



2021 CORPORATE SOCIAL RESPONSIBILITY REPORT

Satellite Chemical Co., Ltd

About This Report

Introduction to This Report

This is the 2nd Annual Corporate Social Responsibility Report released by Satellite Chemical Co., Ltd. ("STL" or "Company"). This Report truthfully and objectively introduces the activities of STL in fulfilling corporate social responsibility in 2021, and focuses on disclosing relevant information on the Company's social, environmental and governance performance. All monetary amounts stated herein are denoted in Renminbi ("RMB").

Scope of This Report

Reporting period: This Report covers the period from January 1, 2021 to December 31, 2021 ("Reporting Period"). Part of the content herein involves data of 2020 and 2022. This Report is an annual report. Reporting scope: Unless otherwise specified, this Report covers Satellite Chemical Co., Ltd.

Preparation Basis

Sustainability Reporting Standards by the Global Reporting Initiative ("GRI Standards"), Guidelines for Standardized Operation of Companies Listed on the Shenzhen Stock Exchange, and Guidelines for Environmental, Social Responsibility and Corporate Governance Information Disclosure of Companies Listed on the Shenzhen Stock Exchange

Reporting Commitments

This Report is prepared by the Social Responsibility Report Preparation Team of STL, reviewed by the related senior executives, and approved by the Board of Directors of the Company. STL assures that this Report contains no false records or misleading statements.

Access to This Report

This Report is provided in simplified Chinese for readers' reference, and the electronic version of this Report can be downloaded from www.cninfo.com.cn.



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Message from the Chairman

Strong companies can withstand the test of any change. The year 2021 is an extraordinary year for the development of STL. In the face of complex and severe domestic and foreign situations and many risks and challenges, under the unified leadership of the Board of Directors and the guidance of the "integration" culture, the Company completed a series of benchmark projects in the industry and implemented a series of major changes in management and talent aspects. As a result, we made an all-around, deep-level, and fundamental leap-forward development, made major achievements, and created a new strategic pattern of "creating the future with technology and building a low-carbon chemical new material technology company based on the integration of light hydrocarbon" for STL.

This year, we kept focusing on the industry, strengthening the main business, and leading the high-quality development of the industry. We achieved remarkable record results through hard work and by overcoming difficulties. In 2021, the Company reported an annual sales revenue of more than RMB28 billion and a net profit of more than RMB6 billion, and recorded new highs in various operation data, bringing our "first five-year plan" to a satisfactory ending.

In 2021, STL made rapid and stable progress in project construction. All employees of the Company were united to build China's first million-ton ethylene plant and its supporting downstream plants on the saline-alkali land in Xuwei New District, Lianyungang. The Company created a number of company records and industry miracles in the process of construction, put-into-operation, and reaching production targets. At the same time, the Company continuously strengthened the C3 industry chain and fully implemented the new green technology of acrylic acid, raising our production capacity to a new level and our industry foundation to a new height.

In 2021, STL attained continuous appreciation in talent capital. The Company created a new mode of talent training under the assistant system, completed the revision of the corporate culture manual, and fully opened up the culture popularization and implementation initiative, intensifying the positive energy and building up cultural confidence.

In 2021, STL gained strong momentum on technology innovation. In 2021, the Company invested over RMB1 billion in R&D. We were determined to create the future with technology, and successfully passed the assessment of the provincial enterprise technology center. The second phase of our PDH base in Pinghu set a record for the longest full-load operation cycle among similar devices in the world.

In 2021, STL put steady efforts into green development. We have always regarded environmental protection and energy conservation and emission reduction as an important part of the practice of corporate social responsibility, and attached the same importance to environmental protection as to a product. Compared with similar domestic plants, our new acrylic acid process could reduce emissions by 40,000 tons of coal equivalent per year. The operation level and energy consumption of our production facilities in the Lianyungang base reached the advanced level in the industry.

In 2021, STL further polished our brand in charity. We have always adhered to the core value of "common development of individuals, enterprise, and society", and continuously generated taxes for the regional economy and income for employees. We further helped the elderly, students, disabled, and poor, carried out targeted donations to Huangping County, Guizhou, and earnestly fulfilled STL's responsibilities for promoting common prosperity.

In 2021, our achievements are "hard-won and inspiring". It has been proved that the mindset of "pragmatism, implementation and verification" is the inexhaustible driving force for STL to start and operate a business. It has been proved that the work style of "working for the company with passion and love" is a solid guarantee for STL to overcome difficulties. It has also been proved that the unified leadership of the Board of Directors is the foundation for STL's development.

The year 2022 witnesses the 30th founding anniversary of STL and the start of the "second five-year plan" period of STL. This year, the Company will set off on a new journey to be filled with new hopes and glories. We will continue carrying forward the spirit of "pragmatism, implementation and verification" and the style of "working for the company with passion and love". With the momentum of seizing the day and by perseverance, we will stick to our development path, fulfill our responsibilities, and forge ahead despite headwinds. We will make every effort to make a good start for the "second five-year" period of STL.

Chairman: Yang Weidong

About STL

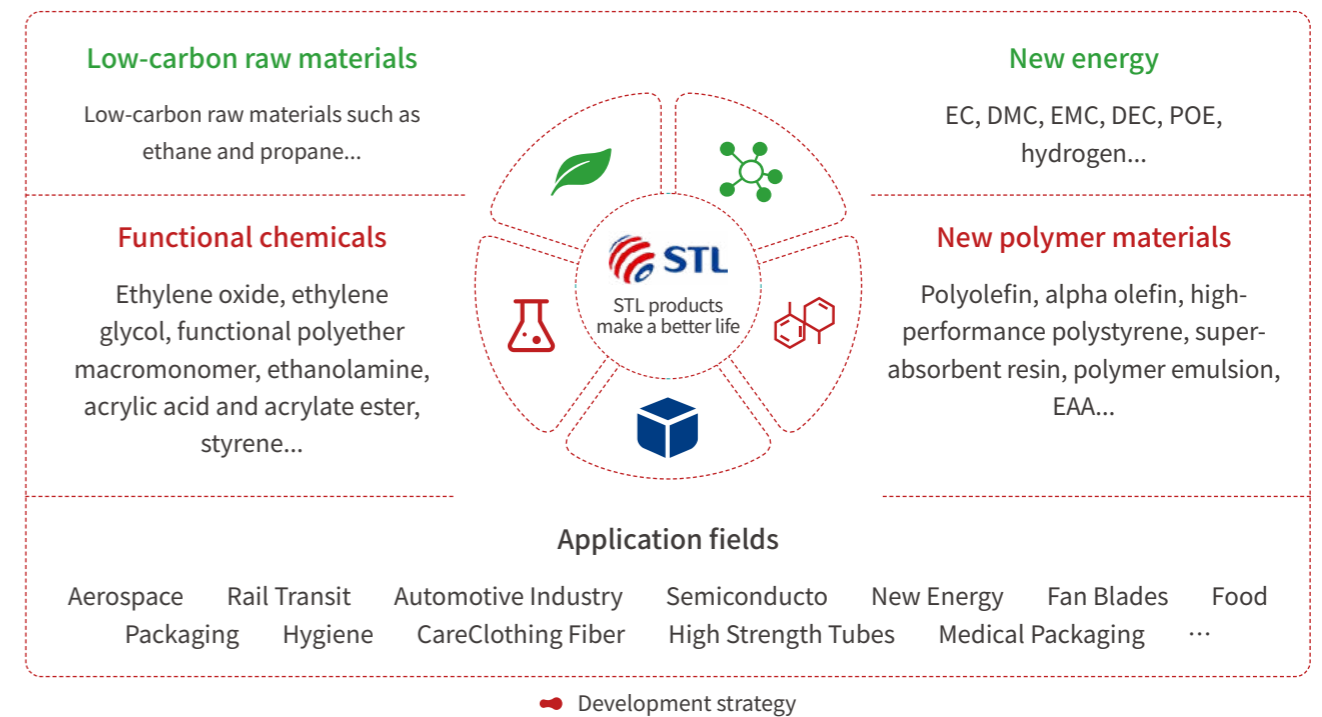
Since the establishment of new acrylic polymer materials, STL has deeply embedded the genes of new chemical materials on the road to development. For many years, we have been adhering to the mission of "chemical industry makes life better", and focusing on building the real economy and making our advantageous cause. To establish the safety guarantee for upstream raw materials, we extend upstream with innovative thinking. We establish a development strategy of building a low-carbon chemical new material technology company based on the integration of light hydrocarbon. We form industries including functional chemicals, new energy materials, and new polymer materials, covering aerospace, rail transit, automobiles, new energy, semiconductors, infrastructure, home furnishing, textiles, health care and other application fields, and creating colorful STL products for a better life.

Create the future with technology. In 2021, STL's R&D investment exceeded RMB1 billion, representing an increase of 126.91% YoY. We introduced and optimized patented technologies, put Lianyungang Petrochemical Phase I Project into operation smoothly in May 2021, and achieved stable running of the PDH unit in an ultra-long cycle. With our independently-developed processes, we ensured the successful application of new plants for acrylic acid and acrylate esters. We also implemented catalysts R&D to substantially complete the design of the alpha olefin pilot plant. In addition, we promoted the construction of STL R&D center covering an area of more than 200 mu (approx. 133,333 square meters) to build a new platform for future technological innovation.

Develop human capital. In 2021, STL has a technical R&D team of 813 people. According to the Company's second five-year plan, we will introduce 2 academicians and 100 doctors. STL truly regards talents as the capital for future development. Since its listing, the Company has implemented three restricted stock incentive plans, one employee stock ownership plan, and one business partner stock ownership plan. The Company has built a modern management mechanism for value incentives, and actively responded to the national policy of the common prosperity demonstration zone by building a value platform for common prosperity.

Never forget why we started, and our mission can be accomplished. Established with new polymer materials, STL now has the advantages of the functional chemical industry chain, innovates in the field of low-carbon chemicals, becomes a technology company that generates taxes for society, profits for shareholders, and income for employees, and realizes the mission that chemicals make a better life!

Create a low-carbon chemical new materials industry chain based on the integration of light hydrocarbon

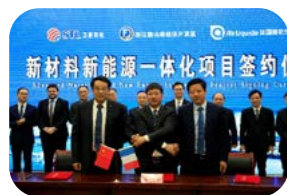


2021 Timeline



STL signed a project MOU with SK Global Chemical

March 2021 A signing ceremony of EAA cooperation between STL and SK Global Chemical was held in Xuwei New District, Lianyungang. Both parties' representatives signed a memorandum of understanding (MOU) on cooperation in a 40,000 MTA high-end packaging new material (EAA) project which marked the landing of the first EAA Project in Asia.



STL signed a project cooperation agreement with Air Liquide Group

March 2021 STL intended to invest RMB11.5 billion to build a new material and new energy integration project. After completion, the project is expected to have an annual output value of RMB20 billion.



STL won the National May 1st Labor Award

April 2021 Lianyungang Petrochemical Co., Ltd., a subsidiary of STL, and the School of Materials Science and Engineering of Tongji University set up a "joint laboratory", which is of great significance in developing a series of functional polycarboxylate superplasticizers, expanding product application fields, cultivating industry talents, and promoting sustainable development.

April 2021 STL won the National May 1st Labor Award. This award is a glorious title awarded by the All-China Federation of Trade Unions to enterprises, institutions and organizations that have made outstanding contributions to the construction of socialism with Chinese characteristics, and is one of the highest awards for the working class in China.



STL held the kick-off meeting of coaches of the "assistant system" talent training program

May 2021 The kick-off meeting of coaches of STL's "assistant system" talent training program was successfully held at the headquarters. This meeting marked the official start of the "assistant system" program, which further deepened the Company's talent training work and laid a solid talent foundation for the successful start of the Company's second five-year plan.



STL held the kick-off meeting of the corporate culture landing project

May 2021 Phase I of Ethylene Comprehensive Utilization Project of Lianyungang Petrochemical Co., Ltd., a subsidiary of STL, was officially put into operation. This Project is located in Xuwei New District, one of seven National Petrochemical Industrial Parks, with a total investment of RMB38.36 billion. This Project is a combined plant project with an annual output of 1.35 million tons of PE, 2.19 million tons of EOE and 260,000 tons of ACN.

July 2021 The kick-off meeting of STL's corporate culture implementation project was successfully held at the headquarters. This project aims to establish a systematic cultural practice system, implement the corporate culture into the specific actions of employees, form a common goal, and realize the vision of "Sustainable STL, Outstanding Benchmark".



Headquarters party members watched the ceremony marking the CPC centenary

July 2021 On the occasion of the 100th anniversary of the founding of the Communist Party of China, STL's Party Committee and all grass-roots party branches organized all party members, party activists and representatives of young workers to watch the live broadcast of the Central Committee of the Communist Party of China celebrating the 100th anniversary of the founding of the Communist Party of China and listen to important speeches by state leaders.



Party history education lecture in STL

September 2021 STL held the opening ceremony of the North China Office in Zibo, Shandong. As the first standardized operation office, the North China Office will spread throughout the country to improve demand response speed & customer service quality!

September 2021 "Red Boat Spirit in STL"



STL's superplastic new material project was successfully started

October 2021 STL's superplastic new material project was successfully started. This project is an important part of the Company's "ethylene-ethylene oxide-epoxy derivatives" industrial layout, which expands STL's business scope and field, and ensures STL's high-quality development in strategic emerging industries including new energy and new materials.

October 2021 The Company was formally renamed Satellite Chemical Co., Ltd.



STL held the unveiling ceremony of the South China Office

December 2021 STL held the opening ceremony of the South China Office in Foshan, Guangdong. The establishment of this office is an important step in STL's strategy of "having footholds in China and stepping into the world". This office is also STL's second standardized operation office. After the opening ceremony, the Company held an appreciation meeting for customers in the field of acrylic acid and acrylate esters, with nearly 100 downstream customers attending.



STL held a monthly enlarged meeting and a year-end summary meeting

December 2021 STL's Party Committee held a monthly enlarged meeting and a year-end summary meeting. Yang Yuying, secretary of the Party Committee, summarized and reviewed the achievements and deficiencies in the work of the Company's Party Committee, and put forward new requirements for the 2022 annual work plan.



Responsibility Topics

STL has always placed the performance of corporate responsibility in an important position. Guided by national policies and industry development trends, we set clear goals and make bold innovations, build STL brands and deploy industries, save energy and reduce carbon, implement "dual carbon" actions and contribute positively to social progress and industry development.

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Responsibility Topic 1 · Pioneer Dual Carbon Actions

STL actively responds to the national "dual carbon" action plan, publicizes and implements the "dual carbon" spirit, implements carbon emission reduction goals in production, practices green and low carbon concepts in life, and helps enterprises develop the green economy and achieve sustainable development goals.

Guided by policies, publicize and implement the dual-carbon concept

In response to the national "dual carbon" strategy, the Company actively researches carbon neutrality and carbon peaking policies and publicizes and implements the "dual carbon" concept. In October 2021, to comprehensively improve the Company's environmental protection team's study and reserve of carbon emission trading management measures, carbon emission trading mechanism principles and other policies, the Company's main responsible persons, safety and environmental protection commissioners and energy administrators participated in the carbon emission trading training sessions held in Nanhu District. After training, the Company carefully calculated carbon emissions in strict accordance with the carbon emission calculation standards, and actively discussed the strategies for carbon emission reduction.

Carry out the "dual carbon" training and study the "dual carbon" concept

In June 2021, to improve the understanding of the national "dual carbon" strategy by all employees of the Company, based on the concept of "safety, green, intelligent, and innovative" leading the development direction of the industry, STL conducted publicity and training activities related to carbon emission management at foreman level and above, interpreting the types of greenhouse gases, climate changes caused by greenhouse gas emissions, carbon verification, carbon trading, and global carbon emission reduction targets.

Through the training, the participants had a better understanding of green production, green travel, green office and other carbon reduction actions, and expressed that they would make contributions to slowing down the process of global warming based on actual situations.



