out at Sennics Headquarter in Shanghai, China. The consultations with external stakeholder were not carried out. We have not observed any significant situations to limit our assurance activity. The verification is carried out based on the data and information provided by Sennics, assuming they are complete and true.

#### Assurance Methodology:

TÜV has challenged the report contents and assess the process undertaken by Sennics from source to aggregate in disclosure of information/data related to Sustainability performance. Our judgment is based on the objective review of reported information as per criteria defined under Assurance standards, that is, principles of Inclusivity, Materiality, Responsiveness and Impact.

Analytical methods and the performance of interviews as well as verification of data, done as random sampling, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual Sennics Corporate Sustainability strategy as mentioned in the report. Our work included consultation with over 15 Sennics representatives including senior management and relevant employees. The approach deemed to be appropriate for the purpose of assurance of the report since all data therein could be verified through original proofs, verified database entries.

The Assurance was performed by our multidisciplinary team of experienced professionals in the field of Corporate Sustainability, Environment, Social and Stakeholder Engagement. We are of the opinion that our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below and based on the content of our contract.



#### Positive Observation:

TÜV has observed below positive information during Sennics Sustainability Report Assurance:

- Sennics has launched 'SCI-MAN 2030' initiative in 2020 to enable sustainability in Polymer additive industry and encourage innovation and responsibility to achieve SDGs.
- Sennics not only can promote continuously management level of environment and safety, but also can positively enhance the cultivation of talents and effective incentive mechanism, and combine them with corporate sustainability strategy.

#### Adherence to AA 1000 principles:

**Inclusivity:** Sennics has established stakeholder engagement process, and conducted topics materiality assessment based on identified opinion and expectation of its stakeholders, and integrated this process into corporate strategy, governance and operation.

**Materiality:** Sennics has implemented topics materiality assessment process, and can identify, record and assess sustainability material topics and its importance, can combine this process with such internal processes as risk management and compliance management against applicable laws and regulations and internal policies and procedures.

**Responsiveness:** Sennics has made continual communication and response with its internal and external stakeholders about material topics, covering intelligent manufacturing, green production, HSE management improvement, and responsible purchase topics, and set up sustainability development action plan based on 'SCI-MAN 2030' initiative.

**Impact:** Sennics can better understand sustainability context in the chemical industry, and identify and address impacts relating to corporate policies, operation, decision-making, product and service.

#### Conclusion:

In conclusion, we can mention that no instances or information came to our attention that would be to the contrary of the statement made below:

- Sennics Corporate Sustainability Report 2020 meets the requirement of Type-1, Moderate Assurance according to AA1000AS (2008) and Global Reporting Initiative (GRI), 'In accordance-Core' reporting guidelines as per GRI-Standards.
- The Report includes statements and claims that reflects Sennics achievements and challenges supported by documentary evidences and internal records
- The performance data we found in the report are collected, stored and analyzed in a systematic and professional manner and were plausible.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision about Sennics based on this Assurance Statement.

For TÜV Rheinland Group

Daniel Pan  
Lead Verifier  
Shanghai, 24th June 2021

# Feedback Form

## Dear Sir/Madam:

Thank you for reading the Sennics Sustainability Report 2020. We attach great importance to your feedback on our social responsibility work and the Report. Your opinions and suggestions are important basis for our improvement of CSR information disclosure as well as CSR management and practice. You may submit the feedback via letter, e-mail, or fax after you have filled it. Your precious feedback will be appreciated!

### 1. How do you think of the Report?

	Very good	Good	Far	Poor	Very poor
What do you think about the structure of the Report?					
Can you figure out our CSR philosophy and practice features through the Report?					
What do you think about the readability of the Report?					
What do you think about the contents and the design of the Report?					
What is your overall evaluation of the Report?					

### 2. What is/are the issue(s) of your concern? (Multiple choices)

CSR management  Business ethics  Innovation  Business value  Environment  Employee  Supply chain  Community  Others

### 3. How much does the Report cover the issues of your concern?

To a Great Extent  Moderate  Somewhat  Little  Not at All

### 4. What is your suggestion on the Sustainability Report of Sennics?

### 5. What is your suggestion on the CSR fulfillment of Sennics?

This Report is prepared in both Chinese and English. You may download the Report from the following website: [www.sennics.com](http://www.sennics.com)

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