



2022

Stock Code: 002080.SZ

Sinoma Science & Technology Co., Ltd.
Environmental, Social and Governance Report

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01 About the Report

The Report is the first ESG Report published by Sinoma Science & Technology Co., Ltd. The Report presents the Company's achievements in sustainable development and fulfillment of corporate social responsibility in 2022. The content mainly includes material issues related to the Company's sustainable development, and is supplemented by key performance indicators, so that all stakeholders can better understand the Company's sustainable development concepts, measures and related performance.

Reporting Scope

The Report covers Sinoma Science & Technology and its subsidiaries. Unless otherwise specified, the Report covers the period from January 1, 2022 to December 31, 2022. Parts of the content will be appropriately extended as necessary, and the specific situation will be indicated in the Report.

Reporting Guideline

The Report compiles mainly in accordance with the *Guidelines of Shenzhen Stock Exchange on Self-Regulation Rules No.1 for Listed Companies — Standardized Operation of Main Board Listed Companies* and the *Guidelines of Shenzhen Stock Exchange on Self-Regulation Rules No.1 for Listed Companies— Business Handling (2023 Revision)* that issued by SZSE. The Report also refers to the ESG requirements set out in the *Work Plan for Improving the Quality of Listed Companies Controlled by Central Enterprises* issued by SASAC and the *Environmental, Social and Governance Reporting Guide* under Appendix 27 to the *Listing Rules* issued by SEHK.

Data Description

The information and data used in the Report are derived from the formal documents, statistical reports or summaries and statistics of practice in Sinoma Science & Technology and its subsidiaries. The data quoted externally have been indicated in the Report. Unless otherwise specified, the currency involved in the Report is accounted by RMB.

Form of Publication

The Report is published in both Chinese and English. If there is any discrepancy between the two versions, the Chinese version shall prevail. The electronic version of the Report is available on the official website of the Company (www.sinomatech.com) or the website of CNINFO (www.cninfo.com.cn).

Reporting Cycle

The Report is an annual report.

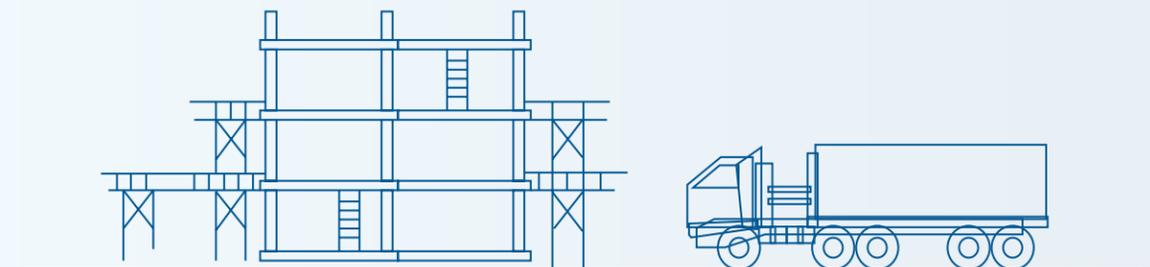
Feedback

If you have any suggestions on the Report or the Company's ESG work, please feel free to contact the Company by email at sinoma@sinomatech.com

Definitions

In the Report, unless otherwise specified in the context, the following expressions shall have the following paraphrases.

"Company" or the "Company" or "Sinoma Science & Technology"	denotes	Sinoma Science & Technology Co., Ltd.
the "Report"	denotes	2022 Environmental, Social and Governance Report of the Company
"Reporting Period" or "Year"	denotes	From 1 January 2022 to 31 December 2022
"CNBMG"	denotes	China National Building Material Group Co., Ltd.
"Sinoma Blade"	denotes	Sinoma Wind Power Blade Co., Ltd.
"CTG"	denotes	Taishan Fiberglass Inc.
"Sinoma Lithium Membrane"	denotes	Sinoma Lithium Battery Separator Co., Ltd.
"NRDI"	denotes	Nanjing Fiberglass R&D Institute Co., Ltd.
"Shandong Membrane Material"	denotes	Sinoma Membrane Materials (Shandong) Nam Co., Ltd.
"Beijing Composite"	denotes	Beijing Composite Materials Co., Ltd.
"Suzhou Nonmetallic Minerals"	denotes	Suzhou Sinoma Design & Research Institute of Non-metallic Minerals Industry Co., Ltd.
"Chengdu Limited"	denotes	Sinoma Science & Technology (Chengdu) Co., Ltd.
"Suzhou Limited"	denotes	Sinoma Science & Technology (Suzhou) Co., Ltd.
"SASAC"	denotes	State-owned Assets Supervision and Administration Commission of the State Council
"SZSE"	denotes	Shenzhen Stock Exchange
"SEHK"	denotes	The Stock Exchange of Hong Kong Limited
"ESG"	denotes	Environmental, Social and Governance
"EHS"	denotes	Environment, Health and Safety



02 About Sinoma Science & Technology

Company Profile

Sinoma Science & Technology was registered as a joint-stock enterprise in the State Administration for Industry and Commerce on December 28, 2001, given official approval by the original State Economic and Trade Commission and initiated by the original China National Materials Group Corporation. On November 20, 2006, the A-share of Sinoma Science & Technology was listed on the SZSE. After the restructuring in 2016, the Company becomes a subsidiary of CNBMG. By the end of the Reporting Period, the Company had a total of XX subsidiaries, a total of XX employees and a total of approximately 1,678,123,584 shares.



The Company inherited the original NRD, Beijing FRP Research & Design Institute Materials Co.Ltd. and Suzhou Nonmetallic Minerals, thus inheriting their more than 50 years of core technology resources and talent as advantages. Company have completed industry chain of non-metallic mineral material, glass fiber, fiber composite material technology. The Company is a high-tech enterprise integrating R&D, design, product manufacturing and sales, and technology and equipment in the field of special fiber composites in China.

During the Reporting Period, the Company focused on certain strategic emerging industries such as new energy, new materials, energy conservation and emission reduction and concentrated our advantageous resources to vigorously develop three leading industries of wind power blades, fiberglass and products, and lithium battery separator. And Company are, at the same time, engaged in the research and development, manufacturing and sales of high-pressure gas cylinders, membrane materials and other composite materials products. Our business products are closely related to applicable fields of new energy, aerospace, energy conservation and emission reduction.

Core Values of the Company

<p>Integrity</p> <p>To be loyal to shareholders, sincere to customers and responsible for the society. The Company advocates the code of conduct of authenticity, openness, transparency and mutual trust, and establishes a branding image of integrity within the industry.</p>	<p>Respect</p> <p>To respect customers, suppliers, intellectual property rights and competitors. Internally, Company advocate team spirit of mutual respect, mutual care and mutual support to earn the respect of society and collaborators.</p>	<p>Innovation</p> <p>To enhance the awareness of innovation, create an innovative environment, maintain competitive advantages through technological innovation, improve operational capabilities through management innovation, and promote the development of the Company through strategic innovation.</p>	<p>Efficiency</p> <p>The Company advocates the working principles of consistent objectives, rapid response, unified paces and determined implementation in pursuit of a highly efficient and highly effective operation.</p>
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Corporate Honors

During the Year, Sinoma Science & Technology and its subsidiaries received various awards, including but not limited to:

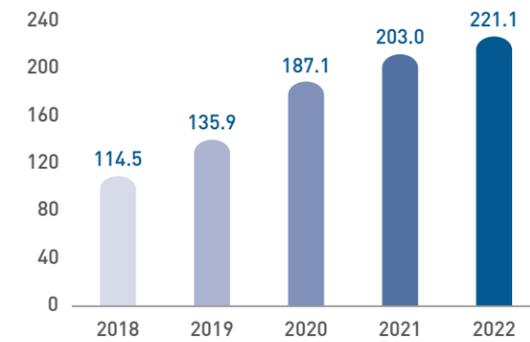
<p>Sinoma Science & Technology was awarded the 2022 National Intellectual Property Demonstration Enterprise</p>	<p>Sinoma Science & Technology was awarded the title of "2022 Top Ten Leading Enterprises in Science and Technology Breakthrough in China Building Materials Industry" by China Building Materials Federation</p>	<p>NRDI and Suzhou Nonmetallic Minerals were jointly selected as the "Reform in Science and Technology Demonstration Enterprises"</p>
<p>Suzhou Limited's Undertaking Project won the First Prize of Beijing Science and Technology Progress Award</p>	<p>NRDI was awarded the 2022 National Intellectual Property Advantageous Enterprise</p>	<p>3 subsidiaries (Shandong Membrane Material, a subsidiary of NRDI, Chengdu Limited and Jiujiang Company, subsidiaries of Suzhou Limited.) were selected into the allowlist of the fourth batch of Specialized and Sophisticated "Boutique Giant" Enterprises published by the Ministry of Industry and Information Technology</p>
<p>8 subsidiaries were acknowledged as High-tech Enterprises (Nanjing Sinoma Water Co., Ltd., Sinoma (Baicheng) Wind Power Blade Co., Ltd., Inner Mongolia Chinaly New Material Co., Ltd., Shangdong Membrane Materials., Sinoma (Jiuquan) Wind Power Blade Co., Ltd., Sinoma (Pingxiang) Wind Power Blade Co., Ltd., Sinoma Lithium Membrane., and Chengdu Limited.)</p>		<p>NRDI was awarded the first prize and second prize of the 2021 Building Materials Science and Technology Award by China Building Materials Federation</p>
<p>Beijing Composite was awarded the title of "2021 Advanced Organization for Operation Standardization of Building Materials Industry" by China Building Materials Federation</p>	<p>Beijing Composite won the Second Prize of the Fifth Achievement Delivery Competition of Central Enterprise OC Team in 2022</p>	<p>Sinoma Blade and Beijing Composite were awarded the "Second Prize of Quality Technology in 2022" by China Association for Quality</p>

In the future, the Company will unswervingly implement the new development concept and continue to promote its own high-quality development.

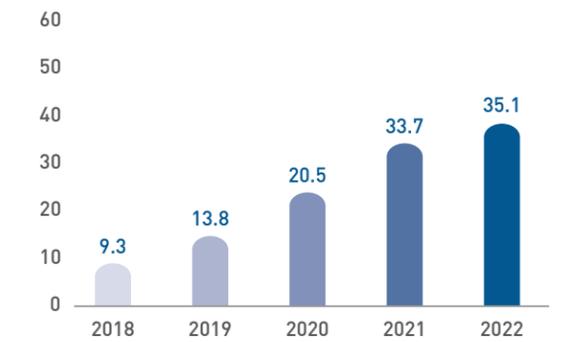
2022 Performance Highlights

This section demonstrates the performance of the Company in relation to business development during the Reporting Period:

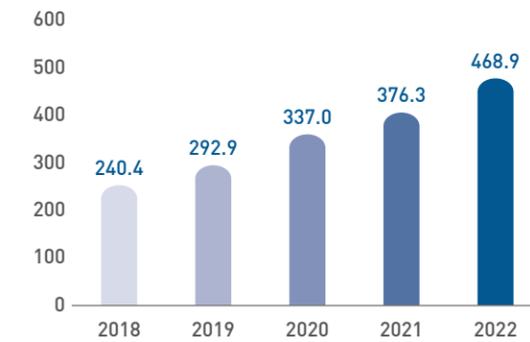
Operating Revenue (100 million)



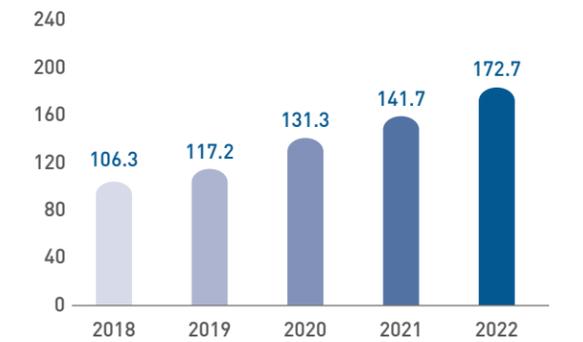
Net Income Attributable to Shareholders (100 million)



Total Assets (100 million)



Net Assets Attributable to Shareholders (100 million)





03

ADHERING TO STABLE OPERATION

The Company sticks to the core values of integrity, respect, innovation and efficiency, and business philosophy of harmonious development of employees, customers, shareholders and the society. With the mission of promoting the development of new materials industry and promoting social technological progress and the goal of meeting customer needs and improving customer value, the Company is committed to building itself into a well-known technology enterprise in China's materials industry that is most respected by customers, and believed by employees and shareholders.

