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IN SCIENCE WE TRUST

**2021**

**Sennics Co., Ltd.**  
Sustainability Report

科学至上 创新致远  
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# About This Report

### Reporting Period

The Report covers from January 1, 2021 to December 31, 2021, and also includes additional information (such as joining the TfS, fighting Omicron 2022) beyond the stated reporting period.

### Reporting Boundary

Sennics Co., Ltd. and its subsidiaries (Please refer to “Company Profile” and “Organizational Structure” 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)*: Core option issued by Global Sustainability Standards Board, *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 Holdings Corporation Ltd.” is abbreviated as “Sinochem Holdings”, “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 July 2021.

### Accessibility of the Report

The Report is available in both paper and electronic versions. For the electronic version, please visit <http://www.sennics.com/18210.html>. For the paper version or if you have any questions or suggestions on the Report, please contact us at [CSR@sennics.com](mailto:CSR@sennics.com) or call us at 86-21-31769966/9988.

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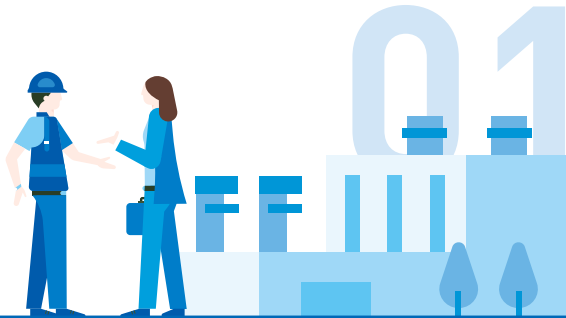
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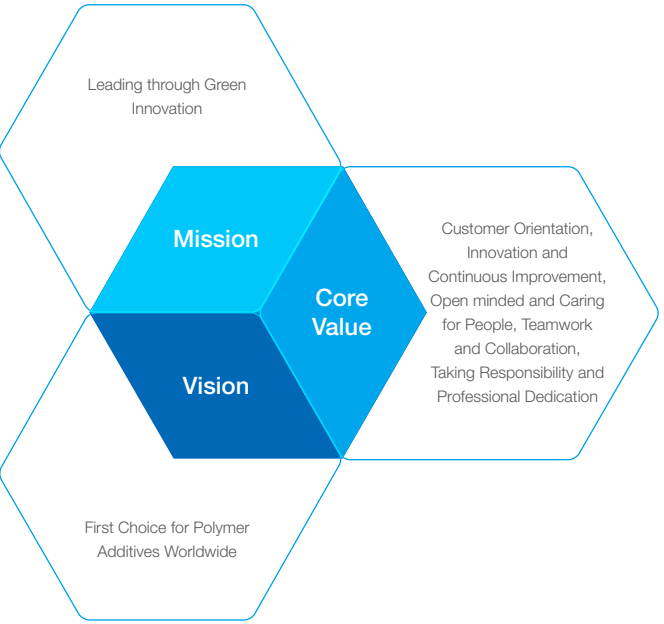
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# Our Sustainability Commitments

Committed to the mission of “Leading through Green Innovation”, Sennics follows the core values of “Customer Orientation, Innovation and Continuous Improvement, Open minded and Caring for People, Teamwork and Collaboration, Taking Responsibility and Professional Dedication” and 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 a continuous effort to fulfill the corporate vision of “First Choice for Polymer Additives Worldwide.”



## “SCI-MAN 2030” commitments and progress

SCI-MAN 2030 Initiative	Commitments	Progress in 2021
Smart Manufacturing	<ul style="list-style-type: none"><li>Completing the automation transformation of factories affiliated to Sennics to create a “5G network” for chemical production</li></ul>	<ul style="list-style-type: none"><li>Multiple subsidiaries realized automated operations and online management through successful application of digital management system and digital solutions</li></ul>
Clean Manufacturing	<ul style="list-style-type: none"><li>Striving to receive a gold medal by EcoVadis and joining the Together for Sustainability (TfS)</li><li>Each subsidiary shall have at least one factory to win the honor of “Green Factory”</li></ul>	<ul style="list-style-type: none"><li>In 2021, Sennics was awarded silver sustainability rating by EcoVadis, sprinting for the gold medal</li><li>On April 27, 2022, Sennics joined the TfS</li><li>In 2021, Sennics Shandong won the title of “Green Factory” issued by Ministry of Industry and Information Technology. Previously, both Sennics Tai’an and Sennics Anhui had won this title</li></ul>
Innovative Manufacturing	<ul style="list-style-type: none"><li>Annual investment in R&amp;D should be no less than 3% of the revenue</li><li>Processes and products that contribute to a circular economy should be no less than 80% of the total</li></ul>	<ul style="list-style-type: none"><li>In 2021, R&amp;D investment reached over RMB 200 million, accounting for 4.79% of the revenue</li><li>The green and low-carbon transition demonstration project was officially put into operation at Sennics Anhui, achieving highly-efficient circular use of resources through application of advanced equipment and cutting-edge combustion technology with low NOx and carbon dioxide emissions</li></ul>



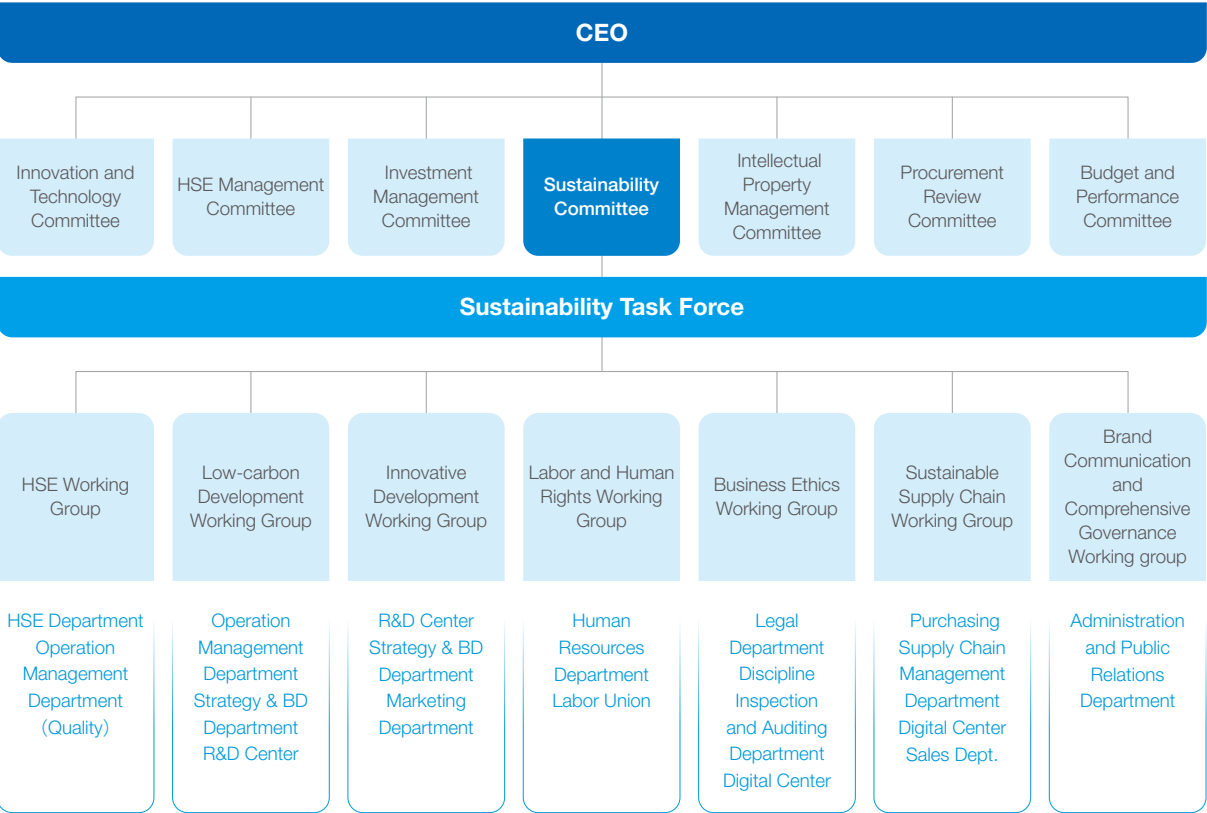
Scan to learn more about progress of SCI-MAN 2030 Initiative



CSR  
mangement

Bearing in mind that sustainability is the sure path to high-quality development, Sennics strives to reshape our core competitiveness for sustainability by raising CSR awareness, improving CSR management mechanism and processes, and strengthening CSR management and practices based on responsible operation. In 2021, we officially set up the Sustainability Committee and clearly defined sustainable development goals to systematically improve our capacities in ESG management, decision-making and fulfillment performance, thus further enhancing our core competitiveness and brand image for sustainable development.

The Sustainability Committee is chaired by CEO, and is comprised of COO and Vice President of Sennics. The Sustainability Task Force led by Vice President of Sennics was established under the Committee, and its members include leaders of relevant departments. There are seven working groups under the Sustainability Task Force, namely Health, Safety, Environmental Protection and Quality (HSEQ), Low-carbon Development, Innovative Development, Labor and Human Rights, Business Ethics, Sustainable Supply Chain, Brand Communication and Comprehensive Governance. They are responsible for dealing with specific sustainability matters of Sennics.



Responsibilities of the Sustainability Committee	Sustainability Task Force
<ul style="list-style-type: none"><li>Review the overall sustainability strategy and goals</li><li>Organize and lead the establishment of the sustainability system and work</li><li>Review sustainability plans, reports and performance evaluations</li></ul>	<ul style="list-style-type: none"><li>Responsible for formulating and implementing annal work plan, daily communications, and preparations for meetings of Sustainability Committee and execution of relevant resolutions</li><li>Seven subordinated working groups staffed by relevant departments are responsible for promotion and implementation of sustainability of the Company</li></ul>

Sennics conducted a survey on material topics among internal and external stakeholders in 2021, and combined the results with our own business management priorities and the UN SDGs after the review, identification, prioritization and verification. Totally, 22 material topics that are important to the Company and stakeholders were identified, and priorities in CSR fulfillment to stakeholders and in creating economic, social and environmental values were also determined.



High	<ul style="list-style-type: none"><li>Work-life balance</li></ul>	<ul style="list-style-type: none"><li>Carbon dioxide emissions</li><li>Training and development</li></ul>	<ul style="list-style-type: none"><li>Responsible procurement</li><li>Protection of basic rights</li><li>Occupational safety and health</li></ul>	<ul style="list-style-type: none"><li>Smart manufacturing</li><li>Safety management</li><li>Green production</li><li>Innovative development</li></ul>	<ul style="list-style-type: none"><li>Compliance governance</li><li>Risk management</li><li>Pollution prevention and control</li></ul>
	<ul style="list-style-type: none"><li>Employee diversity</li></ul>	<ul style="list-style-type: none"><li>Effective use of resources</li><li>Promoting industrial development</li><li>Tackling climate change</li></ul>		<ul style="list-style-type: none"><li>Product quality management</li><li>Customer service quality</li><li>Business performance</li><li>Supply chain management</li></ul>	
	<ul style="list-style-type: none"><li>Community engagement</li></ul>				
Low	Influence on stakeholder assessment and decisions				
				High	

Materiality matrix

Material topics of Sennics in 2021 and corresponding SDGs

Stakeholder	Material Topics	SDG Mapping	Corresponding Chapters and Sections
Shareholder	<ul style="list-style-type: none"><li>Intelligent manufacturing</li><li>Innovation-driven development</li><li>Risk management</li><li>Operation performance</li><li>Promoting industrial development</li></ul>	<div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	<ul style="list-style-type: none"><li>"SCI-MAN 2030" commitments and progress</li><li>Enterprise Risk Management</li><li>Intellectual Property Protection</li><li>Deepening Digital Transformation with Science and Technology</li></ul>
Government and supervisory authorities	<ul style="list-style-type: none"><li>Safety management</li><li>Compliance governance</li><li>Green production</li><li>Effective resource utilization</li><li>Pollution control</li><li>Addressing climate change</li><li>Carbon emission</li></ul>	<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div></div>	<ul style="list-style-type: none"><li>Compliance and Business Ethics</li><li>Ensuring Safety to Build Core HSE Competitiveness</li><li>Our Actions for a Bluer Sky</li><li>Promoting Low-Carbon Development for Ecological Protection</li></ul>
Customers	<ul style="list-style-type: none"><li>Product quality management</li><li>Customer service quality</li></ul>	<div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	<ul style="list-style-type: none"><li>Our Pursuit of Excellence for High-Quality Products and Services</li></ul>
Employees	<ul style="list-style-type: none"><li>Training and development</li><li>Occupational health and safety</li><li>Protection of basic rights and interests</li><li>Work-life balance</li><li>Employee diversity</li></ul>	<div><div>3 GOOD HEALTH AND WELL-BEING</div><div>5 GENDER EQUALITY</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>10 REDUCED INEQUALITIES</div></div>	<ul style="list-style-type: none"><li>Employee Care for Common Growth</li></ul>
Suppliers	<ul style="list-style-type: none"><li>Supply chain management</li><li>Responsible procurement</li></ul>	<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	<ul style="list-style-type: none"><li>Concerted Efforts for a New Industrial Ecosystem</li></ul>
Communities	<ul style="list-style-type: none"><li>Community engagement</li></ul>	<div><div>1 NO POVERTY</div><div>4 QUALITY EDUCATION</div></div>	<ul style="list-style-type: none"><li>Social Contribution to Support Revitalization</li><li>COVID-19 Control to Safeguard Shanghai</li></ul>



## Message from the Chairman

As the global economy moves towards a new era of green recovery and inclusive growth, how to speed up industrial upgrading and transformation for achieving green, low-carbon and high-quality development has posed a common challenge for the chemical industry. As a responsible fine chemical manufacturing enterprise, Sennics has always put sustainability as a concept of development that we must adhere to. We have strengthened our intrinsic values of safety and green through constant technological innovation to facilitate the low-carbon transformation and innovative development of chemical industry, thus contributing to achieving SDGs and China's Dual Carbon Goals.

Committed to the path of green, low-carbon and high-quality development, Sennics set up the Sustainability Committee in 2021 to foster core competitiveness for sustainable development. We vigorously explore transformation plans for low-carbon business model and issued the action plan of "Embracing the Dual Carbon Goals for a Bluer Sky" in 2021. We contribute to achieving China's Dual Carbon Goals with our vigorous efforts in optimizing product portfolio, integrated energy-saving and emission reduction technologies, and energy management by using clean energy, thus enhancing our comprehensive strength for high-quality development.

Sustained innovation is indispensable to sustainable development. We thoroughly implement the core value of "In Science We Trust" throughout every aspect of development. Focusing on the strategic goal of digital, intelligent and service-oriented transformation and upgrading with "Smart Sennics" as the core, we continue to improve the scientific and technological innovation system and to unleash innovative driving forces for development, striving to realize the strategic goal of becoming a global leader in high quality, fine and specialized chemical manufacturing. For chemical enterprises, work safety and environmental protection are the lifeblood as well as the solid foundation for sustainable development. We constantly enhance HSE management system to develop core HSE competitiveness, and fully promote efficient recycling of resources through green production process optimization and technology iteration. We vigorously carry out greenhouse gas (GHG) management and continuously improve the green manufacturing system that is more efficient, cleaner, low-carbon and circular. For the enhancement of intrinsic safety, we give full play to the HSE information management platform to safeguard work safety by optimizing standard operational procedures, strengthening operational disciplines and enhancing operational skills of employees. Development for all is sustainable. We respect and protect the rights of our employees and care for their lives. We provide employees with a broader platform for their development. Meanwhile, we give back to communities by contributing to rural vitalization, education and COVID-19 control. In this way, we share our development achievements with communities and build a harmonious homeland together.

Although the journey ahead may be long and arduous, with sustained actions, we will eventually reach our destination. Looking forward, Sennics will insist on diversified development and leverage its exemplary role as a leading enterprise in fine chemical industry to fulfill our social responsibilities and improve the quality and efficiency in manufacturing by stepping up efforts in aspects such as technological innovation, strategic upgrading, green manufacturing and intrinsic safety, thus contributing to high-quality development of fine chemical industry.

**Liu Hongsheng**

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 subsidiary 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 as well as a new brand experience to global customers.

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 50 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 company with core competitiveness in intermediates and new materials, agrochemicals, polymer additives and natural rubber, etc. It provides products and services in over 100 countries and regions.



Adhering to sustainability philosophy and taking into consideration our own industry characteristics, we ramp up efforts to realize the green, low carbon and high-quality development, contributing to achieving China's Dual Carbon Goals.

