



雅本化学®



2025

**Environmental, Social and
Governance (ESG) Report**

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About This Report

This report is the third annual Environmental, Social, and Corporate Governance (ESG) Report (hereinafter referred to as “this Report”) issued by ABA Chemicals Corporation and its affiliated companies. It aims to explain the Company’s ESG-related systems, practices, and performance, and to objectively disclose the Company’s sustainability management and outcomes in response to the concerns of stakeholders and the general public.

Reporting Scope

This Report covers ABA Chemicals Corporation and its subsidiaries, consistent with the scope of the consolidated financial statements in the Company’s annual financial report. For ease of presentation and reading, in this report, “ABA Chemicals Corporation” is referred to as “ABA Chemicals” , the “Company” , or “we” . Subsidiaries include: Shanghai ABA Chemicals Co., Ltd., ABA Chemicals (Nantong) Limited, ABA (Shaoxing) Pharmaceuticals Limited , ABA Jiangsu Jiannong Agrochemicals Co., Ltd., ABA (Gansu) Lanwo Technology Limited , ABA(Gansu)Lannong Technology Limited, ABA (Lanzhou) Fine Chemicals Limited , ABA (Lanzhou) Pharmaceutical Creation Technology Limited, Shanghai Puyi Chemical Technology Co., Ltd., Huzhou Yihui Biotechnology Co., Ltd., Electroxolve Technology Co., Ltd., Henan Aierwang New Energy Environmental Co., Ltd., Pingdingshan Aierwang Environmental Technology Co., Ltd., Hong Kong ABA Chemicals Corporation Limited, Amino Chemicals Limited, ABINO PHARM, INC, and A2W Pharma Ltd.

Abbreviations and Corresponding Full Names in this Report

Abbreviation	Full Company Name
ABA Chemicals / the Company / we/ Taicang Base	ABA Chemicals Corporation
Nantong ABA / Nantong Base	ABA Chemicals (Nantong) Limited
Jiannong Plant Protection / Binhai Base	ABA Jiangsu Jiannong Agrochemicals Co., Ltd.
Lanzhou Base	The R&D and manufacturing base invested and constructed by the Company in Lanzhou, Gansu, including four enterprises: ABA (Gansu) Lanwo Technology Limited , ABA (Gansu) Lannong Technology Limited, ABA (Lanzhou) Fine Chemicals Limited , ABA (Lanzhou) Pharmaceutical Creation Technology Limited.
Lanwo Technology	ABA (Gansu) Lanwo Technology Limited
Lanzhou ABA Fine Chemicals	ABA (Lanzhou) Fine Chemicals Limited
Lanzhou ABA Pharmaceutical Creation	ABA (Lanzhou) Pharmaceutical Creation Technology Limited
Shaoxing ABA / Shangyu Base	ABA Chemicals (Shaoxing) Limited
Puyi Chemical	Shanghai Puyi Chemical Technology Co., Ltd.
Yihui Biotechnology	Huzhou Yihui Biotechnology Co., Ltd.

Abbreviation	Full Company Name
Yihui Biotechnology	Huzhou Yihui Biotechnology Co., Ltd.
Electroxolve Technology	Electroxolve Technology Co., Ltd.
Aierwang	Henan Aierwang New Energy Environmental Co., Ltd.
Malta Base	The base includes Amino Chemicals Limited and A2W Pharma Ltd.

Reporting Period

This Report covers the period from January 1, 2025 to December 31, 2025 (hereinafter referred to as the “reporting period” or “the year”). To enhance comparability and forward-looking value, certain information may retrospectively reference 2024 or earlier years, or be extended to 2026 where appropriate.

Basis of Preparation

This report has been prepared in accordance with the relevant requirements of the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange — Sustainability Report (For Trial Implementation)* issued by the Shenzhen Stock Exchange. This report also draws reference from the *Self-Regulatory Guidelines No. 3 for Companies Listed on Shenzhen Stock Exchange — Sustainability Reporting Preparation* issued by the Shenzhen Stock Exchange ChiNext Market, the GRI Standards (2021 version) issued by the Global Sustainability Standards Board (GSSB), the United Nations Sustainable Development Goals (SDGs), the *Standards for Corporate Sustainability Disclosure – Basic Standards (Trial Implementation)* issued by the Ministry of Finance of China, as well as the relevant requirements of mainstream domestic and international ESG ratings.

Source of Information

The information and data disclosed in this Report are derived from official documents and statistical records of ABA Chemicals. Financial data and indicators presented herein have been audited by the third-party accounting firm.

Review and Approval

This Report has been reviewed and confirmed by the Company’s management, submitted by the Strategy and Decision-Making Committee of the Board, and approved by the Board of Directors.

Access to the Report

To view or download this report online, please visit:

- ABA Chemicals Corporation official website (<https://www.abachem.com>)
- Shenzhen Stock Exchange official website (<https://www.szse.cn>)
- CNINFO (<http://www.cninfo.com.cn>)

Message from the Chairman



Currently, as the global climate crisis intertwines with the restructuring of industrial chains, sustainable development has transformed from an "optional question" for companies into a "compulsory question" crucial to their survival and competitiveness. As a fine chemical force deeply engaged in the innovative pharmaceutical and agrochemical CDMO sector, ABA Chemicals must not only provide high-quality products, but also become an engine for green transformation, a benchmark for safeguarding health, and a pioneer in value creation. In 2025, the Company deeply integrated the ESG philosophy, using practical action as its boat and innovation as its oars, and striving to write a magnificent chapter for ABA Chemicals amidst the tides of the times.

Leading the Path of Development with Excellence in Technology and the Principle of Quality First

Innovation is the inherent gene of ABA Chemicals, and moreover, our core competitiveness for the future. As a Company with distinct international characteristics, we are well aware that the expectations of leading global customers for green, safe, and efficient solutions are profoundly reshaping the value standards of the industrial chain. To this end, the Company firmly embeds ESG concepts into the core of our R&D strategy, continuously increases investment in cutting-edge green technologies such as synthetic biology and microchannel continuous flow, and actively promotes the commercialization of modular and atom-economic processes. To improve R&D efficiency, we are prudently exploring the auxiliary application of digital tools such as artificial intelligence in stages including molecular design and reaction condition optimization, with the aim of shortening the R&D cycle and reducing trial-and-error costs.

We not only focus on technological breakthroughs themselves, but also place greater emphasis on their transformation into sustainable value in real-world scenarios. For teams that successfully develop green technology products, the Company establishes practical incentive mechanisms to encourage the dual leap of innovation achievements into environmental benefits and commercial value. Meanwhile, we benchmark against international world-class quality systems, embed the "zero-defect" concept throughout the entire chain,

and ensure that every product carries our commitment of responsibility to customers and society.

Prioritizing Ecology and Protecting Clear Waters and Blue Skies with Green Development as the Foundation

Green development is not an optional question, but a mandatory one crucial to corporate survival and global competitiveness. As early as 2019, ABA Chemicals became one of the first private enterprises in China to introduce DuPont Sustainable Solutions (DSS), consolidating the foundation of safety and environmental management through the implementation of systematic projects. At present, the Company is comprehensively advancing the development of a low-carbon ecosystem covering the entire value chain, which is not only a response to external requirements, but also our strategic choice to proactively lead the green transformation of the industry. During the year, after the Company joined the Science Based Targets initiative (SBTi), the 10-year science-based emission reduction pathway we set was officially approved. Meanwhile, the DSS Phase II project launched at the Lanzhou Base is precisely an important practice for us to build future-oriented, high-quality, sustainable, and green new momentum.

Building a Prosperous Ecosystem through a Talent-Oriented Approach and Shared Purpose

Talent is the primary resource for sustainable development. Over the years, through international programs such as DuPont Sustainable Solutions (DSS), we have systematically cultivated a core sustainable development team with an

international perspective. Meanwhile, through regular job skills training, the promotion of green processes, and the communication of advanced safety concepts, we continuously strengthen the ESG awareness and professional capabilities of all employees. Today, this talent pool, forged through specialized training and daily experience, is active in key positions across the Company's domestic and overseas bases and R&D centers, and has become the backbone driving the green transition and high-quality development of ABA Chemicals.

We adhere to the "people-oriented" development philosophy, continuously improve the occupational health and safety management system, and create a secure and healthy working environment with room for growth. The Company implements a "management + professional" dual-channel development mechanism, supporting employees in realizing their value across diverse career paths. Meanwhile, we focus on stimulating organizational vitality, promoting knowledge flow and capability reuse through methods such as cadre rotation and cross-base exchanges. We also actively fulfill our community responsibilities, participating in public welfare activities such as emergency assistance and educational support, allowing the fruits of corporate development to benefit a broader community. It is precisely this respect and trust for people that unites a team that highly identifies with the Company's mission and is full of resilience and warmth.

Reshaping Governance, Consolidating the Foundation, and Facilitating Steady and Long-Term Development

Good corporate governance is the institutional safeguard for ESG practices. The Board of Directors and the Strategy Committee attach great importance to relevant ESG issues and incorporate them into the Company's medium- and long-term strategic planning.

We not only meet the minimum regulatory requirements for compliant operations and transparent disclosure, but also proactively benchmark against international best practices—releasing our second ESG report during the reporting period and continuously advancing SBTi target setting, all of which reflect our commitment as an industry pioneer. Currently, the Company is taking the 15th Five-Year Plan as an opportunity to systematically advance the modernization of governance capabilities: strengthening the supervisory functions of independent directors, improving anti-fraud and business ethics mechanisms, and deepening digital transformation to empower lean operations. Crucially, we are integrating ESG requirements into business processes such as procurement, production, and research and development, driving the transition from "compliance-driven" to "value-driven".

Embracing Innovation and Consolidating the Value Foundation with Business Restructuring

Looking ahead to the first year of the 15th Five-Year Plan, the Company takes "restructuring" as the main theme of its business development strategy, systematically advancing the coordinated upgrade of products, assets, and the organization to build a more resilient, efficient, and sustainable business system, and create long-term, stable, and predictable value returns for shareholders.

We adhere to the "dual-wheel drive" of our dual core businesses of pharmaceuticals and agrochemicals, and through product restructuring, we accelerate the transition toward innovative pharmaceuticals and innovative agrochemicals with high technical barriers, high environmental standards, and high added value. The layout of new products not only considers market potential, but also takes green processes, carbon footprint, and customers' ESG needs as prerequisites, ensuring that growth is rooted in responsibility and sustainability. The concurrent asset restructuring, on the one hand, implements intelligent and green transformations at mature bases such as Taicang Base and Nantong Base to enhance the efficiency of existing assets; on the other hand, it constructs new bases such as Lanzhou base and Shangyu Base with high standards, creating high-quality production capacity carriers that integrate low-carbon manufacturing, digital management, and flexible supply. Multi-base synergy and the continuity of new and old growth drivers will significantly enhance risk resilience and capital return efficiency.

Looking ahead, although the direction of the green transition and technological transformation of the global industrial chain is clear, the path is complex and full of challenges. ABA Chemicals is deeply aware that past efforts have laid an initial foundation for us, but there is still a long way to go to truly achieve sustainable and high-quality development. The Company will always uphold the mission of "to deliver high-quality products and treatment solutions to customers in the life sciences sector, create value, and bring benefits to employees, shareholders and society", assessing risks with a prudent attitude, deepening innovation with firm investment, advancing green transformation with solid actions, and fostering team synergy with sincere care. Only by maintaining reverence and doing our utmost can we advance steadily in an environment full of uncertainties, ultimately contributing the tangible, reliable, and responsible strength of ABA Chemicals to human life and health, as well as crop safety.

Cai Tong,
Chairman of ABA Chemicals Corporation

About ABA Chemicals

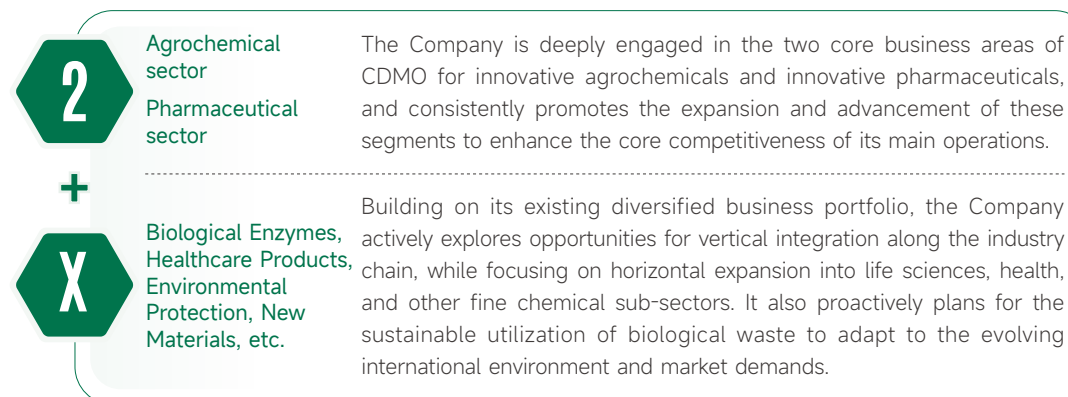
Company profile

ABA Chemicals was founded in July 2003, and went public in September 2011, listing on the ChiNext market of the Shenzhen Stock Exchange. The Company specializes in CDMO for innovative pharmaceuticals and innovative agrochemicals, alongside the development and production of biological enzyme products and nutritional health products, and strategically invests in fields such as environmental protection and new materials. Currently, ABA Chemicals operates eight major production bases and four R&D centers. The Company's initial production base was established in Taicang City, Jiangsu Province. Over time, the Company expanded its operations by investing in the construction of Nantong Base, acquiring the Binhai Base in Yancheng City, and establishing the Malta Base in Europe and Shangyu Base in Zhejiang Province. Through industrial fund collaborations, the Company has also set up the Xiangyang Base in Hubei Province and Fuxin Base in Liaoning Province. In 2022, the Company began developing the Lanzhou Base in Gansu Province, which serves as a foundation for expansion and production transformation. In addition, the Company has established a core R&D structure comprising the Shanghai Zhangjiang Innovation Center, Puyi Chemical, Yihui Biotechnology, and Lanzhou ABA Pharmaceutical Creation.

ABA Chemicals is a leading provider of high-end product customization services in China's pharmaceutical and agrochemical intermediate industry. The Company holds strong competitive advantages in the domestic fine chemical sector, has been consistently ranked among the Top 50 Fine Chemical Enterprises in China for eight consecutive years, and has been named among the China Top 10 Fine Chemical Innovation and Development Companies for four consecutive years.

"2+X" Development Strategy

ABA Chemicals focuses intensively on its dual core businesses of innovative agrochemicals and innovative pharmaceutical intermediates. By leveraging its technological advantages, supply chain strengths, and production management expertise, the Company consistently cultivates new growth opportunities to adapt to the evolving global landscape and market demands.



Mature and Leading R&D System

The Company has established four R&D centers, which focus on agrochemicals, pharmaceuticals, synthetic biology, and fine chemical pilot testing, respectively, to provide industry customers with efficient and high-quality customized process improvement and product R&D services.

Production System of ABA Intelligent Manufacturing

The Company's production network consists of six core production bases, supplemented by two collaborative ones. ABA Chemicals operates multiple thousand-ton-level intelligent production lines capable of handling volumes from kilogram to thousand-ton scales, offering efficient and high-quality customized R&D, small-scale trials, pilot tests, and commercial production technologies and services to both domestic and international customers.

Corporate culture

Enterprise vision

We are committed to becoming a global excellent supplier of health products and services.

Enterprise mission

- To deliver high-quality products and treatment solutions to customers in the life sciences sector
- Create value, and bring benefits to employees, shareholders, and society

Corporate culture



Management philosophy

- Cherish resources and protect the environment;
- Use high-quality resources and manpower, rely on professional processes and engineering technologies, and provide customers with higher-quality products in a more cost-effective, environmentally friendly, and safe manner.

Core values



Sustainable health business

Stable and professionally motivated team

Continuous improvement of the EHS (Environment, Health, and Safety) System

2025 in review

Key performance

Environmental dimension

Environmental protection investment

3,485.08
ten thousand RMB

Environmental protection investment as a percentage of operating revenue

2.67 %

Renewable energy consumption

47.94 10000kWh

VOCs decreased by

90.81 % YoY

Comprehensive utilization rate of non-hazardous waste

98 %

Comprehensive utilization rate of hazardous waste

27.69 %

Social Dimension

R&D investment

11,673.85
ten thousand RMB

R&D investment as a percentage of operating revenue

8.93 %

Volume of product recalls

0 tons

Average training hours per employee

45.63 hours

Occupational disease incidence rate

0 %

Work-related fatality rate

0 %

Governance dimension

Meetings of the Board of Directors held

9

proposals reviewed and approved

44

Percentage of independent directors

33.3 %

Ad hoc announcements from the Company

144

Number of investor questions answered via cninfo.com

172

Number of litigation or arbitration cases arising from compliance issues

0

Coverage rate of special audits on business ethics

100 %

Corporate Honors



ESG Management

We continuously improve the ESG governance structure and management mechanism, maintaining regular communication and cooperation with stakeholders. Through materiality analysis, we ensure the Company effectively monitors and addresses its sustainable development risks and opportunities, achieving long-term sustainable development.

ESG governance

The Company has established a multi-level ESG governance structure consisting of the Board of Directors, the Strategy and Decision-Making Committee, the ESG Executive Working Group, and various executive departments, systematically managing and overseeing sustainability-related risks and opportunities by integrating ESG factors into strategic decision-making, investment reviews, and senior executive appraisals.

ESG Governance framework

The Company attaches great importance to ESG and sustainable development, and has established a comprehensive ESG governance structure and management system to carry out ESG management and supervision in a standardized and efficient manner. The Board of Directors is responsible for reviewing and guiding the Company's ESG strategies and policies, monitoring ESG targets and progress, and closely integrating our business with sustainable development. The Strategy and Decision-Making Committee under the Board of Directors, subject to compliance with the Articles of Association and other relevant laws and regulations, is responsible for conducting feasibility studies and making recommendations on the Company's long-term development strategic plans, major strategic investments, and ESG matters, reporting its work to the Board of Directors and being accountable to the Board of Directors. At the management level, the Company has gathered experts in product technology, quality control, safety and environment, human resources, and corporate operations to form the ESG Executive Working Group. We incorporate ESG strategies, goals, and work requirements into relevant management systems, with each subsidiary and department optimizing its scope of responsibilities and work content, to form an ESG governance structure consisting of the decision-making level, management level, and execution level, gradually integrating ESG into daily work.

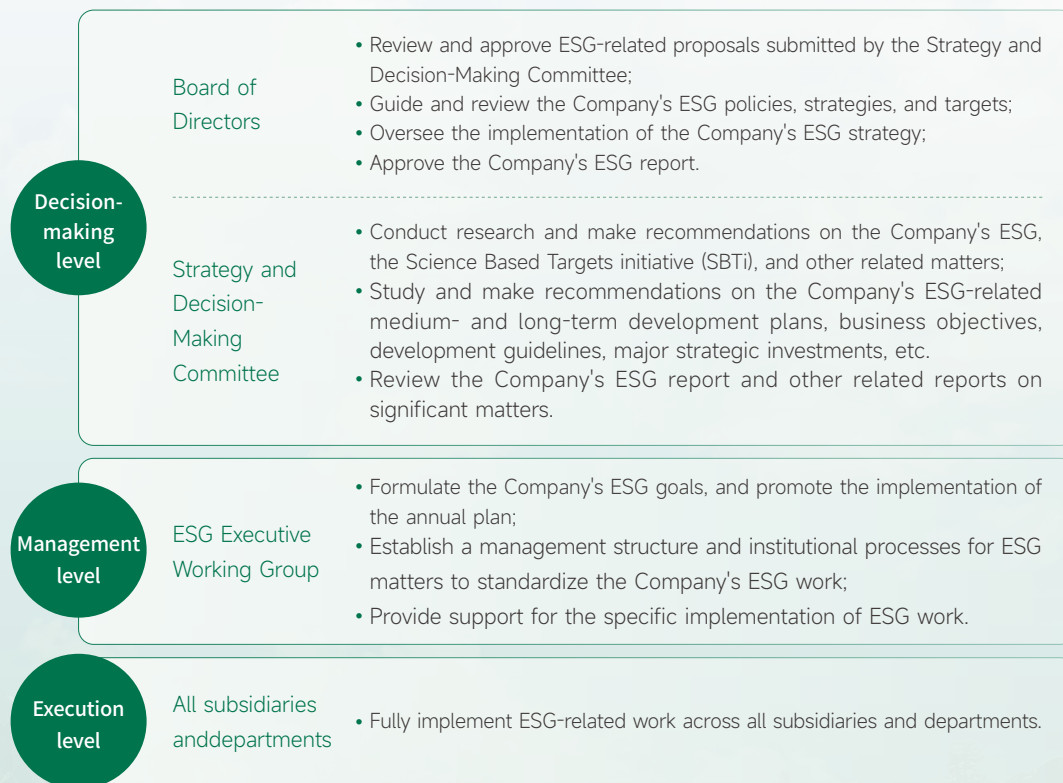
Professional skills and development

The members of the Company's Board of Directors possess diverse professional backgrounds in chemistry, pharmacy, economics, law, and accounting, enabling them to conduct in-depth reviews of ESG issues from multiple dimensions such as macroeconomics, compliance governance, financial internal control, and green technology. Strategy and Decision-Making Committee: As a special committee established under the Board of Directors, its composition is conducive to effectively integrating ESG objectives into the Company's long-term strategic development. The Strategy and Decision-Making Committee regularly reviews ESG-related matters, discusses key issues on a periodic basis, and oversees the implementation progress to ensure the fulfillment of its duties. Leveraging the collaborative operations of various specialized committees and the professional advice of independent directors, the Company has established an ESG governance structure with capabilities for strategic integration, risk identification, and continuous improvement, and continuously enhances governance effectiveness by constantly refining the top-level design.

The Company plans to integrate ESG key performance indicators into the annual performance appraisal system for senior executives by setting clear ESG targets, weights, and evaluation criteria, ensuring that ESG performance becomes an important basis for senior executive compensation incentives.

During the reporting period, the Company held a review meeting on the Science Based Targets (SBTi) and the construction of the internal control management system. Meanwhile, we provided ESG training to key employees to enhance their ability to understand and apply ESG policy trends.

ESG Governance Structure of ABA Chemicals



Access to ESG information

The Strategy and Decision-Making Committee of the Board of Directors holds at least one regular meeting every year to review the Company's annual ESG report, conduct research on relevant strategic issues, and report to the Board of Directors after forming recommendations. Major ESG matters are, after being reviewed by the Committee, submitted to the Board of Directors for decision-making. The ESG Executive Working Group reports on the progress of ESG-related work to the members of the Strategy and Decision-Making Committee from time to time. In addition, independent directors review and supervise material ESG matters through specialized communication mechanisms or at relevant meetings, and provide professional opinions to the Board of Directors. Based on the above arrangements, the Company has established a multi-level and regular mechanism for ESG information acquisition and deliberation that connects the specialized committees and the Board of Directors, integrating regular reviews and special deliberations.

Integrating ESG factors into strategic decision-making

When reviewing related-party transactions and major investment matters involving significant ESG risks, the Board of Directors takes ESG risks as an important consideration, and approval from a majority of the independent directors is required. In terms of policy formulation, the Board of Directors institutionalizes ESG-related requirements by formulating special policies or revising internal policies, ensuring their deep integration into the Company's strategic planning, major decision-making, and management systems. Meanwhile, within its scope of responsibilities, the Strategy and Decision-Making Committee incorporates ESG factors into its research and recommendations on the Company's medium- and long-term development plans, business objectives, and development guidelines, and systematically considers ESG impacts when evaluating projects such as major investments and capital operations.

Stakeholder communication

The Company fully respects and safeguards the legitimate rights and interests of its stakeholders. It actively collaborates with stakeholders and strengthens communication and engagement to understand and promptly respond to their concerns and expectations. These efforts provide important insights for identifying sustainability opportunities, enhancing the Company's sustainability capabilities, and improving the quality of information disclosure.