The Company conducted "dual carbon" training for employees

Led by low carbon, promote a whole industrial chain layout

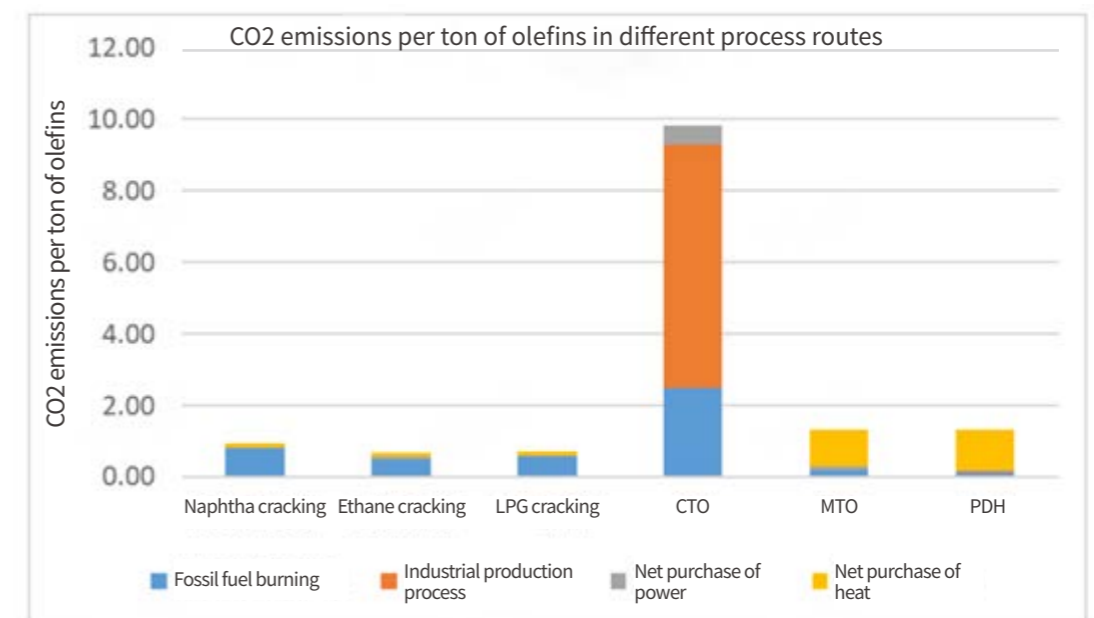
STL pioneered in responding to the national "dual carbon" strategy, actively fulfilled the corporate social responsibility, coordinated the orderly development of the "Dual-Five-Year" plan, and accelerated the Company's transformation into a technology enterprise of low-carbon chemical new materials.

Led by low carbon, develop entire-industry-chain carbon reduction technologies

To implement the national "dual carbon" strategy and realize the sustainable development of the Company, during the reporting period, the Company carried out energy saving and carbon reduction efforts from the source, during the process and in the end, and achieved remarkable results.

Implement carbon reduction from sources

STL produces olefins with lightweight raw materials, with CO₂ emission per ton of olefins significantly lower than that of producing olefins with coal. Compared with producing olefins with coal, the Company's plant producing 1.25 million tons/year ethylene through ethane cracking can reduce CO₂ emissions by about 11.4 million tons per year, and the Company's two sets of plants producing 450,000 tons/year propylene through propane dehydrogenation can reduce CO₂ emissions by about 7.7 million tons per year. This helps achieve the strategic goal of "carbon peaking and carbon neutrality", and is also in line with the proposal of the Action Plan for Carbon Dioxide Peaking Before 2030 issued by the State Council on "expanding the import sources of hydrogen-rich raw materials, and promoting the lightweight of petrochemical and chemical raw materials".



Data sources: China National Petroleum & Chemical Industry Planning Institute. The data is typical data of the industry, and it varies in different companies and plants

Implement energy saving and carbon reduction during the process

During the construction and operation of the project, STL makes full use of the process waste heat and reaction by-product steam to recover low-temperature potential energy, that is, to recover some cooling capacity of the plant and the tank area, and improve the utilization level of energy. STL uses new high-efficiency pumps to effectively strengthen heat exchangers and other energy-saving products to improve energy conversion efficiency and energy recovery rate. STL's plants select high-efficiency thermal insulation materials to keep all heating equipment, refrigeration equipment and corresponding pipelines warm and cold, to reduce energy consumption. STL's plants install energy-saving light tubes to improve illumination and reduce energy consumption.

Implement carbon reduction through end-of-pipe controls

STL makes full use of CO2 waste gas as the by-product from the process of producing ethylene oxide with ethylene. We plan to build a 750,000-ton/year carbonate plant, which is supported with some food-grade CO2 to recycle the by-produced CO2 and realize high-value utilization. Battery-grade carbonate is the core material for the production of lithium batteries, which can eventually be used in fields including new energy vehicles and smart mobile devices. After the 750,000-ton/year carbonate plant is fully put into operation, we can recycle nearly 400,000 tons of CO2 per year, which is in line with the "dual carbon" green development concept and has good economic, social and ecological benefits.



Responsibility Topic 2 · Focus on Innovation-driven Development

Technology is the foundation for a country's prosperity, and innovation is the soul of an enterprise's progress. STL adheres to the concept of "creating the future with technology", and takes the affiliate Polymer New Materials Research Institute as the primary scientific and technological innovation platform. We always regard the Institute as an important carrier and core force to support the Company's innovation activities, and keep discovering to promote the iterative upgrade of technology and products and empower the Company's high-quality development. National High-tech Enterprise, Provincial Technology Center, and Jiaying Nanhu Innovation Green Chemical New Material Industry Innovation Complex enable upstream and downstream enterprises in the park to share resources and innovate together.

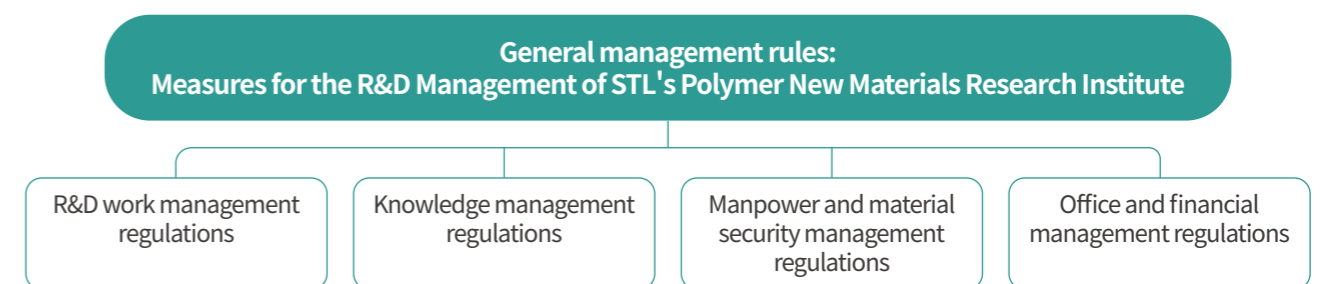
Concept first, system escort

STL's Polymer New Materials Research Institute adopts the development strategy of "creating the future with technology, and building a low-carbon chemical new material technology company based on the integration of light hydrocarbon". Based on the scientific research highland created by the Science and Technology City located in Nanhu District, Jiaying City, and relying on regional scientific research institutes including Yangtze Delta Region Research Institute of Tsinghua University, the Chinese Academy of Sciences, Zhejiang University, and East China University of Science and Technology, STL's Polymer New Materials Research Institute aims to become a world-class academic exchange platform and digital innovation platform.



Development concept and talent concept of the Institute

To effectively carry out R&D management, promote the system, process and standardization of the Company's R&D project management, and ensure the smooth and efficient implementation of various mandates, the Institute develops the Measures for the R&D Management of STL's Polymer New Materials Research Institute as general management rules; and also formulates and implements a series of management systems from the perspectives of R&D work management and knowledge management.



Regulation management system of the Research Institute

- Improve the approval system for development projects, strengthen the evaluation of development projects, and ensure the reasonable, accurate and efficient operation of development projects
- Increase investment in scientific research facilities and equipment, improve and enhance scientific research hardware strength, and provide a good working platform for R&D personnel



- Improve the independent project-based accounting system for R&D investment, ensure the funding sources of the Institute, and identify financing for specific R&D activities
- Establish and improve the performance appraisal and reward system for R&D personnel to mobilize work enthusiasm and improve product development quality and efficiency

● An operating mechanism that features "Information-driven, project-based operation, resource integration, and effective incentives"

Clear goal and clear focus

During the reporting period, researchers from STL's Polymer New Materials Research Institute carefully studied the Development Guide for the "14th Five-Year Plan" of Petroleum and Chemical Industry. By grasping this opportunity, based on our characteristics and advantages in the integration of C2 and C3 industry chains, we determined the professional development direction of high-end polyolefin new materials and focused on outstanding technical issues in this field, and focused on tackling bottlenecks, to obtain the core competitive advantage in the manufacture of high-end polyolefin new materials and open up the field of new materials.



Successful completion of alpha olefin test

During the reporting period, based on our advantages in the integration of C2 and C3 industry chains, we focused on outstanding technical problems in the field of high-end polyolefin new materials, and succeeded in completing the alpha olefin test during the reporting period, which helped to solve the "stuck neck" problem and became a new opportunity for the Company to develop in depth in the field of new materials



R&D of new downstream materials of acrylic acid

The Company keeps abreast of new material technology trends at home and abroad, aims at functional acrylic polymer new materials, and develops downstream acrylic new materials through interdisciplinary material cooperation and industry-university-research cooperation



Actively deploy acrylic emulsion products

The Company actively develops high-performance acrylic emulsions, including hydroxyl-containing acrylate emulsions, self-crosslinking acrylate emulsions, epoxy-modified acrylate emulsions, alkyd resin-modified acrylate emulsions, fluorine-containing acrylate emulsions, to improve the layout of the new materials industry

● Key achievements of the Institute in terms of R&D innovation

Ethylene comprehensive utilization project is put into production to help the manufacture of high-end polyolefin new materials

In May 2021, Lianyungang Petrochemical Co., Ltd., a subsidiary of the Company, held a kick-off ceremony for the first phase of the ethylene comprehensive utilization project put into operation. As a major project in Jiangsu, STL Ethylene comprehensive utilization project, with a total investment of RMB38.36 billion, adopts the world's leading technology to build a combined plant project with an annual output of 1.35 million tons of PE, 2.19 million tons of EOE and 260,000 tons of ACN. This project involves more than 10 kinds of products including polyethylene, ethylene oxide, and ethylene glycol. After being put into operation, this project will play a key role in enriching and optimizing the industrial structure of the park, realizing the mutual supply of raw materials in the park, and extending the core industrial chain.

In the future, the Company will actively carry out international cooperation, and perform in-depth layouts in industries including R&D of high-end new materials and high-efficiency catalysts. We will continuously make efforts in the fields such as comprehensive utilization of hydrogen energy, and capture and utilization of carbon dioxide. By in-depth integration with the national 14th Five-Year Plan, we will actively promote "carbon peaking", achieve "carbon neutrality", and always put safety and environmental protection first, to ensure the safe, stable, efficient, green and clean operation of projects.



● Kick-off ceremony for the first phase of the ethylene comprehensive utilization project put into operation

Strengthen incentives and orientation

STL Polymer New Materials Research Institute continues increasing support, protection, reward and punishment efforts for scientific and technological innovation workers. On the basis of comprehensive consideration of individual growth, work autonomy, business achievements, and material income, the Institute establishes the scientific promotion path and incentive mechanism, and introduces and improves the performance responsibility evaluation method, so that "excellent people will stand out" and "promising people will have a right place" become the normal state of the Technology Innovation Department.

Establish a dual-channel development model and implement and improve innovation incentive policies

To broaden the career development space of talents at all levels, STL Polymer New Materials Research Institute establishes a dual-channel development model of "technology" and "management", creates a "specialized, professional, and international" talent team, and comprehensively expands and improves the innovation ability of R&D personnel, and gradually forms the long-term mechanism for attracting, training and motivating technology talents, the talent echelon training mechanism and the career planning system.

In addition, to effectively implement and improve the innovation incentive policy, the Institute adheres to the principle of "justness, fairness and openness", and conducts performance evaluation and incentive cashing at the end of each year according to the implementation results of research projects. For technical backbones, based on the implementation of the equity incentive system, the Company formulates and introduces detailed performance responsibility assessment measures to carry out comprehensive assessments and effectively enhance the overall quality of technical cadres.



Performance Responsibility Review Dimensions

While devoting ourselves to R&D and innovation, we adhere to the combination of "technology innovation" and "intellectual property protection", actively cultivate high-value R&D patents, and attach great importance to the protection of independent intellectual property rights, and the reflection of intellectual property rights of technology transformation capabilities.



During the reporting period

- We were successfully reviewed by the 2021 intellectual property management system, and our intellectual property management system continuously meet the requirements of GB/T 29490-2013 and maintained effective operation.
- We obtained **23** newly authorized patents, including **6** invention patents and **17** utility model patents.
- Our subsidiary Lianyungang Petrochemical Co., Ltd. carried out the intellectual property legal knowledge training, in which employee representatives from **15** departments participated.



Intellectual property legal knowledge training was carried out



Emphasis on Governance and Responsibility

A scientific governance structure acts as a solid guarantee for the Company's high-quality development. STL always insists on putting corporate governance in an important position. By deepening the guidance of Party building, strictly performing compliance internal control, implementing ethics, and strengthening Investor Communication, we continuously improve our corporate governance level to promote the healthy, efficient and sustainable development of the Company.

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21 Guidance of Party Building

25 Compliance Risk Control

26 Ethics

28 Investor Communication



Corporate Governance

Corporate governance serves as the cornerstone of the steady operation and development of modern enterprises. In strict compliance with the Company Law of the People's Republic of China, the Guidelines for the Governance of Listed Companies and other laws, regulations and normative documents, STL establishes the "three-in-one" (board of directors + board of supervisors + general meeting of shareholders) corporate governance structure, and forms the modern corporate governance system with scientific norms, clear rights and responsibilities, mutual checks and balances, and efficient operation, to continuously enhance the transparency and effectiveness of corporate governance.

During the reporting period,

During the reporting period, the Company held a total of **11** meetings of the board of directors, **10** meetings of the board of supervisors, and **5** general meetings of shareholders.

By the end of the reporting period,

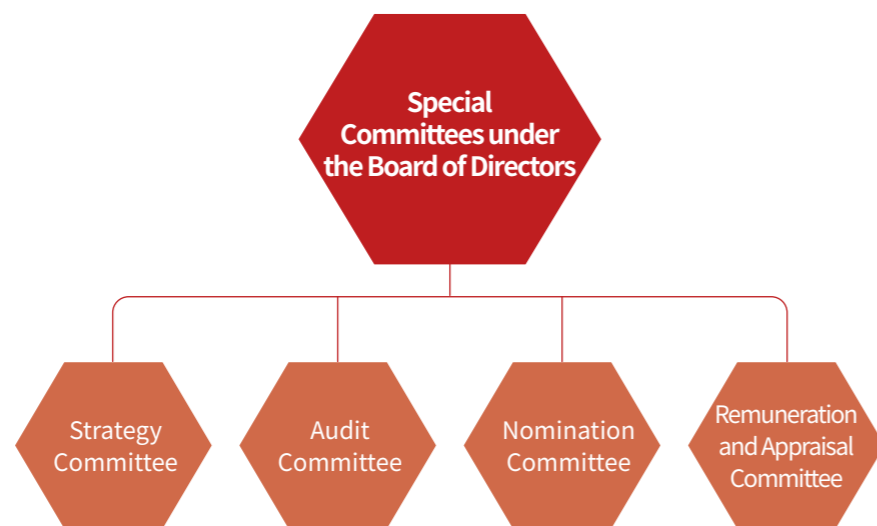
the Company's board of directors had a total of **7** directors, including **3** independent directors and 3 female directors. The Company's board of supervisors had a total of **3** supervisors, including **1** employee supervisor.