— Su Fu, CEO of Sennics

## Honors in Reporting Period (Partial)

### Honors

- ★ Sennics ranked 43rd among the Top 100 Fine Chemical Enterprises of China in 2021 by the National Fine Chemical Industrial Raw Materials & Intermediates Industry Cooperative, China National Chemical Information Center, China Chemical Industry Information Association.
- ★ Sennics moved up 52 ranks to 131st on the list of China's Top 500 Petroleum and Chemical Enterprises (under independent production and operation) in 2021.
- ★ Sennics was awarded one of 2021 Shanghai Patent Pilot Enterprise by Shanghai Intellectual Property Administration.
- ★ Sennics was awarded the title of Shanghai's Specialized and Sophisticated SMEs by Shanghai Municipal Commission of Economy and Informatization in 2021.
- ★ Recommended by the Ministry of Industry and Information Technology (MIIT), Sennics was included into the list of China's "little giant" among specialized and sophisticated companies that should be supported.
- ★ Sennics was awarded the title of 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 title of Outstanding Enterprise in rubber additive industry by the Rubber Additive Committee of China Rubber Industry Association (CRIA).
- ★ Sennics R&D Center was certified by China National Accreditation Service for Conformity Assessment (CNAS).
- ★ Sennics was awarded the Model of China's Petroleum and Chemical Industry · Innovation Model during the 13th Five-Year Plan Period by *China Chemical Industry News*.

### Technological Innovation

- ★ The One-Step Continuous Synthesis and Process Intensification Technology for Diaryl-p-phenylenediamine Antioxidants of Sennics was awarded the Second Prize of 2021 Anhui Science and Technology Progress Award.
- ★ The New Process Intensification Technology for Diaryl-p-phenylenediamine Antioxidants of Sennics was included in the catalogue of recommended technologies and products (first batch) for promotion and application in Petrochemical and Chemical Industry by the MIIT.
- ★ The project "Development and industrialization of new process intensification techniques for diaryl-p-phenylenediamine antioxidants" of Sennics was granted 2020 Second Prize for Technological Progress by China Petroleum and Chemical Industry Federation.
- ★ The new TMQ process of Sennics was included in the *2020 Green Technology Directory in Petrochemical Industry*.
- ★ The Industrialization Project of Eco-friendly Synthesis and Process Intensification of TMQ Antioxidants with High Rubber Content of Sennics was awarded the Third Prize for 2021 Technological Progress of Sinochem Holdings.
- ★ Practice of Dust Control Improvement Measures in Finished Product Workshop of Sennics Shandong was granted 2021 Second Prize for Equipment Management and Technological Innovation of Petroleum and Chemical Industry

### Social Responsibility

- ★ *Sennics Sustainability Report 2020* won GoldenBee Excellent CSR Report 2021·One-Star Evergreen Award.
- ★ Sennics was awarded the title of Corporate Citizen Model for Social Responsibility Fulfillment of China's Petroleum and Chemical Industry in 2021.
- ★ Sennics won the 2021 Social Responsibility Pioneer Award on the China Charity Festival.
- ★ Sennics Shandong won the title of Green Factory issued by the MIIT.



Scan to learn more major events of Sennics in 2021



# Corporate Governance

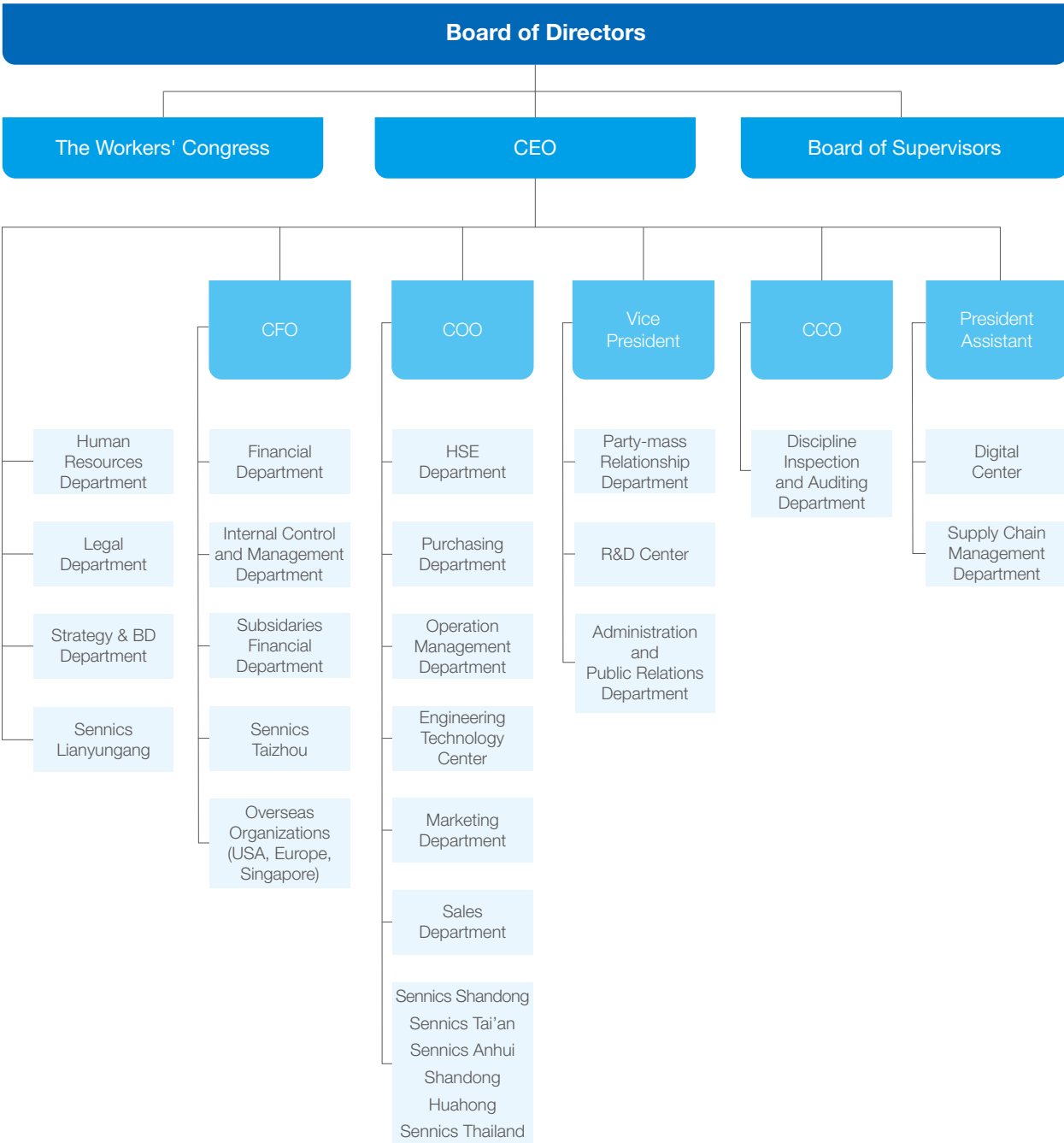
Guided by the strategic goal of “Becoming a global leader in high quality, fine and specialized chemical manufacturing”, Sennics has incorporated the philosophy and standards of sustainability into our corporate governance. We focus on setting up system and mechanism in all aspects from compliance, anti-corruption to intellectual property protection, and continue to improve our overall risk management capabilities. We strive to win trust and support from stakeholders with more effective communication, compliance operation and transparent management, thus laying a sound governance foundation for the sustainable development of Sennics.

## Management Team



<b>Huang Hui</b> Chief Financial Officer	<b>Chen Lei</b> Chief Compliance Officer	<b>Tang Zhimin</b> Vice President	<b>Su Fu</b> Director Chief Executive Officer	<b>Gao Shiming</b> Director Chief Operating Officer	<b>Tang Wenlei</b> Assistant President
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# Organizational Structure





Compliance and Business Ethics

Compliance operation and business ethics are the fundamental requirements for enterprise management and operation. Strictly abiding by laws and regulations, Sennics makes ongoing improvements to compliance management systems through digital empowerment, consolidating the foundation for sustainable growth that conforms to business ethics. In 2021, we continued to promote and implement compliance regulations and requirements including the *Sinochem Holdings Integrity and Compliance Manual*, *Sinochem Holdings Anti-trust Compliance Manual*, *Sinochem Holdings 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*, to make sure that our branches at home and abroad carry out business activities in accordance with international conventions as well as local laws and regulations. We formulated tax management measures and management procedures for different types of taxes to implement the “before - during - after” tax management for projects and contracts. We digitalized the processes such as tax declaration and risk management based on tax information management system, and strove to raise tax compliance awareness of all employees through tax laws updates and publicity to effectively mitigate tax risks. During the reporting period, no violations of the tax management, anti-corruption and commercial bribery, unfair competition, intellectual property, personal privacy security and protection occurred, no complains related to invasion of customer privacy or loss of customer information received.

Meanwhile, Sennics strives to maintain a healthy and legal business relationship with our clients, suppliers and distributors. We make every effort to promote compliance management for key areas in accordance with policies such as *Procedures for Whistleblowing*, *Procedures for Disciplines Inspections and Regulations for Internal Auditing*, guarding against compliance risks by strictly meeting compliance requirements.



Trainings on anti-unfair competition

Anti-corruption

Sennics works to combine Party conduct and clean governance with anti-corruption efforts, and introduces concept and scientific method of risk management to identify corruption risks and thus to prevent it from the root causes. Meanwhile, we continue anti-corruption publicity and trainings on disciplinary rules and regulations for employees at Sennics and our subsidiaries to strengthen their sense of discipline and improve their conduct, so as to raise their sense of integrity and self-discipline as well as their anti-corruption capabilities in their effective execution of duties.

**Anti-corruption system building**

Discipline Inspection and Auditing Department, in conjunction with Internal Control Department, Legal Department, Finance Department, HR Department, carries out various specialized inspection, striving to build a high-quality team of talents with courage, integrity and loyalty and to create a clean and upright work environment

**Corruption risk management**

We define corruption risk contents in six categories, namely “three news” (new enterprises, new team and new projects) and “three majors” (major matters, major appointments/dismissals and major project arrangements). Taking well targeted measures to wipe out corrupted behaviors, we aim to eradicate the root causes of corruption and to eliminate corruption to the greatest extent possible

**Integrity education and training**

We include integrity training in the induction training for new recruits, the Discipline Inspection and Auditing Department takes the lead in providing integrity training and education to employees at all levels, and carries out anti-corruption public communication and education through online and off-line training sessions to constantly raise the awareness of integrity and self-discipline for employees

Anti-corruption email: [antifraud@sennics.com](mailto:antifraud@sennics.com)

Anti-corruption telephone: 86-21-31769766

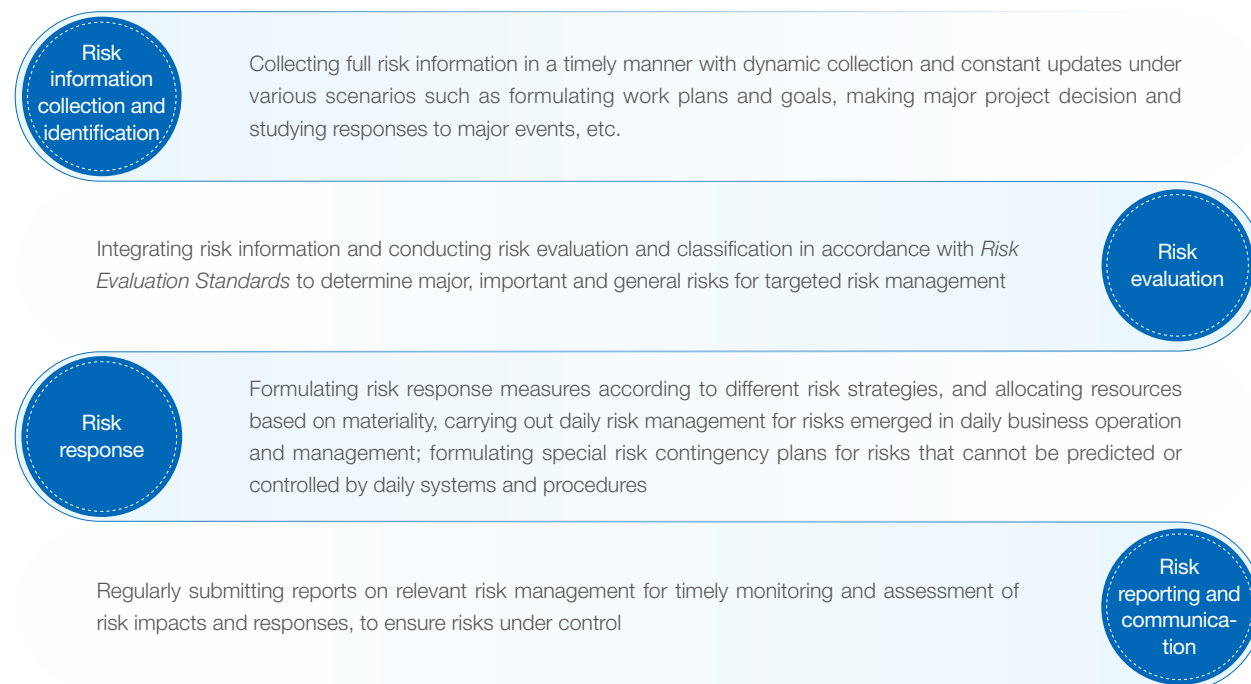
Visiting us at: Floor 7, North Changqing Rd 233, Pudong Distric, Shanghai

Key performance 2021					
2	47	73 %	3	458	100 %
Training sessions on anti-unfair competition for the management and sales and purchasing personnel of the headquarters held	Participants in total	Coverage rate for key positions	Training sessions on anti-corruption held	Participants in total	Coverage rate for employees in sensitive positions
2	1,920		0	116	2,224
Training sessions on cybersecurity awareness for employees held	Participants in total		Violations such as corruption occurred	Anti-corruption publicity and education activities held	Participants in total

## Enterprise Risk Management

A sound risk control is essential to safeguard honest business operations, and the sustainable corporate development. Sennics has strengthened internal control and risk management through continuous improvement of enterprise risk management (ERM) system and risk control mechanism and processes. We conduct annual risk identification, monitoring, control and evaluation, and adopt digital risk management for higher quality and efficiency, guarding against operational risks in an effective way. With the increasingly diversified chemical businesses, we also update risk management related systems and responsibilities after analysis to facilitate internal management of plastic additives business. In 2021, we revised the *Regulations on Risk Management* to standardize the work procedures of risk management and promote better integration of risk management with business decision-making to ensure the achievement of our strategic and operational targets.

### Sennics risk management processes



In 2021, Sennics conducted risk identification, analysis and evaluation on major strategic and operational risks including investment and merger risks, international operational risks, technological R&D risks, technological achievements transformation risks, HSE risks, intellectual property risks, supply chain risks, anti-competitive conduct risks, etc. In response to the six major risks identified, we formulated corresponding measures to effectively deal with them. We also carried out major risk tracking management and prepared monthly, quarterly and annual tracking reports in accordance with unified deployment of Chemicals SBU of Sinochem Holdings to prevent operational risks.

### Major risks identified by Sennics in 2021



## Intellectual Property Protection

Intellectual property is critical to enhance core competitiveness and to reach the top of value chain. It is also an important aspect to protect innovation subjects and to maintain a sound order in market competition. As the world leading comprehensive service provider of polymer additives, Sennics has always attached great importance to intellectual property protection. We have established the Intellectual Property Management Committee and a sound intellectual property management system. We will improve relevant regulations and protect intellectual property through legal means for the sake of safeguarding technology innovation.

On top of entering into the *Non-disclosure, Non-compete and Intellectual Property Agreement* with all employees, carrying out regular management activities on patent, trademark, copyright and business secret to strengthen intellectual property support for various projects

Consolidating the intellectual property management system by renewal of the intellectual property management system certification and being awarded Shanghai Patent Work Pilot Enterprise

Having stepped up the efforts in intellectual property training to further raise employees' intellectual property awareness by providing trainings on patent talents apart from regular training to technological R&D personnel and plants

Scan to learn more about intellectual property protection measures of Sennics

### Key performance 2021

23

Training sessions on property rights carried out

1,051

Participants in total

54 %

Training coverage rate

Case

### Sennics holds public communication activities for intellectual property protection

In April 2021, to celebrate the 21st World Intellectual Property Day, Sennics and its subsidiaries launched a range of public communication activities for intellectual property protection themed "Intellectual Property and SMEs: Promoting innovational ideas in the market" in an effort to raise the employees' awareness of intellectual property protection and confidentiality. Senior lawyers were invited to carry out a training session on the rational use of trademarks and brand management, to enhance the capability of standard and rational use of trademarks for employees at all levels. For the archives management personnel, training sessions including archives management system training, experience sharing and discussion session were also conducted, which effectively enhanced the business skills of the archives management personnel. Each subsidiary also held similar events to publicize the measures and effectiveness intellectual property protection by Sennics, fostering a favorable environment to protect intellectual property and technological innovations.