Key stakeholders	Expectations and concerns	Communication channels
Government and regulatory bodies	<ul style="list-style-type: none"> • Legal operations • Responding to national development strategies • Creating job opportunities • Driving regional economic development • Environmental protection 	<ul style="list-style-type: none"> • Accepting supervision • Periodic disclosure • Non-periodic reporting • Participation in relevant meetings • Instant messaging software
Shareholders & investors	<ul style="list-style-type: none"> • Stable and sound operation • Return on investment • Transparent information disclosure 	<ul style="list-style-type: none"> • Periodic/Non-periodic information disclosure • General Meeting of Shareholders • Investor engagement activities • Investor hotline and email • Roadshow and performance briefing
Employees	<ul style="list-style-type: none"> • Compensation and benefits • Career development and promotion • Safe and comfortable working environment • Work-life balance 	<ul style="list-style-type: none"> • Face-to-face engagement with management • Satisfaction surveys • Employee representatives • Collection of employee feedback • Internal work groups
Customers	<ul style="list-style-type: none"> • Research and innovation • Product quality • Stable supply • Management of environmental and social issues 	<ul style="list-style-type: none"> • End-to-end services provided by account managers • Customer complaint channels • Customer communication and visits • Customer satisfaction surveys
Suppliers/Contractors	<ul style="list-style-type: none"> • Win-win and mutual development • Fairness and just • Operation with integrity 	<ul style="list-style-type: none"> • Supplier qualification screening • Supplier assessment and audit • Supplier communication
Public welfare and social organizations/the public	<ul style="list-style-type: none"> • Supporting harmonious community development • Actively engaging in public welfare • Transparent communication • Positive interaction 	<ul style="list-style-type: none"> • Information disclosure • Contact phone and email • Company official website

Case

ABA Chemicals Exhibits at the 8th China International Import Expo

In November 2025, ABA Chemicals actively participated in the 8th China International Import Expo (CIIE). Its subsidiary brand, Wholly You, took the stage at the CIIE for the fourth consecutive year, engaging in in-depth discussions with numerous partners during the expo. Concurrently, at the China-Mato Grosso Agricultural Cooperation Exchange Meeting, a side event of the CIIE, we have established the intention to cooperate on crop protection solutions with our partners, shared insights on green agricultural technologies, and reaffirmed its commitment to building sustainable agriculture.



Case

ABA Chemicals Exhibits at the "CPHI China 2025"

From June 24 to 26, 2025, ABA Chemicals, along with several subsidiaries, exhibited at the "CPHI China 2025" at the Shanghai New International Expo Center in Pudong. During the exhibition, the Company's team engaged in face-to-face exchanges with numerous customers, systematically presenting our carbon reduction progress since joining the Science Based Targets initiative (SBTi), latest R&D achievements, sustainable operation status of various production bases, and the green compliance and registration advantages of the Malta base in overseas markets. This communication highlighted the Company's development philosophy of taking ESG as a lever for differentiated competition and the full industry chain layout as the core.



Materiality analysis

To accurately identify and evaluate the Company's material ESG issues, we referred to sustainability information disclosure standards such as the GRI Sustainability Standards, the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange — Sustainability Report (For Trial Implementation)*, and the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. Based on these frameworks, a systematic and science-based assessment methodology was established. The Company conducted a materiality assessment from the perspectives of impact materiality (i.e., the significance of an issue's impact on economic, environmental, and social sustainability) and financial materiality (i.e., the extent to which an issue may affect the Company's financial performance). Based on the results, key ESG topics were identified, prioritized, and disclosed in this report with corresponding responses. Meanwhile, the Company continues to enhance its ESG management system to support long-term sustainable development.

Materiality assessment process

Issue mapping and identification

Based on an analysis of internal and external development trends, and with reference to macroeconomic policies in the Company's areas of operation as well as industry-specific policies and standards, the Company developed a list of ESG issues and identified 21 material issues, including both general and industry-specific issues:

- ① The list was primarily developed with reference to the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange — Sustainability Report (For Trial Implementation)*. Additional references included other authoritative domestic and international sustainability reporting such as the ISSB Standards and GRI Standards.
- ② Mainstream ESG rating frameworks, both domestic and international (e.g., MSCI ESG Ratings, S&P Corporate Sustainability Assessment, and CDP Ratings), as well as sustainability issues of industry concern, were also taken into consideration;
- ③ Issues jointly prioritized by internal and external stakeholders were identified based on the Company's sector characteristics, stage of industry development, business model, and position in the value chain, in order to determine topics of either financial or impact materiality;
- ④ Expert insights were also incorporated into the assessment process.

Survey and assessment

In line with the principle of dual materiality, the Company conducted both impact materiality and financial materiality assessments. This process resulted in the 2025 materiality matrix, which highlights our most significant ESG issues and their prioritization for the year. The relevant stakeholders engaged in the process include directors, senior executives, employees, customers, suppliers, investors, regulatory authorities, and the public.

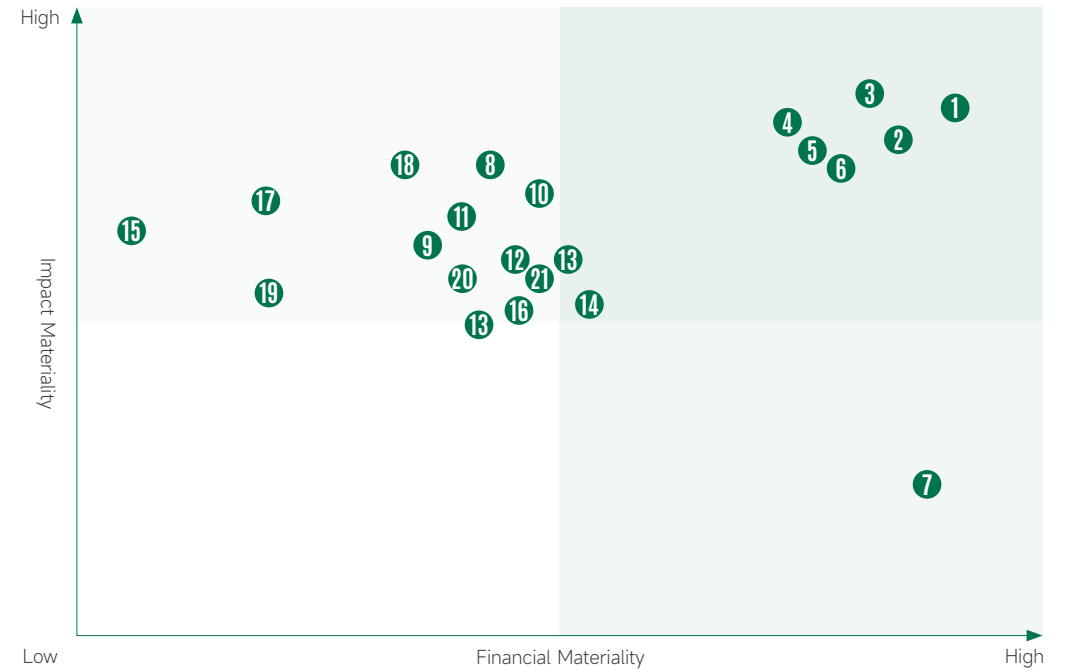
Impact materiality: The assessment began with the definition of impact materiality factors and scoring intervals. Stakeholders evaluated the Company's material ESG issues based on two main dimensions: severity of impact and likelihood of occurrence. Based on the survey results, the impact materiality of each issue was determined. The results were then reviewed and validated by both internal and external ESG experts to ensure objectivity and accuracy.

Financial materiality: The assessment began with the identification of assessment factors and thresholds for financial materiality. Each ESG issue was assessed based on whether it is expected to have a significant impact in the short, medium or long term on the Company's business model, operations, development strategy, financial position, operating results, cash flow, financing approach or financing cost. The assessment results were reviewed and validated by the Company's directors, senior executives and internal and external ESG experts.

Confirmation and response

Based on the survey results, a materiality matrix was developed from two dimensions: impact materiality and financial materiality. The prioritization of ESG issues was finalized through a comprehensive review and validation by the Company's senior executives and external experts. The prioritized issues are highlighted in this report with focused disclosures.

Materiality assessment results



Double materiality

① Product safety and quality	③ Environmental management	⑤ Occupational health and safety
② Supply chain management	④ Addressing climate change	⑥ Adherence to business ethics

Financial materiality

⑦ Compliant operations

Impact materiality

⑧ Customer service	⑭ Emissions management	⑳ Corporate governance
⑨ Innovation-driven development	⑮ Biodiversity conservation	㉑ Digital transformation
⑩ Responsible marketing	⑯ Protection of employee rights and interests	
⑪ Data security and customer privacy protection	⑰ Employee training and development	
⑫ Water resources management	⑱ Employee welfare and care	
⑬ Energy management	⑲ Social contribution	

Technological Excellence and Superior Quality Lead the Future

We firmly believe that true industry leadership stems from the deep integration of green technological innovation and an excellent quality system. The Company focuses on the field of high-end pharmaceutical and agrochemical intermediates, continuously making breakthroughs in key technologies such as green catalysis, continuous-flow reaction, and chiral synthesis. We strictly implement GMP standards and ISO 9001 Quality Management System, building a solid full-chain quality and safety defense line covering R&D, production, and delivery. Leveraging the CDMO platform, we provide global customers with efficient, compliant, and customized professional services, while striving to build a safe, resilient, and sustainable global supply chain. By systematically integrating technology, quality, service, and the supply chain, we continuously strengthen our sustainable competitive edge.

Issues covered in this chapter

- Product safety and quality
- Customer service
- Innovation-driven development
- Supply chain management
- Responsible marketing
- Data security and customer privacy protection



Contributing to UN SDGs

1 NO POVERTY



2 ZERO HUNGER



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Note: This picture shows the ABA Chemicals Shanghai Zhangjiang Innovation Center.

Adhering to innovation-driven development

The Company focuses on pharmaceutical and agrochemical CDMO, building an innovation ecosystem covering technological strategy, R&D systems, incentive mechanisms, and intellectual property, to continuously enhance technological barriers and customer value through high R&D investment and breakthroughs in green processes.

Defining innovation strategy

The Company takes building systematic competitive advantages and driving the upgrade of the chemical industry towards high-end and high-value development as our core innovation strategy, focusing on the two core businesses of CDMO for innovative pharmaceuticals and innovative agrochemical intermediates, and providing in-depth services to global originator pharmaceutical companies and leading agrochemical enterprises. We make forward-looking deployments in cutting-edge technology directions such as synthetic biology, microchannel continuous flow, and green catalysis, focusing on breaking through the bottlenecks of green synthesis processes with high selectivity, high yield, and high efficiency. Relying on the "R&D - pilot - industrialization" full-chain innovation system, the Company accelerates the transformation of technological achievements from the laboratory to large-scale production, and through continuous technological iteration and platform capability building, provides customers with more reliable, flexible, and cost-effective customized solutions.

In terms of securing R&D investment, the Company remains committed to treating scientific and technological innovation as a strategic investment, continuously maintains a high level of R&D expenditure, and promotes the efficient transformation of technological achievements by carrying out joint R&D projects with universities and research institutions, ensuring deep synergy between R&D activities and our core business.

📁
Case
Key Breakthrough Achieved in Microchannel Continuous Flow Process

During the reporting period, the Company collaborated with Shanghai Jiao Tong University and successfully applied microreactor technology to replace the traditional batch reactor process in a key step of trifloxystrobin synthesis—the photobromination reaction. This technology resolved bottlenecks such as poor heat and mass transfer performance and low light utilization in the traditional process, significantly improving process efficiency and safety. The related achievements have been granted national invention patents and published in the renowned international chemical engineering journal AIChE Journal.



发明专利证书

证书号 202411279号

发明名称：一种基于光化学连续流反应制备的三氟甲氧基衍生物的方法

专利权人：甘肃兰沃科技有限公司

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Case
Cutting-edge Achievements in New Energy Materials R&D

During the reporting period, the Company's subsidiary Electrolyte Technology Co., Ltd. collaborated with Central South University and Xi'an Jiaotong University, and achieved a breakthrough in the field of lithium-ion battery electrolytes. The relevant research results, titled "Synergistic Solvent Design Enables High-Performance Fluorine-Free Electrolytes for Lithium-Ion Batteries", were published in the internationally renowned journal Advanced Functional Materials, providing a new solution for the development of high-performance and environmentally friendly battery materials.


Improving the R&D System

Relying on a full-chain innovation system covering "R&D-pilot-industrialization," the Company actively integrates cutting-edge technologies such as AI to continuously build efficient, collaborative, and green core competitiveness, thereby laying a solid foundation for high-quality development.

📍 Building a full-chain innovation system

The Company has established a full-chain innovation system covering "R&D - pilot - industrialization", leveraging a technology network that synergizes four major domestic R&D centers with overseas R&D to accelerate the industrial transformation of technological achievements. Each center focuses primarily on independent R&D, supplemented by external collaboration, and is deeply involved in the new product development of industry-leading customers, supporting the Company in providing efficient, market-demand-oriented customized services.

During the reporting period, the Company's two major projects were successively implemented. In October 2025, the pilot project of Workshop C93 at the Lanzhou Base was launched, focusing on the pilot scale-up of innovative drug APIs and high-end intermediates. On November 29, Shaoxing ABA's innovative drug APIs and intermediates project officially commenced, focusing on the R&D and industrialization of related products. The two major projects further improved the Company's full-chain layout of "R&D - pilot - industrialization", providing strong support for the development of the pharmaceutical business.



Shaoxing ABA's innovative drug APIs and intermediates project officially commenced construction

Deploying AI + Automated R&D

Currently, China's pharmaceutical and fine chemical industries are moving towards a new stage of high-quality development. The government has intensively issued multiple policies to encourage the digital and intelligent transformation of the pharmaceutical industry and the high-end upgrading of fine chemicals, support the deep application of AI in drug research and development, and promote the development of efficient, safe, and environmentally friendly products and intermediates. As the core support for pharmaceutical manufacturing, the market demand for pharmaceutical intermediates continues to be unleashed, but the industry generally faces pain points such as outdated R&D models, long cycles, high costs, and low levels of digitalization, which restrict the pace of industrial upgrading. At the same time, AI-driven R&D has become the mainstream trend in the industry, and industry-academia-research collaborative innovation has become the key to industrial development. The Company is deeply engaged in the field of fine chemicals and pharmaceutical intermediates, possessing profound technical accumulation and a professional R&D team. To overcome industry bottlenecks, respond to policy guidance, and consolidate our industry position, the Company is actively exploring the application of AI in the R&D field, relying on industry-academia-research resources to deploy an AI + automated R&D system, facilitating the green and intelligent transformation of the industry, and achieving our own high-quality development.

Improving innovation mechanisms

The Company has established an innovation center as the core R&D institution, whose work is characterized by specialization, a systematic approach, interdisciplinary collaboration, and market orientation. The related intellectual property is incorporated into the Company's core strategic assets for systematic management. Centering around the full innovation cycle, the Company has established a policy system covering new product development, talent development, project transfer, and transformation of achievements, including the *Design and Development Plan*, *Innovation and Entrepreneurship Management Measures*, *Management Measures for the Further Education of Researchers*, and *Project Transfer Management System*.

In terms of incentives and support, the Company clarifies the benefit-sharing mechanism through the *Management and Reward Measures for the Transformation of Scientific and Technological Achievements*, and provides immediate bonuses to patent inventors in accordance with the *Intellectual Property Management Measures*. At the same time, we set up special funds to support idea incubation, establish a technology matchmaking and transformation platform, and systematically build an innovation ecosystem from idea to industrialization. During the reporting period, Puyi Chemical provided RMB668,100 in support funds for creative projects.

In addition, the Company actively builds an industry-university-research cooperation network and promotes the capacity building of R&D platforms. During the reporting period, the subsidiary Jiannong Plant Protection was recognized as a Provincial Enterprise Technology Center, a Specialized, Refined, Differentiated, and Innovative (SRDI) SME, and a High-tech Enterprise; Yihui Biotechnology hosted the Seventh "Applied Synthetic Biology" Special Forum; Puyi Chemical, as the lead drafting unit for the "Pharmaceuticals" sub-field of the group standard *Classification of Fine Chemical Products*, deeply participated in the formulation of industry rules, continuously enhancing its technical influence and industry leadership.



Group photo of the Seventh "Applied Synthetic Biology" Special Forum

Case Partnering with Leading Pharmaceutical Companies to Enhance Advanced Manufacturing Capabilities in the Pharmaceutical Industry

In August 2025, the Company entered into a strategic partnership with Hengrui Pharma to jointly promote advanced pharmaceutical manufacturing and technological upgrades. Hengrui Pharma possesses deep R&D expertise and a rich pipeline in major disease areas such as oncology, metabolism, cardiovascular, immunology, and neuroscience. Through CDMO collaboration with it, the Company is able to deeply participate in the process development and manufacturing of innovative pharmaceutical intermediates and active pharmaceutical ingredients (APIs), and gain exposure to cutting-edge drug modalities and complex synthesis technologies, thereby continuously optimizing our R&D system, improving technical response capabilities, and enhancing comprehensive innovation strength in the integration of high-end intermediates and active pharmaceutical ingredients (APIs).



Protecting Intellectual Property

With the Intellectual Property Management Measures at its core, the Company clarifies the scope of intellectual property and the ownership of work-related achievements, and establishes a collaborative and coordinated organizational mechanism led by the Technology Center/R&D Center, with part-time personnel assigned in various business departments. We have formulated supporting documents such as the Information and Knowledge Exchange Control Procedure and the Technical Document and Data Management Control System to standardize the intellectual property assessment, application, archiving, and confidentiality processes at all stages of R&D, and comprehensively prevent information leakage and ownership disputes by signing confidentiality agreements with employees handling classified information, implementing classified and controlled management of technical documentation, and mandating the inclusion of intellectual property ownership and confidentiality clauses in all external technical cooperation contracts. Meanwhile, the Company incorporates trade secret protection into new employee onboarding training and regularly conducts confidentiality training for all employees, continuously strengthening their confidentiality awareness and rule execution capabilities to effectively ensure the timely confirmation of rights and effective protection of innovation achievements.



Intellectual Property Training Held by Jiannong Plant Protection

Key performance

During the Reporting Period, the Company applied for **4** invention patents and was granted **3** patents.

As of the end of the Reporting Period, the Company held a total of **129** valid invention patents and **136** utility model patents

Strictly controlling quality and safety

The Company relies on a clear governance structure to supervise and manage quality and safety risks, sets the direction with forward-looking strategic planning, fortifies the line of defense with systematic risk control, and drives continuous improvement by setting quantitative indicators and targets, thereby building and continuously optimizing a quality and safety assurance system covering the entire process.

Governance dimension

The Company has established a dedicated quality management department, built an all-employee quality responsibility system from the general manager to each operational position, and all production bases continuously and effectively operate quality management systems that comply with industry standards. The Company has simultaneously formulated and implemented standardized system documents such as the *Quality Risk Management Procedure*, *GMP System Risk Assessment Procedure*, *Change Control Procedure*, and *Process for Controlling Nonconforming Output* to systematically ensure the quality, safety, and compliance of products throughout their life cycle. On this basis, the Company regularly evaluates the effectiveness of the system's operation through annual self-inspections, management reviews, and internal audits, and cascades quality objectives level by level to all departments, incorporating them into monthly and annual performance appraisals to ensure that quality responsibilities are implemented at all levels, thereby driving the continuous optimization of the quality management system and the constant enhancement of quality awareness among all employees.

Key performance

In 2025, the Company's main production bases successfully passed a series of quality system audits and official certifications, specifically including:

System certification

Main production bases **have passed the ISO 9001 surveillance or recertification audits**. The scope of certification covers the R&D, production, and sales of multiple products, including active pharmaceutical ingredients (APIs), pharmaceutical intermediates, pesticides and pesticide intermediates, chemical products, and biological enzyme preparations.

Official inspection

The Taicang Base successfully passed the renewal inspections for the *Drug Manufacturing License* and the *Certificate for Export of Active Pharmaceutical Ingredients to the EU* conducted by the Jiangsu Medical Products Administration.

Strategy

During the Reporting Period, focusing on potential quality risks such as deviations and fluctuations in the production execution process, the Company established a quality assurance and continuous improvement mechanism throughout the entire production chain, and systematically consolidated the quality foundation and enhanced response capabilities through measures such as standardized control, personnel empowerment, system reinforcement, and green design.

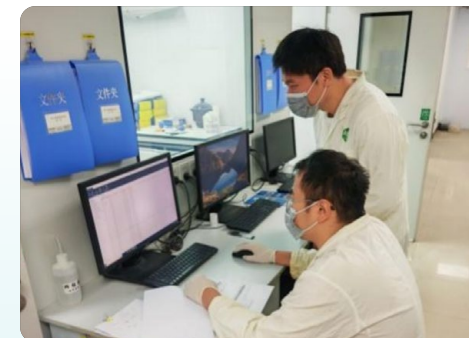
Risk type	Risk description	Impact duration	Financial impact
Deviations and fluctuations in the production execution process	During the production execution process, risks such as improper control of key process parameters, operational errors, and failure to follow SOPs may occur, or batch quality issues may arise due to sudden equipment failures or packaging and labeling errors, which in turn affect product quality stability, resulting in decreased production efficiency and quality accidents.	Short term, medium term, long term	High

Risk type	Risk description	Impact duration	Financial impact
Systemic vulnerabilities and gaps in personnel competencies	During the operation of the management system, risks may occur, such as a disconnect between the documentation system and actual operations, and process drift caused by ineffective change control. Additionally, systemic vulnerabilities may emerge due to the departure of key personnel or inadequate training, which can subsequently impair the effective operation of the quality system and lead to regulatory compliance risks.	Short term, medium term, long term	High
Compliance failures and sustainable development challenges	There may be compliance risks arising from failure to adapt to evolving regulations, or market access barriers due to the lack of integration of green and safety design into R&D, as well as the dilution of the quality culture affecting the post-M&A management system, thereby impacting corporate market access and brand reputation and resulting in the risk of regulatory penalties.	Medium term, long term	High

Strengthening process control and rapid response

To ensure the continuous provision of high-quality products and services, the Company has established a systematic quality assurance system. This system is centered on standardized procedures, covering the entire process from production task formulation, process execution, equipment usage, and process monitoring to packaging, transportation, and delivery. The Company has established clear quality standards and analytical procedures for raw materials, intermediate products, and finished products, and through strict monitoring and measurement control procedures, ensures that all inspection activities are executed as planned, guaranteeing the delivery quality of final products.

During the production process, the Company strengthens the management of key process parameters, key materials, and key processes. The Company strictly implements the *Change Control Process*, systematically evaluates and tracks all changes that may affect quality, and introduces external safety evaluations and expert reviews for major process changes. Through an effective deviation handling mechanism and non-conforming product management procedure, we ensure that abnormalities are promptly corrected to avoid unintended use. In addition, the Company has established the *Product Recall Management System* and conducts regular drills to ensure a rapid response when necessary, safeguarding customer and public safety. For non-conforming products, non-conformities, or incidents that occur, the Company conducts in-depth root cause analysis and formulates corresponding corrective and preventive measures, thereby continuously improving the product assurance system and driving the continuous enhancement of the quality management level.



Scenarios of Quality Control Process and Inspection Process of the Company

Strengthening the foundation of the system and enhancing practical abilities

The Company continuously conducts systematic quality training to comprehensively enhance employees' quality awareness and professional competence. All production bases strictly implement the training management system, systematically conducting new employee onboarding quality training, regular on-the-job refresher training, and specialized training on the creation and updating of SOPs. The training content covers the *Regulations on the Administration of Pesticides*, core requirements of pharmaceutical GMP, and product quality standards, and focuses on basic quality knowledge, record management, contamination control, and practical operations such as sampling, cleaning, and labeling. At the same time, the Company invites external experts to give lectures, introduces advanced practices, and continuously enriches training resources. Building on the implementation of training, the Company simultaneously establishes a training effectiveness evaluation and assessment mechanism to promote the effective conversion of knowledge into practical on-the-job skills.

In addition, the Company regularly conducts the promotion of quality standards and management reviews, and identifies improvement opportunities based on data trend analysis, thereby ensuring that training content precisely addresses practical problems and continuously enhancing the targetedness and effectiveness of the training system.



