



Rongsheng Petrochemical
Official Account

Stock Code: 002493

RONGSHENG SUSTAINABILITY REPORT 2024

About the Report

Report Information

This report elaborates the performance and management measures of Rongsheng Petrochemical Co., Ltd. (hereinafter referred to as "Rongsheng Petrochemical", "the Company", or "we") in terms of the environment, society, and corporate governance in 2024, with particular focus on stakeholder concerns.

Reporting Scope

The report covers the Company's information and data from January 1, 2024 to December 31, 2024 (hereinafter referred to as "the reporting period"), and some of the contents can be traced back to previous years or extended to 2025. The report covers Rongsheng Petrochemical and its subsidiaries, and a small portion of the data covers less than the scope defined above. Contents that refer to Zhejiang Rongsheng Holding Group Co., Ltd. (hereinafter referred to as "Rongsheng Holding"), the parent company of Rongsheng Petrochemical, is specified separately.

Preparation Basis

This report is prepared based on the *Self-Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No.17 – Sustainability Report (For Trial Implementation)* and the *Self-Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No.1 – Standardized Operation of Companies Listed on the Main Board*. This report also referred to the Global Reporting Initiative (GRI) *Sustainability Reporting Standards*, the *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-ESG 5.0)* and *Guidance on Social Responsibility Reporting (GB/T 36001-2015)*.

This report is determined in accordance with an established set of procedures, which consists of identifying and prioritizing material issues about the environment, society, and corporate governance, determining the scope of the report, collecting relevant information, compiling the report, and reviewing the information in the report.

Data Source

The financial data in this report comes from the Annual Report. Other information and data are from relevant internal statistical reports and documents of the Company. The amount of currency associated with the Company is measured in RMB.

Glossary

For the convenience of presenting and reading, "the Company", "Rongsheng Petrochemical", and "we" in this report all refer to Rongsheng Petrochemical Co., Ltd. and its subsidiaries. Other companies are referred to as follows:

ZPC refers to Zhejiang Petroleum & Chemical Co., Ltd.
Zhongjin Petrochemical refers to Ningbo Zhongjin Petrochemical Co., Ltd.
Rongsheng (Singapore) refers to Rongsheng Petrochemical (Singapore) Pte. Ltd.
Rongsheng Energy refers to Rongsheng Energy Co., Ltd.
Yisheng Dahua refers to Yisheng Dahua Petrochemical Co., Ltd.
Yisheng New Material refers to Zhejiang Yisheng New Materials Co., Ltd.
Hainan Yisheng refers to Hainan Yisheng Petrochemical Co., Ltd.
Rongxiang Chemical Fiber refers to Rongxiang Chemical Fiber Co., Ltd.
Shengyuan Chemical Fiber refers to Zhejiang Shengyuan Chemical Fiber Co., Ltd.
Yongsheng Technology refers to Zhejiang Yongsheng Technology Co., Ltd.

Languages

The report is published in simplified Chinese and English. In the event of contradiction between the two versions, the simplified Chinese version shall prevail.

Report Assurance

The Company engaged Klynveld Peat Marwick Goerdeler Huazhen LLP to provide limited assurance on the selected 2024 key data in the 2024 Sustainability Report. Please refer to the section "Independent Assurance Report" for more information.

Confirmation and Approval

Upon confirmation by the management, the report was approved by the Board of Directors and published on April 24, 2025.

Report Access

This report is available in simplified Chinese and English for readers' reference. To browse online or download this report, please visit the official website of Rongsheng Petrochemical at <http://www.cnrspc.com>, or [cninfo at www.cninfo.com.cn](http://www.cninfo.com.cn).

We value the opinions of our stakeholders, and readers are encouraged to contact us through the following methods. Your suggestions will help us further improve this report and our social responsibility management.

Telephone: +86 571-8252 0189

Official website: <http://www.cnrspc.com>

Address: No. 678 Xinyi Line, Yinong Town, Xiaoshan District, Hangzhou, Zhejiang Province

E-mail: rspc@rong-sheng.com

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Chairman's Message



The year 2024 is a crucial year for achieving the goals set out in the 14th Five-Year Plan, in which we navigated an increasingly complex international landscape. Upholding our business philosophy of “Sincere Creation, Preeminent Pursuit”, we dived into the petrochemical industry and pressed forward with unwavering determination on the path of technological innovation.

Technological breakthroughs, charting a path of innovation and resilience. In 2024, we centered our efforts on core business and technological advancements to enhance the production capabilities and self-sufficiency of high-end petrochemicals and cutting-edge new materials in China. This is essential in strengthening the foundation for the independent development of our industry. Our Jintang New Materials Project has effectively extended our industrial chain, and further enhanced our comprehensive competitiveness by promoting the development of light olefins and environment-friendly operations. At the Zhoushan Green Petrochemical Base, we have successfully produced high-quality 1-octene, ending our reliance on foreign technology and ensuring the security of related supply chain. Moreover, the polyether plant and the polyester chip project were launched as scheduled, filling domestic technology gaps, boosting supply capacity, and accelerating industrial upgrading.

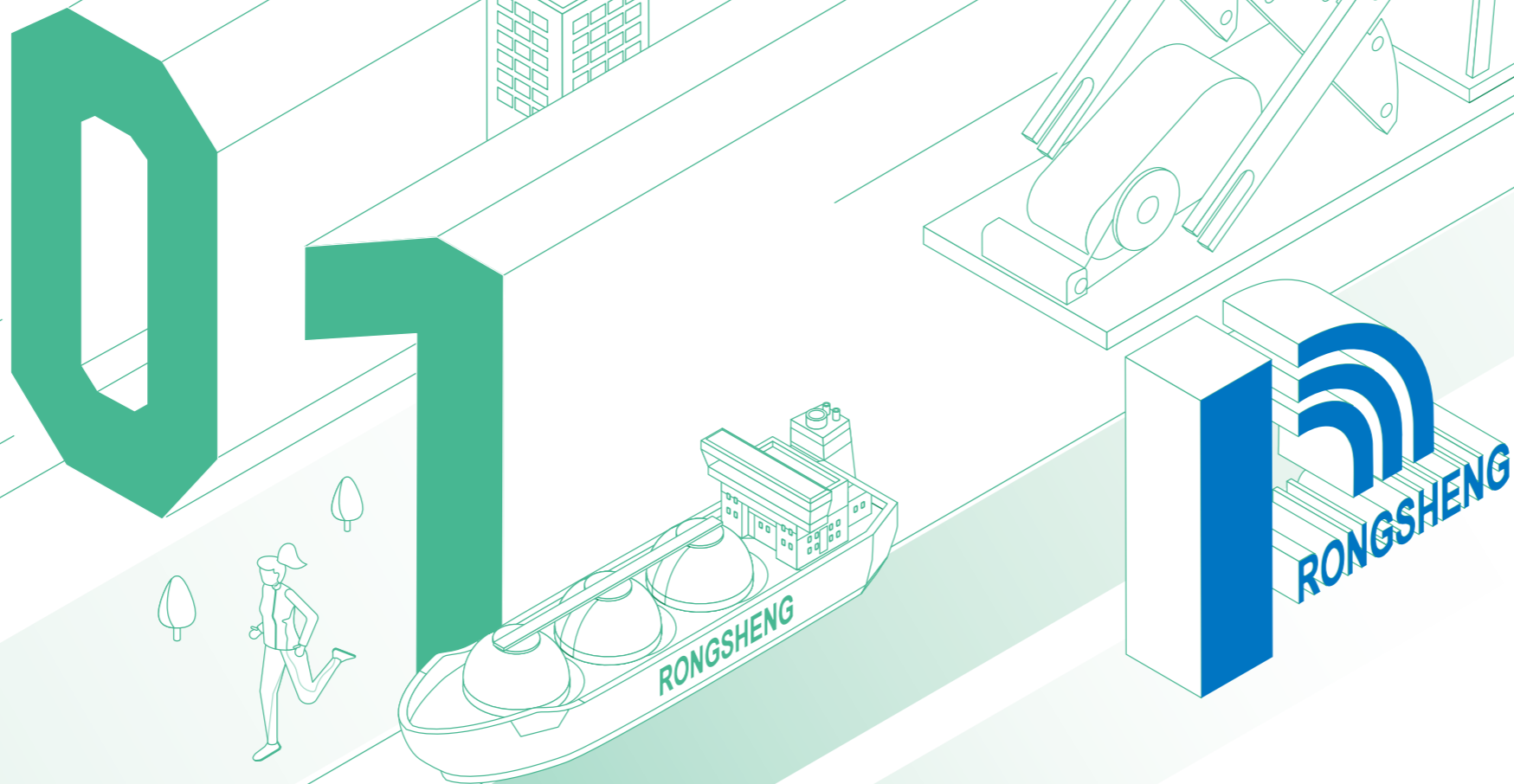
Environment-friendly practices, shaping a future of energy efficiency and green development. In 2024, we resolutely responded to the “carbon peaking and carbon neutrality” national goal by implementing effective carbon management measures across our operations. We have been exploring and devising initiatives to reduce carbon emissions at our factories while probing into efficient utilization and recycling of carbon resources. Our MSCI ESG rating stepped up to BBB, which is among the best in China's commodity and diversified chemicals industry, representing a leapfrog improvement within one year. Our management performance on carbon emission reduction, water resources management, corporate governance among other issues is at the leading level in the global petrochemical industry. In 2024, we continued to fulfill our responsibility by putting green initiatives into action. We invested RMB 273 million in environment protection demonstrating our dedication to environment-friendly development.

International cooperation, paving the way for win-win development across borders. In 2024, we deepened our international partnerships, reinforcing the global commitment of Chinese enterprises. Our collaboration with Saudi Aramco progressed with the signing of the *Memorandum of Understanding* and the *Cooperation Framework Agreement*, and we have achieved a milestone with the finalization of the *Development Framework Agreement*. At major international events, such as the International Petroleum and Natural Gas Enterprises Conference and the China International Import Expo, we secured strategic partnerships with leading companies from around the world to enlarge our international “circle of friends”. Moving forward, we will intensify our international collaborations, deepen our presence in global markets, and actively engage in international competition and cooperation, to create powerful momentum for China's high-quality economic development and contribute to the country's commitment to a higher level of openness.

Soaring to new heights and embarking on the path to future success. Looking towards 2025, Rongsheng Petrochemical will remain dedicated to the mission of “Contribute to the country's real sector and lead industrial development” and will continue to spearhead in the green, digital and intelligent transformation. We will leverage the advantages in refining-petrochemical integration, optimize our industrial structure, and increase input in technological innovation to accelerate the iterative industrial upgrading. Together with our partners, we will pool collective wisdom and energy to advance with determination and pragmatism, ensuring the sustainable growth and transformation of the industry. Let us join hands to depict the grand blueprint for 2025.

Li Shuirong Chairman

About Rongsheng Petrochemical



About Us

Rongsheng Petrochemical Co., Ltd. (SHE: Rongsheng Petrochemical, 002493) is headquartered in Hangzhou, Zhejiang Province. As an important pillar enterprise of Zhejiang Rongsheng Holding Group Co., Ltd., one of Fortune Global 500, the Company is one of the leading private petrochemical enterprises in China. Focusing on our primary business and standing fast to the real sector, we are an international enterprise dedicated to the development of the whole petrochemical industry chain, with nearly 20 thousand employees. The Company adheres to the two-wheel driven scientific and technological research and development (R&D) model of "independent innovation" and "open cooperation". We have built several technological innovation platforms such as high-tech R&D center, academician expert workstation, enterprise technology center, and postdoctoral research workstation, forming a professional technical team mainly composed of experts, staff holding doctoral degrees and senior engineers. The Company is leading in the global industry in respect of competitiveness and the product brand value.

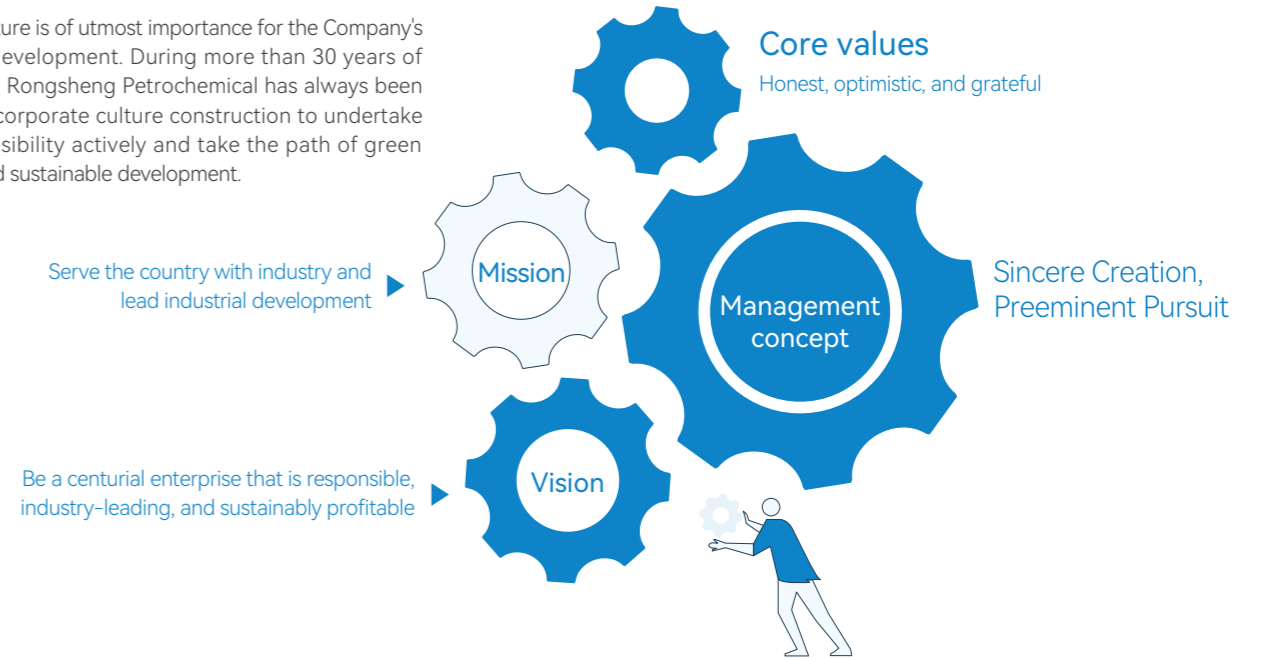
The Company adheres to the development strategy of "Two-Way of Vertical and Horizontal" and strives for the sustainable management goal of the "Centurial Enterprise, Trillion Target." The Company is mainly engaged in the R&D, production and sales of various oil products, chemicals and polyester products. The Company has seven production bases in the Bohai Economic Circle, Yangtze River Delta Economic Circle and Hainan Economic Circle. We have established five industry chains of polyester, engineering plastics, new energy, high-end polyolefin, and specialty rubber. We are one of Asia's major manufacturers of polyester, new energy materials, engineering plastics, and high-value-added polyolefin, with nationally or globally leading production capability for chemicals, such as PX, PC, butadiene, MMA, cis-butadiene rubber and styrene-butadiene rubber.

Based on the existing and complete industrial chain, the Company is actively expanding its business in various fields, such as new energy, new materials, organic chemicals, synthetic fibers, synthetic resins, synthetic rubber and oil products, with the proportion of related products constantly increasing. Meanwhile, the Company has been actively planning for globalized operation. In 2023, the Company introduced Saudi Arabian Oil Company (hereinafter referred to as "Saudi Aramco") as a strategic investor and signed the *Share Purchase Agreement* as well as a package of strategic cooperation agreements through a wholly-owned subsidiary of Saudi Aramco to establish a strategic cooperative relationship. At present, Saudi Aramco holds 10%+1 of the Company's shares. In 2024, the Company signed the *Development Framework Agreement* with Saudi Aramco and SASREF to expand refining and petrochemical production capacity and enhance international cooperation. The Company's grand blueprint for overseas development has further unfolded.



Corporate Culture

Corporate culture is of utmost importance for the Company's sustainable development. During more than 30 years of development, Rongsheng Petrochemical has always been following its corporate culture construction to undertake social responsibility actively and take the path of green innovation and sustainable development.



Market Structure

The Company's footprints cover a plenty of provinces domestically, countries and regions globally.



Core Competitiveness

Advantage in Comprehensive Industrial Synergy

After years of development and improvement, the Company has seized the opportunities in the industry adjustment and realized rapid growth, with the development mode of "from a drop of oil to everything in the world". Through the extension of the industrial chain, the Company has effectively reduced business costs, realized the mutual support of upstream and downstream sectors, and also improved its sustainable profitability and anti-risk ability.

Advantage in Significant Competitive Location

Along the eastern coastline of China, the Company's production bases are mainly distributed in Dalian, Liaoning Province of the "Bohai Economic Circle", Ningbo, Zhejiang Province of the "Yangtze River Delta Economic Circle" and Haikou, Hainan Province of the "Belt and Road Economic Belt" and "Maritime Silk Road". All production sites are adjacent to high-quality ports, connected to the canal, and the terminal facilities are fully equipped. The main raw materials and other auxiliary raw materials required for the production of the Company's products can be unloaded and stored at the Company's self-built or rented chemical material wharf, which greatly facilitates the transportation of bulk raw materials and their inventory adjustment.

Advantage in Outstanding Strategic Layout

The Company has a strong market sensitivity and flexible decision-making mechanism, keeps an eye on market dynamics, and makes timely and accurate adjustments to the strategy under the institutional advantages of its own fast pace and few links, and grasps the opportunities of the market situation. The management has a keen investment acumen, accurate timing of project production, and excellent investment and financing capabilities.

Advantage in Strong R&D Innovation

The Company adheres to the two-wheel driven scientific and technological R&D model of "independent innovation" and "open cooperation". We have built first-class R&D platforms such as high-tech R&D center, academician expert workstation, enterprise technology center, and postdoctoral research workstation. At the same time, we actively carry out foreign technical exchanges and discussions, promote the integration of industry, university and research cooperation, integrate the resources of universities, society, enterprises and other parties, work together to improve the level of scientific research, promote technological progress, and jointly create an open, healthy, win-win innovation ecosystem. In recent years, the Company has continuously increased scientific research cooperation with domestic and foreign institutions, and its R&D investment has consistently maintained an industry-leading level, with independently-developed innovation capabilities significantly enhanced.

Advantage in Abundant Talent Resource

The Company attaches great importance to the construction of corporate culture, has a good working atmosphere and a strong corporate cohesion, and has cultivated a group of stable core management, R&D, technical talents through internal training, external introduction, and other measures. The Company values the cultivation of on-the-job employees, based on reality and comprehensive planning, constantly broadens the employee selection platform, and establishes an effective incentive mechanism, so that all kinds of talents have a "stage where they can exercise their abilities".

Advantage in Efficient Operation and Management

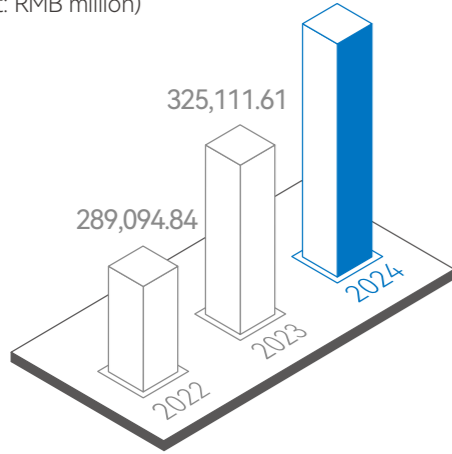
The Company adheres to institutionalized construction, integrates digitalization, intelligence, standardization, process and normalization into the operation of the enterprise, fully integrates procurement, production, inventory, sales and other business links, and continuously improves the ability to respond quickly. The Company has established a set of effective management systems based on its own actual situation, clarified job responsibilities and work processes, and effectively reduced operating costs through refined management.

Recognition

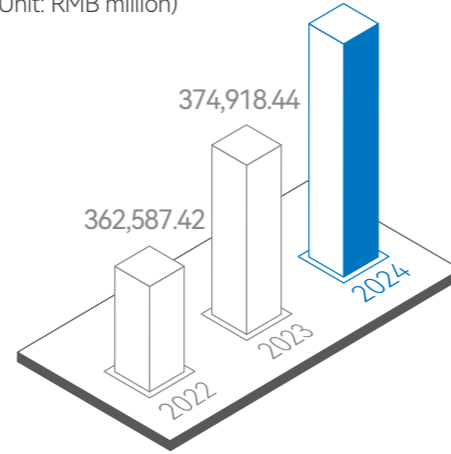
 <p>37th of the 2024 Fortune China 500</p> <p><i>Fortune Magazine (US)</i></p>	 <p>6th of the Chemicals 50 2024 Ranking</p> <p>Brand Finance</p>	 <p>8th of the ICIS Top 100 Chemical Companies</p> <p>Independent Commodity Intelligence Services (ICIS), a data and analysis provider in the global petrochemical market</p>	 <p>6th of the Chemical Producers Billion-Dollar Club</p> <p><i>Chemical Week (US)</i></p>
 <p>14th of 2024 Global Top 50 Chemical Firms</p> <p><i>Chemical & Engineering News (US)</i></p>	 <p>36th of the Top 500 Chinese Enterprises</p> <p>China Enterprise Confederation & China Enterprise Directors Association</p>	 <p>9th of the Top 500 Chinese Manufacturing Enterprises</p> <p>China Enterprise Confederation & China Enterprise Directors Association</p>	 <p>Best ESG Management of Listed Companies in 2024</p> <p><i>Weekly on Stock</i></p>
 <p>Excellent Practice Cases of Sustainable Development of Listed Companies in 2024</p> <p>China Association for Public Companies</p>	 <p>Responsible Governance Contribution Award</p> <p>yicai.com</p>	 <p>2nd of China Petroleum and Chemical Enterprise Top 500 (Independent Production and Operation)</p> <p>China Chemical Enterprise Management Association</p>	 <p>6th of the 2024 Top 500 Petroleum and Chemical Enterprises (General) by Sales</p> <p>China Petroleum and Chemical Industry Federation & China Chemical Enterprise Management Association</p>
 <p>2nd of 2024 Zhe Shang National Top 500 Enterprises</p> <p><i>Zhe Shang Magazine</i></p>	 <p>2024 Hangzhou Listed Companies ESG Strategy and Charitable Impact Leaders 20</p> <p>Hangzhou Civil Affairs Bureau</p>	 <p>Zhejiang Province AA-Level "Contract-Abiding and Credit-Worthy" Publicly Listed Enterprise</p> <p>Hangzhou Municipal Administration for Market Regulation</p>	 <p>Award of Hangzhou 5-Star Kungpeng Enterprise</p> <p>CPC Hangzhou Municipal Committee and Hangzhou Municipal People's Government</p>

Performance Highlights

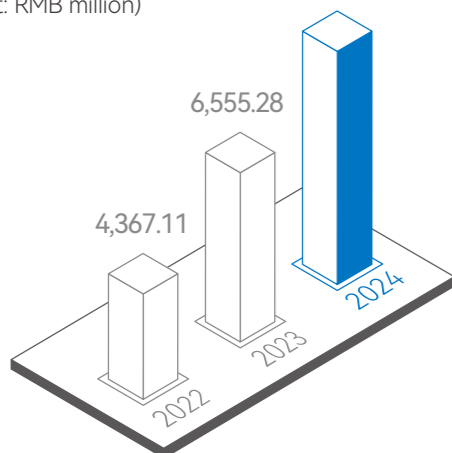
Operating income
(Unit: RMB million) **326,475.16**



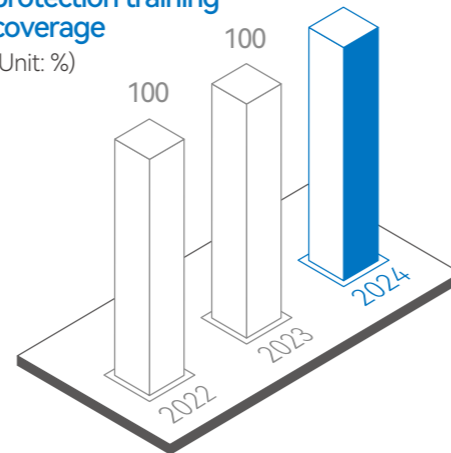
Total assets
(Unit: RMB million) **377,845.94**



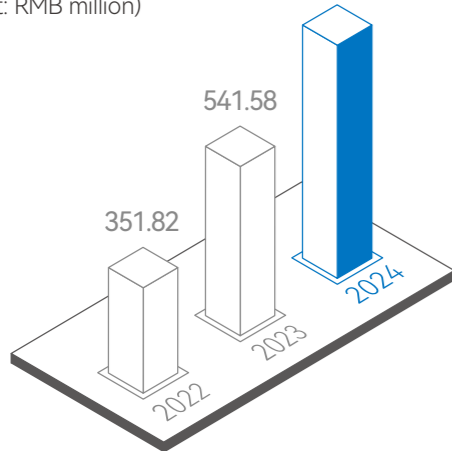
R&D investment
(Unit: RMB million) **5,101.48**



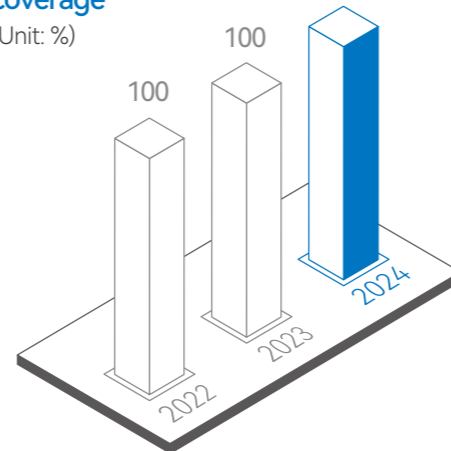
Environmental protection training coverage
(Unit: %) **100**



Safety investment
(Unit: RMB million) **721.13**



Total safety training coverage
(Unit: %) **100**



Remuneration Appraisal

The Company has adopted the *Rongsheng Holding Group Overall Appraisal Program* (hereinafter referred to as the "Appraisal"), which takes the Company's Directors, Supervisors, and senior management into consideration, and has incorporated changes in sustainability performance indicators into the remuneration structure of Directors, Supervisors and senior management, so that their remuneration is tightly linked to sustainability goals. The Appraisal involves daily HSE supervision and management (including contractors), incident management, safety training, employee satisfaction, and business ethics. The Company conducts annual appraisals of Directors, Supervisors, and senior management in accordance with the Appraisal and determines the annual bonus allocation plan on the basis of the appraisal scores.

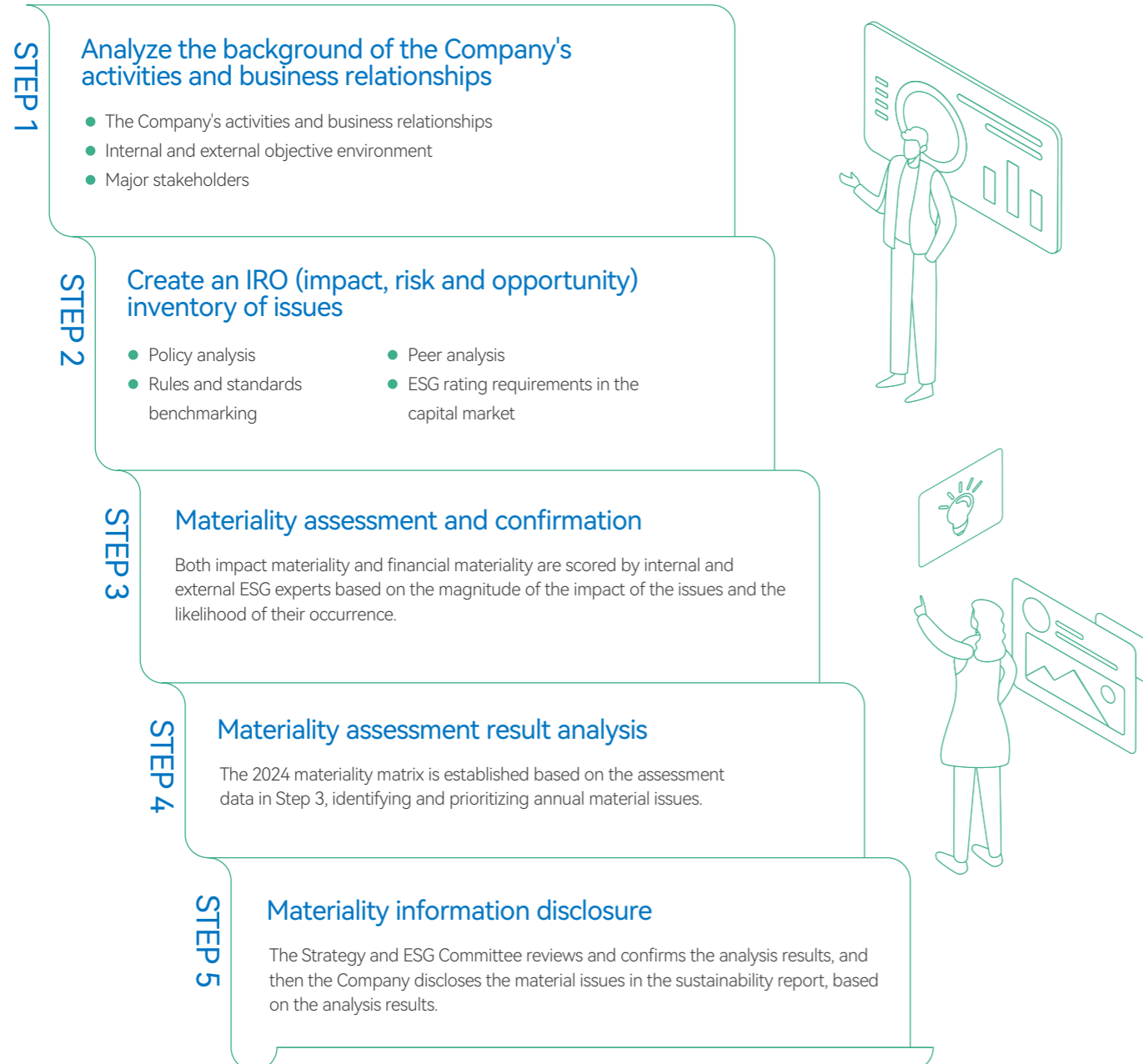
Remuneration of the Company's Senior Management in 2024

Name	Fixed salary [monthly payment] (RMB 10,000)		Variable pay [year-end payment] (RMB 10,000)		Total remuneration payable before tax	Total actual remuneration before tax
	Total salary	Other allowances	Annual bonus payable before tax	Actual annual bonus before tax		
Xiang Jiongjiong	137.30	2.37	88.47	78.05	228.14	217.72
Zhou Xianhe	113.34	1.4	41.22	37.13	155.96	151.87
Quan Weiyong	72.83	1.14	21.66	19.18	95.63	93.15
Wang Yafang	59.58	1.19	37.82	33.55	98.59	94.32

Note: Variable compensation is determined based on the achievement of assessment indicators set at the beginning of the year, including resource and energy consumption data, compliant emissions, stakeholder relationship management, brand building, and other sustainability performance. In 2024, the Company's senior management practically completed the goals set at the beginning of the year.







