

2022

ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT

CTI CENTRE TESTING
INTERNATIONAL



ABOUT THIS REPORT

Report Description

This report is the third "Environmental, Social and Governance Report" (ESG Report) issued by Centre Testing International Group Co., Ltd. The board of directors, all directors and senior management hereby undertake that the information herein is truthful, accurate, and complete, free from false records, misleading statements or major omissions, for which they bear individual and joint liabilities. We promise to update our management, practices and performance surrounding ESG to stakeholders in a consistent, precise and timely manner, and seek to provide a fair, transparent and balanced report to meet the needs of stakeholders.

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Reporting Scope

This report covers Centre Testing International Group Co., Ltd. and all its wholly-owned and controlled subsidiaries. For ease of expression, Centre Testing International Group Co., Ltd. is referred hereinafter as "CTI", "the Group", "the Company", or "We". Unless otherwise specified, the Report covers CTI's information and data from January 1, 2022 to December 31, 2022, and the currency units herein are RMB, unless otherwise specified. Social and governance sector of this report is consistent with the Annual Report of CTI. The scope of environmental data includes the group headquarters and all its subsidiaries and offices in China, unless specially marked. From the revenue perspective, the revenue of the above sites accounted for more than 95% of the overall revenue in 2022.



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95%

Reporting Standards

This Report has been prepared under applicable Chinese regulations and standards such as the Guidance on Social Responsibility (GB/T 36000-2015), the Guidance on Social Responsibility Reporting (GB/T 36001-2015), and the Guidance on Classifying Social Responsibility Performance (GB/T 36002-2015), and with reference to the ISO 26000 Guidance on Social Responsibility by the International Organization for Standardization, the GRI Standards by the Global Reporting Initiative and the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD).

Report Access

Both Chinese and English digital versions of this report are available. To learn more, you may download it via CTI's official website (www.cti-cert.com) or www.cninfo.com.cn. In case of any discrepancy between Chinese and English, please refer to the Chinese version.



CTI Is Always
By Your Side

www.cti-cert.com

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CONTENTS

OPENING

SEND WORD

MESSAGE FROM CHAIRMAN	03
MESSAGE FROM PRESIDENT	04

ABOUT CTI

COMPANY PROFILE	05
CORPORATE CULTURE	06
CTI IS ALWAYS BY YOUR SIDE	07
LOCAL FOUNDATION, GLOBAL VISION	10
HIGHLIGHT PERFORMANCE IN 2022	12

SPECIAL THEME

SPECIAL THEME 1	13
SPECIAL THEME 2	15

APPENDIX

CORPORATE GOVERNANCE

01



CORPORATE GOVERNANCE	18
ESG MANAGEMENT	21
BUSINESS ETHIC	26

PROFESSIONAL SERVICES

02



QUALITY CONTROL	30
SERVICE GUARANTEE	35
INFORMATION SECURITY AND DATA PROTECTION	37
INNOVATIVE DEVELOPMENT	40

TALENT MANAGEMENT

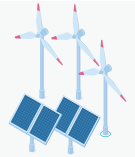
03



EMPLOYMENT AND DIVERSITY	44
TALENT FORCE CONSTRUCTION	48
OCCUPATIONAL HEALTH AND SAFETY	51
EMPLOYEE RIGHTS AND CARE	55

ENVIRONMENTAL PROTECTION

04



IMPROVING ENVIRONMENTAL MANAGEMENT	57
ADDRESSING CLIMATE CHANGE	59
RESOURCE CONSUMPTION	63
WASTE MANAGEMENT	65
CARING FOR EXPERIMENTAL ANIMALS	67

SOCIAL CONTRIBUTION

05



SUPPLIER MANAGEMENT	70
PARTNER COOPERATION	72
COMMUNITY SUPPORT	74



MESSAGE FROM CHAIRMAN

When spring comes, new year is here. Under the background of a “dual circulation” development pattern in which domestic economic cycle plays a leading role and international economic cycle remains its extension and supplement, the inspection and testing industry is facing unprecedented development opportunities and challenges.

As a leading enterprise in China's TIC industry, we continue to improve our risk resilience, reduce the adverse impact of drastic changes in the external environment on the company's stable operation, provide more high-quality, professional, and green sustainable development services for global customers, making contributions to the sustainable development of the country and industry.

CHAIRMAN OF CTI



Strengthening Self-sustainable Development and Build Trust for Better Life

The business connotation of the TIC industry is naturally linked to sustainable development goals. We are committed to better integrating the concept of sustainable development into the company's development strategy: In emerging fields, we will invest in new energy resources, semiconductor, biopharmaceutical and other emerging fields to provide more comprehensive and professional service for customers; In the field of environment and society, we strictly comply with government regulatory requirements and social requirements to make more contributions to society; In terms of ESG development, we continue to improve our ESG capabilities and shoulder the burden of leading the industry's ESG development. We guide our customers' ESG concepts by developing ESG businesses, participating in ESG seminars, thereby promoting the development of ESG in China and allowing ESG to gain more recognition from all sectors of society in China.

Adhering to the Path of Internationalization and Promote High-quality Development

Internationalization is an indispensable core competitiveness of China's TIC industry. CTI bravely assumes the responsibility of a large enterprise, complies with the requirements of the “14th Five Year Plan” for the development of the national TIC industry, adheres to the international development strategy of “Based in China and Operating Globally”, and strives to forge ahead on the road to internationalization.

In the past year, supply chain spillovers have been caused by various factors such as natural disasters, diseases, plagues, disputes and conflicts, and the importance of supply chain security has gradually increased. CTI will actively adapt to changes, adapt to local conditions overseas, and diversify its layout to reduce the impact of supply chain restructuring on the Company's business development. In the new year, we will gradually promote the process of transferring the overseas headquarters of CTI from Hong Kong to Singapore, and increase investment and diversified layout in the international development. We will expand the international

footprint of CTI through overseas M&A and the establishment of diversified service networks, in order to better serve the global industrial chain and seek the well-being of human development and industry development.

Carrying Out Lean Management and Promote the Digitization Process of the TIC Industry

CTI fully understands the importance of digital transformation for the sustainable development of enterprises, and gradually completes the transformation of traditional inspection and testing enterprises to digitization. On the one hand, we carry out lean management to comprehensively improve the operational efficiency and synergy of enterprise digital work. We will increase investment in digital transformation and strive to digitize mainstream businesses on the basis of ensuring the steady progress of existing digital work. At the same time, with the aim of “making customers feel convenient”, we actively upgrade the official proprietary e-commerce platform CTI MALL. On the other hand, we will have more senior managers involved in digital development, thereby strengthening the Company's digital capabilities.

TIC digitization has become an application scenario for the IOT (Internet of Things) and BT (Blockchain technology). TIC digitization is increasingly widely used in global supply chains, and plays an important role in promoting the parallel development of supply chain globalization and regionalization. Currently, global supply chains are facing severe challenges. In the future, we will continue to carry out digital research, promote the digitization process of the TIC industry, and strive to contribute to the sustainable development of the global supply chain.

The journey has no end, and the struggle never stops. We will adhere to the strategic direction of sustainable development, carry out lean management, promote digital transformation and upgrading, accelerate the internationalization development, improve the Company's ESG management level, and strive to build the company into a competitive international testing and certification institution rooted in China.

MESSAGE FROM PRESIDENT

Under the new pattern of mutual promotion between domestic and international double cycles, the opening of a new round of high-quality development still drives the rapid growth of the TIC industry in China. The high-quality development is inseparable from the concept of sustainability. The Group embeds sustainable development into the Company's long-term strategic planning, improves corporate governance, and pursues long-term development. We continuously improve the ESG level and obtain the highest rating of "AAA" in the latest ESG rating list of A-share listed companies of Wind in 2022. We increase investment and development in strategic emerging fields such as medicine, semiconductor chips, new energy vehicles / vehicles, dual-carbon service and so on, so that to lay out the main medium and long-term growth points. We continue to promote the process of internationalization and strive to become the most international testing and certification institution in China, and become an international testing and certification agency that understands the Chinese market best. We are committed to promoting the sustainable development of the Group in a higher quality, healthier, safer and greener direction.

Embracing Change and Adapt to the New Economic Pattern

After nearly 20 years of development and precipitation, CTI has become a leading enterprise in China's private third-party testing and certification industry. In 2022, we upgraded the Group's core values as follows: integrity, team, lean, innovation, and customer first. The upgrading of the core values is based on the profound corporate culture foundation of the group, and complies with the transformation and iteration of the new economic form. The market is constantly changing, we need to embrace change, innovate and develop, we need to continuously improve and efficient operation through the implementation of lean culture, we need to achieve customer first through professional services and win-win cooperation. The upgrade of values marks the official step of a new development mileage, we must make progress, steady and far.

Industrial Layout to Help Modern Industries

We need to vigorously develop the real economy for building the modern economic system. We have constantly consolidated our market leadership and competitiveness in the fields of food, environment, chemical reliability and other fields, and laid out new emerging market areas such as medicine and health, semiconductor chips, new energy vehicles, and "dual carbon" businesses. In this year, we entered the semiconductor chip field to further improve our industrial layout in the semiconductor field of testing. We increase the investment in Internet of Vehicles, power battery, automotive electronic reliability and automotive EMC to further accelerate the development of new energy business. And we promote the acquisition of aviation material testing qualification to further promote the development of aviation material testing.

Green Development to Create Sustainable Value

We provide global customers with one-stop testing, inspection, certification, measurement, audit, training and technical services to help customers identify environmental risks, reduce environmental impact, achieve green production, and help customers achieve greener and healthier sustainable development. Our services of ESG and green financial can help enterprises achieve green and low-carbon transformation. In the future, we will continue to improve the testing and certification service system, and adhere to improving the enterprise's ESG management level and low-carbon practice.

Win-win Cooperation and Fulfill Social Responsibility

As a pioneer and leader of the third-party testing, inspection and certification service industry in China, we actively communicate and cooperate with peers and scientific research institutions for pursuing the ultimate professional level and technical services. We are committed to becoming a competitive international testing and certification agency to achieve sustainable development, and to continuously create value for our stakeholders, including shareholders, employees, customers, government and regulators, the environment, partners, suppliers, communities, etc.

Long as the journey is, we will surely reach our destination when we stay the course. In the future, we will continue to improve the quality of work and service, uphold the mission of delivering trust for quality life. We will work hard and forge ahead, and actively promote the sustainable development of the whole society towards more healthy, safe, environmentally friendly, energy-saving and sustainable direction.

PRESIDENT of CTI



ABOUT CTI

COMPANY PROFILE



Centre Testing International Group Co., Ltd.(CTI) is a leading TIC company in China. We offer global customers one-stop solutions covering testing, calibration, inspection, certification and technical services.

CTI was founded in 2003 and went public on the Shenzhen Stock Exchange in 2009 (stock code: 300012), becoming one of the first listed company in China's testing and certification sector, the first companies in China to be listed on the ChiNext, as well as the first in Shenzhen to do so. CTI is now operating 150+ laboratories and 260+ service networks in more than 90 cities, covering over 10 countries and regions around the world. We are now granting more than 3.9 million testing and certification reports every year, and have served more than 100,000 customers worldwide.



12,000⁺

employees



150⁺

laboratories



260⁺

service networks



390⁺

million testing and
certification reports



100,000⁺

customers



CORPORATE CULTURE



VISION

CTI Is Always By Your Side

MISSION

CTI builds trust through global testing & certification services to ensure quality of life for all.

VALUES

Integrity: Integrity Oriented, Open and Transparent

Team: Work Together and Grow Together

Lean: Continuous Improvement and Efficient Operation

Innovation: Dare to Change, Innovate and Develop

Customer First: Customer Orientation and Mutual Achievement



CTI IS ALWAYS BY YOUR SIDE



Our service includes five major business sectors: life science, trade assurance, consumer goods, industrial testing, medicine, and medical services, covering many segmented fields such as food, environment, medical, consumer goods, industrial production, construction engineering, etc. We can offer testing, inspection, identification, certification, metrological calibration, and other technical services as to provide one-stop solution for the enterprise.

SERVICE DETAIL



FOOD, AGRICULTURAL AND HEALTH PRODUCTS SERVICES

In the food field, we can provide services such as food testing, functional study of food and active ingredient testing, pest control operation, grain and oil quality and safety testing and quantity verification; In the feed field, we can provide pet food and products testing services; In special foods and personal care chemical field, we can provide services such as testing of special foods and personal care chemical products, testing for special foods and analysis for functional ingredients, consumer research/ sensory analysis and efficacy evaluation for cosmetics, testing for cosmetics/ daily chemicals and personal care products, testing and effectiveness evaluation for disinfection products; In the field of agricultural products, we can provide services such as testing of agricultural inputs, registration of pesticide and chemicals. We also provide FACH (food & agriculture & cosmetic & health) academy and supply chain risk management and auditing services. CTI actively participates in the R&D and risk management of food enterprises on the basis of the operations of testing, certification, audits and training, and provide a one-stop quality management solution for food supply chain, and gives a full-scale technical assurance to the operation of enterprises and supply chain management.



ENVIRONMENTAL SERVICES

Our laboratories provide a wide scope of services including environmental testing and monitoring, automatic environment monitoring, marine environmental monitoring, occupational health, public health, agricultural environment, third national soil census, rail transit ecological, and judicial expertise and so on. Our services meet the health, safety environmental needs of stakeholders across government, enterprises, and society at large.



PHARMA AND CLINICAL SERVICES

In the field of pharma and clinical, we can provide services such as early R&D of drugs, synthesis and preparation research, pre-clinical safety evaluation (GLP), quality consistency evaluation of generic drugs, bioanalysis in accordance with GLP and GMP requirements, etc.; In the field of bioanalysis, we can provide the entire process services from R&D to production release, covering chemical testing, microbiological testing, impurity and genotoxicity research, packaging material compatibility research, etc.; In the field of biopharmaceuticals, we can provide relevant services in the safety evaluation of biopharmaceuticals, viral clearance validation and protein resolution; In the field of medical testing, we can offer precision clinical testing, genetic testing, pathological diagnosis, functional medicine, scientific research and health management services.



CONSTRUCTION ENGINEERING AND INDUSTRIAL SERVICES

Our service areas include laboratory testing, NDT, inspection, product and system certification, project consultation and management. It widely covers various industrial sectors which include but not limited to civil and public construction projects—building materials, rail transit, fire safety and flammability, metallic and polymer materials, industrial products and complete equipment, and the life cycle management on large industrial products and systems.



METROLOGY& DIGITAL SERVICES

Our service areas include metrology and calibration, bulk commodity inspections at ports of entry, fumigation pest risk control management, laboratory technical services, the commercial password products and services, which can meet the needs of customers in multiple locations for metrology, and calibration.



CONSUMER GOODS SERVICES

Our service areas include textiles, apparel footwear accessories, luggage, bags footwear, personal protective equipment, toys & juvenile products, furniture products, food contact materials, hardline goods including sports equipment, and electronic and electrical products including raw materials, microchips, and semiconductors. We provide professional technical services solutions in testing, product certification, training and consulting, as well as one-stop comprehensive solutions, to safeguard green environmental protection and healthy living.



AUTOMOTIVE INDUSTRY CHAIN SERVICES

We provide solutions for various known and hidden risks in the industrial chain including environmental testing and chemical regulatory compliance services, automotive material testing, automotive parts testing, vehicle testing and inspection, 2nd and 3rd party audits & certification, automotive chemical testing and other fields. We provide services for the automotive industrial supply and value chain including R&D, purchasing services, production, and after-sales services.



ELECTRONIC TECHNOLOGY SERVICE

Our services cover products such as electronic appliances, automotive electronic parts, rail transportation locomotives and parts, electric power equipment, large machinery, and medical devices. Our services cover safety testing, energy efficiency testing, EMC testing, automotive electronics EMC testing, wireless RF testing, health lighting testing, EMC field testing and other testing services as well as machinery directive certification and multi-country certification services.



TECHNICAL SERVICES

Our technical services include the certification of management systems, services, and products, greenhouse gas verification, product carbon footprint verification, carbon neutral verification, ESG report preparation and improvement services, supplier assessments, inspection, and production monitoring, corporate social responsibility auditing, factory quality management auditing, supply chain security and environmental assessments, warehouse, and logistics assessments, store audits and training, occupational health checkups, and medical examinations. CTI's technical services provide a one-stop solution to the sustainable development goals of enterprises globally.



MARINE SERVICES

We provide third party inspection, testing & certification services in the maritime field. Our services include Marine Fuel Testing Solutions, Ballast Water analysis, and sewage/potable/ desulfurization tower water/oil water testing, preparation of Inventory of Hazardous Materials (IHM) and IHM maintenance, one-Stop solutions for asbestos investigation/ removal/management and certification.



CTI Services

CTI Is Always By Your Side

1. Testing of Hazardous Substances in Electronic & Electrical Products
2. Reliability Testing
3. Electronic Materials and Components Testing
4. Digital and Computer Accessories Testing and Certification
5. Hardgoods Testing
6. Toys Testing
7. Food Contact Materials Testing
8. Stationery Testing
9. Textiles, Footwear, Luggage and Bags Testing
10. Energy Testing
11. Oil, Gas and Chemicals
12. Power and Utilities
13. Industrial Equipment Testing
14. Building Testing
15. Civil Constructions Testing
16. Transportation Infrastructure Testing
17. Rail Transit Equipment Testing and Systems Evaluation
18. Materials Testing and Analysis
19. Environment Testing and Monitoring
20. Automated Environmental Monitoring
21. Marine Environmental Testing and Monitoring
22. Occupational Health
23. Food Testing
24. Feed Testing
25. Rapid Inspection
26. Testing of Special Foods and Personal Care Chemical Products
27. Agricultural Products Testing
28. Medical Equipment Testing
29. Information Appliances Testing and Certification
30. Home Appliances Testing and Certification
31. Communication Devices Testing and Certification
32. Lighting Appliances Testing and Certification
33. Metrology and Calibration
34. Laboratory Construction and Consulting
35. Digital CA
36. Software Testing
37. APP Security Testing
38. Inspection at Ports
39. Vehicles Testing
40. Aviation Testing Service
41. Contract Research Organization
42. Medical Laboratory Science
43. Audit and Inspection
44. Occupational Safety Clinic
45. Systems and Products Certification
46. Energy Management Systems Certification
47. Low-carbon Planning and Certification
48. ESG Consulting and Management Improvement
49. Construction and Evaluation of Green Manufacturing Systems
50. Energy-saving Diagnosis and Audit
51. Marine Testing
52. Personal Protective Equipment Testing and Certification
53. Intelligent Transport Electronics Testing and Certification
54. Rail Transit on Site Testing
55. Public Health
56. Agricultural Environment
57. Rail Transit Ecological
58. Judicial Expertise

In the future, we will keep expanding our service landscape and provide professional services and support for global partners.



CTI Global Business Distribution



HIGHLIGHT PERFORMANCE IN 2022



FINANCIAL PERFORMANCE

The annual total operating revenue was 5.131 billion RMB, a year-on-year increase of 18.52%

COMPANY GOVERNANCE AND ESG DEVELOPMENT

Held 4 offline performance presentation meetings with a total of 1,526 participants

Obtained the "A" grade in the Shenzhen Stock Exchange's information disclosure assessment for four consecutive years

Won the Best Investor Relations Award at the Tenma Awards and the Best Board of Directors Award for four consecutive years

Received two major awards: "Top 20 Corporate Governance" and "Top 20 Board Governance" for listed companies in the Greater Bay Area

Awarded as one of the Top 50 Value listed companies on GEM

Awarded the ESG AAA rating of Wind's A-share listed company in 2022

Awarded the A- level ESG rating from Refinitiv, ranking in the top 8.4% globally

BUSINESS ETHIC

100% of new employees passed the integrity training

100% coverage of training on anti-fraud topics

100% of whistleblowing cases for fraud and corruption were handled

PROFESSIONAL SERVICES

CTI are not only a China Compulsory Certification (CCC) designated accrediting authority, China National Accreditation Service for Conformity Assessment (CNAS) and China Metrology Accreditation (CMA) institutions. We are also the EU Notified Body (NB) designated accrediting authority and national certification authority recognized by Singapore

Received multiple qualifications such as EMC certification from BMW Brilliance, new qualification in the field of green product certification, and AA1000 sustainable development verification qualification, becoming the only institution in China to obtain the GCC (Global Carbon Committee) qualification

Received the honor of "2022 Tmall Global Favorite Partner (Quality Alliance)" at the "Tmall Global Partner Conference 2022"

As of the end of the reporting period, we have obtained 289 patent authorizations (with an annual increase of 61) and issued a total of 595 standards (with an annual increase of 50)

TALENT MANAGEMENT

There were a total of 12,183 employees worldwide, of which 49.88% were Female

We hold 85 training courses, with a total of 22,440 hours of class, and 2,447 employees participated in the training, with an average training duration of 9.17 hours per person

The E-learning platform offered 5,981 courses with a total of 198,334 class hours, and an average training duration of 11.57 hours per person

By 2025, the average annual training duration of employees will reach 50 hours as an ESG key performance target

QHSE PERFORMANCE

A total of 41 subsidiary companies have passed the ISO 9001 quality management system certification, of which 5 have been added in 2022

A total of 36 subsidiary companies have passed the ISO 14001 Environmental Management System Certification, of which 5 have been added in 2022

A total of 36 subsidiary companies have passed the ISO 45001 Occupational Health and Safety Management System Certification, of which 4 have been added in 2022

1,113 middle level cadres participated in the QHSE exam, with an overall pass rate of 99.01%

The total duration of HSE training is 15,332 hours, with 7,020 participants

The total duration of quality training is 27,043 hours, with 39,380 participants

SOCIAL CONTRIBUTIONS

Conducted a social donation of 75,000 RMB

Becoming a supporting unit for the 2022 College Energy Conservation and Low Carbon Volunteer Action

Be rated as the "Yicheng Cooperative Development Foundation Public Welfare Service Station"



HIGH EMPHASIS ON EMERGING INDUSTRIES AND INTERNATIONALIZATION, PROMOTING HIGH-QUALITY DEVELOPMENT OF CTI



As a leading TIC company in China, CTI adheres to exploring the path of internationalization, continues to increase its focus on emerging industries, and continuously strives to become a competitive international testing and certification institution.

