

**2023**

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



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# About This Report

## Reporting Period

The Report covers from January 1, 2023 to December 31, 2023, and also includes additional information beyond the stated reporting period.

## Reporting Boundary

Sennics Co., Ltd. and its subsidiaries (Please refer to "Company Profile" and "Organizational Structure" for details). During the reporting period, Sennics Lianyungang was under construction, the operational data of which was not included in the report. Sennics Taizhou serves as a local office of Sennics in Taizhou, which does not involve production and operation. When there exists a discrepancy between the scope of data and the scope of reporting, it shall be specified in the report.

## Compilation Principles

The Report is prepared in accordance with the Global Sustainability Standards Board's (GSSB) GRI Sustainability Reporting Standards 2021 (GRI Standards 2021), TCFD frame work recommendation, United Nations Sustainable Development Goals, the Guidelines of SASAC on State-owned Enterprises' Better Performance of Social Responsibilities, Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0) issued by Chinese Academy of Social Sciences, and GB/T 36001-2015: Guidance on Social Responsibility Reporting.

## Data Source

All information and data disclosed in the Report come from official documents and statistical reports of Sennics Co., Ltd. If the data of previous years in the report differ from those in previous reports, the report shall prevail. In order to improve the accuracy of data and information communication, possible indicators and information will be revised, and the reasons and effects will be explained.

## References in the Report

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

## Reporting Cycle

The sustainability report is released annually. The most recent sustainability report was released in September 2023.

## Accessibility of the Report

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

## Reporting Feedback

If you have any opinions or suggestions on Sennics Co., Ltd.'s social responsibility management and this report, you can scan the QR code to provide feedback. This will help us continuously improve the level of social responsibility information disclosure and advance the management and practice of corporate social responsibility.



## Message from the Chairman

Today, the chemical industry is facing unparalleled opportunities and challenges. The deepening integration of the global economy, coupled with rapid technological innovation, has infused new energy into our sector. Over the past year, guided by our innovative development concept on ultimate and sustainable growth, we have steadfastly adhered to our core values of “customer orientation, innovation and continuous improvement, open minded and caring for people, teamwork and collaboration, taking responsibility and professional dedication”. Anchored in sustainable development goals, we have implemented a series of proactive and effective measures, yielding significant results. Our commitment to becoming a “demonstration enterprise to build world-class specialized and sophisticated enterprises that produce new and unique products,” spur us to pursue “green and sustainable value” relentlessly.

Green development fuels the engine of innovation. Sennics tightly intertwines green development with technological innovation, making green development our foundation and innovation our driving force. We focus on cultivating the “new quality productive forces” of the chemical industry, maximizing our potential and confidence in independent research and development, and thus continually exploring “blue oceans” for high-quality industry growth. Our approach embraces a comprehensive management philosophy—governance, utilization, and protection—through all-round technology upgrades, process transformation, and production management. We continue to enhance the green and technological core of our products and processes, drive the iteration and upgrade of patented technologies and promote high-quality green products that advance both economic growth and environmental protection. Our “High-Dimer TMQ Rubber Antioxidant Green Synthesis Technology” has been included in the second batch of recommended technologies and products catalogue for the petrochemical and chemical sectors by the Ministry of Industry and Information Technology(MIIT). It can significantly reduce waste gases, waste water, and solid waste, making crucial contributions to the green and sustainable development of China’s fine chemical industry.

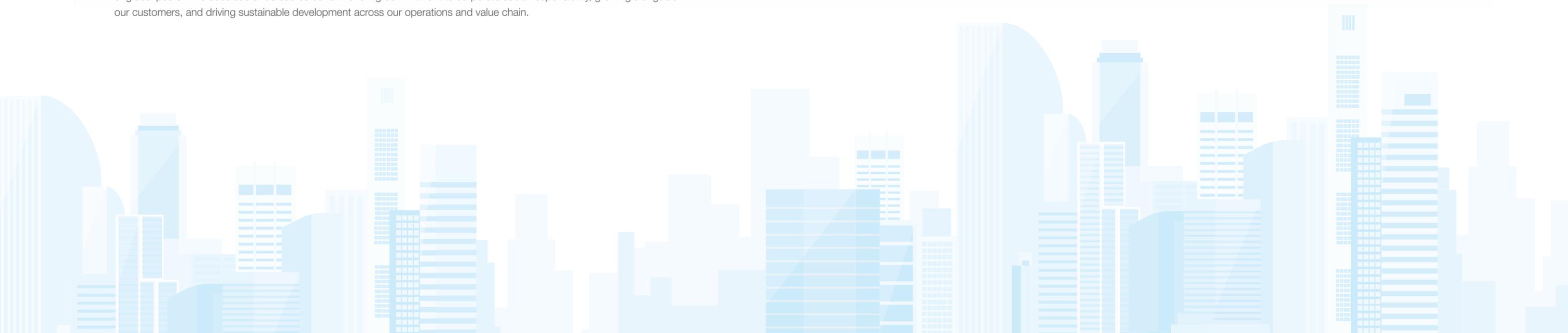
Sennics also leverages its industry influence to lead by example. We are one of the initiators of the GoldenBee Global CSR 2030 Initiative. Meanwhile, we have unveiled the SCI-MAN 2030 initiative to empower the sustainable development of the polymer additive industry, and joined the “Together for Sustainability” (TfS) initiative, collaborating with other companies to support the realization of United Nations Sustainable Development Goals (SDGs). We also have introduced the low-carbon business model transformation action plan of “Embracing the Dual Carbon Goals for a Bluer Sky,” effectively contributing to achieving China’s goals of carbon peaking and carbon neutrality. By signing the letter of Responsible Care commitment and joining its Chinese team, we actively engage with stakeholders, addressing their concerns and promoting the thorough implementation of Responsible Care guidelines. In 2024, Sennics’ outstanding performance in corporate social responsibility and sustainable development earned us the highest “Platinum” honor in the EcoVadis CSR rating, positioning us in the top 1% of global peers. This accolade underscores our unwavering commitment to corporate social responsibility, growing alongside our customers, and driving sustainable development across our operations and value chain.

We deeply understand that sustainable development is not only about securing the future but also about enhancing the well-being and growth of individuals today. We prioritize people, striving to build mutual trust and respect with stakeholders and fostering deeper connections with employees, communities, and other partners. We continuously elevate the quality of life and happiness of our employees through initiatives like reading and learning programs, offline training, heart-to-heart talks, and responsive grievance handling. Our focused efforts also include proactive integration into local communities and support for rural vitalization. By offering assistance in any way that we can to residents, we work to foster sound interactions with our surroundings. We firmly believe that only by truly addressing the needs of a broad range of stakeholders can we achieve a win-win outcome for both Sennics and society, creating a brighter future together.

Looking ahead, Sennics will continue to strengthen and expand our core competitiveness, constantly shaping new drivers and advantages for business development. We remain committed to fulfilling our economic, social, and environmental responsibilities, leading the sustainable development of the global polymer additive industry, and contributing to the green and low-carbon advancement of our sector on an ongoing basis.

**Chen Hongbo**

Chairman and Party Secretary of Sennics



# Sustainability Commitments

“Sustainable development has become a global consensus and an inevitable choice to drive technological innovation, green development, and high-quality development of chemical companies. Committed to our original mission, Sennics will set the groundwork for our sustainable and green development with innovation, and increasingly broaden the development path by proactively undertaking social responsibilities and expanding global perspectives. We will work with more stakeholders to create economic, social and environmental value, and make contributions to the green, innovative, and sustainable development of the society.”

—Chen Hongbo, Chairman and Party Secretary of Sennics & Chairman of the Sustainability Committee

Sennics follows the core values of “Customer Orientation, Innovation and Continuous Improvement, Open minded and Caring for People, Teamwork and Collaboration, Taking Responsibility and Professional Dedication” and the innovative development concept on ultimate and sustainable growth. The Company actively builds the strategic goal of digital, intelligent and service-oriented transformation and upgrading with “Smart Sennics” as the core, in a continuous effort to fulfill the corporate mission of “Leading through Green Innovation”. With smart manufacturing as the development direction, clean manufacturing as the path and innovative manufacturing as the driving force, we have comprehensively implemented the SCI-MAN 2030 Initiative and steadily moved towards the vision of “First Choice for Polymer Additives Worldwide”.



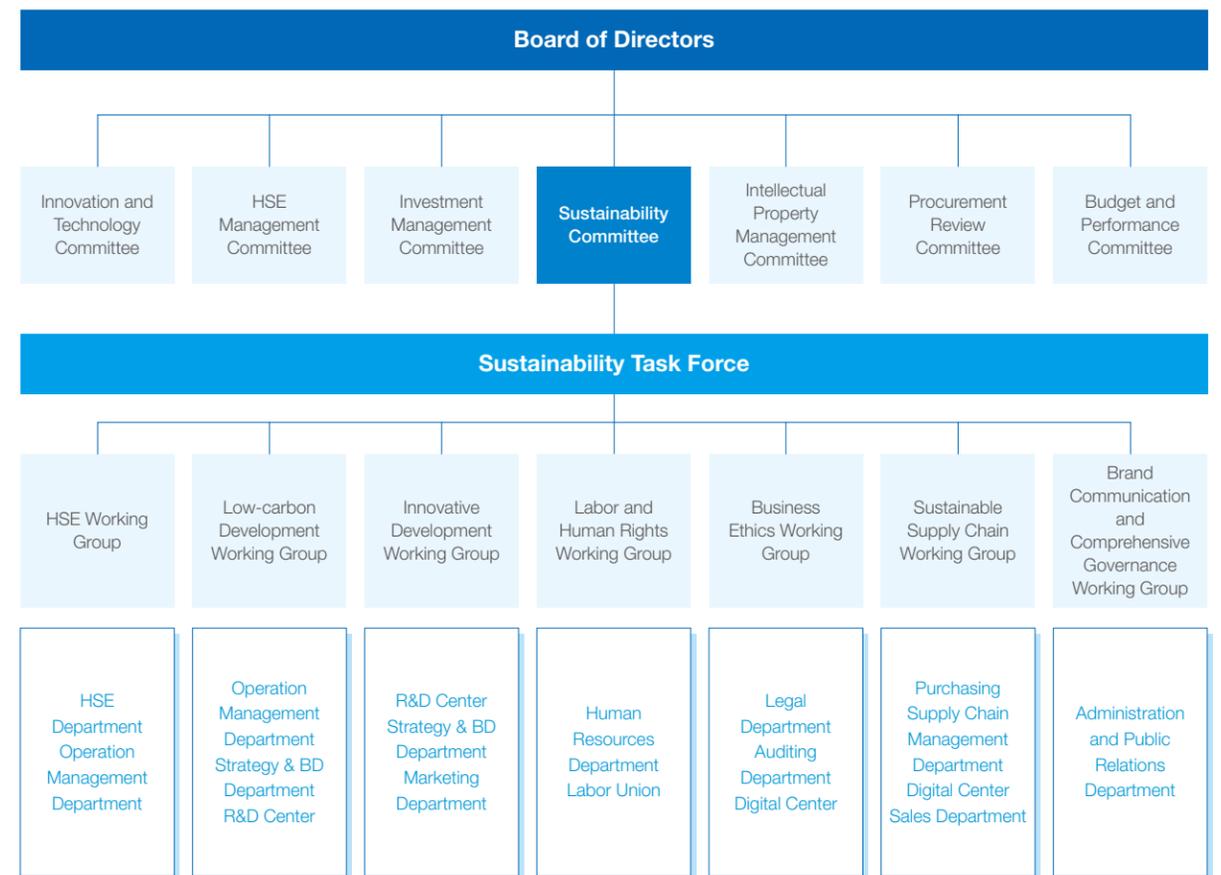
SCI-MAN 2030 Initiative	Commitments	Progress in 2023
Smart Manufacturing	<ul style="list-style-type: none"> <li>Completing the automation transformation of factories affiliated to Sennics to create a “5G network” for chemical production</li> </ul>	<ul style="list-style-type: none"> <li>OTS simulation: By simulating various operational and fault scenarios, we upskilled our employees, and enabled prompt response to actual start-ups, shutdowns, and various abnormal situations, thereby decreasing the probability of safety accidents, and minimizing economic losses and casualties.</li> <li>E-commerce platform: Our CRM tool was integrated with the Sinochem Holding s' e-commerce platforms. This enabled a seamless marketing chain across the e-commerce platforms, and offered new marketing tools and methods for sales, thereby boosting marketing effectiveness and efficiency.</li> <li>Procurement and supplier management: We integrated procurement information for resource sharing. We also optimized procurement activities and improved the digitalization of procurement processes. Through whole-process digital procurement and e-commerce procurement, we achieved transparent procurement characterized by “business transparency, controllable processes, fully online operations, and permanent traceability”.</li> <li>Intelligent HSE video analysis: We realized the intelligent monitoring and analysis of “intrusions, wearing of safety helmets, fire incidents, and staff presence” in all production areas. The alert results, images, etc. for violations could be monitored, thus improving the safety management of our factories.</li> </ul>
Clean Manufacturing	<ul style="list-style-type: none"> <li>Striving to receive a gold medal by EcoVadis and joining the Together for Sustainability (TfS) Initiative</li> <li>Each subsidiary shall have at least one factory to win the honor of “Green Factory”</li> </ul>	<ul style="list-style-type: none"> <li>In January 2024, Sennics earned the EcoVadis “Platinum” Sustainability Rating, the highest CSR rating of EcoVadis, ranking top 1% among global peers.</li> <li>On April 27, 2022, Sennics joined the TfS.</li> <li>Sennics Shandong, Sennics Tai’an and Sennics Anhui were awarded Green Factory by the MIT and Green Factory in the Petroleum and Chemical Industry in China.</li> </ul>
Innovative Manufacturing	<ul style="list-style-type: none"> <li>Annual investment in R&amp;D should be no less than 3% of the revenue</li> <li>Processes and products that contribute to a circular economy should be no less than 80% of the total</li> </ul>	<ul style="list-style-type: none"> <li>In 2023, R&amp;D investment reached RMB 202 million, accounting for 4.89% of the revenue.</li> <li>All factories adopted technological innovations such as the utilization of heat of distillation and reaction to cut carbon emissions. Sennics Shandong vigorously implemented the green electricity project.</li> </ul>

# CSR mangement

Bearing in mind that sustainability is the sure path to high-quality development, Sennics strives to reshape our core competitiveness for sustainability by raising CSR awareness, improving CSR management mechanism and processes, and strengthening CSR management and practices based on responsible operation.

The Company establishes the Sustainable Development Committee and clarifies the goals and plans of the sustainable development strategy, so as to systematically improve the Company's capability and performance in decision-making, management and practice. Moreover, it helps further improve the Company's core competitiveness and brand image to achieve sustainable development.

The Sustainability Committee is the main responsible institution for the Company's sustainable development, which is chaired by our CEO with members including COO and Vice President of Sennics. The Sustainability Task Force led by Vice President of Sennics was established under the Sustainability Committee, and its members include leaders of relevant departments. There are seven working groups under the Sustainability Task Force, namely Health, Safety, Environmental Protection and Quality (HSEQ), Low-carbon Development, Innovative Development, Labor and Human Rights, Business Ethics, Sustainable Supply Chain, Brand Communication and Comprehensive Governance. They are responsible for dealing with specific sustainability matters of Sennics and review the fulfillment performance of sustainability measures and goals under specific issues every year. Based on the fulfillment performance of the year's sustainable development target, the Budget and Performance Committee regularly evaluates the performance of relevant personnel, including the members of the Sustainability Committee and the Sustainability Task Force.





### The Sustainability Committee

- Reviews the overall strategy and goals on sustainability
- Organizes and leads the establishment of the sustainability system and mechanism
- Holds monthly meetings, regularly reviews the plans, annual reports and performance of sustainability work, and adjusts decisions and deployment based on performance evaluations



### The Sustainability Task Force

- Formulates and implements annual work plan, ensures daily communications, and regularly holds meetings of Sustainability Committee and execution of relevant resolutions
- Proactively investigates and identifies the key concerns of stakeholders on the Company's sustainability matters and reports them to the Sustainability Committee in a timely manner
- Seven subordinated working groups staffed by relevant departments are responsible for the promotion and implementation of sustainability of the Company

We actively respond to the mainstream international initiatives on responsibility and those initiated by the governments, industries, think tanks and other institutions. We have joined the Responsible Care Initiative, the TfS Initiative, and the GoldenBee Global CSR 2030 Initiative, contributing to a higher level of sustainable development.

In 2023, we have formulated 52 annual ESG work targets and 79 annual ESG action plans. We incorporate indicators such as HSE management goals, carbon reduction and emission reduction goals, sustainable procurement goals, and sustainable development system construction into the organizational performance assessment, whereby the assessment results have a direct impact on the performance and bonuses of related manager and company executives. We continuously improve our performance in terms of corporate governance, business ethics, environmental protection, safety management, labor and human rights, and sustainable procurement, etc. We are committed to the Sustainability model envisaged by the UN Sustainability Goals (SDGs), the ILO Declaration on Fundamental Principles and Rights at Work, the Ten Principles of the UN Global Compact (UNGC), the ISO 26000 Guidance on Social Responsibility and Responsible Care®. Our commitment to Sustainability is applicable to Sennics and all its subsidiaries, and every employee, director, consultant and other personnel who represent Sennics or engage in various work in the name of Sennics must abide by it. Moreover, we encourage business and third-party partners (including but not limited to suppliers, contractors, subcontractors, agents, distributors, JV partners and customers) to respect and maintain our Sustainability culture and make joint contributions to the green development of the global polymer additives industry.

Click the following link to know more about the Sustainable Development Strategy and Commitment of Sennics  
<http://www.sennics.com/31340.html>



## Stakeholder Engagement and Material Topics Management

The company has expanded multiple communication channels to continuously identify and respond to the expectations and demands of various stakeholders, and use them as a key reference for continuous improvement of its sustainability performance.



### Shareholders

**Requirement**  
Enhancing profitability, optimizing corporate governance structure, and disclosing necessary information

**Sennics Response**  
Boosting steady business growth, establishing a well-developed corporate governance structure, and regularly releasing sustainability reports

### Customers

**Requirement**  
Providing premium services and green products

**Sennics Response**  
Establishing the two-way communication mechanism, fully guaranteeing sustainable and stable product supply, developing new products that are more friendly to health, safety and the environment, and providing diverse products

### The government and supervisory authorities

**Requirement**  
Ensuring business compliance, serving national and regional economic development, ensuring safe operation, implementing energy conservation and emission reduction, and protecting the ecological environment

**Sennics Response**  
Ensuring robust operation, paying taxes according to law, regularly reporting work to regulators, continuously improving health, safety and environmental management, deepening the construction of "Green Factory", and practicing circular economy

### Employees

**Requirement**  
Protecting employees' legitimate rights and interests, creating a good workplace, unblocking career development channels, and achieving work-life balance

**Sennics Response**  
Holding workers' congress, increasing investment in employees' occupational health, establishing and improving the career development system, enriching the training plan, caring for employees' life, and creating an atmosphere of diversity, equality, and inclusion

### Suppliers

**Requirement**  
Making fair and transparent procurement, realizing mutual benefits, and jointly promoting industrial development

**Sennics Response**  
Establishing a fair and transparent procurement process, improving supplier access and evaluation system with sustainability-embedded auditing mechanism, promoting supplier diversity, advocating responsible procurement, joining the Together for Sustainability (TfS) Initiative, improving suppliers' CSR capability, holding supplier conferences regularly to unblock communication channels and share excellent experience, and jointly building a sustainable supply chain

### Communities

**Requirement**  
Engaging in public welfare, and serving community development

**Sennics Response**  
Establishing a smooth communication mechanism with the community to understand the needs of the community, promoting community employment, boosting local economy, and supporting education



Sennics conducted a survey on material topics among internal and external stakeholders, and combined the results with our own business management priorities and the UN SDGs after the review, identification, prioritization and verification. Totally, 20 material topics that are important to the Company and stakeholders were identified, and priorities in CSR fulfillment to stakeholders and in creating economic, social and environmental values were also determined.