Specialized Training on the 2025 Jiangsu Province Quality Credit Rating Certification



Training on the Revisions to Pharmacopoeia 2025

Case Promoting Learning through Examinations and Empowering through Intelligence

The Company innovated training methods by deeply integrating external authoritative assessments with internal system optimization, and organized personnel in key positions at the Taicang Base to participate in the unified examination held by the Suzhou Inspection Branch of the Jiangsu Medical Products Administration. By "promoting learning through examinations," we stimulated the initiative of all employees to systematically study pharmaceutical laws and regulations, and all participants successfully passed. At the same time, we engaged a third-party professional agency to conduct a comprehensive review and iterative optimization of over 200 system documents and promoted collaborative participation across multiple departments in the revision process, enabling employees to deepen their understanding of GMP requirements during document optimization and achieving "learning while revising, revising while learning."



Practicing green concepts throughout the entire process

The Company adheres to the green design concept of "source reduction and full-cycle control," integrating cleaner production and intrinsic safety principles throughout the product R&D and production processes. By reducing the use of hazardous materials, seeking safe alternatives, and optimizing process conditions, we prevent pollution and reduce energy consumption from the design stage to minimize the environmental impact throughout the product's full life cycle.



Promoting green raw materials and process substitution

- In the production of a pesticide intermediate product, 1,1-dichloroethane in the sulfonation section is replaced with the less toxic dichloromethane, reducing environmental and health risks, while improving the solvent reuse rate and reducing waste generation.
- A certain pharmaceutical intermediate product adopts biological enzyme technology to replace traditional chemical processes, achieving efficient, low-energy, and pollution-free production.
- In the field of pesticide formulations, we replace highly toxic raw materials with low-toxicity ones, and promote the use of green formulations such as suspension concentrates to reduce harm to the environment.



Developing green and low-carbon products

- A pharmaceutical intermediate product adopts microchannel reactor technology to achieve closed, continuous, and precise control of the reaction process, significantly reducing safety risks and enhancing environmental benefits.



Implementation of green packaging design

- For materials such as methanol and toluene, we change the packaging from 200-liter small drums to IBCs, implementing dedicated-use containers and repeated recycling. For packaging drums for materials such as sulfuric acid, we implement inkjet coding identification management to promote recycling, reduce packaging material consumption, and reduce material residue.



Implementation of source reduction and inherent safety design

- During the design stage, we use the *Inherently Safer Process Checklist* as a guiding tool to systematically implement the principles of reduce use, safer substitution, and moderate processes.
- Through ongoing cleaner production audits, we identify and implement process optimization solutions aimed at energy saving, consumption reduction, pollution reduction, and efficiency improvement, improving resource utilization efficiency at the source and reducing pollutant emissions.

Risk management

The Company has formulated documents such as the *Quality Risk Management Procedure* and the *GMP System Risk Assessment Procedure*. Based on specialized procedures and quantitative tools, we accurately identify and control key stages throughout the entire production process and conduct comprehensive assessments relying on multi-channel information inputs, while achieving closed-loop risk management and continuous improvement through event-triggered and periodic review mechanisms.







Risk management framework and core methods

The Company has established a closed-loop quality management process that includes assessment, control, communication, and review. It uses flowcharts, checklists, and trend analysis for preliminary risk identification, and employs Failure Mode and Effects Analysis (FMEA) as a core quantitative tool. By analyzing the likelihood, severity, and detectability of failures, the Company calculates the risk priority numbers to objectively rank risks and implement tiered risk management.

Sources of input information for risk assessment

The input information for risk assessment is derived from various aspects of daily operations and quality management, including quality management system processes, various quality events, change control, periodic review data, validation status, and personnel competency assessment results.

Mechanisms for ongoing risk monitoring and review

We conduct immediate follow-up and re-assessment through event triggers and measure verification; conduct a systematic annual review of all identified risks, and record the entire process in the risk register ledger to achieve closed-loop risk management and continuous improvement.

Indicators and targets

The Company has set clear and quantifiable quality indicators and targets, continuously tracks various indicators through the monthly quality target assessment form, and has established a quality information management system to ensure data integrity and traceability. As of the end of the reporting period, the completion rate of major quality targets reached 100%.

Indicators	Unit	2025 target	2025 achieved value
Timely updates of manuals for the three management systems	Time	≥ 1 time/3 years	1
Internal audit implementation status for the three management systems	Time	≥ 1 time/year	1
Management review implementation status	Time	≥ 1 time/year	2

Indicator	Unit	2025 target	2025 achieved value
Number of quality-related complaints	Time	≤ 1 time/month	0
Audit pass rate for product release	%	100	100
Compliance and accuracy rate for material storage and handling	%	≥ 98	100
Labeling non-conformities identified during inspections and audits	Item	≤ 2 items/quarter	0
Instances of uncontrolled non-conforming products	Time	≤ 1 time/year	0
First-pass inspection accuracy for raw materials, products, and intermediates	%	98	Target achieved
Timely reporting and documentation rate of out-of-specification (OOS) cases to QA	%	100	100
Timely deviation reporting and documentation rate to QA	%	≥ 90	100
Change management compliance	%	≥ 95	100
Equipment fault resolution timeliness rate	%	≥ 98	Target achieved
Equipment maintenance timeliness and record accuracy rate	%	≥ 98	Target achieved
Measuring instrument calibration compliance rate	%	≥ 95	Target achieved
Infrastructure fault resolution timeliness rate	%	≥ 98	100
Contract fulfillment rate	%	≥ 98	100
Customer satisfaction rate	%	≥ 95	Target achieved

Creating high-quality services

The Company is committed to systematically building a trustworthy service system through responsible marketing and communication, professional and efficient customer service management, and strict protection of data security and customer privacy, and we are dedicated to exceeding customer expectations at every stage to achieve mutual growth.

Responsible marketing

The Company has established a closed-loop management system for responsible marketing covering policies, implementation, and supervision. By establishing internal policies such as the *Responsible Marketing Assurance Plan* and incorporating the requirements of external regulations—such as the *Advertising Law*—into employee handbooks and incentive and disciplinary systems, we clearly define the “red lines” for marketing compliance at the strategic level and systematically mitigate legal and ethical risks. Building on this, we regularly conduct mandatory regulatory training and typical case studies, establish a multi-departmental collaborative review mechanism prior to the release of marketing materials, and strengthen the team’s compliance awareness and professional capabilities to ensure that external promotional content is truthful, accurate, and verifiable. At the same time, we rely on internal audits, customer feedback, and internal reporting channels to build a three-pronged supervision network, strictly pursue accountability for violations, and promote problem rectification and process optimization, ensuring that the responsible marketing system remains continuously effective and achieves tangible results.

Key performance

During the reporting period, the Company had

0

incidents of non-compliant marketing.



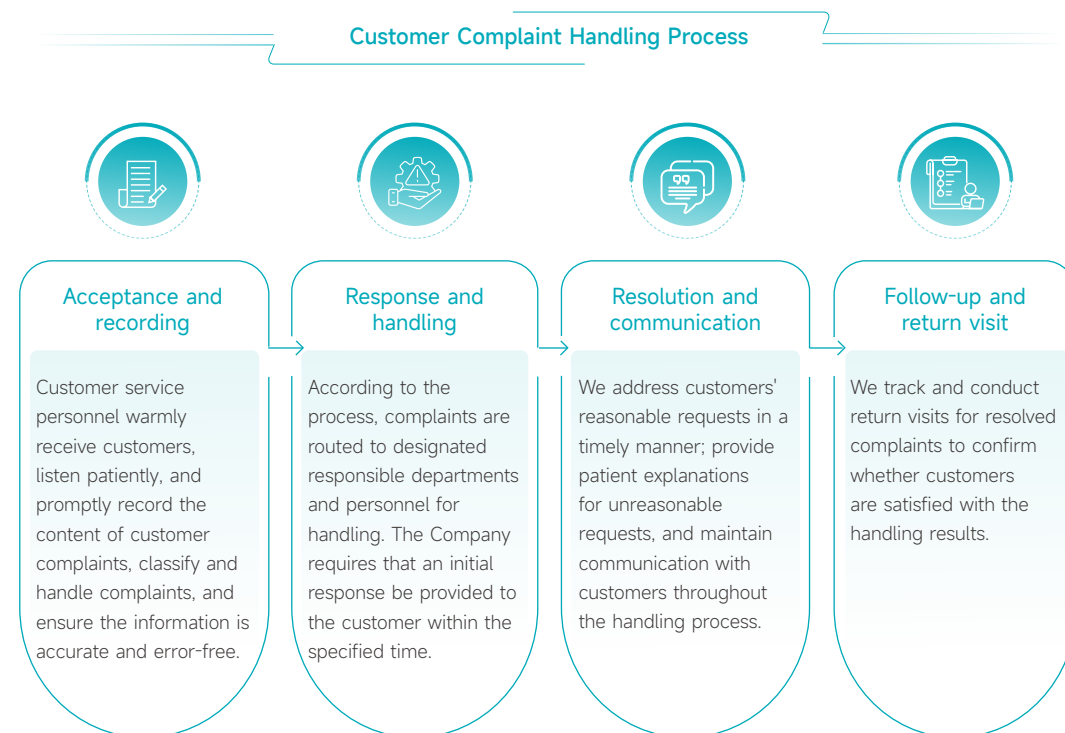
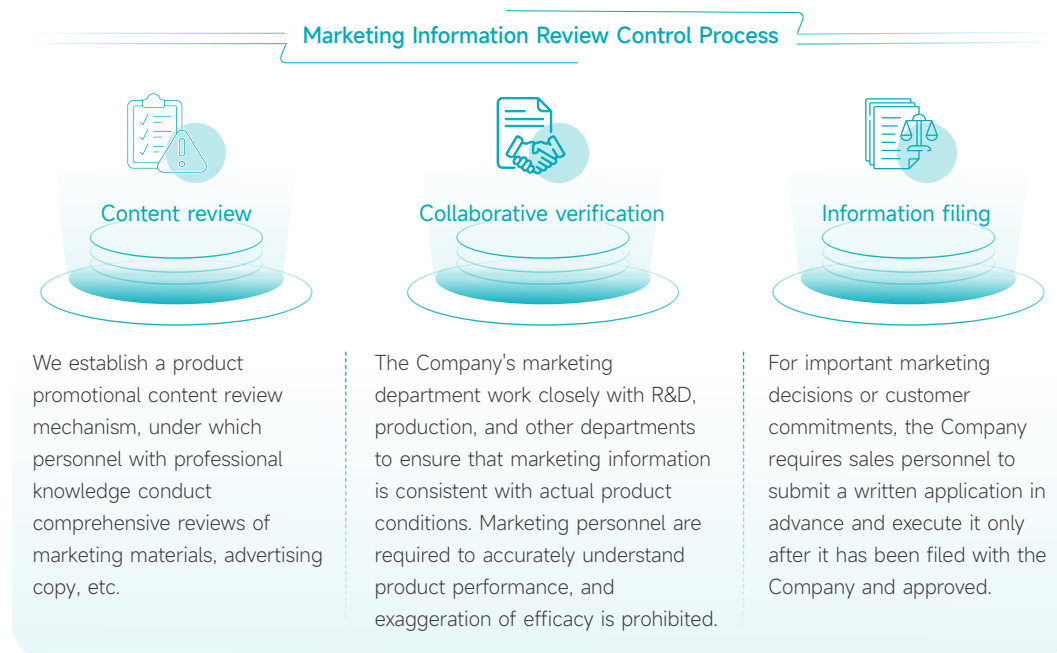
Customer service management

The Company always starts with sincere listening and, through attentive and professional service processes, accompanies and supports customers in solving problems and creating value. To systematically enhance service quality, the Company has formulated the *Customer Service Management System* as the fundamental basis for service management, clarifying service objectives and the overall principles of key processes such as customer information management, reception and response, complaint handling, follow-up tracking, and relationship maintenance. Concurrently, we have introduced supporting institutional documents such as the *Customer Service Quality Monitoring Plan*, establishing a customer service management system that covers all processes and elements, and laying a solid institutional foundation for a high-quality customer experience.



🕒 Closed-loop management of customer complaints

The Company classifies and manages customers by establishing and continuously updating a customer information database. On this basis, the Company requires customer service personnel to warmly receive customers in a standardized manner, and promptly record, classify, and handle all inquiries and complaints. In response to customer complaints, the Company has established a clear time-bound handling mechanism to ensure responses within the specified time and continuous tracking and follow-up until the customer is satisfied. At the same time, the Company also proactively conducts regular follow-ups via phone, email, and other methods to systematically collect customer opinions and suggestions. In addition, we deepen customer relationships by providing value-added services such as technical guidance to key customers and organizing various customer activities.



Forms of Technical Exchange and Service

Technical guidance and validation of results

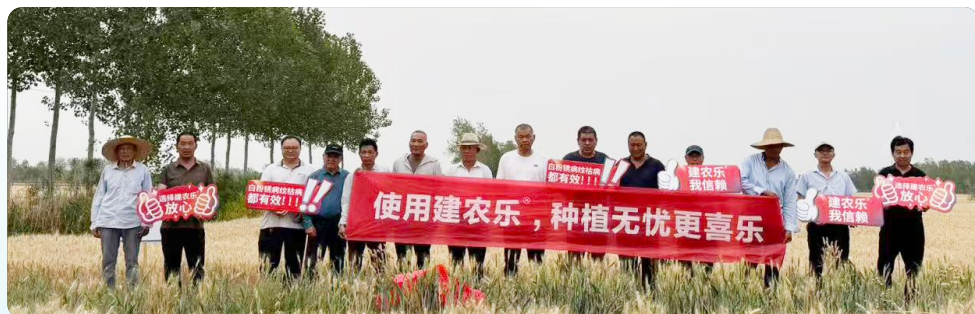
Through objective and clear presentation of outcomes, we help customers more accurately assess product value, thereby providing strong support for their application decisions.

Knowledge sharing and skill transfer

Through training, on-site guidance, and other methods, we share relevant product knowledge and usage skills with our customers to help them use products more effectively and promote joint improvement in professional capabilities for both parties.

Regular communication and feedback on needs

We organize technical exchange meetings, product demonstrations, and other activities to establish stable communication channels, so as to more directly understand customers' usage and feedback and continuously improve our products and services.



Jiannong Plant Protection promoted the prevention and control of wheat rust in Jiangsu, Anhui, Henan, and other regions

Service quality monitoring

The Company has set core performance indicators such as customer complaint rate, timely issue resolution rate, customer satisfaction score, customer follow-up rate, and service response time, and has defined specific target values for each indicator. To monitor the achievement of the targets, the Company conducts real-time tracking through a data statistical analysis system, gathers information through multiple channels such as regular customer satisfaction surveys, feedback from complaint platforms, and regular internal audits, and directly incorporates service quality indicators into the performance appraisals of customer service personnel. For situations where targets are not met, the Company initiates systematic handling procedures, including conducting an in-depth analysis of the causes, formulating targeted improvement measures, and continuously tracking and evaluating the effectiveness, and enforces corresponding accountability or provides incentives based on the results, ensuring that service issues are effectively resolved and promoting the continuous improvement of service quality.

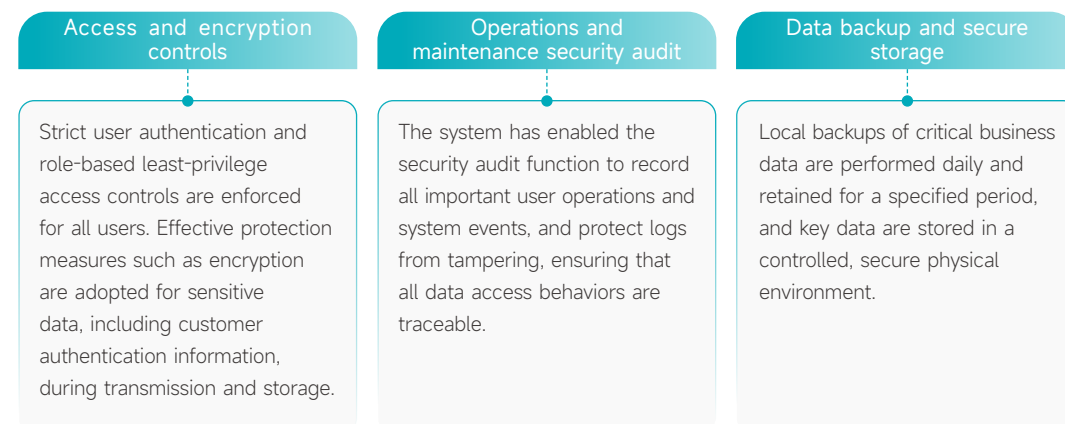
Data security and customer privacy protection

The Company establishes and continuously improves management and technical systems to provide comprehensive and regular protection for information security and customer privacy.

Information and data security protection

The Company, taking *Overall Policy and Security Strategy for Cybersecurity* as the overarching guideline and *Data Security Management System* as the core, has established a policy system covering the entire data lifecycle, clarifying the protection requirements for data confidentiality, integrity, and availability, and standardizing the management processes across all stages from storage and access to destruction. To ensure the implementation of responsibilities, the Company has established an information security working group led by management, set up dedicated positions such as system management and security management, and clearly defined the division of responsibilities. The working group conducts policy review and revision at least once a year. During the reporting period, the working group completed routine security inspections as scheduled, and key control points such as backup records and audit logs were verified. Regarding the areas for improvement identified during the grade protection assessment, the Company has incorporated them into its continuous improvement mechanism and is promoting the dynamic optimization and long-term operation of the information security system through policy revisions and specialized training.

Core Data Security Protection Measures



The Company's core business system

successfully passed the National Cybersecurity Classified Protection Level 2 Assessment

Key performance

The Company experienced **0** data breach incidents

Customer privacy protection

The Company has established and implemented the *Customer Privacy Protection Plan*, systematically standardizing the full lifecycle management of customer information. The policy specifies the principles of lawful, legitimate, and necessary collection, implements technical and management measures such as encrypted storage and strict access control, and restricts data sharing, requiring that any such sharing be subject to a confidentiality agreement with the third party. At the same time, through continuous employee training, privacy protection requirements are internalized as a code of conduct for all employees.

In addition, the Company conducts regular special internal audits to review compliance, invites independent third-party organizations to evaluate its customer privacy protection measures and policies, and has established customer privacy complaint channels to ensure timely responses. Through a combination of policies, technology, training, and oversight, the Company continues to provide robust safeguards for customer data security.

Building a resilient supply chain

The Company continuously strengthens the supervision and control of supply chain risks, building a robust, reliable, and stable supply chain through a systematic management system and rigorous implementation.

Governance dimension

The Company has established a management structure that integrates the headquarters supply chain management platform with the procurement execution at various production bases. The headquarters level is responsible for strategic planning, platform development, and resource coordination, while the various production bases are responsible for the implementation of specific procurement tasks and the day-to-day management of suppliers. At each production base, the division of responsibilities among various departments is clearly defined. The Procurement Department leads supplier sourcing, qualification collection, and directory maintenance. The Quality Assurance (QA) Department, as the core supervisory department, is responsible for qualification review, on-site audit organization, and the approval of qualified suppliers. Meanwhile, departments such as the Technical Department, Production Department, Safety Department, and Logistics Department collaboratively participate in processes such as technical assessment, production verification, safety audits, and arrival inspections based on their areas of expertise, forming a multi-departmental coordinated audit mechanism.

To ensure standardized and orderly management activities, the Company has formulated and implemented a series of system documents, including the *Supplier Management System*, the *Supplier Environmental Behavior Management System*, and the *Supplier Confirmation and Audit Management Procedure*. Key decisions such as the onboarding, approval, and revocation of all suppliers must be formally approved by the head of the Quality Assurance Department or the leader in charge, and records of the entire process are systematically archived to ensure traceability. Furthermore, the Company establishes a continuous and effective closed-loop supervision system for qualified suppliers through regular annual performance evaluations, qualification document reviews, and periodic on-site audits of key suppliers.

Strategy

During the reporting period, in response to potential supply chain risks such as compliance and reputational risks, technological iteration and disconnection risks, and supply disruption risks, the Company established three major goals of "strengthening resilience, deepening synergy, and fulfilling responsibilities", and integrated supply chain risk management throughout the entire lifecycle from supplier onboarding, cooperation, and monitoring to exit, systematically building a modern supply chain system that is safe and reliable, mutually beneficial, green, and compliant.

Risk type	Risk description	Impact duration	Financial impact
Compliance and reputational risks	Suppliers violate environmental, safety, and labor regulations, causing the Company to face regulatory penalties, litigation, and damage to brand reputation.	Short term, medium term, long term	Moderate
Risk of technology iteration and disconnection	Suppliers' technology is outdated and unable to meet the Company's needs for product upgrades or green process transformation, resulting in the Company losing market competitiveness.	Medium term, long term	Moderate
Risk of supply disruption	Key suppliers may experience sudden supply disruptions due to quality incidents, poor operations, environmental protection shutdowns, or geopolitical factors, which may affect the continuity of production.	Short term, medium term, long term	High

Risk type	Risk description	Impact duration	Financial impact
Quality and consistency risks	Inconsistent quality of supplier product batches or failure to meet new standards leads to a decline in the Company's product qualification rate, returns, or recalls.	Short term, medium term, long term	High
Cost and price volatility risks	Severe fluctuations in raw material prices and weak bargaining power caused by a single-supplier monopoly erode profit margins.	Medium term, long term	Moderate
Over-reliance risk	Excessive reliance on a single or a few suppliers, leading to a lack of supply chain resilience.	Medium term, long term	Moderate

Supplier onboarding management

The Company has established a multi-dimensional evaluation mechanism to ensure the source is controllable. Based on the impact of materials on product quality, we implement a three-level classification management for suppliers: critical, important, and general. We simultaneously embed ESG risk assessment, incorporating sustainability performance such as environmental protection, labor rights, and business ethics into the comprehensive screening criteria. Meanwhile, we implement the principle of having no fewer than three qualified suppliers for the same material, and prioritize partners with independent production capacity or regional layout advantages to strengthen supply diversity and risk resilience from the source.

Supplier Onboarding Criteria

Basic legitimacy criteria

- Possess a legal and valid business license;
- If hazardous chemicals are involved, a Work Safety License/Operating License, Safety Data Sheet (SDS), and safety labels must be provided;
- Provide a valid quality inspection report (COA) for at least one batch of products.

Quality and capability criteria

- Possess a sound quality management system (obtaining ISO and other certifications is encouraged);
- Production facilities, equipment, and testing instruments can meet product quality and capacity requirements;
- Be able to provide small samples according to the Company's requirements and pass the Company's internal full-item testing;
- For key and important materials, it is required to cooperate in completing questionnaire surveys and small-scale testing/production verification.

Sustainable development (ESG) and social responsibility criteria

- Comply with national laws and regulations regarding environmental protection, safety, and occupational health;
- No adverse records in areas such as ethical conduct, labor rights, and human rights;
- Accept the Company's on-site quality audits and ESG performance assessments.

Key performance

163 suppliers have passed Quality Management System certification (such as ISO 9001)

140 suppliers have obtained Environmental Management System certification (such as ISO 14001, etc.)

140 suppliers have passed Occupational Health and Safety Management System certification (such as ISO 45001)

Cooperation execution management

contracts, quality agreements, integrity agreements, and other documents, we explicitly require suppliers to comply with national laws and regulations and fulfill ESG obligations such as environmental protection, anti-corruption, and labor protection, making this a basic prerequisite for cooperation. For key suppliers, we conduct on-site audits, annual performance communications, and joint efforts in process optimization, and while improving delivery quality and efficiency, we support their technological upgrades and green transformation. In addition, leveraging the global network of production bases and advanced processes such as green synthesis and continuous flow, we enhance the stability and resilience of the supply chain from the production end.

Continuous monitoring and management

The Company conducts on-site reassessments of tier-1 suppliers at least once every three years, primarily relies on document reviews for tier-2 and tier-3 suppliers, and conducts timely re-evaluations when major changes or quality issues occur. At the same time, key indicators such as quality, delivery, and ESG performance are incorporated into monthly and annual performance assessments, and the assessment results are directly linked to order allocation and cooperation priority, driving continuous improvement among suppliers.

