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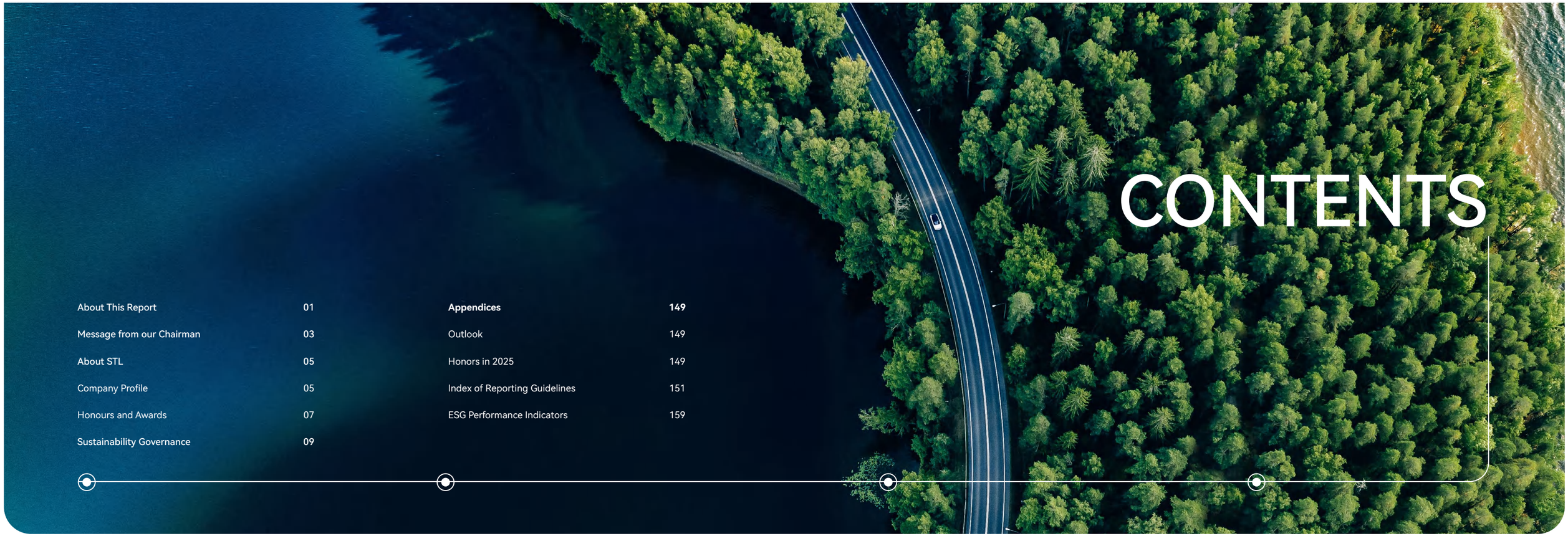
SATELLITE CHEMICAL CO., LTD.

STOCK CODE: 002648

2025

Environmental, Social and Governance Report

CHEMICALS MAKE A BETTER LIFE



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About This Report

Description of the Report

This report is the sixth annual Environmental, Social, and Governance (ESG) report (hereinafter referred to as "this Report") of Satellite Chemical Co., Ltd. This Report provides a true and objective account of the sustainability activities undertaken by Satellite Chemical Co., Ltd. in 2025, with a focus on disclosing information related to the Company's performance in social, environmental, and governance aspects.

Report Scope

The reporting period for this report is from January 1, 2025, to December 31, 2025 (hereinafter the "reporting period"). While some information may pertain to periods outside this timeframe, this is an annual report. Unless otherwise specified, the scope of this report covers Satellite Chemical Co., Ltd. and its subsidiaries, consistent with the scope of the consolidated financial statements.

Basis of Preparation

This Report has been prepared in accordance with the *Shenzhen Stock Exchange Self-Regulatory Guideline No. 1 for Listed Companies — Standard Operation of Main Board Listed Companies (2025 Revision),* the *Shenzhen Stock Exchange Self-Regulatory Guide No. 1 for Listed Companies — Business Handling (2026 Revision)*, the *Shenzhen Stock Exchange Self-Regulatory Guideline No. 17 for Listed Companies — Sustainability Reporting (for Trial Implementation), and* the *Shenzhen Stock Exchange Self-Regulatory Guide No. 3 for Listed Companies — Preparation of Sustainability Reports.* It also references the *Corporate Sustainability Disclosure Standards — Basic Standard (for Trial Implementation) and* the *Corporate Sustainability Disclosure Standard No. 1 — Climate (for Trial Implementation)* issued by the Ministry of Finance, the *Sustainability Reporting Standards (GRI Standards)* from the Global Reporting Initiative (GRI), *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures* issued by the International Sustainability Standards Board (ISSB), the United Nations Sustainable Development Goals (UN SDGs), the *Recommendations of the Task Force on Climate-related Financial Disclosures* issued by the Task Force on Climate-related Financial Disclosures (TCFD), the Morgan Stanley Capital International (MSCI) ESG rating methodology for the Commodity and Diversified Chemicals industry, the *ISO 26000:2010 Guidance on Social Responsibility* international standard from the International Organization for Standardization (ISO), and the *Guideline on Corporate Sustainability Reporting in China (CASS-ESG 6.0).*

Description of Designations

For ease of expression and reading, "the Company", "Satellite", "Satellite Chemical", "STL" and "we" in this Report all refer to Satellite Chemical Co., Ltd. and its subsidiaries. Other definitions are as follows:

Satellite Technology	refers to Zhejiang Satellite New Material Technology Co., Ltd.
Satellite Energy	refers to Zhejiang Satellite Energy Co., Ltd.
Lianyungang Petrochemical	refers to Lianyungang Petrochemical Co., Ltd.
Jiahong New Materials	refers to Jiangsu Jiahong New Material Co., Ltd.
Satellite Global	refers to Satellite Global Chemical (Shanghai) Co., Ltd.
Satellite Industrial	refers to Zhejiang Satellite Chemical Industry Co., Ltd.
Satellite USA	refers to Satellite Chemical USA Corp.
Jiaxing Base	refers to the Company's production facilities in Jiaxing Science City.
Pinghu Base	refers to the Company's production facilities in Dushan Port, Pinghu.
Lianyungang Base	refers to the Company's production facilities in the Xuwei New Area, Lianyungang.

Confirmation and Approval

This Report was confirmed by management, and approved for release by the Board of Directors on March 23, 2026.

Disclaimer

The financial data in this report are derived from the annual report, while other information and data are sourced from the Company's internal statistical reports or documents. All monetary amounts are denominated in RMB.

This Report includes forward-looking statements, which are statements, other than statements of historical fact, that describe the Company's expectations or anticipations of future business activities, events, or developments that may or are expected to occur. Due to various variable factors, future actual results or development trends may differ materially from these forward-looking statements.

Access and Feedback

This Report is available in both Simplified Chinese and English. In case of any discrepancy in interpretation between the two versions, the Simplified Chinese version shall prevail. We highly value the opinions of all parties and welcome readers to contact us through the following channels. Your feedback will help us improve our ESG performance.

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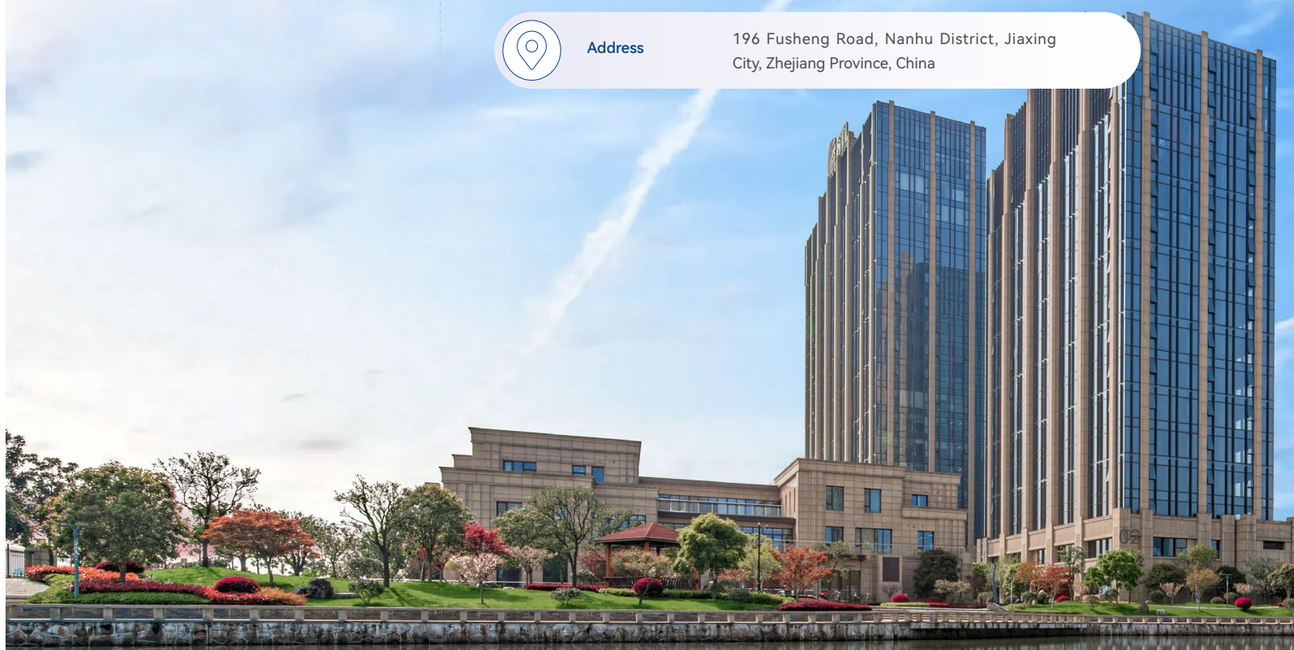


Message from our Chairman

In 2025, faced with a complex development landscape and the profound restructuring of global industrial and supply chains, Satellite Chemical maintained a high degree of strategic resolve, adhering to long-termism and persisting in doing what is difficult but right. We actively promoted the "expansion, strengthening, and optimization" of our integrated green light-hydrocarbon industry. By targeting the development directions of "intelligence, greening, and integration," we accelerated the development of new productive forces. This approach enabled us to effectively navigate international trade disputes and industrial cycle fluctuations, achieve a value chain upgrade, and ensure the Company's sustained, healthy, and high-quality development.

Building a Solid Foundation Through Meticulous Governance, Compliance, and Transparency

We continue to deepen the construction of a governance structure with clear rights and responsibilities and efficient operations, perfecting our decision-making, execution, and supervision mechanisms. We have strengthened risk identification and internal control management, integrating the principles of integrity, compliance, and self-discipline into all aspects of operational management to effectively protect the legitimate rights and interests of investors and all parties. Centered on our overarching strategy of "leading in management," we continuously enhance our global operational and resource allocation capabilities, deeply embedding ESG risk management into the Company's strategic decision-making processes to promote the synergistic improvement of governance capabilities and sustainability performance. In 2025, we achieved the highest AA rating in the China Listed Companies ESG Index, ranked second in the Top 100 Zhejiang Listed Companies for ESG Performance, and were selected for lists such as Leading Enterprises in New Productive Forces, Outstanding ESG Listed Companies, Sci-Tech Innovation Pioneer Award, and Environmentally Friendly Pioneer Enterprises, setting a new benchmark for high-quality development in China's chemical industry.

Driving Excellence and Strength Through Innovation

We have systematically built an industrial development and innovation ecosystem centered on "Technology Leadership" During the 14th Five-Year Plan period, our cumulative investment in innovation exceeded RMB 10 billion, creating a high-level global science and technology innovation platform and forming a complete innovation chain from basic research to technological innovation and results commercialization. We are accelerating the integration and innovation of industry, academia, research, and application, continuously deepening synergistic cooperation with renowned universities and research institutes such as Zhejiang University and Tongji University, thereby promoting the circulation and aggregation of innovation resources and fostering the continuous emergence of high-level innovations. We are accelerating breakthroughs and technological iterations in the field of advanced new materials, focusing on overcoming key technical challenges and "bottleneck" technologies. We have achieved key breakthroughs in critical technologies such as catalysts, polyolefins, and functional chemicals, and are promoting the industrial application of products like high-end Super Absorbent Polymer (SAP), Polyolefin Elastomer (POE), and environmentally friendly functional materials. This provides our global customers with more competitive technologies and solutions, continuously enhancing our industry voice and influence.

Embracing a Green Path: Painting an Ecological Future with Low-Carbon Practices

We are actively forging a new development path that is "green, low-carbon, intensive, and efficient." In active response to the "carbon peaking and carbon neutrality" strategy and implementation of related actions, we have built an integrated light-hydrocarbon industrial cluster, empowering lean management with digitalization and reshaping our manufacturing system with green and low-carbon principles. We have deepened the practice of our unique "4R" low-carbon development model, continuously improving the application of our carbon emissions management platform. We manufacture green products from clean raw materials such as ethane and propane, advance green production through the application of clean technologies and energy-saving renovations, and create "waste-free enterprises" through comprehensive resource recycling, achieving green management throughout the entire operational lifecycle. All of the Company's environmental discharge indicators were controlled within annual targets, and the compliance rate for solid and hazardous waste disposal remained at 100%, achieving a harmonious coexistence of economic and ecological benefits.

Unyielding Commitment: Creating a Better Life Through Social Responsibility

We have always cherished a patriotic sentiment of "serving the nation through industry" and adhere to the development philosophy of "joint construction, joint creation, and shared benefits," allowing more people to share in the fruits of our corporate development. We consistently create tax revenue for the region, profits for investors, and income for our employees. We regard the sustainable development of the enterprise as our greatest social responsibility, providing stable employment and tax contributions to the local area. Adhering to a "people-oriented" approach, we have implemented a business partners program to provide a positive environment for employee growth and development, with our average employee compensation consistently ranking at the top of the industry. We participate in public welfare and charitable causes to the best of our ability. Leveraging our Satellite charitable foundation, we play a role in coordinating resources across various fields, including ethnic unity, rural revitalization, educational and teaching donations, medical aid, and volunteer assistance, effectively conveying the Company's values and developmental warmth.

The journey ahead is long, but the wind is in our sails as we embark once more on our great mission. In 2026, Satellite Chemical will continue to carry the mission of "Chemicals Make a Better Life." We will remain rooted in green development and strive for new frontiers, bolstering our resilience to navigate economic cycles with a more solid technological foundation, more robust operational quality, and a more open cooperative stance. We will join hands with stakeholders to explore the path of sustainable development for the chemical industry, contributing a more definitive force to the renewal and upgrading of China's chemical sector and the sustainable development of its economy and society, thereby co-creating a greener, smarter, and better future.

About STL

Company Profile

About the Company

Founded in 1992, Satellite Chemical Co., Ltd. was listed on the Shenzhen Stock Exchange in December 2011 (stock code: 002648). The Company possesses a domestically leading light hydrocarbon integrated industrial chain, has established an independent and controllable global supply chain for light hydrocarbons, and utilizes green processes to produce functional chemicals, advanced polymer materials, and new energy materials. It also promotes the comprehensive utilization of carbon dioxide and hydrogen energy. Its products are applied in sectors crucial to the national economy and public welfare, including aerospace, automotive, electronics and semiconductors, healthcare, nutrition and personal care, sports and fitness, construction engineering, and the ecological environment. This aligns with the national direction of developing lighter raw materials in the petrochemical industry and contributes to achieving the nation's carbon peaking and carbon neutrality goals. The Company continuously advances its "4R" green development philosophy and has been honored as a National Green Supply Chain Management Enterprise, a National Manufacturing Champion Example Enterprise, a National Green Factory, and an "Energy Efficiency Forerunner" in key national industries.

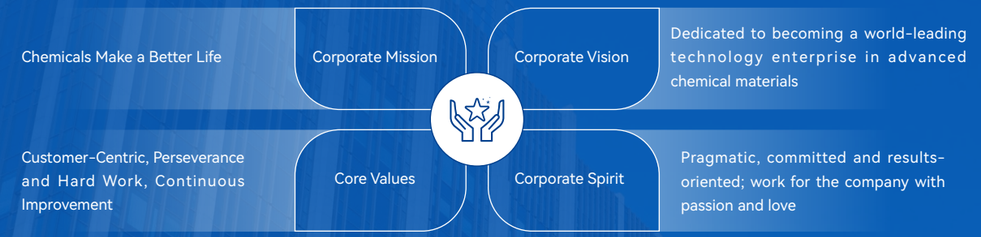
Business Layout

Satellite Chemical has developed two integrated industrial chains, C2 and C3, with green and low-carbon raw materials at their core. It focuses on a product portfolio represented by polyethylene, polypropylene, polyolefin elastomers, superabsorbent polymers, acrylic acid and esters, and hydrogen peroxide, forming sectors such as functional chemicals, new energy materials, and advanced polymer materials. In the C2 field, the Company has established a comprehensive development matrix for downstream ethylene oxide chemicals, achieving a production capacity of 1.82 million tons of ethylene glycol, 500,000 tons of polyether macromonomers and surfactants, 200,000 tons of ethanolamine, and 150,000 tons of carbonates. The actual production of ethanolamine and polyether macromonomers ranks first and second in China, respectively, with a steadily increasing market share. In the C3 field, the Company has built the largest production capacity for acrylic acid and esters in China and the second largest globally. The Pinghu Base's 800,000 tons per year polyol project has enabled the high-value-added utilization of downstream propylene, forming a closed-loop industrial chain with acrylic acid and further consolidating its leading market position. Through continuous efforts to supplement, extend, and strengthen its industrial chains, the Company has built an industry-leading integrated industrial chain, achieving full-link synergy from precise upstream raw material control and lean midstream production to deep downstream market penetration. Additionally, the Company has established an overseas business segment to accelerate its Globalization layout. Currently, the export volumes of products such as acrylic acid and esters, polyether macromonomers, ethanolamine, and SAP are among the highest in China, with business covering more than 160 countries and regions worldwide.

The Company has now formed a strategic layout of one headquarters and three major bases, building a sustainable development ecosystem through upstream and downstream industrial chain linkage.

Jiaxing Base	Pinghu Base	Lianyungang Base
Creating a high-value-added industrial park for advanced polymer materials	Building a C3 integrated industrial chain with propane as the raw material	Developing a new materials industrial chain with diversified raw materials

Corporate Culture



Satellite Chemical has cultivated a corporate culture centered on the concept of "He" (Harmony/Cooperation). It is customer-centric, persistent in hard work, and committed to self-critique, pursuing its corporate vision with a shared purpose and collective effort. Under the principles of "leading management" and "leading technology", the Company strives for product excellence and brand prominence, aiming to become an enterprise respected by society and a source of pride for its employees. It is dedicated to becoming a world-class technology company in chemical new materials and ranking among the top global chemical companies.

Satellite Chemical continuously strives to meet people's aspirations for a happy and beautiful life. It consistently generates tax revenue for the regional economy, creates profits for investors, and increases income for employees, thereby promoting High-quality development of society and the economy and achieving shared prosperity. The Company is dedicated to building a team of " Ten-Attribute" Satellite cadres who possess cultural conviction, integrity and self-discipline, team awareness, strategic vision, efficient execution, sense of responsibility, resilience, continuous learning and innovation, sincere communication, and professional competence.