Materiality Assessment

During the year, Rongsheng Petrochemical conducted a company-wide materiality assessment following the procedures below:



Step 1: Analyze the background of the Company's activities and business relationships

When conducting materiality assessment, the Company profoundly analyzes the background of each management activity and business relationship at first, and then conducts interviews with management personnel to obtain information on business, management, employees, products and services, and market conditions. Meanwhile, we analyze internal and external policies, risk assessment reports and ESG standards, to sort out the status quo, opportunities and challenges of sustainable development. We are committed to building cooperative and mutually beneficial relationships with both internal and external stakeholders to achieve win-win situation and maximized value with joint endeavors. We maintained active communication with stakeholders via multiple channels to learn about their demands and concerns and responded to stakeholders with practical actions.

Stakeholder	Concerns	Communication Channels
 Shareholders and investors	<ul style="list-style-type: none"> • Compliance • Risk management • Performance growth and return • Business ethics 	<ul style="list-style-type: none"> • Shareholders' Meetings • Company announcement • Regular reports and communication • Press conferences/meetings • Investor surveys • WeChat official account • Hotline • Mailbox
 Governments and regulators	<ul style="list-style-type: none"> • Fully paying taxes according to the law • Supporting the state strategies • Low-carbon operation and environmental protection • Energy conservation and emission reduction 	<ul style="list-style-type: none"> • Press release/announcements • The Company's official website • Regular communication • Information disclosure
 Customers	<ul style="list-style-type: none"> • Product quality • R&D innovation • Customer rights and interests • Customer services 	<ul style="list-style-type: none"> • Hotline • E-mail • Customer visits • The Company's official website • Satisfaction surveys • Customer complaints
 Employees	<ul style="list-style-type: none"> • Equal employment • Remuneration and benefits • Employee development • Employee care • Occupational health and safety 	<ul style="list-style-type: none"> • Suggestion boxes • Employees' meetings • Hotline • Employee events • Service evaluation
 Partners	<ul style="list-style-type: none"> • Fairness and transparency • Integrity in contract performance • Cooperation and mutual benefits • Responsible sourcing • Protection of intellectual property rights 	<ul style="list-style-type: none"> • Technical meetings • Online communication • Regular visits • Suppliers' meeting • Hotline
 Communities	<ul style="list-style-type: none"> • Supporting public welfare and charity • Supporting community construction • Low-carbon operation and environmental protection • Energy conservation and emission reduction 	<ul style="list-style-type: none"> • Charity events • Media communication and coverage • Site visits

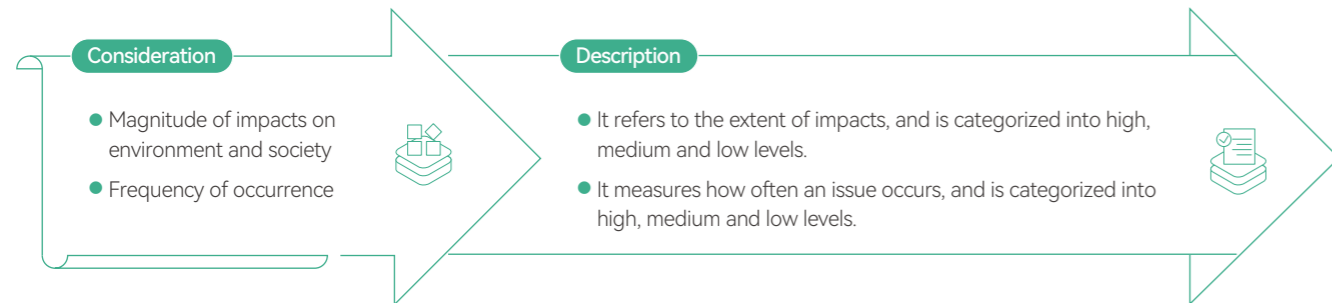
Step 2: Create an IRO (impact, risk and opportunity) inventory of issues

By benchmarking peer enterprises, studying macro policies and laws and regulations, finding out industry development trends, and grasping ESG rating requirements in the capital market, we identify potentially material issues that can reflect the impacts of the Company's business on economy, environment and society or influence stakeholders' decisions. By doing so, we aim to ensure that the identified issues are in line with regulatory requirements as well as the international best practices. With extensive reference to the issue identification methods and prioritization results of peer enterprises performing excellently in respect of sustainability, we identify material issues that draw intensive concerns and update the IRO inventory of issues.

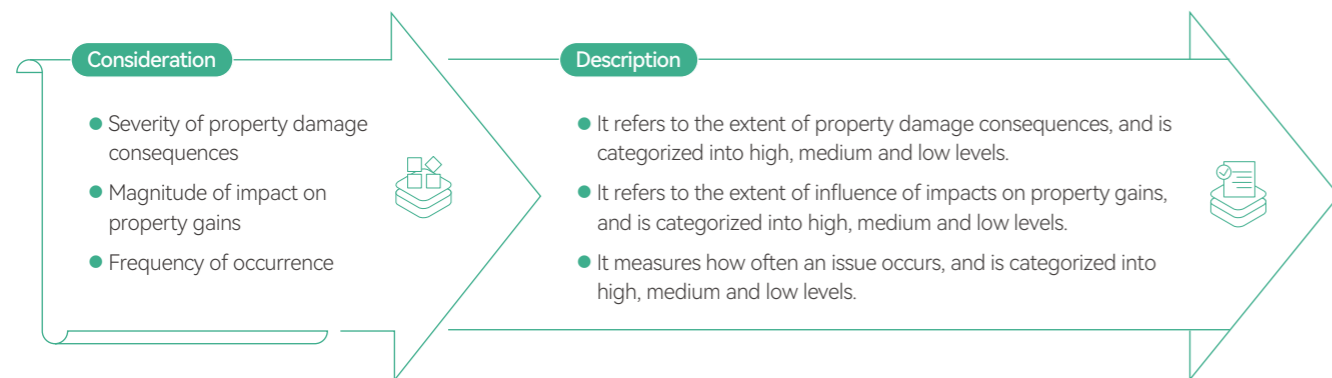
Step 3: Materiality assessment and confirmation

We assess and prioritize issues based on their impact materiality and financial materiality. Impact materiality focuses on whether the Company's performance in respective issues significantly affects economy, society and environment. Financial materiality focuses on whether each issue is expected to significantly affect the Company's business model, business operations, development strategy, financial position, operation results, cash flows, financing methods and costs in the short, medium and long terms. In line with regulatory requirements, risk assessment standards and actual production and operations, we set the determination thresholds for and prioritize impacts, risks and opportunities, taking into account the feedback from stakeholders and internal and external experts. Ultimately, the assessment results are output to inform strategic decision-making and resource allocation.

When assessing the impact of sustainability issues, we consider the magnitude of the impacts on environment and society and as well as the frequency of occurrence:



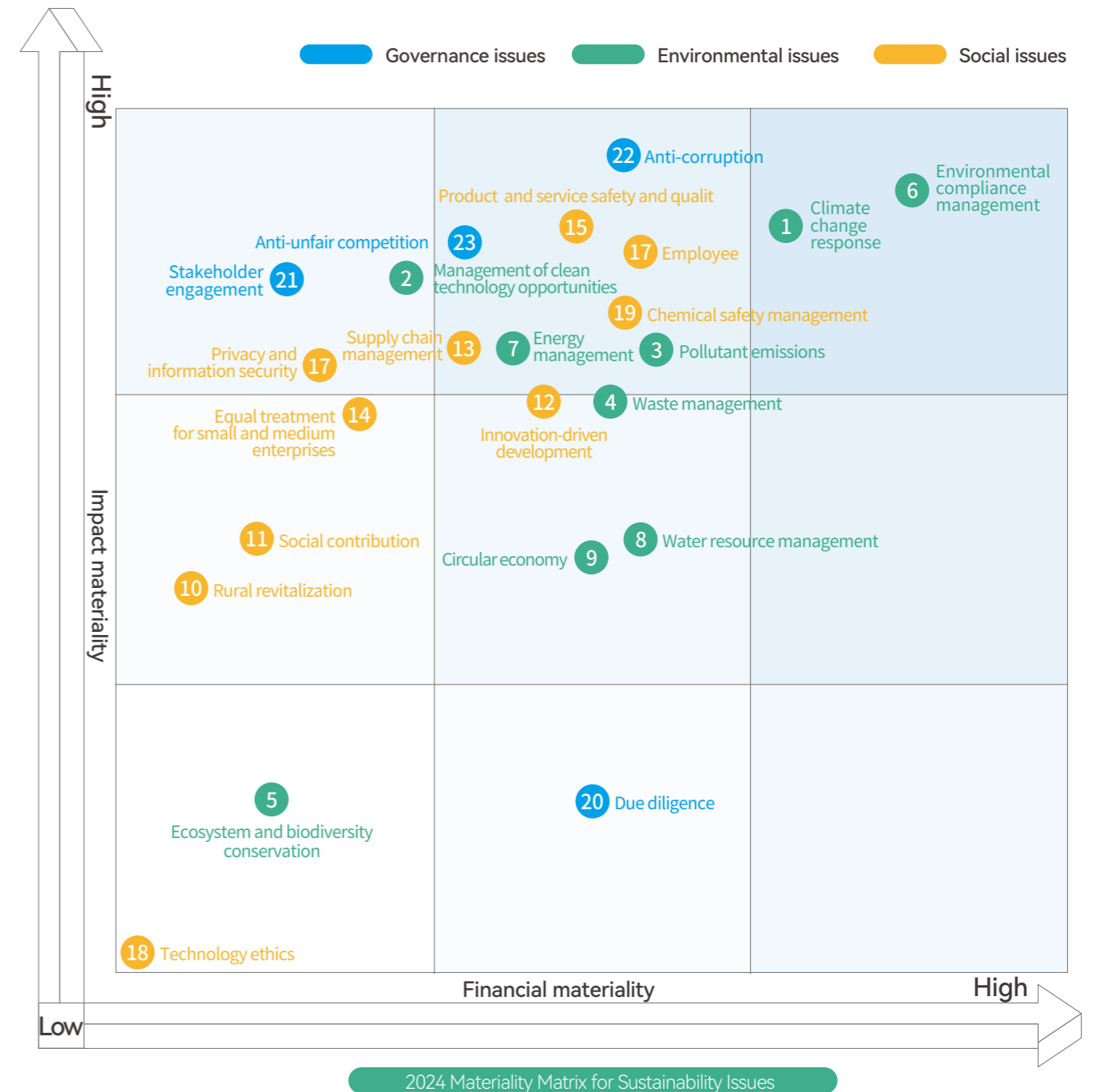
When assessing the risks and opportunities of sustainability issues, we consider the severity of property damage consequences, the magnitude of impact on property gains, and the frequency of occurrence:



1 The period of time is defined as short term when it is shorter than 1 year, medium term when between 1 year and 5 years, and long term when longer than 5 years, in order to align with the Company's strategic development plan, industry characteristics, nature of risks and opportunities and resource allocation plan.

Step 4: Materiality assessment result analysis

We adopt the two-dimensional matrix of "financial materiality - impact materiality" to present the materiality assessment results. We have identified that "climate change response" and "environmental compliance management" are material in respect of finance. Meanwhile, these two issues also are material in respect of impact.



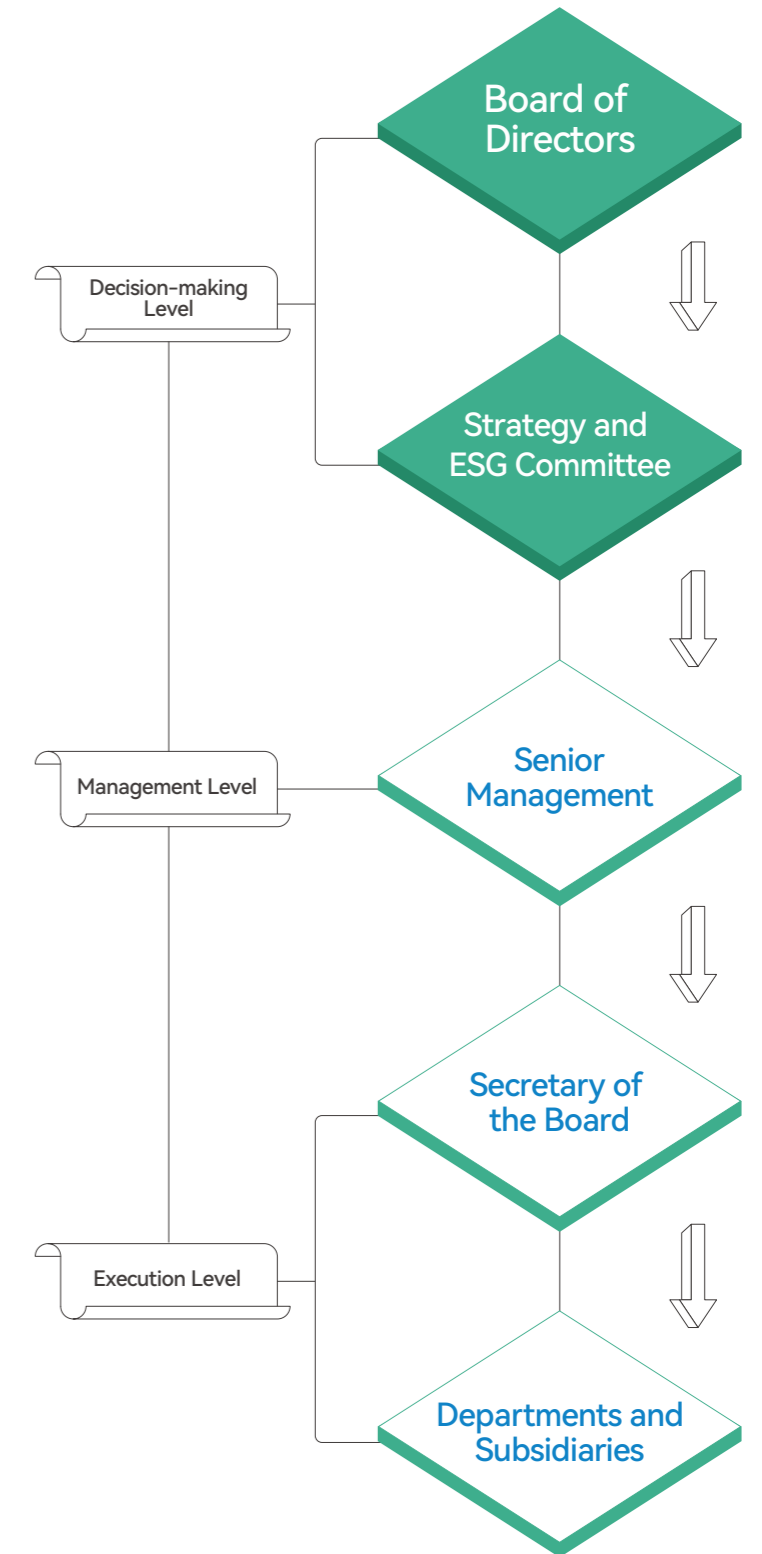
ESG Governance

The Company has deeply integrated ESG management with the development and growth of its operation. We continue to practice social responsibility and work with stakeholders to generate value and share development outcomes, acting as a company that sincerely pays back to the society and earnestly fulfills social responsibility.

The Company has set up a top-down ESG structure that involves multiple parties. The Company has established the Strategy and ESG Committee, which is chaired by the Chairman of the Board of Directors and has four Directors as members. It is responsible for reviewing the Company's environmental management-related matters, including environmental strategic planning, environmental goal setting, environmental policy formulation and execution management, climate risk assessments, environmental performance, and environmental information disclosure. The Strategy and ESG Committee regularly reports to and is under the supervision of the Board of Directors. The Office of Board Secretary leads other departments and the subsidiaries in implementing and promoting ESG governance practices. This structure clearly defines the responsibilities and promotes the cooperation within the Company, laying a solid foundation for the Company's ESG governance and sustainable management.

The Strategy and ESG Committee holds a regular meeting at least once a year to receive briefing from the management on the progress of ESG matters. Various topics are discussed at the meeting, including ESG policy trend, key issue management, potential risks and opportunities, progress towards targets and information disclosure. Through the meeting, we can ensure that ESG-related impacts, risks and opportunities are fully considered for decision-making, work planning and resource allocation. During the reporting period, the Strategy and ESG Committee hold one meeting in total to review the Company's ESG management.

The Company organizes regular training sessions lectured by industry experts, covering areas such as latest ESG trends, excellent case studies and professional skills. These training sessions provide the Board of Directors, the management team and relevant personnel with ESG knowledge and practical skills, enabling them to fulfill the Company's strategic planning, implement policies and meet regulatory requirements.



Rongsheng Petrochemical
ESG governance structure

Ensuring Operational Compliance to Enhance Growth Strength

The sustainable development of an enterprise depends not only on its robust financial performance, but also on a well-established corporate governance structure as well as a fair and harmonious business environment. Rongsheng Petrochemical continuously optimizes the internal management system and adheres to high standards for business ethics, striving to ensure that all business activities comply with laws and regulations. We are committed to incorporating the concepts of “innovation, coordination, sustainability, openness, and sharing” into our business strategy. In addition, we also actively undertake social responsibilities and maintain a sound relationship with society, to boost the Company's new journey of high-quality development with a well-established responsibility system.





Corporate Governance

In strict accordance with the applicable laws, regulations, and regulators' requirements of the locations where the Company's stocks are publicly offered, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange*, and the *Self-Regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No.1 – Standardized Operation of Companies Listed on the Main Board*, Rongsheng Petrochemical continues to improve the corporate governance structure and internal control system to regulate the operation of the Company and maximize the protection of rights and interests of the Company's shareholders, stakeholders and employees. The Company constantly improves internal management requirements by formulating the *Internal Reporting System for Material Information* and other policies, aiming to achieve full coverage of the systems and refine the internal control system.

The Company has established a three-tier governance structure which consists of the Shareholders' Meeting, the Board of Directors, the Board of Supervisors, and the senior management. The Company has independent business and operational autonomy and operates independently in terms of its business, assets, personnel, organization, and finance. During the reporting period, a total of 6 meetings of the Board of Directors, 6 meetings of the Board of Supervisors, and 2 Shareholders' Meetings, were held. A third-party law firm confirmed that the convening and corresponding procedures of the Shareholders' Meetings complied with the relevant laws, regulations, normative documents and the relevant provisions of the *Articles of Association of the Company*, such as the *Company Law of the People's Republic of China*, the *Rules on Shareholders' General Meetings of Listed Companies*, the *Shenzhen Stock Exchange Detailed Rules for the Implementation of Online Voting of Listed Companies at the General Meeting of Shareholders*. The Shareholders' Meeting of the Company adopted on-site voting and online voting, and voting is carried out by registered voting, and all the proposals of the general meeting of shareholders have been passed, and there is no selective information disclosure.

We place emphasis on the diversity in gender, professional background and expertise of our Board of Directors. By the end of the reporting period, the Company had 9 Directors and 3 Supervisors, including 1 foreign Director and 8 domestic Directors, and 3 of the Directors were female. Among these Directors and Supervisors, 2 are professors, 1 hold doctoral degrees, and 3 hold master's degrees. Our Directors have the professional background in a variety of disciplines including finance, law, and economics, and they all have rich experience in the industry, ESG management and risk management. They are capable of reviewing the Company's decision-making in a more inclusive, long-term, and international perspective, effectively improving the Company's internal governance efficiency and laying the cornerstone for the stable and sustainable development of the Company. The information on Directors, Supervisors and senior management is detailed in the *2024 Annual Report*.



The Strategy and ESG Committee, Audit Committee, Risk Control Committee, Nomination Committee, and Remuneration and Appraisal Committee were instituted under the Board of Directors. Each committee assumes its responsibilities and collaborates with the others to ensure the Company's high-quality development.

Strategy and ESG Committee

Li Shuirong
Li Yongqing
Yan Jianmiao
Shao Yiping
Zheng Xiaodong

- ① Review the Company's major business strategies
- ② Supervise and verify the Company's major investment decisions
- ③ Review and supervise the Company's ESG matters, and regularly report to and be subject to the supervision of the Board of Directors

Audit Committee

Shao Yiping
Zheng Xiaodong
Li Yongqing
Li Cai'e
Yan Jianmiao

- ① Inspect the Company's compliance with laws and regulations
- ② Review the Company's accounting policies, financial position, and financial reporting procedures
- ③ Communicate with the Company's external auditors
- ④ Appraise the internal auditors and their work
- ⑤ Appraise the Company's internal controls
- ⑥ Review and supervise the existing or potential risks in the Company

Risk Control Committee

Zheng Xiaodong
Li Cai'e
Xiang Jiongjiang
Yan Jianmiao
Shao Yiping

- ① Focus on the overall business targets, and execute the basic process of risk management in all aspects of its management and operation to establish a good culture of risk management
- ② Establish a sound risk management system that includes risk management strategy, risk financing measures, organizational function system for risk management, risk management information system and internal control system to provide reasonable assurance for the overall targets of risk management

Nomination Committee

Shao Yiping
Li Shuirong
Yu Fengdi
Yan Jianmiao
Zheng Xiaodong

- ① Analyze the composition of the Board of Directors and define the requirements for Directors
- ② Establish criteria and procedures for the selection of Directors
- ③ Conduct an extensive search for qualified Director candidates
- ④ Conduct a formal review of Director candidates nominated by the Board of Directors and the Board of Supervisors
- ⑤ Finalize the candidate list for voting on the Shareholders' Meeting

Remuneration and Appraisal Committee

Yan Jianmiao
Li Shuirong
Yu Fengdi
Shao Yiping
Zheng Xiaodong

- ① Formulate criteria for the appraisal of Directors, Supervisors and senior management and conduct the appraisal
- ② Formulate and review the remuneration policies and schemes for Directors, Supervisors and senior management

Note: The chairpersons of the committees are shown with their names in bold.

Information Disclosure Management

With great importance attached to information disclosure management, we strictly comply with relevant regulatory requirements, and actively fulfil our disclosure obligations, to ensure the compliance and transparency of information disclosure. We have formulated internal information disclosure management systems such as the *Management System for Information Disclosure Affairs*, the *Information Insider Registration Management System*, and the *Accountability System for Major Errors in Information Disclosure in Annual Reports*, and prepared the *Specification for Announcement Format* to regulate information disclosure standards and reporting procedures and ensure that the information disclosed is true, accurate, and complete. In 2024, there were no major negative reports or doubts about corporate social responsibility in the public media. For details of the Company's profit distribution, please refer to the *2024 Annual Report*. In the future, the Company will continue to improve the quality of information disclosure and regulate operations. Moreover, the Company will enhance the relationship with the capital market through fair and transparent communication, to give back to investors in gratitude for their trust and support.

Investor Relations Management

We always adhere to the idea of "respecting and rewarding investors". We have formulated the *Investor Relations Management System* and appointed dedicated management personnel to continuously optimize the investor relationship management. We effectively safeguard the rights and interests of investors through multi-channel and holistic communication and interaction with investors. The Company regularly hosts performance briefings and Investor Reception Day events, collaborates with institutions for on-site research, convenes teleconferences, and actively participates in collective Investor Reception Day events in the jurisdiction and institutional investment strategy summits. The Company has set up an investor hotline and responds to investors' enquiries through the Shenzhen Stock Exchange's IRM platform to ensure daily communication with investors. Through practical and sufficient communication and dialogues, the Company has built a positive image in the capital market and deepened the capital market's understanding of the Company.

Business Ethics Management

Business ethics is an important cornerstone for the Company's long-term stable development. The Company strictly complies with the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and other laws, regulations and normative requirements. The Company has formulated internal policies such as the *Regulations on Employees' Integrity Practice* and the *Business Ethics Policy*, to enhance business ethics management. In 2024, the Company revised the *Regulations on Employees' Integrity Practice*. The revision not only emphasizes that the Company's employees shall resolutely refuse to accept or exchange any form of benefits from or with stakeholders, but also further defines the punishment standards for employees' violation of the integrity policies. The Company strictly regulates the conduct of employees and urging them to consciously abide by social and professional ethics. We adhere to compliant operation and fair competition, prohibit any form of commercial bribery, money laundering and monopoly. The Company expressly prohibits employees from engaging in any activity that may constitute an unfair competition, such as business deformation, false publicity, and improper acquisition or use of business opportunities. Moreover, we strictly require all employees and suppliers to abide by business ethics. During the year, the Company did not experience any litigation or significant administrative penalties resulting from commercial bribery, corruption or unfair competition.

Establishing Management Framework

The Company has incorporated business ethics risk assessment in the scope of key risk identification and risk assessment. Moreover, the Company regularly identifies business ethics-related risks and maps out specific response measures. To address business ethics risks in key areas, the Company not only conducts internal audits and special inspections, but also formulates and implements targeted preventive measures. For major business ethics issues identified, the Company's Inspection Department is responsible for rectifying findings, while the Strategy and ESG Committee of the Board of Directors is responsible for monitoring and managing the progress of rectification in a timely manner.

The Strategy and ESG Committee of the Board of Directors

- Chaired by the Chairman of the Board of Directors, the committee is fully responsible for supervising business ethics and anti-corruption matters, holds regular meetings to formulate and implement work policies related to business ethics, receives reports from management on business ethics risks and corresponding measures, and conducts timely reviews of overall work progress.

Inspection Department

- It takes the lead in the specific anti-corruption management and the building of a clean enterprise;
- By conducting business ethics audits, it assesses the performance of Rongsheng Petrochemical and its subsidiaries in business ethics and enforces accountability accordingly.
- It regularly reports the progress of business ethics management to the Strategy and ESG Committee and the Audit Committee.



Improving Audit Procedures

The Company constantly improves its internal supervision system and regularly studies and deploys key business ethics tasks through annual all-employee audits, to achieve full coverage of business ethics audits of the Directors, Supervisors, senior management and all employees within the Company. The work plan for audit is arranged in 3 stages of "Planning and preparation - Implementation and reporting - Feedback and reevaluation" as detailed below:

Planning and preparation stage



The Inspection Department formulates the annual audit work plan at the beginning of each year and submits it to the Chairman of the Board of Director for approval. The scope of audit covers procurement, sales, production, technology, safety and environment, human resources, business ethics and other aspects of Rongsheng Petrochemical and its subsidiaries. The Inspection Department arranges the audit projects based on the annual work plan, formulates the work proposals, assigns the auditors and defines audit period. In addition, it also determines the entities to be audited, ensuring that all operating sites and business lines of Rongsheng Petrochemical and its subsidiaries receive audits including business ethics audits at least once a year. In particular, we set the standards and plan for the business ethics audit based on the *Business Ethics Policy of Rongsheng Petrochemical*, to ensure the implementation effectiveness of the policy.

Implementation and reporting stage



The Inspection Department carries out regular audits, including business ethics audit, in accordance with the work plan, and organizes special business ethics audit of the Company's key projects or whistleblowing information. After completing the business ethics audit, the Company will promptly issue an audit report and put forward suggestions for management optimization. If any issue to be rectified is found in the business ethics audit, the relevant subsidiary is required to rectify the issue in a timely manner and subject to the progress tracking inspection of the Audit Department.

Feedback and reevaluation stage



The Inspection Department re-inspect the implementation of the rectification measures upon receiving the feedback from the inspected entities on the rectification of their business ethics issues. It summarizes the results of annual business ethics audits at the end of each year and submits the results to the meetings of the Board of Directors and the Board of Supervisors of Rongsheng Holding under the supervision of the Strategy and ESG Committee. Rongsheng Petrochemical and its subsidiaries are required to complete a special performance evaluation in respect of business ethics issues every year, with the evaluation results incorporated in the annual assessment of each subsidiary.

