

Yunnan Energy New Material Co., Ltd.  
2020 Environment, Social and Governance Report

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## About this report

### Glossary of the report

This is the Environment, Social and Governance Report (“ESG Report”) issued by Yunnan Energy New Material Co., Ltd. (for better presentation and readability, “Yunnan Energy New Material”, “the Company”, and “we” , and “the Group” for the Company together with its subsidiaries), presenting the management practice and performance in the aspects of environment, social and governance in 2020 .

### Reporting period

This report is an annual report for the period from 1 January to 31 December 2020 (the “reporting period”). Given that this is the first year that the Group has prepared an ESG report, to make it a complete report, some of the information presented herein is relevant to facts before the referred period.

### Organisational structure

The organisational structure that is relevant to this report includes entities within Yunnan Energy New Material Co., Ltd. that either control or significantly influence the applicable finance and business policies and measures. The report did not address the ESG practices of Chongqing Yuntianhua Newmi Technology Co., Ltd. (“Newmi Technology”) as the Group only obtained control of the Company when Shanghai Energy New Material Co., Ltd. did the acquisition in December 2020, a time point very close to the reporting period end. We will include Newmi Technology’s ESG practices in our social responsibility report for the next annual period.

### Data of the report

Data and cases presented herein were extracted from the internal documents, reports and other documentation that keeps track of the progress in satisfying performance obligations of the Group and its subsidiaries.

### Assurance for reliability of the report

The Group guarantees that the report is free of false or misleading statements.

### Key reporting metrics used, including:

- The Global Reporting Initiative’s (“GRI”) Sustainability Reporting Standards (“GRI Standards”);
- The Corporate Social Responsibility Reporting Guidelines released by the Chinese Academy of Social Sciences (“CASS-CSR 4.0”);
- Shenzhen Stock Exchange’s Social Responsibility Instructions to Listed Companies; and
- The United Nations Sustainable Development Goals (“SDGs”)

### **Access to and feedback on the report**

This report is available on Yunnan Energy New Material Co., Ltd.'s website (<http://www.cxxcl.cn/>) and published in both Chinese and English languages. Where the English content conflicts with the Chinese content, the Chinese one shall prevail. Please share via email ([groupheadquarter@cxxcl.cn](mailto:groupheadquarter@cxxcl.cn)) your thoughts and suggestion on our ESG Report or our environment and social responsibility performance.

## Message from the Chairman and General manager

### Chairman's message

The COVID-19 pandemic spread around the world in 2020. During this extraordinary year, we worked together to fight against the pandemic, and we took prevention and control measures to ensure the resumption of work and production and prevent the pandemic from recurring. It has been a difficult journey. In navigating the pandemic, the question of how to stay resilient and competitive has become more pressing than ever before. To address this issue, we need to deliver a solid performance on a daily basis, develop agile response capabilities, and engage with our communities in a timely manner, among other tasks.

In 1996, 25 years ago, we decided to return to China to start a business. However, it was not until 2006 that Yunnan Energy New Material was founded. In 2020, almost a decade and a half later, we launched our first overseas production facility. In the beginning, we started out manufacturing cigarette labels and packages in Yunnan. A quarter century later, we have been able to successfully seize other market opportunities, and step by step we have built and operate a network of lithium battery isolation film plants that spans Shanghai, Jiangsu, Jiangxi, Guangdong and Chongqing. Throughout our history, we have focused on delivering a solid performance on a daily basis, developing agile response capabilities, and engaging with our communities across all aspects of our business.

For an enterprise to stay relevant in the long run, it needs to focus on the needs of society and use forward-looking thinking to make wise investments. To this end, we have upheld a “people-centred” philosophy and aligned our business model with measures that are designed to encourage green development and enhance people’s quality of life. We manufacture high-quality packages that allow people to rest assured that their food and beverages are fresh and clean. In the lithium battery isolation film sector, we have focused on research and development activities and other measures to improve our manufacturing and management processes; and at the same time, we have conducted business acquisitions and consolidation as appropriate to expand our business. As a result of these endeavours, we now hold the largest share of China’s battery isolation film market, and with this capacity we are able to make a significant contribution to the country’s efforts to make the air cleaner and develop the electric vehicle industry. In addition, we have adopted an employee-focused management approach. Starting with our first factory, we have ensured that every factory we build is accompanied by a high-quality employee dormitory and canteen. At more recently built factories, we have also provided sports and recreational facilities. When we acquired factories that did not have these facilities, we undertook renovation and expansion projects to add the relevant facilities. These facilities help alleviate employees’ concerns and ensure that they have a convenient place to rest and refresh themselves.

While pursuing rapid business expansion, we have continued to improve our understanding and management of ESG practices. In the face of ever-changing environmental and social risks, we have resolutely promoted a sustainable development strategy, and we consider clean waterways and mountains to be as precious as gold. Our efforts in this regard have echoed the call of President Xi

Jinping, who, during inspection tours of Yunnan in 2014 and early 2020, emphasised that the beautiful environment in Yunnan is a great treasure, not only for the province but also for the country as a whole. During these tours, President Xi explicitly said that ecological conservation should be promoted, and he encouraged Yunnan to be the frontrunner in promoting ecological conservation and eco-friendly manufacturing. We have seized this strategic opportunity and taken responsibility for promoting green development. In fact, when the Group was founded, we made it a key element of our production and management philosophy to minimise energy and resource consumption and the negative impact of our operations on the environment while maximising recycling. Furthermore, we have emphasised the importance of our customers' opinions, and we have worked to gain a deep understanding of market demand, purchase high-quality raw materials from reliable suppliers, and embed environmental awareness in our R&D and design activities to promote green development.

While achieving higher revenue and better operating efficiency, we have continued to make progress in managing our ESG practices. In this regard, we implemented a group-wide talent management policy to eliminate any prejudice with respect to where employees are from and to make our resource and talent allocation more efficient. In addition, we have provided our employees with competitive compensation packages and the best opportunities possible for career development to retain our talent. We have also launched initiatives that benefit our communities, including regular clothing donation campaigns, as well as fund donation drives during the COVID-19 pandemic and other emergencies. In this way, we have assumed our social responsibility and worked together with our local communities through challenging times.

To meet the challenges of the new era, we will chart a new path forward and work to achieve new progress. In recent years, our business and workforce have grown, and we have intensified our efforts to “go global,” which has caused our stakeholders to become more diversified. For this reason, we have decided to prepare the Environmental, Social and Governance Report (the “ESG Report”) to explain how we focus on environmental and social aspects and conduct ESG practices in response to stakeholder concerns. In the years ahead, given the international focus on China’s goal of achieving “carbon neutrality,” we will continue to coordinate our efforts to encourage innovative green development while improving our resilience and competitiveness. At the same time, we will work to promote environmental, social and economic benefits, stay true to our vision, and pursue excellence.”

Paul Xiaoming Lee  
Chairman of the Board  
17 March 2021

## General Manager's message

2020 was an extraordinary year. At the beginning of the year, the COVID-19 pandemic suddenly changed everyone's life. *During an epidemic, orders need to be followed. In order to prevent and control the epidemic, we have to take responsibility.* This was the COVID-19 battle slogan put forward by President Xi Jinping. The epidemic prevention situation is complex and severe, and the prevention and control work is urgent. During these trying times, we have witnessed the courage of millions of compatriots who have worked together to combat the pandemic. Under these challenging circumstances, the Group formulated an epidemic prevention and control work plan and emergency plan for the first time, implemented the prevention and control measures, resumed work and production in an orderly manner, closely monitored employee trends, and provided help for employees who were experiencing difficulties during the epidemic period. At the same time, we also actively took measures to shoulder the responsibilities of corporate citizenship and promote the country's anti-epidemic efforts. In the early stages of COVID-19, the Group donated RMB 3 million to its communities. In addition, the Group donated RMB 30,000 worth of epidemic prevention materials to various social organisations to support the prevention and control of COVID-19.

In addition to fighting against the epidemic, Enjie continued to make significant progress in its ESG work during the year. In terms of human resource management, we were able to better cultivate talent for the Group. By implementing various talent policies, we were able to hire talented personnel from different regions and also improve the Group's global allocation of human resources. In addition, during the year, we put greater effort into educating the talent of the future. In this regard, we provided support for the construction of a National Demonstration Microelectronics College at Southeast University. Furthermore, with the help of provincial and municipal semiconductor industry associations and various public technology service platforms, we set up "Enjie University" in order to cultivate more professionals for Wuxi's local market. "Enjie University" is centred on the Group's strategy and adopts the "three combination" talent selection and development strategy, which combines internal and external factors, front-line and high-level skills, and learning and practice. In this way, "Enjie University" is able to cultivate diversified talent who can grow together with the Group. Moreover, we have made progress in talent retention, improved the Group's work environment, and compensated and served top-notch talent in the way that they deserve. In short, we are working to make the Group a place where all employees feel valued.

We are also constantly working to improve the Group's product quality management system. In this regard, we have formulated a strict product quality appraisal process, and we have continuously improved the product system and product quality through inspections, cross-inspections within the Group, layered process audits (LPAs), and other procedures. In addition, we closely monitor follow-up on after-sales problems, thoroughly handle specific problems, and ensure that customer complaints are effectively solved, with the ultimate goal of improving product quality and fully developing the market. We have also worked to stabilise supply channels, ensure the quality of incoming materials, and realise sustainable supply chain management through supplier admittance management and regular reviews.

Intellectual property management is a highlight of the Group's development, and a driving force that enables the Group to maintain its leading position. For this reason, we have strictly implemented the intellectual property management system and required intellectual property feasibility studies to be conducted for all of the Research Institute's new products, and we have also formulated task objectives with respect to invention patents. In addition, in order to improve the capabilities of the Group's R&D personnel, we organised a series of required training courses developed by the Intellectual Property Department. These courses have helped the Group's R&D personnel become more well-rounded and gain a better understanding of issues related to both R&D and patent protection. At present, we have achieved effective management of intellectual property. Overall, we adhere to a "technology first" philosophy, analyse market developments from the perspective of intellectual property rights, and actively promote cooperation between the Intellectual Property Department and the Research Institute.