In order to sustain the steady development of Sinoma Science & Technology, the Company implements responsible governance, incorporating corporate social responsibility into the overall strategic planning, actively building a systematic, scientific and effective governance structure. The Company takes business ethics as the bottom line, strictly abides by laws and regulations that related to business ethics, strengthens the construction of integrity culture, and unblocks reporting channels. The Company attaches great importance to the communication with stakeholders and actively builds a bidirectional communication mechanism with stakeholders to understand and respond to the demands and expectations of various stakeholders.





Responsible Governance

Governance Structure

Since the listing of the Company in A-Share in 2006, the Company has established and completed a judicial governance structure of the general meeting of shareholders, the Board of Directors, the Board of Supervisors, and the senior management, strictly complying with the requirements of the *Company Law*, the *Securities Law*, and the *Code of Corporate Governance for Listed Companies* and other relevant laws, regulations, and rules. The Company always insists on integrating the leadership of the Party into all aspects of corporate governance, continuously improving corporate governance and internal management, and regulating corporate operation. During the Reporting Period, the Board of Directors of the Company consisted of 9 Directors, and set up the Strategy and Investment Committee, the Audit and Legal Compliance Committee, the Nomination Committee and the Remuneration and Appraisal Committee. The Board of Director conducts professional research on the Company's development strategy, major investment and financing, selection and appointment of personnel and remuneration distribution. Meanwhile, the Company continues to improve the list of rights and responsibilities of the general meeting of shareholders, the Board of Director and the Board of Supervisors, fulfills the Board of Director's duties and rights, revises the supporting systems in a timely manner, and formulates the management measures of the Board of Director's authorization to the management.

In terms of the management of social responsibility related work, the Company takes the Securities Department of the Headquarters (Office of the Board of Director) and the Corporate Management Department of the Headquarters as the main responsible departments, and the Party-Mass Office or Operation Department of each subsidiary as the main responsible departments to implement social responsibility related work. Meanwhile, to better fulfill corporate social responsibility, the Company has formulated an overall strategic plan related to environmental protection and employee training and development and formulated a plan for community investment at the beginning of each year.

Business Ethics

Standardizing Business Conduct

Sinoma Science & Technology strictly abides by business ethics and regards business ethics as one of the cornerstones for stable operating in the market. The Company and its subsidiaries strictly comply with relevant laws and regulations such as *the Law of the People's Republic of China on the Protection of State Secrets*, *the Anti-Unfair Competition Law*, *the Product Quality Law of the People's Republic of China* and *the Interim Provisions on Banning Commercial Bribery*. In the meantime, combining with its own business characteristics, the Company has formulated internal management policies such as *the Confidentiality Management Regulations*, *the Trademark Management Measures*, *the Product Quality Supervision and Management Regulations*, *the Joint Construction of Integrity Agreement*, *the Compliance Management System*, and *the Regulations on Trade Secrets Protection and Competition Restrictions* to regulate its own business practices.



Building a Culture of Integrity

Integrity building is an important cornerstone of corporate governance. The Company and its subsidiaries strictly abide by relevant laws and regulations and adhere to the bottom line to create a fair, transparent and honest working and operating environment. At the same time, the Company continues to strengthen the construction of the anti-corruption-and-integrity ideology, continuously promoting the value of integrity, implementing integrity education, and embedding the culture of integrity deeply into people's hearts. The Company conducted integrity alerting education activities through holding thematic meetings, carrying out the "Monthly Talks on Party Conduct and Clean Government Construction", and holding warning education meetings to create a culture of integrity. The Company continued to carry out three-dimensional and comprehensive publicity and education activities through WeChat official account, publicity column and other media. Taking the chance of work inspection and deep communication, the Company reminded the leading cadres of leading by example, clarifying the bottom line, abiding by disciplines, conducting respect, and promoting the customs of good cultures. The Company also insists on holding several talks to young cadres on their fulfilment of duty, and introduced integrity disciplines to new employees to guide them to work in integrity.

Case: Sinoma Science & Technology Held the 2022 Work Meeting on Party Conduct and Clean Government Construction and Anti-Corruption



Case: The Discipline Inspection Committee of Sinoma Science & Technology Organized More Than 40 Employees from the Company and Sinoma Blade to Participate in a Learning Tour at the Warning Education Base for the Comprehensive and Strict Governance of the Party in Beijing



Unblocked Reporting Channels

In order to build up an open and transparent communication environment, strengthen democratic supervision, and enrich the construction of anti-corruption system, the Discipline Inspection and Supervision Department of the Company has formulated the *Interim Measures for Unblocked Reporting Channels on Discipline Inspection and Letters and Visits*, which clarifies the scope, main channels and disposal methods and principles of letters and visits and reporting and encourages all employees, suppliers and customers to report to the Company if non-compliant business conducts were found. The Company encourages and supports the whistle-blowers to report the situation based on facts to the Discipline Inspection Committee objectively and truthfully through telephone, mail or email. The Discipline Inspection Committee will implement the *Working Rules for Handling of Whistleblowing by the Discipline Inspection and Supervision Authorities*, carefully handling all kinds of clues received to ensure that all of the letters and visits and reports are responded in a sound manner.



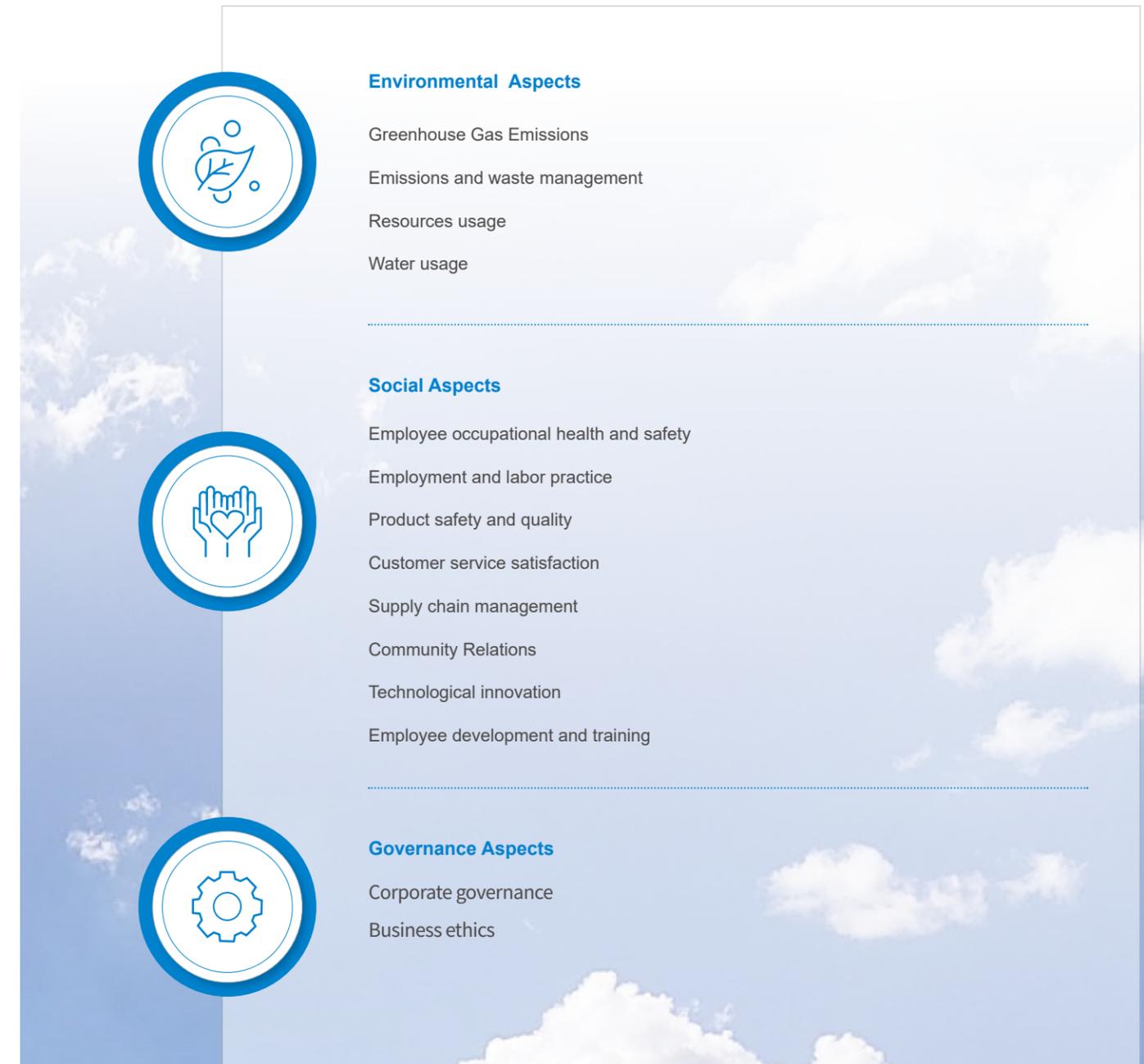
Stakeholders Engagement

Continuous and effective communication with stakeholders is a solid foundation for Sinoma Science & Technology's long-term stable operation. The Company attaches great importance to communication with stakeholders and actively communicates with them on multiple platforms. Sinoma Science & Technology shall combine critical needs of various stakeholders for the Company's products, services and operations, establish various forms of communication carriers and methods, and promote bilateral and transparent feedbacks between the entire organization and stakeholders.

