

2023

Sinochem International
Sustainability Report

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Report Descriptions

This report is the 20th Sustainability Report published by Sinochem International Corporation.



Reporting Entity and Related Terms

Sinochem International Corporation. For ease of expression, the said corporation is referred to by the terms “Sinochem International”, “the company”, or “we/our/us”. Sinochem International’s parent company, “Sinochem Holdings Corporation Ltd.” is referred to as “Sinochem Holdings” for short.



Scope of Report

Organizational scope: Includes Sinochem International and its holding subsidiaries at all levels. For the detailed scope of the reporting entity, please refer to the *2023 Sinochem International Annual Report*.

Report time frame: 1 January to 31 December 2023, consistent with the time frame of the company’s financial report. In order to maintain the integrity and continuity of information, the content for some of the items in this report might be out of the stated time frame.

Report publication frequency: This report is an annual report.



Basis of Report Preparation

This report is in accordance with the Global Sustainability Standards Board’s (GSSB) *GRI Sustainability Reporting Standards 2021* (GRI Standards 2021), and is based on the *Guidelines No.14 of Shanghai Stock Exchange for Self-Regulatory of Listed Companies – Sustainability Report (Trial)*, and *Standardized operation and Corporate Social Responsibility Report* guidelines, the SASAC’s *Guiding Opinions on the Implementation of Corporate Social Responsibility by Central Enterprises, Reference Indicator System for ESG Reports of Central Enterprises Holding Listed Companies*, and United Nations’ 2030 SDGs and Ten principles of the Global Compact, *Corporate Social Responsibility Guidelines* under the International Organization for Standardization’s ISO 26000: 2010 international standard.



Data Description

All the data used in this report are taken from the company’s official documents and statistical reports. Due to statistical reasons, appropriate corrections have been made in the report on relevant data from previous years. In case of discrepancies, the data stated in this report shall prevail.

Unless otherwise specified, the currencies stated in this report are all in RMB.




How to Retrieve the Report


You may visit Sinochem International’s official website (www.sinochemintl.com) to browse the report online or download the digital version of the report. The report includes both simplified Chinese and English versions. In case of discrepancies, the simplified Chinese version shall prevail.



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Board Statement

As the company's business continues to develop, the Board of Directors of Sinochem International is committed to improving its ESG management. Meanwhile, we also aim to ensure the balanced development of the economy, society and environment in order to create a bright and sustainable future. Abiding by the requirements of the China Securities Regulatory Commission's Code of Governance for Listed Companies, the Board of Directors gives ESG Management Statement as follows:

ESG Governance Decision-Making and Regulation

The company's Board of Directors is the highest decision-making and supervisory body for the company's ESG management efforts and is fully responsible for all ESG-related matters. The Chairman of the Board acts as the chair of the "Sustainable Development Committee", which is authorized to formulate ESG management strategies, set ESG goals, develop ESG policies, and discuss and assess the ESG-related risks and opportunities faced by the company. The Board of Directors holds regular hearings of reports on ESG matters, reviews, examines, and provides guidance on significant issues, and oversees the implementation of decisions.

ESG Management Guidelines and Strategy

The company's Board of Directors annually holds hearings of reports from the Sustainable Development Committee on the progress of the previous year's sustainability goals, reviews and evaluates the achievement of these goals, and provides guidance for setting goals and deliberating the work plans for the upcoming year. At the beginning of each year, the Board analyzes and assesses internal and external environments, latest industry trends, the company's strategic planning, and current production and operation status, updates the ESG issue library, conducts stakeholder surveys to identify key issues, and incorporates issue management and disclosure into the annual management strategy to continuously improve and enhance ESG performance.

ESG Risk Management

The company's Board of Directors mandates the integration of ESG risk management into the regular risk management system, supervising the executive team in assessing risk impacts and developing response strategies. The Board regularly holds hearings of reports from the Audit and Risk Committee on ESG risk management and provides regulatory recommendations to ensure the effective operation of the company's internal control and risk management systems.

ESG Information Disclosure

The company regularly publishes its annual sustainability report to present detailed disclosures of its performance and progress in terms of the environment, society and governance while also actively responding to stakeholder concerns. All the disclosed information have been reviewed and approved by the Board of Directors.

Chairman's Address



Dear Friends,

On behalf of the Board of Directors, I would like to thank you from the bottom of my heart for your concern and support for Sinochem International.

In 2023, we had to navigate severe situations and complex challenges such as major adjustments to the international system and order, increasing uncertainty in the external environment, and overlapping domestic cyclical and structural contradictions. Guided by the spirit of the 20th CPC National Congress and Chinese-style modernization, Sinochem International has implemented new developmental concepts, working together to overcome difficulties while focusing on improving its core capabilities and striving to lay a solid foundation for high-quality development.

We firmly believe that ESG management can bring a burst of vibrancy into the enterprise and is regarded as one of the key indicators of high-quality development. Over the course of building a leading enterprise specializing in innovative new chemical materials, we have adopted a long-term perspective and implemented proactive planning as we continue to promote the construction of an ESG system with high standards. As we continually work towards strengthening our capabilities to create comprehensive economic, social and environmental value, our ESG governance results are leading among Listed Central Enterprises.

Environment-based: Writing a chapter on sustainable ecology with low carbon concepts. In actively heeding the call of the nation's "dual carbon" objectives, we have come up with the clear objective of "striving to achieve carbon peak in our own operations before 2029", reflecting our firm determination to observe energy conservation and carbon emission reduction measures. In our journey of green development, we have built an efficient, clean, low-carbon and circular green manufacturing system in our efforts to promote clean energy substitution, energy conservation and emission reduction. We have been innovating clean technologies and green products while actively promoting carbon trading and carbon asset management, continue to create "green factories" recognized by the Ministry of Industry and Information Technology and the China Petrochemical Federation, leading the green transformation and upgrading movement in the chemical industry.

Social-focused: Adopting a model of civilized society with warm-hearted approach. As firm believers that "talents to revitalize the enterprise", we ensure that the ranks of the management team become more professionally competent and more younger in average age. We also guide talents to achieve self-actualization by offering a safe and inclusive working environment and clear career development tracks. We have integrated sustainable development concepts into the supply chain, accelerating the construction of a sustainable supply chain management system in terms of supplier management, capacity improvement, and reducing carbon emissions in the supply chain. As we are passionate about rendering industrial and consumption assistance, actively donate funds to help the poor and support education. Through practical actions towards rural revitalization efforts, we demonstrated our responsibility in promoting social harmony.

Governance-led: Setting the foundation for a stable enterprise with strict governance. In strict adherence to the bottom line of legal and compliant business operations, we advocate that "compliance creates value" as we actively build a compliance culture and

continuously improve the compliance management system. To this end, we have established a working mechanism in the form of a "joint meeting for large supervision and compliance-related tasks" to ensure the company's steady and long-term development. To strengthen our corporate governance, we continuously improve the company's articles of association and continuously enhance the diversity, independence and professionalism of the Board of Directors. Through a governance structure that has crystallized positioning, clear rights and responsibilities, and standardized processes, we offer stable and long-term value for stakeholders.

Industrial chain-driven: Fostering the fruitfulness of the business with the power of collaboration. With a focus on material sciences, we have created a "2+2" core industrial chain, strengthening the integrated management of key industrial chains while striving to become the leader of modern industrial chains. We also fully activated the construction of an excellent operations management system and exceeded the annual target of improving quality and efficiency. We have been improving our innovation source capabilities, optimized the management organizational structure to build an "agile organization" and to stimulate a vibrant business development environment. Meanwhile, we also actively carried out strategic collaborations with external parties, openly shared scientific and technological R&D resources with our partners to jointly create a high-quality development cluster of the new materials industry chain.

Diligence and perseverance goes far. 2024, which marks the 75th anniversary since the establishment of the People's Republic of China, is also a critical year for implementing the objectives and tasks of the 14th Five-Year Plan. Seizing the historic opportunities arising from the three major changes in quality, efficiency and power in the chemical industry, we are resolute about implementing the strategic mission of "improving weak lines of new chemical materials" to promote the vibrant development of the industry. We will also continue to focus our energies and efforts towards optimizing and enhancing the maturity and sophistication of ESG management, continuously moving towards a brighter future for sustainable development with stronger value creation, higher environmental benefits, and further-reaching social impact.

Zhang Xuegong

Chairman of Sinochem International Corporation

About Sinochem International

Sinochem International Corporation is an international large-scale state-holding listed company (stock code: 600500.SH) with core competitiveness in the fields of intermediates, new materials, polymer additives and servicing customers in over 100 countries and regions worldwide.

In accordance with the corporate vision of “Fine Chemistry, Green Life”, Sinochem International has gradually taken fine chemicals as its main business with focusing on new chemical materials. We are implementing transformation driven by integrating industry chain and integration industry layout, creating a new materials industrial cluster with leading technologies and key competitive advantages in its pursuit of becoming a global material science platform.

Sinochem International's parent company, “Sinochem Holdings Corporation Ltd.” was formed through the merger of Sinochem Group Co., Ltd. and China National Chemical Corporation Ltd. It is a key state-owned enterprise under the supervision of the SASAC.



To find out more, please visit our official website
www.sinochemintl.com



Strategic Objectives

We implement an innovation-driven strategy and keep focusing on our core business of new chemical materials. We are committed to optimizing and upgrading core industries such as high-performance materials and polymer additives, aggressively developing strategic emerging industries. By leveraging the strengths of Lianyungang Circular Economy Industrial Park and our self-owned breakthrough key technologies, we aim to be the leading enterprise in innovative new chemical materials with a reasonable industrial structure and extensive product portfolio.

Core Businesses

In our bid to promote strategic focus as well as transformation and upgrading efforts, Sinochem International has accelerated the development of new quality-based productivity, with a focus on building the “2+2” core industrial chain and becoming a modern industrial chain leader with a leading industrial scale and outstanding technological advantages. With an intense focus on two advantageous industrial chains--epoxy resin and polymer additives, we have fortified our position within the industry as a global leading industrial chain and solution provider. As part of our vigorous efforts to develop the engineering plastics and special fiber industry chains, we cover sectors from intermediates to engineering plastics/fibers and material modification to create a competitive and differentiated product portfolio, thereby laying a solid foundation in the new chemical materials industry. Meanwhile, we actively develop the functional chemical industry cluster and are resolute in withdrawing from our non-core businesses.

During the reporting period, Sinochem International successfully completed the equity transfer and delivery of its natural rubber business subsidiary Halcyon Agri Corporation Limited in order to focus further on our core business of new chemical materials.

Production Base

Sinochem International is adhere to integrated and specialized base strategy, and to develop “1+N” base pattern. The company boasts a strong production and operation network, with advanced chemical parks such as the Sinochem Lianyungang Circular Economy Industrial Park, Sinochem Yizheng New Material Industrial Park, and Sinochem Zhongwei Circular Economy Industrial Park. Sinochem International has also established 20 factories in many places nationwide.



To find out more information about our products, please scan the QR code



Corporate Culture

Corporate Vision

Fine Chemistry, Green Life. We take safety, environmental protection and occupational health as our social responsibility, aim to build a China's leading innovative new chemical materials enterprise, and unwaveringly promote the innovative development and industrial upgrading of China's new chemical materials industry.

Corporate Mission

We strive to become a leading enterprise in innovative new chemical materials that is rooted in China while operating globally. We provide innovative, high-quality, green products and integrated solutions in the field of material science while sharing the fruits of growth with the society, customers shareholders and employees.

Core Values

Ethos of Sinochem Holdings for the New Era

Guiding Culture



Awards and Recognition

Sinochem International

The Highest Level "Benchmark" Rating

in the SASAC "Double Hundred Enterprises" Assessment

Fortune China 500 **No. 156**

Top 500 Petrochemical Companies in China 2023 (enterprises with independent production and operations) **No. 9**

Yangnong Group

China Brand Value List for the Energy and Chemical Industry 2023 **No. 19**

Sennics

Top 100 Chinese Fine Chemicals 2023 **No. 43**

Chinese Fine Chemicals Green and Low Carbon Enterprise 2023 **No.4**



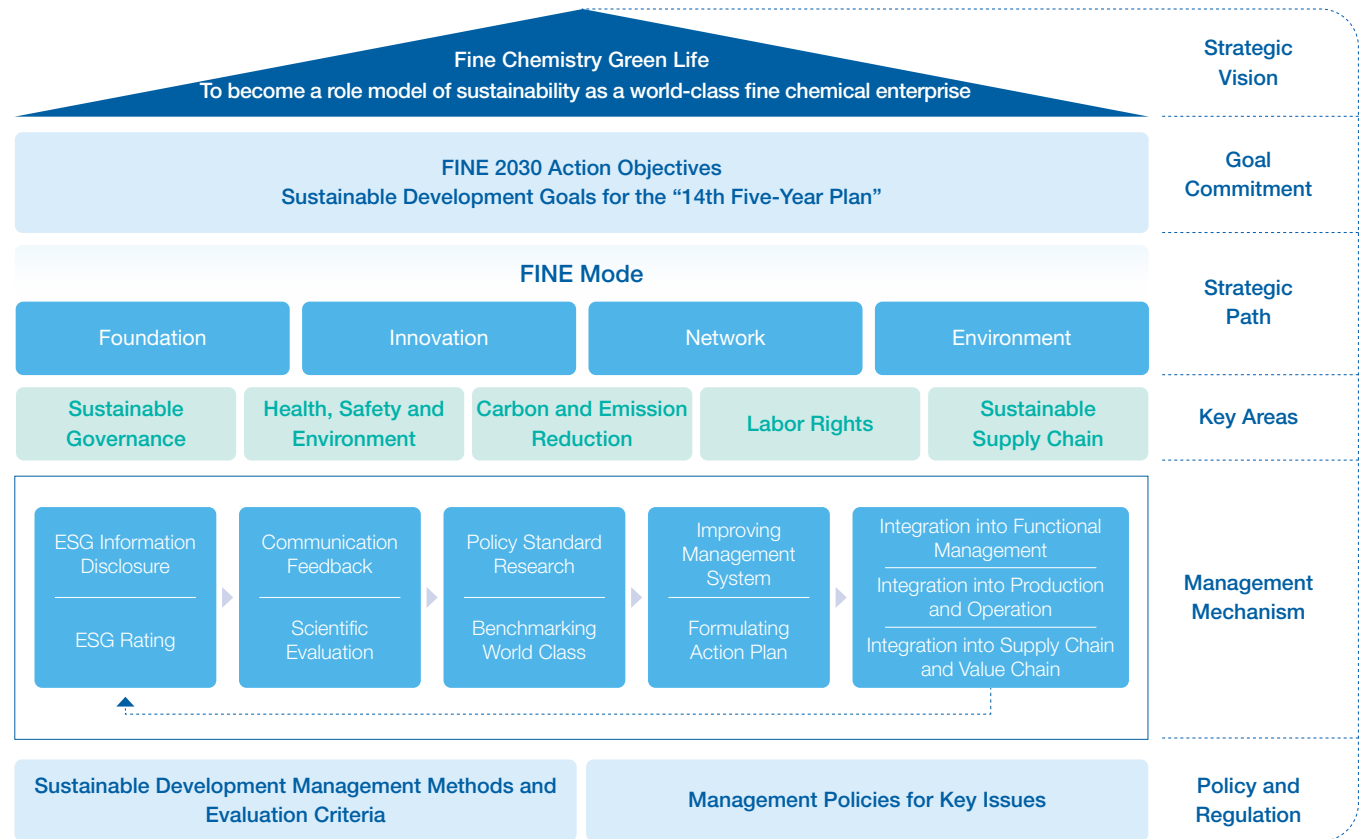
To find out more information about our awards, please scan the QR code

Sustainability Strategy and Management

Sinochem International regards ESG management as an endogenously-driven corporate-level strategy, and continues to build a scientific and professional ESG management system in combination with the actual circumstances of the company. Under the objective-driven management strategy, we are deepening ESG practices to effectively ensure that the sustainability factors of the environment, society and governance are in line with the business development of the company.

Strategic System and Management Guidelines

Driven by our vision of “becoming a role model for sustainability as a world-class fine chemical enterprise”, we focus on building a sustainable development management system based on information disclosure and response to external ESG rating. At present, we have formed a sustainable development strategy system and management model that is “guided by objectives and plans, based on policies and systems, supported by organizational structure, and centered on tasks involving five key areas.”

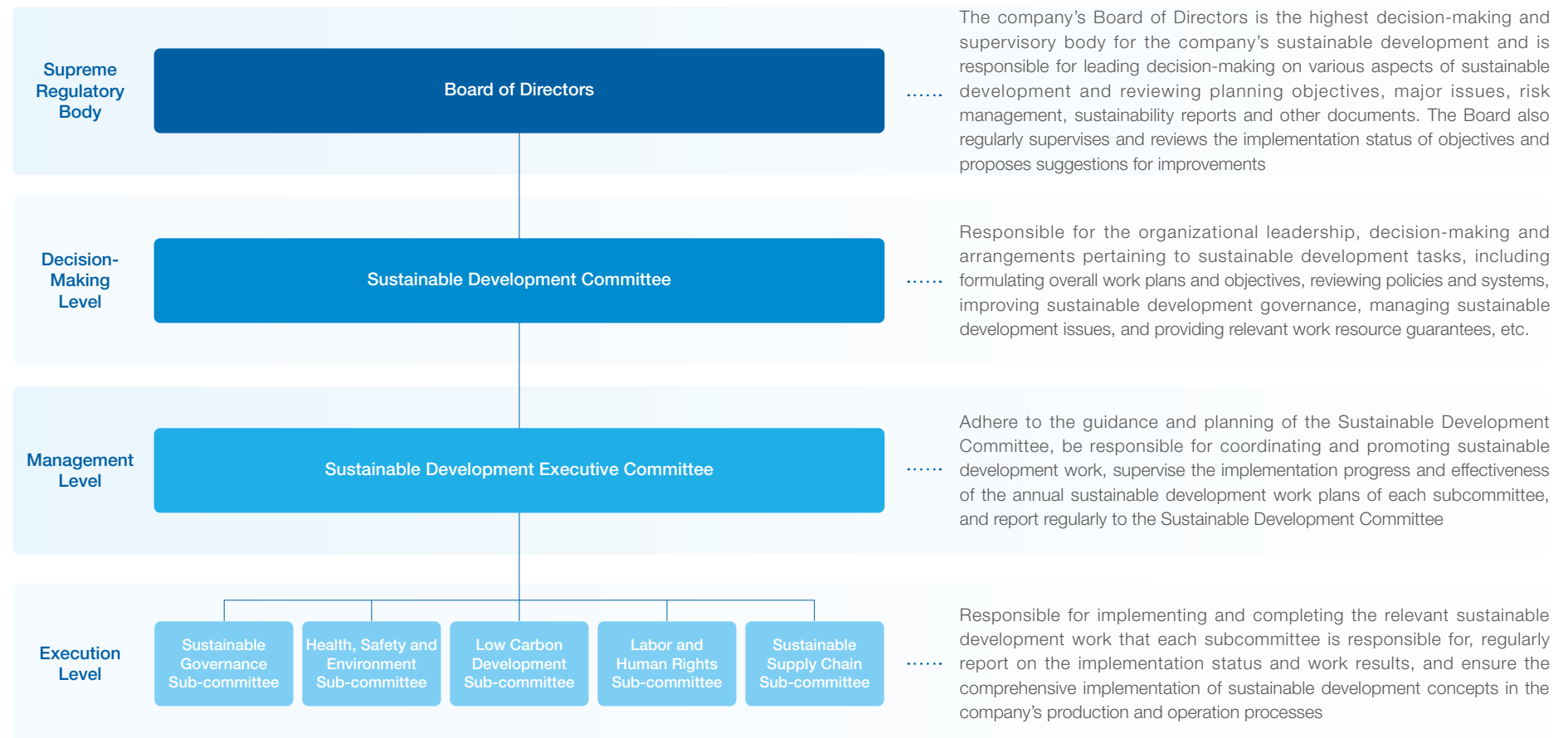


Sinochem International's Sustainability Management Model

Governance Structure and ESG Practices

Sinochem International keeps improving our organizational structure in order to provide organizational support for ESG management. Meanwhile, we actively study and research the latest domestic and foreign ESG standards, enhance employees' ESG awareness, respond to external sustainable development initiatives, and work with multiple parties to create a responsible form of competitiveness that is in line with corporate sustainable development.

Since 2020, Sinochem International has established an ESG management structure based on the "Board of Directors - Sustainable Development Committee - Sustainable Development Executive Committee - Five Professional Subcommittees" setup.



The company actively participates in and responds to various sustainable development initiatives launched by the local government, industry, and domestic and international community where it operates. Through our unwavering commitment to corporate social responsibility, we make substantial contributions to global environmental protection and social progress.

Sustainability-related initiatives or goals that Sinochem International has participated in

- Responsible Care
- ICC Business Charter for Sustainable Development
- United Nations Global Compact
- Sustainable Development Goals
- Together for Sustainability
- The Catalan Office for Climate Change
- Operation Clean Sweep
- China Goldenbee CSR 2030

Note: Subsidiaries set their own respective commitment goals and action plans when participating in various initiatives

We actively coordinate internal experts or engage third-party organizations with expertise in sustainable development to conduct professional training and thematic exchanges for the ESG management team, sharing the latest knowledge, experiences, and skills in sustainable development to enhance the level of ESG management continuously.

Case

Sinochem International holds ESG Competitiveness-cum-ISSB Standards Training and Exchange-of-Views Event

In December 2023, Sinochem International organized an ESG training and exchange-of-views event with the theme “Embracing new opportunities for sustainable information disclosure: How companies can create a new form of competitiveness under the ESG boom”. During the said event, we engaged in in-depth explanations of the latest international ISSB standards and other standards while providing insight into the relevant detailed requirements. We also addressed the area of continuously improving ESG management and information disclosure levels to help companies improve their governance structures and operating mechanisms, achieve high-quality development, and support the establishment of China's ESG standards in the future.



Key Target Commitments and Progress

Sinochem International published “FINE 2030 Action” in 2018 and later every year, the action book is published whereby the annual progress and performance under each track is disclosed.



“FINE 2030 Action” Objectives	Progress in 2023
<ul style="list-style-type: none"> To increase the production quantity of sustainably developed products by 50% 	<ul style="list-style-type: none"> Production quantity of sustainably developed products increased by 44.69%
<ul style="list-style-type: none"> To increase the ratio of subsidiaries with sustainability-related third-party certification to 80% 	<ul style="list-style-type: none"> 72% ratio of subsidiaries hold sustainability related third-party certification
<ul style="list-style-type: none"> Continuous reduction of carbon dioxide emissions per ton of products 	<ul style="list-style-type: none"> Achieved 35.3% reduction of carbon dioxide emissions per ton of products
<ul style="list-style-type: none"> Formation of a sustainable development network to realize sustainable production and operation methods 	<ul style="list-style-type: none"> 100% of supplier approval assessments completed 67.09% of core supplier on-site assessments completed 0 major procurement risk incidents

Note: “FINE 2030 Action” objectives and 2023 progress are based on 2018

In 2021, the company closely integrated cutting-edge trends in sustainable development, clearly defined key directions that align with the company’s long-term vision, and established sustainable development goals for the “14th Five-Year Plan” period. Each year, corresponding action plans are formulated for these goals, with necessary resources allocated to ensure effective implementation, and progress towards these goals is regularly disclosed.

Sustainability Goals over the 14th Five-Year-Plan Period		Progress in 2023	Plans for 2024
Overall Strategic Objectives	To increase the EcoVadis rating from top 32% to top 20% by end-2025	The EcoVadis rating increased to top 9%	Maintain the ratio under the prerequisite that EcoVadis rating standards are improved on a year-by-year basis
Sustainable Governance	0 incidents of leaked trade secrets	0 incidents of leaked trade secrets	Continue to maintain 0 incidents of leaked trade secrets
	100% anti-corruption education and training rate for all employees	100% coverage	Coverage maintains to 100%
Health, Safety and Environment	8% decrease in total amount of water pollutants (COD, NH ₃ -N) compared to 2020	55% decrease compared to 2020 with the same caliber	1.7% decrease compared to 2023

Sustainability Goals over the 14th Five-Year-Plan Period		Progress in 2023	Plans for 2024
Health, Safety and Environment	10% decrease in total amount of air pollutants (SO ₂ , NO _x , VOCs) compared to 2020	42% decrease compared to 2020 with the same caliber	2% decrease compared to 2023
	0 fatal accidents; 0 general and higher environmental emergencies; 0 new occupational diseases; 0 major HSE issues causing negative public opinion; 0 customer safety or injury-related accidents for which the company is responsible	0 incidents for five incident types	Maintain 0 incidents for five incident types
Carbon and Emission Reduction	15% decrease in comprehensive energy consumption per 10,000 yuan of output value compared to 2020	2% increase compared to 2020	3% decrease compared to 2020
	18% decrease in carbon dioxide emissions per 10,000 yuan of output value compared to 2020	2% increase compared to 2020	7% decrease compared to 2020
Labor Rights	100% employee complaint handling rate with results	100% employee complaint handling rate	Maintain 100% employee complaint handling rate
	100% labor union coverage of employees with personnel contract	100% coverage	Maintain a 100% coverage
Sustainable Supply Chain	A 50% to 95% increase in the cumulative coverage rate of core suppliers assessed for sustainable procurement	78.94% cumulative coverage rate	Increase cumulative coverage rate to 90%
	A 26% to 95% increase in Supplier Code of Conduct signing rate	100% signing rate among all suppliers	Maintain 100% signing rate among all suppliers
	A 68% to 100% increase in Supplier Code of Conduct signing rate among core suppliers	100% signing rate among core suppliers	Maintain 100% signing rate among core suppliers
	A 3% to 30% increase in the cumulative coverage rate of supplier sustainability training	23% coverage rate among all suppliers	Increase coverage rate among all suppliers to 27%
	A 59% to 100% increase in the cumulative coverage rate of core supplier sustainability training	80% coverage rate among core suppliers	Increase coverage rate among core suppliers to 100%

Note: 1. The statistic scope of 2023 yearly progress data for the two targets pertaining to health, safety and environment (i.e., the "Total amount of water pollutants" and "Total amount of air pollutants") are based on 2020 as the baseline year

2. The increase in the 2023 annual indicators for the two targets pertaining to carbon reduction and emission reduction, (i.e., "comprehensive energy consumption per 10,000 yuan of output value" and "carbon dioxide emissions per 10,000 yuan of output value") is mainly due to the company being affected by the cycle of the chemical industry which has led to a significant drop in the prices of main products and in turn a significant drop in output value

3. Sustainable procurement assessment involves evaluating suppliers on social responsibility issues such as labor rights, environmental protection, occupational health and safety, and business ethics. This includes self-assessment by enterprises, admission audits, questionnaire reviews, etc.

ESG Honors and Ratings

ESG Honors



<p>2023.01</p> <p>Shanghai Stock Exchange</p> <p>2022 Excellent Issuer of Green Low-carbon Bonds</p> <p>Wind</p> <p>Best ESG Practice Award for A-share Companies</p>	<p>2023.06</p> <p>S&P Global</p> <p>Selected for S&P Global's first <i>Sustainability Yearbook (China Edition) 2023</i></p> <p>China Sustainability Tribune</p> <p>ESG Competitiveness-Dual Carbon Pioneer Award</p>	<p>2023.07</p> <p>Southern Weekly</p> <p>Outstanding Responsible Enterprise of the Year Award</p> <p>Ranked 21st on "Chinese enterprise CSR list" and ranked first in the petrochemical industry</p>
<p>2023.10</p> <p>SASAC (State-owned Assets Supervision and Administration Commission of the State Council)</p> <p>Ranked 26th on the "ESG Pioneer 100 Index of Central Enterprises", ranking first in the field of chemical raw materials and chemical products manufacturing industry</p>	<p>SASAC</p> <p>The <i>Full-Process Supplier Management to Create a Sustainable and Resilient Supply Chain</i> case study was selected for the <i>ESG Blue Book of Listed Companies of Central Enterprises 2023</i></p>	<p>World Sustainable Development Standards Organization (WSSO), the Institute for Sustainable Development Goals of Tsinghua University, the Energy Investment Professional Committee of Investment Association of China</p> <p>China's top 100 listed companies (A-shares) in low-carbon and sustainable development</p>
<p>2023.11</p> <p>China Securities Journal</p> <p>Guoxin Cup ESG Golden Bull Award -Top 100 Enterprises, Top 50 Central State-owned Enterprises</p>	<p>2023.12</p> <p>Jiemian News & China Chengxin Green Finance</p> <p>Ranked No.19 for ESG scores of listed companies in the Yangtze River Delta zone and assigned an AA- rating for ESG in 2023</p>	<p>Southern Weekly</p> <p>Ranked No.16 on the "2023 Dual-carbon Execution List of Chinese Enterprises"</p> <p>China Sustainability Tribune</p> <p>2023 Excellent Corporate Social Responsibility Report-One Star Evergreen Award</p>

ESG Ratings

<p>Sinochem International</p> <p>The CSI ESG AAA rating (the highest rating)</p> <p>Wind-ESG A Rating</p> <p>MSCI-ESG BB Rating</p> <p>The CDP score has significantly improved compared to last year, resulting in an upgraded rating</p>	<p>Sennics</p> <p>EcoVadis Platinum Medal</p> <p>ELIX Polymers</p> <p>EcoVadis Gold Medal</p>
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Case








Sennics Receives EcoVadis Platinum Medal

In 2023, Sinochem International's subsidiary company, Sennics, was awarded "platinum" status with a score of 80 points (out of a total of 100 points), which is the highest rating in EcoVadis' corporate social responsibility rating system, putting Sennics at the top 1% among 100,000 enterprises evaluated by EcoVadis annually.