In terms of environmental management, we are committed to building factories that are modern and green. To this end, we have established a strict sewage and waste discharge management system, and we have equipped each factory with a sewage treatment station. In addition, regular and irregular sampling is conducted both internally and externally to ensure the standard discharge of wastewater and waste gas. We strictly implement the local waste classification system at our factories and actively publicise information regarding waste classification. In this way, we are working to ensure that the classification of harmless waste is accurate and contribute to the city's waste classification work. We have also set up hazardous waste warehouses, and we are actively deploying technology to reduce hazardous waste emissions.

This year marks the first time that Enjie has disclosed its ESG report. We have provided this report to present information about the Group's ESG practices to domestic and foreign investors so that they can have a better understanding of the Group. In the future, we will face challenges stemming from the continuous improvement of regulatory requirements for environmental protection, but at the same time we think our industry we will see opportunities brought about by climate change. Going forward, we will continue to enhance and improve our sustainable development efforts and strive to make greater contributions to our communities, society and the natural environment.

Li Xiaohua

General Manager

17 March 2021

## I. About the Group

### 1.1 Group overview

Yunnan Energy New Material Co., Ltd. was established on 5 April 2006, with its headquarters located at No.125 Fuxian Road, High-tech zone, Yuxi City, Yunnan Province. As of the reporting period end, the Group had six second-tier subsidiaries. Among them, Yunnan Hongta Plastics Co., Ltd. (hereinafter referred to as “Hongta Plastics”), Yunnan Dexin Paper Co., Ltd. (hereinafter referred to as “Dexin Paper”), Chuangxin New Material (Hong Kong) Co., Ltd., and Wuxi Energy Trading Co., Ltd. were wholly-owned. The other two, namely Shanghai Energy New Material Technology Co., Ltd. (hereinafter referred to as “Shanghai Energy”) and Yunnan Hongchuang Packaging Co., Ltd. (hereinafter referred to as “Hongchuang Packaging”) were holding subsidiaries. According to the “*Guidelines on Industry Classification of Listed Companies (Revised in 2012)*”, the Group’s industry classification is “C29: Rubber and Plastic Products”.

The Group’s operations are mostly in mainland China, with production facilities in Shanghai, Yunnan, Sichuan, Chongqing, Jiangsu, Jiangxi and Guangdong. In addition, we launched our first overseas factory project in Debrecen, Hungary in November 2020. The move was part of our effort to further go global and enhance our impact world-wide by expanding the overseas market for our wet-process lithium battery isolation film product. As of the reporting period end, our factory in Hungary was under construction.

As at the reporting period end, the Group’s total assets amounted to RMB 20.556 billion, and the total number of employees reached 5,040.

### 1.2 Vision, mission and core values

Our mission is to pursue excellence and become a national brand with global recognition. We are committed to using technological innovation and a refined management approach to provide our customers with high-quality products and services. By following this path, we aim to become a global leader in the new materials market.

Our core values are integrity, perseverance and diligence, and the pursuit of excellence.

Our vision is to become a “world-class R&D centre and manufacturer in the new polymer materials sector” based on our “world-class talents” and “world-class products and services.”

### 1.3 Main products

As of the reporting period end, the Group had three key product types as follows:

- Film products, which include lithium battery isolation film (base film and coating film) and BOPP film (smoke film and ordinary flat film) products as follows:
- Lithium battery isolation film, which is mainly produced by Shanghai Energy and its subsidiaries and used for lithium batteries in new-energy vehicles and high-end digital products. Major global customers include LG

Chemical Ltd., Samsung SDI and Panasonic. Major domestic customers include Ningde New Energy Technology Co., Ltd., Universal A 123 System Co., Ltd., Hefei Guoxuan High-Tech Power Energy Co., Ltd., BYD Company Ltd., Funeng (Ganzhou) Co., Ltd., Tianjin Lishen Battery Co., Ltd. and other new energy industry leading companies.

- BOPP film, a biaxially oriented polypropylene film which has good heat-seal, shrinkage, optical and barrier performances and a high-grade fitting effect. When processed by a special technology, BOPP film can have thinning, ultra-low haze, anti-fog, antibacterial, anti-counterfeiting and other special functions. BOPP film is produced by Hongta Plastics and its subsidiaries. Smoke film is widely used in the cigarette industry, whereas ordinary flat film is widely used in printing, food, cosmetics and other industries; and

		
Lithium battery isolation film	Smoke film	Ordinary flat film

- Packaging and printing products, which include cigarette label and aseptic packaging products as follows:
  - Tobacco label products used for cigarettes, and major customers include China Tobacco (Yunnan), China Tobacco (Sichuan) and China Tobacco (Chongqing). Our tobacco label products are widely used in Marble, Yuxi, Hongta Mountain, Honghe, Yunyan, Ziyun, Longfengchengxiang and other well-known domestic cigarette brands; and
  - Aseptic packaging products or “Hongchuang Packages”, which are produced by Hongchuang Packaging for the packaging of milk and beverage. Major customers include Inner Mongolia Yili Industrial Group Co., Ltd., Inner Mongolia Mengniu Dairy (Group) Co., Ltd., Bright Dairy & Food Co., Ltd. (new customer in 2020), Nanjing Weigang Dairy Co., Ltd. (new customer in 2020), Beijing Sanyuan Foods Co., Ltd., Shenzhen Dongpeng Jiexun Supply Chain Management Co., Ltd., Dali Foods Group Co., Ltd., Heilongjiang Wandashan Sunshine Dairy Co., Ltd., Yunnan Ouya Dairy Products Co., Ltd., Yunnan Huangshi Laisier Dairy Co., Ltd. and other well-known enterprises.

	
Tobacco labels	Aseptic packaging boxes

- Paper products which are produced by Dexin Paper mainly include speciality paper products (e.g. laser transfer anti-counterfeiting paper, direct plating paper and coated paper products), holographic anti-counterfeiting anodised aluminium, transfer film and other products.
  - Laser transfer anti-counterfeiting paper, a laser transfer paper product which uses special or customised laser patterns. Laser transfer anti-counterfeiting paper is a metallised paper product with a metal texture and laser anti-counterfeiting effect, and it is made by copying the rainbow laser and anti-counterfeiting effect on the coating layer and then plating, laminating and peeling. The product is widely used in cigarette labels, cosmetic boxes, toothpaste boxes, pill boxes, etc.;
  - Aluminised paper, an aluminium plated paper product made by the direct plating method. It is a speciality paper product manufactured by aluminising directly on the coated surface of paper in vacuum, and is mainly used as inner liners for cigarette labels and as packaging papers for chocolates, chewing gums and other foods; and
  - Coated paper, a speciality paper product with a special effect and function and suitable for printing. It is made by either applying a specific coating directly on the paper or adding a coating via PET film coating and paper-film composite peeling. Coated paper products are mainly used in tobacco, food, medicine, cosmetics and food industries.

		
Laser transfer anti-counterfeiting paper	Aluminised paper	Coated paper

## II Governance principles

### 2.1 Corporate governance

#### 2.1.1 General approach

Decent corporate governance mechanism, conducive to the enhancement of corporate as well as the management and all functional department of which the general manager is responsible for have clear duties and responsibilities with high effectiveness value and maintenance of shareholders' interests, is an important basis for the Company to realize sustainable development. The Group has constantly optimized its corporate governance system and constantly improved its management level during the long-term corporate governance practice. General meetings, the Board and its special committees, the Supervisory Committee.

#### 2.1.2 Disclosures

The Group followed their duties pursuant to *the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, the Articles of Association, Guiding Opinions on Establishing Independent Director System for Listed Companies*, as well as relevant provisions such as *Shenzhen Stock Exchange Listing Rules* and the other regulations of the Company. In 2020, the department of business affairs in debentures are response for works on disclosures the information, obedience to the idea of insisting reality, accurate, complete, duly, compliance, disclosures the business's announcements and journals. In 2020, according to the requirements of the Law of A stocks disclosures, the Company finished the periodic reports and temporary reports, especially the big and urgent events that shareholders and investors care about, make sure that the investors could duly, fairly, equally, accurately, fully understand the conditions that the Company faced. In 2020, 228 pieces of reports have been disclosure within the whole year.

In order to satisfy the promptness of information disclosures, the Group's department of business affairs in debentures sets staff who specialized in the communication and reports on information disclosures within all subsidiary corporations, made an internal platform for communicating the information disclosures. In addition, the Group irregularly carry out relevant training for the staff who are the board of directors and responsible for information disclosure in subsidiaries, so as to improve the professional capabilities of practitioners and ensure the accuracy, timeliness and compliance of information disclosure.

#### 2.1.3 Investor relations

In 2020, the Group will continue to concentrate and commit to improving investor relations management. We strictly follow by the *Company Law of the People's Republic of China, Securities Law of the People's Republic of China, the Articles of Association, Guiding Opinions on Establishing Independent Director System for Listed Companies* and other related laws and regulations, in the management of investor relations, follows the "full disclosure information, compliance to disclose information, investors equal opportunity, honest and trustworthy, efficient, low consumption and interactive communication" and such basic principles, such as thinking from the interests of small and medium-sized investors, in daily work and the implementation of major projects, take effective and convenient measurements,

strengthen the effective and comprehensive communication between shareholders and investors, avoid selective disclosure, ensure the equality between middle and small scale stakeholders and the rights to equality received the information.

The Group keeps communication with institution and individual investors via email, telephone, CNINFO, onsite visiting and online reception, including 112 Q&A via CNINFO, and continues to publish the latest business information through the official WeChat timely, enriching the channels to obtain information for medium and small investors.

## 2.2 ESG governance

### 2.2.1 ESG governance structure

The Group has established a top-down ESG governance structure, where the Board is responsible for supervising the environmental and social aspects of the Group, including risk assessment, risk prioritizing and management, overseeing and reviewing the Group's performance with respect to environmental and social fields, so as to guide the sustainable development direction and path of the Group. The Group also established an ESG working team, which is led by high-ranking managerial personnel and includes intermediate level managers. The working team consists of core representatives from all regular management divisions of the Group, including the Securities Department, Operating Center, Supply Chain Management Center, Product Department, Legal Department, Intellectual Property Department, Human Resources Department and Finance Department, covering major relevant departments in daily management process of the Group. The working team reports to the Board on a regular basis for recommendations and advice and is responsible for communicating and implementing the strategies, measures and feedback of the Group on issues related to ESG, which is an indispensable execution party for the sustainable development of the Group.