## Our Actions for a Bluer Sky

Climate change has become a fundamental problem in this era. Resource shortage and environmental pollution have exacerbated the challenge for global development. It is a pressing task for us to form a low-carbon and green lifestyle and development approach. For the resources- and energy-intensive chemical industry, green and low-carbon development is crucial to promote technological progress and industrial upgrade, and a must-have for enterprises to fulfill corporate social responsibility and achieve sustainability. Sennics has always followed a green and sustainable development path and adhered to the innovative development on ultimate and sustainable growth for years. We have taken actions to react to the Dual Carbon Goals and facilitate the world's sustainable development.

### Our Commitment to Green Development under China's Dual Carbon Goals

To align with China's Dual Carbon Goals and Sinochem Holdings' pursuit on green, low-carbon, and high-quality development, Sennics officially released the "Embracing the Dual Carbon Goals for a Bluer Sky" action plan to transit into a low-carbon business model on November 22, 2021.

The action plan specifies how we strike a balance between China's Dual Carbon Goals and the "intensity and total volume control of energy consumption". To expedite green, low-carbon transformation and help achieve carbon peak and neutrality goals, we will use clean energy, optimize product portfolio, improve energy saving and emission reduction technology and enhance energy management etc.



Su Fu, CEO (right) and Gao Shiming (left), COO of Sennics unveil the "Embracing the Dual Carbon Goals for a Bluer Sky" action plan

### "For a Bluer Sky" action plan

"Blue" is the color of the sky, which symbols a healthy earth. We should work together to reduce negative environmental impacts for a healthier earth.

"For a Bluer Sky" indicates going to the ocean, which reflects the globalization strategy of Sennics.

It also shows our efforts towards the future. Only by protecting the earth on which we live can we have a better future.

Together with Honeywell, we cooperate on environmental protection upgrade, energy conservation and emission reduction, sustainability layout, advanced eco-friendly combustion solutions, intelligent combustion management, and other fields. The partnership is committed to jointly promoting the energy-saving and eco-friendly green development of the industry by reducing the discharge of waste water, waste gas and solid wastes, cutting down on costs of waste disposal and treatment, and realizing green process innovation, eco-friendly discharge and optimal utilization of energy.



Commissioning ceremony of the low-carbon transformation demonstration project jointly initiated by Sennics and Honeywell and the thermal oxidization furnace in Sennics Anhui

## Our Action Path Towards a Bluer Sky



### Adopting reasonable product portfolio and eco-friendly processes

By designing reasonable product portfolio, we prioritize the businesses of high quality, fine and specialized chemicals with high-tech and high value-added attribution and highlight the advantages of circular economy to achieve the goals of energy conservation and emission reduction. In line with national and industrial standards of clean production as well as industrial energy efficiency guidelines by advanced regions, we conduct energy efficiency assessment and energy-saving renovation for new projects, adopt eco-friendly production technology and energy-saving equipment, and ensure that our indicators of technology and energy efficiency reach the domestic advanced level of the industry to make the best economic performance.



### Optimizing the integrated technology of energy saving and emission reduction for a circular economy

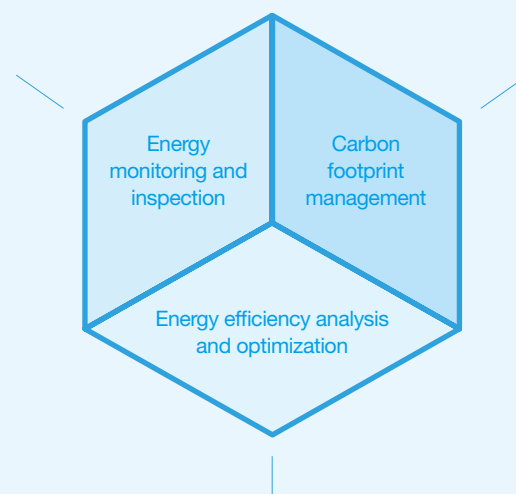
Based on the industrial park layout of our affiliates, we use centralized gas supply and heating, promote water resource recycling, advance the resources utilization of exhaust gas, waste water and solid wastes and enhance material flow management for circular development. Moreover, a cascade utilization system of thermal energy has been established. Energy sources are reasonably allocated according to different energy grades for different production units, so as to effectively use low-grade energy and minimize energy consumption.



### Enhancing energy management and operation control

We have built and improved the energy management system in compliance with relevant regulations and requirements of the governments at all levels and the authorities for energy conservation, emission reduction as well as carbon peak and carbon neutrality. The system covers energy monitoring and inspection, energy efficiency analysis and optimization, and carbon footprint management, etc.

We have increased the investment in data collection for using main energy sources, conducted real-time monitoring, and established the early warning system for energy consumption of key products and energy-consuming equipment. We have also completed the standardization audit of carbon inspection.



We have evaluated the carbon footprints of products and formulated corresponding carbon management system, decomposed the goals step by step, and achieved dynamic early-warning management through real-time data monitoring, so as to achieve overall management.

We have conducted energy efficiency analysis, energy efficiency benchmarking management, and energy efficiency evaluation of key energy-consuming units, which covers our subsidiaries and products. In line with the overall plan, we have optimized high-energy-consumption processes, formulated and promoted the elimination plan for high-energy-consumption, outdated mechanical and electrical equipment, and timely applied PV, wind power and other green energy sources to further reduce GHG emissions.



### Using clean raw materials and improving resource utilization rate

According to the *Action Plan for Carbon Dioxide Peaking Before 2030* released by the State Council, China encourages petrochemical enterprises to optimize the mix of raw materials, replace traditional raw materials with lightweight ones, improve the utilization efficiency of carbon atom, and reduce carbon dioxide emissions during production. In response to the Plan, we make technological improvement and R&D innovation for existing and new products, use more low-carbon raw materials, and enhance the cascade recycling of materials. Meanwhile, we collaborate with upstream and downstream partners to motivate them to make emission reduction plans and implement emission reduction projects. We have permeated the low-carbon philosophy throughout the industrial chain to reduce carbon emissions in the full life cycle of products.

### Promoting the existing and new products



Case

#### Shandong Huahong's technical treatment of volatile organic compounds

In September 2021, the volatile organic compounds (VOCs) technical treatment project of Shandong Huahong was completed and put into trial operation. A set of resin adsorption skid stations were built in production workshops and the organic materials tank area to make centralized treatment of the exhaust gas of production workshops, the breathing air of the organic materials tank area, and wastewater from stations. Upon completion, the project is expected to recycle 50 tons of materials and reduce 2.7 tons of VOCs every year.



Shandong Huahong resin adsorption skid station

### Collaborating with upstream and downstream partners



Case

#### Sustainable procurement of Sennics

Sennics has incorporated the principles of sustainable development into the entire procurement process, covering materials certification and the full life cycle management of suppliers (certification, selection, daily management, performance evaluation, and exit). Moreover, sustainable development performance has been included into supplier performance assessment.



Scan to learn more about the "Embracing the Dual Carbon Goals for a Bluer Sky" action plan



# Innovative and Intelligent Manufacturing for High Quality Development

Sennics has set the strategic goal of becoming a “global leader in high quality, fine and specialized chemical manufacturing”. Guided by the motto of “In Science We Trust”, we actively build the strategic goal of digital, intelligent and service-oriented transformation and upgrading with “Smart Sennics” as the core, in an effort to provide global customers with more awesome products and services, and lead the development of global polymer additives industry.



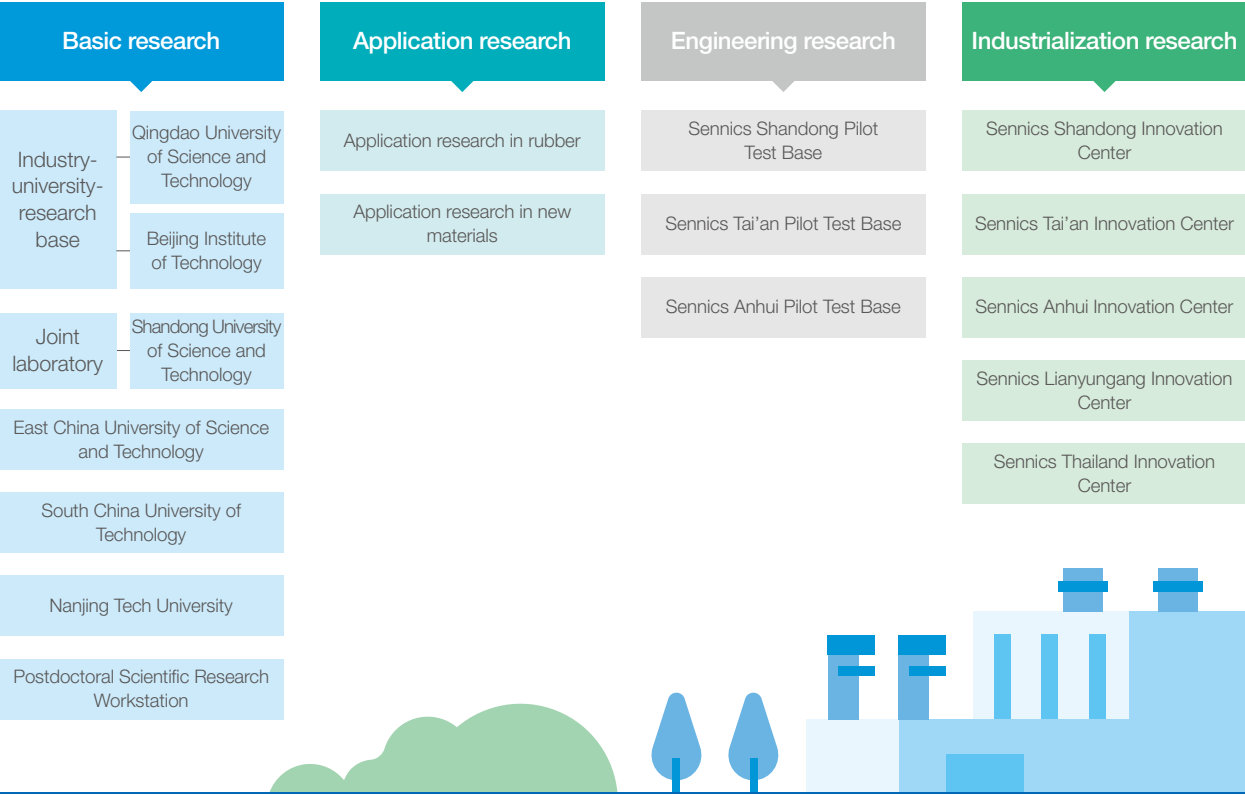
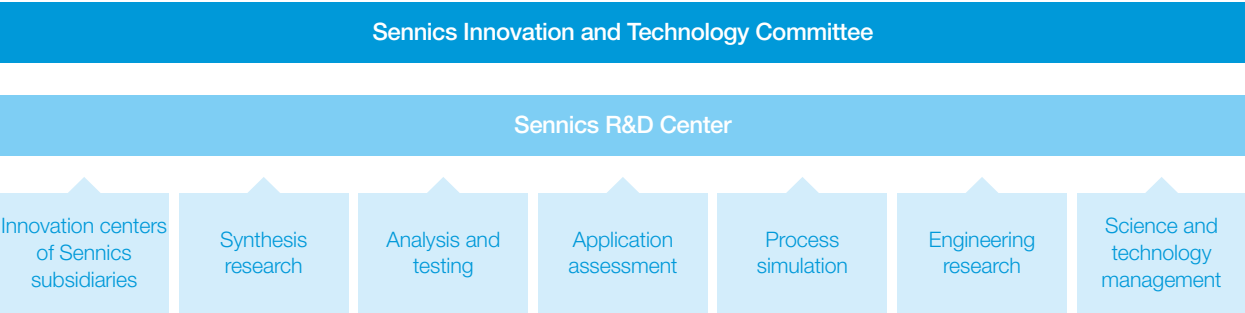


# Deepening Digital Transformation with Science and Technology

## Intensifying scientific and technological innovation

Sennics pursues development through innovation. Such philosophy inspires us to continuously improve the sci-tech innovation system, explore the layout of innovation industries, and stimulate the impetus of innovation-driven transformation. We strive to build a high-energy class and high-throughout innovation engine for innovation-led growth, continuous improvement and high-quality development.

Attaching great importance to independent innovation and technology introduction, we have built a market-oriented R&D model that relies on the industry-university-research-application collaboration. We have set up an R&D framework centered by the R&D center of Sennics headquarters, supported by innovation centers of Sennics subsidiaries, and based on the open innovation system built with renowned universities and colleges. Its ultimate goal is to industrialize technological outcomes, which lays a solid foundation for the innovation-driven development of the Company.



Indicator	2019	2020	2021
R&D investment (RMB million)	134	178	201
Number of R&D Projects	18	32	34
Number of Projects in Lab Test Phase	11	20	22
Number of Projects in Pilot Test/Engineering Research Phase	7	12	12

In 2021, Sennics was awarded one of Shanghai Patent Pilot Enterprise by Shanghai Intellectual Property Administration

Sennics Shandong was awarded All-Staff Innovation Enterprise in Heze City, Shandong Province

证书

圣奥化学科技有限公司

被评为上海市专利工作试点企业

上海市知识产权局

二〇二一年六月

第二届菏泽市全员创新企业名单

菏泽市匠工木雕文化有限公司

山东菏泽通新材料科技有限公司

菏泽三鑫置业股份有限公司

山东圣奥化学科技有限公司

国网山东菏泽供电公司物资供应分公司

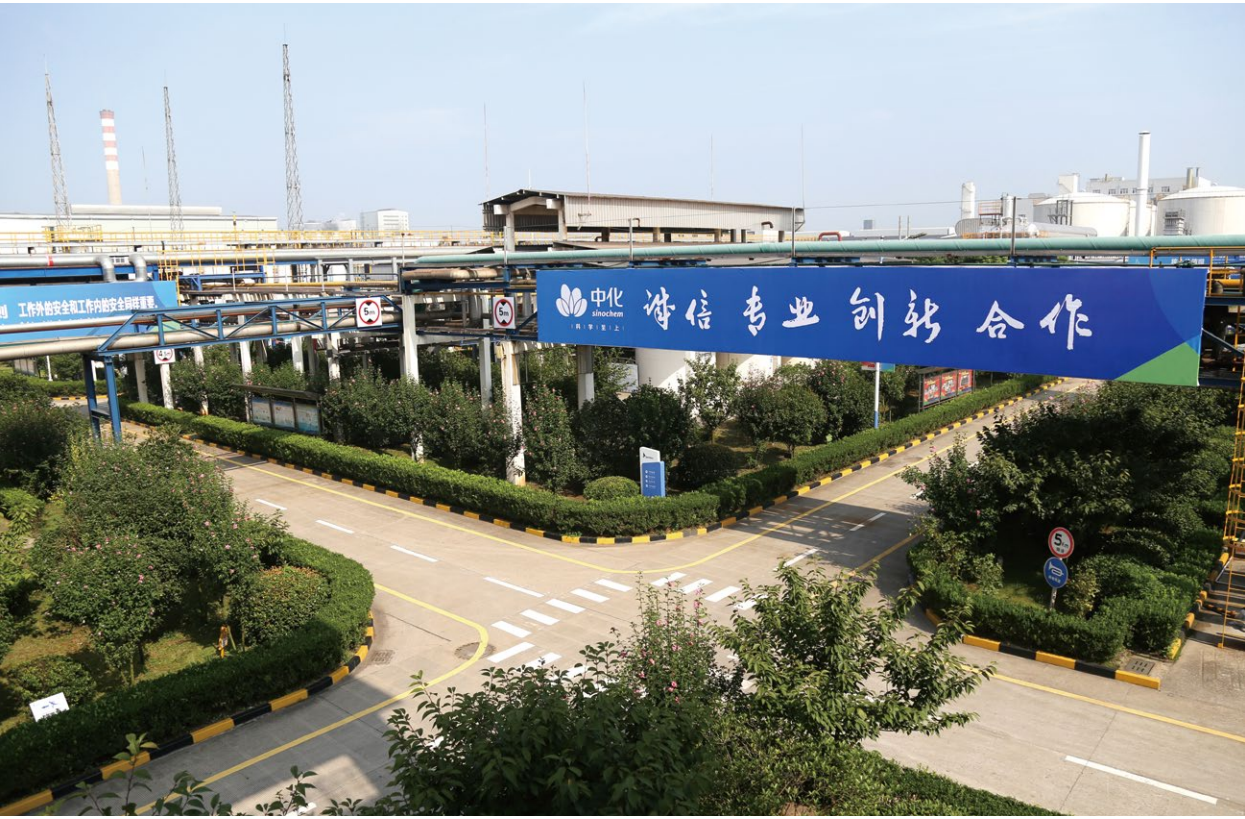
菏泽海源能化有限公司赵楼煤矿

山东神联生物技术有限公司

菏泽市光明电力服务有限公司鄄城分公司

国网山东菏泽供电公司东明县供电公司

菏泽城建源环保科技有限公司



## Drawing a blueprint for industrial development

With a long-term vision, we make continuous innovation while stabilizing current operation to seek strategic breakthrough, transformation and upgrade. Driven by the innovation philosophy of “new processes for old products”, we have built up leading technology and product iteration advantages and aspired to become a supplier of high quality, fine and specialized chemicals featuring high tech content, fine chemical manufacturing and high added value.