Differentiated Supplier Assessment Strategy

Annual comprehensive assessment

All suppliers listed in the *Approved Supplier List* undergo a comprehensive annual performance evaluation at least once a year to review their quality, delivery, service, price, and the validity of their qualifications.

Periodic on-site audits

Tier-1 suppliers: Conduct an on-site quality audit at least once every three years. For the first audit, conduct it before onboarding whenever possible, and complete it no later than one year after onboarding.

Tier-2 and Tier-3 suppliers: Focus primarily on document reviews and annual assessments. If major quality issues or changes occur, an on-site audit may be initiated at any time.

Ad hoc evaluation and reassessment

Triggered reassessment: When a supplier undergoes major changes or experiences quality issues, has multiple non-conformities within one year, or shows abnormal quality trends during the annual review, a special reassessment is initiated immediately.

Continuous qualification review: The Company's Procurement Department and Quality Assurance Department continuously monitor the validity of supplier qualifications, and request updates before documents expire to ensure their validity.



Dynamic management and control mechanism

The Company has established a dynamic supplier management mechanism featuring "rewarding excellence and penalizing inferiority, and closed-loop management" by implementing tiered correction and exit accountability for problematic suppliers, and providing positive incentives to outstanding suppliers.

Tiered corrective measures	Exit and accountability traceability	Positive incentive guidance
For suppliers that fail the evaluation or have issues, we implement graded measures including written rectification, order reductions, and suspension of supply qualification.	When suppliers provide materials that cause a major quality impact, still fail the re-evaluation after rectification, or fail the annual evaluation, the exit procedure is initiated. Suppliers are responsible for compensating for losses resulting from quality issues or delivery delays caused by them.	For outstanding suppliers, we establish strategic partnerships through incentive policies such as order priority and favorable payment terms to ensure a long-term, stable, and high-quality supply.

Risk management

The Company's *Internal Control System* explicitly incorporates core supply chain segments into key business control activities, establishing the policy foundation for risk management. Meanwhile, the internal audit system includes the supply chain segment within its supervisory scope, ensuring the independence and authority of risk management.

Risk identification	Assessment and prioritization	Monitoring and improvement
Mainly, the business departments conduct preliminary screening through daily operational activities such as supplier management and contract review, and the Audit Department conducts systematic identification through special audits.	We analyze the identified risks in terms of their likelihood of occurrence and potential impact, assess and determine their risk levels, and prioritize them accordingly.	Ongoing monitoring is conducted through regular internal audits, management reviews, and tracking of key indicators. Risks identified through audits and rectification requirements are incorporated into the Company's unified reporting and tracking system to ensure a management closed loop of "Identification-Rectification-Review".

Indicators and targets

By setting and exceeding supply chain key performance indicators, the Company effectively ensures the comprehensive implementation of material supply efficiency and environmental compliance management.

Indicators	Unit	2025 target	2025 achieved value
Rate of notification regarding environmental requirements when signing various business contracts with suppliers/contractors	%	100	100
Supplier/Contractor qualification approval rate	%	100	100



Green Development and Enduring Protection of Nature

We firmly believe that corporate sustainable development is rooted in harmonious coexistence with nature. The Company strictly adheres to the bottom line of compliance, addresses climate change with a forward-looking perspective, practices resource conservation throughout the entire production process, and controls emissions with the strictest standards. Meanwhile, we extend the responsibility of environmental protection to the safeguarding of biodiversity, have established a systematic and multi-level environmental action system, and are committed to protecting clear water and green mountains in the course of its development.

Contributing to UN SDGs

<p>6 清洁饮水和卫生设施</p>	<p>7 经济适用的清洁能源</p>	<p>12 负责任消费和生产</p>	<p>13 气候行动</p>
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Note: The picture shows the ABA Chemicals Binhai Base.

Issues covered in this chapter

- Environmental management
- Addressing climate change
- Water resources management
- Energy management
- Emissions management
- Biodiversity conservation



Environmental compliance management

The Company integrates environmental compliance requirements into operational systems and relies on the ISO 14001 system to improve systems, prevent and control risks, ensure investment, promote cleaner production and green manufacturing, and strengthen emergency response and training, comprehensively enhancing our environmental compliance level and sustainable development capabilities.

Governance dimension

The Company has established an environmental governance structure featuring unified guidance, tiered responsibility, and full participation, ensuring that environmental protection efforts follow established rules and responsibilities are assigned to individuals.

Key performance

Total environmental protection investment

3,485.08
ten thousand RMB



Organizational and leadership responsibility

Our top management bears ultimate responsibility for environmental performance. Each production base has established a dedicated environment, health and safety (EHS) management department, with a professionally qualified team responsible for day-to-day supervision and management. In addition, we have established a company-wide environmental protection responsibility system spanning from subsidiary heads and the EHS Director to all departments, workshops, and teams, ensuring that environmental protection responsibilities are embedded in every operational process.



Systems and framework assurance

The Company has established a clearly tiered and comprehensive environmental management policy system. Main production bases have obtained and continuously maintained the international certification for ISO 14001 *Environmental Management System*, achieving standardization and internationalization of management. Meanwhile, based on their own characteristics, all production bases have formulated and implemented a series of documents covering the *Environmental Protection Responsibility System*, *Environmental Risk Hazard Investigation and Handling System*, *Emergency Management System for Environmental Emergencies*, and *Environmental Protection Training and Assessment System*, thereby forming an institutionalized management network.



Supervision, appraisal and investment

We incorporate environmental performance into the routine performance appraisal system for each base and employees, conduct supervision through monthly inspections and special audits, and link appraisal results to incentives, thereby strengthening all employees' awareness of environmental responsibility and promoting the effective implementation of environmental management measures. Meanwhile, we earmark special funds for environmental protection in the annual budget and ensure they are used exclusively for their intended purposes, meeting funding needs for the construction, operation and maintenance, and technological upgrading of pollution control facilities.

Strategy

In response to potential environmental risks such as environmental compliance risks and risks of environmental emergencies, the Company has fully integrated environmental protection into our development strategy and daily operations, systematically advanced environmental management, focused on building a green manufacturing system, and continuously optimized processes and reduced consumption through cleaner production audits. Each production base has established emergency response mechanisms and conducts regular drills, strengthens environmental protection training for employees and information disclosure, so as to comprehensively improve environmental performance and risk prevention and control capabilities.

Risk category	Risk description	Impact duration	Financial impact
 Compliance risk	Increasingly stringent environmental regulations pose risks of administrative penalties and orders to suspend production for rectification due to excessive emissions, environmental emergencies, or non-compliant environmental management, directly affecting the continuity and stability of production and operations.	Short term, medium term, long term	High
 Risk of environmental emergencies	There are inherent risks in chemical production, hazardous chemicals storage, and other processes, where safety incidents such as leaks, fires, and explosions may trigger secondary environmental pollution.	Short term, medium term, long term	High
 Risk of employee operational errors and inadequate skills	Frontline employees may have weak environmental awareness or be unfamiliar with equipment operating procedures, which may lead to fugitive emissions, malfunctions caused by improper operations, or improper handling at the initial stage of an incident, causing minor issues to escalate into major events.	Short term, medium term, long term	High
 Corporate reputation and market access risk	The public, customers, and investors are paying increasing attention to the environmental performance of enterprises. Poor environmental management or a lack of transparency may damage the Company's reputation, affect the market competitiveness of its products, and even impact financing activities.	Medium term, long term	High

Systematic Environmental Management Practices

Green manufacturing system development

The Company is committed to the development of a green manufacturing system and regards it as an important driver for promoting green and low-carbon industrial development. During the reporting period, our subsidiary Nantong ABA successfully obtained the "2025 Jiangsu Province Green Factory" certification; the Lanzhou base was recognized as a municipal-level green factory and has initiated the application process for provincial-level green factory status.

Cleaner production audit

We regard cleaner production audits as a strategic tool to systematically enhance environmental performance. Multiple bases have completed the cleaner production audits required by the government. By implementing a series of measures, including process optimization, equipment upgrades, and the development of energy management systems, we effectively reduce the material consumption, water consumption, and energy consumption per unit of product, and reduce pollutant generation at the source.

Emergency preparedness and response

All of our production bases have prepared emergency plans in accordance with applicable laws and filed them with the competent local authorities, specifying the emergency organization, response procedures, and disposal measures. We regularly conduct emergency drills for environmental emergencies under different scenarios, such as chemical leaks and accidental wastewater discharges, and evaluate and improve drill effectiveness to continuously enhance emergency response capabilities. In addition, we regularly maintain emergency supplies and equipment to ensure emergency response capabilities.

Enhancing environmental awareness and skills

All of our production bases have formulated specialized environmental education and training management systems, specifying that the EHS Department or other responsible departments at each production base shall formulate and implement annual plans. The training content covers environmental laws and regulations, our internal management systems, and operating procedures for pollution prevention and control facilities, with differentiated training conducted for different positions. Through regular and comprehensive environmental training, we continuously enhance the environmental awareness and skills of all employees.



Air Pollution Prevention knowledge training in Shangyu Base

Transparent communication

The Company regularly discloses environmental management information, self-monitoring data, and annual execution reports in accordance with the law through multiple channels, such as the official website, the government's "One Enterprise, One File" platform, and the National Pollutant Discharge Permit Management Information Platform, to accept public oversight.



Nantong Base publicly discloses environmental impact assessment (EIA) information through government platforms

Risk management

The Company has established and implemented a systematic environmental risk management process, including systems such as the *Environmental Factor Identification and Evaluation Procedure* and the *Hazard Identification, Evaluation and Control Procedure*, forming a management system that covers risk identification, hierarchical assessment, and multi-level monitoring to achieve systematic control of environmental risks.



Risk identification

We systematically identify potential risk points by combining process analysis, on-site observation, and departmental discussions. The identification process covers the full life cycle of production activities, products, and services, and specifically examines environmental impacts across the past, present, and future, as well as under normal, abnormal, and emergency operating conditions. The scope of identification includes discharges of water and air pollutants, noise, solid waste management, energy and resource use, soil and groundwater pollution, and other local environmental issues.



Risk assessment and prioritization

We use appropriate evaluation methods for different types of risks to determine key control priorities. For routine environmental factors, we adopt a multi-factor evaluation method, scoring five aspects: scope of impact, severity, frequency of occurrence, regulatory compliance, and public concern, and based on these results, determining significant environmental factors. For safety risks that may trigger environmental incidents, we use the LEC Assessment to conduct graded evaluations. For environmental emergencies, we strictly follow the *Risk Classification Method for Enterprise Environmental Emergencies*, quantitatively calculating inventories of risk substances, assessing process and control levels, and analyzing surrounding environmental sensitivity, ultimately determining the risk level.



Risk monitoring

We monitor risks continuously through multiple approaches. At the operational level, we implement online monitoring at wastewater and exhaust gas discharge outlets, with data networked to regulatory authorities, and commission third parties to conduct regular manual monitoring. Meanwhile, we carry out daily inspections of environmental protection treatment facilities. At the compliance and management system level, we track compliance status by preparing environmental information disclosure reports and pollutant discharge permit implementation reports, and use internal audits, management reviews, and hidden hazard investigations to check the effectiveness of system operation.

Indicators and targets

The Company sets quantitative environmental management targets and tracks performance through a rigorous monitoring and reporting system, and is committed to achieving transparent management and continuous improvement.

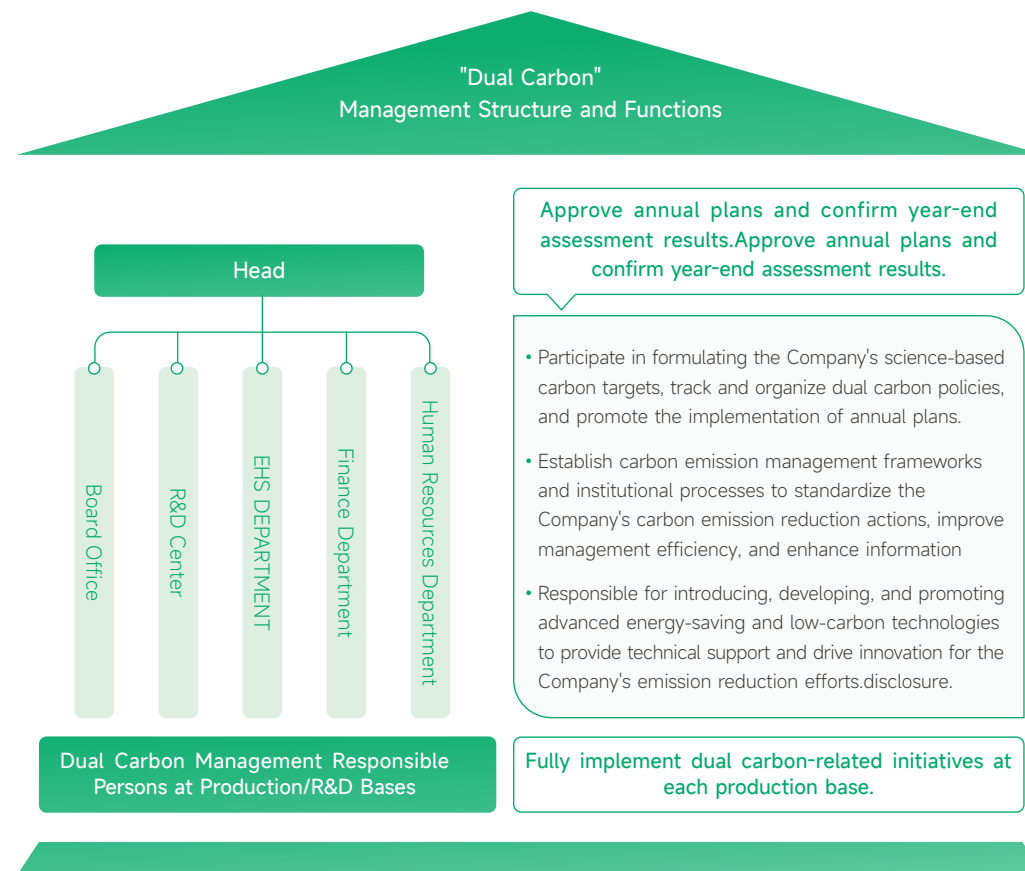
Indicators	Unit	2025 target	2025 achieved value
Timeliness rate for identification and update of environmental factors and significant environmental factors inventory	/	≥ 1 time/year	1
Environmental pollution incidents	cases	0	0
Fire hazards	cases	0	0
Compliant discharge of exhaust gas and wastewater	%	100	100
Compliance rate of hazardous waste disposal	%	100	100
On-time completion rate of emergency drills	%	100	100
Compliance rate of emergency response supplies configuration	%	100	100

Addressing climate change

The Company fully recognizes the critical role of climate issues in long-term corporate competitiveness, actively adopts the recommended framework of the Task Force on Climate-related Financial Disclosures (TCFD), and systematically advances climate action across the four dimensions of governance, strategy, risk management, and indicators and targets, promoting climate resilience within our own operations and value chain.

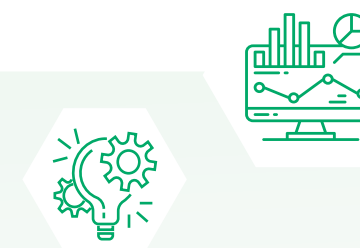
Governance dimension

The Company has established a climate governance system covering the entire chain of governance, implementation, and supervision. At the governance level, we have integrated "Dual Carbon" initiatives into our strategic core, established a cross-departmental special working group led by the Chairman, and built a collaborative mechanism covering policy research, technical implementation, government engagement, and ESG disclosure. We drive the implementation of decisions through annual plans, regular monthly meetings, and a closed-loop supervision mechanism, while allocating emission reduction responsibilities to each production base to achieve integrated management from the headquarters to the frontline. At the execution level, we set science-based emission reduction targets and officially obtained SBTi approval in June 2025, becoming one of the first enterprises in the domestic fine chemical industry to pass this international certification. By incorporating "Dual Carbon" targets into the performance appraisals of subsidiaries and employees, formulating the *Dual Carbon Construction Implementation Plan*, and establishing a traceable and auditable carbon data management system, we ensure the efficient implementation of actions. In terms of supervision and improvement, the Company strengthens closed-loop management through third-party certification. For example, the Nantong base has obtained the ISO 50001 Energy Management System certification and has been recognized as a Jiangsu Province Green Factory, and undergoes continuous external audits. Meanwhile, the Company regularly publishes ESG reports, proactively discloses climate progress, and responds to the compliance and transparency requirements of investors and core customers regarding supply chain carbon reduction, forming a closed loop of climate governance featuring internal and external coordination and continuous optimization.



Strategy

The Company actively responds to the national "Dual Carbon" targets, identifies the urgent needs of downstream customers for low-carbon products and supply chain transparency, benchmarks against the best practices of international chemical companies, refers to international standards such as IFRS S2, systematically identifies physical risks and transition risks/opportunities, evaluates their financial impacts and time horizons, and proactively integrates climate change deeply into our core strategy and business model.

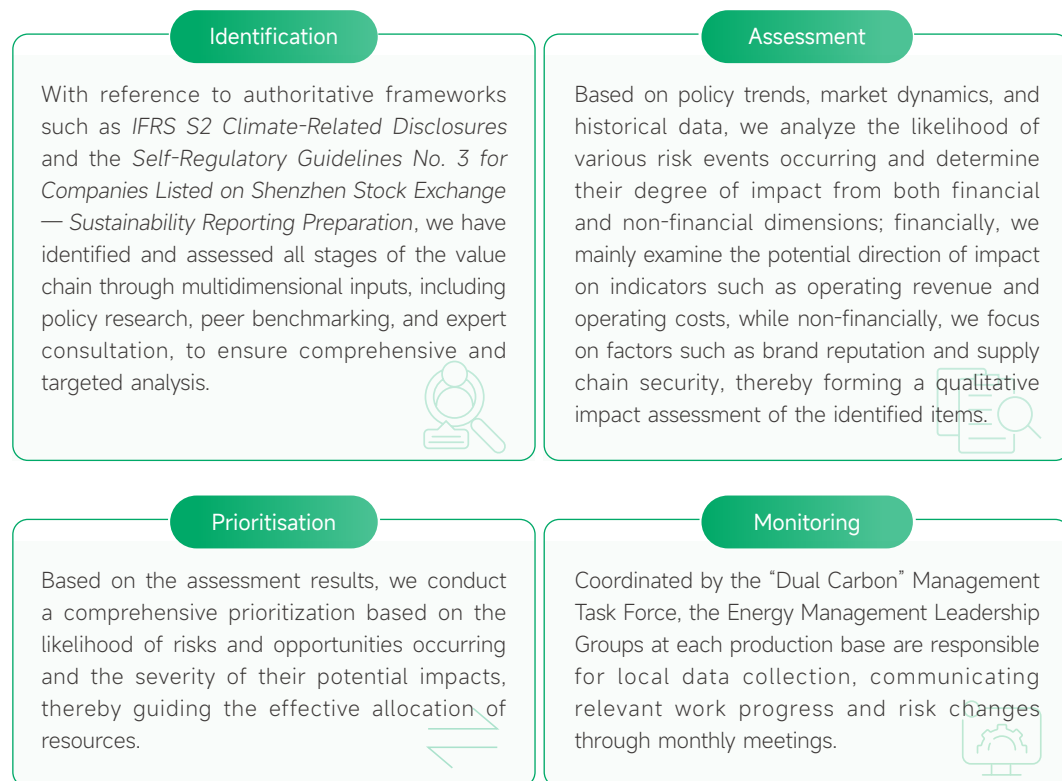


Type	Risk/Opportunity	Risk/Opportunity description	Impact duration	Effect on the value chain	Risk/Opportunity concentration region	Response measures
Physical risks	Acute Physical risks	Extreme climate events, such as floods, storms, droughts, or extreme heat, may damage production facilities or cause production interruptions, affecting supply chain security and supply capacity.	Short term	<ul style="list-style-type: none"> Upstream: Extreme weather at supplier locations leads to raw material supply disruptions; Internal operations: Production bases need to undergo disaster-resistance reinforcement and develop business continuity plans; Downstream: Unstable supply damages customer trust. 	<ul style="list-style-type: none"> Coastal and riverside factories Locations of single-source key suppliers 	<ul style="list-style-type: none"> Systematically incorporate physical resilience assessments into the site selection, design, and operational decision-making of production bases, and invest in facility upgrades for flood prevention, wind resistance, and high-temperature tolerance, to enhance the capacity to cope with extreme climate from the source. Develop extreme weather early warning and emergency plans, and establish a cross-departmental emergency response mechanism to ensure the organization's rapid response and business continuity during climate events through regular drills. For the response to supplier-related risks, please refer to the <i>Building a Strong Supply Chain</i> section.

Type	Risk/Opportunity	Risk/Opportunity description	Impact duration	Effect on the value chain	Risk/Opportunity concentration region	Response measures
Physical risks	Chronic physical risks	Long-term climate change leads to changes in water resource distribution, changes in pest and disease patterns, sea level rise, and frequent extreme temperatures, thereby affecting the market demand for products such as agrochemicals and pharmaceuticals.	Long term	<ul style="list-style-type: none"> • Internal operations: It is required to assess the long-term climate adaptability of production bases; • Downstream: The impact of climate change on end industries is tracked. 	<ul style="list-style-type: none"> • Agrochemical and climate-sensitive pharmaceutical product lines • Key agricultural raw material sourcing areas • R&D departments 	<ul style="list-style-type: none"> • Dynamically adjust R&D directions and market forecasts by analyzing long-term climate trends and tracking regional climate and pest and disease data; • Focus investment on the R&D of adaptive agrochemicals such as drought-resistant and pest- and disease-resistant products, and actively conduct related business research and industry exchanges.
Transition risks	Policy and legal risks	Governments and regulatory authorities strengthen environmental and carbon emissions regulation in response to climate change, resulting in higher corporate compliance costs and increased exposure to penalty risks.	Medium and long term	<ul style="list-style-type: none"> • Upstream: It is required to screen and manage suppliers' environmental compliance; • Internal operations: Investment continues in environmental protection facility upgrades and emissions monitoring; • Downstream: Exported products may face "carbon barriers" in international trade. 	<ul style="list-style-type: none"> • Each production base. • Suppliers of raw materials with high environmental impact 	<ul style="list-style-type: none"> • Prioritize environmental compliance and carbon costs in project decision-making, systematically formulate and advance the SBTi emission reduction pathway; • Introduce a digital carbon management system to achieve process monitoring and data-driven management, while continuously advancing process optimization and equipment upgrades to ensure the implementation of emission reduction targets.
	Market risks	Downstream customers have raised higher requirements for the carbon emissions performance of our products. If we cannot meet them, this may lead to order losses and a decline in market share.	Short and medium term	<ul style="list-style-type: none"> • Upstream: Pressure transmission requires priority cooperation with low-carbon suppliers; • Internal operations: R&D resources are driven towards low-carbon products and technologies; • Downstream: Customer requirements for product carbon footprint disclosure are responded. 	<ul style="list-style-type: none"> • Multinational enterprise customers • R&D and product management departments 	<ul style="list-style-type: none"> • Incorporate customers' low-carbon demands as a key input for product R&D and market strategy, and systematically introduce product carbon footprint analysis into decision-making; • Regularly disclose carbon inventory results and ESG reports annually to enhance transparency and market trust; • Direct R&D resources towards green products, with Life Cycle Assessment (LCA) optimization emphasized for CDMO services; • Conduct full life cycle assessments for key products, promote collaborative emission reduction in the supply chain, and consolidate and expand market share through low-carbon solutions.
Transition opportunities	Renewable energy and energy efficiency	By adopting renewable energy and improving energy efficiency, we can reduce operating costs, support the achievement of emissions reduction targets, and produce products with a lower environmental footprint.	Short and medium term	<ul style="list-style-type: none"> • Internal operations: It becomes the core of emissions reduction and cost reduction; • Downstream: The "green attributes" of products enhance attractiveness. 	<ul style="list-style-type: none"> • High-energy-consuming production units • Plant photovoltaic and energy infrastructure 	<ul style="list-style-type: none"> • Clearly define energy efficiency improvements and clean energy use as a core strategy for cost reduction and efficiency enhancement, and prioritize consideration of the energy-saving payback period of projects in investment decisions; • Coordinate the construction of photovoltaic power plants, implement fan upgrades, steam system optimization, and smart energy management, and build an efficient, low-carbon energy supply and use system.
	Market opportunities	Policies such as "Carbon Neutrality" guide green consumption and production, creating new business growth opportunities for the Company to develop and provide climate-friendly products, such as low-carbon CDMO services and biomass energy.	Medium and long term	<ul style="list-style-type: none"> • Upstream: Cooperation with R&D institutions and green technology companies; • Internal operations: The construction of new green industry production lines is driven to promote the integration of LCA assessment into CDMO services; • Downstream: Customers are provided with one-stop green solutions. 	<ul style="list-style-type: none"> • Biomass energy and resource recovery project • CDMO business units • Strategic cooperation and business development department 	<ul style="list-style-type: none"> • Clearly define green and low-carbon industries as the future growth engine, and systematically assess the green attributes and market potential of projects in major investment decisions; • Actively develop and expand into emerging industries such as resource recycling and biomass energy, and expand the low-carbon value chain by providing green CDMO services and conducting industry collaborations.

