

2020

Sustainability Report



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About the Report

As the first sustainability report (the "Report") published by Sinoway Carbon Co., Ltd. it aims to communicate the Group's ESG philosophy, initiatives, and performance to the stakeholders while simultaneously responding to their needs.

Reporting Period

Unless otherwise specified, the Report covers the Group's performance on ESG matters from 1 January 2020 to 31 December 2020 (the "Reporting Period").

Reporting Boundary

Unless otherwise stated, the Report covers the headquarters, branches, and subsidiaries of the Group.

Sources of Data

The financial data in the Report are from the 2020 annual financial report of Sinoway Carbon Co., Ltd., which was independently audited by Ernst & Young; other data are calculated according to the relevant rules of the Group. All data disclosed in the Report, unless otherwise specified, are related to the Group's operations in mainland China.

Basis of Preparation

This report has been prepared with extensive reference to the updated GRI Sustainability Reporting Standards (2016).

Description of Designation

For ease of report writing, Sinoway Carbon Co., Ltd. is referred to as "Sinoway", "the Group" and "we" in the Report. The Group's operating companies in Weifang, Shandong Province, and Ganyu, Jiangsu Province are referred to as "Shandong Company" and "Jiangsu Company," respectively.

Language

The Report is available in both Chinese and English.

Message from the Chairman



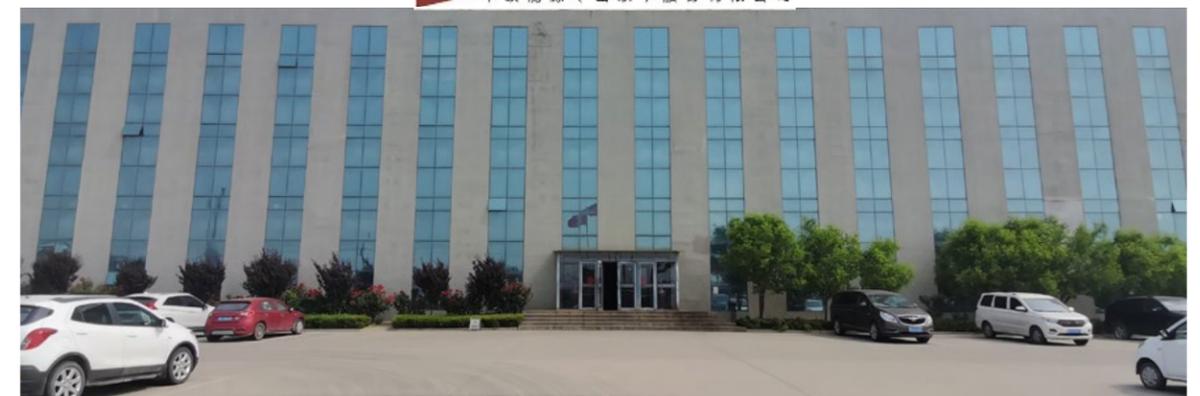
Over the past 20 years, Sinoway has grown from a small trading company with only two employees, to the number one specialised calcined petroleum coke producer in China and the fourth largest in the world. Our survival amidst numerous market fluctuations and crises can be attributed to the continuous efforts, hard work, and perseverance of all our employees, old and new. As Sinoway occupies an important position in the global carbon market, it is more vital than ever to maintain our core competitiveness in the ever-changing market; one of the ways to do so is by practicing environmental, social, and governance ("ESG") management.

During the development and growth of Sinoway, we have always pursued the balance of economic, environmental and social benefits, and have continuously explored sustainable development while drawing on our own characteristics and accumulated valuable experience. In the process of production and operation, we maximised the value of our products and provided waste heat steam and by-products such as sulfuric acid ammonia for other companies in the industrial park where we operate. This is in line with the "carbon peak by 2030" and "carbon neutrality by 2060" national strategic goals, as well as the requirements related to developing the circular economy. In addition to business operations, we are also concerned about the development of education. We cooperated with many colleges and universities in research and development and talent training, and established bases integrating resources from the industry, academia, and research institutes. We invested RMB 3 million in setting up the Sinoway Carbon Education Fund, which helps impoverished students to realise their dreams. In terms of business management, product quality, safety and environmental protection, staff development, and upstream and downstream cooperation in the industrial chain, we continue to learn advanced management concepts both at home and abroad in order to promote long-term and steady development.

In 2020, we set up the management goal in our management manual, Our Way of Business, which is to work for the happiness of all employees and their families, while taking up our corporate social responsibility of contributing to the development of the country and the industry. In order to achieve this goal, we will make continuous efforts and work together with our partners to create sustainable value!

Chairman

Tao Liu



Who We Are

About Us

Established in 2011, Sinoway Carbon Co., Ltd. ("Sinoway") is a joint venture between Shenzhen Sinoway Investment Holding Co., Ltd. and Dubal Holding LLC. Sinoway is mainly engaged in the production and sales of calcined petroleum coke ("CPC") and steam as a by-product.

The Group currently has two production bases located in Weifang, Shandong Province and Lianyungang, Jiangsu Province, with Shandong Company boasting a CPC capacity of 560,000 tons and a waste heat steam capacity of 700,000 tons. The Lianyungang project is planned to have a CPC capacity of 840,000 tons and a waste heat steam capacity of 1 million tons, with a total investment of RMB 1.3 billion. Phase I of the Lianyungang project, with a production capacity of 280,000 tons, has been put into operation in the beginning of 2020. The planned capacity of the Phase II project is 560,000 tons. By then, the CPC capacity of Sinoway will reach 1.4 million tons and the waste heat steam capacity will be 1.7 million tons.

The CPC products of Sinoway are mainly exported to the Middle East, South Africa, Australia, France, India, and several other countries and regions. It has been supplying high-quality CPC to large international aluminum companies for a long time. Along with further expansion of production capacity, Sinoway is also expanding its domestic market share. It has established long-term and stable cooperative relationships with many large domestic aluminum companies and has earned a high reputation through these efforts. It uses waste heat from calcination to produce waste heat steam for other industrial enterprises in the industrial park. This generates good economic benefits and effectively reduces energy consumption, thus conforming with the principles of the circular economy.



Shandong Company



The capacity of CPC production

560,000 tons



Capacity of steam

700,000 tons

Lianyungang Project



The capacity of CPC production

840,000 tons



Capacity of steam

1 million tons



A total investment of

1.3 billion yuan



The CPC production of Sinoway will reach

1.4 million tons



The capacity of steam will reach

1.7 million tons

Performance Highlights

Improving Business Performance

We have achieved stable business performance, strictly adhered to business ethics, and took the lead in economic, social, and corporate governance.

- ✓ We compiled Our Way of Business to work with all employees to flourish together.
- ✓ We developed the Sinoway Carbon Regeneration Plan and improved our core competitiveness by "regenerating management concept, management shortcomings and operating profit".
- ✓ We carried out multi-faceted and full-coverage internal audit works, and the feedback rate of the Group's reporting information reached **100%**
- ✓ We completed and defined the Key ESG Issues Matrix for Sinoway, and clarified the direction of the Group's sustainable development management.

Building Product Competitiveness

Aiming to become a global benchmark in the carbon industry, we pursue high quality in production while ensuring profit.

- ✓ We obtained the quality management system certification (GB/T 19001-2016/ISO 9001:2015).
- ✓ We took a series of measures targeting **5** important factors affecting the quality of calcined coke.
- ✓ Our laboratory was awarded "Excellent Laboratory of Verification" by the Technology Centre of Qingdao Customs.
- ✓ We sold dust collection powder, ammonia sulfate and waste heat steam to downstream enterprises, which has significantly increased the added value of products.
- ✓ We obtained **5** utility model patents and several R&D results.



Promoting Safe and Green Production

Actively responding to the national green and low-carbon development strategy, we integrated green development with safe production, while protecting the health of both the environment and our employees.

- ✓ We invested a total of over RMB **100** million in energy conservation and environmental protection.
- ✓ Compared to the previous year, we reduced electricity consumption by **20.2%** and water consumption by **20.6%** in 2020, achieving the annual target of saving **10%** in electricity and water.
- ✓ We prepared a climate change risk identification list, and the Group's carbon footprint value per functional unit (kg of CPC) of product is as low as **0.57** kg of carbon dioxide equivalent, as verified by a third-party institution.
- ✓ We fully achieved the safety management target, with no safety liability accidents and zero incidences of occupational diseases.
- ✓ We held **7** production safety knowledge contests and a total of **2,361** people participated in safety training.

Joining Hands with Partners

Upholding the concept of open cooperation, mutual benefit and win-win outcomes, we are an excellent corporate citizen that goes hand-in-hand with partners from all industries.

- ✓ We have entered into supply relationships with many large international aluminum companies domestically and abroad to improve our services and have not received any customer complaints.
- ✓ We have **11** domestic raw material suppliers and **5** international raw material suppliers, **4** of which have obtained ISO 9000, ISO 14000 and ISO 45001 system certifications.



- ✓ We adopted **26** suggestions for employee management and improvement and awarded the "Special Contribution Award" to **14** candidates, totalling about RMB **1** million.
- ✓ We contributed a total of about RMB **2** million to support rural revitalisation, education development, community help, and disaster relief donations.
- ✓ We donated several batches of supplies to Wuhan and areas affected by the COVID-19 epidemic nationwide, including medical goggles, disinfectant alcohol, mineral waters and other epidemic prevention items totalling more than **20** tons.

01

Improving Business Performance

Sinoway firmly believes that a corporate style of integrity, efficiency, and responsibility will enhance the Group's business performance. We continue to improve our corporate governance, standardise our internal control and risk management systems, and commit to business ethics. By doing so, we maintain our leadership in economic efficiency, social contribution, and corporate governance.



- Our Way of Business
- The Sinoway Regeneration Plan
- Risk Control
- Responsibility Management



Our Way of Business

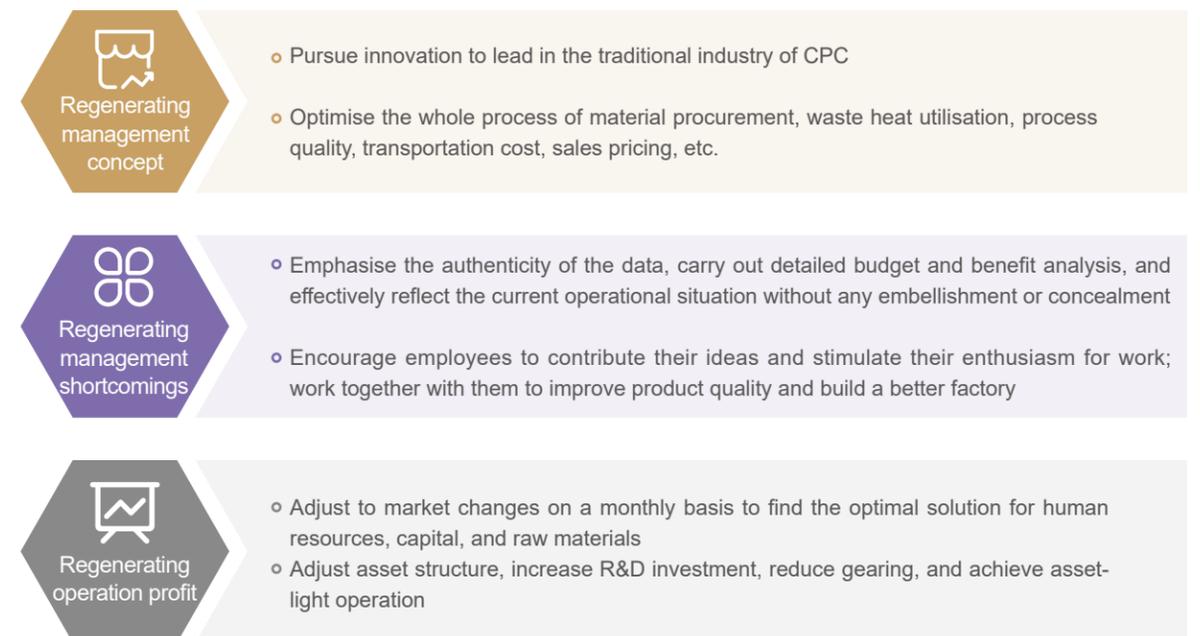
In 2020, Sinoway compiled Our Way of Business, which helps us to work hand-in-hand with all employees so that everyone can focus on the overall development of individuals, the Group, and the industry. The book also helps ensure that the company's long-term business objectives are in line with the development needs of the new era and that the Group can assume its corporate social responsibility, thereby contributing to the low-carbon and sustainable development of China and the world through higher standards and excellent performance.

