



Keshun Waterproof Technology Co., Ltd.

ESG Report 2021

April 2022

KESHUN WATERPROOF TECHNOLOGY CO., LTD

1 About This Report

Reporting Period

This report covers the period from January 1, 2021 to December 31, 2021 and also includes additional content and information that predates the stated reporting period.

Reporting Scope

The report covers Keshun Waterproof Technology Co., Ltd. and its subsidiaries.

References

For better presentation and readability, “Keshun Waterproof Technology Co., Ltd.” is also referred to as “CKS”, “the Company” or “We” in the report.

Report Overview

This is the 2021 ESG report of Keshun Waterproof Technology Co., Ltd. The Report discloses our fulfillment of environmental, social and governance responsibility to shareholders, customers, partners, environment, employees, society and other stakeholders, revealing our CSR philosophy, practices, performance and prospect in 2021.

Preparation Basis

The report is prepared in strict accordance with the requirements of relevant laws and regulations such as the Company Law, the Guidelines No. 2 for Self-Regulation of Listed Companies of Shenzhen Stock Exchange - Standardized Operation of Companies Listed on the Main Board, as well as Guidance on Social Responsibility Reporting (GB/T 36001-2015), Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR4.0) by the Chinese Academy of Social Sciences, Environmental, Social and Governance Reporting Guide (ESG Reporting Guide) issued by The Stock Exchange of Hong Kong Ltd., GRI Sustainability Reporting Standards (GRI Standards) issued by the Global Sustainability Standard Board (GSSB).

Reliability Assurance

The Company assures that the report is free of false records, misleading statements or major omissions. The data quoted in the report are from the Company's official documents and statistical reports. The report is reviewed by the Company's management after the solicitation of opinions from stakeholders.

Availability

You can download the electronic version of this report on our website. If you have any questions about the content of the report or need a paper version, please call us at 0757-2860333.

2 Preface

2.1 Chairman' s Message

What gives birth to an enterprise? What makes it last? The key lies in value creation for customers! Customer recognition is the foundation of the inception and growth of enterprises. In the past two decades, committed to the mission of “creating lasting buildings” , CKS has focused on addressing customer demands to develop more competitive and valuable products and services. As we scale up and achieve higher business quality, we find that creating values for the society is another pillar of corporate development. Hence, our mission becomes “safeguarding wonderful life with lasting buildings” .

How to create value for the society? After years of exploration, we have gradually set up a systematic and sustainable social responsibility system.

2021 was a tumultuous year marked by the ongoing COVID-19 pandemic, complex international environment, and recurring regional conflicts. As Chinese citizens, we feel proud to have a strong nation to ensure stable economy and life with decisive and effective measures.

China provides a fertile ground for the development of enterprises, and enterprises should contribute to the prosperity and harmony of the country. In 2021, in line with national policies, we fulfilled social responsibility based on our charitable actions, thus building a better, more sustainable, and broader social responsibility implementation system.

Striving to consolidate the achievements of targeted poverty alleviation and domestic COVID-19 control, we have launched a series of assistance programs. To consolidate the results of poverty alleviation, we closely followed the development of the villages we had provided paired assistance, made financial investments and more importantly, supported local education. Financial aid lifts people out of poverty, while education endows them with a better-off life. In 2021, we launched a group purchase program calling on our employees to give back to the society to raise their awareness of public welfare. Meanwhile, we donated materials to primary and secondary schools in Guizhou and Gansu, and renovated school buildings to contribute to the development of local education.

To consolidate the achievements of COVID-19 containment, we tightened preventative measures in the Company and sent preventive supplies and daily

necessities to cities struggling with repeated epidemic outbreaks.

We have been rolling out and constantly upgrading our efforts in five aspects (product quality, environmental protection, talent training, future development and community engagement). In 2021, we launched the “protecting the sunny days” rural school program, an entrenched, sustainable and systematic public welfare program initiated by CKS in the process of long-term practice and improvement of the social responsibility system. Through public welfare, we hope to reach more people, and deliver profound changes.

In 2021, striving for high-quality development, we established a joint venture with Saint-Gobain, the world’s leading enterprise for green building materials; and set up a supply chain platform with Beijing New Waterproof Material Co., Ltd. and Jiangsu Canlon Building Materials Co.,Ltd. We deepened cooperation with raw material enterprises ... Focusing on the R&D of and cooperation on the new technologies, materials and products, we launched greener products with higher quality and better performance to contribute to China’s 30 · 60 Decarbonization Goal (China strives to peak carbon dioxide emission and achieve carbon neutrality) and people’s well-being. Upholding the value of “joint contribution and shared benefits with long-term partners” , we have developed along with our employees and business partners. Though the following year still abounds with uncertainties, we are confident in embracing a bright future. We have the ability to brave difficulties and create a beautiful life.

In the future, we will stay true to our mission, create value for customers and achieve steady growth while giving back to the society, employees and partners. We believe our unremitting endeavors will lead to a shared and prosperous future!

CHEN Weizhong
Chairman of CKS

2.2 President’s Message

Recent years have seen great changes which brought rapidly changing uncertainties for both China and the world. The recurrence of COVID-19 in some regions and the tension between countries have weighted heavily on many industries, economic growth and daily life. However, even in the mist of fermenting anxiety, we will not give up hope, and instead, we have confidence in China’s development. Along with changes come new opportunities and hopes. We should embrace changes with an open mind and build a bright future.

In success, CKS endeavors to benefit others. We believe that sound business operation is the foundation for practicing social responsibility. In 2021, great changes were seen in the market structure and upstream and downstream environment. We actively followed the trend and made adjustments accordingly by rolling out new businesses, new models, new products and new bases. We embraced changes through sustainable and high-quality development.

For Chinese people, 2021 was also a challenging year with constant floods and epidemic outbreaks. However, we responded actively. Adhering to the core value of “joint contribution and shared benefits with long-term partners”, we contributed our technology and service experience to the construction of fangcang shelter hospitals and COVID-19 surveillance points, and donated a large number of preventive supplies to Guangxi, Henan, and Xinjiang. We paid close attention to the flooding disasters in Henan, Hubei, and Shanxi, and cooperated with the governments and business partners to support local flood control, rescue and disaster relief. Meanwhile, in response to the national rural vitalization strategy, we launched a paired assistance program in Naishou Village of Chuanzhen Town in Guizhou Province, to renovate school buildings and donate materials for rural schools across China. Working along with Beijing Ganen Fund, we lit up dreams for schools.

We set great store by customer demands and expectations. Aiming to set a leading model of green manufacturing, we are dedicated to providing innovative and leading green products and waterproof solutions to cut carbon emissions across the society. As an active advocate for the integration of industrialization and information technology, we carry out green plant and energy system certification in numerous production bases nationwide, and introduce cutting-edge environmentally friendly equipment. In 2021, carbon dioxide emission per unit output value was reduced by 3.1% compared with the number in 2020. We cooperate with the world’s leading technological enterprises for building materials as well as upstream and downstream players to develop more durable, sophisticated and green polymer materials and construction technologies.

Committed to green operation, we lay out energy-saving policies in the headquarters and major production bases. To deepen the development of the PV energy industry, we provide comprehensive waterproof solutions for distributed PV modules, greatly extending the service life. We approach green operation not as

a passive choice under the background of carbon neutralization, instead an active development philosophy and endeavor of the Company, leading us to the goal of “developing time-honored buildings for mankind” .

CKS has always adhered to long-term development and business ethics. We require every employee to abide by the code of business conduct, and actively and openly communicate and cooperate with investors, suppliers, local governments and other stakeholders to enhance mutual understanding and recognition. It is gratifying that our efforts have won wide social recognition. CKS was awarded the “Honor Award - Most Influential Brand of Social Responsibility in 2021” and 2021 Responsibility Brand Award of the 11th Philanthropy Festival.

The more complex the environment is, the more we should change, interact and embrace the future. For the coming 2022, CKS will adhere to the management philosophy of “technology, integrity and service” , and aim for the strategic goal of RMB 10 billion and a future of sustainable development. CKS will march forward with a sound social responsibility system and carry forward our mission to safeguard a wonderful life and contribute to shared prosperity.

FANG Yong

President of CKS

3 About Us

3.1 Company Profile

Founded in 1996, Keshun Waterproof Technology Co., Ltd. ranks among the top 100 listed companies of building materials worldwide. We are a comprehensive waterproof solutions provider, operating businesses such as construction engineering materials, civil engineering materials, building renovation, and seismic isolation and shock absorbing in both China and foreign countries.

The Company now owns 38 holding subsidiaries, more than 10 highly digital and automated production and R&D bases equipped with advanced environmentally friendly equipment, and nearly 20,000 distribution and service outlets. We have established long-term strategic partnership with well-known construction enterprises such as China Construction Third Engineering Bureau Group Co., Ltd, China Railway Construction Group Co., Ltd, Beijing Construction Engineering Group, Shanghai Baoye Group; well-known enterprises such as Huawei

Group, Zontom Group, Wanhua Chemical Group, Muyuan Foods; and excellent real estate enterprises such as Country Garden, Vanke, Sunac China Holdings, and China Merchants Shekou Industrial Zone Holdings Co Ltd.

As a pioneer in the waterproof industry, CKS upholds the philosophy of “one fix for all” and commits to “quality guarantee for over 30 years”. Our one-stop comprehensive waterproof solutions, applying to various fields, including residential buildings, commercial buildings, rail transit, industrial parks, bridges and tunnel pipe corridors, and PV roofing, have been widely used in renowned engineering projects such as the National Convention Center, Beijing Daxing Airport, Hong Kong-Zhuhai-Macao Bridge, Wenchang Spacecraft Launch Site and Daya Bay Nuclear Power Plant.

Adhering to the mission of “safeguarding wonderful life with lasting buildings”, and the value of “joint contribution and shared benefits with long-term partners”, we earnestly develop building materials and push for industry-wide progress through technological innovation, service upgrading and concept guidance to maintain the safety, durability, energy efficiency and aesthetics of buildings. We are committed to becoming a trustworthy comprehensive building material provider to create high-value products and services for the world.

3.1.1 Corporate Culture

Our Mission

Safeguard wonderful life with lasting buildings

Our Vision

Develop time-honored buildings for mankind

Core Values

Joint contribution and shared benefits with long-term partners

Management Philosophy

Technology Integrity Service

3.2 Business Overview

3.2.1 Corporate Governance

In strict accordance with the *Company Law*, the *Securities Law*, *Code of Corporate Governance for Listed Companies in China*, *Guidelines No. 2 for Self-Regulation*

of Listed Companies of Shenzhen Stock Exchange - Standardized Operation of Companies Listed on the Main Board, Articles of Association, and the "three meetings" system, CKS has continuously optimized corporate governance structure, established internal control system, and specified responsibility and authority of decision-making, implementation and supervision for scientific division of responsibilities and check and balance. We have formulated the *Regulations for Supervision and Management, Regulations for Integrity Management and Complaint and Reporting Management Measures* to effectively forestall bribery and fraud through specific preventive measures and supervision.

Key Performance

- 12 meetings of the Board of Directors
- 1 annual General Meeting of Shareholders; 3 extraordinary General Meetings of Shareholders
- 334 announcements made by the Board of Directors
- 300 + on-site investigations and visits from investors
- 156 replies to investors' questions via irm.cninfo.com.cn
- 0 corruption litigation cases

Honors and Awards

- China Securities Journal: 2020 Golden Bull Most Valuable Investment Award and 2020 Golden Bull Enterprise Leader Award
- Jinglun Awards of Investor Relationship Value of Chinese Listed Companies: Company with the Most Investor Relationship Value in 2020, Listed Company Most Favored by Venture Capital in 2020, and Top 200 Outstanding Board Secretaries
- Shenzhen Research Association of Corporate Governance: Top 20 Listed Companies for Corporate Governance in the Greater Bay Area and Top 20 Board Secretaries of Listed Companies in the Greater Bay Area

3.2.2 Business Performance

Business performance	2020	2021	Year-on-year (YoY) increase or decrease
Revenue (RMB billion)	62.38	77.71	YoY increase of 24.57%

Total assets (RMB billion)	81.48	107.89	YoY increase of 32.41%
Net profit attributable to listed shareholders (RMB million)	8.90	6.73	YoY decrease of 24.45%24.45%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses (RMB million)	8.86	5.72	YoY decrease of 35.42%
Net assets attributable to shareholders of listed companies (RMB billion)	41.52	49.68	YoY increase of 19.64%
Net cash flow from operating activities (RMB million)	5.52	6.11	YoY increase of 10.68%
Basic earnings per share (RMB / share)	0.82	0.60	YoY decrease of 26.83%
Diluted earnings per share (RMB / share)	0.82	0.59	YoY decrease of 28.05%
Weighted average return on net assets (%)	24.53	14.46%	YoY decrease of 10.07%

4 Highlights of the Year

January

The papers of our R&D center team were successfully published in SCI journals. The high-speed trains displaying “Keshun Family Waterproof” logo were first launched nationwide.

Weinan Production Base was completed and put into operation.

February

CKS won the “Honor Award - Most Influential Brand of Social Responsibility in 2020” .

CKS won the “2020 Social Responsibility Award for Listed Companies” and “2020 Social Responsibility Award for Science and Technology Enterprises” .

March

The Board of Directors deliberated and approved the proposal to acquire Fengze

shares, a leading enterprise in the seismic isolation and shock absorbing industry. CKS won the Ronggui District Golden Award of Outstanding Economic Contribution (enterprise with tax payment exceeding RMB 100 million).