Honours and Awards

Industry Leadership

2025 Outstanding Board Practice Cases for Listed Companies

China Association for Public Companies

16th China Listed Companies Investor Relations Pegasus Award

Securities Times

2024 Golden Bull Most Investment-Worthy Award

China Securities Journal

Top 100 Main Board Listed Companies in the 19th China Listed Company Value Awards

Securities Times

2025 "Top 50 Global Chemical Brands by Brand Value"

Brand Finance (UK)

Innovation Leadership

2025 "Jiangsu Provincial Advanced Intelligent Factory" Recognition List

iangsu Provincial Department of Industry and Information Technology

Selected for the List of Top Ten Provincial-Level Digital Society Typical Scenario Projects in Jiangsu

Jiangsu Provincial Data Bureau

Selected for the "Zhejiang Provincial Artificial Intelligence Application Scenarios List"

Zhejiang Provincial Department of Economy and Information Technology

Leading Enterprise in New Productive Forces

14th Finance and Economics Summit and 2025 New Productive Forces Entrepreneurs Conference

ESG Leadership

Selected for the "2024-2025 Forbes China Sustainable Development Industrial Enterprises" List

Forbes China

Top 100 in the 3rd Guoxin Cup • ESG Golden Bull Awards

China Securities Journal

Selected for the Top 100 Listed Companies ESG List

Securities Times

"Best Practice Case for Sustainability"

China Association for Public Companies

"New Fortune Best ESG Disclosure Award"

New Fortune

"ESG New Benchmark Enterprise Award"

Securities Star

ESG Outstanding Listed Company Award

Organizing Committee of the 4th International Green and Zero-Carbon Festival

Honour Award 2025 Outstanding Responsible Enterprise

Organizing Committee of the 8th Social Responsibility Conference

Awarded second place in the "2025 Top 100 Zhejiang Listed Companies for ESG Performance"

Zhejiang Corporate Social Responsibility Promotion Association and China Chengxin Green Finance

"Zero-Carbon Earth • Anchor Award"

Yangtze River Delta International Green Development Alliance

Wind ESG Rating: AAA (First in the industry)[1]

[1]Ranking information as of December 31, 2025.

Sustainability Governance

Satellite Chemical is committed to the organic integration of ESG strategy into business operations and has established an ESG governance structure led by the Board of Directors and implemented through multi-level coordination. By continuously improving stakeholder engagement mechanisms and strengthening the identification and assessment of material topics, the Company anchors its core focus on sustainable development and steadily promotes sustainable value creation and high-quality development.

Sustainability Management System

ESG Strategic Policy

Satellite Chemical upholds its corporate mission of "Chemicals Make a Better Life" and establishes its core ESG vision of "Chemistry Empowers a Green and Sustainable Better Future". Aligned with the United Nations Sustainable Development Goals (SDGs), the Company has formulated an ESG strategic framework featuring "Robust Governance, New Quality-Driven Progress, People-Centric Win-Win Collaboration, and Ecological Leadership", forming a closed-loop ESG management system covering the full process from top-level design to value realization.

The Company deeply integrates ESG concepts into its dual-drive strategy of "Management Leadership and Technology Leadership". Leveraging technological innovation and full value chain collaboration, Satellite Chemical is leading the transformation of the advanced chemical materials industry toward a safer, greener and more mutually beneficial future, continuously delivering long-term shared value for shareholders, employees, society and the environment.

Chemicals Make a Better Life

Strategic Mission and Vision: Technology Leadership Drives Innovation, Joint Efforts Create Diversified Value, and Chemistry Empowers a Green and Sustainable Better Future

	Robust Governance	New Quality-Driven Progress	People-Centric Win-Win Collaboration	Ecological Leadership
Core Guidelines	Improve corporate governance and risk prevention capabilities, abide by business ethics, deepen the "Management Leadership" strategy, and comprehensively empower the company's sustainable development with ESG concepts.	Based on the "Technology Leadership" strategy, build a multi-level R&D platform, strengthen talent team building, advance key core technology research, improve digital manufacturing level, and strive to achieve scientific and technological self-reliance and self-improvement in the field of new chemical materials.	Standardize employee employment, attach importance to employee rights and interests, build a platform for employees to realize self-worth and career development, actively carry out various public welfare activities, contribute to social co-construction, and jointly build the "Satellite Dream" with one heart.	Take low-carbon development as the core strategy, expand the R&D and application layout of clean technologies, improve energy efficiency, collaboratively promote pollution reduction and carbon reduction, build a low-carbon value chain, and enhance the company's climate resilience.
Key Issues	Corporate Governance and Risk Management Business Ethics Sustainable Operations Privacy and Information Security	Product Safety and Quality Sustainable Supply Chain Management Customer Relationship Management Innovation and R&D Digital Transformation Industry Development Promotion	Chemical Safety Management Employee Rights and Interests Occupational Health and Safety Employee Training and Development Rural Revitalization and Community Public Welfare	Pollutant Emissions and Waste Management Climate Change Response Clean Technology Development Circular Economy Water Resource Management Environmental Compliance Management Energy Management Ecosystem and Biodiversity Conservation
Strategic Objectives	• Modernize corporate governance capabilities and standards • Optimize investor relations management, market value management and shareholder returns	• Excellent products, drive low-carbon products with green processes; Outstanding brand, ensure reliable quality with digital and intelligent production. • Build a sustainable development ecosystem through the linkage of upstream and downstream industrial chains	• Achieve the common development of individuals and the company, and the common development of the company and society	• Promote the green and low-carbon development of the olefin industry, establish a decarbonized supply chain, and lead the industry to move towards high-end and green development
Cornerstones	Corporate Vision, Culture and Values	Digital Transformation	Stakeholder Engagement	"4R" Green and Low-Carbon Industrial Model

ESG Strategy Model

ESG Governance Structure

The Company has established a four-tier top-down ESG governance structure overseen and coordinated by the Board of Directors, comprising the Board of Directors, the Strategy and ESG Committee, the ESG Management Leadership Team, and the ESG Working Group. As the highest decision-making body, the Board of Directors delegates authority to the Strategy and ESG Committee to supervise and manage ESG governance affairs. The ESG Management Leadership Team consists of directors or responsible persons from all centers, bases, subsidiaries and business divisions, and is responsible for formulating annual ESG plans and objectives. The ESG Working Group comprises liaisons recommended by each center, base, subsidiary and business division, and is responsible for fully following up on and implementing the Company's various ESG initiatives to strengthen the implementation and execution of the sustainability management system.

ESG Risk and Opportunity Management

The Company actively implements international and national standards and establishes a key sustainability indicator system tailored to its business operations and industry characteristics, forming a closed-loop management mechanism of "Identification–Assessment–Control–Improvement". The Company continuously advances digitalization, optimizes processes for data collection, integration and analysis, and improves the accuracy, timeliness and traceability of ESG data, thereby enhancing management transparency and decision-support capabilities. It sets phased quantitative targets around material topics and continuously improves performance through dynamic monitoring and corrective actions. By strengthening ESG accountabilities and cross-departmental collaboration, the Company promotes the deep integration of strategic objectives and operational management, continuously enhances governance effectiveness, core competitiveness and risk resilience, and advances the sustainable development of the Company and society as a whole.

The Company systematically identifies and assesses ESG risks and opportunities in daily operations and integrates relevant topics into its business decision-making and performance appraisal systems. Meanwhile, it embeds ESG factors into investment decisions, analyzes and dynamically adjusts key variables, optimizes investment models and capital allocation structures, and enhances long-term value creation capabilities.

ESG Management Coverage Areas

Protection of Shareholder and Creditor Rights	Improve the corporate governance structure, treat shareholders and creditors equally, strengthen the foundation of financial stability, and enhance the transparency of information disclosure.
Protection of Employee Rights	Abide by labor laws and regulations, safeguard employees' health and safety, and improve the compensation, benefits and career development system.
Protection of Customers, Suppliers and Partners' Rights	Adhere to ethical business operations, enhance product quality and service standards, and build a green, low-carbon, integrity-compliant supply ecosystem.
Environmental Protection and Sustainability	Advance the carbon peaking and carbon neutrality goals, promote green production and resource conservation, and strengthen environmental management (including strategies and performance in energy use, water resource management, waste management, etc.).
Public Relations and Social Welfare	Actively fulfill corporate social responsibility, engage in public welfare undertakings, fulfill corporate citizenship responsibilities, and promote social prosperity and sustainable development.

The Company incorporates ESG indicators into the performance appraisal system for senior management, covering key areas including but not limited to work safety (e.g., number of safety incidents and safety penalty events), environmental protection and energy conservation (e.g., greenhouse gas emissions, pollutant emissions, energy efficiency management and environmental penalties), and labor rights protection. The Company assigns weights to each indicator, determines performance ratings based on appraisal scores, and ultimately calculates performance-based compensation in accordance with such scores and ratings. The results of ESG performance appraisals are linked to the compensation of senior managers directly responsible for ESG matters. For those who fail to meet appraisal targets, the Company deducts points in the relevant assessment items, with a maximum deduction of 35% of the total performance appraisal score. In addition, a "one-vote veto" system is applied to zero-tolerance incidents to strengthen the implementation of ESG governance.

During the reporting period, the Company conducted three dedicated ESG training and awareness sessions to advance the integration of ESG principles into strategic decision-making and business operations, driving the transition from "conceptual alignment" to "practical implementation."

ESG Goals and Achievements

Issue	Associated SDG Goals	ESG Goals	2025 Progress and Actions	Achievement Status
Corporate Governance and Risk Management	16	Completion rate of system formulation and revision plans reaches ≥80%	Completion rate of system formulation and revision plans reached 93.1%.	✓
		Enhance the quality of information disclosure	During the reporting period, the Company continuously enhanced the quality of its information disclosure and received an A rating in the 2024–2025 Information Disclosure Assessment from the Shenzhen Stock Exchange (SZSE).	✓
		Optimize investor relations management, market value management and shareholder returns	In 2025, the Company formulated the *Market Value Management System* to further standardize market value management, protect the legitimate rights and interests of investors—especially small and medium-sized investors—and enhance the Company's investment value. The Company conducts annual training for directors and senior management to strengthen their awareness of information disclosure responsibilities, fully safeguarding investors' right to equal access to Company information.	✓
		Zero major information system failure incidents	Zero major information system failure incidents.	✓
		Zero customer data leakage incidents	Zero customer data leakage incidents.	✓
Business Ethics	16	100% of suppliers sign the *Letter of Responsibility for Integrity Practice*	100% of suppliers signed the *Letter of Responsibility for Integrity Practice.*	✓
		The Company is not involved in any anti-corruption-related litigation	The Company was not involved in any anti-corruption-related litigation.	✓
		100% integrity training coverage for all employees (including outsourced staff, part-time staff, interns and other employment types)	100% integrity training coverage for all employees (including outsourced staff, part-time staff, interns and other employment types).	✓
		More than 2 company-level integrity training sessions More than 8 integrity training sessions organized by the Audit and Supervision Department More than 3 integrity training sessions organized independently by each center, base, subsidiary and business division	Company-level: 2 sessions, Audit and Supervision Department: 10 sessions, Over 150 integrity awareness sessions integrated into routine training by all centers, bases, subsidiaries, business divisions and their secondary departments.	✓
Innovation and R&D	7, 9	Plan to file 223 patent applications in 2025, including 160 invention patents and 63 utility model patents	A total of 170 invention patent applications were filed (106% of target) and 99 utility model patent applications were filed (157% of target).	✓
		Continuously increase R&D investment, aiming to exceed RMB 10 billion in R&D investment within 5 years and achieve breakthroughs in "bottleneck" new material technologies	R&D investment in 2025 was RMB 1.656 billion, a year-on-year increase of 3.59%.	◷
		Continuously attract and cultivate high-level innovative talents, aiming to expand the R&D team to 2,000 people within 5 years	The number of R&D personnel reached 1,283.	◷
Product Safety and Quality	3, 16	First-pass quality rate for intermediate products ≥98.5%	All production bases and business divisions met the relevant standards.	✓
		100% ex-factory product qualification rate	All production bases and business divisions met the relevant standards.	✓
		100% customer complaint resolution rate	The response rate for customer complaints is 100%, and the closure rate is 100%.	✓
		Zero major or above-level quality incidents	No such incidents occurred during the year.	✓
Environmental Compliance Management	11, 12, 16	Zero environmental incidents	No environmental incidents occurred during the year.	✓
		Total pollutant emissions controlled within the approved quota	All production bases and business divisions met the relevant standards.	✓
		Zero abnormal shutdowns of environmental protection facilities	All production bases and business divisions met the relevant standards.	✓
		100% environmental monitoring compliance rate	All production bases and business divisions met the relevant standards.	✓
		100% compliance rate for solid waste (including hazardous waste) disposal	All production bases and business divisions met the relevant standards.	✓
Pollutant Emissions and Waste Management	6, 11, 12, 14	Reduce freshwater use intensity by over 30% by 2027, based on 2024 levels	Freshwater use intensity has been reduced by over 21%	◷
		Reduce wastewater pollutant (including COD and ammonia nitrogen) emission intensity by 18% by 2027, using 2024 as the baseline year	Wastewater pollutant (including COD and ammonia nitrogen) emission intensity has been reduced by 15%.	◷
		100% particulate matter concentration compliance rate	Compliance confirmed through monthly testing.	✓
		100% VOCs concentration compliance rate	Compliance confirmed through monthly testing.	✓
		Reduce waste gas pollutant (including VOCs, NO_x, SO_2) emission intensity by 20% by 2027, using 2024 as the baseline year	Waste gas pollutant (including VOCs, NO_x, SO_2) emission intensity has been reduced by 17%.	◷
		Reduce hazardous waste generation intensity by over 18% by 2027, using 2024 as the baseline year	Hazardous waste generation intensity has been reduced by 14%.	◷
		Reduce solid waste discharge to the environment by over 50,000 tons by 2030 through in-house comprehensive utilization capacity, using 2024 as the baseline year	Solid waste discharge to the environment has been reduced by over 40,800 tons.	◷
		Reduce solid waste generation intensity by over 8% by 2027, using 2024 as the baseline year	Solid waste generation intensity has been reduced by 6%.	◷

Issue	Associated SDG Goals	ESG Goals	2025 Progress and Actions	Achievement Status
Climate Change Response	9, 13	Achieve a cumulative CO_2 emission reduction of over 2 million tons by 2030, using 2020 as the baseline year	Using 2020 as the baseline year, cumulative CO_2 emission reduction reached 1,058,654 tons.	Ongoing
		Commit to achieving value chain carbon neutrality by 2050	Advanced key initiatives centered on the "4R" principles: CO_2 capture and reuse, full-chain hydrogen energy layout, energy-saving technical transformations and green process technologies.	Ongoing
Energy Management	7, 9, 12	Reduce product unit energy consumption by 8% in 2025	Actual decrease of 9.5%.	Achieved
Chemical Safety Management		100% of managers and operators involved with hazardous chemicals participate in hazardous chemical safety training	Organized 8 hazardous chemical safety training sessions, with 100% participation from relevant staff.	Achieved
	11, 12	Strengthen safety management in hazardous chemical storage areas, achieving regular risk inspections and full coverage of major hazard source assessments	A daily inspection system is strictly implemented, with workshop management personnel conducting inspections on a daily basis, hazardous chemicals authorities conducting special inspections on a weekly basis, and over 20 safety inspections being carried out for major hazard sources involving hazardous chemicals.	Ongoing
		Promote the development of product environmental and safety certification systems to enhance product compliance with environmental, health and safety (EHS) standards	9 categories of products have obtained ZDHC certification, ensuring environmental and health safety. Seven products have passed testing and certification for hazardous factors such as VOCs and heavy metals conducted by external institutions including SGS.	Ongoing

Achieved Ongoing

Stakeholder Communication

Satellite Chemical attaches great importance to communication with its stakeholders and has established a multi-channel engagement mechanism to identify and address the opinions and demands of various parties. To ensure efficient and transparent information disclosure, the Company fully communicates its core corporate values through a variety of channels, including hosting performance briefings, conducting earnings interpretation conference calls, receiving investor visits and research, responding to questions on Hudongyi, participating in strategy conferences, and conducting institutional reverse roadshows. Through employee symposiums, staff congresses, the Chairman's Mailbox, and employee supervision and suggestion hotlines, the Company extensively solicits internal feedback and suggestions to ensure the implementation of democratic management. In addition, the Company deeply focuses on key issues of concern to all stakeholders, continuously strengthens management practices, and is committed to creating sustainable value.

Stakeholders	Key Topics	Communication Methods/Frequency	Topics of Concern	Satellite Chemical's Response
Shareholders and Investors	• Corporate Governance and Risk Management • Sustainable Operations • Business Ethics	• Shareholders' Meetings (Annual/ Ad Hoc) • Investor Roadshows (Ad Hoc) • Hotline (Real-time) • Corporate Disclosures (Periodic / On Demand) • Earnings Calls (Periodic) • Email (Real-time)	• Sustained Performance Growth • Stable Long-Term Development Outlook • Protection of Shareholder Interests • Standardized Corporate Governance • Robust Information Disclosure • Effective Investor Communication • Improved ESG Performance	• Transparent and Accurate Information Disclosure • Enhanced Performance and Profitability • Diversified Investor Communication Channels • Optimized ESG Performance
Government and Regulatory Authorities	• Climate Change Response • Energy Management • Environmental Compliance Management • Pollutant Emissions and Waste Management • Water Resource Management • Chemical Safety Management • Ecosystem and Biodiversity Conservation • Sustainable Operations • Corporate Governance and Risk Management • Business Ethics • Occupational Health and Safety	• Information Disclosure (Periodic / On Demand)) • News Reports (Ad Hoc) • Company Website (Ad Hoc) • Regular Communication (Periodic)	• Compliance with National Laws and Regulations • Ethical and Law-Abiding Operations • Promoting Economic Development • Focus on Environmental Management • Acceptance of Supervision and Evaluation	• Compliance with Laws and Regulations • Tax Payment in Accordance with Law • Required Information Disclosure • Promoting Local Economic Growth • Support for Local Employment • Cooperation with Regulatory Inspections
Customers	• Product Safety and Quality • Innovation and R&D • Customer Relationship Management • Digital Transformation • Clean Technology Development • Privacy and Information Security • Business Ethics	• Hotline (Real-time) • WeChat Official Account (Ad Hoc) • Customer Visits (Ad Hoc) • Customer Complaints (Real-time) • Email (Real-time) Satisfaction Surveys (Annual)	• Guaranteed Product and Service Quality • Green Product R&D • Responsiveness to Customer Needs • Protecting Customer Rights and Interests	• Ensuring Product Quality • Improving Service Quality • Enhancing After-sales Service • Innovative Service Initiatives
Employees	• Employee Rights and Interests • Occupational Health and Safety • Employee Training and Development • Privacy and Information Security	• Employee Representative Meetings (Annual / On Demand) • Employee Activities (Ad Hoc) • Employee Engagement Survey (Biennial) • Employee Suggestion Box (Real-time) • Chairman's Mailbox (Real-time) • Employee Forums (Ad Hoc) • Employee One-on-One Talks (Ad Hoc) • Employee Supervision and • Suggestion Hotline (Real-time) Bulletin Boards (Ad Hoc)	• Favorable Working Environment • Employee Growth and Development • Sound Communication Mechanisms • Remuneration and Benefits Protection	• Improved Remuneration and Benefits System • Strengthened Employee Representative Congress System • Providing Career Development Paths • Diversified Employee Training Programs • Enriching Employee Activities • Creating a Healthy and Safe Working Environment
Partners and Industry Associations	• Sustainable Supply Chain Management • Clean Technology Development • Promoting Industry Development • Business Ethics • Sustainable Operations	• Supplier Conferences (Annual) • Hotline (Real-time) • Routine Visits (Ad Hoc) • Company Website (Ad Hoc) • WeChat Official Account (Ad Hoc) • Integrity Reporting Hotline (Real-time)	• Long-Term Stable Cooperation • Adhering to Business Ethics • Open, Fair, and Equitable Procurement • Mutual Benefit and Win-Win Development • Fostering Industry Development • Promoting Sustainable Development of the Supply Chain	• Strictly Fulfilling Contracts and Agreements • Open and Transparent Tendering Process • Adhering to Open and Transparent Business Principles • Actively Promoting Environmental Protection Cooperation • Continuously Expanding Cooperation Models • Participating in Association Activities • Sharing Industry Experience
The Public and Media	• Rural Revitalization and Community Welfare • Promoting Industry Development • Business Ethics • Corporate Governance and Risk Management • Sustainable Operations • Risk Management	• Public Welfare Activities (Ad Hoc) • Media Coverage (Real-time) • Public Open Days (Ad Hoc) • WeChat Official Account (Real-time) • Hotline (Real-time) • Company Website (Real-time)	• Responsible Operations • Jointly Building a Civilized Community • Supporting Public Welfare Initiatives • Environmental Protection • Information Transparency Open Communication • Maintaining Good Media Relations	• Actively Engaging in Public Welfare Initiatives • Implementing Assistance Projects • Supporting Community Development • Advocating for Green Development • Maintaining Good Relations with the Media

Dual Materiality Issue Assessment

Satellite Chemical identifies and analyzes material issues at least annually, monitoring changes and trends in industry policies as well as the internal and external environment. From the dual dimensions of "financial materiality" and "impact materiality", the Company invites internal and external stakeholders to conduct topic assessments through online questionnaires to define priorities for its sustainability initiatives, effectively address the expectations and concerns of various stakeholders, and continuously enhance its ESG management capabilities.