During the reporting period,

the Audit Committee under the Board of Directors held a total of **5** meetings, the Nomination Committee held **1** meeting, the Strategy Committee held **3** meetings, and the Remuneration and Appraisal Committee held **2** meetings.

In strict accordance with the Rules for the General Meeting of Shareholders of Listed Companies, the Articles of Association and other regulations, the Company convenes and holds the general meeting of shareholders, and treats every shareholder equally. All directors of the Company carry out work and diligently serve their obligations, in strict accordance with the requirements of laws, regulations and rules, including the Company Law of the People's Republic of China and the Rules of Procedure of the Board of Directors. Independent directors independently perform their duties, safeguard the overall interests of the Company, especially the legitimate rights and interests of minority shareholders, and express independent opinions on important and major issues. During the reporting period, no director overstepped its authority to exercise the power of the general meeting of shareholders or to interfere with the operation of the board of supervisors and the operation management.

The Board of Directors set up four special committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee.



Organization structure of special committees under the board of directors of the Company

Supervisors of the Company supervise the legality and compliance of the Company's finances and the performance of duties by directors and senior executives, and safeguard the legitimate rights and interests of the Company and shareholders.

Guidance of Party Building

Guided by the idea of socialism with Chinese characteristics in the new era and the spirit of the Sixth Plenary Session of the 19th Central Committee of the Communist Party of China, based on the annual production and operation tasks of the Company, STL strengthens the foundation, makes up for shortcomings, focuses on innovation, promotes integration, and improves the quality, efficiency and upgrading of Party building, to provide a strong guarantee for the Company's production and operation.

During the reporting period, with the theme of "practicing corporate culture and doing own work well", the Party Committee focused on serving employees and contributing to the high-quality development of the Company. The Party Committee currently has 328 Party members and 23 probationary Party members. The Party Committee, the Trade Union and the Youth League Committee have 120 women members.

Party history education

By means of the Party history study and education, based on the production and operation objectives, the Company solidly promotes the integrated pattern of Party and mass work of "Party building leads project construction, Party building leads League building and Party building leads women's federation". All Party members and cadres are required to constantly strengthen the study of political theory and improve their theoretical cultivation and political grasp ability. The Party Committee regularly carries out study and education activities, and supervises the grass-roots branches to organize Party members to conduct a centralized study and individual self-study.



During the reporting period, the Company

- established the working group of female members of the Party Committee, the Trade Union and the Youth League Committee in each region, sent the speech spirit of the central and provincial leaders from time to time, organized all Party members and cadres to study the spirit for more than **80** times,
- and conducted Party history study and educational activities for **100** times throughout the year.
- The Company organized all Party members and cadres to study and watch the opening ceremony of the 100th anniversary of the founding of the Communist Party of China. The spirit of the Sixth Plenary Session of the 19th Central Committee of the Communist Party of China was studied more than **40** times.
- There were more than **10,000** participants in the study throughout the year.



The Company publicized and implemented the spirit of General Secretary Xi Jinping's speech at the training course for young and middle-aged cadres of the Party School of the Central Committee of C.P.C



The Company organized the party history education lecture



Ms. Yang Yuying, Secretary of the Party Committee and Vice Chairman of the Board of Directors, gave a lecture on party history

Organize and watch the ceremony marking the CPC centenary and encourage employees to carry forward the red spirit

On the occasion of the 100th anniversary of the founding of the Communist Party of China, in 2021, STL's Party Committee organized each base branch's party members, party activists and representatives of young workers to watch the live broadcast of the Central Committee of the Communist Party of China celebrating the 100th anniversary of the founding of the Communist Party of China and listen to important speeches by state leaders.

At the scene, the Secretary of the Party committee of the Company issued the badge of the 100th anniversary of the founding of the CPC to all participants, encouraged Party members, cadres and employee representatives to carry forward the glorious tradition, continue the red blood, show the corporate responsibility, implement all work and contribute STL's efforts to the next century.



All Party members and employee representatives of the Company watched the opening ceremony of the 100th anniversary of the founding of the CPC



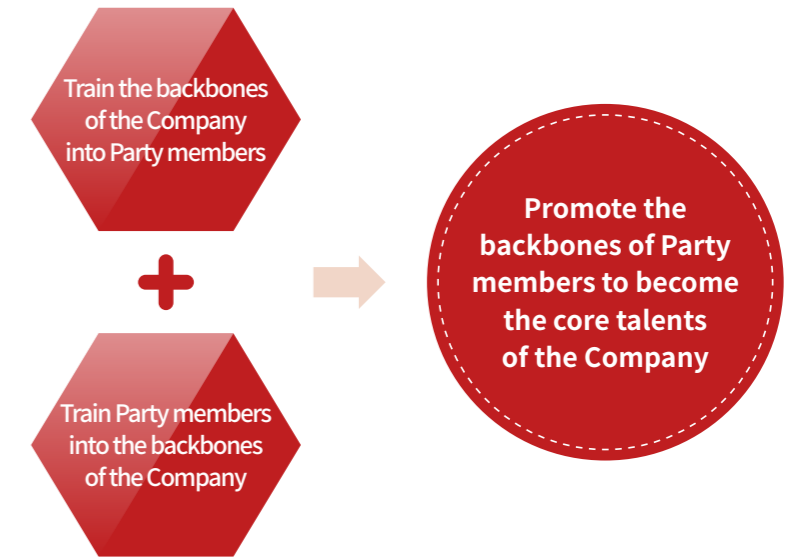
Group photo of STL employees watching the ceremony marking the CPC centenary



The Secretary of the Party committee of the Company granted the badge of the 100th anniversary of the founding of the CPC to all participants

Party member training

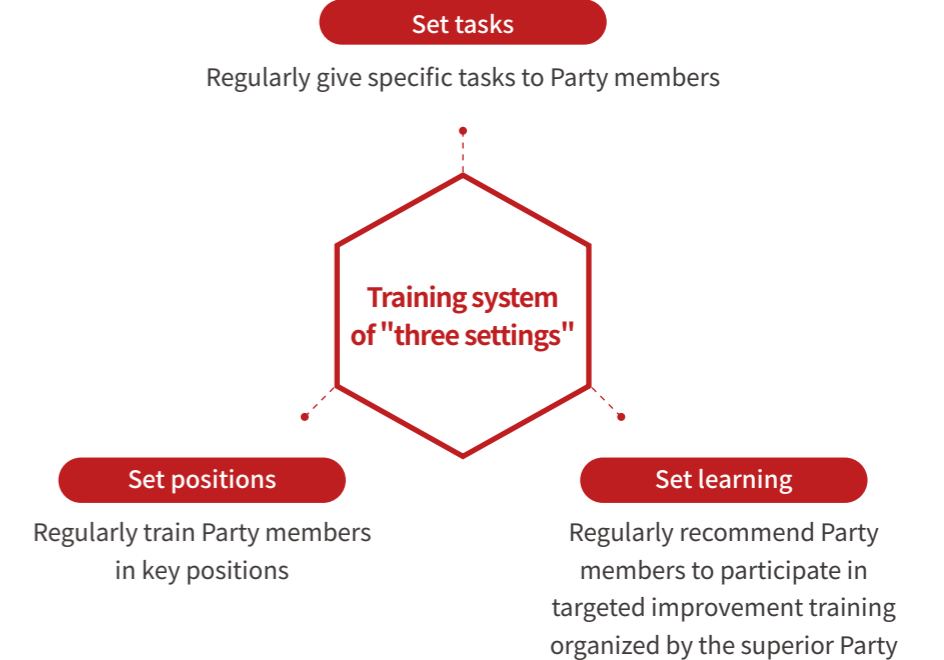
Guided by the talent concept of "ability first, contribution first", adhering to the project of "double-training and one promotion" and the training system of "three settings", the Party Committee of the Company strives to train Party members into the backbone of production and operation and the model of creating excellence, to give full play to the vanguard and exemplary role of Party members. In major projects, technical transformation, daily maintenance and other tasks, the backbone of Party members take the lead to overcome difficulties.



The Company's project of "double-training and one promotion"

During the reporting period,

the Company cultivated **31** model workers, craftsmen, professional leaders and workers' inventors at all levels, and won **6** honors including innovation studios and workers' pioneers at provincial, municipal and district levels.



The Company's training system of "three settings"

Party spirit care

The Company's Party Committee has always been concerned about employees and the masses by carrying out a series of employee care activities and social welfare projects to continuously improve employees' sense of belonging and contribute to social progress.



During the reporting period, the Company's Party Committee

- organized more than 800 care talks with employees, helping to solve medical treatment issues of **25** employees and child schooling issues of **58** employees;
- visited and comforted **173** employees (including those subject to hospitalization, death of immediate family members, marriage, and difficulty), and issued cash grants and student grants up to RMB**320,000**.
- We organized 25 employee birthday parties, involving **3,338** employees, and distributed birthday gifts totaling nearly RMB**330,000**.
- We regularly carried out public welfare activities such as visits to needy families, care for the elderly parents who lost their only child, and student grants for needy students, and made the targeted donation of RMB**2.51** million to Huangping County, Guizhou;

In December, the Company's first hematopoietic stem cell volunteer went to Hangzhou to complete hematopoietic stem cell donation.

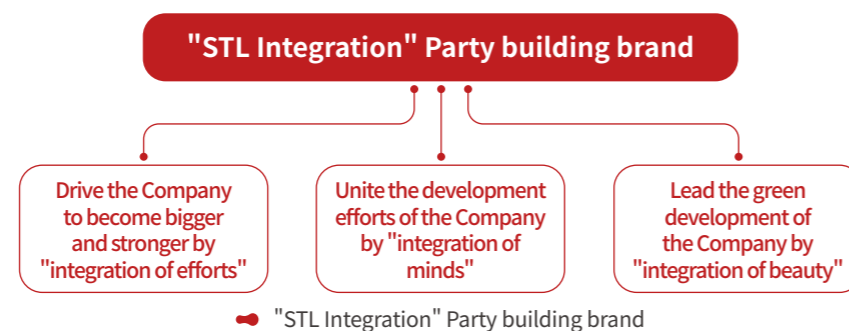


• The Company organizes all Party members to study the theme "Common Prosperity"

Party style construction

During the reporting period, the Company's Party Organization held **19** corporate culture symposiums, with a total of **595** participants, and organized **41** corporate culture examinations; the Company's Party-masses Post Station received **557** visitors throughout the year.

The Company attaches importance to the implementation of culture by establishing the Working Group on the Implementation of Corporate Culture and striving to integrate corporate culture building into Party building. Guided by the requirements of "high-quality Party building leads high-quality development", the Company's Party Committee carries out the exploration and practice of creating a characteristic Party building brand. The Company founded the "STL Integration" Party building brand in December 2018 to ensure the implementation of the Company's "Dual-Five-Year Plan".



Compliance Risk Control

STL attaches importance to compliance risk control. Based on the Company's strategic objectives, our internal control and risk management mechanism focuses on the risks existing in major business activities such as "finance, sales, procurement, production, human resources and engineering construction", and establishes or optimizes the management system and management process, to enhance our risk prevention ability and management efficiency.

Internal control

According to the requirements of the Basic Norms of Corporate Internal Control and other internal control supervision rules, and in combination with the Company's specific conditions, the Company establishes the internal control management system, which is in the charge of the board of directors and directly led by the management and covers all business activities. In the construction of an internal control management system, the Company adheres to the division and cooperation of three lines of defense, and strengthens the work connection, the information-sharing mechanism and the internal control system throughout the entire process of events.

Three lines of defense for the construction of an internal control management system



Risk management

In terms of risk management, led by the Audit and Supervision Department, the Company organizes relevant departments to identify the business risks in the whole supply chain of the Company. The Audit and Supervision Department supervises, reviews, and evaluates the status and results of control over high-risk items as the annual key audit items.



During the reporting period,

- the Company made a total of over **200** risk lists, which were classified according to three risk levels: high, medium and low;
- performed **13** special audits, raised **94** audit issues, and rectified **92** problems, with a rectification rate of more than **97%**.



Ethnics

Ethnic

During the reporting period, the Company

- organized about 980 cadres at or above the director level in management positions and employees from all key positions to submit a letter of commitment on anti-corruption and self-discipline and report major personal matters twice a year, and held one anti-corruption exchange meeting and six anti-corruption training sessions;
- and updated the table of "personal major event reports".

Anti-corruption cooperation

During the reporting period,

the Company's Audit and Supervision Department conducted the "anti-corruption questionnaire" to suppliers and customers, involving more

than **1,000** suppliers and

more than **800** customers.

The feedback proportion of the

questionnaire was about **40%**

and there were no major corruption incidents.

Based on education, system and supervision, STL strengthens anti-corruption building, improves the anti-corruption mechanism, strictly implements various rules and regulations, increases publicity and education, and emphasizes responsibility, to facilitate the Company's high quality development.

The Company always holds a zero-tolerance attitude toward corruption and bribery, and takes the "anti-corruption red line" as one of the five red lines of the Company. The Company formulates management regulations such as the Management Measures for Anti-corruption and Self-discipline, Punishment and Prevention of Corruption, the Management Measures for Three Anti-corruption Etiquettes (cash, gift, and coupon), the Standards for Anti-corruption and Self-discipline of Employees, the Reporting Mechanism for Anti-corruption Commitments and Major Personal Matters, the Management Measures for Red-line and Yellow-line Occupational Risks of Marketing Personnel, the Anti-corruption Management System and the Management Measures for Employee Rewards And Punishments.

In 2012, the company established a "Working Group on the System of Punishing and Preventing Corruption", which organized and urged all centers, bases, business divisions and subsidiaries of the Company to actively carry out publicity and education on corruption prevention, check the performance of anti-corruption duties, and evaluate the anti-corruption of middle and senior management. The Audit and Supervision Department is responsible for investigating and verifying suspected corruption.

The Company requires cooperative units to jointly abide by strict business ethics standards. All contracts signed by and between the Company and cooperative units including suppliers and engineering construction participating units contain anti-corruption clauses or agreements, which put forward clear anti-corruption requirements and business ethics requirements for the parties. At the same time, the parties regularly organize anti-corruption exchange meetings to strictly abide by the requirements of business ethics standards, take effective response measures in time, and bear in mind the culture of integrity.

Hold incorruptible practice exchange meetings and implement incorruptible procurement

During the reporting period, to strengthen the anti-corruption building of procurement activities and standardize business cooperation, the Company's Working Group on the System of Punishing and Preventing Corruption joined hands with the Discipline Inspection Commission for organizing the procurement center to hold an incorruptible practice exchange meeting. The meeting stressed that procurement is a key area at risk. Procurement personnel should adhere to ideals and beliefs, be self-confident, self-respecting, self-introspective and se

Over 60 people attended this incorruptible practice exchange meeting. The activity not only strengthened the awareness of anti-corruption and self-discipline of procurement personnel, but also improved the Company's level of integrity in procurement.



• The Company's Working Group on the System of Punishing and Preventing Corruption and the Discipline Inspection Commission organized the procurement center to hold an incorruptible practice exchange meeting

Communication with Investors

The Company has accorded central importance to investor relations management and attached importance to investor exchanges by actively exploring and enriching innovative investor relations management modes, opening two-way and multiple information interactions with investors, and constantly innovating and enriching communication channels, to achieve fairness, openness and integrity, maximize shareholder value and protect the interests of investors.

During the reporting period, the Company

- issued a total of **102** announcements
- and answered more than **1000** hotline calls from investors;
- replied to **97** questions from investors on the interactive platform;
- received **3** investor visits and investigations;
- and held **1** performance presentation meeting.

The Company attaches great importance to investor communication and information disclosure to protect the legitimate right to know of investors and disclose the Company's information objectively and fairly in strict accordance with the Measures for the Administration of Information Disclosure by Listed Companies and other relevant provisions. The Company set up an "Investor Relations" column on its official website to broaden investor communication channels, let investors fully understand the Company's operation and provide a reference basis for their investment decision-making.



• The Company's investor communication channels

Hold investor exchange meetings to strengthen investor communication

In May 2021, following the annual general meeting of shareholders, STL's investor exchange meeting was held in Land Bridge Convention Center, Lianyungang, China. More than 100 institutional investors and individual investors participated in the exchange meeting. The Company's Chairman of the board of directors and President, Vice President and Chief Financial Officer attended the exchange meeting.