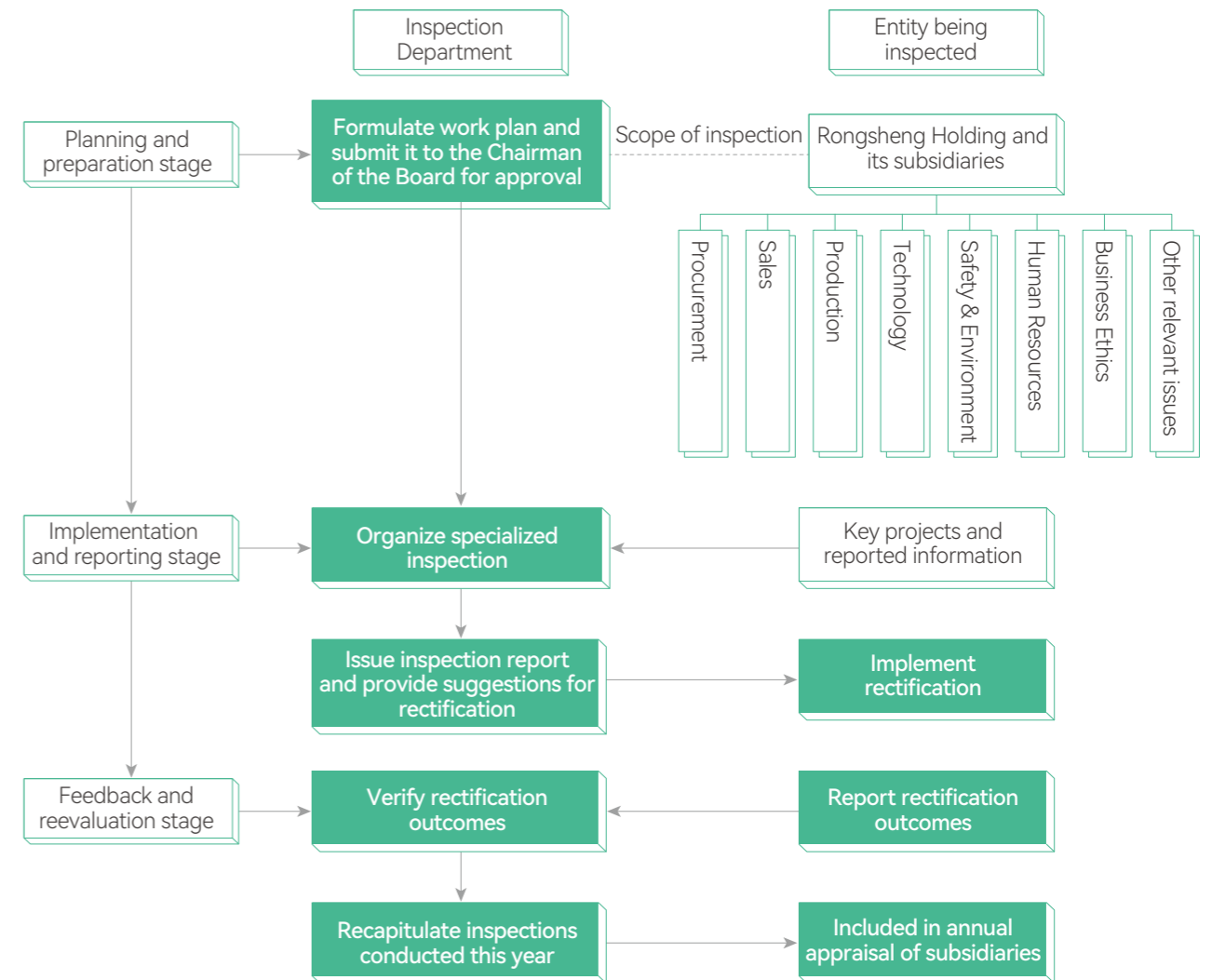


Diagram of Inspection Procedures



2024

During the reporting period, the Inspection Department completed **24** audit projects across all operating sites and business lines of Rongsheng Petrochemical and its subsidiaries, and held 20 individuals accountable.

audits focused on business ethics and anti-corruption
6 audits

with **6** audit reports issued

100% of the findings rectified

We will continue to push forward the rectification.



Business Ethics Training

Guided by the Company's *Business Ethics Policy* and other policies, we have established a robust business ethics training system, and strictly carry out all training tasks. In addition to requiring Directors, Supervisors, senior management and all employees to complete internal business ethics and anti-corruption training annually, the Company also completes various external training on business ethics in accordance with regulatory requirements. During the year, anti-bribery and anti-corruption training covered 19,077 staffs, which includes 371 management officers and 9 directors.

- In 2024, the Directors of the Company participated in two training sessions organized by the Company and one training session organized by China Association for Public Companies, respectively, and the training sessions covered business ethics, insider trading and other related issues;
- The Company arranged annual training on integrity for middle and senior technical management personnel and employees in key positions. We invited prosecutors from People's Procuratorate of Daishan County of Zhoushan to share typical cases of clean practices, and a total of more than one thousand people attended the sharing on site or watched the live-streaming online;
- The Company conducted training on business ethics for all employees. All employees of Rongsheng Holding and its subsidiaries (including part-time and dispatched employees) watched a training video about integrity education through the WeChat official account "Rongsheng e-Office". This move further improved the overall business ethics of our employees and helped them form correct occupational values.

We require all suppliers and customers who participate in the quoting and bidding activities on the e-commerce platform² to sign the *Rongsheng Holding E-Commerce Platform Letter of Commitment* in advance, which includes the Company's integrity requirements for suppliers, their employees and customers. Meanwhile, by adding in the supplier contracts the business ethics management requirements and feedback channels for supervision and reporting, the Company makes clear the business ethics management requirements to suppliers, and identifies business ethics issues in a timely manner. In 2024, the Company improved the clauses of prohibiting commercial bribery in the supplier contract template, and added the *Supplier Commitment Letter on Integrity and Self-Discipline*, to further clarify the Company's standards for suppliers' business ethics.



Business ethics education and training

² Suppliers of the Company's procurement and sales business mainly participate in quotations and bidding through the Rongsheng e-commerce platform.

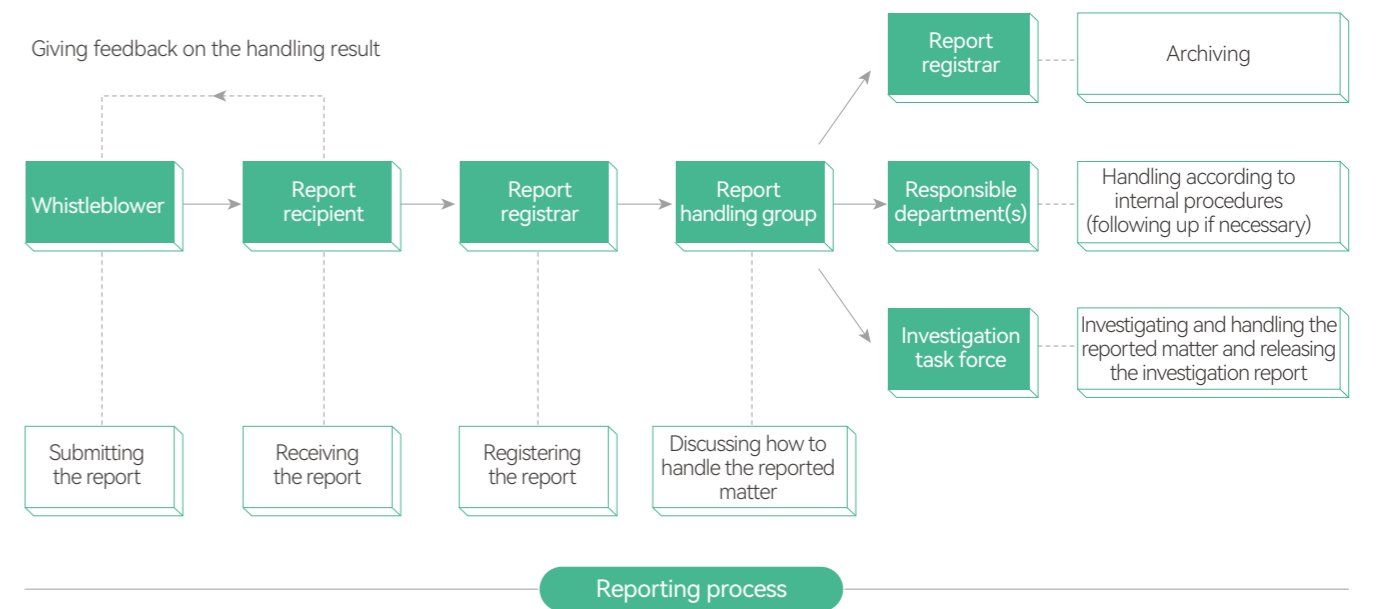
Reporting Mechanism

To regulate the performance of duties and promote ethical practice, the Company has established an integrity reporting mechanism to receive and process reports from employees and the public. We accept reports on corruption, fraud, neglect of duty, and behaviors that harm our regular production, operation, and management activities.

Reporting Approaches

- Hotline
- Visiting Reception
- E-mail
- WeChat
- Mailing

The Company's Inspection Department is in charge of the work related to reporting on integrity. The Inspection Department assigned dedicated personnel to manage the Reporting Platform and assembled a report handling group. After receiving a report, the report handling group conducts preliminary analysis and judgement, and categorizes the report according to the scope of inspection, the nature of the matter, degree and the severity of the violation, and whether the Inspection Department is able to investigate. The investigation task force will provide their opinions after the preliminary assessment, and the results will be delivered to the whistleblower promptly. For any updates in the future, we will communicate with the whistleblower to provide more feedback.

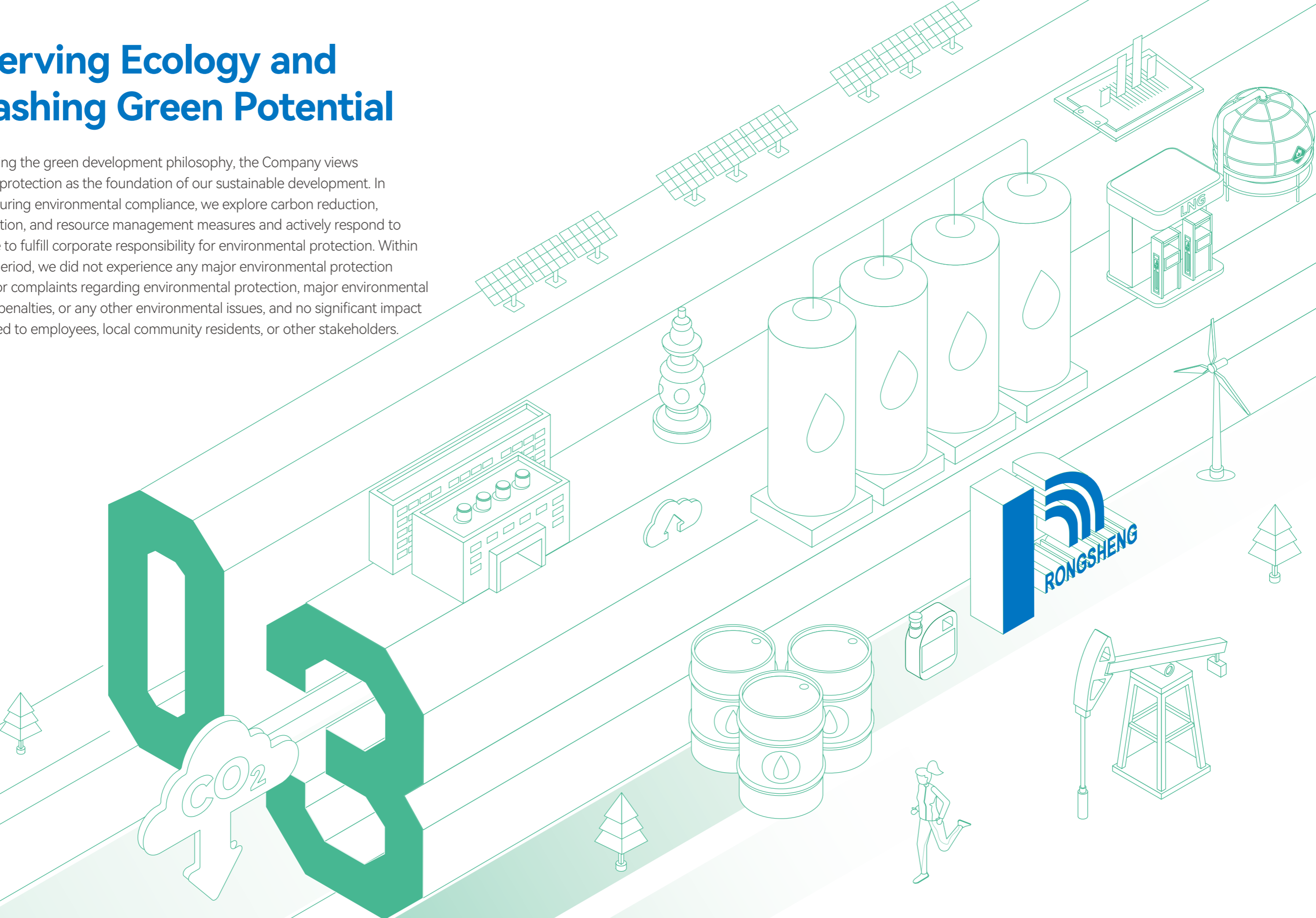


The Company strictly prevents the leakage of reporting information, and implements the whistleblower protection mechanism. The Company has formulated the *Requirements for Reporting Confidentiality and Whistleblower Protection*, and the *Human Resources Management Regulations*, specifying the principle of handling the reported issues, and measures for reporting confidentiality and whistleblower protection. We strictly prohibit all forms of retaliation. Once any retaliation behavior is found, it will be strictly handled in accordance with the *Implementation Measures for Rewards and Punishments for Employees of Rongsheng Holding Group Headquarters*. Access to the information about the whistleblowers and contents of their report are limited to the Inspection Department internally. If the report involves significant matters, its access will be limited to the investigation task force. We aim to protect the whistleblower and their close relatives at the source of information.



Conserving Ecology and Unleashing Green Potential

Always upholding the green development philosophy, the Company views environmental protection as the foundation of our sustainable development. In addition to ensuring environmental compliance, we explore carbon reduction, emission reduction, and resource management measures and actively respond to climate change to fulfill corporate responsibility for environmental protection. Within the reporting period, we did not experience any major environmental protection accidents, major complaints regarding environmental protection, major environmental administrative penalties, or any other environmental issues, and no significant impact has been caused to employees, local community residents, or other stakeholders.





Enhancing Environment Management

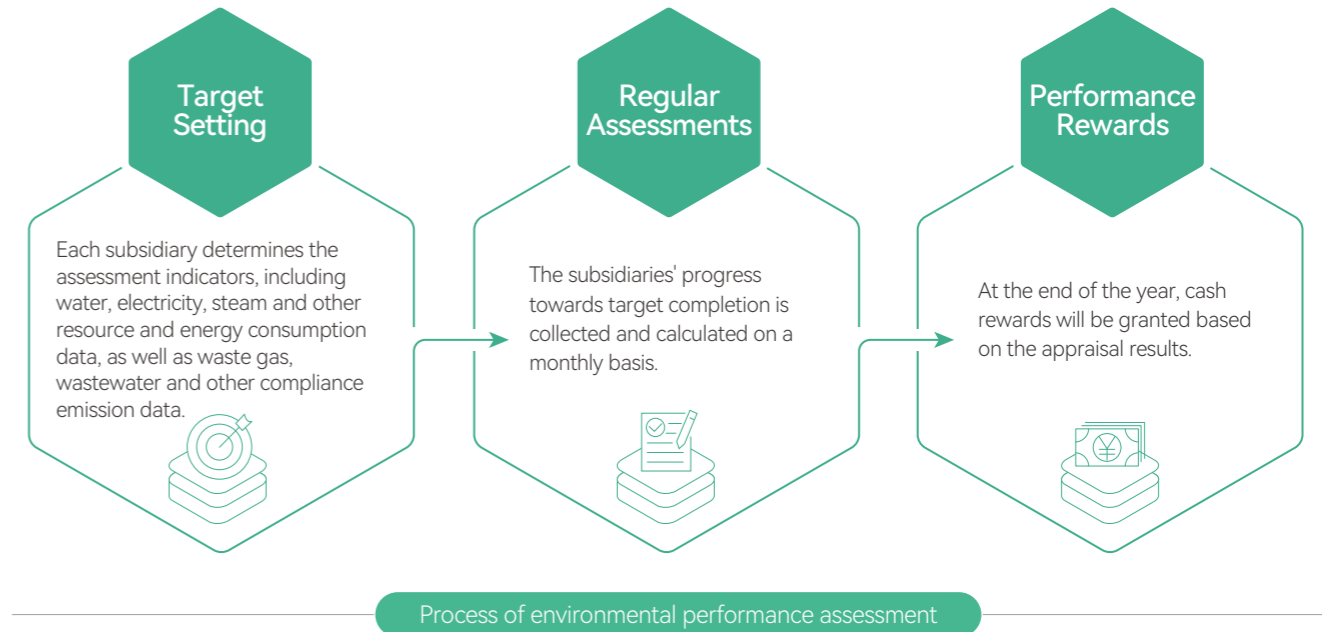
The Company continues to improve its environment management system to meet compliance requirements and the needs of green development of the Company. We strictly abide by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment* and other laws and regulations. Based on the characteristics of their operation, each subsidiary has developed internal policies including the *Environmental Protection Management Accountability*, the *Management Measures for Environmental Protection Facilities*, and the *Plan for Environmental Emergencies* to effectively manage and limit their impact on the environment. We strive to build a resource-conserving and environment-friendly green enterprise.

Environmental Risk Management

Governance structure

Level	Role
 Governance level	<p>The Strategy and ESG Committee is responsible for:</p> <ul style="list-style-type: none"> ● Reviewing and supervising the Company's strategic planning, policy formulation, target setting and implementation management in respect of environmental protection; ● Reviewing and supervising the Company's environmental risk assessment, environmental performance, environmental information disclosure and other related matters; ● Ensuring that the Company's management of environmental risks and opportunities is in line with the strategic direction, regulatory requirements and stakeholder expectations.
 Management level	<p>The HSE Management Group/HSE Committee is responsible for:</p> <ul style="list-style-type: none"> ● Setting annual targets, work plan and management evaluation plan in respect of environmental management; ● Building and improving the framework of environmental management policies; ● Organizing the development of the Company's plan for environmental emergencies and carrying out the Company's emergency drills; ● Reviewing environmental hazards and the implementation of preventive measures; ● Improving the Company's supervision and inspection system for environmental management and carrying out supervision; ● Regularly reporting to the governance level on environmental management.
 Execution level	<p>The executive level of the Company is responsible for:</p> <ul style="list-style-type: none"> ● The daily management of environmental protection; ● Routine environmental monitoring, and contingent monitoring for emergencies and projects; ● Investigating and analyzing abnormal data and taking corrective measures; ● Reporting the results of environmental protection efforts to management.

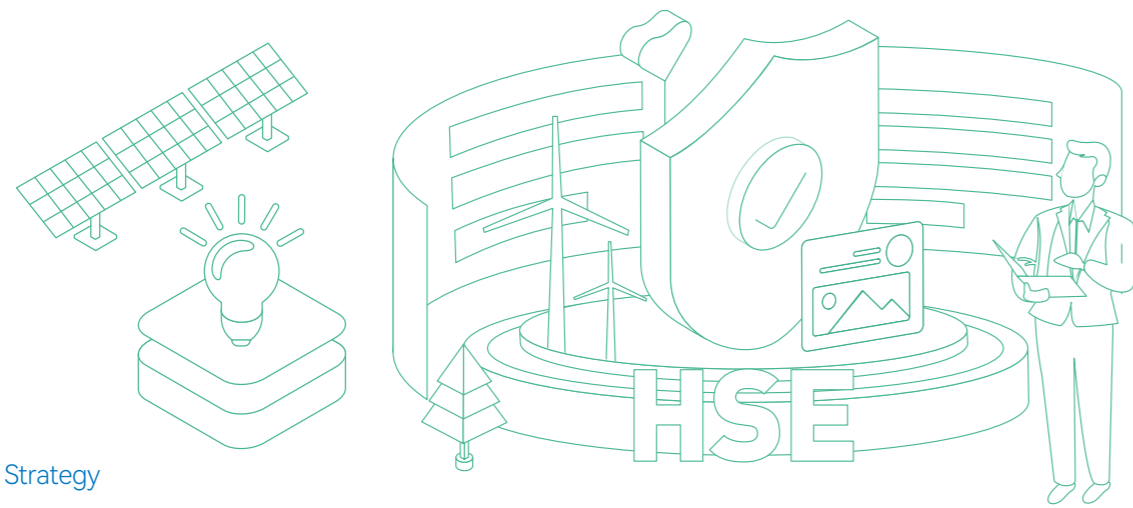
In accordance with the *Professional Assessment Rules for HSE Management* and other environmental performance assessment policies of the Company, we have established a target responsibility system and a performance assessment system, linking environmental performance with managers' remuneration. In addition, we inspect and assess each department monthly for purpose of implementing the Company's supervision and inspection.



Each year, the Company develops training plan on environmental management to enhance the capabilities of the Strategy and ESG Committee and the management staffs for overseeing the environmental management. These capabilities mainly include:

Type of capability	Description
Expertise in environmental management	Be possessed of the expertise in environmental science, pollution control and other disciplines, and knowledge of domestic and international environmental protection policies and regulations.
Environmental risk assessment and management ability	Be possessed of the knowledge of methods and tools for assessing environment-related risks and opportunities to assess the impact of environmental factors on the Company's production and operations and the external environment, and formulate risk and opportunity management plans.
Ability to plan and implement environmental strategy	Formulate and implement action plans for pollutant reduction targets, environmental protection technology development, resource efficiency improvement and adaptation to environmental changes, and be possessed of the expertise in environmental management.
Ability to communicate and coordinate environmental issues	Communicate and exchange information with all levels within the Company and external stakeholders on environmental issues, and cooperate with external institutes to promote the Company's sustainable development projects, ensure the support and coordination for action plans, and jointly push ahead environmental targets.





Response Strategy

Description of major environmental management risks and opportunities

Response measures and key financial impacts



Risks

Rongsheng Petrochemical's production processes may generate pollutants or waste such as exhaust gas and wastewater, which need to be disposed of properly. Violation of relevant laws and regulations may incur compliance and pollutant disposal costs, or legal costs may be incurred by litigation, with the Company's reputation impaired.

• Strengthen environmental monitoring:

Rongsheng Petrochemical tracks the emission of various pollutants in real time by building an integrated environmental monitoring system to ensure the compliance of operations with laws and regulations, and takes prompt measures for excessive emissions to reduce environmental impacts;

• Strengthen compliance management

Establish a robust environmental compliance management system to ensure that production activities comply with the latest environmental regulations, thus reducing costs and legal risks arising from non-compliance.



Opportunities

Rongsheng Petrochemical can actively manage the generation and disposal of various pollutants and wastes through technological improvement or other strategies, which may reduce the Company's exposure to government policies on environmental protection and lower compliance costs.

• Policy utilization

Keep abreast of government incentives in environmental protection, such as tax incentives and subsidies, and promptly adjust the Company's strategies to take full advantage of these policies.

Develop circular economy that gives full play to resources, to reduce Rongsheng Petrochemical's production and operation costs, or generate additional benefits.

• Technological innovation

Invest in R&D and introduce advanced environmental protection technologies to improve the efficiency of pollutant treatment and reduce waste generation, while exploring more ways of waste recycling.

• Collaboration projects

Work with research institutes, universities and partners in the industry to carry out environmental protection projects, share resources and knowledge, and step up the innovation and application of environmental protection technologies.

Risk Management

Each subsidiary regularly identifies and assesses environmental risks and opportunities. The environmental risk identification and assessment are carried out in line with the relevant provisions of *Environmental Management Systems* (GB/T 24001-2016). In addition, the *Management Procedure for Environmental Factor Identification and Risk Evaluation* has been established. A cross-functional team consisting of professionals with rich experience in environmental factor evaluation and production management carries out relevant work. We identify the environmental factors in our products and services. Subsequently, based on the environmental impacts, we calculate the quantity of risk substances and assess the production processes, the discharge points of each pollution source, environmental risk control level, and preventive and control measures. Furthermore, we evaluate the objects affected by environmental risks and opportunities by means of environmental factor questionnaires, production process analysis and material balance analysis. By doing so, we determine the levels of environmental risks and opportunities, and take relevant preventive and emergency response measures for environmental risks and opportunities. Meanwhile, we prepare the *Assessment Report on Environmental Risks and Opportunities*, which is used as a guide for the Company's management of environmental risks and opportunities.

The cross-functional team of each subsidiary establishes a risk and opportunity matrix based on the likelihood of occurrence and impact magnitude of risks and opportunities. The cross-functional team determines the risk coefficients, to qualitatively classify the identified risks and opportunities. When determining the risk coefficients, the cross-functional team assesses the likelihood of occurrence of impacts, risks and opportunities related to environmental management based on historical data and industry experience, while measuring the severity of the impacts of these risks and opportunities in view of finance, operations and reputation.

Metrics and Targets

After identifying the risks and opportunities in environmental management, the Company defines the primary department of responsibilities and formulates corresponding management measures or action plans, such as developing management system, upgrading metric measurement, setting environmental targets, defining production operation procedures, planning technology upgrading or plant renovation projects, and evaluating the effectiveness of countermeasures or plans. The HSE management team or HSE committee at the management level of each subsidiary defines the timeline for the implementation of management measures or action plans, regularly evaluates the results of the work and provides guidance on the implementation of the measures and plans. For detailed metrics and targets, please refer to Section "Controlling Pollutant Discharge" and "Main Environmental Performance Indicators" in this Chapter.



Environmental Management System

The Company attaches great importance to the proper operation of the environmental management system. In accordance with the requirements of the ISO 14001 Environmental Management System, the Company has established its environmental management policy, defined departmental responsibilities, promoted environmental management measures, improved the environmental emergency response plan, and clarified the performance assessment requirements for environmental management. The Company conducts annual full-process environmental audits at all operational sites, cooperating with internal audit expert teams to inspect production site environments, waste generated during production processes, and the operation status of environmental protection facilities. Identified issues are rectified through closed-loop corrective actions. Meanwhile, the Company continues to advance the certification of its environmental management system. 86% of our subsidiaries in operation have obtained ISO 14001 Environmental Management System certificate. Companies that have obtained ISO 14001 certification undergo 1-2 professional third-party environmental compliance audits annually to further ensure the sound operation of the environmental management system.

Case ZPC conducted integrated management system audit



ZPC continues to conduct internal and external system audits. In 2024, ZPC's Internal Audit Department conducted a one-week internal audit of quality, environment and occupational health and safety management systems. The Internal Audit Department required the relevant departments to carry out rectification work in view of the problems found at the scene. After completing the rectification, ZPC prepared the internal audit report as required by the Company's QES management system based on the results of the internal audit and the rectification, which was used as the basis for management performance review. In addition, ZPC engaged Beijing Sanxing 9000 Certification Body Co., Ltd. to conduct external audit and successfully passed the external supervision and audit this year.

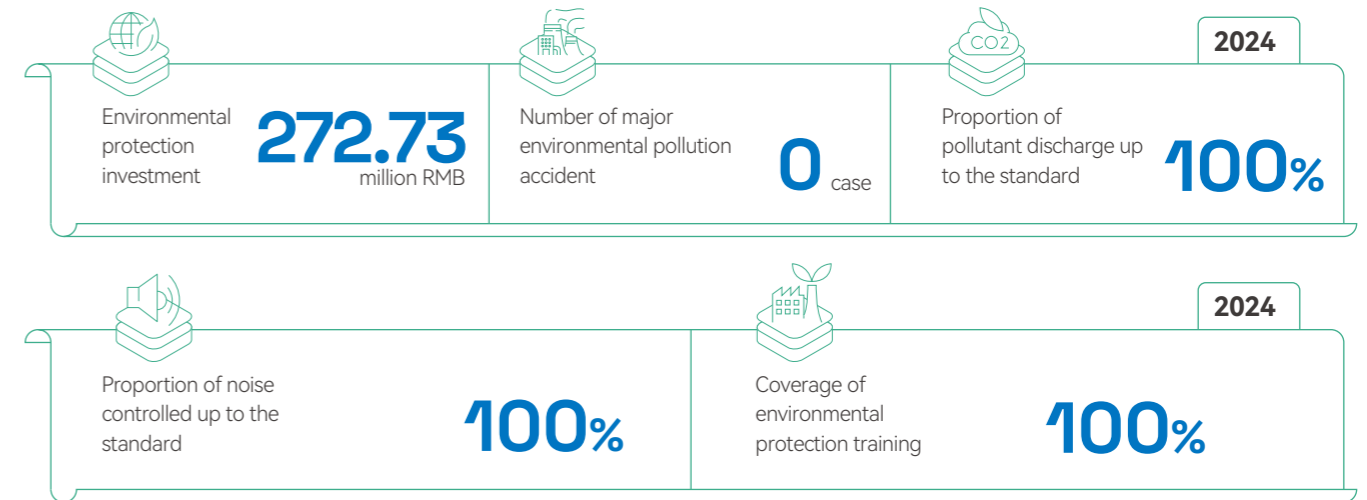
Case ZPC HSE training



ZPC develops the HSE training plan on an annual basis. This year, ZPC carried out a string of training sessions on environmental protection, such as the *Training on Environmental Statistics and Law-Abiding Disclosure of Corporate Environmental Information*, the *Training on Clean Production Proposal Selection and Feasibility Analysis Capability Enhancement*, and the *Training on Industrial Solid Waste Management Capacity Enhancement*. With a duration of approximately 6 hours, these training sessions covered a total of 115 people, enhancing the professional competence of environmental management staff.



Environmental management system certificates obtained by the Company and some of its subsidiaries



Environmental Impact Assessment and Audit

For the conservation and effective utilization of resources, acceleration of industrial structure adjustment, and the rational allocation of production factors, the Company controls the impact of its projects on the surrounding ecological environment through systematic environmental impact assessment. We incorporate environmental factor identification and environmental monitoring throughout the project design, construction, and operation processes. We have also submitted our environmental monitoring data and environmental impact assessment results to relevant government agencies promptly to urge ourselves to continuously advance our environmental management and data system construction. All of our new construction, renovation, and expansion projects have passed environmental impact assessments, which cover environmental hazards, ecological impact assessments, water and air quality analysis, and noise monitoring.