**Influence on stakeholder assessment and decisions**

**Evaluation is conducted in the following aspects**

- Communication opinions of stakeholders
- Behaviors and attitudes of company executives
- Appeal of NGOs
- Global and industry standards and guidelines for conduct

**Significance of economic, environmental, and social impacts**

**Evaluation is conducted in the following aspects**

- Corporate management strategy
- Opportunities and challenges facing the Company
- Current and potential impacts of corporate practice on economy, society and environment

**Review**  
Providing reference for analyzing material topics according to the characteristics of the chemical industry and feedbacks and reviews from stakeholders

**Identification**  
Identifying and analyzing important topics of Sennics in 2023 through policy documents analysis, internal and external stakeholder communication, interviews with the Company's executives, external experts and other sources

**Prioritization**  
Prioritizing identified important topics based on two dimensions: the importance to corporate development and the concern of stakeholders

**Validation**  
Based on corporate strategy and business principles, the Sustainability Committee, senior management and external experts review the results of material topic assessment and prioritization, with final approval by both the Sustainability Committee and the Board of Directors



1. Business performance	2. Business ethics and compliance governance	3. Risk management	4. Cyber security and data privacy
5. Customer service and products management	6. Sustainability products and solutions	7. Supply chain management	8. Responsible procurement
9. Intelligent manufacturing	10. Innovation-driven development	11. Employee equality, diversity, and inclusion	12. Training and development
13. Protecting employees' rights and interests	14. Effective resource utilization	15. Pollution control and ecological protection	16. Addressing climate change
17. Biodiversity conservation	18. Occupational health and safety management	19. Community engagement	20. Promoting industrial development

### Material Topics of Sennics in 2023 and SDGs Mapping

Material Topics	GRI Standards	SDGs	Stakeholders Involved	Corresponding Chapters and Sections
Occupational health and safety management	GRI 403: Occupational Health and Safety	Goal 3 Goal 8 Goal 16	Employees Suppliers	Collaborating for a Sustainable Future
Risk management	GRI 2: General Disclosures GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior	Goal 16	Shareholders Employees Suppliers	Empowering a Bright Future in a Steady Manner
Customer service and products management	GRI 416: Customer Health and Safety GRI 417: Marketing and Labeling	Goal 3 Goal 12 Goal 16	Customers	Leading Innovative Development with Intelligent Solutions for a Better Future
Pollution control and ecological protection	GRI 303: Water and Effluents GRI 305: Emissions GRI 306: Effluents and Waste	Goal 3 Goal 6 Goal 14 Goal 15	Government and supervisory authorities Communities	Building a Future on Safety and Clean Production
Sustainability products and solutions	GRI 302: Energy GRI 305: Emissions GRI 306: Effluents and Waste	Goal 7 Goal 12 Goal 13	Customers	Leading Innovative Development with Intelligent Solutions for a Better Future
Business performance	GRI 201: Economic Performance	-	Shareholders	Leading Innovative Development with Intelligent Solutions for a Better Future
Innovation-driven development	-	Goal 9	Shareholders Suppliers	Leading Innovative Development with Intelligent Solutions for a Better Future

Shareholder	GRI Standards	SDGs	Stakeholders Involved	Corresponding Chapters and Sections
<b>Effective resource utilization</b>	GRI 302: Energy GRI 303: Water and Effluents GRI 306: Effluents and Waste	Goal 6 Goal 7 Goal 12	Government and supervisory authorities	Building a Future on Safety and Clean Production
<b>Cyber security and data privacy</b>	GRI 418: Customer Privacy	Goal 16	Customers Employees	Empowering a Bright Future in a Steady Manner
<b>Business ethics and compliance governance</b>	GRI 2: General Disclosures GRI 205: Anti-corruption GRI 206: Anti-competitive Behavior	Goal 5 Goal 16	Shareholders	Empowering a Bright Future in a Steady Manner
<b>Employee equality, diversity, and inclusion</b>	GRI 405: Diversity and Equal Opportunity	Goal 5 Goal 8	Employees	Collaborating for a Sustainable Future
<b>Supply chain management</b>	GRI 205: Anti-corruption GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	Goal 8 Goal 16	Suppliers	Collaborating for a Sustainable Future
<b>Protecting employees' rights and interests</b>	GRI 201: Economic Performance GRI 202: Market Presence GRI 401: Employment GRI 406: Non-discrimination GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labor GRI 409: Forced or Compulsory Labor	Goal 1 Goal 3 Goal 5 Goal 8 Goal 10 Goal 16	Employees	Collaborating for a Sustainable Future

Material Topics	GRI Standards	SDGs	Stakeholders Involved	Corresponding Chapters and Sections
<b>Training and development</b>	GRI 202: Market Presence GRI 404: Training and Education	Goal 4 Goal 5 Goal 8 Goal 10	Employees	Collaborating for a Sustainable Future
<b>Addressing climate change</b>	GRI 201: Economic Performance GRI 305: Emissions	Goal 3 Goal 12 Goal 13 Goal 14 Goal 15	Government and supervisory authorities Customers	CSR Spotlight: Green and Low-Carbon Development for the Future
<b>Responsible procurement</b>	GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	Goal 5 Goal 8	Suppliers	Collaborating for a Sustainable Future
<b>Promoting industrial development</b>	GRI 2: General Disclosures	—	Shareholders Customers	Collaborating for a Sustainable Future
<b>Biodiversity conservation</b>	GRI 304: Biodiversity	Goal 6 Goal 14 Goal 15	Government and supervisory authorities Customers	Building a Future on Safety and Clean Production
<b>Intelligent manufacturing</b>	—	Goal 9	Shareholders Customers	Leading Innovative Development with Intelligent Solutions for a Better Future
<b>Community engagement</b>	GRI 203: Indirect Economic Impacts GRI 413: Local Communities	Goal 1 Goal 2 Goal 4	Communities	Collaborating for a Sustainable Future

## Sustainable Development Goals and Performance

Sennics continuously follows up and discloses the progress of its sustainable development goals set for the 14th Five-Year Plan period, and breaks down and fine-tunes the goals annually according to the actual situation. In 2023, the Company set goals for 2024 in terms of energy saving and carbon reduction, HSE (health, safety, and environment), and sustainable supply chains based on the future business blueprint and actual situation of the Company. To ensure that the goals are achieved on schedule, the Sustainability Task Force is tasked to promote and implement them at each level, and to regularly assess and review their progress.

	Goals in 2025	Goals in 2024	Progress in 2023
<b>Energy saving and carbon reduction</b>	<ul style="list-style-type: none"> <li>Comprehensive energy consumption per RMB 10,000 of industrial output value compared with the end of 2020: decline by 15%</li> <li>CO<sub>2</sub> emissions per RMB 10,000 of industrial output value compared with the end of 2020: decline by 22%</li> <li>ISO 14067 certification for some products</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive energy consumption per RMB 10,000 of industrial output value (comparable price) compared with 2020: decline by 14%</li> <li>CO<sub>2</sub> emissions per RMB 10,000 of industrial output value (comparable price) compared with 2020: decline by 16%</li> <li>ISO 14064 certification at headquarters and production plants, ISO 14067 certification for some products</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive energy consumption per RMB 10,000 of industrial output value (comparable price) compared with 2020: decreased over 20%</li> <li>CO<sub>2</sub> emissions per RMB 10,000 of industrial output value (comparable price) compared with 2020: decreased over 20%</li> <li>ISO 14064 certification at headquarters and production plants</li> </ul>
<b>Health, safety and environmental protection</b>	<ul style="list-style-type: none"> <li>Total atmospheric pollutants (SO<sub>2</sub>/NO<sub>x</sub>/VOCs) compared with 2020: decline by 10%</li> <li>Total water pollutants (COD/NH<sub>3</sub>-N) compared with 2020: decline by 8%</li> <li>0 fatal accident; 0 environmental incident of general impact or above; 0 new occupational disease; 0 major HSE negative public opinion event; 0 liable customer safety accident with injuries</li> </ul>	<ul style="list-style-type: none"> <li>Total atmospheric pollutants (SO<sub>2</sub>/NO<sub>x</sub>/VOCs) compared with 2020: decline by 8%</li> <li>Total water pollutants (COD/NH<sub>3</sub>-N) compared with 2020: decline by 6.8%</li> <li>0 accident with serious injury or above; 0 environmental incident of general impact or above; 0 new occupational disease; 0 for major HSE negative public opinion; 0 liable customer safety accident with injuries</li> </ul>	<ul style="list-style-type: none"> <li>Total atmospheric pollutants (SO<sub>2</sub>/NO<sub>x</sub>/VOCs) compared with 2020: decline over 10%</li> <li>Total water pollutants (COD/NH<sub>3</sub>-N) compared with 2020: decline over 20%</li> <li>0 accident with serious injury or above; 0 environmental incident of general impact or above; 0 new occupational disease; 0 for major HSE negative public opinion; 0 liable customer safety accident with injuries</li> </ul>
<b>Sustainable supply chain</b>	<ul style="list-style-type: none"> <li>100% cumulative coverage of sustainable procurement assessment of core suppliers</li> <li>100% signing rate of the <i>Supplier Code of Conduct</i> for core suppliers</li> <li>100% cumulative coverage of sustainable training for core suppliers</li> <li>Promote core suppliers to carry out sustainability assessment and on-site investigation</li> </ul>	<ul style="list-style-type: none"> <li>100% cumulative coverage of sustainable procurement assessment of core suppliers</li> <li>100% signing rate of the <i>Supplier Code of Conduct</i> for core suppliers</li> <li>100% cumulative coverage of sustainable training for core suppliers</li> <li>Promote core suppliers to carry out sustainability assessment and on-site investigation</li> </ul>	<ul style="list-style-type: none"> <li>Completed sustainable procurement assessment of 57 core suppliers, with a cumulative coverage of 100%</li> <li>76 suppliers signed the <i>Supplier Code of Conduct</i> in total, with 100% signing rate</li> <li>Organized core supplier sustainability training for 3 times, with 100% coverage of cumulative training</li> <li>Conducted sustainable on-site investigation for 12 core suppliers, with a cumulative coverage of 100%</li> <li>Organized all procurement staff to receive supplier sustainability management training for 1 time, with 100% training coverage rate</li> </ul>



	Goals in 2025	Goals in 2024	Progress in 2023
<b>Sustainable governance</b>	<ul style="list-style-type: none"> <li>0 incident for network intrusion, information leakage</li> <li>100% training rate of information security for all employees</li> <li>0 business secret leakage incident; no less than 10 times of business secret training per year</li> <li>100% training rate of anti-corruption education for all employees</li> </ul>	<ul style="list-style-type: none"> <li>100% training rate of information security for all employees</li> <li>0 business secret leakage incident; no less than 10 times of business secret training per year</li> <li>100% coverage of anti-corruption publicity for all employees</li> <li>100% training rate of anti-corruption education for key positions; 100% coverage of handling and implementation of annual corruption incident report</li> </ul>	<ul style="list-style-type: none"> <li>Completed ISO 27001 certification at Digital Center</li> <li>100% training rate of information security for all employees</li> <li>0 business secret leakage incident; completed 10 times of business secret training</li> <li>Conducted 66 anti-corruption and anti-bribery training for employees; 100% coverage of anti-corruption publicity for all employees</li> <li>100% training rate of anti-corruption education for key positions; 100% coverage of handling and implementation of annual corruption incident report</li> </ul>
<b>Labor and human rights</b>	<ul style="list-style-type: none"> <li>100% response rate of employee complaints</li> </ul>	<ul style="list-style-type: none"> <li>100% response rate of employee complaints</li> <li>At least 20% female managers</li> <li>0 incidents of discrimination or harassment</li> <li>Ensure that all employees' salaries are above the local statutory minimum wage, in order to help employees enjoy decent work and life; investigate employees in difficulties and achieve 100% assistance</li> <li>Convene 1 workers representative assembly; organize more than 10 staff seminars</li> <li>Organize more than 30 cultural exchange activities at company level</li> <li>Conduct training for sustainable development awareness, capability building and ongoing youth development training program</li> </ul>	<ul style="list-style-type: none"> <li>0 incidents of employee complaints, discrimination or harassment</li> <li>The proportion of female management personnel: 21.73%</li> <li>Ensure that all employees' salaries are above the local statutory minimum wage, in order to help employees enjoy decent work and life; investigate employees in difficulties and achieve 100% assistance</li> <li>Convened 5 workers representative assembly; organized 44 staff seminars and 1 dedication and satisfaction research</li> <li>Organized 67 cultural exchange activities at company level</li> <li>Conducted training for sustainable development awareness, capability building and ongoing youth development training program</li> </ul>

# Company Profile

## About Sennics

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

Located in the China (Shanghai) Pilot Free Trade Zone, Sennics holds multiple R&D centers and production facilities across the globe, with its main products consisting of rubber antioxidant, insoluble sulfur, rubber vulcanizing accelerator and nitrobenzene among others. Sennics operates in more than 50 countries and regions, and its extensive distribution network covers regions such as Europe, North America and Southeast Asia. The Company accelerates the strategic layout of globalization and strives to build an agile supply chain in order to realize "GLOCAL" (Global Production, Local Service). Sennics continues to increase the investment in independent R&D, HSE and other efforts, and constantly strengthens the cooperation with the upstream and downstream industries. Sennics strives to be a reliable and comprehensive teammate to business partners worldwide, setting an example of green development amongst global polymer additives industry. Sennics was recognized as a high-tech company and included on the list of Demonstration Enterprises to Build World-class Specialized and Sophisticated Enterprises that Produce New and Unique Products by the SASAC.

## Profile of the Controlling Shareholder

Sinochem International Corporation (Sinochem International) is an international large-scale state-owned listed company with core competitiveness in intermediates and new materials, polymer additives, etc. It provides products and services in over 100 countries and regions.



"We are unwaveringly committed to the mission of spearheading technological advancement and high-quality development of the industry. We strive to promote the high-end, green, and intelligent development of the industry. By actively fostering green productivity and developing new quality productive forces at a faster pace, we contribute to the modern development where humans and nature coexist harmoniously."

— Gao Shiming  
CEO of Sennics

## Honors in the Reporting Period (Partial)

### Honors

- ★ Sennics ranked No.85 on the list of 2023 Top 500 Petroleum and Chemical Companies (Independent Production and Operation) in Terms of Sales Revenue, up by 18 compared to the previous year
- ★ Sennics ranked No.43 on the list of "Top 100 Chinese Fine Chemicals 2023"
- ★ Sennics' green synthesis technology for high-dimer-content TMQ rubber antioxidant was included in the catalogue – the Second Batch of Technologies and Products Encouraged to be Promoted and Applied in the Petrochemical Industry issued by the Ministry of Industry and Information Technology (MIIT)
- ★ Sennics Tai'an was honored with the title of National Quality Leading Enterprise in the Chemical Manufacturing Industry and National Product and Service Quality Integrity Brand by the China Association for Quality Inspection
- ★ Sennics Anhui was included in the list of National-level Specialized and Sophisticated "Little Giant" Enterprise recommended for continued support

### Technological Innovation

- ★ Sennics won the award of Outstanding Contributions to Scientific and Technological Innovation in 2022 by the Pudong New Area People's Government
- ★ Sennics Shandong's "Process Warning" and "Material Circulation" were included in the list of Excellent Intelligent Manufacturing Scenarios for 2023 by the MIIT
- ★ Sennics Shandong was awarded the title of Demonstration Enterprise in Implementing the Integration of Informationization and Industrialization Management System in Shandong Province in 2023
- ★ Sennics Anhui was awarded the title of Anhui Intelligent Factory of 2023
- ★ Sennics' methyl isobutyl ketone (MIAK) product was awarded the title of Innovative Product of New Chemical Materials in 2023 by the China Petroleum and Chemical Industry Association

### Social Responsibility

- ★ Sennics was awarded the "Platinum" Sustainability Rating, the highest rating by EcoVadis, the international authoritative CSR assessment platform
- ★ Sennics won the Decarbonization Contribution Award for 2023, and ranked No.4 on the list of Top 10 Chinese Fine Chemicals Green and Low Carbon Enterprises 2023
- ★ Sennics won the Green Zero-Carbon Special Driving Force Award at the 2023 International Green Zero-Carbon Festival
- ★ Sennics Shandong was recognized as the Demonstration Enterprise for Industrial Products with Green Design by the MIIT
- ★ Sennics Anhui obtained the National Green Electricity Certificate



# Green and Low-Carbon Development for the Future

We need to ground our work in the new stage of development, apply the new development philosophy, and foster a new pattern of development. Through the application of systematic thinking, we will strike a balance between development and emissions reduction, between overall and local imperatives, and between short-term and longer-term considerations. Endeavors to peak carbon dioxide emissions and achieve carbon neutrality must be incorporated into the overall economic and social development framework. In this way, we aim to effect a comprehensive green transformation in respect of economic and social development, with a special focus on the development of green and low-carbon energy, with a view to expediting the development of industrial structures, production modes, living patterns, and spatial zones that will conserve resources and protect the environment. We are firmly committed to a green, low-carbon and high-quality development path that gives primacy to ecological civilization. This will ensure that the carbon dioxide peaking and carbon neutrality goals are achieved as planned.

— Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy

In the face of escalating climate challenges, prioritizing ecology while driving high-quality economic development has become a global consensus. Green and low-carbon development is not only a necessity for the chemical industry but also a critical factor in maintaining the core competitiveness of enterprises. Sennics has long been dedicated to green development, embedding green, low-carbon, and high-quality principles into our sustainability strategy and operational management. We have established the Sustainability Committee to clarify our strategic positioning of the goals of carbon peaking and carbon neutrality. In pursuit of these goals, we have taken proactive measures: increasing efforts in the inventory of greenhouse gas emissions, integrating digital solutions with carbon management, and cutting carbon emissions and the environmental impacts of our operations through innovative technologies, process optimization, and production management. These efforts are pivotal in meeting our decarbonization goals and steering us toward a zero-carbon future.

## Governance

Attaching great importance to the potential impacts of climate change on business operations, we have incorporated climate change-related topics into the agenda of the Sustainability Committee for deliberation and supervision, kept a close eye on the latest trends in this regard, and considered climate change issues in major business decisions.



**Sustainability Committee**

The Sustainability Committee develops strategies to address climate change, monitors and regularly reviews the management effectiveness of climate-related issues, formulates the mechanism for reporting climate-related matters and regularly receives reports on these issues.



**Sustainability Task Force**

The Sustainability Task Force evaluates, manages and reviews climate-related issues, and provides corresponding analyses, suggestions and improvement measures for the Sustainability Committee. Moreover, it identifies the resources needed to address climate change. Efforts are also made to coordinate working groups and departments to promote cooperation on combating the climate change.



**Low-carbon Development Working Group**

As an institution with the special purpose of implementation and promotion of low-carbon management, the Low-carbon Development Working Group has been committed to the following efforts: continuous optimization of product portfolio, research and development of eco-friendly processes, technological renovation and use of low energy-consuming equipment, coordination of energy usage in the industrial park, operation excellence and green supply chain, and energy usage evaluation for new projects, etc.

## Strategies



According to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), taking into account the key factors of climate change impacts on the chemical industry, we identify climate change risks, opportunities and their potential financial impacts that can occur over the short, medium, and long term. By doing so, we strive to improve our adaptability to climate uncertainties.

Type of Risk	Risk Description ◆	Affected Links	Potential Financial Impacts +/-	Time Frame
Policy and Legal Risks	<p>◆ <b>Goals and policy restrictions of carbon peaking and carbon neutrality in China</b></p> <p>In line with the strategic goals of China to achieve carbon peaking by 2030 and carbon neutrality by 2060 (30-60 Decarbonization Goal), the central government, together with all provinces, municipalities and autonomous regions, have successively released corresponding policies and measures, which propose higher requirements in this regard.</p>	Upstream Operation Downstream	-Increased operating costs (e.g., increased costs of carbon emission; failure to meet compliance requirements cause fines and higher compliance cost)	Mid-term Long-term
	<p>◆ <b>Restrictions on carbon emission in the chemical industry</b></p> <p>The Carbon Border Adjustment Mechanism Regulation (CBAM) was launched in October 2023, will officially apply in 2026, and come fully into effect in 2034. The first group of products to be covered include iron and steel, aluminium, cement, fertilizers, hydrogen, and electric energy production, etc.</p>	Upstream Operation Downstream	-Increased operating costs (e.g., increased costs of carbon emission and carbon trading) -Fixed-asset impairment (e.g., write-offs and early retirement of existing assets due to technological upgrading)	Mid-term Long-term
	<p>◆ <b>Restrictions on equipment and process efficiency</b></p> <p>The Measures for the Administration of Industrial Energy Conservation issued by the Ministry of Industry and Information Technology propose requirements for industrial enterprises to improve energy saving capacity. The Benchmarking Efficiency Capacity of Key Sectors of the Industry is released regularly by the National Development and Reform Commission.</p>	Upstream Operation	-Increased capital expenditure (e.g., the financial expenditure rises because of the renovation of high energy-consuming process) -Fixed-asset impairment (e.g., write-off or earlier retirement of the existing assets caused by technological upgrading) -Increased supply chain costs (e.g., the purchase costs for new equipment which meets energy efficiency management requirements rises)	Short-term Mid-term
	<p>◆ <b>GHG emission pricing and carbon trading</b></p> <p>In 2021, China launched the national carbon emission trading market. As enterprises have higher demand for carbon emission reduction, GHG emission pricing is likely to rise.</p>	Upstream Operation Downstream	-Increased operating costs (e.g., increased carbon emission pricing and increased costs of carbon emission)	Mid-term Long-term
Technology Risks	<p>◆ <b>Research and development of green and low-carbon processes</b></p> <p>In line with the country's regulations on intensity and total volume control of energy consumption, the Company needs more investment in R&amp;D of green and low-carbon processes to achieve higher energy efficiency.</p>	Upstream Operation	-Increased costs of research and development (e.g., the research, development and application of new technologies, new materials and new processes cause higher expenditure.) -Increased operating costs (e.g., the costs of procurement and deployment of new equipment and new processes)	Short-term Mid-term
	<p>◆ <b>R&amp;D of clean energy alternatives technology</b></p> <p>In line with the country's regulations on intensity and total volume control of energy consumption, the Company needs more investment in R&amp;D of clean energy alternatives technology to optimize energy structure.</p>	Upstream Operation	-Increased R&D cost (e.g., the research, development and application of new technologies, new materials and new processes cause higher expenditure.) -Increased operating costs (e.g., the cost of clean energy procurement)	Mid-term Long-term
	<p>◆ <b>R&amp;D of carbon-negative technology</b></p> <p>The development and application of CCUS (Carbon Capture, Utilization and Storage) technologies is likely to become a trend and demand in the industry.</p>	Upstream Operation	-Increased costs of research, development and application (The cost of research and development or procurement of CCUS technologies) -Increased operating costs (e.g., the costs of procurement and deployment of new equipment and new processes)	Mid-term Long-term