Risk and opportunity management

The Company has established a systematic climate risk and opportunity management process covering identification, assessment, prioritization, and monitoring, which is deeply integrated into comprehensive risk management, strategic planning, and daily operations to ensure the effective implementation of climate actions.



Indicators and targets

As one of the first fine chemical enterprises in China to commit to joining the Science Based Targets initiative (SBTi), ABA Chemicals passed the official rigorous target validation in June 2025. This marks a solid and critical step forward for ABA Chemicals in addressing climate change and promoting sustainable development, demonstrating our firm commitment to participating in global climate action. The Company strictly follows the scientific methodology required by SBTi to set greenhouse gas emission reduction targets, in order to proactively adapt to the national strategy of carbon peaking and carbon neutrality and increasingly stringent environmental regulations, as well as downstream customers' requirements for supply chain carbon emission transparency and emission reduction performance.



Target content

Absolute emission reduction targets: With 2022 as the base year, achieve a 54.9% reduction in total Scope 1 and Scope 2 GHG emissions by 2033, reducing emissions by 4,610 tCO₂e annually.

Intensity emission reduction targets: With 2022 as the base year, reduce Scope 3 GHG emissions from purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution, and waste generated in operations by 61.1% per ton of product produced by 2033, i.e., a reduction of 1.30 tCO₂e in Scope 3 GHG emissions per unit of product.

Progress

	Base year (2022)	2025
Total GHG emissions (Scopes 1 & 2) (tCO ₂ e)	85,021.70	69,477.00

Improving resource efficiency

The Company adheres to the resource management concept of "compliance, efficiency, circularity, and sustainability", systematically builds a full-chain management system covering energy and water resources, promotes energy conservation, consumption reduction, and water resource recycling through institutional safeguards, technological upgrades, and the application of clean energy, strengthens source control and refined management, effectively reduces resource consumption intensity, and comprehensively improves utilization efficiency.

Energy management

The Company has established a hierarchical and institutionalized energy management system, and all production bases have formulated the *Energy Use Management Policy*, clarifying the management objectives, scope of application, and responsibilities of each department. In terms of organizational structure, a three-tier management system comprising the Company, department (workshop), and team is implemented. For example, the Taicang base has established the Energy Management Leadership Group and its office, while the Lanzhou and Nantong bases have designated the Equipment Engineering Department as the core coordinating department, responsible for energy operation and maintenance, data statistics, and measuring instrument management. In daily operations, the Company has established regular processes for energy data statistics, monitoring, and reporting, and has set up mechanisms for anomaly handling and rectification. During the reporting period, the Nantong base passed the ISO 50001 Energy Management System certification, effectively helping the Company improve the systematicness and traceability of energy management.

☉ Clean energy application

In terms of clean energy utilization, the Company mainly focuses on solar photovoltaic power generation, and explores green power procurement at some bases. Multiple production bases have built rooftop and carport photovoltaic projects, among which the "Solar Power Generation Project" at the Lanzhou base has an estimated installed capacity of 600 kW; the Nantong base currently has a photovoltaic installed capacity of 400 kW, and plans to add 500 kW. In addition, Binhai Base invested in and constructed a photovoltaic project with an installed capacity of 1,090 kW. At the same time, the Company also actively promotes the application of photovoltaic power in the field of street lighting.



Solar power generation



Solar street lights

☉ Energy conservation targets and measures

The Company and all production bases have set quantitative energy conservation and consumption reduction targets, and integrated them with long-term development plans. For example, with 2022 as the base year, the Taicang base aims to reduce comprehensive energy consumption by 5% by 2025; the Nantong base has set an annual target to save about 5% of energy in 2025. Each production base advances the implementation of targets through specific annual key tasks and engineering projects, and focuses on systematically tapping into energy-saving potential from various aspects such as process optimization, equipment upgrades, building energy efficiency, and system management in its planning, to support the realization of the Company's overall energy conservation and carbon reduction targets.

Type of measure	Type of measure	Type of measure
Energy-efficient production equipment	Nantong Base replaces Roots blowers with air suspension centrifugal blowers.	Projected 30% energy savings
	In the Nantong Base Phase III project, Grade 1 energy efficiency motors are exclusively selected.	Energy efficiency improvement rate greater than 3.7%
	In the workshops of the Taicang base, Grade 2 energy efficiency motors are replaced.	25% energy savings

Type of measure	Type of measure	Type of measure
Energy-efficient production equipment	Binhai Base has installed integrated solar- and wind-powered lighting fixtures in non-explosion-proof areas; the workshops use energy-saving lighting fixtures and Grade 1 and Grade 2 energy-efficiency equipment, phasing out low-energy-efficiency equipment.	Annual electricity savings of approximately 300,000 kWh
	In the workshops of the Taicang base, lights are replaced with explosion-proof energy-saving LED ones.	Annual electricity savings of approximately 1,800 kWh
Waste heat and pressure recovery	Binhai Base leverages the high temperature and pressure characteristics of superheated steam from the combined heat and power plant by installing a new steam desuperheating device. The collected steam condensate is reused in steam desuperheating, converting superheated steam into saturated steam.	Annual steam savings of 300 tons
	Binhai Base recovers and utilizes the latent heat of steam condensate in the workshop melting room and for drying.	Annual steam savings of 120 tons
Process and system optimization	Binhai Base promptly adjusts process parameters based on the performance of the nitrogen generator equipment and production load.	Annual electricity savings of 150,000 kWh

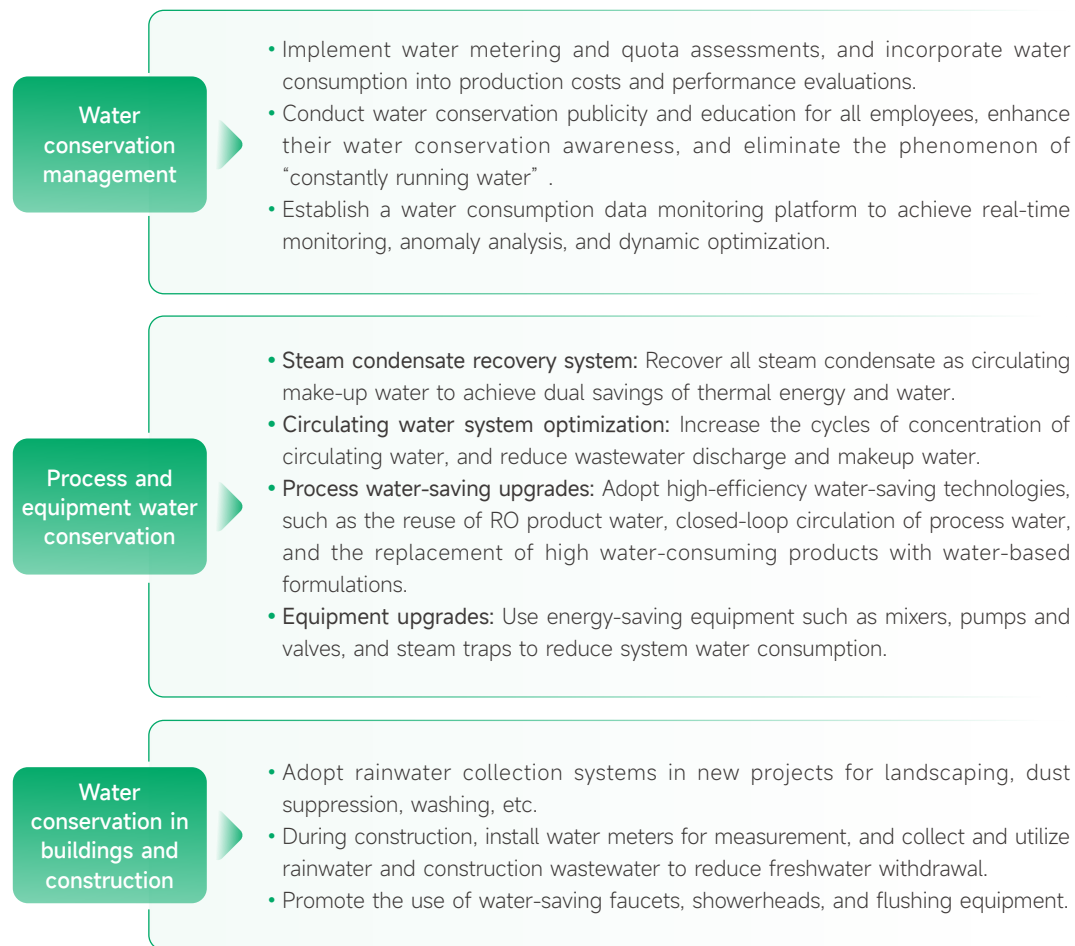
Indicators		Unit	2025	Standard coal equivalent
Direct energy consumption	/	tce	441.97	/
	Natural gas	m ³	261,440	287.58
	Diesel	kg	19,693	28.69
	Gasoline	kg	85,423	125.69
Indirect energy consumption	/	tce	19,412.81	/
	Purchased electricity	MWh	46,283	5,688.18
	Outsourced steam	tons	126,411.60	13,724.63
Total energy consumption	/	tce	19,854.78	/
Comprehensive energy consumption intensity per unit of revenue	/	tce/RMB 1 million revenue	14.88	/
Self-generated and self-consumed green electricity	/	kWh	479,424.8	58.92

Water resources management

The Company has established a systematic and institutionalized water resources management system, built a three-tier management network comprising the Company, departments, and teams, and formulated special systems such as the *Water Supply and Usage Management System*, *Wastewater Management System*, and *Environmental Protection Management System*. We have clearly defined the responsibilities of engineering, production, environmental protection, and administrative departments. Separate metering and digital monitoring are implemented, and strict compliance is maintained with clean-wastewater separation and rain-wastewater diversion. In addition, emergency ponds and accidental water collection systems are in place, forming a complete management mechanism with clear rights and responsibilities, standardized procedures, prevention as the priority, and integrated control.

Water-saving measures

The Company takes “compliance, efficiency, circularity, and sustainability” as the core philosophy of water resources management, incorporates water conservation into our overall consumption reduction strategy, sets clear water conservation targets, and continuously promotes the reduction of water consumption per unit of product and the improvement of the water recycling rate through cleaner production audits.



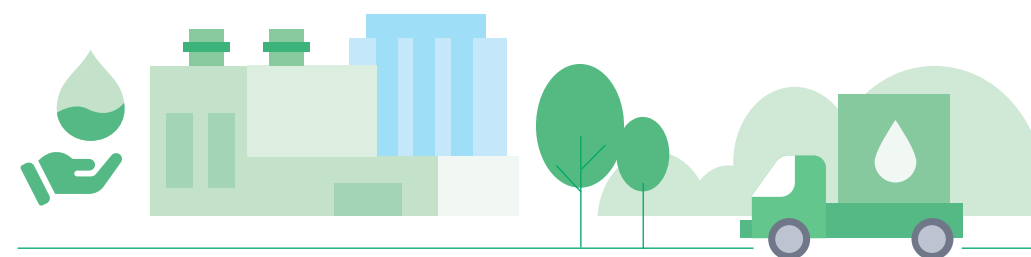
Base	Recycling and reuse measures	Results
Taicang Base	First-stage RO membrane reclaimed water reuse and rainwater treatment system	Save approximately 20% of water, with a rainwater treatment capacity of 5 tons/hour.
Lanzhou Base	Steam condensate recovery, rainwater collection, circulating water optimization	Annual cost savings of approximately RMB999,600, reducing tap water consumption.
Nantong Base	Steam condensate reuse and RO product water reuse	Average daily water savings of approximately 174 tons.
Binhai Base	Steam condensate recovery	Annual recovery of approximately 18,000 tons, saving fresh water and reducing wastewater treatment volume.



Nantong Base recycles condensate water for use as cooling tower make-up water

Water source protection

The Company consistently adheres to the principles of “lawful utilization, internal conservation, process prevention and control, and ecological synergy”. All water used is sourced from compliant municipal water supplies and permitted surface water sources, and by implementing strict clean-wastewater separation, full-process compliant wastewater treatment, and recycling and reuse systems, we minimize fresh water withdrawal and the risk of pollutant discharge to the greatest extent possible. Meanwhile, the Company has established emergency accident pools and environmental risk emergency plans, and actively carries out greening and ecological maintenance in the plant area to reduce the potential impact of operations on water sources through systematic and preventive management practices.



Strict control of pollution emissions

The Company adheres to ecological priority and combines prevention and control, establishing a full life-cycle pollution prevention and control system covering wastewater, exhaust gas, and waste. Guided by senior management responsibility, anchored by institutional standards, supported by advanced technology, and safeguarded by intelligent monitoring, the Company systematically promotes source reduction, process control, and end-of-pipe treatment to ensure 100% compliant disposal of the "three wastes" and continuously reduce our environmental footprint.

Management structure and systems

The Company has established a unified environmental management structure across all production bases, comprehensively covering the management of wastewater, exhaust gas, and waste, and forming a multi-level responsibility network with senior management as the core responsible party, the EHS/Environmental Protection Department as the coordination and supervision center, production departments responsible for source control, and professional teams executing facility operation and maintenance. The Company has established a supporting policy system, in which the *Environmental Protection Responsibility System* and the *Response Plan for Environmental Emergencies* serve as common guidelines, ensuring that management in all areas has rules to follow; at the same time, we have formulated special operating procedures for different environmental elements, including the *Wastewater Treatment Operating Procedures*, *Exhaust Gas Treatment Operating Procedures*, *Solid Waste Treatment Operating Procedures*, and *Hazardous Waste Management System*, supplemented by dynamic documents such as the annual *Hazardous Waste Management Plan*, realizing standardized and integrated control over the entire process of the "three wastes" from generation and treatment to discharge or disposal.

Governance measures and effectiveness

Focusing on wastewater, exhaust gas, and solid waste, the Company implements treatment measures covering source control, process management, and end-of-pipe treatment to achieve the stable and compliant discharge of pollutants and the compliant disposal of waste.

Wastewater

The Company has established a systematic technical and management system for wastewater treatment, covering three levels: treatment processes, source control, and operational management.

Treatment processes

The Company has established a technical route of "segregated collection, classified pretreatment, and combined biochemical treatment". For high-salinity wastewater, refractory organics, and characteristic pollutants, we adopt differentiated pretreatment processes such as evaporative crystallization, advanced oxidation, resin adsorption, and micro-electrolysis. In the core treatment stage, we widely apply combined processes of high-efficiency biochemical and advanced treatment technologies such as Fenton oxidation. Each base configures its designed treatment capacity based on actual needs to ensure that the effluent consistently meets standards.

Source control

The Company actively promotes cleaner production, and has effectively reduced the generation of pollutants by improving process flows, substituting with environmentally friendly raw materials, and increasing material recovery rates.

Operational management

All production bases strictly implement the clean-wastewater separation and rainwater and sewage separation system, install metering instruments to implement refined management and control, and introduce third-party professional services for the operation of some facilities to enhance the standardization and efficiency of management.

Exhaust gas

The Company adheres to a systematic management strategy of "source reduction, process control, and end-of-pipe treatment," combining process optimization, closed collection, and highly efficient treatment technologies, and relies on online monitoring and third-party testing to ensure that emissions are controlled in real time. During the reporting period, exhaust gas emissions at all bases consistently and stably met the standards, and the actual emissions of major pollutants were below the permitted limits.

Aspect	Specific measures
Source control and process management	<ul style="list-style-type: none"> • Process improvement: Adopt methods such as hydrogenation processes, solvent substitution, and material recovery to reduce pollutant generation from the source.
	<ul style="list-style-type: none"> • Enclosure and collection: Enclose equipment, storage tanks, wastewater ponds, etc., and use gas collection hoods and pipeline negative-pressure collection to control fugitive emissions; the Lanzhou Base implements a leak detection and repair program.
	<ul style="list-style-type: none"> • Cleaner production: Actively promote cleaner production audits, and reduce energy and material consumption and pollutant generation through process optimization.
End-of-pipe treatment process	<ul style="list-style-type: none"> • VOCs treatment: Widely apply regenerative thermal oxidation (RTO), activated carbon adsorption, resin adsorption, condensation recovery, and various combined absorption processes.
	<ul style="list-style-type: none"> • Acidic/alkaline exhaust gas treatment: Mainly adopt multi-stage alkali absorption, acid absorption, or water absorption processes.
	<ul style="list-style-type: none"> • Particulate matter treatment: Adopt equipment such as bag filters.
	<ul style="list-style-type: none"> • Technology upgrade: Continuously carry out facility modifications and upgrades to improve treatment efficiency.

Aspect	Specific measures
Operation and monitoring	Implement the "clean-wastewater separation" and equipment inspection and maintenance systems, and introduce third-party professional operations at some bases.
	Establish a monitoring system based on online monitoring, supplemented by regular manual monitoring by third parties, with data connected to the regulatory platform.

Key performance

The pollutant concentration at the exhaust gas emission outlets of all subsidiaries **meets the limits of national and local emission standards.**

The actual emissions of some major pollutants are all **below the permitted annual emission limits stipulated in the pollutant discharge permit.**

Waste

The Company has established a full life-cycle waste management system featuring "classified compliance, source reduction, and circular efficiency." On the basis of ensuring 100% compliant disposal, we systematically promote the coordinated implementation of resource utilization and green operations. During the reporting period, the Lanzhou base reduced costs by over RMB800,000 annually through packaging recycling.

Waste Sorting and Disposal



Hazardous waste

100% entrusted to licensed third-party entities for compliant disposal through incineration, physico-chemical treatment, secure landfill, or solvent recovery; strictly implement qualification review, contractual constraints, and the electronic waste transfer manifest system.



General industrial solid waste

Entrusted to licensed entities for comprehensive utilization or disposal, with a portion strictly managed according to hazardous waste standards.



Domestic Waste

Centrally collected and transported by the sanitation department.



Waste Reduction and Resource Utilization Measures

Process improvement



Solvent recovery and reuse, by-product purification and reuse, and raw material substitution.

Technology upgrade



Filter press system upgrade, reducing sludge yield through the oxidation method.

Management optimization



Paperless office, recycling of packaging materials, timely transfer of hazardous waste, and comprehensive utilization of waste drums.



Hazardous waste warehouse of Nantong Base



Management targets and progress

The Company strictly complies with national and local environmental laws and regulations as well as pollutant discharge permit requirements, implements full-process control over wastewater, exhaust gas, and solid waste, and fully achieves compliant discharge, waste reduction, and efficiency enhancement.



Wastewater management

With the core goal of achieving a 100% wastewater compliant discharge rate, we implement total quantity control over key pollutants such as COD and ammonia nitrogen. During the reporting period, none of our bases exceeded the standards; the actual discharge volumes of Nantong Base, Shangyu Base, Binhai Base and were significantly below their permitted limits, achieving stable compliance and effective total quantity control.



Exhaust gas management

Upholding stable compliance with emissions standards and promoting deep emissions reductions, Nantong Base clarifies its emissions reduction pathway through a cleaner production audit; the Lanzhou base focuses on reducing total non-methane hydrocarbons; and the Taicang base adopts RTO technology for efficient treatment (with a VOCs removal rate of 97% or higher).



Waste management

We fully implement the *Solid Waste Law* and establish multi-tier quantified targets, including a 100% compliance rate for hazardous waste disposal, hazardous waste inventory kept below 500 tons with a storage period not exceeding 90 days, etc. During the reporting period, all production bases achieved 100% compliant disposal of waste.



Protecting biodiversity

Through systematic risk assessment, identification of significant environmental factors, and preset emergency plans, the Company has built a full-chain management system covering “risk identification - source prevention and control - process supervision - emergency remediation”, and continuously advances seepage control projects, ecological greening, and green product research and development to effectively prevent pollution risks and safeguard the ecological and environmental health of the plant area and its surroundings.



Assessment and risk identification

The Company systematically assesses the potential impact of operations on land ecology, conducts specialized soil and groundwater risk assessments, and comprehensively identifies pollution risks that may be caused by pathways such as leaks and spills throughout the entire process from raw material storage to the treatment of the three wastes. Relying on the environmental factor identification and evaluation procedure, the Company systematically identifies and screens significant environmental factors, including land pollution, for focused control. Meanwhile, in the response plan for environmental emergencies, we proactively envision soil and groundwater pollution scenarios and formulate specialized response procedures, establishing a closed-loop assessment system from risk anticipation and factor control to emergency preparedness.



Protection and restoration measures

The Company has established a multi-level land ecological protection system integrating prevention, control, and remediation, preventing the spread of pollution at the source and throughout the process by implementing zoned seepage prevention projects, standardizing waste management, and carrying out spill emergency responses. The Company continuously advances ecological greening of the plant area and develops more soil-friendly green products, integrating ecological protection into the entire project lifecycle. Meanwhile, we establish a self-monitoring mechanism for soil and groundwater, formulate supporting special emergency response plans, and conduct regular hazard inspections to ensure the capability for rapid remediation and response in the event of pollution.



Nourishing Hearts to Forge Dreams and Advance Together

We always place “people” at the center of development, build internal synergy with sincerity, and connect the external ecosystem with “Forge Dreams and Advance Together”. To this end, we continuously improve the system for the protection of employee rights and interests, systematically establish growth and development channels, comprehensively build a solid defense line for health and safety, and actively assume social responsibilities, thereby building a community of shared development where the Company, employees, and society grow together and achieve mutual success.

Issues covered in this chapter

- Protection of employee rights and interests
- Employee training and development
- Employee benefits and welfare
- Occupational health and safety
- Social contribution

Contributing to UN SDGs



Note: The picture shows ABA Chemicals conducting “Project Management Best Practices Training” at its Shanghai office



Protecting employee rights and interests

ABA Chemicals strictly adheres to the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and other laws and regulations, and is committed to exceeding compliance baselines to build a work environment characterized by sound systems, smooth communication, and care.

Equal employment

The Company has established a systematic equal employment and diversity policy system, and through institutional safeguards and specific practices, fully implements our commitments to anti-discrimination, anti-forced labor, and diversity and inclusion.