### 2.2.2 Communication with stakeholders

The Group's ESG stakeholders mainly include the employees, suppliers, customers, shareholders, investors, government, and the communities where the Group operates. The Group believes that listening to and understanding the opinions of stakeholders will provide a solid foundation for the long-term development of the Group. In this regard, the Group actively explores various channels to maintain good communication with stakeholders, to enhance the stakeholders' understanding of the development and operational policies, and to provide more opportunities for them to put forward suggestions so that the Group can provide them with timely and effective feedback regarding their concerns. In this way, the Group ensures that it is cooperating and working alongside stakeholders to achieve mutual benefits.

Stakeholders	Expectations and needs	Communication and feedback
Government	Compliance with disciplines and laws Employment provision Payment of taxes pursuant to laws Driving the development of local economy	Strengthening operation management in compliance with regulations Hiring local staff and promoting local employment Accepting supervision and assessment Carrying out strategic cooperation
Shareholders	Stable operation Sustainable development Earnings and returns Unimpeded information flow	Improving competitiveness and profitability Protecting the ecological environment, fulfilling social responsibilities Insisting on a high proportion of cash dividend, carrying out share repurchases Information disclosure in a timely manner, strengthening investor relationship and treating small and medium shareholders equally
Customers	Performance of contracts in good faith Quality assurance Premium services	Guaranteeing stability of product Guaranteeing stability and quality of product supply Strengthening the management of product quality, and optimizing product structure Carrying out satisfaction survey
Staff	Wages and welfare Employee rights protection Career development Health and safety Humanitarian care	Protection of rights and interests, medical insurance, enterprise annuity Trade union organization, election of staff directors and staff supervisors Education and training, career development platform Fight with the epidemic and elimination of occupational diseases Caring for staff, and the set up of complaint feedback mailbox
Environment	Coping with climate change Water resources Pollution prevention and treatment Energy saving and emissions reduction	Correlation analysis of climate change and corporate business Water resources protection, comprehensive utilization of sewage and wastewater Carrying out pollution control Technological innovation, energy saving and consumption reduction
Partners	Business ethics	Good faith execution of contracts

	Transparent procurement Mutual benefit and win-win cooperation	Open procurement, e-procurement Business exchange and cooperation, symposium
Community	Community development Public welfare activities Jobs creation	Community activities, visits and exchanges, respect for cultural traditions Donations and voluntary services Skills training, local employment and procurement
Creditors	High solvency Due repayment of debts and interest Mutual trust and cooperation	Due repayments Better communication and liaison Win-win cooperation
Industry	fair competition Facilitating industry progress Promoting the development of industrial chain	Refraining from vicious competition Exchange of experience Technological innovation

### 2.2.3 Materiality assessment of ESG topics

We benchmarked environmental and social issues that our major customers and internationally renowned peers are concerned about, also interviewed with people including internal stakeholders like directors, senior management and middle management to obtain an assessment of various environmental and social issues, from the company's long-term development strategy, management improvement, investment urgency and competitive advantage. We will also continually pay attention to all stakeholders, constantly review and update the materiality assessment, and include external stakeholders when the conditions are appropriate, so as to achieve a more accurate and thorough understanding of the demands of various parties, and to provide guidance and direction to the enterprise's business demand over environmental and social governance.

The Group paid more attention to following topics: compliance operations, employee rights protection, employee training and development, social welfare, occupational health and safety, energy use, waste management, product quality, technology innovation and supply chain management.

### 2.2.4 Response to Sustainable Development Goals

We benchmarked ESG practice and performance against the UN 2030 Sustainable Development Goals (SDGs), and we respond to 10 SDGs in this report as below.

SDGs	Chapter to response
	Public welfare and community engagement

Good health and well-being	
 <p>5 性别平等 5 GENDER EQUALITY</p> <p>Gender equality</p>	Employment and employee benefits
 <p>6 清洁饮水和卫生设施 6 CLEAN WATER AND SANITATION</p> <p>Clean water and sanitation</p>	Resource utilisation
 <p>7 廉价和清洁能源 7 AFFORDABLE AND CLEAN ENERGY</p> <p>Affordable and clean energy</p>	Product responsibility
 <p>8 体面工作和经济增长 8 DECENT WORK AND ECONOMIC GROWTH</p> <p>Decent work and economic growth</p>	Employment and employee benefits Staff training and development
 <p>9 工业、创新和基础设施 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> <p>Industry, innovation and infrastructure</p>	Occupational safety and health
 <p>11 可持续城市和社区 11 SUSTAINABLE CITIES AND COMMUNITIES</p> <p>Sustainable cities and communities</p>	Public welfare and community engagement
 <p>12 负责任的消费和生产 12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p>Responsible consumption and production</p>	Product responsibility Supply chain sustainability
 <p>13 气候行动 13 CLIMATE ACTION</p> <p>Climate action</p>	Addressing climate change
 <p>17 促进目标实现的伙伴关系 17 PARTNERSHIPS FOR THE GOALS</p> <p>Partnerships for the goals</p>	Supply chain sustainability

### 2.3 Compliance with regulations for clean and ethical operations

Committing corruption or bribery, acting against the arm's length principle, or engaging in other misconduct that harms the interest or reputation of the Group during a business activity will seriously disrupt the normal order and become a

hindrance to the Group's sustainable and healthy development. Therefore, the Group strictly abides by the Contract Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, Interim Provisions on the Prohibition of Commercial Bribery and other relevant laws and regulations, firmly opposes and expressly prohibits corruption, and works to foster an atmosphere that upholds clean and honest administration and integrity.

For anti-corruption effort, prevention continues to be our priority. We have put in place a governance structure and policy to manage corruption-related offences. The governance team is led by senior management and involves concerted effort between the Department of Legal Affairs and the Operational Management Centre of the Group. This is to ensure that any complaint or concern raised internally or externally reach the top management. Policy-wise, take Hongta Plastics (Chengdu) Co., Ltd. as example as other subsidiaries may not release a written manual, its "Employee Manual" stipulates that employees "must be self-disciplined" and "must not commit corruption", "anyone who reports non-compliance or other acts that harm the company's interest will be rewarded" and "anyone found to have committed fraud for personal gains, embezzled the company's funds or engaged in bribery will be expelled".

We work to uphold a culture of integrity throughout the Group and take a zero-tolerance approach to corruption in all business processes. All instances of corruption will be resolutely investigated and punished. After walking through all our production and business processes, we have identified specific functions or roles that are most likely to commit corruption, and required middle-level and senior management, and staff of the Procurement Department and the Marketing Department to sign an "Integrity Agreement" with the unit that hires them. In addition, we have prepared an "Agreement of Business Ethics and Principles" and an "Integrity Agreement" template at the member entity level. Each member entity, before entering into a formal purchase contract with any supplier (of main materials or auxiliary materials) shall sign an agreement to clarify business ethics and principles and to resist business misconduct. Under such agreement, if the supplier violates the relevant documents, it will be added to an "unqualified supplier list", and the economic contract will be terminated. This is to ensure that we are building a fair, transparent and honest business partnership with our suppliers.

Based on publicly available cases and the circumstances specific to the Group, we have identified the area where instances of corruption occur frequently, that is, the sourcing and procurement process (including procurement of raw materials, materials & equipment for engineering projects, and office supplies). To ensure a transparent sourcing process, we have defined the separation of duties of pricing, purchase decision-making and settlement within the sourcing function by business unit. The procurement department of each business unit reviews prices offered by suppliers, then the procurement department of each subsidiary within the business unit makes the purchase decision, and an administration role in the procurement department of each business unit initiates a payment request. This is to avoid the concentration of power, a hotbed of corruption.

We have put in place a whistle-blowing mechanism and the related implementation measures. Currently, Paul Xiaoming Lee, Chairman of the Group and Mr. Li Xiaohua, Vice-chairman and General manager of the Group directly receive clues or other complaint details. We have opened an email [jianju@poly-energy.com](mailto:jianju@poly-energy.com) to receive concerns from external suppliers. For every and each complaint or concern received, the Department of Legal Affairs and the Operational Management Centre of the Group will kick off a joint internal investigation to identify the root causes and senior management makes the decision. This is to ensure that all instances of failure to enforce internal rules impartially or actions that violate laws or regulations are reported and addressed efficiently. Any letters, proofs or documentation regarding the complaint or concern under investigation must not go to the unit or individual involved to avoid information leakage and retaliatory act. Those who commit any retaliatory act will be held accountable for any administrative, legal or financial consequences. While ensuring an appropriate solution, the Operational Management Centre also leads the effort to establish and promote internally general responses that address the identified risk points.

No instances of corruption/engaging in bribery/unfair competitions or other non-compliances were reported during the reporting period.

Looking forward, we'll continue to monitor key regulatory requirement updates, identify the impact of these developments on our existing policies and rules, contract templates and business processes and consider these developments when making business decisions, taking into account the relevant circumstances. In addition, we'll further improve the oversight mechanism by including an email and hotline for external concerns or feedback and put in place an all-round and multi-party involved mechanism for monitoring our anti-corruption effort.

## III. Taking care of the planet

Compliance with environmental protection laws and regulations is a basic requirement for enterprises to fulfill their social responsibilities; active involvement in green environmental protection is the primary task of enterprises to fulfill their environmental social responsibilities now and in the future. Adhering to an attitude of being responsible to society and the environment, the Group is well aware of the environmental protection responsibilities that must be undertaken as a corporate citizen. In the daily operation and development process, we continue to emphasize the importance of environmental protection, actively implement the green and low-carbon development strategy, minimize the negative impact of business development on the environment, and at the same time exert a positive impact.

### 3.1 Resource utilisation

**Yunnan Energy** attaches great importance to the economical use of natural resources and strictly observes the *Environmental Protection Law of the People's Republic of China*, *Environmental Impact Assessment Law of the People's Republic of China*, *Water Law of the People's Republic of China*, *Energy Conservation Law of the People's Republic of China* and other laws and regulations, so as to build a resource-saving and environment-friendly enterprise, and strive to achieve the coordinated and sustainable development of people, resources and the environment.

Some of our businesses, such as the design, production and sales of BOPP (biaxially oriented polypropylene) plastic film, have obtained ISO14001:2015 environmental management system certification, ISO50001:2018 energy management system certification and ISO10012:2003 measurement management system certification. Each company has established an EHS (Environment, Health and Safety) department whose main responsibility is to supervise and evaluate, including setting annual safety accident prevention indicators, emission indicators, etc. The EHS department sets annual targets for the above indicators and distributes them to each factory. The factory is then allocated to various departments or production lines. For factories that have not completed the target, the Group will guide the rectification work, which specifically includes rewards and punishments such as system improvement, hardware investment and linking to year-end rewards.