Type of Risk	Risk Description ◆	Affected Links	Potential Financial Impacts +/-	Time Frame
Market Risks	◆ <b>Decreased demand for additives</b> Living a low-carbon lifestyle causes a lower demand for driving private cars and thus a decrease in tire sales volume.	Upstream Downstream	-Decreased business revenue (e.g., product demand change causes a decrease in business deals)	Mid-term Long-term
	◆ <b>Higher requirement of access to regional markets</b> The increasingly higher environmental requirements in European markets cause higher threshold of market access, thus resulting in limits to the scope of operational areas.	Operation	-Decreased business revenue (e.g., the failure to reach environmental requirements causes limits to the scope of operational areas)	Short-term Mid-term
	◆ <b>Changing customer behavior</b> Customers might prefer more to additives with zero or fewer GHG emissions.	Operation Downstream	-Increased operating costs (e.g., purchase CCER (Chinese Certified Emission Reduction) quota to achieve carbon neutrality) -Decreased business revenue (e.g., decreased product demand)	Mid-term Long-term
	◆ <b>Increased cost of raw materials and energy</b> The rising costs of carbon emission taxes on raw materials and energy production lead to higher prices of raw materials and energy.	Upstream Operation	-Increased operating costs (e.g., increased cost of energy procurement)	Mid-term
Reputation Risks	◆ <b>Carbon information disclosure</b> Regulatory authorities, investors, customers and other stakeholders have proposed higher requirements of information disclosure and management in addressing climate change.	Upstream Operation Downstream	-Increased operating costs (e.g., failure to meet compliance requirements in terms of information disclosure causes compliance cost) -Decreased capital available (e.g., information nontransparency makes it hard to attract investors)	Mid-term Long-term
	◆ <b>Damage to industry/enterprise reputation</b> If the Company adopts inadequate or ineffective measures for carbon emission reduction and energy efficiency management, it will exert a destructive impact on the climate. Hence, it will be hard to attract and retain stakeholders including customers, employees, business partners and investors, etc.	Upstream Operation Downstream	-Decreased business revenue (e.g., decrease in business volume caused by lower service demand) -Increased labor cost (e.g., increased cost of employee attraction and retention) -Decreased available capital (e.g., investors exit or shrink investment) -Greater financing difficulty (e.g., it is easier for enterprises or projects with higher capacity of green development to obtain funds)	Mid-term Long-term
Acute Risks	◆ <b>Extreme climate events impair equipment in operational sites</b> The higher frequency and severity of extreme climate events, such as typhoons and tsunamis, can easily cause damage to industrial infrastructure and equipment.	Upstream Operation Downstream	-Increased maintenance cost (e.g., increased expense of equipment repair and maintenance) -Increased insurance premiums (and potential for reduced availability of insurance on assets in "high-risk" locations)	Long-term
	◆ <b>Extreme climate events hinder international trade</b> Extreme climate events hinder international trade. Delayed shipping or delayed delivery of goods to downstream enterprises cause higher cost of contract breach.	Upstream Operation Downstream	-Decreased business revenue (e.g., Reduced revenue from shrinking fulfillment of business deals due to transportation difficulties, supply chain interruptions and other factors) -Increased cost of contract breach (e.g., the failure to duly fulfill the contract causes the rising cost of breach)	Mid-term Long-term
Chronic Risks	◆ <b>Extreme weather conditions affect employees' health</b> Excessive heat or cold weather can cause instability in physical and psychological states of employees, which affect operational safety, personnel health, and work efficiency.	Operation	-Increased labor cost (e.g., increased costs of employee safety protection, mental health and hygiene management) -Decreased business revenue (e.g., employees' decreased production capacity causes lower business revenue)	Mid-term Long-term
	◆ <b>Climate changes such as rising mean temperatures and rising sea levels</b> Rising mean temperatures affect the storage of raw materials & products and control of transportation temperature. Rising sea levels exert an impact on the investment expense of selecting operational sites and supporting the existing ones to tackle extreme climate events.	Upstream Operation	-Increased operating costs (e.g., increased cost of product cold-chain transportation)	Mid-term Long-term

Type of Opportunity	Opportunity Description ◆	Affected Links	Potential Financial Impacts +/-	Time Frame
Resource Efficiency	◆ <b>Energy efficiency management of equipment</b> Step up efforts to promote energy-saving renovation of equipment and R&D of green and low-carbon processes to improve equipment efficiency, reduce resource consumption and effectively control emission.	Operation	+Decreased operating costs (e.g., improve energy efficiency to reduce energy consumption per unit of product and energy usage cost)	Short-term Long-term
Energy Source	◆ <b>Use of lower-emission sources of energy</b> Use clean fuels such natural gas as alternative fuels and enable the Company to produce additives with low carbon emission.	Upstream Operation Downstream	+Decreased operating costs (e.g., use alternative fuels with lower costs of carbon emission and pollution treatment) +Increased business revenue (Use low-carbon-emission fuels to improve product demand) +Increased capital availability (e.g., as more investors favor lower-emissions producers)	Mid-term Long-term
Products and Services	◆ <b>Green and low-carbon products</b> Enhance research and development of products with green processes to enhance competitiveness, improve customer retention rate and attract potential customers.	Upstream Operation Downstream	+Increased business revenue (e.g., produce green and low-carbon products to boost revenue)	Mid-term Long-term
	◆ <b>Products and services of the carbon management technology platform</b> Make efforts in research, development and promotion of products and services of the carbon management technology platform.	Upstream Operation Downstream	+Increased business revenue (e.g., promote the products and services of the carbon management technology platform to boost revenue)	Mid-term Long-term
Markets	◆ <b>Investment in CCUS technologies</b> Invest in CCUS (Carbon Capture, Utilization and Storage) technologies and join carbon trading in the future.	Operation	+Decreased operating costs (e.g., reduce expenditure on procurement of carbon emission quota) +Manage carbon assets of the enterprise (e.g., participate in carbon trading) +Increased business revenue +Increased capital availability	Mid-term Long-term
	◆ <b>Demand for green and low-carbon additives</b> There are increasingly strict requirements on green and low-carbon development of the automotive supply chain, leading to a higher demand for green and low-carbon additives.	Upstream Operation Downstream	+Decreased operating costs (e.g., reduce expenditure on procurement of carbon emission quota) +Manage carbon assets of the enterprise (e.g., participate in carbon trading) +Increased business revenue +Increased capital availability +Increased investment income	Mid-term Long-term
	◆ <b>Demand for new additives</b> New energy vehicles (NEVs) and traditional vehicles are different in terms of diversity. As the market share of NEVs continues to rise, there will be an increase in the demand for new additives used for NEVs research and development.	Upstream Operation Downstream	+Increased business revenue +Increased investment return	Mid-term Long-term
Resilience	◆ <b>Investment in clean energy projects and resource alternatives/diversity</b> Focusing on developing and investing in the business of hydrogen energy industry chain to respond to the trend of energy transformation.	Upstream Operation	+Increased business revenue (e.g., the impacts of rising prices and periodic fluctuations of clean energy diminish)	Mid-term Long-term
	◆ <b>Supply chain resilience and adaptability</b> The industrial chain synergizes efforts to promote transformational development. More and more suppliers provide green and low-carbon raw materials.	Upstream	+Increased business revenue (e.g., a stable and robust supply chain effectively guarantees business stability) +Decreased operating costs (e.g., higher capacity of risk resistance and higher reliability of the supply chain lead to lower costs of the supply chain)	Mid-term Long-term

Our initiatives are ongoing. They include driving green process innovations, fostering a clean and circular economy, and applying mature technologies such as cooling tower dehumidification devices, high-voltage motor variable frequency controls, and new high-efficiency energy-saving pumps. We have also launched the SCI-MAN 2030 initiative and the low-carbon business model transformation action plan of "Embracing the Dual Carbon Goals for a Bluer Sky" ("Bluer Sky" action plan) to leverage our industry influence. Furthermore, we have joined the "Together for Sustainability" (TfS) initiative, collaborating with upstream and downstream partners across the industry chain to advance green supply chain practices. Simultaneously, we encourage our factories to form low-carbon and energy-saving teams, drive technological innovation, and develop projects that focus on energy savings and carbon reduction. By cutting emissions at the source and embracing green, low-carbon transition, we are making due contributions to achieving the goals of carbon peaking and carbon neutrality.

In 2023, we incorporated "highlighting energy evaluation for new projects" into our "Bluer Sky" action plan. By embedding sustainability into the feasibility study phase and factoring in the project's digitalization potential, we have laid a foundation for sustainable growth of those projects.

Energy conservation and carbon reduction projects of Sennics in 2023

Subsidiary	Project Name	Project Profile	Potential CO <sub>2</sub> reduction (tCO <sub>2</sub> e /year)
Sennics Shandong	TMQ Energy Consumption Reduction Project	This project lowers steam consumption per unit by energy-saving measures such as renovating equipment, using new-type drain valves, and improving wastewater treatment through distillation method changes.	1,188
	Organic Phase Benzene Retention Project	By identifying energy-saving opportunities within the process flow, this project achieves energy conservation and consumption reduction through equipment modifications, process enhancements, and the standardization of SOPs.	2,266
	Process Exhaust Gas Treatment Project	After resin adsorption treatment, process exhaust gases are discharged in accordance with national and local environmental regulations, thereby reducing environmental risks and underscoring the company's commitment to corporate responsibility as a central state-owned enterprise.	600
Sennics Tai'an	Use of Triple-Effect Evaporators	This initiative enhances steam efficiency and reduces steam consumption per unit by optimizing processes, adding energy-saving equipment, and refining operational procedures.	500
	Lithium Bromide Refrigeration Upgrade	The traditional refrigeration equipment, characterized by intensive energy consumption, high maintenance costs and lower efficiency, is replaced with a new lithium bromide refrigeration system, reducing power consumption during the summer and lowering power consumption.	430
	Organic Phase Replacement Heat Exchanger	This project introduces energy-saving equipment to facilitate cascading energy recovery by optimizing the process flow's "heat", thereby conserving energy and reducing consumption at the process level.	430

Risk Management

At Sennics, climate risks are covered in enterprise risk management (ERM). We have actively organized training of climate change response to see that our management personnel have adequate expertise and skills to tackle climate change events. In 2023, we conducted a thorough investigation into the risks and opportunities associated with energy conservation and carbon reduction. By leveraging the expertise of the Zhang Xiaqing Model Worker Innovation Studio, value stream analysis, and project management techniques, we precisely formulated targeted improvement measures.

Adapting to climate change

We have adopted plenty of measures to better adapt to climate change, which includes: counting the frequency of extreme weather and climate events in operational sites over the years, systematically identifying potential climate risks, enhancing early alerts for extreme weather and climate events, establishing and maintaining corresponding emergency mechanisms and capabilities (e.g., formulating emergency plans for extreme weather and climate events, regularly allocating disaster prevention & relief facilities and tools, and regularly carrying out emergency drills for extreme weather and climate events).



Mitigating climate change

To promote the realization of China's Dual Carbon Goals and the "intensity and total volume control of energy consumption", we have made great efforts in the following aspects: optimizing product portfolio, developing green processes, promoting energy-saving technology renovation, selecting low energy-consuming equipment, improving energy synergy in industrial parks, excellent operation and green supply chain, and strengthening new project evaluations.

Guided by China's carbon peaking and carbon neutrality goals, we have accelerated our decarbonization efforts, implementing comprehensive strategies through a "six-in-one" approach. In 2023, our independently developed "Carbon Housekeeper" system facilitated carbon verification, multi-dimensional carbon analysis, a carbon management cockpit, and carbon performance tracking. This system enables precise control of carbon emissions through "visual" statistical analysis. We also developed seven carbon footprint rules and regulations, including the *Compliance Evaluation Procedure for Carbon Emission-Related Laws, Regulations, and Other Compliance Requirements* and the *Energy Use and Carbon Emission Design Process Control Procedure for New, Renovation, and Expansion Projects, Equipment and Facilities*. These initiatives ensure lean carbon emission optimization for existing projects and establish stringent entry thresholds for new projects. Starting in 2024, we plan to conduct a comprehensive ISO 14067 carbon footprint inventory to further identify carbon reduction measures and approaches, integrate enterprise development with emission reduction, and pursue a high-quality path toward decarbonization management, creating a green future together.

Meanwhile, we are increasing the use of renewable and clean energy through the procurement of green electricity, the deployment of photovoltaic power generation projects, and collaborative exploration of a circular economy. Sennics Shandong, Sennics Tai'an, and Sennics Anhui consistently purchase green electricity each month. Sennics Shandong has put into operation a newly built intelligent photovoltaic carport with an installed capacity of 0.518 MW. Through the IS Product Comprehensive Energy Consumption Project, we have reduced steam consumption per unit by 11% year on year, achieving an average comprehensive energy-saving rate of 31.4%. Additionally, by continuously improving the management of exhaust gases, wastewater, and solid waste, Sennics Shandong has successfully lowered the product coal consumption per unit through a whole-process review.

Metrics and targets



Based on the actual situation of Sennics and its affiliates, we have put forward the goal of "carbon peaking and carbon neutrality" and made specific plans accordingly to achieve this goal. These efforts cover system improvement, training, diagnosis and benchmarking, feasibility studies on clean energy alternatives, introduction of energy-saving technologies, learning from experience of advanced practices, etc., demonstrating our determination to achieve low-carbon transformation.

	By 2025	By 2030	By 2060
<b>Carbon peaking and carbon neutrality goals of Sennics</b>	Reduce carbon emission intensity per unit of output by <b>22%</b> compared with 2020.	Peak carbon dioxide emissions and reduce carbon emission intensity per unit of output by <b>18%</b> compared with 2025.	<b>Achieve carbon neutrality</b>

Item	Unit	2021	2022	2023
Total Energy Consumption	MWh	1,017,030	1,052,534	860,415 <sup>4</sup>
Energy Consumption Intensity	MWh/RMB 10,000	2.42	1.99	2.08
Total Renewables Consumption	MWh	-	4,500	6,950
Power Consumption	MWh	107,990	97,780	94,770
Coal Consumption <sup>1</sup>	ton of standard coal	43,226	0	0
Scope 1 GHG Emissions <sup>2</sup>	ton of CO <sub>2</sub> e	190,597	119,655.36	120,377.04
Scope 2 GHG Emissions <sup>2</sup>	ton of CO <sub>2</sub> e	180,810	266,958.18 <sup>3</sup>	235,777.80
Scope 3 GHG Emissions <sup>2</sup>	ton of CO <sub>2</sub> e	1,229,891	1,218,448.24	1,076,284.66
Transportation	ton of CO <sub>2</sub> e	45,809	46,750.7	34,141.96
Products used by the organization	ton of CO <sub>2</sub> e	661,042	655,608.67	592,761.46
Associated with the use of products from the organization	ton of CO <sub>2</sub> e	523,040	516,088.87	449,381.24

Data specifications: 1. In 2022, all operating factories of Sennics completed "coal-to-gas" transformation, realizing zero coal consumption. 2. Scope 1, Scope 2, and Scope 3 GHG emissions are calculated based on ISO 14064-1:2018, which have been verified by a third party since 2021. The "emission factor method" is adopted for data statistics. The data of Sennics and those collected from employees and suppliers are used with priority; some use emission coefficients published by internationally recognized databases and relevant government departments. 3. In 2022, due to increased production of some factories, there was a rise in demand for steam externally purchased and Scope 2 GHG emissions. 4. In 2023, despite a slight decrease in total output, our factories deployed multiple energy-saving and carbon reduction projects with good performance, leading to a reduction in overall energy consumption and greenhouse gas emissions.

# Empowering a Bright Future in a Steady Manner

Compliant governance is the cornerstone of a company's longstanding operations and stable development. At Sennics, sustainability is deeply embedded in the Company's operations and management. We improve the corporate governance system on an ongoing basis. Moreover, we are committed to responsible business operations with adherence to high ethical standards and integrity. We continuously identify and manage the ever-changing internal risks, rigorously follow business ethics, and comprehensively protect information security and customer privacy. Our goal is to win the trust and support of stakeholders through compliant operations and transparent management, thus laying a robust governance foundation for our sustainable development.



# Improving Corporate Governance

## Senior management governance

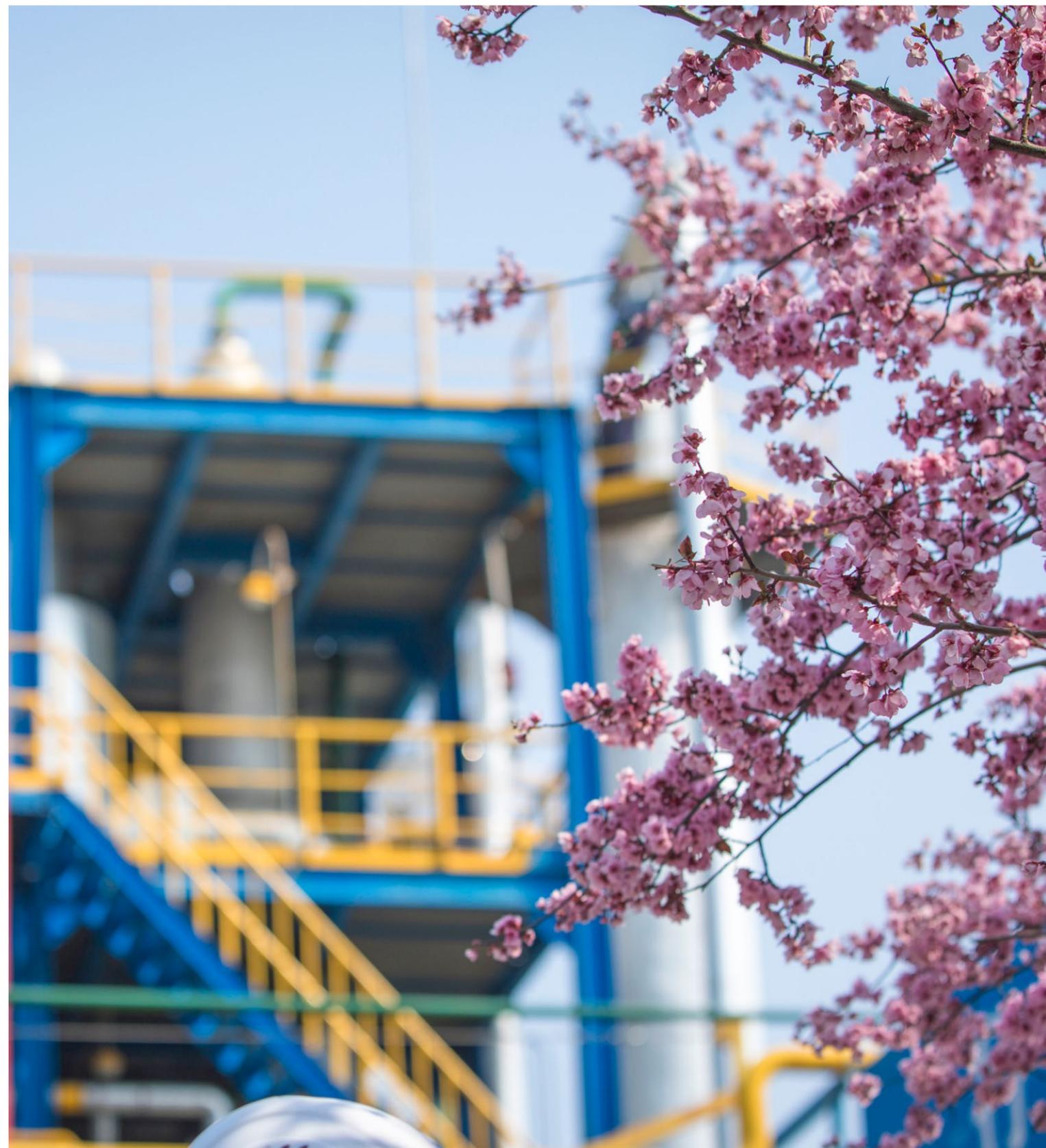
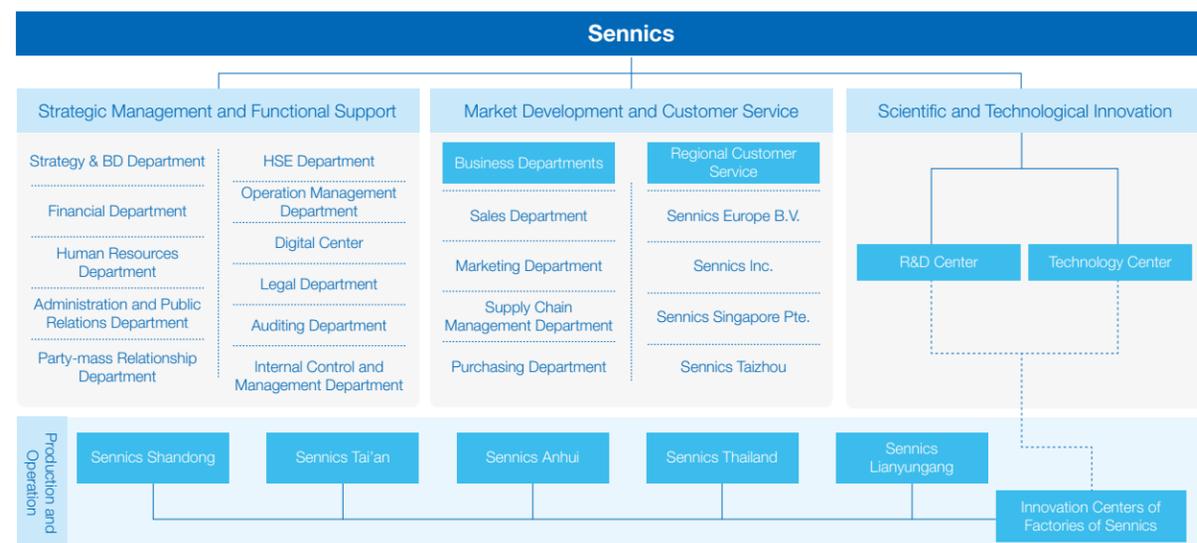
A sound governance system is the bedrock for a company's efficient operations in compliance with laws and regulations. Sennics continuously improves the modern corporate system with Chinese characteristics, and comprehensively advances the full establishment, adequate staffing, and standardized operations of our Board of Directors.

Sennics strictly complies with applicable national and regional laws and regulations, as well as our *Articles of Association*, *Deliberation Rules of the Board of Directors*, and *Regulations on Authorization of the Board of Directors*. Our focused efforts are promoting the formation of a well-coordinated and effectively balanced corporate governance mechanism with law-based and transparent rights and liabilities. Meanwhile, we regularly organize Shareholders' Meetings and Board meetings, and conduct pre-communication and internal and external approval for proposals to ensure scientific, democratic, and legal decision-making by the Shareholders' Meeting and the Board of Directors (the Board). This process will fully empower the sustainable and healthy development of the Company. In 2023, the Company passed two written resolutions through Shareholders' Meetings, two Board resolutions on two on-site Board meetings and one written Board resolution.