Investors had face-to-face exchanges with the Company regarding the Company's product planning, project construction, R&D system, and prospect, while the Company's leaders carefully answered the questions raised by the investors. After the exchange meeting, the investors visited the project site and had a deeper understanding of the Company's current situation and future development, and were full of confidence in the Company's prospects, indicating the success of the exchange meeting.



• The Company held an investor exchange meeting



Pursuit of Operational Excellence

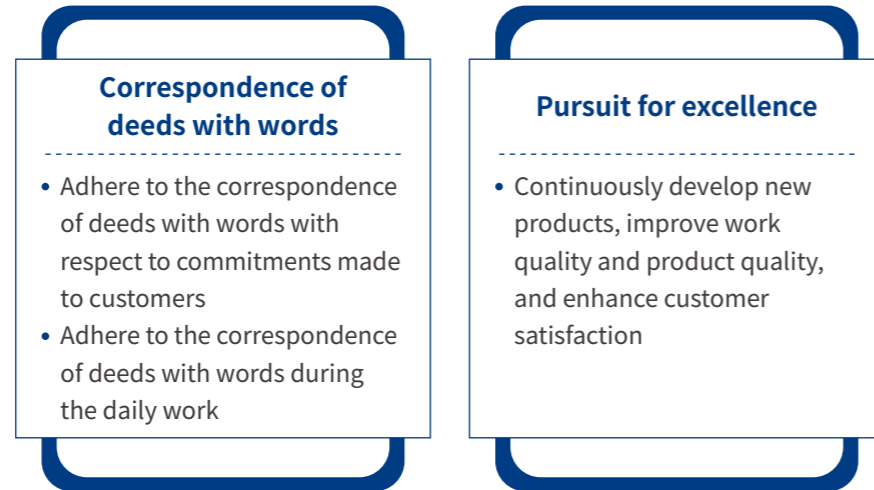
With the corporate mission that "chemicals make a better life", STL focuses on operation management, and pursues excellent quality. The Company strictly controls the product quality, serves customers wholeheartedly, continuously strengthens supply chain management capabilities, and progresses together with the industry. We keep improving in the pursuit of excellence.

- 32 High Quality
- 35 Attentive Services
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High Quality

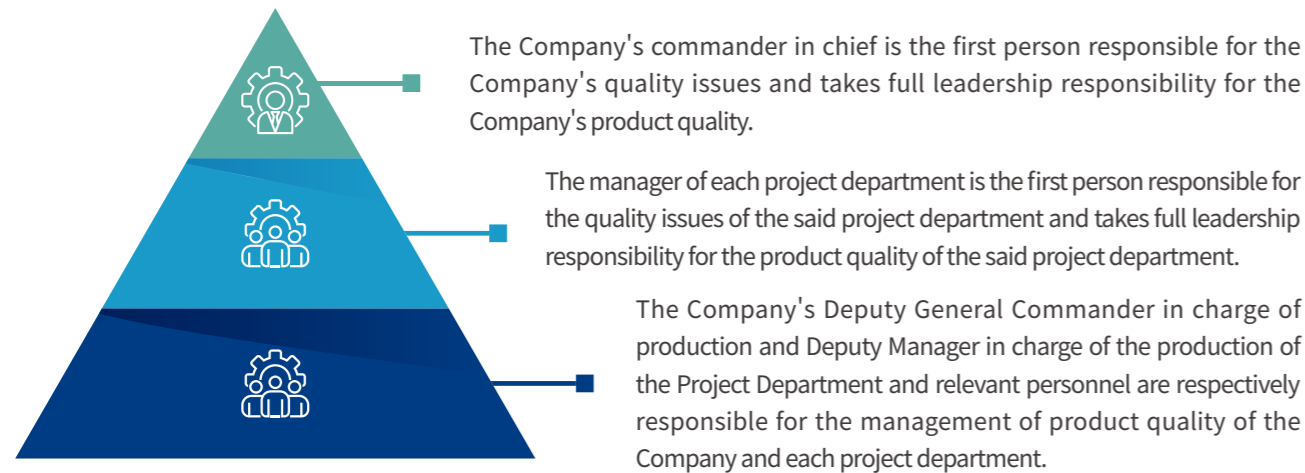
Guided by the quality policy of "correspondence of deeds with words and pursuit for excellence", adhering to the path of quality, in accordance with strict product quality standards, STL continuously improves product quality and brand added value to ensure the Company's high-quality development.



• The Company's quality policy

Quality management system

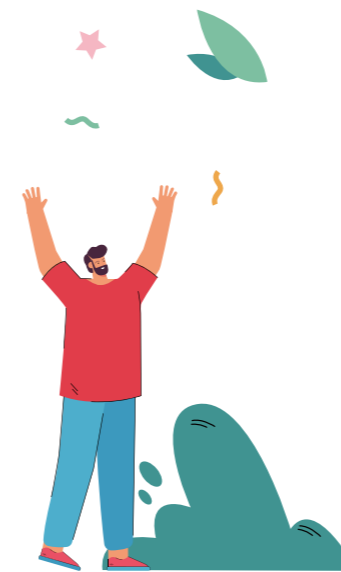
To ensure the Company's product quality and establish standardized quality management, in strict accordance with national laws and regulations such as the Law of the People's Republic of China on Product Quality and the Standardization Law of the People's Republic of China, and the relevant requirements of ISO9001:2015 quality management system, the Company develops a series of quality management systems parallel at the Company level and the base level, such as the Quality Management System, the Accident Management System, the Quality Management Regulations, the Key Processes and Important Quality Control Points, to institutionalize and standardize quality management and promote the improvement of quality management level.



• Quality management system of "unified leadership, hierarchical management and division of responsibilities"



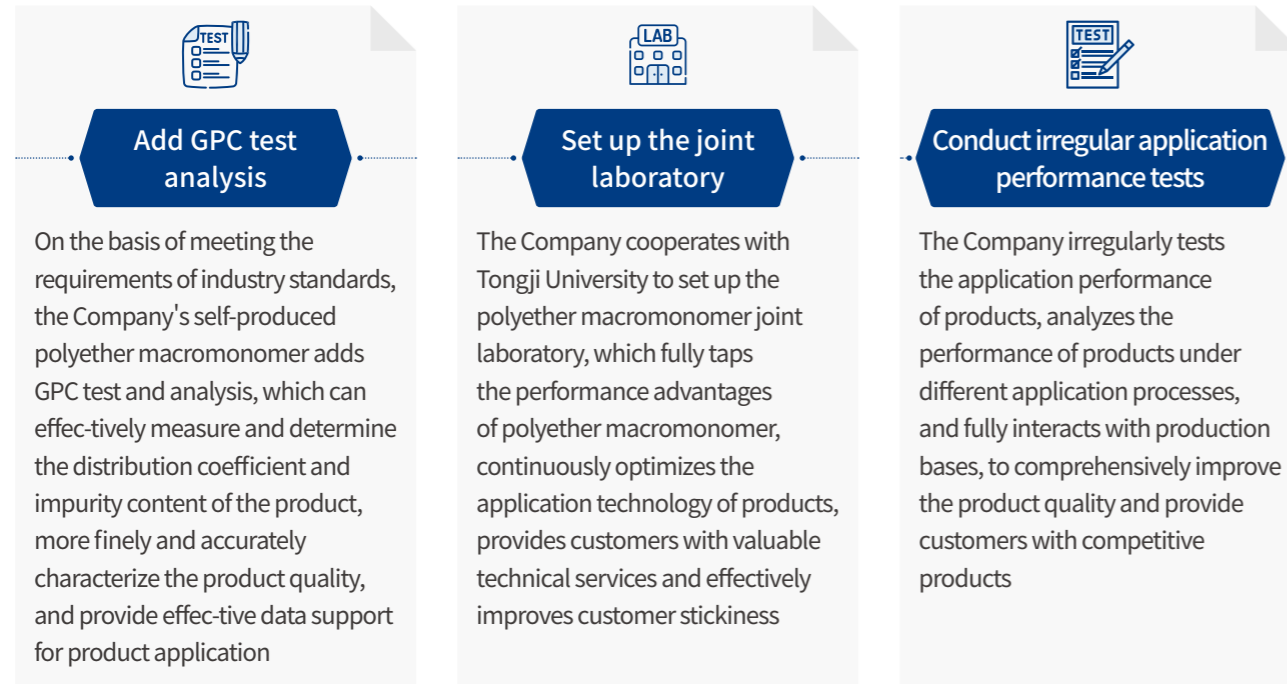
• Key contents of quality management



• Quality management system certificates

Quality management practice

While establishing and improving the quality management system, to implement the long-term quality management mechanism, the Company actively carries out special actions to improve the quality of diversified products, continuously optimizes product performance and quality testing capabilities, and makes quality work refined, practical and excellent, thereby achieving continuous upgrading of product quality.



Special actions to improve the quality of diversified products

Establish the polyether macromonomer joint laboratory to effectively improve product performance

To further consolidate the development of C2 industrial chain, facilitate the improvement of the performance of polyether macromonomer products, develop a series of functional polycarboxylic acid water reducer products, and make greater contributions to the talent training and sustainable development of the industry, in April 2021, the polyether macromonomer joint laboratory jointly established by the Company's subsidiary Lianyungang Petrochemical Co., Ltd. and the School of Materials Science and Engineering of Tongji University was officially inaugurated.

The establishment of the "joint laboratory" is of great significance in developing a series of functional polycarboxylic acid water reducer products, strengthening product quality management, broadening product application fields, and cultivating industry talents and sustainable development. At the same time, the parties continue to focus on the industrial chain and jointly explore more integration of technological innovation and application scenarios, to effectively promote the high-quality development of the industry.



The joint laboratory was inaugurated

Attentive Services

STL adheres to the tenet of "user first and service first" and always regards "taking customers as the center and improving customer satisfaction" as the constant pursuit on the business development path. Focusing on the upgrading of service mode and the strengthening of service capability, the Company continuously improves the level of high-quality services and optimizes the construction of the marketing system, to realize the brand vision that "STL products make a better life".

Service mode upgrade

To improve the service quality, the Company constantly tries to broaden the service boundary and promote innovation and upgrading of service mode. During the reporting period, the Company effectively improved service quality and efficiency by providing active after-sales services, carrying out satisfaction surveys, and innovating and optimizing marketing modes.

Provide active after-sales services

During the reporting period, the Company further improved the initiative and enthusiasm of customer service personnel in rendering after-sales services, actively solved after-sales problems for customers, comprehensively enhanced the quality and efficiency of after-sales services, and promoted brand construction with after-sales services.

Sink the market to understand the demand

The Company's application technicians actively sink the market, visit no less than 5 customers per person per month, actively provide customers with GPC analysis of products, and guide customers to optimize product quality, reduce production costs and enhance competitiveness. At the same time, the Company is committed to fully understanding customer demands, actively promoting the joint development of functional water reducer/macromonomer, strengthening interaction and ensuring the leading position of application technology

Visit customers to resolve complaints

The Company's sales staff and application engineers visit customers together, understand downstream customer manufacturers' usage of raw materials, and timely and uniformly register customer quality feedback in a dedicated shared form, implement customer complaints within a specified time, and provide reasonable customer complaint solutions

Typical measures for active after-sales services

Understand deficiencies and timely solve them

For the customers who are using the Company's raw materials, our customer service personnel contact them through telephone calls and on-site visits from time to time, to understand their feedback on raw materials and deficiencies in the current distribution model, let them propose improvements, and timely submit the collected information to the Company. Then the Company formulates detailed solutions according to the sales strategy plan, to provide an all-round service guarantee to downstream customers

Perform active discussions to improve processes

For the benchmark customers in the region, our production technicians conduct academic knowledge discussions with the downstream customers' technical departments from time to time to understand the raw material formula required by the downstream actual production process, and continuously improve our production process to provide downstream factories with optimized raw materials

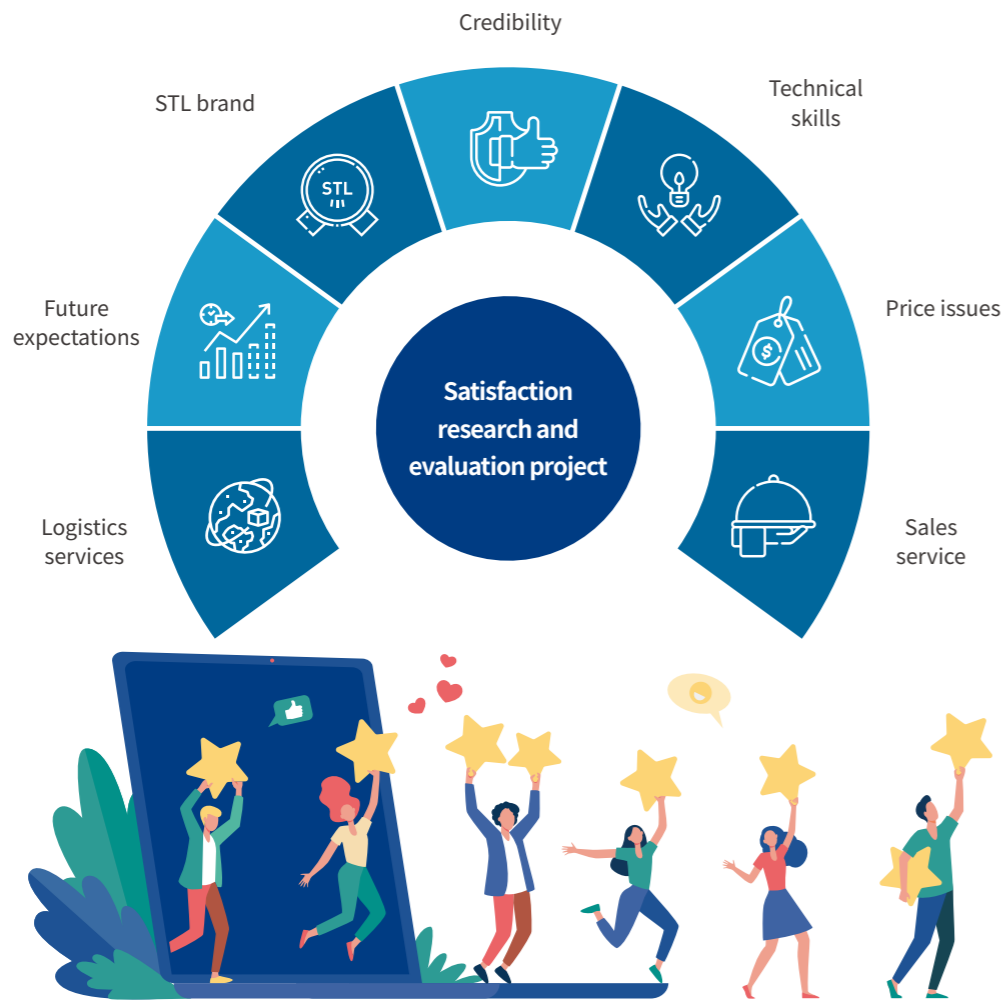
Carry out satisfaction surveys

During the reporting period, we continued the tradition of previous years by actively carrying out customer satisfaction surveys to further grasp the satisfaction of customers with our services, have an in-depth understanding of customer service needs, and improve the construction of a customer service system.

Conduct customer satisfaction surveys quarterly to optimize customer service quality

To continuously understand customers' thoughts, explore customers' potential needs, measure and determine brand strengths and weaknesses, identify opportunities to improve service quality, and find effective improvement programs, during the reporting period, each product department of our marketing center conducted customer satisfaction questionnaires every quarter for increasing customer satisfaction and loyalty.

The product departments have their customized questionnaires to seek feedback from customers, and customers can scan the WeChat QR codes to answer the questionnaires. A total of 921 opinions were received throughout the year. Customers generally have high evaluations of STL's brand and reputation, and sales personnel's service attitude and professionalism, with an overall satisfaction rate of over 96%.