We place resource conservation at a key position in our development strategy and operation methods, continuously improve the management system in terms of energy consumption management, optimize energy-saving measures, and are committed to continuous monitoring and continuous improvement of our energy resource efficiency performance.

In the production process, the Group uses electric energy and natural gas as the main energy sources, and sets specific targets for the consumption of electric energy and natural gas each year, and each production facility is equipped with water meters, electricity meters, and natural gas meters. Since the factory is order-based production, reducing energy consumption density is mainly achieved through scientific production scheduling, time optimization, and improvement of equipment production efficiency.

In production, the consumption of water resources is mainly in the heat exchange inside the equipment, no special treatment is required, and it is generally directly recycled.

Energy and Resource Consumption in 2020

Index	Unit	Consumption in 2020
<b>Energy</b>		
Production electricity	kilowatts per hour	495,482,755.3
Domestic electricity	kilowatts per hour	11,190,564.5
Natural gas for production	cubic metres	49,997,075.0
Natural gas for domestic use	cubic metres	39,666.0
Liquefied gas	cubic metres	15.6
Production oil	litre	37,870.3
Motor gasoline	litre	170,896.22
Comprehensive energy consumption	kilowatts per hour	1,049,985,820.45
<b>Resources</b>		
Packaging(paper products)	kilograms	8,237,344.2
Packaging(plastic)	kilograms	9,804,236.7
Production water	cubic metres	1,876,022.6
Domestic water	cubic metres	108,795.1

Over the years, the Group has formed the practice of target management for energy consumption. At the end of each year, the Group formulates the plan of target management in combination with the actual energy consumption of that year, the production forecast of the next year and the known production equipment transformation (such as boiler, refrigerator, fiber adsorption dichloromethane recycling transformation), the establishment of distributed power station (i.e. self generation), and the adoption of lower energy consumption equipment. Going forward, we will try to establish medium and long-term target management to further promote energy conservation and consumption reduction.

### 3.2 Reducing emissions

The Group strictly strictly observes *the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other laws and regulations to prevent and control environmental pollution.

We have formulated *the Solid Waste Pollution Prevention and Control System and Solid Waste, Exhaust Gas, Wastewater, and Noise Management Regulations*. In accordance with the standards of the local environmental protection authorities, each company conducts internal sampling and supervision on the discharge of exhaust gas, wastewater and waste. Meanwhile, there are external inspections from time to time to ensure that the emissions meet the standards.

## Exhaust emissions

The exhaust gas emissions produced by the Group mainly include greenhouse gas emissions, VOCs (volatile organic compounds) emissions, and ozone emissions. Among them, VOCs are mainly derived from workshop waste gas. . On the one hand, we continue to invest in exhaust gas recovery and treatment equipment to reduce emissions. For example, Zhuhai Energy invested in 6 sets of methylene chloride exhaust gas recovery and treatment equipment in 2020; On the other hand, we have installed monitoring equipment in the workshop. Once the concentration exceeds the preset concentration, an alarm will be issued to remind employees to evacuate. In 2020, the VOCs exhaust gas online monitoring system has been put into operation in Wuxi Energy, and the emission concentration will be monitored in a timely manner.

## Waste water disposal

The plant areas of the Group are equipped with domestic sewage treatment equipment. For example, there is a sewage treatment station in the Shanghai plant, and the wastewater is discharged to the municipal pipe network after primary precipitation, secondary precipitation, and filtration treatment. We conduct strict and effective internal supervision on the compliance of wastewater discharge. Firstly, the research institute conducts manual inspections every day; secondly, we hire a third party to conduct monthly inspections and issue reports; thirdly, the Group conducts random inspections every quarter.

## Waste discharge

During the production and research and development process, the Group will generate certain types and quantities of hazardous wastes and non-hazardous wastes. Among them, all hazardous wastes are handled by qualified third parties after they are taken away from the factories. We carefully confirm the relevant qualifications when signing a contract with third-party processing agencies. Hazardous waste, including laboratory materials, machine asphalt and etc., is usually stored in a separate hazardous waste warehouse and disposed of 2-3 times a year. Among the non-hazardous waste, paper, plastic bottles, etc. will be recycled through the recycling bins set up in the Group, and domestic waste will be handled by a disposal agency recognized by the environmental protection authorities.

	
Hazardous waste placed at designated locations and treated in a unified manner	Domestic waste sorted out and treated in a unified manner

The Group is actively carrying out technological innovations to reduce hazardous waste emissions. We have replaced lipid inks with alcohol-based inks, and plan to further replace lipid inks with water-based inks in feasible usage scenarios. The factories strictly follow the waste classification and disposal regulations, and separate the kitchen waste generated in the canteen for dumping. At the same time, garbage classification instructions will be posted on the publicity boards in the workplace to help employees understand the waste classification method more clearly.

During the reporting period, the Group's environmental protection expenditures were RMB 31.64 million, including the investment in environmental protection equipment. For example, Jiangxi Tongrui invested in a rotary regenerative combustion furnace as a gas recovery device. Through the combustion and oxidation treatment of organic solvent gases discharged from production equipment, the heat generated is returned to the production equipment for use. The VOC treatment efficiency is over 99.5%, which not only reduces emissions, but also reduces energy consumption.

During the reporting period, the Group did not violate laws and regulations in terms of exhaust gas, wastewater and waste discharge.

Pollutant emissions in 2020

Index	Unit	2020 emissions
<b>Exhaust gas and greenhouse gas</b>		
Sulphur dioxide	kilograms	8,977.16
Nitrogen oxides	kilograms	88,078.54
Particulate matters	kilograms	11,847.62
Total volume of greenhouse gas emissions	tonnes carbon dioxide equivalent (tCO <sub>2</sub> e)	427,827.8
Volume of direct greenhouse gas emissions	tonnes carbon dioxide equivalent (tCO <sub>2</sub> e)	95,402.1
Volume of indirect greenhouse gas emissions	tonnes carbon dioxide equivalent (tCO <sub>2</sub> e)	332,425.7
<b>Waste material</b>		
Total volume of hazardous waste	kilograms	317,210
- Grease trap waste (waste lubricating oil, etc.)	kilograms	254,275.0
- Ink dye coating	kilograms	16,580.0
- Laboratory waste	kilograms	8,978.0
- Waste activated carbon	kilograms	37,377.0
Total volume of non-hazardous waste	kilograms	1,146,448.1
- Domestic waste	kilograms	403,392.0
- Waste packaging	kilograms	743,056.1
<b>Wastewater</b>		
Waste water	cubic metres	254,275.0

### 3.3 Addressing climate change

At present, global warming, sea level rise and abnormal weather phenomena intermittently affect people's work and life, and continue to receive the attention of the whole society. At the General Debate of the 75th UN General Assembly, President Xi Jinping solemnly announced to the world: "China will increase its nationally determined contribution, adopt more powerful policies and measures, and strive to reach its peak carbon dioxide emissions by 2030 and strive to achieve carbon neutrality by 2060." This carbon peak goal and carbon neutral vision sounded as call for accelerating the formation of green development methods and lifestyles, which means responding to climate change, promoting low-carbon development and building an ecological environment. Civilization has put forward higher requirements, which will promote the transformation and upgrading of economic structure, energy structure, and industrial structure, and to promote high-quality green development.

We refer to the TCFD (Task Force on Climate-related Financial Disclosure ) framework to gradually carry out status review, strategy formulation, risk management, indicator and target identification and management of the risks and opportunities that the Group may face due to climate change.

Climate-related risks include risks related to the transition to a low-carbon economy (hereinafter referred to as "transition risks") and risks related to the physical impact of climate change (hereinafter referred to as "physical risks"). The transition risks can be divided into policy and legal risks, technical risks, market risks, reputation risks, and physical risks include acute risks (such as extreme weather such as typhoons and floods) and chronic risks (changes in climate patterns such as persistent high temperatures). Our response to climate change does not stop at risk prevention, but also proactively identify opportunities, including resource efficiency, energy sources, products and services, markets, and resilience.

The board of directors of the Group is responsible for the monitoring of climate-related risks and opportunities. The research institute and multiple departments collaborate to identify and study the impact of climate change on our business activities and provide support to the board of directors in monitoring this matter.

In terms of acute physical risks, our products are produced in indoor factories with good conditions. Extreme weather such as typhoons, rainstorms, and high temperatures where the factory is located has little impact on the production itself, in addition to the impact on labor management (safety, absenteeism). The production department of each company is responsible for production scheduling and delivery management, and comprehensively consider the possible negative effects of factors including extreme weather during the scheduling, flexibly adjust, and provide customer service.

In terms of chronic physical risks, due to the impact of global warming, on the one hand, our operating costs may increase. At the same time, as the whole society is increasingly calling for energy saving and emission reduction, energy structure adjustment is imperative. One of our main products, lithium ion isolation membrane, widely used in new energy vehicles is an important driving force for the electrification of vehicles. In this regard, we will firmly grasp development opportunities with rich experience accumulation, advanced technology and continuous cutting-edge

research, and strive to develop and promote Green and low-carbon products and services lay the foundation for enterprises to further expand and become stronger, and make due contributions to the energy conservation and emission reduction of the whole society.

In terms of transformation risks, with the deepening of society's awareness of climate change and the implementation of relevant policies, the call for electrification of automobiles is increasing, which may also bring about stricter supervision. We will continue to pay attention to the impact of climate change on the Group's business. We will fully respond to policy requirements, and further improve strategy formulation, risk management, indicator and target identification and management, and work with all walks of life to cope with climate change and achieve common sustainable development.

## IV. People-centred operation

No enterprise can sustain its operations without its people. We consider our people as the cornerstone of our growth and take a people-centred approach. This focus on employees has been one of our core values since 1996, when we started the business.

### 4.1 Employment and employee benefits

#### 4.1.1 Regulating the employment process to achieve organisational diversity

##### **Fair employment**

We strictly comply with *the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Individual Income Tax Law of the People's Republic of China* and other relevant laws and regulations, safeguard our people's legitimate rights and interests, and pay salaries, social security and pension funds on time and in full. In line with the relevant regulatory requirements, we have developed relevant policies at the member entity level, taking into consideration the circumstances specific to each member entity. These policies are designed to ensure justice and fairness across the recruitment, work, training, job promotion, remuneration & benefit determination, employment conditions and departure (including retirement, resignation and dismissal) processes. We have worked to uphold inclusion and diversity and prohibit discrimination against employees on the ground of gender, age, geography, ethnicity, and religion; we have never let those factor into employees' career development within the Group. No instances of violation of the national or local laws or regulations regarding labour employment were reported during the reporting period within the Group.