Dimensions	Key concept	Description
Individual development	Adhering to morality	Honest, courageous, fair, unselfish, altruistic, positive and hardworking
	Staying passionate and positive	Pursuit of individual growth and performance improvement with passion for work
	Building up mutual trust	Work based on efficiency and trust to help each other achieve work goals
Business performance	Creating better profit	Maximise production profit, optimise cost control and rationalise sales price
	Engaging all employees	Let all employees know the direction and difficulties of the Group and come up with collective solutions
	Keep persevering	In business activities, all employees carry out profit targets with a strong will
	Valuing innovation	Become unique in the industry through innovation and reforms
Social contribution	Gratitude to industry partners	Be grateful for industry partners and build trusting partnerships to promote mutual business development
	Full participation in market competition	Respond to market changes and make cost control and savings plans to create better value
	Love for family and homeland	Promote the harmony and health of employees' families and contribute to the development of the country



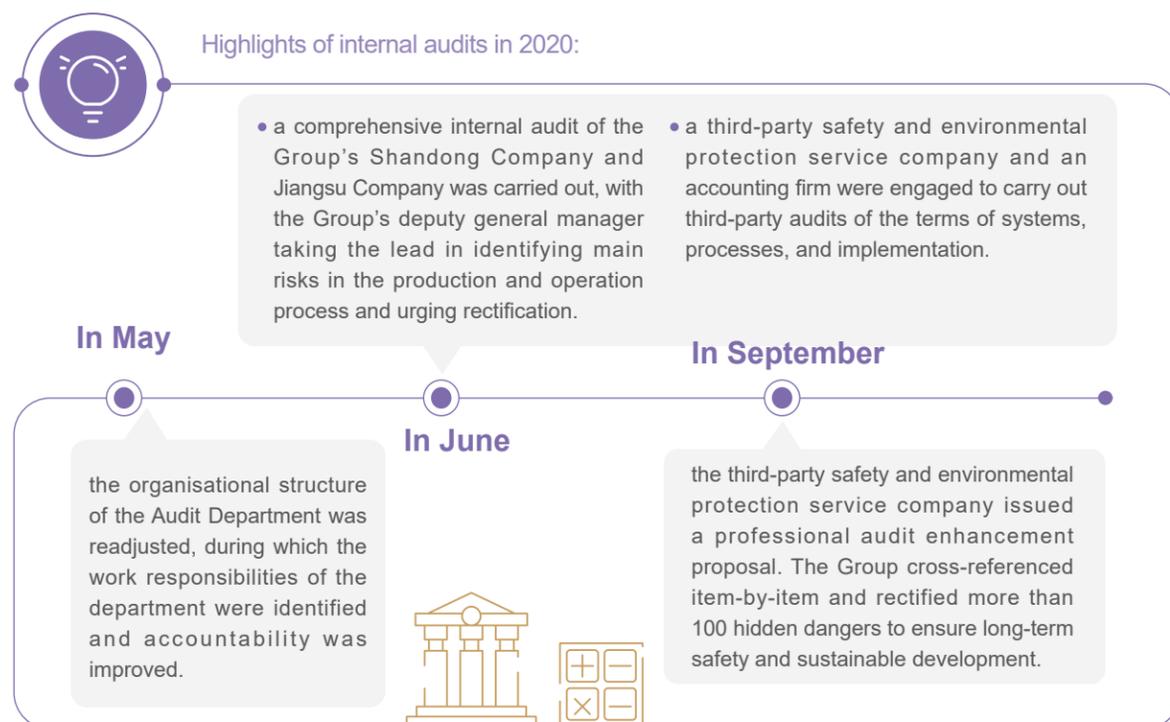
The Sinoway Regeneration Plan

Amidst fierce market competition, Sinoway Carbon continually explored its positioning and developed the *Sinoway Regeneration Plan*. In "regenerating management concept, management shortcomings and operation profit," the Group identified operational risks in all areas, summarised operational experience, and improved its core competitiveness in the CPC industry. In 2020, after the *Sinoway Regeneration Plan* was published internally, they organised regular workshops for employees as a way to help them improve their management awareness and ability, and grow together with the Group.



Risk Control

Sinoway has achieved effective management and operation, strengthened the construction of its risk control system, standardised internal control and anti-corruption, and enhanced the level of its legal compliance operation. The Audit Department, based on the internal control system, was set up to carry out comprehensive internal audits covering business, finance, legal affairs, safety, and environmental protection. Moreover, a third-party service team was hired to identify and control operational risks and improve operational stability. In 2020, the Group carried out a series of internal control audit improvement projects, including organisational restructuring and internal audits led by the deputy general manager. We also solicited audit opinions from third parties, which we used to identify specific hidden dangers as a way to comprehensively improve the company's management.



Sinoway abides by the business ethics of honesty, integrity, and self-discipline. The Group strictly abides by the laws and regulations of the People's Republic of China, including the Supervision Law of the People's Republic of China, and continuously improves the management system regarding corruption, fraud, and other unethical behaviour. Eight employee reporting boxes have been set up in the Group's offices and anonymous reporting channels were provided in the Group's management platform "Voice of Heart" to normalise the anti-corruption work and to strictly implement whistleblower protection measures. Likewise, all suppliers were required to sign the "Letter of Responsibility for Integrity in Win-Win Cooperation". The complaint and reporting hotlines, email address, and contact information of the recipient were made public so as to create a fair, just, and win-win business environment. At the same time, the Group organised regular annual trainings based on contents related to anti-corruption in Our Way of Business, so as to guarantee the efficient operation and integrity of the Group.

In 2020, the Group had a 100% response rate of whistleblowing information and no corruption litigation cases occurred during the reporting period.



Response rate of whistleblowing information

100%

Responsibility Management

The Group attaches great importance to stakeholder communication and regularly receives the opinions and suggestions of the Group's internal and external stakeholders through various channels. Reasonable opinions will be adopted in order to improve internal management and meet the expectations and concerns of stakeholders.

Stakeholders	Demands and expectations	Ways of communication and response
Government	<ul style="list-style-type: none"> Compliance with laws and regulations Pay taxes according to the law Support local development 	<ul style="list-style-type: none"> Practice in accordance with the relevant regulations Pay taxes according to the law Respond to local government requirements
Client	<ul style="list-style-type: none"> Stable supply Provide high-quality products and services Build a sustainable supply chain 	<ul style="list-style-type: none"> Sign long-term agreements Guarantee the quality of services Improve sustainability performance
Employees	<ul style="list-style-type: none"> Protect the rights and interests of employees Develop a sound development path Protect occupational health Balance work and life 	<ul style="list-style-type: none"> Provide reasonable salary and benefits Improve career development channel Provide employee training Enrich employee care initiatives
Partners	<ul style="list-style-type: none"> Open and fair procurement Honoring contracts 	<ul style="list-style-type: none"> Strict bidding and procurement process Fulfill contracts in accordance with the law
Community and society	<ul style="list-style-type: none"> Participate in community development Support public welfare 	<ul style="list-style-type: none"> Community Communication Investing in education and charity

Sinoway's Critical ESG Issues Matrix in 2020



In 2020, we interacted and communicated with various stakeholders in different forms and made a benchmark analysis of sustainability disclosure issues concerning peers. Combining the industry issues of mainstream ESG-related ratings and indices in the capital market, we listed the sustainability issues related to the industry and the Group. This will serve as an important basis for the Company's future sustainability management. Based on the assessment of all sustainability issues by stakeholders and the Group's senior management, we identified the Critical ESG Issues Matrix for Sinoway in 2020.

02

Building Product Competitiveness

Sinoway considers product quality as essential and continues to produce high-quality products with strict quality control. Focusing on improving the factors that will further improve the quality of the Group's products, it has devoted itself to becoming a benchmark in the global carbon industry, thereby creating more benefits.



- Product Quality
- Improving Added-values
- Research and Innovation



In accordance with the requirements of industry and user standards, the testing capability coverage rate is

100%



In 2020, the Group sold dust collection powder of

4,634.48 tons



In 2020, the Group's steam production capacity will reach

347,000 tons

Product Quality

Sinoway strictly abides by laws and regulations, including the *Product Quality Law of the People's Republic of China*, *Metrology Law of the People's Republic of China*, and the *Standardisation Law of the People's Republic of China*. It is committed to the continuous improvement of product quality, so that, by establishing itself as a benchmark company within the industry, the Group will become more profitable. Sinoway has obtained the quality management system certification (GB/T 19001-2016/ISO 9001:2015), which provides assurance for the sustainable development of the Group.

Quality Control

Sinoway has set up a Quality Control Department to manage quality control in production. It has formulated the *Quality Control Assessment Management Measures* to regulate the quality management process, and the reward and punishment mechanism for staff members working at workshops and laboratories. In order to continuously improve the processing techniques and further ensure product quality, the Group has also formulated the Process Quality Control Management System, which clearly stipulates the quality control and management methods at each stage of production. These include quality control methods for raw materials, production processes, and finished products, as well as management methods for testing processes, weighing rooms, substandard products, and accidents affecting quality.

In 2020, the Group's Quality Control Department undertook a series of measures targeting five important factors affecting the quality of CPC: (i) lack of capacity for finished goods inventory; (ii) errors in belt scales; (iii) poor stability in the volatile fraction process; (iv) excessive particle size in the crusher; and (v) the location and number of samplers not meeting the needs of CPC quality monitoring. The focus on these measures greatly contributed to the improvement of product quality and production efficiency.

Laboratory Construction

In order to strengthen the standardised management of the laboratory and improve laboratory management standards, the Group formulated Laboratory Management Measures to clarify the responsibilities, rights, and management requirements of different staff members, thereby improving efficiency and further guaranteeing product quality. In order to make continuous improvements in laboratory testing quality, to better serve production and operation activities, and to finally achieve the best testing quality with the lowest cost, the Group formulated the Laboratory Management System. All testing activities in the laboratory are conducted in accordance with national standards, industry standards, and international standards, all of which are regularly updated.