Innovate and optimize marketing modes

During the reporting period, our marketing center worked closely around the factory-based marketing and marketing sinking. Through innovation and optimization of the marketing model, our marketing level and service capabilities were effectively improved, and our brand reputation was continuously improved.

Factory-based marketing

Organization configuration: Our product organization is set with product director/deputy product director, regional manager and sales personnel. We adopt flat management to allow front-line personnel to make decisions

Value evaluation criteria: Selling is a must while selling well is the real skill

Talent training: For front-line sales personnel, we refer to the factory model, namely, carry out centralized training after school recruitment or social recruitment: We establish the "dual-channel" development and training system. According to marketing characteristics and the competency and age of staff, we smooth technical channels and management channels, and realize the "zigzag" training of personnel

Service object: Everything is customer-centric and customer demands are the starting point

Marketing sinking

Guided by the "integration" culture, we compile a marketing network from three dimensions of "width", "depth" and "stickiness", implement a "networking action", and fight three "tough battles":

Establish a sinking information network, go deep into the front line, improve the time-liness and effectiveness of information collection, and provide accurate operational intel-ligence, to better achieve industry leadership

Build a sinking channel network, conduct channel layouts, and establish national and global layouts, to realize the efficiency of supply and demand coordination

Establish a sinking service network, organize capacity building, use human sea tactics, and go deep into the front line of the market, to strengthen customer stickiness

Innovate and optimize marketing modes

Establish North China Office to effectively implement marketing strategy requirements

To implement the strategic requirements of "factory-based marketing" and "adhering to marketing sinking" proposed by the Company, in September 2021, our North China Office held an inauguration ceremony in Zibo, Shandong. The Company and the leaders of the marketing center put forward specific requirements for the work of the office - the work of the office should focus on "resolutely completing the operational objectives for the second half of the year", and the objectives and tasks should be refined to individuals. At the same time, the office should continuously promote the management work and consolidate the management foundation, to ensure standardized operation, live up to the mission, and effectively play the functional role.

Our North China Office marks an important step in STL's strategy of "having footholds in China and stepping into the world", and is the first standardized operation and management office of STL. The establishment of the office represents a milestone in helping the marketing team quickly sink into the market, and provides a strong fulcrum for improving demand response speed and customer service quality.



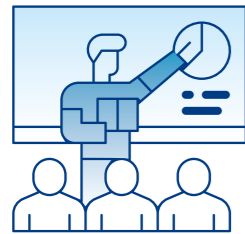
Working Site of the Company's North China Office

Strengthening of service capabilities

By the end of the reporting period,

the Company's Marketing Center organized a total

of **27** internal training sessions.



To improve the professional ability of service and strengthen the construction of service team, during the reporting period, the Company organized diversified training events such as product professional knowledge training, legal knowledge and marketing system popularization lectures, to further improve the professional quality and level of customer service personnel.



Carry out "Efficient Sales Visiting Skills" training to improve the service capacity of sales personnel

To further enhance the business capability of the Company's marketing team and guide sales personnel to master and apply sales practical skills, the Company's marketing team conducted the "Efficient Sales Visiting Skills" training in May 2021. A total of 56 sales representatives of products from the Sales Center took part in the training.

This training adopted the form of a "practical workshop", and all the trainees wrote their cases and role-played each other. During participation, the use and understanding of course skills and tools were strengthened through dialogue, reflection and feedback. At the on-site teaching stage, the teacher explained the teaching content from the four aspects of customer demand, pre-visit preparation, four-step sales visit and customer concern handling. On-site lectures, group discussions, on-site exercises, and role-playing, made young sales personnel not only learn and understand practical sales tools, but also systematically master practical marketing skills, and also made sales personnel with certain experiences resonate strongly.



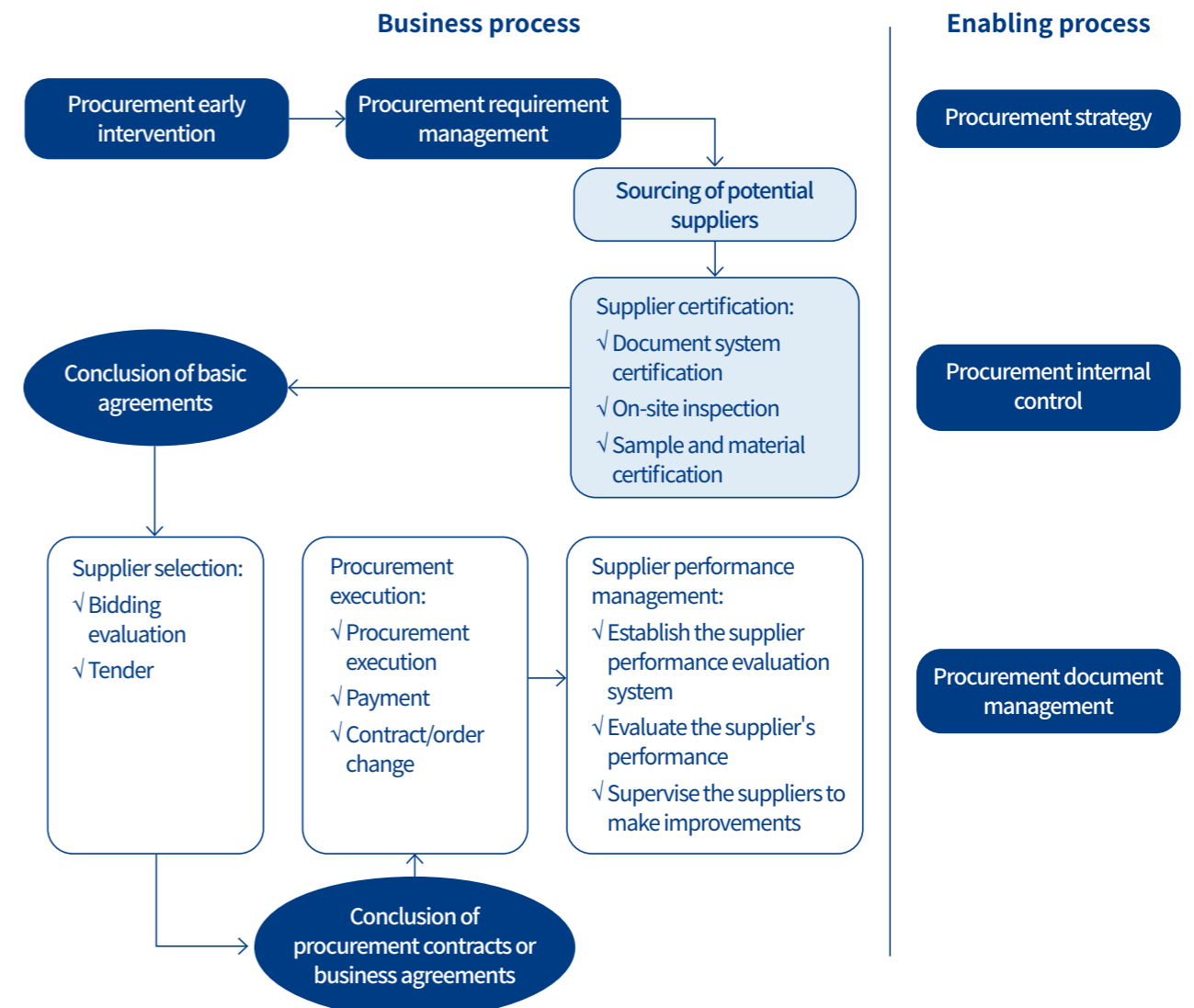
Site of the "Efficient Sales Visiting Skills" training

Responsible Supply Chain

STL is committed to building a complete and efficient supply chain management system. Based on the construction of an information-based smart procurement platform, guaranteed by a responsible procurement system and a transparent procurement mechanism, STL deepens supplier compliance management and establishes long-term and stable cooperative relationships to ensure the Company provides "responsible" products and services.

Smart procurement

In April 2021, STL's SRM (Supplier Relationship Management) procurement system officially started trial operation, and all suppliers were required to complete the registration in the SRM system before starting subsequent cooperation matters. The SRM system largely achieved the online operation of the entire procurement process from sourcing to price comparison and bidding, then to contract execution. The implementation of the SRM system effectively helps the procurement to become more standardized and efficient, and realizes the transparency of the procurement with the



SRM system business and enabling process

Responsible procurement

We always require suppliers to abide by all applicable laws and regulations in the countries or regions where they operate. We put forward a number of environmental, labor rights, safety and other requirements for suppliers, and encourage suppliers to adopt domestic and foreign recognized industry standards and industry best practices to continuously improve the level of social responsibility management. During the reporting period, through the SRM system, the Company efficiently carried out the management of incorruptible practices for suppliers, trade safety, and protection of labor rights and interests, to achieve responsible procurement activities.

Strictly carry out supplier responsibility management and implement responsible procurement activities

We attach great importance to the integrity and anti-corruption standards of suppliers. Signing the Incorruptible Practice Responsibility Letter is a necessary condition for being shortlisted for the Company's suppliers. Only by providing the Incorruptible Practice Responsibility Letter can a supplier complete the registration in the SRM system and become a supplier partner of the Company.

In addition, the Company requires that suppliers must undertake to comply with the requirements of trade security regulations and do a good job in security protection. Suppliers should, in accordance with the requirements in the AOE certification regarding relevant trade safety standards, continuously improve internal trade safety conditions and strengthen their internal site safety, personnel safety, entry safety, cargo safety, business partner safety, container safety, transportation work safety and safety during the crisis management process, to effectively improve the security level of the supply chain.

In addition, the Company requires suppliers to comply with all applicable local and national laws and regulations on minimum working age, not to use child labor, and to pay employees wages in full and on time. Construction and building suppliers must provide the "Letter of Commitment on Payment of Wages to Migrant Workers" to complete the registration in the SRM system.

In addition, the Company puts forward practical requirements for suppliers' HSE management and intellectual property rights protection to prevent and eliminate safety and environmental protection accidents and intellectual property disputes.

HSE management

In the process of supplying to the Company, suppliers shall ensure that the relevant personnel have the rights in aspects of safe production and environmental protection, namely, to protect the safety of production operators, surrounding people and enterprise property and to protect the environment

Suppliers and the Company shall jointly take effective safety measures to reduce possible hazards and risks and prevent the occurrence of safety and environmental protection accidents

Intellectual property rights management

Suppliers must undertake to respect intellectual property rights and comply with the requirements of intellectual property rights management standards

The Company conducts intellectual property rights surveys on suppliers to understand suppliers' intellectual property rights management progress

Requirements for suppliers in HSE and intellectual property rights management

Transparent procurement

With the SRM system, the Company records the whole process of each procurement order completed, and every procurement activity is conducted in an open, just, fair and transparent environment. At the same time, the Company sets up a special procurement internal control post to further enhance the anti-corruption and self-discipline awareness of internal procurement personnel by carrying out education and training on incorruptible performance of duties and signing the "Letter of Commitment on Due Diligence and Anti-corruption".

Carry out education and training on incorruptible performance of duties every month to strengthen the construction of incorruptible procurement culture

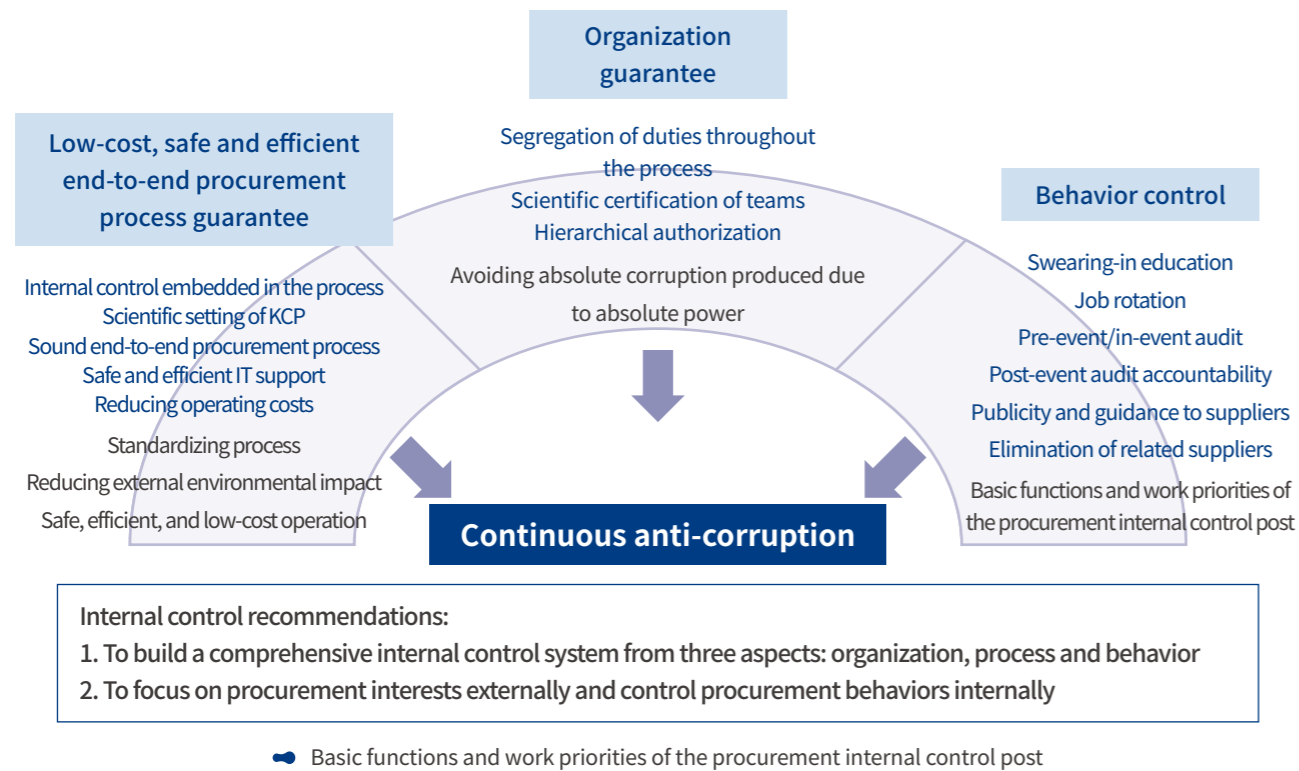
Based on the actual situation of the Company, STL coordinates the internal and external aspects, exerts two-way efforts, and adopts diversified measures to ensure the smooth development of the Company's anti-corruption building. In July 2021, the Company's Procurement Center and the Audit and Supervision Department jointly organized an anti-corruption building exchange event with the theme of "having anti-corruption awareness, doing anti-corruption things, and being anti-corruption people". A total of 33 persons participated in the event, including 31 ones from the Procurement Center and 2 ones from the Audit and Supervision Department.

The event established 4 basic principles for the implementation of the Company's anti-corruption building of procurement business:

- Team empowerment: By selecting, educating, replacing and investigating talents, build the modern procurement team;
- System foundation: With the basic policy of separation of affairs and authorities, establish a strict internal control system to prevent the possibility of corruption;
- Diverse exchanges: Start from the efficient and transparent supplier communication mechanism, and timely locate the phenomenon of fraud by ensuring information symmetry;
- Win-win cooperation: Make suppliers have a deep understanding of the concept of green procurement through regular training, and promote the construction of sustainable supply chains through win-win cooperation.



Incortruptible procurement construction exchange event



Industry Co-development

STL actively joins in various industry associations, deeply participates in industry seminars and exchange activities, closely follows the development trend of industries, pays attention to the cooperation and coordinated development between industries, effectively assists peer companies to advance together and develop together, and effectively enhance the resilience of the industry.