##### **Prohibiting the use of child labour**

We strictly abide by *the Law of the People's Republic of China on the Protection of Minors, the Provisions on the Prohibition of Child Labour* and other relevant laws and regulations. We have made it a key rule not to hire any candidates under the age of 18. Job interviewers are required to understand candidates' work experience via enquiries, observation and background check during the job interview and to double check candidates' identity in pre-employment procedures to ensure that we are not

recruiting any minors. No cases of hiring minors were reported during the reporting period within the Group.

### **Eliminating forced labour and protecting labourers' rights**

We implement a “competency-based job matching, role-based remuneration determination, and contribution-based reward” policy. We adopt the comprehensive working hour system for production roles to quickly cover customer demand, the flexible working hour system for administration, sales, technology and other task-oriented office clerks, and the standard working hour system of 8 hours a day and 40 hours a week for general office clerks. While we advocate hard work, we strongly oppose any kind of forced labour. We safeguard employees' leave entitlements and rights to take a rest in accordance with the relevant laws and regulations. If timely deliveries of products require working overtime or night shifts, the relevant production department will ask for employees' willingness and ensure that they follow the internal rules when arranging the shift schedule (i.e. employees shall not work more than 36 hours of overtime in a week or work for 16 consecutive hours or more). On a monthly basis, the human resources department reviews employee attendance and working hours recorded in the attendance system and investigates into any exceptions identified. In the future, we'll launch upgrades to our human resources information management system to allow a consolidation of the shift schedule and attendance information and establish an early warning mechanism to further promote the health of our employees.

### **Promoting diversity and gender equality**

Having a workforce made up of males and females from different age groups and educational backgrounds will allow us to leverage the best experience and knowledge possible. This will also help maintain and pass down the Group's best practices in production and management.

We strictly comply with *the Law of the People's Republic of China on the Protection of Rights and Interests of Women*, *the Regulations on the Labour Protection of Female Employees* and other relevant laws and regulations. We have never discriminated against female candidates during our recruitment or promotion process. As at the end of the reporting period, despite the inherent limitations that we had as a manufacturer, we had 4 Grade-25 or above senior executives, accounting for 10% of the total senior executives, and 1,353 female employees, accounting for 27% of the total employees. When looking for candidates for a job vacancy, we consider the job requirements specific to the post. Equally eligible women candidates are preferred for posts that require strong communication and service skills.

As at the end of 2020, the Group had on its pay roll 6 employees who were from Japan, South Korea, the United States or other countries, 116 employees from ethnic minority groups including Hui, Yi, Hani, Bai and Mongolian, and 33 employees with disabilities, reflecting that our recruitment practice was not discriminatory.

As of the reporting end, the Group had 5,040 employees, all signed labor contracts directly with the Group, neither part-time workers and nor outsourced workers. Employees by education background as follows:

	Headcount	Percentage
<b>Doctor and above</b>	8	0.2%
<b>Master</b>	77	1.5%
<b>Bachelor</b>	538	10.7%
<b>College</b>	1,124	22.3%
<b>Technical secondary school and below</b>	3,293	65.3%

Employees by position type as follows:

	Headcount	Percentage
<b>Production</b>	3,984	79.0%
<b>Sales</b>	94	1.9%
<b>Technique</b>	369	7.3%
<b>Finance</b>	86	1.7%
<b>Administrative</b>	507	10.1%

#### 4.1.2 Expanding recruitment channels to cultivate talent

Having a talent pipeline that provides a stable inflow of high-quality talent can drive sustainable development.

##### Talent selection and recruitment

When selecting and recruiting talent, we focus on “front-line workers and high-end talent”. We continue to expand our recruitment channels to build a desired front-line talent pool, including:

- We launch campus recruiting events in search of talent. In recent years, we have made it to East China University of Science and Technology, Donghua University, University of Shanghai for Science and Technology, Shanghai Second Polytechnic University, Shanghai Dianji University, Shanghai University of Applied Sciences, Wuhan University of Technology, etc. We have established a training base in partnership with Donghua University and been named a “Key Enterprise for Recruiting College Graduates”. With the establishment of the training base, we, in addition to recruiting talent, also aim to cultivate talent by providing opportunities for prospective graduates to practise what they have learned in the classroom; and
- We have established an internal recommendation mechanism. This is to promote the Group as an employer brand that offers competitive compensation packages, convenient housing facilities and best career development opportunities, and encourage employees to recommend eligible candidates. Once the candidates they recommend are successfully hired, they will be rewarded with cash.

During the reporting period, the Group recruited a total of 3,100 employees, including 62 new graduates.

For the recruitment of high-end talent, we attract professionals that have extensive industry experience and expertise with very competitive compensation packages and the prospect to hold important posts, such as COO, CFO and CIO, that are responsible for leading us through the journey of achieving further growth in the future.

### **Talent retention and incentive mechanisms**

We provide our employees with competitive compensation packages and the best opportunities possible for career development to retain our talent.

To demonstrate our position in the industry, maintain and further expand our competitive strengths, we review and evaluate remuneration packages based on the value of positions, adopt a leading compensation strategy and put in place a sound compensation system (which includes 20 grades, each having 7 classes, across 5 categories, namely management, production, technology, R&D, functions). These measures have provided a solid foundation for acquiring, retaining and motivating our workforce while enabling us to maintain marketplace competitiveness and internal fairness.

We have implemented an equity-based incentive plan for eligible employees, as part of our effort to allow more employees who contribute greatly to the development of the Group to share the fruits of our growth and encourage them to keep up their efforts.

In the future, we'll continue to improve our workforce management approach by putting in place a key talent development programme and a talent pool. We'll prepare a customised development plan for key personnel in key positions, taking into consideration our future development directions and the personnel's own career planning. The move aims to cultivate core employees by providing the best career development opportunities possible and encouraging supervisor support and employee involvement. To provide a consistent support for rapid growth, we'll build a backup talent pool by training, job rotation, adopting the "two people for each role" mechanism and other tools available. At the same time, we'll continue to implement the "9S" management model and encourage employees to develop good work ethics, as we are fully aware that the need to put in place better management measures has never been more pressing due to the COVID-19 outbreak.

#### **4.1.3 Providing employee assistance**

##### **Care for employees**

We focus on enhancing employees' satisfaction, well-being and engagement, and encouraging employees to provide feedback and offer suggestions.

We care for and respect our employees and implement a mentor-mentee programme group-wide to help new recruits adapt to the new environment. We encourage team leaders and supervisors to communicate more with their team members to promote harmony in the team. Team members can raise their concerns about the way their supervisors manage the team to the human resources department locally, which will investigate into and follow up on the issue.

In addition to addressing employees' needs at work, we also work to enhance employees' quality of life. All production-oriented subsidiaries are accompanied with a high-quality employee dormitory, canteen and other housing facilities. At more recently built factories in Jiangxi and Zhuhai, we have also provided sports and recreational facilities (e.g. basketball courts and activity rooms). When we acquire factories that do not have these facilities, we undertake renovation and expansion projects to add the housing facilities. These facilities help alleviate employees' concerns and ensure that they have a convenient place to rest and refresh themselves.

### Employee engagement activities

Appropriate employee engagement activities can help ease the pressure from fast-paced work, enrich employees' spare time, and glue people together. Normally, prior to the Spring Festival holidays, we organise a year-end party, tea parties and other activities at each member entity based on their work schedules.



Annual dinners held in early 2020

### Supporting employees in need

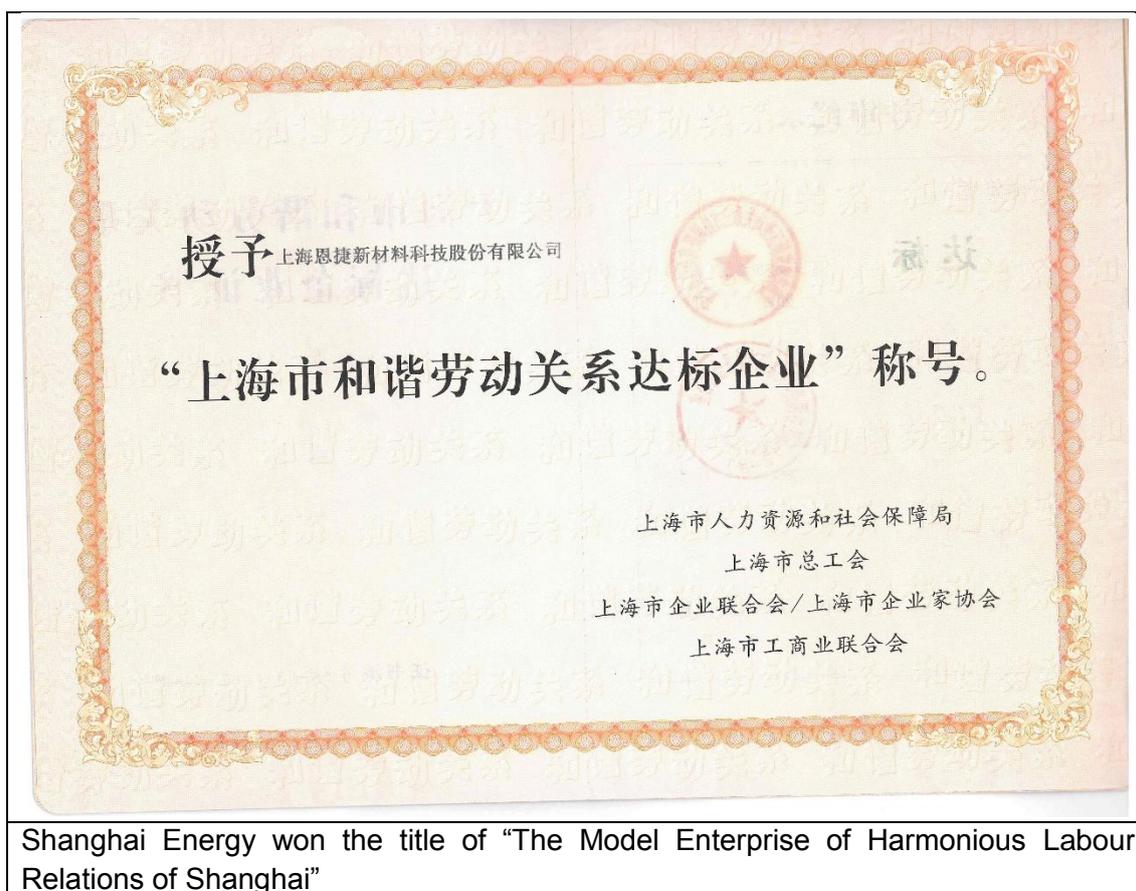
We care for our employees and readily help employees in need to promote a warm and harmonious work environment.