Analysis of Basic Information

The Company comprehensively reviews its business activities and commercial relationships, and conducts an integrated assessment of external factors including domestic and international laws and regulations, industry trends, and relevant standards and initiatives. It identifies key stakeholders and their expectations and demands, and clarifies the objectives and scope of the research.

Establishment of the Material Issues Pool

In compliance with the requirements of the *Shenzhen Stock Exchange Self-Regulatory Guideline No. 17 for Listed Companies – Sustainability Reporting (for Trial Implementation)*, and based on its business development strategy and corporate characteristics, the Company has developed a material issues library through a comprehensive analysis of corporate strategic plans, regulatory and disclosure requirements, international initiatives, supply chain criteria, MSCI and Wind ESG ratings, and other factors, identifying 23 material ESG issues closely relevant to the Company.

Stakeholder Engagement

The Company establishes transmission pathways for "impact materiality" and "financial materiality", develops an online questionnaire for the assessment of material ESG issues, evaluates the actual or potential impacts of such issues on the economy, society and the environment, analyzes the financial materiality of ESG issues based on the severity and likelihood of risks and opportunities, and gathers stakeholder feedback on the Company's ESG management.

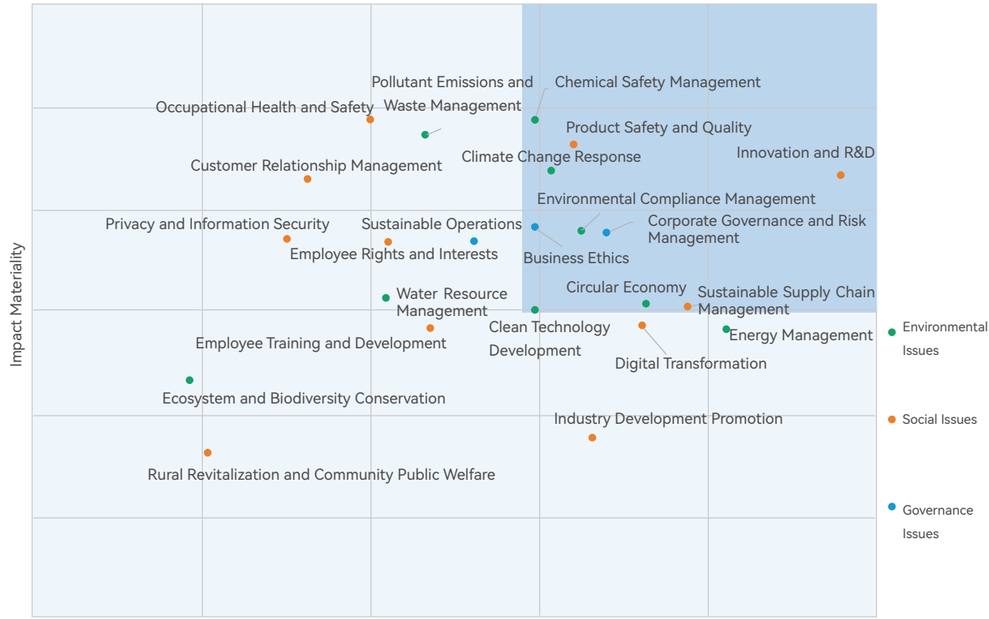
Disclosure and Review of the Materiality Matrix

The Company statistically analyzes the scores of each issue and develops a materiality matrix across the two dimensions of "impact materiality" and "financial materiality". The matrix is reviewed and approved by the Board of Directors to confirm the key disclosure items of the report.

Results of Material Issue Identification

The Company assesses the impacts, risks, and opportunities of each issue from the perspectives of "impact materiality" and "financial materiality", and has analyzed and identified 7 high dual-materiality issues, 12 medium dual-materiality issues, and 4 low dual-materiality issues.

Satellite Chemical 2025 ESG Dual Materiality Matrix



High Dual-Materiality Issues

- Innovation and R&D
- Product Safety and Quality
- Chemical Safety Management
- Environmental Compliance Management
- Climate Change Response
- Business Ethics
- Corporate Governance and Risk Management

Medium Dual-Materiality Issues

- Pollutant Emissions and Waste Management
- Sustainable Operations
- Energy Management
- Circular Economy
- Water Resource Management
- Clean Technology Development
- Customer Relationship Management
- Digital Transformation
- Sustainable Supply Chain Management
- Employee Rights and Interests
- Occupational Health and Safety
- Employee Training and Development

Low Dual-Materiality Issues

- Industry Development Promotion
- Ecosystem and Biodiversity Conservation
- Privacy and Information Security
- Rural Revitalization and Community Public Welfare

Identification of Material Issue Impacts and Dependencies

Material Issue	Risk Factor	Opportunity Factor	Impacted Stage	Impacted Entity	Financial Impact Indicators	Impact Assessment		Response Subsection
						Short-term	Mid- to Long-term	
Addressing Climate Change	Tightening carbon emission constraints and an increase in extreme weather events could adversely affect the stable operation of facilities and the security of the Supply Chain.	Launching low-carbon products and improving the carbon management system can secure green orders and financing support, thereby increasing revenue scale and brand premium.	Production and Manufacturing Raw Material and Energy Procurement	Corporate Operations Customers Suppliers	Operating Revenue Operating Costs	May cause production stoppages and delivery delays, leading to higher production and repair costs and resulting in revenue loss.	Strengthened carbon regulations and emission reduction requirements will increase compliance and low-carbon investment, leading to a rise in operating costs.	Addressing Climate Change
Energy Management	Fluctuations in energy prices or supply constraints will drive up energy expenditures.	Promoting energy-saving renovations and optimizing energy use to enhance energy efficiency per unit of output value can secure subsidies for energy-saving technical modifications, tax incentives, and green financing support.	Production and Manufacturing Raw Material and Energy Procurement	Corporate Operations	Production Costs Operating Costs	Fluctuations in electricity/gas prices or restrictions on electricity/gas supply will increase operating costs and affect production volumes and delivery stability.	Continuously rising energy efficiency thresholds necessitate ongoing investment in renovations to stabilize costs.	Focusing on Low-Carbon Strategies
Pollution Emissions and Waste Management	Stricter emission standards or non-compliant disposal could lead to fines, production restrictions for rectification, and increased environmental protection investments.	Implementing source reduction of emissions and resource utilization of by-products can improve resource efficiency and recover the value of by-products.	Production and Manufacturing Social Reputation	Corporate Operations Regulatory and Social	Operating Costs Administrative Penalties	Exceeding emission standards or intensified environmental inspections could trigger rectification expenses and production restrictions.	Proactively deploying environmental protection technologies can reduce long-term compliance costs and enhance project approval efficiency.	Strengthening Environmental Management
Circular Economy	Rising requirements for recycling and recycled content may affect order acquisition and increase R&D and compliance investments.	By developing recyclable products and increasing the utilization rate of recycled resources, we can meet customers' green demands, enhancing product added value and market competitiveness.	Product Design and R&D Production and Manufacturing	Corporate Operations Customers	R&D Expenses Net Operating Profit	Increased R&D investment and certification costs introduce uncertainty into the commercialization process.	Proactive deployment will lead to order growth and premium pricing power, whereas lagging behind will weaken competitiveness.	Strengthening Environmental Management
Water Resource Management	Tightening water resource supplies, rising water prices, or stricter water abstraction and discharge requirements will increase investment in water intake, treatment, and compliance.	Improving water resource utilization efficiency through water-saving renovations and water recycling can reduce water consumption costs and enhance production stability.	Production and Manufacturing	Corporate Operations	Operating Costs	Fluctuations in water supply or rising water prices lead to increased operating costs or production restrictions.	Increasingly stringent water resource constraints and emission standards necessitate continuous investment in water conservation and recycling capabilities to control costs and secure project and production capacity layouts.	Strengthening Environmental Management
Chemical Safety Management	Improper management of the storage, transportation, or use of hazardous chemicals may lead to safety incidents, production suspensions for rectification, and administrative penalties, as well as increased compensation and compliance expenditures.	Improving the safety management system, strengthening process controls, and enhancing employee training can reduce the incidence of accidents, minimize losses, and ensure stable production operations.	Production and Manufacturing Social Reputation	Corporate Operations Regulation and Society	Operational Costs Administrative Penalties	Safety incidents can lead to production disruptions, compensation expenses, and reputational damage.	Stricter regulations and higher safety standards increase compliance investments, while an improved safety level helps enhance operational stability and customer trust.	Chemicals Management
Clean Technology Development	Investment in upgrading clean technologies is substantial; if the technological route is chosen improperly or commercialization progress falls short of expectations, it could lead to increased capital expenditure and pressure on investment returns.	Introducing advanced low-carbon processes and energy-saving technologies enhances resource utilization efficiency, reduces unit energy consumption and emission levels, and strengthens product competitiveness.	Production and Manufacturing Product R&D and Design	Customers Corporate Operations	R&D Expenses Production Costs	Increased investment in technological transformation impacts current capital expenditure and cash flow.	Policies and customer requirements continuously raise the threshold for energy efficiency, requiring enterprises to make ongoing investments to maintain technological leadership, thereby improving cost structures and securing market access.	Focusing on Low-Carbon Strategies
Ecosystem and Biodiversity Protection	If project construction and operation impact the surrounding ecological environment, it may trigger stricter environmental impact assessment constraints and rectification requirements, leading to increased environmental management investments and affecting project progress.	By strengthening ecological risk identification and implementing ecological restoration and green construction practices, compliance risks are reduced, project approval efficiency is improved, and the corporate image is enhanced.	Production and Manufacturing Social Reputation	Corporate Operations Regulation and Society	Operational Costs Administrative Penalties	Environmental inspections or complaints may lead to increased rectification expenses and affect construction or operational progress.	As ecological protection requirements become more stringent, the level of ecological management will affect project implementation and long-term compliance costs.	Ecological Co-construction

Material Issue	Risk Factor	Opportunity Factor	Impacted Stage	Impacted Entity	Financial Impact Indicators	Impact Assessment		Response Subsection
						Short-term	Mid- to Long-term	
Environmental Compliance Management	Inadequate management or untimely monitoring can trigger fines, production suspensions for rectification, and increased compliance investments, impacting operational stability.	Improving the environmental management system and online monitoring capabilities enhances compliance efficiency, reduces the risk of violations, and decreases subsequent rectification costs.	Production and Manufacturing	Corporate Operations Regulation and Society	Operational Costs Administrative Penalties	Intensified regulatory inspections may lead to increased rectification expenses and affect production schedules.	Continuously rising compliance requirements mean that the level of environmental management will affect operational costs, project approvals, and production capacity layout.	Strengthening Environmental Management
Product Safety and Quality	Product quality or compliance issues can lead to claims, returns, and customer attrition, posing litigation risks and reputational damage, thereby affecting revenue stability.	Improving quality management and the full-process traceability system can reduce defect rates and after-sales costs, facilitate customer certification and long-term orders, and enhance brand premium.	Customer Service and Quality Brand Reputation Production and Manufacturing	Corporate Operations Customers	Operating Revenue Operational Costs	Quality anomalies lead to rework, scraps, claims, and delivery delays, increasing related costs and impacting current revenue.	Rising customer quality thresholds necessitate continuous investment in system and capability development to enhance market access and stabilize market share.	Product Quality and Safety
Innovation Research and Development	High R&D investment, long return cycles, deviations in technological roadmaps, and a slower-than-expected conversion of results may lead to increased expenses and pressure on investment returns, impacting profitability.	Continuously developing high-value-added and low-carbon products can increase product premiums and market share.	Product R&D and Design	Corporate Operations Customers	R&D Expenses Operating Revenue	Increased R&D expenses and investment in testing and validation impact current costs and profit performance.	R&D capabilities determine product structure upgrades and customer access, while the conversion of research outcomes will generate new revenue and enhance profitability resilience.	Technological Innovation and R&D
Customer Relationship Management	Insufficient delivery stability or technical service responsiveness may trigger order fluctuations, price pressure, and extended payment collection cycles.	Deepening synergistic collaboration with core customers through joint R&D and customized services can enhance bargaining power and long-term order stability.	Customer Service and Quality Brand Reputation	Customers	Operating Revenue Operating Costs	Fluctuations in customer demand or an increase in complaints can lead to volatility in sales revenue and payment collection cycles, as well as rising after-sales and service costs.	Higher requirements for customer access and stable cooperation mean that relationship management capabilities will affect order stability, price levels, and market share.	High-Quality Customer Service
Digital Transformation	The investment in digital transformation is substantial and cross-system collaboration is complex; if progress falls short of expectations or system stability is inadequate, it may lead to increased investment and limited efficiency gains.	Advancing the digitalization of production, the supply chain, and management can improve equipment operating efficiency and response speed, reduce energy consumption, waste, and labor costs, and enhance the quality of business decision-making.	Production and Manufacturing Supply Chain Management	Corporate Operations Suppliers Customers	Operating Costs R&D Expenses	System construction and migration introduce implementation fees and integration costs, which can have a temporary impact on production efficiency.	Data integration and intelligent applications continuously unlock potential for cost reduction and efficiency improvement, enhancing asset utilization and management precision, thereby strengthening operational resilience.	Technological Innovation and R&D
Sustainable Supply Chain Management	Fluctuations in upstream raw material supply, supplier ESG non-compliance, or transportation disruptions may lead to supply interruptions, delivery delays, increased procurement costs, and reputational risks.	Establishing supplier admission and evaluation mechanisms and promoting transparency and collaborative management can enhance supply stability and optimize procurement costs; at the same time, it makes it easier to meet customer audit requirements, thereby strengthening order stability.	Raw Material and Energy Procurement	Corporate Operations Suppliers Customers	Operating Costs Operating Revenue	Fluctuations in raw material prices and logistical disruptions lead to increased procurement costs and unstable deliveries, affecting production schedules and final delivery.	The supplier structure and the degree of risk diversification determine supply resilience and cost levels, which are key to ensuring business continuity.	Advancing Responsible Procurement
Employee Rights and Interests	Inadequate or unevenly implemented compensation, benefits, and labor protections may lead to employee turnover, labor disputes, and decreased production efficiency, thereby increasing recruitment and compliance expenditures.	Improving compensation, benefits, social security, and labor protection mechanisms enhances employee stability and satisfaction, ensuring stable production line operations and high-quality deliveries.	Production and Manufacturing Social Reputation	Corporate Operations Employees	Operating Costs	Employee turnover or labor disputes can increase replacement costs and affect production capacity efficiency.	The stability of employment and the level of protection will continue to affect organizational efficiency and employment risks; sound management can reduce disputes and long-term labor costs.	Safeguarding Employee Rights and Benefits
Occupational Health and Safety	Inadequate occupational health protection or insufficient safety management may lead to risks of work-related injuries and occupational diseases, resulting in production suspensions for rectification, compensation expenses, administrative penalties, and reputational damage.	Improving the safety management system and risk prevention mechanisms, and strengthening training and on-site control, can reduce accident rates and losses, ensure production continuity, and enhance employee stability.	Production and Manufacturing Social Reputation	Corporate Operations Employees	Operating Costs Administrative Penalties	Accidents will lead to production interruptions, increased emergency response and compensation expenditures, and will affect deliveries.	As safety standards and regulations become increasingly stringent, continuous investment in prevention and management can reduce the risk of major accidents and stabilize long-term operating costs.	Robust Safety Practices

Material Issue	Risk Factor	Opportunity Factor	Impacted Stage	Impacted Entity	Financial Impact Indicators	Impact Assessment		Response Subsection
						Short-term	Mid- to Long-term	
Employee Training and Development	An incomplete training system or skills development that fails to keep pace with job requirements can lead to operational errors, quality fluctuations, and decreased efficiency, increasing the risks of rework losses and employee turnover.	Establishing a tiered training and skills certification system, and strengthening the development of key positions and versatile talent, supports technological upgrades and production capacity expansion.	Production and Manufacturing	Corporate Operations Employees	Operating Costs	Increased investment in training and off-the-job personnel development affect scheduling, putting short-term pressure on efficiency but reducing operational errors.	The talent pipeline and skill levels will determine production line efficiency and quality stability; a well-developed system can reduce turnover and enhance organizational resilience.	Growing Together with Employees
Privacy and Information Security	Improper management of production control systems, supply chain data, or customer information may lead to risks of data breaches, cyberattacks, and business interruptions, resulting in regulatory penalties and customer attrition.	Improving the information security management system and tiered protection mechanisms, and strengthening data governance and access control, ensures business continuity and enhances the trust of customers and partners	Production and Manufacturing Customer Service and Quality	Corporate Operations Customers Suppliers	Administrative Penalties Financial Losses	Security incidents lead to system downtime and increased emergency response expenditures, affecting delivery schedules and the timing of revenue recognition.	As compliance requirements and the threat landscape continuously evolve, sustained investment in protection and governance can reduce the risk of significant losses and stabilize operating costs.	Information Security and Privacy Protection
Rural Revitalization and Community Welfare	A mismatch between investment direction and actual needs or non-standardized project management can lead to low resource utilization efficiency and reputational disputes, increasing management and communication costs.	Carrying out public welfare projects focused on industrial support, employment promotion, and community co-construction improves community relations, supports a stable operating environment for projects, and enhances corporate image and social recognition.	Social Reputation	Regulation and Society	Operating Costs Brand Value	Increased investment in public welfare and associated management costs necessitate strengthened communication and information disclosure.	Good community relations help reduce social risks and communication barriers, enhancing project implementation efficiency and the value of the corporate reputation.	Fulfilling Corporate Social Responsibility
Promoting Industry Development	The rapid iteration of industry standards and technological roadmaps, coupled with insufficient participation or misjudgment, can lead to missed opportunities in rule-making and collaboration, resulting in low investment efficiency and an adverse competitive position.	Actively participating in standards development, technology alliances, and industry, academia, and research collaboration can enhance industry influence and voice, promote the commercialization of technological achievements, and drive the expansion of business opportunities.	Product R&D and Design	Industry Partners Corporate Operations	R&D Expenses Brand Value	Participation in associations, standards development, and collaborative projects leads to increased investment in research and management, the effects of which require time to validate.	Industry influence and technological leadership will affect the acquisition of collaborative resources and market opportunities; a proactive strategy helps to establish brand and technological advantages.	Promoting Industry Development