## Developing more product lines

We have simultaneously run multiple product lines. While improving the existing products, we rapidly develop new products to improve sales and continuously enhance application research and engineering research.

### Antioxidants (anti-aging)

We have developed and launched a series of innovative products such as S-TMQ, PPDs, 6PPD-L, STMQ-pro, 3100, etc. While developing more product categories, we play a leading role in process innovation while continuously enriching our product variety.

### Insoluble sulfur, accelerating agents and rubber resin

We have conducted independent R&D on eco-friendly processes and realized automatic control of the whole process. By considerably improving technological advancement, process safety, cost competitiveness and quality stability, we have excellent performance in product quality, safety, environmental protection and cost control, etc.

### Intermediates, nitrobenzene and MIBK

With industry-leading advanced production processes, we have achieved competitive advantages in product yield, energy consumption and waste generation for intermediates such as 4-ADPA, MBT as well as nitrobenzene, MIBK and other products.



Scan to learn more about Sennics products



Sennics demonstrates abundant products through live-streaming

## Promoting the integrated development of the industrial chain

We are committed to building a rubber additive portfolio that covers antioxidants, accelerating agents, vulcanizing agents and rubber resin, and a plastic additive portfolio that includes antioxidants, flame retardants, light stabilizers and amine hardendners. With flexible product mixes, we make full use of the collaborative effects of additive industry and improve product competitiveness.

### Product line collaboration

We leverage the advantages of a full-range product portfolio and sufficient production capacity, develop product characteristics, and create an internally collaborative product chain. For instance, the accelerator MBT can be used alone as the raw material for the production of MBTS, TBBS, and CBS.

### Market line collaboration

Leveraging synergy and scale effects, we enhance the service value for raw materials procurement. For example, we make best use of customer and channel resources to expedite accelerators. With a diverse product portfolio that covers antioxidants and vulcanizing agents, we provide customers with selective and diversified products and services.

### Intra-industrial park collaboration

We make reasonable plans for the circular economy product chain of the industrial parks and endeavor to improve the value-added product of key projects and resource-oriented utilization of waste. For instance, the sulfur, by-product of Sinochem Lianyungang Circular Economy Industrial Park, can be used as the raw material for producing carbon disulfide and the accelerator M of Sennics Lianyungang. And the hydrogen sulfide generated during the production of carbon disulfide and accelerator MBT can be recovered for sulfur production and also can share with peer enterprises for collaborative utilization.

### Inter-industrial park collaboration

A vertical extension approach is adopted to promote the the symbiotic industrial development between industrial parks. Leveraging inter-industrial park collaboration, we have developed more product lines and provided customers with one-stop solutions.

## Key performance 2021

The New Process Intensification Technology for Diaryl-p-phenylenediamine Antioxidants was included in the catalogue of recommended technologies and products (first batch) for promotion and application in petrochemical industry by the MIIT

The One-Step Continuous Synthesis and Process Intensification Technology for Diaryl-p-phenylenediamine Antioxidants was awarded the Second Prize of 2021 Anhui Science and Technology Progress Award

The Industrialization Project of Eco-friendly Synthesis and Process Intensification of TMQ Antioxidants with High Rubber Content was awarded the Third Prize for 2021 Technological Progress of Sinochem Holdings



Stimulating smart manufacturing vitality

Guided by the strategic goal of digital, intelligent and service-oriented transformation and upgrading with “Smart Sennics” as the core, Sennics strives to build six capabilities in corporate operation and management, including data acquisition, collaboration, analysis, optimization, excellent operation, and prediction, with a view to improving the automation and intelligent management of production and operation. In this way, digital transformation empowers smart manufacturing, which drives operation excellence.

Step 1 Cementing the foundation for stable improvement

We have built systems on SAP resource integration, MES manufacturing execution, HSE management, WMS warehouse management, equipment management, and the digital operation management platform, as well as optimized processes and information systems, making in-depth data application come true.

Step 2 Making data-driven decisions for scientific decisions

Apart from wide-range digital applications in factories, we explore data-driven work modes, incorporate data analysis into business, and use data results to provide real-time feedback and suggestions for front-line production management. Through improving the management of factory safety, quality, costs and other aspects, we succeed to drive business growth and productivity.

Step 3 Changing the mindset for comprehensive improvement

With a digital vision, we reshape our management minset. The COE organization, a virtual expert panel and mechanism has been built, which is supported by the technical backbone personnel of Sennics. Consequently, knowledge from technical backbones and experts is not limited to a single workshop or factory. The mechanism has enhanced the integration and sharing of internal resources, effectively improving the organizational efficiency.



Sennics has progressively promoted digital improvement projects. Specifically, the Company has successively launched digital management system and digital application plans in several subsidiaries, and realized automated operations and online management. As a result, the quality inspection rate has risen by 30%, the inventory efficiency has risen by nearly 80%, and the labor costs for statistical work dropped by over 60%.



Sennics Lianyungang (under construction)

Further building the digital factory, we have adopted supporting system management solutions and digital technologies, integrated static data of on-site sensors, and formed a hybrid (online and offline) management mode based on dynamic data of operation, energy and materials etc.

Sennics Thailand (under construction)

In line with the IATF16949 Automotive Quality Management System, we have built a digital management platform for factory operation, making the system meet more requirements of actual management and business operation. Moreover, supply chain services are incorporated into customers' daily production plans and order matching, helping customers reduce raw materials inventory costs and improve supply agility.

Key performance 2021

The project Excellent Operation Management of Large-Scale Chemical Enterprises based on Digital Centralized Control Platforms of Sennics Anhui was awarded First Prize for Innovation Achievements in the 16th Anhui Enterprise Management Competition





## Our Pursuit of Excellence for High-Quality Products and Services

### Guaranteeing product quality

Insisting on pursuing excellence, we make an all-out effort to improve product and service quality, increase investment in independent R&D, and enhance collaboration with upstream and downstream industries. While expediting the strategic layout of globalization “Glocal”, we realize global production and local service. With these efforts, we aspire to become a reliable “All-weather Partner” of our global partners.

With more reliable quality control approaches, Sennics enhances quality control in all links of raw materials procurement, product manufacturing and processing, warehousing, and logistics, etc. Moreover, Sennics improves quality management system to ensure that quality problems are effectively handled in a closed-loop management process. In 2021, to ensure customer safety during the use of the product, we added a number of operational precautions in the manuals of products such as PPD and TMQ, covering transportation, storage temperature, storage time, and toxicological reminders, etc. We have also timely updated product safety data, organized training for personnel responsible for VDA-QMC product safety, and issued certificates to qualified ones. No violations related to the health and safety impacts of products occurred during the reporting period.

#### ISO 9001 Quality Management System

Conforming to requirements of ISO 9001 Quality Management System during production to continuously improve product quality and stability

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

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

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

Comprehensively sorting out the production process flow, refining operation manuals, and consolidating the fundamental work in quality management to fuel excellent operation

#### 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

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

Sennics Comprehensive Testing Center and three subsidiaries (Sennics Tai'an, Sennics Shandong, and Sennics Anhui) have been accredited by CNAS, effectively ensuring proper product quality control

#### EU REACH Regulation

6PPD, IPPD and 4-ADPA products of Sennics 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

## Upgrading service quality

Staying customer-oriented is always a mission of Sennics. We pay attention to diversified customer needs and continuously provide high-value-added innovative products and high-quality services. While attaching great importance to protecting customer privacy and information safety, we enrich our customer services, leverage our “specialized, sophisticated characteristic, and novel” advantages, and provide excellent services, winning customers' trust and recognition. In 2021, amid regular COVID-19 prevention and control, we formulated a response process for customer online review to keep the review work on track. In addition, the new marking methods such as live-streaming auction and offline product marketing won wide praise from customers. No violations related to product information and logo or marketing communications occurred during the reporting period.

### Key performance 2021

Sennics was awarded one of Shanghai's Specialized and Sophisticated SMEs that produce new and unique products by Shanghai Municipal Commission of Economy and Informatization

Recommended by the MIIT, Sennics was included into the list of China's “little giant” among specialized and sophisticated companies that should be supported

Sennics was awarded Outstanding Supplier of Prinx Chengshan (Shandong) Tyre Co., Ltd.



Scan to learn more about the specialized and sophisticated development of Sennics

### Specialized

We devoted to the fine chemical industry. The market share of Sennics rubber antioxidants ranks top across the globe, covering more than 50 countries and regions

### Sophisticated

Guided by the motto of “In Science We Trust”, we have continuously innovated and optimized production processes, made a host of innovation achievements, and won a few national and industrial awards. Moreover, we have taken the lead to formulate or revise several national or industrial standards

### Characteristic

While expediting the “Glocal” strategic layout (Global Production, Local Service), we strive to build a globalized agile supply chain and provide global users with better products, service solutions and new brand experience

### Novel

With “Smart Sennics” as the goal of our transformation and development, we continue to cement the foundation of digital applications, improve smart management, and enrich customer services

### Case

#### Sennics joins Sinochem Holdings e-commerce platform “1chemic.com”

On February 18, 2021, Sennics officially joined the e-commerce platform of Sinochem Holdings, “1chemic.com”. Nearly 20 polymer additives were launched on the platform.

Leveraging the brand influence and service advantages of Sinochem Holdings, Sennics has actively developed markets via the Internet platforms and built channels for new product promotion and user interaction. Based on the big data, we accurately understand and rapidly respond to user needs, realize differentiated services, and create new models of online operation, which improve precision marketing, sales processes, and customer experiences.



Scan to learn more about our new online marketing efforts



Scan to learn more about effectiveness of Sennics standardized labs

Sennics Tai'an was certified as a National Quality Leading Enterprise in Polymer Additive Industry

Rubber antioxidant product 6PPD got the certification of Qualified Products in National Quality Inspection

Comprehensive Testing Center of Sennics Co., Ltd. was accredited by China National Accreditation Service for Conformity Assessment (CNAS)

### Key performance 2021

99.92 %

Product one-time inspection pass rate

99.68 %

Product delivery qualification rate

Expediting glocal strategy

We continue to develop overseas markets, further promote our strategic layout, and steadily improve our localized services for overseas markets. We are committed to transforming from “Made in China and Global Sales” to “Global Production and Local Service”, becoming an “All-weather Partner” of our global partners, and creating more values for our customers.

Case

The joint commissioning and testing of Sennics Thailand production line reaches design targets, expediting “Glocal” strategy

On March 9, 2021, on the first anniversary of construction of Sennics Thailand project, the joint commissioning and testing of the production line reached design targets, marking a milestone in Glocal Strategy. As the first overseas production base of Sennics, Sennics Thailand held the first anniversary of the project themed by “Sharing and Win-win Cooperation”. Partners were invited to visit the production workshops of Sennics Thailand, learn about the construction and operation plans of Smart Factory, and jointly discuss cooperation plans for technological innovation.



Smart Factory of Sennics Thailand

The Smart Factory of Sennics Thailand has three major characteristics: green, intelligent and sustainable



Green

Based on our experience in green production and green technology, we strive to build a modern factory that is green, environmentally friendly, and energy-saving. Moreover, we aspire to achieve high-level management in terms of product quality, resource utilization, discharge/emission of “waste water waste gas and solid wastes”, and process safety, etc.



Intelligent

We make overall planning to build an integrated operation system, deploy professional systems, and innovate customer services. While building an agile supply chain, we have comprehensively improved the automation process and digital operation, to fully build digital factories.



Sustainable

Leveraging the geographical and business advantages of Thailand, we have expanded our market to the entire Southeast Asia and across the world. We have not only improved the stability of global supply, but created more local jobs, supporting the socio-economic development of Thailand.



Scan to learn more about the progress of Glocal Strategy of Sennics

Concerted Efforts for a New Industrial Ecosystem

With a long-term vision, we seek lasting values for the industrial ecosystem, and actively promote industrial cooperation, collaboration and sharing. Through building long-term, stable, mutually-trusted and win-win strategic cooperation relationships with suppliers, we step up efforts to promote efficient collaboration of the industrial chain and join hands with partners of the value chain to create a favorable environment for high-quality development of the industry.

Intensifying supply chain management

Supply chain is key to developing a sustainable business. For procurement management, we shift our focus from general affairs to strategic management, we have formulated well-developed procurement management systems to ensure standardized bidding and procurement. Through smart procurement, we are committed to realizing intensive control and smart management for higher efficiency in supply chain management. In addition, we select diversified suppliers to improve the safety and agility of supply chain. In 2021, since the global supply chain was continuously affected by the COVID-19, we intensified collaboration and operation control of the supply chain, ensuring our business stability and service continuity.

Key performance 2021

87

Suppliers

94 %

Percentage of domestic suppliers in local procurement

Type of Supplier	ISO 9001 Certification Pass Rate	OHSAS 18001/ISO 45001 Certification Pass Rate	ISO 14001 Certification Pass Rate
Class A (35)	27 passed (77%)	19 passed (54%)	19 passed (54%)
Class B (35)	12 passed (34%)	6 passed (17%)	6 passed (17%)
Class D1 (17)	5 passed (14%)	3 passed (9%)	3 passed (9%)



Practicing sustainable procurement

We highly value and systematically promote sustainable procurement. While incorporating social responsibility governance into supplier management system, we have updated *Sennics Supplier Management Manual and the Implementation Rules for Supplier Performance Evaluation*. We have also selected or cultivated suppliers with outstanding environmental and social performance to be our long-term partners. Through basic research, on-site review, performance analysis and other means, we share experience with our suppliers in business ethics, environmental protection, human rights, and labor, etc. The goal of these efforts is to ensure the supply chain sustainability and improve competitiveness of the value chain.



We have actively practiced green procurement and reached a consensus with suppliers to promote green cooperation. To effectively reduce negative environmental impacts of production and operation, generation of solid wastes and consumption of natural resources, we purchase eco-friendly water-based paints and motivate our suppliers to use recyclable packaging materials such as recyclable paper bags, plastic composite bags, and recycled plastic trays. In addition, we have conducted questionnaire surveys to learn about suppliers' actions to reduce GHG emissions, advocated suppliers to join "Embracing the Dual Carbon Goals for a Bluer Sky" campaign, and promoted the building of a low-carbon supplier chain. Approaches including increasing the scope and proportion of green procurement and conducting supplier training and cooperation are adopted to cut down GHG emissions of the supplier chain.

Item of Green Procurement (All operating factories of Sennics)	Reduction of Solid Wastes (ton/year)	Reduction of Carbon Emissions (tCO <sub>2</sub> e/year)
Recycled plastic trays	1200.0	/
High-efficiency and energy-saving pumps	/	565.0
New energy commute vehicles	/	12.6
Recycled paper	/	1.6



Case

Sennics joins TfS to build a sustainable supply chain

On April 27, 2022, Sennics officially joined the Together for Sustainability (TfS), becoming the second signatories among the Chinese companies.

As the world's largest chemical producer, China matters much to the sustainable development of global chemical industry chain. Since Sennics is the world's leading polymer additive supplier, joining TfS will benefit Sennics motivate suppliers to improve their sustainable management and promote the sustainability of the chemical industry supply chain.



Scan to learn more about the sustainable value of joining the TfS

Joining the TfS means that Sennics must shoulder more responsibilities for sustainable development. We are trying to become a global leader in high quality, precision and specialty chemicals. To achieve this goal, we have incorporated the sustainable development philosophy into supplier chain management, leveraged our influence in the industry, and joined hands with our suppliers and partners to contribute to the sustainability of the supply chain in global fine chemical industry.