April

CKS won the bid for strategic cooperation with the Bureau of Public Works of Shenzhen Municipality in waterproof.

CKS won the “Top 10 Innovative Enterprises of Building Waterproofing Technology in China” and “Top 10 Innovative Technologies in Building Waterproofing in China”.

May

Our participation in building the “Hefei Comprehensive National Science Center” was reported by the state media.

June

Our documentary was aired on CCTV’s “Outlook” channel.

CKS established strategic partnership with Wuzhou City Construction Investment Group.

Keshun Family Waterproof won the titles of “Influential Waterproof Brand of Construction Engineering”, “Influential Waterproof Brand of Indoor Decorations”, “Influential Brand of Rolled Waterproofing Membrane” and “Influential Brand of Tile Adhesive”.

July

CKS helped with disaster relief in Zhengzhou, Henan Province.

CKS participated in the construction of the Central Gift and Artifacts Center and the largest single panel high-tech plant in China.

Beixin Keshun Canlon Supply Chain Co., Ltd. was officially established.

CKS established strategic partnership with China Building Material Test & Certification Group Co., Ltd.

August

CKS’ s innovative technology R&D and application platform for new waterproof building material industry was officially established.

CKS helped with disaster relief in Suixian County, Hubei Province.

September

CKS was qualified as Foshan Vocational Skill Rating Certification Organization. CKS planned to build a production and R&D base in Mingguang, Anhui with a total investment of RMB 700 million.

CKS set up a high-tech materials company in Liangjiang New Area, Chongqing together with Saint-Gobain, one of the global 500 companies.

October

CKS signed contracts with China Construction Eighth Engineering Division and Norinco New Energy.

CKS Oasis Rainwater Management system was officially launched.

CKS integrated with the international capital market and introduced the ESG evaluation system.

November

Foshan base was listed as a three-level digital and intelligent demonstration plant. CKS ranked 48th among the “Top 100 Enterprises in Foshan” and 22nd among the “Top 100 Manufacturing Enterprises” .

CKS signed contract with China Energy (Guangdong) Energy Co., Ltd.

CKS won a first place and a second place in the National Building Waterproof Industry Vocational Skills Competition, setting a new record for the youngest champion.

December

CKS was awarded the Foshan Municipal Government Quality Award.

Chen Weizhong, Chairman of CKS, won the “EY Entrepreneur of the Year” .

CKS won the 23rd Golden Bull “Most Valuable Investment Award” and “Golden Bull Enterprise Leader Award” .

CKS won the AAA national market quality credit rating (outstanding service with high customer satisfaction) and the quality benchmark enterprise of Guangdong Province.

CKS won the first Jinglun Awards of Investor Relationship Value of Chinese Listed

Companies: Company with the Most Investor Relationship Value in 2020, Listed Company Most Favored by Venture Capital in 2020, and Top 200 Outstanding Board Secretaries.

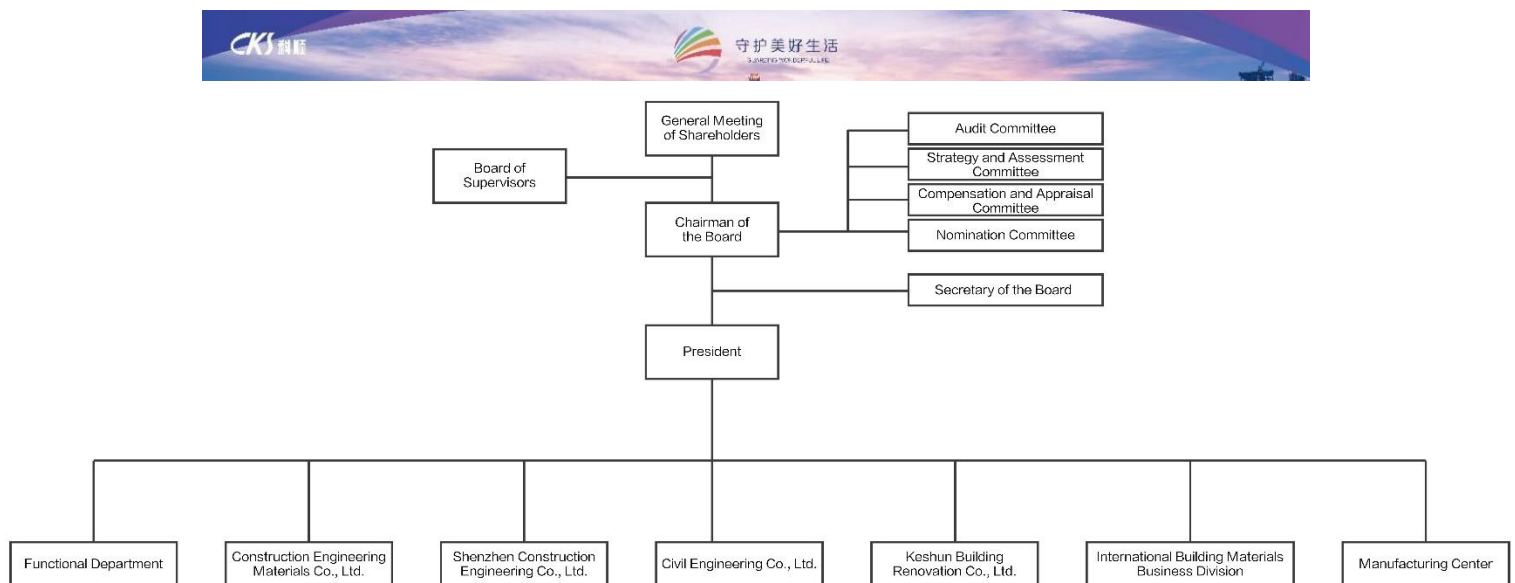
Anshan Base was listed in the provincial green manufacturing list of Liaoning Province.

5 CSR Governance

CSR Philosophy System

Excellent enterprises are economic organizations that address customer demands and create higher value, while great enterprises are social organizations that explore and create needs. By constantly providing innovative and high-quality products and by developing great buildings, CKS promotes the development of the industry and society, and endows hundreds of millions of people with a peaceful life.

CSR Philosophy System



5.1 Organizational Structure

5.2 Responsibilities and Duties

Levels	Duties
Top level management	<ul style="list-style-type: none"> The Board of Directors makes overall planning through the Strategy Committee and draws up strategies and plans.
Middle level	<ul style="list-style-type: none"> The Marketing Department is responsible for organizing and coordinating social

management	responsibility work of various professional departments and subsidiaries.
Lower level management	<ul style="list-style-type: none"> Professional departments manage and implement relevant social responsibility issues according to their duties. Each subsidiary assigns special personnel in charge of the implementation of social responsibility work (professional departments coordinate, guide and promote subsidiaries; subsidiaries report to professional departments).

5.3 Stakeholder Engagement

Stakeholders	Expectations and demands	Response and actions
Shareholders and investors	<ul style="list-style-type: none"> Transparent information disclosure Creating economic value 	<ul style="list-style-type: none"> Strengthening information disclosure Maintaining business and profitability growth
Government and regulatory authorities	<ul style="list-style-type: none"> Compliance operation Keeping business integrity Supporting local development 	<ul style="list-style-type: none"> Compliance operation and tax payment according to law Implementing supervision policies and carrying out internal supervision Taking advantage of professional advantages to actively undertake social responsibility
Customers and dealers	<ul style="list-style-type: none"> Providing quality products Optimizing customer service 	<ul style="list-style-type: none"> Strengthening quality management and control Providing satisfactory service
Partners	<ul style="list-style-type: none"> Open, fair and just procurement Mutually beneficial and win-win development 	<ul style="list-style-type: none"> Transparent purchase Providing a platform for win-win cooperation
Employees	<ul style="list-style-type: none"> Providing compensation and benefits security Providing fair promotion and development opportunities Caring for employees 	<ul style="list-style-type: none"> Paying salary and social security in full and on time Establishing a fair promotion mechanism Helping employees in need
Environment	<ul style="list-style-type: none"> Reducing the impact of business activities on environment Driving upstream and downstream players to save energy and reduce emissions 	<ul style="list-style-type: none"> Creating green products Carrying out green operation Guiding public participation in environmental protection
Industry organizations and	<ul style="list-style-type: none"> Continuous technological 	<ul style="list-style-type: none"> Strengthening technological

associations	innovation <ul style="list-style-type: none"> Promoting industry development 	innovation <ul style="list-style-type: none"> Participating in the formulation of national and industrial standards
Communities	<ul style="list-style-type: none"> Supporting local development Engaging in social welfare 	<ul style="list-style-type: none"> Carrying out regional repair Organizing and participating in charity activities Encouraging employees to participate in voluntary activities
Media	<ul style="list-style-type: none"> Honest operation Actively accepting media supervision 	<ul style="list-style-type: none"> Open and transparent information Inviting media to visit

5.4 Materiality Matrix



Responsibility to shareholders	Responsibility to customers	Responsibility to supply chains	Responsibility to environment	Responsibility to communities
1. Compliance operation 2. Value creation 3. Risk control	6. Product quality 7. Quality service 8. Privacy protection 9. Safety and health	14. Democratic management 15. Business ethics 16. Common growth	19. Addressing climate change 20. Pollution control 21. Biodiversity	26. Economic development 27. Technological innovation

4. Information disclosure	10. Protection of rights and interests	17. Quality improvement	conservation	28. Employment promotion
5. Anti- corruption	11. Career development	18. Benefit sharing	22. Water resources management	29. Charity
	12. Welfare care		23. Material saving	
	13. Diversity and inclusion		24. Green products	
			25. Green Office	

Note: Those topics in bold are key material topics.

6 Pursuing Excellent Product Quality

CKS pursues excellent products and services by improving the product quality control, the quality management system and the customer service system, thus safeguarding wonderful life with lasting buildings.

Contribution to SDGs



Feature: CKS wins the Foshan Municipal Government Quality Award
 In 2021, CKS won the Foshan Municipal Government Quality Award at the Foshan Quality Conference held by Foshan Municipal Government. Fang Yong, President of CKS, delivered a keynote speech on "One Fix for Perfection" at the conference, which showed CKS' s practicing the quality culture of "Doing Right Once for Perfection" to improve industry standards and the high-quality development of the building waterproof industry. Based on that, we have established a set of CKS operation quality management mode with our own features after several management quality improvements from top-level design to actual operation.

Driven by the mission of "safeguarding wonderful life with lasting buildings ", we have formulated the *Basic Law of CKS* as a commitment on quality to the whole society, and established a whole industry chain management system to ensure high quality in the whole cycle from product R&D to delivery. We pay attention to prevention and identification of quality risks, and promote the transformation of quality control from problem-solving to risk prevention and improvement.

With the core value of "joint contribution and shared benefits with long-term partners", CKS have created a "customer-oriented" marketing system and established a win-win cooperation mode as well as a unique customer relationship management system, so as to continuously improve customer satisfaction and loyalty.



Fang Yong, President of CKS, delivers a keynote speech on "One Fix for Perfection" at the Foshan Quality Conference.

6.1 Overall Quality Improvement

Quality determines the survival of an enterprise and guarantees its sustainable development. Focusing providing customers with high-quality waterproof products and services, CKS implements systematic and scientific quality management in which every employee is involved and held accountable. Adhering to the quality management policy of "shaping waterproof products with scientific quality management", the Company aims to satisfy customers with more lasting buildings.

6.1.1 An Integrated Operation Management System

Based on the characteristics of our products and the industry, we have established the industry's most complete management system integrating ISO9001, ISO14001, ISO45001, ISO50001 management systems, laboratory management system, measurement management system, after-sales service evaluation system, supply chain system and intellectual property management system. We use systems like the "performance appraisal system", "PDCA cycle" and "Management by Objective", as well as advanced management philosophies and tools such as "automation reform", "process reengineering", FMEA and TPM to carry out various forms of mass quality management activities, including 7S campaign, reasonable suggestions, QCC activity, IE improvement, and lean production etc. We organize teams and

departments to implement the quality management strategy from all aspects, so as to improve the quality of various business elements such as products, marketing, brand, technology and talents, while boosting the production and marketing of the Company.

Product certification

- 4 products passed the Guangdong Province High-tech Product Certification: SBS-modified asphalt waterproofing roll, one-component polyurethane waterproofing coating, self-adhesive waterproofing roll and polymer waterproofing roll
- 6 products passed the Guangdong Province Famous and Excellent High-tech Product Certification: rubber waterproofing coating, polymer cement waterproofing coating, two-component polyurethane waterproofing coating, one-component polyurethane waterproofing coating, high polymer modified asphalt waterproofing roll and self-adhesive polymer modified asphalt waterproofing roll

6.1.2 Quality Control Measures

Production process inspection

We conduct production process inspection in all production bases across the country on 7 items: production system and operation guidelines, feeding, process parameters and operation procedures, remaining rolls, finished product appearance, product quality inspection and disposal of nonconformity, so as to ensure the effective implementation of systems and processes in all production bases and strictly control product quality.

Quality inspection process

We conduct a whole-process and closed-loop inspection to control the product quality, particularly on the four key links including incoming, production, final inspection and outgoing, striving to bring customers CKS products with the best quality.

Incoming	We check and confirm the quality of raw materials by sampling and testing raw materials. The unqualified materials shall be returned to ensure that the raw materials are qualified before
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	production.
Production	We monitor the production processes and conduct sampling inspection on each process as well as compliance inspection on operators. Undesirable behaviors are corrected to ensure that all production links meet the quality requirements.
Final inspection	We carry out quality inspection on the finished products, including appearance inspection and performance test. Inspection reports and certificates are issued for qualified products to ensure that the products meet the delivery standards and customer requirements.
Outgoing	We confirm the product appearance and product inspection information, check product materials (inspection report and certificate), and have some random inspections on product performance before outgoing. And carriers are required to transport products according to the order and contract.