Material Issue	Risk Factor	Opportunity Factor	Impacted Stage	Impacted Entity	Financial Impact Indicators	Impact Assessment		Response Subsection
						Short-term	Mid- to Long-term	
Business Ethics	Incidents of improper conduct such as bribery, fraud, or conflicts of interest may trigger regulatory penalties, litigation-related compensation, and significant reputational damage.	Strengthen the compliance and anti-fraud system, enhance internal control audits and whistleblower protection mechanisms, improve business transparency and compliance management, and build trust with customers and partners.	Operational Management Raw Material and Energy Procurement	Corporate Operations Suppliers Regulators and Society	Administrative Penalties Brand Value	Non-compliance incidents lead to increased expenses for investigations and rectifications, and may affect orders and cooperative relationships.	A sound ethical and internal control system helps stabilize cooperation, reduce legal risks, and maintain brand value.	Adhering to Business Ethics
Corporate Governance and Risk Management	An imperfect governance structure or inadequate risk identification and response may lead to significant operational fluctuations, compliance incidents, and investment decision-making errors, thereby magnifying losses and increasing management costs.	Improving governance mechanisms and a comprehensive risk management system enhances decision-making quality and execution efficiency, reduces losses from unexpected events, optimizes resource allocation, and strengthens operational resilience.	Operational Management	Corporate Operations Regulators and Society Investors	Brand Value Operating Costs Market Financing	Risk exposure or internal control deficiencies trigger increased rectification and compliance expenditures and affect the pace of operations.	Risk management capabilities determine a company's ability to withstand cyclical and unexpected events, while sound governance can reduce major losses and stabilize long-term business performance.	Efficient Corporate Governance Strengthening Compliant Operations
Sustainable Operations	Rising sustainability requirements and rapidly changing external evaluation and disclosure standards may lead to increased management costs, limited financing and customer cooperation, and reputational risks if strategies and execution are inadequate.	Integrating sustainability goals into business decisions and performance management can improve resource allocation efficiency, reduce long-term operational risks, and support steady business growth.	Operational Management	Corporate Operations Regulators and Society Investors	Brand Value Operating Costs Market Financing	Increased investment in system development and data disclosure leads to a rise in related management and communication costs.	Sustainability capabilities will affect financing conditions and the stability of customer cooperation; mature management can reduce risks and enhance long-term operational quality.	Sustainability Governance

01

Steady Operations, Building a Foundation for Growth

STL considers efficient governance and compliant operations as the cornerstone of its steady growth. By continuously improving its governance structure with clear responsibilities and coordinated operations, building a standardized and transparent business decision-making mechanism, strengthening full-process risk management and internal controls, adhering to business ethics, and reinforcing information security barriers, the Company effectively safeguards the legitimate rights and interests of all stakeholders, injecting strong internal momentum into its high-quality development.

UN SDGs

Efficient Corporate Governance

Governance System

Governance Policies

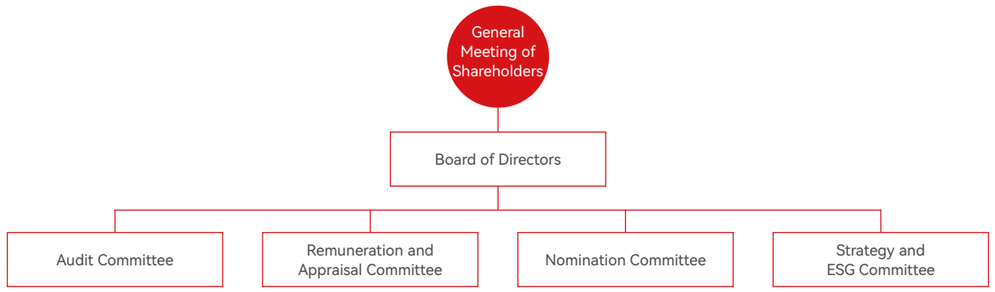
The Company strictly abides by laws and regulations such as the *Company Law of the People's Republic of China* (hereinafter referred to as the Company Law), the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Administrative Measures for the Information Disclosure of Listed Companies*, and the *Self-Regulatory Guidelines for Listed Companies on the Shenzhen Stock Exchange No. 1 - Standardized Operation of Main Board Listed Companies*. The Company continuously optimizes its corporate governance system and discloses company information truthfully, accurately, and completely. During the reporting period, the Company continued to enhance the quality of its information disclosure and received an A rating in the 2024-2025 information disclosure assessment from the Shenzhen Stock Exchange.

The Company has formulated and revised a series of internal systems, including the *Articles of Association of Satellite Chemical Co., Ltd.* (hereinafter referred to as the *"Articles of Association"*), the *Rules of Procedure for the Shareholders' General Meeting*, the *Rules of Procedure for the Board of Directors*, and the working rules for each special committee of the Board of Directors, to continuously improve its corporate governance system. The Company's *Decision-Making System for Related Party Transactions* clarifies the approval procedures and information disclosure requirements for related party transactions to ensure the compliance, fairness, and authenticity of transaction prices and prevent tunneling. In 2025, the Company formulated and disclosed the *Market Value Management System* to further regulate its market value management, effectively protect the legitimate rights and interests of the Company's investors, especially small and medium-sized investors, and enhance the Company's investment value.

Board of Directors Governance Structure

In active response to the requirements of the new *Company Law*, the Company's supervisory functions are exercised by the Audit Committee of the Board of Directors, forming a governance structure composed of the Shareholders' General Meeting, the Board of Directors and its special committees, and senior management. As the Company's highest authority and ultimate decision-making body, the Shareholders' General Meeting is responsible for reviewing key matters such as major business decisions, capital changes, and formulation or revision of internal systems, ensuring the Company's stable operation and protecting the rights and interests of all shareholders. The Board of Directors serves as the Company's business decision-making and leadership body. It is responsible for convening the Shareholders' General Meeting, reporting to it, executing its resolutions, and exercising core management powers such as making business and investment decisions, appointing senior management, and formulating basic management systems, and is directly accountable to the Shareholders' General Meeting. The Board of Directors has established the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee, and the Strategy and ESG Committee. Each committee collaborates according to its respective duties, providing professional support and advice for the Board of Directors' decisions to ensure its effective operation and fully safeguard shareholder interests.

All members of the Audit Committee are independent directors of the Company, responsible for reviewing the Company's financial information and its disclosure, as well as supervising and evaluating internal and external audit work and internal controls. The Remuneration and Appraisal Committee is responsible for formulating remuneration policies and appraisal standards for directors and senior management and conducting appraisals, as well as formulating and reviewing remuneration decision-making mechanisms, decision-making processes, and arrangements for payment, suspension, and clawback. The Nomination Committee is responsible for formulating selection criteria and procedures for directors and senior management, and selecting and reviewing candidates and their qualifications. The Strategy and ESG Committee is a special working body established by the Board of Directors in accordance with relevant resolutions, responsible for researching the Company's long-term development strategy, major investment decisions, and ESG matters, and providing recommendations to the Board of Directors.



Board of Directors Diversification

The Company continuously improves its Board of Directors governance structure, striving to build a board that is diverse, independent, and professional while meeting various business needs. We nominate and elect directors in accordance with the selection procedures stipulated in the *Articles of Association*, giving full consideration to factors such as gender, age, cultural background, educational experience, and professional expertise during the selection process. As of the end of the reporting period, the Board of Directors comprised 9 members, including 3 executive directors, 4 independent non-executive directors (accounting for 44.44%), and 1 employee representative director. The board includes 6 members from the 1960s generation, 2 from the 1970s, and 1 from the 1980s, creating a diverse age structure that blends rich experience and perspectives, injecting vitality into the team. We value the leadership of women, and the Board includes 2 female directors (accounting for 22.22%), continuously promoting the board's independence and diversification. The independent directors possess diverse professional backgrounds and extensive industry experience, covering multiple fields such as finance, law, chemicals, and ESG. They provide professional opinions and independent judgments on major decisions, ensuring the scientific and transparent nature of the Company's decision-making. The Company conducts annual performance evaluations of its board members to ensure the board's effective operation, safeguarding the Company's standardized operations and sustainability.

Composition of STL's Directors and Senior Management for the 2025 Fiscal Year

Name	Gender	Position	Age	Academic Background and Industry Experience	Audit Committee	Remuneration and Appraisal Committee	Nomination Committee	Strategy and ESG Committee
Yang Weidong	Male	Chairman and President	57	Corporate management and the chemical industry	/	/	Member	Convener
Ma Guolin	Male	Vice Chairman	61	Corporate management and the chemical industry	/	/	/	Member
Yang Yuying	Female	Vice Chairman and Employee Representative Director	64	Corporate management and the chemical industry	/	Member	/	/
Zhu Xiaodong	Male	Director and Vice President	60	Corporate management and the chemical industry	/	/	/	Member
Gao Jun	Male	Director and Vice President	56	Corporate management and the chemical industry	/	Member	/	/
Wu Yi	Female	Independent Director	40	Risk management, financial management, and ESG	Convener	Member	/	Member
Guo Baitao	Male	Independent Director	52	The chemical industry and the intellectual property (IP) field	Member	/	Member	/
Feng Lianfang	Male	Independent Director	62	Chemical Industry	/	Convener	/	Member
Tong Jianhua	Male	Independent Director	53	Legal Industry and Risk Management	Member	Member	Convener	/
Shen Xiaowei	Male	Vice President, Board Secretary	43	Corporate Management and Chemical Industry	/	/	/	/
Li Jun	Female	Vice President, CFO	53	Corporate Management, Financial Management and Risk Management	/	/	/	/
Ma Tujun	Male	Vice President	41	Corporate Management and Chemical Industry	/	/	/	/

Key Performance

During the reporting period,

The standard deviation of age for the Board of Directors and senior management is **7.91**

Female directors account for **22.22** %

female executives account for **16.67** %

Independent directors account for **44.44** % of the Board of Directors.

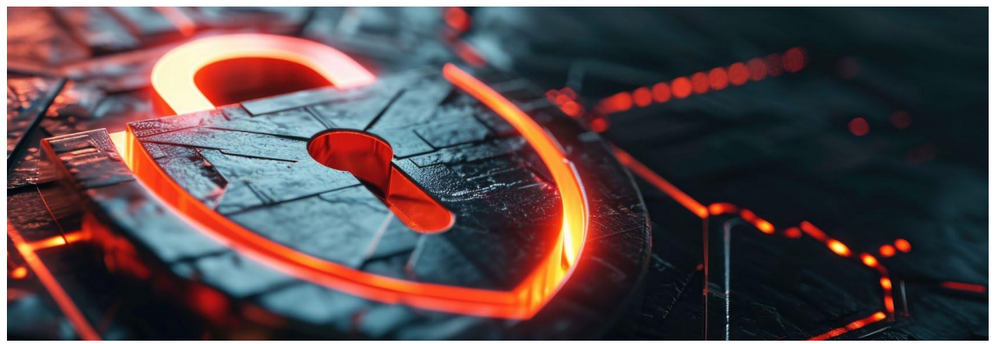
Independent directors account for **66.66**% of the Nomination Committee, **100**% of the Audit Committee, and **60**% of the Remuneration and Appraisal Committee.

The Board of Directors has **2** independent non-executive directors with expertise in risk management; the Audit Committee has **1** accounting expert.

Risk Management Framework

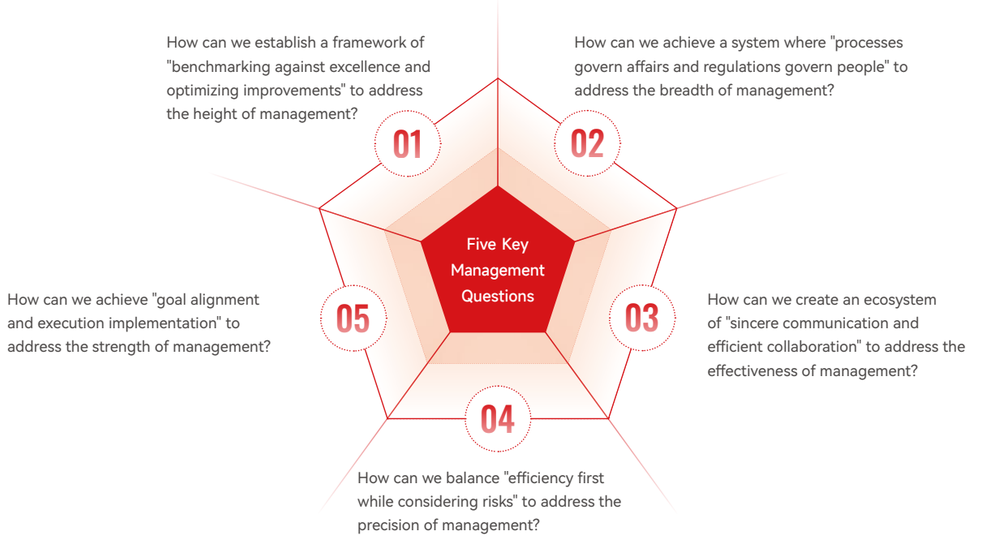
STL has established a risk management and internal control system with clear responsibilities and standardized operations to continuously enhance its risk prevention and control capabilities. The Board of Directors, as the highest decision-making body for risk management, coordinates the development of the Company's risk management and internal control system, sets the development direction, and formulates strategic plans. The Office of the President is responsible for tracking and supervising the implementation of various systems, overseeing the execution of key decisions to ensure their effective execution. At the operational level, various business departments, risk management functional departments, and the Audit and Supervision Department collaborate to identify and respond to risks, formulating and implementing control measures for significant risks.

Concurrently, the Company has established a "three lines of defense" mechanism for risk management comprising business departments, risk management functional departments, and the Audit and Supervision Department, to promote the effective operation of risk management and internal control, mitigate operational risks, and ensure the Company's steady growth.



First Line of Defense Business Departments	Assess and identify key and difficult points in business operations. Optimize operational standards and process specifications, forming draft management regulations or requirements for system development. Submit documents to the Corporate Management Department for preparation and review.
Second line of defense Risk Management Departments (Including the Corporate Management Department, Finance Center, Legal and Compliance Department, Production Safety and Environmental Protection Center, etc.)	Corporate Management Department: Coordinates and manages the approval authorities of various management levels, promotes requirements in accordance with the institutional framework, organizes, guides, and empowers the development of systems and processes in various professional fields, reviews institutional documents submitted by business departments, and tracks the implementation of all systems. Finance Center: Reviews and controls the financial risks of business activities. Legal and Compliance Department: Improves the legal risk management and control system, and identifies and reviews compliance risks related to funds and regulations. Production Safety and Environmental Protection Center: Verifies the implementation of risk control measures in safety and environmental aspects by business departments.
Third line of defense Audit and Supervision Department	Annually evaluates and updates the internal control risk control matrix and integrity risk assessment. Communicates with relevant business departments and promptly follows up on control weaknesses or non-compliance issues identified during reviews. Conducts audits on business activities where results do not meet expectations. Assesses the execution and deficiencies of existing systems and business processes, and provides reasonable suggestions for the Company to revise systems and processes. Evaluates the performance of the Company's middle and senior management personnel.

The "three lines of defense" in risk management



Governance Strategy

Management Leadership Plan

Based on the "Management Leadership" Overall Plan, STL organizes its centers, bases, branches (subsidiaries), and business divisions to focus on addressing the "Five Key Management Questions" and implementing the "Four Transformations", steadfastly advancing the "Management Leadership" No. 1 Development Project to further promote the establishment of a management system characterized by an advanced corporate culture, streamlined organizational structure, clear processes, well-developed regulations, refined management, and efficient operations.

Senior Executive Compensation Management

STL incorporates ESG factors into the performance evaluation system for senior management, with assessment dimensions covering key areas such as safe production, energy conservation, environmental protection, and labor rights protection. For details, please refer to the "Sustainability Governance" section.

In terms of remuneration constraint mechanisms, the Company has formulated the *Remuneration Management System for Directors and Senior Management*, which covers the determination mechanism for total wage budgets, remuneration structures and standards, disbursement procedures, adjustments, and suspension and clawback arrangements. By regularly evaluating the duty fulfillment and performance of directors and senior management, the Company has established differentiated penalty standards for violations to ensure the alignment of rights, responsibilities, and interests, thereby guiding management decisions to consistently adhere to long-term interests and compliance. Furthermore, the Company strictly adheres to governance procedures, whereby remuneration plans for all directors, including executive directors, must be submitted to the General Meeting of Shareholders for deliberation and approval before implementation.

Governance Impact and Risk Management

Leading Management Practices

STL adheres to the goal of "Management Leadership" by optimizing and innovating its institutional framework and improving rules and regulations concerning work processes, decision-making mechanisms, and financial management. This has established a decision-making, execution, and supervision system with clear responsibilities and mutual checks and balances, promoting the modernization and enhancement of corporate governance capabilities and standards. In 2025, the Company practiced its "Management Leadership" strategy and continued to advance institutional development, issuing a total of 94 policies, including 26 new ones and 68 revised ones, covering nearly all business areas.

Enhancing Management Stature

Benchmarking against advanced practices for optimization and improvement, the President led a team to visit and learn from leading management enterprises, drawing on their experience to launch the "Human Resource System Optimization Project," which primarily includes four aspects: performance incentives, organizational leadership, process systems, and talent development.

Expanding Management Scope

To achieve a state of "processes govern affairs and regulations govern people" the Company, following the basic approach of "draft, review, learn, implement, assess" has continuously advanced institutional development and refined the 12418 system (1 framework, 2 levels, 4 major systems, 18 institutional categories). In 2025, the Company improved its systems based on actual business needs, emphasizing management objectives, principles, responsibility allocation, and execution standards, while optimizing approval processes to increase efficiency.

Improving Management Effectiveness

Continuously fostering an ecosystem of "sincere communication and efficient collaboration" guided by the "Three-Degree Working Method," the Company enhances management effectiveness by organizing activities such as cultural dissemination and experience sharing through communication mechanisms like joint meetings and consultation sessions. In 2025, the Company issued the Management Measures for Sinking Services, which clarifies the frequency, content, and requirements for these services, further improving cross-departmental communication and collaboration efficiency to solve management issues.

Enhancing Management Precision and Intensity

To achieve a balance of "efficiency first while considering risks" and to coordinate "goal alignment and execution implementation," business departments completed the initial construction of a "watch trends, make decisions, prevent risks" model, which is being continuously optimized and improved. The director and manager levels have completed the coordination of their work blueprints, breaking down key annual tasks into monthly plans with clear timelines and deliverables. These plans are approved by their direct supervisors to build consensus on work objectives and promote the execution of key tasks.

Strengthening Party Building

The Company continuously improves its Party-building organizational structure and operational system. As of the end of the reporting period, the Company had one secondary Party committee, one general Party branch, and a total of 16 Party branches, with the addition of two new branches: the Treasury Party Branch and the STL Charitable Foundation Party Branch. The total number of Party members reached 652, a year-on-year increase of 9.76%, providing a solid talent foundation and organizational guarantee for Party-building to lead corporate development.

Joint and Co-building in Party Building:

The Company continuously strengthens the standardized construction of grassroots Party organizations and establishes a regular mechanism for organizational activities.