— Su Fu, CEO of Sennics



## Building a cooperative ecosystem

Upholding win-win cooperation, we have conducted close cooperation with research institutes, universities and colleges on key technologies' R&D. As a result, we manage to improve research capability, develop more key technologies, and advance independent innovation. We have made a series of research achievements and succeeded in applying them in industries. Besides, we have conducted exchanges with peer enterprises, suppliers, industrial organizations and other stakeholders to promote capability building, value sharing and win-win cooperation on creating a new ecosystem of industrial integration.

### Partner

East China University of Science and Technology



### Cooperation project

Research on the performance stability of polymer additives

Qingdao University of Science and Technology



Construction of Industry-University-Research cooperation base

Shenyang Research Institute of Chemical Industry



Research on reaction risks

Dalian Institute of Chemical Physics, Chinese Academy of Sciences



Research on organic wastewater treatment



### Case

#### Sennics jointly promotes technology exchange in the industry

On May 26, 2021, the Sennics Cup 14th National Seminar on Rubber Additives Production and Application Technology, co-organized by Sennics, was held in Yantai. A total of 183 representatives from rubber additive, tires and rubber product manufacturers and colleges, and research institutes across the country discussed scientific research progress of related industries in environmental protection, innovation and high performance, in joint efforts to promote the industry technology exchange and experience sharing.



Scan to learn more about our role in industry seminars



Sennics co-organizes the 14th National Seminar on Rubber Additives Production and Application Technology

### Case

#### Sennics proposes an optimization plan for antioxidant evolution in tire production process

With the theme of "Eco-friendly and Innovation Future", the 8th Global Tire Tech Forum was hosted by the China Rubber Industry Association (CRIA) in Xi'an from June 21 to 24, 2021. As a forum partner, Sennics attended the forum and reported the factors affecting the evolution of antioxidants in tire production and application, as well as specific changes of antioxidants at each stage. For the first time, Sennics proposed the triangular relationship of antioxidants in rubber protection, discoloration and VOC odor, and a solution to balance the relationship. Through peer exchanges, learning and discussions, we jointly promote technological revolution and development in the industry.



Sennics attends the 8th Global Tire Tech Forum and delivers a presentation

### Key performance 2021

9

Partner research institutes and universities

16

Joint R&D projects

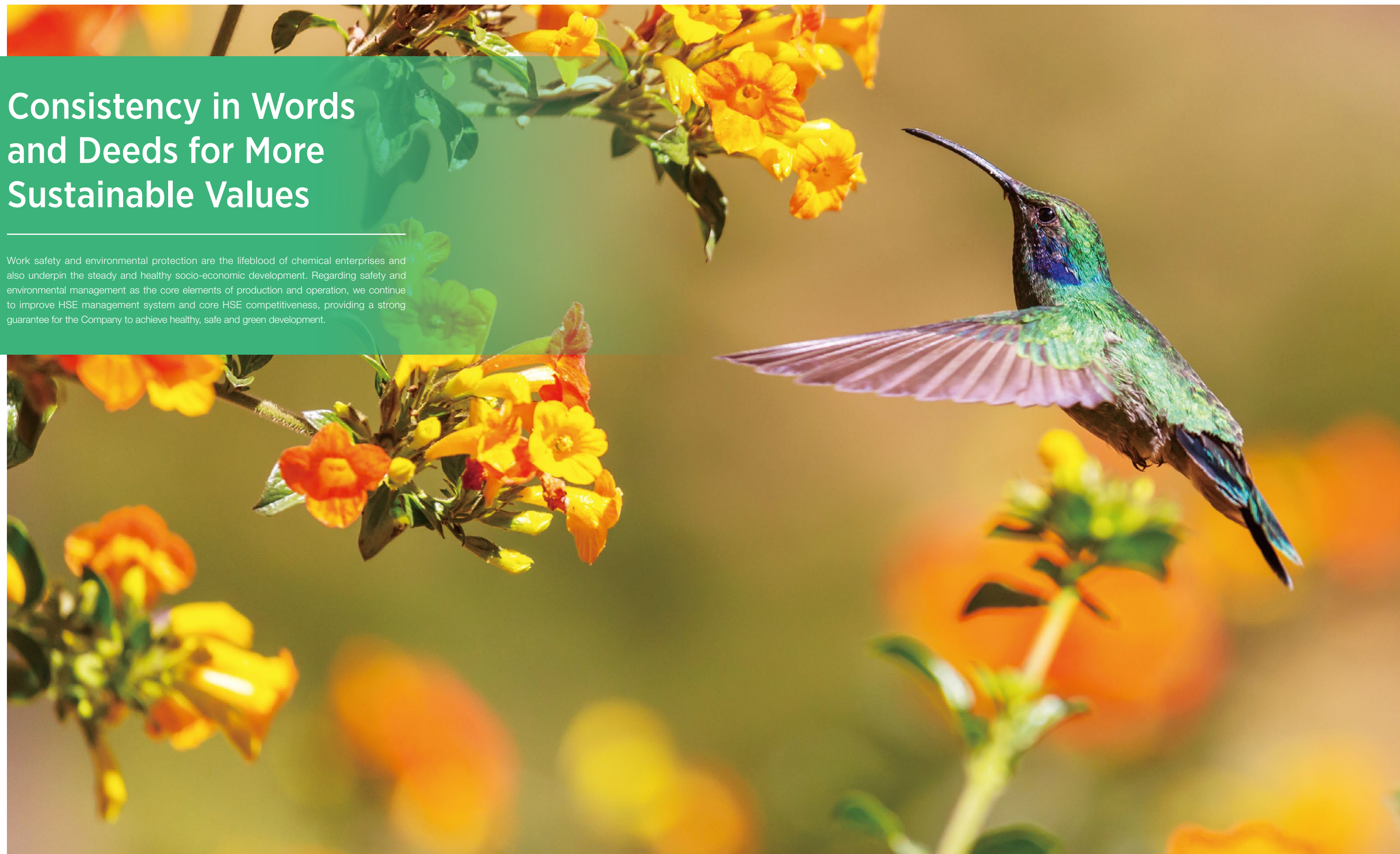
Sennics was awarded Outstanding Enterprise in rubber additive industry by the Rubber Additive Committee of China Rubber Industry Association (CRIA)





## Consistency in Words and Deeds for More Sustainable Values

Work safety and environmental protection are the lifeblood of chemical enterprises and also underpin the steady and healthy socio-economic development. Regarding safety and environmental management as the core elements of production and operation, we continue to improve HSE management system and core HSE competitiveness, providing a strong guarantee for the Company to achieve healthy, safe and green development.





# Ensuring Safety to Build Core HSE Competitiveness

## Cementing the foundation of safety management

We have built a sound safety management system to improve intrinsic safety. Moreover, we practice the safety culture of “felt leadership” and implement work safety principles to prevent safety risks and further enhance work safety.

We have established the HSE Management Committee, improved the HSE management structure, and ensured all-staff fulfillment of work safety responsibilities. At the same time, we operate Sinochem Holdings FORUS system, the 24-element HSE management system and DuPont safety management culture in a high-standard and high-quality way. All operating factories of Sennics have passed the ISO 45001 occupational health and safety management system certification. The HSE management of Sennics has been promoted in full respects.



### Fulfillment of work safety responsibilities

We continue to improve the work safety accountability system and the safety commitment system, and ensure all-staff fulfillment of work safety responsibilities

### Safety risk prevention & control

To strengthen mechanism building, we have established safety risk identification, assessment, management & control, and warning & reporting systems to enhance risk assessment and accident prevention

### Inspection and handling of hidden safety hazards

We have strictly implemented hidden hazards inspection and handling measures, and established an information management system to realize dynamic analysis, self-improvement, and whole-process recording and evaluation

### Investigation and feedback of safety incidents

We have formulated the *Accident Reporting and Investigation Control Procedures* to report, investigate and analyze safety incidents that have occurred in a timely manner to prevent similar incidents from recurring

Key performance

2021

Four factories of Sennics (Sennics Shandong, Sennics Tai'an, Sennics Anhui, Shandong Huahong) were granted the honor of Sinochem Holdings HSE Five-Star Factory

Four factories of Sennics (Sennics Shandong, Sennics Tai'an, Sennics Anhui, Shandong Huahong) were granted the honor of Sinochem Holdings HSE Five-Star Factory

## HSE Management Indicators of Sennics in 2021

HSE Management Indicators of Sennics in 2021		Progress
Accident Control Indicators	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	✓
	Zero 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	✓

## Scores of Sennics subsidiaries in DuPont annual review

Factory	2019	2020	2021
Sennics Shandong	80.0	81.5	81.6
Sennics Tai'an	80.0	82.4	82.5
Sennics Anhui	80.9	82.5	82.5

## Improving intrinsic safety

We continue to strengthen process safety management, increase HSE investment, and improve processes and equipment technologies. Aside from optimizing standard operational procedures, we enhance the implementation of operational specifications and rules and improve employees' operational skills. Moreover, we make full use of the HSE information management platform to realize risk control, detection of hidden hazards, safety training, special operation management and other functions, effectively improving the intrinsic safety of production and operation.

### Equipment Safety

We strengthen the source design of intrinsic safety. In the stage of project design, we incorporate PHA results into process design, evaluate equipment safety and analyze inspection risks through third-party on-site assessments, and develop measures to improve the intrinsic safety of facilities.

### System Safety

Relying on the HSE IT-based management platform, we realize the online display of risk points and control facilities, on-site transmission of operation data, and the establishment of real-time dynamic risk mapping, considerably enhancing visualized supervision.

### Employee Health and Safety

The letter of responsibility for achieving HSE targets are signed at every level, clarifying HSE responsibilities of every employee. Moreover, we regularly carry out inspection and maintenance of occupational health and safety equipment, formulate emergency plans, implement occupational health examinations for all employees and keep employees' personal health information strictly confidential, and conduct regular drills to enhance emergency management and ensure the occupational health and safety of our employees.

Key performance

2021

2,018

Sources of hazards identified and corresponding risk evaluation conducted

151

Rectification plans for work safety formulated and implemented

100 %

Completion rate of rectification plans

Fostering safety responsibility culture

We always adhere to zero tolerance towards safety issues. Putting safety first and foremost, we take safety as our standard and goal. While raising safety responsibility awareness, we enhance risk prevention and promote safety management to transit from independent management to team-level management. Moreover, we organize the Open Day on Work Safety in an effort to enhance the enthusiasm of the public for work safety, which contributes to the continuous improvement of our safety management.

Felt Leadership

Managers at all levels serve as models to be pragmatic and value actual effects of work. With safety practices, they take the lead to shoulder safety responsibilities

Prevention Efforts

Managers at all levels strictly conduct daily HSE management and continue to ensure the prevention and control of major safety risks such as dangerous processes, dangerous goods storage, and special operations in terms of technology, operation and maintenance, training, protection, and rescue, etc. by going deep into the front line

Fulfillment of Management Responsibilities

Managers at all levels shoulder safety responsibilities as required, and ensure the fulfillment of safety responsibilities of corresponding positions, employees and links

All-staff Engagement

Regarding work safety as the first priority, all employees of Sennics resolutely implement HSE management requirements, and strengthen the implementation of HSE systems to cement the foundation of safety.



Signing ceremony of 2021 HSE Target Responsibility Statement held in subsidiaries of Sennics

We regularly provide work safety training, emergency drills, and other activities to improve the work safety of our employees. Through diverse activities such as safety training, drills, and cultural experience activities, we have consolidated employees' theoretical knowledge of safety, raised their safety awareness, and created an atmosphere for all-staff safety culture, integrating safety culture into operational management and business development.



Scan to learn more about Work Safety Month activities of Sennics

Case

Work Safety Month: Cementing the foundation of safety to embrace the CPC's centenary

In 2021, Sennics, together with all subsidiaries, carried out the Work Safety Month activities to remind all employees to maintain safety awareness and keep in mind our safety mission.

Safety Publicity

Via bulletin boards, newspapers, WeChat, short video platforms and other communication channels, we organize various activities of publicity such as thematic essay collection and safety slogan competition in order to strengthen safety publicity and education.

Safety Lectures

In 2021, we held seminars on safety fulfillment, carried out safety training and discussions, and implemented new measures for safety management, fostering the concept of safe development in employees' mind.

Training

In addition to the training on HSE rules and regulations, occupational health, fire emergency and other knowledge, all subsidiaries of Sennics strengthen practical training and invite contractors to engage, jointly improving safety skills of employees.

Special Inspections

Learning the lessons of safety accident cases, we carry out hidden hazards inspection in every plant, and supervise them to simultaneously implement rectification measures.

Drills

To improve employees' safety skills and test emergency response capabilities, we carry out a host of activities such as rescue drills for accident emergencies and hidden hazards inspection skills competitions.

Open Day

By organizing open day activities of work safety, we actively build a communication bridge between the Company and employees' families, demonstrating the innovative, green and responsible corporate image of Sennics.



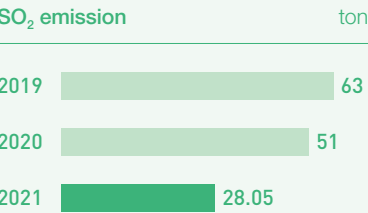
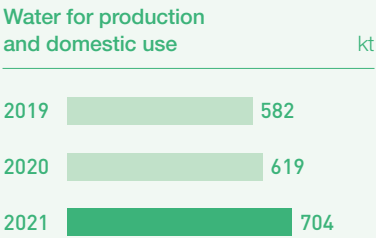
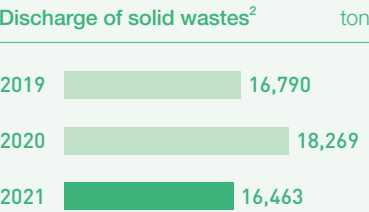
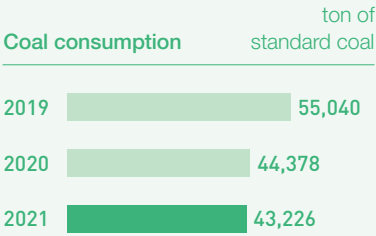
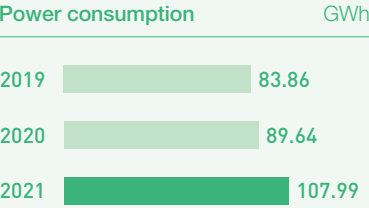
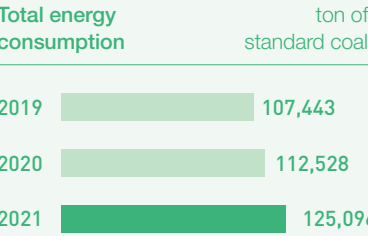
## Promoting Low-Carbon Development for Ecological Protection

Green development is a key path to sustainable development and also an important impetus for enterprises to realize high-quality development. Adhering to green, low-carbon and circular development, Sennics relies on green factories to promote iterative optimization of green process technologies, enhance efficient utilization of resources, and plan GHG management. Through responsible production and operation, we aspire to build an efficient, clean, low-carbon, and circular system for green manufacturing.

## Improving environmental management

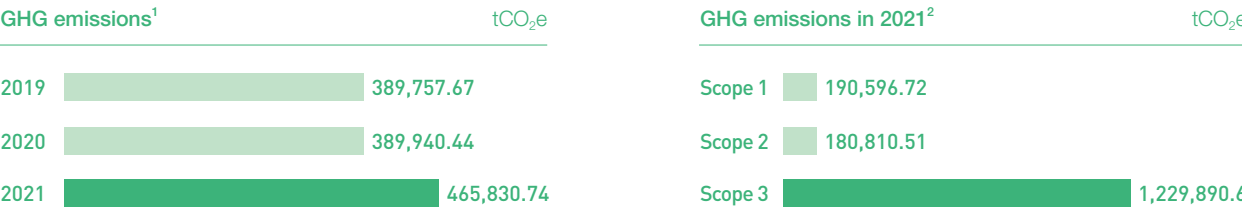
In strict accordance with national and regional environmental laws and regulations, we have continuously improved environmental management systems, set environmental management targets, and signed letters of responsibility for annual targets in this respect. Moreover, we regularly conduct the identification, inspection and treatment of environmental risks, and make environmental performance assessments to ensure that the targets are achieved. Besides, we have comprehensively advanced the implementation of the Sinochem Holdings FORUS system. All our operating factories passed the ISO 14001 environmental management system certification in 2021. Multiple measures are taken to improve our environmental management.