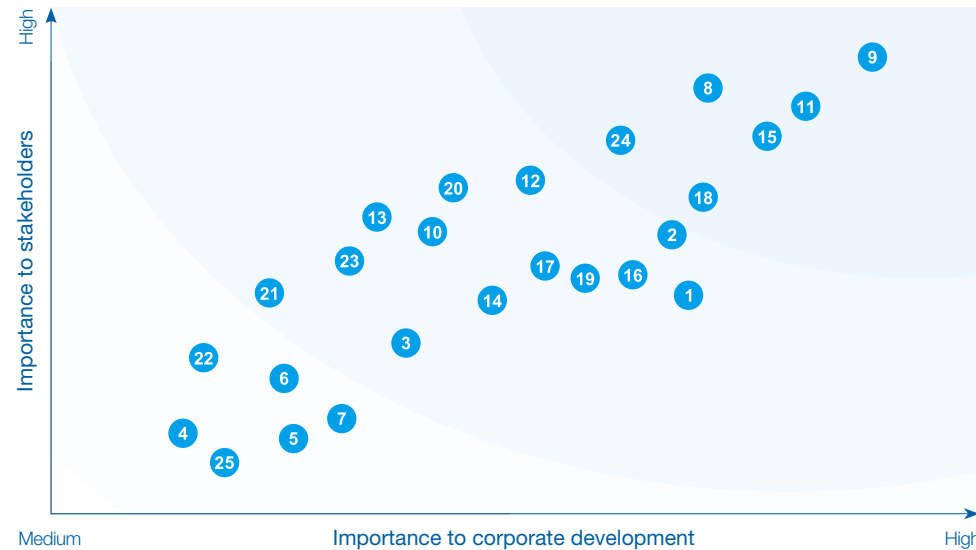
Stakeholder Engagement

Sinochem International continues to focus on the needs of various stakeholders through understanding their concerns through community activities, questionnaire surveys, and day-to-day dialogs, thereby integrating key issues into the company's operational decisions. Meanwhile, a normalized communication mechanism has been established to continuously consolidate suggestions from stakeholders on the company's strategy and operational management in order to fine-tune key points in a timely manner and ensure accurate responses.

Stakeholders	Issues of Concern	How to Respond
 Government/ Supervisory Bodies	<ul style="list-style-type: none"> • Anti-corruption • Anti-unfair competition • Environmental management • Emissions and waste management 	<ul style="list-style-type: none"> • Climate change and carbon management • Energy consumption • Water resource management • Clean technology
 Shareholders/Investors	<ul style="list-style-type: none"> • Corporate governance • Compliance and Risk prevention & control • Anti-corruption • Climate change and carbon management 	<ul style="list-style-type: none"> • Clean technology • Digitalization
 Clients	<ul style="list-style-type: none"> • Information security and privacy • Product quality and service 	<ul style="list-style-type: none"> • Customer health and safety • Sustainable products and solutions
 Suppliers	<ul style="list-style-type: none"> • Supplier management • Responsible procurement 	<ul style="list-style-type: none"> • Customer service platform • Customer satisfaction surveys
 Employees	<ul style="list-style-type: none"> • Occupational health and safety • Employee rights protection • Diversity, Equality and Inclusion 	<ul style="list-style-type: none"> • Shareholder meetings • Investor meetings • Online/tele-seminars • Periodic financial reports
 Community	<ul style="list-style-type: none"> • Supplier training • Supplier assessment 	<ul style="list-style-type: none"> • Sustainability supply chain white book • Handling supplier appeals
 Industry Associations/Partners/ Research Institutions	<ul style="list-style-type: none"> • Occupational health and safety • Career development and training • Democratic management and communication 	<ul style="list-style-type: none"> • Employee training • Workers' Congress • Staff seminar
	<ul style="list-style-type: none"> • Anti-unfair competition • Intellectual property protection 	<ul style="list-style-type: none"> • R&D and business innovation
		<ul style="list-style-type: none"> • Public open house • Community communication activities
		<ul style="list-style-type: none"> • Participating in industrial forums • Participating in standard formulation
		<ul style="list-style-type: none"> • Employee satisfaction surveys • Collecting and responding to employee comments and suggestions
		<ul style="list-style-type: none"> • Participating in policy research and planning
		<ul style="list-style-type: none"> • Strategic cooperation

Analysis of Substantive Issues and Influence

Sinochem International conducts substantive issue analysis at the beginning of each year by distributing surveys and conducting expert interviews with internal and external stakeholders to understand their most pressing sustainable development issues. These are then prioritized for inclusion in sustainable development reports and future communications, to ensure timely and effective responses.



Analysis

In-depth analysis of national strategic directives, chemical industry policies, and the latest ESG trends, incorporating domestic and international standards requirements, company strategies, expert opinions, etc., to update the agenda with 34 issues

Identification

Survey questionnaires were distributed to internal and external stakeholders, yielding 407 valid responses. Combining these with results from expert interviews, 25 substantive issues were identified

Sort

Conduct importance ranking from two dimensions: "Importance to stakeholders" and "Importance to corporate development," forming a matrix of substantive issues

Verification

The company's Board of Directors validates the sorting results based on the latest corporate development strategy and the characteristics of the chemical industry, determining the first-tier important issues that require a focus in the report

1. Corporate Governance	2. Compliance and Risk Prevention & Control	3. Anti-Corruption	4. Anti-Unfair Competition	5. Information Security and Privacy
6. Intellectual Property Protection	7. Digitalization	8. Occupational Health and Safety	9. Chemical Safety	10. Environmental Management
11. Emissions and Waste Management	12. Product Quality and Service	13. Customer Health and Safety	14. Sustainable Products and Solutions	15. Climate Change and Carbon Management
16. Energy Consumption	17. Water Resource Management	18. Clean Technology	19. R&D and Business Innovation	20. Employee Rights Protection
21. Diversity, Equality and Inclusion	22. Democratic Management and Communication	23. Career Development and Training	24. Supplier Management	25. Responsible Procurement

Impact of Substantive Issues on the Value Chain

ESG Issue Category	Critical Issues	GRI Standards	SDGs	Supply Chain	Production/ Operation	Product	Employee	Social Engagement	Responding Chapters
Sustainable Governance	Coporate Governance	GRI 2 General Disclosures 2021	Goal 5, Goal 16		✓	✓	✓	✓	Coporate Governance
	Compliance and Risk Prevention & Control	GRI 2 General Disclosures 2021	Goal 16	✓	✓	✓	✓	✓	Compliance Management Risk Management
	Anti-Corruption	GRI 205 Anti-corruption	Goal 16	✓	✓		✓	✓	Business Ethics
	Anti-Unfair Competition	GRI 206 Anti-competitive Behavior	Goal 16	✓	✓	✓	✓		Business Ethics
	Information Security and Privacy	GRI 418 Customer Privacy	Goal 16	✓	✓	✓	✓		Information Security
	Intellectual Property Protection	-	Goal 16		✓	✓	✓		Technological Innovation
	Digitalization	-	Goal 9	✓	✓	✓	✓		Digital Transformation
Health, Safety and Environment	Occupational Health and Safety	GRI 403 Occupational Health and Safety	Goal 3, Goal 8 Goal 16	✓	✓		✓		Occupational Health and Safety
	Chemical Safety	GRI 308 Supplier Environmental Assessment GRI 403 Occupational Health and Safety GRI 414 Supplier Social Assessment GRI 416 Customer Health and Safety	Goal 3, Goal 5 Goal 8	✓	✓	✓	✓	✓	Chemicals Management
	Environmental Management	-	Goal 11, Goal 12 Goal 14, Goal 15	✓	✓	✓	✓	✓	Environmental Management
	Emissions and Waste Management	GRI 306 Waste	Goal 3, Goal 5 Goal 8, Goal 11 Goal 12, Goal 15		✓	✓		✓	Pollution Prevention
	Product Quality and Service	GRI 416 Customer Health and Safety	Goal 16	✓	✓	✓			Quality Management
	Customer Health and Safety	GRI 416 Customer Health and Safety	Goal 16	✓	✓	✓			Customer Healthcare and Safety
	Sustainable Products and Solutions	GRI 302 Energy GRI 305 Emissions GRI 306 Waste	Goal 7, Goal 12 Goal 13	✓	✓	✓		✓	Clean Technology Opportunities Climate Change Technological Innovation

Impact of Substantive Issues on the Value Chain

ESG Issue Category	Critical Issues	GRI Standards	SDGs	Supply Chain	Production/ Operation	Product	Employee	Social Engagement	Responding Chapters
Carbon and Emission Reduction	Climate Change and Carbon Management	GRI 201 Economy GRI 305 Emissions	Goal 12, Goal 13 Goal 14, Goal 15	✓	✓	✓		✓	Climate Change
	Energy Consumption	GRI 302 Energy	Goal 7, Goal 8 Goal 12, Goal 13	✓	✓	✓			Resource Utilization
	Water Resource Management	GRI 303 Water and Effluents	Goal 6, Goal 12	✓	✓	✓		✓	Resource Utilization
	Clean Technology	GRI 302 Energy	Goal 7, Goal 8 Goal 12	✓	✓	✓			Clean Technology Opportunities
	R&D and Business Innovation	-	Goal 9	✓	✓	✓	✓		Technological Innovation Digital Transformation
Labor Rights	Employee Rights Protection	GRI 401 Employment GRI 402 Labor/ Management Relations	Goal 3, Goal 5 Goal 8, Goal 10		✓		✓		Employee Rights
	Diversity, Equality and Inclusion	GRI 401 Employment GRI 405 Diversity and Equal Opportunity GRI 406 Non-Discrimination GRI 408 Child Labor GRI 409 Forced or Compulsory Labour	Goal 5, Goal 8 Goal 10, Goal 16				✓		Diversity, Equality and Inclusion
	Democratic Management and Communication	GRI 407 Freedom of Association and Collective Bargaining	Goal 8				✓		Employee Rights
	Career Development and Training	GRI 404 Training and Education	Goal 8, Goal 10		✓		✓		Talent Development
Sustainable Supply Chain	Supplier Management	GRI 205 Anti-corruption GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	Goal 8, Goal 16	✓	✓				Supplier Management
	Responsible Procurement	GRI 204 Procurement Practices GRI 308 Supplier Environmental Assessment GRI 414 Supplier Social Assessment	Goal 5, Goal 8	✓	✓				Sustainable Procurement

Way of Governance

Steady Progress Towards Long-Term Success

Risk and Opportunity Analysis

The Seventh Session of the Fourteenth National People's Congress Standing Committee passed the newly revised *Company Law*, and the China Securities Regulatory Commission issued the *Measures for the Administration of Independent Directors of Listed Companies*, expanding the institutional space for improving corporate governance systems for enterprises. These actions also impose higher requirements on companies to strengthen management and enhance the performance of directors and executives.

Management Target

Establishing and improving the corporate governance system, standardizing business operations, enhancing the ability to govern enterprises according to law, preventing significant legal compliance risks, and safeguarding and enhancing the good reputation and brand value of Sinochem International.

Management Strategy

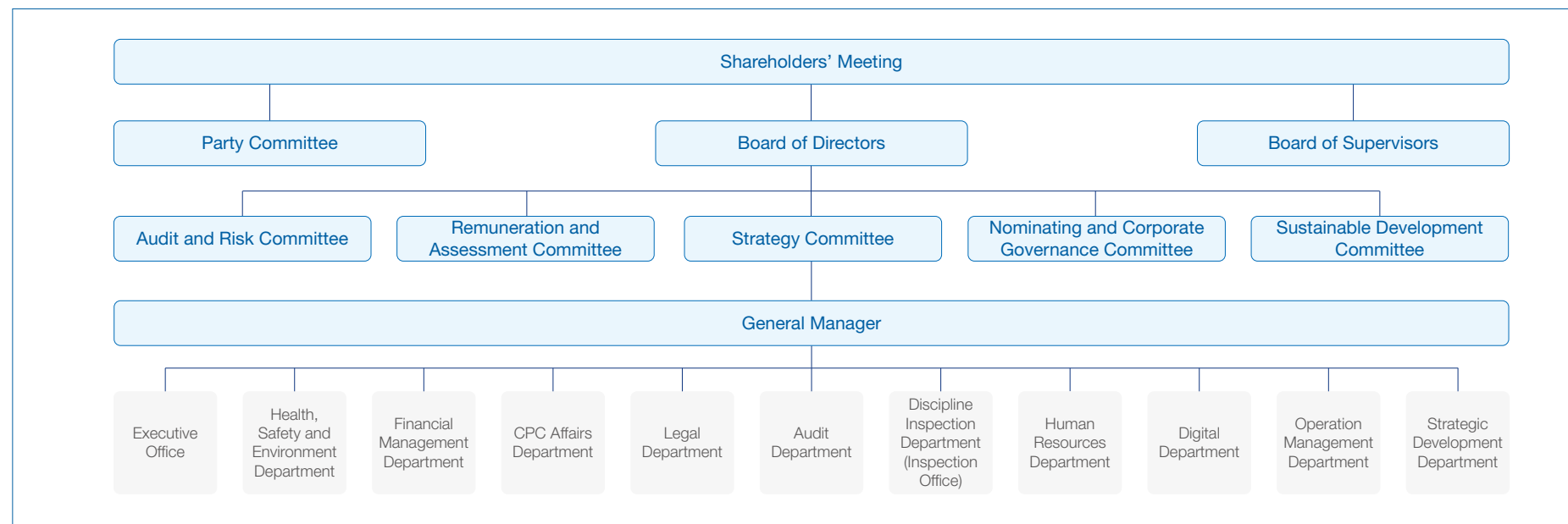
Continuously improving the governance framework according to the law, constructing a risk-oriented, compliance-focused, rigorously standardized yet comprehensive and effective internal control system. Upholding business ethics, integrity as the foundation, and treating every business partner with respect and fairness, jointly promoting high-quality development.

Corporate Governance

Sinochem International abides by the *Company Law*, *Securities Law*, *Governance Guidelines for Listed Companies*, and relevant laws and regulations of the China Securities Regulatory Commission, and continues to improve the articles of association of the company, constructs a governance structure with clear positioning, specified rights and responsibilities, and standardized processes. We standardize the operation of the enterprise through system safeguard, and create stable and long-term value for stakeholders such as shareholders, clients, and employees.

Governance Structure

The company's Board of Directors establishes five professional committees, with the majority of members in each committee comprising external directors. The Board members' professional backgrounds cover various fields such as law, economics, finance, management, ESG governance, and business operations. Each committee regularly submits work reports to the Board of Directors, and the Board of Directors submits an annual report to the controlling shareholder every year. Based on the daily management situation, the controlling shareholder evaluates and assesses the governance and operation of the Board of Directors to continuously enhance its ability to perform duties and fully utilize governance efficiency.



Members of the Board of Directors



Name	Position	Gender	Age	Professional Knowledge and Skills	Years of Service
Zhang Xuegong	Chairman of the Board, Executive Director	Male	53	Chemical Strategy, Enterprise Management, Mergers and Acquisitions	2 Years
Qin Jinke	External Director	Male	53	Finance, Internal Control, Investment and Financing Mergers and Acquisitions	1 Year
Chen Qian	External Director	Female	52	Chemical, Strategic Management	1 Year
Liu Xing	External Director	Male	46	Human Resources Management	1 Year
Cheng Fengchao	Independent Director	Male	64	Accounting, Auditing, Assessment, Finance	3 Years
Jiang Weiming	Independent Director	Male	67	Chemical, Mergers and Acquisitions, ESG	1 Year
Qian Mingxing	Independent Director	Male	60	Law, Compliance	1 Year

Board Diversity

- Comprehensive selection of directors based on gender, age, cultural background, educational qualifications, professional skills, and work experience to facilitate scientifically informed decision-making by the Board

Board Independence

- During the deliberation of significant production and operational decisions, independent directors rely on their own professional knowledge, occupational backgrounds, and industry experience to make careful judgments and express independent opinions, ensuring the objectivity and independence of the Board
- External directors of the company actively participate in Board and committee meetings, where all directors engage in discussions and provide management with feasible recommendations, ensuring and overseeing the implementation of strategic decisions within the company

Board Expertise

- All committee members of the company possess relevant industry experience and professional knowledge. The company provides ample training and other resources to newly appointed directors, ensuring continuous enhancement of their accountability and the Board's capability for scientifically informed decision-making

Key Tasks to More Effectively Safeguard the Performance of Duties of External Directors in 2023

- With reference to the *Measures for the Administration of Independent Directors of Listed Companies* issued by the China Securities Regulatory Commission in September 2023, we have revised *Sinochem International's Regulations for Independent Directors* to ensure that the roles of independent directors are maximized
- Formulated and issued the *Work Plan for Guaranteeing the Performance of Duties by External Directors* to strengthen the tasks involved in guaranteeing the performance of external directors, established a "corporate information inquiry" mechanism for external directors to improve the information support mechanism for external directors' to perform their duties, and to enhance the guarantee mechanism for their participation in decision-making
- Formulated an annual research plan for external directors and arranged for independent directors to conduct on-site inspections and surveys of important strategic projects of the company
- For the company's major projects, we organized three special reporting meetings for independent directors throughout the year and submitted relevant documents. We also provided feedback on the suggestions and opinions of independent directors

Meetings of the Board of Directors and Supervisors in 2023

Shareholder meetings	Board meetings	Meetings of the Board of Supervisors
4	15	6
Nominating and Corporate Governance Committee meetings	Remuneration and Assessment Committee meetings	Audit and Risk Committee meetings
2	4	6

Case

Sinochem International's independent directors conduct inspections and surveys on important strategic projects of the company

In April 2023, Sinochem International's independent director Cheng Fengchao visited Sinochem High Performance Fiber Materials, Yangnong Ruixiang, Yangnong Kumho, Yangnong Ruiheng and many other subsidiary companies to conduct surveys and listen to reports from the management of each company on the respective operating conditions and project construction updates, and hold discussions and exchanges pertaining to these areas.



Case

Sinochem International organizes special training on "Compliance Performance of Directors, Supervisors and Senior Management"

In December 2023, Sinochem International organized a special training session on "Compliance Performance of Directors, Supervisors and Senior Management". During the training, lawyers from legal firms were invited to systematically go through the legal provisions on the performance of duties by directors, supervisors and senior executives of state-owned enterprises (listed companies) based on the latest revisions to the *Company Law*. The lawyers also provided a detailed explanation about the key pain points involved in the performance of duties by directors, supervisors and senior executives, and gave pointers on how to improve the standards for corporate governance and compliance-based operations. The training session served to effectively strengthen the standards and support for the performance of duties by directors, supervisors and senior executives of state-owned enterprises.



The company continues to strengthen the compliance structure of the Board of Directors and establish unique corporate governance characteristics and experience. Our unique initiatives and experience include: Actively participating in international ratings and proactively seeking to improve corporate governance; improving comprehensive risk management and internal control systems to ensure orderly operations and management; continuing to improve the construction of the ESG governance system and continuously enriching the content of corporate governance; establishing and improving incentive and restraint mechanisms while stimulating the vibrancy of business talents, etc.



Sinochem International's innovative and unique practice of *Strengthening the Compliance Structure of the Board of Directors and Steering High-Quality Development* was recognized as a

“Best Practice Case by a Listed Company's Board of Directors” in 2023 by the China Association for Public Companies



Further Reading

For corporate governance-related policies, responsibilities of the professional committees of the Board of Directors, biographical information of the members of the Board of Directors, please refer to the *Sinochem International 2023 Annual Report* or the company's official website

<http://www.sinochemintl.com>



Remuneration of Executives

Sinochem International has established a comprehensive and compliant executive remuneration resolution mechanism and procedure, having formulated an *Executive Remuneration Plan* and performing dynamic adjustments based on actual situations. The Remuneration and Assessment Committee under the Board of Directors formulates remuneration proposals based on the company's strategic goals and market environment while taking into account the responsibilities and performance of directors, supervisors, and senior executives. The remuneration, rewards and penalties of directors and supervisors shall be submitted to the shareholders' meeting for a voting decision after approval by the Board of Directors. Meanwhile, the remuneration, rewards and penalties of senior executives shall be reviewed and approved by the Board of Directors. The company shall regularly disclose executive remuneration information to shareholders to safeguard shareholders' rights and enhance the transparency of corporate governance.

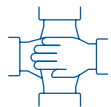
The company adopts a management remuneration structure in the form of “fixed salary + performance bonus + tenure incentives + other medium and long-term incentives”. The performance appraisals of the organization and individual senior executives are tied to sustainable development factors, such as ESG ratings, safety management, occupational health, pollution prevention, energy conservation and carbon reduction and other sustainable development-related performance indicators which are incorporated into the scope of work appraisal. Please see *Sinochem International 2023 Annual Report* for details of the remuneration received by directors, supervisors and senior executives during the reporting period.

Information Disclosure and Investor Relations Management

The company strictly adheres to relevant regulations of the China Securities Regulatory Commission and the *Listing Rules of the Shanghai Stock Exchange*. We have established policy documents such as the *Information Disclosure Internal Control Regulation* and the *Guidelines for the Preparation and Disclosure of Periodic Reports*, among others. We release annual reports, semi-annual reports, quarterly reports, and sustainable development reports regularly each year. The Board Office serves as the daily information disclosure department, responsible for specific matters related to information disclosure. By continuously enhancing the transparency of the listed company, we provide investors with objective, accurate, comprehensive, timely, and fair information to facilitate their value judgments and investment decisions.

In 2023, Sinochem International received an A-level evaluation in the Shanghai Stock Exchange's 2022-2023 information disclosure work evaluation for listed companies.

Key Measures for Information Disclosure in 2023



Strengthening of Concepts

- Made arrangements for company directors, supervisors, senior executives and related personnel to participate in legal, regulatory and professional knowledge training sessions held by stock exchange, internal organizations and external organizations



Demand-oriented Disclosure

- Guided by investor needs, we optimized disclosure content and enhanced the relevance and effectiveness of information disclosure
- Disclosed major events that might have had a rather significant impact on the trading prices of listed companies' stocks and their derivatives within the stipulated period, promptly verified market reports and rumors about the company, and proactively clarified issues of concern to the market and investors

Information Disclosure in 2023

Periodic reports

4

Ad hoc announcements

60

Documents published online*

61

* Including the resolutions of the Board of Directors, the Board of Supervisors and the general meeting of shareholders, equity incentives, refinancing, use and management of funds raised and profit distribution, etc.

The company actively improved the two-way communication mechanism with investors and expanded communication channels. Besides responding to investor questions in a timely manner through official WeChat, hotline and Shanghai Stock Exchange e-interaction platforms, the company also fully protected investors' right to know through periodic reports, ad hoc announcements, performance briefings and other means. Furthermore, the company also engaged in in-depth communication and enhanced interaction with small and medium-sized investors through visits, online and telephone communications, institutional roadshows and other methods.

Case

Sinochem International holds performance briefing

In its performance briefing for 2022 and Q1 2023, Sinochem International held a communication session on the company's operational results, progress status of key projects and development strategies, business measures and other issues of concern to investors.



Investor Communication in 2023

Market value management reports

3

Investor communication meetings

3

Institution roadshows

60

Investor questions answered on the SSE e-interaction platform

30

Compliance Management

Adhering to the requirements of the *Compliance Management Measures for Central State-owned Enterprises*, Sinochem International formulated the *Compliance Management Regulations* to effectively implement the concept that “Compliance starts from the top management; compliance is to be observed by all employees, compliance is to be performed proactively, the bottom line of compliance risks is to be safeguarded; and value is created through the practice of compliance”. To this end, we have created a compliance culture, practically promoting compliance management-related tasks and building a compliance management system that has a fully horizontal and vertical approach to effectively prevent and control compliance risks and ensure the company’s steady development.

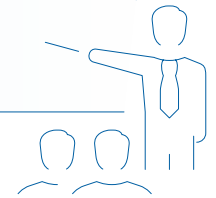
2023 Key Performance Indicators

Compliance trainings

12

Employee compliance training coverage

100%



Compliance Management Measures in 2023



Compliance Management Framework

- The headquarters and key subsidiaries have set up a General Counsel position (Chief Compliance Officer), and issued the *General Counsel-cum-Chief Compliance Officer Management Measures*
- Revised the company’s *Party Committee Working Rules* and *President’s Work Meeting Rules of Procedure* to include major compliance management matters within the scope of decision-making and further clarify the compliance rights and responsibilities of governance entities such as the Party Committee, Board of Directors, and management
- Established a working mechanism in the form of the “joint meeting for large supervision and compliance-related tasks” to coordinate compliance management work



Compliance Evaluation and Troubleshooting

- Held 2 rounds of compliance system evaluation exercises to evaluate and go through the construction and operations of the compliance management system, and performed continuous improvements based on the evaluation results
- Focusing on key compliance areas, we arranged 7 special inspections for each subsidiary to assess compliance risks and formulate appropriate control standards and requirements



Promotion of Compliance Culture

- Arranged for all employees to sign the *Sinochem Holding’s Compliance Responsibility Letter*
- Incorporated the study of the rule of law and compliance management into the yearly syllabus of the theoretical study center group of the party committee
- Organized and held law awareness activities for all employees, special compliance training for key positions, and special compliance training in key areas (including compliance performance of directors, supervisors, and senior executives, data compliance, antitrust, anti-commercial bribery, intellectual property, engineering construction, etc.)
- Organized various activities such as knowledge competitions and themed essay collections, delivered “new law express” information through the corporate WeChat account, launched online micro classrooms, etc.

Risk Management

Sinochem International identifies, analyzes and evaluates annual major risks on a yearly basis. For annual major risks, we establish a collaborative mechanism for risk prevention and control, specify departments in charge, formulate risk response strategies and measures, and perform tracking and monitoring of the handling progress to ensure that all significant business risks are responded to quickly, reported promptly, and handled appropriately. In 2023, the company had no events with major business risk.

Top 5 Risks Evaluated and Identified in 2023 and Response Strategies

Risk	Response Strategy
HSE Risk	Comprehensively rolled out the FORUS system, enhanced “five-star factory” improvements, established a multi-level emergency and disaster management system, implemented HSE digital empowerment initiatives, implemented regional-based mutual inspection exercises, mutual assistance and linkage mechanisms, strengthened HSE management of new projects, and ensured the realization of the “Four Zeros” goal
Market Competition Risk	Analyzed market and customer needs to fortify and enhance the market position of existing products. Strengthened technical marketing, premiumized and differentiated development of key products, increased brand premium, and improved resource allocation
Engineering Project Management and Start-up Operational Risks	Revised the engineering project construction management system, implementing full-process project management while focusing on the six major controls (“progress, quality, cost, safety, environmental protection, and compliance”) to enhance project construction capabilities. Before starting operations, we reviewed key points, personnel, raw materials, safety conditions, the “three simultaneous” procedures, equipment inspection, rectification and elimination of defects and other measures before commissioning could be carried out; for complex processes, a professional team could be hired to enter the site ahead of time to coordinate the commissioning work
Investment Decision Risks	Strengthened the management of the entire investment process while also strengthening research on the macro-environment and policy, industry and market analysis, feasibility study reviews and other capabilities. Meanwhile, we also focused on core businesses, engaged in comprehensive discussions, accurately determined the direction taken, and strictly controlled the investment approval for new projects. Furthermore, we also strengthened our engineering construction capabilities and end-to-end process management for investment projects while properly handling project exit
Product Market Development Risks of Invested Projects	Focused on customers, performed accurate assessments of the market, analyzed the competitive landscape, used the collaborative mechanism of research, production, sales and other departments to solve difficulties in customer usage processes, and continued to increase the business ratio of emerging application fields. Meanwhile, we also explored technology marketing models and improved the technical marketing skills of marketers

The company has established three lines of defense for risk management and internal controls. Reports on risk response, internal control and internal audit work are submitted to the Audit and Risk Committee of the Board of Directors on a regular basis every year, and the *Internal Control Evaluation Report* signed off by the Board of Directors is disclosed on a yearly basis. Internal control audits for listed companies are also performed, whereby the audit scope encompasses a company level, business processes, and information systems, focusing on the effectiveness of management systems in strategic research, safety and environmental protection, human resources management and other fields. In recent years, there have been no major weaknesses in the company's internal controls and the company's overall operations are effective.

First line of defense Business departments

Integrate risk management into daily tasks and manage risks involved in the actual operations of each business

Second line of defense Risk management department

Establishes the company's risk management and internal control system and systematically promotes risk management

Third line of defense Audit department

Reviews the effectiveness of the company's risk management and internal controls

Risk Management Measures in 2023



Optimizing Internal Control System

- Revised and released the *Internal Control Guidelines* to provide a basis and reference for internal control evaluation tasks in terms of the five major aspects of governance, strategy, operation, finance and compliance
- Formulated the *Internal Control System Optimization and Improvement Project Work Plan* and performed special tasks related to the internal control system optimization and improvement project to ensure that the improvement tasks for the internal control system has "a fully horizontal and vertical approach"
- Promoted improvement-related tasks for internal control management of "Three New" organizations and improved the level of management and control in key areas



Performing Special Governance Work

- A special rectification working team for false trade was established and a long-term self-examination working mechanism was established. No new occurrences of false trade took place throughout the year
- Implemented special compliance work on overseas commissions and fixed loopholes and shortcomings through internally-conducted special inspections
- Implemented the State-owned Assets Supervision and Administration Commission and Sinochem Holdings' requirements related to the "two funds" and exceeded the management and control targets related to the "two funds"



Promoting Digital Risk Prevention and Control

- Set up online financial derivatives business information systems for each operating entity to prevent market risk impact
- Optimized and improved the functions of the credit risk big data system and continued to improve credit risk management and control methods



Improving Long-term Audit Mechanism

- Implemented 21 audit projects as planned, covering 4 levels of subsidiary companies. Discovered 213 issues and have achieved a 100% rectification rate to date
- With economic responsibility as the guiding principle for audits, "comprehensive examinations" were performed for key leading cadres and their business units, and process tracking and post-evaluation of investment project were used as methods to supervise the company's important investment projects, focusing on key areas such as bidding and procurement, false trade, scientific research funding, other key areas and high-risk businesses, and continuous and regular inspections were performed
- Closely supervised internal audit rectification matters, consolidated the main responsibilities for rectification and promoted the notion of drawing inferences about other cases from one instance, thereby improving the long-term mechanism for audit rectification
- Flexibly adopted a variety of methods to perform audit supervision of overseas enterprises in a compliant and orderly manner, and covered the operations and management of overseas enterprises through special audits, internal control audits, internal control evaluations and other methods

Business Ethics

Sinochem International has published and implemented the requirements of the *Integrity and Compliance Manual* to standardize the daily behavior of employees. We have also built a comprehensive ethical management mechanism and supervision system, shared the concept of integrity-based cooperation with a wider range of stakeholders, and jointly built a fair and transparent business ecosystem.