6.1.3 Quality Awareness Training

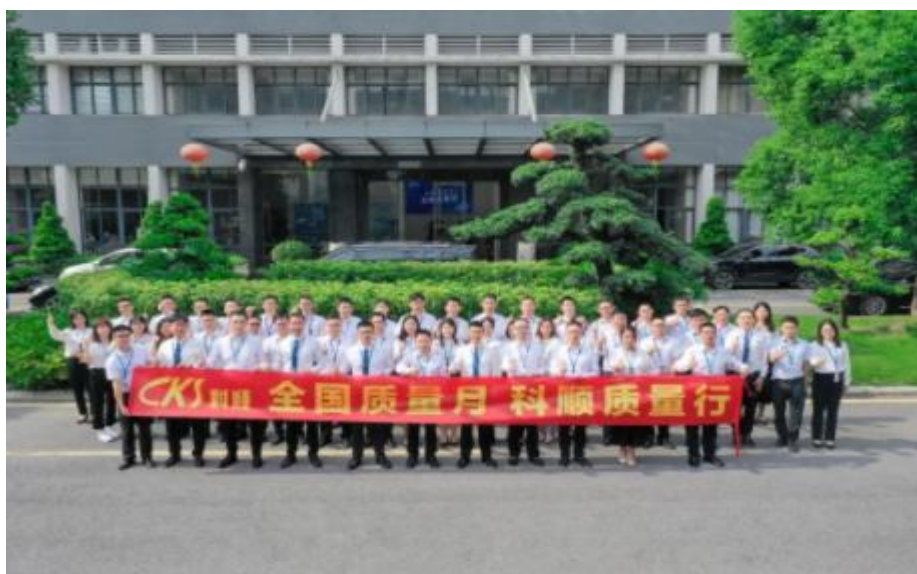
We carry out the quality awareness training for employees, make quality training plans for our factories and hold the skills and awareness improvement training particularly for employees in the quality department, so as to draw the attention of all employees to product quality.

Key performance

- 29 annual training sessions held in the production bases across the country
- 28 training hours per person on average in each production base

Case

CKS held an activity in the National Quality Month to incorporate the quality culture into its corporate culture, and empower all employees while setting quality



requirements for them. The activity aims to improve the quality of the Company in manufacturing, R & D, technology and so on, promote the high-quality and sustainable development of the Company, and facilitate the Company's quality strategy of "shaping waterproof products with excellent quality".

CKS' s activity held in the National Quality Month

6.2 Safety Management

6.2.1 Safety Management System

CKS ensures the safety of employees. In accordance with national regulations and safety management standards, CKS has established more than 50 safety systems, regulations and standards, including the *Occupational Health and Safety Management System, Accident Management Regulations, Environmental Safety Supervision and Inspection System, Environmental Safety Education and Training System, Environmental Safety Regular Meeting System, Environmental Safety Hidden Hazard Identification and Management System, Occupational Health and Safety and Environmental Responsibility System* and so on. We have passed the ISO 45001 occupational health and safety management system certification, and established and passed the OHS 28001 occupational health and safety management system in all production bases, which ensures effective safety management.

6.2.2 Safety Actions

CKS manages working equipment, and controls the operation sites to ensure the safety of employees. We have formulated solutions to react to sudden accidents, thus building a line of defense for the safety of all employees.

Equipment management

We set corresponding safety operation procedures, standard operation instructions, equipment spot inspection instructions, and maintenance instructions, etc. for on-site equipment to ensure effective on-site control and operation safety. For special equipment, we carry out daily maintenance and spot inspection as well as regular inspection on the accessories and tools of special equipment, with an equipment management record established according to relevant national standards and requirements.

Operation site control

We identify on-site operation risks and cover safety warning signs at risk points

to avoid operation accidents. Safety inspection is carried out through the whole production process, from regular inspection, seasonal inspection, holiday inspection to workshop-level weekly inspection and daily team inspection, so that we can monitor the operation sites in all aspects.

Emergency management

In order to prevent extreme weather and natural disasters and effectively control emergencies, we have prepared more than 100 comprehensive emergency plans, special emergency plans and other non-target emergency plans for each production. Micro fire stations are distributed in all production workshops, and all teams are equipped with an emergency medicine box.

Accident investigation and prevention

We have different accident response standards for accidents of different grades, and punish the relevant responsible persons based on the types of accident. After a work safety accident occurs, the base is required to report to the upper levels within 2 hours and notify the insurance company within 48 hours. We will investigate people involved in the accident and collect evidence from the site and relevant personnel, so as to find out the cause of the accident, hold an analysis meeting and formulate accident prevention measures accordingly.

Key Performances

0 accidents occurred

0% accident rate with serious injury

0% accident rate of Minor injury

0 work-related deaths

0% rate of work-related injury

0 occupational disease cases

0% proportion of occupational diseases

6.2.3 Safety Awareness Training

CKS carries out safety training and education at all levels in every month, including safety training and education for managers and employees on production posts, so as to establish a corporate safety culture.

Optimized training materials

We optimize the training courseware and establish special training files for




employees, so as to enhance their mastery of professional safety knowledge with rich and easily understood training materials.

Various trainings types

We organize trainings of various types such as safety manual for new employees, cultural bulletin board, safety knowledge competition, safety video, on-site training and hands-on experience, as well as safety contest to enhance the safety awareness of employees and explore safety management mode in various forms.

Special operation training

We carry out regular training and assessment for special operators according to the *Management Measures of Safety Training and Assessment for Special Operators* to ensure that all special operators work with certificates.

Bulletin board for occupational health, safety and environmental protection	
Training on the New Work Safety Law	
Safety knowledge quiz and staff care	

6.3 Customer Service

We have established a perfect customer service mechanism to protect the rights and interests of customers during our rapid and steady development. Committed to improving customer satisfaction and loyalty and striving to be a "excellent supplier", the Company has established long-term strategic cooperation with well-known construction enterprises such as China Construction Third Engineering Bureau Group Co., Ltd., China Construction Eighth Engineering Bureau Group Co.,

Ltd., China Railway Construction Group Co., Ltd., China Railway Material Group Co., Ltd., Shaanxi Construction Engineering Group Co., Ltd., and famous groups like Muyuan Foods, New Hope Liuhe, Zhengbang Group, China Agricultural United and Xinfu Group as well as many top 100 real estate enterprises such as Country Garden, Vanke, Sunac China Holdings, China Overseas Real Estate, China Merchants Shekou Industrial Zone Holdings Co Ltd and Jinmao.

6.3.1 Customer Service Mechanism

We have established a set of professional customer service mechanism covering the whole process of pre-sales, sales and after-sales, based on customer expectations, CKS' s value of "creating and sharing with long-term stakeholders" and the principle of "good service, customer first, humanistic care" , so as to improve customer satisfaction and loyalty to CKS.

Pre-sales service

During the pre-sales service, we provide customers with free product training to help them know the professional knowledge of waterproof. We subdivide customer needs through market research to fully understand customer' s needs, so that the professional team can design and provide customized products and services according to customer needs.

Sales service

During the sales service, we formulate customized service plans for strategic customers, dealers and individual customers to solve their problems in a timely and effective manner. We continuously optimize the design and select more environmentally friendly products with convenient construction to shorten the construction time, improve the efficiency and save cost for customers. We also assist customers to develop distribution channels, help distributors improve their market sharing and enhance brand loyalty.

After-sales service

During the after-sales service, we analyze customer complaints and provide solutions in time. In order to get to know the customer's experience, we have established the Customer Satisfaction Survey System to conduct research on customer satisfaction, and improve customer experience. We provide humanistic care to customers, give them blessings on major festivals, so that they can feel

CKS' s value of "joint contribution and shared benefits with long-term partners".



Model of customer service mechanism

Key Performance

- We have cooperated with 70+ top 100 real estate enterprises
- We won the title of preferred-supplier of waterproof materials for top 500 developers for 10 consecutive years
- We won 24+ excellent supplier awards in during 2020 and 2021
- We are the preferred waterproof material brand for 21% customers
- We paid visits to 68 dealers in 2021
- We held 139 customer training sessions for 800+ participants

6.3.2 Protection of Customers' Rights and Interests

Customer privacy

We fully respect the privacy of customers in strict accordance with the *Civil Code of the People's Republic of China* and other laws and regulations related to information protection. We have complied the *Provisions on Customer Information Protection* and the *Dealer Information Management System* to further improve our information security management system. We have also taken a series of measures in terms of hardware and software, including but not limited to the installation of enterprise firewall and Internet management equipment, as well as access control of database and information system, so as to ensure all-round protection of customer

information and avoid any leakage of customer information.

Customer complaint and solution

Putting customers first, we constantly innovate in the service philosophy and management mode, and improve the service system for customer complaint. Customer complaints are classified into different grades and managed by personnel of different levels. Complaints of major grade will be handled directly by the Company's senior managers. We continue to shorten the time for handling customer complaints and take a number of measures to restore the confidence of customers who complain, such as covering the loss for customers, solving problems with professional and technical assistance, and offering discounts for next purchase, etc. We regularly follow up the results of customer complaints after solving the complaints, via e-mail, telephone and door-to-door visits and so on. We are able to better respond to customer demands and maintain customer relations through a series of measures to solve customer complaints.

Key Performance

- 0 complaints of customer privacy leakage
- 156 complaints received in 2021
- 0.39 complaints per 500,000 square meters of rolls and 0.02 complaints per 1,000 tons of paint

6.3.3 Customer Satisfaction

By establishing a scientific customer service mechanism to protect customer rights, we have effectively improved customer satisfaction and customer loyalty. In addition, we have obtained the service certificate and our after-sales service capacity of construction waterproofing roll, waterproofing materials, water emulsion paint and dry mortar reaches the five-star standard of the for After-sales Service of Commodity (GB / T 27922-2011).

Customer type	Average score of customer satisfaction		
	2019	2020	2021
Dealers	92.22	93.30	94.01
Direct customers	95.01	95.48	96.98

Key performance	2019	2020	2021
Customer loyalty	97.02%	98.34%	98.31% (YoY decrease of 0.04%)
Average repeat purchase rate	75.05%	80.59%	99% (YoY increase of 18.41%)

7 Protecting Environment to Safeguard Our Homeland

With the rapid social and economic development, environmental protection has become a major issue for the human society. CKS continues to improve environmental management and actively respond to climate change by building green factories, improving resource utilization rate and using our professional advantages to develop environmental protection industries and spread environmental protection ideas, thus jointly building a green ecology.

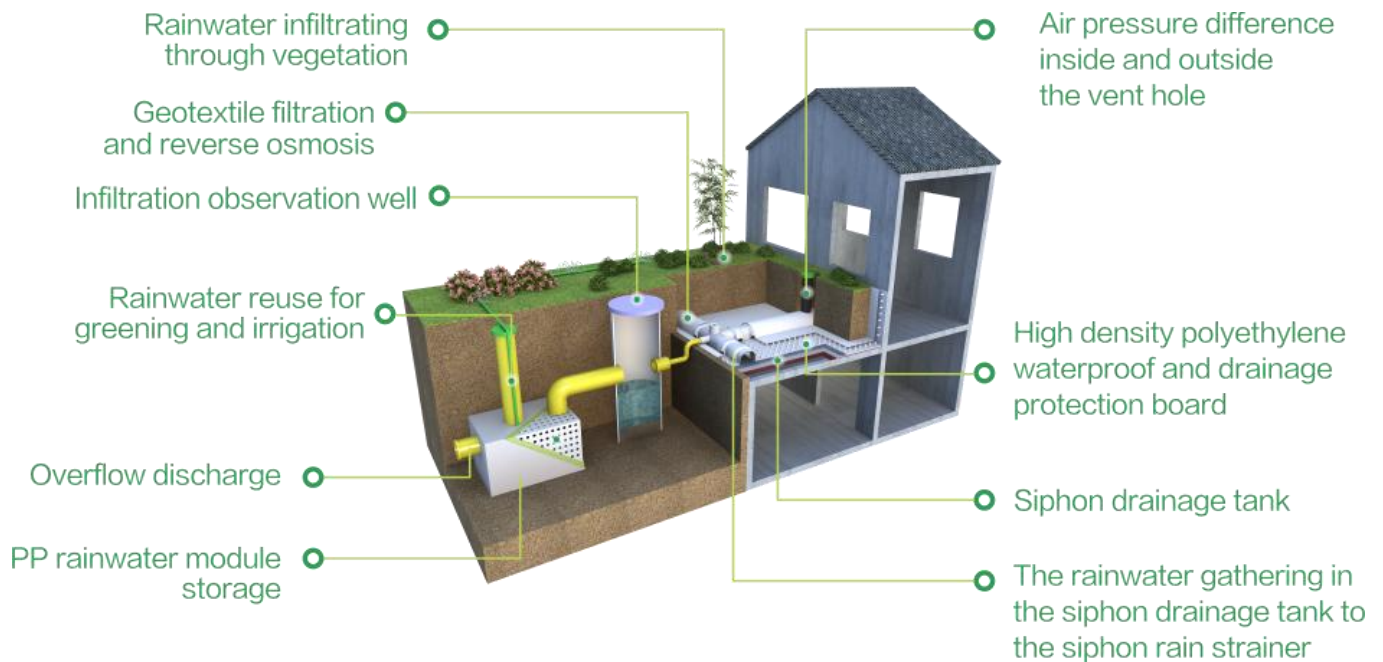
Contribution to SDGs



Feature: CKS contributes to the construction of sponge city and responds to China's 30·60 Decarbonization Goal

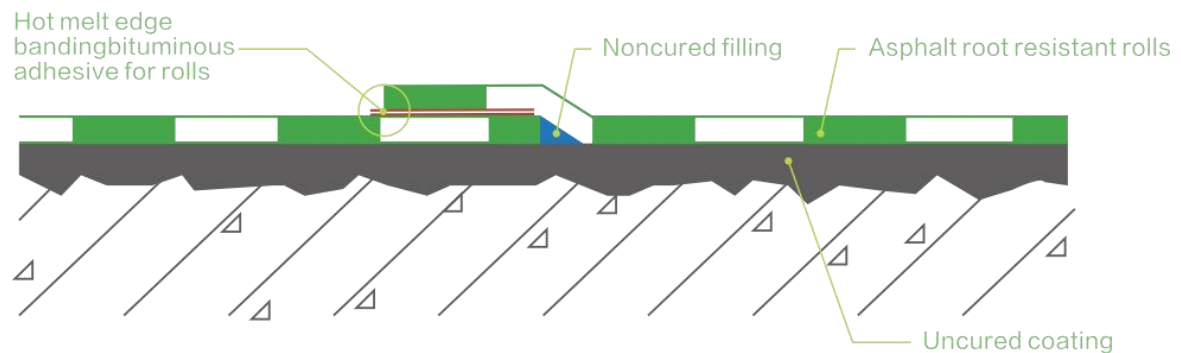
Being hydroelastic, the sponge city can recycle rainwater and provide green space for buildings, thus contributing to low-carbon development. With over ten years of experience, CKS has launched the CKS Oasis Rainwater Management System in October 2021, after upgrading its original rainwater management technology and related products based on the market demand, functions and service life.