During the Year, the major stakeholders of Sinoma Science & Technology and communication between the two are as follows:

Stakeholders	Expectations and demands	Communication methods
<p>Government/Regulatory authorities</p>	<ul style="list-style-type: none"> • Operation in compliance with laws and regulations • Implementing national policies • Tax payment in accordance with law • Green production • Technological innovation 	<ul style="list-style-type: none"> • Work reports • Environmental information disclosure • Regular disclosure of corporate information
<p>Shareholders/Investors</p>	<ul style="list-style-type: none"> • Creating solid returns • Improving corporate governance • Strengthening management of investor relations • Prompt, accurate and comprehensive disclosure of information 	<ul style="list-style-type: none"> • Publishing regular reports • Convening general meetings, results briefings, roadshows • The HUDONGYI Platform, investor hotline, corporate email and other communication channels
<p>Employees</p>	<ul style="list-style-type: none"> • Protecting employees' interests and rights • Guarantee of remuneration and welfare • Occupational health and safety • Career promotion and development 	<ul style="list-style-type: none"> • Safety training and drills • Career development training • Helping employees in difficulties • Staff congress and staff forum, etc.
<p>Suppliers</p>	<ul style="list-style-type: none"> • Anti-unfair competition • Practicing responsible procurement • Anti-corruption 	<ul style="list-style-type: none"> • Supplier management assessment and communication • Contract negotiations and routine meetings • Regular disclosure of corporate information
<p>Customers</p>	<ul style="list-style-type: none"> • Providing safe, environmentally friendly and high-quality products • Technological innovation • Excellent customer service • Operation with integrity 	<ul style="list-style-type: none"> • Customer satisfaction survey • Customer complaint handling and return visit • Regular disclosure of corporate information
<p>Partners</p>	<ul style="list-style-type: none"> • Adhering to business ethics • Promoting industry development 	<ul style="list-style-type: none"> • Cooperation and communication • Regular disclosure of corporate information
<p>Public/Community</p>	<ul style="list-style-type: none"> • Green production • Fulfilling social responsibility 	<ul style="list-style-type: none"> • Community co-construction and donation • Rural revitalization • Regular disclosure of corporate information

Based on the Company's main business characteristics, development strategies and stakeholders' concerns, the Company identified a total of 14 material issues and conducted key disclosures in the Report to respond to stakeholders' concerns. The following are the material issues of Sinoma Science & Technology for the Year:





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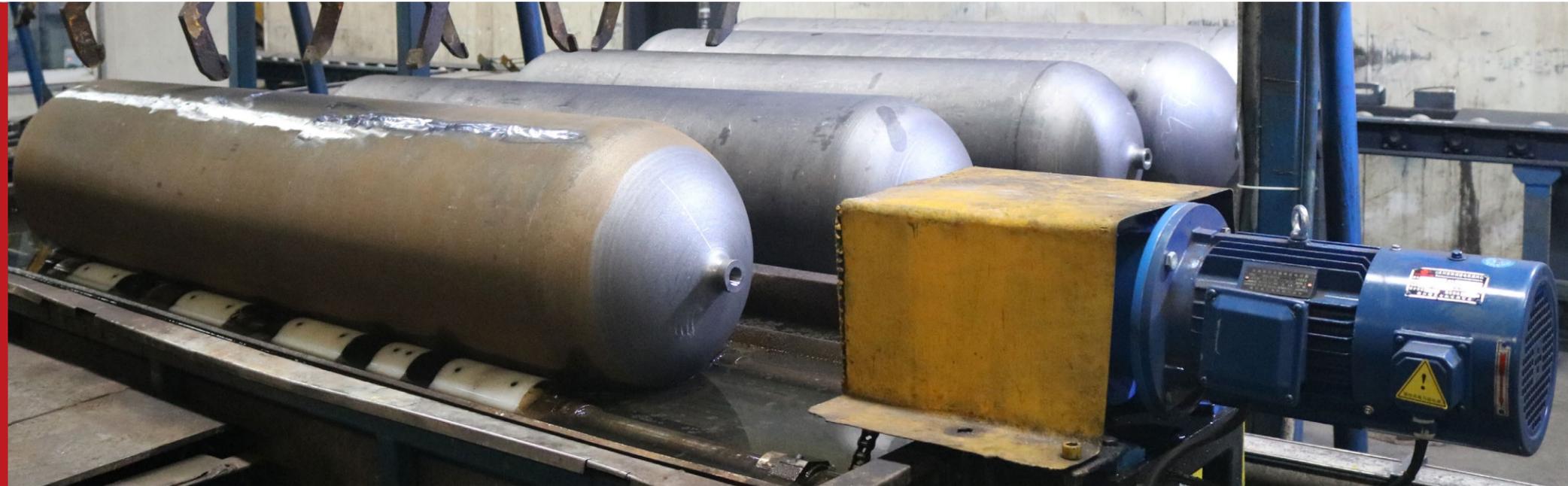
PURSUING HIGH QUALITY

Adhering to the craftsmanship spirit of pursuing excellence, Sinoma Science & Technology sticks to the guiding ideology of “Building A Leading Industry, Promoting Mechanism Innovation, Strengthening Operation Management, and Shaping a Well-known Brand” to vigorously develop a leading industry, continuously strengthens core competitiveness of the main business, and improves product quality and services. Sinoma Science & Technology controls the product qualification rate through strict control of production standards and quality inspection process, seeks product quality breakthroughs through optimization of technology, and be supplemented by excellent service level and supply chain management, achieving value add-on.



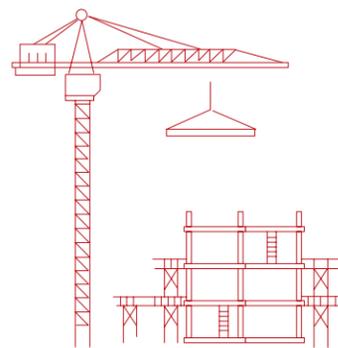
Excellent Quality

The Company is committed to providing high-quality and safe products. The Company and its subsidiaries strictly comply with laws and regulations such as the *Product Quality Law of the People's Republic of China*, the *Regulations on Quality Responsibility for Industrial Products*, the *Regulation of the People's Republic of China on the Administration of Production License for Industrial Product*, the *Special Equipment Safety Law*, the *Regulations on Safety Supervision of Special Equipment*, the *Rules of Licensing for Special Equipment Producers and Filling Entities*, and the *code on Safety Technology of Gas Cylinders*. Meanwhile, in accordance with national laws and regulations and the internal policies of CNBMG, the Company takes into account its own business and actual conditions, formulating internal regulations such as the *Quality Management Measures, Regulations and Stakeholders Requirements Control Procedures*, and *Advance Product Quality Planning ("APQP") Control Procedures* to regulate internal production processes and product standards.



During the Reporting Period, the quality management system of certain subsidiaries of Sinoma Science & Technology have obtained external certifications, such as the CTG being awarded re-evaluation new certification of ISO9001 and IATF16949 quality management system, Sinoma Lithium Membrane obtaining of IATF16949: 2016/ISO9001: 2015 quality system certification, both the Suzhou Limited and Chengdu Limited obtaining ISO 9001: 2015 quality management system certification, Suzhou Nonmetallic Minerals obtaining ISO 9001: 2015 quality management system certification, etc.

Based on the *Product Inspection and Test Procedures* and the *Product Inspection and Control Procedures*, the Company has established a strict product quality inspection process, which covers the whole life cycle from raw materials/purchased products, semi-finished products, products and shipped products to ensure that the product quality is effectively controlled at all levels. In addition to the product inspection process, the Company has also standardized the disposal process of unqualified products by formulating the *Management System for Unqualified Products* and the *Control Procedures for Unqualified Products*, and also clarified the relevant requirements for product recall.



Case: Sinoma Blade's Quality Inspection Process

Sinoma Blade has formulated inspection projects such as raw materials, product production process and product acceptance in accordance with relevant standards of the nation, industry and the Company, customer requirements, and practical requirements. Sinoma Blade has also compiled standard inspection instructions and inspection plans based on the inspection projects.

For operations involving key quality characteristics, Sinoma Blade has set up special inspection points (inspected by inspectors) and set up self-checking points (checked by manufacturers and confirmed by inspectors) based on practical on-site inspection. The inspection plan will then be uploaded to the quality information system and to be formed into an inspection task. Employees of Sinoma Blade would then conduct self-inspection and special inspection according to the inspection task, and input the inspection results into the quality information system to form electronic documentation of production quality records, ex-factory inspection reports and certificates of qualified product.

Meanwhile, the Company and its subsidiaries also actively seek to improve product characters by improving product quality on one hand and optimizing costs structure on the other hand to increase revenue. For example, Sinoma Lithium Membrane took quality improvement projects as starting point, carrying out improvement of layer thickness capacity of company-level basement membrane, A coating rate improvement and 57 QCC improvement projects, increasing the yield rate ("A Product" rate) annually and carrying out quality training to create a good atmosphere for continuous improvement. CTG continued to carry out quality inspection activities and a series of quality improvement activities. During the Reporting Period, CTG has a total of 36 quality inspection topics were registered, 28 topics were concluded, 47 quality improvement projects were concluded, and 39 topics were concluded. The topics carried out were mainly about improving product quality, improving production efficiency, solving equipment failure, researching and developing new tools, etc., all of which achieved remarkable results and successfully solved various quality problems in the production process.

During the Reporting Period, CTG has



Technological Innovation

Scientific Research Investment and Achievements

The Company adheres to the innovation-driven development strategy and always takes the mission of promoting the development of the new materials industry and promoting the progress of social technology as its own. The Company strengthens the overall design and layout, continuously strengthens the investment in research and development, and undertakes a number of important scientific and technological projects. Its research and development direction covers key fields of application such as aviation, aerospace, shipping, electronics and new energy.

During the Reporting Period, the Company completed research and development investment of RMB1.23 billion and its research and development investment intensity reached 5.72%, mainly focusing on the development of new products and tackling of key technologies for leading industries such as wind power blades, fiberglass, lithium battery separators and pressure cylinders, making positive progress in a series of "bottleneck" technology breakthroughs. For example, NRDI is involved in the research of gas replacement methods for carbon fiber density testing and the development of international standards. The Beijing Composite's high-performance ablation-resistant resin, and NRDI's special fiberglass have provided reliable guarantee for the launch and return of spacecraft of Shenzhou series for many years with its excellent quality. CTG was a leader in China to address the key preparation technology of the first generation of low dielectric glass fiber and fabrics.



The Company completed research and development investment of RMB1.23 billion

its research and development investment intensity reached 5.72%

Case: Research and Industrialization of Key Technology of High-efficiency, High-quality, and Large-scale Wind Turbine Blade in Composite Materials

Wind power is in a critical transition period from high-speed development to high-quality development, and wind turbine blades are facing unprecedented challenges such as high-efficiency R&D, green environmental protection, and rapid industrialization. The project pioneered in introducing the advanced R&D quality tool of global wind power industry - Advanced Product Quality Planning ("APQP4Wind"), regarding the direction of "green materials, efficient molding, intelligent manufacturing". It has overcome a series of core technologies, led in tackling problems of high-efficiency manufacturing of blades in Megawatt-level, and formed key technology systems of the design, materials, technology, equipment as well as other sections of wind turbine blades in low-cost, high-efficiency, high-quality, high-power, and low-speed.

The project has promoted and applied its results in a number of series of more than 40 products of various series with an accumulative sale of more than 10 thousand sets of blades in the past 3 years, achieving sales revenue of more than RMB 20 billion.

The successful implementation of the project accelerates scientific and technological innovation of the wind power industry, facilitates China's energy structure transformation, and makes a significant contribution to implementation of the strategic goal of the "double carbon".