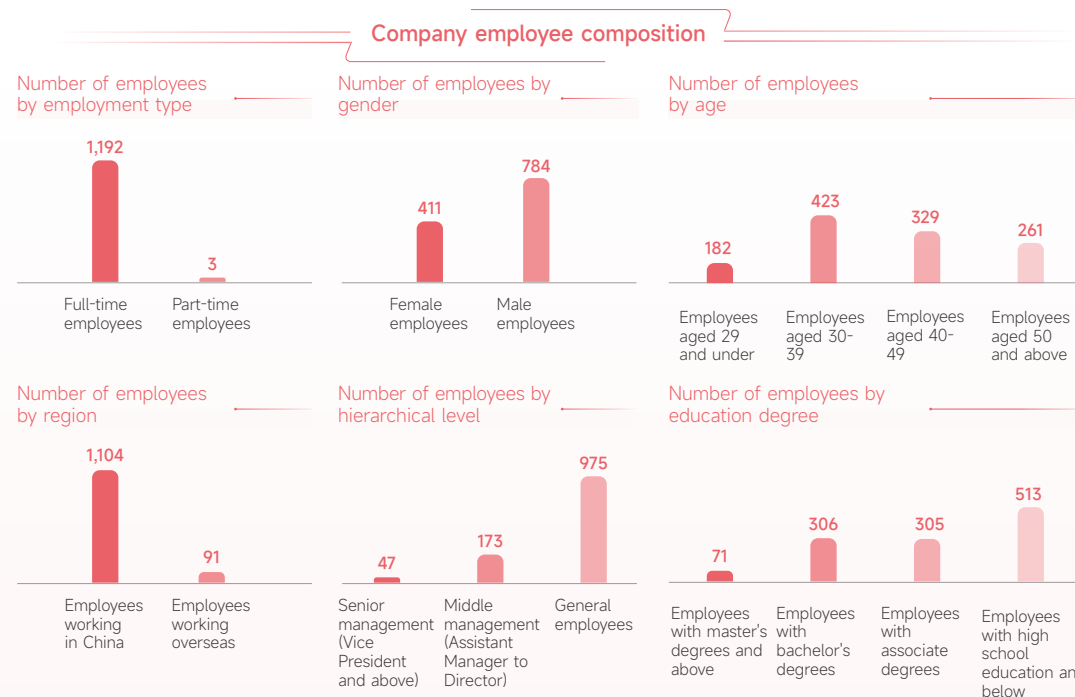
🕒 Policies and regulations

The Company has formulated the *Human Resources Management System and the Employee Handbook*, and encourages all subsidiaries to formulate specific policies, establishing a clear policy framework. These policy documents formally state that the Company adheres to the principle of meritocracy and equal opportunity throughout all stages of employment, strictly prohibits discrimination based on gender, age, ethnicity, religious belief, or any other factors prohibited by law, and explicitly declares a zero-tolerance policy against the use of child labor and any form of forced labor, strictly complying with national regulations on the minimum employment age and safeguarding employees' rights to freely choose their employment and control their labor remuneration.

On this basis, the Company has established systematic and specific policies and systems for anti-discrimination and diversity, anti-child labor, and anti-forced labor, detailing fair employment measures, prohibited acts, supervisory responsibilities, reporting and grievance channels, and measures for handling violations. For example, the policies require strict verification of applicants' ages to prevent the employment of child labor, prohibit any form of forced labor, and ensure that overtime is voluntary and remuneration is paid in accordance with the law, ensuring that the statements are translated into executable and monitorable management practices.

🌍 Diversity and inclusion practices

The Company is committed to creating an inclusive and equal workplace environment, and on the basis of safeguarding the legitimate rights and interests of female employees, such as maternity leave and lactation leave, in accordance with the law, we comprehensively build a female-friendly workplace through measures such as establishing special training programs, ensuring fair promotion opportunities, and implementing special care policies for the "three periods" (pregnancy, maternity, and lactation). At the same time, we actively embrace diversity in recruitment and employment, and our workforce exhibits rich and diverse characteristics in aspects such as nationality and region, employment type, and educational background.



Rights protection

The Company effectively safeguards the legitimate rights and interests of every employee by establishing a competitive compensation and benefits system, a sound democratic participation mechanism, and effective dispute resolution channels.

🕒 Compensation and benefits system

The Company provides a diversified compensation structure comprising base salary, performance bonuses, year-end rewards, and long-term equity incentives, enabling employees to share in our development achievements. At the same time, we strictly implement national regulations on social insurance, the housing provident fund, and paid annual leave, and provide employees with supplementary benefits such as supplementary commercial medical insurance, annual health check-ups, holiday benefits, and birthday care, to build an attractive compensation and benefits package.

🗣️ Democratic management and communication

The Company supports and promotes the establishment and effective operation of organizations such as trade unions and employee representative congresses, enabling them to play an effective role in collective bargaining, benefit distribution, hardship assistance, and democratic supervision. Through various channels such as regularly holding department and company-level meetings, setting up internal anonymous suggestion boxes, conducting management "walk-around" communication, and utilizing instant messaging groups, we build an institutionalized, multidimensional communication system to ensure that employee opinions can be conveyed in a timely manner; all requests and suggestions are incorporated into the standardized closed-loop process of "receipt - assessment - handling - feedback", ensuring that every matter is responded to and every item is implemented. At the same time, the Company regards employee satisfaction surveys as an important management tool, collecting feedback through routine surveys conducted at least once a year to identify areas for improvement, thereby driving the continuous optimization of management decisions and the work environment.

Case The Election for the Second Committee of the Joint Trade Union of Lanzhou Base Successfully Completes

ABA Chemicals actively promotes the construction of trade unions and democratic management practices, and supports employees in exercising their democratic rights in accordance with the law. During the reporting period, the Lanzhou Base Joint Trade Union formally convened a member representative assembly, at which 68 representatives democratically elected the new trade union committee by secret ballot. The new trade union clearly defined its core responsibilities as safeguarding the legitimate rights and interests of employees and serving their needs, and established the "Employee Suggestion Direct Channel" mechanism to facilitate the translation of frontline wisdom into practical management outcomes.



Performance appeal mechanism

The Company implements an open and fair performance management system and has established formal employee grievance channels. If employees have any objections regarding performance appraisals, labor rights, or any other matters, they may appeal in writing or through designated channels. The Company commits to investigating and handling all grievances in a fair and timely manner, and strictly protecting complainants from any form of retaliation.

Employee care

Through regular health promotion mechanisms, the Company effectively reduces employee health risks and enhances organizational belonging and team cohesion, and builds a solid backing for employees with a targeted and in-depth support network.

Physical and mental health promotion

The Company regularly organizes health check-ups for all employees, hosts health education lectures, and carries out a variety of cultural, sports, and team-building activities, actively advocating work-life balance to comprehensively promote the physical and mental health of our employees.



Awarded the title of Outstanding Responsible Care Practitioner in China's Pesticide Industry for 2025

Health protection

We provide regular health checkups for all employees and continue to optimize the working environment, strictly implement occupational health protection requirements, and grant position allowances for special positions; the Lanzhou Base arranges special inspections for personnel exposed to occupational hazard factors to ensure a 100% examination rate for occupational health surveillance.

Health promotion and education

The Company regularly holds health knowledge lectures, as well as occupational health and mental health training, and continuously organizes diversified programs such as sports competitions and cultural activities to help employees improve their health literacy and relieve stress.

Work-life balance

Through Family Day activities, holiday greetings, and caring initiatives, we enhance employees' sense of belonging, support them in balancing career development and family responsibilities, and improve their happiness and life satisfaction.

Team cohesion and culture building

We regularly organize diverse team-building activities and sports events to enrich employees' spare time and enhance team cohesion.

Case Uniting the Team through Culture, Empowering Development through Activities

The Company regularly organizes themed team-building activities at various bases every year, such as the "Summer Vibe" BBQ gathering for the R&D team at the Zhangjiang Innovation Center, providing employees with a relaxed and pleasant platform for communication. During the activity, the Company's management engaged warmly with everyone, affirming their hard work and looking ahead to the future together, which further bridged the distance between them. Meanwhile, a variety of enjoyable activities enhanced communication and trust among colleagues, fostering a warm and inclusive organizational atmosphere.



Hardship assistance and care

The Company has established a care mechanism for employees facing difficulties and special circumstances, aiming to build a timely and robust support network to serve as a solid backing for employees to cope with life's challenges. For employees facing unexpected hardships such as critical illnesses or family emergencies, the Company and the trade union proactively step in to promptly provide care and financial assistance, and actively assist them in connecting with and applying for external charitable resources and social security benefits, forming a "Company-Labor Union-Society" tripartite coordinated support system. In addition, the Company also holds retirement ceremonies for retiring employees to honor their long-term contributions; for employees injured at work, we provide accompanying support and humanistic care throughout the entire process from work-related injury certification to rehabilitation.

Key performance

Number of employees in difficulty assisted

2

Growth with employees

The Company always regards talent as core capital and is committed to building a systematic and professional employee training and development system that is deeply aligned with our business strategy. With policies as the cornerstone, hierarchical and categorized management as the principle, and practical results as the orientation, it is continuously enriched and implemented through the distinctive practices of each business unit.

Employee Training

The Company has established a training management system covering the entire career lifecycle of employees, aiming to continuously inject momentum into organizational and personal development through knowledge transfer, skill enhancement, and behavior shaping.

Training Management System

The Company has formulated a comprehensive *Employee Training Management System*, and supports our subsidiaries in formulating more detailed operating procedures based on their own characteristics, such as the *Personnel Training Operating Procedures* and *Training Management Procedures*. The system specifies the full process of training needs analysis, plan formulation, organization and implementation, effectiveness evaluation, and record archiving, forming a standardized management closed loop from the Company's coordination to subsidiary execution, ensuring systematic and sustainable training activities.

Targeted Training

The Company has established a multi-level, targeted training system for new employees, entry-level employees, management, and professional-track employees, which covers all employees and spans the entire career development lifecycle, systematically enhancing employees' job competency, managerial leadership, and core professional competitiveness.

📌

Case Empowering through Systematic Training, Consolidating the Professional Foundation of Project Management

In September 2025, the Company organized a two-day closed-door training on *Project Management Best Practices*. This training covered the Company's leadership and nearly 40 employees from key departments such as R&D, production, and quality, and reached all bases through live streaming, aiming to systematically enhance organizational project management capabilities.

The training is designed around six major modules around the entire project lifecycle, and introduces real project cases for practical group discussions, strengthening participants' mastery and application of tools and methods.



"Set Sail" Program for new employees

We implement systematic onboarding training, covering mandatory three-level safety, environmental, and health education, quality awareness, corporate culture, and rules and regulations, and adopt a mentorship model for on-the-job guidance to ensure new employees quickly integrate and start work safely.

Skills strengthening for frontline employees

We provide training around job operating procedures, equipment use, and safety specifications and implement annual refresher training. For key positions such as chemical-related roles, we strictly implement national requirements for working with certifications, ensuring employees possess the professional qualifications and capabilities for compliant operations.

Management capability development

The training content covers team building, execution capability, performance evaluation, hazard identification, team management, compliance, and risk management, and we also select senior management members to participate in external high-end training programs to broaden strategic horizons.

In-depth development for professional tracks

For professional tracks such as technology, quality, equipment, and R&D, we continuously provide professional knowledge updates and in-depth skills training on advanced instrument operation, DCS systems, and the latest Pharmacopoeia regulations.

Diverse Training Methods

The Company comprehensively utilizes various training methods such as internal training, external certification, mentorship, and emergency drills to build a diversified and multi-level talent training system. Among them, mentorship on-the-job training and systematic compliance training for certified posts have become a distinctive cornerstone for frontline skill transfer and safe operations. Each subsidiary has also adapted to local conditions, creating a number of highly effective distinctive programs.



Shangyu Base

Shangyu Base implements the "DSS Project Training" and emergency drill system, significantly enhancing team collaboration efficiency and emergency response capabilities through cross-departmental project-based learning and regular practical drills.



Taicang base

Taicang base implements the Quality System Special Improvement Project, introduces a third-party professional organization to restructure system documents and conduct company-wide standards training, and systematically strengthens the level of quality management and employees' quality awareness.



Binhai Base

Binhai Base has established a strong linkage mechanism between training and performance, directly incorporated training attendance and assessment results into personal performance evaluations and eligibility for excellence awards, and effectively enhanced the binding force and incentives for learning.

🕒 Training Effectiveness Assessment

The Company attaches great importance to the application and evaluation of training effectiveness, and systematically conducts multi-dimensional effectiveness tracking. We conduct learning-level evaluations through post-training assessments, and collect trainees' satisfaction and feedback using the *Training Effectiveness Assessment Form*. Some subsidiaries further incorporate training plan completion rates, safety performance indicators, etc., into the departmental performance appraisal system, driving the effective extension of evaluations to changes in work behavior and impacts on business results. All training records are properly archived and linked to employees' personal files, providing data support for talent development, capability inventory, and continuous improvement.

Employee Development

The Company not only focuses on enhancing employees' current capabilities but also emphasizes their long-term career development, driving the deep integration of the realization of employees' personal value and organizational strategic goals through systematic institutional design and continuous resource investment to build a win-win development pattern.

🕒 Dual-Channel Career Development System

The Company has established a "dual-channel" career development system with parallel management and professional tracks, providing employees with diversified growth paths based on personal expertise, interests, and career aspirations. Both channels have clear job level standards, competency requirements, and promotion review processes to ensure the fairness, transparency, and scientific nature of the promotion mechanism.



🕒 Continuous Learning and Resource Support

The Company encourages employees to participate in external technical training and authoritative qualification certifications related to their job responsibilities, and reimburses training expenses for those who pass the assessments, reducing the cost of personal development. We focus on building an internal knowledge management system, such as the Knowledge Management Procedure and supporting knowledge base formulated by Shangyu Base, to systematically accumulate organizational experience and technical expertise. At the same time, through cross-departmental project collaboration, internal trainer mechanisms, case sharing sessions, and other forms, we foster an open and shared learning culture, creating abundant opportunities for cross-disciplinary communication and capability development for employees.

Building a solid safety defense line

The Company takes the ISO 45001 system as its core, integrating institutional regulations, hierarchical risk control, hazard identification and governance, emergency capability building, and regular safety training to build a three-in-one prevention and control system comprising engineering safeguarding, management control, and personal protection, systematically enhancing the level of intrinsic safety and fully solidifying the safety cornerstone for our high-quality development.

Governance dimension

Guided by the responsibilities of the Board of Directors and management, the Company, through an organizational structure with clearly defined rights and responsibilities, an institutional system certified by international standards, a strictly binding assessment mechanism, and risk management and control processes deeply integrated into strategic decision-making, ensures that safety requirements run through the entire production and operation chain and cover all employees and the entire process.

🕒 Governance structure

The Company has established an occupational health and safety governance structure featuring overall responsibility by the key personnel, decision-making and leadership by the Work Safety Committee, specific execution by professional departments, and joint participation by all employees, forming a safety management system with clear rights and responsibilities and efficient coordination. Each subsidiary has established a Work Safety Committee directly led by the key personnel of the Company, serving as the highest decision-making and leadership body for occupational health and safety work. Committee members include the heads of key functional departments to ensure cross-departmental collaboration and resource integration. The core responsibilities include approving occupational health and safety policies and objectives, overseeing major risk management, deciding on resource investment, and reviewing performance reports.

Daily management responsibilities are undertaken by a dedicated EHS department. As a specialized hub, the department is responsible for the specific operation of the management system, including organizing risk identification and assessment, implementing hazard identification and remediation, coordinating safety training and emergency drills, and managing occupational health surveillance records, among others.

The heads of each production workshop and functional department are the primary persons responsible for safety in their respective departments, team leaders are responsible for on-site safety management, and every employee is required to fulfill the safety responsibilities of their position. The Company solidifies responsibilities to individuals by signing the *Work Safety Responsibility Letter*, forming a work safety responsibility network spanning all departments and levels of employees.

🕒 Policy systems

The Company uses systematic policy documents and authoritative standardized certifications as dual drivers to consolidate the solid foundation for occupational health and safety management. In terms of system construction, we have established a comprehensive and clearly tiered management document system, including the *All-Coverage Work Safety Responsibility Policy*, *Risk Classification and Control Policy*, *Hazard Identification and Rectification Policy*, *Occupational Health and Hygiene Management Policy*, *Emergency Drill Policy*, and various job safety operating procedures, ensuring that safety management is well-documented and responsibilities are clearly assigned. In terms of standardization certification, the Company actively benchmarks against advanced international and domestic standards to continuously improve our management capabilities. Main production bases have obtained the ISO 45001 Occupational Health and Safety Management System certification, and the Lanzhou Base was recognized as a "Level 3 Standardized Safety Production Enterprise (Chemical Industry)" in China.

🕒 Supervision, execution and assessment

Routine information reporting and risk assessment are the foundation of supervisory work. The safety departments at each of the Company's production bases regularly prepare performance reports, summarizing key data such as the occupational injury rate, hazard rectification rate, and training completion rate, and submit them to the Work Safety Committee and management. At the same time, the Company incorporates EHS indicators into assessments at all levels, deeply linking safety performance with individual and departmental interests. At the departmental level, safety performance directly affects the overall score; at the individual level, all employees are required to sign the *Work Safety Responsibility Letter*, and their safety performance is directly linked to their monthly performance-based salary, annual bonuses, and awards and promotions.

🕒 Capability building and integration into decision-making

The Company strictly implements regulatory requirements to ensure that its key personnel, safety management personnel, and special operation personnel complete training in accordance with the law, and 100% of them hold certificates for their posts. For major risk control and complex technological upgrades, we actively introduce external professional expertise. For example, Shangyu Base explicitly stipulates that senior chemical experts must be engaged to provide on-the-side guidance when addressing hidden dangers related to the "two key and one major" issues, thus enhancing the professional depth and reliability of internal risk management. In terms of management mechanisms, the Company fully implements the "Three Simultaneities" policy for construction projects, and re-conducts hazard identification and risk assessment after process changes, equipment introductions, major operational adjustments, or accidents. The work safety committees of all subsidiaries regularly review safety strategies, targets, and resource investment to ensure that occupational health and safety issues are effectively integrated into high-level decision-making and resource allocation processes.

Strategy

During the Reporting Period, the Company systematically managed potential safety risks, such as work safety risks, operational and governance risks, legal and policy risks, and market and reputational risks, ensured the effective implementation of work safety targets through target breakdown and dual-dimensional qualitative and quantitative assessments, established a three-in-one prevention and control system integrating engineering, management, and individuals, and continuously enhanced the safety capabilities of all employees through comprehensive training, effectively responding to safety risks.

Risk type	Risk description	Impact duration	Financial impact
Work safety risks	Fire, explosions, toxic and hazardous chemical leaks, mechanical injuries, etc., may cause production interruptions and casualties in the short term, and may lead to major accidents in the long term.	Short term, medium term, long term	High
Operational and governance risks	Insufficient employee training, inadequate implementation of systems, poor contractor management, etc., may cause human errors and systemic failures.	Short term, medium term, long term	High
Legal and policy risks	The continuous upgrading of national and local work safety and occupational health regulations and standards may lead to rising compliance costs and increased pressure for technological transformation.	Short term, medium term, long term	Moderate
Market and reputational risks	Safety accidents or occupational disease incidents may damage the Company's reputation, customer relations, supply chain, and financing.	Short term, medium term, long term	Moderate

Target setting and progress assessment

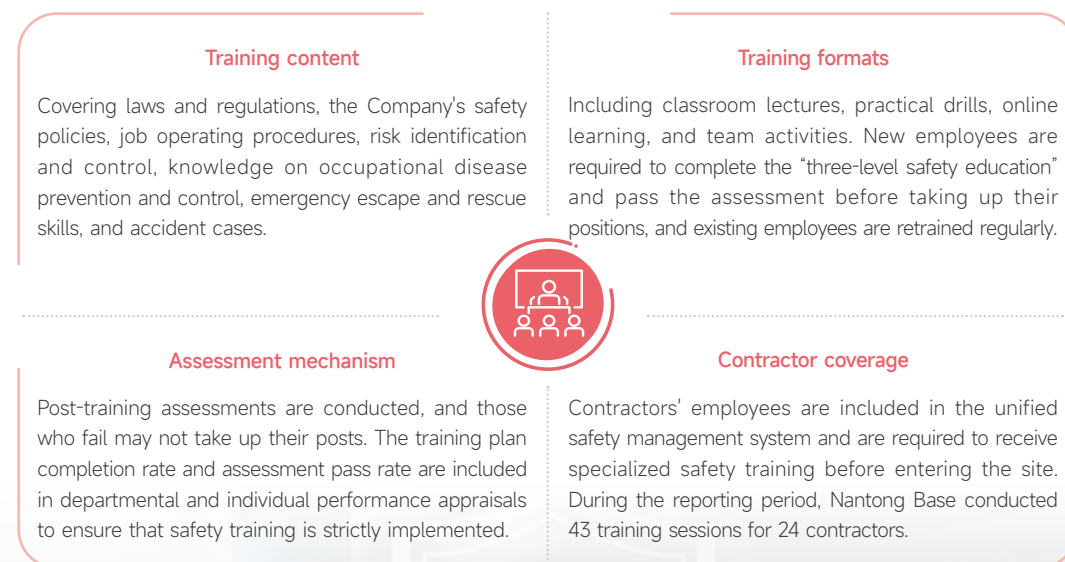
The Company effectively translates strategic visions such as "zero incidents" into actionable annual plans and special programs. For example, Nantong Base formulated 28 specific safety goals across six major dimensions, the Lanzhou base issued the *Implementation Scheme for the Occupational Disease Prevention and Control Plan*, and Shangyu Base introduced the *Quality and EHS Objective Assessment Form* to break down goals to various departments on a monthly basis. In terms of progress tracking, the Company adopts a dual-dimensional evaluation mechanism combining qualitative and quantitative methods. The qualitative aspect focuses on policy implementation inspections, quarterly reviews by the Work Safety Committee, emergency drill evaluations, ISO 45001 internal audits, and the achievement of milestones such as major safety technological upgrades. The quantitative aspect uses key performance indicators to continuously drive safety performance improvement through monthly reporting and assessment mechanisms, forming closed-loop management from strategy to execution and from process to results.

Risk control and emergency preparedness

The Company has established a "three-in-one" systematic occupational health and safety prevention and control system covering engineering, management, and individuals. At the engineering level, project design prioritizes the adoption of intrinsically safe technologies. For example, Nantong Base has replaced traditional batch reactor processes with microchannel continuous-flow technology, and has equipped workplaces involving toxic and hazardous operations with protective facilities such as ventilation and exhaust systems, leak detection alarms, and emergency washing stations. At the management level, we strictly implement special regulations such as the *Special Operation Safety Management Policy*, *Occupational Health Surveillance Policy*, *Hazardous Chemicals Safety Management Policy*, and *Precursor/Explosive Chemicals Management Policy*. At the individual level, based on job risk assessments, we provide employees with labor protection equipment such as protective clothing, protective glasses, and gas masks, and mandate their standardized wearing. On this basis, the Company has formulated the *Comprehensive Response Plan for Environmental Emergencies* and special emergency plans for fires, leaks, and poisoning, specifying an emergency organizational structure with the key personnel acting as the general commander, early warning reporting processes, and a tiered response mechanism. We conduct at least two emergency drills annually, and through post-drill evaluations, summaries, and plan revisions, we continuously enhance our emergency response capabilities.

Safety training and technical empowerment

The Company regards safety training as a routine practice and has established an occupational health and safety training system that is comprehensive, diverse in format, strictly assessed, and strongly linked to performance, ensuring the continuous improvement of all employees' safety awareness and emergency response capabilities.



Key performance

The company systematically introduced the safety management improvement project of dss+, a global operations management consultancy, with a cumulative investment of **over ten million RMB.**

Case Continuous Investment in Systematic Safety Training to Build a Solid Foundation for Long-Term Development

The Company always puts production safety first and is committed to building a regular safety training system covering all employees and running throughout operations. Since 2020, the Company has cumulatively invested over RMB10 million, established a long-term partnership with dss+, a global operations management consultancy, and systematically introduced its safety management improvement project. In 2025, the Company initiated Phase II of its Lanzhou base project, implementing tiered training under the theme of "capacity building". The program aims to develop visible leadership among senior managers, enhance professional management competencies for mid-level managers, and reinforce operational risk control skills among frontline employees. Through systematic and customized training practices, we seek to deeply integrate advanced safety concepts and methods into the daily work at all levels and continuously consolidate the Company's safety culture.



Scene of the DSS Phase II Project Kick-off Meeting at Lanzhou Base

Case Building a Solid Safety Defense Line through Systematic Return-to-Work Training for All Employees

After the 2025 Spring Festival, the Company systematically organized the "First Lesson on Resuming Work" safety training for all employees across our global production bases, including Lanzhou, Nantong, Binhai, Shangyu, and Malta. Across all production bases, the Company strengthened employees' safety awareness and adherence to operational standards through a variety of methods, such as all-staff meetings, screening of safety incident warning videos, and detailed guidance on safety operating procedures. The heads of each base emphasized that safety is an uncrossable bottom line, and encouraged employees to engage in the new year's work with safety as a prerequisite. This regular training mechanism, covering all employees and featuring engaging formats, laid a solid foundation for robust operations and sustainable development throughout the year.