Special Theme 1

STANDING ON CHINA, EMBRACING WORLD: ADHERING TO THE PATH OF INTERNATIONALIZATION

CTI adheres to the international development strategy of "Based in China and Operating Globally", accelerates the pace of overseas mergers and acquisitions, and establishes a diversified service network globally.

During the reporting period, CTI officially signed memorandum of understanding (MOU) strategic cooperation agreements with the National Textile Research Center (NTRC) of Pakistan, the CENTER TECHNIQUE DU TEXTILE (CETTEX) of Tunisia, the Brachi Testing Services (BTS) of Italy, the Korea Apparel Testing & Research Institute (KATRI) of Korea, and the Pacific Control Laboratory of Peru, and committed to providing one-stop solutions for global customer quality upgrades.

DEVELOPING EMERGING INDUSTRIES AND EXTENDING SERVICE TO MULTIPLE INDUSTRIES WORLDWIDE

CTI CONTINUES TO INCREASE ITS STRATEGIC TRACK THROUGH THE SPIRIT OF SECONDARY ENTREPRENEURSHIP, EXTENDING ITS SERVICES TO MULTIPLE INDUSTRIES WORLDWIDE.

THE FIELD OF SEMICONDUCTOR CHIP

During the reporting period, the Company acquired 100% equity of VESP Technology Corp. (referred to as "VESP"), and will develop and strengthen VESP through a series of measures such as resource introduction and complementary advantages, helping to promote the vigorous development of China's semiconductor industry.

THE FIELD OF INTELLIGENT CONNECTED VEHICLES

The Company focuses on the fields of Motor Controller for New Energy Automobile and Intelligent Connected Vehicles. During the reporting period, the integration of IMAT-UVEGBH and MGA (Nantong) Automotive Safety Testing Services Co.,Ltd., which the Company acquired in 2021, progressed smoothly. In the future, we will achieve effective linkage with laboratories such as Automotive Intelligent Connected to jointly promote the performance growth of the automotive industry.

INTEGRATED INSPECTION AND TESTING SERVICE PLATFORM FOR EMERGING INDUSTRIES

CTI has led the organization of the National Key R&D Program of the Ministry of Science and Technology of the People's Republic of China, titled "Research and Application of Integrated Inspection and Testing Service Platform for Emerging Industries". Currently, a one-stop inspection and testing service collaboration platform has been formed. This platform is located in Songjiang District. We hope that this platform can rely on the G60 Science and Technology Innovation Corridor in the Yangtze River Delta region to better extend its services to 9 cities in the Yangtze River Delta region, including Shanghai, Jiaxing, Hangzhou, Jinhua, Suzhou, Huzhou, Xuancheng, Wuhu, and Hefei. It aims to gather advantageous resources from universities, colleges, and institutes, achieve joint construction and sharing of testing platforms, and help more enterprises achieve high-quality development.



UTILIZING CTI'S OWN ADVANTAGES TO BUILD SUSTAINABLE DEVELOPMENT CAPABILITIES FOR ENTERPRISES



CTI utilizes its professional advantages to provide customers with one-stop services such as sustainable development methods, technologies, and related support by enhancing sustainable development related professional skills and obtaining relevant qualifications, in order to improve their sustainable development performance.

Special Theme 2

DUAL-CARBON FIELD

CTI Certification Co., Ltd. (Former name: Shenzhen CTI International Certification Co., Ltd., hereinafter referred to as "CTI Certification"), a wholly-owned subsidiary of CTI, can provide comprehensive technical services in the fields of green, low-carbon, and energy efficiency.

The professional emission reduction project approval/certification services can help enterprises publish authoritative reports and statements, register projects, and certify emissions reductions, enable customers to obtain tradable carbon credits to create carbon profits.

In April 2022, CTI became the first institution in China to obtain the GCC (Global Carbon Committee) qualification.



GCC Qualification Certificate

In August 2022, CTI Certification was selected by the Beijing Environmental Exchange for the 2021 Outstanding Member Award List and was awarded the honorary title of "Top Ten Members".



Honor of "Top Ten Members"

During the reporting period



100⁺

CTI Certification has completed the temperature Room gas validation/certification Project



160⁺

ISO 14064 Carbon Verification Project



about
500

Critical units in each province and city Greenhouse gas emission verification Checking Projects



about
40

Service companies to establish energy management systems and complete energy Energy Management System Certification



7

Participate in the development of national standards and group standards

ESG Field

The Company adopts an "external and internal cultivation" model to improve its own ESG management level internally and launch multiple ESG related services externally, helping Chinese enterprises improve their ESG level and competitiveness.



In April 2022, CTI Certification was approved as the AA1000 Sustainable Development Assurance Agency. In December of the same year, it was invited to participate in the translation of the simplified Chinese version of the AA1000 Assurance Standard (AA1000AS V3), which was publicly released by AccountAbility in New York and London.



AA1000 验证资质



The officially released AA1000AS for CTI Certification participation in translation

In August 2022, the ESG rating results of the real estate industry in the "CTI-ESG Database" were officially launched on the ifeng Wind Finance News · ESG channel.



The CTI-ESG database ESG rating results were launched online by ifeng Wind Finance News · ESG

In November 2022, the China Biodiversity Conservation and Green Development Foundation (referred to as the "CBCGDF") signed a Framework Cooperation Agreement with CTI Certification to carry out ESG cooperation. In the same month, CTI Certification officially became a supporting agency for the Task Force on Climate-related Financial Disclosures (TCFD).



CTI Certification Officially Becomes a TCFD Support Institution

CORPORATE GOVERNANCE

The core content of the modern enterprise system is the corporate governance. Lean corporate governance can stimulate the creativity of enterprises, promote the healthy, stable and sustainable direction of enterprises, and create greater value for the society.



18

Corporate Governance

21

ESG Management

26

Business Ethic

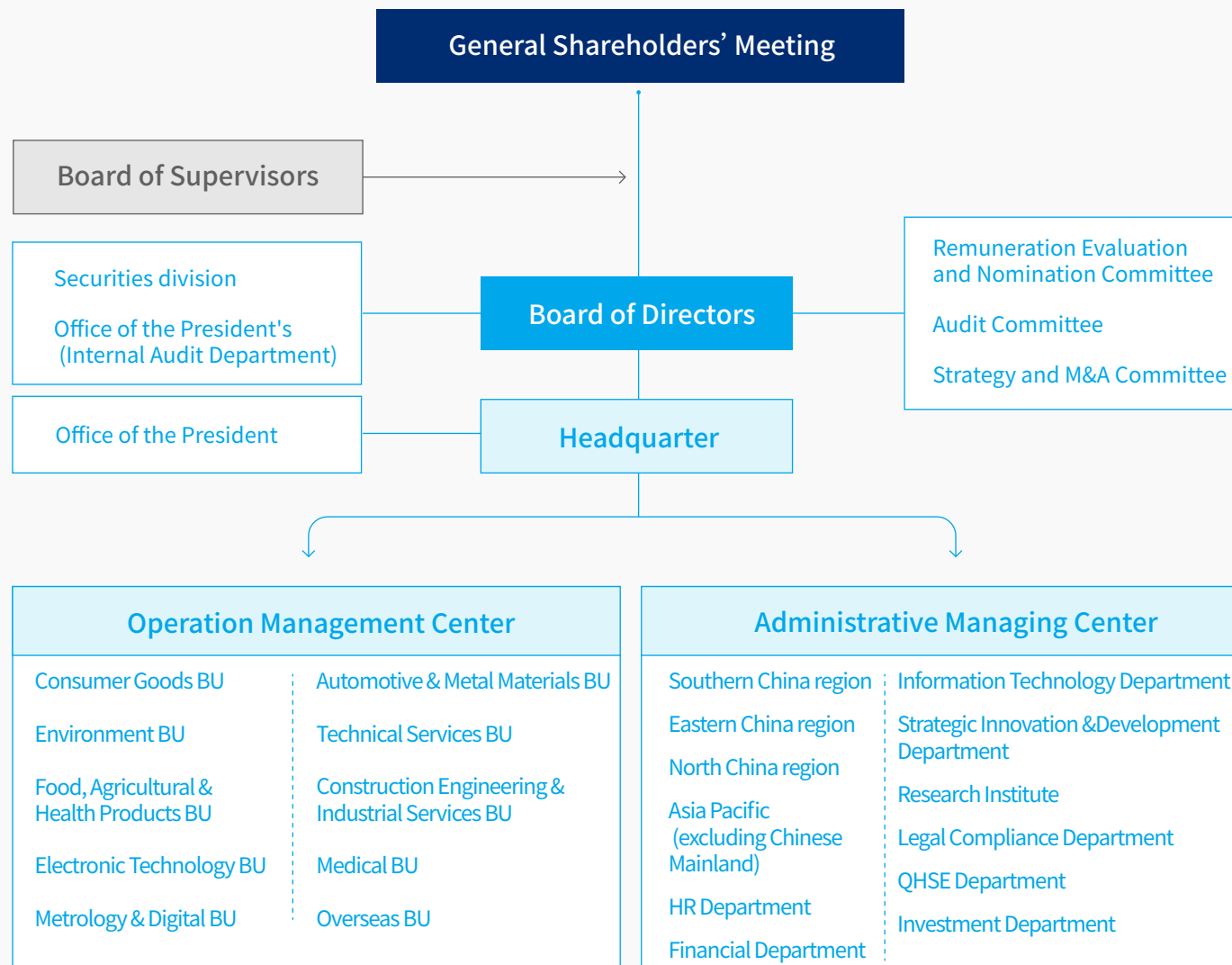
CORPORATE GOVERNANCE



GOVERNANCE STRUCTURE

We strictly in accordance with the Guidelines for Self-regulation and Supervision of Listed Companies on the Shenzhen Stock Exchange No. 2 - Standardized Operation of Companies Listed on the Growth Enterprise Board and other listing requirements and national laws and regulations, established a rule system and a governance structure based on the Articles of Association, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors and the Rules of Procedure of the Board of Supervisors. This is to improve the internal governance structure, standardize corporate governance, and ensure that the shareholders' meeting, the board of directors, the board of supervisors, and the management carry out their work in accordance with the Articles of Association and their respective rules of procedure.

CTI GOVERNANCE STRUCTURE



BOARD OF DIRECTORS



Wan Feng
Chairman



Richard Shentu
Director



Qian Feng
Director



Liu Jidi
Director



Cheng Haijin
Independent Director



Zeng Fanli
Independent Director



Liu Zhiquan
Independent Director



Chen Yan
Director

SENIOR MANAGEMENT



Richard Shentu
President



Chen Yan
Vice President



Qian Feng
Vice President



Xu Jiang
Vice President



Zhou Lu
Vice President



Li Fengyong
Vice President



Wang Hao
Vice President



Zeng Xiaohu
Vice President

Note: Eric Qian was appointed on December 30, 2022, and Chen Yan left on December 30, 2022.

BOARD DIVERSITY

The Company strictly follows the Articles of Association and other regulations to deepen the implementation of the diversification policy of the Board of Directors. The Company is committed to tailoring each position to the principles of diversity, including but not limited to gender, cultural and educational background, to ensure an appropriate balance in skills, experience and perspective.

We are convinced that the diversity of board members is beneficial to enhance the Company's own value, and that enhancing the diversity at the board level will help achieve strategic goals and sustainable development.

With full consideration of the diversity of the board of directors, all the commissions of the board of directors are meritocracy, and the knowledge and experience and professional fields of each director complement each other, ensuring the scientific decision-making of the board of directors. At the end of the reporting period, the board of directors is composed of 7 directors, including 4 non-independent directors and 3 independent directors, including 1 female director.



BOARD INDEPENDENCE

The Company shall appoint independent directors in strict accordance with the requirements of the listing rules of the listing place and the Articles of Association of the Company. In 2022, the independent directors of the Company shall strictly implement the relevant laws and regulations, departmental rules, the working system of independent directors and other relevant regulations, adhere to the independence of independent directors, conscientiously perform their duties, and earnestly safeguard the legitimate rights and interests of shareholders.

INTERNAL CONTROL AND RISK MANAGEMENT

The management of the Company has established and improved the internal control system in accordance with the requirements of the Basic Norms of Enterprise Internal Control, and standardized the Company's risk management and internal control work. Each functional or business unit formulates their own internal control systems and procedures in strict accordance with the standard requirements, so as to conduct risk identification and assessment, and effectively implement the internal control systems and procedures. Under the cooperation of internal and external auditors, the board of directors and the audit committee supervise and evaluate the internal control system and procedures, realizing the purpose of controlling risks and improving the level of legal and compliant operation and management, and protecting the legitimate rights and interests of investors.

During the reporting period, we strictly followed the requirements of the QHSE Risk Management Measures and optimized the QHSE compliance risk database and compliance risk identification table to conduct compliance risk management in a more accurate manner.

INVESTOR RELATIONS MANAGEMENT

We are committed to establishing regular and effective two-way communication with our shareholders and investors. We have established a comprehensive investor relationship management mechanism and information disclosure mechanism to ensure the fairness of information disclosure and timely convey information to shareholders. In 2022, we actively held and participated in investor relationship management activities, fully communicate with investors about the publicly disclosed information as the content of the exchange, constantly maintain good interaction with investors, improve the transparency of corporate governance, which further strengthen investors' long-term investment confidence. Since 2019, CTI has won the "A" level assessment results of information disclosure of Shenzhen Stock Exchange for four consecutive years, and won the Best Board Award and Best Investor Relations Award of Chinese Listed Companies for four consecutive years.

THE INVESTOR RELATIONS MANAGEMENT ACTIVITIES

In 2022, the Company held 4 offline performance presentation meetings with a total of 1,526 participants.

The Company participated in the online road show of "Investors walk into Listed Companies" and the domestic and overseas brokerage strategy activities carried out by Shenzhen Listed Companies Association.

ESG MANAGEMENT



As a leading TIC company in China, we acknowledged the importance and urgency of improving sustainability capabilities.

In 2022, we integrate the ESG governance into the Company's development strategy, continue to improve the ESG governance structure and operation mechanism, actively respond to the requirements and expectations of all stakeholders, and strive to practice the concept of sustainable development and fulfill social responsibilities.

In 2022, our performance in ESG:



CTI obtained the "AAA" rating in the "2022 Wind ESG Rating Ranking". CTI became the number one enterprise in the industrial sector.



CTI has been awarded the A-level ESG rating of Refinitiv, ranking among the top 8.4% in the world.



CTI in 2022 annual "environment, social and corporate governance" leader won the award of 2022 Corporate Social Responsibility Contribution. The award focuses on enterprises work in "employment equality, reduce discrimination", "charity, community work", selected actively fulfill the corporate social responsibility, leading the Shanghai high quality development and social governance of outstanding enterprises.



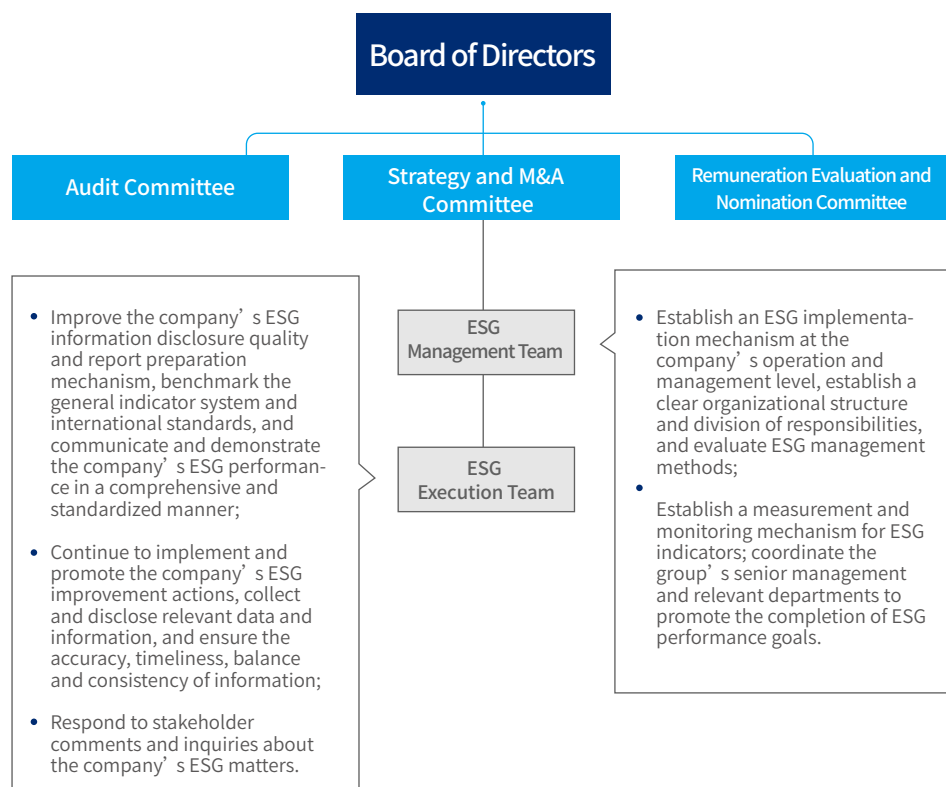
During the reporting period, we actively filled in the Carbon Disclosure Project (CDP) climate change questionnaire and participated in the S&P Global Corporate Sustainability Assessment (CSA) questionnaire response, fully disclose the Company's specific performance in terms of environment, society and governance.



ESG GOVERNANCE ARCHITECTURE

The Company has established the sound ESG governance system, and has ESG management team and ESG executive team under the Strategy and M&A Committee. The ESG management team is headed by the Group President. And the Chief Executive and the Technical Services President are the main members, which regularly report to the Chairman. The ESG executive team is headed by the Chief Executive and the first head of each functional or business unit is a member of the group.

ESG TEAM STRUCTURE OF CTI



ESG SYSTEM IN CTI

We adhere to the ESG ecosystem with business ethics, environment, privacy and data security, and human resources development as the four pillars and corporate governance as the cornerstone. We are committed to achieving and continuously improving our responsible environmental and social benefits and effectively managing and governing our company operations. While realizing the joint development with stakeholders, we should promote ourselves and others, radiate the society, and jointly help realize our brand vision: "CTI Is Always By Your Side".