How the system works



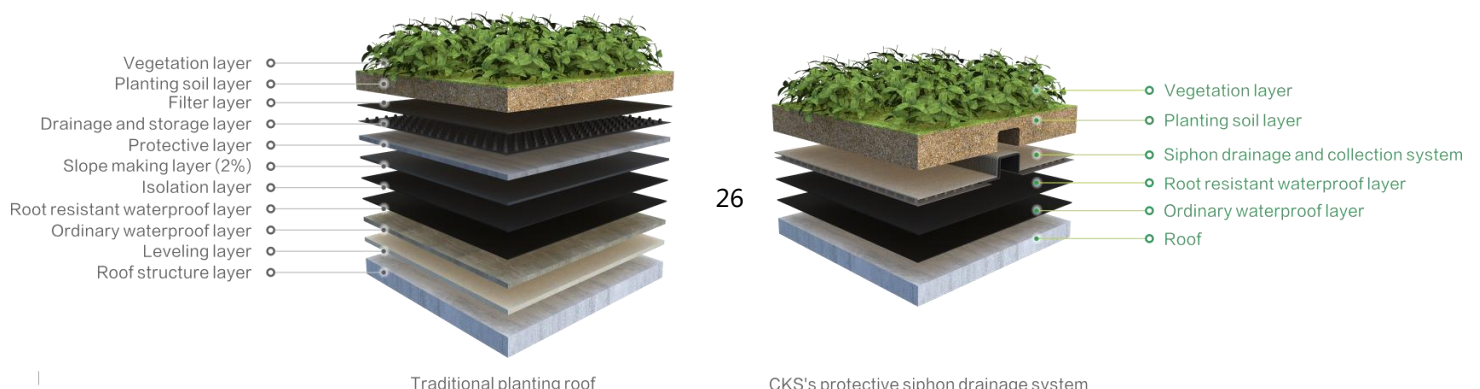
Planting composite waterproof system

System is equipped with two or more compatible layers, which are adhesive and waterproof and able to repair minor damages.



Protective siphon drainage system

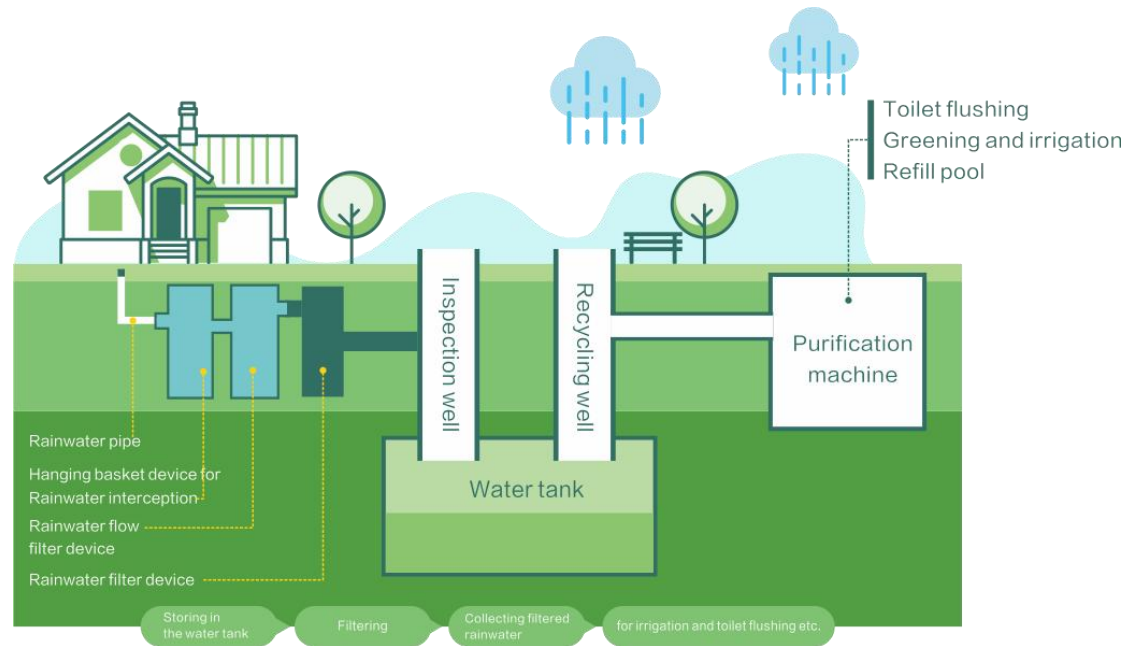
It is composed of high-density polyethylene waterproof and drainage protection board, siphon drainage tank, vent pipe, observation well, rainwater direct infiltration well, etc. As the backbone of CKS' s rainwater management, the protective siphon drainage system has achieved technological breakthroughs in many ways: it can



reduce 5 layers of structural levels compared with the traditional planting roof, so that it can reduce system risks, lower engineering costs, and realize active zero slope and organized siphon drainage.

Rainwater collection and utilization system

Following the principle of ecological first, we maximize the collection, infiltration and purification of rainwater resources, and make scientific, efficient and rational use of water resources.

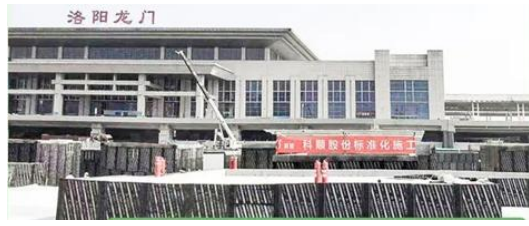





Advantages

- Reliable water resistance: the planting composite waterproof system, which is water and root resistant, can protect the building structure in an all-round way.
- Drainage without slope making: the three-dimensional drainage system can realize organized drainage without slope making with the siphon principle, which solves the problem of slope making of long-span roof.
- Shorter construction period: it is convenient for construction and saves 3 / 4 of the construction period.
- Optimized structure: it cancels the slope making layer, leveling layer, isolation layer, protective layer and filter layer.
- Efficient drainage: it is easy to maintain and reduce blockage.
- Cost saving: it can save by at least 1 / 3 ~ 1 / 2 cost compared with the traditional construction technology

- Environmental protection: it is green and environmentally friendly and in line with the green and energy-saving building code of sponge city, with the role of infiltration, stagnation, storage, purification, recycle and discharge.
- Resource conservation: it collects and recycles the infiltrated water to save water resources.

Typical cases

	
<p>North Square of the transportation hub of Luoyang Longmen Station</p>	<p>Creative design headquarters building in Changsha, Hunan Province</p>
	
<p>Time Impression in Pingxiang, Jiangxi Province</p>	<p>Yanta in Xi'an, Shaanxi Province</p>

7.1 Environmental Management

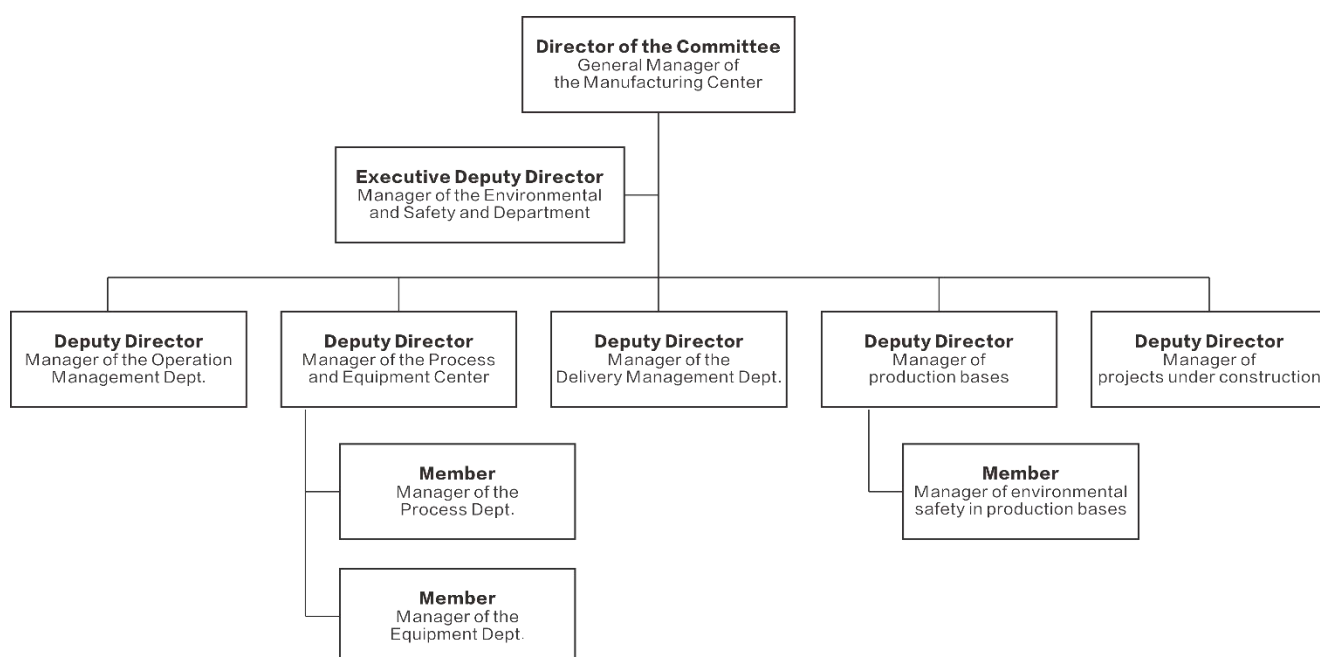
7.1.1 Compliance Management

The compliant environmental management mechanism is the basis for the implementation of environmental management. The Company strictly implements the requirements of national and local environmental protection laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, *Law of People's Republic of China on Environmental Impact Appraisal*, *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, *Law of the People's Republic of China on the Prevention and Control of Solid Waste*, *Water Pollution Prevention and Control Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Noise*, *Regulations on Operation and Management of Environmental Equipment*,

Regulations on Solid Waste Management, Regulations on investigation and Handling of Potential Environmental Hazards and Regulations on Environmental Training and Education, etc.

With the environmental and energy management policy of "abidance by law, pollution prevention, energy conservation, consumption reduction and continuous improvement", the Company has assigned environmental management professionals to promote the ISO 14001 environmental management system, identify the important environmental factors existing in the Company's business activities, and formulate environmental objectives, indicators and management plans. The Company has also established an environmental and safety management system and incorporated the environmental and safety responsibilities into personal performance. In 2021, the signing rate of environmental and safety responsibilities at all levels reached 100%.

Environmental management structure



7.1.2 Risk Management

The Company promotes the environmental monitoring, regularly checks environmental objectives, indicators and management plans, and focuses on the control and management of important environmental factors. We have established rules, regulations and control documents such as the *Operation and Maintenance Management of the VOCs Online Monitoring System, Regulations on Management*

of Environmental Equipment, and Regulations on Operation and Management of Environmental Equipment to standardize the operation and management of the VOCs online monitoring system and the environmental equipment. We also accept the monitoring of environmental monitoring stations to ensure the effective implementation of various environmental control measures.

Key Performance

- 0 environmental pollution accidents

7.1.3 Emergency Management

In order to realize the effective control of natural disasters and other emergencies, the production bases of the Company have established an emergency organization headed by the General Manager to prepare a comprehensive emergency plan as well as special emergency plans for departments. Each team have also prepared an emergency response plan and carried out drills based on it.

Key Performances

- More than 100 comprehensive emergency plans, special emergency plans and other non-target emergency plans have been prepared by each production base
- Micro fire stations are distributed in all production workshops
- All teams are equipped with an emergency medicine box.

7.2 Environmental Products R & D

CKS pays attention to the environmental experience during product production as well as during and after product use, continues to promote the R & D of environmentally friendly technologies, and strives to root the green gene in each new product, thus promoting the sustainable development of the environment with green and innovative technologies.