According to relevant regulations of the China National Accreditation Service for Conformity Assessment ("CNAS") and results of the on-site assessment, Sinoway's laboratory obtained its CNAS accreditation certificate, which provides strong technical support for the Group's industrial development. While contributing to product testing of industry peers, it also provides testing services for the Group's own product development, raw material testing, quality monitoring, and finished product delivery. In 2020, Sinoway's laboratory participated in the Proficiency Testing Program for Petroleum and Petroleum Products, organised by the Technology Centre of Qingdao Customs, and won the certificate of "Excellent Laboratory of Verification".

The Group has imported and domestic advanced testing equipment, can detect sulfur, moisture, volatiles, trace elements, carbon dioxide reactivity, and resistivity in raw materials and finished products. The testing capability coverage rate is **100%**, which is in accordance with the requirements of industry and user standards.



Improving Added-values

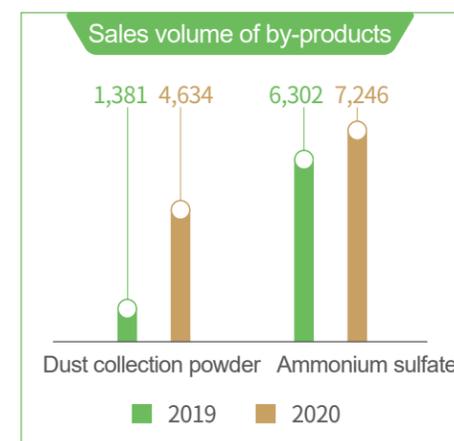
For many years, China has been committed to transforming its mode of economic development, and all industries have been introducing the concept of recycling in order to reuse resources and improve production efficiency. Sinoway has always incorporated this development concept into its own construction, repackaging and selling some of its production by-products to improve resource utilisation and reduce waste emissions.

By-product Sales

Sinoway sells recyclable by-products such as dust collection powder and ammonium sulfate to downstream companies. The former is used in smelters and ferrosilicon plants as electrodes, while the latter is used in agriculture, animal husbandry and forestry as raw material for fertilisers. In 2020, the Group sold 4,634.48 tons of dust collection powder, representing an increase of 235.6% over 2019. In the same year, the Group's sales of ammonia sulfate were 7,246.72 tons, an increase of almost 15% compared to 2019.



In 2020, the Group sold	Compared to 2019, an increase of	In 2020, the Group's sales of ammonia sulfate were	Compared to 2019, an increase of about
4,634.48 tons	235.6%	7,246.72 tons	15%



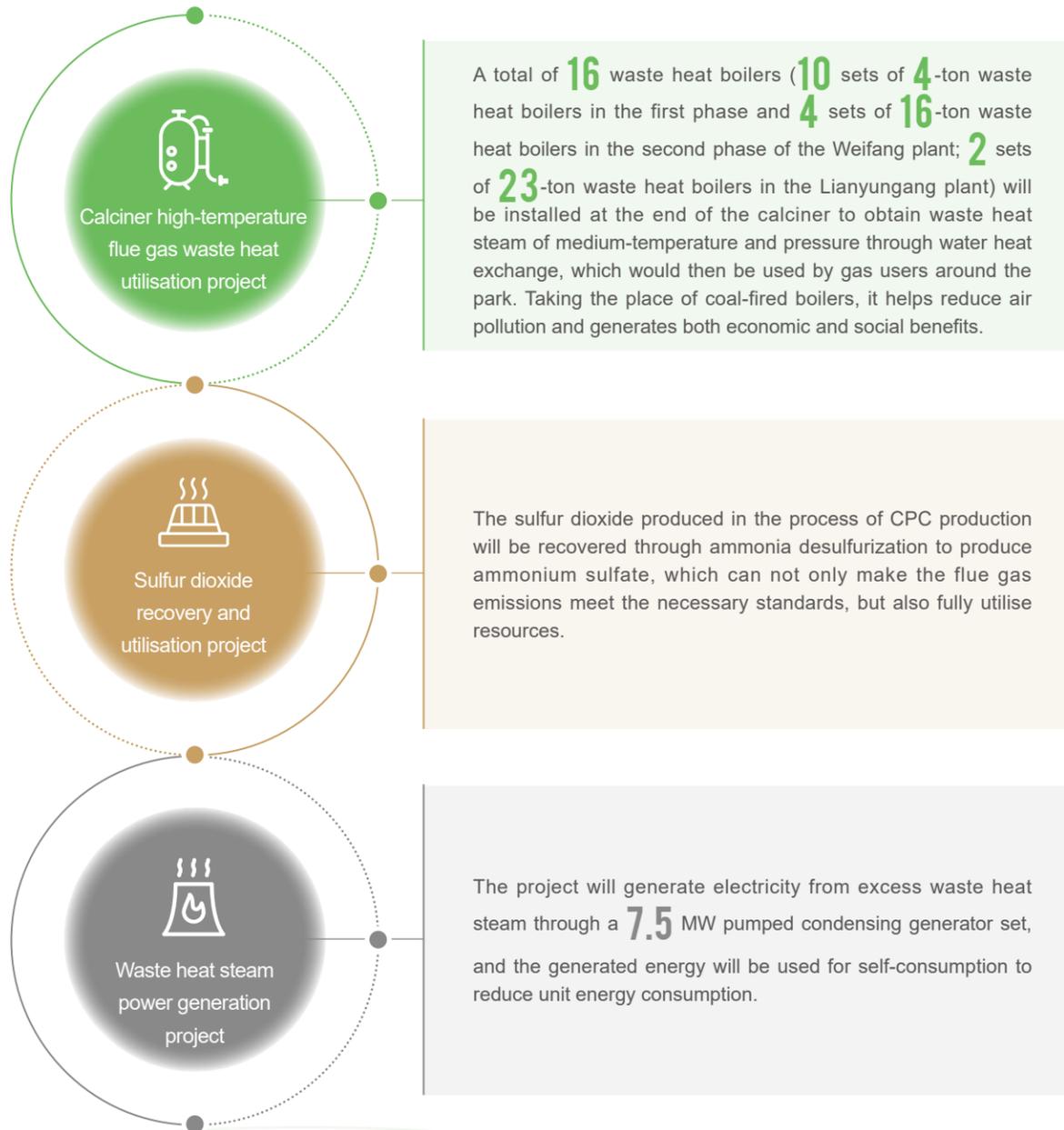
The Group uses waste heat from calcination to produce a large amount of waste heat steam to supply industrial enterprises in the industrial park, and the steam capacity of the Group reached **347,000** tons in 2020. This is highly related to the circular economy as it effectively reduces energy consumption while generating economic benefits.



Calcining plant and steam pipelines

Construction of Recycling Projects

Since 2013, in order to better achieve recycling of by-products in the production process, the Group has applied for several projects funded by the central government. Meanwhile, it focuses on the implementation of independent projects related to the Group's interest in order to realise the added value of products.



Research and Innovation

Sinoway firmly believes that in market competition of the future, the core technology advantage will bring shareholders and investors abundant returns, and will also bring customers more technology added value and product added value. The Group has continuously strengthened its investment in technological innovation and research and development and has obtained a number of its own patented technologies.

R&D Centre

Since its establishment, the Group has been adhering to the Scientific Outlook on Development and making research and development and talent cultivation its development goal. In order to improve its innovation ability and market competitiveness, and to ensure sustainable development, the Group has established an R&D centre. In addition to employing a highly educated and experienced R&D team with a strong ability to innovate, the centre also formulated a series of working systems. In order to implement the *Interim Measures for the Management of National High-tech Industry Development Projects* as well as the Company's own development strategy, the Group has formulated the *R&D Project Management System*, which will promote business development through R&D and innovation. In order to encourage technological innovation among employees, the Group has set up the "Special Contribution Award" and "Reasonable Suggestion Award". The bonus of the "Special Contribution Award" is uncapped, and the total annual bonus of the "Reasonable Suggestion Award" is **RMB300,000**.

Technology Protection

In order to protect the Group's technical know-how and prevent the loss of intangible assets, the Group formulated the *Non-Patented Technology Know-how System*, a system developed according to the *Law of the People's Republic of China for Countering Unfair Competition* as well as the *Regulations on Science and Technology Know-how* issued by the State Scientific and Technological Commission. At the same time, the Group set up a technical Know-how working group led by the Technical Director. Members of the working group include the Director of the R&D centre, Financial Manager, Production Manager, QEHS Manager, and assistant of the president's office. Document and filing personnel are responsible for the daily work of managing technical documents.

Process Innovations

The Group attaches great importance to process innovation and R&D, and has heavily invested in new product development, including obtaining five utility model patent certificates. In developing new environmental protection-related products, we have made the following achievements according to the development of technology and market demand.

01

Ammonia desulfurization process

In order for the calciner to be produced normally and the flue gas to be treated effectively during the maintenance of the desulfurization tower, Jiangsu Company proposed a technical improvement program to change the existing single tower ammonia desulfurization process into a double tower process. The principle of this technical change program is to save the maximum investment cost, while taking into account the stability of process operation. Without changing the original route of the ammonia desulfurization process, the original concentration section of the desulfurization tower is replaced by a new concentration tower.

02

Flue gas dust and mist elimination system

The working mechanism of the wet electrostatic mist eliminator is as follows: The high-voltage current device transmits direct current to the mist eliminator, and then acid mist forms a strong electric field between the corona line (cathode) and acid mist trapping pole plate (anode) while passing through the electrostatic mist eliminator. The air molecules are ionised, producing a large number of electrons and positive and negative ions. Negative ions are then attached to the acid mist, which is attached to the anode plate due to the Coulomb Law. After that, the acid mist attached to the anode plate will be washed off by the spraying system. With the implementation of the wet dust elimination system, all environmental indicators can reach the latest national industry standard. Moreover, the exhaust gas emission is white, and the ammonia leak is eliminated.

The flue gas bag de-dusting system is equipped with an additional particulate adsorbent device. Particulate adsorbent is used to absorb VOC in the flue gas, which caused no yellow soot emission in the exhaust gas. The adsorbent is economically viable as it can be recycled and sold.

03

Flue gas air-cooling

Before the high-temperature flue gas enters the waste heat boiler, the flue gas main flue is equipped with an additional air-cooled heat exchange device, which can reduce the flue gas temperature by about 40°C, satisfying the temperature requirements of the bag filter equipment and desulfurization system. In this way, the excessive oxygen content in the exhaust gas caused by the air-cooling in the original flue is greatly reduced.



04

Automatic control project of product loading containers

Based on the original CPC product container, the Group built two CPC product loading container systems along with environmental protection and other supporting facilities. After the process and operation are both optimised, it can improve the efficiency of product loading and port loading, as well as reduce labour costs and environmental pollution in the product transportation and unloading process.



03

Promoting Safe and Green Production

Responding to the national green and low-carbon development strategy, and integrating the concept of green development and safe production, Sinoway has comprehensively implemented various measures related to safety and environmental protection and has built up a culture of safety within the company. It has made continuous efforts in protecting the health of its employees and continuously strives to build an environment-friendly, safe, and stable business. During the reporting period, the Group has obtained ISO9001 quality management system certification and ISO14001 environmental management system certification.