Start-of-work Training at Lanzhou Base

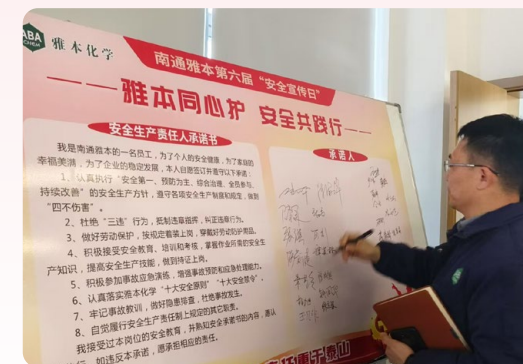


Cultural activities and awareness enhancement

The Company combines warning education with skill honing through formats such as themed promotion days and practical competition months, driving the transformation of safety responsibility from concept promotion into conscious action.

Case Building a Solid Foundation for Safety Culture and Fulfilling the Commitment to Employee Care

During the reporting period, the Nantong Base successfully held the sixth "Work Safety Promotion Day" event with the theme of "United for Safety, Practicing Together". The event included management clarifying the "zero incident" goal and taking the lead in making a pledge, deepening warning education through accident case analysis and safety short films, organizing all employees to sign safety commitments, promoting the implementation of responsibilities, and customizing and distributing practical protective equipment such as smoke masks, to deepen all employees' awareness of safety responsibilities.



Case Reinforcing Safety Through Training-by-Competition and Strengthening Emergency Response Capabilities

In June 2025, the Lanzhou Base carried out a series of "Safety Month" activities, establishing an integrated training system of "learning, practice, competition, and application". The activities covered five major practical exercises, including a safety knowledge competition, the donning of positive-pressure air respirators, special work permit management simulations, two-person rescue collaboration, fire extinguishing equipment use, comprehensively honing employees' theoretical knowledge and emergency response skills. The Company sparked enthusiasm for participation through the competition, commended outstanding performers, and promoted the translation of experience into practice, while planning subsequent tiered training, system reinforcement, and collaborative hazard governance mechanisms, committing to transforming the mindset from "I am required to be safe" to "I want to be safe".



Risk management

In accordance with the Risk Classification and Control Policy, each subsidiary of the Company established a dedicated assessment team led by the Safety Department, in collaboration with functional departments such as production, technology, and equipment, to systematically conduct risk identification and assessment. During the risk identification stage, methods such as Job Hazard Analysis (JHA), Safety Checklist (SCL), and Hazard and Operability Analysis (HAZOP) are comprehensively applied. During the risk rating stage, the Job Condition Risk Assessment (LEC) method or the Risk Matrix Analysis (LS) method is adopted to scientifically evaluate the likelihood of accidents, the frequency of personnel exposure, and the severity of consequences through semi-quantitative or quantitative approaches, calculate risk values, and accurately determine risk levels. The Company requires organizing a comprehensive risk assessment at least once a year, and immediately initiating a dynamic reassessment in the event of changes in laws and regulations, major adjustments to processes or equipment, and safety accidents, to ensure the continuous effectiveness of risk control measures.

Strictly based on the risk assessment results, the Company classifies risks into four levels— red, orange, yellow, and blue, and implements priority ranking and differentiated resource allocation according to the principle of “the higher the risk, the higher the control level.” Meanwhile, we have established a multi-level supervision and inspection network covering “Company-level monthly comprehensive inspections, department-level weekly special inspections, and team- and post-level daily patrols” to monitor risks in real time. We have also promoted the construction of information-based management and control platforms at Nantong Base, Taicang Base, etc., to further enhance real-time risk monitoring and early warning capabilities.

Indicators and Targets

Based on national laws and regulations, management system standards such as ISO 45001, and our operational needs, the Company has set clear and measurable targets, and tracks progress through rigorous monitoring and assessment mechanisms. During the reporting period, the Company largely achieved its key targets.

Indicators	Unit	2025 target	2025 achieved value
Serious injury	Cases	0	0
Minor injury	Cases	1	0
Work-related illness and injury	Case	0	0
Major process safety incidents such as fire, explosion, and leakage	Cases	0	0
Identification of hazards and the list of major hazards, and timely update rate	Time	Once/year	1
On-time completion rate of emergency drills	%	100	100
Employee safety training coverage	%	≥ 95%	100
Pass rate of new employees in the three-level safety induction training	%	100	100
Employee health checkup implementation rate	Time	Once/year	1

Fulfilling social responsibility

The Company has always regarded fulfilling social responsibility as an important part of our corporate mission. We integrate into the local economy by empowering regional development, promote industry progress by empowering industry-academia innovation, and give back to the community through dedicated volunteer services, committing to becoming a trusted social citizen.

Empowering regional development

While deepening the layout of core businesses, the Company actively integrates our development into the national coordinated regional development strategy, empowering local industrial upgrading and high-quality development through systematic practices.

Industrial investment and results transformation

Through substantial investment and project implementation, we have brought momentum for regional industrial development. The pilot-scale and production base built in Lanzhou New Area successfully promoted the implementation of multiple projects, including antiviral drugs, enabling the first local industrial application of original scientific and technological achievements and injecting fixed-asset investment and high-value industrial opportunities into the region.

Introduction of green technologies and industrial upgrading

We introduce advanced green chemistry processes into our production bases. Technologies such as continuous-flow reactions and biocatalysis, which have been successfully applied at the Lanzhou base, provide practical technical pathways and demonstrative models for the green and low-carbon transformation of the local chemical industry.

Benchmark Demonstration and industry chain enablement

Our projects, characterized by “precise equipment matching, high transformation efficiency, and a steady pace of industrialization”, have been recognized by local governments as benchmarks for effective investment attraction. This successful model provides a replicable example for local investment promotion and industrial chain development, serving as a catalyst for broader industrial agglomeration.

Government-enterprise collaboration and ecosystem co-construction

We focus on building a deep collaborative relationship with local governments by proactively aligning with local industrial policies and actively obtaining government support in approvals, services, and other areas, working together to optimize the regional industrial ecosystem. On this basis, both parties explore innovative mechanisms such as jointly establishing technology-sharing platforms, aiming to integrate our technological capabilities and innovation resources more deeply into the regional development system and jointly enhance overall industrial competitiveness.

Cross-regional experience sharing and cooperation

By systematically hosting government delegations from various regions and facilitating two-way exchanges, the Company exports its mature models and experiences in technology transfer, green production, and park operations across regions. This approach not only provides different regions with replicable pathways for industrial upgrading but also promotes resource and information alignment between regions, helping local authorities identify development opportunities and optimize industrial layouts. In doing so, we foster a collaborative industrial ecosystem on a broader scale, enhancing regional competitiveness.



Supporting industry-academia innovation

The Company has long supported the cultivation of scientific and technological talent, and by establishing special awards and building industry-academia platforms, we continuously support cutting-edge scientific research and the transformation of research achievements, injecting a core talent driving force into industry innovation and sustainable development.

● Cultivating young scholars

The Company has consecutively sponsored the "China Homogeneous Catalysis Prize for Young Scholars" for multiple sessions, systematically supporting the development of young scholars and creating an innovation platform for industry-academia collaboration. By continuously promoting cutting-edge research in catalytic science, the Company is committed to driving the green and efficient transformation of relevant results into fields such as pharmaceuticals and new materials, empowering sustainable innovation in the industry through practical investment, and fulfilling our long-term responsibility for technological development and talent cultivation.



In June 2025, the Company's Director Dr. Xu Jun presented awards to the winners of the seventh "Young Scholar Award" at the 18th National Conference on Homogeneous Catalysis.

● Co-developing teaching bases

The Company opens its corporate laboratories and advanced equipment to students, with technical experts delivering specialized lectures based on real-world industry cases. These sessions incorporate interactive elements such as group discussions and hands-on experiences, offering students immersive learning scenarios that bridge theory and practice, thus contributing significantly to talent development.



Jieyang No. 1 High School's "Huang Xuhua Class" Visits ABA Chemicals

● High-level academic empowerment

Since 2016, the Company has annually sponsored Fudan University's Jin Si Lecture Series, consistently empowering high-end chemical research by establishing a global top-tier academic exchange platform. Each year, the Jin Si Lecture Series committee invites 3-6 internationally renowned scientists in the field of chemistry to engage in in-depth discussions on core topics such as "Latest Advances in Chemistry," "Strategic Thinking on Disciplinary Development," and "Major Frontier Issues in the Discipline." These discussions not only focus on breakthroughs in fundamental theories but also emphasize interdisciplinary integration and the potential for result transformation. Additionally, guest lecturers are awarded the Wu Zhengkai Chemistry Prize, supported by donations from the Company's Chairman Cai Tong, further incentivizing scientific innovation.



The 32nd Jin Si Lecture: Professor Fan Chunhai, Academician of the Chinese Academy of Sciences, Delivers a Report

Volunteer services

The Company actively organizes and participates in various volunteer activities, continuously deepens community engagement, and demonstrates social value and humanistic care. During the reporting period, after Yuzhong County in Lanzhou suffered severe flash floods, the Company immediately dispatched urgently needed supplies such as raincoats, disinfectants, and protective clothing to assist the disaster area, ensuring the basic livelihood of the affected people and demonstrating corporate responsibility in times of crisis. Meanwhile, the Company responded to the call of Lanzhou New Area and organized employees to participate in voluntary tree planting activities, supporting regional ecological civilization through practical actions.



Supporting Disaster Relief in Yuzhong County, Lanzhou



Participating in Voluntary Tree-Planting Activities



Sound Governance for Sustainable, Steady Growth

We firmly believe that only by taking the right path can we achieve long-term success. To this end, we have systematically built a modern corporate governance structure, strictly adhered to compliance baselines and high standards of business ethics, and actively embraced the intelligent manufacturing transformation centered on digitalization, thereby forging a core synergy that drives the steady progress of the Company.

Issues covered in this chapter

- Corporate governance
- Compliant operations
- Adherence to business ethics
- Digital transformation

Contributing to UN SDGs



Note: The picture shows ABA Chemicals Taicang Base



Strengthening corporate governance

The Company has always regarded improving governance as the foundation of high-quality development. By strictly complying with laws and regulations, continuously optimizing the governance structure, improving the policy system, and strengthening standardized operations and effective checks and balances, we comprehensively enhance governance effectiveness and provide a solid guarantee for shareholder value creation.

Governance structure

The Company strictly complies with laws, regulations, and normative documents such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, and the *Code of Corporate Governance for Listed Companies*, and continuously improves the modern corporate governance structure centered on the General Meeting of Shareholders, the Board of Directors, and the operational management. By establishing and improving the policy system, optimizing decision-making mechanisms, and strengthening supervisory functions, we ensure that all governance bodies have clear rights and responsibilities, operate in a standardized manner, and maintain effective checks and balances.

To enhance the scientific and professional nature of decision-making, the Board of Directors of the Company has established four specialized committees, namely the Strategy and Decision-Making Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Appraisal Committee. All committees perform their duties in accordance with the Articles of Association of the Company and their respective working rules, providing professional advice and decision-making support to the Board of Directors. In June 2025, the Company systematically revised, reviewed, and approved the Rules of Procedure for the Board of Directors and the working rules for the specialized committees under the Board of Directors, further detailing procedural rules, clarifying the boundaries of responsibilities, and optimizing the decision-making process, making our corporate governance operations more standardized, operable, and forward-looking.

Board development

The Company's Board of Directors continuously strengthens its own capacity building, promotes diversity, improves the operation of specialized committees, fully leverages the role of independent directors, and effectively fulfills its functions of strategic guidance, scientific decision-making, and supervision.

Board effectiveness

In 2025, the Board of Directors of the Company adhered to the core principles of diligence and responsibility, standardized operation, and scientific decision-making, and efficiently fulfilled the core functions of corporate governance. The Board successfully completed the election for its sixth session, elected the Chairman in accordance with the law, and reviewed and approved the proposal on the appointment of the General Manager and other senior executives, effectively ensuring the smooth transition of the management and the continuity of strategy execution. To adapt to the new Company Law and changes in the regulatory environment, the Board of Directors systematically revised more than 20 core governance documents, including the *Articles of Association*, the *Rules of Procedure for the Board of Directors*, the *Independent Director Working System*, the *Information Disclosure Management System*, and the *Internal Control Policy*, continuously improving the internal control system. During the reporting period, the Company held a total of nine Board of Directors meetings, reviewed and approved 44 proposals, with a director attendance rate of 99%, fully reflecting the Board's strong sense of responsibility and high efficiency in decision-making. In addition, the directors strictly exercised their powers in accordance with the Company Law, the Articles of Association, and the rules of procedure, carefully reviewed major matters such as periodic reports, the use of proceeds, external investments, and related-party transactions, and actively utilized their professional backgrounds to participate in discussions and provide constructive opinions.



Board independence

The Company attaches great importance to strengthening the independence of the Board of Directors. Through a balanced Board composition, well-defined institutional arrangements, and effective performance mechanisms, it ensures that independent directors can effectively exercise their supervisory and counterbalancing roles in corporate governance.

Balanced Board composition



Our sixth Board of Directors comprises nine directors, of whom three (33.3%) are independent directors, and one is an external director. The independent directors serve as chairpersons of the Nomination Committee, Audit Committee, and Remuneration and Appraisal Committee, respectively, do not hold any positions in the Company other than director, or any positions in the controlling shareholder, de facto controller, or their related parties, and possess the independence required to perform their duties.

Well-defined institutional arrangements

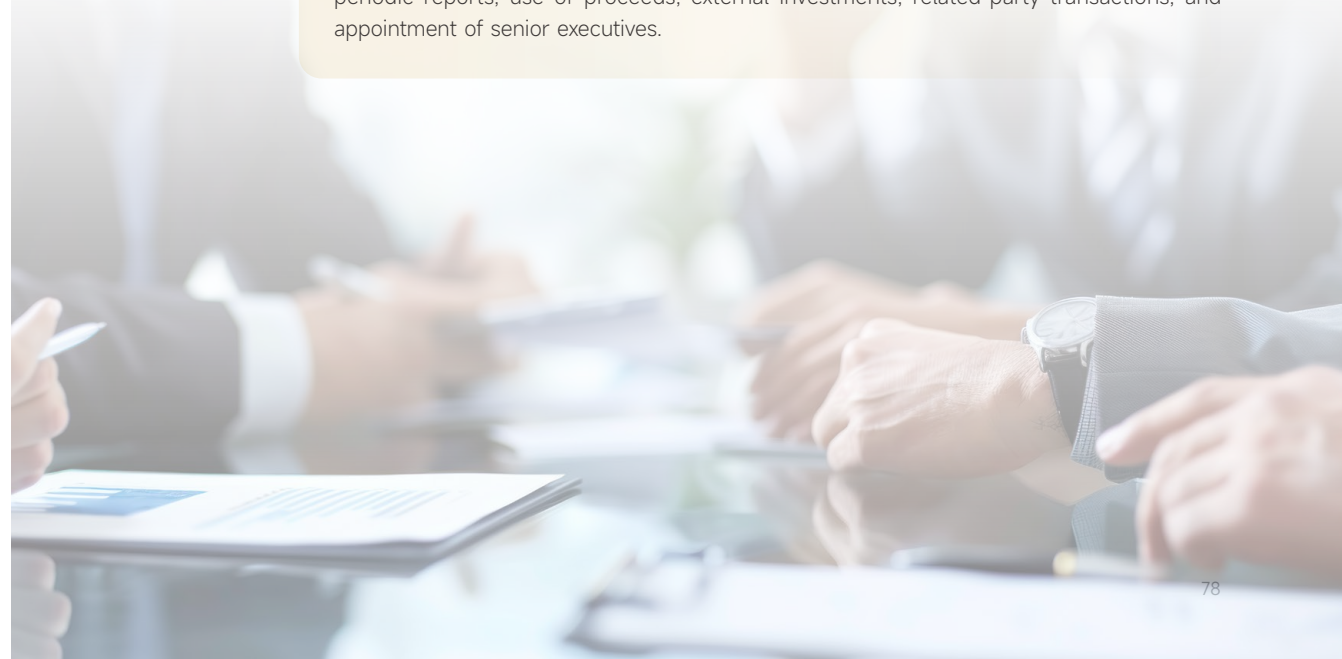


We have formulated and implemented the *Independent Director Working System*, which stipulate the functions and powers, qualifications, duty performance methods, and safeguard measures for independent directors. The Board's Nomination Committee is responsible for the selection and review of independent director candidates during the director appointment process.

Effective performance mechanisms



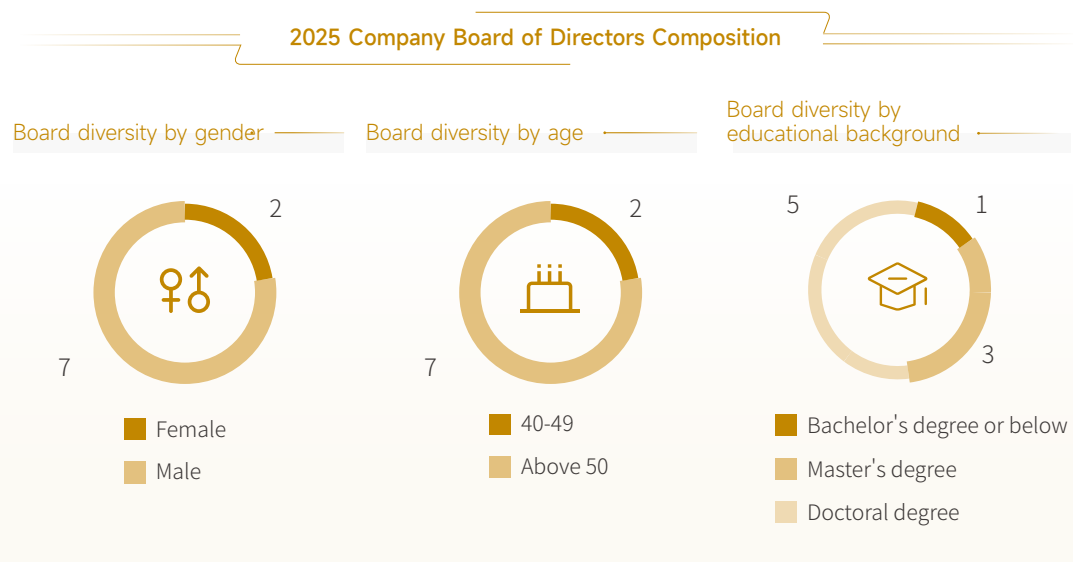
Our independent directors attend meetings of the Board and its specialized committees in accordance with the law, and participate in the deliberation of major matters such as periodic reports, use of proceeds, external investments, related-party transactions, and appointment of senior executives.



Board diversity

In the nomination and appointment of directors, the Company adheres to the core principle of enhancing the overall decision-making efficiency of the Board, taking into account the complementarity of members in terms of professional experience, knowledge structure, industry background, and performance capabilities. In the *Working Rules for the Nomination Committee of the Board of Directors*, the Company explicitly requires that when selecting director candidates, emphasis shall be placed on the integration of diverse dimensions to promote a Board composition that is well-structured, collaboratively capable, and diverse in perspectives. Meanwhile, the Company arranges director terms reasonably, ensuring governance stability and continuity while creating conditions for the introduction of new ideas and perspectives.

The new Board members' backgrounds span pharmaceutical R&D, fine chemicals, financial management, corporate strategy, and compliance governance. Several directors have years of experience in the governance of listed companies or professional technical expertise, effectively supporting the Company's professional judgment and efficient decision-making on key issues such as CDMO business expansion, the advancement of the "2+X" strategy, internal control optimization, and ESG system development.



Remuneration policy for Directors and Senior Executives

The Board has established a Remuneration and Appraisal Committee, responsible for formulating and reviewing remuneration policies and schemes for directors and senior executives. The committee establishes clear appraisal standards, conducts performance evaluations for senior executives, and closely links remuneration to the Company's performance and individual fulfillment of duties. To strengthen the binding force and compliance of remuneration management, the Company has established a remuneration withholding and reclaim mechanism. When a senior executive commits gross negligence or intentional misconduct and thus causes significant losses to the Company, results in substantial regulatory penalties for the Company due to his/her personal responsibility, or is involved in serious misconduct such as misstatements in financial reporting or performance falsification, the Company has the right to reclaim the relevant remuneration already paid.

Investor relations

The Company attaches great importance to investor communication, adhering to the principles of compliance, transparency, equality, and proactiveness. Leveraging a robust policy system and diversified communication channels, it continuously enhances the quality of information disclosure and interaction effectiveness, and actively fosters long-term, stable, and mutually trusting investor relations.

Information disclosure

information disclosure, and has established a comprehensive internal control system with the *Information Disclosure Management Policy* at its core, supported by the *Insider Registration Management Policy* and the *Internal Reporting Policy for Material Information*. By designating the Board Secretary as the person directly responsible and the Board Office as the executing department, and mandating all departments and subsidiaries to internally report material information "at the first opportunity", the Company ensures the timeliness and accuracy of information disclosure at the source. During the reporting period, the Company published 4 periodic reports and 144 interim announcements, which truthfully, accurately, and completely reflected our operating conditions at different periods throughout the year, as well as various day-to-day material events, emergencies, etc. None of the announcements required any corrections.

Investor communication

The Company has established a systematic communication framework in accordance with the *Investor Relations Management Policy*, with the Board Secretary as the person in charge and the Board Office as the executive department, to ensure the compliance, equality, and proactiveness of communication. The Company maintains frequent interaction with investors on issues such as development strategy, operating performance, and ESG progress through multiple channels such as the Shenzhen Stock Exchange's e-interaction platform, the investor hotline, earnings briefings, and the investor relations section on our official website. During the reporting period, the Company proactively responded to various investor requests, attentively answered 172 investor questions on the e-interaction platform, and actively answer investors' calls. We successfully held 1 performance briefing, organized six investor research activities, which received a total of 87 investor visits, further solidifying the bridge for in-depth communication between the Company and investors.

Date	Method	Number of Participants
May 2025	Online platform	Investors participating in the online results presentation
June 2025	Site visit	2 institutions
June 2025	Site visit	3 institutions
July 2025	Site visit	12 institutions and individual investors
August 2025	Site visit	10 institutions
August 2025	Telephone conference	27 institutions
November 2025	Site visit	21 institutions

Compliant and prudent operations

The Company integrates the philosophy of compliant and prudent operations into corporate governance and daily management, and by improving the internal control system, perfecting the risk management mechanism, and strengthening policy execution and audit supervision, we systematically build a closed-loop compliance management system covering all businesses and processes to effectively ensure our compliant and prudent operations.

Governance dimension

The Company has established a three-tier compliance governance comprising the "supervisory level, the management level, and the execution level." With clear roles and responsibilities at each level, it forms an effective closed loop of supervision, management, and execution.

To ensure the effective operation of this framework, the Company has established a systematic safeguard mechanism. In terms of the deliberation and supervision mechanism, the Audit Committee supervises the Audit Department in conducting special inspections on major matters such as the use of proceeds, related party transactions, and external guarantees at least every six months, and listens to the Audit Department's work report at least once a quarter. In terms of continuous monitoring and governance, the Company requires the establishment of internal control processes spanning all major business processes, and conducts continuous supervision and regular evaluation through internal audits. Upon identifying deficiencies, we urge the responsible departments to formulate and implement rectification measures. In terms of the reporting and review mechanism, while reviewing the annual report, the Board of Directors is required to review and disclose the *Internal Control Evaluation Report* formulated based on internal audit results, thereby forming closed-loop management from daily supervision to annual summary to ensure continuous optimization.

Compliance Governance Structure

Supervisory level	Board of Directors and its Audit Committee	<ul style="list-style-type: none"> • Board of Directors: It bears ultimate responsibility for the establishment, improvement, and effective implementation of our internal control system. • Audit Committee: As authorized by the Board, it is responsible for supervising and evaluating the effectiveness of internal and external audit work and internal controls, leading and supervising the work and reviewing the reports of the Audit Department, and issuing evaluation opinions on the effectiveness of internal controls.
Management level	Senior Executives	<ul style="list-style-type: none"> • They are responsible for organizing and implementing, at the Company level, the risk management and internal control policies formulated by the Board, and ensuring their integration into day-to-day operations and management.
Execution level	Functional departments, controlled subsidiaries, Audit Department	<ul style="list-style-type: none"> • Functional departments and controlled subsidiaries: They are responsible for specifically implementing control activities in their operations and conducting daily risk identification and response. • Audit Department: It is independent of operating departments and reports directly to the Board's Audit Committee. It is responsible for conducting independent and objective supervision, inspection, and evaluation of our internal control, risk management, and financial information, among others.