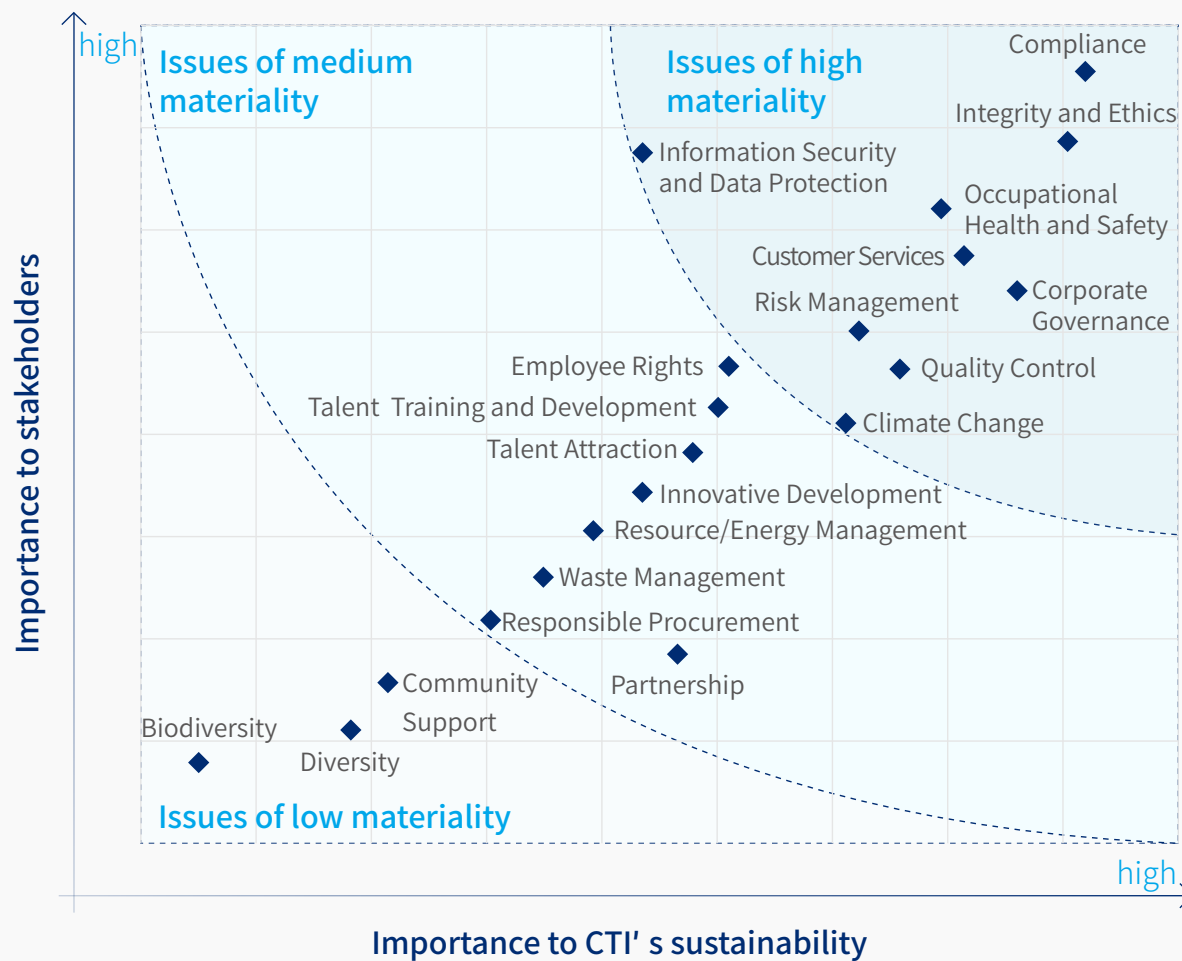


STAKEHOLDER COMMUNICATION

STAKEHOLDER	SHAREHOLDER	EMPLOYEE	CUSTOMER	GOVERNMENT AND REGULATOR	ENVIRONMENT	PARTNER	SUPPLIER	COMMUNITY	NGO
ISSUE OF CONCERN	- Continuous growth in operating performance - Good performance in market value - Company value improvement - Open and transparent corporate information - Sustainability models	- Protection of basic rights and interests - Well-defined career development paths - Competitive employment opportunities - Welfare and Care	- Fair, objective and professional services - Desirable service experience - Information security and data protection	- Compliance with laws and regulations, and compliance operation - Accepting supervision and timely information reporting - Legal tax payment to boost economy	- Mitigating greenhouse effect - Reducing resource consumption - Lowering impact of operating activities on the environment	- Mutual benefits and win-win results - Promoting healthy development of the industry	- Shared growth - Fair and transparent procurement - Ethical procurement	Concern and support for community development	Experimental animal protection
WAY OF COMMUNICATION/ RESPONSE	- General Meeting of Shareholders - Announcements and periodic reports - Performance briefings - Investor researches and investment strategy meetings - Responding to the Board through the Board Office	- Company annual conferences. - Whistleblowing hotline and website - Cultural and sports activities	- Customer inquiry and complaint hotline - Customer satisfaction surveys and complaint return visits - E-commerce platform (CTI MALL) - Customer demand researches and project reporting	- Fulfillment of information disclosure obligations required for listed companies - Receiving supervision by industry regulators such as CNAS, CMA, and government departments such as the State Administration for Market Regulation, and submitting necessary documents	- Services for greenhouse gas and sustainable development - Green procurement chains - Developing green economy through energy saving and consumption reduction	- Participating in or holding industry forums and exchanges - Cooperation and business negotiations	- Notices of invitation for bids and disclosure of bidding procedures and results - Supplier audit	- Charitable donation - Voluntary service	Humane care and protection for animals

MATERIAL ISSUES IDENTIFICATION

We evaluated the importance of our ESG issues via matrix analysis. We identified our own ESG material issues from daily work, with reference to domestic and international sustainability guidelines and the ESG issues of our peers. The importance and priority of material issues were determined from two dimensions – “importance to stakeholders” and “importance to CTI's sustainable development” .



ESG CAPABILITIES ENHANCEMENT

We attach great importance to the building of ESG capacity, constantly focus on the international and domestic ESG development trend and the disclosure requirements of relevant regulatory agencies on ESG, and actively grasp the focus of ESG attention in the capital market.

In 2022, the Company led or participated in multiple research projects related to ESG and green finance: the self-developed CTI-ESG database was successfully launched on Sina Finance and Phoenix, we cooperate with the China (Tianjin) Pilot Free Trade Zone Management Committee to issue ESG evaluation guidelines for the "eight emission control" industries, and cooperate with the China Biodiversity Conservation and Green Development Foundation on ESG projects, we were invited to participate in the green finance forum of third-party service organizations, participated in the translation of the simplified Chinese version of AA1000 Inspection Standard (AA1000AS V3).

We continue to improve the research level and ability of ESG in the special research, and further integrate ESG into the management, business, disclosure and other links.



BUSINESS ETHIC



We advocate all employees to start from themselves, strictly abide by the laws and regulations of China and the region where the business is located, and abide by the business ethics of honest management and fair competition.

IN 2022, OUR PERFORMANCE



100%

of new employees passed the integrity training;



100%

coverage of training on anti- coverage of fraud topics;



100%

of the handling rate for fraud and corruption reports;

MANAGEMENT AND POLICIES

During the reporting period, we revised the Code of Business Conduct, which clarifies how we should perform business ethics and legal responsibilities as a company, specifies the professional ethics and legal framework we need to comply with in conducting business activities, and covers the basic principles and norms applicable to the internal behavior of the group as well as those involving external partners and the public. The code is applicable to all employees of the Company.

In 2022, the Company provided the full text of this specification and compliance training courses for all employees.

THE REQUIREMENTS FOR THE CODE OF BUSINESS CONDUCT INCLUDE:

Adhere to the principle of integrity	Avoid conflicts of interest
Abide by the principles of fair business conduct	Protect data security and privacy
Do not give, request and accept any benefits	Respect for the rights and dignity of all people
Data recording and financial integrity	Protect the environment and conserve natural resources
Comply with anti-corruption law requirements	Protect the health and safety of employees, customers, and third parties
Require suppliers to agree with CTI's values and comply with applicable laws	

ANTI-CORRUPTION

We strictly comply with the legal requirements on anti-corruption in the jurisdictions where the Group and its member companies operate, and have developed the Integrity Manual in accordance with relevant regulatory requirements such as the United Nations Convention against Corruption, the anti-corruption principles of Transparency International, to reduce integrity risks and enhance the competitiveness of the Company.

The Code of Business Conduct clearly stipulates the relevant provisions of anti-money laundering. We strictly comply with the Anti-Money Laundering Law of the People's Republic of China and the relevant procedures of the Company, as well as all accounting, bookkeeping and financial reporting regulations applicable to cash and payments for other transactions and contracts, and encourage employees to promptly report suspicious behavior of clients, consultants and business partners in the course of their work. Our goal is to work with clients, consultants and business partners who conduct legitimate business activities.

United Nations Convention
against Corruption

Transparency International's
Anti-Corruption Principles

Integrity Manual

Code of Business Conduct

Anti-Money Laundering Law of
the People's Republic of China

WHISTLEBLOWER PROTECTION

We allow and encourage employees and stakeholders to complain and report the facts or other fraud or violations in violation of the Code of Business Conduct and laws and regulations to the supervisor or human Resources Department, the Company Internal Audit Department, the Group Compliance Committee and other relevant departments. We strictly implement the Anti-fraud and Whistleblowing Management Regulations and other employee complaint and whistleblowing management procedures and establish special reporting channels in various forms, including email, hotline, and mailing address, etc. We stipulate that the internal audit department of the board of directors is responsible for accepting, investigating and handling complaint or reporting cases. We clearly stipulate that all the reported information will be kept confidential from the informant, and the staff who accept the complaint or participate in the investigation shall not provide the relevant information

and report content of the informant to any department or individual without authorization. Although we encourage employees to report issues in their real names, all complaints/reports can be submitted confidentially, and we promise to keep confidential the personal information of the informant, the content of the report, and all reported documents to the extent permitted by law. We will not tolerate any retaliation against the informant, or those who disclose the informant's information in violation of regulations or take retaliation against the informant. Any person who divulges the information of a whistleblower in violation of regulations or takes retaliation against the whistleblower will be given a warning, demotion, or dismissal upon approval by the Internal Audit Department to the Audit Committee or the Board of Directors, who violate the law shall be transferred to judicial organs for handling according to law.

REPORTING METHODS

FRAUD REPORT REPORT EMAIL: cti-audit@cti-cert.com

HOTLINE: 0755-33681636

FAX TELEPHONE: 0755-33683727

REPORTING OF VIOLATIONS

Send an email to compliance@cti-cert.com

TRAINING AND ABILITY ENHANCEMENT

We train business ethics for all employees of CTI. In addition, we identify the integrity risk levels of different positions every year and carry out targeted training and special learning activities.

During the reporting period, we launched a training courseware on the E-Learning platform for all employees of the Company to learn the Code of Business Conduct. At the same time, according to the requirements of ESG management improvement of the Company, the internal audit department developed the E-Learning course of Training on Anti-Fraud. During the reporting period, the group's anti-fraud training coverage rate was 100%. The Company has formulated the Integrity Manual for the integrity management, which clearly stipulated the management mechanism of integrity training. We identified positions with high integrity risk including but not limited to: procurement, engineering construction or engineering subcontracting, investment and merger and acquisition, sampling, testing subcontracting, inspection, audit, certification, accounting, cashier and other positions. For personnel with high integrity risk, we use transparent procedures to standardize the work process, clarify the integrity responsibility of employees, and carry out supervision and inspection. For all personnel in middle and high integrity risk positions, we organize the systematic integrity training every year, and evaluate the effect of the training. The integrity specialists of each department are responsible for the supervision of the training.

RESPONSIBLE OPERATION

FAIR COMPETITION



We strictly abide by the principle of fair business conduct and follow the Law against Unfair Competition of the People's Republic of China, prohibiting employees from disclosing company information to competitors, maliciously spreading false information about competitors or their products, damaging the commercial honor of competitors, and conducting activities violating fair competition, anti-monopoly or bidding rules.

LEGAL TAX PAYMENT



We fulfill our tax obligations every year with the support of external and internal tax experts and in accordance with national tax regulations. All of our tax planning needs to be consistent with the principles of sustainability, corporate responsibility and risk management.

INTELLECTUAL PROPERTY RIGHT



We attach great importance to intellectual property protection and respect proprietary technology, and formulate the Intellectual Property Rights Management Regulations to standardize the management of intellectual property of the Company. We stipulate that the research institute is the intellectual property management department of the Company, and the technology development department is responsible for the basic management of intellectual property rights. We develop the procedure of Protecting Customer Secrets and Ownership Rights to ensure effective protection of customer property and intellectual property. We strictly prohibit conducting and participating in activities and activities that infringe the intellectual property rights of other companies or individuals. At the same time, while exercising the protection of our own intellectual property rights, we have also put the expectations and basic needs of the society and the industry into our corporate consideration.

ADVERTISING



CTI complies with the Advertising Law of the People's Republic of China, formulate the Publicity Management System of CTI, standardize the Company's information management and publicity work, adhere to the responsible marketing, and strictly prohibit all forms of false publicity. We are committed to showing the market its service ability and competitive advantages, and maintain absolute authenticity and objectivity, and strictly prohibit false advertising.

PROFESSIONAL SERVICES

As a pioneer in third-party TIC services in China, CTI offers global customers one-stop solutions covering testing, calibration, inspection, certification and technical services. We are committed to improving quality and promoting industry progress.



30

Quality Control

35

Service Guarantee

37

Information Security and Data Protection

40

Innovative Development

QUALITY CONTROL



CTI is committed to ensuring quality and safety, promoting compliance and innovation, and achieving high-quality development that is healthier, safer, and more environmentally friendly. We consider the compliance, accuracy, and effectiveness of the reports and certificates provided as the foundation for our company's sustainable development and the foundation for the third-party testing institutions.



QUALITY MANAGEMENT SYSTEM

The Company has established a comprehensive quality management system, and conducted hierarchical management for it. The quality management work of the Group is coordinated by the QHSE department, and implemented by business units, subsidiaries, and operational branches.

As of the end of the reporting period, a total of 41 subsidiary companies have passed the ISO 9001 quality management system certification, of which 5 have been added during the reporting period.



5

new subsidiary companies passed the quality management system



41

companies with ISO 9001 quality management system certification



CASE



CONDUCTING “LABORATORY VISITS TO ASSIST IN THE HIGH DEVELOPMENT OF PRODUCT LINES”

During the reporting period, the Group carried out a quality inspection project - "Conducting Laboratory Visits to Assist in the High Development of Product Lines". This project can promote the quality manager to enter the frontline of the laboratory in daily work, identify problems from various details of quality activities, and help the laboratory continuously improve quality management.

ADVANTAGE:

Discovery Highlights

We better identify and share laboratory improvement or innovation points through in-depth grassroots and on-site experience.



Exposure to New Risks

It will be easier to detect and record problems on the inspection site and during the operation process.



Complete harmony

We use one-on-one communication to understand the quality awareness of grassroots employees and bridge the gap between the quality department and the laboratory.



Quality Culture Promotion

We can better promote quality popularize and enhance employees' quality awareness through visiting the site, answering questions and doubts.



INSPECTION METHOD:

Improvement

Exploring subtle improvements or innovations in the laboratory and sharing them with other laboratories.

Inspecting

Executing details and on-site inspection process around high-risk points and 5M1E (Man, Machine, Material, Method, Measurement, Environment).

Interview

Strengthening employee communication, clarify employee needs, and knowing employees' understanding of legal and regulatory requirements or quality work.

Answering

Answering employees' doubts about quality and publicizing quality knowledge.



LABORATORY QUALITY CONTROL

We strictly implement the quality management requirements of the Group through quality inspection, special verification, internal verification, management assessment, and other methods to ensure the accuracy and authenticity of testing data. And we standardize the quality supervision work of the Group and regularly carry out quality supervision and inspection in accordance with the internal system documents of Quality Supervision and Management Measures for Laboratories and Risk and Opportunity Management Procedures for Laboratories. We adopt hierarchical management for the laboratories. The laboratory leader and product line leader are responsible for quality improvement and rectification.

To standardize the quality supervision and inspection work, the Group has formulated the Quality Supervision and Inspection Management Measures of CTI to ensure that the testing/calibration activities carried out by each laboratory can meet the requirements of laws and regulations, qualification recognition institutions, accreditation institutions, and other important stakeholders, and reduce compliance risks. During the reporting period, the Group's quality supervision and inspection covered 125 laboratories. We have identified problems and continuously rectified them, with an effective rectification rate exceeding 80%. To ensure service quality, we have set quality goals such as report accuracy, report timeliness, customer satisfaction, and 0 Level 2 or above accidents for each subsidiary.

In September 2022, CTI, with its rich experience and resources in traceability, testing, and validation, won the honor of 2022 Tmall Global Favorite Partner (Quality Alliance) at the Tmall Global Partner Conference 2022.



CTI-2022 Tmall Global Favorite Partner (Quality Alliance)



125

Group quality supervision inspection covers laboratories



80%

The current effective correction rate of the problem has exceeded

IMPROVING THE MANAGEMENT OF QUALITY PROFESSIONALS

The Company is aware of the importance of building a high-quality and high-level team of quality professionals. We provide specialized training for quality professionals and establish an internal talent pool to strengthen the talent reserve of quality professionals. We strictly adhere to the relevant principles and regulations of the Group's Quality Professional Management Measures to carry out quality professional training and assessment selection. We have formulated the External Reviewer Incentive Management System to encourage employees to join external reviewers, encourage employees to go out and broaden their horizons, enrich themselves, improve their skills, and drive them to a new level.

We provide training for quality professionals through a combination of online and offline methods. During the reporting period, the Group held a total of 23 offline quality training sessions, including Laboratory Accreditation/Qualification Certification Internal Auditor Training and Quality Supervisor Training. A total of 692 employees participated in offline quality training, with a total of 7,472 hours of training hours and a training satisfaction rate of 94.39%. The Group held a total of 9 online live quality training sessions, including courses such as Internal Double Random Training and Promotion and Implementation of Group Quality Supervision and Inspection Management Measures. A total of 923 employees participated in the online quality training, with a total of 3,291 training hours and a satisfaction rate of 96.36%. The Group also held multiple online recorded training sessions, with a total of 37,765 participants and 16,279.92 training hours.



We conducted training for quality professionals through a combination of "online + offline", and during the reporting period:



23

The Group holds offline training



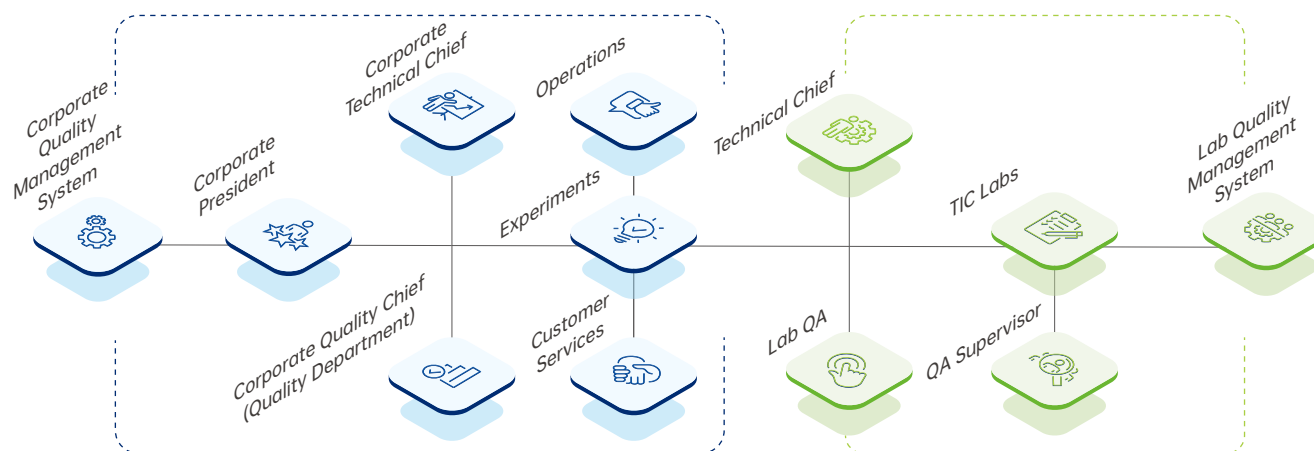
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Live Online Training

During the reporting period, the group added 58, 19, and 6 junior, intermediate, and senior internal auditors, and the group also added 27, 13, and 5 junior, intermediate, and senior reviewers, respectively. At present, there are 701 auditors in the three regions of the group, including 267 in the southern region, 198 in the northern region, and 236 in the eastern region. In order to strengthen knowledge and

skills, and maintain the sustainability of personnel qualifications, the Group's QHSE Training Center organizes ISO 17025 internal auditor training courses across the country, targeting laboratory leaders, testing engineers, R&D engineers, QA, report clerks, customer service, technical support, business personnel, and all other personnel.

CTI QUALITY MANAGEMENT SYSTEM



ENHANCING PROFESSIONAL STRENGTH

CTI has CNAS and CMA qualifications. And CTI is a CCC designated accrediting authority, as well as the EU NB designated accrediting authority and national certification authority recognized by Singapore.

We have become an APSCA Full Member, an EU CE designated accrediting authority for PPE products, a FOSTA accredited inspection agency, and an authorized testing agency by the South African National Bureau of Standards. We have also obtained the “CCC certification” for a complete set of toys and strollers, as well as laboratory qualifications for testing.

CTI Certification has obtained numerous international and domestic authoritative qualifications in the field of sustainable development. It is the only domestic institution that has obtained the qualification of the Global Carbon Commission (GCC), an evaluation institution recognized by the EPD (China), an authorized verification institution by the International Climate Bond Initiative (CBI), and an AA1000 sustainable development verification institution.

The Medical BU of the Group has been awarded the qualification of “GLP Laboratory” by the State Food and Drug Administration (SFDA). Comprehensive qualification recognition ensures that the Company provides high-quality services to its customers at a more professional level.



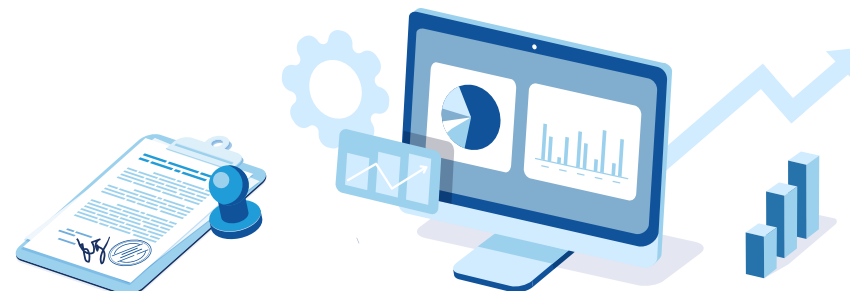
GUARANTEEING INDEPENDENCE, IMPARTIALITY AND HONESTY

CTI establishes a committee to maintain fairness in accordance with various systems such as the Procedures for Ensuring Independence, Impartiality and Honesty, to carry out supervision, review, and standardization of certification business, and to ensure the independence and impartiality of inspection and testing work. And through regular training, continuously strengthen the familiarity of certification personnel with the certification system, and provide professional ethics and code of conduct education to certification personnel.

In accordance with the United Nations Convention against Corruption and other international conventions and practices, the integrity management technical guidance document of Transparency International, relevant national laws and regulations and customer integrity requirements, we have formulated the Integrity Manual, which supplements and strengthens the requirements for anti-corruption and commercial bribery in the Code of Business Conduct. We strictly manage business ethics and uphold the brand philosophy and credibility values that the company values from an institutional and technical perspective throughout.

