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2021 SUSTAINABILITY REPORT

BENEFIT THE
SOCIETY WITH BETTER QUALITY



ZHEJIANG HAILIDE NEW MATERIAL CO., LTD.

CONTENTS

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About This Report

Zhejiang Hailide New Material Co., Ltd. strives to ensure the authenticity, accuracy, objectivity and integrity of the information in this report, and strives to comprehensively introduce the company's concept, action, performance and improvement measures on its annual responsibility fulfillment. We hope to strengthen communication with stakeholders and promote cooperation by issuing reports and other means, so as to enhance interest identity, emotion acceptance and value recognition and unite the joint forces for sustainable development.

The board of directors and all directors of the company guarantee that there are no false records, misleading statements or major omissions in the contents of this report, and they bear individual and joint liabilities for the authenticity, accuracy and completeness of its contents.

For ease of expression, “ Hailide Company ” , “ Hailide ” , "the company" or "we" in this report all refer to Zhejiang Hailide New Materials Co., Ltd.

I. Time Range of This Report

The time range for this report is from January 1st, 2021 to December 31st, 2021. In order to improve the integrity of the report, some data may be beyond the above scope. The organizational scope of the report covers all business activities of Zhejiang Hailide New Materials Co., Ltd. and its subordinate holding subsidiaries, and is basically consistent with the scope disclosed in the company's annual report.

II. Description of Data in This Report

The data and cases used in this report come from the company's official documents, statistical reports or public documents; we strive to meet the relevant standards of information disclosure commonly used in the industry, and highlight the characteristics of the enterprise based on the industry background. Unless otherwise specified, the monetary unit used in this report is RMB.

III. Reference Standards of This Report

GRI Standards

Environmental, Social and Governance Reporting Guidelines (2020) of Hong Kong Stock Exchange (2020)

ISO 26000: Guidelines for Social Responsibility (2010)

Ten principles of the United Nations “ Global Compact ”

United Nations Sustainable Development Goals 2030 (SDGs)

Guidelines for the Preparation of China's Corporate Social Responsibility Report (CASS-CSR4.0) of Chinese Academy of Social Sciences

IV. Content of Report

The selection of the content scope of this report follows the principles of materiality, stakeholder participation, sustainable development background and integrity of GRI, and determines the specific content of the report through industry benchmarking research, enterprise development strategy analysis, identification of key responsibility issues and stakeholder communication in combination with the actual situation of the enterprise.

V. Selection of Indicators

Indicators disclosed in this report mainly considers the relevance, materiality and availability of specific indicators related to the performance of key issues. The indicators adopted are not only highly related to the main topics of social responsibility, but also can effectively reflect our performance on the corresponding issues. At the same time, they can be collected through the existing management system.

VI. Acquisition Method of This Report

This report is published in electronic form. To obtain the electronic version of the report, please download from the website www.halead.com of Zhejiang Hailide New Material Co., Ltd.

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Leaderés Speech

2021 was an extremely extraordinary year. We experienced multiple tests caused by the spread of the global epidemic, such as: shortage of raw materials, blocked logistics, dual control and upgrading of energy consumption, tight supply of labor and so on, which also brought severe challenges to the production and operation of the company. In the face of this unprecedented change, under the correct leadership of the board of directors, all employees of the company united together, worked hard and overcame the difficulties, and maintained the stable and orderly development.

In the face of intensified competition in the industry, we adhered to independent innovation and development.

In 2021, by regarding the market demand as orientation, the customer demand as the objective, and differentiated high-end market as the main striving direction, the company established a fundamental material R&D team to strengthen the research of fine chemicals. The company invested and established Hailide New Materials Research (Shanghai) Co., Ltd. to further promote the in-depth innovation of the company's R&D business, improve R&D achievements, better introduce high-end R&D talents, provide solid technical support for the company's projects in production, construction and research, and further improve the company's comprehensive competitiveness. The company's automotive polyester industrial yarn enjoyed a high reputation in the industry, and the rate of ex ! ŧ Ÿprova /ahecT



Accession to the United Nations Global Compact

Hailide supports the ten principles advocated by the United Nations Global Compact in the fields of human rights, labor, environment and anti-corruption, actively implements them into the company's strategy, operation and culture, and integrates the United Nations Global Compact and its principles into the decision-making process of the top management. The company joined the organization in October 2020 and agreed with its belief that “enterprise practice rooted in universal principles will help make the global market more stable and inclusive, and help build a prosperous society”.