In 2021, Sennics spent RMB 20.99 million on environmental protection. We carried out 36 environmental trainings and special training sessions, covering all employees. All our factories regularly conducted the identification and evaluation of environmental factors, and all sites had environmental risk evaluation.



Note1&2 : In accordance with *National Catalogue of Hazardous Waste (2021 version)*, hazardous waste and solid waste discharge data in 2019 and 2020 have been re-calculated and adjusted for consistency.

Sennics invited BSI, a third-party professional organization, to certify its carbon emissions data in 2021 in accordance with ISO 14064-1:2018, an international standard for quantifying and reporting GHG emissions. Our comprehensive, systematic and standardized carbon footprint verification laid a solid foundation for scientific and efficient carbon management of the Company.



Note: 1. GHG emissions from 2019 to 2021 have been calculated in accordance with *Guide on Greenhouse Gas Emission Accounting and Reporting for Chemical Productions Enterprises in China (Trial)* with only Scope I and Scope II GHG emissions (excluding data of Sennics Thailand factory) included  
2. GHG emissions of each Scope in 2021 have been calculated in accordance with ISO 14064-1:2018

Environmental Management Indicators of Sennics in 2021 (All operating factories of Sennics)		Completion Status
Industrial energy-saving indicators	Comprehensive energy consumption: below 168,000 tons	✓
	Consumption of fresh water: below 750,000 tons	✓
	CO <sub>2</sub> emissions per RMB 10,000 of output value compared with 2020: decline by 3%	✓
Industrial emission-reduction indicators	SO <sub>2</sub> emissions: below 58 tons	✓
	COD emissions: below 6 tons	✓
	NH-N emissions: below 0.7 ton	✓
	NOx emissions : below 92 tons	✓

Key performance 2021

In 2021, Sennics Shandong was included in the *2021 List of Green Manufacturers* by the MIIT for its advantages in the treatment of “waste water, waste gas and solid wastes (three wastes)”, energy conservation and emission reduction, comprehensive energy utilization, clean production and other fields, and was awarded the title of Green Factory. It is the third subsidiary of Sennics to be included in the list of green manufacturers by the MIIT, following Sennics Tai’an in 2018 and Sennics Anhui in 2019





## Advancing green and low-carbon actions

Adhering to the “ultimate, sustainable growth” development driven by innovation, Sennics pursues innovation of green processes and technologies, and substantially promotes technological renovation for energy saving and emission reduction. While reducing negative environmental impacts of production and operation, we actively take measures to reduce resource consumption with a view to creating economic benefits and environmental values.



### Adopting eco-friendly production processes

Through technological improvement and process innovation, we realize environmental protection during production. For instance, the New Technology of Antioxidant 6PPD Produced through Catalytic hydrogenation of Precious Metal substantially reduces the amount of waste water, waste gas and solid wastes generated in the production process.

### Conducting special rectification

We introduce industry-leading pollutant treatment technologies, and optimize process control and flow. Moreover, we carry out special treatment for pollutants. For example, Sennics Shandong implements the RTO volatile organic compound treatment project; Sennics Anhui carries out the natural gas boiler low-nitrogen transformation project and the VOCs comprehensive treatment project.

### Enhancing energy management

We use clean energy and eliminate outdated mechanical and electrical equipment. At the same time, we optimize high-energy-consuming processes. For example, Sennics Anhui applies high-voltage variable frequency energy-saving technologies to reduce coal-to-hydrogen power consumption, which annually saves about 173.29 tons of standard coal equivalent and reduces carbon dioxide emissions by 991.94 tons.

### Boosting circular economy

We step up efforts to detect the nodes that allow resources and energy recycling during production. For instance, Sennics Anhui applies the circulating water cooling tower fog elimination and water saving device, saving 7,800 tons of water annually; industrial collaborative efforts are also made to promote resource-oriented utilization of “three wastes”, such as recycling carbon dioxide from exhaust.

### Case

#### TMQ included in the 2020 Green Technology Directory in Petrochemical Industry

The continuous synthesis of antioxidant 2,2,4-trimethyl-1,2 dihydroquinoline polymer (TMQ) catalyzed with composite solid acid, a self-developed technology of Sennics, can considerably improve the effective content of TMQ antioxidants and reduce the generation of “three wastes” to improve clean production. In January 2021, the technology was included in the 2020 Green Technology Directory in Petrochemical Industry by China Petroleum and Chemical Industry Federation (CPCIF).

### Case

#### Introducing the international-leading thermal oxidation furnace in the green and low-carbon transformation demonstration project

On October 22, 2021, the green and low-carbon transformation demonstration project, jointly initiated by Sennics and Honeywell, was officially put into operation in Sennics Anhui. The project applies advanced low-nitrogen and low-carbon combustion technologies to effectively treat waste liquid, remove mental dust in exhaust gas, and achieve standard discharge of nitrogen oxides, with the waste combustion rate of 99.99%. Moreover, it can produce steam to be used as energy, realizing eco-friendly emission and efficient energy utilization for the green and low-carbon development of the chemical industry.



The low-carbon transformation demonstration project in Sennics Anhui

We have established a carbon management team to incorporate carbon reduction into the resolutions of the Sustainability Committee. Moreover, we have hired a third-party organization to make carbon emission inventories so as to keep a close eye on the Company's carbon emissions. At the same time, we have set scientific and feasible targets of carbon emission, formulated the *Carbon Emission Management Manual*, and actively participated in low-carbon development knowledge and skills training to improve the capability of management personnel in this aspect.



Scan to learn more low-carbon transformation practices of Sennics

#### Production Process

- Improving facility efficiency and timely adjusting process parameters according to production load to reduce carbon emissions of the production processes

#### Fuel Power

- Carrying out overall optimization and implementing balance and cascade utilization of the steam system to realize energy saving
- Optimizing fuel operation control and improving equipment energy efficiency to reduce fuel consumption

### Case

#### Energy saving and carbon reduction is everyone's business

From September to October 2021, Sennics launched the campaign of “I offer a piece of advice on energy conservation and carbon reduction” to solicit advice from employees on this aspect. Based on the actual situation of production, operation and HSE performance, we promoted energy-saving and carbon reduction practices, raised the energy-saving awareness of all employees, and created an atmosphere for green development while advocating green, low-carbon production and lifestyle.



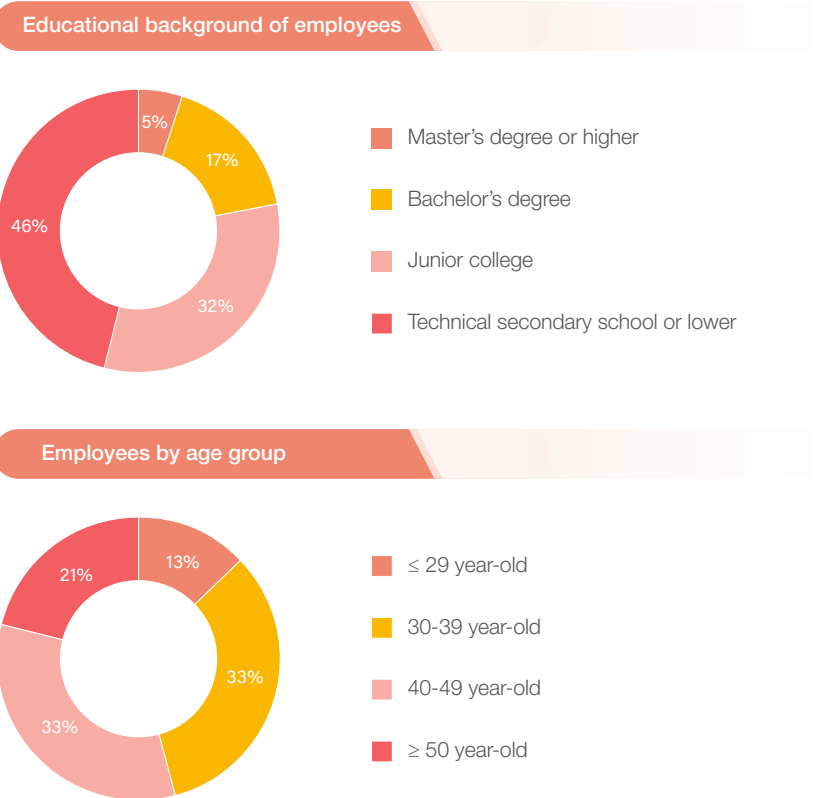
# Joint Contribution for Shared Benefits and a Brighter Future

The common growth with employees and shared harmony with local communities is a crucial access to sustainable corporate development, and also what Sennics pursues. Upholding the "people-oriented" philosophy, we value employee growth, track needs of the community, and devote ourselves to major national strategies. As a corporate citizen, we fulfill our responsibilities to dedicate ourselves to creating a better life based on the fine chemical industry and join hands with other sectors to create and share a sustainable future.



Employee Care for Common Growth

Sennics values the key role of talents in driving corporate development. We integrate employee growth into our business development, and strive to create a diverse and inclusive workplace. While unblocking promotion channels, we address employees' needs in life and work, in an effort to form positive and harmonious labor relations. In 2021, Sennics had 1,936 employees in China, with 185 new recruits. All members of the senior management team are hired locally in key operating sites.



Safeguarding employee rights

Sennics complies strictly with Chinese laws and regulations including the *Labor Law*, the *Labor Contract Law*, and related international labor standards. We have signed the *Labor Contract* with all employees, formulated and improved the labor management system, and conducted legal labor management. We stick to equal employment and forbid child labor and any form of forced labor, so as to minimize the possibilities of workplace troubles and maltreatment, create an equal, safe, diversified, and inclusive workplace, and safeguard employees' rights and interests. During the reporting period, no child labor was hired without forced or compulsory labor occurred. In 2021, the certification of Social Accountability 8000 International Standard (SA8000:2014) of Sennics Shandong and Sennics Tai'an remained valid, and the SA8000:2014 certification for Sennics Anhui was on the agenda.

Institutional guarantee

We formulated and improved several interal regulations including the Measures on Employment, Labor Contract, Compensation and Benefits, Position Management, Performance Management, Attendance and Leave, and Training Management.

Compensation and benefits

While continuing to allocate a larger share of compensation to frontline employees, we have significantly raised all employees' compensation levels. We ensure that our employees' base salaries are above the local minimum wage. We pay the social insurance and provident fund, and buy commercial insurance for all employees, and continuously improve the welfare of frontline employees.

Equal employment

We uphold the principle of openness, justice, and equality and provide equal employment opportunities for every candidate. We stand firm against any form of employment discrimination based on differences in gender, race, nationality, religious belief, physical condition, or age. Sennics had 17 employees from ethnic minority groups and 16 disabled employees in 2021.

Job security

We formulated more policies to manage position adjustment and early retirement, specify basic terms for the application and treatment of these conditions. While following new requirements on position management from national regulatory and legal authorities, we strive to safeguard and guarantee employees' rights.



1.27

Male-to-female basic salary ratio

15

Average paid leave (day)

0

New occupational diseases in 2021 and accumulated occupational diseases

100 %

Percentage of security personnel trained for human rights policies or procedures

100 %

Coverage of medical examination and records

28

Employees on maternity / paternity leave (headcount)

25

Employees returning from maternity / paternity leave (headcount)



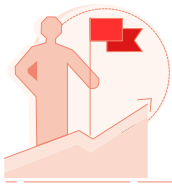
## Promoting employee development

Sennics upholds the “people-oriented” philosophy and is committed to building a broad platform for employees’ career development and personal fulfillment. We have sustained our efforts to improve and optimize systems for employee performance appraisal, promotion and growth, and education and training, etc., in a bid to attract, retain, empower, and motivate talents, build a high-quality talent team that meets the need of Sennics’ strategic development, and enable our employees to grow together with the Company.

## Employee incentive mechanism

Sennics works to promote the employee performance appraisal system and compensation reform system and further regulate the performance evaluation indicator system. We have applied both incentive and restraint mechanisms and offered real-time incentives characterized by senior-level profit sharing, mid-level project-based incentives, and high degree of security for primary level to unleash the potential of talents.

### Diversified incentive measures



Introducing management's term and contract-based management

Developing a combined incentive system of cash rewards and employee stock ownership

Launching a senior management profit-sharing program

Providing special rewards for sales, marketing, technological R&D, and key projects

## Career development path

Focusing on the production frontline, mid-level management, and business exploration, we have stepped up efforts to select talents. While cementing our abilities on strategic expansion, continuous improvement and innovation, excellent operation and key account (KA) service, we have also established a career development path marked by the “triple track” of management, technologies, and skills, expanding career development for talents from all sectors.

## Specialized training

Sennics continues to improve the multi-level employee training system. Aiming at training cadre and improving employees’ competency, we have formulated short-term, mid-term, and long-term education and training programs, scaled up investment and efforts to guarantee trainings, improved the skill sets of frontline employees, strengthened the training of mid-level cadre reserves, enlarged the key talent pool for new business, and empowered employee growth. In 2021, Sennics invested RMB 1.739 million into employee training, accumulating 29,272 trainees, with 43.07 average training hours per employee.

### Case

#### Digital talent training summer camp contributes to Sennics’ digital transformation

In order to improve Sennics’ overall capacity for digital operation and maintenance (O&M) and consolidate the digitalization achievements in the factories, Sennics invited general managers of Sennics factories, principals of innovation centers, and internal COE experts in August, 2021 to conduct an online video training on MES application and O&M under the “digital talent training summer camp.” In the training, we analyzed the efficiency of digital operation and the business differences among factories on the basis of the business process of factories’ O&M systems. 25 Sennics employees participated in the summer camp. Through communication among key users of information system services, the employees had a more comprehensive understanding of the business process to guarantee a stable and efficient digital operation system.



#### Multi-dimensional

##### Safety skill training

We provided special allowance for certified safety engineers, carried out trainings on safety knowledge, and drew up special incentive programs accordingly.

##### Comprehensive abilities improvement

We launched an online training camp for young talents to have empathy and solve problems. The camp improved trainees’ workplace soft skills and comprehensive abilities, guided them to solve problems with a creative and result-oriented mindset.



#### Multi-tiered

##### For workshop graduates

Sennics instructed subsidiaries to carry out special training projects and trainings on work shift and new projects.

##### For team leaders

We organized trainings on work ethic, senior business clients reception etiquette, management of precursor chemicals and explosive chemicals.

##### For mid-level management

We carried out trainings on safety management, management tools, observance of laws and regulations, and policies publicity and implementation.



#### Multi-form

##### Lectures + activities

Lectures, professional trainings, vocational skills competition, and hands-on activities were held to increase diversity.

##### Online + offline

Online and offline trainings were combined to enlarge training coverage.

Employee training system

### Case

#### Employees shine in vocational skills competitions

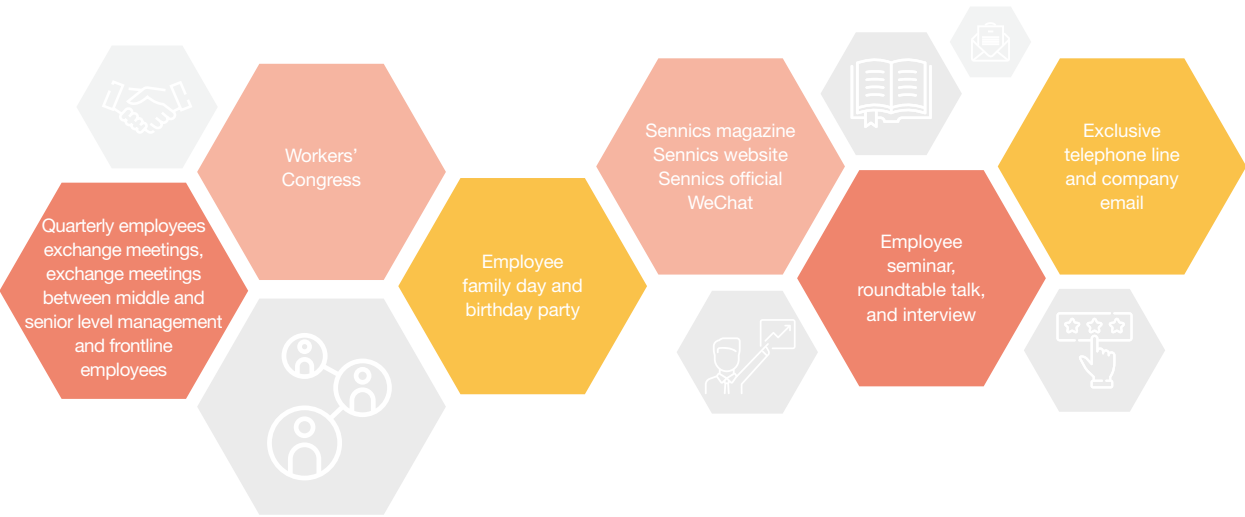
To improve the skills of project controlling personnel, Sennics held an annual Project Controlling Personnel Vocational Skills Competition. The competition evaluated competitors’ theoretical knowledge and the ability of 3D simulation operation of VR chemical units. 9 groups of 27 participants from Sennics subsidiaries joined multiple rounds of online and offline competitions. It indicated the Sennics’ craftsmanship of pursuing excellence and our determination to build a professional chemical talent team.