Technological Ethics

Scientific and technological ethics are the values and codes of conduct that need to be followed when carrying out scientific and technological activities and are an important guarantee for promoting the healthy development of scientific and technological undertakings. The Company earnestly studied and strictly complied with the *Opinions Issued to Strengthen Governance over Ethics in Science and Technology*, earnestly implemented the governance requirements of ethics first, compliance with laws and regulations, agile governance, based on national conditions and open cooperation in the document, adhered to the basic principles of improving human well-being, respecting life rights, of adhering to fairness and justice, of reasonably controlling risks and maintaining openness and transparency in the document. The Company also adhered to the people-oriented development concept, and committed to promoting economic development, social progress, livelihood improvement and ecological environmental protection. At the same time, the Company actively led scientific and technological personnel to consciously abide by scientific and technological ethics requirements, proactively learn scientific and technological ethics knowledge, enhance scientific and technological ethics awareness, consciously practice scientific and technological ethics principles, and adhere to the bottom line of scientific and technological ethics.



Case: Beijing Composite Supported the Launching of Kuaizhou-11 (KZ-11) Rocket Launcher

Being as the developer and manufacturer of the nozzle divergent section of the first-class and second-class solid engine of the solid rocket launcher KZ-11, Beijing Composite has achieved great success in contributing the launching of KZ-11 on 7 December 2022.

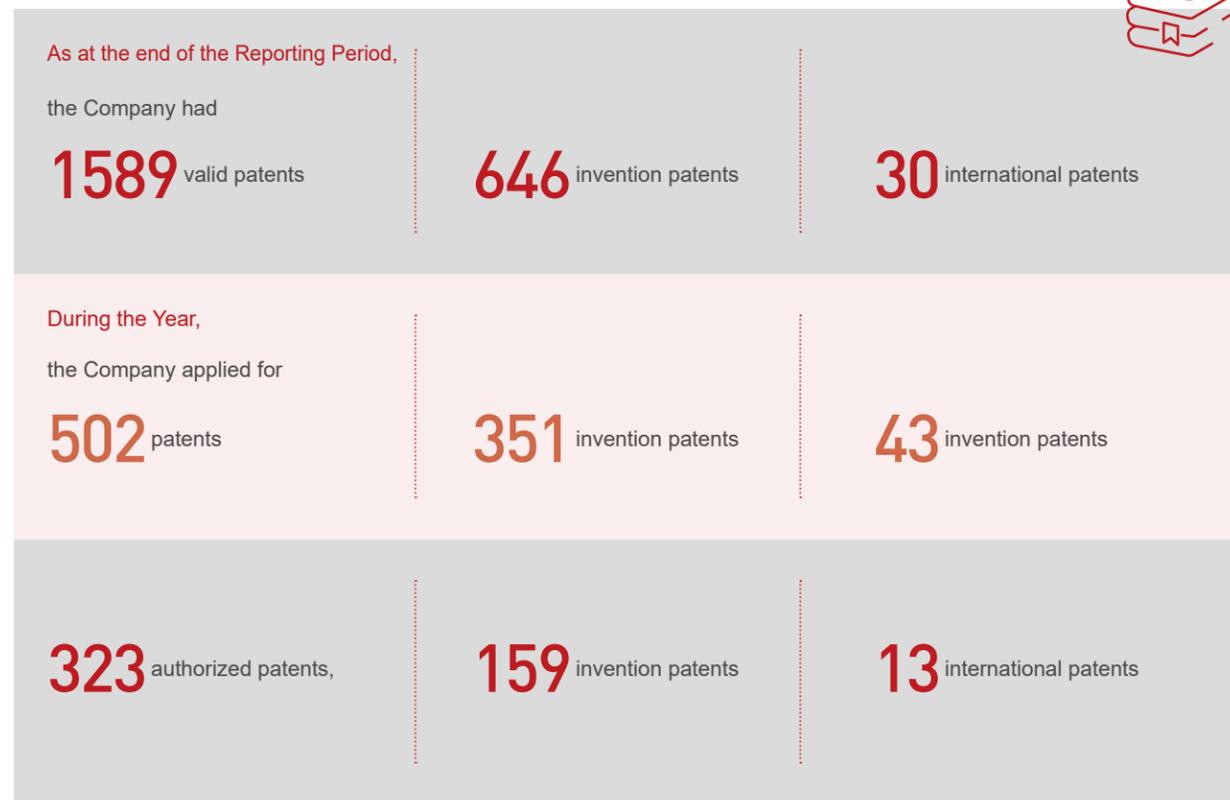
Through the application of automatic winding machine and the optimization of molding process, Beijing Composite has formed low-cost and high-quality molding technology to facilitate the scaling and commercialization of "KZ-11 Rocket Launcher" and achieved the leapfrogging development of the Kuaizhou series of rockets. The result will strongly promote the development of solid rocket launcher and their driving forces in China, and that would be far-reaching significant to the rapid development of China's aerospace transportation system- solid rocket launcher.



Intellectual Property

Sinoma Science & Technology strictly abides by the *Patent Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and has formulated the *Measures for the Administration of Patents of Sinoma Science & Technology Co., Ltd.* based on the system construction of internal control and requirements of risk management. The measures has established a management system for intellectual property work with the characteristics of the building materials industry in terms of aspects in intellectual property protection, research and development project management, scientific research funds management, providing a mechanism guarantee for the orderly processing of the Company's scientific research.

As at the end of the Reporting Period, the Company had 1589 valid patents, including 646 invention patents (30 international patents). During the Year, the Company applied for 502 patents, including 351 invention patents (43 international patents) and 323 authorized patents, including 159 invention patents (13 international patents).



During the Year, Sinoma Science & Technology was awarded the National Intellectual Property Demonstration Enterprise, and NRD1 was awarded the 2022 National Intellectual Property Advantage Enterprise. Sinoma Science & Technology always adheres to the principle of combining "scientific and technological innovation" and "intellectual property protection", standardizes intellectual property management, and promotes the transformation of scientific and technological achievements. In the future, Sinoma Science & Technology will continue to promote the construction of the intellectual property system, enhance the core competitiveness of technologies in key areas, and comprehensively promote the "engine" of high-quality development of intellectual property.

Sincere Services



The Company is committed to providing customers with sincere services and excellent products. In order to standardize after-sales service, the Company has formulated the *Measures for Customer Satisfaction Management* to collect customers' opinions, listen to customers' opinions, regularly investigate and analyze customer satisfaction and related information, so as to more accurately identify and understand customers' needs and expectations, so as to take appropriate preventive and corrective measures to improve products and services and improve customer satisfaction.

During the Reporting Period, the Company and its subsidiaries actively carried out customer feedback collection activities. Sinoma Blade collected customers' satisfaction with the business support, research and development support, quality management, product delivery and after-sales service modules, product quality and product delivery modules for the headquarters of Sinoma Blade through questionnaires, and completes the *Customer Satisfaction Analysis Report* within the first week of January and July of each year. Sinoma Blade's overall customer satisfaction rate in the Year is 92%. The Sales Department of CTG conducted customer satisfaction surveys for three consecutive years, and conducted satisfaction surveys for domestic and foreign customers respectively. During the year, domestic customer satisfaction was 96.4%, and foreign customer satisfaction was 96.9%. Sinoma Lithium Membrane organized a customer satisfaction self-assessment once a month in accordance with the *Customer Complaint Control Procedure Document*, covering product performance, quality, delivery and service, reviews, and tracks the feedback.



The Company has formulated the *Measures for the Management of Customer Complaints*, the *Management System of After-sales Service*, the *Customer Complaint Acceptance and Quality Improvement Control Process* and other systems to specify the procedures for handling customer complaints, including emergency handling procedures, responsible departments for different types of complaints and their responsibilities, and the time limit for handling complaints, etc. These systems also provide a track of the development and implementation of customer satisfaction improvement plans for the responsible units.

For complaints on product, the Company immediately organizes corresponding departments to investigate the causes of the complaints after receiving the complaints or feedback. The Company collects samples for inspection, promptly reports the handling results to customers, and submits the 8D problem-solving reports to close the file after the rectification is completed. For complaints on service, the Company conducts cause analysis and corrective and preventive measures based on customers' feedbacks and departments involved and forms relevant solution plans to related parties within 5 working days. After the rectification is completed, the department that receiving complaints or the marketing center will report the rectification result to the customer through email and other means until the problem is resolved or solved.



The Company strictly implements the relevant provisions of the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, reaches an agreement with customers according to mutual willingness, enters into product sales contracts, and performs contracts in accordance with the Company's *Contract Management System*. In particular, in order to actively protect the privacy rights of consumers, the Company defines customer information and product information as trade secrets through the *Confidentiality Management System*, requiring confidential personnel to sign confidentiality agreements with the Company and further protecting customer information. At the same time, the Company strictly implements the confidentiality management system. For example, Beijing Composite attaches great importance to protecting the privacy of itself and its customers, and has formulated the *Confidentiality Management Manual* and the *Compilation of Confidential Procedure Documents* to regulate the confidentiality requirements of employees from entering the confidential post to all aspects of on-the-job and post-leaving, and has signed a *Confidentiality Pledge* with Beijing Composite to implement a strict confidentiality system for customer information.

The Company resolutely protects consumers' rights to information of products, strictly complies with the requirements of the *Advertising Law of the People's Republic of China*, and carries out true and accurate publicity of products. During promoting the Company's products, the Company provides objective and detailed testing reports and application reports to customers and demonstrates the performance and characteristics of the Company's products with accurate data and experimental results.

Responsible Procurement

In order to better manage the procurement business, Sinoma Science & Technology has established a sound supply chain management system and a sound supplier assessment management system, standardizing the process of supplier access review, regular assessment, mandatory rectification, etc. At the same time, the Company manages the environmental and social risks of suppliers throughout the whole process of supplier procurement, strengthening the environmental and social risk management of suppliers and building a responsible supply chain.

In terms of supplier access, the Company strictly complies with the *Administrative Measures for the Development of New Materials and New Suppliers*, the *Administrative Measures for the Review of Suppliers* and other institutional documents. Based on relevant qualifications of suppliers such as credit rating, qualification certificate and supply capacity, the Company conducts investigation, assessment, selection and on-site review of suppliers and gives priority to partners with reliable quality, good operation and reputation, environmental friendliness and scientific management to ensure that all suppliers meet the requirements of the Company and can provide products and services in a long-term and stable manner.

The Company also attaches great importance to the inclusion of environmental evaluation and social evaluation of suppliers into the selection criteria. From the perspective of environmental risks, the Company adheres to the implementation of green procurement and gives priority to low-carbon and environmentally friendly products in the production process, products with environmental labels and energy-saving products. From the perspective of social risk management, the Company has formulated the *Supplier's Code of Conduct in Social Responsibility*, which requires and reviews suppliers and contract manufacturers in terms of child labor, freedom of association, discrimination, forced labor, working hours, wages and benefits, occupational health and safety, ethics, etc. The Company strictly controls the introduction requirements of suppliers in terms of labor management and human rights to avoid violation of labor management and human rights requirements.

Case: Some Subsidiaries of Sinoma Science & Technology Incorporating Environmental and Social Performance into Selection Criteria of Suppliers

- In bidding documents, Sinoma Blade stipulates that the comprehensive performance of suppliers accounts for 10% of the overall bidding score of suppliers, the EHS performance of suppliers accounts for 11.67%, and the ESG-related indicator evaluation accounts for 1.17% of the overall bidding score.
- Sinoma Lithium Membrane stipulates in the bidding documents that the scoring ratio of ISO14001 environmental management system certification is 5‰-1%. The proportion of social responsibility accounts for 5% in the overall evaluation on supplier's inputs for reviewing.