Chapter II Diligently Try to Make the Company Stronger

In 2021, the board of directors of Zhejiang Hailide New Materials Co., Ltd. (hereinafter referred to as "the company") actively and effectively exercised the functions and powers of the board of directors in strict accordance with the provisions of laws and regulations, normative documents and the articles of association, with the attitude of being responsible to all shareholders, earnestly implemented the resolutions of the general meeting of shareholders, and diligently carried out a ॅ d N ੍ਰ੍ y ੍/th v /a ŋ ڈ ud o ੍/d rec ers ų /ps o ľ] re ॅtl v / i] p s ve

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committee and head of the Organization Department, accompanied by Zhang Ruqiang, Secretary of the Party

Gao Limin, chairman of the company, Shen Yuhua, deputy general manager, and Zhu Wenxiang, vice president of the research institute received LV and his party, successively visited the exhibition hall and research institute of the company, and had a discussion and exchange on enterprise scientific and technological innovation and talent introduction and utilization.

technological innovation investment, scientific and technological innovation platform construction, talent introduction and other aspects in recent years to minister LV. At the symposium, deputy general manager Shen Yuhua reported on Hailide's talent introduction in recent years and the talent demand and talent introduction plan of the company in the 14th five-year period. Vice president Zhu of the research institute explained in detail the operation of Hailide Research Institute, the scientific research cooperation with colleges and universities and the later research direction.

Minister LV fully affirmed Hailide's efforts and achievements in scientific and technological innovation talent work, expected Hailide to become a model enterprise of talent scientific and technological innovation in Haining, and stressed that Hailide should strengthen cooperation with universities and research institutes, establish enterprise postdoctoral workstation, strengthen the introduction of excellent talents and the application of high-quality projects, and promote the high-quality development of the enterprise.

Case 2: Members of the Standing Committee of the Municipal Party

Chapter III Comply with Law of Nature, Achieve Harmony between Human and Nature

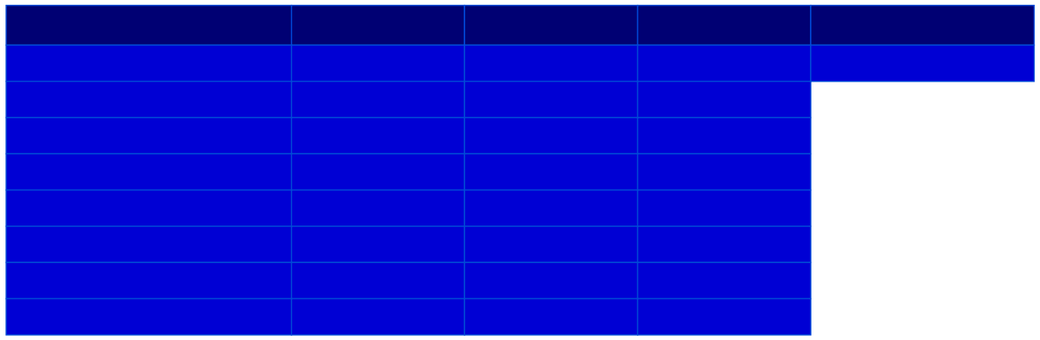
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The company always adheres to the purpose of energy conservation and consumption reduction, reduction

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Category	Year 2021	Year 2020	Year 2019	Unit
Direct greenhouse gas emissions (range 1)	83142.08	64988.18	86010.6	Ton of carbon dioxide equivalent
Indirect greenhouse gas emissions (range 2)	326171.51	282920.34	300993.3	Ton of carbon dioxide equivalent
Total GHG emissions (ranges 1 and 2)	409313.59	347908.52	387003.9	Ton of carbon dioxide equivalent
Greenhouse gas emission intensity	0.77	0.92	0.89	