TAMPER PROOF SYSTEM OF EXPERIMENTAL DATA

In order to avoid tampering of experimental data, CTI uses the LIMS system to ensure that all operations will be completed via online system. On the one hand, tracking samples during the flow process through codes and barcodes ensures that most product brands, manufacturers, and other labels are not visible, ensuring that personnel involved in each stage cannot know the actual provider or demand customers of the samples, effectively avoiding fraudulent behavior such as modifying data. On the other hand, all original records and data need to be uploaded to the LIMS system or automatically captured by it. Once electronic format data is generated, it cannot be tampered with, effectively avoiding the phenomenon of collusion among various links for data fraud. Any change behavior will leave a modification record in the system, so that the quality management department can detect abnormalities and trace them.



SERVICE GUARANTEE



In order to strengthen communication, exchange, and cooperation with customers, and promote the continuous improvement of the Company's quality system, testing quality, and service level, the Group has formulated the Customer Service Procedure in 2022 to standardize the management of communication, exchange, and cooperation with customers.

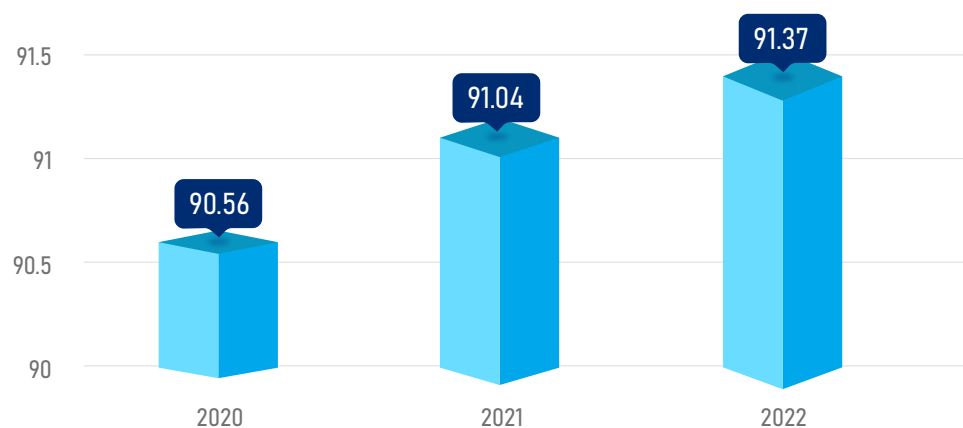
CUSTOMER SATISFACTION

The Company conducts annual customer satisfaction surveys in accordance with the requirements of the Customer Satisfaction Survey Management Measures. We prepare satisfaction survey results analysis reports so that relevant departments can coordinate and improve based on customer feedback. During the reporting period, the Company formulated the Customer Satisfaction Improvement Management Measures and developed customer satisfaction improvement measures on a product line basis.

During the reporting period, the Company has collected and analyzed customer feedback from the previous year, and classified evaluation, and improved each product line. Among them, 129 items should be improved and 125 items were successfully improved. In 2022, the overall customer satisfaction of the Group was 91.37%, higher than the same period last year.

CTI has been trusted by customers for many years with its high-quality service. During the reporting period, Shenzhen Fanhai Testing and Certification Co., Ltd. sent a letter specifically to express recognition and gratitude for our work performance.

CTI'S CUSTOMER SATISFACTION OVER THE YEARS



129

Should improve



125

Successful
Improvements



91.37 %

Overall Group
Customer
Satisfaction in 2022

HANDLING OF CUSTOMER COMPLAINTS

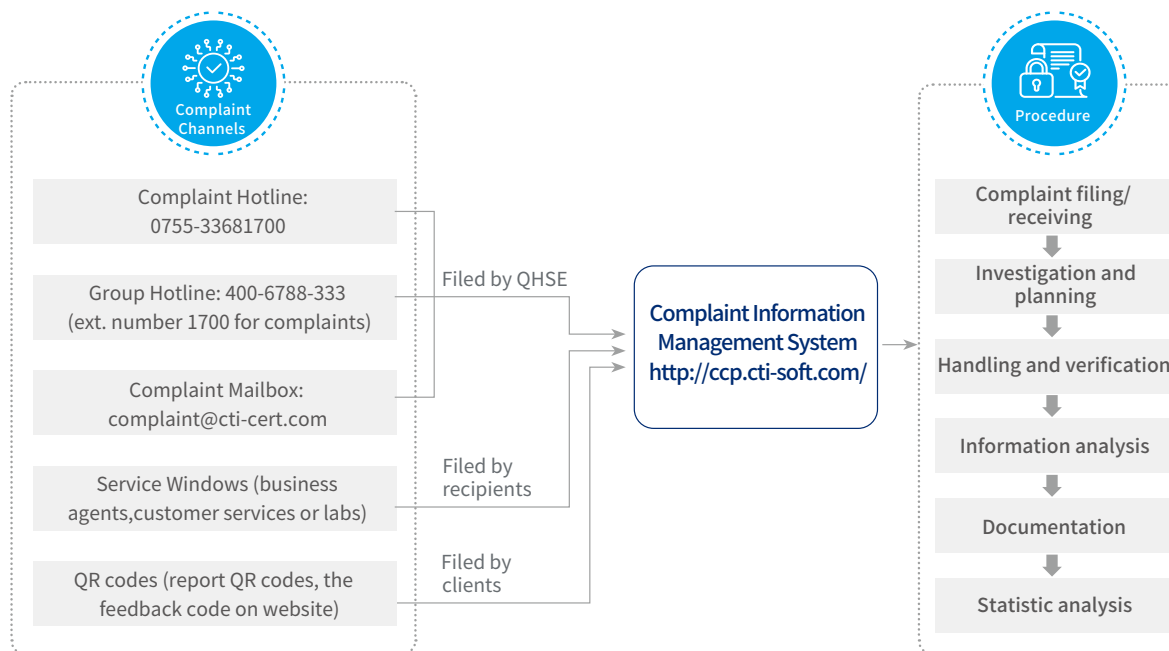
During the reporting period, the Company revised the Customer Complaint Handling Procedure and improved the relevant responsibilities of each responsible department, making the Company's customer complaint handling procedure more effective in helping customers quickly solve problems.

We continuously improve our complaint handling capabilities, ensuring that customer suggestions and complaints can be quickly and effectively fed back to relevant departments and processed in a timely manner through four major channels: telephone complaints, email complaints, code scanning complaints, and business window complaints, as well as an integrated complaint information management system. The QHSE department of the Company is responsible for handling customer complaints. The measurement indicators of our complaint management work are: timeliness of response, effectiveness of rectification, and customer satisfaction with follow-up visits. We conduct annual reviews of customer complaints, summarize customer complaints, evaluate improvement measures, and conduct follow-up investigations on closed customer complaints.

During the reporting period, CTI invested heavily in the R&D of a customer complaint management system, which has been officially put into operation. It has achieved multi-channel customer evaluation and feedback, which helps to monitor customer satisfaction in real-time. It can help us set quantitative goals for customer satisfaction and take certain measures to improve customer satisfaction.

In 2022, we received a total of 241 external complaints, with an overall annual closure rate of 73.18% and an overall satisfaction rate of 84.73% in handling customer complaints. During the reporting period, CTI has received 0 complaints regarding infringement of customer privacy, environment, and occupational health.

CUSTOMER COMPLAINT MANAGEMENT MECHANISM OF CTI



MYCTI CUSTOMER SERVICE MANAGEMENT SYSTEM

During the reporting period, CTI launched the MYCTI customer service management system. We have always adhered to the concept of "Customer-Centric" and relied on rapidly developing internet technology to create a customer service management platform that integrates functions such as report query, report authorization, certificate query, application progress query, and online order placement. We are committed to providing customers with a simpler and more convenient business experience, helping the Group develop rapidly.



MYCTI's Homepage

INFORMATION SECURITY AND DATA PROTECTION

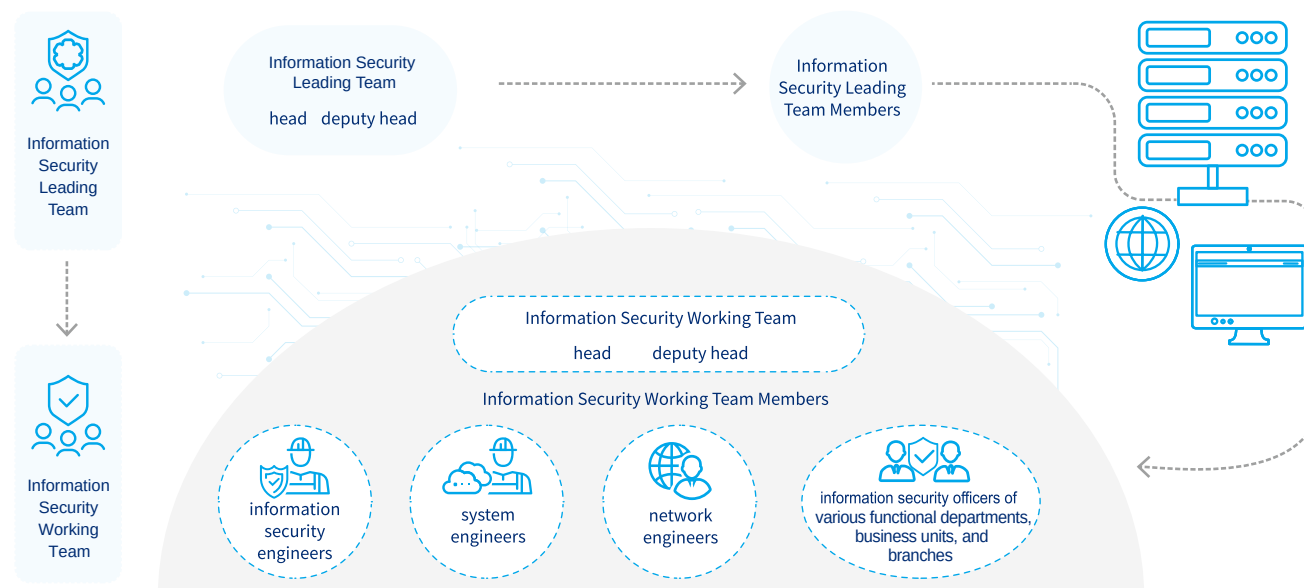


We continue to pay attention to information security and data protection work. Based on compliance, we are gradually improving our information security architecture to cope with ever-changing network attacks, timely identifying, warning, intercepting, and responding to various high-risk information security incidents. CTI's data center is entrusted to external data service institutions for hosting. We effectively ensure system stability and security through third-party professional efforts. At the same time, third-party institutions have efficient energy management capabilities, so that we can reduce the energy consumption generated by building our own data centers while ensuring stability and security. During the reporting period, we received 0 complaints from customers regarding privacy and data breaches.

INFORMATION SECURITY MANAGEMENT ORGANIZATION

In order to ensure the effective implementation of information security and data protection, the Company's Information Security Leadership Team is responsible for comprehensively coordinating and organizing personal information security and data security work, including: developing and updating privacy policies, researching/deploying/summarizing/coordinating information security work, formulating information security policies/goals/overall planning/resource investment, etc. The Information Security Working Team is responsible for implementing and providing feedback on control measures for information security and data security, establishing and maintaining information security procedures and operating manuals, evaluating & investigating security issues, and conducting information security inspections and audits. The Information Security Risk Assessment Team conducts an annual information security risk assessment to determine whether there are new threats or weaknesses, and to confirm whether new control measures need to be added.

INFORMATION SECURITY MANAGEMENT STRUCTURE



INFORMATION SECURITY MANAGEMENT POLICY

In order to increase the information security management efforts of the Group, we have formulated information security management systems such as the

Information Security Management System,

Database Operation Management Specification,

Information System Vulnerability Management Measures,

Emergency Plan for Sudden Information Network Events.

And we have gradually established a management system that runs through the entire lifecycle of data security.

PREVENTION AND RESOLUTION OF DATA LOSS AND DISCLOSURE

The Company has formulated the Emergency Response Plan of Unforeseen Information Network Incidents, and has established an emergency mechanism. We have determined the classification and grading of data leakage emergency events, and determined the conditions for initiating emergency plans. We regularly revise and improve emergency plans to ensure their timeliness.

During the reporting period, our information system has been equipped with new technical measures, such as encryption and data privacy protection measures added by the Medical BU, to further prevent and mitigate the risk of data loss and leakage. The Information Security Leading Team is responsible for the unified deployment of information security incidents that occur in the information system, the unified mobilization of materials, and the emergency handling of information security.

PROTECTING CUSTOMER DATA AND PRIVACY



PRIVACY POLICY

We have formulated the CTI Privacy Policy to ensure users' right to access, update, correct, and delete personal information. We guarantee that users' personal information will only be retained for the necessary period required to complete the service, and will not be shared with any company, organization, or individual other than CTI except for mandatory requirements by law or regulatory authorities and necessary scenarios specified in the privacy policy.



ACCESS PERMISSION

Customer data and information are mainly stored in the Group Laboratory Information Management System (LIMS), and the LIMS account has a dedicated user management interface that distinguishes different usage permissions based on user type. Through the role management mechanism of the system, we classify and customize functions such as accessing, modifying, and deleting data or files for users with different roles, and use cross management to achieve precise control of permissions.



CA CERTIFICATION

We have performed signature encryption and electronic certification on electronic reports. CA certification adopts physical, electronic and management security protection measures in line with industry standards. It establishes a security system to ensure operational security during the process of information storage, usage, and access.



HONORS FOR NETWORK INFORMATION SECURITY

During the reporting period, we have been awarded the qualification of a cost evaluation institution, successfully selected as a list of mobile APP security technology support units by the Yunnan Internet Association, participated in drafting the communication industry standard: Overall Technical Requirements for IPv4 IPv6 Business Interoperability Based on Cloud Computing Technology, and selected as one of the first batch of data security industry expert committees and series of working groups of the Ministry of Industry and Information Technology of China. From a professional perspective, we provided support for ensuring customer privacy and data security.



INFORMATION SECURITY TRAINING FOR EMPLOYEE

We require employees to sign the Employees' Agreement on Confidentiality of Business Secrets when they join the company. And we organize information security training within one month of new employees' entry. We offer mandatory courses on information security and privacy protection, such as Data Security and Privacy Protection and Network Security Awareness Training, on E-learning to enhance employees' awareness and ability to protect trade secrets, intellectual property, personal privacy, and customer data.

During the reporting period, CTI Certification launched a series of lectures on Data Security Management Training - Understanding and Implementation of GB/T 41479 Information Security Technology Network Data Processing Security Requirements to help enterprises improve their data security management level.

New employees sign the Employees' Agreement on Confidentiality of Business Secrets

Opening of "Data Security and Privacy Protection" course

Opened "Network Security Awareness Training" course

Launched "Data Security Management Training - "GB/T 41479 Information Security Technology Network Data Processing Security Requirements" Understanding and Implementation" lecture series

INFORMATION SECURITY AUDIT

According to the requirements of the Information Security Management System, the Company conducts an external risk assessment every two years and hires a third-party professional information security service agency to conduct information security risk assessment. We conduct vulnerability scanning and penetration test on information assets irregularly to find out weak risk issues.

During the reporting period, we established a database audit system in the group data center to record and audit all database operations, ensuring that illegal modifications can be traced back. At the same time, we have launched a security awareness platform, which collects all security logs uniformly and conducts automated correlation analysis to maximize the prevention and resolution of data and privacy security risks.

We are gradually implementing ISO/IEC 27001 system certification nationwide. As of now, CTI's food rapid inspection and feed testing product line, and our subsidiary CTI Electronic Certification Co., Ltd., have been certified by the ISO/IEC 27001. Our CTI MALL, CTI Electronics Certification Service Platform, and the LIMS of Shanghai CTI-Medlab Co., Ltd. (CTI MedLab) have already obtained the L3 certification under the national multi-level protection scheme (MLPS).

INNOVATIVE DEVELOPMENT



IN 2022, OUR PERFORMANCE:

As of the end of the reporting period, we have issued a total of 595 standards (with an annual increase of 50).

As of the end of the reporting period, we have obtained 289 patent authorizations, including 56 invention patents and 233 utility model patents (with an annual increase of 61).

CTI's R&D investment was 435 million RMB, a YOY increase of 15.69%; the proportion of R&D investment in revenue is 8.48%.



50

New standards released



61

New patents granted



435

435 million RMB R&D investment

IMPLEMENTING DIGITAL STRATEGY

Our digital and innovative strategy focuses on both internal and external aspects: improving internal business processes through digital technology; providing digital external services to improve customer experience.

INTERNAL BUSINESS PROCESS

CTI has established a standardization information management platform and a public information service platform. We carry out lean management to comprehensively improve the operational efficiency and synergy of enterprise digital work. We strive to digitize mainstream business.

EXTERNAL CUSTOMER SERVICE

CTI has established its own e-commerce platform CTI MALL and set up a big data analysis mechanism. We use digital connection, transmission, structured storage & visualization technology, rely on massive computing power, and achieve the integration of multi-terminal customer management, service package standardization, whole process information visualization, report verification automation and other functions. Our data comprehensively covers the supply chain upstream and downstream of multiple industries.

CULTIVATING INNOVATIVE TALENTS

We have formulated the Innovation R&D Management System to standardize the Group's R&D activities. The research institute of the Group focuses on digital strategy, talent base construction, standard research, patent invention, and other scientific research and innovation undertakings, further deepening regional innovation and development.

We established a postdoctoral fellow innovation practice base in 2018 and are currently preparing to build an academician workstation. As of now, CTI's postdoctoral fellow innovation practice base has recruited a total of 7 Postdoc, and 5 have successively left the station. Currently, there are 2 Postdoc in the station, mainly engaged in research work in fields such as materials, chemistry, marine environment, rail transit, biomedicine, etc. The research institute of the Group conducts regular meetings and occasional brainstorming to promote more scientific research and innovation activities. During the reporting period, we conducted two innovative R&D special training sessions, targeting employees from various functional departments, as well as R&D, administrative, and financial personnel from various subsidiaries. The total number of participants was over 50, with an average training duration of 8 hours per person. We also encourage employees to participate in external training and provide some funds to help them improve their academic qualifications.

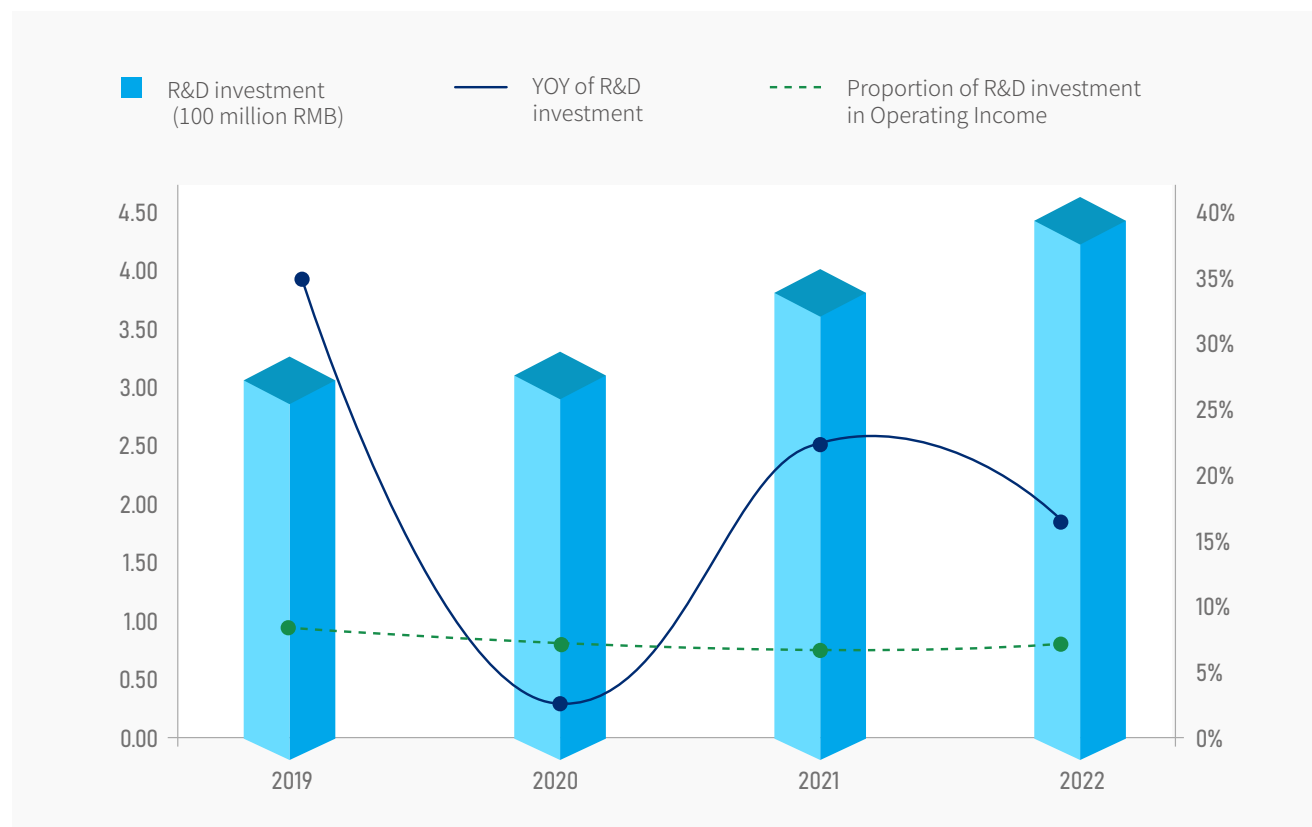
EMPHASIZING THE DEVELOPMENT OF SCIENTIFIC RESEARCH

The Group Research Institute forms a research and development team with industry experts as the core, dedicated to researching cutting-edge technologies in the industry, continuously improving the Company's core competitiveness in the field of testing technology, and providing strong technical support and sufficient technical reserves for the business expansion of major business units.