Level	Theme	Policy Documents	Main content
Basic	Business Ethics	<i>Integrity and Compliance Manual</i>	Stipulates that the company and its employees should abide by the business ethics code, clearly spells out prohibited behaviors and penalties for violations, and emphasizes integrity-based operations and compliance culture
Specific Requirements	Anti-Corruption	<i>Anti-Corruption System Management Measures</i>	Sets out the requirements to establish a strict anti-corruption mechanism to prevent integrity-related risks and ensure the integrity of employees; stipulates that employees must declare and hand over gifts they receive, and prohibits the private receiving of gifts to ensure the integrity of day-to-day activities
	Anti-Unfair Competition	<i>Administrative Measures for the Management of Official Gifts Received by Employees</i>	

Reporting Management


The company is committed to the continued improvement of the reporting management mechanism and encourages employees to report any behavior that violates laws and business ethics. The company continues to expand its reporting channels and has published the reporting channels on the “Chemical Qingfeng” WeChat account. Reports may be made through phone calls and letters under an anonymous identity or one’s real name. The company promises to keep whistleblower information and reporting content strictly confidential, ensure the independence of the personnel receiving and managing the reporting information, and regularly enhance safety management measures for reporting channels. Anyone who is found to have violated regulations by leaking information about whistleblowers or to have engaged in retaliation against whistleblowers shall be severely dealt with in accordance with laws and regulations.

Upon receiving a report, the company shall perform a comprehensive analysis in accordance with the internal investigation procedures and determine the nature of the business ethics involved in the said case, and whether it involves any criminal element. After verification, the company shall file the case and conduct a special investigation, produce an investigation report and provide suggestions on how to handle the case, and supervise and follow up on the corrective and rectification tasks for the reported behaviors and incidents.

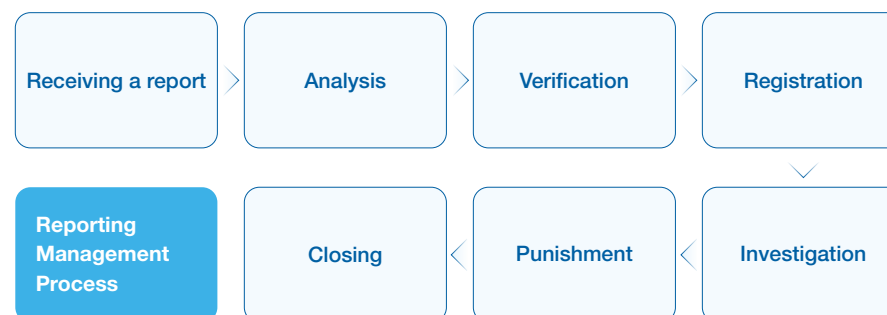
Sinochem International Reporting Channels



021-31768859



antifraud@sinochem.com



Anti-Corruption and Anti-Bribery

The company is strongly against any form of corruption and dishonesty, including but not limited to bribing public officials or business partners and influencing decision-making, dealings involving conflicts of interest, fraud, money laundering, misappropriation of public funds, concealing the truth and interfering with normal transactions. We are committed to creating a fair, transparent and clean business environment.

2023 Key Performance Indicators

Anti-corruption training
for key positions

3,092 participants

Coverage rate of training
for key positions

100 %

Anti-corruption training for
Board members

10 participants

Totalling

20 hours

Anti-corruption training for
employees

22,869 participants

Totalling

37,466 hours

Lawsuits induced by corruption or bribery

0

Anti-Corruption and Anti-Bribery Initiatives in 2023

Management of Sensitive Transactions

- Performed hierarchy-based management of official gifts handed in by employees, set up a centralized handling department for subsidiaries, and appointed special personnel to be responsible for the registration, safekeeping, and handling of official gifts handed in

Improvement of Supervision Mechanism

- Ensured the implementation of the large supervision system through the "six clarifications" and "four forces", forming a framework for the overall coordination and organic closed loop of supervision work
- Formulated 13 large supervision joint projects for the year, including the management and control of key projects, supervision of the implementation of the *Eight Prohibitions* and "1 Topic per BU"
- Issued the *Implementation Plan for Promoting the Reform of the Discipline Inspection and Supervision System to the Grassroots* to promote the implementation of reforms and extend it to the lowest grassroots level
- Supervised the roll out of the *Implementation Rules for the Eight Point Regulations* on a regular basis and strengthened internal notifications & warnings and problem investigation & handling mechanisms

Strengthening the Promotion of Integrity

- Organized 2 educational conferences to deliver warnings about anti-corruption matters which were attend by over 5,000 people
- Held special anti-commercial bribery compliance training
- Paid close attention to crucial time periods and sent electronic cards as a reminder to uphold integrity during festive seasons

Integrity-related Risk Prevention and Control

- Carried out supervision and inspection on the construction of integrity-related risk prevention and control mechanisms. Reorganized, re-identified and re-evaluated integrity-related risk points to ensure full coverage of risk prevention and control measures
- Implemented special rectification, self-examination and self-correction actions in response to integrity-related risk points in three high-risk areas, namely, leading cadres and their relatives running businesses in violation of regulations involving transfer of profits; violating the "CPC Central Committee's Eight-point Regulations"; and procurement and bidding of project construction

Improving Digital Supervision Capabilities

- Developed 29 big data supervision models and carried out scanning inspections for project construction, procurement and bidding, daily expense reimbursement and other areas to ensure full-process supervision
- Performed thorough investigations on the companies involved in the "blacklist" system, encouraged subordinate companies to conduct self-examination and review registered suppliers systematically to prevent corruption-related risks in supplier management
- Improved and upgraded the 4.0 version for SOPs (standard operating procedures) in the fields of engineering, R&D, as well as procurement and bidding, and continuously updated and supplemented the list of high-risk problems and inspection procedures

Anti-Unfair Competition

Sinochem International employees are prohibited from using illegal means to obtain competitors' trade secrets or other confidential information, colluding with industry peers to set prices to disrupt market order, and engaging in other illegal activities. This ensures compliant operations and effectively safeguards a business environment of fair competition and the legitimate rights and interests of market entities.

2023 Key Performance Indicators

The coverage rate of anti-unfair competition training for employees

70 %

Lawsuits against unfair competition, antitrust or anti-monopolistic practices

0

Anti-Unfair Competition Measures in 2023

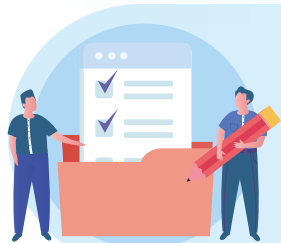


Regulation of Standards

- The *Compliance Management Regulations* sets out detailed provisions on “anti-unfair competition obligations”, specifies prohibited behaviors such as counterfeiting, collusive bidding and damage to business reputation while providing guidance and recommendations on how to avoid such behavior
- It is clearly stipulated in the internal control guidelines that the principle of fair competition shall be observed and employees shall not engage in actions that hinder trade and restrict or eliminate fair competition

Risk Management

- Internal control guidelines spell out the value proposition, process definition, overall requirements, main risks, and other details related to trade and competition compliance while also clearly listing out the various types of prohibited competitive behaviors



Increasing of Awareness

- Organized several special anti-unfair competition trainings for employees to regulate competitive behavior
- Promoted the signing of the *Compliance Responsibility Letter* by all employees, which clearly spells out the requirements pertaining to antitrust obligations, anti-unfair competition obligations, and maintenance of financial order and regulations

Information Security

Sinochem International continues to improve its information security management regulations, make enhancements to the information security management and confidentiality management system, organizational structure, and assessment system that we have built. We have also implemented full-process management in areas such as our information system design, development, online launching, and operations and maintenance to ensure the information security of the company, employees and customers.

The company respects and protects the business secrets, data and sensitive information of stakeholders. The disclosure of such information to any external organization or individual, without the consent and authorization is strictly prohibited. The company also signs confidentiality agreements with all suppliers, partners and information technology personnel, to protect the business secrets and the security of clients information.

The company regularly conducts internal control evaluations every year and is subject to internal control audits conducted by external accounting firms. Internal control audits involve simultaneous IT audits pertaining to information security identification of IT assets, system security password policies, and data access security specifications.



Level	Theme	Policy Documents	Main content
Specific Requirements	Information Security	<i>Confidentiality Management Measures</i> <i>Information Security Management Measures</i> <i>Information Security Risk Assessment Management Rules</i> <i>Information System Vulnerability and Defect Management Rules</i> <i>Contingency Plan for Cybersecurity-related Incidents</i>	Clearly spells out the various requirements pertaining to the identification, assessment and hazard elimination of security risks (systemic risks and non-systemic risks), network security risks and confidentiality risks to ensure that information is secure and not leaked

Performing grading on information system security levels, assigning different grading classifications according to the information systems that provide intranet and extranet access services, and referring to relevant information security and other protection requirements when performing operations and management

Regularly scanning the system for vulnerabilities, patching or upgrading the discovered vulnerabilities upon performing risk assessment, verification testing and carrying out sufficient preparations



Appointing designated personnel to track vulnerability patches released by manufacturers and conducting regular vulnerability scans on servers, networks, and application software

Conducting security risk assessments as well as black-box and white-box security tests on websites that provide public network access services, minimizing the provision of public network services to external parties

Information Security and Confidentiality Initiatives in 2023



Risk Management

- Performed further assessments of information security risks, network security risks, and information system risks, deployed professional security management equipment and personnel, and improved security capabilities
- Conducted network security inspections on 6 subsidiaries to prevent network security risks



Information Encryption

- Promoted the deployment of encryption systems. Important equipment and data of the company and its subsidiaries were uniformly configured with encryption systems and audit permission settings. Important confidential data were prohibited from being put online
- Set up database auditing, log auditing and network traffic traceback systems to monitor data traffic throughout the process to prevent data leakage and theft



Vulnerability Handling

- Adopted IRP (Information Resource Planning), promptly addressed information security vulnerabilities through the latest network security equipment and professional network security personnel
- Steps involving pre-scanning and vulnerability processing were run before systems went online. Whereby systems had vulnerabilities that could not be resolved, they were prohibited from going online



Security Awareness

- Conducted 4 cybersecurity training sessions and 1 special training session on the network security of industrial control systems
- Conducted 7 phishing email drills for all employees, and those found to have weak information security awareness were made to attend information security awareness training
- Participated in "Operation Azure" cybersecurity drills and information security week activities

2023 Key Performance Indicators

Trade secrets leakage

0

Confirmed complaints involving violation of client privacy or loss of client information

0

Coverage rate of information security training for confidentiality-related personnel

100%



Sinochem International was selected as the **"Pilot Demonstration Company for the Application of Cybersecurity Innovation in Industrial Control Systems"** by the Ministry of Industry and Information Technology in 2023 based on its "Comprehensive Industrial Enterprise Cybersecurity Protection Platform"

Environment Priority

Green and Low-Carbon Development for Ecological Conservation

Risk and Opportunity Analysis

The report of the 20th CPC National Congress stipulates the requirements to promote the construction of a beautiful China, coordinate industrial structural adjustments, pollution control, ecological protection and climate change efforts, and collaboratively promote carbon reduction, pollution reduction, green expansion and growth. The said report puts forward higher objectives and requirements for the further promotion of environmental pollution prevention and control. The *Implementation Plan for Carbon Peaking in the Industrial Sector* spells out the need to establish a modern industrial system with the key features of high efficiency, green characteristics, recycling and low carbon, which will bring policy opportunities to the green transformation of the chemical industry. Besides policy requirements, customers are also increasingly taking notice of energy-saving and low-carbon products. Products and companies with high energy consumption and high pollution face the risk of elimination from the market.

Management Target

Based on the requirements of the *Sinochem Holdings' Action Plan for Strengthening Ecological Environmental Protection during the 14th Five-Year Plan* and *Sinochem Holdings' Action Plan for Carbon Peaking*, we set the objectives for various tasks, raising ecological awareness among all employees, accelerating green and low-carbon transformation, and strengthening pollution prevention and governance capabilities. In implementing these measures, we ensure that “ecological and environmental risks are effectively managed and controlled, clean production standards are significantly improved, and the efficiency of energy resource utilization is significantly improved.”

Management Strategy

In adherence to the HSE principle of “life first, environment priority, loss and damage control, keep improving”, we continue to enhance our environmental management system, intensify the construction of green factories, promote clean production, and strengthen pollution prevention and control measures. We are committed to minimizing the impact of enterprises on the environment by ensuring optimum energy conservation, carbon reduction and efficiency improvement, responding to the risks brought by climate change and seizing development opportunities arising from clean technology.

Environmental Management

Sinochem International strictly abides by national and regional laws and regulations pertaining to ecological and environmental protection, having improved its environmental management system and institutional system while establishing an environmental risk identification, control and management mechanism that covers all employees, end-to-end processes, and all aspects. We also continue to standardize pollutant management and endeavor to eliminate or reduce to a minimum the impact of production operations on the environment.



Environmental Management Policy Documents

Level	Theme	Policy Documents	Main content
Basic	Environmental Management	<i>Environmental Protection Management Measures</i> <i>Emergency Plan for Sudden Environmental Incidents</i>	Specifies requirements and standards for ecological protection and pollution prevention, environmental risk management requirements, environmental incident handling procedures and emergency plans
	Resource Utilization	<i>Energy Conservation Management Measures</i> <i>Clean Production Management Standards</i>	Specifies requirements for energy conservation management, water resources management, requirements for statistical monitoring of energy, and management standards for clean production
Specific Requirements	Pollution Prevention	<i>Air Pollution Prevention Standards</i> <i>Wastewater Pollution Prevention Standards</i> <i>Solid Waste Management Standards</i> <i>Noise Pollution Prevention Standards</i> <i>Soil Pollution Risk Management Measures</i> <i>Waste Classification Management Standards</i>	Specifies the minimum requirements for the prevention and control of air pollution, wastewater, solid waste, noise pollution, soil pollution and other forms of pollution as well as waste classification standards
	Climate Change	<i>Energy Conservation and Low-Carbon Management Measures</i>	Specifies requirements for carbon asset management, carbon emission management, and the statistical monitoring requirements, technology, development and utilization in the area of carbon emissions

Environmental Management Measures in 2023

Management of Environmental Risks



- New reconstruction and expansion projects were subjected to environmental impact assessments, environment-related checking and acceptance procedures and environmental supervision as required. In adhering to the concept of “making appropriate advancements”, observing high-standard design and high-standard construction of environmental management facilities, environmental protection facilities were designed, constructed and put into use at the same time as the main projects
- Regularly assessed corporate environmental risks, prioritized management and control of major environmental risk factors, implemented effective control measures and eliminated risk factors from the source. Whereby major changes occurred in production processes, a re-evaluation of environmental risks was performed
- Arranged for subordinate enterprises to prepare emergency plans for environmental emergencies, be equipped with sufficient emergency supplies, and organized regular emergency drills

Performance of Special Rectification Tasks



- Organized and performed special inspections and management of potential safety hazards related to environmental protection facilities to improve the safe operation standards of environmental protection facilities
- Performed special rectifications such as technical upgrading of sewage treatment facilities, special management of unorganized emissions and VOCs, prevention and control of soil and groundwater pollution, and other forms of rectification
- Arranged for subordinate enterprises to conduct thorough investigations on key environmental supervision matters, rectified and eliminated hazards, and improved the regulation of corporate environmental management measures

Proper Certificate Management



- Applied for and performed timely updates for certificates such as water intake licenses, sewage discharge licenses, and ISO 14001 environmental management systems to ensure that the certificates comply with relevant national standards and were within the validity period

Environmental Awareness Training



- Performed 136 environmental training sessions revolving around topics such as waste discharge, collection of the three types of wastes, green factories, and environmental protection in communities, so as to raise environmental awareness among employees

2023 Key Performance Indicators

Total investment in environmental protection

436 million yuan

Environmental pollution incidents

0

Ratio of places with environmental risk assessments in all workplaces

100 %

Ratio of Sinochem International and its core business production bases have obtained ISO 14001 certification

100 %



The company continues to create and upgrade green factories. Based on the factory layout, a full-process “green” manufacturing system is implemented in terms of various aspects such as equipment and raw material procurement, production and technology, and packaging and delivery. These initiatives realize the objectives of intensive land use, waste-free raw materials, clean production, recycled waste and decarbonized energy, continuously improving the standard of clean and green production.

2023 Key Performance Indicators

In 2023, **2** factories (Yangnong Ruitai and Sinochem Xinbao) were newly certified as green factory by the Ministry of Industry and Information Technology while **2** factories (Yangnong Ruiheng and Sinochem Fuding) were newly certified as green factory by the China Petroleum and Chemical Industry Federation

As of end-2023, **5** factories have been certified as green factory by the Ministry of Industry and Information Technology, while **10** factories with green factory certification from the China Petroleum and Chemical Industry Federation and **6** factories recognized as provincial-level green factory

Ratio of operations sites with local community participation, impact assessments and development plans **100%**



Scan the QR code to learn how Sinochem International successfully created green factories of the Ministry of Industry and Information Technology



Pollution Prevention

Sinochem International strictly adheres to national standards and requirements regarding the discharge of air, wastewater, solid waste, soil, and groundwater pollutants. The company actively promotes the construction of a “Waste-Free Group” pilot project, legally and compliantly disposing of various pollutants. We implement green and clean production processes from the source to reduce pollutant generation, optimize the operation of waste treatment facilities, and conduct real-time monitoring of emissions from key subordinate enterprises. These measures ensure that pollutant emissions from our operational factories are far below standard limits, preventing environmental pollution incidents.

Measures for Pollution Prevention Management in 2023

Wastewater Pollution Prevention and Treatment

- Each operating factory was equipped with wastewater treatment equipment to ensure that the sewage meets the discharge standards after treatment. The factories also promoted the establishment of sewage recycling projects and actively implemented wastewater reuse
- Implemented the diversion of clean water/sewage and the diversion of rainwater/sewage. Process wastewater was transported through above-ground pipelines and collected according to different categories, transported separately, and treated by quality separation
- Specified local responsibilities, carried out pilot projects for the ditch leader system, and established a ditch management mechanism with clearly stipulated responsibilities, orderly coordination, and strict supervision

Air Pollution Prevention and Treatment

- For construction projects, measures such as closed storage facilities, wet operations, sprinkler facilities, and dust suppression nets were adopted to reduce dust and particulate matter emissions
- Performed special boiler treatment, phased out small coal-fired boilers, implemented coal-to-gas conversion, and performed ultra-low emission transformation modifications for retained boilers
- Carried out special treatment of unorganized emissions, implemented control measures for 5 types of emission sources, namely, the storage, transfer and transportation of VOCs-containing materials, leakage from equipment and pipeline components, evaporation from open liquid surfaces, and processing. Reduced unorganized emissions of VOCs by adopting measures such as sealing of equipment and sites, process improvements, and effective collection of waste gas

Waste Management

- Implemented classified management whereby classified recycling and waste disposal was performed according to types, properties, calorific value, and usage
- Implemented full-process supervision of hazardous waste, conducted on-site review of waste type, weight, disposal method, disposal company information, waste disposal process, waste disposal documentation and other details, verified the final destination of hazardous waste disposal, and ensured that the entire process of hazardous waste disposal was under control
- Key subordinate enterprises built hazardous waste incineration facilities that meet the requirements to treat large quantities of hazardous waste with high internal calorific value, reducing the total amount of hazardous waste outsourced for disposal

Noise and Odor Management

- Noise reduction was realized through process upgrades and equipment optimization while noise pollution was reduced by using soundproof walls and replacing vacuum pumps while projects were ongoing
- Collected and treated unorganized gas emissions from storage tank areas, hazardous waste temporary storage sites, sewage treatment facilities and other areas to prevent odor from escaping from the said areas

Monitoring of Pollution Sources

- Based on Sinochem Holdings' Environmental Monitoring Center, we conducted real-time monitoring of emissions from environmental protection facilities of key enterprises, issued early warnings for unusual situations, and used data for comprehensive analysis to guide enterprises to improve the operational efficiency of environmental protection facilities
- Conducted monthly statistical tracking and analysis of process indicators and equipment operations of pollution source treatment facilities, and engaged professional third parties to regularly conduct wastewater, gas emissions, noise, soil and groundwater testing



Case

Sinochem High Performance Fiber Materials promotes the construction of a “waste-free factory”

On 20 June 2023, Sinochem High Performance Fiber Materials and Nanjing University's Environmental Planning and Design Institute held a signing and launching ceremony for the construction and design of a “waste-free factory”. Driven by the objective of building a “waste-free factory” with green, low-carbon and circular development features, Sinochem High Performance Fiber Materials commissioned Nanjing University's Environmental Planning and Design Institute to prepare the *Waste-free Factory Construction Work Plan* to explore the potential of green development revolving around key components such as design, production, use, recycling and disposal, thereby comprehensively promoting the construction of a “waste-free factory”.



Case

Sinochem Xinbao continues to carry out in-depth treatment of unorganized emissions

In 2023, Sinochem Xinbao invested RMB 10.64 million to build a new comprehensive exhaust gas treatment facility featuring “a three-level process of washing oil absorption + activated carbon adsorption (steam desorption) + regeneration” to ensure the maximum possible collection of exhaust gases that should be collected and the maximum possible discharging of exhaust gases that should be discharged. On an annual basis, this facility enables the reduction of VOCs emissions by about 8 tons per year, the recovery of 7 tons of light components of washing oil, and the significant reduction of generated and outsourced activated carbon hazardous waste.



2023 Key Performance Indicators

Compliance rate of exhaust gas, wastewater discharge, and industrial enterprise noise

100 %

Compliant solid industrial waste disposal rate

100 %

Major leak incidents occurred

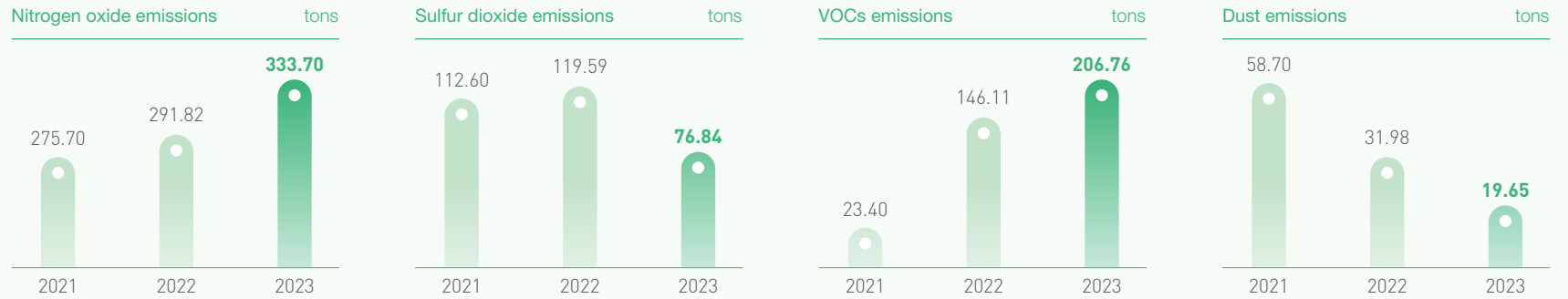
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Hazardous waste disposed of by outsourcing

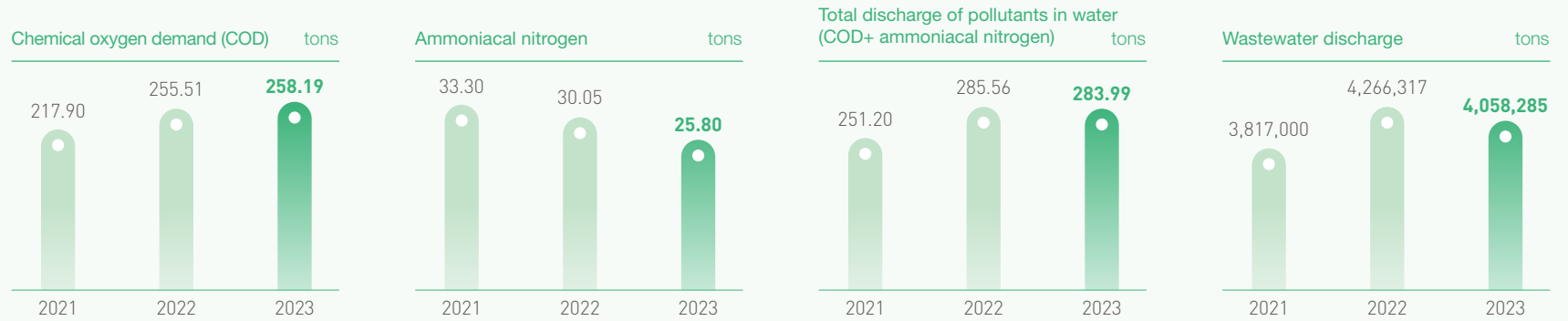
48,333 tons



Waste Gas Indicators



Wastewater Indicators



Solid Waste Indicators



Note: 1. The statistics do not include overseas subsidiaries, please refer to the *Sinochem International 2023 Annual Report* for specific emission indicators for each subsidiary production enterprise

2. Total waste disposal=Waste disposal (Non-hazardous waste emissions + Hazardous waste emissions) - Total waste recovery

3. Yangnong Ruitai's nylon project, hazardous waste incinerator and two RTO units were activated and commissioned since August 2022 and the load was gradually increased in 2023; Several plants of Yangnong Ruiheng's Lianyungang C3 Phase I project were put into production in 2022 and the capacity was ramped up in 2023 with the commencement of trial production for additional new plants such as propane dehydrogenation and bisphenol A phase II plants. The abovementioned reasons led to a significant year-on-year increase in nitrogen oxide and VOCs emissions

Climate Change

In the face of challenges presented by climate change, every country and every enterprise is responsible for promoting low-carbon transformation and green development. In responding to the *Paris Agreement's* temperature control target of “keeping a global temperature rise well below 2 degrees Celsius and to pursue efforts to limit the increase even further to 1.5 degrees Celsius” and China’s “dual carbon” target, Sinochem International has incorporated climate change considerations into the company’s strategy, set carbon reduction targets, formulated action paths and working mechanisms, steadily advanced long-term actions, and made positive contributions towards addressing climate change.

Climate Change Management

We refer to the recommendations of the International Sustainability Standards Board (ISSB) on climate standards, perform management based on the four pillars, continuously improve the climate governance structure, actively identify climate risks and opportunities, and formulate strategies and actions to address climate change, so to ensure that the strategic goal of achieving our own operational carbon peak in 2029 takes place as scheduled.



Governance

- Established a governance structure led by the Board of Directors, coordinated by the Sustainable Development Committee, and implemented by the Low Carbon Development Subcommittee to comprehensively promote the formulation and implementation of climate change strategies and objectives
- Established a regular communication and coordination mechanism, using communication platforms, stage-based progress briefings and other methods to facilitate information exchanges and sharing. Formed a list of common problems to provide timely communication and feedback on problems arising during implementation in order to ensure the effective progress of related tasks



Strategy

- In accordance with the *Carbon Peak and Carbon Neutrality Action Plan*, an annual plan implementation mechanism based on the Five-Year Plan was established to break down the year-by-year objectives and key tasks, forming a mechanism for the dynamic implementation of medium and long-term plans on a year-by-year basis
- Engaged in the in-depth implementation of project-driven strategies. For major projects, we specified the leaders and departments in charge, spelled out construction objectives and timelines, standardized project implementation procedures, and strengthened the supervision, assessment and accountability of projects



Risk Management

- Incorporated climate change risk considerations into the company’s risk assessment and management system, systematically identified and analyzed climate risks and opportunities faced by the company’s business and operations, classified various risks according to probability of occurrence and impact, formulated proactive policies and response measures, and seized value creation opportunities



Indicators and Objectives

- Published the climate change objective of achieving our own operational carbon peak in 2029, set carbon reduction and emission reduction targets in the “14th Five-Year Plan” sustainable development goals, clearly stipulated the corresponding responsibilities and plans in the annual performance scorecard, incorporated energy conservation and carbon reduction into the performance appraisal system of the management team leader, and regularly reviewed the progress of carbon reduction targets



Climate Change Action

In accordance with the *Carbon Peak and Carbon Neutrality Action Plan*, we have formulated the “Dual Carbon” work program. By exploring implementation paths and assessing outcomes, we have developed a low-carbon transformation plan and specific decarbonization initiatives. These plans are gradually being implemented according to schedule.