Sennics regards increasing the Board diversity as a key element of sustainable development, and takes full account of the independence and diversity of the Board. We take comprehensive consideration of the gender, race, ethnicity, region, cultural background, and experience of the Board members. As of December 31, 2023, the Company's Board of Directors had consisted of 7 directors, including 1 chairman, and 1 vice chairman. Board members had been appointed by the shareholders. Three supervisors had been appointed to play the internal governance role of the Board of Supervisors and supervise the Board. Meanwhile, the Company strictly regulates the behavior of directors, employees and other related parties, and deals with conflicts of interests, business activities and market competition in line with the *Sinochem Holdings Convention on the Duties of Compliance* and the *Sinochem Holdings Integrity and Compliance Manual*.

For compensation policies, the salaries, employment and rewards of directors are prudently determined by the Shareholders' Meeting in accordance with the *Articles of Association*. The management of personnel in key positions is pre-discussed by the Party Committee and decided by the Board. The compensation and performance of other senior executives are determined and assessed according to the *Sennics Compensation Management Measures*. Their compensation consists of monthly salaries, annual performance bonuses, incremental performance sharing program, tenure incentive program and equity incentive program. We endeavor to develop a scientific and reasonable compensation management system to support corporate strategies and our positive contributions to sustainability.

## Organizational structure



# Compliance and Business Ethics

## Robust compliance system

Ensuring compliance with laws and regulations is essential to the sustainable operation of a company. Sennics regards integrity and compliance as the “foundation of the enterprise to survive and thrive”, and conducts responsible business operations with high ethical standards. We rigorously abide by the compliance policies including the Sinochem Holdings Integrity and Compliance Manual, the Sinochem Holdings Anti-trust Compliance Manual, the Sinochem Holdings Anti-commercial Bribery Compliance Manual, the ABCs of Trade Compliance Practice for Chinese Enterprises, and the Personal Data Protection under the EU General Data Protection Regulation (GDPR) and the Cybersecurity Law of China. We also take solid steps to align with the Measures for the Management of Central State-Owned Enterprises (SOEs), and the Chemicals SBU's Action Plan to Implement the Compliance Management Measures for Central State-Owned Enterprises as Required by Sinochem Holdings. We prohibit unfair competitive behaviors such as commercial bribery, corruption, fraud, money laundering, and monopoly.

In 2023, we improved the compliance management system comprehensively and systematically. We were focused on areas such as corporate governance, customer relations, fair competition, business compliance, data protection, intellectual property, and overseas compliance. Along with third-party professional teams, we conducted compliance due diligence through a comprehensive review of existing company systems and one-on-one interviews with the heads of business and functional departments. By doing so, we gained insights into the current state of compliance management within the organization, and clarified the key focus of compliance management. We also issued compliance risk assessment reports based on the industry characteristics and our management features. Furthermore, we saw to it that our proposed Measures on Compliance, Work Rules for the Compliance Committee, Compliance Risk Lists for Key Areas, Employee Compliance Manual, and Compliance Management System Development Plan effectively guided our compliant operations and comprehensively guaranteed our law-based and standardized business operations.

The Company highly values the fostering of a compliance culture. To bolster employee compliance awareness and help them effectively address compliance issues encountered at work, we carry out compliance management training tailored to the operational conditions of each subsidiary. The training encompasses a wide spectrum of areas, including contract and seal management, authorization management, and review of key compliance risks and countermeasures. Meanwhile, for IT-based compliance management, we have connected the business and blacklist systems seamlessly. Through the introduction of information technology tools and the all-round supervision of our current business, we strive to enhance the identification, early warning, prevention, and response of compliance risks.

Click the following link to know more about the Corporate Governance and Business Ethics Policy of Sennics

<http://www.sennics.com/31342.html>



### Key performance in 2023

3

Anti-trust and anti-bribery training sessions for personnel from legal, sales, marketing and strategy departments

76

Participants in total

100%

Personnel in key positions above director level covered

1

Special anti-bribery compliance activity held

76

Participants in total

12 hours

Average training duration per employee during the anti-trust, anti-bribery, and compliance training

100%

Ratio of operational sites with internal auditing/risk evaluation in terms of business ethics to total number of operational sites

## Anti-corruption

At Sennics, we commit to integrity in operations and adhere to zero tolerance towards commercial bribery and corruption. We have pushed forward with the “integrated supervision” work mode and leveraged the power of joint supervision to ensure that daily supervision is thorough, meticulous, and effective. Three policies of Sennics, namely the Management Measures on Integrated Supervision System, the Management Measures on Management Personnel Integrity, and the Anti-Corruption System Standards, have been revised to continuously improve the anti-corruption mechanism. In 2023, we continued to proceed with clean governance and anti-corruption work, and pushed for the implementation of the “one position with two duties” policy for corporate leaders. We also organized special training sessions on anti-corruption to raise awareness and understanding of personnel at all levels. Meanwhile, the Company conducted a discipline inspection on the general Party branch of Sennics Anhui by combining the inspection and auditing. The innovation in the inspection effectuated the standardization of processes, procedures, and forms, and facilitated the information exchange and resource sharing between inspections and audits. In 2023, the quality and efficiency of inspections were elevated remarkably, with 12 issues identified, 3 issues immediately corrected, and 2 cases of suspected violations of work discipline identified and handed over through supervision and inspection. The inspection is steadily transforming from formalism to effective actions.

### “1 Topic per BU” anti-corruption supervision

Focusing on the supervision of project procurement compliance, we have conducted investigations on our newly launched SRM system, and devised 14 big data supervision models with functions such as the relevance of quoters' business and industrial information, the comparison of quotes and historical financial data, the actual settlements of open-end contracts, and the screening of supplier “blacklists”. The on-the-fly filtering of business operational data enables the data to “speak for itself”, turns the difficulty of “filtering out the needle in a haystack” into an easy job of “leaving the needle in the sieve”, and allows for scientific, precise, and intelligent supervision.



Training session themed “Holding onto the Bounds of Professional Conduct and Maintaining Integrity in Workplace”

### Key performance in 2023

66

Training sessions on anti-corruption and anti-bribery

3,679

Participants

100%

Employee coverage rate

0.5 hours

Average training duration per capita over

1,839.5 hours

Total training duration

0

Corruption violations

## Cyber and information security

We attach great importance to information security and the protection of commercial information. In strict compliance with applicable laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and the *EU General Data Protection Regulation (GDPR)*, we pledge to protect the information security of customers, business partners and employees. Moreover, we perform regular cyber security accreditation, testing, and risk assessments, formulate emergency response plans for cybersecurity incidents, timely deal with cyber incidents such as system vulnerabilities, computer viruses and cyber attacks, and continuously optimize our information monitoring and protection system. All these measures are geared toward improving our information governance and security management. In 2023, Sennics' Digital Center successfully attained the ISO 27001 certification for the maintenance and management of its IT infrastructure services.

For information technology innovation, the Company has deployed the cloud-based virtual desktop infrastructure of Sennics and our subsidiaries, effectively cutting equipment investment costs and dramatically boosting organizational agility and information security. Meanwhile, we actively engage in the "Blue Sky" action plan internet attack and defense drills. We also continuously implement the requirements for tiered information security protection.



## Internal control and risk management

We continuously improve our risk management and internal control systems by focusing on system establishment, policy refinement, and management optimization. Every year, we carry out the identification, evaluation, collection and reporting, and daily tracking, etc. of major business risks. Corresponding risk control measures are formulated and adopted to effectively prevent risk incidents in operation and management. In 2023, we improved the risk prevention and control system and oversaw the development of the internal control system with supervisory assessments in place simultaneously. Semi-annual internal control assessments were launched in the Headquarters of Sennics and five of our subsidiaries. A total of 21 general defects were identified in projects, procurement management, asset management, and other aspects, among which 14 were identified in internal control self-assessments and 7 in supervisory assessments. We also offered supervisory advice and tracked the correction based on the assessment results. Through these approaches, we ensured that the internal control system was reasonably designed and efficiently functioned during the restructuring of the organization and the management model.

During the reporting period, Sennics focused on the effectiveness of preventive and control measures against high corruption risks. Specifically, we sorted out the cases of violations against integrity discipline as of 2021, and analyzed the effectiveness of preventive and control measures while factoring in previous points of high corruption risks. Moreover, supervision and inspection were ensured through record retrieval and review, personnel interviews, on-site inspections, field research, and other methods so that we can take preventive and response measures beforehand and prevent major risks effectively.

## IPR protection

At Sennics, the intellectual property right (IPR) is regarded as the core competence for our business development. We rigorously comply with laws and regulations governing IPRs and respect the IPRs of all parties. By proactively developing an IPR management system, we continuously enhance our capabilities in IPR creation, utilization, protection, and management in a bid to provide robust support for sustainable corporate development. Apart from the establishment of the IPR protection system covering the four key stages of IPR, namely its creation, management, utilization, and protection, we have also carried out full-process management and control in terms of system development, procedure management, staffing, funding, and document and contract management. Moreover, we actively engage in IPR publicity and innovation activities, contributing a constant stream of intellectual strength to the technological innovation and development of the industry.

**IPR protection measures**

- Publicity and science popularization**  
We regularly organize training, lectures, salons, knowledge competitions, and other IPR-related activities to encourage and promote IPR innovation and application.
- R&D and innovation**  
We continuously launch IPR innovation initiatives to promote the development and innovation of technologies within the sector. We also consistently upgrade our chemical products, equipment, labels, and other IP assets.
- Talent training**  
We value the nurturing and incentivization of patent talents. We regularly organize patent training and exchange activities to help employees raise patent protection awareness and capabilities, bear IPR protection in mind, and materialize it in action.

Scan the QR code to learn more

## Consultation and feedback

Sennics authorizes the Auditing Department to receive reports and investigations of business ethics violations. If you have any questions about this measure, or if you find any suspect or violator with illegal behavior, you can report to us through the following methods. Once verified, the violators will be warned or punished with salary reductions, demotions, disciplinary sanctions, cancellation or termination of labor contracts, etc., according to the severity of the behavior and degree of losses caused to Sennics; If the circumstances are egregious and the consequences are serious, the Company will consider transferring the case to judicial departments to ensure violators bear criminal responsibilities.

Whistleblowing email: [compliance-sennics@sinochem.com](mailto:compliance-sennics@sinochem.com)

Whistleblowing telephone: 021-31769766

Visiting us at: **The Auditing Department of Sennics, Floor 7, No. 233 North Changqing Road, Pudong New Area, Shanghai**



# Leading Innovative Development with Intelligent Solutions for a Better Future

Technology drives productivity, and innovation fuels progress. Sennics is committed to the motto of "In Science We Trust" to steer its development, adhering to the innovative development concept on ultimate and sustainable growth. With "Smart Sennics" at the core, we focus on digital, intelligent, and service-oriented strategic upgrades. By integrating technological innovation resources, we foster the synergy between technological and industrial innovation, develop new quality productive forces, and shape the momentum for sustainable development. This positions us to lead the future of the global polymer additive industry.

# Committing to Innovation Leadership

The essence of “new” quality productive forces lies in technological innovation, which is crucial for accelerating its development. Sennics continuously enhances its technological innovation framework, explores new directions in the industry chain, and develops new “energy-saving, consumption-reducing, and environmentally friendly” technologies. Our goal is to drive enterprise development, facilitate transformation and upgrading, and build ourselves into a world-class enterprise that uses special and sophisticated technologies to produce novel and unique products, characterized by “outstanding expertise, innovation-driven growth, excellent operations, and distinctive attributes.”

## Key Innovation Initiatives for 2023

Rubber Additives	Plastic Additives	MIBK/MIK
Building on our innovative green processes, we are solidifying our global leadership in rubber anti-aging agents. We are also intensifying efforts to develop new anti-aging agents by optimizing existing products, and fast-tracking the production of accelerators. Additionally, we are expanding research into new products aligned with trends in “biomass, recyclability, degradability,” and new energy development, leveraging our supporting industrial chain advantages for collaborative product development.	We are refining production processes, and strengthening existing products, to enhance market competitiveness. Our focus includes developing advanced UV absorbers, hindered amine photostability agents, and intermediates to diversify our product portfolio and achieve sales synergy. Through independent innovation and external partnerships, we are expanding our flame retardant product line, aiming to become a capable provider of flame retardant solutions.	We are independently developing the MIBK, MIK sectors, providing stable, low-voltage raw materials for existing products while addressing technical challenges associated with MIK and other raw materials. We are also expanding our range of MIBK curing agents, ensuring synergy with the epoxy resin product chain.

## Enhancing the drive for technological innovation

Embracing the “spirit of scientists”, Sennics has built a market-driven innovation system. We adhere to a research and development model that fosters close collaboration between industry, academia, research, and application. This approach has led to a robust R&D framework spearheaded by the Sinochem International Science and Technology Innovation Center, with the Sennics Technology Center at its core. Our innovation centers across various subsidiaries are pivotal, supported by an open innovation system that collaborates with renowned universities at home and abroad. All are aimed at industrializing scientific and technological achievements.

Indicator	2021	2022	2023
R&D investment (RMB million)	201	241	202
Number of R&D projects	34	45	48
Number of projects in lab test phase	22	27	13
Number of projects in pilot test/engineering research phase	12	18	8
Number of intellectual property applications (including patents and copyrights)	34	38	44
Number of authorized intellectual property (including patents and copyrights)	28	39	23



Sennics Innovation and Technology Committee					
Polymer Additive Research Center		Technology Center			Innovation centers of Sennics subsidiaries
Synthesis research	Analysis and testing	Application assessment	Science and technology management	Engineering application	Project Implementation
Basic research		Application research	Science and technology management	Engineering research	Industrialization research
Industry-university -research base	Beijing Institute of Technology	Application research in rubber	R&D Strategic Management	Sennics Shandong Pilot Test Base	Sennics Shandong Innovation Center
Joint laboratory	Chambroad Haiyun	Application research in new materials	R&D Resource Management	Sennics Tai'an Pilot Test Base	Sennics Tai'an Innovation Center
Dalian Institute of Chemical Physics, Chinese Academy of Sciences			R&D Project Management	Sennics Anhui Pilot Test Base	Sennics Anhui Innovation Center
East China University of Science and Technology			R&D Achievement Management		Sennics Lianyungang Innovation Center
South China University of Technology			Technology Intelligence Management		Sennics Thailand Innovation Center
Nanjing Tech University					
Postdoctoral Scientific Research Workstation					

Sennics was recognized as a **high-tech company** and included on the list of **Demonstration Enterprises to Build World-class Specialized and Sophisticated Enterprises that Produce New and Unique Products** by the SASAC.

Sennics received the “**Outstanding Contribution Award for Technological Innovation**” from the People’s Government of Pudong New Area, Shanghai.

Sennics Anhui passed the re-examination of “**National Technology Innovation Demonstration Enterprise**”.



## Charting the course for industrial development

Sennics adheres to the Sinochem Holdings' ethos of "innovation and solid work" in the new era, ensuring alignment between R&D investment and strategic development. We delve deeply into the areas of "strengthening, extending, and building industrial chains," with a commitment to becoming a specialized and high-end chemical service provider known for high technological content, precision, and added value.

### Plastic Additives

- Strengthening laboratory protocols, completing the installation and commissioning of research equipment, and advancing research on plastic additives to diversify the polymer additive product line.
- Providing technical support to customers for products like UV absorbers, hindered amine light stabilizers (HALS), and antioxidants (AO).
- Developing the application performance of UV absorbers, hindered amine light stabilizers, antioxidants, and combustion aids.

### Rubber Additives

- Facilitating research and development of new anti-aging agents that minimize the environmental impact of tire antioxidants.
- Promoting innovative, eco-friendly products such as 3100, GL3, and TMPPD, and offering green alternatives for tire manufacturers.
- Actively participating in industry conferences and technical forums; presenting featured reports such as *Protection Mechanism and Application of High Content Antioxidant 3100, Compatibility and Migration of Antioxidants in Tires, and Development and Application of Low Carbon Sustainable Rubber Additives*.
- Developing bio-based and reactive anti-aging agents, enhancing application performance for multiple products, and optimizing existing manufacturing processes.
- Completing the release and implementation of the group standard *Dispersibility Grade and Evaluation Method of Oil-treated Insoluble Sulfur* (TZSTM 00867-2023) as the lead author, and contributed to drafting the group standards *Resorcinol Formaldehyde Adhesive Resin for Rubber and High Thermal Stability Insoluble Sulfur*.



### Industry Chain Development

- Sennics Anhui completed the optimization and upgrade of the MIBK reaction system, enhancing process safety and efficiency while reducing production costs. It has developed a 500-ton/year MIAK engineering test facility to ensure a stable and independent MIAK supply. It also conducts ongoing research on expanding the MIBK/MIAK product portfolio.
- Sennics Lianyungang conducts research on pharmaceutical-grade DM, accelerator diphenylguanidine (DPG), and organic intermediate MMP, continually improving its product offerings.
- Sennics Shandong focuses on developing a series of polymer additive products, particularly new anti-aging agents, chain extenders, and plasticizers, to address issues of biological toxicity, high cost, and low yield in existing anti-aging agents. It continuously innovates in existing products, optimizing performance, reducing costs, and improving yields.
- Sennics Tai'an continuously strengthens the R&D management system, conducts a series of short, medium, and long-term lab tests, and supports the supporting verification of existing products and new processes.

"High-Dimer TMQ Rubber Antioxidant Green Synthesis Technology" was included in **the second batch of recommended technologies and products catalogue for the petrochemical and chemical sectors by the MIIT.**

MIAK passed **China's first safety and reliability assessment of chemical processes, as well as the technical demonstration by the Chemicals SBU.**



### Sennics Anhui's product innovation bridges domestic gap

Sennics Anhui has independently developed and produced methyl isopentyl ketone (MIAK), filing three invention patent applications and two utility model patent applications. This product has been recognized by the China Petroleum and Chemical Industry Association as an "Innovative Product of 2023 New Chemical Materials." Its significance lies in bridging gaps within China's chemical new materials industry and supply chain. The technical process, validated by the Shanghai Chemical Science & Technology Information Institute, is internationally leading and effectively fills a domestic gap. Additionally, Sennics Anhui has formulated and released the enterprise standard Q/AS971-2022 *Methyl Isoamyl Ketone (MIAK)* and led the drafting of the group standard *MIAK for Industrial Uses*, injecting fresh vitality into the high-quality development of China's fine chemical industry.

## Crafting new "intelligent" productivity

Sennics centers its strategic transformation on "Smart Sennics," focusing on digital, intelligent, and service-oriented strategic goal. By exploring digital transformation practices, we are constructing a "green, energy-saving, and efficient" low-carbon digital platform that accelerates the development of new quality productive forces.

### Digital Operations Management

- We have launched the Supplier Management System (SRM) to improve the procurement procedure and enhance risk management, procurement review, demand allocation, performance management, and quality issue rectification.
- We have established efficient internal and external collaboration channels, enabling online statistics and management of supplier data. This improves the efficiency of information collection and elevates the overall quality of our suppliers.
- Our foreign trade booking system allows for the online management of product delivery, ensuring transparency and traceability of both domestic and foreign trade data.
- We have built an e-commerce platform to manage product marketing online.

### Digital Production and Operations

- We have refined the carbon emission calculation logic, enabling online cockpit monitoring in line with both domestic and international standards.
- Our integrated laboratory energy management system now automates the collection of energy consumption data for carbon emission labs.
- We continually optimize data verification in our carbon emission management system, expanding the automatic generation of monitoring performance data across Sinochem Holdings and tracking emission reduction projects online.
- The EPM equipment online monitoring system has been upgraded to improve diagnostic capabilities and user experience.
- We have broadened the application of the MES system, incorporating new devices under its management to enhance digital equipment management.

Sennics is committed to the *Development Planning of Intelligent Manufacturing Set for the 14th Five-Year Plan Period*, focusing on digital transformation, networked collaboration, and intelligent upgrades. All subsidiaries are dedicated to building comprehensive digital enterprises, advancing the construction of "smart factories + smart HSE," and promoting the in-depth integration of the digital and real economies to drive new development momentum.



### Sennics Lianyungang

- The company is advancing the development of a comprehensive five-in-one information system that integrates MES, SAP, SRM, CRM, and HSE, along with an OTS system. This initiative aims to digitally empower the company's factory operations and management, significantly enhancing its core competitiveness.
- The company has introduced an OTS operator simulation system that creates a realistic environment for training, handling abnormal conditions, and simulating start-stop processes. This innovative approach revolutionizes traditional training methods.



### Sennics Shandong

- In line with our digital strategy and factories' operation management requirements, the company has launched a patterned monitoring system that utilizes big data to provide online alerts on process stability and equipment safety. This system also optimizes process parameters and maximizes the value of data insights.
- The company is deploying multiple digital systems, including MES, iEAM, WMS, HSE and the carbon management system, to improve digital operation management across production. This approach has boosted business collaboration and transparent material flow, and strengthened low-carbon management practices. The iEAM system upgrades equipment and parameters for online equipment inspection to improve the stability of data collection.
- The company has upgraded its HSE system based on the algorithms for personnel positioning and introduced Bluetooth beacons to shorten monitoring distance and improve monitoring precision. Additionally, it has streamlined the permit process by enabling online management of electronic work permits, eliminating the need for paper-based documentation.



### Sennics Anhui

- The MES system has newly integrated MIAK equipment, enabling the automatic collection and aggregation of data related to materials, energy usage, and production. This enhancement has significantly improved the efficiency of online management and the accuracy of reporting.
- The company has aligned the data between its iEAM and OA systems, enabling automated online management of spare parts procurement. Additionally, it has enhanced point inspections of violating and overhauling projects by introducing QR code identification for quick access to equipment files, conducting precise anti-corrosion thickness measurements, and coordinating periodic cleaning plans with point inspections. These improvements boost data accuracy and enhance the effectiveness of equipment maintenance efforts.
- As a pilot unit of the Chemicals SBU, the company launched the "One Enterprise, One Product, One Code" initiative, leading system surveys and trials to enhance the online tracking and management of hazardous chemicals.
- It has implemented a comprehensive digital system that includes personnel positioning, dual prevention management, and management of major hazards, as well as an AI-driven safety analysis system. These advancements have significantly elevated the company's HSE monitoring capabilities, building core HSE competitiveness in conjunction with the FORUS management system.