Every year, the senior management of the Group visits individual employees in difficulties on behalf of the Group to send holiday greetings and gifts to them during the Spring Festival holiday. To show our love and care, we have put in place relief funds and fundraising plans in case employees or their families suffer major illnesses and need financial support. In 2020, such relief funds were used to help an employee

in Yunnan Energy who was seriously injured in a car accident and an employee in Zhuhai Energy who was diagnosed with leukaemia. We provided the employees with timely support.

We firmly believe that a warm and harmonious work environment lays the foundation for long-term growth of the Group as a whole.

In April 2020, Shanghai Energy received the title of “The Model Enterprise of Harmonious Labour Relations of Shanghai” from the Shanghai Municipal Bureau of Human Resources and Social Security and the Shanghai Federation of Trade Unions. This will encourage continuous investment in programmes to address employee needs.



## 4.2 Staff training and development

### 4.2.1 Systematic training programmes

Innovation is the driving force for enterprise development and talents are directors of technological innovation. We attach great importance to the cultivation of innovative talents in science, technology, management and other aspects, and provide employees with a comprehensive training system, enriched training resources and diversified learning programs. At the same time, we emphasise the integration of theory and practice and advocate learning during practice, so as to truly improve the capability to pursue scientific and technological innovation and management skills for better services and technical support for customers.

We also established its own training centre for the advancement of our employees. Focused on the Group's strategy, the University adopts an inclusive principle in formulating its talent selection and development policies, including the combination of internal and external resources, the comprehensive consideration of both front-line staff and senior staff and pursuit of advancement both in knowledge and practice as well. Curriculum schedule of the training centre as follows:



designed to reflect the features of manufacturing, with an emphasis on learning in practice. Furthermore, these programmes can be classified into on-line programmes and on-the-spot programmes by instruction model, and pre-job training programmes (such as onboarding training, training programmes for newly promoted supervisors or managers) and on-the-job training programmes (focused on training programmes relating business knowledge, corporate culture and laws and regulations) by time scale. We also kept updating our programmes and classifying them from the trainer's perspective in order to form a training mechanism leading by mentors or lecturers. For us, training has gone far beyond simple classroom instructions and practices. It has an essential role to play during each transformation and acquisition with its magic on idea publicity and spirit cohesion.

During the reporting period, the Group held a total of 2,968 training sessions, including a total of 2,865 internal trainings and 103 external trainings. The cumulative training hours amounted to 66,557 hours, and the cumulative number of trainees was approximately 65,869 person times, with a training coverage rate of 100%.

#### 4.2.2 Creating opportunities for growth and career development

To enhance the cohesion and involvement of our staff, and to keep pace with the Group's rapid development, Human Resources Department formulates HR strategic plans on an annual basis, with reference to the Group's strategy and development speed. These plans are formulated based on the analysis of and responses to challenges posed to HR management by the investments into recently developed new production lines and the realisation of strategic acquisitions, with a focus on the rapid expansion of reserve talents and potential talents to support the operation of these new production lines as well as the implementation of the Group's strategic plan.

Our staff serve the Group with a wealth of knowledge and high spirits, and are rewarded by the Group with a broad platform for individual development in pace with the development of the Group through systematic training and promotion programmes. The Group classifies all positions into 5 categories, and provides our staff with multiple channels for career development. Under the Group's promotion policies, a technical staff can be promoted to a management position or a technical expert position, and a R&D staff can be promoted to a management position, a production position or an expert R&D position. This mechanism of multiple promotion channels provides our staff with various options for their career advancement. We have also introduced appraisal tools and performance management system to fully release the potentials of our staff and direct them to develop their expertise in suitable positions.

Our staff can also explore tremendous development spaces arising from the Group's continuous development and construction of new plants. The deep involvement of young employees in the Group's development also nourish their individual career advancement in turn.

### 4.3 Occupational safety and health

#### 4.3.1 Developing policies to ensure work safety

Safety is the cornerstone of domestic bliss, the source of social harmony, and the guarantee of enterprise development. Work safety secures the personal safety of employees and property safety of enterprise, and therefore constitutes an important part of the Group's operation and management. Thus, we pay relentless attention to work safety in our production to ensure the personal and property safety.

The Group strictly complied with the requirements of the *Work Safety Law of the People's Republic of China*, the *Basic Norms for Standardisation of Work Safety of Enterprises* and other laws and regulations, and has formulated 66 administrative systems for work safety, such as the *System for Management of Work Safety Objectives*, the *System for Work Safety Responsibilities*, the *System for Reward and Punishment Relating Work Safety*, and the *System for Detection of Work Safety Hazards*. We implemented the work safety responsibility system in accordance with the work safety standardisation requirements, which was combined with daily inspections, special inspections, holiday inspections and other inspections to eliminate all kinds of work safety hazards. We also performed regular performance evaluations on work safety and the implementation of standardisation requirements to ensure a smooth implementation progress while maintaining property and personal safety.

As at the end of the reporting period, the Group has met the third-tier criteria for work safety standardisation.

We proactively performed introspections and rectifications after safety accidents to eliminate potential safety hazards and safeguard our staff's life safety. Safety and Environmental Protection Department has deployed security guards within the Group. We rectified safety issues and analysed the causes in a timely manner; member entities submit work injury reports to the Group on a quarterly basis, and Safety and Environmental Protection Department will take the lead in the communication and root cause analysis of major work injury accident based on their nature.

During the reporting period, there were no work-related employee deaths in the Group, and the summary of work-related injury accidents and the resulted work tardiness is as follows:

	2020
Work-related injury accidents (count)	28
Working hours missed (count by day <sup>1</sup> )	920

During the reporting period, the Group incurred a total work safety expenditure of RMB 10.35 million.

#### 4.3.2 Upgrading technology to promote occupational health

The Group complies with the *Labour Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational*

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<sup>1</sup> 8 working hours per day.

*Diseases, the Regulations on the Management of Protective Equipment by Employers* and other relevant laws and regulations, and has formulated more than 40 management systems and documents including the *Management Manual for Occupational Health and Safety*, the *Occupational Health Management System*, and the *Management System for the Monitoring of Hazards to Occupational Health in Workplaces*. The Group has been certified under the ISO45001:2018 Occupational Health and Safety Management System. We continuously improve our working conditions, identify hazards in our workplaces, strengthen the monitoring and control of hazards, provide protective equipment for our employees and strive to create a safe, healthy and comfortable working environment for them.

Air conditioners, ventilators and other equipment have been installed in most of our workshops in addition to our office and living areas to improve the working environment. With regard to the glue workshop where air conditioners are not allowed due to the manufacturing processes, we provide our employees with articles to prevent heatstroke and reduce temperature, schedule our operations properly so that our employees do not have to work in the heat, and shorten working hours appropriately to reduce the adverse effects that high temperatures may have on our employees' health in summer, to improve the working environment for our employees as much as possible and to ensure their safety and health.

Holders of special positions that are prone to occupational diseases have been fully informed of the job requirements and working environment when they apply for the job. A physical examination focused on occupational diseases is arranged for employees holding such positions every year, and free general physical examination for other employees every year or every two years.

Hazards to human health in the production environment are tested every year. Relevant employees are required to undergo pre-job, on-the-job, and off-job physical examinations to prevent occupational diseases. Employees working in the film workshop, those responsible for operating equipment, and those responsible for mixing materials are exposed to the following hazards: high temperatures, dichloromethane, noise, paraffin fume, dust and power frequency electric field. We have taken the following measures:

- High temperatures: labour suit, protective gloves and other protective articles are provided for employees; air conditioners have been installed in the central control room; measures have been taken to minimise employees' exposure to high-temperature equipment; medicines for preventing heatstroke are distributed to employees;
- Dichloromethane: ventilators must be turned on in sites exposed to dichloromethane; employees are required to wear protective masks or respirators when entering these sites, and the concentration of dichloromethane in these sites is monitored;
- Noise: noise-proof earphones are provided for employees; work is done to improve equipment and facilities which are also regularly serviced to reduce noise levels;
- Paraffin fume and dust: dust masks are provided for employees; ventilators and dust catchers have been installed in areas where there is lots of dust,

- and are cleaned regularly;
- Power frequency electric field: insulated shoes, insulated gloves and protective masks are provided for employees, and tests are conducted regularly.

As at the end of the reporting period, the Group had not identified any cases in which an employee was suffering from an occupational disease.

#### 4.3.3 Conducting training and emergency drills to enhance safety awareness

To ensure occupational health and safety, it is important to implement the relevant management systems, provide protective articles for employees, improve processes and facilities. But it is still more important that employees increase their safety awareness and master the skills to ensure safety in production activities and rescue themselves when they are in distress. Therefore, we attach importance to safety trainings and awareness campaigns, and regularly organise emergency drills to improve employees' safety awareness and skills to deal with emergencies.

In order to effectively respond to safety risks in emergencies, emergency plans including the Emergency Plan for Fires, the Emergency Plan for Environmental Emergencies and the Emergency Plan for Accidents Endangering Production Safety have been formulated. Drills are organised regularly to ensure the Company's preparedness for emergencies.

As the raw materials, packages and finished products we need for production contain flammable materials (e.g. paper), we also pay special attention to fire control and strictly abide by *the Fire Control Law of the People's Republic of China*. Fire control trainings and drills are organised every year and fire control trainings are part of on-boarding trainings for new joiners. Employees are required to participate in annual fire control trainings to enhance their fire control awareness and skills.

Every June is the month for production safety campaigns. During this period, trainings on production safety and occupational health, and knowledge quizzes are organised in the Company's workplaces to enhance employee's awareness and all employees are required to participate.