	Strategy	Actions in 2023
Performing Carbon Inventory Procedures	<ul style="list-style-type: none"> Prepared a greenhouse gas inventory in accordance with relevant national laws and regulations, and dynamically adjusted and updated it every year based on actual conditions 	<ul style="list-style-type: none"> Performed a new round of carbon inventory procedures for all subordinate production enterprises according to national standards, determined the boundaries and scope of the inventory, statistically organized the carbon emissions of various emission sources, and formed a database Some of our subsidiaries have carried out carbon inventory procedures according to ISO 14064 and have passed the relevant certification
Strengthening of Supervision and Management	<ul style="list-style-type: none"> Both internal and external supervision methods were employed. Internally, the implementation results of the plan were regularly analyzed and checked while real-time disclosure and dynamic improvements were performed. Externally, the progress of the “dual carbon” action plan was disclosed to stakeholders 	<ul style="list-style-type: none"> Internal supervision: Improved the plan evaluation mechanism, implemented monthly tracking, and performed annual mid-term and end-term assessments External supervision: Completed the CDP questionnaire and improved ratings
Developing Professional Talents	<ul style="list-style-type: none"> Established an information exchange mechanism within the industry, participated in at least two activities each year involving information exchanges on carbon emission reduction in the industry, encouraged employees of manager levels and above to participate in information exchange activities and keep up with the latest industry technology and policy requirements in a timely manner Established a systematic training mechanism and organized carbon management training for all relevant employees at least once a year 	<ul style="list-style-type: none"> Arranged for all subsidiary enterprises to participate in professional training and information exchange activities such as Sinochem Holdings’ 2023 energy-saving and low-carbon management training and the 14th National Petroleum and Chemical Industry Energy Conservation, Water Conservation and Emission Reduction Technology Information Exchange Conference, so as to enable them to learn about advanced energy-saving technologies and experiences Organized information exchange sessions with institutions such as Sinochem Information Technology, Sinochem Environment and Aspen, so as to promote green energy application and intelligent carbon reduction measures of production enterprises
Strengthening Technology Research and Development	<ul style="list-style-type: none"> Established a special budget for low-carbon development to ensure funding for this purpose Established a headquarter-led low-carbon technology innovation system with various business units as the main participants while also integrating industry, academia and research sectors, thereby increasing support for the research and development, promotion and application of low-carbon technologies 	<ul style="list-style-type: none"> Launch of mechanically recycled plastic ABS and ABS/PC products The Zhongwei base has rolled out its green electricity-fueled hydrogen production demonstration project to improve the electricity-hydrogen coupling production process and achieve deep decarbonization Completed the planning for the Zero Carbon Industrial Park of the Zhongwei base
Participation in the Setting of Standards	<ul style="list-style-type: none"> Actively participated in the formulation of product carbon footprint-related standards 	<ul style="list-style-type: none"> Participated in the formulation of group standards pertaining to the carbon footprint of four products, namely epoxy resin, rubber antioxidant, engineering plastics, and para-aramid Participated in the formulation of standards pertaining to Coke Product Category Rules (PCR)
Digital Empowerment	<ul style="list-style-type: none"> Imported and properly utilized the low-carbon management information system, combined the best practices of each subsidiary company to enable digital online management of carbon encompassing the entire process and all levels, and gained comprehensive control over carbon emission data 	<ul style="list-style-type: none"> Imported energy-saving data and low-carbon data in batches according to the system’s built-in report templates to improve the efficiency and accuracy of data reporting and carbon emission accounting
Performing Carbon Verification	<ul style="list-style-type: none"> Greenhouse gas emission data statistics and verification are performed on a yearly basis, and carbon emission inspections are conducted based on national standards to ensure that carbon emission reduction measures are effective and greenhouse gas emission disclosures are credible 	<ul style="list-style-type: none"> Carbon verification procedures have been completed for Yangnong Ruitai, Yangnong Ruiheng, Yangnong Ruixiang and Yangnong Kumho
Carbon Trading Management	<ul style="list-style-type: none"> Established a carbon asset management working group to strengthen energy-carbon management in terms of carbon consulting, carbon trading, carbon project development, green electricity, green certificate trading, and other aspects 	<ul style="list-style-type: none"> Yangnong Ruixiang completed the carbon emission allowance surrender for the second compliance cycle of the national carbon emission trading market with a surplus of about 73,000 tons Sinochem International won the first prize for the “Outstanding Trading Performance Company” award in the first national carbon market simulation trading competition hosted by the Shanghai Environment Exchange Prepared 3 special reports on green electricity and green certificates, carbon sinks, and carbon markets and prices

The Progress of Carbon-related Certifications

Company	Product	Certification
Sennics	-	ISO 14064 Organization Carbon Footprint Certification
Sennics Innovation Center	-	ISO 14064 Organization Carbon Footprint Certification
Sennics Anhui	-	ISO 14064 Organization Carbon Footprint Certification
Sennics Shandong	-	ISO 14064 Organization Carbon Footprint Certification
Sennics Tai'an	-	ISO 14064 Organization Carbon Footprint Certification
Yangnong Kumho	Epoxy resin	ISCC PLUS Certification (International Sustainability & Carbon Certification) *the first domestic epoxy resin producer to obtain ISCC certification in China
Yangnong Ruixiang	Biological crude glycerol method for producing epichlorohydrin	ISCC PLUS Certification (International Sustainability & Carbon Certification) *the first domestic epoxy resin producer to obtain ISCC certification in China
	Aniline	ISO 14067 Products Carbon Footprint Certification
	Chlorobenzene	ISO 14067 Products Carbon Footprint Certification
	Epichlorohydrin	ISO 14067 Products Carbon Footprint Certification
Yangnong Ruitai	2-Chloro-5-methylpyridine	ISO 14067 Products Carbon Footprint Certification
Sinochem Fuheng	9-Fluorenone	Carbon Label Certification issued by the China Electronic Energy-saving Technology Association Product Carbon Footprint Verification Certification
Sinochem Xinbao	β -Methylnaphthalene	Carbon Label Certification issued by the China Electronic Energy-saving Technology Association Product Carbon Footprint Verification Certification

2023 Key Performance Indicators

Direct (Scope 1) greenhouse gas emissions

2,204,876

tons of CO₂ equivalent

Indirect (Scope 2) greenhouse gas emissions

1,754,393

tons of CO₂ equivalent

Greenhouse gas emissions per ton of product

0.93

tons of CO₂ equivalent / ton of product

Note: 1. The data does not include overseas subsidiaries

2. The greenhouse gas emissions statistics is base on *Methods and Reporting Guidelines for Greenhouse Gas Emissions of Chemical Production Enterprises in China (Trial)* and *Accounting and Reporting Guidelines for Greenhouse Gas Emissions, Power Generation Facilities*

Resource Utilization

As a chemical enterprise highly dependent on energy and water resources, Sinochem International attaches great importance to resource management. We continuously optimize the structure of energy utilization, construct water-saving enterprises, reduce resource consumption, and enhance resource efficiency simultaneously. Through these efforts, we are building an efficient, clean, and green production system.

Energy Management

We have established an energy management system, issued energy management policies and objectives, effectively controlled energy consumption, reduced greenhouse gas emissions, and minimized environmental impact.

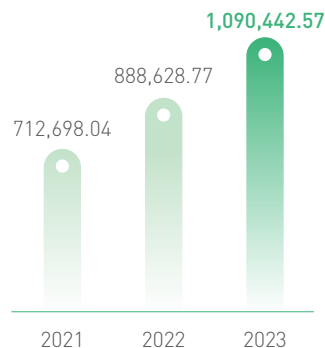
By the end of 2023, our 10 subsidiary production companies including Yangnong Ruixiang, Yangnong Ruiheng, Yangnong Ruitai, Yangnong Kumho, Sennics Shandong, Sennics Anhui, Sennics Tai'an, Sinochem High Performance Fiber Materials, Sinochem Xinbao, and Sinochem Fuheng have obtained ISO 50001 Energy Management System certification.

2023 Key Performance Indicators

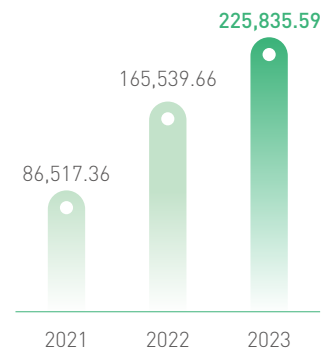
Total investment in energy conservation

98.615 million yuan

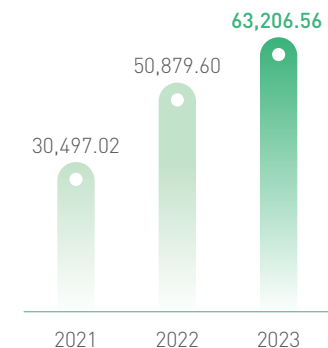
Energy consumption (industrial) ton standard coal equivalent



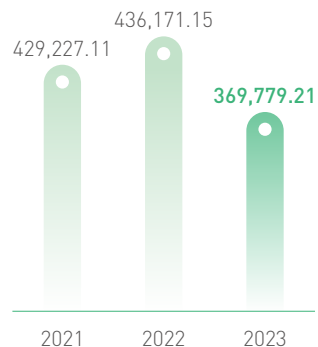
Power consumption 10,000 kW-h



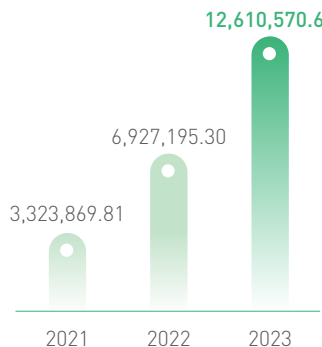
Gas consumption 1,000 m³



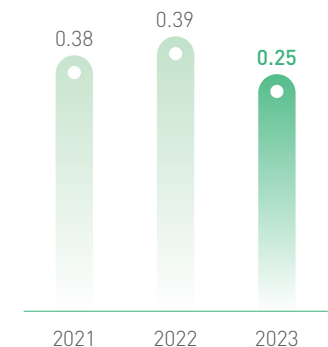
Coal consumption ton standard coal equivalent



Steam consumption MkJ



Energy consumption/ton of product tons of standard coal equivalent/ton of product



Notes: 1. The data does not include overseas subsidiaries
 2. In 2023, the load of the plants producing bisphenol A, phenol acetone, epoxy resin, and other products at Yangnong Ruiheng increased. Additionally, the second phase of bisphenol A plant, as well as the propylene dehydrogenation (PDH) and propylene oxide (PO) plants, commenced trial production successively. The abovementioned reasons led to an increase in energy consumption

The company employs various methods such as energy assessments, energy audits, energy balance testing, and equipment efficiency monitoring to accurately control energy consumption. Through measures like process equipment upgrades and waste heat recovery, energy efficiency is enhanced, and energy consumption is reduced. Additionally, annual selections of energy-saving and carbon-reduction projects are conducted, along with employee training on energy-saving and low-carbon practices. Awareness campaigns such as Energy Saving Week and Low-Carbon Day are also organized to enhance employees' awareness of low-carbon and energy-saving.

Outstanding Energy-Saving and Carbon Reduction Projects in 2023

Company	Project	Annual Achievements
Yangnong Ruixiang	Reducing steam consumption of dichloroaniline project	Steam consumption decreased by 59.5% year-on-year, main raw material consumption decreased by 3.6% year-on-year, by-product emissions reduced by 41.9 tons per year, and CO ₂ emissions reduced by approximately 2,383.92 tons of CO ₂ equivalent per year
Yangnong Ruitai	Distillation heat recovery and condensate water recovery project	Coal consumption decreased by 5% year-on-year, resulting in a emission reduction of approximately 13,000 tons of CO ₂ equivalent
Yangnong Ruiheng	Hazardous waste incineration energy-saving and steam-saving transformation project	CO ₂ emissions reduced by approximately 5,046 tons of CO ₂ equivalent
Sennics Shandong	Reducing comprehensive energy consumption of IS products project	Steam specific consumption decreased by 11% year-on-year, electricity consumption reduced by 180 kilowatts, and the average comprehensive energy consumption reduction rate reached 31.4%

We are investing resources in building photovoltaic power generation projects, exploring the possibilities of using renewable and clean energy through forms such as direct purchase of green electricity, procurement of green certificates, and participating in wind power generation projects through equity participation to obtain green electricity benefits.

Clean Energy Usage in 2023

Green electricity purchased

- Sennics Shandong, Sennics Tai'an, Sennics Anhui, and Sinochem Fuheng continuously purchase green electricity every month
- Sinochem Xinbao centralizes the procurement of green electricity

7,530^{MWh}



Green electricity usage

- Yangnong Ruitai and Sinochem Ningxia Lithium use green electricity generated from renewable energy sources

85,017.3^{MWh}

Photovoltaic power generation

- Sennics Shandong's newly built smart photovoltaic carport was put into use, with an installed capacity of 0.518 MW
- Ningbo Runwo launched a 1.2MWp distributed photovoltaic power generation project
- Sinochem High Performance Fiber Materials launched a photovoltaic green electricity project with a total installed capacity of 1.34 MW
- Huai'an Junsheng launched a rooftop photovoltaic project

5,238.17^{MWh}

Water Resource Management

The company places great emphasis on water resources management. We oversee water supply and drainage facilities and water-using equipment, regularly conduct water metering management, water balance testing, water risk assessments, water-saving technology upgrades, and efficiency improvement actions for key water-using enterprises. These measures aim to enhance water resource recycling efficiency and reduce water consumption.

The company sources all its water resources from municipal water supply, and both water intake and wastewater discharge have not had a significant impact on the water source. Additionally, the areas where our subsidiary production companies are located do not face water resource pressure or scarcity issues.

Key Water Saving Measures in 2023



Water-saving Technology Upgrades

Conducted water-saving assessments of production processes and equipment to uncover water-saving potential, optimized production processes, promoted the use of water-saving technology and equipment, and organized technical exchanges and training

Water Risk Assessment

Organized regular monitoring and measurement of water risks at operational factories, and based on the identification results, formulating targeted control measures

Water-saving Enterprise Certification

Introduced *Water-Saving Enterprise Evaluation Guidelines* into subsidiary companies that consume more than 500,000 tons of fresh water annually, and conducted assessment accordingly, implemented systematic management improvements, benchmarking with industry water efficiency leaders, and gradually achieved industry-leading water efficiency goals

Case

Sinochem Xinbao Implements Condensate Water Recovery Technology Upgrade

In 2023, Sinochem Xinbao implemented a condensate water technology upgrade project, achieving a daily average condensate water recovery of 60 tons in the workshop. This effectively increased water resource utilization efficiency and reduced wastewater discharge.

Reducing wastewater discharge

Avoiding direct discharge of condensate water, effectively reduces the accumulation of water in underground and sewage pipelines

Improving water resource utilization efficiency

The ultrafiltration filtration precision of the condensate water treatment system is 0.01 micrometers, fully meeting the standard for soft water use in the workshop. This reduces the operating pressure of the soft water preparation equipment and indirectly improves water efficiency in the workshop

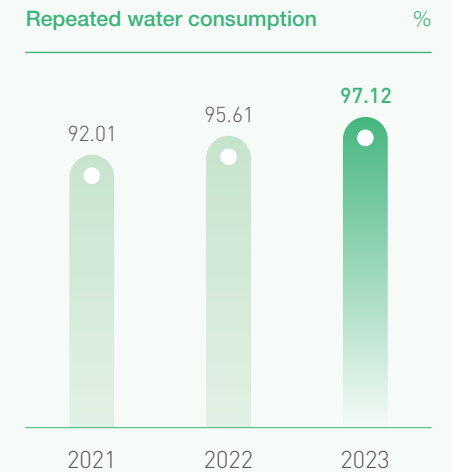
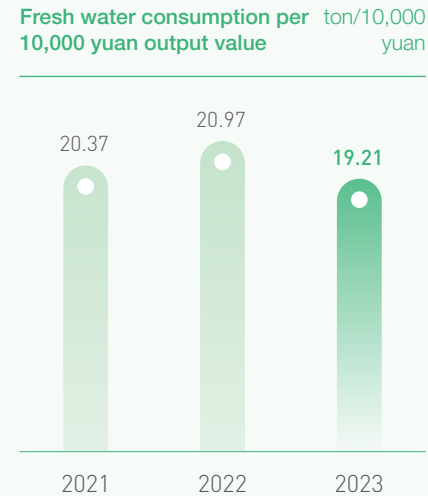
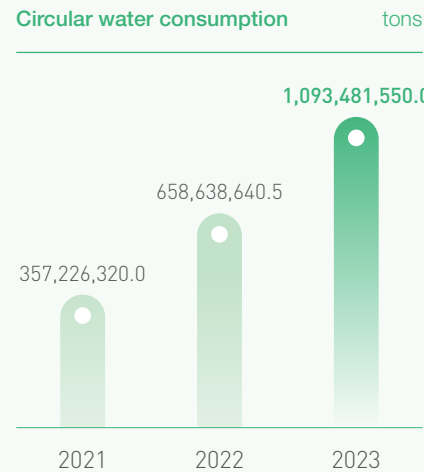
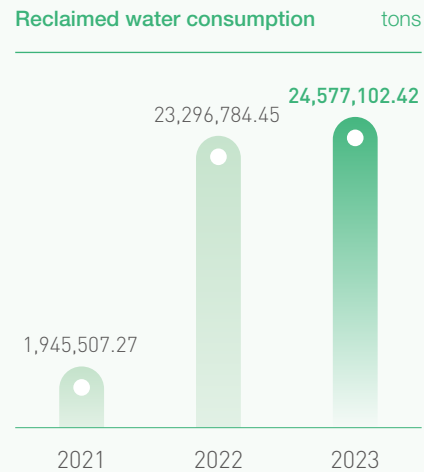
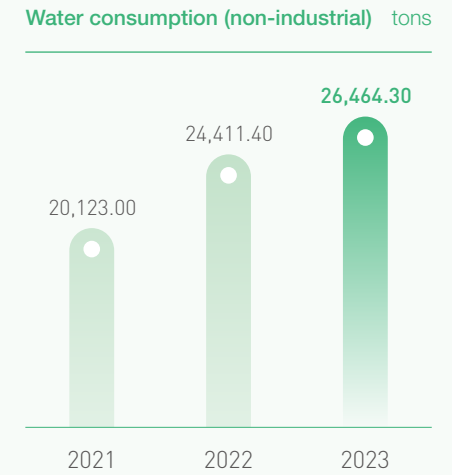
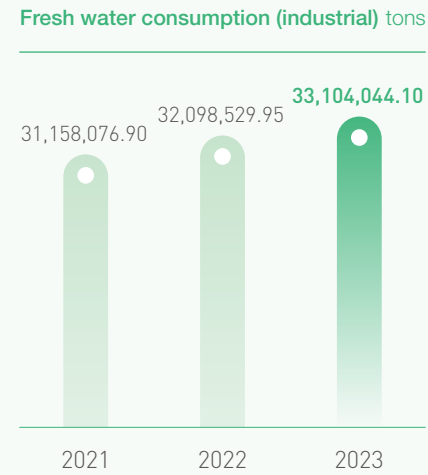
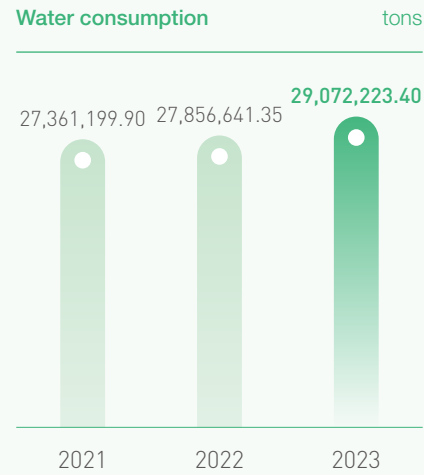
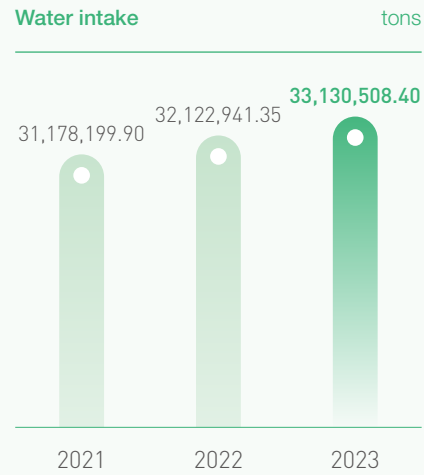
Case

Sinochem High Performance Fiber Materials Implements Water Reuse Technology Upgrade for Dryer Spray Towers

In 2023, Sinochem High Performance Fiber Materials implemented a technology upgrade for the reuse of external discharge water from the drying spray tower. The mixed solution discharged from the drying spray tower is sent to a separating filtrate tank to recover the upper clear water for reuse in the drying spray tower, while the lower part of the powder is recovered through a water washing machine. After the upgrade, the company can save 47,169 tons of industrial water and 112,829 kWh of electricity annually, reducing energy consumption by 17.87 tons of standard coal and cutting carbon emissions by 64.35 tons of CO₂ equivalent.

2023 Key Performance Indicators

4 production enterprises, namely, Yangnong Ruixiang, Yangnong Ruitai, Yangnong Ruiheng, and Sennics Anhui, have passed GB/T 7119-2018 water-saving enterprise certification



Notes: 1. The statistics do not include overseas subsidiaries

2. How the reuse rate is calculated: $(\text{Circulating water consumption} + \text{Reclaimed water consumption}) / (\text{Circulating water consumption} + \text{Reclaimed water consumption} + \text{Fresh water consumption (industrial)} + \text{Water consumption (non-industrial)})$

3. Water consumption = Water intake - Wastewater discharge

Clean Technology Opportunities

Sinochem International places great emphasis on clean technology and continuously promotes the research, production, and application of clean technology products. We approach this from both the R&D and production end and the market application end, focusing on four major modules: new technology, new energy, new applications, and new growth. We are constantly increasing our investment in innovation and research to drive societal transformation towards low-carbonization.

Clean Technology Strategic Directions

R&D and Production	New Technology	Continuously advancing R&D and production of clean technology in fields such as wind power generation and new energy vehicles. This effort aims to support energy conservation, emission reduction, and innovative development in areas like new energy and sustainable transportation, ultimately driving societal transformation towards low-carbonization
	New Energy	In line with the trend of societal energy structural transformation, we continuously increase the proportion of clean energy usage and actively promote clean production
Market Application	New Application	Capturing the evolving demand and leveraging our advantage in high-end products, we continuously explore and discover new applications for clean technology, opening up incremental market space. Simultaneously, we promote the green upgrade of traditional applications
	New Growth	In response to national industrial structural adjustments and the market trend towards green development, we seize development opportunities with advanced clean technology and green processes. This effort aims to cultivate new business growth points and enhance competitiveness



2 technologies, namely, the green synthesis technology for high-dimer-content TMQ rubber antioxidant and the clean production technology for the continuous-flow catalytic synthesis of pyridine heterocyclic products in microchannel reactors, were selected for inclusion in the catalogue of

the Second Batch of Encouraging Application of Petrochemical Industry Issued by the Ministry of Industry and Information Technology

Sennics Shandong was selected for inclusion in the list of

the Fifth Batch of Demonstration Enterprises for Green Design of Industrial Products issued by the Ministry of Industry and Information Technology

Sinochem Fuding's WBT product was awarded

the "Green Product" title by the China Petroleum and Chemical Industry Federation in 2023

2023 Key Performance Indicators

Applied for **41** patents related to clean technology, accounting for **12.9%** of the total patents applied for by the company for the year

Obtained **36** patents related to clean technology, accounting for **16.8%** of the total newly authorized patents for the year

We fully leverage our advantage in independent innovation, focusing on the core business of new chemical materials while expanding into areas such as wind power generation and new energy vehicles. We vigorously promote the research and application of clean technology, aiming to provide customers with more efficient and energy-saving products and solutions, and contribute to the green and low-carbon development of society.

Sinochem International Clean Technology List

Product	Clean Technologies Employed	Technological Advantages	Main Honors	Downstream Application Fields
Epoxy resin	Epoxy resin segmented reaction and closed-loop recycling clean production technology	Achieving reduction in raw material consumption, minimization of "three wastes," and recycling of high-salt wastewater resources	Selected by the China Petroleum and Chemical Industry Federation as green process and key supporting technologies for environmental protection and clean production in the petrochemical industry; Included in the <i>Petrochemical Green Process List (2020 Edition)</i>	As the substrate material for wind turbine blades, used in wind power generation
Epoxypropane	HPPO (Hydrogen Peroxide to Propylene Oxide) process for epoxypropane production	No harmful gas emissions, no difficult-to-treat saline wastewater generated, minimal by-products with high value	Listed in the <i>National Industrial Structure Adjustment Guidance Catalogue</i> under the encouraged category	Used for the production of polyether polyols, which are then used to produce polyurethane materials applied in industries such as furniture, construction, automotive, electronics, etc.
Epichlorohydrin	The hydrogen peroxide solution for epichlorohydrin production	Achieving clean production process from the source, addressing issues such as large discharge of wastewater in traditional processes	Included in the <i>Petrochemical Green Process List (2024 Edition)</i>	Used to produce epoxy resin, serving as the matrix material for wind turbine blades, applied in wind power generation
Rubber antioxidant 6PPD	New process for the synthesis of the antioxidant 6PPD by catalytic hydrogenation of precious metal	Low energy and raw material consumption, sourced from green materials, and the production process generates almost no "three wastes"	Awarded the Second Prize of the National Technological Invention Award in 2018; Included in the <i>Petrochemical Green Process List (2019 Edition)</i>	Applied in fields such as green tires and others
Rubber antioxidant TMQ	Green synthesis technology of high-dimer-content TMQ rubber antioxidant	By achieving cleaner production, the amount of wastewater generated is reduced by 63% and 28%, and the amount of waste inorganic salts is reduced by 89% and 81%, compared to the traditional one-step and two-step methods, respectively	Selected for inclusion in the catalogue of the second batch of encouraging application of petrochemical industry issued by the Ministry of Industry and Information Technology; Awarded the Second Prize of the Science and Technology Progress Award by the China Petroleum and Chemical Industry Federation in 2022	Applied in synthetic rubbers such as neoprene, styrene-butadiene rubber, and butadiene rubber
Pyridine heterocyclic intermediates	Clean production technology for the continuous-flow catalytic synthesis of pyridine heterocyclic products in microchannel reactors	Addressing issues of high energy consumption and large, difficult-to-treat "three wastes" emissions, eliminating the generation of phosphorus-containing wastewater at the source	Included in the <i>Petrochemical Green Process List (2020 Edition)</i> ; Selected for inclusion in the catalogue of the second batch of encouraging application of petrochemical industry issued by the Ministry of Industry and Information Technology	Applied in products such as insecticides, herbicides, and fungicides
Quinaldic acid (2,3-pyridinedicarboxylic acid)	Environmentally friendly gas oxidant oxidation process	Substituting for high-risk oxygen agents, improving reaction yield, significantly reducing wastewater and solid waste emissions	-	Applied as an intermediate for the herbicide imazapyr and the drug moxifloxacin, while also serving as an experimental reagent in organic synthesis
ABS plastic	E-LOOP circular plastics	Utilizing renewable and recycled energy sources instead of fossil resources, promoting the recycling and reuse of thermoplastic plastic products, thus reducing carbon footprint	-	Widely applied in automotive, medical, electronics, household appliances, and other fields
Para-aramid	-	As an advanced material, with characteristics such as high strength and modulus, it can replace traditional materials to achieve clean technology applications	Awarded the First Prize for Scientific and Technological Inventions in Shanghai	Can be applied in environmental fields such as wind power, new energy vehicles, and ultrafiltration membrane water purification equipment

Based on the characteristics of new materials being environmentally friendly and renewable, as well as the advantages of high-end products, we continuously explore new applications for clean technology. Simultaneously, we seize the opportunities brought by industrial restructuring to drive the continuous growth of clean technology-related businesses. This, in turn, promotes the green and low-carbon transformation of our enterprise and related industries.

Case

Enhancing Market Competitiveness with Clean Technology of Epichlorohydrin and Epoxypropane Products

In December 2023, the National Development and Reform Commission revised and released the *Guidance Catalog for Industrial Structure Adjustment (2024 Edition)*. In this revision, the chlorohydrin method for epichlorohydrin and epoxypropane production, with a capacity of less than 1 million tons per year, was included in the restricted category due to severe pollution. Conversely, the HPPO (Hydrogen Peroxide to Propylene Oxide) method for epoxypropane production with a capacity of 150,000 tons per year or more was listed in the encouraged category.

With its 400,000 tons/year HPPO method for epoxypropane production, Sinochem International possesses outstanding green environmental advantages, aligning with national industrial policies and demonstrating strong market competitiveness. Based on current market forecasts, once Sinochem International's 400,000 tons/year HPPO method for epoxypropane production reaches full production capacity, it is estimated to generate approximately 3.5 billion yuan in additional annual sales revenue for the company.

Additionally, the company has independently developed and implemented the world's first industrial-scale hydrogen peroxide method for epichlorohydrin production. This technology enables the clean production process from the source, demonstrating significant advancements in clean technology.



Case

Exploring New Applications of Aramid Materials in the Field of New Energy Vehicles

In 2023, Sinochem International collaborated with downstream enterprises to explore the application of para-aramid materials in the casing of lithium battery packs for new energy vehicles. This initiative aimed to replace traditional materials such as steel and aluminum alloys, better carrying and protecting battery cells and modules, thereby further enhancing the safety and lightweighting of new energy vehicles.

Advantages of Using Para-Aramid Materials for Lithium Battery Pack Casings

Impact Resistance

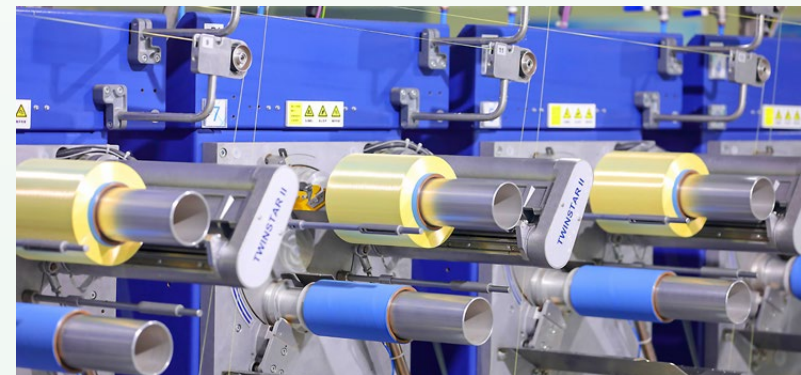
Para-aramid materials offer an improvement of nearly 80% compared to traditional casing materials. This enhancement effectively prevents damage to the casing during compression or impact, thereby mitigating the risk of thermal runaway.

High-Temperature Resistance and Flame Retardancy

Para-aramid materials can effectively contain fires within the battery pack when individual cells ignite, reducing the likelihood of the fire spreading and minimizing the risk of overall combustion or explosion of the battery pack.

Lightweight

Para-aramid materials weigh only about 1/5 of steel wire, thereby facilitating lightweighting in new energy vehicles.



Ecological Conservation

Sinochem International places great importance on ecological and biodiversity conservation. During the feasibility study and site selection phases of projects, environmental impact assessments (EIA) and biodiversity impact studies are conducted. Corresponding improvement measures are developed to address any adverse effects and risks, aiming to minimize or eliminate detrimental impacts on the environment. All factories and project sites of the company are located far from protected areas, and all production and manufacturing processes have not caused significant impacts on the ecological environment and local communities.

We adhere to national policy requirements, respond to international initiatives and customer demands, fulfill corporate social responsibilities, and gradually implement biodiversity management. We conduct assessments of the biodiversity impact and dependence of certain business locations, identify relevant risks and opportunities, and develop corresponding objectives and action plans. In doing so, we contribute to the construction of a global ecological civilization and the protection of biodiversity.

Case

Sennics and Fopia Conduct Biodiversity Impact and Dependency Assessment

In 2023, Sennics and Fopia, compiled and released the *Biodiversity Impact and Dependency Assessment Report*. This report utilized methodologies outlined by the Natural Capital Coalition (NCC) through the *Natural Capital Protocol*, the Capitals Coalition, and the Cambridge Conservation Initiative (CCI) through the *Integration of Biodiversity into Natural Capital Assessments*. The assessment followed a structured approach, including the identification of impacts/dependencies, pathway analysis, substantive analysis, and prioritization of importance. This process aimed to identify substantive issues related to biodiversity management and develop targeted objectives and action plans to enhance management practices.



Safety First Strengthening the Bottomline of Development

Risk and Opportunity Analysis

In January 2023, the State-owned Assets Supervision and Administration Commission (SASAC) and the Ministry of Emergency Management jointly held a video conference on the safety production work of central enterprises. This meeting initiated the 2023 Central Enterprises Safety Management Enhancement Year activities, calling for a thorough investigation and rectification of major accident hazards and the implementation of the Safety Management Enhancement Year actions. Additionally, the complex and severe safety production landscape, coupled with frequent fires and safety accidents, demands higher standards for the intrinsic safety levels of enterprises.