### Sennics Tai'an

- To meet the production operation management needs of new facilities, the company has expanded its MES system to include additional modules for materials, energy, work reporting, and operation management, allowing for comprehensive performance monitoring (CPM) of new facilities. The company has enhanced the material list for key equipment in the iEAM system, continuously optimized system parameters, and improved factory self-control.
- By leveraging data from the CRM, MES, and SAP systems, combined with the requirement for operational excellence management, the company has implemented a linkage strategy across production, sales, and inventory. This approach has improved planning and scheduling, enabled rolling weekly forecasts, enhanced lean management, increased inventory turnover, and boosted rapid delivery capabilities.

Sennics is also continuously advancing mechanization, automation, and intelligence by building six key modules: risk monitoring and early warning, dual prevention mechanisms, automatic personnel positioning, intelligent video monitoring, whole process management of special operations, and total-factor work safety management. These initiatives have strengthened our factories' risk management capabilities.

### Sennics

Awarded the title of "Smart Factory + Smart HSE - Four Star Factory" by Sinochem Holdings in 2023.

### Sennics Shandong

The intelligent manufacturing scenarios of "process early alert" and "material flow" were selected as **outstanding intelligent manufacturing scenarios by the MIIT in 2023**.

Recognized as a **demonstration enterprise for implementing the integrated management system of informatization and industrialization in Shandong Province**.

Awarded the title of "Champion of Energy Efficiency and Low Carbon Development" by Sinochem Holdings in 2023.

Awarded the title of **Outstanding Unit for Promoting Industrialization and Informatization in Shandong Province in 2023**.

### Sennics Tai'an

Obtained **AA certification for the integration of industrialization and informatization management systems**.

Recognized as an **Outstanding Enterprise for the Integration of Informatization and Industrialization in Shandong Province in 2023**.

Selected into the **Shandong Province Digital Economy "Morning Star Factory" Incubation Project List**.

Chosen as a **pilot enterprise for DCMM implementation in Shandong Province**.

Awarded as a **benchmark enterprise for digital transformation of the manufacturing industry in Tai'an City in 2023**.



### Sennics' ongoing digital transformation

Sennics Tai'an is fully committed to building an intelligent information system, deeply integrating the SAP sales and procurement system, MES lean production management system, WMS product warehousing information system, iEAM equipment health management system, HSE intelligent management platform, and smart inspection projects. These efforts have enabled comprehensive management across the entire product lifecycle—from production planning and lean production management to sales, warehousing, and after-sales service. This transformation has significantly improved the efficiency of management system reforms and elevated the company's information technology capabilities, crafting sustainable competitive advantages. Thanks to these achievements, Sennics Tai'an successfully passed national certification for the integration of informatization and industrialization management systems and received the "AA Level Evaluation Certificate" for this integration.



# Offering Excellent Product Service

Sennics upholds the principle of “quality first,” placing a strong emphasis on product, service quality and customer satisfaction. We are advancing our Glocal strategy, consistently promoting high-quality development to deliver superior products and services to customers worldwide. Our goal is to be a reliable all-weather partner for our global clients.

## Putting quality first

Sennics continuously enhances its quality management system by strengthening quality control across all stages—from raw material procurement and warehousing to production, processing, warehousing and logistics. This ensures that any quality issues are promptly addressed and continuously improved through a closed-loop management process. Notably, during the reporting period, there were no violations related to product health and safety.

### ISO 9001:2015 Quality Management Systems

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

### Sinochem Fine Chemical Excellence Operation System (SES)

Comprehensively consolidating the fundamental work in quality management to fuel excellent operation.

### Accredited Lab Certification by CNAS

Sennics Comprehensive Testing Center and three subsidiaries (Sennics Tai'an, Sennics Shandong, and Sennics Anhui) have been accredited by China National Accreditation Service for Conformity Assessment (CNAS), effectively ensuring proper product quality control.

### IATF 16949-2016 Automotive Quality Management System

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

### EU REACH Regulation

6PPD, IPPD, 4-ADPA, insoluble sulfur, TMQ, and TBSI products of Sennics have all been registered at the European Chemicals Agency and met quality requirements for products exported to Europe.

### Key performance in 2023

100 %

One-time inspection pass rate of 4-ADPA, 6PPD, IPPD, UV-531, and PMP products

99.35 %

One-time inspection pass rate of TMQ products

99.65 %

One-time inspection pass rate of IS products

99.86 %

Product delivery qualification rate

0

Product recalls

Sennics Tai'an was honored with the titles of “National Leader in Chemical Manufacturing Quality” and “National Integrity Brand for Product and Service Quality” by the China Association for Quality Inspection.

Sennics Anhui was certified as a “National AAAA Standardized Good Behavior Enterprise.”



## Promoting operational excellence

Sennics is deeply committed to refining cost management and achieving the goals of first-class business strength, efficiency, growth, and technological and economic excellence. We have established a systematic, procedural, and standardized operation and management model and an operational excellence management system that aligns with our realities. Vertically and horizontally interconnected, it supports ourselves in realizing high-quality development.



## Boosting service quality and efficiency

Being customer-oriented, Sennics continuously improves product and service quality. We have optimized sales management systems and processes, refined product recall and emergency response procedures, and strengthened product preservation, delivery, and non-conforming product control. We timely conduct self-inspections according to the *Customer Health and Safety Risk Factor Checklist*. Through diverse channels such as customer information feedback forms and customer satisfaction surveys, we collect customer feedback and prioritize the protection of customer privacy and information security, winning the trust and recognition of customers with excellent service.

During the reporting period, there were no violations related to product information and logo, marketing communications, customer privacy infringements, or client data loss. Customer satisfaction consistently remained high, with a score of 97.2.

### Sennics Thailand enhances global supply agility

On March 22, the 10,000th ton of 6PPD rubber anti-aging agent by Sennics Thailand was successfully rolled off the production line. Achieving this milestone in just ten months with secured safety and zero complaints, Sennics Thailand has significantly boosted its production capacity to 10,000 tons, delivering enhanced localized services to Southeast Asian customers. The company's products, services, and an intelligent, digital operation model have earned high praise from Northwest Group, an Indian company, underscoring its agility and excellence in global supply.



### Refining Customer Management

We gain a deep understanding of our customers' strategic development and end product positioning, comprehensively analyze downstream segmented markets; for export business, we ensure compliance with new regulatory requirements, promoting a seamless transition to compliant export business models.

### Upholding a Global Business Strategy

We advance product certification efforts in Thailand, enabling local supply to Chinese customers in target markets like India, Vietnam, and Cambodia through our Thai factories; international certifications are progressing, with Sumitomo completing trials and beginning stable procurement, and Yokohama finalizing the certification process; we also advance the completion of certifications for Goodyear. The certification of Bridgestone, Michelin, Continental, and Orient are all in their final stages; we make significant strides toward supplying the U.S. market with products from Sennics Thailand.

### Strengthening Product Promotion

We have enhanced communication with both domestic and international customers, and actively optimized core customer relationships through visits, high-level engagements, and technical exchanges to foster strategic cooperation and advance our development; we actively participate in a wide range of domestic exhibitions, collaborating with distributors to conduct live streaming sales activities; product information, including manuals and customer introduction materials, are timely updated and supplemented.

### Optimizing Complaint Handling

We take a proactive approach in addressing customer complaints, involving thorough pre-communication preparation, timely feedback during interactions, and diligent post-communication relationship maintenance; we strive to minimize the impact of complaints and reinforce our brand image as a professional enterprise.

12 Quality and efficiency improvement projects executed

RMB 37.3165 million Benefit realized



Scan the QR code to learn more



# Building a Future on Safety and Clean Production

Safe, orderly production and green, low-carbon transition are the lifeblood of our company's robust development. At Sennics, we view developing core HSE (Health, Safety, and Environment) competencies as essential to stable operations, better management and high-quality growth. By fully developing the FORUS system, we unlock the protective, influential, and innovative potential of HSE, continuously refining our management and performance.



## Strengthening Core HSE Competitiveness

Our unwavering commitment to “zero loss” underpins our HSE strategy. Guided by our core values— “life first, environment foremost, loss control, and continuous improvement”—we rigorously implement the requirement of the *HSE Culture Manual*. Accordingly, we enhance safety management by practicing “felt leadership”, fulfilling direct responsibility, enhancing localized management, and promoting all-staff engagement. This approach strengthens our safety management framework, fortifies risk prevention and control, and elevates our intrinsic safety standards.

### Fortifying the foundation for safety management

Click the following link to know more about the Security Management Policy of Sennics

<http://www.sennics.com/18208.html>



In strict accordance with Chinese laws such as the *Work Safety Law* and the *Law on the Prevention and Control of Occupational Diseases*, we have formulated and followed the *Regulations on Health, Safety and Environmental Protection*, established and improved the HSE management framework, and optimized the HSE management structure. We operate Sinochem Holdings FORUS system, the 24-element HSE management system and DuPont safety management culture in a high-standard way, and ensure that all employees complete annual physical examinations and establish health records. As of March 2024, 100% of the production facilities with stable operations and certification qualification have passed the ISO 45001:2018 occupational health and safety management system certification. Other facilities under construction or trial production are also actively preparing for the certification. A solid defense line has been built to ensure safety at Sennics in all respects.

### Key performance in 2023

100 %

Percentage of workplaces that have conducted employee health and safety risk assessments

100 %

Percentage of employees represented by formal joint management-worker health and safety committees

100 %

Percentage of domestic stable operating factories that have passed the ISO 45001 occupational health and safety management system certification



Rate of fatalities due to million-hour work-related injuries



Rate of million-hour work-related injuries with high-consequence



Rate of recordable work-related injuries per million working hours



Lost time injury (LTI) severity rate<sup>1</sup>

Data specifications: 1. LTI severity rate = (number of days lost due to injuries) x (1,000 / total hours worked)

### Enhancing Safety Risk Control



- We rigorously identify and assess health and safety risks across production sites and establish a health and safety risk management checklist. Our *Regulations on Health, Safety and Environmental Protection* is developed and executed to regularly review safety management procedures.
- We improve the *Management and Control Measures for Technology and Facility Changes*, assessing the occupational health, environmental protection, fire safety, and general safety whenever we alter facilities or operations. We also mandate a work permit system for high-risk operational activities.

### Supervising the Fulfillment of Safety Responsibilities



- We improve the HSE accountability system, clarify the HSE responsibilities of departments and positions, and promote fulfillment of responsibilities with the principles of “felt leadership, direct responsibility, localized management, and all-staff engagement”. Meanwhile, regular assessments are organized to review the execution of the HSE accountability.
- We incorporate contractor safety management into the *Regulations on Health, Safety and Environmental Protection*, urge contractors to abide by HSE management requirement, and perform contracts and safety agreements. Meanwhile, we adopt corresponding measures of occupational health protection.

### Inspecting and Handling Hidden Safety Hazards



- We have built a hidden hazard inspection and handling process to achieve closed-loop management, which covers inspection, recording, handling, acceptance, write-off, analysis and improvement, etc. We have also launched a campaign of “team inspection of hidden hazards” to promote all-staff engagement in inspection and handling of hidden hazards.
- We have developed and executed the *Incentive Measure for Reporting Safety Hazards*, motivating employees to proactively report hidden dangers and near-misses/potential risks.
- We regularly test factors of occupational disease hazards, implement occupational health examinations for all employees before, during, leaving and transferring to work, and timely screen hidden hazards of occupational health. We adopt various means to popularize the knowledge of occupational health hazards and protection. Among them, mental health training and employee mood dashboards help employees alleviate pressure from life and work, and eliminate potential hazards.

### Improving Safety Capability in All Respects



- We have developed the annual training plan and continued to carry out diversified training on safety culture, which covers offline and online training sessions, safety experience sharing, Safety Training & Observation Program (STOP), team meetings and regular safety meetings, Occupational Health Week, etc.
- We have formulated emergency plans, established emergency response teams, and regularly organized emergency training and drills to ensure that emergency response teams have corresponding capabilities in this regard. We join forces with relevant parties to conduct safety inspections to timely investigate, analyze, and respond to safety incidents, promoting and implementing corrective actions internally to prevent recurrence.



HSE Management Indicators of Sennics in 2023

Targets in 2023		Completion Status
<b>Accident Control Indicators</b>	Zero work safety accidents with serious injury or fatality	✓
	Zero environmental incident of general impact or above	✓
	Zero employee with occupational disease	✓
	Zero HSE negative public opinion event with significant impact	✓
<b>Occupational Health Indicators</b>	100% handling rate of positions with higher occupational disease hazards	✓
	100% abnormality reexamination rate of occupational health examinations for personnel exposed to occupational hazards	✓
	100% position change rate of personnel with occupational contraindication	✓
	Zero administrative penalties or negative public opinion events (excluding severe ones)	✓

Scores of Sennics subsidiaries in DuPont annual review



Improving intrinsic safety

We continuously improve the closed-loop safety management of process flow and equipment. Moreover, we actively advance the construction of "Smart HSE", and promote the functions of online risk management, hidden hazard inspection, personnel positioning, smart inspection, special operation management, etc. Through our intrinsic safety enhancement initiative featuring "Technology-Driven Safety", we aim to build a world-class chemical enterprise grounded in the values of "strict compliance, detail-oriented and fact-based approach, and perseverance."

**Strengthening Process Safety Management**

We provide specialized counseling on process hazard analysis (PHA), as well as technology and equipment changes. Systematic evaluations are performed during the process design or renovation phase, and process hazard analyses are carried out for significant technological or equipment changes. We also organize special inspections and job cycle checks (JCC) to ensure production equipment remains well-maintained and operationally sound throughout its lifecycle.

**Reinforcing Behavioral Safety**

We regularly conduct large-scale safety inspections and rectification efforts, implementing special improvement actions to address management gaps. Safety Training & Observation Program (STOP) initiatives are used to analyze the distribution and root causes of unsafe behaviors through data-driven insights. These findings guide systematic improvements, further enhancing the effectiveness and quality of STOP.

**Advancing the Building of System Safety**

We combine the use of automation hardware facilities and the HSE information management platform to improve our capacity of inspection and operation automation and reduce the frequency of on-site operations, reducing safety risks from source. We continue to execute six major categories of intrinsic safety improvement projects, enhancing intrinsic safety management levels.



## Upgrading safety management culture

The philosophy of “always putting HSE first” has contributed to the upgrading of Sennics safety management culture from supervision-based management to independent management and team management. We have established a new safety code of conduct for our new development stage, and have made efforts to ensure that our health and safety requirements in the HSE Culture Manual are understood and followed in all operating locations at home and abroad. To encourage active participation, we have introduced the clauses on HSE bonus incentives, motivating employees to engage in hazard detection, emergency response, and HSE innovation. Safety culture initiatives such as the “Year of Safety Management Enhancement” and “Healthy Eating and Living” campaigns have promoted a shift from “urging me to operate safely” to “I want to operate safely” and from “individual safety” to “team safety”. In 2023, we carried out 15 occupational health training sessions, covering 2,741 employees across headquarters and affiliated factories.



### Sennics Lianyungang supports “Four Zeros” HSE control goals in project construction

Sennics Lianyungang places great emphasis on HSE management and control in project construction, with contractor management at the heart of this effort, guided by a “six-step method.” This approach involves strict qualification reviews and safety training for contractor entry, supported by the formulation and dissemination of an “entry process guide” that promotes safety regulations. To date, 246 training sessions have been held, involving 7,919 participants. The company strengthens on-site supervision through a line- and grid-based monitoring system. It organized 32 management lines, clearly defining standards for each operation and outlining the responsibilities of four key parties: the construction unit’s primary responsibility, the supervision unit’s oversight, the local area’s direct responsibility, and the HSE team’s supervisory responsibility. This structure, based on the construction site’s grid layout, has helped identify and rectify 26,650 hidden hazards. The company also implemented an evaluation mechanism that recognizes exemplary safety management units. Regular commendations and rewards are given to construction units and individuals who demonstrate outstanding HSE performance, with 719 real-time incentive cards issued to date.



Activities on work safety culture across subsidiaries of Sennics

## Advancing Green and Clean Operations

Sennics is committed to exploring the path of green operations and low-carbon development, embedding the philosophy of sustainability throughout its production and operations. By utilizing clean energy, optimizing product structures, promoting energy-saving and emission-reduction technologies, and strengthening energy management, the Company is earnestly advancing the low-carbon business model transformation action plan of “Embracing the Dual Carbon Goals for a Bluer Sky.”

### Continuously improving environmental management

Click the following link to know more about the Environmental Protection Policy of Sennics

<http://www.sennics.com/31343.html>



In strict accordance with national and regional laws and regulations on ecological protection, we formulate environmental management performance evaluation indicators and goals. In addition, we improve and implement the *Regulations on Health, Safety and Environmental Protection*, the *Regulations on Environmental Protection* and other systems. Committed to eliminating environmental hazards from the source, we systematically identify and effectively control them during production and operation. We also strictly follow the emission standards and discharge pollutants as permitted.

In 2023, Sennics invested a total of RMB 28.16 million in environmental protection. 21 training sessions on environmental topics were held, covering green and low-carbon production management, environmental protection and safety, biodiversity management and other topics. By March 2024, all our production facilities with stable operations and qualification have been certified by the ISO 14001:2015 environmental management systems and ISO 50001 energy management system. Other facilities under construction are also actively preparing for the certification.



**Preventing and Control Environmental Risks**

We identify and evaluate potential environmental hazards during construction and renovation, including exhaust gas, wastewater, waste residue, dust, malodorous gas, radioactive substances, as well as noise, vibration, electromagnetic radiation, etc.

**Timely Implementing Control Measures**

We implement effective control measures according to regular identification and assessment results of environmental hazards, prioritizing the elimination or mitigation of environmental hazards from source. We have improved environmental protection management procedures to regulate the process of pollutant reduction, waste management, resources and energy management, wastewater management, exhaust gas management, and noise control, etc.



**Systematically Preventing and Controlling Hidden Hazards**

We have also developed and reported emergency plans for environmental incidents, conducting regular drills to minimize accidents and ensure preparedness. In addition, we keep intact pollution prevention facilities and set up the monitoring ledger to record pollutant production and discharge.

**Building Capacity of Environmental Management**

We obtain water intake permits, pollution discharge permits and other licenses in accordance with laws and regulations on environmental protection to pursue compliant operation. We timely analyze the latest laws and regulations on environmental protection to make sure that we abide by the prevailing laws, regulations and norms.

**Key performance in 2023**

100 %

Percentage of domestic stable operating factories that have passed the ISO 14001 environmental management system certification

100 %

Percentage of workplaces with environmental risk assessments

100 %

Percentage of employees who have received training on environmental and occupational health issues

Sennics received the **“2023 Contribution Award for Actions Towards Carbon Peaking and Carbon Neutrality”**

Sennics Shandong, Sennics Tai’an, and Sennics Anhui were awarded **Green Factory by the MIIT and Green Factory in the Petroleum and Chemical Industry**

Sennics Shandong was selected as a pilot for the **development of green, low-carbon, high-quality zones** in Shandong Province

Sennics Anhui was certified as a **water-saving enterprise under GB/T 7119-2018 standards**



**Protecting biodiversity**

Biodiversity is vital to human well-being and forms the cornerstone of our survival and development. Sennics works to build a community of life on Earth. Since 2022, we have initiated assessments of biodiversity impacts and dependencies, establishing key principles of “conservation first, sustainable use, public participation, and benefit sharing.” By identifying biodiversity management priorities, we take practical steps to support the goals of the Kunming-Montreal Global Biodiversity Framework, working alongside society to protect our shared environment.

**Conservation First**

- Sennics operates without any facilities near biodiversity-sensitive areas, ensuring our activities do not significantly affect the habitats of protected species. We continue to effectively integrate biodiversity conservation into all links of production and operation. Measures are taken to protect ecosystems, biological species and genetic resources, ensuring ecological security.
- Reducing environmental impact throughout the production lifecycle: We aim to minimize adverse impact on biodiversity across the full lifecycle of our production and operation, avoiding sensitive areas, and conducting rigorous environmental impact assessments. In this way, we strive to preserve local land, water sources, and vegetation, creating environments where multiple species can coexist through “green factories,” “garden factories,” and “waste-free factories.”
- Fulfilling our commitment to green operations: We are advancing the “SCI-MAN 2030” commitment and the “Bluer Sky” action plan. These initiatives safeguard the lifeline of work safety and environmental protection, enhancing positive impacts on biodiversity.

**Sustainable Use**

- We use biological resources in a scientific, rational and orderly manner. Moreover, we develop and promote sustainable utilization technologies of biological resources.
- Innovating in green products and processes: We are reinforcing research in biodiversity conservation, and leveraging clean technologies to accelerate technology breakthroughs and process innovations in material recycling and biomass-based raw materials.
- Supporting biodiversity surveys: While we haven't yet collaborated with third parties on habitat protection or restoration, we actively track the requirement of local environmental protection agency on monitoring biological resources, and support local environmental monitoring and species protection efforts.

**Benefit Sharing**

- We promote biodiversity conservation throughout the value chain, ensuring stakeholders benefit from the shared value created by protecting biodiversity.
- Promoting the green transition of the industrial chain: We encourage suppliers to earn environmental certifications, and promote the supply chain's green development and biodiversity protection across social, economic, environmental, and technological aspects.
- Spreading the principles of ecological protection: We communicate biodiversity conservation plans and good practices, and actively facilitate knowledge-sharing and dialogue among customers, partners, and employees, enhancing the awareness and practices of biodiversity conservation across the value chain.

**Public Participation**

- We enhance publicity and education on biodiversity conservation by engaging and educating employees, creating an environment where everyone actively participates in biodiversity efforts.
- Conducting environmental education and awareness-raising campaigns: We turn the broad concept of biodiversity into everyday actions, organizing activities like popular science activity, themed photography or painting competitions to inspire employees to actively engage in biodiversity conservation.
- Creating an environment for green charity: We actively explore collaboration with local biological conservation organizations and encourage employees to participate in activities like wildlife release, vegetation restoration, and animal rescue.