The Company actively cooperates with the national, provincial and municipal bureaus of ecology and environment on external environment inspection, rectifies identified issues promptly and investigates for similar ones. The HSE Department verifies the outcome of rectification and then reports to the administrative authority on ecology and environment.

The Company formulates internal inspection plans and conducts internal environment inspections which focus on aspects such as the operation of environmental protection facilities, the compliance of the discharge of "three wastes"³, and the operation of the environment-emergency-related facilities. Each subsidiary arranges environmental inspections of different frequencies and a comprehensive environmental emergency drill annually in light of the importance of equipment, facilities, and production processes to improve environment management by combining internal and external checks.

In addition, in accordance with the requirements of the *Emission Permit*, the Company develops the environmental monitoring plan and implements environmental monitoring. Moreover, for key pollution sources, the Company installs automatic online monitoring systems, to realize online monitoring and interconnection with government platforms. We regularly record pollution source monitoring data, prepare the report on the implementation of the emission permit, and disclose environmental information to the society, accepting the supervision of the government, the public and related parties.

Ecological Environment Protection

Attaching great importance to ecological environment protection, Rongsheng Petrochemical spares no efforts to realize a harmonious coexistence of industrial development and ecological environment protection, contributing to the construction of a green and sustainable industrial park. The Company is located in an industrial park. The environmental assessment demonstrates that our operations do not cause significant impact on the surrounding ecosystem and biodiversity. When taking water from/discharging wastewater to the sea, the Company strictly follows the requirements of the environmental assessment. We accurately calculate the possible biological losses during the seawater intake process by surveying the density of the fish population, and take corresponding biological compensation measures accordingly. Every year, the Company carries out breeding and releasing activities to replenish and recover marine biological resources, ensuring the stability and sustainability of ecological protection measures.

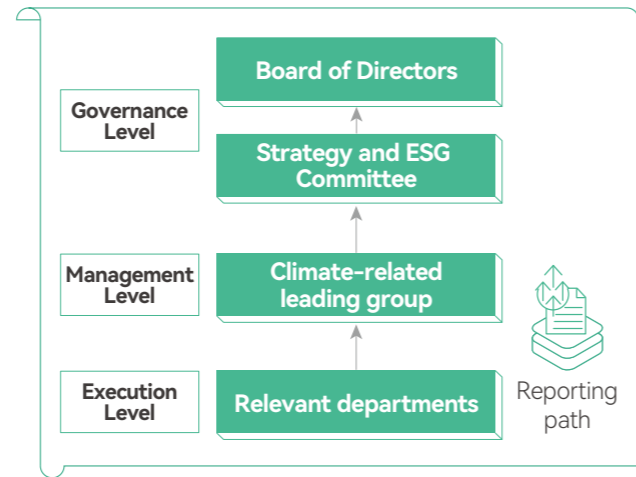
3 Including wastewater, waste gas and solid waste.

Response to Climate Change

As a leading enterprise in the petrochemical industry, the Company is deeply aware that it bears greater obligation to respond to climate change and the national strategic deployment of "carbon peaking and carbon neutrality" goals. The Company actively adopts effective carbon management measures, continuously develops carbon reduction initiatives at the plants, and explores ways of carbon utilization, contributing to the achievement of the national "carbon peaking and carbon neutrality" goals and the fulfillment of its environmental responsibility.

Governance Structure

The Strategy and ESG Committee under the Board of Directors of the Company oversees the Company's ESG governance practices and performance, including climate change issues. In addition, the committee reviews the Company's climate-related objectives and strategies, and evaluates and monitors the management of impacts, risks and opportunities related to climate change, the progress toward climate-related targets and the implementation of related efforts. The committee conveys meeting at least once a year to hear management's report on management of impacts, risks and opportunities related to climate change, and makes suggestions. The committee takes the above responsibilities to ensure that the Company's climate change response strategy is aligned with the Company's strategic orientation, regulatory requirements and stakeholder expectations.



Climate governance structure

Each subsidiary of the Company has set up a climate-related leading group at management level, with the general manager and the relevant department heads serving as the group leader and the group members respectively. Based on the carbon reduction requirements of the chemical industry, the "carbon peaking and carbon neutrality" action plans of the provinces and municipalities where the Company operates, the layout of the Company's industrial portfolio, and the innovative carbon emission management technologies, the leading group coordinates the planning, implementation, evaluation and supervision of climate-related tasks, and reports to the Strategy and ESG Committee on a regular basis.

At the execution level, the Company defines responsibilities and tasks in response to climate change for relevant departments and subsidiaries, requiring them to break down the Company's carbon emission management goals into their own work objectives and task lists to carry out key initiatives. They are required to report regularly to the leading group the information on achievements and progress of climate-related initiatives, updates of GHG emissions data, emerging low-carbon technologies, and monitoring and early warning of disasters.



The Company engages external professional consultants with climate expertise to advise on management of climate-related risks and opportunities and provide relevant training, in an effort to improve the capabilities of the Strategy and ESG Committee and management in oversight and management of climate-related initiatives. The capabilities mainly include:

Type of capability	Description
Expertise in climate-related disciplines	Be possessed of the expertise in environmental science, energy management, etc., and knowledge of domestic and international policies and regulations on climate change.
Risk assessment and management capability	Apply risk and opportunity assessment tools to perform in-depth analysis on impacts of climate change on the operations and external environment of the Company, and formulate targeted risk and opportunity management strategies.
Strategy planning and execution capability	Set and implement emission reduction targets based on the Company's existing business and future plan; actively promote the development of low-carbon technologies; strive to improve energy efficiency; and create action plans for adaptation to climate change.
Communication and coordination capability	Effectively communicate and share information with all levels of employees within the Company and external stakeholders on climate-related issues, to win the support and collaboration of all parties involved for the action plans. Actively cooperate with external organizations to promote the Company's sustainable development projects, and work together with them to achieve climate targets.

Response Strategy

As a pillar industry of the national economy, the petrochemical industry faces a number of challenges in response to climate change, such as pressure on carbon emission, market volatility and the complexity of resource management arising from energy transition. However, technological innovation and clean energy development bring new opportunities to the petrochemical industry. Under this macro situation, Rongsheng Petrochemical needs to comprehensively assess the impact of its business on climate change and identify the risks and opportunities in order to achieve sustainable development and contribute to the green and low-carbon transition of the industry.

Type of impact and description	Response strategy
Negative impact GHG emissions Chemical production generally leads to high energy consumption and high GHG emissions and may accelerate global warming, while certain production processes featuring high energy consumption will also pose adverse impact on the environment.	<ul style="list-style-type: none"> ● Energy audit and efficiency improvement: Reduce energy consumption and GHG emissions by conducting energy audit, refining production processes, phasing out high energy consumption equipment, and introducing energy-saving technologies and equipment. ● Energy recovery: Promote thermal recovery system to save energy. ● Clean energy substitution: Gradually replace the fossil fuels used in production and operation with renewable energy (e.g., wind energy and solar energy) to reduce GHG emissions. ● Carbon emission monitoring and reporting: Strengthen monitoring and management of GHG emissions to ensure compliance with environmental protection standards.
Positive impact Application of clean technology Promote the low-carbon transition of the industry by setting carbon emission targets, investing in renewable energy and exploring low-carbon technologies.	<ul style="list-style-type: none"> ● Setting emission reduction targets: Set clear carbon emission targets, and reduce CO₂ emissions by adjusting business model and investing in renewable energy projects. ● Exploring low-carbon technologies: Continuously invest in R&D, promote low-carbon production process, actively deploy CCUS, and explore CO₂ removal technologies. ● Cross-field cooperation: Carry out cross-field cooperation with research institutes and universities on innovation of technology and production model in relation to low carbon and clean energy, to accelerate low-carbon business transition.

Major climate-related impacts and response strategies

With reference to the shared socio-economic pathway (SSP) scenario and the Network for Greening the Financial System (NGFS) scenario set out in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC AR6), the Company assesses its resilience to climate change in the short, medium and long term in respect of corporate strategy, business model and other aspects.

The major climate-related risks and opportunities identified by the Company and our response strategies are set out in the following table.

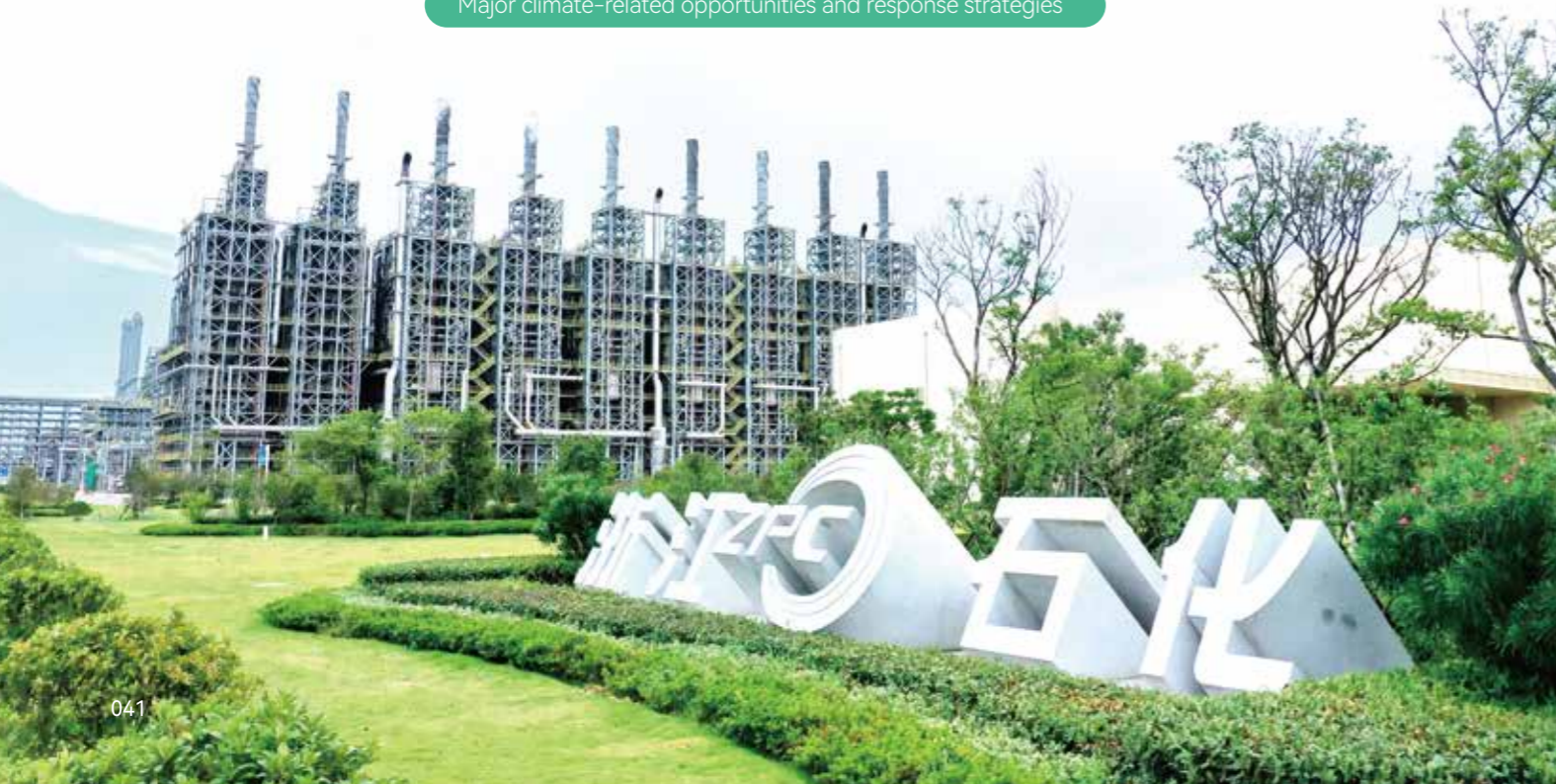
Type of risk and description			Transition risk					
			Policy risk (long-term)	Technology risk (long-term)	Market risk (long-term)			
Risk exposure under different scenario assumptions			High emission scenarios	2030	Low	Low	Low	
			High emission scenarios	2050	Low	Medium	Medium	
Response strategy			Low emission scenarios	2030	Medium	Medium	Medium	
			Low emission scenarios	2050	High	High	High	
Response strategy			Low emission scenarios	2060	High	High	High	
			<ul style="list-style-type: none"> Continuously pay attention to the update of policies and regulations to ensure that the Company's operation is in line with the latest requirements; vigorously promote energy saving and consumption reduction, and accelerate the deployment in the field of renewable energy. Plan for our business in the carbon trading market in advance to ensure our compliance during contract performance. 			<ul style="list-style-type: none"> Explore energy-saving technology innovation, join hands with external partners to promote scientific and technological cooperation, and optimize the allocation of R&D resources to control R&D costs. 		



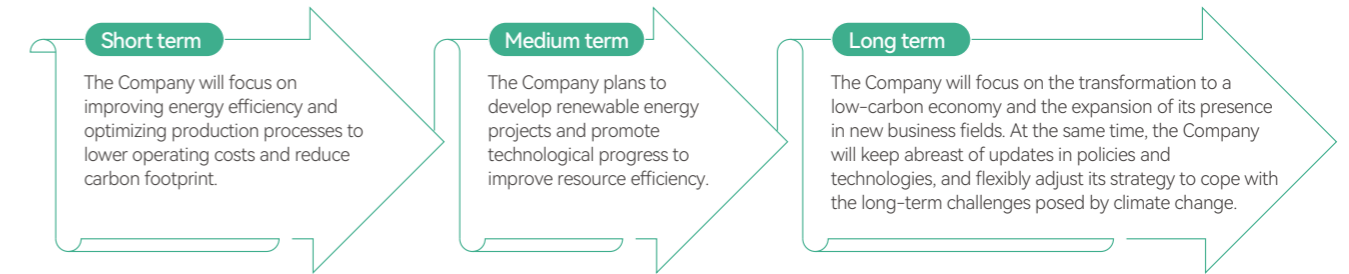
Type of risk and description		Physical risk					
		Acute risk (short-term)		Chronic risk (long-term)			
Extreme weather event risk		Supply chain disruption risk		Operational risk			
Floods and typhoons may damage factories, production lines or critical facilities and inventories, and cause significant impact on the Company's production and operation, resulting in direct economic losses due to production interruptions, and costs on repairing facilities and resuming production.		Natural disasters can damage transportation infrastructure, affect logistics and transportation, and cause difficulties in supplying raw material and marketing products. For instance, as the Company's main logistics channel is shipping, typhoon disaster may bring difficulties for the upstream suppliers to deliver raw material and for us to deliver products, which will result in the Company's shortage of raw materials and failure to deliver products in time and, accordingly, impact the Company's production and operation.		Higher or lower average temperatures and sea level rise may result in higher operating costs, damage to equipment and facilities, or higher temperature maintenance costs to preserve specific chemicals; and prolonged droughts may result in insufficient water supplies and affect business operations.			
Risk exposure under different scenario assumptions		High emission scenarios	2030	Low	Low	Low	
			2050	Low	Medium	Low	
			2060	Low	Medium	Low	
		Low emission scenarios	2030	Low	Low	Low	
			2050	Low	Low	Low	
			2060	Low	Low	Low	
Response strategy		<ul style="list-style-type: none"> Formulate policies such as the <i>Management Policy on Prevention of Flood, Typhoon and Draught</i> and the <i>Emergency Response Plan for Prevention of Flood, Typhoon and Draught</i>, carry out comprehensive risk survey for extreme weather such as floods and typhoons, formulate emergency response plan, and organize regular emergency drills to enhance the risk response capability of employees. Optimize the layout of facilities, enhance flood and typhoon prevention designs, and reinforce critical equipment to reduce the impact of extreme weather on factories and production lines. Develop distributed energy storage system, and use uninterruptible power supply (UPS), emergency power supply, and diesel generators to power equipment and other electric appliances that require uninterrupted power supply. Engage insurance company to conduct insurance due diligence, issue risk survey report and purchase necessary commercial insurance. 		<ul style="list-style-type: none"> Strengthen long-term cooperation with suppliers, establish a diversified supplier system and reduce dependence on a single supplier. Apply digital technology to enhance supply chain visualization, and monitor logistics and inventory status in real time to cope with the impact of natural disasters and other emergencies on logistics and raw material supply. Develop inventory management mechanism and establish backup stock to ensure that production can be maintained in the event of supply chain disruptions. 		<ul style="list-style-type: none"> Optimize the site selection strategy, give full consideration to climatic factors, and avoid laying out new projects in high-risk areas. Upgrade refrigeration equipment and temperature control system to provide a stable temperature environment. Enhance facility design standards, such as the construction of coastal and riverine dykes, or wave walls, to improve the disaster resilience of factories and equipment to reduce the impact of sea level rise on operations. Improve water resource management planning, optimize supply chain layout, and enhance resilience to climate risks such as prolonged drought, so as to ensure the stability of business operations. 	

Type of opportunity and description		Resource efficiency (long-term)	Market (long-term)	Energy source (long-term)	Incentive policy (long-term)
Opportunity exposure under different scenario assumptions		Wide used more energy-efficient equipment and buildings as well as low-carbon, environmentally friendly green technologies.	Increase R&D efforts in the field of low-carbon and environmentally friendly technologies and launch low-carbon and energy-saving products that meet environmental requirements to meet the market demand.	With the growing demand for clean energy, the Company can invest in and develop new energy projects (e.g. solar energy and wind energy).	Government policy encourages corporate innovation. If the Company adopts more environmentally friendly and efficient operating methods or develops new energy-saving and low-carbon production projects, the Company could have the opportunity to receive government subsidy, tax preference and other incentive policy support, thereby reducing operating costs and improving profitability.
Opportunity exposure under different scenario assumptions	High emission scenarios	2030	Low	Low	Low
		2050	Low	Low	Medium
		2060	Medium	Medium	High
	Low emission scenarios	2030	Medium	Medium	Medium
		2050	High	High	High
		2060	High	High	High
Response strategy		<ul style="list-style-type: none"> Continuously refine the production process to enhance the efficiency of resource utilization. Increase R&D investments, and establish cooperative alliances with other enterprises and research institutes to jointly carry out climate change-related technology R&D, project promotion, etc. Develop new low-carbon and energy-saving products that meet environmental protection requirements, so as to meet the market demand and improve the competitiveness of products, e.g. the release of rare-earth rubber products. Seize market opportunities by making strategic investments in green industries and low-carbon technologies with potential, such as investing in the construction of solar power stations and electric vehicle charging facilities. 	Actively expand our presence in the new energy field, increase investment in the R&D of clean energy technologies, and explore the development and application of renewable energy sources such as solar energy and wind energy.	Actively seek opportunities to integrate environmentally friendly and efficient operations and new energy-saving and low-carbon production projects with policy support, to obtain incentives such as government subsidy and tax preference.	

Major climate-related opportunities and response strategies



The Company has developed response plans for the climate-related risks and opportunities in the short, medium and long term.



The foregoing are forward-looking statements and do not represent guarantees or predictions of future performance. When developing these plans, the Company has considered a variety of uncertainties, including but not limited to economic conditions, laws and regulations, market dynamics, geopolitics, and climate patterns. These factors may be affected by limitations in data sources and assessment methods, as well as other unforeseen uncertainties and subjective judgments.

Risk Management

Rongsheng Petrochemical incorporates climate change-related risks into its comprehensive risk management system, regularly identifying and analyzing risks to comprehensively strengthen climate risk management.

The Company determines the types of risks related to climate change with both qualitative and quantitative methods. A list of climate change risks is formed based on the Company's management processes for the identification, assessment, prioritization, response and monitoring of sustainability impacts, risks and opportunities. Then, the Company determines risk response strategies and management plans based on the risk list. The Company will continuously monitor and assess the management of climate risks.

The Company has set up a cross-functional team consisting of environmental experts, risk analysts, financial staff, business unit representatives, etc., to draw on knowledge and experience from various disciplines to comprehensively identify climate change-related impacts, risks and opportunities. We perform qualitative and quantitative assessments to identify climate-related risks and opportunities following the steps set out below:

Qualitative Assessment Creating Risk Matrix

The Company's cross-functional team collects and collates internal climate-related data such as energy consumption and GHG emissions, and communicates with suppliers, customers, investors, communities and other stakeholders, to identify potential climate-related risks and opportunities from different perspectives. Based on the likelihood of occurrence and the magnitude of impact of risks and opportunities, the Company creates a risk and opportunity matrix. The identified risks and opportunities will be qualitatively categorized after the cross-functional team determines the risk coefficients through discussion. The Company assesses the probability of impacts, risks and opportunities occurring within a certain period of time based on historical data, climate model projections, industry experience, etc. On this basis, the Company assesses the likelihood of occurrence of climate-related risks and opportunities. Besides, the Company measures the severity of the consequences of the climate-related risks and opportunities from various aspects, such as finance, operation and reputation.

Quantitative Assessment Model Data Simulation

We use statistical model, financial model and other models to conduct data simulations and stress tests with historical data and assumptions, and conduct quantitative analysis on climate change-related impacts, to assess the Company's financial position and operational performance under different climate scenarios. Examples include modeling the relationship between energy consumption and carbon emission to predict changes in a Company's carbon costs under different climate policies; modeling production disruption losses to assess economic losses due to extreme weather; and the extent to which the Company's profits are affected by rising water costs in the event of successive droughts.



Indicators and Goals

To monitor the Company's progress of climate change response actions, In 2023, the Company set up GHG emissions management goals with 2022 as the base year. The Company will continue to adhere to the goals to carry out GHG emissions reduction, including:

Type of goal	GHG management goals	Progress
Carbon peaking	2030	
Carbon neutrality	2060	
Carbon dioxide emission reduction	By 2025, reduce at least 3 million tonnes of carbon dioxide emission through energy-saving programs.	
Carbon emission intensity reduction	By 2025, reduce the Company's carbon emission intensity per unit value of output by 5%.	In progress
Carbon dioxide recycle and reuse	By 2025, recycle and reuse an additional 500 thousand tonnes of carbon dioxide. From 2026 to 2030, recycle and reuse an additional 3.65 million tonnes of carbon dioxide.	
Green electricity trading scale	By 2028, complete the transaction of an additional 1,615 million kWh of green electricity.	
Green electricity coverage	By 2025, achieve full coverage of new energy at the Company's main production and operation units.	

The Company closely monitors its own carbon emission and strictly manages and accounts for the emission data. Each subsidiary develops GHG accounting plan accordingly and forms an internal reporting mechanism. The emission data is reported to the superior government authority after being reviewed by the internal leader, marking the completion of annual GHG emissions reporting and related statistics and accounting process. The authority on ecology and environment will engage a third party to perform an on-site inspection at the Company. After the result is reviewed by the authority on ecology and environment at municipal and provincial levels, the external accounting is considered completed.

Carbon Reduction Measures

To accelerate the achievement of carbon reduction goals, the Company takes active part in the carbon market, lays out clean energy construction, implements carbon reduction strategy action path, and continuously carries out carbon reduction measures.



Optimization of production processes

ZPC replaces coking unit with slurry reactor to eliminate GHG generated from coking production and decoking process, reducing 499.2 thousand tonnes of carbon dioxide in total.



Recycling of carbon dioxide

ZPC has built a 200 thousand tonnes/year DMC (dimethyl carbonate) plant, and a plant recycling 200 thousand tonnes of EC (ethylene carbonate) and 240 thousand tonnes of food-grade liquid CO₂ annually, to reuse CO₂ in the emission gas to generate products such as DMC, food-grade liquid CO₂, EC, and high-performance PC (polycarbonate) engineering plastic.



Utilization of clean energy

Photovoltaic construction:

In 2024, Rongsheng Petrochemical's subsidiaries Yongsheng Technology, Shengyuan Chemical Fiber, Zhongjin Petrochemical completed PV projects. The projects supplied a total of 24.30 million kWh of electricity to the factories, reducing CO₂ emissions by 5,683 tonnes.

Green electricity and green certificates:

In 2024,

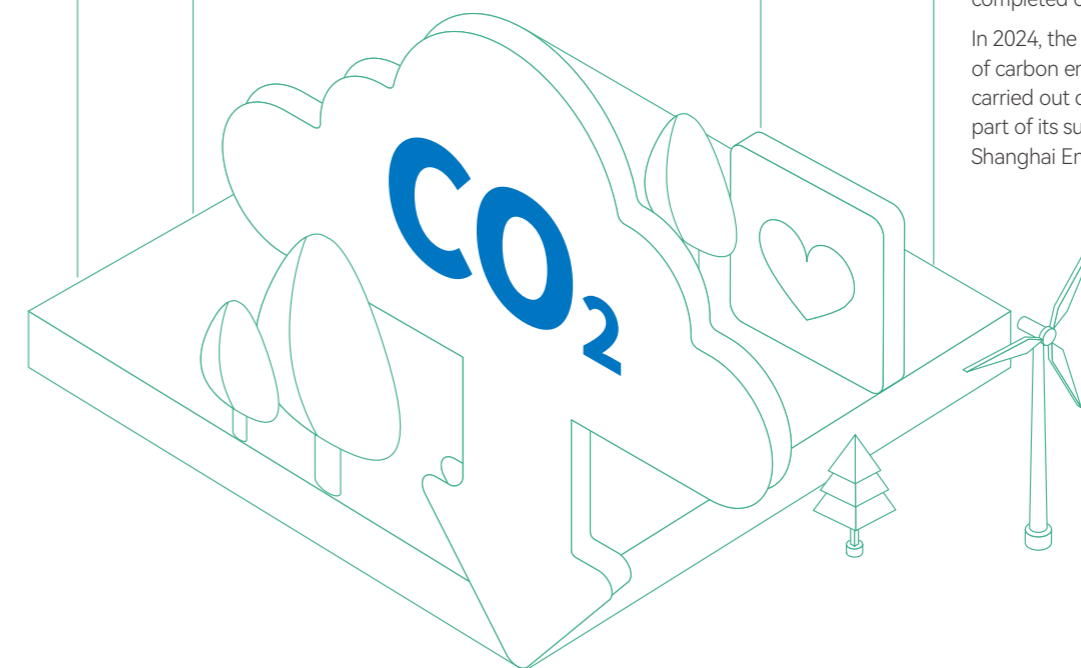
- Yongsheng Technology purchased 14.99 million kWh of green electricity.
- ZPC consumed a total of 2,098.43 million kWh of offshore wind power.
- Zhongjin Petrochemical purchased 37.43 million kWh of green electricity, and 200 thousand green certificates (one certificate for 1000 kWh).



Carbon emission allowance fulfillment

During the reporting period, Zhongjin Petrochemical and Niluoshan New Energy completed carbon emission verification.

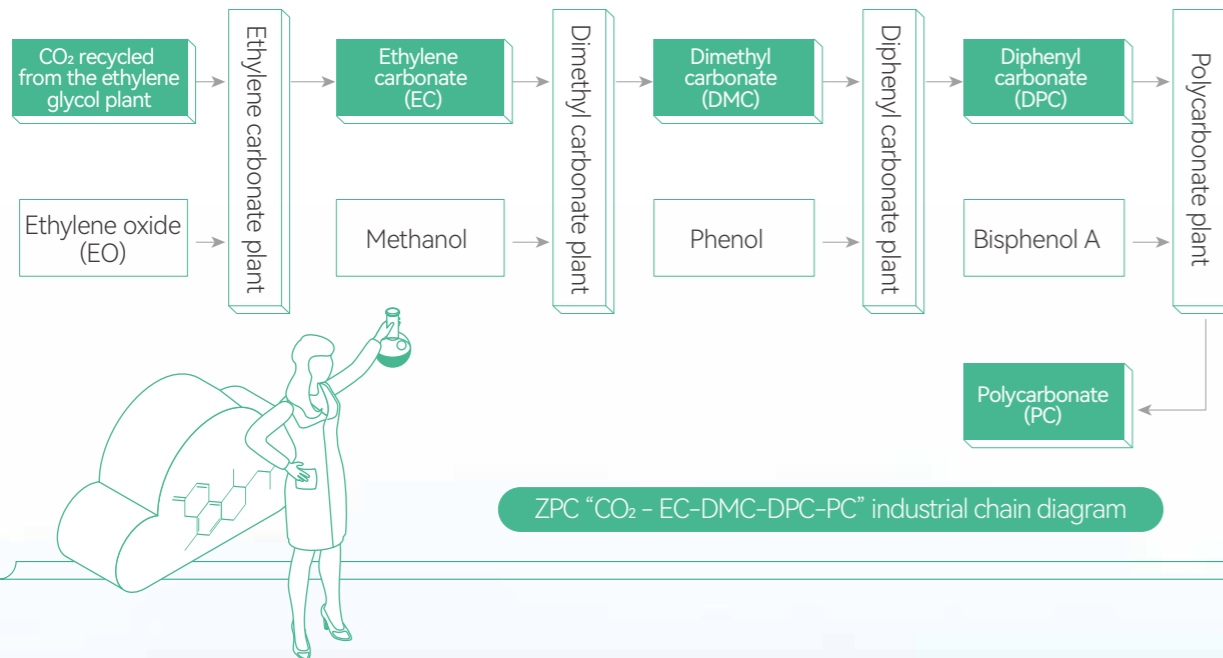
In 2024, the Company completed the clearance of carbon emission fulfillment for 2023, and carried out carbon allowance trading, selling part of its surplus carbon allowance at the Shanghai Environment and Energy Exchange.