- Each Party branch holds a "Party Day" activity every month, the Company's Party committee holds a general meeting of Party members every quarter, and a joint meeting of the Party, labor union, youth league, and women's federation is held every six months, with meeting attendance rates all exceeding 80%.
- Conducted 7 joint-building activities with units such as Jiaxing Customs and the Jiaxing Children's Welfare Institute, continuously enhancing the synergistic effects of Party-building work.

Strengthening Ideological Foundations:

The Company has always prioritized ideological and political construction, continuously deepening theoretical education.

- Organized over 90 special study and training sessions throughout the year on topics such as the spirit of the Central Committee's Eight-Point Decision, the spirit of the Fourth Plenary Session of the 20th CPC Central Committee, and the spirit of the symposium on private enterprises.
- Regularly conducted integrity education activities, organizing over 15 themed events throughout the year, including integrity education, a 20-year retrospective of the "Red Boat Spirit," and a 20-year retrospective of the "Two Mountains Theory." Additionally, 3 special warning education sessions on integrity were held to strengthen the self-discipline and integrity awareness of Party members and cadres.
- Organized Party members to visit red education bases such as the Integrity Education Hall, Yucun Village in Huzhou, and the Menglianggu Campaign Memorial Hall for on-site learning and exchange, further strengthening their sense of responsibility and mission.

Empowering Development through Party Building:

The Company adheres to the deep integration of Party building with business development, transforming Party-building advantages into momentum for growth.

- Launched the "Party Member Achievement Competition" project, covering more than 600 Party members across the entire chain of R&D, production, and sales. Through a "Party Member Scorecard," multi-dimensional evaluation and incentives are carried out to fully mobilize the enthusiasm of Party members in all positions.
- Launched the special initiative "Caring for People's Livelihoods and Public Opinion, Focusing on Grassroots Dynamics," establishing a grid-based contact mechanism to achieve full coverage of employee care and promote closed-loop problem solving. The performance of grid coordinators is incorporated into performance management to continuously enhance the effectiveness of grassroots governance.

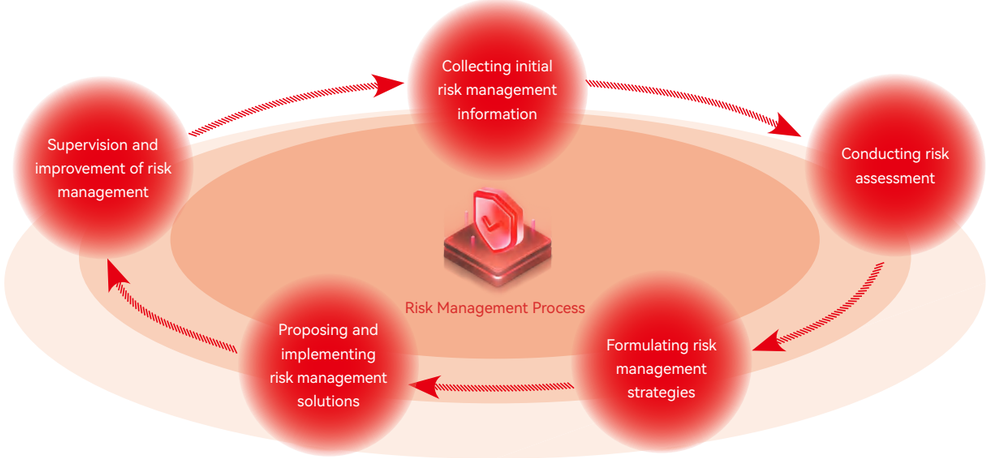
Investor Relations Management

STL is committed to enhancing the operational performance and investment appeal of the listed company. It has assembled an investor relations team with extensive experience in the capital markets and has formulated policies such as the *Investor Relations Management System*, laying a solid foundation for standardized and professional investor relations work. The Company conducts annual training for directors and senior management to continuously strengthen their awareness of information disclosure responsibilities, fully safeguarding investors' rights to equal access to company information.

The Company has established an open, fair, and transparent investor communication mechanism. Through various channels such as telephone, fax, email, the Easy IR (Hudongyi) platform, WeChat official account, earnings briefings, on-site visits, and the "Investor Relations" section of its official website, the Company maintains regular communication with investors. This helps investors stay informed about the Company's operating conditions, effectively responds to their concerns, and continuously communicates the Company's value to the market. At the same time, the Company actively implements the relevant requirements of the China Securities Regulatory Commission and Shenzhen Stock Exchange by formulating the *Future Three-Year Shareholder Return Plan*, establishing a continuous, stable, and scientific dividend mechanism to share the fruits of the Company's development with all shareholders.

Risk Management Process

The Company continuously improves its risk management process, constantly strengthening its capabilities in risk identification, assessment, and response. This promotes the standardized and effective operation of the risk management system, providing a guarantee for the Company's stable operations.



Risk Identification and Control

The Company has established risk control strategies that cover the entire business process, enhancing its overall risk prevention capabilities. The Company has developed a risk identification and rectification checklist covering key areas such as integrity, information security, raw material procurement, external investments, and product sales. It continuously optimizes management measures to enhance the effectiveness of risk control.

Risk Identification and Rectification Checklist

Risk Type	Policies and Systems	Response Measures
Integrity Risk	*Integrity Management System* *Whistleblowing Management Measures* *Management Measures for the Three Integrity Gifts* *Anti-corruption and Anti-commercial Bribery Management System*	1.Comprehensively conduct integrity publicity and training, covering all employees in every center, base, subsidiary (or branch), and business division. 2.Identify and assess integrity risk points. 3.Announce the standards for integrity red-line behaviors, optimize the system and process framework, and continuously improve integrity risk control measures. 4.Conduct project audits based on annual group-wide significant integrity risk areas, and ensure remediation and closure of identified issues. 5.Encourage employees and partners to report corruption leads. 6.Adhere to the principle of punishing all corruption; employees found to have engaged in corrupt behavior will be penalized according to the severity of the offense.
Information Security Risk	*Information Security Management Measures* *Information System Emergency Management Measures*	1. Employ encryption technology for both data at rest and data in transit. 2. Implement strict access control policies, adhering to the principle of least privilege. 3. Establish a comprehensive data backup strategy. 4. Deploy network security devices and software such as firewalls and intrusion detection systems to prevent external network attacks or intrusions. 5. Regularly organize employee participation in data security awareness training. 6. Provide emergency response training to relevant personnel and conduct regular emergency drills. 7. Deploy data monitoring tools for real-time monitoring of activities such as data access, transmission, and usage. 8. Establish comprehensive audit and logging systems.
Procurement Risk	*Procurement Management Regulations* *Procurement Demand Management Measures* *Supplier Management Measures* *Procurement Contract Management Measures*	1.Comprehensively standardize all aspects of the procurement process, building a solid foundation for risk prevention at the institutional level. 2. Standardize the preparation, submission, approval, and modification processes for procurement demand plans to ensure material supply while effectively avoiding inventory backlog. 3. Comprehensively standardize supplier admission, selection, performance evaluation, and exit mechanisms. 4. Strengthen procurement contract management by standardizing the entire process, including contract drafting, review, signing, execution, and dispute resolution.
External Investment and Guarantee Risk	*Management System for Major Operational and Investment Decisions* *External Guarantee Management System*	1.Implement decisions on the Company's major operational and investment projects. 2.From project decision-making to the formulation of specific implementation plans, ensure adequate funding and the smooth progression of projects. 3.Strengthen supervision over the execution of investment projects through internal audits and project settlement reviews. 4.Continuously monitor the financial and operational status of the guaranteed parties to promptly identify and respond to potential risks. 5.Ensure that the guaranteed parties fulfill their debt obligations on time and take remedial measures when necessary to reduce the Company's losses.
Sales Risk	*Sales Credit Management Measures* *Pricing Management Measures* *Measures for Contract Strategy Formulation and Contract Execution Management* *Sales Contract Management Measures*	1.Establish an organizational model of mutual supervision through the division of business responsibilities. 2.Manage behavior and mitigate risks through systems governing customer credit, pricing, contract strategies, planning, and supervision. 3.Mitigate contractual risks through the standardization of contract templates. 4.Control risks through a hierarchical and tiered approval process. 5.Establish daily and weekly business reviews and functional anomaly reviews to promptly identify and control risks.

In 2025, the Company organized all departments to conduct risk identification and assessment, identifying pain points, difficulties, and bottlenecks in their work. A cumulative total of over 1,000 significant risk items were sorted out, and targeted control measures were developed and optimized, with the President's Office responsible for tracking and evaluating rectification. Concurrently, the Audit and Supervision Department carried out a special risk assessment, focusing on identifying and evaluating over 230 internal control risk points and over 120 integrity risks, verifying the controllability of each risk through sample testing.

STL has primarily identified the following risks in its operational management process and has taken measures for effective risk prevention and control:

Credit Risk	Optimize credit control systems and customer evaluation models, implement process management, and use credit insurance to transfer partial risks, thereby enhancing financial security.
Exchange Rate Risk	Improve foreign exchange hedging operations, use foreign exchange derivative hedging strategies, and establish a dynamic monitoring mechanism with dedicated personnel responsible for analyzing foreign exchange trends.
Tax Risk	Construct a tax risk management system encompassing compliance, transfer pricing, tax planning, and internal controls, comprehensively managing tax risks through policy interpretation, internal self-inspections, responses to external audits, and support from the tax management committee and third-party institutions.
Operational Risk	Mitigate transaction, asset, decision-making, and investment risks through contract reviews, asset inventories, price monitoring, and investment project evaluations.
Financial Asset Security Risk	Implement segregation of duties, conduct regular inventories, and establish scientific authorization and approval processes, while enhancing the security of financial assets through information technology to reduce risks.

Indicators and Targets

Honors and Awards

- China Association for Public Companies 2025 Excellent Practice Case for Listed Company Boards of Directors
- Securities Times 16th Tianma Award for Investor Relations Management of Chinese Listed Companies
- China Securities Journal 2024 Golden Bull Award for Most Valuable Investment
- Securities Times 16th Award for Outstanding Board Secretary in Listed Company Investor Relations Management
- China Securities Journal 2024 Golden Bull Award for Board Secretary
- Securities Times 19th Sunshine Board Secretary of Listed Companies

Key Performance

During the reporting period,

- Convened **2** shareholders' meetings
- Convened **6** Board of Directors meetings, with a **100** % attendance rate for board members, and deliberated on **28** proposals
- The number of directors attending no less than 75% of meetings was **9** , accounting for **100** %
- Convened **1** Strategy and ESG Committee meeting, **1** Nomination Committee meeting, **5** Audit Committee meetings, and **1** Remuneration and Appraisal Committee meeting
- A total of **94** policies were issued, including **26** new policies and **68** revised policies
- Convened **1** external risk management audit and **48** internal audits; **31** internal special audits (including departure audits) were carried out, resulting in over **110** audit findings
- Organized **96** compliance and risk control training sessions, with approximately **2,400** employees participating, for a total training duration of approximately **1,200** hours
- **No** overdue payments to small and medium-sized enterprises occurred

Goals	2025 Achievement Status
Achieved a completion rate of over 80% for the policy formulation and revision plan	93.1% completion rate for the annual policy formulation and revision plan
Improved the quality of information disclosure	Continuously improved information disclosure quality, receiving an "A" rating in the SZSE 2024-2025 Information Disclosure Assessment
Optimized investor relations management, market value management, and shareholder returns	Formulated the *Market Value Management Policy* to standardize market value management, protecting the legal rights of all investors, particularly minority shareholders, and enhancing investment value. Annual training is provided to directors and senior management to ensure equitable access to information for all investors

Strengthening Compliance Operations

Legal Compliance Assurance

To ensure robust operations in legal compliance, STL has formulated internal policies such as the *Regulations on Legal Affairs Management*, the *Administrative Measures for Legal Review*, the *Administrative Measures for Dispute Resolution*, the *Administrative Measures for Legal Consultation*, and the *Administrative Measures for the Management of External Lawyers* to standardize legal management processes and strengthen legal risk prevention and control. To continuously enhance employees' compliance awareness, the Company regularly conducts specialized legal training covering areas such as export credit insurance practices, the application of the CISG, and integrity education. In 2025, the Company completed company-wide training and examinations for five key compliance policies, ensuring effective policy implementation and adherence.

Case Study Legal Compliance Training

In May 2025, STL organized a specialized training session at its headquarters on "International Trade Risk Mitigation Under English Contract Law," which was delivered by an external professional lawyer to the Company's foreign trade personnel and members of the Legal and Compliance Department. By analyzing the core content of UK contract law and classic judicial cases, the training delved into the calculation of damages for breach of contract in commodity trading, contract dispute resolution, and risk response strategies in uncertain environments such as trade sanctions. This effectively enhanced the ability of relevant business personnel to identify and control legal risks in international trade, providing support for the Company's steady advancement of its international operations.

Internal Control System

STL has established a comprehensive internal control system. By implementing systems such as the *Internal Audit Management System*, the *Internal Control Testing Manual*, and the *Risk Control Matrix*, the Company integrates the five key elements of control environment, risk assessment, control activities, information and communication, and internal supervision throughout its entire operational process to ensure asset security and operational compliance. The Audit and Supervision Department formulates and implements the annual internal control audit plan based on the Company's strategic planning and regulatory dynamics, and assesses the execution of internal controls across various business lines. For issues identified during audits, the Audit and Supervision Department communicates directly with the relevant departments, requiring them to implement corrective actions and subsequently tracking and verifying the results. Additionally, the Company prepares a quarterly internal control audit work report, which is submitted to the Board of Directors' office for filing and review, and reports regularly to the Board's Audit Committee. In the annual evaluation of the effectiveness of internal controls, the Board of Directors incorporates sustainability responsibilities into the assessment scope, systematically identifying risks, proposing response measures, and optimizing governance effectiveness.

In 2025, the Company conducted internal control audits every quarter, covering over 67% of its entities, which account for more than 86% of the Company's total assets. The audit results did not identify any material or significant deficiencies. Concurrently, the Company carried out 31 special audits (including departure audits), 17 internal control compliance inspections, and 5 complaint investigations, raising over 110 audit issues with a rectification rate of approximately 90%, resulting in direct loss recovery of about RMB 4 million. If the Audit and Supervision Department discovers major issues during an audit, it has the authority to adjust audit objectives or expand the audit scope and submit handling recommendations to the Board of Directors.

Tax Compliance

STL actively fulfills its tax obligations, considering tax payment in accordance with the law as a vital component of standardized corporate operations. The Company continuously improves the standardization and accuracy of its tax information disclosure and contributes positively to regional economic development through stable operations.

The Company strictly adheres to national tax laws and regulations, declaring and paying various taxes such as value-added tax, corporate income tax, and consumption tax in accordance with the law. It has established a comprehensive tax management system, ensuring the compliance and accuracy of tax policy implementation and mitigating Tax Risk through methods like internal self-inspections and professional consulting. In its overseas operations in locations such as Hong Kong (China), Singapore, and the United States, the Company strictly complies with local tax laws, regulations, and transfer pricing rules. This ensures that profit distribution is consistent with value creation, refrains from shifting profits to low-tax jurisdictions, and abides by the spirit of the law and principles of tax fairness.

Adherence to Business Ethics

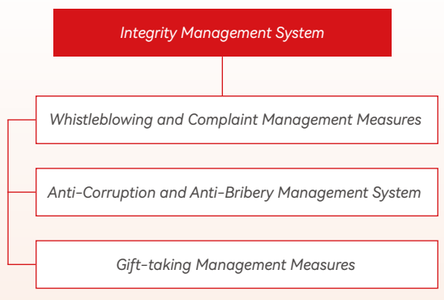
Governance

The Audit Committee serves as the highest governing body for business ethics, responsible for oversight and periodic review of policies, matters, and risks related to business ethics and anti-corruption. It directs an annual audit of business ethics risks, covering all operating locations and all business segments. The Integrity Management Task Force is responsible for conducting integrity education and awareness campaigns, supervising, inspecting, and assessing integrity work, handling reports of corrupt behavior, and reporting to the Audit Committee. The Audit and Supervision Department is the department specifically responsible for conducting anti-corruption investigations, assisting the Audit Committee and the Integrity Management Task Force in implementing related work. It conducts an identification and assessment of integrity risk points in key business activities at least once a year and provides a quarterly summary report on integrity work to the head of the Integrity Management Task Force. Each center, base, subsidiary/branch, and business division inspects and identifies key integrity risk points quarterly. The person in charge of each unit is the primary person responsible for integrity building within that unit, fulfilling a "dual responsibility" by promoting integrity awareness, implementing integrity work, and reporting on integrity work to the head of the Integrity Management Task Force every six months. If any corruption issues are discovered, they must be reported to the Integrity Management Task Force, and assistance must be provided in the investigation work.

Strategy

STL upholds a code of conduct based on "integrity, transparency, fairness, and probity." The Company strictly complies with laws and regulations such as the *Supervision Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and the *Anti-Money Laundering Law of the People's Republic of China*. It has formulated and continuously optimizes internal systems including the *Integrity Management System*, the *Whistleblowing and Complaint Management Measures*, the *Anti-Corruption and Anti-Bribery Management System*, and the *Gift-taking Management Measures* to foster a culture of professional integrity and maintains a "zero tolerance" policy towards corruption.

Anti-Corruption and Anti-Bribery Policies



Impact and Risk Management

Whistleblowing, Appeals, and Handling

STL severely punishes any behavior that violates its code of business ethics. The Company has formulated and implements the *Whistleblowing and Complaint Management Measures* to standardize reporting channels and procedures. It has established multiple reporting channels, including letters, telephone calls, emails, in-person reports, and designated representative reports, and supports both named and anonymous reporting to encourage employees, suppliers, users, and other stakeholders to supervise all types of unethical behavior. For overseas suppliers, the Company provides an English version of the appeal mechanism to ensure the effective transmission of relevant information. The Company adheres to a fact-based approach, promptly initiating standardized investigations and holding individuals strictly accountable upon receiving credible leads, ensuring that cases are handled efficiently and brought to a close. To protect the fundamental rights of whistleblowers, the Company's policies explicitly require that the personal information of the whistleblower and the content of the report be kept strictly confidential to the extent permitted by law, and strictly prohibit any form of retaliation against them. During the reporting period, STL had no instances of corruption-related litigation.

Whistleblowing Hotline	Whistleblowing Email	Whistleblowing Address
0573-82058220 18667358580	Compliance@weixing.com.cn	Integrity Management Task Force, STL, No. 196 Fuqiang Road, Nanhu District, Jiaxing City, Zhejiang Province, China.

Whistleblowing Handling Process

01 Report Acceptance	02 Investigation	03 Cooperation Requirement	04 Outcome	05 Appeal Process
The Company's Integrity Management Task Force gives priority to handling named reports and anonymous reports supported by sufficient factual evidence.	The Audit and Supervision Department organizes personnel to conduct a lawful investigation based on the report's content, which must be completed within 30 working days with a written investigation report issued.	During evidence collection, relevant departments must provide unconditional and active cooperation. The individuals under investigation must provide factual testimony and maintain strict confidentiality regarding the investigation.	If the investigation confirms the report's content, corresponding penalties will be imposed according to regulations based on the severity of the circumstances. Severe cases will be transferred to judicial authorities for handling.	If the whistleblower or the accused objects to the handling decision, they must file an appeal with the Integrity Management Task Force within 10 days of receiving notification of the investigation results and provide supporting evidence.

Measures to Prevent and Correct Retaliation

- The whistleblowing website and hotline do not require whistleblowers to provide identifying information.
- During the investigation of reported incidents, the Company's communication with the whistleblower is conducted privately, and the whistleblower's personal information and all materials provided are kept strictly confidential; unless necessary for the investigation, investigators are prohibited from disclosing this information to any other irrelevant personnel.
- After the investigation is concluded, the Company will determine whether the whistleblower has experienced any form of retaliation; if any case of retaliation against a whistleblower is verified, the Company will handle the involved personnel in accordance with the law.