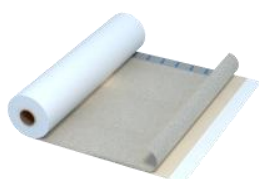
Pre-Laid self-adhesive waterproof membrane

As the first product of CKS to realize "environmental protection and carbon control", it is mainly used in the construction of the "pre-laid and anti-adhesive" process. Compared with the traditional hot-melt construction, it is safer without the protective layer and auxiliary materials like the base coat, which can save materials and labor. The raw materials of the product are new non-asphalt polymer materials. The butyl rubber layer of the best sellers APF-D110、APF-D210 is made of imported butyl rubber and resins. It is purely white, safe and clean since the whole production

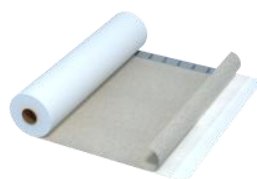
process is low-carbon and zero emission, with no harmful substances.

APF-5000 non-asphalt waterproof roll

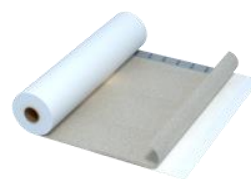
APF-5000 non-asphalt waterproof roll is a typical product for environmental protection and carbon control. APF-5000 uses polymer rubber and special functional resin as the base materials, and the polymer self-adhesive roll with two-color strong cross laminated film as the main reinforcing material. The product is asphalt free, with stable performance and reliable water resistance, and has no irritating smell in both production and application.



APF-C pre-laid
polymer self-adhesive
waterproof membrane

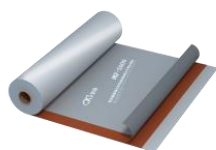


APF-D110 pre-laid
butyl self-adhesive polymer
waterproof membrane (TPO)

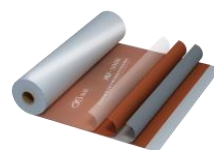


APF-D210 pre-laid
butyl self-adhesive polymer
waterproof membrane (HDPE)

In terms of its production and process: the non-asphalt special line imported from



APF-5000 Non-butimen based self adhesive
high polymer Waterproof membrane with
cross laminated film (single-layer)



APF-5000 Non-butimen based self adhesive
high polymer Waterproof membrane with
cross laminated film (double-layer)

Italy is more energy-saving than the traditional asphalt production line, and it meets the relevant national standards in work safety and environmental protection. The raw materials used have no obvious smoke or irritating smell after combustion. It is produced through cold construction, which is safe and environment-friendly.

TPO waterproof roll

CKS' s thermoplastic polyolefin (TPO) waterproof roll is one of the polymer roll products developed and produced by CKS. It has passed the CE certification, FM Approvals, ASTM standards and SGS inspection.

Energy saving

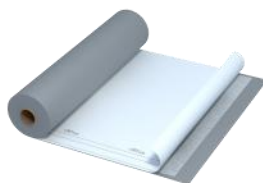
1、Solar Reflectance $\geq 78\%$. The product can be applied on roofs to lower the

indoor temperature in hot weather and reduce energy consumption to a certain extent (such as cooling).

2、The materials can be recycled in the whole life cycle to reduce the generation of solid waste.

Environmentally friendly

There is no irritating smell or smoke during the construction and application of the materials



Thermoplastic Polyolefin (TPO) Waterproof Roll

7.3 Low-carbon operation

7.3.1 Response to Climate Change

The Outline for the *14th Five-Year Plan for Economic and Social Development and Long-Range Objectives through the Year 2035* and the *Opinions of the CPC Central Committee and the State Council on Completely, Accurately and Comprehensively Implementing the New Development Philosophy and Achieving Carbon Peak and Neutrality* have put forward the goals that the energy consumption per unit of GDP in 2025 will be 13.5% lower than that in 2020 and the carbon dioxide emission per unit of GDP will be 18% lower than that in 2020. Based on that, CKS has made clear that the energy consumption and carbon dioxide emission intensity in 2022 will decrease by 5% and 6% respectively compared with that in 2021.

Key Performances

- Total GHG emissions: 97,091.38 tCO₂e
- Scope 1 GHG emissions: 36,842.14 tCO₂e
- Scope 2 GHG emissions: 60,249.24 tCO₂e

Core measures

Improving the rules and regulations on energy conservation and carbon reduction. We have issued systems like the Energy Conservation Management System, Energy

Measurement Management System, Energy Statistics Report Management System, Energy and Water Conservation Work Report Management System, etc.

Updating the equipment of production bases. Each production base has made a list of energy-consuming and outdated electromechanical equipment (products), formulated and implemented renewal plans.

Carrying out the green plant certification. Factories in Anshan and Chongqing have obtained the green plant certificate.

Carrying out energy management system certification. Factories in Anshan, Dezhou, Gaoming and Kunshan have passed the certification of energy management system.

Disposing the exhaust smoke from the production line. The asphalt smoke generated by the roll production line is enclosed twice so that it can be collected and disposed.

Upgrading environmental equipment. Factories in Chongqing, Dezhou, Jingmen, Nantong and Weinan have been equipped with the RTO incineration equipment for asphalt smoke to achieve up to standard emission of waste gas.

Strengthening the inspection of thermal insulation cotton. We check the state of the thermal insulation cotton of boilers and the heat oil pipeline system. And all exposed pipelines are thermal insulated to reduce heat loss.

Promoting the application of energy-saving and emission reduction technologies. We collect and reuse the waste heat of modified materials (the waste heat of the returned oil of the heat transfer fluid from production lines), which can save 120,000 cubic meters of natural gas, equivalent to 145 tons of standard coal.

Strengthening energy and water conservation in office. The energy and water consumption of office buildings and dormitories shall be controlled. The indoor air conditioning temperature in summer shall not be lower than 26 °C, and the office shall make full use of natural light in daytime. We reduce the energy consumption of standby electrical equipment, turn off printers and computers when they are not

used for a long time, and turn off the power supply of all equipment after work. We advocate employees to use both sides of paper and edit on computers to reduce paper consumption.

Reducing carbon emissions. The carbon dioxide emissions per unit of output value in 2021 was 3.1% lower than that in 2020.

7.3.2 Energy Efficiency

We have formulated and strictly implemented the *Energy Conservation Management System* and energy system procedures and documents, and built an energy management system to ensure proper energy management. We continue to promote the certification of the energy management system, and strengthen the institution and IT application of energy management. In 2021, we passed the ISO 50001 energy management system certification.

Key Performances

- Diesel used in production and operation: 336.21 tons
- Total natural gas used in production and operation: 16,550,219.91 m³
- Power consumed by production (purchased power): 92,080,754.07 kWh
- Total steam consumed by production and operation (purchased steam): 5,084.55 tons
- Comprehensive energy consumption per RMB 10,000 output value: 0.6320 tons / RMB 10,000

Core measures

Full-time energy management personnel. To be more professional, 4 employees have obtained the Certificate of Energy Manager and 13 have been appointed as carbon emission managers.

The Energy Management Committee of the Manufacturing Center. The manager of the Manufacturing Center serves as the Director of the committee, and the general managers of each plant and the managers of the functional department of the Manufacturing Center serve as deputy directors, while the managers of the environmental and safety department of each plant are the executive members. The Energy Management Office under the committee, which is also the Environmental and Safety Department of the Manufacturing Center, is responsible

for the daily supervision and management of the Energy Management Committee. The committee clarifies their respective responsibilities, energy operation management as well as assessment requirements.

The energy management leading groups of each plant. The manager of each plant serves as the team leader, the deputy general manager and manager of the environmental and safety department serve as the deputy team leaders and the managers of all functional departments are team members. The energy management office under the energy management leading group, which is also the environmental and safety department, is responsible for the daily supervision and management of the energy management leading group and clarifying their respective responsibilities.

Preliminary research on the establishment of the energy management information system. The transformation of energy measuring instruments into equipment with data transmission has been piloted in Gaoming plant to realize real-time monitoring and online statistical analysis of energy consumption, so as to improve the accuracy and pertinence of energy-saving statistics.

7.3.3 Clean Production

Always adhering to the philosophy of green development during production, we have formulated and issued the *Management of Environmental Operation* and the *Environmental Requirements for Waste Gas, Waste Water and Dust* to identify, classify and monitor all kinds of pollution sources and pollutants. So that we can carry out targeted treatment through technical improvement, recovery and utilization to ensure that the emission of pollutants meets the requirements of relevant laws



and regulations and reduce the impact of the Company' s production and operation on the environment, thus building a green plant.

Certificate of green plant management system

Key Performances

- 100% compliant solid waste disposal
- 100% up to standard noise emission
- 100% up to standard waste gas emission
- 100% up to standard waste water discharge

Waste water treatment

The Company' s wastewater mainly comes from the coating workshop. The wastewater, after treatment, can reach the grade 1 standard of the second period of the discharge limit of water pollutant DB44 / 26-2001, a local standard of Guangdong Province. The normal operation rate of the treatment system is 100%. A qualified agency is hired to monitor the system and the rate of reaching the standard is 100%.

Key Performances

- 13,885.20 tons of discharge of industrial wastewater
- 95,811.80 tons of discharge of office and domestic wastewater
- 0.2308 tons of emissions of chemical oxygen demand
- 0.3614 tons of emissions of ammonia nitrogen

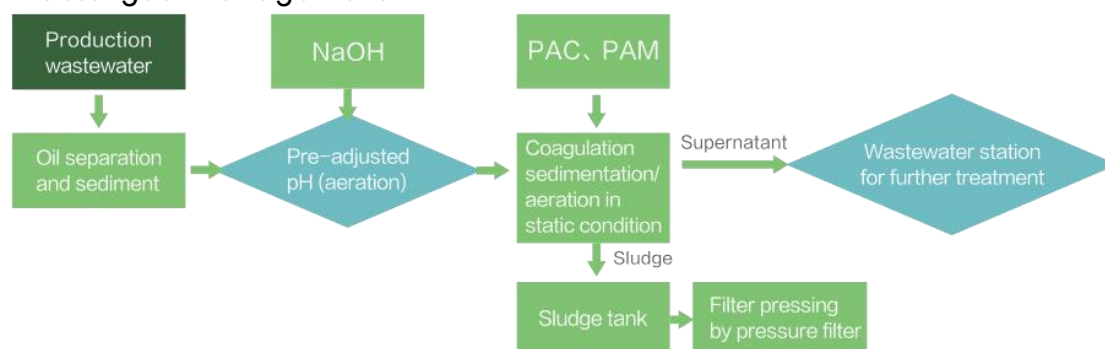
Typical case

The Company adopts the process of "pretreatment + biological treatment + Advanced Treatment". While the "biological treatment" adopts the combined process of "anaerobic + aerobic" and the "advanced treatment" adopts the "sand filtration" process. After pretreatment in the workshop, the production wastewater enters the regulation tank. After regulation, the wastewater is quantitatively lifted to the flotation tank by the pump. Acid or alkali are added in the front reaction area to adjust the pH value of the wastewater within the neutral range, and PAC and PAM are added for flocculation reaction to remove most of the suspended solids. After flotation, the wastewater enters the primary sedimentation tank to further remove suspended solids, and then the wastewater enters the

comprehensive regulation tank. The domestic sewage pretreated by the septic tank and the treated production wastewater in the comprehensive regulation tank are quantitatively lifted by pump to the integrated sewage treatment equipment. The biochemical treatment system firstly passes through the anaerobic reaction tank to reduce the COD of the wastewater and improve the viability of the wastewater, and then passes through the aerobic tank to further remove various pollution indicators. After that, the effluent enters the secondary sedimentation tank, and the supernatant is discharged to the sand filtration tank for further treatment before reaching the standard while the surplus sludge is discharged into the sludge tank. The sludge from the sludge tank, together with the sludge from the primary sedimentation tank and the flotation machine, enters the sludge conditioning tank with PAM. After that, the sludge is lifted by screw pump to the sludge dehydrator for drying treatment. The sludge supernatant in the sludge tank and the filtrate of the dehydrator return to the conditioning tank for retreatment while the dried sludge is transported out for treatment, with a daily treatment capacity of 6-8m³/ d.

Process of wastewater pretreatment

Waste gas management



In terms of waste gas treatment systems, the Company owns the asphalt roll waste gas treatment system, dust treatment system and organic waste gas treatment system. In 2021, the normal operation rate of each waste gas treatment system was 100%. A qualified agency is hired to monitor the system and the rate of reaching the standard is 100%.

Smoke treatment: The smoke is enclosed and collected, and then it is sent to the waste gas treatment facilities for discharge after reaching the standard.

Hazardous gas treatment: It is contained in storage tanks or sealed devices, and then it is transported by closed pipelines to reduce the emission of toxic and harmful gas.

Key Performances

- 10.3475 tons of emissions of nitrogen oxide
- 2.2278 tons of emissions of sulfur dioxide
- 14.5108 tons of emissions of particulate matters
- 6.9904 tons of emissions of volatile organic compound (VOC)
- 22.2026 tons of emissions of non-methane hydrocarbon (NMHC)

Waste management

Hazardous waste treatment: We have determined the types of hazardous wastes based on the National List of Hazardous Wastes and the actual situation of the Company. In 2021, the Company authorized a qualified third party to treat 1,478.54 tons of hazardous wastes in total: including 568.44 tons by Gaoming production base, 197.70 tons by Nantong production base, 183.05 tons by Jingmen production base, 241.13 tons by Dezhou production base, 256.39 tons by Chongqing production base, 7.42 tons by Weinan production base and 24.41 tons by Anshan production base.