Management Target

Adhering to the “HSE Always First” concept, the HSE management policy of “Life First, Environmental Priority, Loss and Damage Control, Keep Improvement” are emphasized. The aim is to establish the belief that all accidents are preventable and that safe production yields the greatest benefit. The continuous achievement of the “Four Zeroes” goal is targeted: zero severe injury accidents, zero general environmental incidents, zero new occupational disease cases, and zero major negative public opinion incidents.

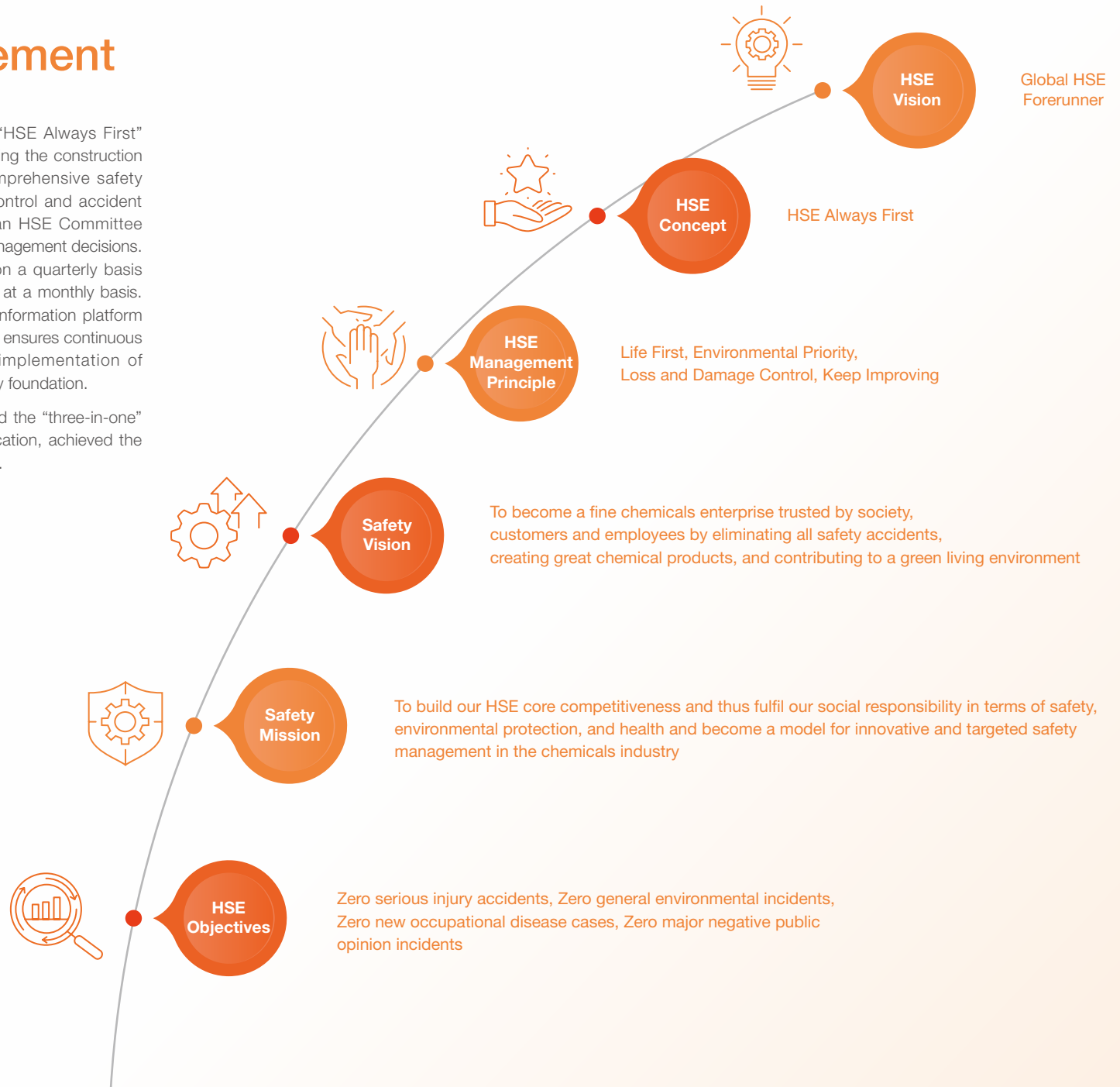
Management Strategy

Fully implementing higher-authorities' decisions, the strategy focuses on HSE risk control, guided by the FORUS system and leveraging HSE24 elements. It aims to promote the establishment of star-rated enterprises and advanced teams, facilitating the implementation of the “Ten Major” special actions. This ensures HSE risks are identifiable and controllable, transitioning from strict regulation to proactive management, achieving high-quality development and high-level safety control in a positive interaction.

Safety Management

Sinochem International adheres to the “HSE Always First” management concept, steadfastly advancing the construction of a safety management system, a comprehensive safety responsibility system and an HSE risk control and accident prevention system. The company has an HSE Committee responsible for coordinating major HSE management decisions. The HSE committee meetings are held on a quarterly basis while HSE report are requested to submit at a monthly basis. We conduct daily work through an HSE information platform for dynamic tracking and risk warning. This ensures continuous monitoring of key indicators and the implementation of important tasks, maintaining a strong safety foundation.

In 2023, the company successfully passed the “three-in-one” QMS-EMS-OHSAS supervision and verification, achieved the “Four Zeroes” goal for seven years in a row.



Health and Safety Management Policy Documents

Level	Topic	Policy Documents	Main Content
Basic	Safety Management	<i>Health, Safety, and Environmental Management Regulations</i> <i>HSE Responsibility Management Measures</i> <i>HSE Risk Control Management Standards</i> <i>HSE Training Management Measures</i>	Establishes HSE management system requirements, clarifies HSE-related responsibilities, HSE risk control requirements, and HSE training requirements, ensuring a top-down, standardized operation of the HSE system
Specific Requirements	Safety Production	<i>Safety Production Management Measures</i> <i>Operation Permit Control Standards</i> <i>Life-saving Clause Management Measures</i>	Defines safety production processes and safety operation permit standards to prevent safety production accidents and ensure the safety of employees' lives and property. Specifies ten prohibited behaviors and enforces a zero-tolerance policy for violations
	Occupational Health and Safety	<i>Occupational Health Management Measures</i> <i>Daily Monitoring and Control Standards for Occupational Disease Hazard Factors</i> <i>Personal Protective Equipment Control Standards</i>	Specifies requirements for preventing, controlling, and eliminating occupational hazards, as well as requirements for employee protective equipment, safeguarding occupational health rights
	Emergency Management	<i>HSE Accident Emergency Response Plan</i> <i>HSE Accident Management Measures</i>	Clarifies the classification and reporting system for safety production accidents, as well as requirements for accident prevention, handling, investigation, and management
	Chemical Management	<i>HSE Risk Control Standards for Hazardous Chemicals</i> <i>HSE Control Standards for Hazardous Chemical Operations</i> <i>HSE Management Details for the Operation of Precursor Chemicals</i> <i>HSE Risk Control Standards for Major Hazard Sources of Hazardous Chemicals</i> <i>Safety Risk Control Standards for the Design of Hazardous Chemical Enterprise Construction Projects</i> <i>HSE Control Standards for Hazardous Chemical Plant Start-up and Shutdown Operations</i> <i>Risk Control Work Standards for Loading and Unloading of Hazardous Chemicals</i>	Regulates the entire process of labeling, storage, handling, and transportation of hazardous materials. Standardizes the handling of hazardous materials and waste in daily production, as well as the management of hazardous chemical projects and plants, ensuring stringent control of related safety risks

Measures for Better HSE Management in 2023

HSE System

- Deepened the integration of Sinochem Holdings' FORUS system with the existing HSE 24 elements management system. Summarized and standardized good HSE practices from subsidiary enterprises
- Completed the revision of 97 policies accumulatively in order to align HSE-related policies released by Sinochem Holdings

FORUS System Promotion

- Implemented the visual identity system and peripheral products of Sinochem Holdings' FORUS system
- Compiled good HSE practices, promoting them through daily messages
- Established a FORUS grid promotion leadership team, dividing grid responsibilities based on regional management principles. Implemented management requirements through "grid-based management, professionalized technology, standardized behavior, and regulated on-site operations"

Creation of Five-Star Factories

- Continued to promote the creation of "Five-Star/Five-Star PLUS Factory" and provided targeted support to subsidiary enterprises
- Guided and supported 12 subsidiary enterprises/research institutes in creating "Diamond Five-Star Factory," 4 in creating "Five-Star PLUS Factory," and 3 in creating "Five-Star Factory," all of which successfully passed inspections

Leadership's Active Role in Safety Culture

- Members of the leadership teams at all levels actively fulfilled their responsibilities by leading meetings, delivering safety lectures, conducting inspections, organizing emergency drills, and providing resources and support. This ensured the orderly implementation of key HSE initiatives

Mandatory Responsibilities of Key Executives

- Established a mandatory responsibility checklist for 100% of leadership cadres, creating cards detailing essential knowledge and responsibilities, and enforcing these requirements
- Conducted 49 inspections by leadership teams, addressing 509 issues; key executives conducted regular inspections, rectifying 1,265 issues

Enhancing Safety Awareness

- Organized activities to review President Xi Jinping's important discussions on safety production and conducted a review of the *Safety Production Law*
- Continued the "Study, Understand, and Implement the Law" initiative, enforcing comprehensive HSE training to all employees with a credit system
- Ensured continuous training for frontline team leaders, with 806 team leaders achieving 100% certification
- Conducted "Five Understandings, Five Capabilities, Five Competencies" training, focusing on enhancing the safety skills of frontline personnel



The *Team Management Based on the Implementation of the FORUS System* research subject by Yangnong Ruiheng, a subsidiary of Sinochem International, won **the first prize for innovation achievements at the 16th National Petroleum and Chemical Enterprise Management Innovation Conference**

2023 Key Performance Indicators

Investment in safety and health measures

251 million yuan

Employee HSE training participation rate

100 %

Five-Star Factory **17** Five-Star Research Institute **1**

Sinochem International HSE Golden Rules (Excerpt)

- Every enterprise, regardless of size, must appoint an HSE Director and establish a dedicated HSE department; if not, the primary leader of the enterprise will be held fully accountable.
- In the event of fatalities, major environmental incidents, or occupational diseases, the responsible person, the supervising officer, and the HSE Director will be immediately dismissed and held accountable.
- For any enterprise that experiences a fatal accident, the maximum performance rating for the relevant HSE personnel will be B.
- All employees must participate in HSE training and earn at least 10 credits; otherwise, their personal performance rating will be C/D.
- Key position appointments must undergo an HSE assessment. Individuals who do not prioritize safety or have a history of safety violations will be firmly rejected.
- Any new enterprise must achieve a score of 700 on the HSE24 elements within one year and 750 within two years; otherwise, production will be halted for rectification. Commitment to systematic management, high standards, and continuous improvement is required, with each factory advancing one star level in the FORUS system annually, or else the management team's performance rating for the year will not exceed B.
- Any new project must adhere to HSE standards; otherwise, it cannot proceed, regardless of profitability.



Intrinsic Safety

Sinochem International prioritizes risk control as the core of its safety production efforts. By addressing the design phase, production operations, equipment maintenance, and personnel safety, the company conducts comprehensive risk assessments and hazard investigations, strengthens the control of major safety risks, improves the identification and rectification of potential hazards, as well as embeds a strong safety culture both internally and externally, eliminating all safety production factors and procedural hazards, establishing a solid foundation for high-quality development through exemplary safety performance.

Measures to Improve Intrinsic Safety in 2023

Strict Control of Safety Risks

- Considering the unique challenges of safe production within the company, organized comprehensive safety inspections across all subsidiaries and developed work plans to enhance risk identification, strictly adhere to safety protocols, and prevent accidents

Accident Hazard Investigations

- Completed HAZOP analysis for 109 plants across 15 subsidiaries
- Conducted 183 regular safety inspections, identifying 4,698 potential hazards
- Implemented specific actions such as “Red Ribbon” hazard investigations and “repetitive hazard management,” identifying and addressing 4,539 hazards
- Conducted special inspections for nitrification, operating with defects, zero-clearance initiatives, peroxidation, liquid chlorine, and liquefied hydrocarbon storage tanks, identifying 81 issues and achieving 100% rectification

Enterprise Safety Assessments

- Completed safety assessments for 100% of the 15 “two key and one major” subsidiaries
- Evaluated 124 contractors across 21 subsidiaries, establishing contractor databases and blacklists

Suppression of Unauthorized Operations

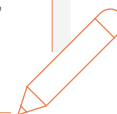
- Formed a dedicated safety inspection team to conduct on-site inspections, identifying 209 violations and dismissing 6 contractor employees for violating company life-saving rules
- Improved on-site operation management and suppressed unauthorized activities through various methods, including distributing “Special Operation Safety Regulations,” creating standardized operation videos, halting unauthorized work, and conducting reviews and follow-ups

Control of High-Risk Operations

- Implemented dynamic personnel monitoring systems in all 15 “two key and one major” subsidiaries, using electronic fences and other technological measures to strictly control the number of personnel in key supervisory processes and major hazard areas
- Adhered strictly to high-risk operation procedures, including application, approval, posting, extension, cancellation, and closure. Conducted JSA analyses for all high-risk operations to ensure comprehensive risk identification and the implementation of mitigation measures

Information System Development

- Completed and launched the HSE online platform, focusing on the implementation of the dual prevention system, unconventional operations, and inspection systems
- Encouraged hazardous chemical enterprises to complete contractor systems, safety risk mapping, and data integration and reporting
- Initiated pilot projects for AI video surveillance systems in companies like Lianyungang Petrochemical Storage, achieving successful and stable operation





General Manager of Sinochem International conducted HSE inspection in Sennics Tai'an



Yangnong Ruiheng conducted an drill to validate emergency plans before trial production of new plant



Sennics Anhui carried out safety production inspection



Safety cross-checks between subordinate production bases

2023 Key Performance Indicators

Key equipment risk control rate

100 %

Production safety accidents of general and above level (including contractors)

0

Accidents with serious injuries or worse

0



Days lost due to occupational injuries

22

Deaths due to occupational fatalities

0

Deaths per 1 million man-hours worked

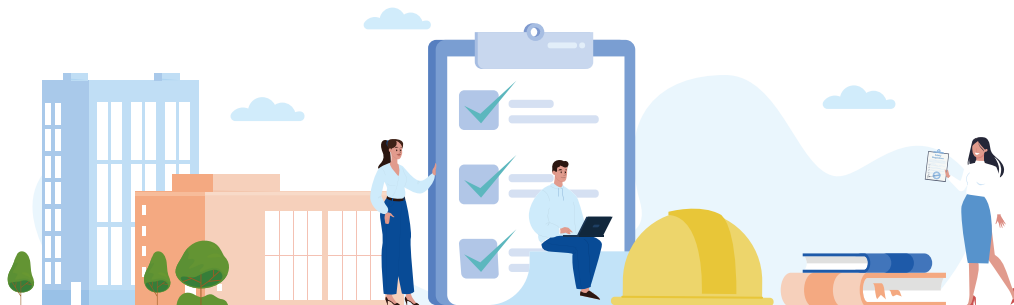
0

The loss-time injury rate for direct employees

0.08

The severe loss-time injury rate for direct employees

0.002



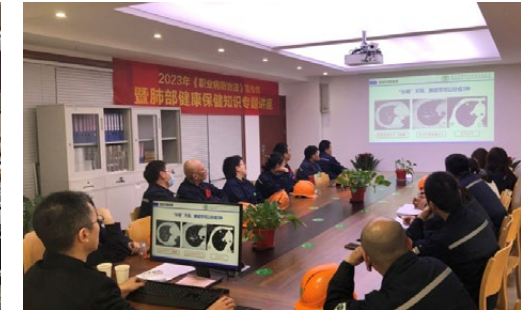
Occupational Health and Safety

Sinochem International is committed to providing healthy and safe working conditions for our employees. We strengthen root cause management and comprehensively identify occupational hazard factors, continuously work on projects to mitigate occupational hazards and establish risk maps for highly toxic substances and high-risk dust. We enhance dynamic analysis of occupational health examinations and strictly monitor and inspect notifications of occupational hazards, pre-employment physicals, transfer/exit physicals, and exit physicals for those exposed to occupational hazards.

The company has signed a *Collective Labor Contract* with the labor union, covering topics such as employee occupational health and safety protection. The HSE Committee includes the labor union chairman, frontline employees, and worker representatives, who represent all employees in making decisions on health and safety issues, ensuring their right to information and participation in decision-making.



Sinochem International conducted a special training session on *Occupational Disease Prevention Laws and Regulations and Enterprise Occupational Health Management*



Yangnong Ruixiang invited expert physicians to hold a special lecture on *Lung Health Care Knowledge*



Root Cause Management

- Continually strengthened the control of sources of occupational disease hazards, achieving annual hazard project remediation goals and improving working environments
- Conducted comprehensive testing for occupational disease hazard factors with 100% coverage
- Implemented special rectification measures for noise hazards and noise exceeding standard limits



Management Optimization

- Completed occupational health assessments and personal protective equipment evaluations for 17 key enterprises, addressing issues such as identification and analysis of occupational disease hazards, occupational health monitoring, and completeness of information system reporting



Model Selection and Promotion

- Carried out Health Enterprise Creation and “Occupational Health Expert” activities. 4 subsidiaries—Sennics Tai’an, Huaian Junsheng, Sinochem Fuding, and Ningxia Lithium Battery—passed provincial-level “Healthy Enterprise” inspections, while Sennics Shandong passed municipal-level inspections
- Conducted “Occupational Health Expert” themed activities, with 4 individuals recognized as Sinochem Holdings’ “Occupational Health Experts”

2023 Key Performance Indicators

Employee occupational health examination rate

100 %

Occupational health management filing rate

100 %

Allocation and correct use rate of workplace protection equipment

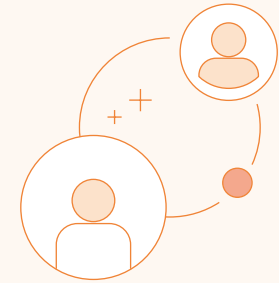
100 %

OHS management system coverage rate for employees and third-party employees in core production base

100 %

Occupational disease cases in the whole year

0



Sinochem Xinbao hosted the launch ceremony of Occupational Health Promotion Week



Sennics Anhui organized an occupational health-themed drawing activity

Emergency Management

We adhere to the principle of “prevention first, proactive response.” By integrating activities such as Safety Month and Fire Prevention Month, we organize scenario construction and emergency drills for our subsidiaries. These unscripted drills effectively enhance the emergency response capabilities of grassroots employees, improve inter-company rescue coordination, and bolster practical emergency skills.

Measures to Improve Emergency Management Capacity in 2023

Revision of Emergency Response Plans

In line with the *Guidelines for the Preparation of Emergency Response Plans for Production Safety Accidents*, organized subsidiaries to revise their *Production Safety Accident Emergency Response Plans*. Engaged all employees in revising and improving 806 sets of emergency response cards for various positions

Emergency Scenario

Deeply involved subsidiaries in constructing typical accident scenarios, strengthening major risk prevention and emergency preparedness. Constructed 82 scenarios and revised 339 emergency plans

Emergency Drills

Conducted 1,362 drills at various levels, focusing on typical accidents such as fires, explosions, leaks, and poisonings. Promoted the “unscripted” drill mode to enhance practical response capabilities

2023 Key Performance Indicators

Emergency drills conducted

569

Participants

22,062



Comprehensive emergency drill for tank farm leakage at Sinochem Xinbao



Fire drills at Yangnong Kumho



Drill activities at Sennics Shandong during Fire Prevention Month



Emergency Drill for Acetone Leakage and Fire Explosion at Sennics Anhui



Chemicals Management

Sinochem International has established a comprehensive monitoring system for the entire process of chemical procurement, handling, storage, transportation, treatment, and disposal. Regular inspections and audits are conducted on the company's performance and chemical operation sites. Our long-term goal is to substitute and reduce hazardous substances in raw materials and products actively, seeking alternatives to minimize and eliminate the hazardous substances use.

Hazard Assessment of New Chemical Substances



- Key new chemical substances are managed and controlled, including the setting up of online alarms and monitoring of areas dealing with new chemical substances; implemented monitoring of the water and soil, and also investigated and dealt with hidden dangers in soil and groundwater; hazard assessment information is also disclosed

Production and Storage of Hazardous Chemicals



- Based on the types and characteristics of hazardous chemicals, appropriated safety facilities and equipment such as monitoring, ventilation, sun shading, temperature regulation, fire prevention, firefighting, explosion prevention, pressure relief, poison prevention, neutralization, moisture-proofing, lightning protection, anti-static measures, corrosion prevention, leakage prevention, and protective bunds or isolation operations are installed in workplaces
- Regular maintenance and upkeep of safety facilities and equipment were conducted according to national standards, industry standards, or relevant regulations to ensure their normal operation
- Built complete monitoring, inspection and emergency response systems at workplaces; conducted regular on-site inspections

Handling and Packaging of Hazardous Chemicals



- All required protective measures were taken depending on the characteristics and type of packaging of hazardous chemicals, standard operating procedures were established, and visual checks of labeling were carried out
- Regular assessment and on-site inspection of hazardous chemicals handling and other areas
- Pre-use inspections were performed on reusable packaging and containers for hazardous chemicals, and safety hazards were eliminated in a timely manner

Plants Involving Hazardous Chemical Processes



- Developed the *HSE Risk Control Standard for the Start-up, Shutdown, and Operation of Hazardous Chemical Plants*, standardizing the start-up and shutdown processes to minimize HSE risks associated with the operation of hazardous chemical plants
- No processes or equipment listed in the *Catalogue For Eliminating Outdated Safety Protection Techniques And Equipment* was used
- Automation control of plants involved in the production of key regulated hazardous chemicals at the source, with emergency shutdown functions installed on all plants
- A complete reaction risk assessment conducted for all plants while HAZOP analysis conducted for new, modified or expanded plants during the design phase. Where a piece of plant is changed, the HAZOP report is updated in a timely manner

Treatment of Hazardous Waste



- Packaging containers and packages must be labeled as hazardous waste, and be stored in a cool place
- Special hazardous waste storage facilities have been constructed according to standard specifications for the temporary storage of hazardous waste generated by the company, managed by dedicated personnel
- Special sharps and other waste was collected and handed over to particular departments for processing
- Entrusted the reasonable disposal of hazardous waste to appropriately certified bodies, and regularly checked the whereabouts of the final disposal

Employees Working with Hazardous Chemicals



- Posts with qualification requirements were only open to employees who have obtained the corresponding legal qualifications
- Organized education on safety and legal themes, and training on the management of hazardous chemicals, and employees may only take up their positions once they have successfully completed an assessment
- Drafted a “Five Understandings, Five Knowledges and Five Abilities Manual” and provided specific training, and organized certification training for team leaders in hazardous chemical businesses

Information Platforms



- Completed the digital construction of a dual prevention mechanism for hazardous chemicals enterprises as well as the construction of an “Industrial Internet + Hazardous Chemical Safety Production” focusing on the development of a personal positioning system, a smart inspection system and a specialized operation approval system platform and digital dual prevention platform, etc.

Based on the *Hazardous Chemicals Procurement Management Evaluation Plan*, the company also regularly conducts risk assessments with its hazardous chemical suppliers which cover core elements such as qualifications review, hazardous chemical transportation, etc. This ensures control and compliance when it comes to raw material procurement and the transportation of hazardous chemicals.

Measures for Hazardous Chemicals Procurement Management

Hazardous Chemicals Supplier Management



- Reviews of the qualifications of suppliers of hazardous raw materials
- Implementation of dynamic supplier assessments to ensure that they hold the necessary qualifications
- Regular assessments of the transport control and compliance of hazardous chemicals suppliers

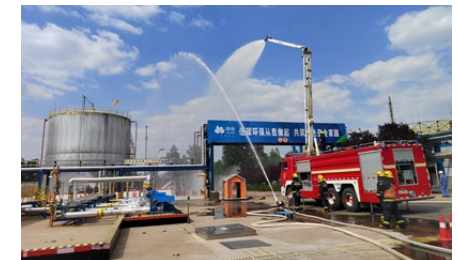
Hazardous Chemicals Procurement Management



- Improved system construction and standardized procurement management systems, processes, evaluation criteria, and other documents
- Clarified the quality indicator requirements for hazardous chemicals procurement
- Strict adherence to procedures in implementation of the hazardous chemicals inspection and delivery management processes



Yangnong Group-Yangnong Ruitai conducted ammonia gas leakage secondary linkage drill



Sennics Tai'an conducted benzene tank farm leakage emergency drill

People Oriented Sharing Brilliance with People and Community

teamwork



Risk and Opportunity Analysis

In recent years, the issues concerning business and human rights have rapidly evolved. China's *National Human Rights Action Plan* explicitly incorporates business and human rights into national action plans. Additionally, the International Sustainability Standards Board (ISSB) standards have heightened disclosure requirements regarding human rights and labor issues. This elevates the demands on Chinese enterprises to strengthen labor and human rights management and disclosure. Given the differences between international and Chinese standards due to varying environments, responding to labor and human rights management and disclosure brings corresponding risks.

Management Target

Upholding the mission of “people-oriented, institutional management, professional services, and dedicated to the mutual enhancement of corporate and employee values,” we aim to safeguard the legitimate rights and interests of every employee. We strive to ensure every employee enjoys favorable career development and realizes their own value creation in a diverse, equal, and inclusive working environment.

Management Strategy

We effectively implement the requirement of “talents to revitalize the enterprise,” respecting and protecting employees' human rights, and fostering an environment of equality, diversity, and inclusiveness. We ensure that compensation and benefits support every employee's living needs and provide channels and platforms for career advancement and development, along with comprehensive and targeted training to promote the holistic development of employees.

Employee Rights

Sinochem International adheres to a people-oriented philosophy, strictly complying with laws and regulations in China and all overseas operating regions. We uphold the principle of “fairness, impartiality, and transparency” in employment practices, establishing a comprehensive human resources management system to regulate recruitment, employment, compensation and benefits, labor relations, social insurance, and other aspects to safeguard the legitimate rights and interests of employees.

Labor Rights Management Policy Documents

Level	Theme	Policy Documents	Main Content
Basic	Protection of Employee Rights	<i>Human Resources Management Regulations</i> <i>Employee Recruitment Management Measures</i> <i>Labor Employment Management Measures</i>	Standardizes recruitment procedures and criteria; Stipulates employment forms, labor contract management, performance evaluation standards, full process of employee recruitment-confirmation-promotion-relocation-dismissal, as well as requirements for human resources planning and management
Specific	Decent Working Conditions	<i>Compensation and Benefits Management Measures</i> <i>Innovative Incentive Fund Implementation Plan</i> <i>Leave Management Measures</i> <i>Employee Rewards and Penalties Measures</i>	Specifies employee compensation and benefits, performance incentive, vacation system standards, and rules for rewards and penalties, including salary composition, accounting adjustment mechanism, welfare programs, vacation application conditions, approval processes, and vacation benefits
	Democratic Management and Communication	<i>Labor Union Work Management Regulations</i>	Clearly defines the responsibilities, authority, process, coordination mechanism of labor union's work, as well as the election and duties of employee representatives
	Career Development and Training	<i>Employee Performance Management Measures</i> <i>Training Management Measures</i> <i>Professional and Technical Position Qualification Management Measures</i> <i>Professional and Technical Sequence Management Measures</i>	Specifies the setting, evaluation, and feedback of employee performance goals, as well as incentives for performance results; Specifies the implementation and management requirements for training; Clarifies employee career development channels, professional sequence settings, and management rules

Labor Rights and Interests

We strictly adhere to the relevant laws and regulations such as the *Labor Law* and the *Labor Contract Law* of the country, as well as regulations regarding the shortest notice period for operational changes. All subsidiary enterprises sign the *Responsibility Agreement for Standardized Employment*, which includes standardized management of employment in terms of equal opportunities, social security, and working environment, and undergo annual assessments to ensure legal and compliant employment management, safeguarding the legitimate labor rights and interests of employees.

Indicators	Unit	Year 2023	
Employment Type			
Full-time employee	people	10,341	
Part-time employee	people	0	
Outsourced labor	people	81	
Overall Status			
Total number of employees	people	10,341	
New employee hires	people	573	
Employee turnover rate	%	11.4	
Employee turnover rate	Below the age of 30	%	4.54
	Age 30 to 50	%	6.29
	Above the age of 50	%	0.57

Note: In 2023, Sinochem International completed the equity transfer and delivery of its subsidiary, Halcyon Agri Corporation Limited; Subsidiary Sinochem Baoli's controlling shareholder was changed to Sinochem Holdings after its capital increase and share expansion. The number of employees in related enterprises is no longer included in the scope of statistics for 2023. For detailed reporting scope, please refer to the *Sinochem International 2023 Annual Report*

2023 Key Performance Indicators

Employee labor contract signature rate

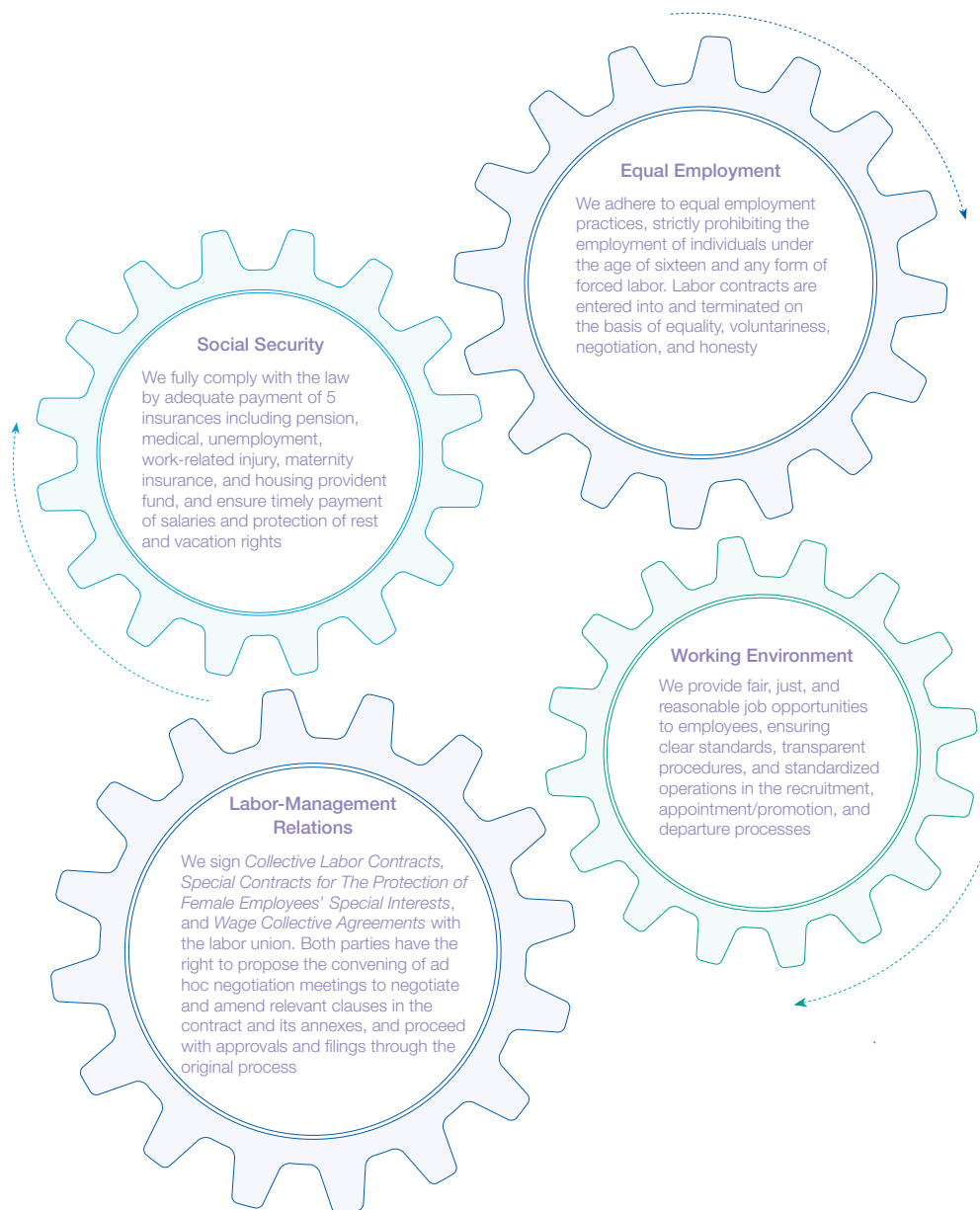
100 %

Social insurance coverage

100 %

Paid annual leave per capita

9.58 days



Democratic Management

We respect the employees' right of free association. The headquarters and all subsidiary enterprises have established labor union organizations and a democratic management system based on staff congresses. We pay attention to the demands and immediate interests of employees, establish an open, transparent, and democratic communication mechanism, and ensure that employees effectively supervise the company's management and participate in the decision-making process.