Associations in which the Company and subsidiaries participate	Level	Association level
Special Committee on Light Hydrocarbons and Aromatics of China Petroleum and Chemical Industry Federation	Vice Chairman	National
China PDH Working Office	Rotation Director	National
China Epoxide Industry Cooperation Organization	Permanent Member	National
China Inorganic Salts Industry Association	Managing Director	National
China Association for Public Companies	Member	National
Special Committee on Hydrogen Energy Industry of China Petroleum and Chemical Industry Federation	Member	National
Chemical Standardization Branch of China Association for Standardization	Member	National
Zhejiang Chemical Safety Association	Member	Provincial
The Listed Company Association of Zhejiang	Member	Provincial
Zhejiang High-tech Enterprise Association	Member	Provincial
Zhejiang Association of Enterprises with Foreign Investment	Member	Provincial

• Associations (at the provincial level or above) in which the Company and subsidiaries participate at a glance

Undertake the meeting of the Zhejiang Chemical Safety Association to perform corporate responsibilities

In September 2021, the 2nd Chairman's Office Meeting of the 2nd Session of the Zhejiang Chemical Safety Association was successfully held at the Company's headquarters. Yang Weidong, chairman and president of the Company, and the first and second presidents of the association attended the meeting as nonvoting delegates. A total of more than 20 representatives of the association member units attended the meeting.

During the meeting, Yang Weidong, on behalf of the Company, extended a warm welcome to all the outstanding corporate representatives attending the meeting, and expressed his gratitude to the association for its help to member units. The Company will, as always, learn from all outstanding companies, and based on the integration of light hydrocarbons, build itself as a low-carbon chemical new material technology company, to continuously contribute to the development of the regional economy and the goal of "common prosperity".

At the meeting, the participants conducted in-depth discussions on policy orientation, development status of enterprises, summary of the association's work at this stage and work plan of the association for the next stage, industry status quo and future trends, and put forward various valuable suggestions for the development of the association's work.



• Meeting site of Zhejiang Chemical Safety Association



• Group photo of representatives of association member units



• The Company held a butadiene safety technology seminar



• The Company participated in the DMC industry development seminar



• The Company participated in the industrial gas industry development seminar



• The Company participated in the CCF chemical fiber forum



Engagement of Employees

We always adhere to the core value of "individuals and enterprises grow together", regard protection of employee rights and interests as the foundation, take facilitation of employee development as the responsibility, and deem implementation of employee care as the guarantee, to fully empower employees' dreams of happiness, and realize the common growth of employees and enterprises

46 Employee Rights and Interests

46 Employee Development

51 Employee Care



Employee Rights and Interests

We attach great importance to the protection of the basic rights and interests of employees. We operate in strict accordance with the Company Law of the People's Republic of China, the Labor Law of the People's Republic of China, the Employment Promotion Law of the People's Republic of China and other relevant laws and regulations, to ensure the standardized operation of the Company and the fair, timely and efficient organization, integration and utilization process of human resources.

By the end of the reporting period,

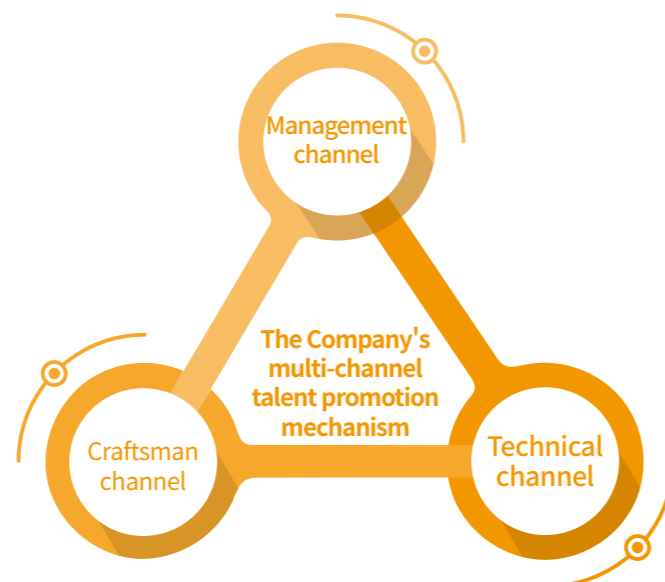
we had a total of 3,409 employees,	with a labor contract signing rate of 98.7% .	Our medical examination coverage rate was 100% .
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Employee Development

We always insist on putting employee development in an important position, and encourage employees to integrate their pursuits into the Company's long-term development. By establishing a multi-channel promotional mechanism, carrying out employee incentive plans, and organizing employee training sessions, the Company supports employees' career development and realizes the common growth of employees and enterprises.

Employee promotion

We have a complete promotion channel for employees, including management channel, technical channel and craftsman channel. Outstanding employees can be promoted after passing the assessment. Our professional channel and management channel are communicating, namely, we provide professional technicians with management channel promotion, and allow personnel in the management channel to enter the professional channel for development through professional position level assessment.



Employee incentive

The Company stimulates the creativity and work enthusiasm of employees in production and life through various forms, and encourages employees to improve their self-development awareness and professional quality.

The Company implements the equity incentive plan for the front-line backbone employees holding key posts, giving each employee 10,000-30,000 shares.

The Company conducts outstanding employee selection at the end of each year, commends teams or individuals who outperformed in the past year, and publicizes their outstanding deeds inside the Company.

For employees who have worked in the production system for one year, the Company launches the "Eagle Growth" incentive policy, including two parts: the employee personal base and the eagle growth reward. Every month, individual deposits an amount, while the Company deposits twice the amount. During the growth period, the Company assesses employee performance yearly. After the expiration of the growth period, the rewards will be cashed in three years according to the assessment results.

The Company encourages all employees to take on-the-job training, and reimburses tuition fees for employees who obtain corresponding certificates.

The salary of employees is increased by more than 10% every year, and the income of employees is synchronized with the development of the Company.

Measures taken by the Company to stimulate the work enthusiasm of employees

Hold employee skills competitions to stimulate their work enthusiasm

To improve the post skills of employees, stimulate the passion for work of employees, and thus improve organizational efficiency, the Company has launched labor skills competitions every year since 2016. The competition sets up eight types of competition projects: general chemical controller, fine chemical worker, welder, fitter, electrician, instrument worker, forklift operator, and laboratory inspection worker. The theoretical examination and practical examination are combined. General chemical controllers, fine chemical workers, welders, electricians, and forklift operators cooperate with the Company's external teachers to carry out the competition projects. The first prize, the second prize, the third prize and the encouragement prize are set for each competition project.

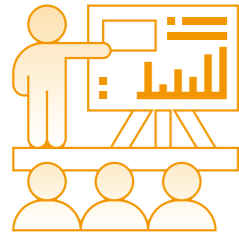
The employee skills competition facilitates technical exchanges within the Company, motivates employees to improve their professional skills, and helps employees to develop together with the Company.



The company held an employee skills competition

Employee training

The Company adheres to the talent development concept of "ability first, contribution first", and advocates the actual performance ability that "being qualified for the position represents ability". The Company takes cultivating talents as an important task, and actively builds the employee training system to improve the working skills of employees.



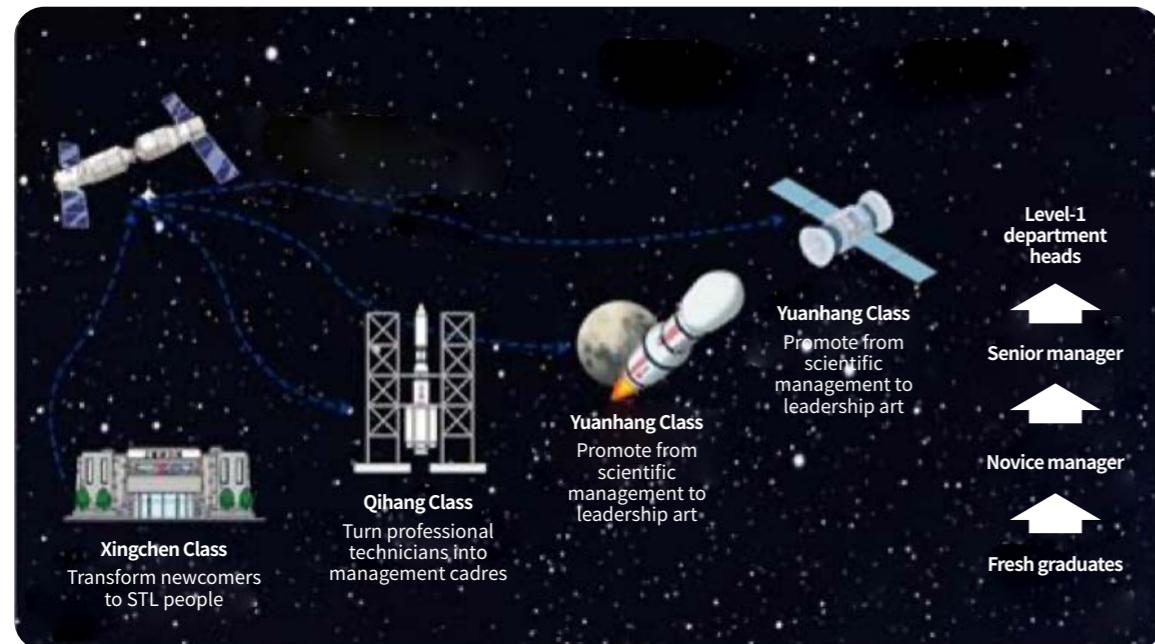
During the reporting period,

a total of **4,317** employees
were subject to the training,

with the training time up to
293,965 hours.

Build the STL leadership development system to facilitate the cultivation of talents

During the reporting period, to realize the all-around talent training plan, the Company established and improved the STL leadership development system. The training system covers fresh graduates, novice managers, senior managers and level-1 department heads. The Company set Xingchen Class to help new employees quickly meet the post requirements, Qihang Class to strengthen cadre team building, and Yuanhang Class to help senior managers to improve their leadership.



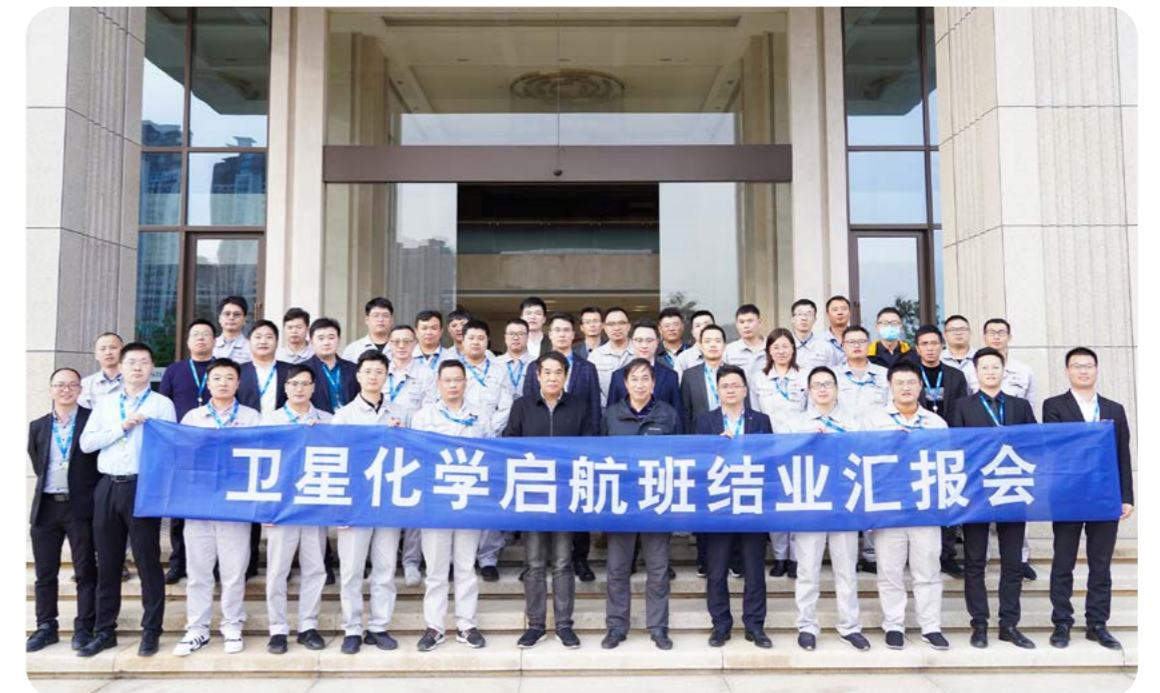
STL leadership development system

Xingchen Class

To help new employees further understand the Company's general situation, policies and work procedures, and become familiar with the working environment, we set up Xingchen Class to train new employees and help them understand the Company's cultural connotation and deepen cultural understanding. We formulate training plans from the aspects of outdoor development, military training, theoretical courses, and subject research, so that students can quickly accept and recognize the corporate culture at the initial stage of entering the Company, become familiar with various business processes of the Company, and complete the transformation from newcomers to STL people.

Qihang Class

To strengthen cadre team building, consolidate basic management, and build a management team that "wants to do things, can do things, and does do things", we started the Qihang Class project in July 2021. In the first session, 53 trainees accepted the three-month MTP leadership course training, completed the study and passed the assessment. The opening of the company's first-session Qihang Class improved the management ability of the new cadre team.



Group photo of STL Qihang Class closing report meeting

Yuanhang Class

To improve the leadership of the Company's senior managers, during the reporting period, we opened Yuanhang Class and adopted a small-class learning model. Through flipped classrooms, coaching and other teaching methods, external professional coaches assisted students to implement the concepts, tools and methods of the course into specific work.

Yuanhang Class courses explain the topics from the aspects including productivity nature, three methods to improve productivity, empowering teams and improving team productivity, to help students fundamentally understand productivity and play the role of productivity in practical work.



STL Yuanhang Class training

Employee Care

The Company cares for employees in various forms. During the reporting period, we actively strengthened employee communication, improved the employee benefits system, and planned employee practice activities, to perform employee care responsibilities in an all-around way and implement employee care actions.

Employee communication

The Company gives full play to the role of the party-labor group as a connecting link between the preceding and the following, and organizes symposiums every month to listen to the voices of employees in the form of talks, interviews, and symposiums. In 2021, there were 800 heart-to-heart talks. Through face-to-face communications, we understand and grasp the ideological dynamics of employees, help employees solve

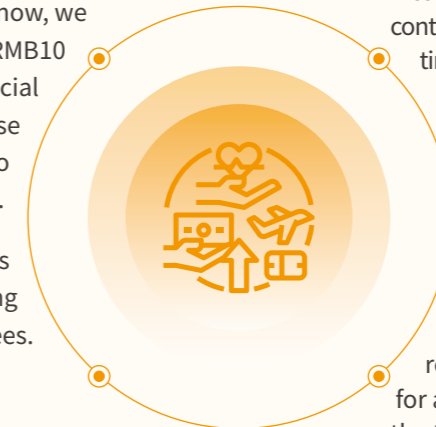
The Company regularly holds the meeting with employee representatives. Through the meeting of employee representatives, we widely listen to the opinions of employees' representatives, deliberate and adopt the Company's major decision-making matters such as the reform of the Company's remuneration system and the adjustment of the Company's labor insurance and welfare system, to ensure the smooth implementation of the Company's major decision-making matters and rules and regulations. In addition, the Company specially set up a "chairman's mailbox", and the labor union opens a hotline for employees' appeals, to unblock the appeal channel and achieve smooth communication from top to bottom while letting employees fully feel the respect to them from the Company.

Employee benefits

The Company pays attention to the vital interests of employees, attaches great importance to improving employees' benefits in work and life, optimizes employees' work experience, and seeks well-being for employees.

At the beginning of 2016, we introduced the policy for employees to purchase houses with interest-free loans. Up to now, we have released loans totaling over RMB10 million, providing greater financial support for employees to purchase houses, and allowing employees to work more at ease.

We regularly hold events such as blind date meetings and dating meetings to match single employees.



Fresh graduates majoring in chemical engineering and macromolecules from 21 designated colleges and universities across the country sign labor contracts with the Company. Fresh college graduates who sign labor contracts with the Company will be given a one-time resettlement subsidy of RMB3,000 after serving for the Company for one year, and will be reimbursed for their 3-year tuition in 3-year installments after serving for the Company for one year.

The Company formulates the employee family visit subsidy policy for employees with household registration outside Jiaying (accounting for about 70% of the total), and reimburses the transportation expenses incurred by employees due to family visits. Employees can also allow their spouses, children or parents to enjoy family visit subsidies. During the period of anti-visiting, the Company arranges accommodation.