Case ZPC established an industry chain for high-value utilization of CO₂



Through integration of upstream and downstream product chains and carbon recycling, ZPC applies pressure swing adsorption and distillation purification technologies to refine all CO₂ (360 thousand tonnes/year) produced by 3 sets of ethylene glycol plants. In 2024, a plant recycling 200 thousand tonnes of EC and 240 thousand tonnes of food-grade liquid CO₂ annually was put into production. The CO₂ recycling plant adopts green processes to produce products such as food-grade CO₂, EC, DMC, and high-performance PC engineering plastic, which are widely used in lithium battery electrolyte, active intermediates of lubricating grease, plasticizers, etc. With the wide application of such products, a "CO₂ - EC - DMC - DPC - PC engineering plastic" industry chain integrating the upstream and the downstream has been formed. This industrial chain can reduce tail gas emission from the ethylene glycol plant by 103 thousand tonnes per year. A single set of production unit on the integrated industrial chain process can produce 520 thousand tonnes of high-performance PC resins annually, realizing the synergy.



ZPC "CO₂ - EC-DMC-DPC-PC" industrial chain diagram

Reducing Resource Consumption

The Company is committed to transforming the way it utilizes resources to achieve high resource efficiency and support the nation's low-carbon development with practical actions. The Company strictly abides by relevant laws and regulations such as the *Energy Conservation Law of the People's Republic of China* and the *Water Law of the People's Republic of China*. We improve our resource management and production technology, and promote the implementation of and innovation in resource conservation and consumption reduction from aspects such as energy conservation technological transformation and alternative water resources.

Energy Management

The Company continues to consolidate our energy management basis, and has formulated policies such as the *Energy Management Procedures*, the *Energy Conservation Management Measures*, the *Special High-Energy Consumption Equipment Management Measures* and the *Interim Measures for Assessment of the Reward and Punishment on Energy Conservation Target* to clarify the responsibilities of energy management departments at all levels, the equipment energy management and monitoring methods and the assessment system. The Company improves energy management systems and energy management organizational structure as per ISO 50001 energy management systems. The subsidiaries of the Company have established an organizational structure with the head of each subsidiary as the leader and the Technology Department as the leading department. Each department shall execute control according to its specialities and responsibilities, and perform relevant work in accordance with the requirements of the energy management system. By the end of reporting period, 29% of the Company's operating subsidiaries obtained the ISO 50001 certification.



ISO 50001 energy management system certificate of Yisheng Dahua

The Company has established an energy consumption tracking and management mechanism. The energy management group calculates and analyzes the energy consumption of each production unit regularly. We carry out comprehensive inspection of energy conservation and energy review across the factory, draw energy measurement network maps and make statistics on supporting instruments of energy measurement. We overhaul our units and eliminate abnormal energy consumption and high energy consumption, clarify the direction for improvement of energy conservation technologies, and implement technological innovation and upgrade rather outdated processes and units. At the beginning of each year, the Company's subsidiary sets management targets for electricity, steam, coal and other types of energy, as well as major improvement measures and plans. Meanwhile, the effectiveness of energy conservation and consumption reduction is included in the performance appraisals of the related departments and employees. Each subsidiary follows up the target completion progress on a monthly basis, and analyzes and rectifies unmet goals.



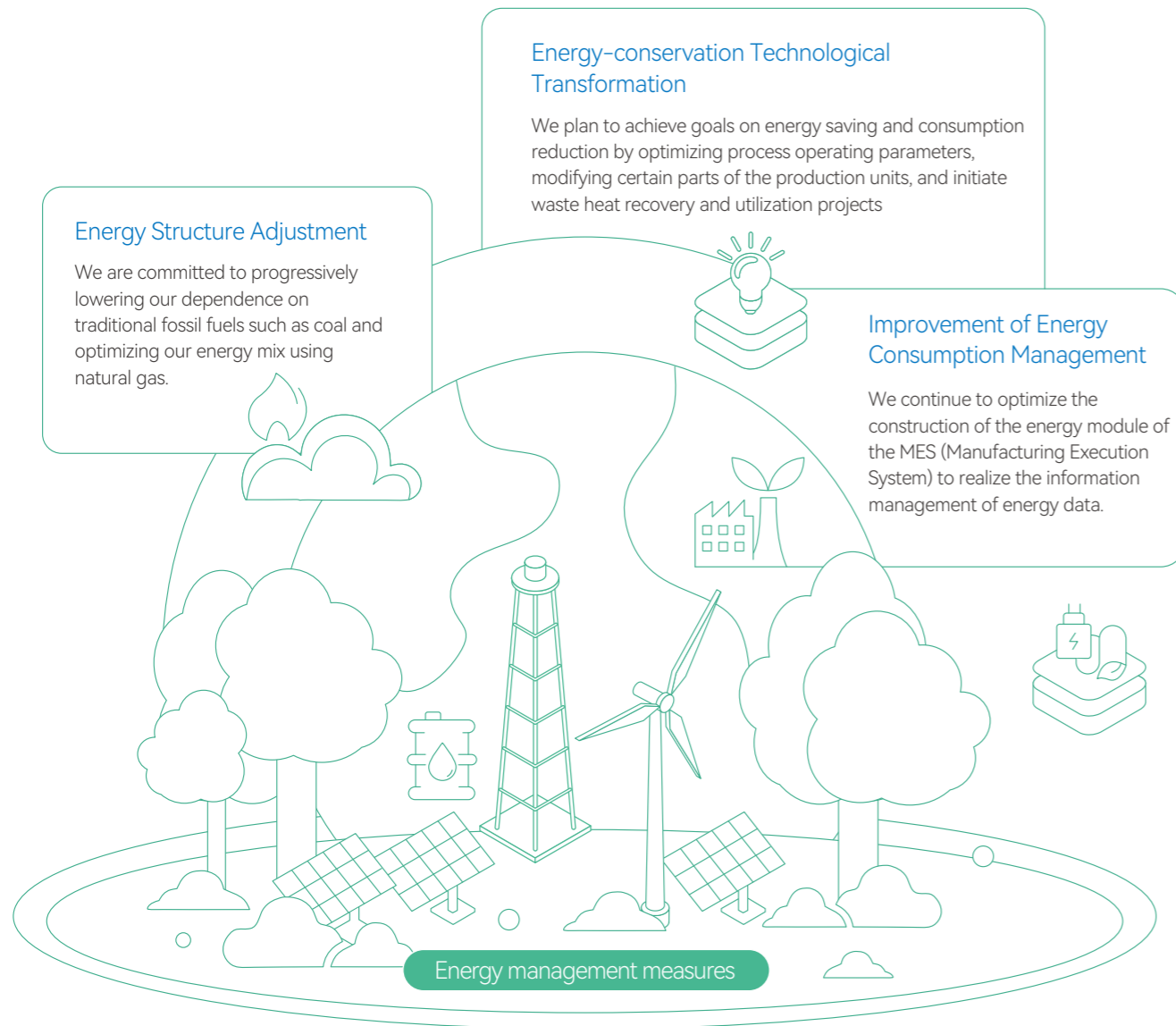
The subsidiaries set up their energy conservation targets as the follows:



Zhongjin Petrochemical takes various energy conservation technology improvement measures to save 7,000 tonnes of standard coal by 2025.

7,000 tonnes

The major types of energy consumed during the Company's production processes are electricity, steam, oil, gasoline, diesel, natural gas and coal. We reduce energy consumption by adjusting energy structure, implementing technological transformation in energy conservation, improving energy consumption management, and other measures.



Case Zhongjin Petrochemical's residual heat recovery project



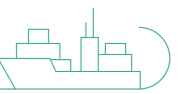
Zhongjin Petrochemical has joined hands with universities and research institutes to carry out research on low-temperature residual heat and pressure recovery technology, which is applied in intelligent heat island project, exhaust steam recovery project, disproportionation low-temperature heat recovery project, ORC residual heat power generation project, high and low oxygen deaerator project, etc. The waste heat is recovered and used for heating or pressurized to produce high pressure steam.

Case ZPC's torch vent gas recycling project



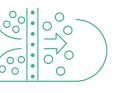
ZPC has built a torch gas recovery system as a supporting facility for the Company's 40 million tonnes/year integrated refining-chemical project. The system is mainly used to recover the flammable vent gas emitted from the upstream plants under normal production conditions. After being pressurized by compressor, the recovered gas will be delivered to the dry gas desulfurization system for desulfurization. After then, the gas will be put into the factory-wide fuel gas pipeline network as fuel. In 2024, the torch gas recovery system recovered a total of about 500 million standard cubic meters of torch gas, saving more than RMB 270 million for the Company and reducing the frequency of overhead torch fire. This helped the Company save energy and reduce consumption.

Case ZPC's ship-to-shore power supply construction project



ZPC has promoted the use of shore power for ships docking at ports by constructing shore power supply for ships at multi-purpose terminals and dry bulk terminals. The terminals are equipped with ten low-voltage socket cabinets and three sets of ship-to-shore power supply with a system capacity of 1,000 kVA, so as to provide shore power supply for ships docking at the ports. By providing ships with stable power supply, the shore power project can reduce their fuel consumption for docking and logistics costs for accessing the ashore power supply system, thereby reducing GHG emissions.

Case ZPC's residual heat recovery for seawater desalination



ZPC has constructed residual heat recovery system for the 40 million tonnes/year integrated refining-chemical project, which produces freshwater by using low-temperature residual heat. The project improves energy efficiency and saves energy consumed by circulating water cooling or air cooling, and provides the petrochemical plant with reliable, high-quality and cost-effective supply of freshwater. In 2024, more than 70 million tonnes of freshwater were produced through recycling of residual heat.



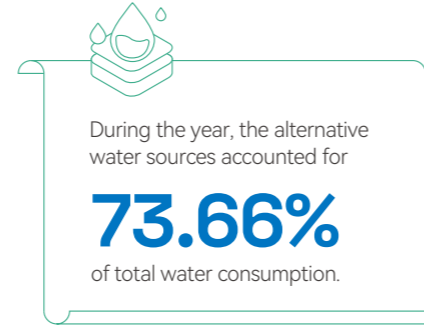
In 2024, China Petroleum and Chemical Industry Federation (CPCIF) released the 2023 "Top Runner" Benchmarking Enterprise List for High Energy-consuming Products in the Petroleum and Chemical Industry, and ZPC ranked 1st on the energy efficiency "Top Runner" list.



Water Management

The Company takes active measures for water conservation in production and operation to improve water consumption efficiency. All subsidiaries have established strict water resource management systems and goals. The relevant operating departments conduct refined monitoring and statistics on water consumption data, and report to the Board of Directors. We are committed to reducing water waste and increasing the rate of water reutilization by using water-saving equipment and water reutilization technologies and effective control over key water consumption points. We also pay attention to the water stress in all of the locations of our operation and have conducted water stress risk assessment and monitoring. For more details, please visit [Rongsheng Petrochemical Conducted Water Pressure Risk Assessment for All Operations](#).

Our production water sources vary depending on the project location and are mainly from the municipal pipeline network, seawater desalination, and rainwater collection. During project environmental impact assessment, we examine the water supply risk at the project location and effectively reduce water risks by adopting methods such as establishing corresponding emergency mechanisms and installing backup water tanks. During the operation stage, we continue to implement the water conservation measure of "water saving at the front and water reuse at the end", and form a water-resources-saving management system with daily monitoring, weekly inspection and monthly summary. The water management mainly focuses on water consumption management, goal setting, process and equipment upgrade and alternative water sources.



Water Consumption Management

- Use MES to monitor the Company's water consumption during production, extract data from the MES regularly to calculate water balance, investigate any identified imbalances. The responsible departments shall address the problems identified.
- Establish a water conservation management procedure that specifies the relevant management structure, objectives, performance indicators, as well as water-saving measurement and statistics, and inspection and assessment.



Process and Equipment Upgrading

- For the first time in the industry, a closed-circuit circulating cooling water process is adopted, which is basically drain-free compared to traditional open-circuit circulating cooling water systems, saving about 20 million tonnes of water per year.
- We repair malfunctioning equipment, upgrade equipment with high consumption, and promptly retire outdated equipment. We renovate and upgrade water equipment to reduce water consumption.
- We continue to inspect and eliminate leakage in plants.



Goal Setting

- Set detailed goals related to water resources management for products, systems and production units, such as the consumption of circulating water, deoxidizing water, demineralized water per unit, the replenishment rate of fresh water in the circulating water plant, and analyze progress on goal achievement on a monthly basis. By 2025, Rongxiang Chemical Fiber will consume no more than 1.5 tonnes of water per tonne of polyester product.



Alternative Water Sources

- Each subsidiary uses alternative water sources such as desalinated seawater, rainwater, and reclaimed water, to reduce the consumption of freshwater from the municipal pipeline network based on its own circumstances. ZPC uses 100% desalinated seawater for production. It produced 138 million tonnes of freshwater out of 342 million tonnes of seawater, of which 46.13 million tonnes were produced by membrane desalination and 92.15 million tonnes were produced by thermal desalination. The freshwater produced was mainly used for circulating water replenishment, desalination station replenishment, factory-wide production, refinery air-cooling, etc. Yisheng Dahua utilized sea water, reclaimed water and other non-fresh-water sources to replace 70% to 80% of the total water consumption in the plant.
- We research the feasibility of replacing high-grade water with low-grade water to further reduce the water consumption at source.

Water management measures

Case ZPC's measures on water management



ZPC has carried out a series of major energy-saving and water-saving technology renovation projects this year:

- A rainwater recycling unit with a processing capacity of 800 cubic meters per hour was constructed to use treated rainwater for firefighting water replenishment. At present, we have completed the testing of the unit, and are currently laying the pipelines for replenish water between the unit and the firefighting water tank;
- The reclaimed water unit (phase II) was officially put into production in September 2023. The equipment is designed with a processing capacity of 5,000 cubic meters per hour and a water production capacity of 3,500 cubic meters per hour, and all the water produced is used for water replenishment in the circulating water plant;
- Two sets of exhaust steam recovery devices for deaerator have been added to the purification unit of the coal-to-gas production facility to collect steam condensation water and transport it back to the facility for reuse.

In 2024, CPCIF released the 2023 "Top Runner" Benchmarking Enterprise List for Water Efficiency of Key Products in the Petroleum and Chemical Industry. ZPC was awarded the first place in the list of "Water Efficiency Leader" of the seawater comprehensive utilization production enterprises, and seawater comprehensive utilization production enterprises using naphtha as raw material. In addition, a ZPC employee was honored as an "Excellent Water Saving Manager of Water Efficiency 'Top Runner' Enterprise".

Case Yisheng Dahua's measures on water management



Yisheng Dahua has carried out a series of major energy-saving and water-saving technology renovation projects:

- Construction of one-step energy-saving technology renovation project for plant to streamline the process flow of the refining unit. The project can reduce electricity consumption by 32.8 million kWh, circulating cooling water by 28.8 million tonnes, high-pressure steam by 400 thousand tonnes, and standard coal by 70 thousand tonnes every year.
- Construction of mother-solid wastewater recycling and energy-saving project to use self-owned patented separation and recycling technology to treat PTA mother-liquor wastewater. The project can produce 4.8 million tonnes of product water per year, which will be reused by the main plant. This can save 50% of the demineralized water used in the main plant, and reduce wastewater discharges by 4.8 million tonnes. Meanwhile, the project can recycle PT acid (p-toluic acid) at amount equivalent to about 2,155 tonnes of PX (paraxylene) per year, and recover 69 tonnes of metal cobalt and manganese per year.
- Construction of the project of efficient utilization of high-temperature condensate in the refining unit of PTA plant. Under the project, after the high-temperature and high-pressure condensation water and the ultra-pure water heated up from the polyester process tower are cooled down to less than 160 °C, they will be pressurized by booster pumps and then fed into the thermal medium furnace, so as to recycle heat and condensation water to reduce the power consumption of feed pumps. The project can save 25,610 tonnes of standard coal per year.

In 2024, Yisheng Dahua was awarded the title of "Water-Saving Enterprise in Dalian".

Green Office

The Company advocates the green and low-carbon philosophy in daily work and life, and promotes green office plan in the workplace for our employees. The Company continues to raise the awareness of our employees and suppliers regarding environmental protection and organizes various special trainings to actively promote knowledge on this topic. We encourage every employee to conserve resources and minimize waste. We integrate paperless working in our daily work to reduce carbon footprint.



Applying digital means to optimize the offline approval process for logistics, vehicle entry and exit, etc., and reduce the communication based on the use of paper documents.

Promoting green travel, arrange shuttle buses for employees to commute and reduce the use of personal transportation.

Optimizing energy consumption in workplace, such as reducing the countdown before computer monitors entering sleep mode, regulating air-conditioning and lighting settings in office areas, etc.

Utilizing ERP systems to achieve a paperless office and encourage the use of cloud drives and cloud meetings.

Encouraging waste sorting to make the best use of it and reduce unnecessary waste.

Measures to build green workplaces



Controlling Pollutant Discharge

The Company reinforces the standardized management of wastewater, exhaust gas, and solid waste, and pays special attention to the prevention and control of toxic and hazardous substances. We strictly abide by the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and other related laws and regulations. We prioritize air pollution control, water pollution control, and solid waste management in our environmental protection work. We implement the control requirements of the EIA pollutant discharge targets in accordance with the *Emission Permit*, strictly monitor the discharge volume and control the total amount of pollutants. We perform environmental monitoring and emergency monitoring and management at key locations such as pollution sources, discharge outlets and plant boundaries, evaluate the effectiveness of environmental control and status of pollutant discharge, and closely monitor the impact of various types of emission on the environment. The pollutant discharge of subsidiaries of key pollutant dischargers listed in the environmental protection department is detailed in the *2024 Annual Report*.



Pollutant discharge control

Air Pollution Control

The Company strictly manages the impact of production plants on the atmosphere and practices "ultra-low emissions". Each subsidiary has formulated the *Management Regulations for Exhaust Gas Pollution Prevention and Control* and the *Measures for Management of Exhaust Gas and Noise*, which define the responsible departments and their responsibilities, and set requirements for the prevention and control of exhaust gas pollution from aspects such as pollution prevention and emission management. Through various engineering management and technical means, we have strengthened the control of key production processes and installed online monitoring system. As a result, the indicators of major pollutants such as VOCs, sulfides, and nitrogen oxides have been continuously improved.

During the reporting period, the subsidiaries set up their air pollution reduction targets as the follows:



Air pollution reduction targets for the future

- Zhongjin Petrochemical**
 - By 2025, waste gas treatment will be legally compliant and meet discharge standards, in accordance with the requirements of the emission permit;
 - NOx emissions from waste gas will be reduced by 10% compared to the 2023 level.
- Rongxiang Chemical Fiber**
 - Soot emissions are not higher than 20 mg per cubic meter;
 - Sulfur dioxide emissions are not higher than 50 mg per cubic meter;
 - Nitrogen oxide emissions are not higher than 150 mg per cubic meter; and VOCs emissions are not higher than 60 mg per cubic meter;
 - By 2025, the operation will not exceed the standards and will comply with the air pollutant control standards of Hangzhou.
- Shengyuan Chemical Fiber**
 - By 2025, Shengyuan Chemical Fiber will phase out boilers and realize the goal of no emission of flue gas pollutants.
- Yisheng Dahua**
 - By 2025, the concentration and total amount of industrial waste gas emissions will meet the standards and comply with the requirements set out in the *Emission Permit*.
- Yisheng New Materials**
 - By 2025, air pollutant emission monitoring factors will be in line with national standards.

Taking into account the different types of discharge of air pollutants, we have taken corresponding control measures for organized emission, unorganized discharge and abnormal discharge.

Organized Discharge



- **Equipment management:** strengthen the operation management of environmental protection facilities for pollution sources such as power stations and heating furnaces, and use low-nitrogen burners and clean fuels to ensure that the online monitoring of exhaust gas emissions meets the standards.
- **Sulfide:** adopt methods such as acid stripping tail gas washing, sodium desulfurization and solvent absorption, and install acid gas and acid water gas lifting device and sulfur recovery device to recover acid gas and convert it into sulphur; use deep desulfurization solvent to reduce the H₂S concentration in the exhaust gas, and install an alkali washing tower before the exhaust gas incinerator to prevent abnormal working conditions; and use desulfurized dry gas in heating furnaces to ensure that the emissions meet the petroleum refining standards.
- **Nitrogen oxides:** adopt advanced denitration technologies such as selective catalytic reduction (SCR) and UOP ultra-low nitrogen burners, and equip the thermal medium furnace with SNCR denitrification device, to effectively control nitrogen oxide emissions.
- **VOCs:** VOCs generated by the production unit are collected in an enclosed chamber and then incinerated and disposed of in the heating furnace, cracking furnace waste gas incinerator, waste water incinerator, RTO, etc. to minimize VOCs emissions; use hydrogen-added gas from low pressure separator as fuel of incinerators to prevent that exhaust gas carries VOCs due to incomplete combustion of fuel; boiler flue gas with VOCs will be collected and treated before being discharged through the exhaust pipe.
- **Soot:** adopt wet electric dust removal, cloth bag dust removal, tube beam dust removal and other technologies, and install micron-level dry mist dust suppression and other devices, to effectively reduce soot emissions and ensure air quality.

Unorganized Discharge



- **Deodorization device:** install deodorization devices for acidic water storage tanks and sewage storage tanks that are prone to giving off odor; and seal up the air flotation and A/O tanks at the wastewater treatment plant to collect exhaust gas, so as to reduce the impact of odor on surrounding environment.
- **Regular maintenance:** regularly conduct leak detection and repair on the valves, pipelines, pumps, and other utilities as required, improve operation and management level, and prevent leakage.
- **Monitoring and treatment:** establish an information management system to monitor the real-time data of each device online, identify abnormal emissions and leaks in a timely manner, and control gas leakage at the source. Set up atmosphere monitoring superstation and monitor the air quality of the surrounding environment to identify air quality anomaly and act promptly.
- **VOCs:** take effective sealing and collection measures for the major processes that dissipate VOCs and give off odor to ensure that the exhaust gas is discharged up to the standard after treatment. Discharge after dilution is prohibited.

Abnormal Discharge



- **Ground torch:** burn the waste gas discharged under abnormal working conditions.
- **Acid gas torch:** alkaline wash the abnormally discharged hydrogen sulfide gas before burning it.
- **Mobile monitoring vehicles:** carry out pollution investigation and monitoring, emergency monitoring and dynamic monitoring of abnormal emissions to guarantee the timely detection and effective handling of abnormal situations.

Case Yongsheng Technology's upgrade of boiler fuel with clean energy



In order to reduce the impact of volatile gases on the environment, Yongsheng Technology replaced all boiler fuels with natural gas, and installed the natural gas boiler nitrogen oxide online automatic monitoring system to monitor pollutant emissions. Compared to coal and oil, the use of natural gas fuel will significantly reduce emissions of pollutants such as sulfur oxides, nitrogen oxides and particulate matters, thereby reducing air pollution. In 2024, Yongsheng Technology consumed more than 39 million cubic meters of natural gas in its boilers.

Case Zhongjin Petrochemical's air remediation projects



Taking 2024 as the year of overhaul, Zhongjin Petrochemical carried out a series of air remediation projects when the whole factory was shut down for overhaul.

- Replacing the ultra-low nitrogen burners to reduce the nitrogen oxide concentration of the flue gas exhausted by heating furnace to about 45 mg per cubic meter;
- Paint the CCR four-in-one heating furnaces to improve heat transfer efficiency and reduce fuel consumption and pollutant emissions; and adopting combustion control air supply system with theoretical ratio for aromatics fractionation heating furnace to improve thermal efficiency by reducing nitrogen oxide emissions by more than 25%.

Water Pollution Control

The Company attaches importance to sewage treatment and strives to minimize the impact of wastewater from its operations on the surrounding environment. Each subsidiary has formulated the *Measures for Sewage Management* that defines the various indicators for wastewater discharge according to national standards. It also clarifies the responsibilities of relevant departments in the management of wastewater pollution prevention, recycling, classification, treatment and discharge.

The wastewater from the Company mainly includes desulfurized wastewater of power station, salt-containing wastewater, sulfur-containing wastewater, ammonia-containing wastewater, oily wastewater, clean drainage, and domestic sewage. Each of our subsidiaries has set up supporting sewage treatment facilities and operates them in line with the principle of "shunting clean water from sewage, shunting rainwater from sewage, shunting different types of sewage from each other, and treating based on their properties" to control wastewater discharge. The special process liquid or wastewater with high pollutant concentration from the production unit is pretreated in the unit to reach the control standard, before being transported to the sewage treatment plant for further treatment. In addition, the Company closely monitors the pH value, chemical oxygen demand (COD), total nitrogen, total phosphorus, and other indicators of the incoming and outgoing water of each stage of wastewater treatment in strict accordance with the relevant state requirements to ensure that the discharge meets the standards.

During the reporting period, the subsidiaries set up their water pollution reduction targets as the follows:

Zhongjin Petrochemical

Water pollution control targets for the future

- Wastewater is treated in compliance with laws and regulations; and the total amount of pollutant discharged is controlled within the scope of the discharge permit approved by the environmental protection department.
- Wastewater COD, ammonia and nitrogen emissions are 10% lower than the amount permitted by the *Emission Permit*.

Yisheng New Materials

- By the end of 2025, the COD density of discharged wastewater will be reduced from 60mg/m³ to 50mg/m³.

Case Zhongjin Petrochemical's treatment and reuse of sewage



Zhongjin Petrochemical adopts a multi-stage treatment process to complete the treatment and reuse of electro-desalination sewage in its integrated refining-chemical project, realizing efficient purification and resource recycling. The electro-desalination sewage in the plant is delivered to the salt-containing system of the sewage treatment plant to undergo degreasing and air flotation to remove organic pollutants through microbial degradation.

In the deep treatment stage, the sewage firstly undergoes air flotation and multi-media filtration. After then, ozone catalytic oxidation technology is applied to deeply treat refractory organics. At last, the water will be deeply purified through the ultrafiltration (UF) and reverse osmosis (RO) desalination system. The purified water from sewage treatment is reused in production tank to meet the production water demand, while the concentrated water is discharged for subsequent treatment.

In addition, sewage containing sulfur, ammonia and benzene is subject to acid water gas stripping treatment, and then reused in the circulating water plant after degreasing, air flotation, A/O biochemical and MBR membrane treatment, which effectively reduces pollutant discharges and realizes efficient recycling of water resources.

In 2024, Zhongjin Petrochemical treated and reused 2.9 million tonnes of wastewater.

Waste Management

The company continuously optimizes the comprehensive management process for solid waste and has established relevant regulations such as the *Administrative Measures for Solid Waste*. It has also established a hazardous waste management ledger and environmental management platform. Each of our plants has set up a dedicated waste management department, which is responsible for coordinating the daily management and data collection of all sorts of wastes. Moreover, each subsidiary sets annual waste management goals through performance and management assessments, aiming to control waste generation at the source.



During the reporting period

the Company set up a hazardous waste reduction target:

Taking 2023 as the base year, the Company's hazardous waste intensity per RMB 100 million of output will decline by

20% by 2030.

The subsidiaries set up their waste management targets as the follows:

Waste management targets for the future

- ZPC**
 - Hazardous waste landfill rate is planned to be lower than 5% by 2025.
- Zhongjin Petrochemical**
 - Target for 2025: the waste is disposed of in compliance with laws and regulations.
- Yisheng New Materials**
 - By 2025, COD concentration decreases by 15% over 2024 (from 60 mg/L to 50 mg/L).
- Yisheng Dahua**
 - In accordance with Yisheng Dahua's goals of compliant treatment, the solid waste generated by Yisheng Dahua is entrusted to qualified organizations for treatment in compliance with laws.

The Company treats waste in strict accordance with the principles of "reduction, utilization, and neutralization". We prioritize waste recycling and reuse, and non-recyclable waste is classified and disposed of based on its level of hazard. Hazardous waste is treated in accordance with national regulations through closed-loop processes, and we arranged specialized training for employees responsible for managing the storage and transportation of hazardous waste. General solid waste is first sorted, then disposed accordingly.



Hazardous Waste

Hazardous waste mainly comes from raw materials and by-products in the production process.

- **Reduction at the source:** reduce the generation of hazardous waste from the source as much as possible through the application of advanced process.
- **Outsourced for disposal:** entrust the hazardous waste that cannot be further utilized to the qualified third party for disposal.



General Solid Waste

General solid waste is mainly divided into domestic waste, industrial waste without residual value, and industrial waste with residual value.

- **Domestic waste:** regularly transferred to the domestic waste landfill by special vehicles arranged by the engineering departments.
- **Industrial waste with no residual value:** handed over to the qualified industrial waste handling entity for disposal.
- **Industrial waste with residual value:** sold to the external by the sourcing department for comprehensive utilization (for example, gypsum and scrap metal).

Waste management approaches

Case Resource utilization of waste at ZPC



ZPC embraces the principle of hazardous waste resource utilization. The company processes eliminated and decommissioned UPS lead-acid batteries from electrical centers through specialized recycling. Lead and other metals are extracted and reprocessed into lead ingots, which are then reinstalled in vehicles such as buses to replace new batteries. Annually, ZPC recycles 150 waste UPS lead-acid batteries. This effectively decreases the demand for virgin lead resources and reduces the potential risks of environmental pollution caused by used batteries.

Additionally, ZPC collaborates with leading domestic environmental enterprises to apply regeneration technology for catalysts used in flue gas denitrification. This technology employs high-temperature heating and chemical separation to extract and reuse valuable metals from spent catalysts. In 2024, ZPC successfully regenerated and reused 1,500 tonnes of catalysts, which contributed to the reduction and reuse of hazardous waste and reduced the operating cost of ZPC.