The Group allocates 8% to 10% of its annual operating revenue as investment in innovative research and development, and allocates research and development tasks to various business units. During the reporting period, the group's R&D investment was 435 million RMB, a YOY increase of 15.69%; the proportion of R&D investment in revenue is 8.48%.

The Company's multiple R&D achievements have been recognized by the market, government departments, and industry associations, and its leading research and development capabilities provide important guarantees for the Company's development. As of the end of the reporting period, the Company is currently carrying out approximately 300 scientific research projects.

R&D INVESTMENT OF CTI IN RECENT YEARS



435

435 million RMB R&D investment



15.69%

R&D investment increased by 15.69% year-on-year



8.48%

R&D investment as a percentage of revenue



300

Ongoing research projects

R&D OF DOMESTIC AND FOREIGN STANDARDS



Since 2007, CTI has actively participated in the research and development of international and domestic standards. It also participated in the formulation and revision. It led or participated in the formulation and revision of more than 600 national standards, industry standards and group standards, and has 56 seats in the Standardization Technical Committee of each industry.



600

Leading or participating in
standard revisions



56

Each standardization technical
committee has a seat

DURING THE REPORTING PERIOD

we participated in 2 ISO international standards: ISO 17644 Determination of paralytic shellfish toxins in bivalve mollusks by HPLC-MS/MS and ISO 17647 Meat and meat products — Identification of nine animal and plant derived components by LC-MS/MS method.

During the reporting period, the Group issued a total of 50 standards. As of the end of the reporting period, we have issued a total of 595 standards.



2

New participation in
the development of ISO
international standards



50

Total published standards



595

Cumulative number of
published standards

03 MENT

EMPLOYMENT AND DIVERSITY

TALENT FORCE CONSTRUCTION

OCCUPATIONAL HEALTH AND SAFETY

EMPLOYEE RIGHTS AND CARE

EMPLOYMENT AND DIVERSITY



We strictly abide by the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Social Insurance Law of the People's Republic of China and other relevant laws and regulations, and establish legal, compliant and harmonious labor relations with employees. Actively fulfill legal obligations, formulate relevant management measures for labor contracts, enter into labor contracts with employees according to law, and implement full-employee contract system management. We have established and perfected the guarantee mechanism and the wage and welfare system for employees, served them well, safeguarded their legal rights and promoted the harmonious development of labor relations.

By the end of the reporting period, we had a total of 12,183 employees. The number of employees is calculated according to gender, nationality, education, age, employee category, etc., and the management is refined. In terms of socialized employment, the company flexibly employs 2689 people, including 1,336 interns, 1,141 labor workers, and 212 part-time consultants, effectively leveraging the value of human resources.



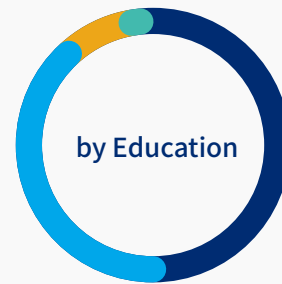
Male
6,106 50.12%

Female
6,077 49.88%



Chinese
11,813 97%

Overseas
370 3%

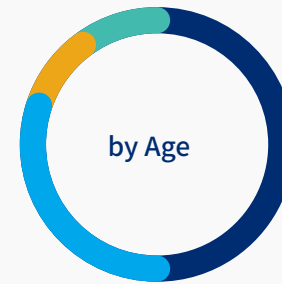


Junior college and below
5,187 42.58%

Undergraduate
5,985 49.13%

Master
986 8.09%

PhD
25 0.21%



18-24
1,380 11%

25-29
4,585 38%

30-39
4,928 40%

Over 40
1,290 11%



Production employees
3,550 29%

Sales Employees
2,815 23%

Technical staff
5,108 42%

Financial staff
188 2%

Administrative staff
522 4%

COMPLIANCE RECRUITMENT

We have formulated a series of systems and measures such as the Group Recruitment Management System, the Employee Entry Management System, the Probationary Review Management System, the Regulations on the Administration of Qualifications and the Human Rights Policy to clearly stipulate that recruitment follows the principles of fairness and impartiality, merit guarantee the equality of recruitment. We firmly oppose discrimination in employment, the introduction of equal pay for work of equal value and the prohibition of the employment of child labour. At the same time, we are equal in the recruitment process, except for special types of work, with the exception of national, gender, race, colour and creed.

CASE



THE "EMPLOYER" BRAND AWARD

In April 2022, we won the 2022 Human Resource Management Outstanding Award issued by 51 job, a human resource service agency

MULTI-PLATFORM RECRUITMENT

We employ a variety of recruitment management platforms for employee recruitment to ensure fair and transparent recruitment.

In 2022, we used more than 10 online recruitment platforms to recruit employees, and through the ivva recruitment management system, we realized the online process of interview invitation sending, candidate information registration, interview check-in reminder, interview feedback, recruitment approval and so on, realizing the online and visualization of recruitment and hiring.

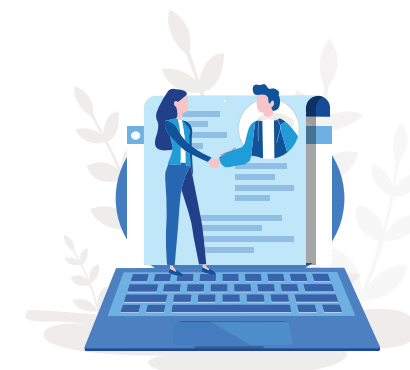
MAJOR RECRUITMENT MANAGEMENT PLATFORMS INCLUDE:

51 job	Xiamen talent network
Zhaopin	Guangxi Talent Network
Boss Zhipin	Group official website
Hunting Job Network	Group Internal Recruitment
Overview of talent network	Ivva Recruitment Management System
Lilac Talent Network	

LOCALIZATION RECRUITMENT

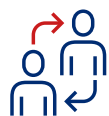
We have been active in promoting the localization of overseas employees, and adhere to the localization of overseas staff recruitment and management.

During the reporting period, the total number of foreign employees employed by the Company was 370, while the localization rate of overseas employees was 75.9%.



RECRUITMENT OF FRESH GRADUATES

We actively carry out internships and employment for recent graduates. At the end of the reporting period, we provided 143 recent graduates with positions to build bridges for students to get out of campus and enter society.



143

the number of positions are available for recent graduates was

CASE



INTERNS TURNING ACTIVITY

In 2022, we held 9 interns turning activities in Shanghai, Shenzhen, Beijing, Hangzhou, Hefei, Nanjing, Qingdao, Suzhou, Tianjin, Kunming and other companies.



MULTIVARIATE EMPOWERMENT

We have oversight of ESG issues, including employee diversity, by the Board of Directors and the Strategy and M&A Committee, and both the ESG Management Team and the ESG Executive Team have made employee diversity a key ESG issue. The Company strives to create a diverse and inclusive corporate culture so that every employee enjoys the same development opportunities.

GENDER EQUALITY

We actively advocate gender equality, create more growth pathways and opportunities for women employees to realize self-worth, support the personal development of women employees, and encourage women employees to participate in dialogue, discussion and decision-making. Of all employees, the proportion of female employees reached 49.88%; among managers and above, the proportion of female employees reached 38.96%.



EMPLOYMENT OF DISABLED PERSONS

We work with the RuChang Group to provide the disabled with auxiliary positions, provide the corresponding remuneration, and purchase five social insurances, all of which are covered by the Company, without the disabled individual. By the end of the reporting period, we had placed 55 persons with disabilities in employment, two of whom were newly placed in 2022. In 2023, we aim to increase the number of disabled people employed to 62.



EMPLOYEE RETENTION

We value the retention of talent and vigorously carry out the retention program. The Company formulates the Employee Resignation Management System, specifically to understand the reasons for employee resignation, analyze and summarize, and regular feedback on employee turnover rate, to provide recommendations for subsequent employee development and retention.

INCREASING THE RETENTION RATE OF EMPLOYEES DURING THE PROBATION PERIOD

For different employees to formulate different guidance policies, the implementation of the Love New Plan," on-campus recruitment of recent students, formulated the Sunshine Plan Project; for the introduction of talent from outstanding peers after onboarding, equipped with mentors, to help them more quickly adapt to the work environment and promote cultural integration. The Company conducts quarterly employee satisfaction surveys to continuously improve its work based on employee recommendations.

IMPROVING THE JOB SUITABILITY OF PROBATIONARY EMPLOYEES

Continuously develop interviewers' capabilities, increase the coverage rate of the CTI Good Manager Interview Course, enrich training and empowerment methods, and take certain empowerment and improvement measures to improve the job suitability of probationary employees.

ENHANCING KEY EMPLOYEE RETENTION

By defining the white list of key groups, monitoring the regrettable turnover rate, implementing the key talent AB corner inventory reserve plan, implementing employee shareholding plan and equity incentive plan and other ways to improve the retention rate of key groups, inspire the company's core team enthusiasm, and build foundation for the Company's high-quality sustainable development..

At the end of the reporting period, the Group's first employee holding plan held 3.67 million shares of the company's stock, with 56 participants; the second employee holding plan held 1424,500 shares of the company's stock with 22 participants.

MONITORING OF TURNOVER IMPROVEMENT OPERATIONS

By establishing a resignation dashboard , monitoring monthly data and action plans, the Company implements differentiated resignation improvement actions for business units, regions, product lines and cities, and reducing employee turnover rates in a targeted manner.

IMPROVING THE TURNOVER RESEARCH AND CLARIFY THE TURNOVER JOURNEY OF EMPLOYEES

The Group and its subsidiaries regularly conduct data analysis and comparison on the turnover rate of each department. We conduct exit interviews with departing employees, with a coverage rate of over 80% and a core employee coverage rate of 100%, in order to understand the reasons for employee resignation as much as possible and serve as a basis for subsequent management improvement.

In 2022, the total number of employee turnover was 2,677, including 1,370 male employees and 1,307 female employees. The voluntary turnover rate was 21.97%.



2,677

total number of
employee turnover was



21.97%

employee active
turnover rate was

COMPENSATION BENEFIT

In accordance with the relevant laws and regulations of the state and the location of the Company, we have formulated the Remuneration Management System, Welfare Management System and other related systems and measures, to standardize the wages and benefits of employees. We uphold the principles of equality and non-discrimination and ensure that the rights and benefits of all employees are respected and protected equally. We provide employees with comprehensive social basic insurance and benefits, and all employees who sign formal employment contracts will participate in social basic insurance and commercial insurance benefits in accordance with national and regional policies. In addition, we offer corporate subsidies such as housing subsidies, communications subsidies, meal subsidies, work environment subsidies, and professional title subsidies. During the reporting period, the average pay ratio for men and women was 1.06: 1.



TALENT FORCE CONSTRUCTION

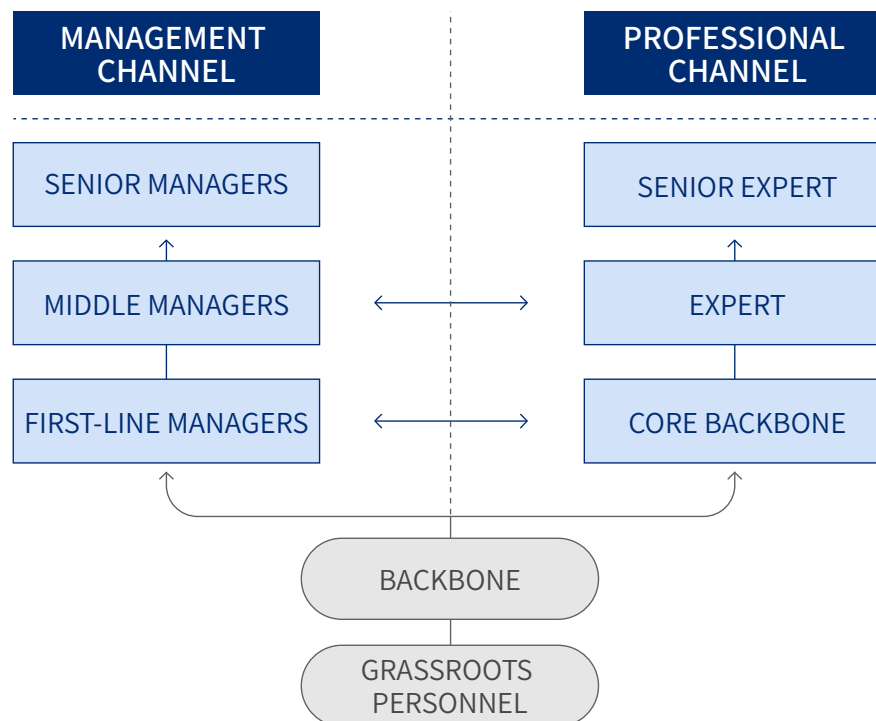


We attach great importance to employee career planning, adhere to the concept of employing people who are both virtuous and ethical, and prioritize morality. We constantly improve and deepen the talent cultivation mechanism, and establish a complete employee training and development system.

CLEAR AND DIVERSE PROMOTION PATHWAYS

We value the growth of every employee in the Company and are committed to becoming a platform suitable for the career development for their career development. We have set up clear and diversified promotion pathways, adhere to creating a scientific research oriented business atmosphere with high education and high quality, and establish a sound and scientific promotion system. By establishing a dual channel of career development, we deepen the potential of each employee to achieve a dynamic balance between their own development and that of the enterprise.

CTI DUAL PROMOTION PATHS



DURING THE REPORTING PERIOD



3,497

the total number of upgrades was



3,443

the total number of regular upgrades was



54

the total number of special upgrades (promotions beyond organizational level) was



34.82%

the total rate of upgrades was



3.72%

a YOY increase of

TRAINING TO EMPOWER EMPLOYEES

We continue to improve the training management system and organizational structure, and formulate a series of training-related management systems such as the CTI Group Training Management Manual, Group Certification Instructor Management System, Group Expatriate Training Management System and E-Learning Platform Management System. Each year, a detailed Group Annual Training Plan is developed and all employees of the Company can conduct online independent learning according to their actual needs.

During the reporting period, the Group conducted 85 training courses, including 81 offline training sessions and 4 online training sessions, with a cumulative total of 22,440 hours and 2,447 participants, representing 9.17 hours of training per employee.

During the reporting period, the Group's E-learning platform offered 5,981 autonomous courses with 210,730 learning hours and a total of 198,334 learning hours.



LEADERSHIP UPGRADING PROGRAM

We set up Huihua (EDP) Executive Development Project, Guanghua LAP Leadership Enhancement Project, Jinghua (MAP) Management Ability Promotion Project, Qinghua(MT) Management Trainee Program, High Potential Talent Development Program (HAP) to improve leadership across all levels of management. At the same time, to comprehensively enhance the executive team's strategic M&A and post-investment management capabilities, the Company invited instructors with rich international strategic M&A experience to teach the executive team.

Type	Project category				
Management training program	Executive / Potential Development Project-EDP / HAP (Huihua)				
	Special Training for middle managers-LAP (Guanghua)				
	Special training for grassroots managers-climbing to win projects				
General class /professional class training programs	Professional training is mainly related to the full-time work positions in each business division				
	General skills training	Business training		Functional training	
	Functional class	Business class	Internship	Fresh graduate	Management trainee
New employee training program	Social recruit new staff training		School recruit new staff training		
	The E-Learning platform				

The Group learning and development system



Guanghua LAP Project



CAMPUS RECRUITMENT STAFF TRAINING

We have set up the Sunshine Plan learning and training programme for school students. The Sunshine Plan is a tailor-made learning program for fresh graduates who join CTI through campus recruitment, aiming to help students integrate, transform and grow from "student" to be a qualified "workplace people" and "CTI employee".

In 2022, the Group's Sunshine Program lasted for 3 months and a total of 128 trainees completed the program, which not only provided the Group with the new strength needed for business development, but also provided a reserve for the sustainable development of the Group's talent pipeline.



Sunshine training program for fresh graduates



TRAINING FOR GRASSROOTS MANAGERS

The Company carried out the first grassroots management Climbing Win Project, aimed at helping employees to master basic management awareness and skills, so that grassroots managers in the organization effectively convey corporate culture values, to enhance the grassroots employees to the Company's sense of identity.

During the reporting period, 403 employees were trained as grassroots managers, with a coverage rate of approximately 35%, and we plan to complete 100% grassroots management coverage by 2023 or 2024 to build a first-class team in the industry.



"LIVE STUDIO" SPECIAL TRAINING

During the reporting period, the group carried out a series of Live Studio training activities such as Data Analysis and Practical Cases Addressing Uncertainty in the Market Environment with Certainty of Management, Business Perspective on M&A and Integration. These related topics for employees are shared by Group President, Division/Functional Leadership. The total number of participants in the training was 374 and the cumulative learning time is 655.5 hours.



"Live Studio"



OVERSEAS TRAINING

The Company adopts a consistent talent development strategy and policy for overseas areas, encourages the use of the merge and acquisition company's excellent backbone as the core management and technical positions, and is complemented by the group of assigned managers, to promote the overseas M&A companies to better integrate with the group to help the stability of the M&A team.

During the reporting period, to enhance the leadership and management capabilities of the mid-level management of maritime services, we have had a Leadership Development Program since October 2022, which employs internal and external lecturers for theoretical training and practical project guidance, involving 10 key staff members, planned to close in June 2023.

OCCUPATIONAL HEALTH AND SAFETY



We strictly abide by the Law of the People's Republic of China on Production Safety, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases and other laws and regulations, and formulate internal systems such as the Management Measures for HSE Training to make specific normative guidelines on the safety and health of employees.

OCCUPATIONAL HEALTH

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

We have established a sound occupational health and safety management system, forming a four level management organizational structure of "QHSE Planning Department - Regional Quality Management Department - HSE Management Department of Local Companies - Each Company and Department", and continue to promote our own occupational health and safety management system certification work. By the end of the reporting period, 36 companies had passed the ISO 45001 occupational health and safety management system.

By the end of the reporting period, a total of 36 subsidiary companies have passed the ISO 45001 Occupational Health and Safety Management System Certification.



36 companies
have passed the ISO
45001

We strictly abide by the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, formulating the QHSE Accident and Incident Management Measures. Detailed provisions are made on the types of accidents and incidents, their level, processing process, rectification and acceptance, etc., to standardize the management and treatment of all kinds of accidents and incidents that may occur in the course of work. To promote overall safety management and culture, we have formulated QHSE Reporting Management Measures to encourage employees to monitor and report management deficiencies and risks associated with QHSE and to avoid or reduce occurrence of accidents. During the reporting period, the Group issued General Requirements for Group HSE Management, in order to implement the "safety first, prevention-based" production policy, and integrate HSE work into the business process to promote the effective implementation of HSE management responsibilities. Under the co-ordination of the Group, the subsidiaries have issued the Occupational Health Management Measures, Hazardous Chemicals Safety Management Measures, Individual Protective Equipment Management Measures and other HSE management systems, and established and improved production safety responsibility systems.

During the reporting period, the Group has established regional HSE management centers, responsible for the overall management of HSEwork in their subsidiaries, and established three levels of HSE inspection mechanisms (laboratory level, company level, and group level):

- The Group laboratories are staffed with a total of 92 part-time HSE managers, who are required to conduct a full HSE inspection at least once a week;
- Each subsidiary conducts a full HSE inspection at least once a month;
- The Group's QHSE Division conducts at least one HSE inspection of each subsidiary each year.

During the reporting period, the Group carried out occupational health and safety program, covering a total of 52 subsidiaries. Each subsidiary has established an accountability mechanism for HSE violations and management negligence, as well as an HSE reward and punishment mechanism. A standardized, and documented HSE management system was established.

DOMAIN	SYSTEM NAME
HEALTH AND SAFETY MANAGEMENT	Occupational Health Management Measures, Production Safety Objective Management, Production Safety Responsibility System, Safety Objective Responsibility Assessment, Reward and Punishment System, Safety Inspection and Hidden Hazard Investigation and Management System, Emergency Rescue Management System, Safety Accident Reporting and Handling System, Safety Education and Training System
HEALTH AND SAFETY OPERATION	Operation Management System of High Station, Special Operations Management System, Hazardous Chemicals Safety Management System, Hazardous Operations Management System, Into Restricted Space Management System, Labor Insurance Supplies Management System, The management system of work at height, The management system of particular workers, The management system of dangerous work, Management method of individual protective equipment
DAILY HEALTH AND SAFETY	Occupational Health Management System, Fire Safety Management System, Emergency Rescue Management System, Fire Prevention, Explosion Safety Management System, Fire Equipment Inspection Standards

At least once a year, the Group organizes staff medical examinations to ensure the health and safety of its employees. The Group will increase its focus on occupational health examinations and increase its investment in order to improve occupational health inspection rates.