An average green coverage rate of nearly 40% at our domestic and international operating sites



Sennics Anhui's hand-drawn environmental protection bag activity “Harmonious Coexistence Between Man and Nature”

## Steadily advancing green operations

At all our local operating sites, we handle pollutants and wastes in line with the national laws, regulations and standards on prevention and control of water, air, and solid waste pollution, etc. Moreover, we make green renovations in processes and equipment, actively promote clean production and resource recycling, and recover wastes and packages, so as to enhance our green manufacturing capabilities.

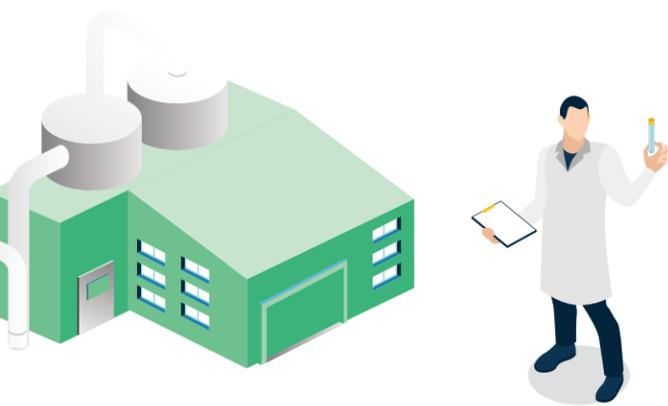
### Water Resources Management

- All water resources come from municipal water supply; neither water intake nor sewage discharge exerts a significant impact on water sources.
- We promote the transformation of energy-saving and water-saving technologies in the whole process of research and development and production, apply water-saving equipment such as closed-loop cooling water circulation systems and high-efficiency condensers. After treatment, the industrial wastewater is reused as circulating water and landscaping water.
- We expand the capacity of hot water tanks to collect and recycle condensate, which is expected to reduce water intake by 6,000 tons per year.
- We recycle sludge water from circulating pool for fire pond, saving 2,000 tons of fresh water annually.
- The steam condensate is recovered to replenish the circulating pool, saving 1,000 tons of fresh water annually.



### Noise Control

- We install sound reduction and insulation devices in production equipment with high noises such as air compressors. All kinds of water pumps and wind turbines apply the shock-absorbing substrate, with flexible joints at the junctions.
- We regularly conduct noise detection and enhance equipment management & maintenance to prevent noises caused by abnormal operations of the equipment.



### Water Pollution Control

- The production sewage enters the sewage treatment system after being pre-treated at the workshop, gathers with the drainage of the circulating cooling system, and is then discharged into the sewage treatment plant through the sewage pipeline in the industrial park.
- We ensure that the effluent water quality conforms to the *GB8978 Integrated Wastewater Discharge Standard*, including the standards for COD, NH<sub>3</sub>-N, and total nitrogen concentration levels. Reverse osmosis water treatment systems are employed to reduce wastewater generation. We treat industrial wastewater and domestic sewage according to law, to ensure 100% up-to-standard discharge of water pollutants.

### Atmospheric Pollution Control

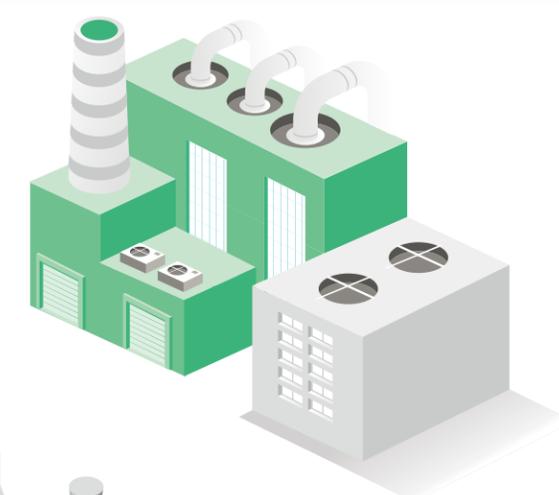
- We realize "coal-to-gas" energy supply of organic heat transfer material heaters, reducing atmospheric pollutants from source such as SO<sub>2</sub>, NO<sub>x</sub>, and PM. Every year, we conduct leak detection and repair (LDAR) twice to test all dynamic sealing points in the factory, which prevents unorganized emissions of VOCs.
- We install and use regenerative oxidation furnaces and low nitrogen burners, and carry out tail gas treatment to reduce emission concentration of pollutants such as NO<sub>x</sub> and PM. We also install SCR denitration device for boiler flue gas, electric bag filters in boilers, dust suppression nets in coal sheds, and exhaust resin adsorption systems to reduce PM and VOCs emissions.

### Hazardous Chemicals Management

- We conduct hazard identification and classification of raw materials, intermediates and products in accordance with the *Guidance for the Implementation of the Catalogue of Hazardous Chemicals*, preparing standardized specifications on chemicals safety technology and clearly posting accurate chemicals safety labels.
- Considering the properties of hazardous chemicals, we adopt corresponding measures to store, load, unload and transport hazardous chemicals in accordance with the *Management Procedures of Hazardous Chemicals*. During all these links, we properly safeguard operators' safety. In accordance with the *Measures for the Administration of Registration of Hazardous Chemicals*, we regularly submit applications to the province-level authority for hazardous chemicals registration.
- We regularly organize professional training for managerial and operational staff, ensuring employees in positions requiring qualifications obtain the necessary certifications before assuming their roles.



Scan the QR code to  
learn more



### Waste Disposal

- For non-hazardous waste, we follow the principles of waste minimization, waste recycling, and environmentally sound management, reducing the generation of solid waste from source, and promoting classified recycling and terminal disposal of production waste.
- We systematically identify hazardous wastes according to the *Directory of National Hazardous Wastes*, and strengthen standardized management of hazardous waste classification, storage, transfer and disposal links, etc. The distillation slag is burned in incinerators, scrap metal catalysts are recovered, and the other hazardous wastes are entrusted to third parties for harmless disposal.
- Standardized management of production processes, along with clean production measures, helps ensure process stability, prevent unplanned shutdowns, and minimize the generation and hazardous impact of chemical waste at the source.
- Our factories are committed to reducing emissions and increasing efficiency, actively advancing its "waste-free factory" initiative. Through bulletin boards, electronic displays, and educational workshops, we promote the concept of a "waste-free factory" to all employees, encouraging a green, low-carbon lifestyle and embedding waste-free philosophy into the minds of our staff. We work to create a strong atmosphere of energy conservation and environmental protection, and "waste-free factory". Also, we continuously implement specialized VOC treatments, introducing advanced environmental technologies and equipment such as triple-effect evaporation. By upgrading and optimizing our facilities and processes, we effectively reduce wastewater and exhaust emissions at the source. We prioritize resource utilization by recycling, classifying, and treating waste generated during production. This approach converts waste into valuable resources, enabling reductions in waste volume, maximizing resource use, and minimizing harm. Through these multi-pronged strategies, we promote green production throughout all aspects of our operations.

# Collaborating for a Sustainable Future

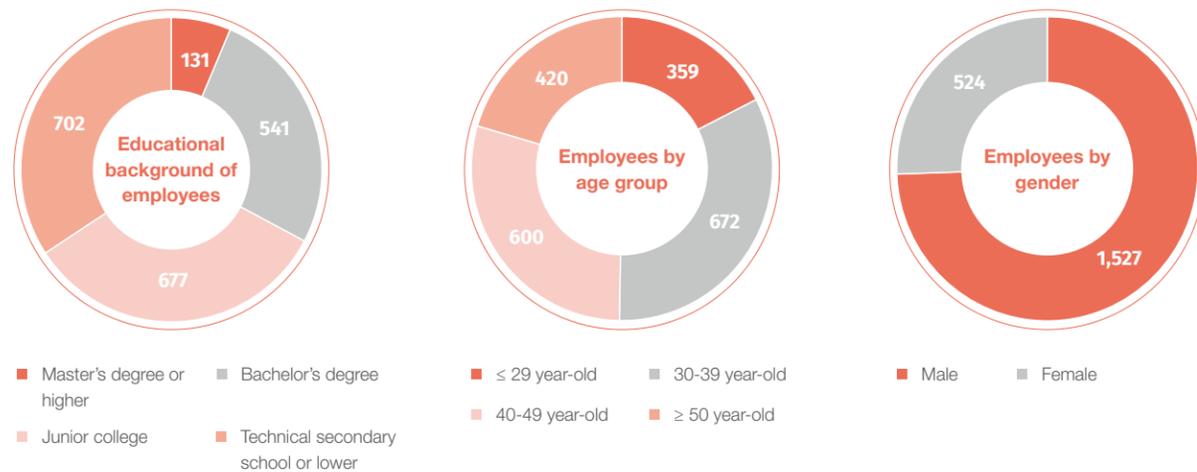
Talent is the primary resource and also the essential pillar in driving the high-quality development of a company. Committed to talent-driven corporate development, we endeavor to build a diversified talent pipeline and cultivate "fertile soil" for employees to achieve self-actualization. In addition, we engage in public welfare undertakings, carry out various socially beneficial activities, and promote volunteerism. Together with all stakeholders, we strive to build a better world.



# Pursing Talent-Driven Development

As a firm follower of the "talent-empowered development" strategy, Sennics has intensified efforts in talent development. While protecting the legitimate rights of employees, we improve the training mechanism, facilitate pathways for career advancement, balance their work and life, and foster an inclusive and diverse workplace. In 2023, we had a total of 2,051 employees, including 23 employees of ethnic minorities and 10 employees with disabilities. There were 106 new hires (a hiring rate of 5.2%), including 86 males (a hiring rate of 4.2%) and 20 females (a hiring rate of 1.0%). We maintained a 100% local executive employment rate at our key operating locations within China.

## Employee Data



## Safeguarding employee rights and interests

Click the following link to know more about the Labor and Human Rights Policy of Sennics

<http://www.sennics.com/31344.html>



At Sennics, we stay committed to people-oriented management, which is embedded in our corporate development strategy. We rigorously abide by China's laws and regulations governing labor rights, such as the *Labor Law* and the *Labor Contract Law*, as well as international labor and human rights standards. We continuously improve our *Employee Handbook* and relevant labor policies. Upholding the principle of equal employment, we prohibit the use of child labor or any form of forced labor, and take all necessary measures to prevent harassment and abuse in the workplace. Our goal is to foster an equitable and diverse working environment. By far, Sennics Shandong and Sennics Tai'an have both developed, implemented, and been certified to the Social Accountability 8000(SA 8000). They make continuous efforts to protect employees' rights and interests in terms of work conditions, benefits, occupational health, etc.

## Key performance in 2023

1.26

Male-to-female basic salary ratio

11 days

Average paid leave

100%

Coverage of collective contract

100%

Coverage of social insurance

0

New occupational diseases in 2023 and accumulated occupational diseases

100%

Coverage of medical examination and health records

5%

Employee turnover rate

59

Employees on maternity/paternity leave

53

Employees returning from maternity/paternity leave

100%

Proportion of employees who received training on diversity, discrimination, and/or harassment in the total number of employees at all locations

100%

Proportion of workplaces that conducted human rights reviews or human rights impact assessments in all workplaces

1.12%

Proportion of employees from ethnic minorities and/or vulnerable groups in the total number of employees

9.09%

Proportion of employees from ethnic minorities and/or vulnerable groups who held senior management positions (excluding the Board of Directors)

21.73%

Proportion of women in senior management positions (excluding the Board of Directors)

Sennics has established multiple channels for employees to file complaints and provide feedback, including via phone, email, or directly to the Human Resources Department. We promise to protect the whistleblower while thoroughly investigating the reported case. If any illegal or noncompliant behavior is found, we will take prompt corrective action and hold the relevant personnel accountable for their actions.

Reporting hotline: **021-31769988**

Reporting email: **compliance-sennics@sinochem.com**



### Institutional guarantee

We have formulated and refined internal management policies, including the *Measures on Employment, Labor Contract, Compensation and Benefits, Position Management, Performance Management, Attendance and Leave, Training Management, and Management Measures on the Selection and Employment of Managers.*

### Equal employment

We uphold the principle of openness, justice, and equality in our recruitment. We have increased the transparency of our recruitment process, while also strengthening mechanisms for avoiding nepotism and for top-level supervision. We provide equal employment opportunities for every candidate and stand firm against any form of employment discrimination based on differences in gender, race, nationality, religious belief, physical condition, or age.

### Compensation and benefits

We offer market-based and competitive salaries, pay social insurance contributions in compliance with applicable laws, and adjust salaries annually as stipulated. In addition, we comprehensively optimize our performance management tools and methods, establish a performance management system covering all employees, and apply rigid performance monitoring. Moreover, we heighten the accountability of the management to fulfill the Company's long-term strategic goals and deliver business results. We also strive to develop a market-oriented decision-making mechanism across the board.

### Supervision and inspection

Through institutionalization plus special actions, we conduct diligent political oversight over the top management, and build profiles of leaders for clean governance. In addition, we carry out inspections. Through various methods such as document check-ups, record retrieval, individual interviews, and on-site visits, we scrutinize the implementation of talent policies to promote the development of primary-level organizations.

## Listening to employee voice

In alignment with the requirements of the *Trade Union Law of the People's Republic of China*, we perform democratic management through the workers' congresses and unblock bilateral communication channels. Moreover, by safeguarding employees' rights to participation, information, expression, and supervision, we empower democratic participation, management, and supervision.

#### Communication channels

- Employee communication meetings
- Employee interview
- Exclusive telephone line
- Exclusive company email

#### Publicity channels

- Sennics magazine
- Sennics website
- Sennics official WeChat
- Employee family day

### Key performance in 2023

5

Session of Workers' Congress held

5

General Meeting of Members of the Trade Union held

341

Suggestions of communication meetings implemented by the headquarters

100%

Employee membership of the trade union

100%

Proportion of employees covered by formal election of worker representatives in the total number of employees in all regions

100%

Proportion of employees covered by the *Collective Labor Contract, Collective Wage Agreement and Specific Contract for the Protection of Special Interests of Female Employees*

32

Initiatives under the "Doing the Actual Deeds" program implemented

100%

Implementation rate

0

Violation of freedom of association and collective bargaining



#### Unblocking communication channels

Organizing quarterly communication meetings to collect employee opinions; conducting employee engagement and satisfaction surveys regularly; having one-on-one communication between managers and front-line employees to strengthen the connection between the management and ordinary employees.



#### Implementing democratic management

Holding the workers' congress and communication meetings to promote the open access to enterprise affairs, and establishing a closed-loop management model that includes pre-meeting communication, in-meeting discussions, and post-meeting resolutions.



#### Employee engagement survey

Regularly conducting engagement surveys among all employees, incorporating survey results into improvement plans, and implementing these results through the "Doing the Actual Deeds" program to continuously enhance employee satisfaction and happiness.



#### Democratic evaluation

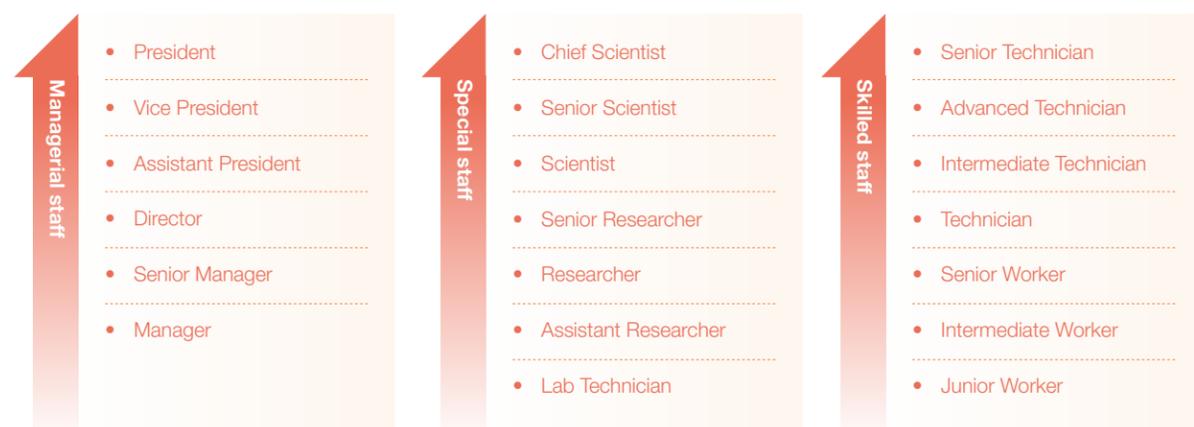
Evaluating the leaders of each organization from multiple dimensions; reviewing personnel selection and employment and appraising the newly promoted managers at the evaluated organization in a democratic manner; and launching the backup leader referral program.

## Promoting employee development

We have developed a talent development strategy tailored to our business development requirements. By putting sharpening employees' skill sets at the core of the strategy, we continuously improve the occupational training system to help them realize self-worth. Moreover, we seek to foster diversified talent development and build a high-performing workforce that is aligned with the strategic goals of the Company.

### Career advancement paths

We have devised distinct career tracks for managerial, professional, and technical personnel, and improved the "three-track" promotion mechanisms. Guided by the principles of youthfulness, professionalism, and internationalization, we reinforce our efforts to build up the managerial team. Moreover, we implement and formalize the cadre rotation system, and adopt a merit-based promotion and demotion strategy, striving to foster the staffing principle and corporate culture that the capable shall be promoted, the top performers shall be rewarded, the mediocre shall be replaced and the incompetent shall be dismissed.



### Diversified training systems

To upskill the front-line workers, we have developed the *Manual of Five Knows, Five Cans, and Five Ables*, which brings together the key points regarding work safety, process technics, and standardized operations on front-line production. We have also formulated the *2023-2025 High-Skilled Talent Development Plan* in a bid to forge a crew of "white-collar technicians," and also motivate and mobilize employees to take local grade ratings for technicians. Additionally, we have strengthened basic safety education on the production of hazardous chemicals, and expanded the safety knowledge and skill base of chemical practitioners working at production and business units. Moreover, we carry out job competitions and rotations to lay the foundation for the training of international talents.

## Improving employee care

Sennics is consistently attentive to the physical and mental well-being of our employees. We work to improve our Home of Staff, and launch a variety of cultural and sports activities to help employees maintain work-life balance. Additionally, we track the demands of female, financially distressed employees, and retirees to convey our humanistic care.

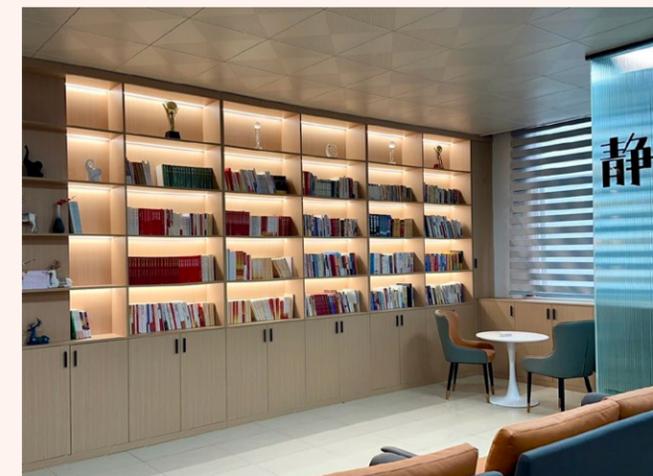
### Employee welfare

We offer employees caring facilities and services such as afternoon tea, free umbrellas, blood pressure measurement, and defibrillators. Besides, we deliver special care for pregnant females and protect their employment. To safeguard the rights and interests of female employees, we purchase maternity insurance for female employees, provide them with prenatal and breastfeeding leave, and set up nursing rooms. Parental leave is granted according to local laws and regulations. For instance, in Shanghai, parents who meet applicable laws and regulations for childbirth are respectively eligible for five-day parental leave each year before their child is three years old.

In 2023, a total of 136 employees (91 males and 45 females) were eligible for parental leave, and 24 of them (22 males and 2 females) took parental leave. All of them returned to their posts during the reporting period, with a retention rate of 97.8%.

### Sennics Shandong builds the "Home of Staff"

Sennics Shangdong has built an employee reading room to enrich the intellectual and cultural lives of employees. The reading room, covering an area of about 100 square meters, is well equipped with books, sofas, desks, chairs, computer equipment, etc. It owns a collection of more than 3,000 books, and has acquired another over 500 books from employees through the initiative "Donating a Book for the Reading Room". Factoring in the table tennis room next to the reading room, the trade union paralleled the construction of the reading room and the staff activity room in a coordinated fashion. The employee reading room is rated as a "convenient reading site" by the All-China Federation of Trade Unions and has been gifted two boxes of books.



### Key performance in 2023

RMB **2.24** million  
Total investment in employee training

**22,056**  
Total training hours of management personnel

**131,068**  
Total employee training hours

**63.9**  
Averaged training hours per each employee

**100** %  
Percentage of employees who received regular performance assessment and career development appraisal

**100** %  
Percentage of employees who received vocational or skills training

## Employee care

Focusing on the most pressing difficulties of high concern to our employees, we pay visits to and offer support for the incumbent, retired, and financially distressed employees, as well as the family members of employees expatriated to Thailand for assistance program. We extend festival greetings and regards to our employees, and organize a range of festival activities tailored to the diverse demands of employees to boost workforce well-being. In 2023, the Sunshine Fund Council of Sennics granted RMB 326,068.98 to 99 beneficiaries.

### Festival activities

#### At Chinese Spring Festival and Lantern Festival

The Company solicited articles themed "Goodbye 2022, Hello 2023"; Sennics Shandong held a knowledge quiz themed "Celebrating the Lantern Festival with FORUS"; Sennics Tai'an celebrated the Spring Festival by writing spring festival couplets and handing out calligraphy works of the blessing "Fu"; Sennics Thailand held the event "YES, WE ARE ONE" for Chinese and Thai employees.

#### At Dragon Boat Festival

Sennics Tai'an organized a zongzi-making competition; Sennics Anhui offered employees zongzi, mung bean cakes, guilinggao (tortoise jelly), and other gifts, and visited the family members of employees expatriated to Sennics Thailand.