Harmless waste treatment: The Company authorized a qualified agency to recycle in accordance with national and local laws and regulations. 421.4 tons of general waste, and 421.4 tons of recyclable waste have been recycled. While domestic waste, waste generated from greening and food waste are cleared and transported by the environmental sanitation department of the Park.

Key Performances

- 1,478.54 tons of hazardous waste generated
- 1,478.54 tons of hazardous waste treated
- 2,742.82 tons of harmless waste generated
- 2,742.82 tons of harmless waste treated

Noise control

In accordance with the Emission Standard for Industrial Enterprises Noise at Boundary, we have identified the source and propagation path of noise, and tried a variety of noise reduction schemes to reduce the impact of noise during the production on human health and the surrounding environment by sound insulation and vibration absorption, so as to cut off the sound propagation path.

Equipment selection: We give priority to equipment with lower noise and vibration to control noise from the source

Equipment layout: the equipment with louder noise shall be put on the bottom floor, with cement base as a basic vibration reduction measure

Noise prevention and isolation: We set up the operation control room to block the impact of on-site noise on employees and reduce the time of exposure to noise

Protection against noise: Employees are provided with ear protectors and use them in a proper way

7.3.4 Resource Utilization

We continue to reduce resource consumption in production, promote green production and realize the optimal utilization of production resources by recycling production water, reducing packaging materials and improving equipment efficiency.

Saving water

We carry out regular inspection on the Company' s water supply pipe network to avoid any leakage. In daily management, each unit has also established an inspection system of water supply pipe network in its own area to find and replace leaking faucets and pipes in time. And circulating cooling water is used for environmental greening to improve the circulation utilization rate of water.

Key Performances

- 514,345.60 tons of water consumption in total
- RMB 1.8125 million for water consumption

Reducing packaging

Our packaging materials include product packaging and raw material packaging, and the materials include plastic packaging materials and paper packaging

materials. In order to reduce the use of packaging materials, we combine the characteristics of packaging materials with sustainable development and environmental protection. We prevent overpacking, use degradable and recyclable materials to achieve reduce packaging and ensure that our packages are harmless, reusable and recyclable. For those that can' t be recycled indeed, we choose a qualified third-party company for recycling and treatment. The recycling and treatment of packaging materials in 2021 was reduced by about 100 tons compared with that in 2020.

Key Performance

- 1320 tons of consumption of packaging materials

7.4 Green Life

CKS actively advocates the philosophy of green sustainability, strengthens exchanges and cooperation in green development in the industry, publicizes environmental protection knowledge, and jointly practices environmental protection with the public.

Typical case

On July 10, 2021, CKS hosted the "Ecological Summit of Green Waterproof' s Enabling Urban Development", which was attended by many celebrities from industry associations and enterprises in Hainan. The purpose of the meeting was to promote the application of green waterproof materials in urban construction, explore more high-quality and environmentally-friendly new construction materials, and draw more attentions to them, so as to contribute to the green rise of Hainan and the achievement of the national carbon peak and neutrality goals. The meeting enabled more people to see the innovation and advancement of the waterproof industry in green and environmentally-friendly technologies, and also promoted more excellent waterproof brands and products to greater market.

With the corporate mission of "safeguarding wonderful life with lasting buildings", CKS is committed to creating more durable products with higher quality and better performance. Meanwhile, it also develops greener and more environmentally-friendly products and technologies for a better life and provides a strong force for the sustainable development of the industry as well as for the urban ecological development.



The "Ecological Summit of Green Waterproof's Enabling Urban Development" (Hainan)

8 Guaranteeing Talent Support

Talents are the core values of enterprises, and employees are the core driving force of corporate development. Being people-oriented, CKS always respects and protects the equal legal rights and interests of all employees in terms of employment, salary and welfare as well as training and development. We respect, recognize and treat every employee well, thus working with employees for win-win development in a good working environment.

Contribution to SDGs



Feature: CKS aims to build it into an employer brand

CKS is working to build it into an attractive employer brand. Facing the complex changes in the market in the post-epidemic era, CKS actively implements the strategy of strengthening the enterprise through talent cultivation, upgrades the organization and talent management mechanism and takes systematic actions from the four aspects of "selection, training, employment and retention". Committed to improving the talent training, selection and pooling system, CKS provides better training plans, and establishes a comprehensive talent supply channel, thus tapping full potential of talents and giving full play to the scale and humanistic effect of human resources. According to the evaluation of authoritative institutions, CKS won the honor of China Best Employer Award- Top 10 in Foshan in 2020, which established a good employer reputation for CKS.

CKS won the honor of China Best Employer Award- Top 10 in Foshan in 2020



8.1 Protection of Employee Rights

Being people-oriented, CKS aims to protect the basic rights and interests of employees, build a multi-level talent team and provide competitive compensation and benefits. CKS implements a democratic two-way communication management mechanism to promote the common development of both the Company and employees.

8.1.1 Equal Employment

In strict accordance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other laws and regulations, we have formulated the *Recruitment Management System* and the *Interview Management System* to eliminate any discriminations against employees in gender, age, marital status, race, skin, religion and other factors. We advocate equal and non-discriminatory employment policies and oppose the use of child labor and

forced labor in any form, thus creating a fair and legal employment environment.

Key Performances

- 4,113 employees in total
- 203 fresh graduates recruited in 2021
- 21 employees with disabilities
- 196 minority employees
- 3.74% annual average turnover rate
- 29.87% annual staff turnover rate
- 100% labor contract signing rate

7.1.2 Versatile Talents

The Company tries to attract talents and cultivate a multi-level and high-quality talent team. We gather versatile talents through internal competition, social recruitment, internal recommendation, university-enterprise cooperation and hunting, so as to drive the development of the Company.

Staff composition		Unit (headcount)
By gender	Male	982
	Female	3131
By rank	Senior	10
	Women in senior management	1
	Intermediate	1230
	Junior	2883
By geographical region	South China	279
	Central China	151
	North China	384
	East China	240
	Northwest	45
	Southwest	40
	Northeast	38
	Hong Kong, Macao, Taiwan and abroad	none
By educational background	High school or lower	1120
	Junior college	1614
	Bachelor' s degree	1313
	Master's degree or higher	66
By age group	30 years old or younger	1792
	31-40years old	1861
	41-50 years old	398
	50 years old or older	62

8.1.3 Diversified Benefits

We abide by various laws, regulations and labor policies, strictly implement the national and local social security mechanisms. We purchase social and medical insurance for employees, including medical, endowment, unemployment, employment injury and maternity insurances, establishing a multi-level and three-dimensional insurance system to safeguard the rights and interests of employees. We give competitive salary and dynamic incentives to mobilize employees and share benefits with employees.

Key Performances

- 100% social insurance coverage for employees
- 562.8 days of working days lost due to work injury:

Statutory benefits

Five social insurances and one housing fund: Endowment insurance, medical insurance, employment injury insurance, maternity insurance, unemployment insurance and housing provident fund.

Statutory holidays: Public holidays, marriage leave, maternity leave, parental check-up leave, paid annual leave, sick leave, work-related injury leave, funeral leave, etc.

High temperature subsidy: High temperature subsidies are granted to all on-the-job employees in accordance with relevant national laws and local policies.

General benefits

Holiday benefits: Holiday benefits are distributed in women's day, Dragon Boat Festival and Mid-Autumn Festival etc.

Annual travel: Employees who have worked in the Company for more than 6 months are entitled to the travel benefit once a year.

Activity Fund: Financial support is given to employees' birthdays, team building activities and various sports activities.

Annual physical examination: Regular free physical examination is provided in April or May every year to regular employees.

Job benefits: Allowances are provided to employees like condolence money, food allowance, accommodation allowance, family visit allowance, fuel allowance,

communication allowance, and new computer allowance, etc.

Compensation

Competitive compensation: The compensation is based on the position and ability. The domestic compensation benchmarks that of national leading enterprises, and the foreign compensation benchmarks that of local leading enterprises to attract and retain employees with high salary.

Diversified compensation packages: Compensation packages including cash salary and non-cash equities as diversified and flexible options for talents.

7.2.4 Democratic Management

The Company's senior leaders communicate with internal employees, partners, external customers and other relevant parties through various channels to disclose the Company's values, development directions and performance objectives. We listen to the voices of interested parties and employees and take actions by setting up the President's Box, carrying out employee symposiums and performance meetings, publishing the internal Journal of *CKSer* as well as organizing tourisms and various cultural activities. The senior management of the Company attends the annual supplier conference and the annual dealer conference to discuss the development direction of the Company with all relevant parties to achieve win-win results. The Chairman, the President and other senior executives also lead the team to visit customers every year to collect the opinions of key customers. The two-way communication ensures the transmission of the Company's values, contributes to the consensus on the business direction, and facilitates the realization of the Company's strategic objectives.

8.2 Career Platform

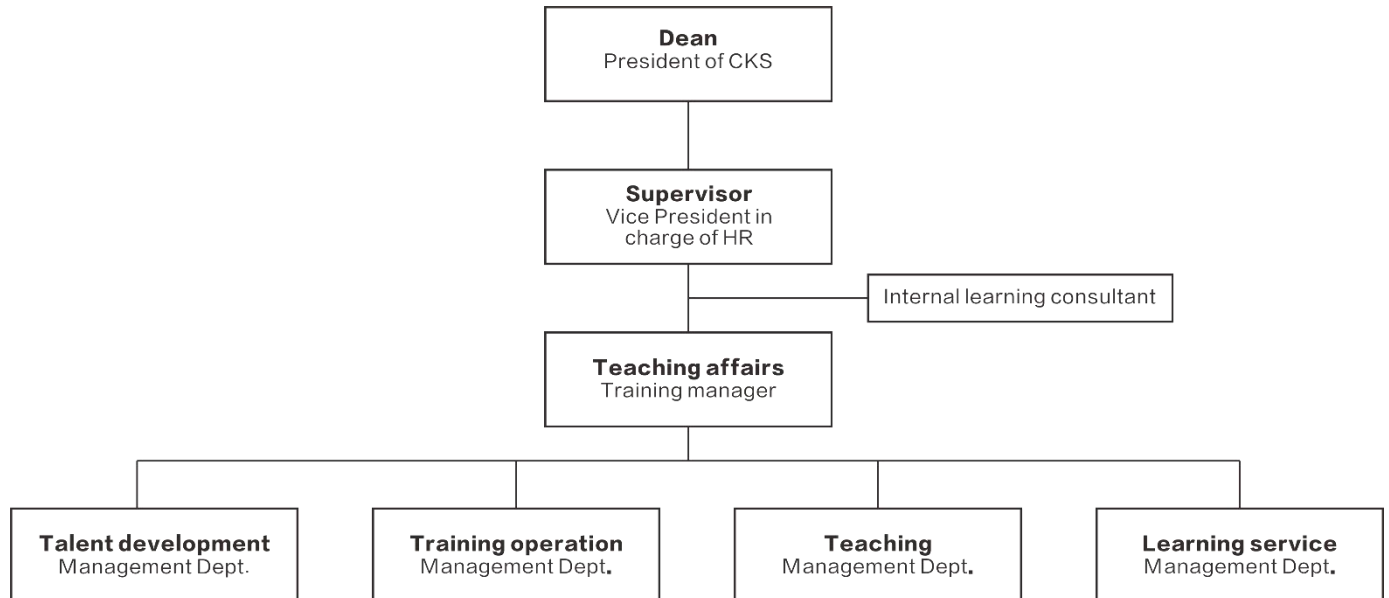
CKS unblocks the promotion channels, carries out diversified trainings, and creates a diversified career platform to meet the needs of employees' career development and personal growth, thus realizing their personal value amid the development of the Company.

8.2.1 Talent Teams

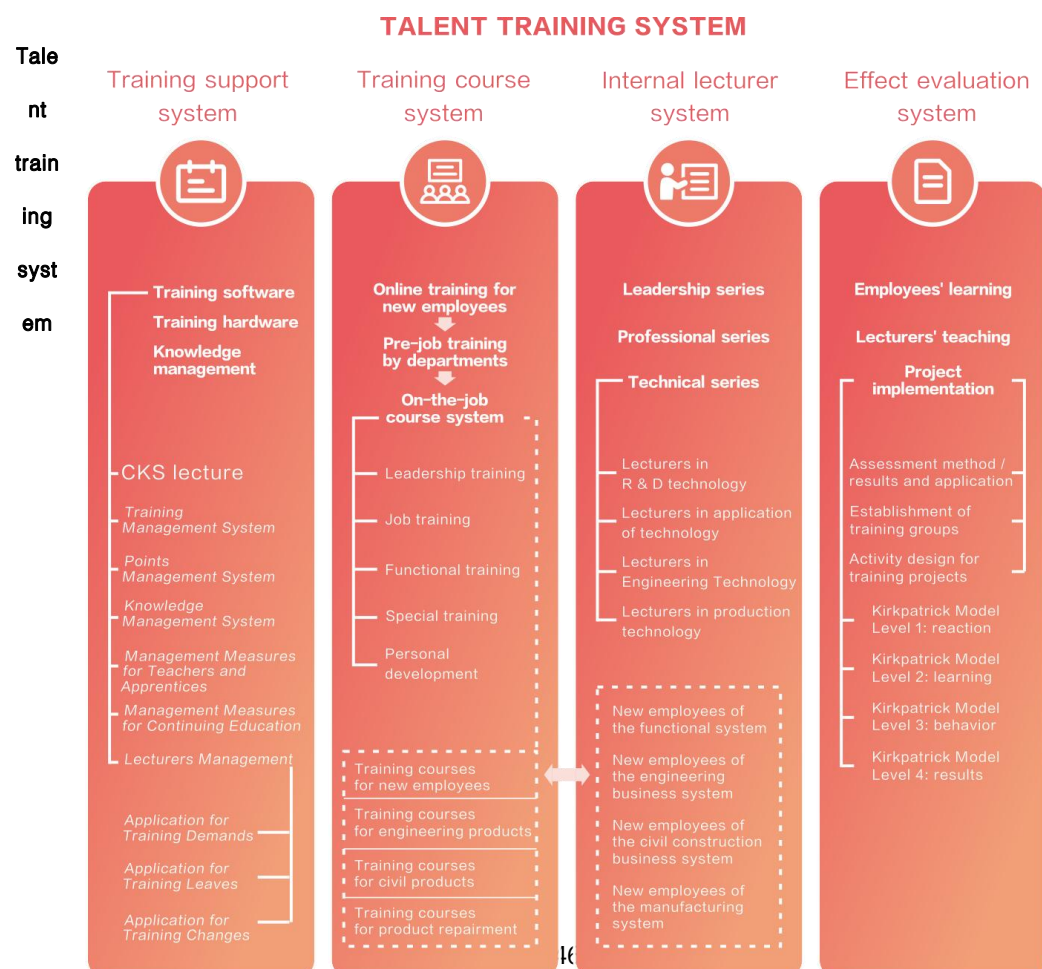
In order to provide employees with a learning platform, we have built an organizational structure of the training team and a hierarchical and classified training system based on business development and functional needs, so as to customize

talents for the Company and ensure the output of corporate culture.