Furthermore, the Company enhances its supervision and accountability mechanisms, holding individuals strictly accountable for dereliction of duty or actions causing economic loss according to a tiered system; simultaneously, upholding the principles of fairness, justice, equality, and transparency, it guarantees every employee's right to supervise and report on management, the disciplinary committee, and the Audit and Supervision Department.

Anti-unfair Competition

In terms of managing risks related to unfair competition, the Company regulates employee conduct in market competition by improving internal systems and supervisory mechanisms, explicitly prohibiting and strictly investigating all types of non-compliant competitive behavior. The Company adheres to source governance, strengthening fair competition awareness among all staff through compliance training. In daily operations, the Company continuously monitors the competitive environment, identifies risks in a timely manner through market research and competitor analysis, and simultaneously enhances the protection of intellectual property (IP) such as trademarks and patents to solidify its competitive advantage. In response to actions that infringe upon the Company's rights and interests, the Company takes legal measures to protect its rights and ensure fair participation in market competition. In 2025, the Company was not involved in any litigation related to unfair competition or antitrust issues.

Business Ethics Audit

To effectively identify and control integrity risks, STL regularly conducts anti-corruption audits across its centers, production bases, branches, subsidiaries, and business divisions. These audits cover 100% of the Company's operating locations. The scope of the audits includes all major business departments such as procurement, sales, logistics, warehousing, quality inspection, and engineering construction, with all business operations audited at least once every three years. In 2025, the Company conducted a total of 11 business ethics audits, primarily covering business segments like sales, procurement, engineering, quality inspection, and warehousing, with no major corruption incidents discovered. A total of 128 integrity risk points were assessed, and inspections targeting these points revealed no significant corruption issues.

Integrity Culture Development

The Company has established a comprehensive business ethics training system, conducting diverse training and awareness programs for all personnel, including the Board of Directors, senior management, and the entire workforce (encompassing full-time, part-time, outsourced, and intern staff). The Company ensures that every employee undergoes integrity training at least twice annually. By integrating integrity education into the annual training plan and implementing measures such as the "First Lesson on Integrity" for new hires, specialized training for key risk departments, and company-level integrity education activities, the Company promotes full coverage of integrity education for all employees and key personnel, strengthening their awareness of professional integrity and risk prevention capabilities to foster a positive and upright development environment. Additionally, the Company requires personnel in key positions and critical roles to sign a *Due Diligence and Integrity Commitment Letter* annually, and all suppliers are required to sign the *Integrity Commitment Letter.*

In 2025, the Company organized 10 integrity awareness training sessions, covering 490 people, primarily including sales staff, procurement staff, engineering management personnel, Human Resources Center staff, warehouse management personnel, and administrative staff. Concurrently, before major holidays, integrity reminders were sent out to reinforce employees' awareness of celebrating holidays with integrity.

- Four specialized training sessions on "Ethical Engineering Construction" were conducted for the engineering management teams and construction units of Satellite Technology, the Future R&D Center, the Jiaxing Base, and the Lianyungang Base. These sessions provided in-depth analysis of risk points and control requirements in project construction, with a total of approximately 150 participants, thereby strengthening the compliance consensus in the infrastructure field.
- Two specialized integrity and compliance training sessions for marketing activities were conducted for all sales personnel of business units such as Satellite Industrial and Satellite Global. These sessions focused on analyzing the harms of corruption and clarifying professional red lines, with a total of approximately 240 participants, reinforcing the anti-corruption defense at the market end.
- Three training sessions on the themes of "Ethical Procurement" and "Everyone is Responsible for Integrity Building" were organized for personnel from the procurement center, Pinghu Base warehousing, quality inspection, and administration. These sessions covered approximately 100 people, ensuring integrity and stability in supply chain management and back-office support functions.
- A signing event for the Integrity Commitment Letter was held for managers at the supervisor level and above, with over 1,200 participants. Concurrently, integrity reminders were sent to all employees at key times to foster a festive atmosphere and corporate culture of integrity and uprightness.
- Two integrity-themed training sessions were conducted for all Party members, with over 1,000 participants. In conjunction with Party Day themed activities, a visit was made to the Xiuzhou Integrity Education Center for a cautionary education event to further solidify ideological foundations and strengthen disciplinary awareness.

Integrity Awareness Training Activities

Case Study Integrity and Compliance Training

In July 2025, during its semi-annual business operations summary meeting, STL conducted an integrity and compliance training session themed "strengthening Integrity and Compliance Awareness, Sounding the Alarm, and Fortifying Defenses." The attendees included over 1,000 personnel at the supervisor level and above from various centers, bases, subsidiaries, and business divisions. The training was led by the Company's Vice President, who systematically analyzed the legal characteristics of typical duty-related crimes such as embezzlement and bribery. Through an in-depth analysis of seven typical integrity cases within the industry, a strong warning was issued. Employees were also required to strictly adhere to the Company's *Integrity Management* System and the "Five Red Lines of Employee Integrity." Through this special presentation, the Company clearly established a high-pressure stance of zero tolerance for any behavior that crosses these red lines, requiring management personnel to strengthen their compliance mindset and ensure integrity and stability throughout all of the Company's business operations.

Case Study Antitrust and Fair Competition Training

In 2025, STL conducted a specialized training session on the *Corporate Trade Secret Protection* for managers at the manager level and above, deeply integrating the concepts of antitrust and fair competition into the management system. The training adopted a closed-loop model of "lecture + Q&A + assessment," focusing on an in-depth analysis from an antitrust law perspective of the legal consequences of abusing intellectual property to exclude or restrict competition, guiding managers to consciously avoid unfair competitive practices. To ensure the implementation of compliance, the Company required the heads of all departments to cascade fair competition requirements down to the grassroots level and tested managers' grasp of fair competition policies through a post-training examination. This training promoted the enhancement of the Company's internal control mechanisms for "antitrust and fair competition," preventing operational compliance risks at the source and helping to create a fair and transparent market environment.

Mid-Autumn Festival and National Day
Integrity Reminder Push Notification

Indicators and Targets

Indicators	2025
Anti-corruption-related audit projects	31 items
Total hours of business ethics training conducted	100 hours
Total number of business ethics training sessions conducted	162 sessions
Number of directors participating in business ethics training	9 persons
Percentage of directors participating in business ethics training	100%
Number of management personnel (supervisor level and above) participating in business ethics-related training	Approximately 1,150 persons
Percentage of management participating in business ethics-related training	100%
Total number of employees participating in business ethics-related training	4,811 persons
Percentage of employees participating in business ethics-related training	100%

Goals	2025 Achievement Status
100% of suppliers signed the *Integrity Commitment Letter*	Achieved
The Company was not involved in any anti-corruption related litigation.	Achieved
Integrity training achieved 100% coverage of the entire workforce (encompassing full-time, part-time, outsourced, and intern staff).	Achieved
≥2 company-level integrity training sessions	2 sessions
≥8 integrity training sessions by the Audit and Supervision Department	10 sessions
≥3 integrity training sessions self-organized by each center, production base, branch, subsidiary, and business division	Integrity awareness sessions, integrated into routine training and internal departmental meetings by various centers, production bases, branches, subsidiaries, and business units (including their sub-departments), totaled an estimated 150+ sessions.

Information Security and Privacy Protection

Governance

STL strictly abides by laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, and has formulated and improved systems including the *Information Security Management Measures*, the *Information Management Regulations*, the *Information Project Construction Management Measures*, the *Information System Emergency Management Measures*, the *Information Equipment Configuration and Use Management Measures*, and the *Computer Network Management Measures*. These define information privacy protection policies and supplier information security management requirements, standardize the information handling and security responsibilities of employees and partners, and achieve full-process control over key areas such as terminals, systems, data, operations and maintenance, networks, and server rooms to effectively prevent information security risks. The Company has also established a compliance system for trade secret protection, formulating policy documents such as the *Trade Secret Protection Management System* and the *Departure Management Measures*, which clarify the scope and control measures for information confidentiality and standardize the declassification procedures for employees in confidential positions upon their departure, thereby effectively protecting the Company's innovative achievements and sensitive information.

To ensure business continuity and the security of information assets, STL adheres to the principles of prevention first and comprehensive governance, building a comprehensive information security management system from both personnel management and technical protection aspects. The Company implements a leadership responsibility mechanism for information security, where the Information Center coordinates the planning, construction, supervision, and management of the Company's information security. The heads of each department are responsible for implementing the information security management duties within their respective departments, ensuring the effective execution of all security measures.

Impact and Risk Management

STL adheres to data management principles that prioritize both compliance and security. During data collection, the Company follows the principles of legality, propriety, and necessity, clearly informing data subjects of the purpose, scope, and method of use for the data collection, and proceeds only after obtaining their authorized consent to avoid excessive collection. In terms of data use and management, the Company has established strict access control and audit mechanisms, granting tiered authorization based on job responsibilities and conducting regular data access audits to ensure the entire data usage process is traceable and accountable. During the reporting period, the Company signed confidentiality agreements with all employees, clarifying their responsibilities and obligations for data protection and continuously strengthening data security and privacy protection.

For the protection of employee and customer privacy information, the Company has constructed a comprehensive information security system covering internal management, external constraints, and technical safeguards. The Company treats customer information as a critical trade secret, implementing tiered access control based on internal policies. Access is restricted to the Supply Chain Management Department, product managers, and senior personnel, with clearly defined information processing environments to prevent disclosure risks from unauthorized access. In external business dealings, the Company incorporates confidentiality obligations into sales contracts, strictly defining the boundaries for partners' use of trade secrets, business plans, and financial information, and prohibiting unauthorized third-party disclosure or use for non-contractual purposes. At the technical protection level, the Company has fully deployed endpoint antivirus and desktop management systems, implementing full-process control over data flow through technical means such as disabling USB storage, restricting screenshots, setting desktop watermarks, implementing card-swipe auditing for printing, and file encryption. Additionally, the Company

employs VDI virtual desktop management for key departments to ensure that important data is not stored locally, continuously enhancing the security protection level for sensitive data.

The Company places great importance on information security risk management, systematically advancing risk prevention and control work across risk identification, protection, and monitoring to ensure the safe and stable operation of its information systems.

Risk Identification

- Using professional vulnerability scanning tools to conduct comprehensive scans of network systems to promptly identify security vulnerabilities in operating systems, databases, and application software.
- Regularly conducting information security risk assessments to identify and analyze risks for key business systems and important information assets.

Risk Prevention Measures

- Deploying an intrusion prevention system (NIPS) at the network egress to identify and block attack traffic in real-time, preventing malicious intrusions.
- Deploying firewalls at the core external network egress to implement strict access control policies, reduce network exposure risks, and ensure internal network security.
- Deploying network behavior management devices to control and audit employee internet access, preventing information leakage and improper operations.
- Continuously updating the virus definitions of security software to enhance the system's defense capabilities against new security threats.

Monitoring and Early Warning

- Utilizing a situational awareness system for real-time monitoring and analysis of network-wide traffic to dynamically identify and provide timely warnings of cybersecurity threats, ensuring rapid discovery and handling of security incidents.

Security Attack Monitoring and Early Warning Platform

Emergency Response and Drills

The Company has formulated the *Measures for the Emergency Management of Information Systems* and established an information system emergency response team to create a standardized emergency response mechanism for data security incidents. In the event of an information security incident such as a data breach, the Company immediately activates the emergency plan, takes technical measures to prevent the risk from spreading, conducts a technical diagnosis of the security incident to determine the cause of the leak, formulates targeted solutions and system recovery plans, promptly repairs security vulnerabilities, and restores the operation of relevant systems to minimize the impact of the security incident and ensure the security of information systems and data. The Company organizes information security attack and defense drills annually, simulating real attack scenarios to test the effectiveness of its security protection system and enhance employees' security awareness and emergency response capabilities.

Information Security Culture Development

The Company continuously strengthens its information security training to enhance the data security awareness and risk prevention capabilities of its employees, suppliers, and partners, thereby building an information security defense line for all personnel.

Case Study Information Security Training

In 2025, the Company conducted its annual information security training under the theme "Robust Safety Practices, Safeguarding Data Assets." The training targeted 16 key users from various departments across the group, lasting one hour. It combined "theoretical explanations + case studies" to focus on topics such as identifying and preventing phishing and ransomware, managing account and office equipment security, data classification and grading, and emergency response procedures. The session reinforced risk prevention and control awareness by reviewing typical cases. This training was also synchronized with the 2025 National Cybersecurity Week activities, during which information security tips were disseminated to all employees to promote company-wide coverage of information security concepts.

Informatization Development

The Company continues to advance its digital and intelligent transformation. Focusing on key business areas such as production operations, procurement management, equipment management, and environmental control, the Company accelerates the application of information systems and independent software development to enhance operational efficiency and intelligent management. During the reporting period, the Company's APS Advanced Planning and Scheduling platform was piloted at Satellite Technology and was successfully selected as one of the first batch of AI demonstration scenarios in Zhejiang Province. The e-commerce procurement platform, the "Five-in-One" environmental management system, and the equipment health records system were successively launched, promoting the optimization of production planning, collaborative procurement, and digital control of environmental protection and equipment. Concurrently, the Company independently developed an OKR system, a performance management system, and a CRM process optimization system, achieving improvements in management efficiency and cost savings. On the strength of its digital transformation achievements, the Company has been honored as a Zhejiang Province Future Factory Cultivation Unit, a Zhejiang Province 5G Fully Connected Factory, one of the first batch of AI Demonstration Scenarios in Zhejiang Province, and an Advanced Intelligent Factory in Jiangsu Province.

Indicators and Targets

Goals	2025 Achievement Status
Zero major information system failure incidents	Achieved
Zero customer information leakage incidents	Achieved

Indicators	2025
Number of information security system audits	1
Losses from violations of laws and regulations concerning the protection of customer rights and interests	0
Number of participants in trade secret protection compliance training	4,811
Percentage of employees who have signed confidentiality agreements	100%

02

New Quality-Driven, Forging the Core of Brand Strength

Technological innovation is the core element in developing new quality productive forces. Satellite Chemical has established a multi-level R&D organization and platform layout. Leveraging the development of digital and intelligent manufacturing systems, the Company focuses on low-carbon chemistry and new energy materials, accelerating breakthroughs in key core technologies and driving the transformation of scientific research achievements into large-scale industrial applications. This enables the Company to deliver green solutions to global customers and advance higher-quality, more resilient sustainable development in the field of new chemical materials.

UN SDGs

R&D and Technological Innovation

Governance

The Company has established a full-chain technological innovation governance structure covering "technology R&D, achievement transformation and industrial application". It relies on multiple provincial and municipal R&D platforms, including the Zhejiang Provincial Enterprise Technology Center, Jiaxing Key Laboratory of High-End Vinyl New Materials, and a national-level postdoctoral research station, as well as product quality testing laboratories. It has also co-built applied technology research centers with downstream customers, forming a multi-level, cross-business collaborative innovation system. In 2025, the main structure of the Satellite Future R&D Center was successfully capped. As the Company's core R&D platform, it will gather more than 2,000 R&D personnel upon completion and host international joint laboratories and corporate research institutes, significantly enhancing independent innovation capabilities and establishing a core research base and talent hub.

Topping-out Ceremony for the Satellite Future R&D Center (West Zone) Project

In terms of R&D talent management, the Company has put in place a clear R&D organization and professional rank system, implementing the *Detailed Rules for the Implementation of Professional Rank Assessment Standards for R&D Personnel*. By integrating talent attraction and development, and combining internal training with guidance from external experts, the Company continuously strengthens its pool of innovative talent. Each base and business division has established project mechanisms and incentive programs focused on R&D project approval, technical breakthroughs and cost optimization. Key indicators such as R&D project initiation and patent achievements are incorporated into performance appraisal, and diversified innovation incentives are provided, including bonuses for production efficiency improvement and cost reduction. These measures drive the effective translation of R&D investment into technological breakthroughs and industrial value, safeguarding the Company's core competitiveness in new chemical materials.

Strategy

Satellite Chemical fully embraces an innovation-driven development philosophy, building core innovation capabilities through "Technology Leadership" and "management leadership." The Company accelerates the development of new quality productive forces, empowers industrial upgrading, and drives the rapid transformation of innovation capability into competitive strength.

Technology Leadership: Building a Systematic Innovation System

- Define the connotation and criteria of Technology Leadership, technological breakthroughs and technological progress.
- Clarify the strategic direction and objectives of technological innovation to facilitate the deep integration of the innovation chain and the industrial chain.
- Focus on the strategic layout of high-end materials and breakthroughs in key technologies, and strengthen internal organizational coordination and the transformation of technological achievements.

Management Leadership: Creating an Efficient R&D Process

- Formulate systems including the *Design and Development Control Procedure*, the *R&D Project Management Measures and* the *Scientific Research Archives Management Measures* to provide clear norms and basis for R&D activities.
- Establish a scientific and efficient whole-process R&D management model, operation mechanism and incentive mechanism for core links such as design and development, project management and achievement transformation.

Product R&D Directions

Centered on the development theme of "high-end, green and intelligent", the Company will focus its future research and industrialization efforts on key strategic and cutting-edge new materials, including catalysts, new energy materials, high-performance polymer materials and functional chemicals. The Company is committed to breaking through core technological bottlenecks and expanding its portfolio of high-value-added products.

High-end Advancement of the Industrial Chain and Independence in Core Technologies

Core Objective: To break through key catalyst technologies, achieve deep extension and high-value utilization of C2 and C3 industry chains, and solve the bottleneck problem of high-end materials.

- **Independent development of high-end catalysts:** We continue to invest in the R&D and industrialization of catalysts for producing higher alpha-olefins (1-butene/1-hexene/1-octene) from ethylene, POE catalysts, neopentyl glycol hydrogenation catalysts, acrylic acid catalysts, polyol catalysts, and ethylenediamine catalysts, breaking our reliance on imports and enhancing the competitiveness of the entire industry chain.
- **High-value extension of the C2/C3 industry chain:** We are deeply engaged in process breakthroughs and product development for metallocene polyolefins (mPE), polyolefin elastomers (POE), and polyalphaolefins (PAO), promoting their application in high-end fields such as new energy and automobiles. Concurrently, we are extending downstream into specialty chemical areas like functional acrylic monomers and electronic-grade wet chemicals.

Green, Low-Carbon, and Resource Recycling Technologies

Core Objective: To develop green processes, promote the efficient utilization of by-products and carbon cycling, and reduce the environmental impact of the entire industry chain.

- **Green processes and the Circular Economy:** We focus on developing technologies for the chemical recycling of waste plastics into olefins, exploring carbon capture, utilization and storage (CCUS) pathways, and promoting the low-carbon transformation of the industry. We continuously optimize production processes and promote formaldehyde-free, low-emission green chemical synthesis technologies.
- **High-value utilization of by-product resources:** We systematically promote the comprehensive utilization of hydrogen by-produced from ethane cracking to expand the hydrogen energy industry chain. We research the use of by-product carbon dioxide to produce high-value chemicals and explore innovative resource utilization pathways, such as preparing data center coolants from alpha-olefin by-products.

New Energy Materials and Functional Chemicals Extension

Core Objective: To enter the new energy sector and extend chemicals into downstream high-value-added fields.

- **New energy materials development:** We focus on developing key materials for hydrogen fuel cells and are expanding R&D into areas such as lithium-ion battery electrolyte solvents and specialized materials for energy storage batteries.
- **High-performance and specialty materials:** Targeting high-end demands in sectors like offshore wind power and electronics/electrical, we develop products such as special anti-corrosion coatings, high-performance engineering plastics, and specialty surfactants.