After the supplier has passed the access review, the subsidiaries enter into agreements of code of conduct such as the *Letter of Imposing Impact on the Safety and Environmental Behavior of Stakeholders*, the *Supplementary Agreement on Energy Conservation and Consumption Reduction*, the *Cooperation Agreement on Recycling Economy and Reuse*, and the *Commitment Letter of Suppliers Undertaking Integrity* with the supplier in accordance with the *Measures for Supplier Audit and Management*, so as to restrain and evaluate the behaviors of the supplier by classified management.

Case: Information Input and Evaluation Process of Suppliers of Sinoma Blade

In terms of contracts, Sinoma Blade entered into the *Commitment Agreement on Supply Integrity*, the *Supplementary Agreement on Energy Conservation and Consumption Reduction*, the *Cooperation Agreement on Recycling Economy and Reuse*, the *Supplier's Code of Conduct in Social Responsibility* (newly added in 2023) and the *Supplier Quality Guarantee Agreement* with suppliers. Suppliers shall submit the basic information, certification information, qualification documents, financial information and other information of their company in the supplier relationship management ("SRM") system. After the review, evaluation and confirmation of the supplier information by relevant departments in the office automation ("OA") system, the Procurement Department shall confirm the product performance evaluation/factory trial results of the supplier and then initiate reviewing requests on the supplier relationship management ("SRM") system to all of the involved departments in OA. In the end, a final raw material evaluation report or trial report is exported, and the Quality Department shall organize the on-site review of the supplier.

Based on the *Supplier Management System*, Sinoma Science & Technology classifies suppliers into two categories, which is the "Dimension of Supplier Relationship" and the "Degree of Significance of Materials Provided".

● From the dimension of relationship with suppliers, the Company divides suppliers into:

- Qualified suppliers;
- Prepared suppliers;
- Potential suppliers;
- Dormant suppliers;
- Undetermined qualification suppliers;
- Suppliers designated by customers.

● Based on the significance of the materials provided, the Company divides suppliers into:

- Class I suppliers (suppliers of major raw materials with significant impact on the quality of final products)
- Class II suppliers (suppliers of raw and auxiliary materials with relatively small impact on the quality of final products)
- Class III suppliers (suppliers of materials that do not directly affect the quality of final products, including suppliers of packaging materials such as cartons and plastic films, fixed assets such as office supplies, equipment and facilities, spare parts, etc., engineering projects, and technical service consulting.

Sinoma Science & Technology also focuses on incorporating environmental and social risk management of suppliers into the supplier management process. The Company has formulated the *Supplementary Agreement for Energy Conservation and Consumption Reduction*, the *Cooperation Agreement on Recycling Economy and Reuse*, the *Administrative Measures for Supplier Review* and the *Measures for Supplier Risk Management*, which contain management measures for potential environmental and social risks. The Company has formulated the *Regulation for Confidentiality Management*, the *Measures for Patent Management*, the *Measures for Trademark Management*, the *Provisions on the Supervising and Managing Product Quality* and the *Joint Agreement of Integrity*, which contain restrictions on suppliers in terms of working conditions, remuneration, health and safety and business ethics they offer.

Case: Sinoma Science & Technology and Its Subsidiaries Strictly Manage the Environmental and Social Risks of Suppliers

CTG has signed a supplementary agreement with suppliers on safety and environmental protection, energy saving and consumption reduction and has established the *Code of Environmental Substance Management*, which requires the purchased products to comply with the requirements of the European Union's *Directive on the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment* (the "ROHS") on the limit of hazardous chemicals prohibited/restricted from use, the requirements of Substances of Very High Concern (the "SVHC") stipulated in the *Regulation on the Registration, Evaluation, Authorization and Restriction of Chemicals* (the "REACH") issued by European Union and the environmental substance requirements provided by customers. The Procurement Department is responsible for signing the *Material Guarantee Card for Supplier Environmental Management* with suppliers or requiring suppliers to provide declaration of compliance. The Quality Management Department dynamically identifies the updates of laws and regulations such as the ROHS Directive and the REACH. When there are changes in environmental substance requirements, the Procurement Department will be notified promptly and the suppliers may be required to sign as an additional clause.



At the same time, the Company will formulate an annual supplier review plan to identify suppliers' environmental and social risks. For example, for suppliers of core main materials and bulk raw materials, the Company will conduct review on the system of safety and environment and system of occupational health to identify the impact of the products supplied on the environment. After reviewing and confirming the environmental management system of suppliers, a review report will be issued to urge unqualified suppliers to improve immediately for any non-compliance found, and the cooperation with suppliers who fail the annual assessment will be canceled.

The Company divides suppliers into low-risk, medium-risk and high-risk, and the following methods are used to deal with high-risk suppliers:

- Reduction of order quota and suspension of new project development;
- In the case that the failed supplier is the unique source of current supply, the Procurement Department shall immediately look for alternative suppliers;
- If it is impossible to obtain supply qualification in time due to technical or other special reasons, the suppliers would be limited to be taken only in current project procurement, and will be naturally eliminated by the end of the project life cycle, and the responsible department involved will coach the suppliers in improving its management ability;
- Establish and improve the corporate's internal control system, strengthen education, and improve quality;
- Strengthen the supervision on materials procurement bidding and contract signing;
- Strengthen the supervision of the whole process and all aspects of material procurement;
- Every batch of materials is subject to strict inspection;
- Live tracking of all purchased materials;
- Conduct on-site inspection or written investigation of suppliers at least once a year.

In the future, Sinoma Science & Technology will further increase the number of suppliers undertaking environmental and social risk assessment.





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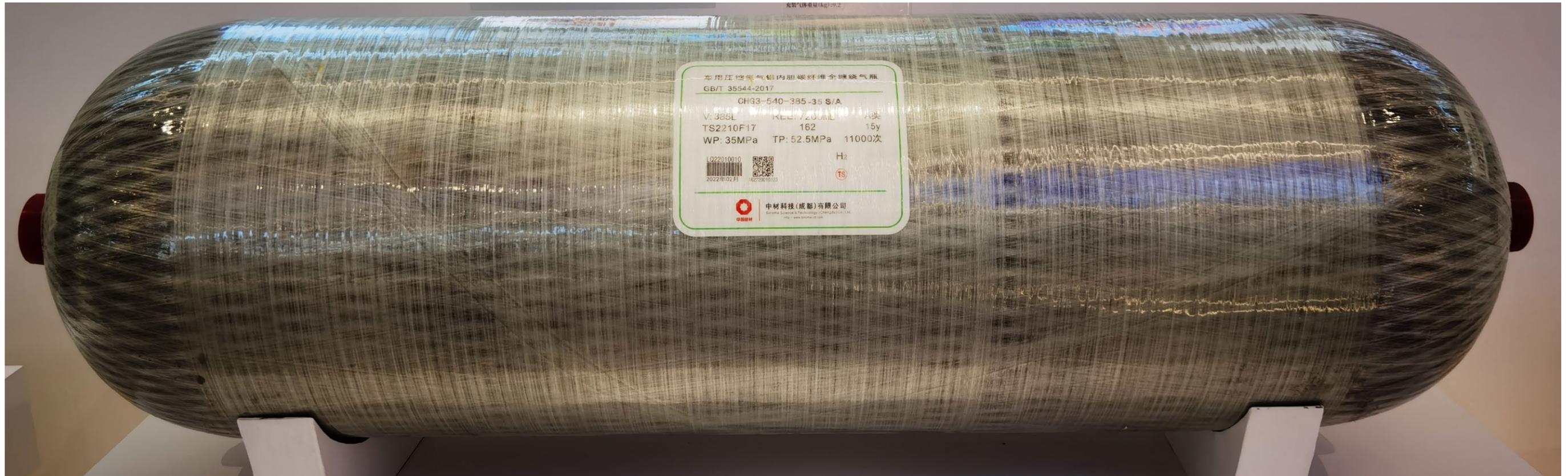
PRACTICING GREEN DEVELOPMENT

Green development is the development of maximizing economic and social benefits at the minimal resource and environmental costs. It is a high-quality and sustainable development, and it's also the development path pursued and practiced by Sinoma Science & Technology.

Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Sinoma Science & Technology thoroughly implemented Xi Jinping's thought on ecological civilization construction. Based on the new development stage and implementing the new development concept, Sinoma Science & Technology formulated the "14th Five-Year" *Development Plan for Environmental Protection, Energy Conservation and Emission Reduction* to make overall planning and practice environmental protection, energy conservation and emission reduction.

With the goal of low-carbon, green, sustainable and high-quality development, Sinoma Science & Technology will accelerate the formation of a new green manufacturing pattern of innovation-coordinated, energy-saving and environmental-friendly from the aspects of company operation, product research and development, and production process, so as to achieve the strategic goal of green development of Sinoma Science & Technology, "Improving Quality of Materials and Quality of Life", as soon as possible.





Green Operation

Legal Compliance

Sinoma Science & Technology strictly abides by and implements relevant laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes*, the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Soil Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Pollution From Environmental Noise*, and the *Cleaner Production Promotion Law of the People's Republic of China*. Based on the relevant national and local laws and regulations as well as the internal management measures of CNBMG, the Company has formulated relevant systems, such as the *Administrative Measures for Environmental Protection of Sinoma Science & Technology Co., Ltd.*, the *Administrative Measures for Energy Conservation and Emission Reduction of Sinoma Science & Technology Co., Ltd.*, the *Responsibility System for Ecological Environmental Protection of Sinoma Science & Technology Co., Ltd.*, the *Administrative Provisions on the Supervision and Inspection of Safety and Environmental Protection of Sinoma Science & Technology Co., Ltd.*, the *Administrative Measures for Environmental Incident Contingency of Sinoma Science & Technology Co., Ltd.*, the *Administrative Measures for Environmental Information Disclosure of Sinoma Science & Technology Co., Ltd.*, and the *Measures for Ecological Environmental Protection Accountability of Sinoma Science & Technology Co., Ltd.*, and the Company has formulated internal systems and management measures related to energy conservation, emissions reduction, and environmental protection.



Standardized Management

In terms of energy saving and consumption reduction, the Company actively responds to the national target of "3060 dual carbon", actively practices the concept of low-carbon environmental protection, and vigorously carries out the work of "Energy Conservation and Emission Reduction". In order to better implement low-carbon development, the Company has formulated the "14th 5-Year Plan for Ecological and Environmental Protection, Energy Conservation and Emission Reduction", decomposing the planning objectives into the responsibility letters of targets signed with each subsidiary to promote the implementation of the special work of "dual carbon". Each subsidiary has formulated internal management measures and specific action plans based on its own situation and planning objectives. In terms of strengthening ecological environmental protection, the Company has ecological environmental protection work written into the president's work report, summarizes ecological environmental protection work of previous year and deliberates the work plan for next year in the annual board meeting, and includes the investment plan for ecological environmental protection work into yearly accounts to be reviewed through the annual board meeting and shareholders' meeting. In addition, the Company has also established and improved the emergency plans for ecological and environmental protection, guiding all subsidiaries to carry out regular investigation on environmental risks and hidden hazard to address these risks and hazard in time.