#### At Children's Day

The Company held a children's painting exhibition titled "Colorful Creatures and Green Planet"; Sennics Anhui organized an event to invite children for hand-painting on eco-friendly bags with the theme of "Harmony between Man and Nature"; Sennics Shandong launched a magic chemistry tour in factories for the "Little Scientists"; Sennics Tai'an organized a visit themed "Technologies Empower the Dream, and Children Shape the Future".

#### At Mid-Autumn Festival

Sennics Shandong established the "Bright Moon Poetry Society" and held an online poetry gathering. It also offered mooncakes, apples and other gifts to employees; Sennics Tai'an celebrated the 2023 Mid-Autumn Festival with "Moonlit Melodies" campaign; Sennics Anhui sent caring gifts to the family members of employees expatriated to Thailand; Sennics Lianyungang organized employees to DIY moon cakes.

#### At National Day

Sennics Anhui launched the campaign themed "Celebrating the National Day in October", organizing fun sports such as tug-of-war competitions, fun triathlon, no-drop ball carry relays, and back-to-back balloon relays; Sennics Lianyungang held a flag-raising ceremony, a safety vowing ceremony and other activities.



"Sennics Cup" basketball game



Sennics Shandong's magic chemistry tour for the "Little Scientists"

### Sennics celebrates International Women's Day

In observance of International Women's Day on March 8, Sennics held a variety of celebration activities and extended sincere blessings to female employees. Sennics headquarters organized female employees to DIY rabbit-shaped Chinese knot buttons and visit Shanghai Disneyland. Sennics Shandong held a series of activities themed "Women's Dedication to the Party and Contributions in the New Era". Sennics Tai'an organized a campaign themed "Rallying the She Power to Boost Morale". Sennics Anhui arranged a visit for employees' family members and a flower arrangement training course titled "Spring Blossoms for Women". Sennics Lianyungang organized a seminar themed "A Dialogue Between Women on the Spirit of 20th CPC National Congress and Future Development". Sennics Thailand carried out the event themed "Because of You".



Sennics Lianyungang organizes a flower arrangement activity



Sennics Thailand hosts the "Because of You" activity



Female employees visit Shanghai Disneyland



Scan the QR code to learn more

## Work-life balance

We have established 9 interest groups, including dance, fitness, swimming, football, table tennis, badminton, etc. We also organize cultural and sports activities in an innovative manner that offer employees a platform to showcase themselves. In 2023, more than 200 activities were held.

### Cultural activities

We held the singing competition themed "Shining Because of Your Voice", with over 150 employees of our subsidiaries participating and 6 teams winning awards.

### Sports activities

We held the 14th "Sennics Cup" basketball game themed "Inheritance, Integration, and Cohesion", with a total of 90 participants from 8 teams.

# Building a More Responsible Value Chain

As a responsible fine chemical enterprise, we have always regarded sustainability as an integral part of our long-held development philosophy. During our operations, we seek to wield positive impact on the upstream and downstream of the industry chain, stay attuned to the growth of our partners, and urge our partners to fulfill social responsibilities jointly. We are committed to fostering a responsible supply chain in the hope of growing and creating value together with more stakeholders and contributing to the green, innovative, and sustainable development of the industry chain.

## Building a more sustainable supply chain

Click the following link to know more about the Sustainable Procurement Policy of Sennics

<http://www.sennics.com/31345.html>



At Sennics, mutual growth with suppliers is deemed essential for fulfilling our CSR vision of "Implementing Green Procurement to Build a Best-in-Class Supply Chain that Delivers Competitive Advantage". We incorporate sustainability into our supply chain management and operations. By signing the *Supplier Code of Conduct Commitment Letter* with suppliers and mandating core raw material suppliers to conduct CSR audits, we impel suppliers to take on their social responsibilities, thereby fostering agile and sustainable supply chain management on an ongoing basis.

Sennics integrates suppliers' environmental, social, and governance performance into the criteria for supplier admission and evaluation. We also commit to factoring health and safety, business ethics, and supplier sustainability in suppliers' full lifecycle management, and include sustainability practices in supplier performance assessments. During procurement, we preferentially opt for suppliers with outstanding CSR performance, and distinguish them with award recognition and preferential bidder status. In our daily work, we promote daily sustainability training for suppliers through the training platform for sustainable procurement management, and offer timely responses and resolutions to suppliers' concerns. In 2023, we enhanced communication and training with logistics suppliers and improved the annual logistics supplier conference mechanism to effectuate more standardized and leaner management of logistics processes.



Sennics holds annual logistics supplier conference

Since joining the Together for Sustainability (TfS), we have made the most of supply chain sustainability management platforms represented by TfS Academy, TfS OASIS, and EcoVadis Webinar. These platforms have enabled us to fully learn from and take in the philosophy and experience of world-leading chemical companies in supply chain sustainability management, and to extend CSR requirements to our clients. As a result, we can implement our green supply chain initiative in a thorough, effective, and lasting manner. In 2023, we initiated TfS assessments for suppliers, and integrated sustainability performance as an indicator in supplier management. We also attended the TfS WS5 conference and studied the TfS Product Carbon Footprint (PCF) Guideline. Through these efforts, we bolstered the awareness and capabilities of our business personnel in supplier sustainability management, and pushed our sustainability work to the next level.

### Supplier management

We conduct comprehensive assessments of suppliers, including quality, delivery punctuality, and services. Through effective management, we identify and address supplier issues in a timely manner to ensure the normal functioning of suppliers.

### Risk management

We develop a well-established mechanism for supply chain risk management to avoid potential supply risks and ensure prompt response in case of supply chain issues.

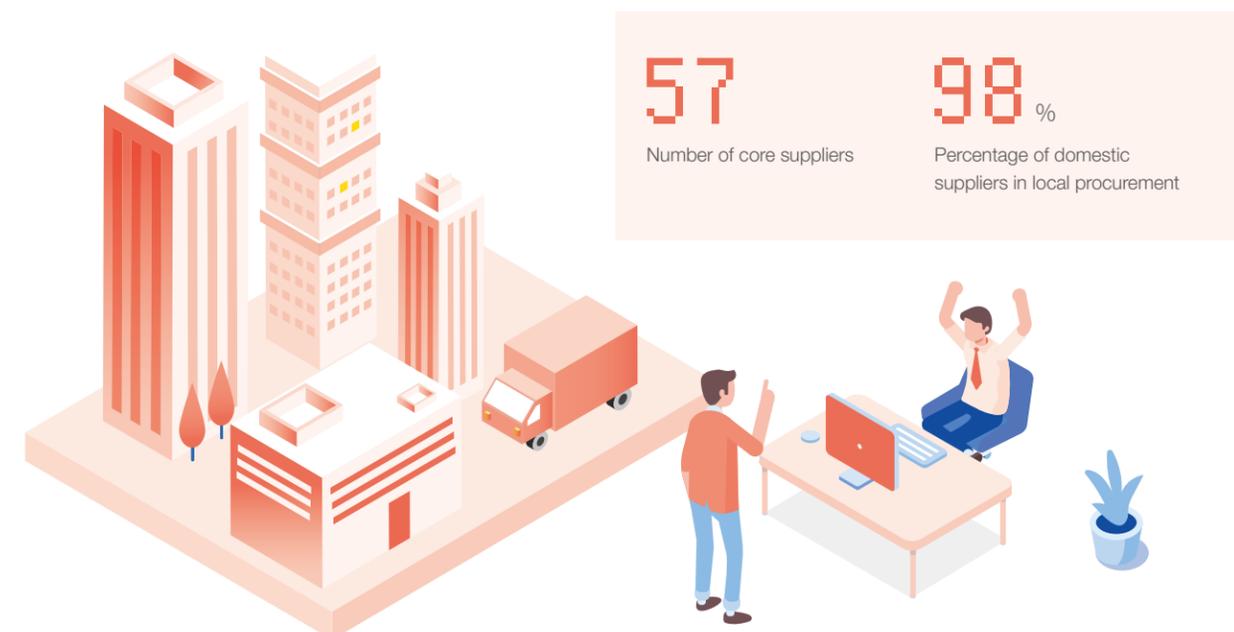
### Continuous monitoring

We closely monitor the operational status of suppliers, keep abreast of market and supplier changes, and maintain continuous monitoring and assessments of the supply chain to ensure timely adjustments in procurement strategies.

### Inventory management

We manage the inventory reasonably based on market demand and supply dynamics to avoid production disruptions or customer service issues resulting from unstable supplies.

Type of Supplier	ISO 9001 Certification Pass Rate	ISO 45001 Certification Pass Rate	ISO 14001 Certification Pass Rate
<b>Class A (19)</b>	19 passed (100%)	17 passed (89%)	17 passed (89%)
<b>Class B (26)</b>	11 passed (42%)	8 passed (31%)	8 passed (31%)
<b>Class D1 (12)</b>	7 passed (58%)	5 passed (42%)	5 passed (42%)



## Practicing transparent and green procurement

Sennics works to create social value through sustainable procurement. Therefore, we adhere to the sustainable procurement strategy centered on "conducting intensive control and intelligent management, shifting our focus of procurement management from general affairs to strategic management, and comprehensively enhancing the competitiveness of sustainable procurement management". By increasing the scope and proportion of green procurement, and promoting the use of recyclable materials and packaging, we strive to cut the environmental footprint throughout the value chain. Our whole-process digital procurement enables transparent and green procurement characterized by "business transparency, controllable processes, fully online operations, and permanent traceability".

For sustainable procurement practices, our raw material suppliers are encouraged to obtain more eco-friendly product certifications. For suppliers with negative environmental public opinions, environmental pollution incidents, or dismal environmental performance, we would adjust their risk levels promptly, pay particular attention to them, and help them make corrections and improvements within a limited time frame. Additionally, our sustainability practices extend across the entire value chain by promoting the concept of biodiversity conservation. In 2023, we successfully implemented the "green procurement" projects, which were typified by the procurement of plastic pallets, shared pallets, and eco-friendly and energy-saving vehicles made from recycled materials. Specifically, a total of 100,000 plastic pallets made from recycled materials were utilized to replace solid wood pallets in 2023.

We see to it that our procurement is carried out in a fair and just manner. We strictly adhere to all relevant laws and regulations in the countries and regions where we operate as well as international conventions. Meanwhile, our suppliers are also required to comply with applicable laws and regulations such as anti-trust, anti-unfair competition, import and export trade, anti-money laundering, and anti-corruption laws. In 2023, we continued to conduct internal and external audits and inspections initiated by multiple supervisory departments, including those by the Business Unit, Chemicals SBU and Sinochem Holdings. We continuously improved the procurement management system and business process management by filling the gaps in management systems and business processes. Additionally, we offer various compliance training sessions and hold "cautionary" meetings for all procurement staff, especially for key procurement positions, to ensure that procurement staff strictly kept within the bottom line of business compliance. Through these measures, we strive to create a transparent supply chain.

### Key performance in 2023

4

Online training session on CSR system audit for suppliers conducted

12

Suppliers received on-site audit

100 %

Cumulative coverage of core suppliers conducted sustainable procurement assessment

30

Rectification suggestions put forward

100 %

Cumulative coverage of core suppliers received sustainability training

100 %

Cumulative coverage of core suppliers conducted sustainable on-site investigation

100 %

Cumulative coverage of procurement staff to receive supplier sustainability management training

100 %

Domestic suppliers signed the *Supplier Code of Conduct* and annual framework agreements, covering environmental responsibility fulfillment, social responsibility fulfillment, and other CSR clauses

## Collaborating for mutual benefits

Sennics is well aware that a company's growth is invariably linked to the development of the industry. In view of that, we increasingly cement partnerships with peer enterprises, industrial organizations, research institutions, and universities across the upstream and downstream of the industry whilst developing our businesses. In pursuit of sustainable cooperation, we seek mutual assistance and benefit by fostering a benign environment jointly and sharing opportunities. During our operations, we endeavor to assume more responsibilities, adopt more stringent standards, and deliver corresponding solutions to shape a more sustainable world. We work with more upstream and downstream stakeholders to promote the green, low-carbon, and high-quality development of the industry.

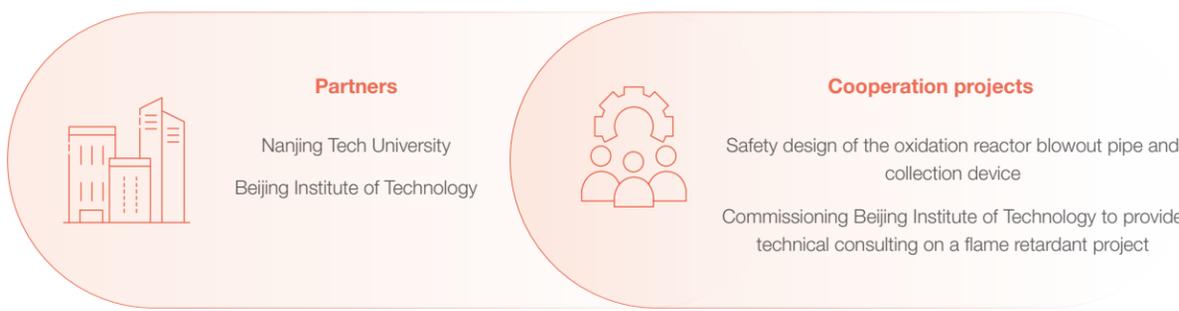
### Sennics at GRTE 2023

During March 29-31, 2023, the Global Rubber, Latex & Tyre Expo 2023 (GRTE 2023) was held at the Bangkok International Trade & Exhibition Center (BITEC) in Thailand. As a globally leading provider of polymer additives, Sennics attended the expo with products such as antioxidants, accelerators, and insoluble sulfur, and showcased the full spectrum of its green, innovative, and sustainable polymer additive solutions. Sennics' booth design carried on its consistent simple and exquisite style, and wove together the eco-friendly, tech, digital, and other elements. The fusion of Thai folk motifs added to the finishing touch. During the expo, Sennics had thorough communication with domestic and foreign customers about future cooperation opportunities. The Company introduced its scientific research achievements and project construction in the field of polymer additives, as well as its strategic planning in high-quality, fine and specialized chemical products in recent years, taking more international companies deeper into Sennics. The Company looked to leverage its digital and intelligent systems to serve the increasingly diversified demands of overseas customers, and offer higher quality products and more efficient services to global customers and partners.



**Sennics organizes the Seminar on Rubber Additives Development Trends**

On December 8, 2023, the Seminar on Rubber Additives Development Trends, hosted by the China Rubber Industry Association and organized by Sennics, took place in Tongling, Anhui Province. The seminar attracted 35 expert representatives from tire companies, higher education institutions, and research institutes in China. It focused on the challenges and opportunities facing the rubber additives industry, delving into the technological advancements and future development trends of rubber additives. Participants exchanged experience and achievements in industry technological upgrades. As a member of the rubber tire industry, Sennics sought to take advantage of the seminar to join forces with more stakeholders to effectively navigate domestic and international situations. Furthermore, the Company looked to cement the industry-university-research-application cooperation, promote the coordinated development of upstream and downstream of the industry chain, and continuously break through key technological barriers of the industry chain. Its ultimate goal was to develop rubber additives products featuring state-of-the-art technologies and innovation, and work with partners to spearhead the technological progress and high-quality development of the sector, thereby laying a robust foundation for China to become a global rubber powerhouse.



**Key performance in 2023**

**3** Partner research institutes and universities

**10** Joint R&D projects

# Boosting Social Well-being

Sennics proactively fulfils our social responsibilities, and pays attention to the needs of the regions where our business operates. We actively engage in charitable activities and act on paired assistance initiatives. Together with our employees, we contribute to community development and carry forward volunteerism with tangible actions.

## Promoting rural vitalization

We implement the *Opinions of the Central Committee of the Chinese Communist Party and the State Council on Doing a Good Job in the Key Work of Comprehensively Promoting Rural Vitalization in 2023*. By focusing on the “five-pronged rural vitalization strategy” underpinned by the vitalization of industry, talent, culture, the environment, and organizational structures, we strive to consolidate and deliver more gains in poverty alleviation, build beautiful and harmonious villages that are desirable to live and work in, and make new contributions to rural vitalization on all fronts. In 2023, we purchased RMB 125,000 worth of agricultural products from assisted regions.

- Sennics offered consumption-driven assistance to Pingshan County in Hebei Province, a target for paired assistance, and was awarded the “Certificate of Appreciation” by the Rural Revitalization Administration at Pingshan County.
- Employees of Sennics engaged in “Dream Action”, an education support program initiated by Sinochem holdings, and donated RMB 39,800 in total.
- Sennics Shandong donated 10 “Hope Cabins” with an investment of RMB 100,000; it donated RMB 100,000 in the “One-Day Goodwill Donation” campaign launched by the Shandong Charity Federation; and dispatched a support team of three with the leadership member of the company as the “first secretary” to Laoliu Village, Qingguji Town, Cao County.
- Sennics Tai’an paid a visit to Caishi Village, a member of the “enterprise-village paired-up assistance program”. The company donated rice, noodles, and oil to 10 residents in need; it also donated RMB 50,000 to the village council as the fund for poverty alleviation; and invested in the construction of strawberry tunnels to help the villagers raise income and get rich.
- Sennics Anhui donated RMB 20,000 to Hengyu Village in Tongling City; and participated in “Wishes for Thousands of Poor Students”, a campaign launched by the Tongling City Youth League Committee, fulfilling the wishes of over thirty children.
- Sennics Lianyungang donated RMB 50,000 to the Education Development Foundation of Liyun District, Lianyungang City; and formed the “Sennics Lianyungang Caring Squad” to carry out donation activities on September 5, the Charity Day of China.



“Wishes for Thousands of Poor Students”

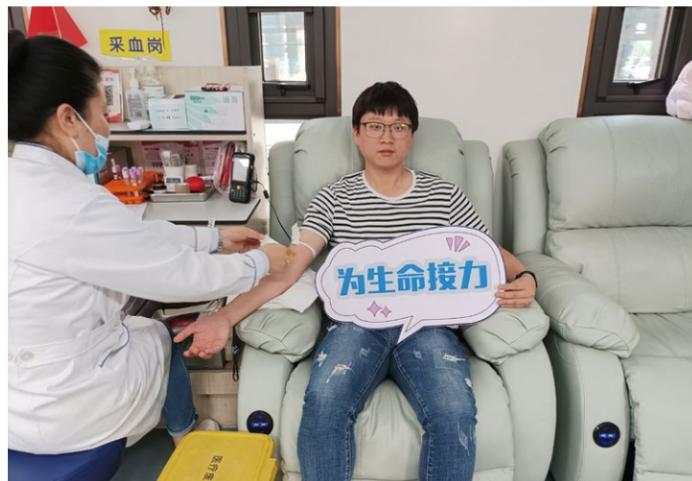


Sennics Tai’an paid a visit to Caishi Village, a member of the “enterprise-village paired-up assistance program”.

## Contributing to public welfare

We continuously carry out various socially beneficial activities, expand our community service channels, and encourage our employees to take an active part in voluntary activities. Through these actions, we work to build a caring and supportive community for all.

Sennics Shandong organizes the “cooling down” campaign for college entrance exam takers, providing free package storage services and bottles of mineral water for the exam takers. A total of 150 bottles of mineral water are distributed.



Sennics Anhui organizes the “Blood Donation” campaign, with 14 employees donating a total of 4,300 milliliters of blood voluntarily.

Sennics Tai'an participates in the fundraising activity themed “Partnership Program – Community of the Youth” initiated by the Communist Youth League Working Committee of the Ningyang Economic Development Zone. Its general Party branch and trade union also organizes a volunteering activity themed “Love in Late Autumn, Warmth on Chongyang Festival” where volunteers visit the Ciyao Town Nursing Home and hand out milk, bread, fruit, thermal underwear, and other caring items to the elderly.



## Outlook

2024 is the 75th anniversary of the founding of the People's Republic of China and a pivotal year for the 14th Five-Year Plan. This year, Sennics is setting ambitious goals to enhance value creation, sharpen core competitiveness, and strengthen our core functions. Guided by the principles of “outstanding professionalism, innovation-driven growth, lean management, and distinctive characteristics,” we are accelerating the transformation and upgrading of our digital, intelligent, and service-oriented strategies. By doing so, we are not only meeting our economic, social, and environmental responsibilities but also establishing ourselves as a world-class leader in the global polymer additive industry, steering the global polymer additives industry towards a trajectory of sustainable development.

### Safe Development

We will remain steadfast in our commitment to the principle of “always putting HSE first,” continually strengthening our HSE systems. Our focus is on improving the rigidity and competitiveness of HSE performance, the intrinsic safety and emergency management, and HSE management quality and efficiency, particularly in our overseas operations. We will integrate sustainable development into our daily practices.

### Green Development

We will continue to drive progress towards achieving our carbon peaking and carbon neutrality goals, exploring the applications of digital technologies, and embedding sustainability into our key production and operational processes. By improving the assessment and analysis of biodiversity impacts and dependencies, we are committed to promoting ecological awareness and implementing the philosophy that “lucid waters and lush mountains are invaluable assets.”

### Innovation-Driven Development

Our commitment to technological innovation and relevant key capabilities is unwavering. We will continue to make breakthroughs in core technologies, focusing on independent development and industrial transformation. We are increasing R&D investments, building strong research teams, enhancing project management, and advancing integrated innovation.

### Shared Development

Sennics is deeply integrating sustainability into every aspect of supply chain operations. We are improving the sustainable supply chain by strengthening supplier evaluations, and audits, promoting the use of digital procurement systems, enhancing procurement compliance management, and fulfilling our corporate responsibilities as a member of TIS.

### Talent Development

We will adopt a “people-oriented” approach, optimize human resource allocation, and focus on developing a talent pipeline. We also keep improving compensation and reward systems, providing diverse communication and training opportunities, and integrating sustainability into human resource management.

### Compliance Development

We will continuously refine our compliance management systems and improve compliance risk management. Our focus is on strengthening ethical conduct and clean governance, particularly in new and high-priority areas, intensifying accountability efforts, enhancing anti-corruption training and unblocking whistleblowing channels.