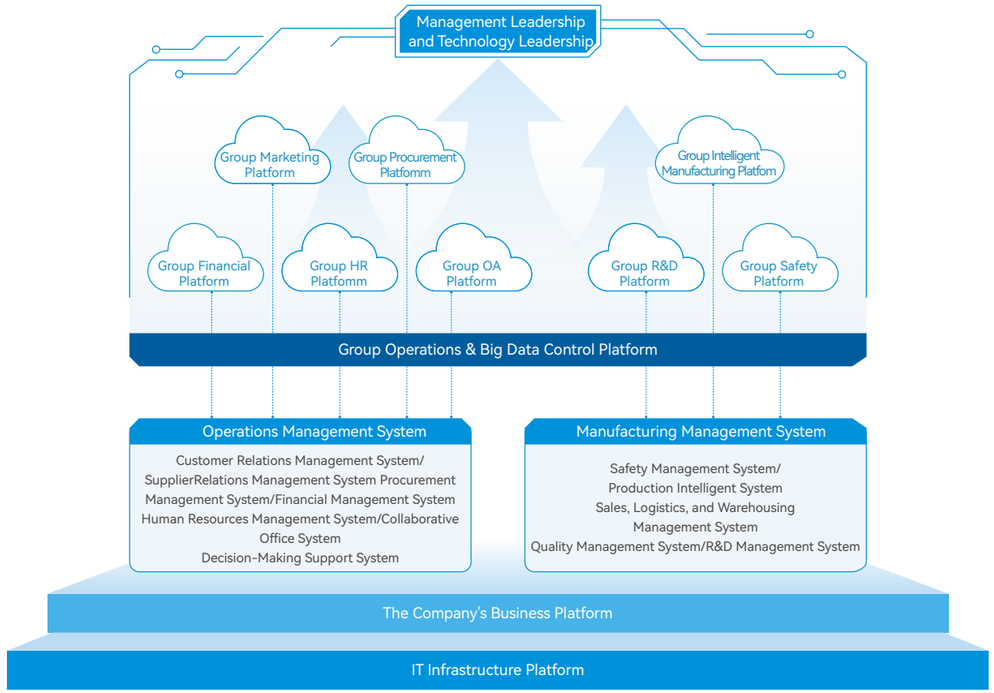
High-Performance and Functional Consumer Chemicals Innovation

Core Objective: Guided by consumption upgrades, we develop high-performance, multi-functional, and environmentally friendly core materials for end-consumer products.

- **Innovation in high-performance and functional SAP:** We are dedicated to developing next-generation SAP products that are ultra-dry, highly water-retentive, biodegradable, antibacterial, and odor-controlling, while also expanding their applications into emerging fields like agriculture and cosmetics. By independently developing key additives (such as anti-yellowing agents), we enhance the overall performance of our products.
- **Eco-friendly chemical solutions:** We fully promote the application of water-based, low-formaldehyde/formaldehyde-free technologies in areas such as furniture coatings, textile auxiliaries, label adhesives, and inks. We develop low-odor, low-VOCs/SVOCs product series to support the green upgrading of downstream industries.

Digital Transformation Strategy

Guided by its "He" (Harmony) culture and aiming to become a leader in digital transformation within the chemical products industry, Satellite Chemical is steadily advancing its "Dual Five Program" while building a comprehensive digital platform covering upstream and downstream sectors to sustainably drive high-quality business growth through digitalization. The Company focuses on enhancing five core capabilities: data, operations, organization, security and innovation. It has developed a comprehensive digital system spanning ten major application areas, including business-finance integration, collaborative office systems, process efficiency, digital factories, data centers and the industrial internet.



The Company systematically advances digital planning and transformation across core areas including safety production, project construction and operation management. It has delivered high-quality supporting information system construction for the Satellite Energy Phase III project, fully rolled out the safety production information platform, and integrated and upgraded the LIMS systems at the Pinghu Base, Jiaxing Base and relevant business divisions. These efforts have achieved information system coverage and integrated support across all business scenarios, laying a solid foundation for further in-depth digital transformation.

By strengthening digital capabilities, the Company continuously improves operational efficiency, risk prevention and control, and refined management, providing strong support for sustainable development and intrinsic safety.

Planning Stage	2025–2026 Digitalization – Operational Digitalization	2027–2028 Intelligence – Intelligent Decision-Making
Strategic Decision-Making	Production and procurement data analysis.	Intelligent business analysis and corporate performance analysis.
Corporate Control	Implement comprehensive budget management, enhance digital financial control and analysis, and develop a unified e-commerce platform for procurement.	Develop cost-benefit analysis models and enable intelligent approval.
Business Execution	Replace existing systems with an independently developed MES platform, and integrate and upgrade the Group's safety production information supervision platform, the Lianyungang Base LIMS system, among others.	Develop digital twin factories, establish RBI and RCM equipment analysis models, and enable multi-scenario AI model applications.
Support and Assurance	Optimize the contract management system and develop a unified platform for the Group's administrative archives and portals.	Data center equipment upgrade and retrofitting.

Risk & Opportunity Management

In R&D and innovation, Satellite Chemical strictly manages potential risks including technology leakage, R&D bottlenecks, market competition and intellectual property (IP) disputes. It embeds principles of tech ethics throughout the entire R&D process, and turns cutting-edge practices such as green transition, smart factory development and innovative AI applications into definitive growth opportunities. The Company solidifies its technological leadership into sustainable industrial chain competitiveness and actively shapes the digital and green future of the high-end chemical manufacturing sector.

Intellectual Property Protection

R&D information confidentiality is a core prerequisite for protecting innovation achievements. Satellite Chemical has established a comprehensive R&D information confidentiality management system and issued the *Measures for the Administration of R&D Information Confidentiality* as a code of conduct for personnel with access to confidential information. It strengthens information control across the full R&D cycle, effectively guarding against the illegal theft, use and disclosure of R&D information, and strengthening protection for its innovative achievements.

The Company continuously enhances its intellectual property management system by formulating policies including the Corporate Patent Management System and the Information Confidentiality Management System. It places the full IP lifecycle—from acquisition, maintenance and evaluation to transfer and risk management—under standardized and stringent control. Through diversified IP training covering patent mining and drafting, patent search, interpretation of IP compliance requirements and IP protection, the Company strengthens IP awareness across all employees and improves the standardization of patent management. During the reporting period, the Company obtained certification under the GB/T 29490-2023 IP compliance management system and experienced no material IP infringement or disputes.

Intellectual Property Compliance Management System Certification

Green Product R&D

Satellite Chemical deeply integrates green and low-carbon concepts into the entire product R&D and design process. By optimizing materials, processes and designs, the Company continuously reduces environmental impact and advances sustainability throughout the product lifecycle.

Preliminary Screening

Strategic Alignment and Compliance Access

- Strategic Anchoring: Prioritize sectors aligned with national carbon peaking and carbon neutrality goals and the Company's green and low-carbon industrial chain strategy, focusing on new energy materials, comprehensive hydrogen energy utilization, high-value CO_2 conversion and other areas.
- Technology Pathway Assessment: Attach equal importance to technological leadership and intrinsic safety, conduct comprehensive environmental compliance and carbon footprint assessments, and ensure energy consumption and emission indicators are substantially better than national standards.

Mid-term Design

Full-Chain Green Practices and Process Innovation

- Use of Low-Carbon Feedstocks: Replace traditional petrochemical routes with low-carbon feedstocks such as ethane and propane.
- Resource-based Utilization of By-products: Integrate resource recycling schemes at the initial design stage, promoting high-value utilization of by-product hydrogen, CO_2 capture and conversion, and chemical recycling of waste plastics.
- Process Innovation: Continuously lower energy consumption through technologies including cryogenic cold energy recovery and steam cascade utilization.

End-of-Life Cycling

Closed-Loop Resource Utilization and Collaborative Emission Reduction

- Focus on Green Demand: Focus on developing high-value-added materials that serve green industries such as new energy and aseptic packaging, including photovoltaic-grade POE, battery-grade carbonates and high-end polyolefins.
- Supply Chain Collaboration: Extend product life cycle assessment to the supply chain, implement green partner certification, and drive collaborative emission reduction across upstream and downstream sectors.

Leveraging the low-carbon advantages of light hydrocarbon feedstocks, the Company has established an R&D system covering "green feedstocks, green processes and green products" to continuously promote the large-scale application and industrial deployment of green chemicals. The Company has increased R&D investment in green chemicals, focusing on key new energy materials such as lithium-ion battery binders, battery-grade carbonates and POE, and is committed to enhancing battery performance from the material side. In the field of waste recycling, it focuses on CO_2 resource utilization, hydrogen-rich by-product utilization and harmless treatment of waste catalysts to build a closed loop for industrial by-products, achieving simultaneous improvement of both environmental and economic benefits.

R&D Dimensions	Specific Directions	Technological Highlights and Products	Green Benefits and Application Areas
Green Feedstocks and Resource Utilization	Efficient Utilization of Light Hydrocarbon Feedstocks	Utilizing light hydrocarbons such as ethane and propane as core feedstocks to reduce carbon emissions at the source.	Reducing the carbon footprint and building a green industrial chain.
	Efficient Utilization of Hydrogen-Rich Resources	Directly using high-purity hydrogen by-produced from light hydrocarbon cracking in downstream production processes to achieve circular utilization of hydrogen.	Solving challenges in the storage and transportation of green hydrogen to support the hydrogen economy.
	Carbon Dioxide Resource Utilization	Realizing resource utilization of industrial CO_2 emissions through processes including the production of ethylene carbonate via ethylene oxide coupling with CO_2.	Promoting Carbon Capture and Utilization (CCU) and serving as a key raw material for battery electrolyte solvents.
Green Processes and Technological Innovation	Technological Breakthroughs for Energy Efficiency Optimization	Optimizing the POE production process to reduce feedstock and energy consumption and enhance product performance.	Serving as a core material for photovoltaic encapsulant films (indirectly applied in the battery upstream).
	Development of High-Efficiency Catalysts	Independently developing high-performance catalysts, including neopentyl glycol hydrogenation catalysts (excellent activity), new high-efficiency ethyleneamine catalysts (internationally leading performance), α-olefin catalysts and 1-butene catalysts, to promote domestic substitution of key materials and advance green process upgrading.	Applied in processes related to battery materials to improve reaction efficiency.
	Harmless Treatment of Hazardous Waste	Developing harmless treatment technology for waste ethylene polymerization catalysts to convert hazardous substances into landfillable solids.	Achieving hazardous waste reduction and harmless treatment in the production process.
Green Product R&D	Strategic Layout of High-End Polyolefin Products	Developing photovoltaic-grade POE and high-end polyolefin materials to increase the domestic substitution rate of new energy materials.	Applied in the photovoltaic and new energy industries.
	Eco-Friendly Functional Chemicals	Developing formaldehyde-free, zero-pollution reducing agents, high-performance anti-yellowing agents and other products to reduce risks in product application and emissions.	Reducing emissions of hazardous substances.
	New Energy Materials Innovation	Independently developing lithium-ion battery binders with low expansion rate and high adhesion, as well as battery-grade DMC as electrolyte solvent, to improve the cycle life and energy density of silicon-based batteries.	Serving as a core material for lithium-ion/silicon-based batteries.

Case Study Low-Value Olefin By-products Empowering the Green Upgrade of Data Centers

Amid the global surge in computing power demand, data centers are confronted with increasingly acute challenges related to energy consumption and heat dissipation. Satellite Chemical has established an efficient value-added conversion route for low-value mixed olefins and developed a green technology to produce high-performance immersion coolant for data centers using α-olefin by-products. This technology can lower data center Power Usage Effectiveness (PUE) to 1.02–1.09 and reduce cooling system energy consumption by 40%–80%, resulting in a significant reduction in overall energy use and carbon emissions. Through joint research with universities, the project converts industrial by-products into high-value-added green products. It has been successfully selected into Zhejiang Province's 2026 "Jianbing Lingyan" (Pioneer & Leading Goose) Science and Technology Program, delivering a replicable green solution for the low-carbon transition of computing infrastructure.

5G Factory Construction

Satellite Chemical is actively advancing the construction of future-ready factories. By aligning the needs of the chemical industry with 5G capabilities, the company deploys 5G modules, terminals, gateways and other devices, and deeply integrates technologies including edge computing, big data, artificial intelligence and VR/AR. It also connects software and control systems such as SAP, CRM, MES and the Five-in-One Platform to build a fully connected 5G+Industrial Internet factory and business system tailored for the chemical industry. The project encompasses 20 application scenarios, such as 5G-enabled precise dynamic operations, predictive equipment maintenance, precise distribution scheduling and production energy efficiency management. It achieves the full integration of functions covering safety, environmental protection, emergency rescue, energy efficiency analysis, logistics tracking and public services, thereby improving the enterprise's overall operational efficiency and leading the intelligent transformation and digital evolution of the chemical industry.

Driving the Smart Development of Chemical Production

- Deploying IoT, APC, APS and AI technologies to streamline production and management processes, achieve digitalization and transparency across the production process, and boost operational efficiency and product quality.
- The project has implemented a 5G network environment and developed application scenarios including remote control, safety early warning, intelligent inspection, environmental monitoring and data collection, providing robust support for smart manufacturing.

Leading Intelligent Upgrading and Digital Transformation

- Leveraging AI inspection to accelerate fault diagnosis and enable predictive maintenance through data analytics, removing potential safety hazards in real time, ensuring uninterrupted production, and advancing chemical production toward unmanned, networked, intelligent and collaborative operations.
- Enhancing corporate capabilities in digital design, intelligent production, green manufacturing, safety management and digital governance, while driving model innovation in personalized customization, networked collaboration and service extension, to improve overall corporate performance and competitiveness.
- Built on the Xingyun Industrial Internet Platform, collecting and analyzing full-stack heterogeneous digital data to develop a smart brain for the C3 industrial chain with end-to-end online visibility, full-process sensing and comprehensive intelligence.

Empowering the Upstream and Downstream Industrial Chain

- Collecting, organizing and analyzing data on operations, production, equipment, quality inspection and supply chain in the chemical sector to develop vertical industrial datasets covering multiple sub-sectors and application scenarios.
- Leveraging geographical advantages to establish a chemical industry supply chain management platform integrating procurement, production and sales, linking more than 2,000 upstream and downstream enterprises to enhance industrial chain synergy and efficiency.

Progress in Digital Transformation and AI Applications

Enhanced Production Efficiency

Refining the management of equipment performance and production processes, optimizing capital expenditure on equipment and capacity utilization, strengthening centralized plant control, and effectively reducing product costs, operating expenses and quality-related costs.

Strengthened Green & Low-Carbon Production

Reducing emissions of waste gas, wastewater and solid waste through digital monitoring and control, improving energy efficiency, cutting industrial water consumption, and significantly minimizing resource waste.

Improved Supply Chain Agility

Lowering excess inventory, shortening lead times, and reducing design iteration cycles.

Reduced Safety Incident Risks

Achieving second-scale response speed for on-site safety management with 85% recognition accuracy, enhancing real-time hazard detection capabilities, and reducing hazard incidence by 50–80%.

Satellite Chemical is actively exploring a new "AI + Chemicals" model and has developed an "AI-Powered Flexible Smart Manufacturing Model for High-End New Materials". This model deeply integrates AI large-scale optimization algorithms, data-driven deep learning models and real-time intelligent scheduling technologies to enable intelligent optimization and real-time scheduling of production plans. It effectively reduces inventory and market risks, improves resource utilization efficiency and productivity, and advances flexible manufacturing across multi-product scenarios.

By integrating AI into core processes including HSE management, process control, equipment maintenance and production scheduling, the Company has achieved multi-dimensional improvements in safety, environmental performance and operational efficiency, providing intelligent impetus for sustainable development.

- AI + HSE (Five-in-One Governance): Using AI visual recognition and risk prediction models, the system identifies personnel violations and equipment hazards and issues real-time alerts, reducing the safety incident rate by more than 30% and improving compliance inspection efficiency by 50%, while significantly cutting incident response costs and compliance risks.
- AI + APC (Advanced Process Control): Leveraging real-time data and intelligent control algorithms to optimize process parameters for key units such as reactors and distillation columns, boosting product yield and lowering specific energy consumption.
- AI + EAM (Enterprise Asset Management): Applying predictive maintenance models to monitor equipment operating conditions, minimizing unplanned downtime and reducing maintenance costs.
- AI + APS (Advanced Planning and Scheduling): Integrating multi-dimensional data including market demand, raw material supply and capacity constraints to enable intelligently optimized production scheduling, effectively shortening order lead times, increasing inventory turnover, and strengthening supply chain resilience and agility.

Case Study Two Factories Recognized as "Jiangsu Provincial Advanced Smart Factories" for 2025

In June 2025, in response to Jiangsu Province's *14th Five-Year Plan* for the Development of Smart Manufacturing, Lianyungang Petrochemical and Jiahong New Materials—subsidiaries of Satellite Chemical—systematically advanced the construction of intelligent chemical plants and were recognized as "Jiangsu Advanced Smart Factories". By deepening IT/OT convergence, the Company established an "Enterprise Brain" covering all elements of 4M1E (man, machine, material, method, and environment) and achieved system integration and data connectivity by leveraging next-generation information technologies including 5G, AI and the Internet of Things. This effort has not only significantly boosted production efficiency and product quality, but also enabled real-time monitoring and optimization of energy consumption and emissions through innovative 5G applications in explosion-proof areas. It has vigorously advanced the transformation of production toward safe, green and intelligent operations, setting a benchmark for the digital transformation of the chemical industry.

Smart AI Vehicle Loading and Unloading System

Indicators and Targets

In 2025, guided by its overall development strategy, Satellite Chemical set objectives for R&D and innovation. After fully considering the resource strengths and business characteristics of its production bases and business divisions, the Company refined and decomposed its overall goals into detailed targets for each entity and implemented targeted measures. As a result, it achieved remarkable progress in patent applications and R&D investment.

Goal Category	Goals	2025 Achievement Status
R&D Patent Applications	Planned to file 223 patents in 2025, including 160 invention patents and 63 utility model patents.	In 2025, the Company filed 170 invention patent applications, representing a 106% completion rate, and 99 utility model patent applications, representing a 157% completion rate. Compared with 2024, invention patent applications increased by 26.87% and utility model patent applications by 26.64%, reflecting steady progress in high-quality patent filings.
R&D Investment	Sustainably increase R&D investment to reach an aggregate RMB 10 billion within five years and achieve breakthroughs in key bottleneck new material technologies.	In 2025, R&D investment amounted to RMB 1.656 billion, accounting for 3.59% of operating revenue.
R&D Personnel	Continuously recruit and develop high-caliber innovative professionals to expand the R&D team to 2,000 members within five years.	The R&D team comprised 1,283 members, including 1,022 with bachelor's degrees and 261 with master's degrees or higher.