2023 Measures for Democratic Management and Communication

Employee Representative Congress

- Regularly convened employee representative congresses, strengthening the mechanism for collecting, reviewing, handling, and implementing proposals from the congress, and regularly safeguarding the legitimate rights and interests of employees

Satisfaction Survey

- Conducted regular satisfaction surveys among all employees and implement special management improvements based on the opinions and suggestions collected

Feedback

- Utilized various forms such as forums, themed days, field interviews, survey questionnaires, email, and conversations to extensively conduct "suggestion and feedback" activities 170 times
- Organized "idea workshops" to solicit rational suggestions and proposals for improvement
- Mobilized party members to deeply engage with the masses, listen to public opinions, and collect various suggestions, totaling 1,647

2023 Key Performance Indicators

Labor union membership rate

100 %



Welfare and Care

The company continuously improves its employee compensation and welfare system to attract and motivate talents with a competitive salary level in the market. We regularly conduct organizational efficiency analysis and salary benchmarking to further optimize compensation policies or schemes. We provide appropriate living standards for employees and their families, and enhance employees' workplace happiness through organizational cultural and sports activities, assisting employees in need, and providing psychological health counseling, etc.

Remuneration

- Salary of employees is consistent with the market level and not lower than the statutory minimum wage in the place where we operate
- Remuneration that is able to reflect the value of a position and an employees' performance
- Bonuses are paid based on company performance and employees' personal performance assessment

Benefits

- Commercial medical insurance is provided to employees
- Holiday subsidies, birthday greetings, physical examinations, company annuity, canteen and other company benefits

Leave

- National statutory holidays, paid annual leave, marriage leave, funeral leave, maternity/paternity leave, parental leave, half-day paid leave for child-parent meetings, etc.
- Employees facing particular circumstances are allowed to apply for flexible working models and working hours

2023 Key Performance Indicators

Investment to assist employees in difficult situations

613,400 yuan

Cultural and sports activities

222

Participating employees

16,426

Employee Care Initiatives in 2023

Sports and Cultural Activities

- Established 6 clubs including yoga and basketball, organizing a variety of club activities regularly
- Organized activities for Chinese New Year, Mid-Autumn Festival, and “Winter Warmth” to celebrate festivals
- Organized staff basketball league, team building, staff sports meetings, and visits

Employee Feedback

- Implemented the “Practical Projects for the Masses” activity, initiating and implementing 207 practical projects, addressing 133 urgent issues raised by employees

Support for Vulnerable Groups

- Upheld the legal rights of female employees, conducting special activities and cultural events for women during International Women’s Day, nominating female employees for various labor model selections, arranging gynecological examinations, and setting up mother and baby rooms
- Provided convenient facilities such as dedicated passages, access controls, and restrooms for blind and disabled individuals in the office

Assistance and Aid

- Provided assistance and aid to employees facing difficulties, advanced labor models, and retired personnel in need during major festivals like New Year’s Day and Spring Festival



Sinochem International Organized the 16th Staff Sports Meeting



Sinochem International Held the second Staff Basketball League



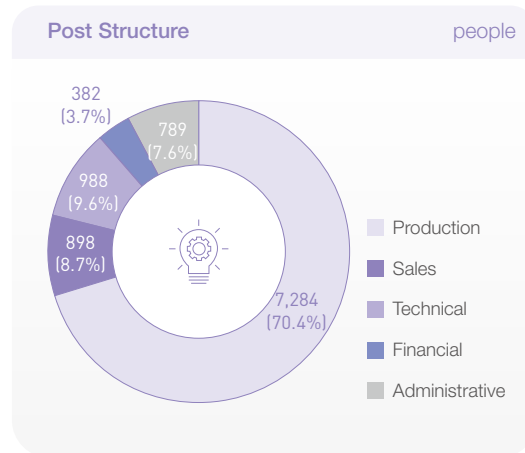
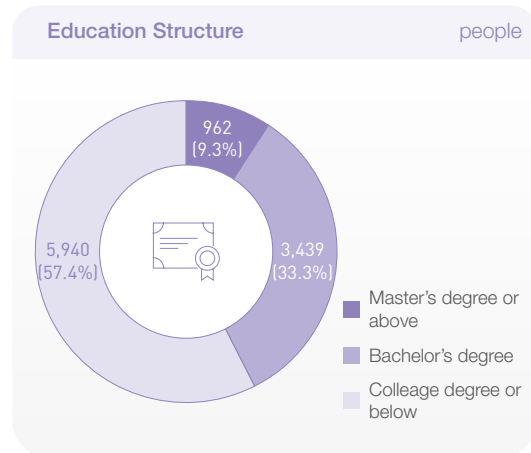
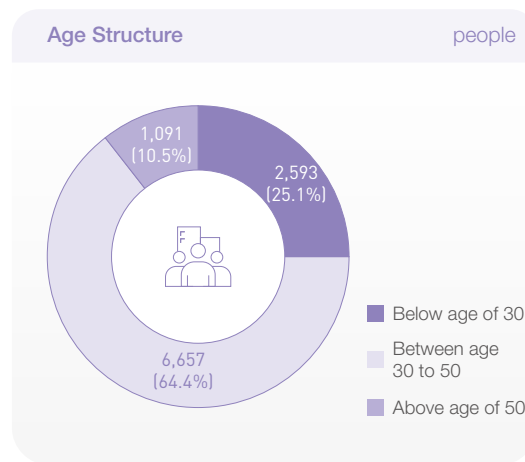
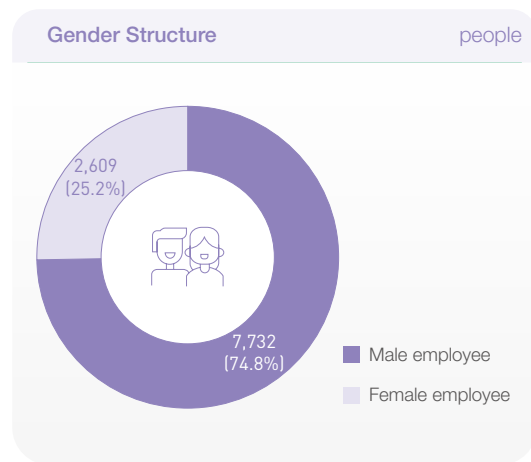
Employees at the Thailand factory of Sinochem International celebrated the Chinese Spring Festival



Established a yoga club for employees at Sinochem International

Diversity, Equity and Inclusion

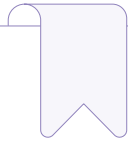
Sinochem respects individual differences and welcomes individuals from diverse backgrounds to apply for job positions, ensuring that all employees have equal opportunities for employment. We strictly prohibit illegal practices such as child labor and forced labor, and we oppose any form of discrimination and harassment. We provide appropriate support and assistance to minority and vulnerable groups such as female employees, disabled employees, and ethnic minority employees, striving to create a diverse, equal, and inclusive working environment for all employees.



Sinochem International provides a complaint and feedback channel for employees, whereby employees can report violations of employee rights & benefits and labor human rights to the company's Human Resources Department by telephone hotline, employee care email or directly in person. The company promises to protect the complainant, verify the reported incident, promptly implement corrective measures for violations of laws and regulations, and deal with relevant personnel involved.

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Prevention of Child Labor

- Clearly stipulate that the company shall not employ children under the age of 16, and do not support other related enterprises, factories, or social organizations in employing child labor
- Conduct strict verification of job applicants' information, persuade child laborers to return, and implement remedial actions and education

Prevention of Forced Labor

- Explicitly prohibit retaining job applicants' or employees' identification documents, restricting their personal freedom, or forcing employees to work overtime involuntarily
- Temporary overtime work required by the job shall be compensated according to national requirements

Anti-Discrimination and Anti-Harassment

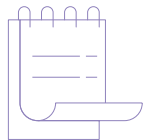
- Ensure transparency in the recruitment process and explicitly prohibit any discriminatory treatment based on race, social class, religion, disability, gender, sexual orientation, age, marital or maternity status, or political status
- Uphold gender equality and equal pay for equal work, with job ability being the sole criterion for career development and promotion

Rights of Outsourced/Labor Dispatch Personnel

- Specify the agreements, contracts, and social insurance situations of labor dispatch personnel, and conduct regular supervision and inspection
- Assess and supervise the work of contractors and clearly stipulate in outsourcing contracts that contractors should sign written labor contracts with the employees they use, establishing labor relations
- Provide benefits and humane care for outsourced personnel and labor dispatch personnel during holidays

Prevention and Remediation

- Provide labor rights training for all employees to enhance their awareness of infringement behaviors and means of safeguarding their rights
- Ensure that incidents violating labor rights do not occur through regular self-inspections, risk assessments, etc.
- Establish complaint channels, investigate incidents violating labor rights, and provide support to victims



2023 Key Performance Indicators

Labor human rights training coverage

100 %

Percentage of workplaces that have undergone human rights audits or impact assessments

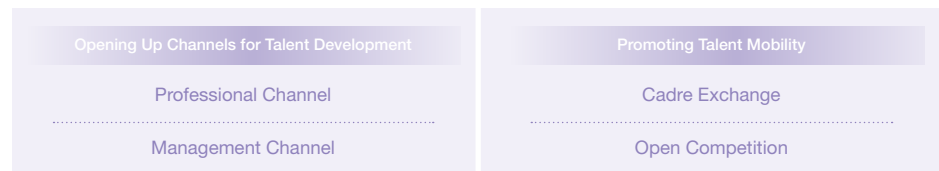
90 %

Human rights violations such as child labor, forced labor, discrimination, harassment, etc.

0

Talent Development

Sinochem International attaches great importance to talent attraction and cultivation, further improves the talent promotion mechanism, clears career development paths, establishes various talent exchange channels, and continuously provides employees with progressive career planning and professional empowerment.



Case

Sennics Lianyungang Conducts Talent Competition to Revitalize Talent Vitality

In order to further stimulate talent vitality and promote the maximization of talents, Sennics Lianyungang organized an open competition for production-related management positions in 2023. This initiative involved 22 positions. Following the principles of fairness, justice, democracy, competition, and selecting the best candidate, the company selected 14 grassroots management personnel at the level of team leaders, 8 deputy director-level management personnel, and 3 director-level management personnel. Simultaneously, it promoted the specialization and youthfulness of frontline management personnel.

Measures to Promote Employee Career Development in 2023



Opening Up Career Top Channels

- For high-level professionals:** Identified 5 leading experts in science and technology, conducted T4 expert reviews in scientific research sequences, hired 15 experts, broadening the development channels for professional talents; Advanced the training of national engineering master and doctorate students, undertook the training of 3 full-time engineering master and doctorate students, and assigned 1 frontline research backbone to pursue a doctoral degree in engineering while on the job; Appointed senior management talents in professional fields at grassroots units as high-end experts for headquarters operations and control
- For high-skilled talents:** Focused on the main business of chemical new materials, successfully recommended the first batch of 4 production sequence skill masters to Sinochem Holdings; Continued to reserve senior technicians and technicians, with high-skilled talents accounting for 25% of the overall workforce

Supporting Internal Talent Mobility

- Fully considering the training needs of compound management talents, combined with the professional requirements of various subsidiary positions, increased the intensity and frequency of cadre exchanges across industries, professions, and locations, with 36 cadres and 9 business backbone personnel exchanged and utilized within the year
- Solidified the platform for young cadre training, appointing assistant general managers to hone their management skills and appointing external directors and supervisors to enhance corporate governance capabilities
- Promoted open competition for positions in frontline production enterprises

Attracting Local Outstanding Talents

- Maintained deep communication and cooperation with local labor and employment security departments, talent agencies, and counterpart universities to attract outstanding local talents

The company is oriented towards promoting the construction of organizational capabilities, achieving strategic goals, and enhancing employee capabilities and performance levels. We have established a matrix-style training system with horizontal layers and vertical specialization. Following the principles of “unified planning, respective construction, and hierarchical management,” the company’s headquarters collaborates with its subsidiaries to promote the construction and management of the training system, empowering employees in their career development.

Employee Training Initiatives in 2023

Managers and High-Potential Talents



Implemented leadership development programs to deepen industry understanding, enhance strategic thinking, and improve team leadership

Professional and Technical Personnel

Continuously conduct job-specific skills training focusing on areas such as R&D, marketing, safety production, and process improvement. Implemented specialized courses designed for frontline team leaders to enhance safety production capabilities, ensuring that 100% of them are certified for their positions



2023 Key Performance Indicators

Investment in employee training

12.03 million yuan

Average hours of training completed per employee

48 hours

The ratio of employees who have received vocational or skill-related training

100 %



Sinochem International Management Reserve “Brilliant Plan” Training

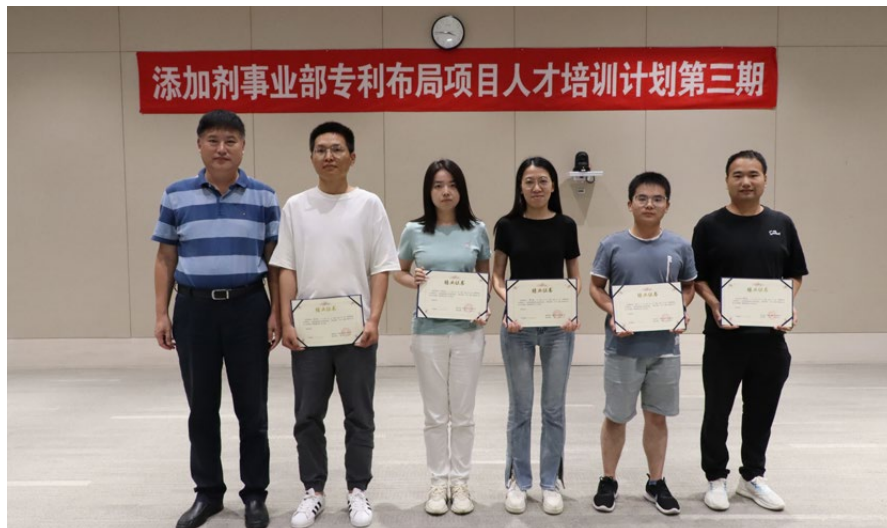


Specialized Training on Precise Maintenance of Rotating Equipment by Sinochem International





Collaborative Postdoctoral Program by Yangnong Group



Talent Training for the Additives Business Unit's Patent Portfolio Project

Comprehensive performance management has been implemented within the company, establishing a diverse incentive mechanism covering short, medium, and long-term periods. This mechanism directly links employee incentives with their responsibilities, capabilities, and contributions, effectively enhancing employee development and fostering enthusiasm for achieving performance goals.

Employee Assessment and Incentive Measures in 2023

Diverse Incentives

- Develop a diverse incentive system covering the entire business lifecycle, implementing innovative incentives, equity incentives, and other incentive measures
- Promote medium to long-term incentives for key talents, implementing restricted stock incentive plans, excess profit sharing rewards, stock acquisition plans, and other measures

Performance Management

- Establish a comprehensive performance management system covering all employees to promote the implementation of company strategies, value creation, and performance improvement through full-process management
- Set distinct assessment goals and performance management criteria to cultivate a corporate culture oriented towards high performance
- Ensure transparency in employee performance management, with assessments being objective, fact-based, and fair. Establish channels and mechanisms for appeals and handle appeals promptly



2023 Key Performance Indicators

The ratio of employees who have received regular performance and career development assessments

100 %



Community Participation

Sinochem International actively engages in community welfare activities, leveraging its resources and professional expertise to respond to national strategies and contribute to rural revitalization. By actively participating in community development and charitable activities, we fulfill our corporate social responsibility, empower community development, promote positive interactions between the enterprise and the community, and shares our development achievements with society.

Rural Revitalization

The company actively responds to the national rural revitalization strategy and fully implements various deployments by Sinochem Holdings. Subsidiary enterprises engage in various volunteer activities such as dispatching “first secretary” working teams, “Hope Cabin” initiatives, connecting with disadvantaged households for consumption poverty alleviation, and “College Entrance Examination Stations”, etc. Through a comprehensive approach involving funding, consumption, and education assistance, we aim to enhance the income levels and industrial development capabilities of the assisted areas, thereby consolidating and expanding the achievements of poverty alleviation and promoting rural economic development.

Key Measures towards Rural Revitalization in 2023

Assisted consumption of agricultural products of 6,521 kg, sales amounted to 2,166,300 yuan.

Consumption Assistance



Education Assistance

Organized and participated in the “Make a dream come true” activity for assisting needy students, have raised more than 330,000 yuan in funding, helping rural children realize their dreams

Community Building

We organize “Community Communication Week” activities, inviting stakeholders such as government agencies, partners, customers, and community members to visit the enterprise’s operational sites. Through various interactive forms such as discussions, site visits, educational enlightenment, and popular science lectures, participants gain insights into the company’s strategic plans, actions for sustainable development, and achievements. They also learn about safety, fire prevention, energy conservation, environmental protection, and other relevant knowledge, fostering a more harmonious and trusting community relationship.

Case

Instilling Environmental Awareness in Children through Community Engagement

On June 5, 2023, World Environment Day, Sennics Chemical, a subsidiary of Sinochem International, initiated a children’s painting activity themed “Colorful Biodiversity, Green Planet” to provide a platform for children to learn more about environmental protection and biodiversity. Meanwhile, Sennics Chemical’s subsidiary factories launched a series of Environment Day activities themed “Building a Modernization of Harmony Between humanity and Nature”. Through activities such as themed painting, fun experiments, and technology exhibitions, the seeds of “harmonious coexistence between humanity and nature” took root and sprouted in the hearts of the new generation.





Sennics Shandong organized the “Little Scientists” fantasy chemistry tour for community children



Sennics Tai'an carried out fire safety education volunteer service activities in community



Yangnong Group hosted the “Children's Day” Science and Technology Day community event



Sinochem Fuheng conducted employee family reception day activity

We leverage our industry attributes and strengths to actively respond to societal concerns, engage in various public welfare charity activities to give back to society, and promote the spirit of volunteering. Through practical actions, we aim to improve the healthcare, education, environment, and cultural development levels of local communities, fostering an upward atmosphere for a better life together with the community.

2023 Key Performance Indicators

Donation

1,270,000 yuan

Benefit from public welfare activities

1,720 people

Volunteer activities

107

Cumulative service hours

383.5 hours

Case

ELIX Polymers Collaborates with a Non-Profit Organization in Spain to Produce 3D-Printed Prosthetics Using Recycled ABS Material

Upholding the “Circular Plastics” and “Responsible Innovation” strategic initiatives, ELIX Polymers, a subsidiary of Sinochem International, established a circular economy model and promoted collaboration across the entire value chain, transforming waste into high-value products during the raw material production process. This achieved the upgrading of recycled materials while applying products to virtualization technology and new 3D printing techniques. In January 2023, ELIX Polymers partnered with the Spanish non-profit organization Ayúdame3D to produce 3D-printed prosthetics using recycled ABS material. This initiative aims to provide prosthetic applications for vulnerable groups, thereby improving their quality of life.

Path of Cooperation

Working Together in Trust for Mutual Success

Risk and Opportunity Analysis

The European Union passed the *Corporate Sustainability Reporting Directive* (CSRD) in 2022 and the *Corporate Sustainability Due Diligence Directive* (CSDDD) in 2023. This signals the arrival of a stricter ESG regulatory era in Europe, which will drive countries worldwide to establish more transparent and green supply chains. This imposes higher requirements on Chinese companies to standardize supply chain information disclosure, strengthen suppliers' green attributes, and enhance the level of supply chain greenization.

Management Target

By “improving weak lines” and ensuring the safety and stability of the industrial chain and supply chain, the goal is to lead the establishment of an advanced “industrial chain ecosystem” in the Chinese chemical industry. Continuously improve the sustainable supply chain management system, integrate sustainable development concepts into procurement activities and daily management, and promote the green, low-carbon, and sustainable development of the supply chain.

Management Strategy

Build a supplier lifecycle management system to promote the coordinated development of the supply chain. Utilize information systems such as SRM and CRM to continuously promote digital innovation in sustainable procurement management. Actively explore diversified value chain decarbonization solutions, create green industrial chain and supply chains, and optimize sustainable supply chain partnerships through tangible actions.

Supplier Management

Sinochem International adheres to the principle of win-win cooperation and has established policy documents such as the *Supplier Code of Conduct* and the *Sustainable Procurement Management Measures*. These policies cover the entire lifecycle management of suppliers, including admission, engagement, evaluation, and exit, aiming to promote standardized and controlled supplier management.

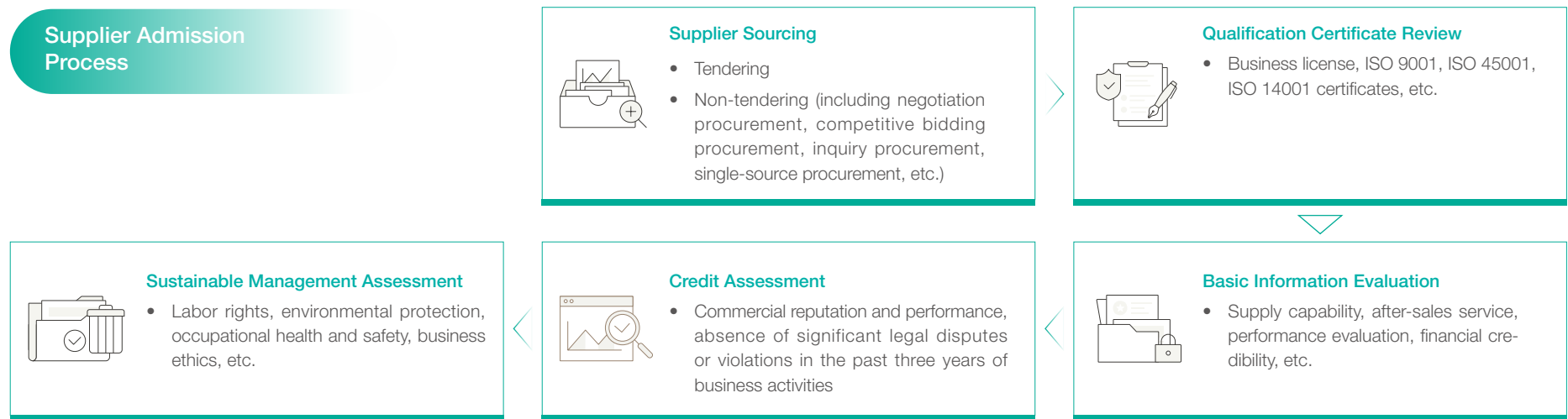
Sustainable Supply Chain Management Policy Documents

Level	Theme	Policy Documents	Main Content
Basic	Sustainable Supply Chain Management	<i>Supplier Code of Conduct</i> <i>Sustainable Procurement Management Measures</i>	Specifies the basic requirements for sustainable management of suppliers and the fundamental principles of sustainable procurement, covering supplier admission, assessment, and exit, integrating the principles of sustainability into the entire process of supplier management and procurement
Specific Requirements	Supplier Management	<i>Employment Management Measures</i> <i>Contractor HSE Risk Control Standards</i> <i>Supplier HSE Risk Control Standards</i>	Specifies the requirements for reasonable labor management by suppliers/contractors from both social and environmental responsibility perspectives Specifies qualifications review, project implementation, and supervision and assessment related to HSE requirements for suppliers/contractors



Supplier Admission

The company implements supplier qualification admission, sustainable supplier admission review, and management of qualified product catalogs. All suppliers must undergo qualification review before entering the list of qualified suppliers. We focus on supplier performance in sustainable development and have established a “Supplier Self-Assessment Form,” inviting suppliers to conduct self-assessment. For core suppliers, we conduct on-site audits, batch product trials, etc. Based on the evaluation results, research, and qualification review, we complete the “Sustainable Supplier Admission Review,” dividing suppliers into three levels: A, B, and C, to assess whether they meet the admission standards.



2023 Key Performance Indicators

New suppliers that were screened using social and environmental criteria

1,099

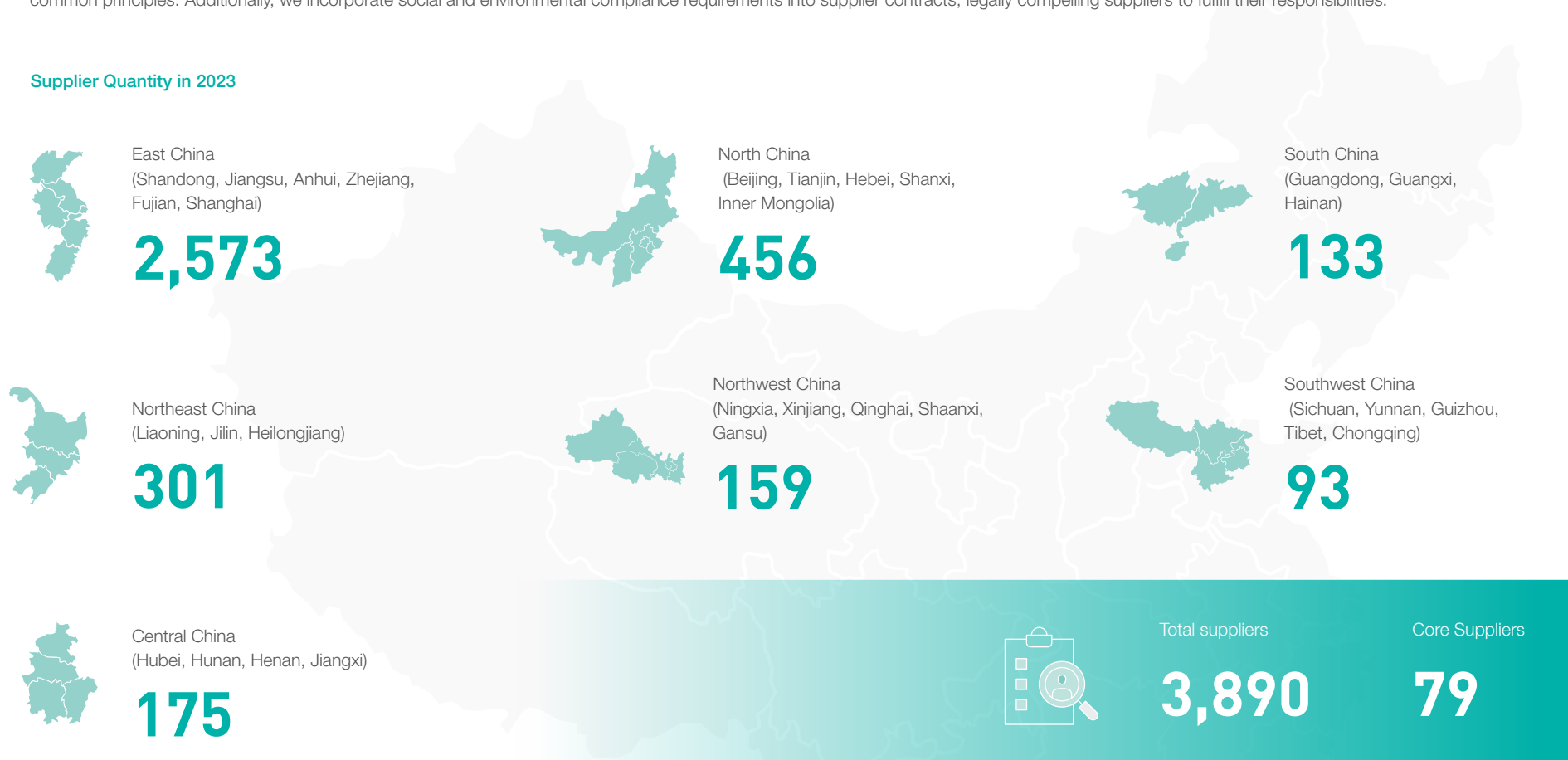
Supplier Grading Requirements

Based on factors such as the importance of the supplied goods and services, as well as the complexity of the technology involved, Sinochem International categorizes suppliers into **strategic suppliers (A)**, **bottleneck suppliers (B)**, **leverage suppliers (C)**, and **general suppliers**. Different management strategies are formulated for each supplier category, with adjustments made dynamically according to market changes and the company’s operational circumstances.