During the Year, Sinoma Science & Technology increased its efforts in energy conservation, consumption reduction and green recycling economy, and the comprehensive energy consumption per RMB10,000 of output value of the Company decreased compared with the base value. All subsidiaries actively carried out energy efficiency benchmarking, clean production auditing, certification of green factory and energy management system. During the Year, the Company invested RMB140 million in the work of energy conservation and emission reduction. All subsidiaries have completed a series of quantitative targets set at the beginning of the Reporting Period, such as the comprehensive energy consumption (comparable price) per RMB10,000 of output value reaching 0.263 tons of standard coal, lower than 0.277 tons of standard coal per RMB10,000, and the emission of carbon dioxide of output value per RMB10,000 (operating income) is lower than that of 0.956 tons, etc.

In the future, Sinoma Science & Technology will continue to promote the "14th 5-Year" development plan for energy conservation and emission Reduction.

Green Production

Waste Management

During the Year, Sinoma Science & Technology actively disposed of waste and reduced the generation of waste and hazardous waste from the aspects of standardized disposal and technical transformation.

Waste Management

● Internal Management Measures

- For hazardous waste, the Company signs the *Hazardous Waste Disposal Contract* with units with relevant hazardous waste treatment qualifications to dispose of hazardous waste in compliance with regulations;
- For general solid waste, contracts are signed with units with qualification for general solid waste treatment to dispose of general solid waste in compliance with regulations;
- In terms of procurement of raw materials and office supplies, the Company deeply implements green procurement and gives priority to products with concise packaging and easy to recycle.

● Major Achievement During the Year

- CTG disposed 23520 tons of general solid waste and 443 tons of hazardous waste;
- NRD (Special Fiber Company) has increased the reuse of waste silk since March 2022, which is expected to be 220 tons per year;
- Sinoma Blade in the Year has recycled approximately 47,000 packaging barrels, and its self-designed new models such as SI84. 3, SI89. 5, SI93. 2A and SI122 could reduce waste generation;
- Suzhou Nonmetallic Minerals develops disposal technology and equipment for hazardous waste and medical waste to achieve harmless treatment.

Pollutants Management

As at the end of the Reporting Period, key pollutant discharging units of Sinoma Science & Technology have obtained the permit for pollutant discharge and there were no major pollution accidents emerged.

Pollutants Emission

● Internal Management Measures

- Payment of environmental protection tax for relevant pollutant discharge according to regulations;
- Apply for pollutant discharge permit according to law and discharge pollutants according to the permitted content;
- Ensure that all production and operation units have been equipped with environmental protection facilities for wastewater, exhaust gas, noise, and solid waste treatment. Strengthen the maintenance of energy-saving and environmental protection facilities to ensure the efficient operation of equipment and facilities;
- Regularly carry out pollutant emission monitoring.

● Major Achievement During the Year

- All new reconstruction and expansion projects of the Company have completed the construction of pollution prevention and control facilities in accordance with the requirements of laws and regulations, such as sewage treatment stations and exhaust gas treatment devices, etc. Regular maintenance of pollution prevention and control facilities has been carried out. During the Year, third-party inspections of water, gas, and sound projects have been completed regularly, and all examining results have met the standards;
- All of the subsidiaries have vigorously reduced pollution emissions by adding facilities or upgrading facilities. For example, Suzhou Limited has added sludge drying machines, which has reduced sludge disposal by approximately 139 tons since June. By upgrading and transforming the sewage treatment system, NRD(Special Fiber Company) enables the chemical oxygen demand of discharged sewage 70% lower than the required standard. Sinoma Lithium Membrane carried out the project of "CQJ Consumption Reduction Special Project", and the total consumption of extractor decreased by 50%. Sinoma Lithium Membrane also carry out volatile organic compounds treatment and transformation projects to reduce the emission of volatile organic compounds.

Energy Saving and Carbon Reduction

During the Year, the Company formulated the *2022 Schedule of Task of the Work on Energy Saving and Consumption Reduction and "Dual Carbon"* to implement energy saving and carbon reduction, with a completion rate of 93% for the Year, and by the end of the "14th 5-Year" Plan, the Company's carbon emissions of output value per RMB10,000 will not exceed 1.2 tons. Meanwhile, the Company strengthened the construction and support of "Green Electricity" projects. During the Reporting Period, there were 4 new green factories and 10 new energy management system certified enterprises added, both accounting for 59% of the total.

Greenhouse Gas Emissions

● Internal Management Measures

- Establish and improve the carbon emission management system, regularly carry out statistics, accounting, self-evaluation of carbon emission and other carbon emission management measures, and some subsidiaries, in the help of third parties, completed carbon verification and carbon footprint reports;
- Each subsidiary builds green factories with high quality and carries out clean production audit and energy management system certification;
- Increase the proportion of green energy, continue the construction of photovoltaic projects, and continuously reduce the level of carbon emissions;
- Promote the application of green building materials and the technology of Building Integrated PV("BIPV");
- Strengthen energy-saving process, technological innovation and transformation to reduce greenhouse gas emissions;
- Actively participate in the construction of green supply chain by Increasing level of audit on suppliers' green and low-carbon performance;
- Vigorously develop green products with characteristics of energy-saving, environment-friendly, harmless, long-lifespan, and recyclable;
- Strengthen talents development in areas of new energy, hydrogen energy, carbon emission reduction, carbon sink and carbon emissions trading, and actively participate in the national carbon emissions trading market.

● Major Achievement During the Year

- All subsidiaries actively reduced carbon emissions. Among all, CTG implemented the *Utilization of Residual Heat from Kiln Flue Gas* project, which reduced carbon emissions by more than 3000 tons and conducted the *Research and Application on Energy Conservation of Aerated Gas System in Sewage Station*, reducing carbon emissions by 1472 tons;
- Sinoma Blade subscribed for 2.2 million kWh of green electricity, reducing carbon emissions by 1714 tons;
- Beijing Composite carried out smart energy investment project of the rooftop distributed photovoltaic with an installed capacity of 9.96MW.

Case: CTG Built an Energy-saving and Emission-reduction Production Line

The new production line of CTG has incorporated energy conservation and emission reduction as the main technical indicator into the design of the technical renovation and construction project in phase 2022. From the planning of the Zoucheng second-line project to the Taiyuan project in Shanxi, all of the projects are in accordance with the regulatory requirements for energy-saving review. The Company organized each of the professional teams to introduce main means of low-carbon and energy-saving through thermal balance calculation and continuously communicating and improving the energy-saving plan, so as to ensure the design of low-carbon and energy-saving in product planning, factory design, process design, equipment selection and other aspects, building low-carbon and energy-saving production lines. CTG also continues to build up photovoltaic projects to increase the proportion of green energy. During the Year, the newly installed photovoltaic capacity was 18 MW (MWp). 5 forklifts and 3 trucks were added, and new energy electric vehicles were selected. Through heat exchange of low-temperature heat pipe, adjustment to process, equipment improvement and other methods, the energy consumption per ton of products decreased by nearly 20% compared with that of the beginning of the year. High-efficiency equipment such as suspension fans and permanent magnet motors were applied, saving 20% of energy compared with that of the usage of traditional equipment.

Use of Resources

During the Year, Sinoma Science & Technology has reduced energy consumption and water consumption through technological transformation by improving energy efficiency.

Use of Resources

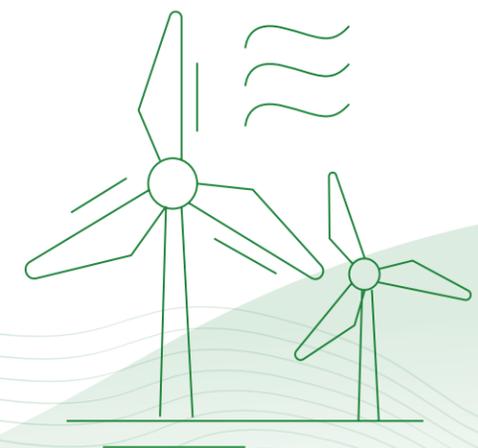
● Internal Management Measures

- Actively build low-carbon and energy-saving production lines;
- Actively promote the concept of green environmental protection, encourage employees to save office consumables, and promote power-saving and water-saving activities;
- Carry out the transformation of water-saving technologies, processes and equipment, and take active water-saving measures.

● Major Achievement During the Year

- **Reduction of energy consumption:** Sinoma Lithium Membrane launched the "Class 1 External Engineering Adsorption Fan Frequency Transformation Project" to reduce operating electric power consumption by more than 20%. Suzhou Limited renovated the heat treatment furnace, saving 3500 cubic meters of natural gas per year, and adopted solar streetlamps, saving 40,000 kWh of electricity per year; NRD1 replaced high-energy-consuming appliances with low-energy-consuming appliances, saving approximately 23% of electricity for lighting throughout the year;
- **Reduction of water consumption:** During the year, the Company's subsidiaries adopted technologies to reduce water consumption such as increasing water temperature and increasing use of technologies of filtration pools, waste heat and reuse of condensate. New water saving measures such as waterless columnist, waterless discharge leakage plate, spray water and other water recycling and reuse measures were promoted. The water reuse rate was over 60%. Among all, NRD1 (Microfiber Company)'s factory in Jiangjun Avenue enables off-grid water recycled through filtration, and the total water consumption of single line is reduced to around 40%-50%. NRD1(Special Fiber Company) renovated the sewage treatment system and recycled 220-250 tons of wastewater per day for production, saving 90000 tons of water per year. The production water of Suzhou Limited is basically recycled, saving 11000 tons of water annually; Sinoma Lithium Membrane implemented 10 energy-saving and environmental protection technology projects, promoted waste heat recovery and steam condensate utilization, and saved 135 tons of tap water per month. In 2023, the Company's subsidiaries will adopt various water-saving measures such as installing water-saving appliances and tertiary water meters to further reduce water consumption and increase the rate of repeated consumption of water.

In the future, Sinoma Science & Technology will further implement the concept of green and low-carbon development, further improve its own environmental management system and responsibility system, build energy-saving and emission-reduction production lines, and do a good job in green production.



Green Products

On the one hand, Sinoma Science & Technology achieved green production through technological transformation, and on the other hand, the products it developed also fully supported the transformation of green economy. In the future, Sinoma Science & Technology will continue to promote the independent innovation of environmental protection materials and products to help the sustainable development of society.

Case: Development of Domestic Technology of Full-wrapped Carbon Fiber Cylinder for the Storage of Hydrogen

Since 2019, Sinoma Science & Technology has focused on the field of new energy and invested tens of millions to tackle one of the critical portion of hydrogen fuel-cell vehicles, the “bottleneck” problem in the raw materials supply of carbon fiber, which is the key raw materials of high-pressure compound cylinder for the storage of hydrogen. After more than 1 year, Sinoma Science & Technology has successfully mastered the application technology of domestic carbon fiber high-pressure cylinder for the storage of hydrogen, and developed a number of 35 MPA/70 MPA domestic carbon fiber cylinder for the storage of hydrogen, filling the domestic gap. Several achievements have been applied in the hydrogen busses, logistics thermostats, hydrogen fuel-cell police patrol vehicles, fire patrol vehicles and other batch applications at the 2022 Winter Paralympic Games. This achievement won the first prize of CNBMG’s Technology Innovation Award in 2022.



The achievement has effectively solved the bottlenecks in the development of the fuel-cell vehicle industry during the demonstration period and is of great significance to accelerate the commercialization of hydrogen fuel-cell vehicles, build the coordinated development of renewable energy and build a zero-carbon society.