Employees taking part in emergency and fire drills

During the reporting period, the Group organised a total of 17 emergency drills and trainings, with a total of 6,451 participants, including special trainings for first-aid personnel, trainings on safety-related laws and regulations and on the use of fire equipment, fire drills and hazardous chemical drills.

### Response to COVID-19:

In 2020, under the difficult circumstances resulting from COVID-19, the Group implemented measures for epidemic control purposes, resumed production in an orderly manner, monitored employees' travel plans, and provided help for employees in difficulties. Replacements were assigned for employees who were unable to return to work and no employee was laid off due to COVID-19. We tried our best to provide necessities for employees in quarantine. For example, Zhuhai Energy New Material Technology Co., Ltd. lost no time in formulating COVID-19 control plans and emergency plans, clarifying the responsibilities of persons in charge at all levels and adopting the following measures:

- Performing checks on employees that were back to work, understanding each employee's travels in the past 14 days, and notifying returning employees to undergo a 14-day self-quarantine and work from home during this period. They should not return to work until confirming that they were all right. Each employee's health status was registered. We attached importance to the physical and mental health of, and brought comfort to, our employees who were required to stay in Hubei and other provinces.
- Measures were formulated to ventilate, disinfect and sanitize common areas. Office areas, canteens, dormitories, washrooms, and elevators were disinfected twice a day. Disinfecting wipes were provided in office areas and had sanitizers in washrooms and common areas. Desks were relocated in office areas to ensure distancing between desks. Employees were required to eat at canteens during specified time intervals. WeChat and videoconferencing and conference calls were preferred to avoid crowding.
- Checkpoints were set up at gates and everyone going in and out was required to wear masks and have their temperature checked; employees commuting by

taking the shuttle bus were required to have their temperature checked one by one, disinfect their hands and register their temperature; the Group's vehicles were fully disinfected after they are used.



Drivers and pedestrians had their temperature checked before the entrance to the Group's places of business

## V. Achieving prosperity

### 5.1 Product responsibility

#### 5.1.1 Quality management in pursuit of excellence

Customer trust and good competitiveness are based on product quality, which is relevant to the sustainable and healthy development of an enterprise. Energy New Material strictly abides by *the Product Quality Law of the People's Republic of China* and other laws and regulations. Our vision is to "become a world-class polymer material R&D and production enterprise". We implement strict quality control measures throughout the production process to strive for excellence and improvement in order to provide customers with high-quality products and ensure that there is no false publicity with respect to the actual performance of our products.

We always focus on the construction and maintenance of our quality management systems. To align with the Company's development strategy, we have comprehensively introduced the ISO9001 quality management system in each of our factories, and put in place full-process management in terms of incoming goods management, supplier management, material management, process management and after-sales quality supervision throughout the business process. The Group has formed a system construction working group to provide system-related guidance on the establishment and implementation of system management (including quality management system ISO9001, environmental management system ISO14000 and occupational health and safety management system ISO45001) for each subsidiary to improve business quality and stability as well as perform spot checks on the implementation of system management from time to time. Our factories in the new energy segment have also obtained the IATF16949 automotive quality management certification.



The above pictures show those system certificates obtained (Suzhou Jieli as an example)

In accordance with laws and regulations as well as system management requirements, we have set up a stringent product quality assurance process to ensure the quality of our products. The Quality Management Department of each factory is responsible for recording self-inspection and self-audit steps on a daily basis and providing analysis reports on eight dimensions, namely team formation, background description, corrective measures, cause analysis, improvement measures, verification of the effects of improvement measures, prevention of

recurrence (standardisation) and lessons learnt; it is on this basis that annual spot checks are performed by the Group's Quality Management Department. We carry out IQC (i.e. incoming quality control) according to customer requirements, and formulate special plans for inspecting suppliers' materials, so as to perform assurance and full or random inspections of incoming materials. According to the technical agreement with the customer, each product that we provide is accompanied by an inspection specification.

As a result of our concerted efforts and strict quality controls, no product returns and exchanges were recorded in 2020.

Planned target management is in practice for the Group's quality management, and targets for the following year are set at the end of each year. In 2021, we plan to conduct inspections and supervision of our factories regularly to facilitate the improvement of their systems and quality. These include Group inspections, cross-checks within the Group and layered process audits.

#### 5.1.2 Providing optimised services in a timely manner

While internally we seek progress on product quality, we continuously improve our services guided by customer feedback. In this regard, the Group has formulated the *Sales Work Plan*, *Customer Complaint Handling Management Regulations* and other related systems. We issue the "After-sales Service Commitment Letter" to the customer upon signing contract, to make a reliable commitment to the quality and efficiency of our after-sales services; during the service process, the Marketing Department perform an annual return visit to understand the level of customer satisfaction.

In terms of after-sales services, we respond to customer needs in a way that demonstrates high quality and high efficiency by clarifying department responsibilities and personnel orientation services. Take the New Energy Business Department as an example. With a commitment to "making a response within one hour and arriving at the site within 24 hours", the Marketing Department assigns a dedicated person responsible for addressing customers' after-sales service needs while the Quality Management Department performs classified follow-ups on problems in different categories that have been identified. We conduct research and rectification work to optimise product design and quality in response to product defects. For issues unrelated to product quality, we take customer needs into consideration, review service processes, proactively give feedback and provide assistance and solutions.

In 2020, there were no written complaints from customers. In the future, the Group's Marketing Department plans to set up corresponding local offices for major customers to respond more quickly to customer requirements and achieve deeper and more efficient cooperation. We will continue to strengthen our understanding of the importance of customer service, enhance customer relations management and effectively improve customer satisfaction.

### 5.1.3 Focusing on innovation to protect property rights

The improvement of product quality hinges on technological innovation. To support technological innovation, internally, the Group has established a research institute under which there are eight research units and more than 200 professional researchers; externally, it has participated in technological cooperation with many scientific research institutes such as the Chinese Academy of Sciences. We are also actively cooperating with companies that possess leading intellectual property rights in professional fields. For example, Shanghai Energy New Materials and Teijin have signed a patent license agreement on solvent-based coating films for lithium-ion batteries, and are engaged in substantive cooperation on the provision of high performing, safe and cost competitive solvent-based separators for high-quality, high-density and large-capacity lithium-ion batteries.

We attach great importance to the protection of property rights. On the one hand, we proactively protect the intellectual property rights of the Group, and on the other hand, we respect the intellectual property rights of others to avoid infringement.

In accordance with *the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China* and other laws and regulations, we have established an Intellectual Property Department to clarify the standards and processes for the creation, use, management and protection of intellectual property rights of the Group. On the one hand, the Intellectual Property Department provides research personnel with transactional assistance and creates facilitating conditions for product structure, product performance, process and equipment patent applications. On the other hand, it develops a series of courses to help R&D personnel enhance their awareness of independent intellectual property rights, with the aim of nurturing them to become compound talent who understands both R&D and patent protection.

We implement classified management of intellectual property rights based on the maturity of products. For the New Energy BU, products are in a period of vigorous development where new products are launched to replace old ones. Therefore, all new products must undergo intellectual property feasibility studies, and patent applications are included in the KPI assessment of researchers. As at the end of the reporting period, the number of intellectual property authorisations granted by the New Energy BU totalled 208, including 37 invention patents (including 3 at overseas countries) and 171 utility model patents. Another 199 patents are at the substantive examination stage, and applications for 42 United States and Korean overseas PCT patents are being processed; for the Packaging BU, market demand is relatively stable, and new intellectual property rights are mainly derived from technological innovations in production processes. As of the reporting period end, the Packaging BU possesses 164 patents, including 9 invention patents, 144 utility model patents and 11 industry design patents. In addition, 3 invention patents and 17 utility model patents are at the substantive examination stage.

In sorting out purchased database accounts and patent relevance, we have incorporated all historical patents of the Group into our self-developed database, and gathered patent information related to the Group's products, which is updated once a month to form a systematic and normalised intellectual property management approach. With an emphasis on technology first, we observe market development

from the perspective of intellectual property rights. Monthly patent briefings are produced by the Intellectual Property Department for the research institute to refer to in developing ideas for its new projects, which reflects two-way dynamic cooperation.

Development is driven by innovation. Going forward, the Group will continue to explore new technologies and new projects. We plan to launch one new project every two years on average mainly targeting thin film technologies for lithium batteries, including high-performance films such as water treatment films and aluminium-plastic composite films. We will vigorously accelerate the construction of a patent system in the context of big data analysis to gradually enrich our patent knowledge base. Our research institute will also actively promote research on advancement and relevance based on existing technologies and equipment.

## 5.2 Supply chain sustainability

The quality of raw materials and the stability of their supply are indispensable when it comes to the quality of finished products and the stability of delivery to customers. Therefore, sustainable supply chain management is key to ensuring the first-class quality of our products.

### 5.2.1 Prudently selecting suppliers to ensure stable supplies

We strictly abide by *the Bidding Law of the People's Republic of China* and other relevant laws and regulations, implement strict controls on the selection of business-related suppliers, and put forward specific requirements on the selection of suppliers, the procurement process and the verification of procured products and services through internal systems such as the *Procurement Control Procedures*, while also continuing to consolidate and develop partnerships with suppliers, stabilise supply channels and ensure supply quality.

Before introducing a new supplier, the Technology Department, the Quality Management Department, the manufacturing workshop and the Purchasing Department will perform an evaluation of the supplier based on technical information, quality inspections, qualifications and the supply status; those suppliers that pass the evaluation are included in the Qualified Suppliers List. During the cooperation period, we perform supplier assessments on product quality (such as incoming material inspection pass rate, quality stability, etc.), existing cooperation conditions (such as cooperation periods, contract performance rates, after-sales emergency plans, etc.) and supply capacity (such as delivery timeliness, stocking capacity, etc.), as well as R&D levels and price levels.

The Group divides raw materials into bulk raw materials, packaging accessories and low-value consumables according to the nature of raw materials. The acceptance of bulk raw materials requires that the supplier pass system management certifications, such as by furnishing paper documents to provide a specific basis for supplier evaluation, which include the ISO9000 quality management system certificate, the environmental management system certificate, the heavy metal inspection report and the safe production and standardisation certificate, etc.