Sennics’ Project Controlling Personnel Vocational Skills Competition 2021

Listening to employee voice

Sennics continues to advance corporate democratic management, values employees' voice, cares employees' needs, and expand channels for employees to participate in corporate management. Committed to building mutually unblocked communication channels, we effectively safeguard employees' rights of information, participation, expression, and scrutiny, involve all employees in corporate construction and further spur their initiative and creativity, contributing to Sennics development.



Case

Building a better organization climate

Sennics attaches great importance to organization climate. We hold related surveys every year and encourage employees to participate through various channels and in various forms such as WeChat, email, regular meetings, morning meetings, group meetings, etc., in a bid to give a comprehensive evaluation of our organization climate and management efficiency. In 2021, we distributed 1,891 questionnaires, with 94% employee participation rate. According to the survey, employees' engagement rate increased by 3%, and satisfaction rate rose by 1%, compared with 2020. The survey gave us a roadmap to improve our corporate atmosphere and development environment.

Case

Sennics holds the 2021 Workers' Congress

On May 31, 2021, Sennics organized the 2021 Workers' Congress. 34 employee delegates participated and discussed new tasks and projects such as how to lead all employees to engage in our second entrepreneurial trend, etc. 4 proposals, including the *Suggestion on Utilizing Internal and External Platforms to Offer Employees Online Training Courses*, *Suggestion on Raising Employee Salary Package*, were approved in the congress. Giving full play to its role as a bridge and bond, the congress has pushed forward democratic management and employee participation and harnessed collective intelligence to promote Sennics development.



Sennics holds the 2021 Workers' Congress and General Meeting of Members of the Trade Union

Key performance 2021

2

Sessions of Workers' Congress held at the headquarters

1

General Meeting of Members of the Trade Union held

100 %

Employee membership of the trade union

4

Employees' proposals implemented by the headquarters

21

Suggestions of communication meetings implemented by the headquarters

127

Issues of "Serve the employees" campaign implemented by the trade unions of Sennics subsidiaries after going deep among the frontline employees to analyze their needs

100 %

Completion rate



Caring about employee life

Sennics actively seeks to understand and address employees' needs in life and work. Starting from providing concrete solutions to the concerns of our employees and their families, we have carried out campaigns on employee care, continued to run the Sunshine Fund, devoted ourselves to improving employees' sense of happiness and gain for further encouraging their enthusiasm, initiative, and creativity, and collectively building a "happy Sennics."

Benefits and care

- On the basis of raising employees' income, we promoted the renovation of dining halls in Sennics subsidiaries, expanded the parking space and provided more diversified festival gift options to increase employees' sense of gain.
- We provided employees with afternoon tea, umbrellas, and other services to boost their sense of happiness.

Health care

- We offered employees physical examination card to improve the examination management.
- We set up special fund to protect employees from the pandemic, purchased preventive medical products to track employees' health.
- We provided commercial maternity insurance exclusively and implemented policies on parental leave for our female employees to safeguard their rights and interests.

Heart-warming visits

- We paid visits to the employees and their family that have frequent business trips, so they could work without worries behind.
- We paid holiday visits, visits to sick and retired employees, wedding, funeral, and childbirth visits, etc. to enhance employees' sense of belonging.
- We collaborated with the trade union in local areas to initiate donations for the needy employees, accumulating over RMB 100,000.



Sennics Anhui visits family members of employees stationed overseas for a long time

Colorful life

- We implemented the proposal of Suggesting the Trade Union to Reopen Health and Physical Activities on a Proper Scale by offering employees various fitness courses, including boxing, Zumba, pop dance, yoga, etc.
- We held various cultural activities such as calligraphy and painting competitions, reading competition, and World Intellectual Property Day event to enrich employees' leisure time.
- We carried out Employee Fun Games and organized activities such as basketball match, football match, health run, etc., to strengthen employees' physique.



"Green Sennics" cycling

Key performance 2021

RMB 463,823

Provided by Sennics Sunshine Fund

125

Employees benefited

Case

Stay-put during the Spring Festival holiday as a special and heart-warming experience

During the COVID-19 pandemic in 2021, Sennics responded to government's call for "avoiding unnecessary return to rural area and staying put during the Spring Festival by carrying out activities and showing support and care for employees who were still working at their posts. Headquarters in Shanghai paid visits to 14 single employees who came from other provinces but still stood fast at their posts during the festival; Sennics Anhui carried out a "Spring Festival scrolls" calligraphical event themed on "celebrating the Spring Festival and the centenary of the founding of the CPC." Shandong Huahong launched a dumpling-making activity for celebration and paid visits to frontline workers; Sennics Tai'an held a New Year symposium for employees who chose to stay put. Lianyungang trade union paid "online visits" and offered holiday allowance to employees. All these measures have brought our stay-put employees a new and heart-warming experience during the special time.



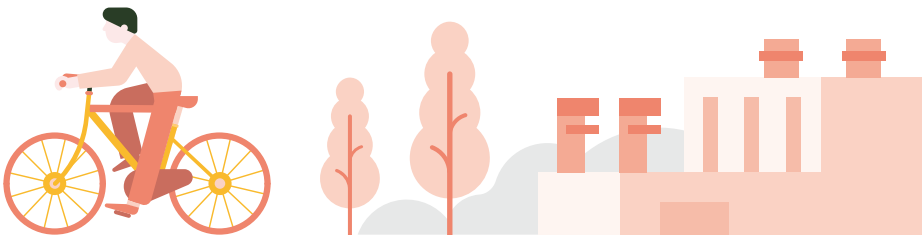
Case

The 13th "Sennics Cup" basketball game

From May 14 to 16, 2021, the 13th "Sennics Cup" basketball game was held in Sennics Shandong. Over 60 players from Sennics, Sennics Shandong, Sennics Tai'an, Sennics Anhui, Sennics Lianyungang, and Shandong Huahong together delivered an exciting sporting event. Thanks to their resilience and mettle, Sennics Shandong, Sennics Tai'an, Sennics Anhui teams won the first, second, and third place respectively at the end of the game. Connection among employees and corporate cohesiveness were strengthened after the game.



Scan to learn more about employee care of Sennics





Social Contribution to Support Revitalization

Sennics knows that a corporate cannot proper without social development. For years, Sennics has launched targeted poverty reduction programs and the "Dream Action" to support needy students. We encourage employees to engage in voluntary activities and public charity work with a sense of responsibility. Sennics hopes to contribute to social prosperity with our development and share the benefits with the wider society.

Supporting rural development

We leverage our resources and strength, continue to provide targeted assistance, and engage in developing education and encouraging consumption, to consolidate the achievements of poverty alleviation, support rural economic development, beef up rural vitalization, and fulfill our responsibilities as a corporate citizen. In 2021, Sennics and subsidiaries invested RMB 370,000 of special funds for poverty alleviation.

Poverty alleviation driven by consumption

Sennics provided targeted assistance to Ar Horqin Banner in Inner Mongolia. We leveraged the role consumption played in developing agriculture, increasing income, and preventing rural residents from falling back to poverty, and we bought agricultural products through centralized procurement and consumption. In 2021, we helped sell 206 orders of agricultural products for poverty-stricken aeras, weighting 1,030 kilograms. In total, we invested RMB 103,000 in poverty alleviation.

Poverty alleviation through educational support

We organized employees to participate in 2021 Sinochem Holdings Dream Action," carried out projects on poverty alleviation through education to realize children's dream of being educated. Throughout 2021, we called up 101 employees to provide targeted donation, accumulating RMB 43,500 to help needy students grow their talent.



"Dream Action" supports needy students

Providing public services

Sennics tracks the needs of the society by joining public charity work and encouraging employees' voluntary behaviors. In response to public needs, we carried out public service activities and voluntary activities based on the needs of the community, joined activities to care about disadvantaged groups, safeguard children's growth, plant trees, etc. Committed to public good, Sennics is always taking concrete actions.

Sennics Lianyungang

- Paying visits to 2 households impoverished because of illnesses in Zhangyu community in Xuyu New Aera during activities of "visiting villages and rural families"

Sennics Shandong

- Building 6 Cabin of Hope for the poverty-stricken counties in Heze city, donating RMB 60,000 in total, helping children from impoverished families to improve their living and learning environment

Sennics Tai'an

- Donating RMB 50,000 to install solar street lights for the villagers, solving their night walk problem
- Visiting the elderly at Caishi village, Ningyang county on the Double Ninth Festival to bring them care and warmth
- Carrying out a voluntary tree-planting campaign themed by"safeguarding lucid waters and lush mountains as invaluable assets"
- Planting 650 honeysuckles for poverty-stricken villages to help increase villagers' income

Key performance 2021

RMB 1.215 million  
Total investment in public welfare

39  
Social welfare projects launched

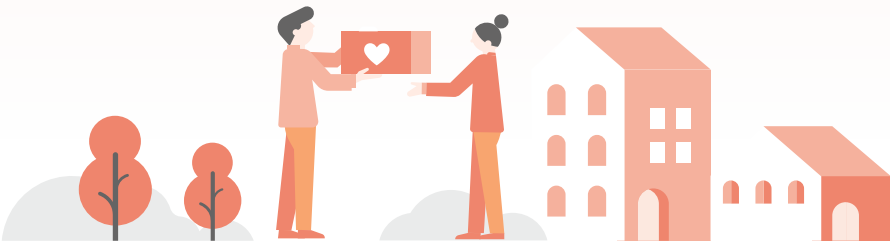
RMB 320,000  
Donation offered by Sennics and its subsidiaries

Sennics won the 2021 Social Responsibility Pioneer Award on the China Charity Festival

Sennics Sustainability Report 2020 won GoldenBee Excellent CSR Report 2021-One-Star Evergreen Award



Scan to learn more about Sennics' social responsibility performance

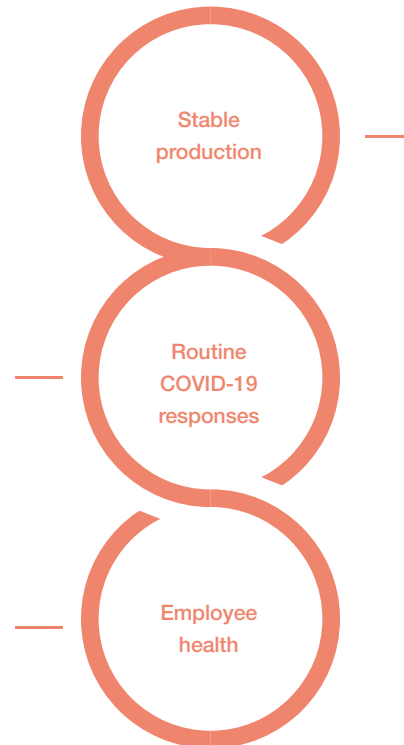




## COVID-19 Control to Safeguard Shanghai

With the recurring COVID-19 pandemic and the strict and complicated prevention and control measures, Sennics acts in accordance with the government's requirements and plays our role in combating the virus. Based on the prerequisite of safeguarding employees' health and safety, we strive to maintain safe and orderly production, and establish a defensive line against the pandemic.

- Promptly informing COVID-19 response requirements, continuing with publicity and education activities to raise employees' anti-pandemic awareness.
- Implementing strict daily disinfection and prevention measures to safeguard workplace safety and sanitation.
- Reporting COVID-19 infections on a daily basis to understand employees' health condition.
- Establishing a work-from-home system to improve COVID-19 management.
- Encouraging employees to get vaccinated, with 97.8% vaccination rate.
- Preparing anti-pandemic goods and materials, providing employees with surgical masks, disinfectant wipes, and other protective equipment, meeting employees' various needs for anti-pandemic supplies.



- Coordinating pandemic control with workplace safety requirements, adopting a work-from-home, three-shift, and closed management system, implementing a 24/7 on-duty responsibility system, maintaining production while ensuring safety.
- Adjusting production plans according to the supply of raw materials and other factors.
- Optimizing safety management, production process, and equipment management in an all-round manner to ensure orderly production with limited on-site employees.



Taking anti-pandemic measures in an orderly manner to safeguard employees' health

In spite of the raging Omicron virus across the country in 2022, Sennics headquarters and factories responded rapidly, activated the contingency plan in no time, and formulated related prevention measures. While we acted in strict compliance with the preventive requirements, we fully guaranteed work safety in factories and minimize the virus' impact on economic and social development.

### Shanghai headquarters

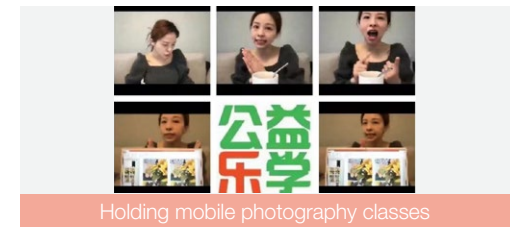
#### Voluntary services

- Encouraging employees to actively participate in voluntary COVID-19 response to represent Sennics' anti-pandemic contribution.
- Forming anti-pandemic support team, organizing employees to deliver supplies, helping employees in need with online ordering, solving "the last mile problem" in employees anti-pandemic support.
- The trade union coordinated resources from diverse sources and their delivery. It provided "anti-pandemic supply package" twice to Shanghai-based employees, and immediately bought and gave out preventive goods, materials, and medicines to employees, with inputs totaling RMB 406,300



#### Physical and mental health care

- Paying close attention to employees' mental health, communicating regularly with employees in worst-hit areas.
- Focusing on needs of pregnant and puerperal employees and employees with special needs.
- Holding mobile photography classes, picture exhibitions, and the "A bite of Sennics" food event to release pressure of anti-pandemic work.



### Sennics Shandong

The COVID-19 control of Sennics Shandong highlighted fast mobilization and deployment, across-the-board and comprehensive testing coverage, tightened preventive measures. The company provided adequate anti-pandemic supplies to last over 45 days and materials and life necessities to over 500 frontline employees stayed in the factory.



### Sennics Anhui

Lockdown management was started immediately. Sennics Anhui organized employees to stay and sleep in the factories, rescheduled work shifts, and provided all-round security for stayed employees in food, travel, and accommodation, etc. While Sennics Anhui worked on the pandemic control, it strove to guarantee work safety.

### Sennics Tai'an

Over 200 employees stayed in the factories to work under the lockdown measure. All officials stayed put to lead the teams, strengthen COVID-19 management, take the lead in ensuring production, environment disinfection, and logistics services, and purchase and distribute life necessities to employees in the factories.



### Sennics Lianyungang

Sennics Lianyungang deployed resources quickly to purchase life necessities for stayed employees, guaranteed their basic lives, and imposed movement restrictions to support COVID-19 response.

Work together to fight the 2022 Omicron

# Outlook

2022 marks the year for convening the 20th CPC National Congress, as well as the crucial year of putting China’s 14th Five-year Plan of fully into effect. It is also important for Sennics to implement the strategic goal of “Becoming a global leader in high quality, fine and specialized chemical manufacturing.” The new starting point calls for new endeavors. Guided by Xi Jinping’s Thought on Socialism with Chinese Characteristics for a New Era, Sennics will thoroughly implement the new development philosophy, and adhere to “In Science We Trust” at each stage of development. Upholding the concept of long termism and sustainability, we will vigorously forge ahead against all difficulties to fulfill our vision of “First Choice for Polymer Additives Worldwide.”

## Innovation-driven development

Led by digital transformation, we will steadily consolidate technological advantages driven by the innovative concept of “old product, new process,” striving to be a service provider for high-quality, fine and specialized chemical products featuring high-tech, fine chemical manufacturing and high added value.

## Coordinated development

Based on safety, we will enhance our core HSE competitiveness, advance the implementation of the Sinochem Holdings FORUS system, and further broaden the product chain to promote the cooperation with the upstream and downstream industries. Giving full play of our strength in comprehensive product mix and abundant production capacity, we will strive to promote the coordinated development across the industrial chain.

## Green development

We will strengthen our “intrinsically green” value through constant technological innovation, helping realize China’s Dual Carbon Goals through optimizing product portfolio as well as integrated technology for energy-saving and emission reduction, improving energy management and shifting to clean energy. By doing so, we will contribute our share to low-carbon transformation of chemical industry.