Supplier Engagement

The company enters into agreements with all formal suppliers, including the *Supplier Code of Conduct* and the *Supplier Integrity and Anti-Bribery Commitment*, adhering to the principles of openness, fairness, and impartiality in procurement. We clearly outline the integrity and transparency expected for both parties during the cooperation, ensuring that all partners acknowledge and adhere to these common principles. Additionally, we incorporate social and environmental compliance requirements into supplier contracts, legally compelling suppliers to fulfill their responsibilities.

Supplier Quantity in 2023



Note: Core suppliers refer to suppliers whose materials and services are essential to our production and operations, and suppliers whose quality, price and supply sustainability have a significant impact on our production and operations

Supplier Evaluation

We have developed a series of sustainable assessment tools to dynamically quantify the actual supply situation and credit records of suppliers each year, analyze supplier social responsibility risks, creating a responsible supply chain for the environment and society.

Tools	Functions
Sustainable Supply Chain Risk Source Assessment and Analysis	Determines potential risk sources of suppliers, formulates relevant risk solutions, management measures, and monitoring indicators
Supplier CSR Risk Analysis Form	Conducts sustainable risk analysis of suppliers to identify which suppliers, products, or procurement categories may pose social responsibility risks to the company. Corresponding risk response measures are formulated for low, medium, and high-risk levels

Case **Sinochem International Conducts Special Investigation on Long-term Procurement Situations**

In June 2023, Sinochem International conducted an investigation into the long-term procurement / framework agreement situations of bulk raw and auxiliary materials, materials, and operational services for its subsidiary production enterprises. This aimed to effectively identify the risks associated with long-term procurement or framework agreement purchases, especially in managing responsibilities and risks when significant changes occur in the supply and demand market environment. This initiative helped enhance risk control mechanisms, mitigate production and operational risks, and proactively address potential risks in the supply chain.

We employed a combination of online and offline methods to regularly conduct social responsibility assessments and on-site audits of core suppliers every year. Based on the assessment results, suppliers were incentivized, downgraded, required to make improvements, or cooperation was suspended as necessary. This approach facilitated the overall improvement of the sustainability management level of the supply chain.

Tool	Function
Supplier Social Responsibility Assessment	
Supplier Sustainability Self-Assessment Questionnaire	Suppliers complete this self-assessment questionnaire annually to dynamically evaluate their sustainable development management practices
Supplier On-Site Audit	
Supplier Document Preparation Checklist	Before the audit: The audited supplier prepares required documents in advance according to the checklist
On-Site Audit Form	During the audit: Record the supplier's social responsibility management practices through interviews, on-site inspections, etc., and retain written descriptions, images, and other materials
On-Site Audit Report	After the audit: Summarize audit conclusions, provide improvement suggestions and identify any non-compliance issues. Monitor the supplier's progress on implementing improvement plans in future work

2023 Key Performance Indicators

Core Suppliers that have been assessed for CSR	Core Suppliers that have been on-site assessed for CSR
55	53

Supplier Withdrawal

Each year, based on the annual evaluation results, we select outstanding suppliers and prioritize cooperation or periodically offer cooperation opportunities as rewards under equal conditions. Suppliers with performance breaches receive warnings, notifications, suspension of trading qualifications, or even elimination measures based on their performance evaluation results. For suppliers with poor sustainable development performance, we require them to rectify within a specified period, reduce procurement shares, or limit business cooperation opportunities. Suppliers who seriously violate social responsibility bottom lines have their cooperation terminated, and they are removed from the qualified supplier list.

Sustainable Procurement

At Sinochem International, we integrate the concept of sustainable development with supply chain management. We have formulated and implemented a three-year plan and special action plan for sustainable supply chains. This involves building a resilient supply chain that spans the entire process. Through innovative changes in sustainable supply chains, we aim to optimize and upgrade our enterprise management. Together with our partners, we are moving towards a more sustainable future.

2023 Key Performance Indicators

Local sourcing procurement rate of suppliers

99 %



Integrity Management

We adhere to the principle of “transparent procurement,” requiring all suppliers to sign the *Supplier Code of Conduct* and the *Supplier Integrity and Anti-Bribery Commitment*, and include integrity-related clauses in procurement contracts. Throughout multiple processes such as supplier admission, hiring, and auditing, we impose standardized requirements on illegal behaviors such as corruption, bribery, and conflicts of interest. Through dual controls of business ethics and supplier management, we ensure mutual supervision between procurement personnel and suppliers, ensuring that there is no breach of business ethics between the company and its suppliers.

Procurement Personnel



- Check potential conflicts of interest according to the procurement process regulations
- Any bribery will result in corresponding penalties, and serious cases will face legal consequences
- Conduct thematic advocacy and training on sustainable procurement and procurement compliance to communicate business ethics requirements to relevant personnel

Suppliers



- Regularly monitor and control through daily cooperation supervision, performance evaluation, and procurement management checks
- Strictly control potential corruption and bribery through risk assessment and on-site audits
- Once corruption and bribery occur, they will be removed from the qualified supplier list and blacklisted, and serious cases will face legal consequences
- Provide knowledge and capacity-building training on sustainable supply chains, on-site guidance, and consulting to help suppliers improve their integrity management capabilities

Sinochem International has established an anonymous reporting channel and a feedback mechanism for supply chain issues, encouraging internal and external stakeholders to actively report any unethical behavior to ensure transparency and fair handling of information.

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Carbon Reduction along the Value Chain

We actively explore carbon reduction solutions and develop the *Recyclable Packaging Scheme* and accompanying tools such as registration forms based on the principles of “reduce, reuse, recycle”. We promote the application of recyclable packaging schemes in the supply chain to explore waste and carbon reduction throughout the value chain, driving collaborative progress among upstream and downstream enterprises and industries.

Sennics

Selection of renewable and environmentally friendly materials for packaging containers, using recycled materials to produce 100,000 plastic pallets annually, replacing wooden pallets

A total usage of **144,132** tons of plastic pallets made from recycled plastic materials, with a coverage rate of **75%**

Yangnong Group

Reduced use of iron drum packaging by using tank trucks for transportation. Previously, 6,000 iron drums were used monthly, approximately 1,200 tons. After switching to tank trucks, about 3,700 iron drums are used per month, significantly reducing packaging consumption and weight during transportation

Reduced usage of **27,600** iron drums, saving cost approximately **5.21** million yuan

Promoted suppliers to change packaging from 50kg/bag to ton-bag

Annual cost savings of **47,500** yuan

Sinochem Yangzhou Engineering Plastics

Replaced solid wood piers of wooden pallets in use at the factory with composite materials, reducing wood usage by 20% per pallet

Reduced usage of **2,650** pallets, with a coverage rate of **90%**

2023 Key Performance Indicators

By the end of 2023, a total of **14** projects of recyclable packaging materials have been carried out, and **5** projects of recyclable packaging materials have been carried out by suppliers, generating economic benefits of **12** million yuan



Increasing of Awareness

We have developed a sustainable supply chain training package, placing a strong emphasis on the development and nurturing of our suppliers. Through organizing training sessions and sharing best practices, we aim to help both internal procurement staff and external suppliers enhance their awareness and capabilities in sustainable procurement. This initiative is geared towards achieving long-term value creation and mutual benefits between the company and its suppliers.

“3S Sustainable Supply Chain Partner Network”

Initiative involves launching various programs such as the “3S Classroom” and “3S Stories” through an online platform. These programs aim to conduct comprehensive and multidimensional training on sustainable supply chain practices, significantly enhancing the management capabilities of our suppliers in sustainable development

“Voice of Partners” survey

Conducting an annual survey allows us to gather feedback from our partners regarding their evaluation, expectations, and needs concerning the sustainable development efforts within our supply chain network. This survey serves as a new channel to improve communication and information sharing with our suppliers

Case

Sennics’s multifaceted Approach to Enhancing Sustainable Procurement Capabilities and Awareness

In 2023, Sennics implemented multiple measures such as initiating TfS evaluations for suppliers, integrating sustainable performance indicators into supplier management, and leveraging the SRM supplier information management platform to expand coverage of sustainable management across suppliers. Additionally, Sennics utilized learning platforms such as TfS Academy and EcoVadis Webinar to raise awareness and capabilities among its business personnel in supplier sustainable management. Moreover, the company participated in TfS WS5 conferences and learned about TfS product carbon footprint guidelines to gain insights into GHG Scope 3 governance practices and experiences from leading industry enterprises.

2023 Key Performance Indicators

Number of audited/assessed core suppliers participating in improvement initiatives or capacity building

35

Diversity Plan

We are committed to establishing mutually beneficial relationships with women-owned enterprises, minority-owned enterprises, businesses representing disadvantaged groups, and local enterprises. We openly release the *Global Supplier Diversity Plan* and implement it on the Supplier Relationship Management (SRM) system. Cooperation suppliers are required to sign an agreement before formal registration to provide more cooperation opportunities for diverse enterprises in the procurement process of products and services and establish friendly cooperation relationships.

Simultaneously, through the 3S Sustainable Supply Chain Partner Network’s WeChat official account, we launch diversity-themed micro-courses for internal procurement personnel and all suppliers. These courses cover Diversity, Equality, and Inclusion (DEI) training content to enhance their awareness of diversity. This initiative aims to provide more cooperation opportunities for women, minorities, and disadvantaged groups. While building our own DEI initiatives, we actively promote a DEI culture among suppliers.



Customer Healthcare and Safety

Sinochem International adheres to a “customer-centric” service philosophy, rigorously controlling the quality and safety of chemical products throughout the entire process from production to delivery. Labeling, storage, handling, and transportation all comply with national and regional regulations regarding chemical control. Additionally, chemical safety labels are affixed, and accompanying Product Safety Data Sheets (SDS) and Material Safety Data Sheets (MSDS) are provided to inform customers of product hazards and safety measures accurately. The company pledges that all product promotions, information, and labels are authentic and compliant, taking responsibility for customer health and safety.

Customer Health and Safety Management Policy Documents

Level	Theme	Policy Document	Key Contents
Basic	Customer Health and Safety	<i>Customer Health and Safety Protection Management Measures</i> <i>Product Quality Management Measures</i>	Specifies requirements related to product quality risk control, product labeling and notification, customer complaint feedback mechanism, product recall, customer health and safety protection, and product emergency response plans

2023 Key Performance Indicators

Customer complaint handling rate

100 %

Customer satisfaction rate

97.35 %

Violations in terms of health and safety impact from products and services

0

Violations in terms of product and service information and labels

0

Marketing violations

0

The company establishes emergency response plans for relevant product safety incidents to ensure timely and effective responses to potential product safety accidents. Through appropriate product risk management measures, problematic products can be promptly exchanged or recalled. Regular customer health and safety risk factor checks are conducted to promptly identify and address potential risks, ensuring customer health and safety.

We establish various channels to respond to customer inquiries and complaints, including official websites, WeChat official accounts of relevant production enterprises, service hotlines on SDS and MSDS, etc., to answer customer questions and address dissatisfaction promptly. Regular customer satisfaction surveys are conducted to collect feedback and suggestions, forming improvement implementation plans to continuously enhance customer service capabilities.



Industry Cooperation and Exchange

Sinochem International is committed to establishing an open and innovative cooperation mechanism. Through extensive strategic cooperation and exchanges with industry associations, leading companies in various sectors, enterprises across the supply chain, as well as universities and research institutions, we aim to promote the construction of innovative platforms, the implementation of innovative projects, and the development of key technologies. This endeavor contributes to the advancement and flourishing development of the chemical industry.

February

Sinochem International signed a strategic cooperation memorandum with Hainan State Farms Investment Holdings Group's subsidiary, Hainan Rubber. This deepens cooperation and exchanges in investment, trade, and other fields within the Construction of Hainan Free Trade Port, while jointly promoting cooperation in industrial finance and the "double innovation" field, actively exploring strategic investments in high-quality innovative projects

Sennics Shandong and Caoxian County People's Government signed a strategic cooperation agreement to plan and construct a polymer additive-related integrated industrial chain project, promoting the strengthening, supplement, and extension of the industrial chain

June

Sinochem International and CRRC Zhuzhou Electric Locomotive Research Institute Co., Ltd. jointly promote communication and exchanges in the field of domestic new energy storage, actively cooperating on new energy projects

April

Yangnong Ruitai and Xi'an Jiaotong University established a joint R&D center for new materials, focusing on cooperation in scientific research, achievement transformation, platform construction, and talent introduction. This cooperation aims to stimulate innovation vitality and enhance scientific research capabilities

July

Yangnong Ruitai deepened cooperation with China Electric Power (Ningxia) Energy Investment Co., Ltd., jointly applying for new energy projects, leveraging respective advantages to facilitate project implementation

October

Sinochem International and Guohua Energy Investment Co., Ltd. explored cooperation in new energy and chemical fields through capital cooperation, business synergy, photovoltaic project development, comprehensive smart energy, and other means

December

Sinochem International and MCC Ruimu New Energy Technology Co., Ltd. conducted business cooperation in the recycling, disassembly, and recovery of waste batteries, as well as the recycling and reuse of nickel, cobalt, and lithium resources

Case

Sennics Organizes Rubber Additives Development Trendency Seminar

In December 2023, the "Rubber Additives Development Trendency Seminar," hosted by the China Rubber Industry Association and organized by Sennics, took place in Tongling, Anhui Province. The seminar attracted 35 expert representatives from domestic tire companies, as well as higher education institutions, and research institutes. The conference focused on the challenges and opportunities facing the rubber additives industry, delving into the technological advancements and future development trends of rubber additives against the backdrop of "dual carbon" initiatives. Participants exchanged experiences and achievements in industry technological upgrades.



Open Innovation Platforms

External cooperation entitles

28

Cooperative research projects

47

Joint innovation platforms

11



In Science We Trust

Striving for Innovation and Operational Excellence

Risk and Opportunity Analysis

The global macroeconomic environment remains weak, posing challenges to the chemical industry with high upstream raw material prices and weak downstream demand. Additionally, there's a gap in overall service solutions, technological innovation with international leading companies, which presents market risks to operations and performance. However, positive signals from government policy support and the material industry's capacity explosion offer structural opportunities for material industry development.

Management Target

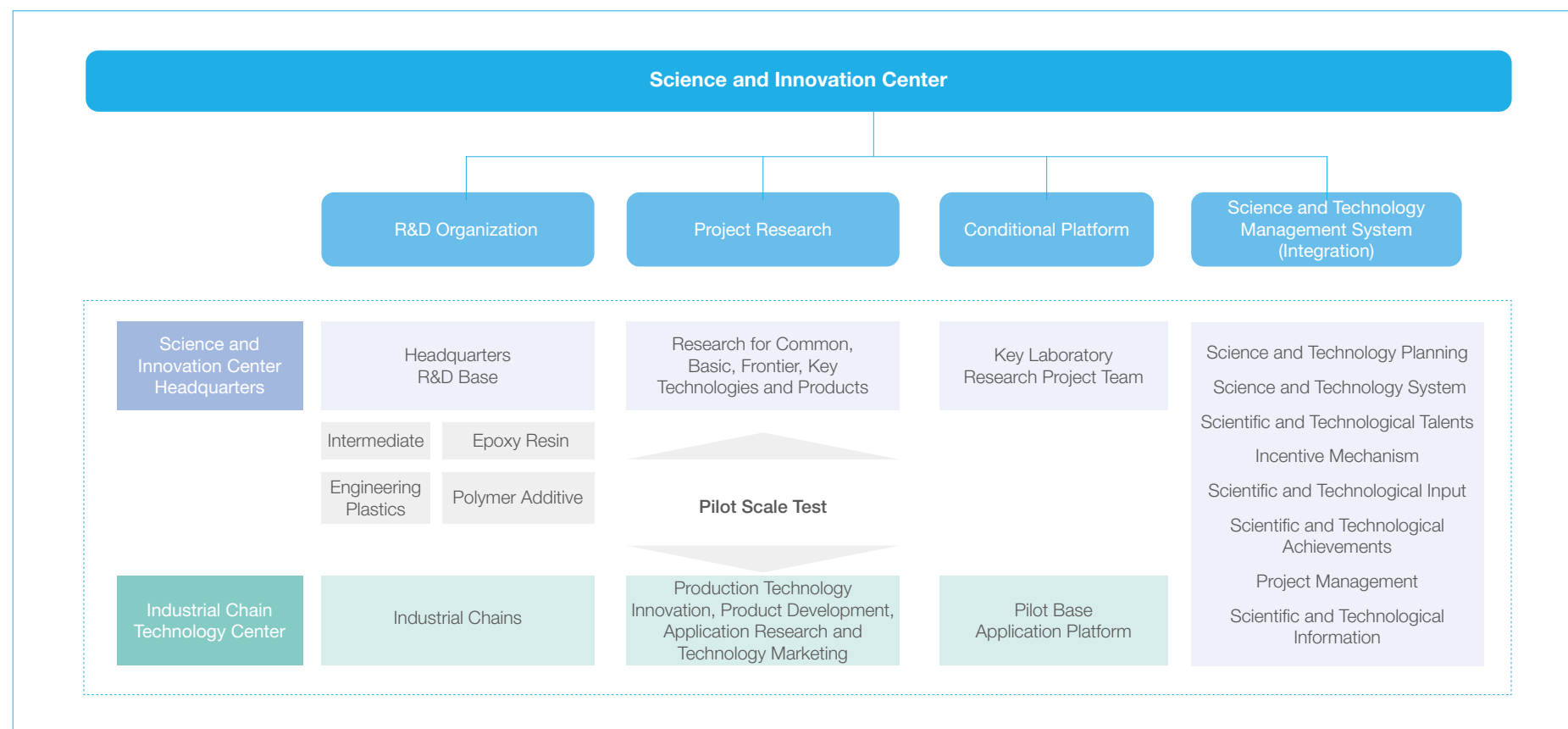
To focus on innovation chain layout in the new material industry, strengthen scientific and technological research, and build an industrial innovation system that integrates internal research, production, and sales synergy with external industry-academia-research collaboration. The goal is to establish a leading innovative enterprise in the new chemical material industry.

Management Strategy

Adhering to the concept of "In Science We Trust," implementing innovation-driven strategies, and focusing on digital transformation to continuously enhance the competitiveness of the new chemical material business through continuous investment.

Technological Innovation

Centralizing R&D resources, optimizing integrated scientific and technological management systems. The headquarters of our Science and Technology Innovation Center focuses on tackling major cutting-edge common research and development projects, while the authorized industry chain technology centers focus on technological development around integrated research, production, and sales. This promotes the extension, supplement, and strengthening of key industrial chains. We are committed to developing an innovative engine in the field of new chemical materials by establishing a sound management system, incentives for innovative talents, transformation of technology, and protection of intellectual property.



Innovation Platform Construction

The company promotes the construction of scientific and technological platforms, integrating to form an integrated catalyst platform to enhance overall material coordination capabilities. It also establishes a patent information management system to improve information capabilities. The establishment of an engineering center focuses on engineering transformation challenges to accelerate the industrialization process of projects. The establishment of pilot plants focuses on the field of fine chemicals and engineering plastics, bridging the “last mile” between innovation and industrialization.



The Xi'an Jiaotong University-Yangnong Group (Ruitai) New Materials Joint Research and Development Center was officially established, launching comprehensive cooperation in scientific research, achievement transformation, platform construction, talent introduction, and other areas



Sinopure and the National Engineering Research Center for High-End Electronic Chemicals at Xiamen University signed a technology development (collaboration) contract to enhance high-end electronic chemical technology through industry-academia-research cooperation

Initiatives for Advancing Platform Construction in 2023

Integrated Catalysis Platform

- Integration to establish a complete chain layout of catalyst-monomer development-polymerization-engineering amplification-application-analysis characterization-BU joint laboratory
- Deep integration with headquarters and industrial chains to provide technical support such as catalyst upgrading, polymerization process optimization, material performance improvement, and product application promotion

Application/Testing/Information Platform

- Resource integration to establish an application development platform, serving the engineering plastics industry chain
- Completion of Laboratory Information Management System (LIMS) construction
- Deployment of Patent Information Management System, achieving refined management of patents throughout the entire cycle with multiple collaborations and high efficiency

Engineering Center

- Establishment of an engineering center, completing 18 engineering transformation tasks for 9 projects annually, facilitating the landing and transformation of R&D projects

Pilot Plant

- Advancing trial projects in two pilot plants, the New Functional Materials Engineering Center and the Engineering Plastics Pilot Plant

Case

Inauguration of the Sinochem New Materials Open Innovation Center

In November 2023, the Pudong New Area of Shanghai awarded the second batch of “Large Enterprise Open Innovation Centers (GOI)” for the year 2023. The opening ceremony of the Sinochem New Materials Open Innovation Center, initiated by Sinochem International, was held. Leveraging its technological and commercial innovation capabilities in the field of new chemical materials, Sinochem International will open and share technology research and development resources, aiming to empower more than 100 small and medium-sized enterprises in the new chemical materials industry by 2025. This initiative aims to lead the construction of an innovative ecological system in the new materials industry and become a benchmark demonstration of “technology empowering new materials.”



2023 Key Performance Indicators

Investment in scientific and technological R&D

967 million yuan

Research projects

47

National high-tech enterprises

11

Nationally-recognized enterprise technology center

1

Postdoctoral workstations

3

National/provincial level specialized, sophisticated, unique and novel enterprises

9

National/provincial level champion manufacturing enterprises in an individual field

6



Sinochem International's Core R&D Platforms



Sennics was recognized as a **“World-Class Specialized and Sophisticated Demonstration Enterprise”** by the State-owned Assets Supervision and Administration Commission of the State Council

Sennics Anhui was named a **National-level Specialized and Sophisticated “Small Giant” Enterprise** recommended for continued support by the Ministry of Industry and Information Technology (second batch, second year)

Sinochem Xinbao was recognized as a **member of the fifth batch of National-level Specialized and Sophisticated “Small Giant” Enterprises** by the Ministry of Industry and Information Technology

Talent Cultivation for Innovation

The company focuses on attracting innovative talent and cultivating innovation capabilities. We establish career qualifications for professional channels in the technology research and development sequence, and establish a talent evaluation system based on value contribution and value creation. We aim to cultivate high-level scientific and technological leaders and broaden the channels for cultivating young scientific and technological talents, thereby creating a research team with strong independent innovation capabilities, high subjective initiative, and a rich innovation culture.

2023 Key Performance Indicators

R&D personnel

916

Core talents recruited in new materials and other fields

63

Technical personnel training coverage

100 %



Sinochem International formulated the T4 expert evaluation plan for the technology sequence and conducted the first expert evaluation. 15 individuals were appointed



Yangnong Group's Science and Technology Innovation Center applied the TRIZ methodology to ongoing projects and formed a young innovation team to participate in the 2023 China Innovation Method Competition, winning the second prize in the national finals

Technology Achievement Transformation

The company focuses its efforts on integrating innovative resources along the industrial chain, concentrating on core industry chains, and systematically advancing key research and development projects. We accelerate the progress of technological innovation and product structure optimization, achieving synergistic development between the “innovation chain” and the “industrial chain.”

Key Transformation Projects of Technology Achievement in 2023



Developed a composite catalytic system with aldol condensation and hydrogenation functions, created a key reactor for the “One-Pot Preparation of MIAK from Propionaldehyde and Isobutyraldehyde,” and developed a new technology for continuous multi-tower series constant pressure separation. The process safety reliability verification for the first domestic set of chemical plant was completed, enhancing the competitiveness of antioxidants



Completed the construction and commissioning of a 300t/a MXD6 polymerization demonstration plant, developed two differentiated grades for engineering plastics and high-barrier packaging materials. The core indicators have reached the level of imported products and have been verified by downstream core customers



Completed the design and preparation of the gas-phase CPL rearrangement catalyst BR11-PS with independent intellectual property rights

Case

Sinochem International Issues the First Science and Technology Innovation Corporate Bond

In April 2023, Sinochem International successfully issued the first 500 million yuan science and technology innovation corporate bond “23 Sinochem K1,” with a subscription multiple of 3.8 times the fund size, and was recognized as an “innovation subject category” issuer. The funds raised from this issuance are primarily used for scientific and technological innovation projects, to help the company enhance its core competitiveness in scientific and technological innovation, achieve high-level scientific and technological self-reliance and self-improvement, and promote industrial transformation and upgrading.



The methyl isobutyl ketone (MIAK) product was awarded the title of
“Innovative Product of New Chemical Materials in 2023” by the China Petroleum and Chemical Industry Association

The key technology for large-scale production of para-aramid fibers received the
First Prize of Shanghai Science and Technology Invention Award.

The production process and product quality of high-strength and high-modulus para-aramid fibers have been appraised by the China Textile Industry Association, reaching the international advanced level

2023 Key Performance Indicators

New product sales volume	Year-on-year increase	Provincial-level key innovation technology awards
9.323 billion yuan	3.5 %	12

Intellectual Property Protection

The company continues to enhance its intellectual property management system by formulating regulations such as the *Intellectual Property Management Regulations* and the *Patent Risk Management Measures*. These regulations clarify the management requirements for intellectual property ownership, usage, maintenance, risk prevention, and other aspects. The company emphasizes and implements intellectual property management throughout the entire lifecycle of research and development and industrialization projects. We standardize processes for patent rights protection, material investigation and evidence collection, infringement risk assessment, and other related work to effectively protect independent innovation achievements and prevent infringement of others' intellectual property rights.

Measures for Enhancing Intellectual Property Protection in 2023

Risk Assessment and Control

- Strengthened communication and collaboration within the intellectual property team, established quarterly exchange mechanisms
- Implemented 2 rounds of assessments and inspections for the execution of 5 primary indicators and 22 secondary indicators of patent and trade secret management

Awareness Enhancement Training

- Designed differentiated training content for different employee groups based on actual business scenarios, organizing more than 20 theme-based training sessions annually, including technical exploration, patent writing, intellectual property risk management, and patent infringement analysis



The methods for “Production of Low Viscosity Epoxy Resin” and “Synthesis of Imidacloprid Intermediate Using Microchannel Reactor” were awarded the **Patent Excellence Award of the petroleum and chemical industry in 2023**

2023 Key Performance Indicators

Patent applications

316

Invention patents included

237

Major litigation or arbitration cases that have occurred due to infringement of the intellectual property rights of others or the company

0

Quality Management

Sinochem International implements comprehensive quality management. We refine product quality management requirements by revising the *Product Quality Management Measures*, and promote quality risk identification and control management methods, propose the “Five Not Allowed to Leave the Factory” management requirements. Additionally, we enhance the quality management system, actively carry out product quality certification to continuously improve product quality and meet customers’ demand for high-quality products.

Product Quality Related Certification Status

ISO 9001 Quality Management System

- Continuously advance the annual surveillance audit of the ISO 9001 quality management system, with a 100% coverage rate of ISO 9001 certification for subsidiary production companies

IATF 16949 Automotive Quality Management System

- All 9 subsidiaries involved in the automotive supply chain have passed the IATF 16949 certification

China National Accreditation Service for Conformity Assessment (CNAS) Accredited Laboratories

- 8 inspection and analysis laboratories in subsidiary production companies have passed the ISO/IEC 17025 system audit and have been recognized as CNAS accredited laboratories

EU REACH Regulations

- Yangnong Group and Sennics’s related products have obtained registration numbers from the European Chemicals Agency, passed third-party authoritative institution testing and verification designated by REACH, and meet the quality requirements for exporting to the European market

Key Initiatives in Product Quality Management in 2023

Standardizing Quality Management

- Implemented operational excellence, conducted benchmarking and improvement throughout the entire process of marketing, procurement, production, logistics, etc., quantitatively evaluated management levels, and promoted the overall improvement of quality management capabilities
- Encouraged subsidiary companies to pass ISO 9001, IATF 16949, and other quality system certifications and renewal audits, established quality control standards and control processes
- 2 subsidiary companies newly passed the China National Accreditation Service for Conformity Assessment (CNAS) laboratory certification

Risk Self-Inspection

- Strengthened comprehensive inspections of the quality system, implemented the "Five Not Allowed to Leave the Factory" requirements, and identified and controlled quality risks from the aspects of raw material quality control, production process quality management, quality inspection management, and product delivery management
- Developed a list of quality risks and opportunities to effectively control identified risks

Quality Awareness Training

- Organized system standard training and internal auditor training, and established an internal auditor team
- Organized training on quality knowledge and skills to continuously improve employees' skills in quality control, quality inspection, and quality improvement
- Conducted "quality month" activities to shape a quality culture through knowledge competitions, skills competitions, and other forms

Product Quality Inspection

- Key export products completed EU REACH testing and RoHS certification
- Transmitted hazardous substance restriction requirements to upstream suppliers



The Yangnong Ruixiang QC team's achievements were awarded the **Third Prize in the Sixth Central Enterprise QC Presentation Competition**

Sennics Tai'an and its products, Rubber Antioxidant 6PPD and Nitrobenzene, were honored with the **"National Quality Leading Enterprise in the Chemical Manufacturing Industry" and "National Product and Service Quality Integrity Brand" awards by the China Quality Inspection Association**

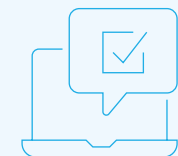
Yangnong Kumho's high-performance epoxy resin using for wind power blade manufacturing passed the **"Jiangsu Quality Products" certification**

Sennics Anhui was certified as a **National AAAA Standardized Good Behavior Enterprise**

2023 Key Performance Indicators

Product recall incidents

0



Digital Transformation

Sinochem International continued to refine its intelligent manufacturing system in accordance with the “Online Sinochem” strategic plan and the “5+1+1” digital transformation framework. We established an integrated digital sharing team and advanced the integration of digital operations to empower business operations and reform transformation through digitalization.