CKS Academy



Organizational structure



Key Performances

Employee training data		Employee training coverage /%	Training hours per employee
By gender	Female	85.4	19.2
	Male	89.9	26.6
By rank	Senior	91.1	18.4
	Intermediate	91.4	21.7
	Junior	93.0	25.5

Employee training performance

Typical case: CKS strengthens university-enterprise cooperation to consolidate talent sustainability

CKS has carried out university-enterprise cooperation to train targeted students at universities on post skills in advance, and offer universities talent training bases, so as to improve the talent training mechanism as well as course system. CKS' s senior leaders also go to universities to share their practical experiences. CKS has become the practice base of many well-known universities, such as Jinan University, University of South China, Guangzhou City Construction College, Shunde Polytechnic, Shunde Technical Secondary School and so on, recruiting more than 200 fresh graduates from all over the country each year.

CKS has cooperated with Jinan University since 2018 to set up "CKS Ivy League" scholarship, which is used to reward students with financial difficulties and excellent academic performance. It has funded a total of 32 undergraduate and graduate students by far. On December 24, 2021, CKS won the "Jinan University Public Welfare - Education Award" issued by Jinan University.



"CKS· Ivy" scholarship award ceremony

Typical case: CKS qualified as vocational skill rating certification body
On September 14, 2021, Foshan Human Resources Public Service Center issued the *Letter on Approving CKS Waterproof Technology Co., Ltd. to Carry out Vocational*

Skill Certification, which indicated that CKS was qualified as a vocational skill rating certification body. The vocational skill rating certification by enterprises in Guangdong Province is based on industry representativeness, evaluation professionalism and industry authoritativeness, and the enterprise shall pass the investigation of talent training ability, evaluation ability, employment service ability, quality internal control ability and brand building ability. The first batch of vocations (types of work) includes the "waterproof worker", "coating manufacturer" and "marketer".

Key Performances

- A total of 35 junior waterproof workers / 10 intermediate waterproof workers / 10 senior waterproof workers were trained throughout 2021
- A total of 155 junior coating production workers/ 39 intermediate coating production workers/ 30 senior coating production workers were trained throughout 2021
- A total of 18 junior marketers / 20 intermediate marketers / 27 senior marketers were trained throughout 2021

Promotion platforms

We constantly improve the career development system, formulate different training plans for different employees, unblock employee development channels, and provide a clear career development path for employees, so as to facilitate their development. In 2021, we revised the *Employee Promotion Management System* to speed up the cross- department exchanging mechanism. We combine vertical promotion with horizontal promotion, and step-by-step promotion with cross-level promotion, thus helping employees find their own development path and maximize their values.

8.3 Employee Care

Talent is precious while health is priceless. CKS is in pursuit of building a healthy and excellent talent team, creating a good environment to guarantee the sound development of employees.

8.3.1 Health Care

In accordance with laws and regulations like the *Work Safety Law of the People's Republic of China*, and the *Law of the People's Republic of China on Prevention*

and Control of Occupational Diseases, the Company puts the health and safety of employees first, and has also formulated a series of systems such as the Occupational Health Management System, Responsibility System for Prevention and Control of Occupational Hazards, Management System of Protective Articles Against Occupational Hazards, so as to create a safe working environment for employees.

All positions: New employees are required to submit physical examination results and the annual physical examination is provided to regular employees.

Special positions: All bases of the Company have established and obtained the certification of occupational health and safety management system, implementing the occupational health and safety policy of "safety first, law-abiding and dedicated, people-oriented, healthy and enterprising".

8.3.2 践行员工关爱



Employee birthdays



CKS Cultural Festival



Activities held in Mother's day and Women's Day

9 Planning for Future Development

As a leader of the industry, CKS builds the R & D platform, deepens technological innovation and constantly explores and improves supply chain management. We

seek greater cooperation opportunities and constantly expand the overseas market. We promote industrial exchanges and lead the upgrading of business, thus achieving win-win results for all parties.

Contribution to SDGs



Feature: A digital "super CKSer"

With the maturing application of RPA (Robotic Process Automation), RPA software robot is able to do any mechanical and repetitive work, and the work efficiency is more than twice that of human hands. CKS has developed Xiaoai, an RPA robot, as a member of CKS' s talent team.

"Xiaoai" is proficient in business and is professional in many fields. It works in many departments such as market, e-commerce, legal affairs and supply chain, with 7x24 working hours, which makes it a "super CKSer". The technical gene of this robot comes from AI and RPA. By integrating AI intelligent technologies such as image recognition, natural language recognition and processing analysis, "Xiaoai" can operate the system interface of each business scenario, handle standard, repetitive and regular work, thus making business process automatic and intelligent.

In CKS, Xiaoai has handled more than 10 automation scenarios, which has greatly improved CKS' s operation efficiency. CKS actively explores the innovative operation mode of "labor + robot", which can not only save operational costs, but also stimulate both the Company and employees, and facilitate the efficient, intelligent and innovation-driven development of the Company.

9.1 Technological Innovation

CKS is building an open, efficient and systematic R & D platform, making full efforts in hardware equipment, introduction and cultivation of R & D talents as well as cooperation with upstream and downstream enterprises, well-known universities and scientific research institutions, thus building a R & D framework integrating "platform

development + product development + process development".

9.1.1 Reinforced Scientific Research

Putting technology in the first place of our management philosophy, we consolidate the foundation of scientific research by constantly optimizing the technical team, attracting technical talents, strengthening technological innovation, building a scientific research platform and enhancing industry-university- research cooperation.

Key Performances

- > 4% proportion of R & D expenditure in sales income
- 481 owned and pending patents
- 466 R & D personnel

Scientific research platform

On August 9, 2021, CKS' s innovative technology R & D and application platform for new building waterproof materials industry ("CKS innovative R & D platform" for short) was jointly built by CKS and Ronggui Street, Shunde District, with a total investment of more than RMB 19 million. By giving full play to its advantages, it is committed to the research and scientific as well as technological innovation of the pain points of the industry, solving crucial technical problems and supporting the technological development of the industry.

The launching of CKS innovative R & D platform



Cutting-edge exploration

At the beginning of 2021, CKS' s R & D team developed a polyurethane waterproof coating with room temperature self-healing. The research result, describing the

synthesis of a room temperature self-healing polyurethane waterproof coating, was received and published on the Journal of Polymer Research with the title of " A novel kind of room temperature self-healing poly (urethaneurea) with robust mechanical strength based on aromatic disulfide" . The paper shows CKS' s leading role in polyurethane coating synthesis and basic research, and also proves CKS' s strategy of taking technology as its core competitiveness.

Industry-university- research cooperation

<p>Postgraduate joint training demonstration of Guangdong Province</p> <p>The demonstration site enables postgraduate students to follow tutors to join scientific research practice and technological R & D projects, providing high-quality scientific and technological innovation talents for the innovation-driven development of Foshan.</p>	 <p>研究生联合培养示范点 (2021-2024)</p> <p>广东省研究生联合培养基地(佛山)</p>
<p>CKS Academician Workstation</p> <p>With the help of the academician workstation, CKS focuses on the development of high-performance, high-stability and high-density polyethylene cross laminated film and environmental-friendly plasticized PVC waterproof roll. Through the academician workstation, we can cultivate high-level talents, deepen scientific and technological cooperation and exchange, transform R & D achievements, and improve our</p>	

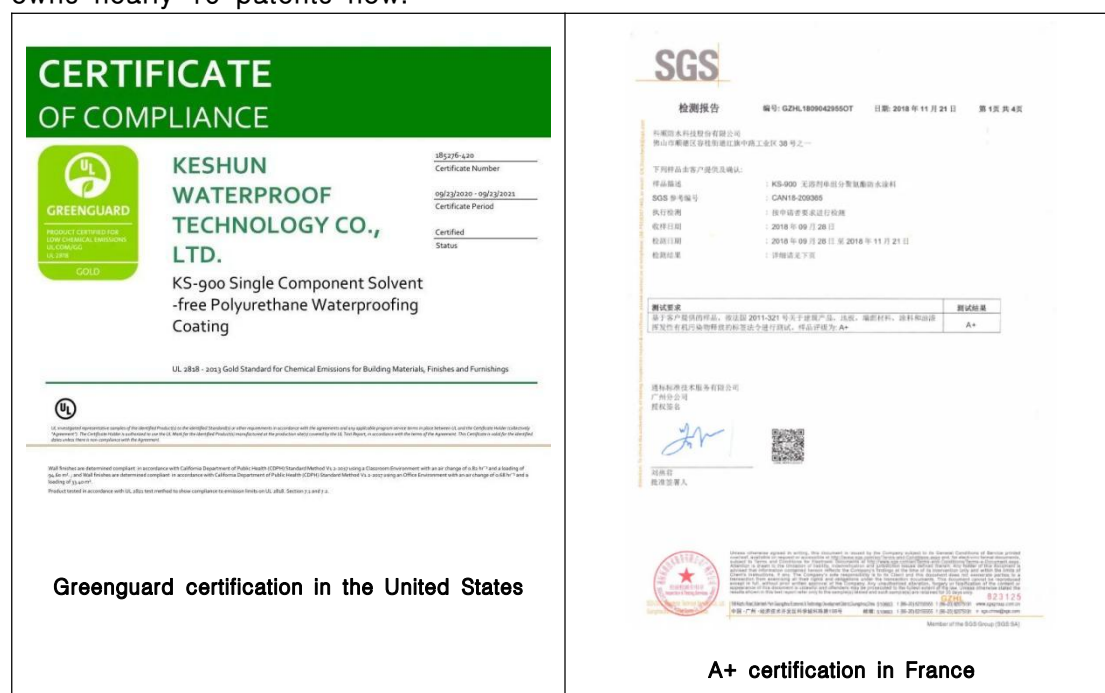
customized patent database, on which R & D personnel can access information and the R & D updates of competitors, and get to know the latest patents in the industry, thus avoiding infringing or being infringed by others due to information asymmetry.

Patsnap, a customized patent database

9.1.2 Application of sci-tech advances

Environmentally-friendly polyurethane coating

In terms of the environmental risks of solvent waterproof coatings, such as VOCs, CKS has developed the "non-solvent " waterproof coatings by using the development technology of environmentally friendly polyurethane coatings, which can ensure that the polyurethane waterproof coating is environmentally-friendly since the preparation and there is no VOC volatilization in the construction process. So that it is friendly to both the construction and living environment. KS-900 has obtained the A+ certification, which is the highest level, in France and has also passed the globally authoritative Greenguard certification in the United States. The product owns nearly 10 patents now.



Polymer waterproof material

CKS' s polymer products are the first ones to be non-asphalt in the industry. CKS' s bestseller polymer products such as APF-D butyl series waterproof roll and TPO waterproof roll were born with the tide of "green transition".

Development of non-asphalt waterproof rolls

Completely different from traditional asphalt based waterproof rolls, the development technology of non-asphalt waterproof rolls uses non-asphalt resins to greatly reduce the use of asphalt, making it green, reliable and sustainable.

Honors

APF-D butyl self-adhesive polymer waterproof roll was listed as the "top 10 innovative technologies of China' s building waterproof materials" in 2021

APF-5000 non-asphalt strong cross film self-adhesive polymer waterproof roll won the excellent achievement award of Foshan Technology Bureau

Smart manufacturing

CKS aims to create digital and smart demonstration plants. We realize the integration of internal and external supply chains through a series of advanced hardware facilities and modern management such as the IoT, cloud platforms and information technology. In August 2021, CKS was selected into the first batch of digital and smart demonstration plants announced by Foshan municipality.