Group Occupational Health and Safety Performance Objectives:

100% on-the-job occupational health screening rate;

100% pre- and post-employment occupational health screening rate.



OCCUPATIONAL HEALTH AND SAFETY TRAINING



According to national safety production policies and laws, we have formulated the HSE Training Management Measures and annual safety training and education plans. We have developed relevant training plans for all employees and employees from external suppliers, conducted safety training and education, and conducted regular assessments.

We strictly prescribe three levels of education and appraisal for new employees at the company level, departmental level and class level to ensure that the practitioners have the necessary production safety knowledge, familiar with production safety regulations and safety operating procedures, master the safety skills of the position, and understand emergency management measures for accidents.

We formulate the QHSE Knowledge Assessment and Management Regulations for Middle Management Cadres. We regularly evaluate the QHSE knowledge of middle management cadres each year. The achievements are linked to the promotion and salary of middle management cadres.

We promote a safety culture and education for all and provide daily safety training and education for all employees. Since 2022, our subsidiaries across the country have intensified their efforts in HSE education and training. By the end of the reporting period, a total of 7,020 employees have participated in HSE education and training, with a total of 15,332 hours training.

CASE

GENERAL REQUIREMENTS FOR GROUP HSE MANAGEMENT

We promptly disseminate the new systems and regulations revised by the Group and the Company to ensure that the safety and production management philosophy is consistent and effectively implemented and to continuously improve the level of HSE management.

Personnel position	Training requirements and content
Management staff training	Managers obtain safety management qualifications and undergo regular training on national safety policies, laws and regulations; local safety production rules and regulations; professional knowledge related to safety management, technical and occupational health knowledge, fire management, hazardous chemical management and other related professional knowledge; risk management, accident cases, emergency management, etc.
Training for employees (special types of work and special operations)	Special operations personnel shall receive special safety training or obtain operational qualifications certificates before induction. Before new processes, technologies, devices, or products are put into use, operators shall receive specialized training in accordance with the safety operation regulations formulated by the department. Only those who comply with the regulations can take up their posts; Organize on-site training for major accidents, etc., and learn from accident lessons.
Training for new practitioners	New practitioners conduct company-level, department level, and team level safety training and education, and only those who pass the training can take up their positions. The training content includes national laws and regulations, safety technology and safety management knowledge such as safety, fire protection, occupational health, etc., safety objectives, systems, operating procedures of the unit, accident cases, etc.

OPERATIONAL SAFETY

We place great importance on protecting the health and safety of our employees, customers and third parties. We have health and safety policies in place that comply with all laws, regulations and standards, and take the best possible precautions against accidents. We have released relevant systems and processes for safety production management, promoting and implementing personal code of conduct in daily workplaces to protect the health and safety of employees, customers, and third parties. We ensure that the working environment complies with the industry's health design standards and requirements. In the event of a problem, employees will report it by the relevant system guidelines. The Company will record and investigate all reported health and safety incidents and take corrective actions. We require our employees to understand the operating procedures and technical specifications of the work equipment and to ensure the safety of the person, facility and environment.

PRODUCTION SAFETY

Through the implementation of the Group HSE General Management Requirements, we implement the "safety first, prevention based" production policy and integrate HSE work into the business process, promote the effective implementation of HSE management responsibilities, and protect the safety and health of staff. We have set up a safe production responsibility system, and formulated a Hazardous Chemicals Safety Management Approach. By controlling the process of purchasing, transporting, storing, using and disposing of hazardous chemicals, we ensure that our activities comply with the requirements of laws and regulations, occupational health and safety management systems and environmental management systems.

LABORATORY SAFETY

To prevent, control and eliminate occupational diseases, we have formulated Occupational Health Management Measures, to prevent and treat occupational diseases, protect workers' health and related rights and interests, and promote the development of the Company. In addition, we conduct occupational health and safety education, awareness-raising, technical training and inspection and evaluation systems for employees before and regularly, and ensure the correct use of labour protection products by every employee.

CASE



GROUP EMERGENCY DRILL

During the reporting period, 57 emergency drills were organized by the Group companies, including fire escape, fire fighting and rescue, chemical leakage disposal, etc., to improve the risk awareness of emergency response and enhance emergency response capability.



EMPLOYEE RIGHTS AND CARE

We pay attention to safeguarding the rights and interests of our employees, actively organize all kinds of cultural activities, enrich the amateur life of our employees, and meet the higher spiritual needs of our employees.



DEMOCRATIC COMMUNICATION

The Company has established a harmonious and cordial atmosphere and responded to the demands of employees through reasonable communication channels. We have a comprehensive communication mechanism for handling staff promotion objections and have formulated the

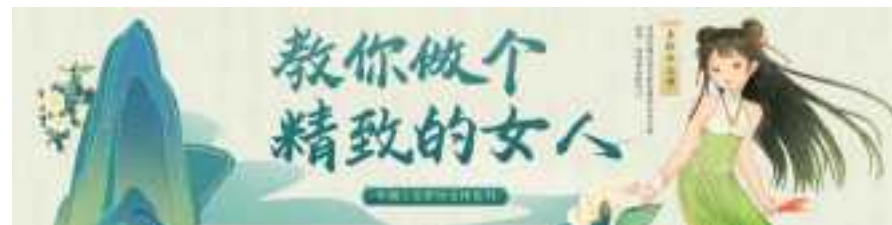
Regulations on the Management of Tenure Status. We provide feedback and communication with employees on the results of their certification through the issuance of the Notification of Qualification Level.

EMPLOYEE CARE

We care for the life of each staff member by providing various benefits such as birthday gifts, mother and baby care and holiday sympathy, and organising various activities such as holiday activities, group activities, association activities, staff birthday parties and sports events. We care for our female employees and have a special mother and baby room in the office area. By the Company's regulations, all female employees are given half a day's paid leave on March 8 every year, and a variety of activities are held for female employees. During the reporting period, the Company launched the "CTI Happy Home" sixth Group commercial insurance benefits service month to enable employees to better understand the Group's commercial insurance benefits and provide employees with personal and family insurance customisation services at a group purchase prices better than the market.

During the reporting period, we conducted 99 small to medium sized offline events with 17,671 participants. We have conducted four online activities at our discretion, totalling 2,999 participants and a total of 14,701 hours.

CASE



"CARING FOR WOMEN LEARNING ACTIVITY" OF CTI

During the reporting period, we set up a body-related course for our employees to participate in the course at their own choice. Taught by experts in fashion and etiquette, the course helps our employees improve their external image and inner state from 4 dimensions: figure, physique, look and language, 757 participants and a total of 3,441 hours.

ENVIRONMENTAL PROTECTION

57

IMPROVING
ENVIRONMENTAL
MANAGEMENT

59

ADDRESSING
CLIMATE CHANGE

63

RESOURCES
CONSUMPTION

65

WASTE
MANAGEMENT

67

CARING FOR
EXPERIMENTAL ANIMALS



IMPROVING ENVIRONMENTAL MANAGEMENT



ENVIRONMENTAL MANAGEMENT SYSTEM

In order to reduce the impact of our own operation on the natural environment, we have established a comprehensive environmental management organization, forming a four-level management organization structure of “QHSE Planning Department of the Group – HSE Management Department of Major Regions – HSE Management Department of Local Companies – Companies and Departments”, and setting a 100% environmental performance target..

100% PERFORMANCE TARGET IN ENVIRONMENT



100%

compliance rate of environmental protection at the same time



100%

compliance rate of hazardous waste disposal



100%

monitoring rate of “three wastes” emissions

We strictly abide by

the Environmental Protection Law of the People's Republic of China,

the Law of the People's Republic of China on Conservation Energy,

the Law of the People's Republic of China on Prevention and Control of Water Pollution,

the Law of the Peoples Republic of China on the Prevention and Control of Atmospheric Pollution,

the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes,

the Law of the People's Republic of China on Prevention and Control of Soil Pollution, the Law of

the People's Republic of China on Prevention and Control of Ambient Noise Pollution

and other relevant environmental protection laws and regulations and industry standards. In accordance with the above policy norms and standard requirements, combined with our own production and operation characteristics, we have formulated the Management Measures of Environmental Protection, which clarify the compliant disposal methods of noise, exhaust gas, liquid waste and waste, and elaborate the emergency measures to deal with environmental pollution incidents.

We actively identify the environmental impacts related to our own production and operations. The environmental pollution risk mainly comes from potential leaks and pollution during the experiment and sampling process. Therefore, we have detailed regulations to adopt a sample treatment process, strictly manage the discharge of experimental wastewater and waste, reduce the use of additives to cause environmental pollution, and avoid bringing them into the sampling site in large quantities, in order to reduce pollution while meeting the experimental requirements.

We attach importance to learning and absorbing advanced, scientific and practical management experience, and encourage various bases and subsidiary companies to carry out environment-related system certification. During the reporting period, we added 5 new subsidiary companies that have passed ISO 14001 environmental management system certification. By the end of the reporting period, 36 subsidiary companies have passed the ISO 14001 environmental management system certification.

ENVIRONMENTAL RISK MANAGEMENT

In 2022, in terms of environmental management, we have revised the Management Measures of QHSE Risks and improve the environmental risk control mechanism. We continuously reduce environmental risks through risk identification, evaluation, and the development and implementation of control plans. We have established a collection channel for laws and regulations related to inspection and testing institutions and the requirements of interested parties, organized relevant staff across the country to regularly carry out information collection work, identify QHSE risk sources, establish a QHSE risk management database, and conduct annual review and update on it. For daily production and operation, in order to control, eliminate and reduce environmental risks, and continuously improve the environmental protection and management level of each company, we carry out HSE special compliance inspection for each branch and subsidiary to strengthen management and avoid adverse environmental impacts. For the construction projects, we give priority to the production process with low energy consumption and less pollution and more energy-efficient and environmental friendly equipment, in the design stage of the project, so as to reduce the adverse impact of the project on the environment from the source.

During the reporting period, in order to continuously improve the environmental protection management level of each company, the Group carried out the special rectification work of environmental protection and set up a course on Mobilization Training for Environmental Protection Special Improvement Work.. This rectification covered 25 cities and 58 subsidiaries.



25

Total cities covered



58

Total subsidiaries covered

ENVIRONMENTAL MANAGEMENT TRAINING

During the reporting period, we formulated the General Requirements for Group HSE Management to standardize related work to the Group HSE management, including the implementation of the HSE-related training and assessment system for HSE management personnel. In order to strengthen the environmental awareness of all staff, we provide HSE training and emergency response drills for employees including environmental management for employees (including temporary and part-time staff) and relevant parties in accordance with the Management Measures of HSE Training and Management Measures of Environmental Protection. The company shall organize HSE training for all employees of the group at least once a year. The training on environmental management includes but is not limited to environmental policy, environmental rules and regulations, environmental accident cases, to ensure that employees master the knowledge and skills of environmental management.

In 2022, we provided employees with HSE training including environmental management through a combination of online and offline methods, with 7,020 participants and a total training duration of 15,332 hours.



7,020

Number of HSE training participants



15,332

Total Training Hours

ADDRESSING CLIMATE CHANGE



Coping with climate change is the common cause of all mankind and it can be fundamentally solved only if it is coordinated within the framework of sustainable development.

As one of practitioner, facilitator and supporter of sustainable development, CTI actively responds to the “the Belt and Road” green development partnership initiative jointly launched by China and 28 countries. We firmly support the State Council's “solid efforts on various work to achieve carbon peaks and carbon neutrality”. CTI advocates green, low-carbon, circular, and sustainable production and lifestyle.

We incorporate the response to climate change into the overall ESG development plan of the Group. We refer to the framework of the Task Force on Climate Related Financial Disclosures (TCFD) to disclose the work content of identification, assessment, and management of climate related risks and opportunities in four aspects: governance, strategy, risk management, metrics and targets, and propose measures to address climate change.

CLIMATE CHANGE GOVERNANCE

We identify and disclose the Company's policies and actions in addressing climate risks and seizing climate opportunities by establishing a climate change governance structure.

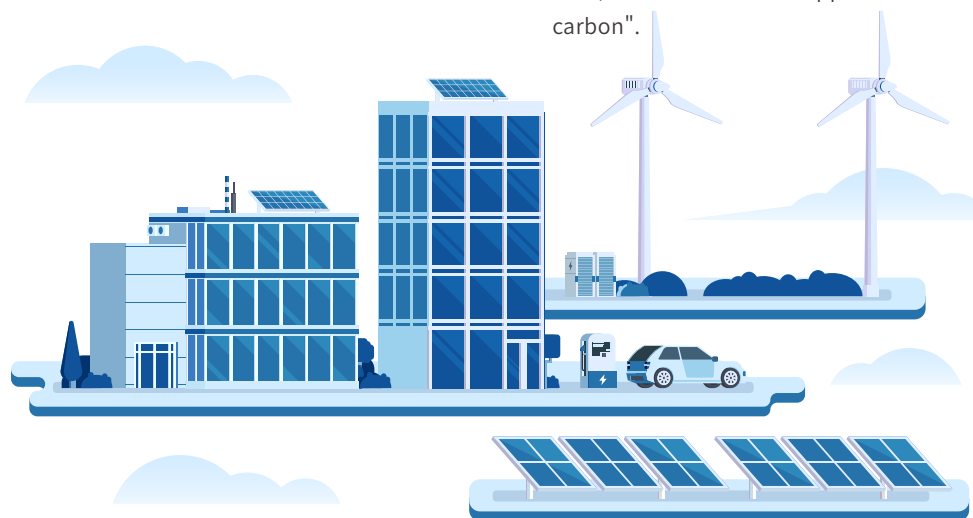
The Board of Directors is responsible for monitoring the risks and opportunities related to climate change, and reviewing environmental, social, and governance reports annually, including the topic of “addressing climate change”.

The ESG Management Team is established under the Company's Strategy and Merger and Acquisition Committee, which is responsible for coordinating and managing ESG related matters, including climate change, and regularly reporting to the Chairman.

STRATEGY AND RISK MANAGEMENT

We have been paying long-term attention to climate change and actively responding to the “dual carbon” goal. During the reporting period, we were approved as a verification institution of the Gulf Cooperation Council, becoming the only institution in China that has obtained the qualification of the Global Carbon Committee, providing convenience for the owners of greenhouse gas emission reduction projects. We refer to the analytical framework on climate related risks and opportunities proposed by the Taskforce on Climate-related Financial Disclosures (TCFD), and the ESG working group will identify and evaluate the Group's climate change related risks and opportunities, providing a basis for further controlling climate related risks and seizing climate related opportunities.

In accordance with TCFD's recommendations, we have identified potential physical and transition risks. At the same time, we have identified opportunities in the context of “dual carbon”.



In line with TCFD's recommendations, we identified potential physical and transformational risks. At the same time, we identified opportunities in the context of the "dual carbon" scenario.

RISK TYPE	Physical risks				Transition Risk			OPPORTUNITIES
CLIMATE RISK FACTOR	Extreme climate disasters	Climate Change	New policies for low-carbon economic transition	Energy transition policies	Carbon market price fluctuations	Regulatory Mandatory Information Disclosure	Raising environmental protection standards	
RISK CLASSIFICATION	Acute operational risks	Chronic Operational Risk	Market and technology risks	Market and technology risks	Market and Reputation risks	Operational and Reputation Risk	Market and technical risks	
DESCRIPTION	Extreme climate disasters will cause physical damage to the physical assets of the affected areas. CTI Group has many offices and laboratories located in coastal areas and areas with rich rainfall which further increases the impact of extreme weather on the Group's operations.	If CTI's customers from : the fields of agriculture, forestry, fishery, animal husbandry and other industries encounter long-term global warming, sea level rise and other climate changes. Their normal production and operations may be affected as resulting in the loss of CTI's specific business.	China has committed to the 3060 dual carbon targets, the government has introduced new policies to support low-carbon transformation. The Group has made efforts to reduce the impact of its operations on the natural environment. We have carried out measures to reduce energy consumption and greenhouse gas emissions.	Due to the government's more stringent emission reduction policies the company needs green energy with lower emissions to replace the existing high-emission energy sources, which increases the cost of transitioning to lower-emission technologies.	As the government has introduced more stringent carbon emission policies the company's cash flow will be affected by carbon market price fluctuations. But the Group is not a high-emitting enterprise, and then the fluctuated carbon market price is low risk to the Group.	Regulatory and mandatory disclosure of climate-related financial information, lacking of historical data and accurate accounting methods, it affects the quality of disclosure.	As the government has introduced more stringent environmental protection policies, the company needs to raise building energy consumption standards to comply with laws and regulations for energy conservation and low emission standards. It may increase R&D investment for energy conservation and environmental protection measures.	
INVOLVED BUSINESS SECTION	CTI group-wide	CTI group-wide	CTI group-wide	CTI group-wide	CTI group-wide	CTI group-wide	CTI group-wide	
IMPACT INTENSITY	High	Low	High	Middle	Low	Low	High	
Impact Cycle	1-3years	5-10years	5-10years	3-5years	1-3years	3-5 years	3-5 years	

METRICS AND TARGETS

The company manages greenhouse gas emissions generated by company operations such as laboratory and office electricity consumption, heating, cooling, and business travel through monthly reports and online system filling, and integrates and analyzes these emissions.

In 2022, our total carbon emissions at the operational level were 121,658.2 tonnes of carbon dioxide equivalent, including 2,672.5 tonnes of carbon dioxide equivalent emissions from Scope 1, 73,954.5 tonnes of carbon dioxide equivalent emissions from Scope 2, and 45,031.2 tonnes of carbon dioxide equivalent emissions from Scope 3, as shown in the following table:

No.	Scope	Type	Main Content	Carbon Emissions (tonnes of CO ₂ eqv)	Percentage
1	One	Natural gas	Natural gas is mainly used for heating, humidification and laboratory sterilization in Suzhou biological animal laboratory	731.0	0.6%
2	One	Gasoline	Daily consumption as the power source of CTI's own sampling vehicles, mobile monitoring vehicles, fast inspection vehicles, medical examination vehicles and commercial vehicles	399.1	0.3%
3	One	Diesel	Consumption as a power source for generators self owned sampling vehicles	171.6	0.1%
4	One	Refrigerant	Emissions from refrigeration equipment (air conditioning) in CTI Office	731.1	0.6%
5	One	Septic tank	Discharges from CTI's own base sewage treatment	639.7	0.5%
TOTAL OF SCOPE ONE				2,672.5	2.2%
6	Two	Purchased electricity	Power consumption of CTI's own and leased offices and laboratories	71,245.9	58.6%
7	Two	Purchased heat	The purchased heat for central heating of CTI's own and leased offices	2,708.6	2.2%
TOTAL OF SCOPE TWO				73,954.5	60.8%
8	Three	Business travel	Carbon emissions from employee travel (cars, high-speed trains, airplanes, etc.)	45,031.2	37%
TOTAL OF SCOPE THREE				45,031.2	37%

Note:

1. In 2022, the data coverage of Scope 1 and Scope 2 includes the group headquarters and all subordinate institutions and offices within and outside China, while Scope 3 covers the group headquarters and all subordinate institutions and offices within China.
2. The emission factors are selected from the 2022 national grid average emission factor (0.5703 tCO₂/MWh) released by the Ministry of Ecology and Environment, the world's most authoritative Ecoevent 3.7 database based on life cycle analysis applicable to China's region or the world, international authoritative emission factors such as GHG Protocol and UK Defra, or relevant authoritative official documents issued by domestic governments.
3. Considering the technical feasibility and cost feasibility comprehensively, the other indirect emissions mainly considered are the carbon emissions generated by employees taking transportation vehicles (cars, high-speed railways, airplanes, etc.) during their official business trips.

DEALING WITH CLIMATE CHANGE

By identifying, assessing, and analyzing the potential financial impact of climate risks and opportunities on the Company's business and operations, we currently mainly adopt three strategies to address climate change: green office, green travel, and green services.



GREEN OFFICE

We adopt the classified energy management approach. For electricity consumption management, we encourage efficient use of electricity in laboratories and offices, strengthen the management of electricity consuming equipment, efficiently utilize experimental equipment, and reduce electricity consumption; promote the use of energy-saving electrical appliances, advocate turning off the lights at will, and reduce the standby energy consumption of office equipment. For gasoline usage management, the Company adopts registration of fuel cards, driving mileage, and other methods for reasonable control, and gradually uses electric sampling vehicles to replace gasoline and diesel sampling vehicles.

GREEN TRAVEL

In order to reduce the distance of business travel, we prioritize assigning the employees close to the project site as team members according to the business needs. We use the video conference room to reasonably reduce the number of business trips. At the same time, we encourage employees to give priority to green travel vehicles, such as public transportation and bicycles.



GREEN SERVICES

We continue to improve our climate-related services, strengthen our attention and research on climate change and related regulations and policy trends, and constantly improve the quality and forward-looking of sustainable development services such as climate change from the perspective of customer needs.

RESOURCES CONSUMPTION



The operation process of the Company needs to consume a lot of electricity, water, paper and other resources, which has a great impact on the natural environment. We are deeply aware of the shortage of resources and the urgency of saving resources, and we also pay attention to the expectations of the government, the public and other stakeholders on energy conservation and emission reduction. It is our urgent obligation and responsibility to save resources and ensures the eternal youth of the Earth.. During the reporting period, in order to improve the utilization efficiency of resource use, we revised the Energy and Resource Management Control Procedure, and the Administrative and General Affairs Department was responsible for the comprehensive management of the Company's resources, including but not limited to water, electricity, gas, paper, packaging materials, etc.