Seizing Clean Technology Opportunities

The Company regards the development of clean energy-related businesses as one of its core pillars. We actively identify and seek out the risks and opportunities brought about by climate change. Efforts are focused on developing alternative energy sources and technologies to mitigate climate change. We keep searching new areas like sustainable use of water resources and reducing the use of source water. We are actively engaged in discussions with multiple new energy enterprises to explore new collaboration opportunities in clean technology, thereby increasing our natural capital through the energy revolution. To accelerate renewable energy capacity, the Company plans to achieve 100% coverage of new energy projects across its Zhejiang-based facilities by 2025, with a total installed capacity of 100 MW, supported by increased investments and grid integration capabilities.



Alternative energy sources and technologies

- **Photovoltaic project deployment:** Yongsheng Technology commissioned a 7.2 MW photovoltaic project in 2024, complementing its existing 17.6 MW distributed rooftop photovoltaic systems. Rongsheng Energy intends to construct a 60 MWp rooftop photovoltaic plant in ZPC Plant. The project is expected to be operational in 2025, and will reduce carbon dioxide emissions by 38 thousand tonnes per year.
- **ZPC 10 MW/20 MWh energy storage system:** ZPC deployed two energy storage systems (5 MW/10 MWh each) in 2024, totaling 10 MW/20 MWh. The battery energy storage system charges during off-peak hours using surplus transformer capacity and discharges during peak hours. This not only avoids the use of fossil fuel energy when there is a shortage of electricity during peak hours but also saves a portion of the electricity costs during those hours. The system is also equipped with independent fire protection, temperature control, lighting, video surveillance, and other systems to ensure safe and reliable operation, with projected annual revenue RMB 900 thousand per year.
- **Yisheng Dahua's multiple uses of self-produced biogas:** Yisheng Dahua utilizes the biogas generated from the wastewater treatment of its comprehensive utilization facility. A portion of the biogas replaces methanol in the crude oil hydrogenation process. The generated hydrogen serves as feedstock for the main unit's hydrogenation reactor. Another portion of the biogas is sent to the reactive treatment oxidizing (RTO) unit as combustion gas, while the excess biogas is used as fuel in the thermal medium furnace, reducing the consumption of coal fuel. Through this method, Yisheng Dahua can save 4,000 tonnes of coal annually and reduce approximately 8,000 tonnes of carbon dioxide emissions.

In the future, the Company will continue to expand renewable energy power trading including wind power, photovoltaic, hydropower, continue to explore trading partners, promote the allocation of green power resources of the Company on a larger scale, and optimize the new power trading strategy combining traditional power and green power to escort the sustainable development of the Company.

Sustainable use of water resources

- **ZPC's promotion of seawater desalination project:** One of ZPC's seawater desalination projects - 100 thousand tonnes/day membrane desalination system, addressed the issue of limited freshwater resources in its island location. The seawater desalination project development team adopts a site-specific approach and utilizes an overhead design to fully utilize vertical space and maximize freshwater production within the constraints of limited production area. With the technical experience gained from the first phase of the project, the company has successfully developed and put into operation a large-scale seawater reverse osmosis unit with a daily production capacity of 35,280 tonnes.

Prevention and control of pollution

- **Rare earth rubber production technology:** ZPC has developed a production facility for rare earth rubber products, using n-hexane as the solvent, where butadiene undergoes continuous directional polymerization in the polymerization reactor, and the rubber solution is then coagulated and processed to obtain rare earth butadiene rubber products. The rare earth rubber production facility reduces VOC generation through optimization of auxiliary agent selection, production process parameter control, and equipment selection, such as adopting a four-reactor coagulation system during the stripping stage to reduce n-hexane residue in the rubber, and all exhaust gases during the post-processing stage are directed to a regenerative thermal oxidation furnace for treatment, collectively reducing VOC emissions. Simultaneously, the rare earth rubber production utilizes rare earth catalysts to precisely control the polymerization reaction, which while improving product performance, reduces by-products and decreases catalyst residue pollution, achieving both economic benefits and environmental advantages, and enhancing the market competitiveness of the company's products.
- **rPET physical recycling project:** Hainan Yisheng optimized the product structure, introduced advanced manufacture techniques, and has put into operation 50,000 tonnes/year rPET physical recycling production capacity. Hainan Yisheng's post-consumer rPET produced through a physical recycling process can be used to produce 100% recycled PET containers for food contact if the conditions of use are met and has received certification from the US Food and Drug Administration (FDA).

Main Environmental Performance Indicators¹

During the reporting period, the main environmental performance indicators of Rongsheng Petrochemical are as follows:

Issue	Category	Indicator	Unit	2023	2024
Emissions	Exhaust gas	Sulfur dioxide (SO ₂) emissions	tonne	623	559
		Nitrogen oxide (NO _x) emissions	tonne	6,245	5,609
		Particulate matter emissions	tonne	234	190
		Volatile organic compounds (VOCs) emissions	tonne	7,561	7,643
	Wastewater	Total wastewater discharge	tonne	33,666,402	29,253,664
		Chemical oxygen demand (COD) discharge	tonne	1,543	1,516
		Ammonia nitrogen discharge	tonne	11	16
	Waste	Hazardous waste	tonne	412,380	336,989
		Hazardous waste intensity	tonne per RMB 10,000 of revenue	0.01	0.01
		Non-hazardous waste	tonne	844,850	1,081,789
		Non-hazardous waste intensity	tonne per RMB 10,000 of revenue	0.03	0.03
		Recycled and disposed waste	tonne	860,810	446,663
	Resource use	Direct energy consumption	Coal	tonne	5,797,497
Gasoline			tonne	9	6
Diesel fuel			tonne	1,289	1,174
Oil ²			tonne	43,704,505	44,027,725
Indirect energy consumption		Self-generated photovoltaic power generation	kWh	/	9,870,831
		Purchased electricity	kWh	11,686,353	9,881,046
		Purchased green electricity	MWh	/	52,427,340
Comprehensive energy consumption		Purchased steam	GJ	303,206	468,589
		Comprehensive energy consumption	tonne of standard coal	10,465,704	9,225,475
		Comprehensive energy consumption intensity	tonne of standard coal per RMB 10,000 of revenue	0.32	0.28
	Total water consumption	tonne	189,915,691	189,875,843	
Water consumption	Water consumption intensity	tonne per RMB 10,000 of revenue	6	6	
	Desalination	tonne	139,456,606	139,866,896	
	Municipal water system	tonne	43,061,283	42,393,981	
	Underground water	tonne	0	0	
	Surface water	tonne	316,894	601,080	

Issue	Category	Indicator	Unit	2023	2024
Resource use	Water consumption	Reused water	tonne	34,160,412	43,771,996
		Other sources	tonne	7,080,908	7,013,886
	Packaging material consumption	Consumption of packaging materials	tonne	49,795	48,049
Greenhouse gas (GHG) emissions ³	Scope 1 GHG emissions		tonne of CO ₂ equivalents	25,287,836	26,410,900
	Scope 2 GHG emissions		tonne of CO ₂ equivalents	3,772,401	2,983,004
	Total amount of GHG emissions		tonne of CO ₂ equivalents	29,060,237	29,393,904
	GHG emissions intensity		tonne of CO ₂ equivalents per RMB 10,000 of revenue	1	0.9
Environmental management	Environmental protection investment		RMB 10,000	65,957	27,273
	Environmental protection training	Hours of environmental protection training	hour	59,241	80,137
		Sessions of environmental protection training	time	661	457
		Participation in environmental protection training	person	30,843	22,278
	Proportion of pollutant discharge up to the standard		%	100	100
	Proportion of noise controlled up to the standard		%	100	100
	Proportion of environmental facilities in operation		%	100	100
Number of major environmental pollution accident		case	0	0	

1 The statistical scope of environmental performance indicators covers main operation and production units, including Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Rongxiang Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd., Rongsheng New Materials (Zhoushan) Co., Ltd., Rongsheng Petrochemical (Singapore) Pte. Ltd., and Rongsheng International Trading Co., Ltd.

2 Oil is the Company's main production raw material.

3 The calculation of greenhouse gas emissions data is based on the consolidated financial statements, and is calculated and aggregated based on the shareholding ratio of each subsidiary enterprise.

4. Scope 1 GHG emissions refer to the sum of direct greenhouse gas emissions generated by Rongsheng Petrochemical Co., Ltd. and its holding companies through fuel combustion emissions, process emissions, torch combustion emissions in 2024, minus the amount of greenhouse gas recycling collected and utilized in the production process, with reference to the *Guide to Accounting Methods and Reporting of Greenhouse Gas Emissions by China's Petrochemical Companies (Trial)*, and is calculated and aggregated based on the shareholding ratio of each holding enterprise.

5. Scope 2 GHG emissions refer to the sum of indirect greenhouse gas emissions generated by Rongsheng Petrochemical Co., Ltd. and its holding companies through net purchases of electricity and net purchases of heat in 2024, with reference to the *Guide to Accounting Methods and Reporting of Greenhouse Gas Emissions by China's Petrochemical Companies (Trial)* and the *Notice on Conducting the Work Related to the Management of Greenhouse Gas Emission Reporting for Enterprises in the Power Generation Sector in 2023-2025*, and is calculated and aggregated based on the shareholding ratio of each holding enterprise.

6 The emission data are all derived from environmental monitoring and management conducted in accordance with laws, regulations, standards, and norms.

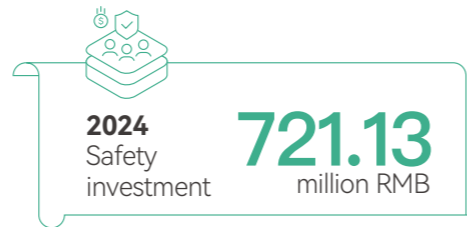
Creating Momentum by Reinforcing Quality and Safety

With the spirit of craftsmanship, we ensure strict quality control, stay attuned to customer and market trends, and enforce rigorous product and service quality management. We strive to increase production efficiency through innovative technology. Additionally, we actively protect intellectual property rights, manage chemical products, and continually enhance our core competitiveness, thus generating greater value for the industry and the Company.



Guarding Work Safety

Rongsheng Petrochemical upholds the development principle of "safety first, people-oriented, and environmental protection first". It excels in risk prevention and proactive forecasting, continuously strengthens the "red line awareness" for safe production, promotes the construction of long-term mechanism for safe production, strictly implements the allocation of major responsibilities regarding safe production, focuses on the identification of various hidden dangers in production activities, and comprehensively improves the level of safe production management.



Risk Management of Work Safety

The Company abides by relevant state and local laws and regulations, including the *Work Safety Law of the People's Republic of China* and the *Work Safety Regulations of Zhejiang Province*. We have developed and improved a number of internal work safety rules and operational procedures, including the *Management Regulations on Work Safety and Environmental Protection*, the *Work Safety Responsibility System* and the *Hazard Identification and Risk Grading Control Procedures*. We have been working to standardize the work safety management in all subsidiaries and have established an effective work safety management system. During the reporting period, no work-related fatality occurred in the Company and its subsidiaries.

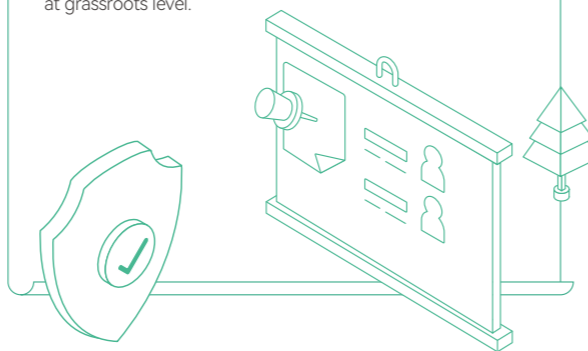
Adhering to the work safety management principles of "all employees participate, prevention comes first, safety and health is the foundation and continuous improvement is a must" as well as "the person in charge takes the responsibility," the Company signs the *Annual Safety and Environmental Protection Target Responsibility Statement* with each of its subsidiaries and the *Work Safety Responsibility Letter* with its employees to strengthen the work safety responsibility system and awareness among all staff.

The HSE management group or the Work Safety Committee is responsible for:

- Setting annual safety objectives and managing assessment plans;
- Building and improving the framework of work safety system;
- Formulating the Company's contingency plans for safety and environmental incidents, and ensuring the implementation of emergency drills;
- Improving the supervision and inspection systems for safety and environmental protection;
- Inspecting safety hazards and implementation of precautionary measures;
- Conducting regular safety and environmental meetings to review and analyze the production safety status, and drawing lessons from recent safety incidents.

The HSE management group or department is responsible for:

- Implementing tasks arranged by the leading group;
- Appointing safety staff by team for the safety management at grassroots level.



Safety Inspection and Appraisal

During the reporting period, each subsidiary formulated work safety objectives and achieved them through the effective operation of the work safety system and the implementation of work safety management measures. The achievements include the following:

- No major fires, explosions, significant production safety accidents, major equipment accidents, major occupational disease hazards, major environmental pollution incidents, leaks of hazardous chemicals or major health and safety violations;
- Special equipment annual inspection and regular inspection pass rates reached 100%;
- The rate of hazard rectification reached 100%;

The Company has established a dedicated safety supervision team to conduct continuous safety inspections across all production areas, including daily inspections, special inspections, and random spot checks, covering all production processes. Issues identified are subject to closed-loop rectification. Additionally, third-party consulting service providers are engaged to perform on-site monitoring and verify the implementation of safety measures.

The Company emphasizes safety and health achievements in the department and employee performance appraisals and implements them with a combination of rewards and penalties. Every month, the Company implements a safety performance evaluation mechanism that imposes disciplinary actions on personnel who fail to meet safety obligations while granting awards to departments and individuals who demonstrate excellence in safety practices.

The Company organizes employees to sign the *Work Safety Responsibility Statement* to strictly assure their primary responsibility in their position to ensure work safety. In case of safety accidents, we will take disciplinary actions or levy economic penalties against relevant department heads based on the accident grade in accordance with internal policies, including the *Accident (Incident) Management Procedures*, and the *Management Procedures for Reward and Punishment for Work Safety*, and incorporate accident details into the appraisal results of relevant departments. We will also follow up the results of accident handling and the rectification of related problems to ensure that such accidents do not repeat.

Case ZPC implements ERM evaluation to strengthen safety & risk governance



ZPC has significantly enhanced corporate-wide safety governance through the implementation of a comprehensive Enterprise Risk Management (ERM) evaluation framework. This framework encompasses several critical domains: incident control, safety management, occupational health management, fire safety management, contractor management, and integrated safety coordination, with binding reward-penalty clauses. Monthly data is aggregated and uploaded to the ERM appraisal module, ensuring audit-ready transparency and process standardization. At the end of the year, the ERM evaluation results are integrated into our comprehensive assessment framework, constituting 20% weighting in employees' annual performance metrics. This approach incentivizes departmental safety accountability compliance and advances sustainable development.

Emergency Management

The Company establishes an emergency management system and develops emergency response plans for key procedures. In the event of any production safety incident, Rongsheng Petrochemical and its subsidiaries will strictly adhere to national laws and regulations, including the *Regulations on Reporting, Investigation and Handling of Production Safety Accidents* (State Council Decree No. 493) and the *Provisions on Penalties for Production Safety Accidents* (Ministry of Emergency Management Order No. 14), as well as internal policies such as the *Incident Management Regulations* (Q/RK G08 005-2022) of Rongsheng Holding Group. Upon occurrence of an incident, we will promptly report to local government authorities and internal specialized management departments. At the same time, we will immediately activate emergency response procedures, and swiftly implement effective measures to control and eliminate the impact of the incident, ensure personnel safety, and minimize property losses. Upon completion of the emergency response, we will establish an investigation team based on the accident category and direct economic losses. Within the specified time frame, we will comprehensively implement the "four key steps" principle: completing accident cause analysis, formulating preventive measures, conducting safety education and training, and implementing disciplinary actions against responsible personnel. We perform emergency drills together with relevant departments every year, and rectify the problems found, so as to continuously improve the comprehensive emergency response of the Company.



Yisheng Dahua emergency drill



Case Zhongjin Petrochemical conducts emergency drill for leakage and fire incident

In June 2024, Zhongjin Petrochemical conducted an emergency drill simulating a naphtha tank leakage and fire accident. The drill covered various scenarios including alarm activation, rescue operations, self-rescue using fixed firefighting systems, process control measures, dispatch of professional firefighting teams for dilution and isolation fire suppression, reinforcement by external firefighting forces, containment of dike-contained flowing fires, and coordinated full-scale actions to extinguish fires on the tank roof. This exercise tested the capabilities of relevant departments in emergency response under major leakage and fire incidents, evaluated the feasibility of emergency plans and specialized plans, and enhanced the company's overall emergency rescue proficiency in crisis scenarios.



Safety Culture Development

The Company has developed the *Management Rules for the Implementation of Safety Training and Education* and training plans and launched safety training activities covering all employees. This year, we developed special training courses on occupational hazard factors and protective measures, safety and environment knowledge for freshman, first aid, and other knowledge for our employees, which enriched our safety and health training contents. We also invited professional firefighting authorities to train our employees on firefighting and safety knowledge. In addition, we conducted safety competence and ability assessment, expanded the number of employments with certificates, and regulated the safety behaviors of all employees, creating a safety culture and values system that integrate knowledge and action.



Number of hours of safety training conducted

461,045 hours



Number of participations of safety training conducted

101,705 participations

During the reporting period

Case Safety skills competition at ZPC

ZPC organized a safety skills competition to enhance employees' safety awareness and emergency response capabilities. Through safety knowledge quizzes, safety supervision skill contests, first-aid operations (CPR+AED), and emergency response drills, the competition assessed employees' theoretical knowledge and practical skills in respect of processes and equipment. Besides, by simulating fire-involved operation, first-aid operation and other scenarios, the competition comprehensively tested employees' safety skills and teamwork abilities.



Proportion of employees who received occupational physical examination

100%



Proportion of employees with occupational health files

100%

During the reporting period

Emphasizing Occupational Health

Attaching great importance to employees' physical and mental health, the Company strictly abides by laws and regulations such as the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Regulations on Labor Protection in Workplaces Where Toxic Substances Are Used*, and the *Regulations on Occupational Health in the Workplace*. Additionally, the Company has established internal policies, such as the *Occupational Health Examination Management Measures*, the *Occupational Hazard Warning and Notification Management Measures*, the *Occupational Health Management Procedures*, the *Occupational Health Risk Identification and Assessment Management Procedures*, and the *Employee Physical Examination Implementation Rules*. These policies outline requirements for employee occupational health examinations, detection of workplace hazard factors, and other related matters. By continuously refining internal occupational health and safety systems, the Company is committed to safeguarding employees' health and safety through a multi-faceted approach.

In 2024, Zhongjin Petrochemical successfully renewed its occupational health and safety management system certificate, while ZPC obtained an expanded-scope occupational health and safety management system certificate from Beijing Sanxing (BSC) 9000 Certification Body Co., Ltd. All of our subsidiaries in operation have obtained ISO 45001 Occupational Health and Safety Management System certificate.



Occupational health and safety management system certificates granted to the Company and some subsidiaries

The Company regularly monitors and evaluates occupational disease hazards, organizes occupational health examinations for employees, and establishes occupational health files for them. Zhongjin Petrochemical has established an Occupational Health Management Leading Group and appointed full-time occupational health management personnel. The company engages third-party agencies to conduct occupational hazard status evaluation once every three years, and perform annual monitoring and assessment of occupational hazard factors. For employees who are exposed to occupational disease hazards, the company provides them with pre-job, on-the-job, and off-the-job physical examinations for occupational disease.



Chemical Safety Management

Chemical Management Policies

The Company is committed to promoting responsible and sustainable chemical management throughout the product life cycle. The Company strictly complies with the *Regulations on the Safety Administration of Hazardous Chemicals*, the *Regulation on the Administration of Precursor Chemicals*, the *Safety Code for Special Operations in Hazardous Chemical Enterprise*, and other relevant national laws and regulations and has developed internal policies such as the *Chemical Management Policy*, the *Management Regulations for the Safety Technology Instructions and Safety Labels of Chemicals*, and the *Management Regulations for Hazardous Chemicals Storage*, clearly regulating the safety management of research, production, distribution, storage, use, transportation, disposal and other handling processes of chemicals. We also apply for or renew our registration certificates and safe production licenses for hazardous chemical products according to the procedures prescribed by the state. For specific policies on chemical management, please refer to: *Rongsheng Petrochemical Strengthens Chemical Management by Following the Established Rules*.

Chemical Registration and Use

The Company conducts a comprehensive survey of all hazardous chemicals in accordance with laws and regulations such as the *Measures for the Registration and Management of Hazardous Chemicals* and the *Regulations on the Safety Management of Hazardous Chemicals*, establishes hazardous chemical management records, registers with the local work safety supervision and management departments where it operates, continuously develops and improves safety operating procedures for the production, use, storage, distribution, and transportation of hazardous chemicals, and accepts supervision and inspections conducted by work safety supervision and management departments in accordance with the law. For other chemicals, the Company also carries out identification and assessment work in compliance with laws and regulations, establishes management records, implements compliance management, and ensures the safety of personnel, property, and the environment.

The Company, in accordance with the *Administrative Measures for Chemical Safety Data Sheets and Safety Labels*, has developed Chemical Safety Data Sheets (SDS) for all products and intermediate products, and updates them regularly. These SDS cover the uses, physical and chemical properties, impacts on health and the environment, usage procedures, risk management measures, regulatory information, and classification and labeling information of the chemicals. When developing the SDS, the company fully takes into account the requirements of international laws, regulations, and systems such as the *United Nations Globally Harmonized System of Classification and Labelling of Chemicals*, *International Code for the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk*, *International Maritime Solid Bulk Cargoes Code*, and *International Maritime Dangerous Goods Code* to ensure that customers are provided with comprehensive and effective chemical safety information. We have disclosed the SDS of our products on the company's official website, which can be viewed at *Rongsheng Petrochemical Chemical Products Use and Regulatory Requirements*.

The Company conducts a "Chemical Safety Status Assessment" every three years for all chemicals used, performs chemical identification of their types and hazards, and develops a related management ledger. We engage qualified third-party institute to prepare Material Safety Data Sheets (SDS) for all of our products and intermediates and publish the SDS on the national "Comprehensive Registration Service System for Hazardous Chemicals" and the big data platform for the prevention and control of hazardous chemical risks in the regions where our subsidiaries are located. We request SDS from suppliers for all raw materials and 3 chemical agents (catalysts, solvents and additives) used by the Company. The SDS of all our subsidiaries are available on our website, please refer to: *Rongsheng Petrochemical Chemical Products Use and Regulatory Requirements*.

产品名称	用途	监管要求	SDS 获取链接
1,4-二氧六环	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/14-dioxane
二硫化碳	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/carbon-disulfide
三乙胺	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/tributylamine
四氢噻吩	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/tetrahydrothiophene
正己烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-hexane
正庚烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-heptane
正辛烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-octane
正壬烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-nonane
正癸烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-decane
正十一烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-undecane
正十二烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-dodecane
正十三烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-tridecane
正十四烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-tetradecane
正十五烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-pentadecane
正十六烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-hexadecane
正十七烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-heptadecane
正十八烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-octadecane
正十九烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-nonadecane
正二十烷	溶剂	危险化学品	http://www.rongsheng.com.cn/sds/n-eicosane

Rongsheng Petrochemical Chemical Products Use and Regulatory Requirements.



Policy Support

Our subsidiaries have developed management plans concerning occupational disease prevention and control based on their business practices and potential risks, including the *Planning Procedures for Hazard Source and Risk Assessment and Control* and the *Summary for Hazard Source Identification, Risk Assessment, and Control Planning*.



Hazard Identification

We conduct annual hazard factor detection and monthly routine monitoring in the workplace, and promptly inform the operation positions of the test results to create a favorable workplace for employees.



Labor Protective Equipment

We distribute personal protective equipment as required and supervise and inspect whether they are used properly. Moreover, we have emergency protective equipment on demand and regularly check their effectiveness.



Medical Assurance

We have optimized the Company's medical assistance system, prepared emergency first aid supplies and contracted with hospitals for medical services for work-related injury, to ensure the medical assistance to employees.



Occupational Health Files

We carry out pre-job, on-the-job, off-the-job, and emergency physical examinations for employees exposed to occupational hazards, and establish relevant files to monitor their health status in real time.



Occupation Health Training

We organize awareness week campaigns on occupational disease prevention and control law, and carry out occupational health training for all employees and contractors to enhance their protection awareness and skills.

Measures for occupational health management

Case ZPC assists employees in self-management of chronic diseases



In July 2024, ZPC launched initiatives to promote healthy lifestyles among employees. These included professional training on self-management of chronic non-infectious diseases, the issuance of the *Initiative on Self-Management of Health*, and the establishment of 15 "10,000 Steps Challenge" support groups for chronic disease intervention. These efforts targeted employees with five key health indicators: hypertension, hyperlipidemia, hyperglycemia, hyperuricemia, and overweight. By the end of the reporting period, after six months of health management, 257 employees showed significant health improvements.

In December 2024, ZPC launched a WeChat official account titled "Be the First Responsible Person for Your Health", featuring 15 health management columns covering dietary management, mental management, exercise management, sleep management, smoking/alcohol cessation, and more, to provide targeted employees with resources for self-management of health.

Hazard Assessment and Hierarchical Management and Control of Chemicals

The Company strictly adheres to state and local chemical catalogue, such as the *Catalogue of the Work Safety Technology and Equipment of Outdated Hazardous Chemicals to Be Eliminated (First Batch)*, and the *List of Strictly Restricted Toxic Chemicals in China*. We strengthen chemical control to ensure that our production and business activities do not involve chemicals that are explicitly prohibited, required to be eliminated, or replaced by the state. Currently, none of the chemicals used by the Company involve substances on the national restricted list.

In light of the *Globally Harmonized System of Classification and Labelling of Chemicals (GHS)*, *Manual of Tests and Criteria*, *Catalogue of Hazardous Chemicals*, and other relevant regulations, the Company regularly conducts risk identification and hazard assessment for hazardous chemicals in its products, as well as for chemical raw materials and reagents used in laboratories. The Company implements risk grading control and hidden danger investigation and management, sets up storage facilities that meet the required conditions, provides safety education for relevant employees, and engages qualified third parties to issue appraisal reports. It actively identifies and addresses risks associated with the storage, production, use, disposal, and transportation of chemicals. Additionally, the Company regularly reports information on hazardous chemicals to government regulatory platforms for supervision.

In addition, the Company is committed to bringing safer materials, products, and technologies to the market and closely monitors the use of Substances of Very High Concern (SVHC). In 2024, Yongsheng Technology completed RoHS, REACH, and FDA compliance testing for its products and refined its chemical list. ZPC established lists on restricted substances and substances of very high concern as per RoHS and REACH regulations. Products potentially containing such substances were sent for professional RoHS and SVHC testing, with all sampled batches meeting regulatory standards.

The Company conducts life cycle assessments (LCA) for each stage of the product life cycle to identify substances that may pose risks to the environment and human health. It comprehensively evaluates the feasibility of alternatives, formulates phase-out plans, gradually implements substitution work, and monitors and assesses the effects after substitution.

This year, the Company has carried out the following work:

- Zhongjin Petrochemical has replaced sodium tripolyphosphate with low-phosphorus boiler water conditioners, ensuring the qualification of all indicators while reducing total phosphorus emissions.
- ZPC has replaced the highly toxic coking inhibitor dimethyl disulfide with environmentally friendly dibutyl polysulfide, reducing the usage of dimethyl disulfide by approximately 2,000 tons annually. It has also replaced the highly toxic diesel cracking catalyst triethylamine with liquid ammonia, reducing the usage of triethylamine by approximately 15 cubic meters annually, thereby reducing environmental and health impacts.
- ZPC's polycarbonate products are produced using the clean and environmentally friendly non-phosgene melt ester interchange method, which features full enclosure, no by-products, and virtually no pollution, fundamentally eliminating the use of the toxic phosgene raw material.

In the future, we will continue to carry out screening and assessment of restricted chemicals for all chemicals to reduce the impendence on materials that would have negative impact on environment or health being, and if it involves the use of nationally restricted chemicals, we will immediately stop using them and look for alternative low-impact chemicals.

Chemical Leakage Accident Handling and Prevention

The Company has developed the *Special Emergency Plan for Leakage of Hazardous Chemicals*. In response to potential leakage of hazardous chemical that are highly toxic, flammable, or explosive, we have established corresponding emergency plans. These plans clearly specify our emergency organization network and the responsibilities and response procedures of all departments under emergency response at all levels. We regularly organize chemical reagent leakage response training and chemical emergency drills, so as to strengthen employees' awareness of hazardous chemical risk. For chemical management personnel, the Company posts "Card of Reminders for Hazardous Chemicals", and requires them to wear labor protective equipment properly and master emergency response skills. We also provide safety management training and drills to enhance employees' knowledge of chemical safety and reduce the risk of chemical spills.

During the reporting period, no major chemical leakage incident or other safety incidents occurred in the Company.