Digital Transformation Initiatives in 2023

Strategic Discussions

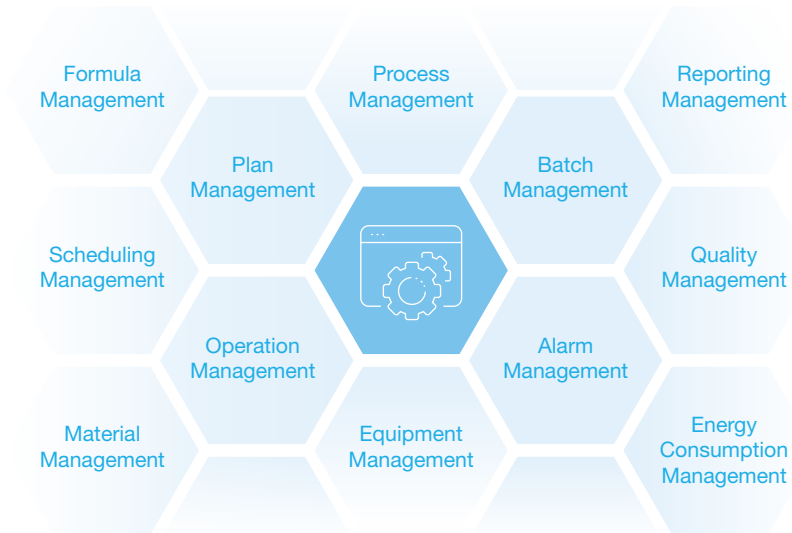
- Hosted the 2023 Digital Transformation Seminar to explore issues related to digital construction, such as building intelligent factories through production and operation platform construction and promoting cost reduction and efficiency improvement through IT shared services, thereby forming a consensus for action

Business Empowerment

- Initiated and completed the construction of the “Operations Management Cockpit” to provide visualization tools for operational excellent, covering procurement, production, sales, and inventory management across 16 subordinate production enterprises
- Completed the selection of the MES system platform, including 12 business function modules
- Continued to promote the construction of “Smart Factory + Intelligent HSE,” with 5 subordinate enterprises newly meeting Level-3 standards and 2 subordinate enterprises being promoted to Level-4 in the 2023 “Double Intelligence” evaluation of Sinochem Holdings

Daily Operations

- Achieved unified OA collaboration through identity authentication, email, mobile approval, and process platform integration
- Established a unified contract management tracking platform by integrating the contract execution processes of various subordinate enterprises
- Completed the construction of a simulation calculation cloud platform for research and development software tools



MES System Platform with 12 Business Functional Modules

Company	Key Projects in Intelligent Manufacturing in 2023
Yangnong Group	CRM Digital Marketing Project, aimed at building an integrated customer operation system centered on research, production, sales, and customer service
Sennics	DPM Operation Integration Project, establishing a digital closed-loop management platform for setting performance indicators, monitoring execution, warning, improving, and feedback
Sinochem High Performance Fiber	Digital Marketing and E-commerce Platform Project 3A Standardization Project for the Two-oriented Integration Management System
Sinochem Plastics	CRM Digital Marketing Project
Sinochem Yangzhou Engineering Plastics	ABS Equipment Management System

We are actively implementing the requirements of the *Three-Year Action Plan for Intelligent Transformation and Digital Transformation of the Manufacturing Industry (2022-2024)*, increasing investment in technology equipment in the fields of informatization, intelligence, and digitalization. We are continuously promoting intelligent upgrades and the application of digital projects in key scenarios, vigorously advancing the integration of information technology with industrialization (two-oriented integration), and achieving the transition from traditional manufacturing to intelligent manufacturing.



Sennics Shandong's "Process Warning" and "Material Circulation" were recognized as **Intelligent Manufacturing Scenarios by the Ministry of Industry and Information Technology**

Sennics Shandong was awarded the title of **"Demonstration Enterprise in Implementing the Two-oriented Integration Management System in Shandong Province" in 2023**

Sennics Anhui was honored with the title of **"Intelligent Factory for Green Rubber Antioxidants in Anhui Province"**

Sennics Tai'an was awarded the title of **"Excellent Enterprise in Two-oriented Integration in Shandong Province" in 2023**

Sinochem High Performance Fiber was awarded the title of **"3A Demonstration Enterprise in Implementing the Two-oriented Integration Management System in Jiangsu Province"**

Sinochem High Performance Fiber was awarded the title of **"Jiangsu Provincial Industrial Internet Demonstration Project -Five Star Cloud Enterprise"**

Appendix

Key Performance Indicators

Theme	Key Indicators	Unit	2023	Explanation
Economic Benefits	Total assets	Billion Yuan	53.917	
	Operation revenue	Billion Yuan	54.272	
	Net profit attributable to shareholders of listed companies	Billion Yuan	-1.848	
	Social contribution value per share	Yuan	0.79	
Business Ethics	Percentage of employees had training on business ethics	%	100	
	Number of recognized corruption incidents	Cases	0	I.e., litigation relating to corruption and bribery
	Number of recognized information security incidents	Cases	0	I.e., complaints and leaks arising from violations of customer privacy
	Percentage of business locations that performed internal assessments or audits for business ethics issues	%	100	
	Percentage of business locations with ISO 27000 (or other equivalent or similar standard) certified information security management systems (ISMS)	%	100	All network servers at Sinochem International and its subsidiaries are managed in a uniform manner by the headquarters, which is ISO 27001 certified
Sustainable Supply Chain	Percentage of targeted suppliers who have signed supplier code of conduct	%	100	Targeted suppliers are core suppliers. Core supplier refers to suppliers whose materials and services are core materials for the enterprise's production and operations, and suppliers whose quality, price and supply sustainability have a significant impact on the production and operations of the enterprise
	Percentage of targeted suppliers who have undergone a CSR assessment (e.g., in the form of a questionnaire)	%	78.94	
	Percentage of targeted suppliers who have undergone an on-site CSR audit	%	67.09	
	Percentage of suppliers who have signed contracts that include clauses on environmental, labor and human rights requirements	%	28	
	Percentage of buyers in all regions who have undergone sustainable purchasing training	%	100	

Theme	Key Indicators	Unit	2023	Explanation
Sustainable Supply Chain	Number of audited/assessed suppliers participating in improvement initiatives or capacity building	-	35	
Labor Rights	Percentage of employees in all locations who have received diversity, discrimination and/or harassment training	%	100	
	Percentage of workplaces that have undergone human rights audits or impact assessments	%	90	
	Percentage of employees from minority and/or disadvantaged groups	%	1.4	
	Percentage of employees from minority and/or disadvantaged groups in senior management positions (excluding the Board of Directors)	%	2.44	
	Percentage of women in the company's total workforce	%	25.2	
	Percentage of women in senior management positions (excluding the Board of Directors)	%	16.26	
	Percentage of women in organizing Board of Directors (including the Board of Directors and the Board of Supervisors)	%	30	
	Average hours of employee training	hours	48	
	Percentage of employees in all regions who have received vocational or skill-related training	%	100	
	Percentage of employees in all regions who have received regular performance and career development assessments	%	100	
	Percentage of employees in all regions covered by a formally elected employee representative	%	100	
Percentage of employees in all regions covered by a formal collective agreement governing working conditions	%	87.53		
Health, Safety and Environment	Percentage of employees represented by formal joint management-worker health and safety committees	%	100	
	Percentage of workplaces that have undergone employee health and safety risk assessments	%	100	Excluding enterprises that have only entered operation for a relatively short period of time

Theme	Key Indicators	Unit	2023	Explanation
Health, Safety and Environment	Percentage of subsidiaries that have received occupational health and safety management system certification	%	100	
	Working hours	hours	12,516,000	
	Lost-time injury rate for the directly employed workforce	-	0.08	
	Lost-time severe injury rate for the directly employed workforce	-	0.002	
	Percentage of employees who have received training on environmental issues	%	100	
	Percentage of workplaces with environmental risk assessments	%	100	
	Percentage of subsidiaries that have received environmental management system certification	%	100	Excluding enterprises that have only entered operation for a relatively short period of time
	Total energy consumption	MWh	8,872,931.18	Total energy consumption includes electricity, natural gas, coal, steam, fuel and others
	Total renewable energy consumption	MWh	94,865.47	
	Water consumption	liters	29,072,233,400	
	Total discharges of pollutants in water	tons	283.99	Pollutants in water include COD and ammonia nitrogen
	Hazardous waste discharges	tons	67,662	
	Non-hazardous waste discharges	tons	163,668	
	Total waste recovery	tons	162,735	
Direct (Scope 1) greenhouse gas emissions	tons of CO ₂ equivalent	2,204,876		
Indirect (Scope 2) greenhouse gas emissions	tons of CO ₂ equivalent	1,754,393		

GRI Content Index

Statement of use	Sinochem International has reported the information cited in this GRI content index for the period from January 1, 2023 to December 31, 2023 with reference to the GRI Standards
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	Omission
GRI 2: General Disclosures 2021			
2-1	Organizational details	5-6	
2-2	Entities included in the organization's sustainability reporting	2	
2-3	Reporting period, frequency and contact point	2	
2-4	Restatements of information	12	
2-5	External assurance	107	
2-6	Activities, value chain and other business relationships	6, 77	
2-7	Employees	64, 67	
2-8	Workers who are not employees	64	
2-9	Governance structure and composition	19-20	
2-10	Nomination and selection of the highest governance body	19-20	
2-11	Chair of the highest governance body	20	
2-12	Role of the highest governance body in overseeing the management of impacts	3, 19-22	
2-13	Delegation of responsibility for managing impacts	19-20	
2-14	Role of the highest governance body in sustainability reporting	3, 22	
2-15	Conflicts of interest	Refer to the <i>Financial Statements of Annual Report 2023</i> , PDF 111-115	

GRI Standard	Disclosure	Location	Omission
2-16	Communication of critical concerns	3, 20-22	
2-17	Collective knowledge of the highest governance body	21	
2-18	Evaluation of the performance of the highest governance body	22	
2-19	Remuneration policies	22	
2-20	Process to determine remuneration	22	
2-21	Annual total compensation ratio	Confidentiality constraints	Disclosure omitted due to commercial confidentiality restrictions
2-22	Statement on sustainable development strategy	3	
2-23	Policy commitments	27, 30, 33, 52, 63	
2-24	Embedding policy commitments	10-12	
2-25	Processes to remediate negative impacts	27, 67-68	
2-26	Mechanisms for seeking advice and raising concerns	14	
2-27	Compliance with laws and regulations	28-29, 31, 34, 37, 56, 68	
2-28	Membership associations	10	
2-29	Approach to stakeholder engagement	14	
2-30	Collective bargaining agreements	64	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	15	
3-2	List of material topics	15	
Economy			
GRI 201 Economy 2016			
3-3	Management of material topics	39	
201-1	Direct economic value generated and distributed	94	

GRI Standard	Disclosure	Location	Omission
201-2	Financial implications and other risks and opportunities due to climate change	39	
201-3	Defined benefit plan obligations and other retirement plans	Refer to the <i>Financial Statements of Annual Report 2023</i> , PDF 218, 265	
201-4	Financial assistance received from government	Refer to the <i>Financial Statements of Annual Report 2023</i> , PDF 314	
GRI 204 Procurement Practices 2016			
3-3	Management of material topics	79	
204-1	Proportion of spending on local suppliers	79	
GRI 205 Anti-corruption 2016			
3-3	Management of material topics	28	
205-1	Operations assessed for risks related to corruption	94	
205-2	Communication and training about anticorruption policies and procedures	28	
205-3	Confirmed incidents of corruption and actions taken	28	
GRI 206 Anti-competitive Behavior 2016			
3-3	Management of material topics	29	
206-1	Legal actions for anti-competitive behavior, antitrust, and monopoly practices	29	
Environment			
GRI 302 Energy 2016			
3-3	Management of material topics	42	
302-1	Energy consumption within the organization	96	
302-2	Energy consumption outside of the organization	Information unavailable / incomplete	Not yet counted, gradually improving
302-3	Energy intensity	42	
302-4	Reduction of energy consumption	43	






GRI Standard	Disclosure	Location	Omission
302-5	Reductions in energy requirements of products and services	42-43	
GRI 303 Water and Effluents 2018			
3-3	Management of material topics	44	
303-1	Interactions with water as a shared resource	44	
303-2	Management of water discharge-related impacts	36-38	
303-3	Water withdrawal	44-45	
303-4	Water discharge	38	
303-5	Water consumption	45	
GRI 305 Emissions 2016			
3-3	Management of material topics	39	
305-1	Direct (Scope 1) GHG emissions	41	
305-2	Energy indirect (Scope 2) GHG emissions	41	
305-3	Other indirect (Scope 3) GHG emissions	Information unavailable / incomplete	Scope 3 GHG emissions are currently not included in the statistics and are gradually being improved
305-4	GHG emissions intensity	41	
305-5	Reduction of GHG emissions	43	
305-6	Emissions of ozone-depleting substances (ODS)	Not applicable	No ODS emissions during company operations and production processes
305-7	Nitrogen ox- ides (NO _x), sulfur oxides (SO _x), and other significant air emissions	38	
GRI 306 Waste 2020			
3-3	Management of material topics	36	
306-1	Water discharge by quality and destination	36-37	
306-2	Waste by type and disposal method	36-37	



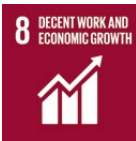



GRI Standard	Disclosure	Location	Omission
306-3	Significant spills	38	
306-4	Transport of hazardous waste	38, 96	
306-5	Water bodies affected by water discharges and / or runoff	38	
GRI 308 Supplier Environmental Assessment 2016			
3-3	Management of material topics	75	
308-1	New suppliers that were screened using environmental criteria	76	
308-2	Negative environmental impacts in the supply chain and actions taken	75-80	
Society			
GRI 401 Employment 2016			
3-3	Management of material topics	64	
401-1	New employee hires and employee turnover	64	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	65	
401-3	Parental leave	Information unavailable / incomplete	The number of employees who enjoy parental leave has not been counted yet, and is gradually being improved
GRI 402 Labor/ Management Relations 2016			
3-3	Management of material topics	64	
402-1	Minimum notice periods regarding operational changes	64	
GRI 403 Occupational Health and Safety 2018			
3-3	Management of material topics	57	
403-1	Occupational health and safety management system	57	
403-2	Hazard identification, risk assessment, and incident investigation	55	
403-3	Occupational health services	57-58	







GRI Standard	Disclosure	Location	Omission
403-4	Worker participation, consultation, and communication on occupational health and safety	51	
403-5	Worker training on occupational health and safety	53, 59	
403-6	Promotion of worker health	58, 65	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	58, 65	
403-8	Workers covered by an occupational health and safety management system	95	
403-9	Work-related injuries	56	
403-10	Work-related ill health	56	
GRI 404 Training and Education 2016			
3-3	Management of material topics	69	
404-1	Average hours of training per year per employee	70	
404-2	Programs for upgrading employee skills and transition assistance programs	69-70	
404-3	Percentage of employees receiving regular performance and career development reviews	71	
GRI 405 Diversity and Equal Opportunity 2016			
3-3	Management of material topics	67	
405-1	Diversity of governance bodies and employees	67	
405-2	Ratio of basic salary and remuneration of women to men	Confidentiality constraints	The company adheres to the principle of "equal pay for equal work" and is committed to creating an equal and diverse workplace. Due to information confidentiality requirements, disclosure is omitted
GRI 406 Non-Discrimination 2016			
3-3	Management of material topics	67	
406-1	Incidents of discrimination and corrective actions taken	67-68	

GRI Standard	Disclosure	Location	Omission
GRI 407 Freedom of Association and Collective Bargaining 2016			
3-3	Management of material topics	65	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	68	
GRI 408 Child Labor 2016			
3-3	Management of material topics	67	
408-1	Operations and suppliers at significant risk for incidents of child labor	68	
GRI 409 Forced or Compulsory Labor 2016			
3-3	Management of material topics	67	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	68	
GRI 414 Supplier Social Assessment 2016			
3-3	Management of material topics	75	
414-1	New suppliers that were screened using social criteria	76	
414-2	Negative social impacts in the supply chain and actions taken	75-80	
GRI 416 Customer Health and Safety 2016			
3-3	Management of material topics	82	
416-1	Assessment of the health and safety impacts of product and service categories	82	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	82	
GRI 418 Customer Privacy 2016			
3-3	Management of material topics	30	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	31	

SDGs Actions and Performance

Sustainable Development Goals	Our Framework for Action	Section
	<ul style="list-style-type: none"> • Make continuous efforts in industrial assistance, consumption assistance, and education assistance, etc. Expand the achievements effectively of connect with rural revitalization 	Community Participation
	<ul style="list-style-type: none"> • Carry out a series of assistance measures to help rural masses obtain a satisfactory income and reliable social security 	Community Participation
	<ul style="list-style-type: none"> • Establish and improve a sound occupational health and safety management system for employees, identify occupational health risk factors and improve positively • Provide employees with protective equipment, regularly organize physical examinations for all employees, actively prevent occupational diseases • Organize various cultural and sports activities, mental health training, etc. to help employees release work pressure 	Employee Rights Occupational Health and Safety
	<ul style="list-style-type: none"> • Create a comprehensive “horizontally by class, vertically by profession” employee training system to help employees continuously improve their professional value and capabilities • Make supporting education an important action in the field of social responsibility to help improve education quality and opportunities 	Talent Development Community Participation
	<ul style="list-style-type: none"> • Adhere to gender equality, provide equal pay for equal work, strictly prohibit discrimination and harassment incidents, and provide employees with a diverse, equal and inclusive working environment • Set up a female employee committee, establish a “mommy huts”/ mother and child room, while strictly implementing the regulations on women’s maternity and breastfeeding leave, and providing support for female employees 	Employee Rights Diversity, Equity and Inclusion

Sustainable Development Goals	Our Framework for Action	Section
	<ul style="list-style-type: none"> Continuously optimize production processes, technical processes, and water circulation system, to continuously improve the recycling rate of water resources 	Environmental Management Pollution Prevention
	<ul style="list-style-type: none"> Actively develop new energy business, and deploy energy industry chains improve energy efficiency and reduce energy consumption through R&D and technological improvement Purchase and use clean energy, gradually increasing the proportion of renewable energy 	Resource Utilization
	<ul style="list-style-type: none"> Comply with international human rights and domestic employment laws and regulations; protect the basic human rights of internal and external employees including the supply chain, illegal acts such as child labor and forced labor are strictly prohibited and establish channels for complaints and reports about violations of workers' human rights Provide employees with stable job opportunities, good working environment, competitive salary, and benefits Establish a multi-incentive mechanism covering the short-, medium- and long-term to achieve simultaneous growth of employee income and enterprise development 	Employee Rights Talent Development
	<ul style="list-style-type: none"> Adhere to the strategy of innovation-driven, build an integrated scientific and technological innovation system, and focus on the construction of scientific and technological innovation capabilities and the construction of scientific and technological talent teams Continue to increase investment in scientific research, and promote continuous technological progress and accelerated product upgrading Build an open innovation center and open up and share scientific and technological research and development resources 	Technological Innovation
	<ul style="list-style-type: none"> Clearly stipulates that no discriminatory discrimination shall be made on the grounds of race, social class, religious belief, disability, gender, sexual orientation, age, marital status, pregnancy or political status Advocate a culture of diversity, equity and inclusion in the work environment, guarantee equal opportunities for employees in all aspects of recruitment and promotion 	Employee rights Diversity, Equality and Inclusion
	<ul style="list-style-type: none"> Carry out in-depth investigation and management of hazardous chemicals and related factories and parks for potential safety and environmental hazards, and do our utmost to reduce impacts on surrounding communities Carry out community communication and promote knowledge such as ecological protection and safety education to the community 	Environmental Management Community Participation

Sustainable Development Goals	Our Framework for Action	Section
	<ul style="list-style-type: none"> Enhance chemical and waste management and the environmentally sound management of chemicals and waste throughout their life cycle to reduce adverse impacts on community and the environment Implement a sustainable production model, strictly enforce national and local pollutant discharge standards, and continuously strengthen the HSE management system to ensure that safe production, occupational health and environmental protection comply with standards 	Chemical Management Environmental Management
	<ul style="list-style-type: none"> Integrate climate change governance into the sustainability governance framework, systematically identify and manage climate risks, and establish a sound climate risk response mechanism Set scientifically-based carbon reduction targets and related action plans, clearly state the commitment of “striving to achieve carbon peak in our own operations by 2029”; formulate action plans for carbon peak and carbon neutrality, and comprehensively deploy low-carbon development plans 	Climate Change Clean Technology Opportunity
	<ul style="list-style-type: none"> Monitor the quality of waste water, increase waste water recycling, and ensure that discharge comply with standards Protect the marine ecological environment and biodiversity, and take actions to reduce plastic waste 	Environmental Management Pollution Prevention
	<ul style="list-style-type: none"> All projects must carry out environmental impact assessments as required, to avoid carrying out projects in areas that would affect biodiversity; take targeted ecological protection and restoration measures to protect biodiversity 	Environmental Management
	<ul style="list-style-type: none"> Abide by business ethics, strengthen the publicity and implementation of business ethics among employees and suppliers, keep under strict supervision, and prevent corruption Adhere to the rule of law and compliant operation, and build an authoritative and efficient audit and supervision system Strictly abide by relevant laws and regulations, and participate fairly in market competition 	Corporate Governance Compliance Management Business Ethics
	<ul style="list-style-type: none"> Support international initiatives such as the United Nations Global Compact, actively participate in international organizations and industry associations, and jointly promote sustainable development with partners Integrate environmental and human rights requirements into supplier management, carry out capacity improvement, and build a sustainable supply chain with suppliers 	Supplier Management Industry Cooperation and Exchange

Third Party Assurance



Independent Assurance Statement

Introduction

TÜV Rheinland (Shanghai) Co., Ltd., member of TÜV Rheinland Group, Germany (hereinafter "TÜV Rheinland", "We") has been entrusted by Sinochem International Corporation (hereinafter "Sinochem International", "the Company") to conduct independent assurance of Sinochem International 2023 Sustainability Report (hereinafter "the Report"). All contractual contents for this assurance engagement rest entirely within the responsibility of Sinochem International. Our task was to give a fair and adequate judgment on the Report.

The intended users of this assurance statement are stakeholders who have relevance to Sinochem International's overall sustainability performance and impacts of its business activities during year 2023 (1 January 2023 – 31 December 2023).

TÜV Rheinland is a global service provider of Corporate Social Responsibility (CSR) & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement, and we were not involved in the preparation of the Report contents.

Assurance Standard

TÜV Rheinland undertook the assurance work in accordance with the AA1000 Assurance Standard v3 (AA1000AS v3) Moderate level of assurance.

Scope & Type of Assurance

Our assurance engagement was carried out in accordance with the AA1000AS v3, Type 1, Moderate level on Sinochem International's sustainability performance information and data disclosed in the Report. The following assurance criteria were used in performing the assurance work:

- In accordance with GRI Sustainability Reporting Standards (GRI Standards)
- With reference to the Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 14 - Sustainability Report (Trial)
- The United Nations Sustainable Development Goals (UN SDGs)
- Adherence to the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness, and Impact

Assurance Methodology

Our assurance activities included:

- Reviewing Sinochem International's sustainability management practices and processes, to evaluate relevant management systems, including sustainability strategy, management policy, corporate governance, compliance management, risk management, stakeholder engagement, material issue analysis and impact, and key performance.
- Conducting interviews with company management and managers responsible for gathering and analyzing information on sustainability performance.
- Reviewing and examining sustainability management practices and performance information and data to test the accuracy of such information and data based on a sample basis and applied analytical procedures.
- Collecting documentary evidence and assessing management representations to support adherence to the AccountAbility Principles.

Limitations

TÜV Rheinland performed the assurance based on the scope of defined engagement agreement, and on a moderate level assurance under the AA1000AS for engagement. Information and performance data subject to assurance is limited to the contents of the Report.

Our assurance work did not cover financial report and its financial data, and other information not related to sustainability.

Conclusions

Based on our methodology and activities performed within the scope of this assurance, we can reach a conclusion that no instances or information came to our attention that would be to the contrary of the statement made as below:

- Sinochem International 2023 sustainability report and its contents adhere to the AA1000 AccountAbility Principles and align with disclosure requirements of GRI Sustainability Reporting Standards (GRI Standards).



- Sinochem International has implemented management processes, including application of energy and low-carbon management information system to collect and aggregate key performance data related to material issues within the reporting boundary, while the company identifies, evaluates, defines and manages material issues.
- The sustainability information and performance indicators disclosed in this report have been evaluated and supported by documentary evidence which truly reflect Sinochem International's sustainability management practices.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision on Sinochem International based on this Assurance Statement.

Adherence to the AA1000 AccountAbility Principles

Inclusivity: Sinochem International's identified key stakeholders include governments/regulators, shareholders/investors, customers, suppliers, employees, communities, industry associations/partners/research institutions. Evidence shows that in 2023, Sinochem International conducted an annual stakeholder questionnaire survey on sustainability issues to understand the expectations or suggestions of internal and external stakeholders, identify key sustainability issues, and incorporate sustainability issue management and disclosure into the annual management strategy.

Materiality: Sinochem International conducts an annual assessment of materiality issues. The evidence demonstrates that in 2023, the company analyzed, evaluated and prioritized the sustainability topics from the two dimensions of "importance to enterprise development" and "importance to stakeholders" in combination with the internal and external environment, the latest trends in the industry, the company's strategic planning and production and operation status, etc., and eventually formed a matrix of substantive issues, including new topics such as clean technology opportunities and biodiversity. As shown in the matrix, the material issues disclosed in this report include but are not limited to chemical safety, emissions and waste management, occupational health and safety, climate change and carbon management, supplier management, and clean technology, etc., to respond to stakeholder concerns in a timely manner. The results of the evaluation of the above material issues and the disclosure of the issue information have been reviewed and approved by the Board of Directors.

Responsiveness: Sinochem International has continuous communication and exchanges with its key stakeholders on corporate strategy, operation management and sustainability issues, and provides timely and appropriate responses. These two-way communications and responses include participation in government policy research and planning, regular information disclosure for investors, customer meetings and seminars, supplier audits and training, employee training, grievances and reports, engagement in industry development forums, and community activities.

This report discloses key performance indicator data covering greenhouse gas emissions (GHG), energy consumption, waste management, employee management, health and safety, supply chain management, and business ethics. Supporting evidence shows that in 2023, Sinochem International has implemented more management measures in areas of corporate governance, energy management, carbon management, pollution prevention and control, labor human rights (diversity and equality), and carbon reduction in the value chain, among which the company has launched a low-carbon management information system, to realize digital online management of carbon business and improve the efficiency and accuracy of data reporting and carbon emission accounting.

Impact: Sinochem International attaches great importance to the impact of its own operations on sustainable development and considers the impact on the supply chain and labor human rights in addition to the environmental impact assessment and safety assessment of new construction projects. The company integrates ESG risk management (including climate change risk) into the enterprise risk management system and implements response strategies. The Sustainability Committee is mandated to develop ESG management policies, set ESG targets, and identify and assess ESG risks and opportunities faced by the company. This report discloses the impact of material issues on the value chain and the progress of the 14th Five-Year Plan on the Sustainable Development Goals.



Daniel Pan
Daniel Pan
Corporate Sustainability Service Technical Manager
TÜV Rheinland (Shanghai) Co., Ltd.
Shanghai, China, 30 May 2024

Expert Commentary

The 2023 Sinochem International Sustainability Report marks the release of the company's 20th sustainability report. This report not only showcases the latest advancements in all major aspects in the year 2023, covering the environmental, social, and governance, but also contributes wisdom and strength to the industry's sustainable development. Over the past twenty years, Sinochem International has continued to deepen its information disclosure logic and enhance its professional level of information disclosure. Building upon the virtuous-circle foundation of "management driven by reporting", the company has set new benchmarks in chemical industry for comprehensive sustainable development.

Keeping Abreast of Time, Demonstrating Forward-Looking Responsibility

The report closely tracks the development trend in our era. Against the backdrop of global advancements in sustainable development and external changes to industry conditions, Sinochem International, guided by the criteria of the present era, delves deeper into the disclosure of risk and opportunity, management target, and management strategy analysis at the beginning of each chapter of the report, illustrating the company's profound reflections on sustainable development and firm actions in response to major national policies. The disclosure of the sustainable development strategic system and management model highlights deep insights into future sustainable development trends and a comprehensive, forward-looking layout, showcasing not only the company's sense of social responsibility and mission, but also setting an example for sustainable development throughout the industry.

Highlighting Industry Characteristic, Responding Comprehensively to Concerns

Bringing together the characteristics specific to the chemical industry, Sinochem International conducts in-depth analyses from various dimensions such as industry trends, market changes, and policy environments, and continuously discloses the progress of sustainable development goals in the report, showcasing the movement from verbal commitment to tangible contributions to industry development. The company optimizes disclosure logic and refines disclosure content in the report on key topics in the chemical industry such as climate change, clean technology and carbon reduction across the value chain, further enhancing the professionalism, substance and relevance of said disclosure. Additionally, the company fully considers the concerns of stakeholders such as shareholders, partners, customers, employees, and suppliers, articulates the company's efforts and achievements in sustainable development through clear management logic diagrams, detailed data disclosure, and vivid case sharing in the report, improving communication and trust among all parties involved.

Adapting to Changes in Standards, Strengthening Report Compliance and Responsiveness

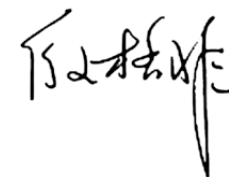
Sinochem International tracks the latest international and domestic standards, and together with actual corporate situations, comprehensively optimizes and enhances reporting logic, framework and content, effectively improving its expected performance in ESG ratings. For the first time, the report integrates the ESG reporting standards of the State-owned Assets Supervision and Administration Commission of the State Council and the Shanghai Stock Exchange's guidelines for sustainable development report, expanding the coverage of ESG issues and fully responding and adapting to the needs of ESG development, actively leading in the field of sustainable development report.

Marking the 75th anniversary of the founding of the People's Republic of China, 2024 is a crucial year for attaining the objectives and tasks of the 14th Five-Year Plan. It is hoped that Sinochem International will continue to use this report as a guide, fully implement new development concepts in a comprehensive, accurate, and comprehensive manner, deeply promote sustainable development strategies, forge ahead and work diligently toward the contribution of experience and wisdom in the sustainable development of China's chemical industry, as well as the global chemical industry.

Yin Gefei

Founder and Chief Expert of GoldenBee

Deputy Secretary-General of the ISO 26000 Stakeholder Global Network



Feedback Form

Thank you for reading the *2023 Sinochem International Sustainability Report*. We value and look forward to hearing your feedback on the company's sustainability efforts and this Sustainability Report. Your opinions and suggestions help us continuously improve the disclosure standards of corporate social responsibility and promote corporate social responsibility management and practices. You could fill out the form below and send us feedback by post or email. We welcome and sincerely appreciate your valuable comments.

Your overall impression of this report.

Very Good Good Average Slightly Poor Poor

Do you think the report had a reasonable structure?

Very Reasonable Reasonable Average Slightly Unreasonable Unreasonable

Information you are concerned about that is not reflected in this report:

Do you think this report is readable?


Very Reasonable Reasonable Average Slightly Unreasonable Unreasonable

How well is the information you are concerned about disclosed in this report?

Fully Disclosed Mostly Disclosed Disclosed Partially Disclosed Not disclosed

Your suggestions on our sustainability effort or on this sustainability report:

Contact us

 86-21-31768000

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