IN 2022, OUR ENERGY CONSUMPTION PERFORMANCE:



12,492.7 million kWh

Total electricity consumption of



334,373 cubic meters

Natural gas consumption of



128.33 tonnes

Gasoline consumption



49.11 tonnes

Diesel consumption



31.30 kg of standard coal/10,000 RMB revenue

Energy consumption density



449,000 tonnes

Water consumption of



0.88 tonnes/10,000 RMB revenue

Water consumption intensity

ENERGY MANAGEMENT

At present, we mainly reduce energy consumption in business operations by strengthening management and awareness raising. We incorporate energy conservation and consumption reduction into the Company's annual HSE management objectives, and the Administrative and General Affairs Department determines the energy management to be undertaken this year to develop an implementation plan. We actively promote cleaner production, process improvements, optimize energy consuming equipment, and eliminate energy consuming products. We encourage employees to reduce unnecessary power consumption, including reducing the standby time of office computers and laboratory equipment, and turning off unnecessary electrical appliances and lighting switches in a timely manner. During the reporting period, we actively participated in activities related to "carbon peak, carbon neutrality".

In April 2022, we officially joined the Carbon Neutrality Committee of China Energy Conservation Association (hereinafter referred to as the Carbon Neutrality Committee), becoming a member unit of the Carbon Neutrality Committee, actively promoting the national goal of "carbon peak and carbon neutrality".

In July 2022, we assisted the "2022 College Energy Conservation and Low Carbon Volunteer Action" by providing customized souvenirs for college students who actively participated in the voluntary action, thereby encouraging them to learn the concepts of ecological civilization, green development, low carbon development, and knowledge about coping with climate change, continuously enhancing their awareness and ability to save energy and reduce carbon, and advocating for college students to choose a simple, moderate, green, low-carbon, civilized, and healthy lifestyle, improving the enthusiasm of college students to practice energy conservation and carbon reduction.

WATER RESOURCE MANAGEMENT

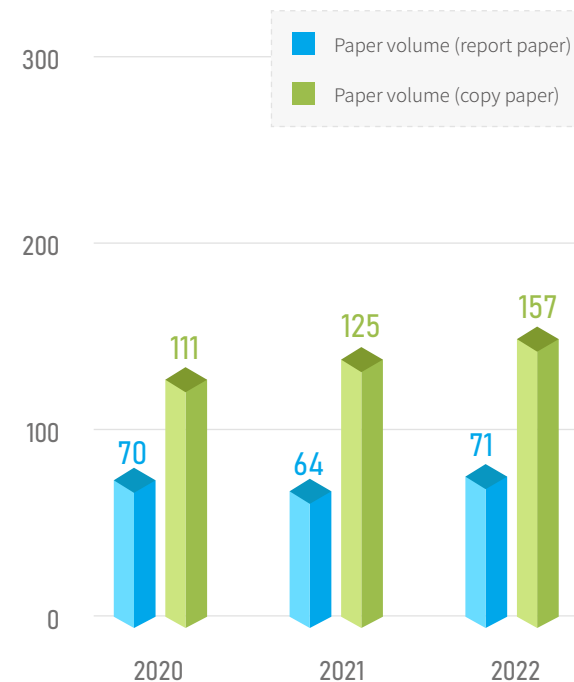
Our water consumption mainly comes from laboratories and offices. Although our business area has not been affected by drought and water scarcity, we still manage water resources economically, regularly monitor and count water usage, and strive to improve water efficiency. We promote wastewater reuse, promote water resource protection, and enhance employees' awareness of water conservation. We implement water conservation and emission reduction measures in terms of management and process technology, control the water usage for equipment cleaning, and promptly rectify equipment that consumes large amounts of water. The domestic water should be turned off when people leave the valve, and the phenomenon of long flowing water should be avoided. In the future, we will strictly monitor the use of water resources, deepen the implementation of water-saving measures, and strive to minimize the impact on water consumption and sustainable utilization.

In 2022, our water consumption was 449,000 tonnes, an increase compared to the previous year. The growth is due to the return of the office format from the home office to a corporate office, the expansion of our production, and the increase in the number of laboratories.

MATERIAL MANAGEMENT

The paper used to issue reports to customers is the main source of materials consumed by us. We have begun to promote the use of paperless processes to reduce paper consumption, such as the introduction of a paperless LIMS system in laboratories, both the records and certificate issuance use the paperless operation, provide customers with electronic testing, inspection, certification, and other documents. At the same time, in order to further reduce paper consumption, the Group actively promotes the deployment of an electronic labor contract system, which can effectively optimize the labor contract signing process and reduce the printing of paper contracts after completion, making it more efficient and greener.

Paper consumption (unit: tonnes)



WASTE MANAGEMENT



WASTEWATER MANAGEMENT

Our wastewater mainly includes industrial wastewater produced in the process of laboratory testing and domestic wastewater produced by office and living activities. During the reporting period, we revised the Wastewater Discharge Control Procedure to standardize the effective management of the Company's wastewater treatment, discharge and monitoring.

We strictly abide by the Law of the People's Republic of China on the Prevention and Control of Water Pollution, Comprehensive Sewage Discharge Standards and relevant local regulations and standards to discharge wastewater and regularly carry out

wastewater monitoring (at least once a year), so as to meet the discharge standards and resolutely put an end to excessive discharge behavior. At the same time, we implemented the water pollution prevention and control system according to the Environmental Protection Management Measures, and treated the waste water, and then discharged it into the municipal pipe network.

In 2022, the Company has strengthened the management of wastewater discharge, requiring all companies in the territory to install flow meters. Up to now, 29 companies have completed the installation.

IN 2022, OUR PERFORMANCE



88,807 tonnes

total industrial wastewater discharge

EXHAUST GAS MANAGEMENT

We strictly implement the requirements of relevant national or local laws and regulations and environmental supervision and management departments. We discharge waste gas through waste gas treatment facilities to achieve the emission standards.

We conduct comprehensive management of waste gas emissions according to the Environmental Protection Management Measures, requiring each subsidiary company to choose process technologies and equipment that do not produce or produce less waste gas, regular monitor of waste gas (at least once a year), strictly control pollutant emissions, and shall not exceed the discharge permit approval of total emissions limit, and strengthen the inspection to avoid causing the unorganized

emission of waste gas. We equip the laboratory with the corresponding ventilation system and facilities according to the regulations, involving the operation of volatile organic compounds, which are carried out in the normal operation of the ventilation cabinet.

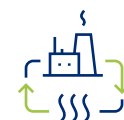
We strengthen the leakage and detection of volatile organic compounds in each production section, timely cover all kinds of containers for chemicals in storage, and minimize volatilization of volatile organic compounds.

Compared with 2021, the exhaust gas testing in 2022 covers all emission outlets, and the Company expanded production, so the exhaust gas emissions increased relatively.

IN 2022, OUR PERFORMANCE



1.09 tonnes
NOx emissions



0.69 tonnes
SOx emissions



3.80 tonnes
Volatile organic compounds (VOCs) emissions



2.90 tonnes
Particulate Matter (PM) emissions

Note: The statistical caliber of the data is all the discharge outlets of industrial waste gas.

WASTE MANAGEMENT

The waste generated by the Company mainly includes chemicals, test samples, organic waste, waste liquid, paper, plastics, office waste, electronic waste, etc. Compared to traditional industries, we produce less waste, but we focus on waste discharge and management.

We have implemented the Measures for Environmental Protection and Management and strictly managed the waste. We set up a solid waste management ledger to trace and query the solid waste. According to the nature of the classification, the waste is classified into general waste and hazardous waste (including medical waste). In accordance with relevant laws and regulations, we organize HSE training for legal entities, general managers, chemical procurement personnel and chemical users to ensure that relevant personnel have sufficient ability to use and handle hazardous chemicals in an appropriate, safe and standardized manner. In 2022, due to the Company's expansion of production, the amount of hazardous waste emissions has increased compared to 2021.

Waste classification	Processing method
General waste	Establish management procedures for classified release, classified collection, classified transportation, and classified treatment, and ultimately transfer them to municipal waste treatment institutions for treatment.
Hazardous waste (including medical waste)	In accordance with the national Regulations on the Safety Management of Hazardous Chemicals and other regulations and policies, the management system of the Measures for the Safety Management of Hazardous Chemicals is formulated to standardize the use and treatment process of such chemicals. Hazardous waste shall be stored separately and classified from general waste, and qualified professional units are entrusted to transport, utilize and treat solid waste. As for medical waste, we strictly follow the Regulations on Medical Waste Management, transfer the medical waste to a special medical waste treatment company for unified treatment. We also strictly record the treatment process to ensure that all waste is reasonably disposed of.

IN 2022, OUR PERFORMANCE:



751.5 tonnes
Hazardous waste



2,166.42 tonnes
Non-hazardous waste



283.58 tonnes
Recycled Non-hazardous waste

Note: The statistics of non-hazardous waste are all the company's properties and some leased properties.

CARING FOR EXPERIMENTAL ANIMALS



Preclinical evaluation of drugs is one of the businesses of CTI. In order to ensure the safety and effectiveness of drugs and clarify the absorption, distribution, metabolism and excretion of drugs in organisms, animal tests should be conducted before the launch of new drugs. We strictly abide by the territorial guidelines for the management and use of experimental animals, care for and respect experimental animals, manage animals in a humane way and ensure animal welfare.

We continue to develop and implement new technologies, committed to the "3R" principles of animal experimentation: Reduction, Replacement and Refinement.



STANDARDIZING ANIMAL MANAGEMENT AND USE

The Company has established Institutional Animal Care and Use Committee (IACUC) consisting of veterinarians, experts with rich experience in animal testing, non-animal test participants of the group, and public representatives, responsible for supervising the management and use of animals. During the reporting period, we revised the IACUC Approval Procedure for Animal Management and Use to further optimize and improve the animal management and use process. For all animal experiments, the subject responsible person needs to submit an approval form before the experiment starts. IACUC members need to strictly review the approval form submitted by the subject responsible person, and the test can only be conducted after passing the review. When significant changes affecting animal welfare are involved in the test process, the subject responsible person needs to fill in the record form and submit it to the IACUC management for review and approval. IACUC inspects experimental animal facilities and animal feeding and management every six months. After the launch of each animal testing topic, IACUC members and/or QA will irregularly supervise and inspect the animal welfare during the breeding and use of experimental animals. If any issues that violate animal welfare requirements are found during the inspection, they will adopt methods such as evaluation, necessary investigation, or transfer to relevant departments to make final conclusions and handling. Currently, the handling methods for violations of animal welfare include oral warning, written warning, track and inspect, temporarily or permanently disqualify relevant personnel from contacting animals, report to the person in charge, etc.

To ensure that all personnel related to experimental animals can understand the importance of animal welfare, we provide comprehensive and systematic animal welfare training for new employees when they enter the workforce. In our daily work, we also provide regular training to employees to ensure animal welfare.

ANIMAL WELFARE CARE

We are committed to providing good conditions for animals to guarantee the welfare of experimental animals, including: comfortable accommodation and adequate entertainment time, necessary social activities, health monitoring and care, etc. The specific welfare protection measures are as follows:

Environmental enrichment measures	· According to the habits and preferences of the experimental animals, different environmental enrichment devices are set up to provide diet, auditory welfare and social activities;
Co breeding	· All non-human primate experimental animals must be raised in pairs or appropriate populations, and only animals that cannot be housed in combined cages for animal reasons or experimental protocols may be housed in single cells;
Animal health monitoring and care	· Quarantine the new entry animals during the environmental adaptation period, and monitor their health status based on experimental data; · The experimental animals received health monitoring and care, and provide the fluid replacement and use the most applicable analgesic drugs according to their physical condition.
Surgery and postoperative care	· Professional pre-surgical and post-surgical care should be provided for experimental animals. The operation should be sterile during the operation, and special personnel should monitor and record the depth of anesthesia, body temperature, heart rhythm and respiratory rate of the animals.

SOCIAL CONTRIBUTIONS



70

SUPPLIER
MANAGEMENT

72

PARTNER
COOPERATION

74

COMMUNITY
SUPPORT

SUPPLIER MANAGEMENT



We are committed to sourcing products and services responsibly and working with our suppliers to achieve higher quality, healthier, safer, greener and sustainable development.

We expect CTI's suppliers to comply with CTI's rules and practices regarding suppliers, to recognize CTI's values and to adopt principles similar to those of CTI about their responsibilities to their stakeholders:

Compliance with all applicable laws

Respect for the fundamental human rights of employees

Taking responsibility for the health and safety of employees

Integrity and Fair Trading

The implementation of suppliers in environmental protection, labor protection and other aspects is also a part of our concern, we will have relevant licenses, qualifications, certification as a basis for cooperation, and we have developed the CTI Supplier Code of Conduct to guide and promote suppliers to build a sustainable business environment.

BY THE END OF THE REPORTING PERIOD



1,660

We worked with 1,660 suppliers of laboratory equipment and material



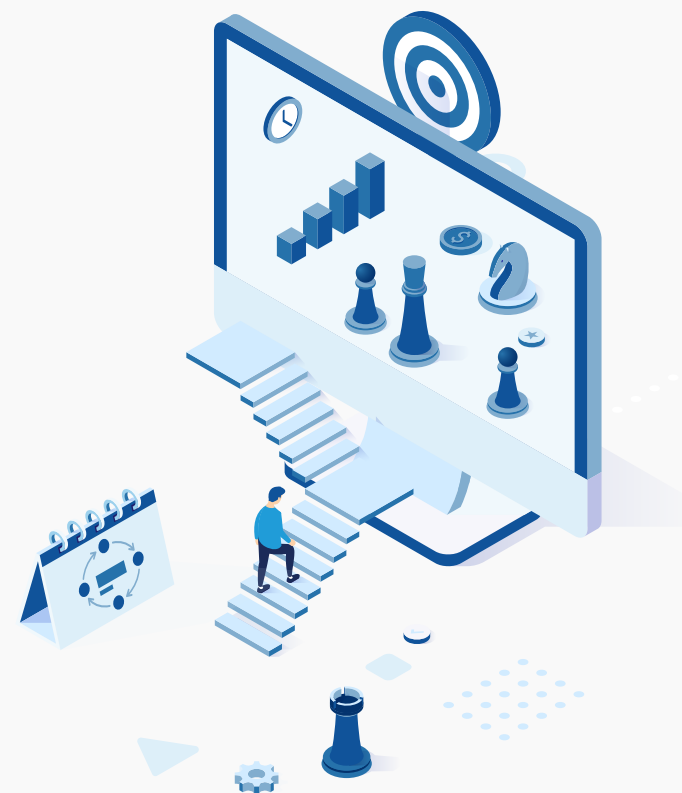
429

of which were new



100%

Group laboratory equipment and materials suppliers are domestic suppliers, supplier audit rate was



SUPPLIER ESG REVIEW

We conduct compliance reviews of suppliers at least once a year by management documents such as the Supplier Management Approach.

During the reporting period, our social and environmental assessment was included in the supplier assessment and 126 key category suppliers were selected (approximately 70% of Group lab material procurement amount) to conduct ESG audit survey, and did not identify any significant risks related to child labour, forced or compulsory labour, freedom of association, and environmental pollution.



GREEN PROCUREMENT

During procurement, we set several environment-based assessment indicators for evaluating the procurement of experimental equipment that have a greater impact on the environment, such as energy consumption, noise, wastewater, waste gas, radiation and vibration. For example we include energy consumption competition scoring weights for comparison and selection during procurement and conduct specific environmental impact verification work after procurement.

Some of our paper promotional materials are made of FSC-certified paper to promote sustainable management of forest resources.

INTEGRITY PROCUREMENT

We formulate the Code of Integrity in Procurement Operations, strengthen procurement/subcontracting integrity practices to alert risks, and manage suppliers and procurement/subcontractors to eliminate risk sources, implement sunshine procurement, regulate procurement processes to control risks, implement oversight and review to monitor risks, and address fraud or corruption to warn of the risks.

Experimental equipment and materials are the main types of procurement. We explicitly require suppliers to sign the Fair Competition, Sunshine Procurement Integrity Statement, commit to abide by the integrity system of CTI, prohibit bribery and provide unfair benefits to the Company's employees, and prevent unfair competition before conducting business transactions.

We have formulated the Procurement Management System, Implementation Rules for the Procurement of Experimental Materials, Implementation Measures for the Procurement of Experimental Equipment and other documents to strictly regulate the process of procurement matters, and to ensure transparency and legal compliance in procurement.

We require all sourcing/subcontracting practitioners to sign the Sourcing/Subcontracting Personnel Integrity Commitment and require sourcing/subcontractors to receive pre-induction integrity training.

THE TRAINING COVERS

Group and departmental integrity measures

Job integrity risks

Job integrity management measures

During the reporting period, the laboratory supplier's Code of Conduct for CTI Suppliers was signed at 100% and the Fair Competition and Sunshine Procurement Integrity Statement was signed at 100%.

SUPPLIERS STABILITY

We advocate fair and open competition and establish long-term relationships based on mutual trust. We ensure that all parties participate in the procurement process fairly, honestly and in good faith. We recognize that adherence to competition principles is the key to maintaining integrity in the procurement process.

To maintain supply chain stability and continuity, we take the following measures:

For equipment and consumables of the same function, 1 to 5 qualified suppliers will be retained, while with low, medium and high-quality suppliers

For framework agreement suppliers for the same functional equipment or consumables, usually 1 to 3 suppliers are maintained

For consumables agreement suppliers, A/B angle sourcing is adopted to reduce supply risks

PARTNER COOPERATION



As a pioneer, practitioner and leader of China's third-party testing and certification services, CTI has the responsibility to promote the sustainable and healthy development of the industry. We actively strengthen exchanges with the industry and learn from each other's favourable experiences. At the same time, we have engaged in cooperation with the government and scientific and research institutions in a wide range of efforts to form a joint effort to promote the continuous upgrading of the industry.



STRATEGIC COOPERATION WITH GUANGDONG ENVIRONMENT EXCHANGE, FOCUSING ON DUAL CARBON

CTI and Guangdong Environment Exchange held the signing ceremony of the strategic cooperation agreement and the "dual carbon work" exchange meeting in 2022. Based on the principles of long-term cooperation, mutual development, resource sharing and mutual benefit, the two sides give full play to their respective strengths and carry out all-round and in-depth cooperation on ESG, carbon neutrality, green finance and other fields.



CHINA'S FIRST PROVINCIAL ESG EVALUATION STANDARD RELEASED IN COLLABORATION WITH CHINA (TIANJIN) PILOT FREE TRADE ZONE

CTI, as technical support, supported the Management Committee of China (Tianjin) Pilot Free Trade Zone (FTZ) and collaborated with the Tianjin Climate Exchange, a joint venture of the national carbon market, to compile and publish the first provincial ESG rating standard in China, Corporate ESG Evaluation Guide (Trial Version).

The evaluation guide is an important guide for the construction of ESG systems in the Tianjin FTZ and even nationwide, and plays an important role in improving the ESG management level of enterprises, optimising the financing conditions of enterprises under the new situation, and helping to achieve the goals of "carbon neutrality and carbon peaking" and high-quality development.

STRATEGIC PARTNERSHIP WITH JINGDONG 7 FRESH TO DRIVE QUALITY FOOD SAFETY WITH PROFESSIONAL SERVICES

CTI's mission of focusing on public food safety and health coincides with JD7 FRESH's goal of "providing fresh, safe and high quality products to consumers". On 11 January 2022, the two companies entered into strategic cooperation, in which our Food Agriculture and Health Products Research Institute and JD 7 FRESH will cooperate in the analysis of the nutritional characteristics of products, the selection and certification of healthy products, the construction of healthy restaurants, as well as the popularization of science around the theme of nutrition and health, and online and offline activities to jointly contribute to the upgrading of nutrition and health in the food industry, enhancing national awareness of nutrition and health, and promoting the transformation of food consumption towards nutrition and health..



ATTENDING THE FORUM ON THE DEVELOPMENT OF BIOMEDICAL INDUSTRY AND THE CONSTRUCTION OF PUBLIC TECHNOLOGY LABORATORIES

On the afternoon of June 17, 2022, CTI was invited to attend the "Forum on the Development of the Biomedical Industry and the Construction of Public Technology Laboratories in the Hetao Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone" and had an in-depth exchange and opinion sharing with the participants on the construction and development of public technology laboratories. The general situation of public technology laboratory construction and development in various industries, the pain points of public technology laboratory construction and operation and other hot issues were discussed and exchanged from multiple angles and deep levels. Suggestions were given for the cooperation mode of public technology laboratory construction and operation in biopharmaceuticals, providing favorable references for the development of the public technology laboratory construction industry.



JOINT RESEARCH ACTIVITIES WITH UNIVERSITIES

During the reporting period, CTI signed a strategic cooperation framework agreement with the School of Food Science and Technology of Jiangnan University. Based on the long-term development demand, we jointly carry out scientific and technological innovation cooperation in food and agricultural product composition change, safety detection, additive technology, microplastics detection and analysis, promoting the CTI's innovative development and leading development in the field of inspection and testing;

Signed a technology development agreement with Professor Xie Yunfei of Jiangnan University, aimed at the innovation and business expansion direction of CTI testing technology, and jointly carried out research on microplastics testing technology of food and agricultural products and related fields.