- Environment Management
- Safe Operation



During the reporting period, the Group invested in energy conservation of

100 million yuan



From 2019 to 2020, we reduced electricity consumption by

20.2%



In 2020, Shandong Company organised the trainings in total of

12 sessions

Environment Management

Sinoway strictly abides by the *Environmental Protection Law of the People's Republic of China*, *Law of the Peoples Republic of China on the Prevention and Control of Atmospheric Pollution*, *Law of the Peoples Republic of China on the Prevention and Control of Water Pollution*, *Law of the Peoples Republic of China on the Prevention and Control of Noise Pollution* and the relevant laws and regulations of environmental protection in the place of operation. Taking into account the status quo of its environmental protection work, the Group has formulated a number of systems to actively carry out energy conservation and emission reduction work and strengthen the company's environmental protection efforts, including the *Environmental Protection Management System*, *Environmental Protection Statistical Work Management System*, *Environmental Protection File Management System*, *Environmental Protection Facility Operation Management System* and *Environmental Protection Reward and Penalty Management System*. During the reporting period, the Group invested a total of over RMB 100 million in energy conservation and environmental protection.



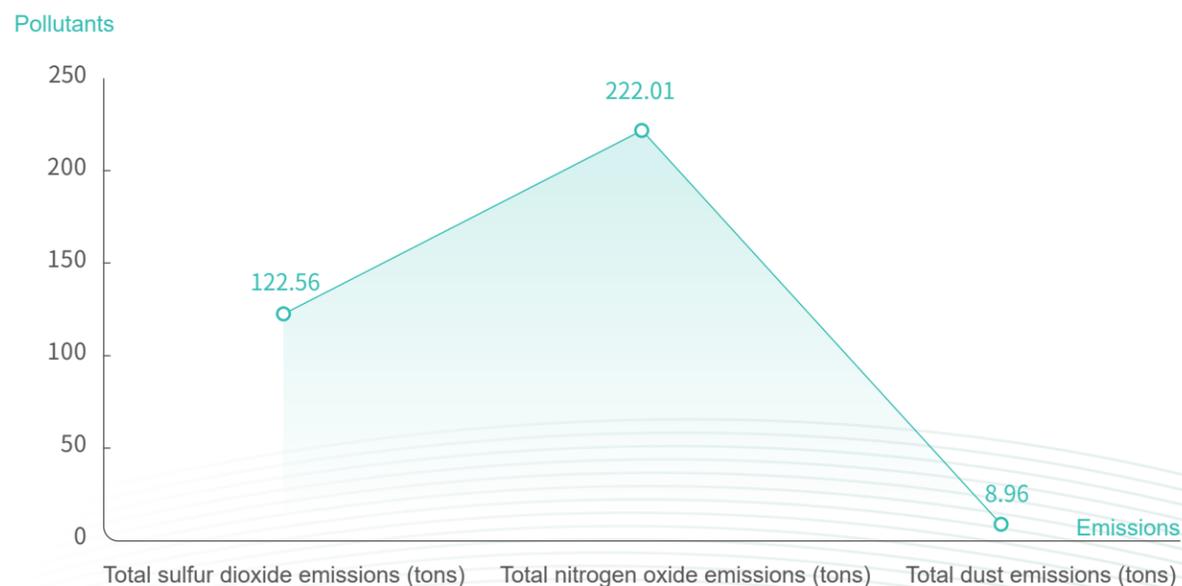
During the reporting period, the Group invested in energy conservation and environmental protection with a total of over

100 million yuan

Emission Control

Adhering to the principles of pollutant emission compliance and total pollutant control, the Group pursues clean production, while reducing pollutant emissions and eliminating the disorderly and unorganized emissions of pollutants, all of which help achieve sustainable development. In 2020, we used ammonia fugitive online detection equipment to achieve maximised control of gas emissions. We also applied domestic sewage treatment equipment to achieve zero sewage emission. In addition, we ensured the normal operation of dust removal and ventilation facilities and strictly controlled dust, thereby creating a clean production process.

Sinoway's Waste Gas Emission in 2020



Resource Management

Sinoway strictly abides by the *Law of the People's Republic of China on Energy Conservation* and other laws and regulations, and actively carries out energy-saving and consumption-reducing technical improvements. We also pursue process optimisation in the areas of electricity, water, and steam saving every year so as to further improve the efficiency of energy use. The Group actively responds to the national call for electricity conservation by strengthening equipment sealing, increasing the pressure of inlet pipelines, increasing motor frequency conversion and adjusting motor load according to production needs. At the same time, it has increased water temperature, realising that by recycling circulating water and concentrated water from boiler water production, energy and emissions can be reduced. We reduced electricity consumption by 20.2% and water consumption by 20.6% from 2019 to 2020, fully achieving the goal of saving 10% in electricity and water consumption.



From 2019 to 2020, we reduced electricity consumption by

20.2%



Water consumption was reduced by

20.6%

Sinoway's Resource Consumption in 2020

Resource Type	Unit	Consumption
Purchased electricity	kW·h	16,596,619.73
Gasoline consumption	Liter	23,466
Diesel consumption	Liter	12,000.17
Natural gas consumption	Standard cubic meter	283,709
Comprehensive energy consumption	Tce	2,456.69
Comprehensive energy consumption density	Tce/ton	0.0051
Total water consumption	Ton	419,318.48
Recycled water consumption	Ton	106,800

Addressing Climate Change

Climate change has become an issue of widespread concern in the society, bringing many challenges to the use of natural resources and business activities. In response to the national strategic goals of "carbon peaking by 2030" and "carbon neutrality by 2060", Sinoway has started to lay out its own carbon neutrality strategy. It plans to achieve carbon neutrality in three to five years through carbon reduction, carbon sink and other offset mechanisms. Responding to the national development strategy and combining its current situation and development needs, Sinoway has identified and analysed the possible climate change risks faced by the Group during production and operation. We also explored measures to cope with climate change, contributing to the national low-carbon development and ecological environment protection. Meanwhile, we invited third-party institutions every year to review our greenhouse gas emission reports submitted by carbon emitters and obtained product carbon footprint certificates. In 2020, the reviewed product carbon footprint value per functional unit (kg of CPC) was **0.57** kg of carbon dioxide equivalent, of which the proportion of carbon emissions in the raw material acquisition stage was **96.96%** and the proportion of carbon emissions in the production stage was

3.04%

Sinoway Climate Change Risk Identification

Risk Type	Risk Description	Impacts on finance	Impact duration	Response
 Policy and legal risks	<ul style="list-style-type: none"> ○ Enhanced responsibility for emission reporting: To support the construction of the national carbon market, the regulatory authorities have organised greenhouse gas emission reporting, review and carbon credit approval, and have also issued documents such as the Guidelines for Corporate Greenhouse Gas Emission Reporting Review (for Trial) to regulate practices related to corporate emission reporting. The Group may need to report carbon emissions to regulators and carry out third-party reviews in the future, which would increase management costs. 	Increased operating costs	Mid-term	<ul style="list-style-type: none"> ◇ Studied climate change and carbon emissions trading related national policies and carried out GHG management capacity building in the company. ◇ Engaged third-party institutions to conduct carbon emission verification for Shandong and Jiangsu Company, and established the basis for GHG emission accounting and reporting. ◇ Carried out energy-saving and emission reduction projects to reduce the Group's carbon footprint and achieve low-carbon production.
	<ul style="list-style-type: none"> ○ Carbon pricing mechanism: In 2020, the Ministry of Ecology and Environment rolled out interim rules for carbon emissions trading management, according to which national carbon emission trading will be launched in 2021 and the target of carbon emission peaking in 2030 and carbon neutrality in 2060 was also proposed. With the development and maturity of the national carbon emission trading market, the Company may be included in the carbon emission trading market as an emission-controlled enterprise in the future. If the price of carbon credit gradually increases and the number of credits obtained by the Group gradually tightens, it may face higher emission costs in the future in meeting compliance requirements. 	Increased operating costs	Mid- and long-term	
 Technology Risks	<ul style="list-style-type: none"> ○ Transformation to low-emission technologies: In order to implement the national strategic goals of carbon emission peaking by 2030 and carbon neutrality by 2060, the Group's application of low-carbon technologies and processes, improvement of technological adaptability and elimination of outdated processes and equipment may all lead to an increase in corporate costs. 	Increased cost of adopting/deploying new practices and processes	Short- and mid-term	<ul style="list-style-type: none"> ◇ Developed a plan to gradually phase out outdated old equipment and processes, and to iterate and update them in a timely manner. ◇ Introduced advanced low-carbon production technologies and concepts, and used new processes and technologies to improve energy use efficiency.
 Market Risks	<ul style="list-style-type: none"> ○ Changes in downstream customer behaviour: Most of the Group's downstream customers are large international aluminum companies, which often place high sustainability requirements for their suppliers. The Group needs to continuously improve its sustainability performance, including low carbon emissions, to enhance the competitiveness of its products and meet the needs of its downstream customers. 	Lower demand for goods and/or services due to changes in customer preferences	Short- and mid-term	<ul style="list-style-type: none"> ◇ Conducted carbon verification at the request of downstream customers and report sustainability and carbon emission performance to them, increased communication with downstream customers on sustainability and learned about their expectations. ◇ Lay out a carbon neutral strategy and explore ways to reduce carbon and offset.
 Entity	<ul style="list-style-type: none"> ○ Increased severity of extreme weather events: Global warming has increased the frequency of extreme weather events (e.g., typhoons, heavy rains, hail, etc.) in local areas, which could potentially affect the Company's outdoor facilities such as construction sites and warehouses. 	Increased capital costs (e.g., facility damage)	Mid- and long-term	<ul style="list-style-type: none"> ◇ Continue to improve the emergency system. ◇ For expansion projects, carry out hydrological, geological, climatic conditions and other targeted assessments first in the preliminary EIA process to avoid the environmental, economic and physical risks brought about by extreme weather on project construction and operation.

Safe Operation

Sinoway regards safety as the cornerstone of all production and operation activities. It has been promoting the construction of a safety management system, and has built a firm line of defense to ensure employee safety. Committed to protecting the physical and mental health of every employee with sincerity and real actions, we have identified the safety risks at each link of production, actively carried out safety training, and established a safety culture.

Safety Management System

Sinoway strictly abides by the laws and regulations of the Production Safety Law of the People's Republic of China and implements the policy of "safety and prevention first to achieve comprehensive management". We established the safety responsibility system for production, and formulated and implemented a series of internal safety systems, such as Production Safety Responsibility Management System, Safety Production Target Management System, Safety Education and Training System, Safety Production Reward and Punishment Management System, Safety Production Management System Review and Revision System, and more. These internal safety systems serve to strengthen the safety production responsibilities of all employees and ensure safe production.

The Group has divided the safety functions of each functional organisation and established a safety committee and production safety leading group. Both of these groups are responsible for: (i) organising or participating in the drafting of production safety rules, regulations, and operational procedures; (ii) supervising the implementation of production safety capital investment and production safety risk control measures; and (iii) carrying out production safety qualification reviews. These reviews are conducted for contractors, safety management procedures regarding major hazards, and production safety education and training. The Group is also responsible for the supervision and inspection of contractors' safety qualification review, safety management of major hazards, and safety training.

Safety Management Measures

In order to strengthen the Group's safety production management, we have actively improved rules and regulations, operating procedures, and standard codes of conduct. Moreover, we have established a long-term mechanism for investment in safety production, and have carried out risk identification, hidden danger investigations, and closed-loop rectification activities. We have standardised the permit management and approval procedures for hazardous operations, guaranteed production safety, eliminated or reduced potential accident hazards, and set up early warning, alarm, protection, and emergency disposal facilities to improve emergency response. In 2020, Shandong Company completed the preparation of a safety standardisation system and a risk control and hidden danger investigation system; Jiangsu Company carried out safety completion and acceptance, completed the construction of a safety standardisation and double prevention mechanism, and obtained the certificate of three-level safety standardised business.