9.2 Responsible Supply Chains

CKS has set up the bidding management mechanism and the centralized procurement management mechanism. We promote centralized procurement and joint procurement, and set a clear whole life cycle management process of supplier introduction, evaluation and exit. We have established the SRM system for supplier cooperation to standardize supplier management and guarantee the basic rights and interests of suppliers, thus forming a standard and fair supply chain system and jointly improving the responsible competitiveness

Key Performances

Supplier		Quantity / piece	Remarks
Total number of suppliers		813	
By geographical region	South China	34.65%	Guangdong, Guangxi, Hainan
	Central China	10.63%	Hubei, Hunan, Henan, Jiangxi
	North China	12.20%	Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia
	East China	26.38%	Shandong, Anhui, Jiangsu, Zhejiang, Fujian,

			Shanghai
	Northwest	1.97%	Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu
	Southwest	8.27%	Sichuan, Yunnan, Guizhou, Tibet, Chongqing
	Northeast	4.33%	Heilongjiang, Jilin, Liaoning
	Hong Kong, Macao, Taiwan and abroad	1.57%	Hong Kong, Macao, Taiwan and abroad

Suppliers' composition

9.2.1 Supply Chain Management

Compliant procurement: We established the *Supervision and Management Measures of the Supply Chain Management Center* to strengthen the supervision of the implementation of the procurement system, the procurement process and the procurement personnel, trying to build a transparent procurement platform.

Responsible procurement: We strictly control the supplier's access based on the *Supplier On-site Certification Management Measures*. The environmental assessment qualification certificate and work safety qualification certificate are required and the identification and isolation of toxic and harmful substances as well as the certificates of staff in special posts will be assessed. In terms of product quality, we set requirements in IQC, IPQC and OQC to ensure that the manufacturing process is monitored. In 2022, we will take the contribution of suppliers to environmental protection and society as one of the assessment factors, so that more suppliers can pay more attention to these two aspects.

Key Performances

- RMB 5.32637 billion for procurement in total
- Localized procurement accounts for 99.48% of the Company's total procurement
- 74 suppliers reviewed
- 5 unqualified suppliers exited
- 56.4% of suppliers screened by the ISO 9000 quality standard
- 28.4% of suppliers screened by the ISO 14000 environmental standard
- 21.2% of suppliers screened by the ISO 18000 / ISO 45001 occupational health

and safety standards

- 65% of suppliers with sustainable procurement policies

9.2.2 Supplier Communication

We have established close contact with dealers through the supplier information platform and multi-channel information exchange. We transmit information to suppliers via telephone, e-mail, fax, visit, as well as the WeChat procurement platform, supplier conference, quality exchange meeting, etc., so as to promote the flow of bidding and procurement information.

Typical case: Annual suppliers conference

In March 2021, CKS held the 2021 annual supplier conference online and invited all suppliers (raw material suppliers, logistics suppliers, infrastructure suppliers, etc.) with partnerships to participate in the conference to enjoy the development fruits and negotiate on the future sustainable cooperation. CKS has released 135 cooperation evaluation reports of core excellent suppliers, selected and awarded 43 excellent suppliers, including 5 AAA-level suppliers, 12 AA-level suppliers and 26 A-level suppliers.



Stage of the virtual annual conference

9.3 Global Business

Since the establishment of the International Building Materials Business Division in 2010, we have already set up branches and offices in many countries and regions, after continuous strategic research of the overseas market. CKS had no more than 5 overseas customers at first, but now its business has spread to Malaysia, Cambodia, Indonesia, Myanmar, Laos, Thailand, India, Philippines, Sri Lanka, Vietnam, Singapore, Saudi Arabia, Europe and other countries and regions. CKS has participated in many large-scale building materials exhibitions in various

countries to actively expand overseas sales channels and carry out large-scale overseas landmark projects, such as residential communities, apartments, hotels, office buildings, schools, plants, commercial complexes and municipal projects.

In the future, we will further respond to China's Belt & Road Initiative by expanding our international business, accelerating the pace of going global and jointly creating a brighter future for the waterproofing industry with countries along the belt and road.

CKS' s international business



10 Engaging in the Community

CKS is also fulfilling its social responsibility during its development, contributing to the construction of a happy home by helping improve the community and strengthening volunteer services.

Contribution to SDGs



Feature: Public welfare activity for schools

In October 2021, CKS and the Education Foundation of Shunde District in Foshan jointly launched a special activity to offer free survey services and material donations for schools. We have donated materials to schools with waterproofing and leak stopping needs in the community, and offered them free on-site survey services.

Based on the principle of solving practical problems for schools, we received a total of 56 demands for waterproofing and leak stopping through survey, from primary and secondary schools in Shunde District. We investigated the leakage sites and seepage sites of 17 schools in 8 towns and streets of Shunde District, and issued detailed survey reports and material schemes for each of them, covering 22 schools eventually.

"This can not only solve the storage of materials in schools, but also ensure the quality of materials." Guan Yiyang, Secretary General of the Education Foundation of Shunde District in Foshan, said that the the project has effectively reduced the financial pressure of schools in repairing, provided professional support for schools in waterproofing and leak stopping, and assisted schools to create a safe environment.

The project will continue for three to four years, and the donation amount will be increased according to the needs of schools in the future, so as to effectively solve the leakage of school buildings.



Launch of the project and on-site survey on leakage

10.1 Rural Vitalization

In January 2021, the *Opinions of the CPC Central Committee and the State Council on Comprehensively Promoting Rural Vitalization and Accelerating Agricultural and Rural Modernization* put forward the major task of comprehensively promoting rural vitalization, and pointed out that we should "improve the quality of rural education" and "retain and run necessary small-scale rural schools".

The development of rural education is of great importance under the strategy of rural vitalization. The future rural school should be the inheritor of local excellent traditional culture, the center of rural culture and the engine of rural vitalization.

In 2021, CKS launched a public welfare project in collaboration with the Beijing Thanksgiving Foundation. Focusing on the actual difficulties of rural schools, the project aims to help each school realize "one dream" every year, thus promoting schools to improve the teaching conditions, and bringing teachers and students a better study and living environment in schools.

Typical case: CKS rebuilt toilets for Daxi School

Daxi school is a small rural school in Tongwei County. As of 2021, the school had only five students and five teachers, two of whom were going to retire in 2022. Surrounded by rammed earth walls, the school had only one classroom and one dormitory for teachers. The tiny playground was grassless, and the basket was made of two pieces of wood. The traditional small heater was all the heating for the classroom, with poor teaching conditions and little teaching equipment.

CKS aimed to rebuild the toilets for Daxi school. The original toilets were just old latrine pits built in 1993, with mosquitoes and flies in summer and cold wind in winter. The extremely poor sanitary conditions failed to enable children to develop good sanitary habits. After knowing that, CKS assisted Daxi school to build new toilets, which were completed by the end of 2021, and the latrine pits no longer existed.



The toilet rebuilding project of Daxi school

"We have visited many rural schools with less than 100 children in Dingxi. The students usually read course materials, test papers, composition books, etc. They don't have enough extracurricular reading materials and local rural families don't pay enough attention to reading due to their limited economic and educational

backgrounds." The head of Beijing Thanksgiving Foundation told CKS' s volunteers. Therefore, CKS' s volunteers organized a picture book reading class after communicating with the school and the foundation, bringing a different reading experience to the children in Daxi school.



Volunteers and children perform stories from picture books

Satisfying the needs of Daxi school in Tongwei County was the first dream of the project, and also the beginning of the project. In the next five years, CKS will continue to realize the "dream list" for small-scale rural schools scattered all over the country, help these schools overcome limitations, and facilitate the growth of teachers who stick to teaching in rural areas, thus forming new vitality from inside out to better help the "last 20%" children.

Community renovation

Typical case

"Stopping leakage in communities" is a demonstration project financially supported



by the central government and undertaken by the China National Building Waterproof Association. As one of the participants of the public welfare project, CKS has been devoted into the renovation of poor households of communities in Beijing, Shanghai and etc. for many years.

Letters of thanks and commendations from the recipients

Volunteer services

<p>Paired assistance: We paired with the Naishou village in Guizhou Province to carry out public welfare projects such as loving assistance, special recruitment and serval-to-one student assistance. We organized employees to donate learning materials, sent books to children 900 kilometers away, and promoted assistance through diversified measures.</p>	 <p>Children in Naishou village, Guizhou Province receiving learning materials</p>
<p>Rural vitalization: We consolidated the achievements of poverty alleviation in Debao, Guangxi Province, continued poverty alleviation through purchasing agricultural products. We launched the "Guangxi fertile orange group buying" activity to call on internal employees to buy the fertile oranges, as a way to contribute to rural vitalization.</p>	 <p>The "Guangxi fertile orange group buying" activity</p>
<p>Flood control: Flood disasters occurred frequently in 2021 throughout China. Paying close attention to flood disasters, we gathered CSK' s employees in Henan, Hubei and Shanxi to purchase emergency relief materials, donate funds and organize volunteers to make every effort to support the flood control, rescue and disaster relief in disaster-stricken areas.</p>	 <p>Donating materials for flood control in Shanxi</p>
<p>Epidemic prevention: Since COVID-19 still bothered many places in 2021, we purchased epidemic prevention materials such as medical protective masks and facial masks as soon as possible and transported them to Ronggui, Xi'an and Henan. Meanwhile, we fulfilled our social responsibility by mobilizing volunteers to carry out nucleic acid testing for community residents and deliver meals for the front-line personnel.</p>	 <p>Volunteers in nucleic acid testing</p>

11 ESG Reporting Guide Index

A.Environmental			
Aspect	Indicator No.	Indicator	Page

A1- Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P27-P34
	A1.1	The types of emissions and respective emissions data	P29
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P27
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	P31
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	P31
	A1.5	Description of emission target(s) set and steps taken to achieve them.	P27
	A1.6	Description of how hazardous and nonhazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P31
A2-Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials <i>Note: Resources can be used for production, storage, transportation, buildings, electronic equipment, etc.</i>	P27-29
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ' 000s) and intensity (e.g. per unit of production volume, per facility)	P28
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	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P29-32
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	A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced	P32
A3-The Environment and	General Disclosure	Policies on minimizing the issuer' s significant impact on the environment and natural resources	P34-35

Natural Resources	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	P34-35
A4- Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	P31-32
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P33
B. Social			
B1-Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P34-37
B2-Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	P15-16
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P17
	B2.2	Lost days due to work injury	P36
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	P40
B3-Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities Note: Training refers to vocational training, which may include internal and external courses paid by the employer.	P39-40
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	P40
	B3.2	The average training hours completed per employee by gender and employee category	P40
B4-Labour Standards	General Disclosure	Information on: (a) the policies; and	P35

		(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P35
	B4.2	Description of steps taken to eliminate such practices when discovered.	P35
B5-Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	P46
	B5.1	Number of suppliers by geographical region	P46
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	P46-47
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P46-47
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P46-47
B6-Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P20
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
	B6.2	Number of products and service related complaints received and how they are dealt with	P20-21
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P13
	B6.4	Description of quality assurance process and recall procedures.	P14-15
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	P19-20
B7-Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	P6

		relating to bribery, extortion, fraud and money laundering.	
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	P7
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	P6
	B7.3	Description of anti-corruption training provided to directors and staff.	Not available
B8-Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	P49-51
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	P49-51
	B8.2	Resources contributed (e.g. money or time) to the focus area	P49-51

12 Expert Opinion

This is the 2021 ESG Report released by CKS. With concise words, clear charts and detailed contents, the report systematically discloses the highlights and performance of CKS in terms of environmental, social and corporate governance. The report demonstrates to stakeholders the mission of "safeguarding wonderful life with lasting buildings", the values of "joint contribution and shared benefits with long-term partners ", as well as CKS' s responsibility as a corporate citizen.

A clear framework with CSR philosophy

The main chapters of the report disclose CKS' s responsibilities in five aspects (product quality, environmental protection, talent training, future development and community engagement). It integrates social issues with its major businesses to show that CKS values stakeholders' expectations, as important as its own development, and CKS promotes the global economic, social and environmental sustainability by fulfilling CSR.

CSR fulfillment based on social hot spots

The report focuses on the social hot spots and public concerns such as law-abiding operation, product quality, high-quality service, safety and health, employee rights protection as well as scientific and technological innovation. It makes positive

responses to the concerns of stakeholders, showing that the Company is also creating values for society while creating values for customers and achieving steady growth, thus realizing economic, environmental and social values as well.

Simple presentation for better reading experience

A "feature" section is set in each chapter of the report to introduce readers into the content of the chapter with a story, so as to shorten the distance with readers in a more inclusive attitude and more friendly language. In addition, the report has a clear structure, with diversified cases, specific data and rich pictures inserted in the text, which brings readers a relaxing and pleasant reading experience.

It is hoped that CKS would uphold its original aspiration and promote the further integration of the CSR philosophy with its business by leveraging its professional strength, so as to create more values for stakeholders, promote the sound development of the industry and make greater contributions to the sustainable development of the society, while realizing the economic benefits of the Company.

Yin Gefei

Member of the drafting group of the ISO 26000 Social Responsibility, one of the drafting experts of the three series of national standards of social responsibility, vice academic chairman of China CSR Think Tank, member and adjunct professor of the academic committee of HUST-GoldenBee CSR Research Institute, CSR visiting lecturer of EMBA / MBA of Tsinghua University

13 Feedback Form

In order to continuously improve our social responsibility work, we sincerely invite you to feedback your valuable opinions on this report and our work from my busy schedule.

Your information:

Name: Company name:

Tel.: Email:

Your comments:

1. What do you think of the report as a whole:

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Very poor

2. What do you think of the report in terms of the comprehensiveness of information disclosure

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Very poor

3. What do you think of the information quality of the report

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Very poor

4. What do you think about the layout design of the report:

☐ Very good ☐ Good ☐ Average ☐ Poor ☐ Very poor

5. Please tell us your opinions and suggestions on our CSR work, the reporting preparation and release of sustainability report:

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