We set up a unit power consumption reduction project and set up a project team to be responsible for seven improvement areas: main polymerization unit, polyester chip conveying system, polyester chip sea bag filling system, water supply station, sewage station, heat medium station and air compression station. By December 2021, the end of assessment period for the unit power consumption reduction projects, the unit power consumption of polyester chip in Jianshan plant area decreased by 17.1%. The expected saving of electricity cost was 1.2 million Yuan, but 2.413 million Yuan of electricity cost was actually saved. We mainly take these improvements as a standard and

Developing low-carbon economy is a global consensus and exploration, as well as an important way to take the road of sustainable development. The company has issued a series of low-carbon environmental protection policies in combination with the actual situation to encourage low-carbon travel. In 2021, the company used buses to shuttle employees to and from work, running 2920 shifts in total, and transporting employees for 137240 person*times to and from work. Compared with the mode of drying private cars by employees, the company shuttle bus could reduce carbon dioxide emissions by about 1118 tons.

Company Shuttle Bus

02 Waste Management

The company adheres to the environmental policy of “protecting the environment, saving resources, mutually beneficial cooperation, safety and harmony”, and implements the environmental policy of “harmlessness, recycling and reduction” in terms of solid waste management. The company adopts the principle of “prevention first, whole process management, polluter undertaking responsibility” for all kinds of solid waste, which is finally handed over to the qualified disposal company for treatment, so as to ensure that all kinds of waste of the company are properly collected, stored, transferred and disposed; the utilization and disposal rate reaches 100%. During incineration disposal, the heat energy generated by the disposal company is supplied to the supporting steam waste heat boiler to generate steam, which is incorporated into the steam pipe network system of the industrial park and supplied to other enterprises for production and use, so as to maximize the utilization of resources.

The company comprehensively promotes the classification of domestic waste, rejects the use of disposable products, promotes the recycling of paper tubes and other packaging materials on the premise of advocating green packaging, maximizes the utilization of resources through the optimization of process formula, and actively develops the use of bio-based raw materials and renewable raw materials to ensure the green and sustainable development of the company in the future.

In 2019, the company's solid and hazardous wastes were reduced by 16.86%; in 2020, the solid and hazardous wastes were reduced by 10.75%. In 2021, the company continued to promote the reduction of solid and hazardous wastes through the following measures:

1. Require the suppliers to use large packaging barrels to reduce packaging from the source;

2. Improve the production process and reduce the generation of expired and scrapped raw materials;

3. Adopt oil ! s ᵠ ᵹ ˛ s Imp ŮŐĎ/ thr ᵹ ᵡ ŕ γ the

Build a Waste-Free Factory

The company actively explores the environmental protection mode that combines “source reduction, process control and end disposal” with “circular economy”. Through the “six aspects” of measures, such as: “greening of process, recycling of waste, legal compliance of utilization, harmless disposal, institutionalization of waste reduction and intelligent management”, the company will not only reduce the solid waste from the source, but also strengthen the standardized disposal at the end, to minimize the environmental impact of solid waste of enterprise, realize the balanced development of “enterprise and nature, industry and resources”, and achieve the win-win of both environmental and economic benefits.

Build a waste free factory

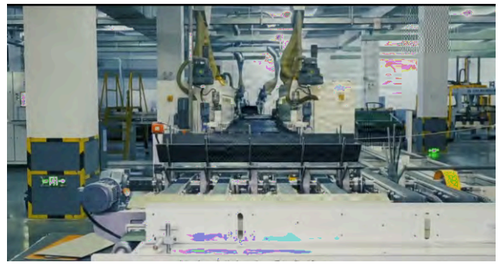
- Greening of process
- Recycling of waste
- Legal compliance of utilization
- Harmless disposal
- Institutionalization of waste reduction
- Intelligent management

Green Technology and Products

Raw materials are delivered in a closed pipeline system to prevent the fugitive diffusion of volatile organic waste gas and dust.