Certificate of Standardised Safety Production - Level 3

Safe Production Targets

Shandong Company and Jiangsu Company set production safety targets respectively, and review and assess the targets and indicators every quarter to promote the construction of the safety standardisation system. In 2020, both companies achieved their safety management targets, and no safety minor injuries, serious injuries, casualties, fires, poisoning and occupational disease accidents occurred.

Safety Management Targets and Results in 2020

Annual Targets	Results
 No accidents occurred throughout the year, including fire and explosion, major equipment accidents, major production accidents, serious injuries, food safety, occupational disease, and environmental pollution	Achieved
 Less than 3 minor accidents	Achieved
 100% coverage of employee physical examination	Achieved
 Supervise and implement staff safety education and training to ensure a 100% training rate for all staff	Conduct training as required
 Organise emergency drills and fire rescue activities, no less than 1 for each	Held regularly
 Double prevention mechanism construction	Achieved
 Safety production standardisation	Achieved

o Safety Checks

Sinoway has implemented a series of safety inspection initiatives, consolidating the safety foundation and ensuring safe production and development. In 2020, Shandong Company identified **393** safety problems and hidden dangers, and **86.01%** of them were rectified; Jiangsu Company carried out **26** safety inspections, including **8** comprehensive inspections, **6** professional inspections, **5** pre-holiday inspections and **7** expert inspections, with **96.27%** of them being rectified.

Safety inspection and management initiatives of the Group:

- Hold a safety meeting once a month to inform the safety inspection results, deploy safe production, and review and revise the safe production management system regularly.
- Assess the safety production and the rectification of safety hazards, set up safety management assessment rules and establish a safety production reward and punishment ledger.
- Regular safety inspections and equipment maintenance.
- Set up an inspection system for safety management of dangerous chemicals at receiving, dispatching, loading and unloading stages, so as to reduce and even eliminate accidents.
- Organise EHS production inspections and hidden danger rectification activities on a regular basis, which mainly takes four forms including comprehensive inspection (including holiday inspection), professional inspection, seasonal inspection and daily inspection.
- Strengthen safety inspections, supervision and management of contractors, warehouses and gas cylinder areas, personnel and vehicle access, fire-fighting work, work of special operators, hazardous chemicals, production processes and facilities, buildings and structures, dust and poison prevention, fire and explosion prevention, labour supplies and health care products.



o Safety Accident Emergency Plan

In order to quickly and effectively deal with various unexpected accidents that occur during the operations, Sinoway has set up emergency plans for safety accidents and emergency preparedness and response control procedures. We improved the emergency management mechanism, formed a three-level emergency rescue plan system consisting of the *Comprehensive Emergency Plan*, *Special Emergency Plan* and *On-site Disposal Plan*. Giving full play to the response capability of the Group in dealing with unexpected accidents and incidents on site, we made great efforts in minimising the casualties and economic losses as well as the negative impact on the environment, while maintaining the stability of the Group and the orderly operation of the community where we operate.

Building Up a Safety Culture

Sinoway attaches great importance to building a safety culture. We have actively carried out safety education and training publicity activities and have organised a safety production month. We also implemented safety emergency drills to improve our accident response ability. In this way, we are trying to create a strong safety culture, and to help employees improve their awareness of safe production.

o Safety Training

The Group actively carried out production safety publicity, education and training, and formulated the Safety Training and Education System and annual safety training and education plan. No employee shall be allowed to work without qualified safety training and education. We require new employees to carry out three-level safety training and education at the company level, workshop level, and team level; we regularly provide training for our main team leads, management personnel, professional engineers and technicians; and we organise daily safety training for production workshops, which shall be held no less than twice a month. We provide re-training for employees and those engaged in special operations on safety production every year, and for employees who have been transferred, laid off and re-employed, or who have left work for one year or more. All staff need to be qualified in the assessment before starting work. In addition, the Group has specially formulated training evaluation forms, training sign-in sheets, and 2020 training and education plans. We also have contractor safety education accounts, staff training and education files, training record sheets, and training achievement sheets. Our staff training demand survey forms fully meet the demands of staff training and ensure its efficient and orderly implementation. In 2020, Shandong Company organised 12 training sessions, with 1,700 people trained, each with 24 hours of training time; Jiangsu Company provided 57 training sessions, with 661 people trained.



At the same time, in order to further strengthen the safety management of unregistered construction personnel, the Group has provided special training and education activities. We organised safety training and education for main management personnel who oversee external installation and construction personnel. We specially developed the *Construction Project Safety Management Agreement* and the *Entry Process of Construction Team* to avoid safety accidents caused by negligence. We also intended to ensure that there was no property loss for both parties and no personal safety infringement for employees.

Production Safety Month

In 2020, the Group actively carried out the Production Safety Month activities under the slogan of "Eliminate hidden dangers and build a firm safety line". We organised various activities to enhance employee cohesion and to further cultivate their safety awareness and awareness of safe production.



Carry out safety promotion activities using banners, slogans, bulletin boards, WeChat Groups, Cloud Home and other promotional tools.



Carry out month-long safety hazard investigation and management activities. We have identified more than 20 safety hazards through self-examination and self-correction in workshops and safety inspection by the company, and have actively made rectifications identified in strict accordance with the requirements of the "five implementations". Up to now, all the identified hazards have been rectified in strict accordance with the requirements.



Make emergency rescue plan drills to improve employee awareness of accident prevention and their ability to deal with accidents, as well as to improve the effectiveness and feasibility of emergency rescue plans. In 2020, the Group carried out emergency drills that included fire drills, boiler sudden power failures, and water shortage accident drills. We also carried out heat stroke accident drills at the top of the calcining plant.



Organise production safety knowledge contests to guide and stimulate the majority of employees to master safety knowledge. Create an atmosphere where everyone learns safety knowledge. Effectively promote the spread of safety culture. In 2020, Sinoway carried out 7 production safety knowledge contests.



"Production Safety Month" Event Banner



Emergency Response Drills



Production Safety Knowledge Contest

04

Joining Hands with Partners

Adhering to the concept of open cooperation and mutual benefit, Sinoway seeks comprehensive collaboration with partners from both within and outside of the company to achieve common development. The Group actively guides its suppliers in order to strengthen their operations according to the law, and to help them fulfill their social responsibilities. We always take a people-oriented approach, and value and protect all legal rights and interests of employees. As an excellent corporate citizen, we pay attention to people's livelihoods and social progress; we actively participate in community construction, and promote harmonious economic and social development.



- Creating Values Through Services
- Supply Chain Management
- Protection of Employee Rights
- Training and Development
- Improving Cooperation with External Partners
- Care for Community Partners



By the end of 2020, the Group had a total of

11 domestic raw material suppliers



In 2020, the total number of employees of the Group reached

377 person times



In 2020, the Consolation expenses we used for for employee funerals, condolence injury and illness, and other services were more than

20,000 yuan

Creating Values Through Services

Sinoway's CPC products are mainly exported to the Middle East, South Africa, Australia, France, India and other countries and regions, and we have been supplying high-quality CPC to large international aluminum companies for many years. Along with the further expansion of the company's production capacity, Sinoway is also expanding our domestic market share. We have established long-term and stable cooperation with many large domestic aluminum companies, and are highly regarded for our industry cooperation.

In pursuit of customer satisfaction, Sinoway constantly improves its services, pursues integrity and quality, and provides customers with top-notch products and services. In order to standardise product sales behaviour and better serve our customers, Sinoway developed the Business Sales Management Measures to clarify customer access principles and file management methods. We have been continuously improving our comprehensive service quality, strengthening after-sales contact, and abiding by the customer-centred sales strategy and principle. For key customers and potential customers, we maintain close contact to optimise blending costs, obtain more orders, and expand our trade volume.

We value the opinions of our customers and treat their suggestions seriously. Sinoway regularly visits our clients. During visits, we often introduce the latest achievements regarding product development, and listen to customer opinions and suggestions on the use of our products and services. We then provide feedback to the relevant departments in a timely manner. We take customer complaints seriously and form records of the content, investigation, and processing of customer complaints. We also make entries of confirmation and the feedback from customer results as well as report complaints with large claims or preliminary claims or those with significant social impact to the Group's Board of Directors or General Manager's Office for investigation and processing. If litigation disputes are formed, they are handled by the responsible and competent departments together with the Company's Legal Affairs Department in accordance with legal procedures. In 2020, the Group received no customer complaints.

Supply Chain Management

Sinoway attaches great importance to supply chain management and integrates the concept of sustainable development into the whole process of supply chain management, fully considering green, resource-saving, safety, and health factors in the selection of suppliers and contractors. The Group has established long-term and stable cooperative relationships with many large domestic and foreign companies, and has developed an excellent reputation through its cooperation.

Supplier Management

The Group has established a sound supplier assessment process. By designing and using a supplier rating sheet to conduct annual management assessments, we evaluate and grade suppliers according to their supply quality, delivery time, service, price, and cooperation. Suppliers with low evaluation grades will be removed from our list. Meanwhile, the Group has also established a supplier list, which contains the list of suppliers that have been eliminated after the Group's evaluation and assessment and the reasons for their elimination. This is done in order to prompt suppliers to continuously improve their capabilities and management based on the Group's requirements.

In terms of environmental protection-related procurement, the Group has clearly defined the requirements for transportation vehicle emissions, and all transport information is recorded in the system. We also emphasise the importance of health and safety in supplier management by providing safety training for suppliers who need to enter the factories and set up management agreements. By the end of 2020, the Group had a total of 11 domestic raw material suppliers and 5 international raw material suppliers, 4 of which have obtained ISO 9000, ISO 14000 and ISO 45001 system certifications.



By the end of 2020, the Group had a total of

11 domestic raw material suppliers



5 international raw material suppliers

Contractor Management

In order to regulate the behaviour of contractors, the Group formulated the *Regulations on Contractor Management*, which stipulates the management regulations for contractors before entering the construction site, during the construction process, and after the construction is completed. The Group's management of contractors is mainly achieved through the following means.

Clarify the obligations to be performed by contractors. The Group stipulates that contractors shall have a safety management organisation system and safety operation procedures for each type of job; they must comply with national laws, regulations, and ordinances on production safety, labour protection, fire safety, and environmental protection; and they must implement the production safety responsibility system, safety rules and regulations, and technical operational safety procedures. Management personnel must have a safety education and training certificate. Special operators have special operation certificates. Contractors must provide work-related injuries insurance for employees and accident insurance for personnel engaged in dangerous operations, in accordance with national regulations.

Safety education for contractors. The Group provides safety training and education for the main management personnel of the contractor. This training pertains to the Group's relevant safety management rules and regulations, as well as the safety hazards existing on site and any necessary emergency skills. The content of each safety education program is maintained in the records.

Effective supervision of contractors. The Group's project management personnel, safety management personnel, and other related personnel all have the right to supervise and inspect the operations of the contractor.