ZPC hazardous chemicals signs

Case Zhongjin Petrochemical conducts chemical safety management training



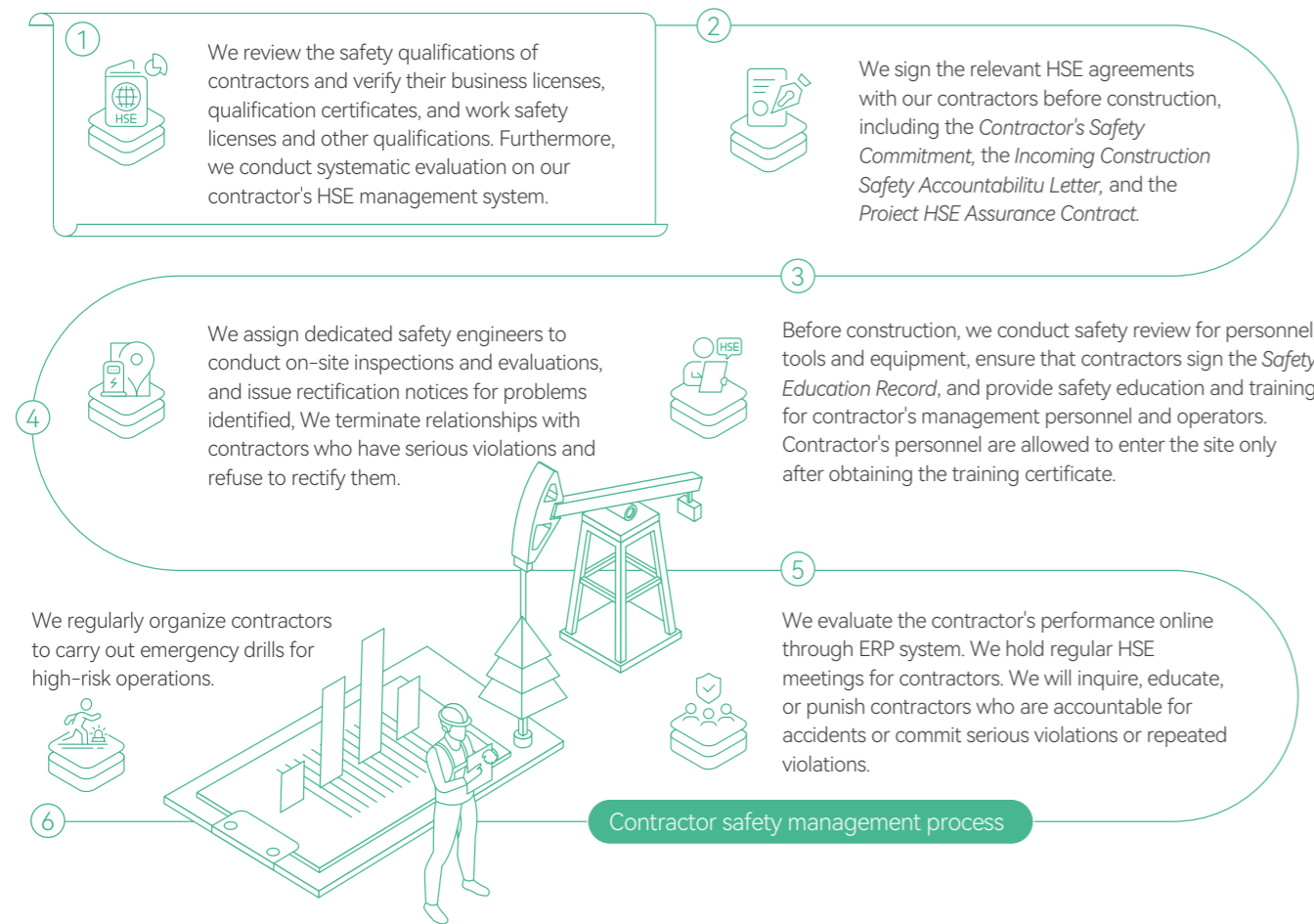
In 2024, to further enhance employees' awareness and response capabilities regarding chemical hazards and ensure the safety of chemicals in procurement, storage, usage, transportation, and waste disposal, Zhongjin Petrochemical conducted several specialized training sessions on chemical safety management via its online learning platform. These sessions included topics such as "one document and one label and risk control", "hazard identification and risk screening", and "hazardous chemicals storage management (warehouse management)". Each training session attracted over 800 participants.



Safety Management of Contractors

Adhering to the principle of "safety first, prevention prevails", the Company requires contractors to comply with relevant national laws and regulations on work safety and corporate regulations such as the *Safety Management Measures for Outsourcing Construction*, the *HSE Management Protocol for Contractors*, the *Management Systems for Contractors*, and the *Safety and Environmental Protection Assessment Rules for Contractors*. Meanwhile, the Company conducts qualification reviews on contractors and incorporates them into our safety management throughout the lifecycle from contract signing to project acceptance. The Company requires contractors to promptly rectify construction safety issues raised by the Company, accept the Company's assessment or punishment, and strive to prevent and reduce safety accident.

Moreover, the Company has further strengthened contractor management measures. Contractors' project managers are required to submit safety commitments before work commences, committing to the implementation of on-site safety measures. These commitment documents are publicly displayed. Additionally, the Company mandates the placement of inspection QR codes at all worksites. Project managers from contractors and project management units, as well as other professional management personnel at various levels, must conduct safety inspections at varying frequencies and scan the QR codes to digitally log compliance records. This system effectively enforces safety responsibilities across all management levels and safeguards operational safety.



Case ZPC strengthens emergency management system for contractors

In 2024, ZPC focused on the engineering and construction phase, requiring contractors to improve emergency plans, stockpile emergency materials, and conduct emergency drills. Throughout the year, leveraging key dates such as the work safety month (June) and the 11.9 (November. 9th) fire safety day, the company organized a total of 27 emergency drills for contractors, simulating scenarios like material leaks, fire emergencies, falls from heights, and scaffolding collapses. These drills validated the feasibility and effectiveness of the emergency management system, enhanced contractors' emergency response and resolution capabilities, and reinforced safety lines for construction and operational activities.

Strengthening R&D Innovation

The Company practices the innovation-driven development strategy, steadily advances the construction of the innovation system and mechanism, and gains strategic insights into the development trend of the industry in a forward-looking mindset. We improve our ability to innovate independently and conduct technological R&D to achieve a high level of independence. We spark the innovation enthusiasm and unleash the potential of our employees, incubate the new momentum of doing scientific research, further boost and vitalize new quality productive forces.

Innovation Mechanism and Application of Innovation Achievements

The R&D center is responsible for work planning, construction of policies and evaluation system, application of patents and awards and others. The subsidiaries are responsible for the implementation of R&D projects. This year, we established the Dongjiang Innovation Center, a research platform, to coordinate and manage our research work. We have formulated the *High-quality Innovation Management Regulations (For Trial Implementation)*. And our subsidiaries also launched supporting innovation management mechanisms and measures, standardizing the application and reward of scientific and technological achievements. The subsidiary sets special funds for innovation each year. We categorize innovation projects according to their difficulty and yields, and provide financial support of different amounts to them. Employees' contribution to innovation will be used as one of the criteria for appraisal, promotion, and position transfer.



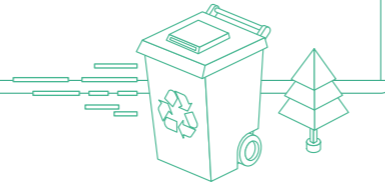
The Company adheres to the two-wheel driven scientific and technological research and development model of "independent innovation" and "open cooperation". We have built a first-class research and development platform such as a high-tech research and development center, an academician expert workstation, an enterprise technology center, and a postdoctoral research workstation. At the same time, we actively carry out foreign technical exchanges and discussions, promote the integration of industry, academia and research cooperation, integrate the resources of universities, society, enterprises and other parties, work together to improve the level of scientific research, promote technological progress, and jointly create an open, healthy, win-win innovation ecology.



First-class R&D platforms established by Rongsheng Petrochemical

As a member of the National Chemical Fiber Industry Standardization Committee, we have led and participated in the formulation of a number of product industry standards. To facilitate the application of innovation achievements, we have strengthened our achievement application mechanism, the feasibility study and selection and evaluation of scientific research project to identify promising research projects, actively supporting the industrialized project productions with promising futures. Some of the research and innovation achievements of the subsidiaries for 2024:

- The research project "Key Technologies and Equipment for Energy Conservation and Consumption Reduction in High-Carbon Industries", jointly developed by Zhongjin Petrochemical with Zhejiang University and Hangzhou Dalu Industrial Co., Ltd., has been successfully approved as a Zhejiang Provincial Leading Project for Leading Goose Program.
- ZPC led the project "Research on Direct Depolymerization of Waste Plastics to Chemicals". The team has completed the design and synthesis of catalysts for plastic depolymerization, independently developed a molecular sieve catalyst and constructed a continuous waste plastic depolymerization experimental facility. Process optimization tests demonstrated that waste polyolefin plastics can be efficiently converted into high-value chemicals via catalytic depolymerization, achieving a recycling rate exceeding 90%. This technology significantly reduces plastic waste pollution and maximizes resource utilization. The project is currently in the laboratory research phase. Upon actual operation, the project is expected to generate additional annual output value of RMB 3 million.
- Zhongjin Petrochemical collaborates with Tongji University to develop a new catalyst and supporting process through industry-academia-research synergy, significantly improving the purity and stability of isopentane. The achievement enables continuous stable operation for 2,000 hours, meeting the solvent requirements for high-performance resin materials. The breakthrough addresses technical challenges related to low olefin and moisture content in isopentane, enhances product economic benefits, and strengthens market competitiveness.
- ZPC has successfully addressed the three major challenges in industrializing photovoltaic-grade EVA resin: high VA content, high melt index, and complex operational conditions. The resin exhibits superior light transmittance, UV resistance, and hygrothermal yellowing resistance, meeting the stringent optical and durability requirements for photovoltaic module films. The company's photovoltaic-grade EVA resin has been adopted by leading photovoltaic film manufacturers, achieving import substitution.



Protection of Intellectual Property Rights

The Company strictly abides by the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China and other laws and regulations. We have developed and implemented internal policies, including the Intellectual Property Management Regulations, the Intellectual Property Management Measures, the Polyester R&D Project Management Measures and the Patents Management Measures. By conscientiously managing the application, confidentiality and protection of intellectual property rights, we ensure the effectiveness of our policies on intellectual property rights.

We prioritize the protection of our own intellectual property rights and also emphasize the lawful and compliant use of others' intellectual property rights. For intellectual property rights protection, we implement a classified management system for confidential information. New employees are required to sign the Confidentiality Agreement upon onboarding, while departing employees are subject to a confidentiality clearance process. Additionally, non-compete agreements are in place with our core management and technical staff when necessary. We actively conduct intellectual property rights registration, filing, and rights confirmation procedures, enter into technology licensing or transfer contracts, and duly pay the licensing fees to ensure lawful utilization of third-party intellectual properties. The Company prudently utilizes third-party patents, strictly implements employee confidentiality management obligations, and rigorously controls the disclosure of others' trade secrets to third parties. We also provide intellectual property rights protection training to employees, and constantly enhance employees' intellectual property protection awareness, ensuring that our intellectual property rights are not violated while respecting and avoiding infringement of others' intellectual property rights.



During the reporting period

Material intellectual property rights infringement	0 case	Patent applications	124 pieces	Invention Patent Applications	67 pieces	Utility Model Patent Applications	57 pieces
Valid patents	394 pieces	Authorized patents	81 pieces	Authorized Invention Patents	26 pieces	Authorized Utility Model Patents	55 pieces

Enhancing Quality Management

The Company strictly abides by laws and regulations such as the Law of the People's Republic of China on Product Quality, the Interim Measures for the Administration of Supervisory Spot Checks on Product Quality, and the Provisions on the Supervision and Administration of the Fulfillment of Primary Quality and Safety Responsibilities by Manufacturers of Industrial Products. At the group level, we have developed several quality management policies, including the Product Quality Risk Management Measures, the Quality Management Measures for Ex-factory Products and the Quality Management Regulations on Production Processes. Our all-round quality control with high standards and strict requirements covers the entire production process from raw and auxiliary materials entering the factory, through intermediate production process management, to product delivery, packaging, and transportation.

The Company strictly implements our product standards, continuously strengthens our quality control standards against benchmark products in the industry and carries out production according to superior product indicators. We have set critical quality control nodes at the product design, raw material procurement and production stages. We develop new products and new processes according to market demands and set strict quality evaluation standards for raw material procurement, follow the principle of "Five never letting go"⁴ in production and improve internal quality monitoring and testing mechanisms for more effective quality control in the process. We ensure our product quality by adopting quantitative assessment methods and setting up key indicators including the rate of qualified incoming raw materials, the rate of qualified semi-finished exports, the rate of qualified outgoing products, and the rate of quality complaints. We actively collect suggestions and feedbacks from our customers. During the reporting period, the Company did not experience any major quality liability accidents related to products and services. Zhongjin Petrochemical completed the re-certification of the GB/T 19001-2016/ISO 9001:2015 quality management system, with 14 products including petroleum benzene obtaining the quality management system certification. Yongsheng Technology obtained the ISO 9001/14001/45001 integrated management system certification and the QS production license certification. Rongxiang Chemical Fiber obtained the ISO 9001:2015/ISO 14001:2015 certification. Yisheng Dahua obtained the ISO 9001 certification.

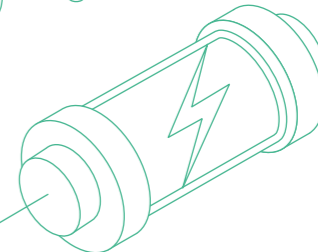
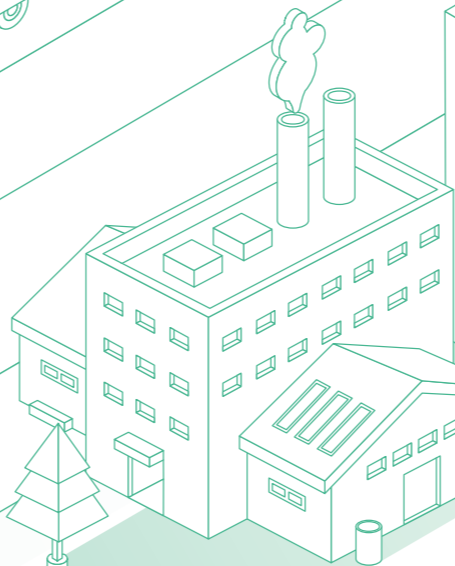
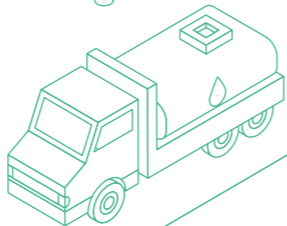


Quality management system certificates granted to the Company and some subsidiaries

⁴ "Five never letting go": The accident handling process will not end until the cause of the accident is clear, the responsible person is dealt with, the rectification measures are implemented, the responsible person and other employees are educated and the claim is settled.

Working Together in Harmony for Common Progress

Rongsheng Petrochemical adheres to the development philosophy of people-oriented and win-win cooperation. We actively respond to the expectations of internal and external stakeholders to foster shared growth across all parties. The Company prioritizes employee value, providing comprehensive support for career development to achieve mutual advancement between the organization and our workforce. Regarding supply chain management, we are committed to building high-quality partnerships with enterprises in our supply chain, driving efficient and sustainable production and operations, and delivering better products and services to our customers. Meanwhile, the Company actively engages in social public welfare initiatives and supports the development of surrounding communities, striving to foster harmonious corporate-community relations.

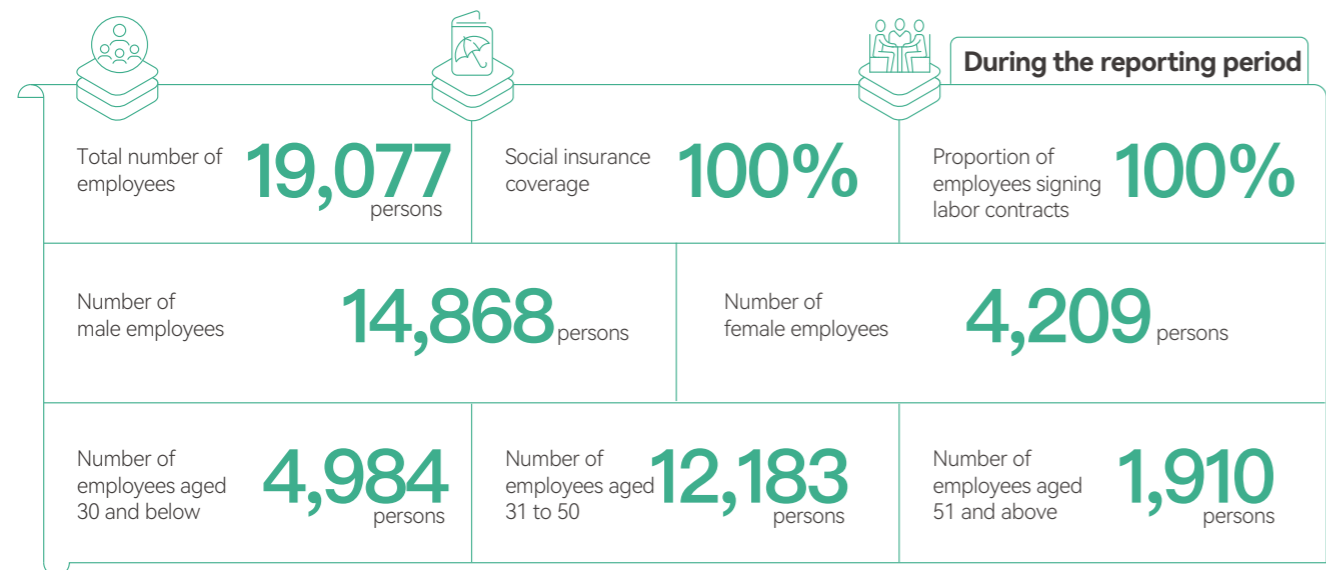


Protecting Employees' Rights and Interests

Recruitment and Employment

We strictly abide by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Regulations on Work-related Injury Insurances*, the *Provisions on the Prohibition of Using Child Labor*, and the *Regulation on the Employment of Persons with Disabilities* and other related laws and regulations. We have developed internal rules and regulations in this regard, including the *Recruitment Management Measures*, the *Human Resources Management Regulations*, and the *Recruitment Handbook*, which are subject to continuous improvement and updating. They standardize the management of recruitment requirements, recruitment channels, recruitment processes, talent evaluation, and others to safeguard the equal employment and the legitimate interests of employees.

The Company complies with the *Labor Law of the People's Republic of China* and other relevant regulations in recruitment. We adhere to open recruitment processes and standards, ensure that the recruitment information is true and accurate, and strictly keep the privacy information of job applicants confidential, safeguarding their rights and interests. We maintain a strict zero-tolerance attitude towards child labor and forced labor. We clearly state that no one under the age of 16 shall be recruited, and firmly forbid and reject all types of forced labor. We treat employees of different nationalities, ethnicities, races, genders, religious beliefs and cultural backgrounds equally. We provide auxiliary jobs for the disabled to meet their employment needs. We are committed to providing our employees a healthy and equal workplace, resolutely rejecting any sort of employment discrimination and harassment, and ensuring that employee interests are not violated. In 2024, the Company had no violations in terms of employee hiring.



Case School-enterprise cooperation empowers innovation

The Company creates a school-enterprise cooperation model with top universities to achieve systematic talent cultivation and promote the collaboration between industries, universities, and research institutes. In 2024, we hosted corporate internships for students from Zhejiang University, East China University of Science and Technology, and other institutions, aiming to identify and cultivate talents with innovative mindsets and practical competencies. This initiative bridges the gap between academic theory and real-world application, enabling students to enhance their employability through hands-on experience while exploring tailored career development pathways.

Remuneration and Benefits

The Company has developed and improved the *Rules for Implementation of Remuneration Accounting and Payment* and the *Rules for Implementation of Employees' Insurance Management* and other remuneration and benefit regulations. The Company duly pays employee wages, makes mandatory social insurance contributions, and distributes annual performance-based bonuses in accordance with the Company's performance evaluation framework. The Company conducts annual peer compensation assessment and research, making every effort to provide employees with competitive remuneration and benefits, so as to enhance the Company's attractiveness and retain talents. In addition to statutory benefits such as "five insurances and one housing fund" and holidays, we provide a diversified combination of benefits and subsidies to enhance employees' sense of happiness and satisfaction based on the *Employee Welfare Measures* and other policies. During the reporting period, we purchased commercial insurance for all employees and their children.



Case Zhongjin Petrochemical extends heartfelt cares to frontline employees working in high temperatures

To enhance summer labor protection and heatstroke prevention for employees, the labor union of Zhongjin Petrochemical visited frontline workers during the peak heat period in 2024. They reminded employees to take necessary safety precautions in extreme weather conditions and distributed cooling beverages and fruits to ensure their well-being.

Employee Communication

The Company strives to build equal, diverse, and smooth communication channels for employees. The Company has established a labor union and holds the employee representative meeting annually to discuss about employees' concerns and collect their opinions and demands. This enables the participation of employees, and therefore ensures democratic decision-making. We have built a bridge between employees and management through the 900123 employee hotline, online employee communication group, satisfaction survey and other communication channels, which enables us to address employees' issues and help them solve problems in a timely manner.



Talent Development

The Company values the personal development of its employees, and has established a robust career development system to evaluate the work performance of employees in a scientific and fair manner. The Company has formulated several career development and appraisal documents, including the *Appraisal Measurements for Management and Technical Personnel* and the *Job Appraisal Instructions for Front-line Employees*. The direct leaders of each department conduct the regular appraisal and annual appraisal to evaluate the performance of employees comprehensively and reasonably. The high-performing employees are rewarded shortly after the appraisal.

The Company divides the employees into the categories of profession and management, and provides them with appropriate career paths based on their capabilities, to maximize their strengths. On one hand, the career path of profession is further divided into the categories of engineering technology and functional support. On the other hand, corresponding management positions are arranged in the management career path to support profession positions, to realize the collaborated management across different career paths. Within the two career paths (management + profession), the Company adjusts employees' promotion every year based on business operation and employee appraisal to provide them with more diversified growth opportunities. The Company selects employees for some positions through internal recruitment, providing them with more opportunities for growth and development. The internal recruitment process includes resume screening, professional ability test, comprehensive quality interview, background check, and public announcement of the employment results. These steps ensure the suitability of employees for the positions and the fairness and transparency of the selection process.

In order to improve the professional competitiveness of employees, promote their career development and enhance the core competitiveness of the Company, the Company and its subsidiaries have applied for and obtained the qualification for independent certification of vocational skills. The certificates of vocational qualifications issued by the Company are widely recognized by all positions of the petrochemical and chemical fiber industries in China. Therefore, employees' skills are obviously improved, which lays a solid foundation for the sustainable development of the Company. We provide training to employees according to the business development needs of each sector of the Company. In 2024, the Company focused on building a "Point-Based Training System for Pre-Job Qualification Certification". Based on the requirements of junior positions in each subsidiary, and leveraging both internal and external resources, the Company developed 2,693 courses and corresponding question banks for 818 junior positions, covering multiple professional fields, with training coverage reaching 100% of employees. The training system provides employees with more targeted learning opportunities, which was tailored to fit the job qualification requirements, relying on internal and external resources to develop various job training course packages to reduce repeated training, helping the Company set a benchmark for training system in the petrochemical industry.



⁵ The Company's total investment in employee training, participants in employee training, and total number of employee training sessions in 2024 are from the statistics of Rongsheng Holding.

Case "Rongsheng Learning and Testing Platform" was launched



In 2024, "Rongsheng Learning and Testing Platform" was officially launched. The platform integrates teaching, assessment, and management functions. It stores tens of thousands of courses and can support up to 5,000 users for simultaneous online learning, thus enhancing the training efficiency. "Rongsheng Learning and Testing Platform" was a tailored platform developed by the Information Department of Rongsheng Holding to meet the Company's training needs. It has saved expenses associated with third-party development and operation and maintenance, and reduced the costs for training course development and training management.

Case Rongsheng Petrochemical won multiple vocational skills awards



In 2024, the subsidiaries of Rongsheng Petrochemical endeavored to improve the skills of their employees, and received several honors:

- ZPC Refining and Aromatics Division, Normal Reduced Pressure Operation Department, Class A was awarded the honorary title of "National Workers' Pioneer in 2024".
- Two ZPC employees were awarded the honorary title of "Zhejiang Craftsman".
- ZPC employees participated in the Zhejiang Provincial Vocational Skills Competition for Instrument and Meter Assembly and Adjustment Workers, and won the first group prize and the second individual prize.
- Zhongjin Petrochemical employees participated in the Zhejiang Province Competition of the Console Operators of Chemical Production, and won the third individual prize and the third group prize.
- Zhongjin Petrochemical employees participated in the Zhejiang Province Chemical Inspector Competition, and won the second individual prize.

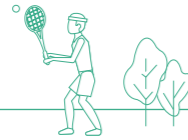


ZPC Refining and Aromatics Division, Normal Reduced Pressure Operation Department, Class A was awarded the honorary title of "National Workers' Pioneer in 2024"

Care for Employees

The Company has set up assistance funds to provide employees with timely assistance when they are affected by disasters, serious illnesses, and financial difficulties. In this way, we alleviate difficulties caused by special reasons when our employees are in need. Also, the Company pays close attention to the needs of female employees and actively provides them with support, assistance and care, aiding them in achieving their career aspirations. For retired long-serving employees, we award them with customized silver coins as a token of appreciation and souvenir, in addition to the statutory employee benefits and entitlements. To create a heartwarming and harmonious enterprise, we put ourselves in the shoes of employees and strive to provide what they truly need.

We also provide a rich variety of cultural activities for all employees. This enhances cohesion among employees, helps them relieve stress, and guides them to face their daily life and work with a positive and relaxed attitude. The Company organized various activities for employees in 2024:



- On Women's Day, the Company sent souvenirs to all female employees to thank them for their contributions to the development of the Company.
- When the heat in summer got intense, the Company organized a series of consolation activities to send personal care items to employees who worked in the high temperature.
- We organize sports events such as badminton matches and tug-of-war, and festival activities such as making Qingtuan (sweet green rice balls) during the Qingming Festival and making mung bean cakes during the Dragon Boat Festival.



The Company won the honorary title of "Official Support Unit of Games of Zhejiang Province"



Group activities

Case Zhongjin Petrochemical held the activity of making Qingtuan during the Qingming Festival



As the Qingming Festival approached in 2024, Zhongjin Petrochemical organized employees to make Qingtuan by hand. Using mugwort dough, bean paste, and salted egg yolk prepared in the kitchen, employees made Qingtuan with a variety of fillings, which was quickly snapped up as soon as it was steamed. The activity brought employees closer together, enriched their leisure life, and enhanced their sense of belonging.



The activity of making Qingtuan during the Qingming Festival at Zhongjin Petrochemical

Striving for High-Quality Services

The Company always centers on customers, continues to improve the service management system, and actively responds to their various demands. We improve customer service quality and efficiency in multiple dimensions, strictly protect customer privacy and information security, to improve customer satisfaction.

Customer Services

We are dedicated to carrying out customer management in a standardized and effective manner, and have developed customer management measures according to our business attributes and customer characteristics, maintaining regular and close contact with customers. Rongsheng Petrochemical has formulated the *Detailed Rules for the Implementation of Price Management of Polyester Products* and the *Detailed Rules for the Implementation of Rebate Management of Polyester Products* to standardize product pricing methods. The Company has formulated the *After-Sales Service Management Measures* to standardize the after-sales service management process and improve customer satisfaction. We have established multi-level and diverse customer service communication channels such as communication with business representatives, field visits, face-to-face talks, online questionnaires, telephone, WeChat and email. In this way, the Company may communicate more frequently with its customers in detail in the event of changes in plant operations, market conditions, and other circumstances. Attaching great importance to customer complaints and feedback, the Company strives to keep effective complaint channels, optimize the complaint mechanism, strengthen complaint analysis to handle customers' requests in a timely manner, and actively investigate for the cause and conduct rectification. For the problems reported by the customers, the front-line business personnel and professional technicians cooperate to ensure that the complaints are 100% handled. Meanwhile, the Company regularly conducts customer satisfaction surveys. For different customer groups who purchase various products, we design differentiated questionnaires that cover aspects such as product quality, product delivery, service quality, and complaint handling, in an effort to obtain customers' opinions and suggestions. The Company closely monitors and tracks the complaints and suggestions received, and formulates measures to address them, thereby continuously improving the quality of its products and services.



Sales Management

The Company has developed sales management systems and measures such as the *Marketing Management System*, the *Sales Management System*, the *Detailed Rules for the Implementation of Price Management*, the *Detailed Rules for the Implementation of Control of the Sales Operation Process* and the *After-Sales Service Management Measures*. By implementing these systems and measures, we guide and constrain the entire sales process.

The Company has established an e-commerce platform consisting official website, WeChat official account and WeChat mini-program, for the procurement and sales of materials. Customers can place sales orders, check relevant announcements and keep up with market information through the platform. The platform operates on the principle of competitive bidding for materials transactions and automatically matches deals through electronic bidding, which can run in multi channels 7/24 and allow real-time monitoring. It breaks the limitations of transaction time, location, and operating methods, making customer procurement more convenient, doubling the manual efficiency, achieving a 700% increase in auction sales, and thus reducing the centralized procurement cost. In 2024, the turnover of products through the platform was about 6.656 million tons, and the procurement of logistics services was about RMB 1.461 billion.