### Brand Development

We are expanding the reach and impact of our brand by focusing on key themes such as industry direction, global strategy, technological innovation, and social responsibility. Our goal is to create distinctive brand connotations and communicate our sustainability initiatives and actions to all stakeholders.

# Key Performance Indicators

Category	Indicators	Unit	2021	2022	2023
Economic	Gross operating income	RMB billion	4,197.23	5,294	<b>4,128</b>
	Number of intellectual property applications (including patents and copyrights)	-	34	38	<b>44</b>
	Number of authorized intellectual property (including patents and copyrights)	-	28	39	<b>23</b>
	Contract performance rate	%	100	100	<b>100</b>
	Percentage of localized procurement	%	94	94	<b>98</b>
	Percentage of domestic suppliers conducting CSR assessment	%	100	90	<b>100</b>
	Social	New hires	headcount	185	285
Total employees		headcount	1,936	2,084	<b>2,051</b>
Total male employees		headcount	1,398	1,539	<b>1,527</b>
Total female employee		headcount	538	545	<b>524</b>
Total employees of minority nationality		headcount	17	24	<b>23</b>
Total employees with disabilities		headcount	16	15	<b>10</b>
Employees with a Master's degree or higher		headcount	85	137	<b>131</b>
Employees with a Bachelor's degree		headcount	333	537	<b>541</b>
Employees graduated from junior colleges		headcount	623	680	<b>677</b>
Employees graduated from technical secondary schools or lower		headcount	895	730	<b>702</b>
Employees aged 29 and below		headcount	247	382	<b>359</b>
Employees aged 30-39		headcount	651	673	<b>672</b>
Employees aged 40-49		headcount	636	605	<b>600</b>
Employees aged 50 and above		headcount	402	424	<b>420</b>
Management personnel		headcount	267	351	<b>428</b>
Female management personnel		headcount	90	74	<b>93</b>
Coverage of collective contract		%	100	100	<b>100</b>
Coverage of social insurance		%	100	100	<b>100</b>
Trade Union members		headcount	1,936	2,084	<b>2,051</b>
Employee turnover rate		%	5	5.1	<b>5</b>
Total training investment		RMB 10,000	173.9	212.3	<b>224</b>

Category	Indicators	Unit	2021	2022	2023	
Social	Total training hours	hour	83,383	89,061	<b>131,068</b>	
	Total training participants	headcount	29,272	30,815	<b>41,545</b>	
	Training duration of management personnel	hour	12,799	23,071	<b>22,056</b>	
	Percentage of employees who receive regular performance assessment and career development appraisal (management personnel excluded)	%	100	100	<b>100</b>	
	Percentage of management personnel who receive regular performance assessment and career development appraisal	%	100	100	<b>100</b>	
	Male-to-female basic salary ratio	-	1.27	1.26	<b>1.26</b>	
	Average paid leave (day)	day	15	10	<b>11</b>	
	New occupational diseases in 2023 and accumulated occupational diseases	-	0	0	<b>0</b>	
	Coverage of medical examination and records	%	100	100	<b>100</b>	
	Employees on maternity/ paternity leave	headcount	28	35	<b>59</b>	
	Employees returning from maternity/ paternity leave	headcount	25	32	<b>53</b>	
	Number of positions for open competition	-	18	65	<b>58</b>	
	Input for supporting employees in need	RMB 10,000	52.05	48.20	<b>34</b>	
	Total investment in work safety	RMB 10,000	2,471.22	6,079.98	<b>7,319.02</b>	
	Work safety accidents	-	0	0	<b>0</b>	
	Employee casualties	headcount	0	0	<b>0</b>	
	Total investment in public welfare	RMB 10,000	121.5	103.89	<b>81.766</b>	
	Number of public welfare projects	-	39	7	<b>18</b>	
	Employee volunteers	headcount	201	163	<b>741<sup>9</sup></b>	
	Length of public services	hour	217	274	<b>111.5</b>	
	Environmental	Total energy consumption	MWh	1,017,030	1,052,534	<b>860,415</b>
		Intensity of energy consumption	MWh/RMB 10,000	2.42	1.99	<b>2.08</b>
		Water withdrawal for production and living	kt	704	647	<b>618</b>
Power consumption		MWh	107,990	97,780	<b>94,770</b>	
Diesel consumption		1,000 liters	71	34	<b>38</b>	
Gasoline consumption		1,000 liters	41	87	<b>47</b>	
Natural gas (Coke oven gas) consumption		1,000 cubic meters	33,382	59,285	<b>64,081</b>	
Coal consumption		tce	43,226	0	<b>0</b>	
Paper consumption		-	2,394,500	2,507,000	<b>2,517,142</b>	

Category	Indicators	Unit	2021	2022	2023
Environmental	Total amount of packaging materials	ton	3,290	4,309	<b>5,218</b>
	Water Consumption <sup>2</sup>	10,000 tons	5.4	45.7	<b>44.52</b>
	Wastewater discharge <sup>3</sup>	10,000 tons	65	19	<b>16</b>
	Discharge of solid waste <sup>4</sup>	ton	16,463	180	<b>1,306</b>
	Discharge of hazardous waste <sup>5</sup>	ton	2,560	3,641	<b>3,907</b>
	Total amount of hazardous waste directed to disposal	ton	3,657	3,641	<b>3,741.98</b>
	Amount of Hazardous Waste Directed to Disposal by Incineration (With Energy Recovery) <sup>6</sup>	ton	1,144.80	672.54	<b>1,012.15</b>
	Amount of Hazardous Waste Directed to Disposal by Incineration (Without Energy Recovery) <sup>6</sup>	ton	31.86	993.13	<b>1,494.63</b>
	Amount of Hazardous Waste Directed to Disposal by Landfilling <sup>6</sup>	ton	13.26	73.64	<b>171.9</b>
	Amount of Hazardous Waste Directed to Disposal by Other Disposal Methods	ton	2,467.01	1,901.57	<b>1,063.30</b>
	GHG emissions <sup>7</sup>	ton	465,831	427,388	<b>396,886</b>
	Intensity of GHG emission	tCO <sub>2</sub> e	1.11	0.81	<b>1.19</b>
	Emission of COD	tCO <sub>2</sub> e/RMB 10,000	5.83	5.72	<b>5.60</b>
	NH <sub>3</sub> -N Emissions	ton	0.71	0.69	<b>0.68</b>
	VOCs Emissions <sup>8</sup>	ton	9.68	9.46	<b>33.63</b>
	Emission of sulfur dioxide	ton	28.05	27.45	<b>26.15</b>
	NO <sub>x</sub> Emissions	ton	64.97	63.52	<b>61.28</b>
	Total investment in environmental protection	RMB 10,000	2,099	1,794	<b>2,816</b>
	Investment in energy-saving technological improvement	RMB 10,000	1,443	1,142	<b>464</b>
	Number of energy-saving technological improvement projects	-	25	31	<b>40</b>
Power saved by installing LED lamps	MWh	150	253.8	<b>0.036</b>	

Data specifications:

- In 2022, all operating factories of Sennics completed "coal-to-gas" transformation, realizing zero coal consumption.
- Water Consumption=Water Withdrawal for Production and Living-Industrial Wastewater Discharge
- In 2022, drainage methods such as direct discharge of steel belt convection cooling water were fully banned, leading to a significant decrease in industrial wastewater discharge.
- Sennics Shandong stopped using coal-fired boilers in October 2021, and no more cinder and coal ash were produced in 2022. Thus, the nonhazardous waste generated in 2022 dropped sharply on a year-on-year basis. Due to the factory construction and expansions, there was a notable increase in construction waste and non-hazardous waste production in 2023.
- Due to control measures, some hazardous wastes and other wastes were not timely transferred and had to be stored till the other year, leading to a possible discrepancy between hazardous wastes generated and those treated or disposed of in the year. To improve the effects of wastes (wastewater, exhaust gas and solid waste) treatment, Sennics Tai'an newly installed exhaust gas and wastewater treatment equipment, generating three more effluents and causing an increase in the volume of hazardous wastes generated in 2022.
- All factories reduced hazardous waste storage and shortened disposal cycles in 2023.
- GHG emissions have been calculated in accordance with Guide on Greenhouse Gas Emission Accounting and Reporting for Chemical Productions Enterprises in China (Trial) with only Scope I and Scope II GHG emissions (excluding data of Sennics Lianyungang) included.
- Unorganized and organized emissions at Sennics Shandong and Sennics Anhui saw an increase due to project expansions in 2023.
- In 2023, all employees of Sennics Tai'an participated in volunteer fundraising activities, resulting in the significant rise in volunteers.

## GRI Content Index

**Statement of use** Sennics Co., Ltd. has reported the information for the period from January 1, 2023 to December 31, 2023 in accordance with the GRI Standards.

GRI 1: Foundation 2021

GRI Standard	Disclosure	Page(s)/ Notes
GRI 2: General Disclosures 2021		
2-1	Organizational details	17-18
2-2	Entities included in the organization's sustainability reporting	3-4
2-3	Reporting period, frequency and contact point	3-4
2-4	Restatements of information	1
2-5	External assurance	85-86
2-6	Activities, value chain and other business relationships	1733-44, 67-71
2-7	Employees	59-66, 75
2-8	Workers who are not employees	The Company respects the employees employed by all forms of employment; the data statistics are incomplete for disclosure.
2-9	Governance structure and composition	27
2-10	Nomination and selection of the highest governance body	27
2-11	Chair of the highest governance body	27
2-12	Role of the highest governance body in overseeing the management of impacts	8-11, 27
2-13	Delegation of responsibility for managing impacts	8-11, 27
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2-16	Communication of critical concerns	8-11, 27
2-17	Collective knowledge of the highest governance body	8
2-18	Evaluation of the performance of the highest governance body	8-11, 27
2-19	Remuneration policies	27
2-20	Process to determine remuneration	27
2-21	Annual total compensation ratio	Disclosures are omitted due to commercial confidentiality restrictions.
2-22	Statement on sustainable development strategy	7

GRI Standard	Disclosure	Page(s)/ Notes
2-23	Policy commitments	9, 29, 47, 52, 59, 67
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2-26	Mechanisms for seeking advice and raising concerns	4, 32
2-27	Compliance with laws and regulations	29
2-28	Membership associations	9
2-29	Approach to stakeholder engagement	10
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<b>GRI 3: Material Topics 2021</b>		
3-1	Process to determine material topics	11
3-2	List of material topics	11
<b>Economic</b>		
<b>GRI201: Economic Performance 2016</b>		
3-3	Management of material topics	7-14
201-1	Direct economic value generated and distributed	75
201-2	Financial implications and other risks and opportunities due to climate change	19-24
201-3	Defined benefit plan obligations and other retirement plans	59-61
201-4	Financial assistance received from government	Disclosures are omitted due to commercial confidentiality restrictions.
<b>GRI 202: Market Presence 2016</b>		
3-3	Management of material topics	7-14, 59-61
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	The Company upholds the principle of "equal pay for equal work" and offers basic salaries which are not disclosed due to confidentiality requirements.
202-2	Proportion of senior management hired from the local community	59
<b>GRI 203: Indirect Economic Impacts 2016</b>		
3-3	Management of material topics	7-14, 72-73
203-1	Infrastructure investments and services supported	72-73
203-2	Significant indirect economic impacts	72-73
<b>GRI 204: Procurement Practices 2016</b>		
3-3	Management of material topics	7-14, 67-71
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GRI Standard	Disclosure	Page(s)/ Notes
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3-3	Management of material topics	7-14, 29-30
205-1	Operations assessed for risks related to corruption	29
205-2	Communication and training about anti-corruption policies and procedures	30
205-3	Confirmed incidents of corruption and actions taken	30
<b>GRI 206: Anti-competitive Behavior 2016</b>		
3-3	Management of material topics	7-14, 29
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	29
<b>Environment</b>		
<b>GRI302: Energy 2016</b>		
3-3	Management of material topics	7-14, 15-16, 19-24, 55-56
302-1	Energy consumption within the organization	24, 76
302-2	Energy consumption outside of the organization	The statistics and evaluation methods of external energy are being gradually improved. Due to lack of information or incomplete information, only part of information was disclosed.
302-3	Energy intensity	24, 76
302-4	Reduction of energy consumption	23, 76
302-5	Reductions in energy requirements of products and services	The statistics and evaluation methods of products, services and energy demand are being gradually improved. Due to lack of information or incomplete information, only part of information was disclosed.
<b>GRI303: Water and Effluents 2018</b>		
3-3	Management of material topics	7-14, 52-56
303-1	Interactions with water as a shared resource	55-56
303-2	Management of water discharge-related impacts	52, 55-56
303-3	Water withdrawal	76-77
303-4	Water discharge	76-77
303-5	Water consumption	76-77
<b>GRI 304: Biodiversity 2016</b>		
3-3	Management of material topics	7-14, 54
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	54
304-2	Significant impacts of activities, products and services on biodiversity	54

GRI Standard	Disclosure	Page(s)/ Notes
304-3	Habitats protected or restored	54
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	54
<b>GRI 305: Emissions 2016</b>		
3-3	Management of material topics	7-14, 19-24, 52-56
305-1	Direct (Scope 1) GHG emissions	24
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305-3	Other indirect (Scope 3) GHG emissions	24
305-4	GHG emissions intensity	24, 77
305-5	Reduction of GHG emissions	23
305-6	Emissions of ozone-depleting substances (ODS)	No ODS emissions during company operations and production processes.
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<b>GRI306: Waste 2020</b>		
3-3	Management of material topics	7-14, 52-56
306-1	Waste generation and significant waste-related impacts	52-56
306-2	Management of significant waste-related impacts	52-56
306-3	Waste generated	77
306-4	Waste diverted from disposal	The method of collecting the waste transferred is gradually improving. Thus, relevant information was partly disclosed since it is not applicable.
306-5	Waste directed to disposal	77
<b>GRI308: Supplier Environmental Assessment 2016</b>		
3-3	Management of material topics	7-14, 67-69
308-1	New suppliers that were screened using environmental criteria	67-69
308-2	Negative environmental impacts in the supply chain and actions taken	67-69
<b>Society</b>		
<b>GRI401: Employment 2016</b>		
3-3	Management of material topics	7-14, 59-66
401-1	New employee hires and employee turnover	Due to business confidentiality, only part of data about new recruits and employee turnover rate were disclosed.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	64-66

GRI Standard	Disclosure	Page(s)/ Notes
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<b>GRI403: Occupational Health and Safety 2018</b>		
3-3	Management of material topics	7-14, 47-51
403-1	Occupational health and safety management system	47-48
403-2	Hazard identification, risk assessment, and incident investigation	47-48
403-3	Occupational health services	47-51, 76
403-4	Worker participation, consultation, and communication on occupational health and safety	47-51
403-5	Worker training on occupational health and safety	51
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403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	47-49
403-8	Workers covered by an occupational health and safety management system	48
403-9	Work-related injuries	48-49
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<b>GRI404: Training and Educations 2016</b>		
3-3	Management of material topics	7-14, 63-64
404-1	Average hours of training per year per employee	64
404-2	Programs for upgrading employee skills and transition assistance programs	63-64
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<b>GRI405: Diversity and Equal Opportunity 2016</b>		
3-3	Management of material topics	7-14
405-1	Diversity of governance bodies and employees	27, 59-60, 75
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<b>GRI406: Non-discrimination 201</b>		
3-3	Management of material topics	7-14
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<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
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407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	61-62, 67-69

GRI Standard	Disclosure	Page(s)/ Notes
GRI 408: Child Labor 2016		
3-3	Management of material topics	7-14
408-1	Operations and suppliers at significant risk for incidents of child labor	59-61, 67-69
GRI 409: Forced or Compulsory Labor 2016		
3-3	Management of material topics	7-14
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	59-61, 67-69
GRI 413: Local Communities 2016		
3-3	Management of material topics	7-14, 72-73
413-1	Operations with local community engagement, impact assessments, and development programs	47-56, 72-73
413-2	Operations with significant actual and potential negative impacts on local communities	47-56, 72-73
GRI414: Supplier Social Assessment 2016		
3-3	Management of material topics	7-14
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b) Describe management's role in assessing and managing climate-related risks and opportunities	8, 19
<b>Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material</b>	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	20-22
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	20-22
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	20-22
<b>Risk Management: Disclose how the organization identifies, assesses, and manages climate-related risks</b>	
a) Describe the organization's processes for identifying and assessing climate-related risks	20-24
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<b>Metrics and Targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</b>	
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# Third Party Assurance



## Independent Assurance Statement

### Introduction

TÜV Rheinland (Shanghai) Co., Ltd., member of TÜV Rheinland Group, Germany (hereinafter "TÜV Rheinland", "We") has been entrusted by the management of Sennics Co., Limited (hereinafter "Sennics", "the company") to conduct independent assurance of Sennics Sustainability Report 2023 (hereinafter "the Report"). All contractual contents for this assurance engagement rest entirely within the responsibility of Sennics. Our task was to give a fair and adequate judgement on the Report.

The intended users of this assurance statement are stakeholders who have relevance to Sennics' overall sustainability performance and impacts of its business activities during year 2023 (1 January 2023 ~ 31 December 2023).

TÜV Rheinland is a global service provider of Corporate Social Responsibility (CSR) & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement, and we were not involved in the preparation of the Report contents.

### Assurance Standard

TÜV Rheinland undertook the assurance work in accordance with the AA1000 Assurance Standard v3 (AA1000AS v3) Moderate level of assurance.

### Scope & Type of Assurance

Our assurance engagement was carried out in accordance with the AA1000AS v3, Type 1 Moderate level on Sennics' sustainability performance in the Report. The following assurance criteria were used in performing the assurance work:

- In accordance with the GRI Sustainability Reporting Standards (GRI Standards)
- In reference to Task Force on Climate-Related Financial Disclosures (TCFD)
- The United Nations Sustainable Development Goals (UN SDGs)
- Adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact.

### Assurance Methodology

Our assurance activities included:

- Review of management practices and processes to assess Sennics' sustainability management system, which includes sustainability strategy, corporate governance, risk assessment, stakeholder engagement, material issue assessment, goals and metrics setting and performance.
- Interview with managers responsible for sustainability performance, information and data collection and reporting.
- Review and inspection of sustainability performance information and data to test accuracy of information and data on a sample basis, by conducting analytical procedures.
- Collection of documentary evidence, and assessment of Sennics' sustainability activities adhere to the AccountAbility Principles.

### Limitations

TÜV Rheinland performed the assurance based on the scope of defined engagement agreement, and on a moderate level assurance under the AA1000AS for engagement. Information and performance data subject to assurance is limited to the contents of the Report.

Procedures performed in a moderate assurance vary in nature from, and are less in extent, than high level assurance. Our assurance work did not cover financial data and other information not related to sustainability.

### Conclusions

Based on our methodology and activities performed within the scope of this assurance, we can reach a conclusion that no instances or information came to our attention that would be to the contrary of the statement made as below:

- Sennics Sustainability Report 2023 and its contents adhere to the AccountAbility Principles and are in accordance with the disclosure criteria of the GRI Standards.
- Sennics has implemented relevant processes, including energy and carbon emissions management system, to collect and aggregate key performance data in relation to important topics within the reporting boundary, while the company identified, assessed, determined and managed these topics.



- Information and performance data of sustainability disclosed in the Report are assessed and supported by documentary evidence, which can truly reflect management practice of Sennics on Sustainability. TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision on Sennics based on this Assurance Statement.

### Adherence to the AA1000 AccountAbility Principles

**Inclusivity:** The key stakeholders identified by Sennics include shareholders, customers, governments and regulators, employees, suppliers, and communities. The Corporate Sustainability Working Group investigates and identifies significant stakeholder concerns about the company's sustainability issues and reports to the Sustainability Committee in a timely manner. During the reporting period, Sennics conducted internal and external stakeholder surveys on sustainable development issues to provide a reference for the analysis of material issues.

**Materiality:** Sennics conducted materiality analysis every year. Within the reporting period, the company comprehensively considered the characteristics of the chemical industry and policy analysis, the company's operation and management strategy priorities, stakeholder research results, benchmarking with the United Nations Sustainable Development Goals (UN SDGs), and other factors affecting sustainable development, to assess and prioritize sustainability issues from the two dimensions of "the degree of impact on stakeholder" and "the importance of economic, social and environmental impacts". As shown in the constructed issue matrix, high-importance issues include, but are not limited to, occupational health and safety, risk management, customer service and product management, pollution prevention and ecological protection, sustainable products and solutions, innovative development, and efficient use of resources, etc. The results of the materiality assessment were reviewed and approved by the Corporate Sustainability Committee.

**Responsiveness:** Sennics' communication with its key stakeholders on sustainability issues is diverse. These communication channels include public disclosure and regular sustainability reporting, customer meetings and customer service, regular reporting to regulators, employee training, grievance mechanisms, supplier training and audits, and community programs.

This report discloses data on key performance (responsible performance) indicators that stakeholders are interested in, including employee management, occupational health and safety, energy consumption, water management, greenhouse gas emissions, and waste and other emissions, and these performance data are historically comparable.

In 2023, "Carbon Steward" system self-developed by Sennics has achieved diversified functions, covering carbon verification, carbon multi-dimensional analysis, and carbon performance tracking, which can help the precise management and control of "Dual Carbon". In addition, the company has formulated a series of rules and regulations on carbon emission compliance evaluation to promote the lean carbon emission optimization of existing projects and the entry threshold for incremental projects.

**Impact:** Sennics has always attached great importance to the management of sustainable development risks in its own operations and value chain and has focused on key areas such as corporate governance and business ethics, environmental protection (including climate change response, biodiversity), safety management, labor and human rights, and sustainable procurement. Supporting evidence demonstrates that during the reporting period the company formulated a number of sustainable development goals and implemented annual action plans and management measures, and incorporated indicators such as environmental and safety management goals, carbon reduction and emission reduction goals, sustainable procurement goals and sustainable development system construction into performance appraisal. The company conducts environmental and social impact assessments, including climate change risks and opportunities and their potential financial impacts, and integrates sustainability risk management, compliance management, and target and performance management into its routine operation management.



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TÜV Rheinland (Shanghai) Co., Ltd  
Shanghai, China, 16 August 2024



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