Protection of Employee Rights

Harmonious labour relations are the foundation of the Company's production and development, and Sinoway attaches great importance to the protection of employee rights and interests. We pursue equality and diversified employment, and we safeguard the legal rights and interests of employees. We pay attention to the occupational health and safety of our employees and care for their work and life.

Labour Practices

Sinoway strictly abides by the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Decision of the State Council on Amending (State Council Regulations on Working Hours of Employees)*, the *Regulations on Prohibition of Child Labour*, and other relevant laws and regulations. We strictly regulate the recruitment and employment process by formulating internal policies, such as the *Personnel Management Measures* and the *Employee Handbook*. Reasonable working hours are arranged to effectively protect the basic rights and interests of employees.

Sinoway advocates equal employment. Upholding the principle of open, fair, and just recruitment, we say "no" to all forms of discrimination including age, gender, nationality, religion, and sexual orientation. We prohibit the employment of child labour and forced labour, as well as other illegal employment. If any irregularities are found, we will take corrective measures at once and hold the relevant personnel accountable. During the reporting period, the Group did not have any violations of child labour and forced labour recruitment.

Sinoway respects labour human rights and complies with relevant laws and regulations in the places where it operates, supports the Declaration of Human Rights, the United Nations Declaration on the Elimination of All Forms of Racial Discrimination and other relevant international norms and standards. We respect and encourage employees to defend their own rights and interests, and allow employees to join independent labour unions or collective bargaining agreements.

Sinoway pays attention to the diversified structure of employees. By acquiring talent through campus and social recruitment, we strive to ensure the even distribution of employees along different nationalities, ages, genders, and ranks to achieve labour diversity. In 2020, the total number of employees of the Group reached 377, with 79 employees lost, and the turnover rate was 21.21%.



In 2020, the total number of employees of the Group reached

377



With employees lost of

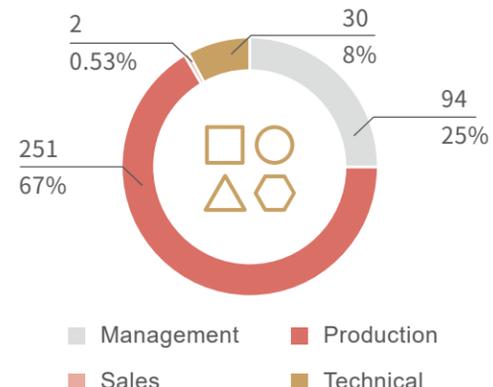
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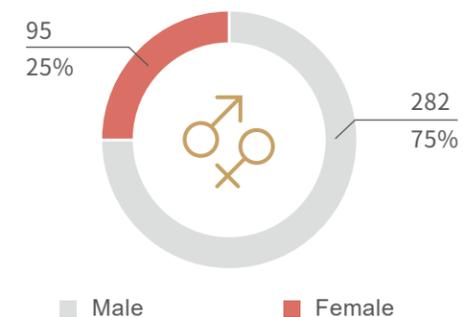
The turnover rate was

21.21%

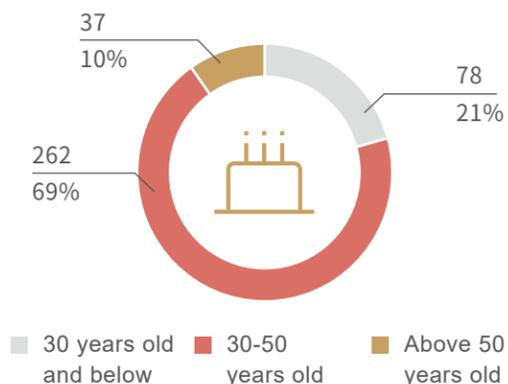
Number of employees by type



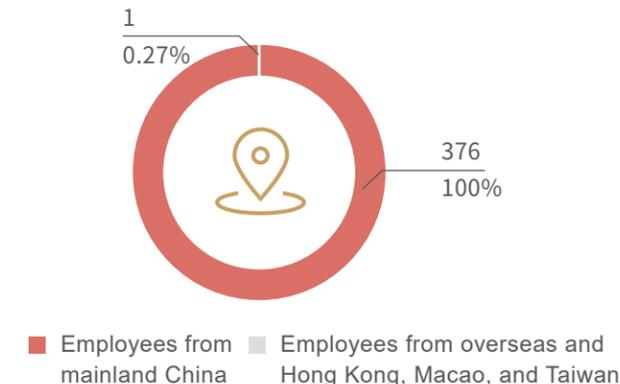
Number of employees by gender



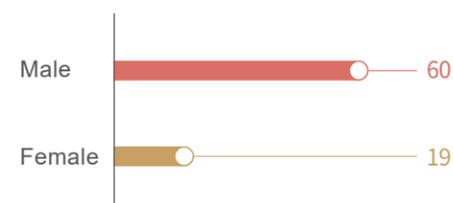
Number of employees by age



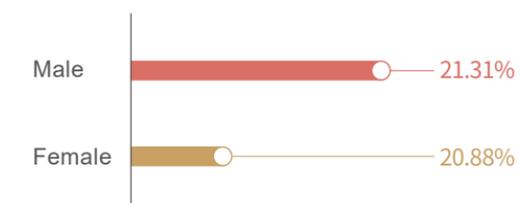
Number of employees by region



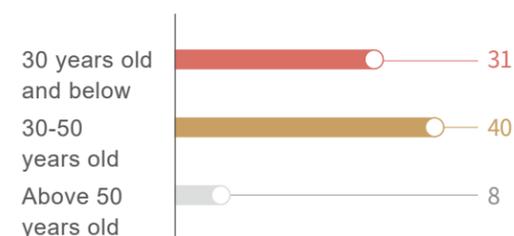
Employee turnover by gender



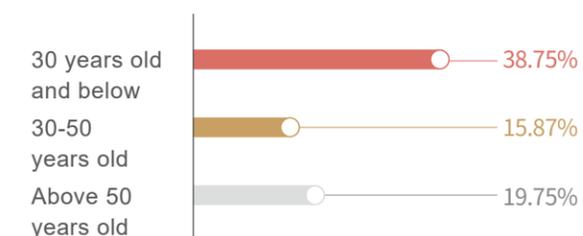
Employee turnover rate by gender (%)



Employee turnover by age



Employee turnover rate by age (%)



Occupational Health and Safety

Sinoway adheres to the management policy, "safety and prevention first" and constantly works to improve our occupational health and safety management system. On the basis of strict compliance with laws and regulations, such as the Law of the People's Republic of China on Work Safety, and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Jiangsu and Shandong Company have promulgated internal policies such as the *Occupational Health Management System*, the *Labour Products and Health Care Products Management System*, and the *Health Inspection System for Personnel Working in Limited Spaces*. This is our way of clarifying the responsibilities and work procedures, so as to protect the occupational health and safety of our employees. At the same time, we actively carry out the certification of our occupational health and safety system, and Shandong Company and Jiangsu Company have obtained the certification of OHSAS 18001 and ISO 45001.

In order to further improve occupational disease prevention and control, as well as the self-protection ability of employees, the Group regularly holds a "Safety Production Meeting" to carry out the prevention and control of occupational diseases and to protect the physical and mental health of employees. According to the occupational disease hazards involved, prevention and control are mainly achieved in the following ways:

Carry out occupational hazard detection:

We regularly carry out occupational environmental safety monitoring. We also improve occupational health management methods, develop labour protection plans, and establish occupational health files, taking into account the characteristics of occupational hazards and production.

Adopting engineering measures:

e.g., open company rooms in toxic and hazardous places, and installing toxic and hazardous gas leakage alarm meters.

Strengthen occupational hazard protection:

We install facilities to eliminate or reduce occupational disease hazards, provide employees with strict personal labour protective equipment, and require employees to sign labour insurance claim forms. For positions with potential occupational disease hazards, we regularly organise employees to receive occupational physical examinations every year.

Raise awareness of safety precautions:

We strengthen safety training and education and remind employees to stay on the upwind side when working, to pay attention to personal hygiene, and to wash and change clothes after work. We also remind them not to work in poorly ventilated places as much as possible, turn on forced ventilation when necessary, and not drink or eat in the workplace.

Standardise operation behaviours:

Employees should comply with the *Job Safety Operation Procedures* and other documents while at work, and all departments are required to conduct strict inspection.

Number of occupational physical examinations



2020



2019

Caring for Employees

Sinoway strives to create an equal, caring, harmonious, and positive working atmosphere for our employees in order to improve their happiness and satisfaction. We ensure that our employees enjoy national holidays and benefits in accordance with the law, and pay statutory social insurance for them. At the same time, we actively build communication channels with employees, organise various types of cultural activities, and provide help for those in need. The Group's social insurance coverage reached 96% in 2020.



In terms of equal communication, the Group attaches great importance to staff communication and interaction. In order to open up communication channels, we have set up both online and offline platforms such as "Cloud Home" and suggestion boxes in factory workshops, so as to listen to the voices of employees and understand their demands. At the same time, we conduct employee satisfaction surveys every year, and regularly visit departments to learn about various issues. We also help employees solve problems and improve democratic management.

In terms of cultural activities, in order to improve the sense of well-being among employees, the Group has set up an Employee Activity Room in the office building and actively organises cultural activities every year. During holidays, such as May Day, National Day, and Spring Festival, there are various cultural and sports-related competitions and staff visits. Other employee appreciation activities include "Sending Coolness in Summer and Warmth in Winter" and "Group Birthday Party". At the same time, we care for our female employees and value their team development. We advocated for them to participate in training to improve skills, and organised activities to celebrate International Women's Day every year, allowing them to change their shift to receive leave. In addition, the Group focuses on the cultivation of a diverse cultural atmosphere. We fully respect the religious beliefs and ethnic culture of minority and foreign employees, and have set up worship rooms and other activity areas for employees.



Employee Activity Room

In terms of employee relief, the Group attaches great importance to this issue, and works to solve difficulties that employees encounter. For employees who are seriously ill and hospitalise, the labour union visits and consoles them in the hospital during New Year's Day and Spring Festival, and provides financial aid. In 2020, more than RMB 20,000 was used for employee funerals, condolence for injury and illness, and other services, benefiting 12 people.





"Women's Day" Visit



Labour Day



Group Birthdays

Case Shandong Company sent Spring Festival gifts to staff

In the afternoon of 2 February 2021, in order to express the care and concern for staff and to thank them for their hard work in promoting the development of the Company, Shandong Company sent Spring Festival gifts to all of their staff.

This activity reflects the company's care for its staff, and also shows its humanitarian care and corporate culture, which greatly improves their enthusiasm and makes the working atmosphere more harmonious.



Chinese New Year Gift Distribution

Training and Development

Our core competitiveness lies in our talents, so we have always placed great value on our employees. We are working constantly to improve the talent promotion and development system, to broaden the career development channel, and to provide diversified training opportunities that will promote the growth and development of our employees.

Promotion

In order to fully tap the potential of employees, we have worked to improve the salary management system and performance management system, e.g., the "Reasonable Suggestion Award". We provide employees with a standardised and fair personal development space and uphold the principle of fair and open appointment, so as to smooth the promotion channel for employees.

We have clearly identified the position levels and determined salaries based on the professional ability of employees, as well as on their performance assessment results. The Group adjusts salaries once a year and gives performance incentives or bonuses to employees based on cross-rating results. For employees who have outstanding performance in financing and solving difficulties in production processes, we will grant them the "Special Contribution Award". As at the end of this report period, 14 people in the Group have received the "Special Contribution Award", totalling about RMB 1 million. They were awarded for contributions in financing, emissions control, and introduction of talents, among other areas. A total of 26 candidates were awarded the "Special Contribution Award".