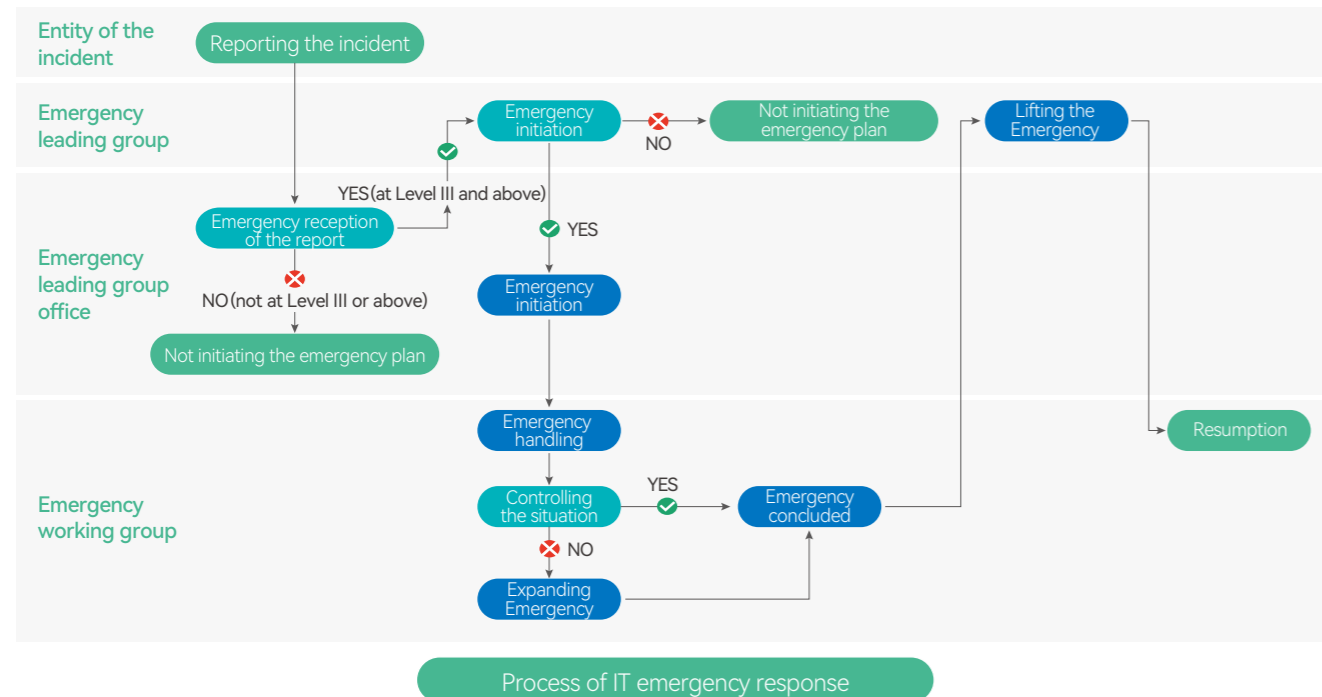
The Company pays close attention to product price information, strengthens market research, and promptly adjusts the sales strategy according to market changes to continuously meet market demands. The Company has also established well-organized files of customer credit. We pay attention to changes in customer credit and take effective measures to manage and control customer credit risks. To make overall improvement in the ability of our sales personnel, we organize sales personnel to carry out workshop internships for them to understand the performance of product equipment, usage scenarios, production processes and other details on site, so that they could better introduce products to customers. In addition, the Company conducts various forms of training for sales personnel to enhance their professional ability and business ethics, such as orientation training, and integrity and self-discipline training.

IT Construction

The Company actively promotes IT construction and enhances the awareness of information security and confidentiality in accordance with the *IT Management Regulations*, the *Management Measures for Office IT Systems*, the *IT Emergency Response Plan*, the *Backup and Recovery Management Plan*, the *Management Specification for Malicious Code Prevention*, the *Management Specification for System Security* and other internal policies. We carry out the security management of computer equipment, data, system operation and IT system access authority, customer privacy protection, and other work, and standardize IT emergency responses, with an attempt to continuously improve our ability to protect information security. To safeguard customer privacy data, we have implemented a range of measures, including the deployment of network security devices, encrypted data transmission, and timely detection and patching of vulnerabilities, to ensure data security. In addition, we have established a sound data backup system and regularly conduct data recovery drills.

The Company offers mandatory courses on *Network Security Training* for new employees, arranges tests for employees in positions related to information security management, and requires relevant employees and software service providers to sign the *Confidentiality Agreement*. We also enter into cybersecurity service contracts with external cybersecurity service providers to fully ensure information security.

In 2024, the Company did not experience any information security incidents, or any incidents of customer privacy leakage.



Practicing Responsible Sourcing

The Company is committed to establishing a responsible supply chain, enhancing the compliance management of suppliers, and optimizing the supplier management process. We maintain an equal, mutually beneficial, close, and stable cooperative relationship with excellent suppliers, and work with suppliers to create a positive, clean, transparent, and responsible supply chain ecosystem.

The Company strictly abides by the *Bidding Law of the People's Republic of China* and the *Regulation on the Implementation of the Bidding Law of the People's Republic of China* and other laws and regulations. We have established and improved internal systems and measures for tendering, sourcing, and supplier management, including the *Detailed Rules for the Implementation of Tendering and Bidding Management* and the *Regulations on the Management of Suppliers*. We continue to standardize suppliers' risk control mechanism and optimize the supplier bidding mechanism, supplier access system and suppliers performance evaluation mechanism, and ensure compliance in the whole process of bidding, sourcing, acceptance and payment, to realize the fairness, openness, and transparency of bidding and procurement, and prevent illegal sourcing. The Company places great emphasis on managing supply chain risks. We strictly adhere to the Group's procurement management system and procures materials according to the production and maintenance plan based on technical requirements. The Company, based on the procurement cycle of materials, clarifies the arrival time and requisition time of the required materials for planned requisition, so as to prevent supply disruption caused by materials shortages during production. In addition, the Company actively promotes the "substitution of domestic materials for imported materials". We seek out high-quality domestic suppliers to conduct trials and usage of domestic materials, thereby reducing the risk of monopoly by foreign materials suppliers.

Review and Access

The Company has formulated a strict supplier access process, based on which, the information of suppliers, including supplier performance, quality management, work safety, environmental protection and contract performance, is reviewed thoroughly to ensure the product and service quality of suppliers. The Company takes environmental protection as an essential consideration for the selection of suppliers and learns about the suppliers' performance on fulfilling their responsibility in environmental protection. The Company does not partner with suppliers with a history of major environmental pollution penalty and prioritizes the suppliers with better environmental performance.

The Company has newly revised the *Regulations on the Management of Suppliers* to detail the supplier access and management process: the Company has categorized the supplier access criteria as general and special criteria according to the applicability of related business, and performs qualification checking and verification for new suppliers requesting for joining the supplier database. All suppliers will be categorized into the blacklist, graylist and whitelist according to the results of qualification review and transaction evaluation.

To address the corruption related to suppliers, the Company signs the *Letter of Integrity Responsibility and Commitment* with suppliers and adds a clause on the prohibition of commercial bribery, which clearly requires both parties to strictly abide by the anti-commercial bribery laws. The Letter prohibits commercial bribery in contract discussion, negotiation, signing, fulfilment and other processes, and clearly lists the reporting channels and handling departments.

Assessment and Evaluation

The Company conducts the supplier evaluation at least once a year, which covers topics such as delivery quality, delivery time or progress, after-sales service, and HSE. The evaluation results are classified into four levels from high to low: A, B, C, and D, based on which three types of supplier lists, namely the blacklist, the graylist, and the whitelist, are formed. For blacklisted suppliers, the Company will terminate business with them. For grey listed suppliers, the Company will put forward rectification requirements or set cooperation restrictions. The Company's contracts with suppliers include requirements on business ethics, environmental protection, and safety. We urge suppliers to comply with and implement such requirements, and incorporate related aspects into the follow-up evaluations of suppliers. The Company regularly publishes a list of untrustworthy suppliers and refuses to cooperate with them.

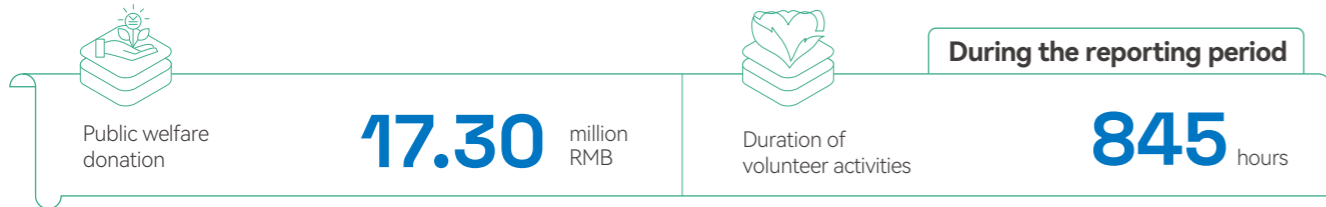
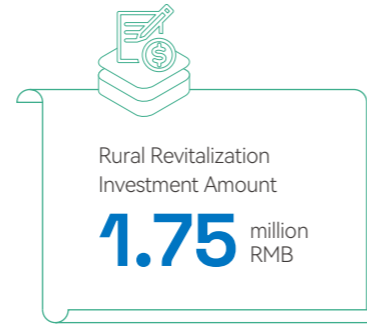
Communication and Assistance

Through telephone calls, video conferences, on-site inspections and other methods, the Company maintains a good communication with its suppliers in order to understand the price trend of their upstream raw materials, as well as their shutdown and overhaul plan, sales direction and changes in sales volume. By doing so, we can forecast the subsequent trend of procurement prices and update the procurement plan, and make targeted improvement suggestions for suppliers based on our use of their products. When necessary, we actively provide relevant technical guidance or training to suppliers.

The Company provides assistance for suppliers by strengthening the support and promotion of agricultural products from local and poverty-stricken areas. We give priority to local tea, pottery, and silk products in purchasing and offer product trials to local suppliers. After passing the trial, they will be invited to participate in the Company's bidding.

Building a Better Community

The Company advocates for public welfare, actively organizes charity donations and shares development achievements with the society. The Company mainly focuses on school-enterprise cooperation, education assistance, medical assistance, support-oriented procurement, poverty relief and care for disadvantaged groups and encourages employees to participate in various volunteering activities, including blood donation and on-site visits. The employees carry forward the volunteering spirit and continue to promote the healthy development of public welfare undertakings and the community, and actively spread civilized and harmonious social trends. In 2024, Zhejiang Federation of Industry and Commerce awarded Rongsheng Petrochemical the title of "Top 100 Zhejiang Private Enterprises in Social Responsibility for 2023". We also received honors such as the "Demonstration Unit for the Construction of Clean Private Enterprises in Hangzhou", "Demonstration Unit for Favorable Business Environment with Business Prosperity Through Honest and Clean Practices", "Advanced Unit for Voluntary Blood Donation in Xiaoshan District for the Year", and the "Yangtze River Delta Charity Star" of the third selection activity.



Public welfare activities in the community



Education Assistance

- Rongsheng Education Reward Fund has been in operation for 22 consecutive years. In 2024, the Company issued an education reward fund of RMB 1.5 million, which meant that the accumulative amount of the fund reached RMB 17.28 million, and a total of 5,085 outstanding teachers and students were rewarded.
- We launched the Xingzhi Academy (Xingzhi Class, Xingzhi Students) scholarship program, which is themed on "Practicing with Diligence and Studying Hard to Realize Dreams", and donated RMB 500 thousand.
- We donated RMB 800 thousand to the "Supporting Students in Chasing Dreams" scholarship program for 100 underprivileged university students.
- We invested RMB 200 million to establish the "ZPC Daishan Education Fund".

Medical Assistance

- We have established the "Health Care Fund for Yinong". We use the fund to hire provincial, municipal and district medical specialists from various disciplines to provide year-round medical care in the town at various periods, and support local health centers to increase the number of ambulances to serve local residents and assist families or individuals hit by serious illnesses in Yinong. In 2024, we donated RMB 1.5 million to the Health Care Fund for Yinong.
- We donated RMB 1 million to the "Rongsheng Health Care Fund for Tibetans" program to help Sichuan and Tibetan families in need of surgical treatment.



Rural Revitalization

- We carried out the enterprise-village/town pairing activities and donated RMB 200 thousand to the Eshan She Ethnic Township in Tonglu, Hangzhou City, for the rural revitalization action.
- We organized Party members and cadres to provide paired assistance to children in the mountainous areas of Liupanshui, Guizhou. Over the past 7 years, we have helped approximately 30 children.
- We purchased agricultural products such as rice, edible oil, and pomegranates from Liangshan Yi Autonomous Prefecture in Sichuan as ingredients for our canteen and seasonal benefits for employees. The total procurement amount in 2024 reached RMB 533,620.
- We donated RMB 20 thousand to Xiaolong Village, Chatian Town, Longquan City, to address livelihood issues, including education.

Care for Police Community

- We donated RMB 800 thousand to show our care for the police officers and auxiliary police officers on the front line.
- We established the "Police Care Fund" and donated RMB 500 thousand in 2024.
- We donated RMB 1.3 million to the Daishan County Police Association for purposes of consolation, relief, and culture building.



Case Volunteer blood donation by Rongsheng Petrochemical employees



The Company has been running programs for voluntary blood donation for nearly 20 consecutive years, and employees from all departments have taken active part in the programs. This year, 100 qualified volunteers from the Company and its subsidiaries such as Zhongjin Petrochemical donated over 27,700 mL of blood in total. In April 2024, the Company received the honorary plaque of 2023 Outstanding Enterprise of Voluntary Blood Donation in Xiaoshan District.

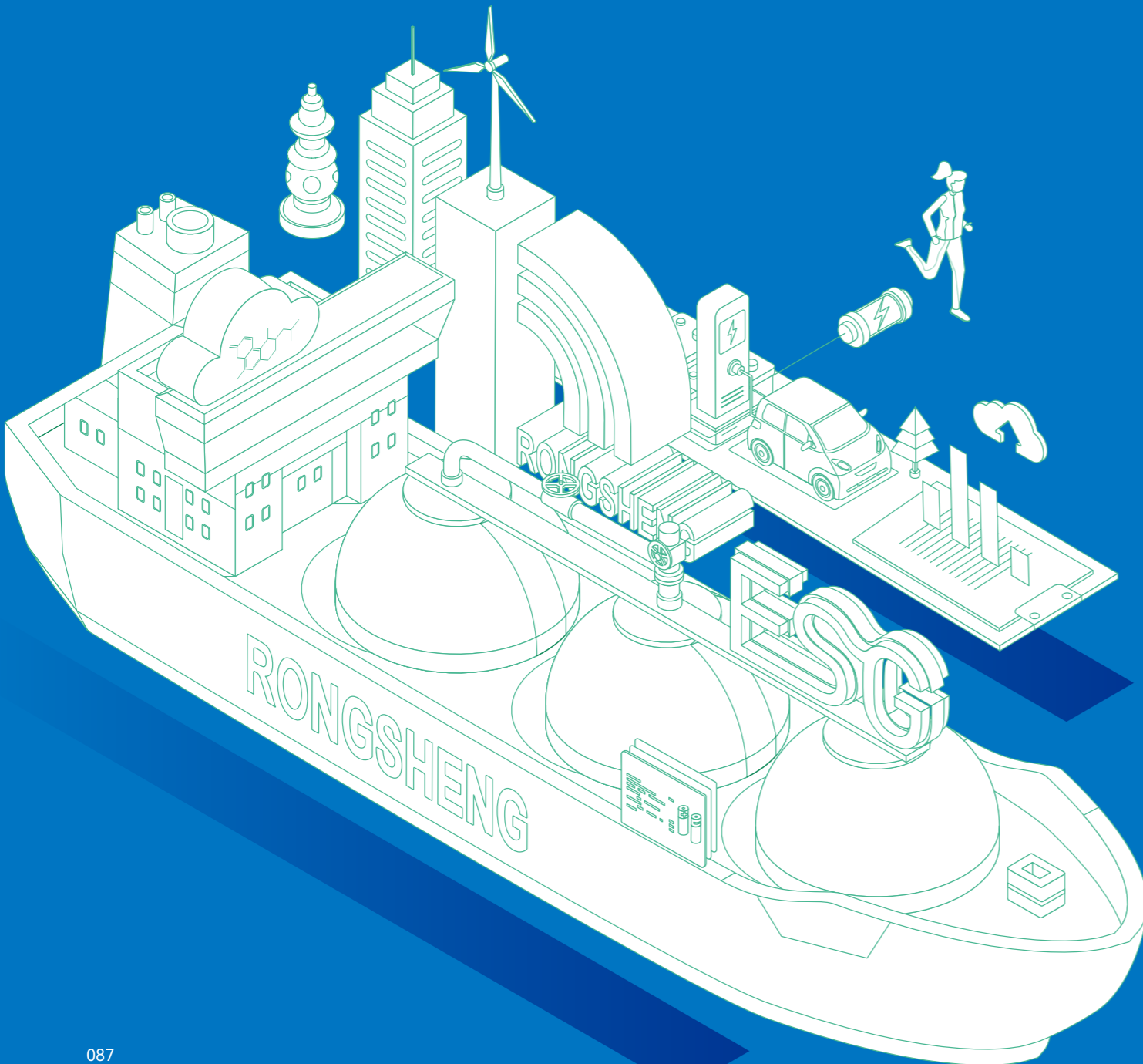
Case "Rongsheng Health Care Fund for Tibetans" program



To help Tibetan disadvantaged families in Tibet and Sichuan and contribute to the East-West medical collaboration, the Company signed a three-party agreement with Charity Federation of Xiaoshan District and Xiaoshan Hospital of Traditional Chinese Medicine in 2022. From 2022 to 2024, we donated RMB 3 million to the charity federation. Meanwhile, we established the "Rongsheng Health Care Fund for Tibetans" program to provide assistance to patients in need of surgical treatment.

Future Prospects

With robust momentum for growth and unremitting efforts, we are well-prepared to overcome challenges and achieve breakthroughs. Looking ahead to 2025, Rongsheng Petrochemical will unwaveringly follow the guideline of high-quality development and embark on a new journey towards the development of new quality productive forces. While upholding the principle of integrity, the Company will continuously improve the quality of its products and services, actively explore new areas of innovation, and increase investment in scientific and technological research and development. Amidst the wave of green, digital and intelligent transformation, we will continue to deepen our advantage in refining-petrochemical integration, further optimize our industrial chain layout, and fully promote technological innovation and industrial upgrading. As one of the enterprises from the pillar industries of the national economy, we will maintain a strong sense of responsibility and commitment and fulfill our social responsibilities. We will also repay the shareholders and investors with practical actions and contribute to sustainable economic and social development. We are set to foster extensive partnerships and unite with all stakeholders. With concerted efforts, we can contribute more to the prosperity and progress of the industry. Together, we will compose a magnificent chapter in 2025.



ISO System Certification Statistics of the Company

Company's Name	ISO 50001 (Energy Management System Certification)	ISO 14001 (Environmental Management System Certification)	ISO 45001 (Occupational Health & Safety Management System Certification)
Rongsheng Petrochemical Co., Ltd.		√	√
Zhejiang Petroleum & Chemical Co., Ltd.		√	√
Ningbo Zhongjin Petrochemical Co., Ltd.	√	√	√
Yisheng Dahua Petrochemical Co., Ltd.	√	√	√
Zhejiang Yisheng New Materials Co., Ltd.		√	√
Zhejiang Shengyuan Chemical Fiber Co., Ltd.		√	√
Zhejiang Yongsheng Technology Co., Ltd.		√	√

Independent Assurance Report



KPMG Huazhen LLP
8th Floor, KPMG Tower
Oriental Plaza
1 East Chang An Avenue
Beijing 100738
China
Telephone +86 (10) 8508 5000
Fax +86 (10) 8518 5111
Internet kpmg.com/cn

毕马威华振会计师事务所
(特殊普通合伙)
中国北京
东长安街1号
东方广场毕马威大楼8层
邮政编码:100738
电话 +86 (10) 8508 5000
传真 +86 (10) 8518 5111
网址 kpmg.com/cn

English Translation for Reference Only

Independent Practitioner's Limited Assurance Report

毕马威华振通字第 2500208 号报告

To the Board of Directors of Rongsheng Petrochemical Co., Ltd.:

Report on selected information in Rongsheng Petrochemical Co., Ltd.'s Sustainability Report as of and for the year ended 31 December 2024

Conclusion

We have performed a limited assurance engagement on the following information in Rongsheng Petrochemical Co., Ltd. (hereafter referred to as "Rongsheng Petrochemical")'s Sustainability Report as of and for the year ended 31 December 2024 (hereafter referred to as "the assured sustainability information"):

The assured sustainability information	Point in time or period subject to assurance
Total GHGs emission (tonnes CO ₂ -equivalent)	For the year ended 31 December 2024
GHGs emission Scope 1 (tonnes CO ₂ -equivalent)	For the year ended 31 December 2024
GHGs emission Scope 2 (tonnes CO ₂ -equivalent)	For the year ended 31 December 2024
Sulphur dioxide emission (tonnes)	For the year ended 31 December 2024
Nitrogen oxides emission (tonnes)	For the year ended 31 December 2024
Particulate matter emission (tonnes)	For the year ended 31 December 2024
Chemical Oxygen Demand (COD) (tonnes)	For the year ended 31 December 2024
Ammonia and nitrogen (tonnes)	For the year ended 31 December 2024
Hazardous waste (tonnes)	For the year ended 31 December 2024
Consumption of purchased electricity (mWh)	For the year ended 31 December 2024
Consumption of purchased steam (GJ)	For the year ended 31 December 2024
Desalination (tonnes)	For the year ended 31 December 2024
Total number of employees (persons)	As of 31 December 2024
Total duration of safety training (hours)	For the year ended 31 December 2024



Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the assured sustainability information of Rongsheng Petrochemical as of and for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with Criteria set out in the appendix to this report.

Our conclusion on the assured sustainability information does not extend to any other information that accompanies or contains the assured sustainability information and our report (hereafter referred to as "other information"). We have not performed any procedures as part of this engagement with respect to the other information.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Restriction on use

This report is made solely to the Board of Directors of Rongsheng Petrochemical, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Our conclusion is not modified in respect of this matter.

Responsibilities for the assured sustainability information

The Board of Rongsheng Petrochemical are responsible for :

- designing, implementing and maintaining internal control relevant to the preparation of the assured sustainability information that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the assured sustainability information and appropriately referring to or describing the criteria used; and
- preparing the assured sustainability information in accordance with the criteria set out in the appendix to this report.

Inherent limitations in preparing the assured information

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the assured sustainability information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Board of Rongsheng Petrochemical.



Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the assured sustainability information that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the assured sustainability information and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. Within the scope of our work, we only performed procedures on the Head Office of Rongsheng Petrochemical, Zhejiang Petroleum & Chemical Co., Ltd. and Ningbo Zhongjin Petrochemical Co., Ltd. In carrying out our engagement, the procedures we performed primarily consisted of:

- conducting interviews with relevant staff at Rongsheng Petrochemical who are responsible for providing assured sustainability information;
- performing analytical review procedures on the assured sustainability information;
- inspecting the assured sustainability information on a sample base;
- recalculating of the assured sustainability information;
- perform other procedures deemed necessary.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

KPMG Huazhen LLP

Beijing, China

24 April 2025

Appendix: Compilation and Reporting Criteria of the assured sustainability information

Total GHGs emission (tonnes CO₂-equivalent)

GHGs emission disclosed herein refers to the sum of GHGs emission Scope 1 and GHGs emission Scope 2 of Rongsheng Petrochemical's production operation subsidiaries in 2024.

GHGs emission Scope 1 (tonnes CO₂-equivalent)

GHGs emission Scope 1 disclosed herein refers to the sum of direct GHGs emission from fuel combustion, process emissions, and escape emissions produced by Rongsheng Petrochemical's production operation subsidiaries, minus the total carbon dioxide captured and reused during production process in 2024.

GHGs emission Scope 2 (tonnes CO₂-equivalent)

GHGs emission Scope 2 herein refers to indirect greenhouse gas emissions resulting from the consumption of purchased electricity by Rongsheng Petrochemical's production operation subsidiaries in 2024.

Sulphur dioxide emission (tonnes)

Sulphur dioxide herein refers to the emission of sulphur dioxide included in the scope of key emission permits management in Rongsheng Petrochemical's production operation subsidiaries in 2024.

Nitrogen oxides emission (tonnes)

Nitrogen oxides herein refers to the emission of nitrogen oxides included in the scope of key emission permits management in Rongsheng Petrochemical's production operation subsidiaries in 2024.

Particulate matter emission (tonnes)

Particulate matter herein refers to the amount of particulate matter included in the scope of key emission permits management in Rongsheng Petrochemical's production operation subsidiaries in 2024.

Chemical Oxygen Demand (COD) (tonnes)

Chemical Oxygen Demand (COD) herein refers to the COD of wastewater discharged into the municipal pipeline network by Rongsheng Petrochemical's production operation subsidiaries in 2024.

Ammonia and nitrogen (tonnes)

Ammonia and nitrogen herein refers to the ammonia and nitrogen of wastewater discharged into the municipal pipeline network by Rongsheng Petrochemical's production operation subsidiaries in 2024.

Index

Hazardous waste (tonnes)

Hazardous waste herein refers to the total weight of hazardous waste produced and disposed by Rongsheng Petrochemical's production operation subsidiaries in 2024.

Consumption of purchased electricity (mWh)

Consumption of purchased electricity herein refers to the purchased electricity used by Rongsheng Petrochemical's production operation subsidiaries in 2024.

Consumption of purchased steam (GJ)

Consumption of steam herein refers to the purchased steam used by Rongsheng Petrochemical's production operation subsidiaries in 2024.

Desalination (tonnes)

Desalination herein refers to the total amount of water produced by Rongsheng Petrochemical's production operation subsidiaries in 2024 through their own seawater desalination equipments.

Total number of employees (persons)

Total number of employees herein refers to the total number of employees in Rongsheng Petrochemical and its controlled subsidiaries as of 31 December 2024, excluding dispatched employees, interns, temporary workers and affiliated personnel.

Total duration of safety training (hours)

Total duration of safety training herein refers to the total duration hour of safety training that employees of Rongsheng Petrochemical's production operation subsidiaries participated in 2024.

Contents	Self-Regulatory Guidelines No. 17 for Companies Listed on the Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)	GRI Standard Index	
About the Report	Article 58	GRI2/GRI3	
Chairman's Message	/	GRI2	
About Rongsheng Petrochemical	About Us	/	
	Market Structure	/	
	Core Competitiveness	/	
	Recognition	/	GRI2/GRI3/GRI201
	Remuneration Appraisal	/	
	Materiality Assessment	Article 14, Article 15, Article 18, Article 52	
Ensuring Operational Compliance to Enhance Growth Strength	ESG Governance	Article 12	
	Corporate Governance	Article 12	GRI2
	Information Disclosure Management	Article 53	GRI2
	Investor Relations Management	Article 53	GRI2
	Business Ethics Management	Article 55, Article 56	GRI2/GRI3/GRI205
Conserving Ecology and Unleashing Green Potential	Enhancing Environmental Management	Article 12 to Article 19, Article 32, Article 33, Article 52	GRI2/GRI3/GRI304
	Response to Climate Change	Article 12 to Article 19, Article 20, Article 21, Article 22, Article 23, Article 24, Article 26, Article 27, Article 28, Article 37, Article 52	GRI305
	Reducing Resource Consumption	Article 19, Article 35, Article 36, Article 37	GRI2/GRI3/GRI302/GRI303/GRI305
	Controlling Pollutant Discharge	Article 19, Article 30, Article 31, Article 37	GRI2/GRI3/GRI303/GRI305/GRI306
	Seizing Clean Technology Opportunities	Article 35, Article 36, Article 37	GRI103/GRI304/GRI307
Creating Momentum by Reinforcing Quality and Safety	Main Environmental Performance Indicators	Article 24, Article 26, Article 30, Article 31, Article 35, Article 36	GRI2/GRI301/GRI302/GRI303/GRI305/GRI306
	Guarding Work Safety	Article 16, Article 18, Article 19, Article 45, Article 49	GRI3/GRI403
	Strengthening R&D Innovation	Article 42	/
	Enhancing Quality Management	Article 47	GRI416
Working Together in Harmony for Common Progress	Protecting Employees' Rights and Interests	Article 49, Article 50	GRI2/GRI401/GRI404/GRI405/GRI408/GRI409
	Striving for High-Quality Services	Article 47, Article 48	GRI418
	Practicing Responsible Sourcing	Article 45, Article 52	GRI2/GRI3/GRI204/GRI205/GRI308/GRI409/GRI414
	Building a Better Community	Article 39, Article 40	GRI201/GRI203/GRI413
Future Prospects	/	/	
Independent Assurance Report	Article 26, Article 58	GRI2	
Index	/	GRI2	
ISO System Certification Statistics of the Company	/	GRI2	
Reader's Feedback Questionnaire	/	/	

Note1: According to out assessment, the issue "Ethics of science and technology" is not material in respect of both finance and impact.
Note2: As of the end of the reporting period, the Company did not have any accounts payable (including notes payable) with a balance exceeding RMB 30 billion or accounting for more than 50% of total assets. Additionally, the Company had no overdue payments owed to small and medium-sized enterprises (SMEs) that required public disclosure on the National Enterprise Credit Information Publicity System.

Reader's Feedback Questionnaire

Thank you very much for spending time in reading the sustainability report of Rongsheng Petrochemical 2024. Your opinions and suggestions are welcome since they can help us provide more valuable information to you and other stakeholders and promote Rongsheng Petrochemical to improve its social responsibility management capabilities and performance. You may contact us by sending E-mail to the following mailbox:

Email: rspc@rong-sheng.com

Which category of stakeholders do you belong to?

- Government and regulator Shareholder and investor
Customer Employee Supplier/partner
Community Media and NGO Other ()

In your opinion, does the report completely present Rongsheng Petrochemical's ESG performance?

- Yes Average No

In your opinion, has the report answered the expectations and demands of Rongsheng Petrochemical's stakeholders in all aspects?

- Yes Average No

Do you find the quantitative information disclosure in the report objective, true, and valid?

- Yes Average No

Do you find the writing of the report clear and easy to understand?

- Yes Average No

Is the graphic design of the report helpful to you in understanding the information in the report?

- Yes Average No

Do you have more opinions and suggestions for Rongsheng Petrochemical's social responsibility management and sustainability report?

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