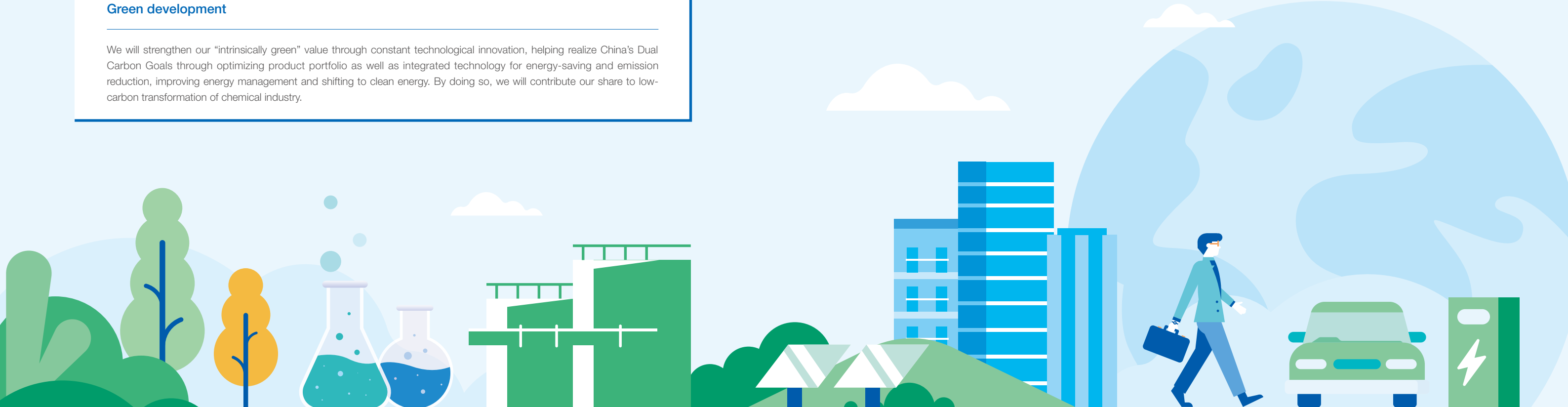


## Open development

Standing at the new starting point of Sennics Thailand, we will speed up the transformation of “Global Production, Local Service.” We are committed to becoming a reliable “All-weather Partner” of our global partners by improving the agility of our global supply.

## Shared development

We insist on people first by tracking the concerns of the stakeholders, caring for employees, giving back to society, and fully implementation of SCI-MAN 2030 initiative. Together with our stakeholders, we will strive to create a better future of shared development.





# Sustainable Development Goals and Performance

At the new development stage, Sennics has set sustainable development goals for the 14th Five-Year Plan period, which will be broken down year by year according to the actual situation. The Sustainability Task Force will be involved to promote and implement goals at each level and will evaluate and review the process to ensure that the goals are achieved on schedule.

	Goals in 2025		Goals in 2022		Progress in 2021
Carbon and emission reduction	<ul style="list-style-type: none"><li>Comprehensive energy consumption per RMB 10,000 of output value compared with the end of 2020: decline by 15%</li><li>CO<sub>2</sub> emissions per RMB 10,000 of output value compared with the end of 2020: decline by 22%</li><li>ISO 14067 certification for some products</li></ul>		<ul style="list-style-type: none"><li>Comprehensive energy consumption per RMB 10,000 of industrial output value (comparable price) compared with 2021: decline by 3%</li><li>CO<sub>2</sub> emissions per RMB 10,000 of industrial output value (comparable price) compared with 2021: decline by 4%</li><li>ISO 14064 certification at headquarters and production plants</li></ul>		<ul style="list-style-type: none"><li>Comprehensive energy consumption per RMB 10,000 of industrial output value (comparable price) compared with 2020: decreased by 10.9%</li><li>CO<sub>2</sub> emissions per RMB 10,000 of industrial output value (comparable price) compared with 2020: decreased by 12.8%</li></ul>
Health, safety and environmental protection	<ul style="list-style-type: none"><li>Total atmospheric pollutants (SO<sub>2</sub>/NOx/VOCs) compared with 2020: decline by 10%</li><li>0 fatal accident; 0 environmental incident of general impact or above; 0 new occupational disease; 0 major HSE negative public opinion event; 0 liable customer safety accident with injuries</li></ul>		<ul style="list-style-type: none"><li>Total atmospheric pollutants (SO<sub>2</sub>/NOx/VOCs) compared with 2020: decline by 2%</li><li>0 accident with serious injury or above; 0 environmental incident of general impact or above; 0 new occupational disease; 0 for major HSE negative public opinion; 0 liable customer safety accident with injuries</li></ul>		<ul style="list-style-type: none"><li>Total atmospheric pollutants (SO<sub>2</sub>/NOx/VOCs) compared with 2020: declined by 23.4%</li><li>0 accident with serious injury or above; 0 environmental incident of general impact or above; 0 new occupational disease; 0 for major HSE negative public opinion; 0 liable customer safety accident with injuries</li></ul>
Sustainable supply chain	<ul style="list-style-type: none"><li>100% cumulative coverage of sustainable procurement assessment of core suppliers</li><li>100% signing rate of the <i>Supplier Code of Conduct</i> for core suppliers</li><li>100% cumulative coverage of sustainable training for core suppliers</li><li>Promote core suppliers to carry out sustainability assessment and on-site investigation</li></ul>		<ul style="list-style-type: none"><li>100% cumulative coverage of sustainable procurement assessment of core suppliers</li><li>100% signing rate of the <i>Supplier Code of Conduct</i> for core suppliers</li><li>100% cumulative coverage of sustainable training for core suppliers</li><li>Promote core suppliers to carry out sustainability assessment and on-site investigation</li></ul>		<ul style="list-style-type: none"><li>Completed sustainable procurement assessment of 19 core suppliers, with a cumulative coverage of 100%</li><li>35 suppliers signed the <i>Supplier Code of Conduct</i>, with 100% signing rate</li><li>Organized core supplier sustainability training for 2 times, with 100% coverage of cumulative training</li><li>Conducted sustainable on-site investigation for 8 core suppliers, with a cumulative coverage of 100%</li><li>Organized all procurement staff to receive supplier sustainability management training for 2 times, with 100% training coverage rate</li></ul>
Sustainable governance	<ul style="list-style-type: none"><li>0 incident for network intrusion, information leakage</li><li>100% training rate of information security for all employees</li><li>0 business secret leakage incident; no less than 10 times of business secret training per year</li><li>100% training rate of anti-corruption education for all employees</li></ul>		<ul style="list-style-type: none"><li>Complete level 2 assurance of 2 information systems</li><li>0 business secret leakage incident; no less than 10 times of business secret training per year</li><li>Over 60% coverage of anti-corruption publicity for all employees</li><li>100% training rate of anti-corruption education for key positions; 100% coverage of handling and implementation of annual corruption incident report</li></ul>		<ul style="list-style-type: none"><li>Completed level 2 assurance of the funding system</li><li>0 network intrusion and information leakage incidents</li><li>Completed 10 IP (including business secrets) training for all employees, with 100% coverage of mini-class learning</li><li>100% training rate of employee information security</li><li>Conducted targeted anti-corruption and anti-bribery training for key personnel such as suppliers and procurement staff and integrity training and education for all employees</li></ul>
Labor and human rights	<ul style="list-style-type: none"><li>100% response rate of employee complaints</li></ul>		<ul style="list-style-type: none"><li>100% response rate of employee complaints</li><li>Convene workers representative assembly; organize more than 2 staff seminars and 1 dedication research and urge relevant departments and units to rectify</li><li>Organize more than 2 cultural exchange activities at company level; investigate employees in difficulties and achieve 100% assistance</li><li>Conduct training for sustainable development awareness, capability building and ongoing youth development training program</li></ul>		<ul style="list-style-type: none"><li>Conducted employee engagement research to form management improvement action plans and supervise rectification</li><li>Developed current and long-term employee education and training plans, and continuously increased training investment and guarantee</li><li>123 participants in "2021 Sennics Young Talent Online Training Camp"</li></ul>

Category	Indicators	Unit	2019	2020	2021
Economic	Gross operating income	RMB billion	2.57	2.39219	4.19723
	Number of intellectual property applications (including patents and copyrights)	-	12	31	34
	Number of authorized intellectual property (including patents and copyrights)	-	27	25	28
	Contract performance rate	%	94	96	100
	Number of suppliers	-	114	136	87
	Percentage of localized procurement	%	92.48	96.32	94
	Percentage of domestic suppliers conducting CSR assessment	%	12	13.23	100
Social	New hires	headcount	167	65	185
	Total employees	headcount	1,797	1,853	1,936
	Total male employees	headcount	1,261	1,328	1,398
	Total female employees	headcount	536	525	538
	Total employees of minority nationality	headcount	14	18	17
	Total employees with disabilities	headcount	11	17	16
	Employees with a Master's degree or higher	headcount	67	70	85
	Employees with a Bachelor's degree	headcount	289	296	333
	Employees graduated from junior colleges	headcount	513	484	623
	Employees graduated from technical secondary schools or lower	headcount	928	1,003	895
	Employees aged 29 and below	headcount	182	190	247
	Employees aged 30-39	headcount	631	650	651
	Employees aged 40-49	headcount	757	683	636
	Employees aged 50 and above	headcount	227	330	402
	Management personnel	headcount	232	249	267
	Female management personnel	headcount	67	67	90
	Coverage of collective contract	%	100	100	100
	Coverage of social insurance	%	100	100	100
	Trade Union members	headcount	1,797	1,850	1,936
	Employee turnover rate	%	3.9	3	5
	Total training investment	RMB 10,000	240	76	173.9
	Total training hours	hour	113,438	71,666	83,383
	Total training participants	-	23,198	26,146	29,272
	Training duration of management personnel	hour	4,415	11,205	12,799
	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	2019	2020	2021
Social	Male-to-female basic salary ratio	-	1.28	1.27	1.27
	Average paid leave (day)	day	13	15	15
	New occupational diseases in 2021 and accumulated occupational diseases	-	0	0	0
	Coverage of medical examination and records	%	100	100	100
	Employees on maternity/ paternity leave	headcount	42	52	28
	Employees returning from maternity/ paternity leave	headcount	42	47	25
	Number of positions for open competition	-	7	17	18
	Input for supporting employees in need	RMB 10,000	50	49	52.05
	Total investment in work safety	RMB 10,000	1,498.1	1,812	2,471.22
	Work safety accidents	-	0	0	0
	Employee casualties	headcount	0	0	0
	Total investment in public welfare	RMB 10,000	98.8	107.7	121.5
	Number of public welfare projects	-	9	25	39
Environmental	Employee volunteers	headcount	120	1,492	201
	Length of public services	hour	183	428	217
	Total energy consumption	tce	107,443	112,528	125,096
	Water for production and domestic use	kt	582	619	704
	Power consumption	GWh	83.86	89.64	107.99
	Diesel consumption	1,000 liters	153	257	71
	Gasoline consumption	1,000 liters	43	34	41
	LPG consumption	ton	0	0	0
	Natural gas (Coke oven gas) consumption	1,000 cubic meters	26,401	34,216	33,382
	Coal consumption	tce	55,040	44,378	43,226
	Paper consumption	-	1,238,917	1,072,620	2,394,500
	Total amount of packaging materials	ton	2,971	3,085	3,290
	Wastewater discharge	10,000 tons	-	-	65
	Discharge of solid waste	ton	16,790	18,269	16,463
	Discharge of hazardous waste	ton	2,259	2,366	2,560
	Intensity of GHG emission	tCO <sub>2</sub> e /RMB 10,000		1.50	1.04
	GHG emissions	tCO <sub>2</sub> e	389,758	389,940	465,831
	Standard coal converted from GHG emission	tce	146,525	146,594	175,124
	Emission of COD	ton	-	1	5.83
	Emission of sulfur dioxide	ton	63	51	28.05
	Total investment in environmental protection	RMB 10,000	5,630	4,906	2,099
	Investment in energy-saving technological improvement	RMB 10,000	301	679	1,443
	Number of energy-saving technological improvement projects	-	19	25	25
	Power saved by installing LED lamps	MWh	230	260	150

Note: Statistics for employees only cover the employees in China.



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## Third Party Assurance



### Independent Assurance Statement

#### Introduction:

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (hereinafter “TÜV”, “We”) has been entrusted by the management of Sennics Co., Ltd (hereinafter “Sennics”, “the Company”) to conduct independent assurance of 2021 Sustainability report (hereinafter “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 2021 Sustainability report.

The intended users of this assurance statement are stakeholders having relevance to the Sennics overall sustainability performance and impacts of its business activities during 2021 (1 January 2021 ~ 31 December 2021). TÜV Rheinland is a global service provider of Corporate Social Responsibility (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 not been involved in the preparation of the Report contents.

#### Assurance Standard:

The independent assurance was carried out in accordance with AccountAbility AA1000AS v3, covering defined principles of Inclusivity, Materiality, Responsiveness and Impact.

#### Scope & Type of Assurance:

Our Assurance engagement covers the following:

- GRI Sustainability Reporting Standards (GRI Standards) and the criteria for Core option in accordance with the GRI Standards.
- Information and data related to economics, environment & social, and material topics and sustainability performance disclosed in the Sennics 2021 Report, within defined in reporting boundaries.
- Evaluation of disclosed information and data in the Report as per the Assurance Standards.
- Type-1, Moderate Assurance Level as per AA1000AS v3.

Limitation: The assurance engagement was conducted on in Sennics' headquarter, locating at 7 F, Sinochem International Plaza, No. 233 North Changqing Rd., Pudong New Area, Shanghai, China. Due to Covid-19, this engagement was done partially through on-site assessment and partially via remote video connection, to communicate with relevant departmental managers who are responsible for sustainable development in the Sennics, and to assess documents and records as required. TÜV has not conducted any consultations with external stakeholders. The verification is implemented based on the data and information provided by Sennics, assuming that they are complete and true.

#### Assurance Methodology:

TÜV has challenged the Report contents and assessed the process undertaken by Sennics from source to aggregation in disclosure of information and data pertaining 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 data verification were used as per random sampling, to verify and validate the correctness of reported data and contents in light with contractual agreement and the factual Sennics corporate sustainability strategy as mentioned in the Report. Our work covered interviews with more than 20 Sennics representatives including senior management and relevant employees who collected, summarized and reported the disclosures. The approach deemed to be appropriate for the purpose of assurance of the Report since all data therein could be verified through original proofs and/or 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.

#### Adherence to AA1000AS v3:

**Inclusivity:** Sennics has carried out a process of stakeholder engagement, by conducting topics survey from internal and external stakeholders, and integrating chemical industrial characteristics, to collect and review views and expectations from its stakeholders, which provided reference basis for material topics analysis.

**Materiality:** Sennics has assured materiality assessment process. The company has fully identified, analyzed, assessed and defined material sustainability topics, including pollution prevention, innovation development, safety management, green production, compliance governance, carbon emissions, and responsible procurement, etc., by combining survey results, key points of operation management and United Nations Sustainable Development Goals, and disclosed them in the Report.

**Responsiveness:** Sennics has disclosed important information and key performance on material sustainability topics (including compliance and business ethics, environment management, occupational health and safety, and employee rights and benefits, etc.) in the Report, which positively responded concerns of key stakeholders. In 2021, the company has conducted carbon examination and data verification of carbon emissions based on standard of ISO14064-1:2018, to promote carbon management in a scientific and effective way.

**Impact:** Sennics has established sustainability committee in 2021, and launched action plans of “Embracing the Dual Carbon, Goals for a Bluer Sky” which covers four actions on optimizing product structure, integrating energy saving and emission reduction technology, enhancing energy management, and using clean energy. The company paid great attentions to sustainable operations and impact of decision making on sustainability, by considering mechanism of risk management and performance management, and did continuously improve technology innovation, boost strategy upgrading, motivate intelligent manufacturing, and enhance intrinsic safety, to achieve established strategic goals.

#### 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 2021 Sustainability Report meets the requirement of Type-1, Moderate Assurance Level according to AA1000AS v3, and the criteria for Core option in accordance with the GRI Standards.
- The Report includes statements and claims that reflect Sennics sustainability achievements and challenges supported by documentary evidence 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  
Technical Manager for Corporate Sustainability  
8 August 2022, Shanghai, China

# Feedback Form

**Dear Sir/Madam:**

Thank you for reading the Sennics Sustainability Report 2021. We attach great importance to your feedback on our social responsibility work and the Report. Your opinions and suggestions are vital to improving our 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:  
<http://www.sennics.com/develop4.html>

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