In 2020, we adjusted performance appraisal method and made it a monthly assessment. Focusing on management and technical aspects (such as equipment management), the appraisal plan and results are made public in a timely manner to ensure that the performance appraisal is fair and just.



Awarding the "Reasonable Suggestion Award" Winners

Employee Training

Sinoway attaches importance to staff training and development. We have formulated internal policies such as *Measures for Sinoway Staff Training Management and Implementation (Revised Version)* and continue to improve talent development channels. Specifically, we built an effective staff training system, and carried out various talent training programs and professional skills contests to improve employee skills and overall quality. In 2020, Sinoway organised 37 training sessions, totalling 920 hours and covering 93% of our employees.

The Group's training includes new employee orientation, internal training, and external training. New employee orientation is held twice a year, and presents the Group's development history, corporate culture, and strategic objectives. Internal training includes a two-tier structure at the "company level - team level". At each level, employees are required to submit training plans regularly every month, to make records, and then assess the training results. The training mainly includes business skills and comprehensive knowledge in such fields as production, finance, legal affairs, management, and safety and environmental protection. Often applied to by employees, external training aim to improve business skills and communication and exchanges with external parties.



In 2020, Sinoway organised

37 training sessions

Totalling

920 hours

Our trained employees covering of

93%



Professional Skills Contest



Employee Management Concepts Training

Case

Shandong Company organised training for all of its staff engaged in management and accounting

In June 2020, Shandong Company organised training for all of its staff engaged in management and accounting. Management at all levels were also trained during this period. The training focused on the definition and elements of cost, cost accounting and general process of the enterprise, cost control methods, etc., providing an in-depth explanation of "cost composition and management".

Through professional and targeted lectures, this training has enhanced the awareness of cost management and helped to establish the management concept of achieving greater profitability through cost management.



Training for Staff Engaged in Management and Accounting

Case

Shandong Company conducted training on raw materials

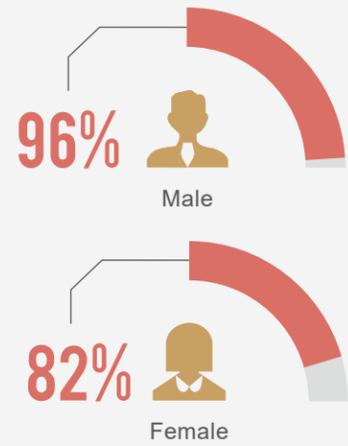
In July 2020, Shandong Company organised training on crude oils, which included the introduction of the properties and classification of crude oils, nature of domestic crude oils, smelting of crude oils and the related process flow.

Through the training, the commercial departments developed a forward-looking and predictive knowledge of the quality changes of raw material products, the law of market price fluctuation and the inventory mechanism that should be established for procurement.

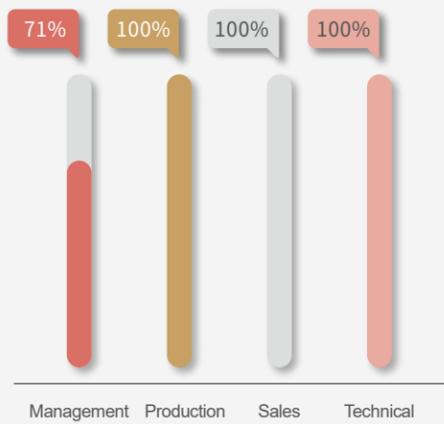


Raw Materials Training

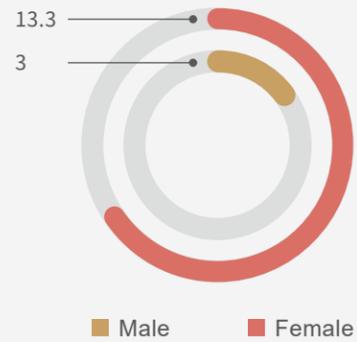
Percentage of employees trained (by gender)



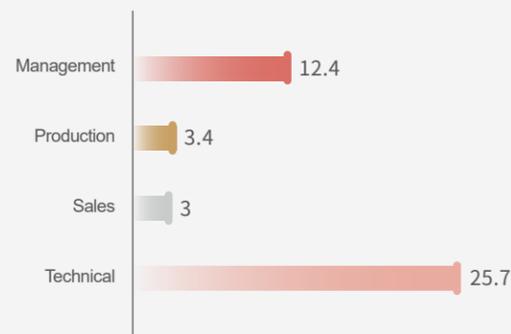
Percentage of employees trained (by job type)



Average training hours of employees (by gender)



Average training hours of employees (by job type)



Improving Cooperation with External Partners

Sinoway is fully aware that cooperation is an effective way to drive the long-term development of the Group. So, we joined hands with many parties to overcome difficulties. We promoted cooperation among industry, university, and research institutes, and enhanced the added value of products through innovation. In particular, we deepened multi-party cooperation and promoted information-sharing with universities; we also made efforts in breaking industry bottlenecks with innovations in core technologies. We envisioned the development of the Group from a long-term perspective and strengthened core competitiveness through cooperation with external partners, thereby leading the development of the industry.



Since 2017, the Group has carried out strategic cooperation among industry, academia, and research institutes. We deepened cooperation with the College of Materials, Shaanxi University of Technology, undertaking comprehensive research projects covering multiple disciplines. Some of the disciplines included materials science, metallurgy, materials physics and chemistry, and materials processing engineering. We worked together to tackle production difficulties, optimised cost-benefit performance, and explored better-integrated solutions for materials development and application.

Case Shandon Company cooperates with Shaanxi University of Technology on "refractory material development for petroleum coke tank calciner"

In 2018, Shandon Company reached a strategic cooperation framework agreement with Shaanxi University of Technology to carry out a multi-phase cooperation project on "refractory material development for petroleum coke tank calciner". At Shandon Company, experts, professors, and student representatives get to fully understand the production that goes on in various companies. They analysed experimental data regarding refractory material selection, undertook material physical property analysis, and looked at material mechanical properties, thermal properties, and corrosion resistance. Doing so helps ensure that the tank wall bricks and refractory mud will not be eroded in the ultra-high temperature desulfurization process of the tank calciner. This project enhanced the service life of the calciner and further reduced production costs.



Professor of Shaanxi University of Technology Visiting Shandon Company for Technical Exchange

Care for Community Partners

While promoting our development, Sinoway also actively contributes to community development. With a strong passion for public welfare, we helped respond to the COVID-19 epidemic, promoted quality education, and used our expertise and resources to create value for the community.

Philanthropic Donations

The Group fulfilled our social responsibility and used our own resources to provide financial and resource assistance to those in need. The Group brought together the strength of our employees to promote social welfare and better serve the society, including working together with villages, supporting education, caring for special groups, and providing disaster relief and assistance. At the same time, we encouraged and supported our employees to participate in voluntary activities. In 2021, Jiangsu Company set up a volunteer service team to uphold the spirit of "dedication, friendship, mutual assistance, and progress," we actively promoted positive energy and showed a new image of Sinoway's volunteer team.



Jiangsu Company Setting up a Volunteer Service Team

Working together with villages >>>

Since 2018, the Group has worked together with the Yuyuan community in Binhai District of Weifang City. By developing a targeted local development policy and establishing "talent export stations", we helped creating jobs, supporting facilities construction, promoting public welfare, and building a platform for joint construction, sharing and management between enterprises and the community. From 2018 to 2019, the Group contributed more than RMB 150,000 to help revitalise the village in all aspects.



The Group Working Together with Yuyuan Village

From 2018 to 2019, the Group contributed to help revitalise the village in all aspects more than

150,000 yuan



Educational donation >>>

In 2017, the Group established the 2020 Sinoway "INSPIRE" Fund at Shaanxi University of Technology to reward outstanding students and teachers with an annual fund of RMB 300,000 for 10 years to promote talent cultivation and strengthen school-enterprise cooperation.

Each year

30 300,000 yuan \ "INSPIRE" Fund for 10 years

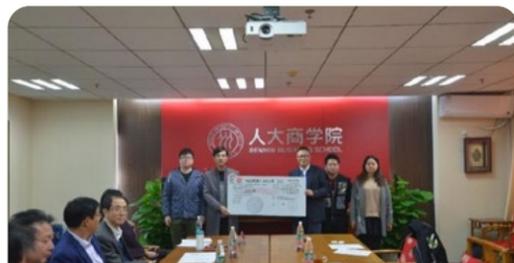


The Group Attending the Commendation of Shaanxi University of Technology for Outstanding Groups and Individuals

In 2018, the Group donated RMB 3 million to Renmin University of China Education Foundation and set up the "Development Fund of Trade Department" at Renmin Business School. The donation will last 10 consecutive years with RMB 300,000 per year to help cultivate more outstanding talents.

The donation will last for Annual donation is

10 consecutive years **300,000** yuan



The Group Donating to Renmin University of China Education Foundation

In September 2019, Shandong Company sponsored a total of 14 outstanding students and teachers of Binhai Middle School in Binhai District of Weifang City. During this journey, students get to experience the cultural heritage and humanistic sentiment of the universities, which would inspire them to strive for excellence.



Sponsoring the Study Journey of Outstanding Students and Teachers of Binhai Middle School

In 2020, Jiangsu Company set up the Sinoway "INSPIRE" Fund in Haitou Middle School in Lianyungang City, Jiangsu Province. The fund is set up as recognition for students with both good character and excellent academic performance. RMB 200,000 was granted in 2020 for this scholarship.

In 2020, this scholarship was granted in total of

200,000 yuan



Launching Ceremony of 2020 Sinoway "INSPIRE" Fund

Care for Special Groups >>>

In 2016, Shandong Company held the "Sinoway Jacket Donation Ceremony for Sanitation Workers" and donated 450 jackets to sanitation workers in Binhai District of Weifang City, bringing warmth to them in the cold winter days.

Donated to sanitation workers in Binhai District of Weifang City in total of

450 jackets



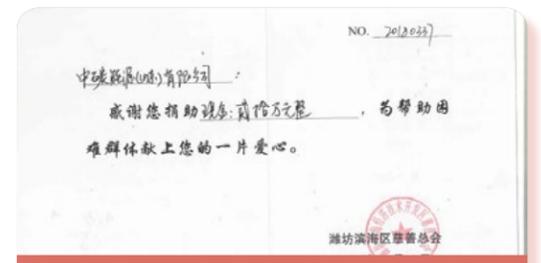
Sinoway Jacket Donation Ceremony for Sanitation Workers

Disaster relief and assistance >>>

During the flood in August 2018, Shandong Company donated money and materials to the Shouguang disaster area in Weifang, where it operates. Besides, Shandong Company donated more than RMB 700,000 to the Weifang Binhai District Charity Federation after the disaster to improve the livelihood of the affected people and disadvantaged groups.



Shandong Company Donated Materials to Shouguang Disaster Area



Selected Donation Certificates of Shandong Company to the Binhai District Charity Federation

Fighting Against the Epidemic

After the outbreak of the COVID-19 epidemic in early 2020, Sinoway attached great importance to its prevention and control. We made prevention and control arrangements immediately, and united together to assist in the national epidemic response while ensuring the lives and health of our employees.