Hailide stone plastic flooring uses new environmental protection materials and international advanced technology. The product itself and production process do not contain formaldehyde or other substances harmful to the environment and human body, so as to provide customers with a healthy and safe environment. Hailide stone plastic flooring can be recycled, processed and reused like plastic. It is a good environmental protection material. It will not damage the ground when it is removed. You can directly pick it up and lay it down to ensure no damage to the floor, and there is no need to worry about its environmental protection.

Recycling of Waste



The company has always attached great importance to the application of waste resource utilization technology. Through the implementation of green deep processing projects, the company produces high-grade environmental protection membrane materials, environmental protection stone plastic flooring and other products, and can obtain 47000 tons of new environmental protection plastic materials every year, and this creates better environmental and economic benefits. Hailide Jianshan Flooring Factory reduces 7500 tons of solid waste through waste recycling every year, and creates economic benefits of more than 1.85 million Yuan.

Legal Compliance of Utilization

The company actively explores the legal compliance of comprehensive utilization of waste. At the beginning of 2021, the company signed the entrusted hazard identification agreement of PET waste and waste PET chips with the environmental assessment agency according to the new version of the National List of Hazardous Wastes (2021 version), and according to the announcement of the Elimination List of Hazardous Wastes (2021 version) issued by the Ministry of Ecology and Environment in December 2021. It provides sufficient compliance basis for the comprehensive utilization of PET waste and waste PET chips.

Harmless Disposal

The wastewater produced in the production process of the company, after being homogenized and mixed with domestic wastewater, is not flocculated and purified by adding new wastewater treatment agents. After being directly treated by biological processes, such as: anaerobic, hydrolytic acidification and activated sludge, it meets the direct discharge standard of GB31572-2015 Discharge Standard of Pollutants for Synthetic Resin Industry, and is finally stably discharged in pipes.

The company has signed an industrial hazardous waste disposal contract with Jiaxing Solid Waste Disposal Co., Ltd., which is a hazardous waste incineration and disposal enterprise and was constructed to support the construction of the whole Jiaxing City. It has built a 20t/d rotary kiln incinerator, which adopts advanced process technology, reliable control system and advanced SMP technology to realize closed and continuous feeding; the advanced flue gas purification system shall be used to ensure the standard emission of incineration tail gas.

Institutionalization of Waste Reduction

By continuously and deeply promoting the institutionalized assessment of energy conservation, consumption reduction and waste reduction, the production cost and three wastes emission of the company are continuously reduced. The company included the cost of environmental protection treatment into the cost assessment of each production workshop, and carried out detailed assessment of specific subject management methods through the unit consumption of raw materials, reduction of hazardous wastes, energy consumption of every 10000 Yuan output value, etc.

quartz sand filter and security filter for filtration treatment; the filtered water enters the intermediate pool; after being lifted by the high-pressure pump, it enters the reverse osmosis device, the effluent enters the recycling water pool 1, and the reverse osmosis concentrated water enters

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Chapter IV Harmony-prioritized and People-oriented

The company adheres to the people-oriented concept and fully protects the rights and interests of employees. During the reporting period, the company strictly abode by the labor law and the labor contract law, and further standardized and improved the company's incentive, social security and other salary and welfare systems. There was no illegal employment, discrimination against employees, forced labor, arrears of employees' wages or other situations during the reporting period.

The company attaches great importance to safety production, regularly provides employees with necessary labor protection articles and protection facilities for different posts, implements the responsibility system of safety and environmental protection production, comprehensively investigates employees' safety production from time to time, strengthens safety publicity and training, and improves employees' awareness of safety production. During the reporting period, the company's production was stable and there were no major safety accidents.

The company stipulates that there should be no discrimination in terms of race, gender, nationality, age, pregnancy or disability in recruitment, promotion and salary; the employees enjoy the right of free association and collective bargaining according to law; the company does not object to employees participating in the legal activities of local legally registered trade unions on the basis of voluntariness and not violating local laws.