We understand that the environmental and social performance of suppliers is instrumental in supporting the stability of their supply. Among the suppliers we cooperate with, there are many well-known companies such as PetroChina and Sinopec. We can be informed of their environmental and social performance through publicly available information. For enterprises that have not disclosed information publicly in this regard, we pay visits to them from time to time, perform on-site inspections of their working environments and management conditions, and gain an in-depth understanding of their circumstances, so as to make our evaluation more objective and comprehensive.

Going forward, we will incorporate the environmental and social performance of suppliers into the written supplier evaluation form, to which fixed points and weights are given for normalised observation and consideration.

### 5.2.2 Conducting centralised procurement to drive cost effectiveness and efficiency

The Group's New Energy BU and Packaging BU have each formed a supply chain management approach that suits their own business needs. Under each business segment, bulk raw materials are purchased in a centralised manner and managed by the procurement management centre to ensure stability and quality as well as lower costs and improve efficiency.

Small purchases such as the purchase of low-value consumables are directly carried out by each subsidiaries, and priority is given to local purchases where other conditions remain the same, so as to achieve zero inventory (low inventory) management through flexible procurement.

Going forward, it is expected that we will distinguish the characteristics of different suppliers, collect value information in the review process to upgrade the supplier information system and strive to achieve refined management. On this basis, we will further promote the sharing of supplier resources within the Group in order to capitalise on economies of scale, reduce procurement costs and realise the sustainable development of supply chains.

### 5.3 Charity and community participation

Co-existence and co-prosperity with the community is an important factor in promoting the steady development of enterprises. Over the years, while pursuing our own business expansion and rapid growth, the Group also focused on delivering social benefits and actively organised community public welfare activities in the place where we operated, so as to promote the harmony and integration of the enterprise and the communities, and foster shared prosperity between the enterprise and the communities.

#### 5.3.1 Caring for public welfare and giving back to the society

We actively participate in events and initiatives locally in each subsidiary to promote the well-being of disadvantaged groups. Such initiatives include fund and goods donations, volunteerism programmes to further engage with local communities, and blood donations. We have “community service hour” as working hour and incentive measures, such as special leaves (3 days per person-time) and compensation for nutrients, for potential blood donors. In 2020, We have 48 employees made blood donations.

In recent years, the subsidiaries of the Group have organized a variety of public welfare activities based on the needs of the location where they operate. For example, Shanghai Energy organised a team of volunteers to deliver milk and other supplies to the elderly at Huile Nursing Home located in Huinan Town, Pudong New District, Shanghai; Wuxi Energy held a “Hand in Hand” activity at a children’s rehabilitation centre in Wuxi City; Yunnan Energy organizes employees to go to Longshu Village, Hongta District, Yuxi City to send warmth to the needy groups; Zhuhai Energy organizes employees to participate in the nursing homes of Zhuhai Welfare Center and send warmth activities to needy households; Jiangxi Tongrui and Jiangxi Ruijie organised employees to go to Jiangxi Gaoan Nursing Home for caring the needy groups and sent supplies. These public welfare activities not only convey the love and true feelings of the Group to the society, but also make our employees spiritually nurtured.





Staff members across China participate in various initiatives.

While observing the “social distancing” and “stay at home” orders amid the COVID-19 pandemic, we still did our best and conducted various initiatives at the subsidiary level in 2020. For example, Zhuhai Energy organized employees to send warmth to nursing homes and needy families in September.

### 5.3.2 Facilitate epidemic prevention and act timely Response to COVID-19

In 2020, we quickly took actions to fulfil our corporate citizen responsibility to join the nation-wide effort to fight against the COVID-19 outbreak. Shortly after the pandemic outbreak, we carried out donations in our headquarters and subsidiaries across China and donated a total of RMB 3 million to local charity organisations (e.g. the Red Cross Society of Yuxi City, Yunnan Province, Shanghai Charity Foundation, the Charity Society of Houqiao Street, Xishan District, Wuxi City, Jiangsu Province, the Red Cross Society of Gaoan City, Jiangxi Province, and the Red Cross Society of Zhuhai City, Guangdong Province) and donated goods and supplies worth of over RMB 30,000 to support these organisations in preventing and controlling the COVID-19 outbreak.



We quickly responded to COVID-19 outbreak and made an initial donation of funds and goods in our subsidiaries across China.

Over the years, we have joined or organised employees to participate in a wide range of community service programmes for the well-being of local communities, and our efforts have been widely recognised. For example, Hongta Plastics (Chengdu) Co., Ltd. received in December 2018 the “Top 10 Companies for the Care of the Next Generation in Wenjiang District of Chengdu City” award jointly presented by the Working Committee for the Care of the Next Generation, the Office of Cultural and Ethical Advancement, the Communist Youth League, and the Education Bureau of Wenjiang District in Chengdu City.

## Appendix

### Industry Association

Name of association	Participants (Member Position)
China Industrial Association of Power Sources	Shanghai Energy ( Executive Member )
BOPP Special Committee Council of China Plastic Processing Industry Association	Hongta Plastic ( Member )

### Awards

In 2020, the main honors received in terms of social responsibility and investor relations are as follows:

Honored Company	Awards
<b>Zhuhai Energy</b>	2020 Anti-epidemic advanced Company of the Guangdong Battery Industry Association
<b>Wuxi Energy</b>	Won the honorary title of "Caring Enterprise" in Houqiao Street, Xishan District, Wuxi City

In 2020, the main honors received in terms of innovation, products and services are as follows:

Honored Company	Awards
<b>Zhuhai Energy</b>	Awarded the "Material Technology Innovation Award" in Golden Crown Award of 2020 Power Battery Network
<b>Zhuhai Energy</b>	Awarded the title of "5G+ Industrial Internet Benchmarking and Demonstration Enterprise" issued by Zhuhai Municipal Bureau of Industry and Information Technology
<b>Zhuhai Energy</b>	Awarded the title of "Advanced Material Technology Innovation Company" issued by the Guangdong Battery Industry Association
<b>Zhuhai Energy</b>	Awarded the title of "Advanced Materials Enterprise" issued by the Guangdong Battery Industry Association
<b>Jiangxi Tongrui</b>	Awarded the title of "Excellent technology enterprise" issued by Yichun Science and Technology Bureau
<b>Shanghai Energy</b>	Awarded with the certificate of the new, distinctive, specialized and sophisticated small and medium-sized enterprise issued by Shanghai Municipal Commission of Economy and Informatization
<b>Shanghai Energy</b>	Awarded with the certificate of "High safety adhesive coating film for power battery ( ND9T333S ) (A Level) issued by Shanghai High-tech Achievement Transformation Project Bureau
<b>Shanghai Energy</b>	Won the "First Prize of Science and Technology Award" issued by the People's Government of Pudong New Area, Shanghai
<b>Wuxi Energy</b>	Jiangsu Province Automobile Industrialization Office

	assessed the light and thin ceramic coating film for power battery as "Excellent Innovative Technology and Product"
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In 2020, the main honors received in terms of labor management are as follows:

Honored Company	Awards
<b>Shanghai Energy</b>	Awarded with the title of Shanghai Harmonious Labor Relations Standard Enterprise
<b>Zhuhai Energy</b>	Awarded by the Zhuhai Municipal Human Resources and Social Security Bureau as "Zhuhai City's Key Enterprise for Introducing University Graduates"
<b>Chengdu Hongta Plastic</b>	Awarded the "Five-Star Labor Union" by Chengdu Federation of Labor Unions

In 2020, the main honors received in terms of the market and economy are as follows:

Honored Company	Awards
<b>Zhuhai Energy</b>	Awarded the "Top 100 Zhuhai Enterprises in 2020" by Zhuhai Enterprise and Entrepreneurs Association and Zhuhai Economic Development Promotion Association
<b>Zhuhai Energy</b>	Awarded the "Top 100 Zhuhai Manufacturing Enterprises in 2020" by Zhuhai Enterprise and Entrepreneurs Association and Zhuhai Economic Development Promotion Association
<b>Hongchuang Packaging</b>	Awarded by the Department of Industry and Information Technology of Yunnan Provincial as "Provincial-level Growth Small and Medium-sized Enterprises in Yunnan Province"

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## Glossary of terms

Paraphrase		Paraphrase content
the Company	mean	Yunnan Energy New Materials Co., Ltd.
Enjie/ the Group/we	mean	the Company together with its subsidiaries and affiliated companies
ESG report/ this report	mean	Energy "2020 Environmental, Social and Governance Report"
Shenzhen Stock Exchange	mean	Shenzhen Stock Exchange
Shanghai Energy	mean	Shanghai Energy New Material Co., Ltd.
Zhuhai Energy	mean	Zhuhai Energy New Material Co., Ltd.
Wuxi Energy	mean	Wuxi Energy New Material Co., Ltd.
Jiangxi Tongrui	mean	Jiangxi Tongrui New Energy Technology Development Co., Ltd.
Jiangxi Ruijie	mean	Jiangxi Ruijie New Material Technology Co., Ltd.
Hainan Energy	mean	Hainan Enjie Investment Co., Ltd.
Suzhou Jierui	mean	Suzhou Jieli New Energy Materials Co., Ltd.
Chongqing Yuntianhua Newmi	mean	Chongqing Yuntianhua Newmi Technology Co., Ltd.
Yunnan Dexin	mean	Yunnan Dexin Paper Co., Ltd.
Yunnan Hongta	mean	Yunnan Hongta Plastic Co., Ltd.
Hongchuang Packaging	mean	Yunnan Hongchuang Packaging Co., Ltd.

## Feedback

Dear readers,

Thank you for reading this report. In order to continuously enhance and improve our management of sustainable development, we sincerely hope to hear your valuable opinions and suggestions. Please complete the content of this page and choose the following channels to give us feedback.

Telephone: 0877-8888677

Address: No. 125, Fuxian Road, High-tech Zone, Yuxi City, Yunnan, PRC

1. What is your opinion of this whole report?

Good                       Not bad                       Normal

2. How do you think of the clearness, accuracy and completeness of the information and data disclosed in this report?

Good                       Not bad                       Normal

3. How do you think of this report reflects the significant influence of the Group to the economy, society and environment?

Good                       Not bad                       Normal

4. How do you think of the Group's performance in safeguarding the interests of stakeholders?

Good                       Not bad                       Normal

5. Your opinions and suggestions on the sustainable development management of the Group:

**Please leave your contact information if possible :**

Name :	Occupation:	Name of organization you work in :
Post Code :	E-mail:	Tel :
Contact address :		

We will fully consider your opinions and suggestions and undertake to keep properly your information.