Case: Complete Set of Technology and Equipment for Large-scale Broad Rock Wool Production Line in Electric Melting Method

As the only Grade A research and design institute in China’s fiberglass industry, NRDI has undertaken the responsibility of leading the technological progress of the industry, overcoming the electric melting process technology, developing an electric melting furnace with a production capacity of 8 tons per hour, developing the research method for high-throughput solid waste components and collaborative treatment technology, realizing the replacement of fossil fuels and ore raw materials, building the first domestic production line of 2.4m wide-width rock wool and successfully exporting to South Korea. In the Year, 7 production lines have been built, including 5 domestic and 2 overseas.



Compared with the traditional rock wool production line, the comprehensive energy consumption of rock wool production line in electric melting method has been reduced by more than 40%. The proportion of solid waste to replace ore has reached 70%, and the emission of melting waste gas has been reduced by 90%. The comprehensive technology has reached the international advanced level, assessed by the China Building Materials Industry Association.

Based on the production capacity of 8 million tons in the industry at the end of the “14th 5-Year Plan” period, the whole industry promotion can reduce energy consumption by 1.28 million tons of standard coal and carbon emissions by 3.2 million tons per year; The co-processing of industrial solid waste amounted to 7 million tons, which helped achieve the dual carbon goal of the rock wool industry.

Case: Sinoma Blade Products Help Reduce Carbon Dioxide Emissions by 22.5997 million Tons Per Year

As a global professional supplier and service provider of overall wind power blade solutions, Sinoma Blade is committed to providing high-quality wind power blade products and services. It has a designed production capacity of wind power blades with an annual output of 15 million KW. It has more than 90 series of products, a cumulative installed capacity of global sales of more than 70 GW, totaling more than 30,000 sets. Green electricity generation of 29 million MWh per year is equivalent to a reduction of 22.5997 million tons of carbon dioxide emissions.

During the Reporting Period, Sinoma Blade produced approximately 3167 sets of wind power blades, which were folded into 14.4GW. At the same time, it is constructing 3 new domestic industrial bases and 1 new international industrial base.

The blades produced by Sinoma Blade are used for wind power generation, promoting the generation and utilization of green and clean energy, and contributing to the development of the new energy industry.



Green Finance

The Company actively responded to the call of the state to establish a green and low-carbon recycling economic system and seized the opportunity of green development. In 2021, the Company was approved to publicly issue green corporate bonds to professional investors with a total face value of not more than RMB5 billion, and successfully issued the first tranche in March 2022 with an actual issuance size of RMB800 million.

The financing for the current period is intended to be used for the construction, operation, business development, acquisition or repayment of loans for green projects. The financing projects include the production line project of lithium battery membrane with an annual production capacity of 408 million square meters, the wet-process membrane production line project of lithium battery with an annual production capacity of 120 million square meters, and the wind power blade project with an annual production capacity of 800 sets of more than 4 MW, which support the fields of new energy vehicles and wind power generation, respectively, effectively reducing energy consumption emissions and pollution emissions in the field of transportation and supporting the development of clean energy.





06

EMPLOYEE CARE



Sinoma Science & Technology regards employees as the most valuable asset of the enterprise, and strives to provide a safe, harmonious and guaranteed working environment for each employee. Through competitive remuneration, safe and guaranteed working environment and systematic career development mechanism, Sinoma Science & Technology attracts and gathers talents.



Standardized Employment

At the same time, Sinoma Science & Technology listened to the voices of employees and opened up a channel for employees to make reasonable suggestions. For example, if employees propose needs of job skill development, the Human Resources Department of the Company will, based on the technical talent review report, collect the training needs of each department that targeting weak points of talents and update the special training plan.



Case: CTG Took Multiple Measures to Help Employees with Practical Work and Solve Problems

CTG formulated the *Interim Provisions on Management of Information Transfer for Grassroots Employees of CTG*, leading the Party Branches, Trade Union, and Youth League at all levels to organize regular employee symposiums on exchanging and caring activities and taking multiple measures to help employees with practical work and solve problems. Among all, the paring aid activities of “the Enrollment of Employees’ Children”, “Voluntary Service for Caring Children of Migrant Workers” and “Care for the Lonely Elderly” were well received. The Labor Union organizes regular and long-term activities such as employee skill competitions, on-the-job trainings, assistance for employees in difficulties, education assistance, condolences and assistance for retired cadres and family members of employees stationed abroad.

Health and Safety

Protecting the safety and health of employees is an important task in the development process of Sinoma Science & Technology. In daily production and operation activities, the Company continues to optimize the internal safety management system, promotes the implementation of supervision and early warning management mechanism, strengthens the construction of standardization system of production safety, and continues to strengthen safety management training.

Management System

In accordance with relevant national laws, local regulations and standards and combining with the actual situation, Sinoma Science & Technology has formulated a series of management systems related to production safety, including but not limited to the *Administrative Measures for Production Safety of Sinoma Science & Technology Co., Ltd.*, the *Production Safety Accountability System of Sinoma Science & Technology Co., Ltd.*, the *Regulations on the Management and Control of Production Safety Risk Classification of Sinoma Science & Technology Co., Ltd.*, the *Regulations on the Management of Production Safety Education and Training of Sinoma Science & Technology Co., Ltd.*, the *Regulations on the Reporting, Investigation and Handling of Production Safety Incidents of Sinoma Science & Technology Co., Ltd.*, and the *Comprehensive Emergency Response Plan of Sinoma Science & Technology Co., Ltd.* All subsidiaries have also established and improved various management systems for production safety and ecology and environment based on their own business situation, and implemented these systems effectively.

Sinoma Science & Technology is committed to providing a safe and healthy working environment for each employee. The Company strictly complies with the *Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases*, the *Regulations of the People’s Republic of China on the Prevention and Control of Pneumoconiosis*, the *Regulations on Labor Protection in Workplaces Using Toxic Substances*, the *Provisions on the Supervision and Administration of Occupational Health at Workplaces*, the *Measures for the Supervision and Administration of Employers’ Occupational Health Surveillance* and other laws and regulations, and the *Measures for the Supervision and Administration of Occupational Health at Workplaces* issued by CNBMG and other provisions, and strengthens the labor protection of employees through various channels, continuously improving the working conditions of employees, effectively preventing, and controlling occupational hazards.

During the Year, all 21 projects under construction of the Company met the requirements of “Three Simultaneities” for safety and environmental protection, and no safety accidents involving serious injuries or above occurred, and no new cases of occupational diseases were reported.

Specific Measures

Define principles	Adhere to the “Red Line Awareness” and “Bottom Line Mindset”, and resolutely reject to start or produce products that does not meet the production safety requirements;
Target implementation	The Company signs a letter of responsibility for safety and environmental protection targets with each subsidiary every year, clarifying annual management goals and main tasks, and enterprises at all levels implement these goals and tasks by levels;
Special rectification	Actively promote the three-year action for special rectification of production safety;
Upgrade equipment	Promptly update the first-aid equipment and supporting facilities in production sites;
Employee prevention	The Company attaches great importance to the improvement of employees’ safety skills, regularly provides occupational health checkups for employees exposed to risks, and establishes occupational health monitoring files.
Chemical safety management	The Company has established a chemical management system. For chemicals under key supervision, the Company purchases them after applying for a permit from the Public Security Department, implements the storage system of “Five Double”, and uses the information platform to track information through the QR code during the whole process. In accordance with the state’s <i>Catalogue of Safety Rectification and Elimination and Withdrawal of Hazardous Chemical Production Enterprises (2020)</i> , the Company has established a chemical elimination and withdrawal mechanism to regularly update the list of chemicals and regularly evaluates chemicals that are under key supervision to reduce quantity of usage and storage of such chemicals gradually until they are eliminated. Moreover, the Company gives priority to green chemical technology in the design of new products in accordance with the “Twelve Principles of Green Chemistry” and adopts non-toxic, non-polluting, low-concentration, non-regulated chemicals for production and experimental activities as far as possible. Last but not the least, trainings on relevant regulations are provided to practitioners, etc.

Supervision Mechanism

The person-in-charge of each subsidiary of the Company and the person-in-charge of the Company is the first responsible of production safety, and they are fully responsible for production safety.

Sinoma Science & Technology adopts the supervision mechanism of spot check at all levels and conducts irregular spot check on secondary and tertiary subsidiaries. The secondary subsidiaries conduct regular inspections on their affiliated subsidiaries, covering them every half of a year. The direct production and operation unit conducts inspection on the unit once a month. The factory, workshop and Project Department conducts inspection once a week. The team and position are inspected once a day. All levels prepare written records of their own inspections and rectify hidden hazards within time limit, and these are included in assessment.

Case of Safety
Production Incident: **0**

Percentage of
Employees Receiving
Training: **100%**

Rate of Physical
Checks: **100%**



Key Achievements for the Year

Localization of investment in production safety

The Company and its subsidiaries invested RMB63.7 million in safety and environmental protection during the Year, representing a year-on-year increase of 10.6%. In terms of factory investment, some subsidiaries carried out the construction of first-level safety standardization demonstration factories, of which Shandong Membrane Material has completed pre-assessment by expert. In terms of employee investment, the Company has 73 registered safety engineers, representing a year-on-year increase of 20%, and organized 6300 safety production training sessions, covering 252000 people in total;

Investigation of hidden hazards in production safety

During the year, the Company and its subsidiaries has organized 25 internal audits, 24 external audits and 22 management reviews, investigated and addressed 17000 hidden safety hazards, of which 11000 safety risks were under control, investigated and punished 1951 people of "three violations". The Company and its subsidiaries has also conducted occupational health checks for all 12800 employees who may be exposed to occupational hazards, and the rate of physical checks reaches to 100%.

Improving the level of production safety

The production safety standardization compliance rate and EHS system certification rate of 22 domestic production enterprises of the Company and its subsidiaries all reached 95.5%. Among all, there was 1 newly-added enterprise that met the safety production standardization standards and 9 employees from 3 subsidiaries were commended by the local provinces and cities in terms of safety production. At the same time, Sinoma Science & Technology internally rated the "zero violation" individuals and "zero violation" organizations.

Improvement of comprehensive emergency response level

The Company and its subsidiaries supplemented and improved 565 safety management systems and 309 system documents. Each subsidiary prepared 24 comprehensive emergency plans, 182 special emergency plans, 225 on-site disposal plans, and participated in 9 local government emergency drills. At the same time, during the Year, each subsidiary added 8 AED (defibrillator), 61 air respirators, 53 ventilation fans in restricted space, and 20 new micro-fire stations, which further improved the level of emergency equipment and comprehensive rescue capabilities.

Talent Cultivation

Talent is the foundation of an enterprise and the cornerstone of an enterprise's long-term success. Based on the development strategy and business objectives of the Company and the development needs of employees, Sinoma Science & Technology has established a multi-channel, multi-form, multi-level and focused talent development and training mechanism and a sound talent development and training system.

The Company emphasizes the importance of learning for doing and keeping pace with the ages in talent training, so as to promote the rapid and healthy growth of employees and the Company, learning by doing, doing by learning. The Company has formulated the "14th 5-year" Plan of Human Resources to systematically promote the talent development and training mechanism:

-  Establish a talent identification and use model through talent review;
-  Establish a training platform and formulate targeted training curriculum systems;
-  Strengthen the extent of rotation and trials of talents;
-  Select outstanding talents to participate in high-level training classes;
-  Implement targeted "training improvement plans" for key personnel.