Measures taken by the Company to seek the well-being of employees

Organize Chinese New Year events to care for employees on duty during the Spring Festival

On February 12, 2021, the first day of the Lunar New Year, the Company's leaders went to the three bases located in Jiaxing, Pinghu and Lianyungang with their concern and care for the employees, to express their care for the employees on duty during the Spring Festival.

The Company's leaders expressed their gratitude to the employees on duty for their efforts in the construction of STL, brought them holiday greetings and best wishes, and delivered gifts carefully prepared by the Company to each of them. The employees thanked the leaders for their care, and expressed that they would live up to their mission and stick to their posts.



● The Company's leaders expressed their care about the employees on duty during the Spring Festival

Employee activities

The Company strives to create a harmonious, friendly, happy and glorious corporate cultural atmosphere, and actively carries out various employee activities. During the reporting period, we carried out activities such as the employee sports meeting, the welcome party, the Mid-Autumn Festival masquerade party, the annual work mobilization meeting, and the year-end meeting to enrich employees' spare time and enhance employees' sense of belonging.

Carry out the employee sports meeting to promote a tenacious fighting spirit

To carry forward the persevering and tenacious fighting spirit, during the reporting period, the Company held the 2021 Autumn Employee Sports Meeting with the theme of "Leading Ten Years of Excellence and Winning a Century of Future". The sports meeting gathered 7 teams and 175 athletes. There were 13 competition projects, with over 200 rounds of group matches and sub-station matches. On the field, employee athletes fought tenaciously, shed sweat, and competed against each other.

The sports meeting strengthened internal communications, inspired the employees, and created a united corporate atmosphere.



● The Company held the 2021 autumn employee sports meeting



Green Development for a Sustainable Future

Safety and environmental protection are the lifelines of the development of STL. To comprehensively strengthen safety and environmental protection management and maintain a stable safety and environmental protection situation, the Company continuously consolidates the foundation work and deepens the system construction. The Company makes every effort to ensure safety and environmental protection in compliance with laws and regulations and subject to strong supervision and orderly implementation, to start a new chapter of green and innovative development of STL and provide a solid guarantee for the sustainable development of STL.

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HSE Management

The company attaches great importance to HSE (health, safety, and environment) management. We formulate the annual plan for HSE priorities, and constantly make efforts in work safety standardization building, occupational health and safety management, environmental protection management, information platform building, and HSE training. We continuously improve the HSE management system to drive the institutionalization, normalization and long-term effect of the Company's HSE management, to facilitate the Company's green development.

Our safety and environmental protection concept is that safety is more important than profit and environmental protection is regarded as a product. Safety and environmental protection are important prerequisites for enterprises to achieve sustainable development. To implement the national, local and our management's work deployment on safety and environmental protection, eliminate major risks in safety and environmental protection, and strengthen the construction of a safety culture, we formulated an annual plan for HSE priorities to carry out safety and environmental protection work in an all-round way and improve our HSE management level.

Table notes: STL's 2021 Plan for HSE Priorities

Serial No.	HSE priorities
1	Strengthen work safety standardization building to improve risk management and control capabilities
2	Strengthen process safety management to improve the intrinsic safety level
3	Strengthen occupational safety management to lower accident figures
4	Strengthen environmental protection management to optimize the effect of pollution control and emission reduction
5	Strengthen process equipment management to ensure the stable operation of the plant
6	Strengthen information platform construction to advance information-based management
7	Strengthen HES training for all employees to enrich the safety culture atmosphere
8	Strengthen emergency response management for enhanced emergency relief

Occupational health

To protect the occupational health of employees and reduce the rate of work-related accidents, we establish and improve the occupational health management system, and continuously improve the occupational health management level by implementing relevant measures to protect occupational health.



STL's Occupational Health and Safety Management System Certificate



Measures taken by the Company to protect occupational health

Work safety

Work safety is the lifeblood of enterprises' steady development. The Company continuously strengthens work safety capabilities by deepening work safety standardization building, improving daily risk management and control capabilities, establishing and improving the safety responsibility system, ensuring process equipment safety and implementing hazardous chemical safety in compliance with regulations and other measures. STL regards safety as the greatest well-being of the Company, the foundation of development of the Company, and the guarantee of benefits of the Company. STL creates safe working environments and conditions, and always puts the health of employees in the first place. STL holds zero-tolerance toward safe work.



STL's Work Safety Standardization Certificate



The Company's routine risk management roadmap



Measures taken by the Company to ensure work safety

Environment management

To further enhance the environmental management level, the Company establishes and improves the environmental management system, and continuously optimizes the effect of pollution control and emission reduction. According to the project implementation requirements of "economic benefits, compliance with laws and regulations, and improvement of environment", the Company takes measures to improve environmental protection management capabilities. The Company also carries out environmental protection inspections and implements environmental management requirements by establishing the "Chief Environmental Officer" mechanism. The Company advocates the green, energy-saving and low-carbon development and environmental protection strategy, involving new energy, hydrogen energy, energy saving and cleanliness. Compared with peers in the industry, our pollutant emissions are greatly reduced, and our technical know-how is more advanced.



STL's Environmental Management System Certificate



Establish the "Chief Environmental Officer" mechanism to carry out environmental protection management in an all-around way

To cultivate environmental management talents with strong environmental awareness, high professional quality and strong working ability, improve the environmental management level, and facilitate green development, the Company responds to and implements the "Chief Environmental Officer" mechanism created by Zhejiang Jiaxing Ecological Environment Bureau Nanhu Branch. In August 2021, STL was included in the first batch of 50 key pilot units of Jiaxing. The Company set up the "Chief Environmental Officer" and carried out a series of work to facilitate environmental protection management during the reporting period, which laid a solid foundation for the Company's internal comprehensive promotion of the "Chief Environmental Officer" mechanism while comprehensively improving the environmental governance level.



Major functions and duties of Chief Environmental Officer

Waste Governance

The Company gives importance to pollution and waste governance. We strengthen the monitoring and management of environmental protection at each discharge outlet, and regularly monitor waste gas, wastewater, noise and factors harmful to posts. We collect and store solid waste and hazardous waste in accordance with national standards. During the reporting period, the Company's waste gas and wastewater were discharged in compliance with regulations.

Exhaust gas and particulate matter

Major waste gas and particulate matter generated during the Company's production and operation process include sulfur dioxide (SO₂), nitrogen oxides (NO_x) and volatile organic compounds (VOCs), which are discharged into the environment through indirect emissions and direct emissions after treatment. There were no excessive emissions during the reporting period. To actively respond to the national emission reduction requirements, during the reporting period, the Company traced the unorganized emission leakage source of volatile organic compounds (VOCs) and implemented rectification measures to ensure satisfaction with the new standard requirements; at the same time, the Company focused on dust control in the operating environment and remediation of VOCs, and implemented technological transformation to reduce air pollution.

In addition, the Company renovated the liquid waste incinerator to reduce the pollutant emission concentration by controlling the temperature of the SNCR denitration zone and increasing the wet electrostatic precipitation. The liquid waste incinerator completed the renovation and started operation in September 2021. Monitoring shows that the liquid waste incinerator is running stably and meets the requirements of the Standard for Pollution Control on Hazardous Waste Incineration.

Table notes: The Company's exhaust gas and particulate matter emissions in the past three years

Type of exhaust gas and particulate matter	Unit	2021	2020	2019
SO ₂ emissions per 10,000 tons of products	tons/10,000 tons	0.22	0.08	0.13
NO _x emissions per 10,000 tons of products	tons/10,000 tons	2.27	1.64	1.77
Soot emissions per 10,000 tons of products	tons/10,000 tons	0.45	0.19	0.24

Note: In 2021, the Company's Pinghu base project with an annual output of 180,000 tons of acrylic acid and 300,000 tons of propenoic acid ester, and Lianyungang base joint production plant project Phase-1 with an annual output of 1.35 million tons of PE, 2.19 million tons of EOE, and 260,000 tons of ACN, and the project with an annual output of 500,000 tons of polyether macromonomer, were put into operation smoothly.

Industrial wastewater

The Company attaches great importance to wastewater treatment, and takes diversified measures to mitigate and eliminate the pollution caused by wastewater to the surrounding water. During the reporting period, in response to the government's call for "zero liquid discharge", the Company applied for the Wastewater Discharge Permit, and actively implemented closed-circuit television (CCTV) inspection, repair and evaluation of pipelines.

Rectify rain and sewage pipelines to achieve zero liquid discharge

In response to the call for "zero liquid discharge", the Company entrusted Jiaying Zhenhong Construction Co., Ltd. to carry out the inspection and dredging of rain and sewage pipelines in accordance with the Technical Specification for Inspection and Evaluation of Urban Sewers in early 2021. New devices such as periscopes and pipeline inspection robots were used to measure and inspect the rain and sewage pipelines in the whole factory. The results showed no abnormality in the sewage pipeline. A total of 1592 sections of the rain pipeline were inspected and cleaned, of which 172 were defective. In April 2021, the Company entrusted Zhejiang Xiongtu Construction Co., Ltd. to repair the above-mentioned defective rain pipeline sections, and the repair was completed in June 2021. Through the implementation of "zero liquid discharge", the discharge of rain and sewage was strictly controlled and the root causes of pollution were addressed.



● Rain and sewage pipelines were rectified

General solid waste

The Company attaches great importance to the harmless disposal of industrial solid waste and actively raises the technological level to cut down the relative amount of solid waste generated. During the reporting period, the Company had no illegal disposal of solid waste.



Measures taken by the Company in regard to disposal of general industrial solid waste:

- Set up a temporary storage warehouse for general solid waste, and conduct harmless disposal of solid waste.
- In accordance with the requirements of the Regulations on the Management of Solid Waste, conduct multi-channel recycling of scrap metal, scrapped electronic products, scrapped mechanical and electrical equipment and their parts and components to reduce the discharge of waste.
- In strict accordance with the requirements for the management of pollutant discharge permits, develop a self-monitoring plan for annual pollutant discharge at the beginning of each year and strictly implement the plan.

Hazardous waste

The Company attaches great importance to the compliant and safe disposal of hazardous waste. According to the requirements of hazardous waste management, the Company sets up temporary storage warehouses for hazardous wastes, so that hazardous wastes are warehoused by company and category. The Company disposes of hazardous wastes in strict accordance with the requirements of the Standard for Pollution Control on Hazardous Waste Storage. The Company also establishes a solid waste supervision platform to oversee the generation and transfer of hazardous waste through the national solid waste management information system so as to ensure compliant disposal of hazardous wastes.

Add waste liquid incinerators to cut down the amount of hazardous waste generated

To cut down the number of hazardous wastes, during the reporting period, Pinghu Petrochemical, a subsidiary of the Company, invested RMB20 million to add a new set of F5640 waste liquid incineration system, which can dispose of hazardous wastes of 4.3t/h, with an annual theoretical capacity of 34,000 tons of hazardous wastes.

The waste gas generated by this incineration system is treated through SNCR denitration, waste heat recovery, cyclone dust removal, quenching composite absorption and wet electrostatic dust removal. The treated waste gas meets the emission limit requirements of the Standard for Pollution Control on Hazardous Waste Incineration.

By the end of the reporting period, Pinghu Petrochemical had 3 sets of similar waste liquid incineration systems. In 2021, a total of more than 26,000 tons of hazardous wastes such as rectification residues were incinerated and disposed of, representing a decrease in the discharge of hazardous wastes by more than 26,000 tons throughout the year.



● Hazardous waste disposal facility

Resource Utilization

Water resource management

To save resources and improve energy utilization efficiency, during the reporting period, the Company implemented a series of measures to raise the resource utilization level, including enhancing water conservation efforts, advocating green office, and developing clean energy, which improve the Company's resource utilization efficiency from many aspects.

Water is the lifeblood of industrial development. Improving the utilization rate of water resources helps to save resources and improve industrial production efficiency. During the reporting period, the Company saved water at the source, optimized the water utilization system, and improved the water utilization efficiency. The Company used reclaimed water instead of tap water as circulating water to replenish water, and strengthened the recovery of steam condensate and heat-tracing shower, to realize recycling and cut down production water consumption.

Table notes: The Company's industrial water utilization in the past three years

Water utilization type	Unit	2021	2020	2019
Fresh water consumed per 10,000 tons of products	tons/10,000 tons	35,046.89	30,954.53	29,94.08
Water reused per 10,000 tons of products	tons/10,000 tons	20,021.09	2,949.47	3,290.72

Note: In 2021, the Company's Pinghu base project with an annual output of 180,000 tons of acrylic acid and 300,000 tons of propenoic acid ester, and Lianyungang base joint production plant project Phase-1 with an annual output of 1.35 million tons of PE, 2.19 million tons of EOE, and 260,000 tons of ACN, and the project with an annual output of 500,000 tons of polyether macromonomer, were put into operation smoothly. The Company's production capacity was greatly increased, but the consumption of fresh water was less than the increase in production capacity.

Increase investment in water saving and phase out outdated production capacity to improve water resource utilization

To save water resources, during the reporting period, the Company increased investment in water saving, phased out backward production capacity, and carried out technological transformation. The Company took measures to improve water resource utilization, mainly including: use of backwash water for chemical dilution, recycling of steam condensed water, energy-saving renovation of the cracking water pump room, and collection, treatment and reuse (fire pool water replenishment) of rain around the fire pool. We adopt the circulating cooling water treatment technology using phosphorus-free/low-phosphorus water treatment chemicals, which can make the circulating water system's concentration up to 7 times and the water-saving rate up to 12.5%.

The Company's Pinghu base also has 3 sets of reclaimed water reuse systems, which mainly reuse inorganic wastewater such as circulating water sewage and desalinated concentrated water, and the amount of reclaimed water reused per hour is as high as 300 tons.



➤ The water reuse system of the Company's Pinghu base



Energy management

During the reporting period,

the Company's high-purity hydrogen used as raw materials for the hydrogen peroxide device

was up to **43.70** million cubic meters per year, and the excess hydrogen supplied externally

was up to **4.44** million cubic meters per year. The enriched waste hydrogen was used as fuel for reuse in the boiler system, fully realizing the recycling of clean energy.



Turn off lights and taps whenever they are not needed. Turn off monitors and other electrical appliances after getting off work.

Set the air-conditioning cooling to not lower than 26 degrees for cooling and to not more than 20 degrees for heating.



Give priority to double-sided printing and black-and-white printing.

➤ Measures taken by the Company for green office

Security

Safety and Environmental Protection Committee

By the end of the reporting period,

the Company's Safety and Environmental Protection

Committee included **5** registered safety engineers and **14** building firefighters. The Company established a three-level safety officer management structure,

with **14** part-time safety and environmental protection officers.

To reduce safety accidents, we set a Safety and Environmental Protection Committee as the Company's highest safety management organization, implemented the system that all employees are responsible for safety, established the "dual prevention system" for risk classification management and control and hidden danger investigation and governance, and conducted multiple safety training sessions. The Company formulated 2 comprehensive emergency drill plans, 11 special emergency rescue plans for work safety accidents, and 74 on-site disposal plans for work safety accidents to fully implement safety guarantees.

With the safety and environmental protection concept that safety is more important than profit and environmental protection is regarded as a product, the Company set the Safety and Environmental Protection Committee, which is led by the General Manager.

Through the Safety and Environmental Protection Committee, the Company formulates environmental protection and safety assessment indicators every year. Such indicators are decomposed to each department of the Company and concerned departments of each production workshop of the Company for implementation. Such indicators are also included in the monthly and annual assessments of all relevant management personnel for systematic management based on levels. Monthly, quarterly, and annual management evaluations are carried out, and any problems found are corrected in a timely manner. The Company reviews the operation of the work safety standardization system every year, and formulates rectification plans for non-conforming projects to ensure normal and efficient operation of the system. Based on the review results, the Company analyzes the process, identifies potential safety and environmental hazards, implements rectification, and adopts the PDCA method to implement continuous improvement.