On 11 February 2020, the first batch of epidemic prevention materials (medical goggles) donated by the Group was successfully sent to Tongji Medical College of Huazhong University of Science and Technology.



On 15 February 2020, the second batch of materials (11 tons of disinfectant alcohol) donated by the Group to Wuhan was successfully delivered to Wuhan Jiangnan District Charity Federation and then distributed to various community centres.

On 16 February 2020, the third batch of supplies (1,500 cases of mineral water) donated by the Group to Wuhan was successfully delivered to the COVID-19 Epidemic Prevention and Control Command of Wuhan East-West Lake District. They were later used in major hospitals, communities, isolation points and duty stations.



On 19 February 2020, epidemic prevention materials (10 tons of medical alcohol) donated by the Group to Shaanxi University of Technology were delivered smoothly.



Global Reporting Initiative ("GRI") Index

Classification of Disclosure	Disclosure Index	Disclosure Content	Chapter
General Standard Disclosure			
Organization Profile	102-1	Name of the organization	Who we are-About us
	102-2	Activities, brands, products, and services	Who we are-About us
	102-3	Location of headquarters	Who we are-About us
	102-4	Location of operations	Who we are-About us
	102-5	Ownership and legal form	Who we are-About us
	102-6	Markets served	Who we are-About us
	102-7	Scale of the organization	Who we are-About us
	102-8	Information on employees and other workers	Who we are-About us
	102-9	Supply chain	Who we are-About us
	102-11	Precautionary Principle or approach	Promoting Safe and Green Production-Safe Operation
	102-12	External initiatives	Joining Hands with Partners-Improving Cooperation with External Partners
	Strategy	102-14	Statement from senior decision-maker
102-15		Key impacts, risks, and opportunities	Who we are-Highlights Performance
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	Who we are-Highlights Performance
	102-21	Consulting stakeholders on economic, environmental, and social topics	Improving Business Performance-Responsibility Management
Governance	102-29	Identifying and managing economic, environmental, and social impacts	Improving Business Performance-Responsibility Management Promoting Safe and Green Production Joining Hands with Partners"
	102-30	Effectiveness of risk management processes	Improving Business Performance-Risk Control
	102-34	Nature and total number of critical concerns	Improving Business Performance-Responsibility Management
	102-35	Remuneration policies	Joining Hands with Partners-Protection of Employee Rights
	102-36	Process for determining remuneration	Joining Hands with Partners-Protection of Employee Rights
	Stakeholder Engagement	102-40	List of stakeholder groups
102-41		Collective bargaining agreements	Joining Hands with Partners-Protection of Employee Rights
102-42		Identifying and selecting stakeholders	Improving Business Performance-Responsibility Management
102-43		Approach to stakeholder engagement	Improving Business Performance-Responsibility Management
102-44		Key topics and concerns raised	Improving Business Performance-Responsibility Management
Reporting Practice	102-46	Defining report content and topic boundaries	About the Report
	102-47	List of material topics	Improving Business Performance-Responsibility Management
	102-50	Reporting period	About the Report
	102-51	Date of most recent report	About the Report
	102-52	Reporting cycle	About the Report
	102-53	Contact point for questions regarding the report	Feedback Questionnaire
	102-54	Claims of reporting in accordance with the GRI Standards	About the Report
	102-55	GRI content index	2016 Global Reporting Initiative ("GRI") Index
102-56	External assurance	About the Report	

Classification of Disclosure	Disclosure Index	Disclosure Content	Chapter	
Specific Standard Disclosures				
Management Approach	103-1	Explanation of the material topic and its Boundary	Corresponding to "Management Approach" from Index 201 to 419	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
Economic Performance	Management Approach	GRI 103	"Promoting Safe and Green Production-Environment Management Promoting Safe and Green Production-Safe Operation Joining Hands with Partners-Creating Values through Services Joining Hands with Partners-Protection of Employee Rights"	
			201-1	Direct economic value generated and distribute "Promoting Safe and Green Production-Environment Management Promoting Safe and Green Production-Safe Operation Joining Hands with Partners-Creating Values through Services Joining Hands with Partners-Protection of Employee Rights"
	201-2	Financial implications and other risks and opportunities due to climate change	"Promoting Safe and Green Production-Environment Management Promoting Safe and Green Production-Safe Operation Joining Hands with Partners-Creating Values through Services Joining Hands with Partners-Protection of Employee Rights"	
			201-3	Defined benefit plan obligations and other retirement plans "Promoting Safe and Green Production-Environment Management Promoting Safe and Green Production-Safe Operation Joining Hands with Partners-Creating Values through Services Joining Hands with Partners-Protection of Employee Rights"
	201-4	Financial assistance received from government "Promoting Safe and Green Production-Environment Management Promoting Safe and Green Production-Safe Operation Joining Hands with Partners-Creating Values through Services Joining Hands with Partners-Protection of Employee Rights"		
	Market Presence	管理方法	GRI 103	Joining Hands with Partners-Protection of Employee Rights
		202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Joining Hands with Partners-Protection of Employee Rights
Anti-Corruption	Management Approach	GRI 103	Improving Business Performance-Risk Control	
	205-1	Operations assessed for risks related to corruption	Improving Business Performance-Risk Control	
	205-2	Communication and training about anti-corruption policies and procedures	Improving Business Performance-Risk Control	
	205-3	Confirmed incidents of corruption and actions taken	Improving Business Performance-Risk Control	

Classification of Disclosure	Disclosure Index	Disclosure Content	Chapter
Specific Standard Disclosures			
Anti-Competitive Behaviour	Management Approach	GRI 103	Building Product Competitiveness-Research and Innovation
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Building Product Competitiveness-Research and Innovation
Management Approach	Management Approach	GRI 103	Promoting Safe and Green Production-Environment Management
	302-1	Energy consumption within the organization	Promoting Safe and Green Production-Environment Management
	302-2	Energy consumption outside of the organization	Promoting Safe and Green Production-Environment Management
	302-3	Energy intensity	Promoting Safe and Green Production-Environment Management
	302-4	Reduction of energy consumption	Promoting Safe and Green Production-Environment Management
Emissions	302-5	Reductions in energy requirements of products and services	Promoting Safe and Green Production-Environment Management
	Management Approach	GRI 103	Promoting Safe and Green Production-Environment Management
	305-4	GHG emissions intensity	Promoting Safe and Green Production-Environment Management
Effluents and Waste	305-5	Reduction of GHG emissions	Promoting Safe and Green Production-Environment Management
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Promoting Safe and Green Production-Environment Management
Anti-Competitive Behaviour	Management Approach	GRI 103	Building Product Competitiveness-Improving Added-values
	306-4	Transport of hazardous waste	Building Product Competitiveness-Improving Added-values
Environmental Compliance	Management Approach	GRI 103	Improving Business Performance-Environment Management
Employment	Management Approach	GRI 103	"Improving Business Performance-Environment Management Joining Hands with Partners-Supply Chain Management"
	401-1	New employee hires and employee turnover	Joining Hands with Partners-Protection of Employee Rights
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Joining Hands with Partners-Protection of Employee Rights
	403-1	Occupational health and safety management system	Joining Hands with Partners-Protection of Employee Rights
	403-2	Hazard identification, risk assessment, and incident investigation	Joining Hands with Partners-Protection of Employee Rights
	403-3	Occupational health services	Joining Hands with Partners-Protection of Employee Rights
	403-4	Worker participation, consultation, and communication on occupational health and safety	Joining Hands with Partners-Protection of Employee Rights
	403-5	Worker training on occupational health and safety	Joining Hands with Partners-Protection of Employee Rights
	403-6	Promotion of worker health	Joining Hands with Partners-Protection of Employee Rights
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Joining Hands with Partners-Protection of Employee Rights
Occupational Health and Safety	403-8	Workers covered by an occupational health and safety management system	Joining Hands with Partners-Protection of Employee Rights
	403-9	Work-related injuries	Joining Hands with Partners-Protection of Employee Rights
	403-10	Work-related ill health	Joining Hands with Partners-Protection of Employee Rights

Classification of Disclosure	Disclosure Index	Disclosure Content	Chapter
Specific Standard Disclosures			
Training and Education	Management Approach	GRI 103	Joining Hands with Partners-Training and Development
	404-1	Average hours of training per year per employee	Joining Hands with Partners-Training and Development
	404-2	Programs for upgrading employee skills and transition assistance programs	Joining Hands with Partners-Training and Development
	404-3	Percentage of employees receiving regular performance and career development reviews	Joining Hands with Partners-Training and Development
Non-Discrimination	Management Approach	GRI 103	Joining Hands with Partners-Protection of Employee Rights
Freedom of Association and Collective Bargaining	Management Approach	GRI 103	Joining Hands with Partners-Protection of Employee Rights
Child Labour	Management Approach	GRI 103	Joining Hands with Partners-Protection of Employee Rights
	408-1	Operations and suppliers at significant risk for incidents of child labor	Joining Hands with Partners-Protection of Employee Rights
Emissions	Management Approach	GRI 103	Joining Hands with Partners-Protection of Employee Rights
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Joining Hands with Partners-Protection of Employee Rights
Security Practices	Management Approach	GRI 103	Joining Hands with Partners-Protection of Employee Rights
	410-1	Security personnel trained in human rights policies or procedures	Joining Hands with Partners-Protection of Employee Rights
Human Rights Assessment	Management Approach	GRI 103	Joining Hands with Partners-Protection of Employee Rights
	412-1	Operations that have been subject to human rights reviews or impact assessments	Joining Hands with Partners-Protection of Employee Rights
	412-2	Employee training on human rights policies or procedures	Joining Hands with Partners-Protection of Employee Rights
Local Communities	Management Approach	GRI 103	Joining Hands with Partners-Protection of Employee Rights
	413-1	Operations with local community engagement, impact assessments, and development programs	Joining Hands with Partners-Care for Community Partners
Supplier Social Assessment	Management Approach	GRI 103	Joining Hands with Partners-Supply Chain Management
	414-1	New suppliers that were screened using social criteria	Joining Hands with Partners-Supply Chain Management
Customer Health and Safety	Management Approach	GRI 103	"Improving Business Performance-Responsibility Management Joining Hands with Partners-Creating Values through Services"
Customer Privacy	Management Approach	GRI 103	Joining Hands with Partners-Creating Values through Services
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Joining Hands with Partners-Creating Values through Services
Socioeconomic Compliance	Management Approach	GRI 103	Building Product Competitiveness-Improving Added-values

Feedback

Dear readers:

Thank you very much for reading the 2020 Sustainability Report of Sinoway Carbon Co., Ltd. amidst your busy schedule. We are looking forward to your comments and suggestions on the report and our work. You can send us the completed questionnaire by mail, e-mail, or call us directly with your valuable comments. Thank you!

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1. What type of stakeholder is your workplace?

Shareholder Employee Supplier Customer Government Community

Academic Institutions Other (Please specify)

2. Do you think this report reflects the economic, social, environmental and other sustainable development impacts of Sinoway?

Yes Average No

3. Do you think the analysis of the stakeholders identified in this report and their relationship with Sinoway is accurate and comprehensive?

Yes Average No

4. Do you think the information provided in this report is comprehensive?

Yes Average No

5. Do you think the information provided in this report is readable?

Yes Average No

What would you like to see more of in addition to what has been disclosed in the report?



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