07

FULFILLING SOCIAL RESPONSIBILITY



The Company not only creates benefits, but also undertakes social responsibility and national responsibility, not only focuses on improving economic benefits, but also cares about social benefits. As a responsible enterprise citizen, the Company remains true to its original aspiration and continues to make efforts in areas including rural revitalization, public welfare, and fighting against the pandemic, etc., making significant contributions to the construction of local infrastructure, social development and improvement of people's lives, interpreting the responsibility of central enterprises with practical actions, and building a community of shared future for humankind. During the Reporting Period, Sinoma Science & Technology donated a total of RMB5.4897 million.



Rural Revitalization

The Company has actively implemented the deployment of SASAC and CNBMG on rural revitalization, established a sound emergency response mechanism, and immediately supported public affairs such as disaster relief and civil defense security. The Company made comprehensive arrangements around the “six major assistance” measures of people’s livelihood assistance, industrial assistance, employment assistance, medical assistance, education assistance and e-commerce assistance, so as to help national rural revitalization from multiple perspectives, effectively solve the basic needs of the people in difficulties, and make the rural revitalization and assistance achievements truly benefit the people’s livelihood. During the Reporting Period, the Company donated RMB3.4 million to help rural revitalization.

The Company actively participated in the “Shanjian” Charity Fund Colorful Classroom activity carried out by CNBMG for targeted assistance areas, sent young volunteers to visit remote villages, warm the hearts of rural children with love, expanded the horizons of rural children with knowledge, and practiced the responsibility of young people in the new era with practical actions.

Case: Participate in the “Shanjian” Charity Fund Colorful Classroom Activity Hosted by CNBMG



Sunshine Public Welfare

The Company encourages employees to actively participate in various volunteer activities, providing guarantee and support for employees to participate in public welfare activities in terms of organization of personnel, working mechanism, time arrangement, financial support and communication.

Sinoma Science & Technology carried out the public open day activity of CNBMG’s “Smart Use of Resources Day”, strengthened the construction of exhibition hall and Smart Use of Resources cultural center, and minimized the gap between the society and grassroots employees. At the same time, the Company actively fulfilled its social responsibilities to promote volunteer services, carried out volunteer service activities based on actual conditions, and interpreted the connotation of volunteer spirit with practical actions. During the Reporting Period, the Company had 2 volunteer teams and 487 volunteers.

Among above, the “Voluntary Blood Donation” volunteer service project of CTG is promoting the application for the national learning of Lei Feng volunteer service in 2022; Chengdu Limited participated in the village-enterprise pairing activities and expressed condolences to the people in difficulties in the Yangzheng community; NRD1 is committed to the construction of community infrastructure, improving community environment, supporting the construction of community hospital, and organizing employees to donate blood.

CTG formulated the *Interim Provisions on Management of Information Transfer for Grassroots Employees of CTG*, guiding the Party Branches, Trade Union, and Youth League at all levels to organize regular employee symposiums, exchanges and caring activities, and taking multiple measures to help employees by practical work and solve problems. Among all, the pairing aid activities of “the Enrollment of Employees’ Children”, “Voluntary Service for Caring Children of Migrant Workers” and “Care for the Lonely Elderly” were well received. During the Year, CTG carried out more than 30 volunteer services, with more than 1000 party members, cadres and employees participating in.

Case: CTG Voluntary Public Welfare Activity



Combating COVID-19

During the Year, in the face of the pandemic, Sinoma Science & Technology responded quickly, made overall arrangements, implemented the requirements of various work arrangements for pandemic prevention and control, and did a good job in the enterprise's own prevention and control work. At the same time, Sinoma Science & Technology actively fulfilled its responsibilities as a central enterprise and actively participated in anti-pandemic volunteer services. The Company's employees actively carried out volunteer services in Baolian communities, participated in pandemic prevention and control, and supported the frontline of pandemic prevention and control.

By the end of the Reporting Period, Sinoma Science & Technology has donated RMB1.2297 million in monetary and in-kind value to the Red Cross and its beneficiaries to carry out pandemic prevention and control work and give full play to the political responsibility and social responsibility of central enterprises. All subsidiaries also made contribution, for example, the subsidiary of Sinoma Science & Technology in Tengzhou donated RMB700,000 to the local Red Cross Society of Tengzhou to carry out pandemic prevention and control work in Tengzhou; CTG donated medical masks, medical butadiene gloves, food and other items to Xi'an Jiaotong University that worth approximately RMB130,000.

By the end of the Reporting Period, Sinoma Science & Technology has donated RMB1.2297 million in monetary and in-kind value to the Red Cross

08 Data Specification of Sinoma Science & Technology —2022 Data and Performance

Environmental Data		
Air Emissions	Unit	2022
Total industrial particulate emissions	Ton	52.03
Total Nitrogen oxides (NOx) emissions	Ton	182.61
Total emission of sulfur dioxide (SO2)	Ton	64.97
Volatile organic compounds (VOCs)	Ton	48.56
Total greenhouse gas emissions (including scope 1 and scope 2)	Ton	2,332,247.66
Including: Total scope 1 (direct emissions) emissions	Ton	662,590.50
Including: Total scope 2 (indirect emissions)	Ton	1,669,657.16
Water Discharge	Unit	2022
Chemical oxygen demand (COD)	Ton	250.56
Noise	Unit	2022
Proportion of enterprises meeting noise standards	%	100
Waste	Unit	2022
Self-generated hazardous solid waste	Ton	4,100
Self-generated non-hazardous solid waste	Ton	63,191
Disposal of self-produced solid waste	Ton	67,291
Amount of recycled waste	Ton	25,800
Energy Use	Unit	2022
Electricity consumption	kWh	1,964,017,600
Purchased electricity consumption	kWh	1,934,753,640
Purchased heat consumption	kWh	38,431,719
Coal consumption	Ton	0
Natural gas consumption	m ³	224,248,300
Renewable energy consumption	kWh	29,263,960
Use of Water Resources	Unit	2022
Water withdrawal	Ton	8,158,900
Water recycled	Ton	7,156,343
Recycling water utilization rate	%	46.82

Case: Sinoma Science & Technology Actively Supported the Fight Against the Pandemic



Environmental Data		
Environmental management system certification	Unit	2022
Number of environmental-related ISO certifications		
Including: ISO14001	Unit	24
Including: ISO50001	Unit	14
Green Factory		
Green Factory	Unit	2022
Cumulative number of national green factories	Unit	3
Total number of provincial green factories	Unit	10
Social Data		
Number of Employees	Unit	2022
Total number of employees	Number	20,727
By gender:		
Including: Male employees	Number	13,308
Including: Female employees	Number	7,419
By age:		
Including: Under 30 years old	Number	9,499
Including: 30 to 50	Number	10,213
Including: Above 50	Number	1,015
By geographical region:		
Including: Mainland China	Number	20,681
Including: Hong Kong, Macau and Taiwan	Number	0
Including: Outside China	Number	46
Employee Health and Safety	Unit	2022
Number of work-related fatalities	Number	0
Mortality rate per thousand	‰	0
Lost days due to work injury	Day	59
Number of participants in occupational health and safety training	Time	252,461
Number of annual inspections on safety and environmental protection, hidden hazards investigation and pandemic prevention and control	Time	3,600
Number of annual emergency drills and fire drills	Time	600

Social Data		
Employee Development and Training	Unit	2022
Percentage of employees receiving training related to career development by category: ¹		
Male employees:	%	100
Female employees:	%	100
Below 30 years old:	%	100
Aged 30-50:	%	100
Over 50 years old:	%	100
Senior:	%	100
Middle level:	%	100
General staff:	%	100
Average training hours per employee by category: ²		
Male employees:	Hour	17
Female employees:	Hour	13
Below 30 years old:	Hour	7
Aged 30-50:	Hour	24
Over 50 years old:	Hour	17
Senior:	Hour	120
Middle level:	Hour	224
General staff:	Hour	15
Employee Support and Rewards	Unit	2022
Annual condolence to special employees and employees in difficulties	Time	286
Number of employees receiving assistance for critical illness	Time	59
Total annual expenditure for visiting special employees and helping employees in difficulties	RMB	55.23
Total annual expenditure on helping employees with critical illnesses	RMB	28.80
Work-Life Balance of Employees	Unit	2022
Number of various employee activities held and organized during the Year	Number	446
Participated in various activities organized by relevant industrial associations (above provincial level)	Number	25
Number of employees participating in various activities during the year	Time	82,906

¹ The percentage of employees trained related to career development is calculated according to this formula: percentage of employees in specific categories trained = number of employees in specific categories trained / number of employees in specific categories *100%.

² The average training hours of employees in relation to career development are calculated according to this formula: the average training hours of employees in specific categories = the total training hours of employees in specific categories/the number of employees in specific categories.

Social Data		
Supply Chain Management	Unit	2022
Number of suppliers with whom the Company has established long-term cooperation		
In aggregate:	Unit	1,617
Mainland China:	Unit	1,592
Hong Kong, Macau and Taiwan regions:	Unit	7
Outside China:	Unit	18
Number of suppliers screened and controlled by the Company's environmental and social risks		
In aggregate:	Unit	1,386
Mainland China:	Unit	1,361
Hong Kong, Macau and Taiwan regions:	Unit	7
Outside China:	Unit	18
Number of suppliers certified by quality, occupational health and safety, environmental or energy management systems	Unit	690
Product Quality and Customer Service	Unit	2022
Qualification rate of comprehensive products	%	100
Number of products and service related complaints received during the year	Case	99
Percentage of complaints properly responded and handled	%	100
Intellectual Property	Unit	2022
Accumulated number of valid patents	Piece	1,589
Number of invention patents	Piece	646
Patents granted during the Year	Piece	323
Including invention patents	Piece	159
Anti-corruption	Unit	2022
Number of anti-corruption trainings held and organized during the year	Case	84
Community Investment	Unit	2022
Total amount of public welfare investment (including material donation)	RMB	562.14
Education	RMB	28.57
Medical and hygiene	RMB	122.97
Earthquake relief	RMB	70
Poverty alleviation/rural revitalization	RMB	340.60

09 Feedback

Thank you for reading the *2022 Environmental, Social and Governance Report of Sinoma Science & Technology Co., Ltd.* In order to further improve the quality of ESG work and information disclosure and provide you with more valuable information, the Company invites you to provide valuable opinions and suggestions to the Company by filling in the feedback form, and send the evaluation feedback to sinoma@sinomatech.com.

1. Which kind of stakeholders you belong to:

- Government and regulators
 Shareholders/investors
 Employees
 Customers
 Suppliers/Contractors
 Business Partners
 Community/Organizations
 Media
 Others

2. Your overall evaluation on the Report:

- Not Good
 Average
 Relative Good
 Good

3. Your evaluation on Sinoma Science & Technology's social responsibilities performance to stakeholders:

- Not Good
 Average
 Relative Good
 Good

4. Do you think the Report reflects the impact of Sinoma Science & Technology's social responsibility on the environment and society:

- No
 Average
 Yes

5. Do you think the information disclosed in the Report is complete:

- No
 Average
 Yes

6. Do you think the content and format of the Report are clear and easy to understand:

- No
 Average
 Yes

7. Your comments and suggestions on the improvement and enhancement of Sinoma Science & Technology's social responsibilities performance and the Report:

Thank you for your care and support for Sinoma Science & Technology!