At the same time, the company attaches great importance to the career development planning of employees, advocates the training mode of combining vocational education with general education and combining internal education with external education, and encourages employees to carry out multi-level and multi-faceted training contents, such as: lean production, marketing knowledge and office skills according to their own needs, so as to improve the comprehensive quality of employees.

Safety Risk Assessment

Firstly, the company hired professional institutions to carry out training on risk identification methods for team leaders, supervisors, managers and other personnel of each department. Then, the safety and environment organization of each division and the person in charge of each department led to identify the safety risks of the department and implement prevention and control measures. Finally, the safety risk identification and control table of each department and division was formed to control the risks on site. For the above formed to c¢ ╓ ₪ ' deɯ ₫ site. a ” ! ry site.

Dust Prevention and Noise Reduction

More than 400 people are exposed to noise hazards in some posts (winder, twist weaver), such as: spinning department and twist weaving department in Chemical Fiber Division, the spinning department, twist weaving department of Cord Fabric Division and the weaving department of Plastic Division.

By adding dust-proof and noise reduction signboards, we require employees to wear labor protection articles reasonably, and provide the employees with professional noise proof earplugs, mute and dust-proof equipment, which not only improves work efficiency, but also reduces noise hazards and creates a better and more comfortable working environment for employees. Noise monitoring will be carried out in all plant areas of the company during the day and at night. The data monitored in 2021 are all below the limit.

Skill Grade Certification and Independent Evaluation and Employment of Professional Title

	Convene meeting of the catering committee	All members of the catering committee	Once a quarter
	The catering committee shall do a good job in uploading and issuing the decisions of the regular meeting to the employees in time, so as to improve the employees' support for the work of the catering committee.		

Chapter V Trustworthiness, Keeping Oneés Word

01 Risk Control

The Work Completed in 2021

1. Completed 66 audit projects, discovered 87 problems and put forward 80 audit suggestions were. Completed the resignation audit of 31 employees who resigned from core positions.

2. After the implementation of technical and business negotiation for single equipment procurement and engineering installation projects with more than 100000 Yuan, conducted the interviews of honest behavior. Participated in the bidding supervision of 37 engineering projects to optimize the technical scheme and price. Participated in the factory inspection of suppliers.

3. A total of 11772 contracts were reviewed annually, and 33765 were sealed after reviewing the printed materials. Organized 7 legal training sessions and recovered more than 880000 Yuan of losses through litigation.

4. With the help of information-based means, provided assistance to contract management, improved legal management related processes and promoted their use, so as to improve the level of risk control and realize compliance.

5. Carried out the construction of credit management business, and approved 326 customer credits and 51 supplier access credits throughout the year.

The company adheres to the basic principle of anti-corruption and effectively prevents the corruption of employees, such as: all kinds of commercial bribery. The management level of the company took the lead to set an example, strengthened integrity and self-discipline, abode by the company's rules and regulations and eliminated corruption.

In 2018, the company formulated and promulgated Reporting Reward System for anti-corruption, which stipulates the reporting scope, reporting requirements, reporting channels, reporting procedures, rewards and protection for informants, so as to ensure the company's legal compliance and stable operation; in 2019, the company formulated and promulgated the Code of Business Ethics Management, which was subsequently revised and improved gradually. The Code of Business Ethics Management covers the provisions about unfair competition, anti fraud, conflict of interest, commercial bribery and commercial corruption, the use and protection of assets, information security and confidentiality, anti money laundering, insider trading and employees' professional ethics, so as to create a healthy and good business ethics environment for the steady development of the company.

In 2021, the company conducted a total of 23 corruption risk assessments. The risk assessment results showed that there were 1 high risk, 6 medium risks and 16 low risks, and formulated appropriate control measures to cope with the corresponding risks. The company added 17 new employees in core positions, and signed 17 Letter of Commitment for Honest Performance







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