Investment in safety and environmental protection

The Company attaches great importance to safety and environmental protection work, and continuously increases investment in safe operation and environmental protection. During the reporting period, the Company implemented safety guarantees in various aspects through measures such as updating pollution control equipment, improving the operating environment, and strengthening employee safety protection.

Increase investment in work safety and environmental protection to implement safety guarantee

During the reporting period, to fully implement the safety guarantee, the Company's subsidiary Satellite New Materials upgraded the production equipment and improved the safe operating environment for employees. The subsidiary spent a total of about RMB5 million on the upgrade of equipment such as bag filters installed in production unit pollution control facilities and roots blowers. The subsidiary spent about RMB200,000 on third-party operation and maintenance costs incurred due to VOC online monitoring of equipment, working condition monitoring, and boiler room flue gas monitoring. The subsidiary spent about RMB300,000 on regular monitoring of exhaust gas, wastewater, noise and harmful factors of the post, and about RMB200,000 on the distribution of special labor protection products for employees, such as dust respirators.



The Company's regular monitoring and inspection of safety and environmental protection

Safety training

During the reporting period, the Company actively carried out safety training, publicized and implemented the safety culture, and improved all employees' safety awareness and the Company's safety and environmental protection level.

Carry out fire emergency training to improve safety management capabilities

During the reporting period, to improve the fire emergency response capabilities of employees, the Company carried out 70 special fire protection inspections, found 226 potential fire hazards, with a rectification rate of 100%, and repaired 98 fire-fighting facilities and equipment. At the same time, the subsidiaries of the Company established full-time emergency fire brigades, which are equipped with fire-fighting emergency equipment such as foam fire trucks and gas-defense trucks, further improving the fire-fighting emergency rescue support capabilities of each subsidiary.



The Company's fire emergency training

Establish the HSE culture training room to publicize and implement safety culture

In 2020, the Company spent more than RMB300,000 to build the HSE cultural training room and put it into use. It has a VR safety experience hall, a health corner, sections to reveal and warn hidden dangers and accidents, and an emergency response capability display system. By the end of the reporting period, all employees were subject to experience and training in the training room. About 260 external persons visited the training room in 2020 and 2021.



The Company's HSE culture training room

The Company also built the safety culture corridor in the office building, and set up 10 corporate culture propaganda stations in the external operation rooms. The Company compiled the safety culture manual, enhancing all employees' safety awareness and improving the Company's work safety management level.



The Company's safety culture corridor



Contribution to Better Community

In an active response to the national "14th Five-Year Plan", STL integrates the corporate development model into the great layout of the national "common prosperity" strategy. The Company always adheres to core socialist values, and insists on building consensus for common prosperity, fulfilling social responsibilities, participating in rural revitalization, supporting public welfare undertakings, assisting in epidemic prevention and control, and constantly injecting momentum into the sustainable development of the society.

- 70 Public Welfare
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- 75 Combating COVID-19
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Public Welfare

STL never forget to give back to society while developing ourselves. We give adequate care to disadvantaged groups and support the benign development of social welfare undertakings with practical actions.

The Company takes the "Mother Yang's Studio" organized and established by Ms. Yang Yuying, Secretary of the Party Committee and Vice Chairman, as the main public welfare platform. Adhering to the purpose of "letting more people help more people", we call on the majority of Party members, cadres and social caring people to participate in public welfare undertakings and contribute to the better development of society with the social influence of us as a listed company and our practical actions.

Mother Yang's Public Welfare Activity dishes out Laba porridge and Chinese New Year gift package

In January 2021, caring volunteers from Mother Yang's Public Welfare Activity, STL and Tianming Community Residents Committee of Daqiao Town delivered hot Laba porridge, and Chinese New Year gift packages containing rice, cooking oil, and apples to 77 sanitation workers and 96 disabled persons. This action not only made the recipients feel the strong taste of the Chinese New Year, but also, on the basis of taking adequate preventive measures, delivered the Chinese New Year blessings, creating a happy, peaceful, festive and civilized festival atmosphere.

Mother Yang's Public Welfare Activity calls on more people to actively participate in volunteer activities, so that love flows into every corner of Jiaxing and warms every heart in winter. It not only inherits traditional cultural customs, but also highlights the positive energy of the society.



● Mother Yang's Public Welfare Activity sent Chinese New Year warmth

Carry out the Mother's Day activity to care for families losing their only child

On the occasion of Mother's Day, to carry forward the traditional virtues of the Chinese nation and express concern and care for families who have lost their only child, in May 2021, Mother Yang's Public Welfare Activity joined hands with Love Station to carry out the Mother's Day activity, visiting families who lost their only child, and giving gifts including apples, cooking oil, and noodles to these special mothers, so that they can feel the warmth and care from Mother Yang.

Each head led the team members to pack the materials and visited the families who lost their only child in more than 10 communities and sub-districts. Every time the volunteers arrived at a household, they carefully inquired about the living conditions of the mothers, chat with them, helped them solve their difficulties in life, let them feel the love from society, and encouraged them to face life positively and optimistically, to get out of the pain, and to regain confidence in life.

As a normalized public welfare activity of Mother Yang's Public Welfare Activity, "Mother's Day activity" aims to create a social atmosphere of gratitude for mothers, send spiritual comfort to mothers who have lost their only child, and make them feel warm.



● Mother's Day activity

Hold the public welfare activity named "childlike innocence to the party, a happy Children's Day"

As International Children's Day was approaching, to give more care to the third-generation children from parents who died as the only child of their own parents and children from difficult families, Mother Yang's Public Welfare Activity worked hand in hand with Nanhu Love Station to hold a public welfare activity named "childlike innocence to the party, a happy Children's Day".

At the end of May 2021, Jiaxing Nanhu Love Station invited a total of 20 third-generation children from parents who died as the only child of their own parents and children from difficult families to visit and study at the Jiaxing Museum, and delivered them the Children's Day gifts including two books - Children Learning Party History and Children Learning National History, educational toys and solatium. After the visit, Ms. Yang Yuying, the head of Jiaxing Nanhu Love Station and the person in charge of Mother Yang's Public Welfare Activity, first extended her holiday wishes to the children, and told the 100-year history of the Communist Party of China and the greatness of the revolutionary ancestors in easy-to-understand language with vivid examples, reminding the children not to forget national humiliation, but to study and work hard to become strong, and to become a useful talent serving the society in the future.



➤ Mother Yang's Public Welfare Activity celebrated Children's Day

Mother Yang's Public Welfare Activity celebrated the Double Ninth Festival

To carry forward the fine traditions of respecting and honoring the elderly of the Chinese nation and create the atmosphere of the Double Ninth Festival, in October 2021, Jiaxing Nanhu Love Station, Mother Yang's Public Welfare Activity, and Nanhu Charity Volunteer Association joined hands to carry out the Double Ninth Festival activity.

Volunteers from Mother Yang's Public Welfare Activity visited the nursing home to give grapefruit, bananas, and cooking oil to the elderly, and carefully asked the elderly about their physical health and daily life, and expressed holiday blessings. In addition, Ms. Yang Yuying, the president of the Charity Volunteer Association, the head of the Love Station, and the founder of Mother Yang's Public Welfare Activity, delivered a solatium of RMB500/person to the destitute 20 elderly over 60 years old on behalf of the Nanhu Charity Federation.

Jiaxing Nanhu Love Station, Mother Yang's Public Welfare Activity, and Nanhu Charity Volunteer Association have always regarded "Caring for the Elderly" as a normalized public welfare activity, aiming to promote the traditional virtue of respecting and honoring the elderly, continuously improve the happiness index of the elderly with practical actions, actively cultivate and practice core socialist values, and help Jiaxing to become a "common prosperity demonstration zone".



➤ The Double Ninth Festival activity

Promoting Common Prosperity

STL actively responded to the spirit of General Secretary Xi Jinping's important speech on promoting common prosperity by thoroughly implementing the major strategic deployment of the Zhejiang Provincial Party Committee's high-quality development and construction of the "common prosperity demonstration zone", taking the initiative to assume social responsibilities, and courageously promoting the development of common prosperity. STL built "Zhejiang full of good deeds" with the responsibility of listed companies, to set an example for and make contributions to the realization of common prosperity.

Adhere to shared development and promote common prosperity

To further promote the cooperation between the eastern and western areas in China and help to achieve common prosperity, in September 2021, STL donated RMB2.51 million to Huangping County, Guizhou. The donation fund is used to help the locals to consolidate and expand the achievements of poverty alleviation, link and promote rural revitalization, and continuously promote the development of poverty alleviation areas and the improvement of mass life, establish a long-term mechanism for assisting low-income population, and promote the comprehensive revitalization of industries, talents, culture, ecology, and organizations.

In the future, we will continue to devote ourselves to public welfare undertakings, constantly pay attention to groups in need, contribute to society as a corporate citizen, enrich the connotation of the "rich" era with vivid practices, and gather the efforts for stepping from prosperity to "common prosperity".



STL's Certificate on Designated Donation to Western China

Combating COVID-19

STL attaches great importance to epidemic prevention and control. We improve the normalized epidemic prevention and control work mechanism, and thoroughly and meticulously perform various prevention and control work, especially strengthening the warehousing control of imported goods, to resolutely fight the epidemic prevention and control battle.

Strictly manage the warehousing of imported goods to resolutely guard the bottom line of epidemic prevention and control

In August 2021, a batch of special fixtures from Sweden arrived at the Company's Pinghu base. Given the overseas epidemic situation, to ensure that the batch of fixtures could be used safely and at ease at the base, the volunteers from the Party workers of the Pinghu base actively signed up to participate in the disinfection and sterilization for epidemic prevention.

With the command and assistance of the base's safety and environmental protection management department, the volunteers quickly arranged their dressings and put on a complete set of protective equipment, to carry out comprehensive external disinfection of the whole box of fixtures. After unpacking the box, the volunteers disinfected and sterilized the fixtures one by one, and carried out intensive and repeated disinfection on the ground where the fixtures were placed, the forklift used for unloading, and the crowbar used for unpacking. Through the carpet disinfection and sterilization, no corner was missed.

The implementation of strict warehousing management was greatly conducive to the Company's epidemic prevention and control and work safety.



Disinfection and sterilization of imported goods for epidemic prevention

Unpaid Blood Donation

Blood is the red bond conveying the true feelings of people. Blood donation is the inheritance of STL's great love and selfless dedication. STL regularly conducts unpaid blood donations every year to support and ensure blood supply for epidemic prevention and control, fully demonstrating the spirit of selfless dedication of STL people in the new era.

Carry out the 9th unpaid blood donation to continue to spread positive energy

During the reporting period, a total of 130 employees from the Company's headquarters and bases actively participated in the unpaid blood donation. As the unpaid blood donation organized by the Company for the ninth consecutive year, this event donated a total of 41,200 ml of blood, bringing the total number over the nine years to 267,300 ml.

Under the guidance of the staff, the employees filled out forms, received blood pressure measurements and blood tests, and got on the bus to donate blood in an orderly manner. In addition, to quickly replenish energy for the employees who donated blood, the Company's canteen prepared chicken soup, red date and longan soup, and eggs in advance. The Company's Party Committee prepared nutritional products for every STL person who dedicates love, fully demonstrating the Party Committee's care and concern for employees.

Blood is the source of life and the red bond conveying the true feelings of people. In the future, the Company will, as always, carry out various meaningful social welfare activities to thank and give back to society with love and passion.



Site of unpaid blood donation



Honors

Name of honor (at the provincial level and above)	Level	Issued by
National May 1st Labor Award	National	All-China Federation of Trade Unions
High-quality and Excellent Project in Chemical Industry	National	China National Association of Chemical Construction Enterprises
The 31st Place in 2021 Top 50 Chinese Refined Petroleum Product Manufacturing Enterprises	National	China Chemical Enterprises Management Association
The 119th Place in 2021 Top 500 Chinese Petroleum and Chemical Enterprises in the Category of Comprehensive Enterprises	National	China Chemical Enterprises Management Association
2021 Top 500 Chinese Petroleum and Chemical Enterprises	National	China Petroleum and Chemical Industry Federation/China Chemical Enterprises Management Association
Manufacturing Single Champion Provincial Cultivation Enterprise	Provincial	Economy and Information Technology Department of Zhejiang
Provincial Industrial Internet Platform	Provincial	Economy and Information Technology Department of Zhejiang
The Second Prize of 2021 Provincial Occupational Skills Competition as a Group of General Chemical Controllers	Provincial	Zhejiang Federation of Trade Unions
2021 Top 100 Manufacturing Enterprises in Zhejiang	Provincial	Enterprise Federation of Zhejiang, Entrepreneur Association of Zhejiang, and Zhejiang Federation of Industrial Economics
The 155th Place in 2021 Top 200 Private Enterprises in Zhejiang	Provincial	Zhejiang Federation of Industry and Commerce
The 45th Place in 2021 Top 100 Private Enterprises in R&D Investment in Zhejiang	Provincial	Zhejiang Federation of Industry and Commerce
2021 Water Saving Benchmark Unit in Zhejiang	Provincial	Office of Water Resources Department of Zhejiang
Donation Certificate (Zhejiang Spring Bud Project)	Provincial	Zhejiang Women and Children's Foundation
Zhejiang "Invisible Champion" Cultivation Enterprise	Provincial	Economy and Information Technology Department of Zhejiang
Acceptance of Provincial New Product and New Technology (3 Items)	Provincial	Economy and Information Technology Department of Zhejiang
2021 SRDI SME in Zhejiang	Provincial	Economy and Information Technology Department of Zhejiang
Key Import Platform in Zhejiang	Provincial	Department of Commerce of Zhejiang Province
Zhejiang High-tech Enterprise Research and Development Center	Provincial	Science Technology Department of Zhejiang Province
The Winning Team of Zhejiang "Ankang Cup" Competition	Provincial	Zhejiang Federation of Trade Unions, Emergency Management Department of Zhejiang Province, and Health Commission of Zhejiang Province
Collective with Outstanding Achievements in Internal Security Work of Organs, Groups, Enterprises and Institutions in Zhejiang	Provincial	Public Security Department of Zhejiang Province
Collective with Outstanding Achievements in the Construction and Reform of Industrial Workers in Zhejiang in the New Era	Provincial	Zhejiang Provincial Party Committee and Zhejiang Provincial Government

During the reporting period, the Company's employees won a total of 30 various awards related to their posts, including 17 provincial and municipal awards.

Look Forward

The new year breeds new hope, and the new starting point shows new glory. 2022 is the "30th Anniversary of Entrepreneurship" in which we will never forget why we started and move forward with sheer endeavors, and is also the first year of our "Second Five-Year Plan". Therefore, it is of great significance to do a good job in 2022.

For STL, standing at a critical year and an important node, to start a good game and make a good start, we must firmly adhere to the determination of overcoming all difficulties and the willpower of rising to the challenge, hold the momentum of seizing the day and perseverance, insist on walking our own way, do our own affairs, and forge ahead despite headwinds.



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Feedback Form

Dear readers,

Thank you for reading 2021 Corporate Social Responsibility Report of Satellite Chemical Co., Ltd., in order to provide you and other stakeholders with more professional and more valuable corporate social responsibility information, please assist us in completing the relevant questions in the feedback form, to help us further enhance our social responsibility and sustainable development management in the future. Please give a score from 1 (lowest) to 5 (highest) for each of the following questions

1. Your overall evaluation on this Report

1 2 3 4 5

2. Do you think this Report reflects the significant economic impact of STL?

1 2 3 4 5

3. Do you think this Report reflects the significant environmental impact of STL?

1 2 3 4 5

4. Do you think this Report reflects the significant social impact of STL?

1 2 3 4 5

5. Do you think this Report reflects the corporate governance of STL?

1 2 3 4 5

6. Your overall evaluation on the degree of information disclosure in this Report:

1 2 3 4 5

7. Your overall evaluation on the quality of the written representations in this Report:

1 2 3 4 5

8. Your overall evaluation on the design style of this Report:

1 2 3 4 5

9. Which topics in this Report attract your most attention?

10. Do you have any other opinions and suggestions?

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