A technical cooperation agreement was signed with Associate Professor Wu Yunwen of Shanghai Jiao Tong University. In the field of chip and semiconductor material inspection, joint research was carried out on bonding technology, interface mechanism, reliability analysis or failure analysis of micro convex point bonding.

COMMUNITY SUPPORT



We always keep in mind the mission of extending corporate responsibility and corporate value to a diverse social ecology. Since its establishment, CTI actively committed to public welfare undertakings, practicing of corporate responsibility.

We ask that donations be transparent. Among other requirements, the identity of the recipient and the plan for the use of the donation must be clear and the cause and purpose of the donation must be reasonable and documented.

WE SPECIFY THE PROHIBITED ACTS OF DONATION, INCLUDING:

Provides donations to individuals as well as for-profit organizations.

Remittances to private accounts.

Donations to organizations whose objectives conflict with the principles of the Company.

All forms of quasi-donations.

Other donations that may damage the Company's reputation or cause major public relation crises.

During the reporting period, we carried out a social donation of 75,000 RMB, including 20,000 RMB to impoverished villages in Du'an County for the construction of solar street lights, and 10,000 RMB for the Education Special Fund in Longgang District, Shenzhen. .

During the reporting period, the Group carried out quality assistance, energy-saving and carbon reduction, food safety, charitable funds, blood donation and other public welfare activities. The group has been successfully selected as the "Product Hospital" for the 2022 Guangdong Province Product Quality and Technical Assistance Special Work. In the future, we will focus on quality assistance and targeted improvement for steel, cement and other building materials products and related production enterprises. We have also become a responsible organization for providing assistance to Huizhou City in Guangdong Province, to fully assist the provincial bureau in completing the "clean up" work with high standards and strict requirements.



ENERGY-SAVING AND LOW-CARBON PUBLIC WELFARE

CASE

**CTI becomes a member of the Carbon Neutrality Committee**

In April 2022, CTI officially joined the Carbon Neutrality Committee of the China Energy Conservation Association (CECA) and became a member of the CECA, actively contributing to the national carbon target of "carbon peaking and carbon neutrality".

FOOD SAFETY PUBLIC WELFARE

CASE

**CTI "Be a Food Safety Master" Activity**

On 26 June 2022, CTI collaborated with Harbin Dingjin Food Co Ltd & Harbin PepsiCo Beverages Co Ltd to organise a "Be a Food Safety Master" activity to introduce to children how to correctly judge and differentiate food in their daily lives, thereby enriching their awareness of food safety.

CASE

**CTI becomes "2022 University Energy Saving and Low Carbon Voluntary Action" supporter**

In July 2022, the China Energy Conservation Association held the "2022 University Energy Saving and Low Carbon Voluntary Action," Organized by the Carbon Neutrality Professional Committee, CTI offers customized souvenirs for students who are active in volunteering, to encourage students to learn about ecological civilization, green development, low-carbon development concepts and relevant knowledge of coping climate change, and to improve the enthusiasm of college students to practice energy saving and carbon reduction.



PUBLIC SERVICE STATION

CASE



CTI awarded "Yicheng Cooperative Development Foundation Public Welfare Service Station"

During the reporting period, we were awarded Yicheng Cooperative Development Foundation Public Welfare Service Station, successfully approved as the second batch of Yicheng Public Welfare Service Station, achieving the empowerment of charity through technology..

CASE



CTI "Love and Giving" Material Donation

On March 18, 2022, the Yicheng Foundation held the "Beijing Yicheng Cooperative Development Foundation's 2022 Annual Conference on Rare Diseases and Technology Public Welfare and Project Declaration Guide Launch," CTI Beijing Company donated 20,000 RMB.

VOLUNTARY BLOOD DONATION ACTIVITIES

CASE



CTI blood donation campaign

During the reporting period, the Company actively organized employees to carry out unpaid blood donation activities, making outstanding contributions to supporting the blood dispensing work in Shanghai.



APPENDIX

COMPANY MEMORABILIA

20 22

ANNUAL

January

- Wan Feng, Chairman of CTI, was elected as one of the first batch of "Guangdong Private Entrepreneurs Think Tank Members".
- CTI issues the first intellectual property management system certification certificate.
- CTI certification has become an authorized verification agency of the I Climate Bonds Initiative (CBI).
- CTI was awarded the honor of "Best Partner of the Year" by the Shenzhen Toy Industry Association.
- CTI acquires and controls Jilin Anxin, adding new impetus to the one-stop service layout of food and agricultural products.
- Multiple national standards for ice and snow sports equipment drafted under the leadership of CTI have been officially released.

February

- CTI UCLA was one of the first batch to pass the bioinformatics analysis process of national tumor mutation load testing and evaluate the quality between laboratories.
- CTI certification has been approved as a new qualification in the field of green product certification.

March

- CTI Beijing Company contributes to the food safety of Beijing DSummer and Winter Olympic Games, received a letter of appreciation from Beijing Winter Olympics (Paralympic) Village.
- CTI has been recognized as an EMC qualification by BMW Brilliance.
- CTI certification is the first "zero carbon" logistics park in China – Jingdong "Asia No.1" Xi'an Intelligent Industrial Park issued carbon neutrality double certificates..

April

- CTI has become the only institution in China to obtain GCC (Global Carbon Council) qualification.
- CTI received an AA rating from the 2021 Wind ESG Rating Rankings, becoming the top ranked enterprise in the industrial sector and the only TIC industry institution on the list to receive an AA rating.
- On April 19 and April 20, 2022, CTI won the bid for the National Environmental Air Quality Monitoring Network Urban Point Operation and Maintenance Inspection Service Project - Operation and Maintenance Site Inspection (Package 1 and Package 2) and National Surface Water Monitoring Supervision and Inspection Technical Service (Package 2 and Package 3).
- CTI was successfully selected as the "Product Hospital" for the 2022 Product Quality and Technical Assistance Special Work in Guangdong Province.

May

- CTI has Won the Best Investor Relations Award at the Tenma Awards and the Best Board of Directors Award for four consecutive years.
- CTI's first postdoctoral fellow successfully left the station.
- CTI acquires MGA Nantong Laboratory to establish a comprehensive ecological experimental capability for car seats.
- CTI has reached strategic cooperation with Guangdong Environmental Exchange, focusing on dual carbon through strong alliance.
- CTI was selected as one of the first batch of data security industry expert committees and members of a series of working groups by the Ministry of Industry and Information Technology of the People's Republic of China.

June

- CTI Tianjin Company, CTI Shanghai Company, and CTI Henan CA Company have respectively been rated as "specialized, refined, and innovative enterprises" in various regions.
- CTI has issued multiple product carbon footprint certificates to Sinopec Group
- CTI and MIXUE collaborate on the tea and food safety system.

July

- CTI received a letter of thanks from the Shanghai Municipal Commission of Commerce, bravely taking on the responsibility of adhering to the "epidemic" line
- CTI has won the Information Disclosure A (Excellent) rating by Shenzhen Stock Exchange for 4 consecutive years.
- CTI issued a carbon neutrality certificate for Panpan Food, and the first "zero carbon factory" in the leisure food industry in China was born.
- CTI has added 14 laboratories to the second phase of the third national soil census public list.
- CTI Ningbo Company was awarded the title of "Specialized, Refined, and New" Enterprise in Ningbo City in 2022.
- CTI Anhui Company was rated as the "Hefei Enterprise Technology Center".

August

- CTI received a letter of thanks from the Shanghai Municipal Market Supervision and Administration Bureau, bravely undertaking food safety and building a solid defense line together
- CTI and Pakistan NTRC reached an overseas strategic cooperation agreement to jointly assist in upgrading the quality of consumer goods in South Asia.
- CTI successfully won the bid for the 2022 National Supervision and Sampling Inspection Project for Product Quality.
- CTI ESG rating results were officially launched on the ifeng Wind Finance News · ESG channel.
- CTI officially publishes Theory and Practice of Laboratory Risk Management.

September

- CTI awarded the A- level ESG rating from Refinitiv, ranking in the top 8.4% globally.
- CTI Shanghai Company has passed the NEAC Soil Special Capability Verification for all projects.
- CTI provides non-destructive testing services for the world's largest liquefied natural gas storage tanks.
- CTI was listed on the "2022 Shenzhen Top 500 Enterprises List".
- CTI won the 2022 National Animal Health and Food Safety Innovation Alliance Food Safety Technology Innovation Award.

October

- CTI won the ESG AAA rating of Wind's A-share listed company in 2022.
- CTI awarded as one of the Top 50 Value listed companies on GEM.
- CTI and the Yellow River Basin Ecological Environment Supervision and Administration Bureau of the Ministry of Ecology and Environment signed a MOU.
- CTI signs an overseas strategic cooperation agreement with Pacific Control Laboratory in Peru.

November

- CTI Becomes a Third Party Verification Agency for Environmental Product Declaration Platform (EPD) in the Steel Industry.
- CTI's EMC laboratory has been recognized as a third-party laboratory by NIO.

December

- CTI leading the National Key R&D Plan Project of the Ministry of Science and Technology to be landed in the G60 Science and Technology Innovation Corridor of the Yangtze River Delta.
- The new version of the customer service management system MYCTI for CTI has been officially launched.
- CTI core values are newly upgraded: deeply rooted and refined, transforming and embarking on a new journey
- CTI won the 2022 Top 20 Board Governance Award and Corporate Governance Award for Listed Companies in the Greater Bay Area.
- Mr. Chen Yan, Director, Secretary, and CEO of CTI, won the 2022 Top 20 Board Secretary Award for Listed Companies in the Greater Bay Area.
- CTI won the "2022 Best Practice Award for Board Offices of Listed Companies" from the China Association for Public Companies.
- CTI Listed as one of the "Top 100 Quality Enterprises in Shenzhen" in 2022.

CTI was awarded the "China Top 100 High Growth Enterprise Award".

KEY PERFORMANCE TABLE

CATEGORY	UNIT	2022	2021	2020
Environment ¹				
Energy Consumption ²				
Electricity	10,000 kWh	12,492.7	10,771	8,089
Natural gas	10,000 m ³	33.4	23.4	-
Gasoline	tonnes	128.33	209.45	-
Diesel oil	tonnes	49.11	58.96	-
Waste				
Hazardous waste	tonnes	751.5	590.25	-
Non hazardous waste ³	tonnes	2,166.42	3,258.48	-
— Recycling waste	tonnes	283.58	290.19	-
Water Consumption				
Water consumption	tonnes	449,000	397,063	280,505
Water intensity	tonnes/10,000 revenue	0.88	0.95	0.82
Packaging Consumption				
Report paper consumption	tonnes	71	64	70
Greenhouse Gas Emissions				

¹ Environmental data covers the Group's headquarters and all subsidiaries and offices in China unless otherwise indicated.

² Energy consumption and greenhouse gases (Scope 1 and 2) data cover the Group's headquarters and all subsidiaries and offices in China, overseas subsidiaries and holding companies.

³ Non-hazardous waste data covers all owned properties and some leased properties of the Company.

CATEGORY	UNIT	2022	2021	2020
Scope 1 emissions	tCO ₂ e	2,672.5	2,210.5	-
Scope 2 emissions	tCO ₂ e	73,954.5	78,993.5	-
Total (Scope 1 + Scope 2)	tCO ₂ e	76,627.0	81,204.0	-
GHG emission intensity (Scope 1 + Scope 2)	tCO ₂ e/10,000 revenue	0.15	0.19	-
Exhaust Gas Emissions ⁴				
NO _x	tonnes	1.09	1.31	-
SO _x	tonnes	0.69	0.37	-
VOCs	tonnes	4.69	2.68	-
Particulate Matter	tonnes	2.90	0.96	-
Waste Water				
Industrial waste water	tonnes	88,807	-	-
Society ⁵				
Employees Composition				
Number of employees	Total	12,183	11,091	10,069
	Male	6,106	5,515	5,073
	Female	6,077	5,576	4,996

⁴ The statistics of exhaust gas are all the emission outlets where industrial waste gas exists.

⁵ The scope of social data is consistent with the annual report.

CATEGORY	UNIT	2022	2021	2020
Age	18-24	1,380	2,144	-
	25-29	4,585	3,632	-
	30-39	4,928	4,382	-
	40 and above	1,290	933	-
Education background	Junior college's degree or below	5,187	4,737	4,180
	Bachelor's degree	5,985	5,449	5,028
	Master's degree	986	877	834
	Doctoral degree (including postdoctoral)	25	28	27
Nationality	China	11,813	11,005	9,932
	Overseas	370	86	137
Speciality	Production staff	3,550	3,351	3,061
	Salesman	2,815	2,724	2,623
	Technical staff	5,108	4,256	3,688
	Financial personnel	188	171	165
	Administrative staff	522	589	532
Total number of new employees	Total	3,855	4,280	-
Diversity and Equal Opportunity				

CATEGORY	UNIT	2022	2021	2020
Proportion of female employees	%	49.9	50.3	49.6
Proportion of female employees among and above manager level	%	39.0	38.0	-
Proportion of women in senior management	%	23.5	12.5	12.5
Proportion of women on boards	%	14.3	14.3	14.3
Minority employees	Number	523	460	463
Number of employees with disabilities in employment programs	Number	55	53	35
Ratio of basic pay and remuneration between men and women	Male:Female	1.06	1.02	-
Employee Turnover				
Total number of employees who voluntarily quit	Total	2,677	3,036	2,332
Employee voluntary turnover rate	%	21.97	27.4	23.2
Gender (ratio)	Male	22.44	28.3	22.7
	Female	21.51	26.5	23.5
Age (rate)	18-24	45.58	33.2	-
	25-29	23.77	34.6	-
	30-39	16.36	21.5	-
	40 and above	11.78	13.4	-

CATEGORY	UNIT	2022	2021	2020
Nationality (Ratio)	China	22.05	27.5	23.4
	Overseas	19.46	12.8	0
Development and Training				
Number of people injured at work	People	2	4	-
Number of people who died as a result of work-related	People	0	0	-
Number of workdays lost due to work-related injuries	Day	198	61	-
Lost workday rate (LDR) due to work-related injuries for 200,000 hours ⁶		13.05	4.40	-
Two hundred thousand hours recordable injury rate (TRIR) ⁷		0.132	0.036	-
Training and Education				
Total training time per year	Hours	220,774	237,028.9	97,028
– offline training	Hours	22,440	86,299	22,457
– E-learning training	Hours	198,334	150,729.9	74,625
– Integrity-related ⁸	Hours	-	3,623.3	-

⁶ 200,000 hours lost workday rate (LDR) = Number of lost workdays due to work-related injuries during the reporting period * 200,000 / Total number of hours all employees are expected to work throughout the year

⁷ 200,000 hours recordable injury rate (TRIR) = Number of work-related injuries to employees in the reporting period * 200,000 / Total number of hours all employees should have worked in the year

⁸ Due to the statistical methodology and difficulty in obtaining data, the number of training hours related to integrity, human rights, privacy and data security only includes E-learning online training hours

CATEGORY	UNIT	2022	2021	2020
– Occupational health and safety related	Hours	15,332	31,354.0	-
– Quality related	Hours	27,043	41,569.6	-
– Human rights related	Hours	429.17	3,127.5	-
– Privacy and data security related	Hours	-	1,082.4	-
Average training time	Hours	18.12	21.4	-
Number of E-learning training courses	Number	5,981	1,539	821
Supplier				
Number of suppliers of laboratory equipment and experimental materials	Number	1,660	1,956	1,867
Professional Service				
Customer complaints	Number	241	284	-
Complaints related to invasion of customer privacy	Number	0	0	-
Complaints related to the environment	Number	0	0	-
Complaints related to occupational hygiene	Number	0	0	-
Customer Satisfaction	Scores	91.37	91.04	90.56
Anti-corruption				
Corruption litigation cases	Number	0	0	0

GRI CONTENT INDEX

NUMBER	ITEM	INDEX
2-1	Organizational details	About this report
2-2	Entities included in the organization's sustainability reporting	About this report
2-3	Reporting period, frequency and contact point	About this report
2-4	Restatements of information	No information restatement required
2-5	External assurance	We have not sought external assurance on the contents of the report
2-6	Activities, value chain and other business relationships	CTI Is Always By Your Side
2-7	Employees	3.1 Employment and Diversity
2-8	Workers who are not employees	3.1 Employment and Diversity
2-9	Governance structure and composition	1.1.1 Governance Structure
2-10	Nomination and selection of the highest governance body	Annual Report
2-11	Chair of the highest governance body	1.1.1 Governance Structure
2-12	Role of the highest governance body in overseeing the management of impacts	1.2.1 ESG Governance Architecture
2-13	Delegation of responsibility for managing impacts	1.2.1 ESG Governance Architecture
2-14	Role of the highest governance body in sustainability reporting	1.2.1 ESG Governance Architecture
2-15	Conflicts of interest	Annual Report

NUMBER	ITEM	INDEX
2-16	Communication of critical concerns	1.2.3 Stakeholder Communication
2-17	Collective knowledge of the highest governance body	1.1.2 Board Diversity
2-18	Evaluation of the performance of the highest governance body	Annual Report
2-19	Remuneration policies	Annual Report
2-20	Process to determine remuneration	Annual Report
2-21	Annual total compensation ratio	We have not calculated the annual compensation ratio and will evaluate the disclosure of this measure in the future
2-22	Statement on sustainable development strategy	1.2.2 ESG System in CTI
2-23	Policy commitments	1.3 Business Ethic
		3.1 Employment and Diversity
		5.1 Supplier Management
2-24	Embedding policy commitments	1.3 Business Ethic
		3.1 Employment and Diversity
		5.1 Supplier Management
2-25	Processes to remediate negative impacts	2.2.2 Handling of Customer Complaints
2-26	Mechanisms for seeking advice and raising concerns	1.2.3 Stakeholder Communication
2-27	Compliance with laws and regulations	4.1.2 Environmental Risk Management

NUMBER	ITEM	INDEX
2-28	Membership associations	2.1.2 Enhancing Professional Strength
2-29	Approach to stakeholder engagement	1.2.3 Stakeholder Communication
2-30	Collective bargaining agreements	The collective bargaining agreements signing rate of branches/subsidiaries with established labor unions is 100%, but due to the small scale of some subsidiaries, they have not yet established labor unions
201	Economic Performance	Highlight Performance in 2022
202	Market Performance	Highlight Performance in 2022
203	Indirect Economic Impact	Highlight Performance in 2022
204	Procurement Practices	5.1 Supplier Management
205	Anti-Corruption	1.3 Business Ethic
206	Anti-competitive Behavior	1.3.5 Responsible Operation
207	Tax	1.3.5 Responsible Operation
301	Materials	4.3.3 Material Management
302	Energy	4.3.1 Energy Management
303	Water and Effluents	4.3.2 Water Resource Management
		4.4.1 Wastewater Management
304	Biodiversity	This topic is not applicable because our business does not involve significant impacts on biodiversity
305	Emissions	4.2.3 Metrics and Targets
		4.4.2 Exhaust Gas Management
306	Waste	4.4.3 Waste Management
308	Environmental assessment of suppliers	5.1.1 Supplier ESG Review

NUMBER	ITEM	INDEX
401	Employment	3.1.1 Compliance Recruitment
402	Labor/Management Relations	3.1.1 Compliance Recruitment
403	Occupational Health and Safety	3.3 Occupational Health and Safety
404	Training and Education	3.2 Talent Force Construction
405	Diversity and Equal Opportunity	3.1.2 Multivariate Empowerment
406	Non-discrimination	3.1.2 Multivariate Empowerment
407	Freedom of Association and Collective Bargaining	3.1.1 Compliance Recruitment
408	Child Labor	3.1.1 Compliance Recruitment
409	Forced or Compulsory Labor	3.1.1 Compliance Recruitment
410	Security Practices	Our company does not involve a large number of security personnel, this topic is not applicable
411	Rights of Indigenous Peoples	This topic is not applicable as our business does not involve indigenous people
413	Local Communities	5.3 Community Support
414	Supplier Social Assessment	5.1.1 Supplier ESG Review
415	Public Policy	5.3 Community Support
416	Customer Health and Safety	2.2 Service Guarantee
417	Marketing and Labeling	1.3.5 Responsible Operation
418	Customer Privacy	2.3 Information Security and Data Protection

READER FEEDBACK

We anticipate your opinions and suggestions to continuously improve our ESG efforts, as well as our competence in ESG management.

We hope you could complete the questions in the feedback form below, and send it back to us via the following contacts.

Tel: 86-0755-3368 3660

Email: esg@cti-cert.com

Address: 101, Unit 1, CTI Building, Xingdong Community, Xin'an Sub-district, Bao'an District, Shenzhen

YOUR INFORMATION

Name

Employers

Tel

Email

Opinions &
suggestions

1. What do you think of our ESG report?
☐ Excellent ☐ Good ☐ Average
2. Do you think this report has presented the significant impact of our ESG issues?
☐ Yes ☐ More or less ☐ Don't know
3. How do you rate the clarity, accuracy and completeness of the information, data and indicators disclosed in this report?
☐ Very high ☐ High ☐ Average ☐ Low ☐ Very low
4. Which aspect of this report are you most satisfied with?
5. What kind of information do you want to learn more about?
6. Do you have any suggestions for the ESG reports to be released in the future?



CTI IS ALWAYS BY YOUR SIDE

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