Strategy

As the cornerstone of robust corporate operations and sustainable development, compliance management is directly related to a company's risk prevention and control capabilities and long-term value creation. The Company deeply recognizes that a sound compliance system is not only the fundamental guarantee for lawful corporate operations, but also a key support for enhancing internal governance effectiveness and strengthening market trust. Facing an increasingly complex internal and external regulatory environment, the Company integrates compliance management into the strategic level of corporate governance and is committed to building a systematic, standardized, and efficient compliant operation mechanism. In response to potential compliance risks, the Company strictly complies with the Basic Norms for the *Internal Control of Enterprises* and relevant laws and regulations, and has established a compliance system centered on the *Internal Control Policy* and the *Internal Audit Management Policy*. We have clarified the compliance requirements and control responsibilities for various business processes, ensuring the effective connection and coordinated operation of internal control and internal audit, and providing a solid guarantee for the sustainable and healthy development of the Company.

Risk type	Risk description	Impact duration	Financial impact
Inadequate compliance risk assessment	Failure to effectively identify existing or potential compliance risks in business operations may result in the Company being exposed to compliance risks.	Short term, medium term, long term	High
Inadequate compliance review and supervision	Inadequate compliance policies or insufficient enforcement may result in the Company breaching applicable laws and regulations.	Short term, medium term, long term	High



Risk management

The Company establishes a systematic risk management mechanism and, through the dual drivers of standardized processes and culture cultivation, comprehensively enhances the capabilities in compliance risk identification, response, and continuous improvement.

Compliance risk management

The Company has established a closed-loop risk management procedure spanning "identification-assessment-response-monitoring" to achieve dynamic management and effective response to all major risks, systematically enhancing our overall risk resilience.



Cultivating a compliance culture

The Company conducts specialized training using the continuously updated *Internal Control Manual* as the core training material, deeply embedding compliance requirements into business processes and strengthening the compliance awareness of all employees. At the same time, the Company incorporates the implementation of internal controls into the performance appraisals of all departments and subsidiaries, and leverages regular internal control audit projects to verify the implementation effectiveness on-site. In addition, the Company clarifies the risk management responsibilities of each position and, through the internal audit mechanism of "identifying issues - promoting rectification - closed-loop tracking", encourages employees to understand risks in practice and actively fulfill their responsibilities, effectively building a solid compliance culture involving all employees.

Indicators and targets

According to the annual compliance management objectives, the Company sets compliance management metrics such as the number of escalated general deficiencies, the amount of administrative penalties, and the number of compliance-related litigation cases to quantitatively evaluate the implementation effectiveness of compliance management. During the reporting period, all metrics met the annual targets.

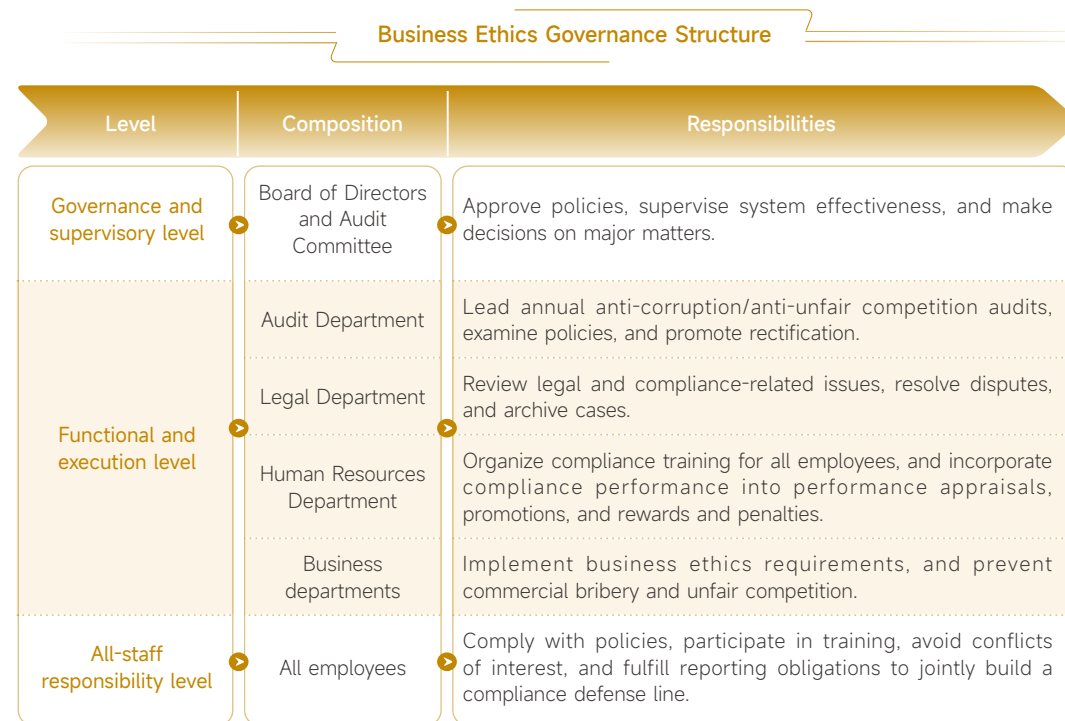
Indicators	Unit	2025 target	Annual Actual
Number of general deficiencies escalated to major or material deficiencies	items	0	0
Amount of administrative penalties imposed due to compliance-related issues	RMB	0	0
Number of litigation or arbitration cases arising from compliance-related issues	cases	0	0

Adherence to business ethics

The Company adheres to operating with integrity and ethical conduct, and takes business ethics as the cornerstone of corporate development. By refining policies, clarifying responsibilities, strengthening supervision, conducting all-staff training, and implementing effective whistleblowing mechanisms, we systematically build an anti-corruption and compliance defense line covering all businesses and processes, resolutely eliminate commercial bribery and unfair competition, and continuously consolidate the ethical foundation for our high-quality development.

Governance dimension

The Company has established a systematic business ethics governance structure featuring "supervision by the governance level, execution by the executive level, and participation by all employees", comprehensively covering key areas such as anti-corruption, anti-commercial bribery, anti-unfair competition, and anti-monopoly, ensuring that compliance requirements are integrated throughout the entire process of decision-making, execution, and daily operations.



Strategy

During the Reporting Period, in response to potential risks such as commercial bribery, kickbacks and commissions, expense fraud, misappropriation of Company assets, and conflicts of interest and related-party transactions, the Company improved institutional mechanisms, organized training for all employees, strengthened external supervision, and established a whistleblower protection mechanism to comprehensively enhance compliance governance capabilities and build a solid defense line for anti-corruption, anti-commercial bribery, and fair competition.

Risk type	Risk description	Impact duration	Financial impact
Commercial bribery	Employees provide customers, suppliers, or other third parties with gifts, cash gifts, securities, and other benefits, or solicit or accept improper benefits provided by the other party, in order to influence their business decisions.	Short term, medium term, long term	Moderate
Kickbacks and commissions	Employees solicit or accept unrecorded economic benefits such as personal kickbacks or commissions in the course of business, thereby harming the Company's interests or undermining the principles of fair trade.	Short term, medium term, long term	Moderate
Expense fraud	By forging or falsely reporting expense reimbursement documents for travel, entertainment, procurement, etc., employees fraudulently obtain Company funds, which constitutes embezzlement or occupational misappropriation.	Short term, medium term, long term	Moderate
Misappropriation of company assets	Employees, without authorization, take, misuse, or dispose of Company assets, including funds, equipment, materials, and intellectual property, or use Company resources for personal purposes.	Short term, medium term, long term	High
Conflicts of interest and related party transactions	Employees use their position to seek improper benefits for themselves, their relatives, or related parties, or participate in business activities that may affect the objective performance of their duties, and fail to declare or recuse themselves as required.	Short term, medium term, long term	High

Improving policy control mechanisms

The Company systematically integrates anti-corruption, anti-commercial bribery, and anti-unfair competition requirements into our existing governance and internal control systems, forming a policy system centered on the *Business Ethics Policy* and the *Code of Business Conduct and Ethics*, and others. Specifically, the *Business Ethics Policy* and the *Code of Business Conduct and Ethics* explicitly prohibit corrupt practices such as commercial bribery, soliciting or accepting improper benefits, and transferring benefits to third parties to influence decision-making, while also prohibiting unfair competition and monopolistic behaviors such as price manipulation, market division, exchange of sensitive commercial information, and abuse of market dominance, and require employees to proactively declare and recuse themselves from conflicts of interest. The *Internal Control Policy*, *Internal Audit Management Policy*, and *Trade Secret Protection Policy* jointly support the effective implementation of the *Business Ethics Policy*.

Implementing holistic training programs

The Company attaches great importance to the foundational role of training in risk prevention, and conducts business ethics training for all directors, all employees, and all suppliers, covering core issues such as anti-corruption, anti-commercial bribery, anti-unfair competition, and anti-monopoly. Strictly benchmarking against anti-corruption policies, business ethics policies, and laws and regulations such as the *Anti-Unfair Competition Law*, the training programs aim to ensure that all individuals involved in our operations clearly understand our compliance policies, legal and regulatory requirements, and behavioral boundaries. Training formats include classroom sessions, onboarding and key position qualification training, targeted compliance briefings, and online self-learning, with differentiated content designed for governance-level personnel and high-risk positions. At the same time, the Company incorporates compliance performance into performance appraisals, promoting the deep integration of training and management.

Strengthening partner compliance supervision

The Company effectively extends the compliance supervision chain to business partners (including suppliers and partners) to jointly build a clean business ecosystem. In contract management, the Company explicitly requires business partners to comply with anti-corruption laws and regulations in relevant agreements, prohibits any form of commercial bribery, and makes it a legally binding obligation. In terms of onboarding and ongoing management, the Company makes ethics and integrity reviews a prerequisite for cooperation, and incorporates them into regular assessments. In addition, the Company indirectly evaluates the compliance performance of business partners through annual business ethics audits and other means.

Establishing a whistleblowing protection mechanism

The Company has established a clear and reliable whistleblowing and protection mechanism, aimed at encouraging internal and external stakeholders to courageously expose acts such as offering bribes, accepting bribes, and illicitly receiving benefits. This mechanism clearly specifies dedicated whistleblowing channels, including hotlines and email addresses, and solemnly commits to keeping strictly confidential whistleblowers' identities, the reported content, and the investigation process. Upon receiving a report, the Company, led by our Audit Department, will conduct a prudent investigation into the reported content under the premise of strict confidentiality, maintain communication with whistleblowers, and provide them with timely feedback on the investigation progress or results to the extent permitted by law and as necessary. The Company strictly prohibits any form of retaliation, and stipulates that those responsible for such behavior will be held accountable, thereby providing solid institutional protection for whistleblowers. All reports received will be investigated promptly, impartially, and thoroughly, and the investigation results will serve as the basis for subsequent actions, ensuring that no violations go undetected.

[Reporting channels]

Business Ethics Reporting Hotline: +86 (021)-51159199-309

Business Ethics Reporting Email: compliance@abachem.com

Risk management

The Company fully incorporates compliance risks such as commercial bribery, corruption, and unfair competition into the overall internal control and risk management framework. As the core supervisory body, the Audit Department conducts at least one special business ethics audit covering the headquarters and all subsidiaries annually. Meanwhile, during routine and ongoing internal control supervision, the Audit Department explicitly lists compliance risks such as corruption, commercial bribery, and unfair competition as the core content for the inspection and assessment of key business processes such as procurement, sales, investment, and information disclosure. By systematically identifying and assessing potential risk points in business processes, optimizing policies and refining processes in a targeted manner, and combining this with retrospective tracking of the rectification status, we achieve dynamic risk management and closed-loop control.

During the Reporting Period, the Company included business ethics compliance as a key focus of the annual internal control audit and conducted special audits across all levels, covering high-risk areas such as procurement, sales, and R&D, with a focus on anti-corruption, anti-commercial bribery, and conflict of interest management.

Indicators and targets

The Company has set key quantitative metrics focusing on the effectiveness of the business ethics management system, aiming to comprehensively evaluate the implementation effectiveness of business ethics-related risk controls through special audit coverage, defect rectification tracking, and the monitoring of illegal and non-compliant incidents. During the reporting period, all metrics met the annual targets.

Indicators	Unit	2025 target	Annual Actual
Coverage rate of dedicated business ethics audits	%	100	100
Rectification completion rate of business ethics-related deficiencies	%	100	100
Number of unfair competition or antitrust cases involving litigation	cases	0	0

Optimizing the “Intelligent Manufacturing” system

The Company firmly seizes the strategic opportunities of digital transformation, takes intelligent, data-driven, and green development as the core, promotes the intelligent manufacturing upgrade of production bases, and builds an efficient, transparent, and safe digital manufacturing system.

Digital transformation strategy

The Company's digital transformation strategy is closely aligned with national policy guidance and our own development needs. Actively responding to policy documents such as the Urban Pilot Program for SME Digital Transformation, we view digital transformation as an important engine for enhancing core competitiveness and achieving sustainable development.

Core Objectives of Digital Transformation



Intelligent operations

Achieve visibility, controllability, and traceability throughout the entire production process, reduce reliance on manual labor, and improve decision-making efficiency.



Data-driven value creation

Break down information silos, achieve data integration and analysis, and drive production optimization and precise management.



Safe and green development

Through process improvement and refined management and control, reduce energy and material consumption, and enhance intrinsic safety and environmental protection levels.

Digitalization development plan

The Company carries out targeted practices at the two major production bases in Lanzhou and Nantong. Leveraging system integration and intelligent upgrades, we deeply embed digital capabilities into production operations and management and control processes, and are committed to building a new data-driven, transparent, and efficient governance paradigm, providing solid support for strategic decision-making and risk management and control.

Digital Integration of production systems

At the Lanzhou base, with the supOS industrial internet platform as the core, the Company has integrated systems such as DCS, batch control, production execution, warehouse, and quality and equipment management to build an integrated digital production system. This practice adopts a phased implementation approach, being first implemented in production units such as Lanwo Technology and Lanzhou ABA Fine Chemicals, achieving data integration and business synergy from the equipment level to the management level. In the future, the Company plans to deploy the supOS MES system on some production lines of Lanzhou ABA Pharmaceutical Creation, focusing on connecting the data link between the ERP and the production site to achieve closed-loop management of the entire process from the issuance of production orders to completion reporting and feedback.



Intelligent manufacturing capability upgrade

At the Nantong base, the Company focuses on promoting the comprehensive upgrade of intelligent manufacturing capabilities. By comprehensively deploying the Distributed Control System (DCS) and Safety Instrumented System (SIS) on the production lines, and extensively applying intelligent equipment such as fully automatic centrifuges and packaging machines, a solid foundation for full-process automation has been laid. Meanwhile, the Company has built a “five-in-one” intelligent factory platform integrating functions such as personnel positioning, hazard identification, major hazard monitoring, and a dual prevention mechanism, achieving intelligent safety and production management. In 2025, Nantong Base successfully obtained the AA-level *Integration of Informatization and Industrialization Management System Assessment Certificate* and the AA-level *Digital Transformation Management System Assessment Certificate*, marking the Company's attainment of a national advanced standard in building “multi-process safety production control capabilities based on information system integration.”

Key performance

In 2025, Nantong Base successfully obtained the

AA-level
Integration of Informatization and
Industrialization Management System
Assessment Certificate

and the

AA-level
Digital Transformation Management
System Assessment Certificate.

Table of Key Performance Indicators

Environmental dimension

Performance indicators	Unit	2025
Investment in environmental protection	ten thousand RMB	3,485.08
Greenhouse gas emissions		
Total Scope 1 emissions	tCO ₂ e	523.89
Total Scope 2 emissions	tCO ₂ e	68,953.10
Total Scope 3 emissions	tCO ₂ e	184,113.80
Category 1: Purchased goods and services	tCO ₂ e	105,161.99
Category 3: Fuel- and energy-related activities	tCO ₂ e	23,436.72
Category 4: Upstream transportation and distribution	tCO ₂ e	17,792.17
Category 5: Waste generated in operations	tCO ₂ e	12,704.13
Category 6: Business travel	tCO ₂ e	16,197.51
Category 7: Employee commuting	tCO ₂ e	408.33
Category 9: Downstream transportation and distribution	tCO ₂ e	8,412.95
Energy		
Direct energy consumption	tce	441.97
Natural gas	m ³	261,440.00
Diesel	kg	19,693.00
Gasoline	kg	85,423.00
Indirect energy consumption	tce	19,412.81
Purchased electricity	MWh	46,283.00
Outsourced steam	tons	126,412.00
Renewable energy consumption	MWh	479.42
Water		
Total water withdrawal	m ³	221,568.00
A. Withdrawal: direct abstraction from groundwater	m ³	0
B. Withdrawal: direct abstraction from groundwater	m ³	1,840.00
C. Withdrawal: municipal water supply (or from other companies)	m ³	219,728.00
Volume of recycled water used	m ³	34,128.00
Wastewater discharge	m ³	188,482.70
Waste		
Non-hazardous waste	tons	49.00
Hazardous waste	tons	13,819.22

Performance indicators	Unit	2025
Hazardous waste volume – reused/recycled	tons	5,297.29
Percentage of hazardous waste reused/recycled	%	27.69
Exhaust Gas		
PM	tons	0.92
Nitrogen oxides (NO _x)	tons	1.34
Sulfur oxides (SO _x)	tons	0.12
Non-methane total hydrocarbons	tons	2.14
Volatile organic compounds	tons	0.42

Note: The data on this page currently does not include the Company's overseas operations.

Social dimension

Performance indicators	Unit	2025
Research and innovation		
Number of R&D staff	persons	330
Proportion of R&D personnel	%	27.62
R&D investment	ten thousand RMB	11,673.85
R&D investment as a percentage of operating revenue	%	8.93
Invention patent applications in 2025	Item	4
Invention patents granted in 2025	Item	3
Utility model patents granted in 2025	Item	24
Total invention patents held	Item	129
Total utility model patents held	Item	136
Total design patents held	cases	2
Quality and service		
Product pass rate	%	98.4
Products recalled	tons	0
Customer complaints received	cases	4

Performance indicators	Unit	2025
Customer complaint resolution rate	%	100
Violations related to product/service health, safety, and labeling	cases	0
Confirmed complaints regarding customer privacy breaches or data loss	cases	0
Violations in marketing and promotional activities	cases	0
Supplier management		
Total number of suppliers	companies	383
Total core suppliers	companies	125
Strategic suppliers	companies	77
Key suppliers	companies	64
Domestic suppliers in China	companies	365
Overseas suppliers outside China	companies	18
Proportion of local suppliers	%	33
Supplier business ethics compliance rate	%	100
Suppliers certified to quality management systems	companies	163
Suppliers certified to occupational health and safety management systems	companies	140
Suppliers certified to environmental management systems	companies	140
Suppliers signing integrity cooperation agreements (or commitments)	companies	106
Suppliers audited	companies	72
Suppliers suspended due to non-compliance	companies	0
Potential suppliers disqualified due to non-compliance	companies	0
Information security and privacy protection		
Losses caused by violations of laws and regulations related to data or customer information breaches	ten thousand RMB	0
Confirmed complaints involving customer privacy breaches or data loss	cases	0
Business coverage rate of data security-related certifications	%	100
Number of data security / customer privacy protection training times	Time	8
Training coverage rate on data security and customer privacy protection	%	100
Average training hours per person on data security and customer privacy protection	hours	2
Encryption coverage rate for sensitive data	%	100
Access control coverage rate	%	99
Occupational health and safety		
Investment in production safety	ten thousand RMB	1,003.35
Investment in employee work injury insurance	ten thousand RMB	51.71
Investment in employee safety liability insurance	ten thousand RMB	20.87
Occupational disease incidence rate	%	0

Performance indicators	Unit	2025
Work-related injury rate	%	0.18
Lost workdays due to work-related injuries	days	397
Lost workdays per million revenue due to work-related injuries	days per RMB 1 million revenue	0.30
Work-related fatalities	persons	0
Work-related fatality rate per million revenue	%	0
Severe work-related injuries (excluding fatalities)	cases	0
Rate of severe work-related injuries (excluding fatalities)	%	0
Recordable work-related injuries	cases	4
Total recordable injury rate (TRIR) per million hours worked	Incidents per million hours worked	1.81
Safety training sessions	Time	186
Safety training attendances	personsTime	4,477
Employee coverage rate for production safety training	%	100
Average safety training hours per employee	hours	13.08
Coverage rate of employee work injury insurance	%	100
Coverage rate of employee safety liability insurance	%	100
Composition of employees		
Full-time employees	persons	1,192
Part-time employees	persons	3
Female employees	persons	411
Male employees	persons	784
Employees aged 29 and under	persons	182
Employees aged 30-39	persons	423
Employees aged 40-49	persons	329
Employees aged 50 and above	persons	261
Employees working in China	persons	1,104
Employees working overseas	persons	91
Senior management (vice president and above)	persons	47
Middle management (assistant manager to director)	persons	173
General employees	persons	975
Employees with master's degrees and above	persons	71
Employees with bachelor's degrees	persons	306
Employees with associate degrees	persons	305
Employees with high school education and below	persons	513
Diversity, equality, and inclusion		
Foreign employees	persons	66

Performance indicators	Unit	2025
Employees from ethnic minority groups	persons	10
Female employees at assistant manager level and above	persons	43
Percentage of women in management positions	%	19.55
Employee discrimination or harassment incidents	cases	0
Incidents involving child labor, forced labor, or trafficking	cases	0
Labor contract signing rate	%	100
Average paid leave days per employee	days	8.38
Return-to-work rate of female employees after parental leave	%	100
Retention rate of female employees after parental leave	%	100
Social insurance coverage rate	%	100
Employee turnover		
Total number of employee departures	persons	214
Number of male employee departures	persons	186
Number of female employee departures	persons	28
Number of senior and middle management departures	persons	17
Number of employee departures aged 29 and below	persons	56
Number of employee departures aged 30–39	persons	82
Number of employee departures aged 40–49	persons	45
Number of employee departures aged 50 and above	persons	31
Employee training		
Employee training coverage	%	100
Average training hours per employee	hours	45.63
Average training hours per male employee	hours	37.13
Average training hours per female employee	hours	52.23
Average training hours per senior employee	hours	50.82
Average training hours per mid-level employee	hours	40.41
Average training hours per frontline employee	hours	62.08
Social contribution		
External donation	RMB	84,000

Note: Supplier management and occupational health and safety indicators under social performance currently do not include the Company's overseas operations.

Corporate governance

Performance indicators	Unit	2025
Board diversity and effectiveness		
Total number of Board members	persons	9
Independent directors	persons	3
Female Board members	persons	2
Percentage of female Board members	%	22
Board meetings held during the year	Time	9
Resolutions reviewed and approved by the Board	items	44
Average attendance rate of Board members	%	99
General meetings of shareholders held	Time	5
Board special committee meetings held	Time	11
Resolutions approved by the General meetings of shareholders	items	29
Percentage of Independent Directors on the Strategy and Decision-Making Committee	%	66
Percentage of Independent Directors on the Audit Committee	%	66
Percentage of Independent Directors on the Remuneration and Appraisal Committee	%	66
Percentage of Independent Directors on the Nomination Committee	%	66
Information disclosure and investor communication		
Performance briefings held	Time	1
Investor research activities	times	6
Response rate to investor Q&A on interactive platforms	%	97
Number of investor questions answered via cninfo.com	items	172
Total number of disclosures via designated channels	pieces	148
- Periodic disclosures	pieces	4
- Ad hoc disclosures	pieces	144
Compliance management		
Number of unfair competition or antitrust cases involving litigation	cases	0
Coverage rate of dedicated business ethics audits	%	100
Rectification completion rate of business ethics-related deficiencies	%	100

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Reader Feedback Form

Thank you for reading the ABA Chemicals 2025 Environmental, Social and Governance (ESG) Report. To provide you and other stakeholders with more valuable information, and to enhance the Company's sustainable development management capabilities and level, we sincerely welcome your comments and suggestions on this report.



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