Indicator	Unit	2025	2024	2023
R&D Team and Investment				
Number of R&D Personnel	Persons	1,283	1,275	1,271
Bachelor's Degree	Persons	1,022	1,020	1,151
Master's Degree or Above	Persons	261	255	120
R&D Expenditure	RMB 100 million	16.56	17.51	16.26
R&D Investment as a Percentage of Core Business Revenue	%	3.59	3.84	3.92
R&D Patents				
Invention Patent Applications Filed in the Reporting Period	Items	170	148	40
Invention Patents Granted in the Reporting Period	Items	41	36	29
Cumulative Valid Invention Patents	Items	170	134	100
Utility Model Patent Applications Filed in the Reporting Period	Items	99	117	35
Utility Model Patents Granted in the Reporting Period	Items	95	85	67
Cumulative Valid Utility Model Patents	Items	385	304	220
Cumulative Valid Patents	Items	555	438	320
Software Copyrights Granted in the Reporting Period	Items	2	15	2
Cumulative Valid Software Copyrights	Items	41	39	24
Intellectual Property Protection Training				
Number of Training Sessions Held	Sessions	13	9	/
Number of Employees Participating in Training	Persons	218	80	/
Total Training Hours Completed	Hours	28	36	/

As of the end of the reporting period, 7 subsidiaries of Satellite Chemical have been certified as National High-Tech Enterprises, 3 have been recognized as provincial-level Specialized, Refined, Differential and Innovative (SRDI) SMEs, and 1 has been recognized as a national-level SRDI SME.

Product Quality and Safety

Governance

Satellite Chemical has established a comprehensive and robust quality and safety management system and upholds stringent standards for product quality and safety across all production bases and business divisions. Guided by the principle of "unified leadership, hierarchical governance and accountability by division", each base and division has developed a full-scope management structure tailored to its operating conditions, with well-defined responsibilities and clear accountability to individuals.

Level	Position	Responsibility
Decision-Making Level	General Manager and Management Representative	Responsible for formulating quality and safety strategies and annual objectives, securing resource allocation, and overseeing policy implementation.
Management Level	Quality and Safety Director and Production, Technology & Quality Department	Responsible for overseeing daily system operation, document control and measure implementation, ensuring full policy execution.
Execution Level	Quality and Safety Officers and Employees	Responsible for on-site operational execution, ensuring the entire production process fully complies with quality standards.

Safety Management Structure

The Company has established supervision, inspection and assessment procedures featuring "daily oversight, weekly inspections and monthly reviews", and put in place systems for daily quality and safety reports, professional inspection bulletins and statistical analysis. It also conducts semi-annual and annual quality and safety competitions. Through performance assessment, the Company promotes continuous improvement of product quality and encourages all employees to strengthen quality awareness and execution.

Strategy

Satellite Chemical strictly complies with laws and regulations including the *Product Quality Law of the People's Republic of China* and the *Standardization Law of the People's Republic of China*, and has issued internal documents such as the *Quality Management System*, *Accident Management System*, *Detailed Rules for Analysis Frequency Management*, and *Detailed Rules for the Management of Raw and Auxiliary Materials*. During the reporting period, the Company focused on refining and enhancing its dedicated quality functions and expanding the scope of quality management, translating compliance requirements into an executable, traceable and measurable management mechanism. By establishing a quality risk control list, annual quality objectives and supervision and inspection plans, while continuously optimizing assessment and inspection standards, the Company systematically implements quality management covering the entire product life cycle.

Quality Management System Development

Satellite Chemical has implemented stringent quality control processes and continuous improvement measures to meet customer expectations and adhere to international standards. The Company has actively promoted quality management system certification. During the reporting period, the GB/T 19001-2016 / ISO 9001:2015 Quality Management System certification covered 100% of its operating sites.

In 2025

the Company recorded no product quality-related violations or penalties.

Certificate of Quality Management System

Risk & Opportunity Management

Quality Management Processes

Satellite Chemical has established comprehensive quality management processes covering key stages across the full product lifecycle—from sourcing raw and auxiliary materials to final after-sales support—ensuring high-quality products and services.

Quality Assurance for Raw and Auxiliary Materials

- Implement a supplier qualification and incoming inspection system to ensure the quality of raw and auxiliary materials at the source.
- Develop trial protocols for replaced or newly introduced raw and auxiliary materials to evaluate their quality.
- Inbound materials are stored in designated zones with proper labeling and record-keeping. The "first-in, first-out" principle is applied with regular inspections to prevent deterioration. Non-conforming or deteriorated materials are segregated and clearly labeled to maintain full traceability.

Packaging Materials Management

- Conduct rigorous quality acceptance and oversight for packaging operations and application processes, and inspect packaging materials to ensure compliance with specifications.
- Perform full-process acceptance of packaging operations; any identified issues will result in immediate suspension, isolation and notification.

Production Process Management

- Decompose annual quality objectives, define key control points, and monitor and inspect intermediate production processes.
- Conduct production in strict adherence to operating procedures, complete quality records, and implement performance assessments.
- Perform product inspections in accordance with standards; non-conforming products are prevented from entering the next process and disposed of based on evaluation results.

Finished Product Release Management

- Conformity inspections are carried out in line with product standards, with strict implementation of the "Five No-Release" rules, while overseeing packaging and storage.
- Collect market feedback to drive continuous product quality improvement and enhance customer satisfaction.

After-Sales Quality Management

- Conduct re-testing and indicator comparison for abnormal feedback, identify root causes and issue dedicated investigation reports.
- For key customers, align requirements in advance and execute relevant technical agreements to minimize subsequent issues.

Quality Management Processes

Non-Conforming Product Control

Satellite Chemical imposes stringent controls over non-conforming products to guarantee product quality. For non-conforming raw and auxiliary materials, the Company conducts reviews and adopts measures including concession acceptance, returns or replacements, with return as the priority option in principle to control quality risks at the source. For non-conforming intermediate products during production, the Company promptly identifies root causes, implements corrective actions and develops preventive measures to eliminate hidden dangers. For final non-conforming products, strict measures such as rework, downgrading or scrapping are applied. Such products are not permitted to leave the production facilities and are fully processed on-site, effectively preventing their release into the market and protecting product quality and brand reputation.

Key Performance

During the reporting period,

the Company experienced **no** product recalls related to potential safety hazards or quality defects.

Detection Capability Improvement

To ensure the sustained reliability and continuous improvement of its laboratory testing capabilities, the Company systematically participates in external proficiency testing, measurement audits and inter-laboratory comparisons, supplemented by internal quality supervision and control measures to continuously enhance the standardization and accuracy of its testing system. All of the Company's sites have established and improved laboratory quality management and assurance systems in accordance with the accreditation criteria of CNAS (China National Accreditation Service for Conformity Assessment). Equipped with advanced testing instruments, all inspectors have received professional training and qualification assessments and are fully competent to test the Company's entire product portfolio.

During the reporting period, annual surveillance audits for the "Jiangsu Premium Brand" were conducted for TPEG, HPEG and industrial-grade propylene oxide products. All products successfully passed the assessments, and the "Jiangsu Premium Brand" certification remains valid.

Lianyungang Base	Boasts CNAS-accredited testing capabilities covering 16 test items with a total of 119 test parameters.
Pinghu Base	Boasts CNAS-accredited testing capabilities covering 15 test items with a total of 60 test parameters.
Jiaxing Base	Boasts CNAS-accredited testing capabilities covering 5 test items with a total of 26 test parameters.

Quality Culture Development

Satellite Chemical advances quality culture development to comprehensively elevate its quality management standards through continuous improvement and innovation. The Company systematically implements quality management measures across all production bases and business divisions, strengthening employee quality awareness and risk control capabilities company-wide. Through "Quality Month" initiatives—including quality knowledge competitions, professional training, engineering quality evaluations and themed essay contests—the Company effectively enhances employee engagement and operational proficiency in quality management. Emphasizing internal-external collaboration and benchmarking leadership, the Company actively participates in external training and provincial standard digital management evaluations, and has received government recognition for its quality credit and product certifications.

Case Study Organizing Quality Management Training to Empower Quality Control Capability Enhancement

In September 2025, the Company organized specialized training and workshops focused on elevating core quality management capabilities. Participants engaged in in-depth discussions on how to more effectively integrate the quality management system into daily operations, and conducted site visits to digital workshops and laboratories, with a focus on exploring digital applications and capability development in critical scenarios such as hazardous chemical management and tank truck standardization. The meeting emphasized leveraging internal digital transformation as a core driver, centering on key topics including efficient closed-loop resolution of internal customer complaints, product compliance control, and export quality management, to advance quality management from compliance to excellence and deliver actionable methodologies and practical references.

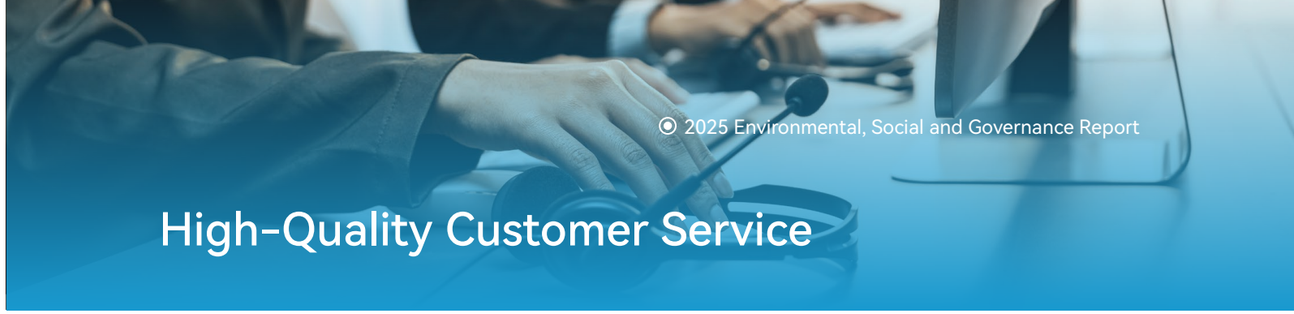
Indicators and Targets

All production bases and business divisions of Satellite Chemical develop comprehensive annual quality management objectives spanning multiple dimensions, including products, raw and auxiliary materials, customer requirements, laboratory analysis, COA (Certificate of Analysis), production scheduling and metrology. The achievement of these quality objectives is statistically analyzed on a monthly basis to produce quality monthly reports, ensuring the orderly advancement of quality management initiatives.

Goals	2025 Achievement Status
First-pass yield of intermediate products ≥98.5%	Achieved
Finished product release pass rate: 100%	Achieved
Zero major or above-grade quality incidents	No such incidents occurred during the year

Product Quality and Safety Training Performance

Indicator	Unit	2025	2024	2023
Number of Training Sessions Held	Sessions	70	59	39
Number of Employee Training Attendances	Attendances	5,332	1,964	1,715
Total Training Hours Completed	Hours	118	96.5	69.5



High-Quality Customer Service

Satellite Chemical strictly complies with relevant laws and regulations such as the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Civil Code of the People's Republic of China*, and the *Advertising Law of the People's Republic of China*. Based on the *Regulations on the Management of Applied Technical Services in the Marketing Center*, the Company has formulated internal documents including the *Measures for the Management of Sales Contracts*, the *Guidance Manual for Customer Reception Etiquette*, the *Detailed Rules for the Implementation of Customer Relationship Maintenance*, the *Measures for the Management of Customer Complaints*, the *Measures for Logistics Management*, the *Regulations on Brand Promotion Management*, and the *Customer Care Manual* to provide comprehensive standards and guidance for the development of the Company's service system.

The Company continuously standardizes its customer service, contract signing, logistics services and payment settlement processes, while improving its customer service management mechanism and iteratively optimizing its service system. In terms of product quality standards, the Company has evolved from following international and industry standards to developing its own corporate standards, precisely meeting customer needs with high-quality products. In addition, the Company has been refining its service protocols by compiling service script manuals and delivering targeted training, effectively enhancing the service capabilities of its sales staff to deliver a higher-quality and more professional customer experience.

Digital Marketing Management

Guided by the core customer-centric philosophy, Satellite Chemical uses digital transformation to drive business standardization and capability improvement. In 2025, the Company continued to advance digital marketing reform based on its CRM system, upgraded its marketing decision-making cockpit, and focused on building visual dashboards for real-time monitoring and early warning of core indicators including sales progress and operational plans. These efforts have streamlined manual data analysis, reduced cross-departmental collaboration costs, and facilitated the transformation of marketing from extensive operation to refined and precise operation.

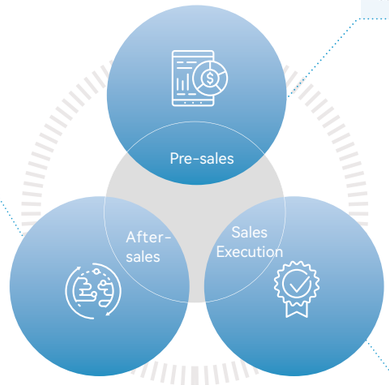
Order Management	Enable end-to-end digital management from order creation to delivery, and improve management efficiency through visual monitoring.
Logistics Optimization	Support logistics optimization, advance logistics visualization, and enhance logistics efficiency and service quality.
Customer Management	Deepen customer tiered and categorized management and personalized services through real-time updates of customer historical order data and information.
Pricing Control	Obtain pricing data via the system and apply it to product pricing and contract order execution to ensure effective implementation of pricing strategies.
Contract Management	Implemented a change approval process for abnormal contract execution and optimized the contract signing workflow, enabling contract generation within 30 minutes of instruction receipt to accelerate business response.
Travel and Expense Management	Leverage a business trip planning, comparison and aggregation system to optimize travel routes and enable targeted customer visits, improving efficiency and reducing travel expenses.

Smooth Communication with Customers

The Company maintains efficient communication with customers at all times and establishes a full-process closed-loop service system through diversified channels and differentiated management, ensuring prompt and precise responses to market needs and customer concerns.

A closed-loop customer feedback management system has been implemented to identify pain points through high-frequency online communication and in-depth offline interviews. Customer suggestions are collected monthly and shared with the R&D and production teams to drive iterative upgrades of products and services and continuously enhance customer value.

A daily communication mechanism is in place to enable the raw materials and sales teams to capture market trends in real time. Leveraging key industry events including the OPIS Global LPG Conference, APPEC Singapore Petroleum Week and various exhibitions, coupled with on-site visits, the Company deepens insights into global customer needs, establishes rapid response channels, shortens solution implementation cycles, and strengthens customer relationships.



The Company has optimized the "Account Manager–Solution Manager–Delivery Manager" iron triangle service model to deliver comprehensive technical support covering product training, application guidance and customized solutions. It adopts differentiated visit frequencies based on customer tiers and uses video conferences for critical matters to improve collaboration efficiency and ensure seamless business continuity.

The Company conducts an annual customer satisfaction survey using a standardized questionnaire, with a multi-dimensional evaluation covering 25 indicators including product quality, pricing integrity, delivery efficiency and after-sales professionalism. Statistical analysis shows that Satellite Chemical achieved a customer satisfaction rate of 98%, exceeding its annual target of 95%. Based on the survey results, the Company issues a customer satisfaction report, identifies recommendations for recurring issues and common improvement areas, and incorporates them into the monthly work plans of responsible departments to ensure continuous optimization of products and services.

For customer complaint management, the Company strictly adheres to the *Measures for Customer Complaint Management*, *Detailed Rules for Customer Relationship Maintenance* and standard complaint handling processes. A customer complaint log is maintained to track resolution progress and enhance cross-departmental coordination. Through core procedures including situation verification, timely feedback, internal investigation, responsibility confirmation and solution development, the Company ensures that ordinary complaints are resolved within one month, except for complex or disputed cases, realizing a timely closed-loop response to customer demands.

In 2025, the Company achieved a 100% customer complaint response rate and 100% closure rate. In response to issues identified in complaints, such as quality, packaging and product performance variability, the Company has introduced a CAPA (Corrective and Preventive Action) mechanism. Improvement proposals are integrated into monthly work plans to drive comprehensive optimization of processes, policies and systems, ensuring continuous attention to and resolution of customer concerns.

Advancing Responsible Procurement

Sustainable Supply Chain Management System

Satellite Chemical has established a series of management systems, including the *Measures for Supplier Management*, *Procurement Management Regulations*, *Supplier Performance Appraisal Management System*, the *Measures for Supplier On-site Inspection Management*, and the *Logistics Management Measures*. It exercises standardized end-to-end management covering supplier qualification, selection, performance evaluation and delisting, while integrating sustainability into every link of the supply chain.

Supplier Admission

Satellite Chemical implements refined control over the supplier qualification process at the admission stage, requiring suppliers to comply with all provisions of the *Supplier / Contractor Code of Conduct*.

In the supplier selection process, the Company comprehensively evaluates indicators related to suppliers' products and operation—including core products, production capacity, technical level and quality assurance capability—as well as their ESG performance. Priority is given to suppliers certified with quality management system, environmental management system and occupational health and safety management system. The legal department participates in the qualification approval process, conducting compliance reviews focusing on supplier qualifications, litigation risks and negative public opinion concerning environmental and social responsibility. The Company applies a one-vote veto system to suppliers with major compliance risks or historical problems in safety and environmental protection, rejecting their qualification applications. After passing the preliminary qualification review, a supplier certification team jointly formed by the procurement, quality and user departments conducts a joint review to decide whether to launch sample testing and on-site inspection procedures.

Supplier Due Diligence and Tiered Management

Satellite Chemical has implemented a scientific supplier performance evaluation system and tiered management mechanism. A cross-departmental supplier certification team carries out regular comprehensive audits of suppliers each year and conducts on-site audits of key suppliers. For non-conformities identified in audits, the Company requires suppliers to provide timely feedback and implement corrective actions to drive continuous improvement. Evaluation results are directly linked to supplier qualification, order allocation and commercial terms. Suppliers with poor environmental performance will be restricted in bidding, contract renewal and other procedures. The Company has set up a supplier elimination mechanism that clearly defines three non-compliant statuses—frozen, suspended and blacklisted—and their lifting conditions. Suppliers with major quality issues, substandard daily performance or failed annual assessments are eliminated, with specific reasons communicated to them.

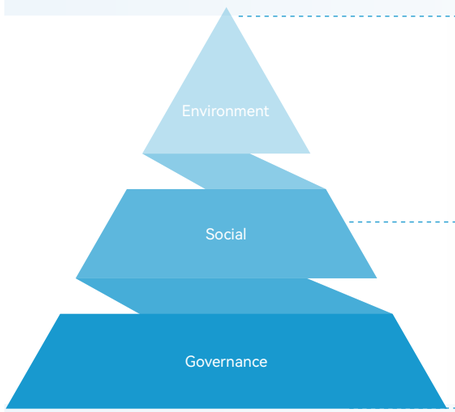
Supplier appraisal covers such dimensions as business performance and market share, operation and financial status, management systems, quality assurance capabilities, R&D and equipment capacity, ESG management level, and environmental certifications such as Green Factory. The Company implements tiered management based on evaluation results. During the reporting period, a new SABC supplier grading system was introduced. Suppliers that fail to meet admission requirements but are necessary for business are classified as exception suppliers and subject to case-by-case approval. Enhanced process supervision is applied to control risks, optimize resource allocation and safeguard the security and stability of the supply chain.

In 2025, the Company conducted on-site audits of 55 suppliers in total, produced 97 on-site inspection and communication reports, and identified 155 issues, all of which have been fully rectified. Through a stringent annual performance evaluation mechanism, the Company phased out 94 suppliers in total, including those disqualified due to failed on-site audits and those that failed to meet standards in the annual performance review.

Supplier CSR Management

The Company has established the *Supplier/Contractor Code of Conduct*, which centers on three core pillars: green and low-carbon development, safety and environmental protection, and integrity and compliance, defining the fundamental ESG behavioral standards for its partners.

- Prevent the cross-stage transfer of environmental impacts across product design, manufacturing, delivery, use and disposal.
- Promote energy-efficient and eco-friendly technologies, enhance resource utilization efficiency, and reduce discharge of wastewater, waste gas and industrial waste residue.
- Minimize adverse impacts on biodiversity, climate change and ecosystems.



- Ensure workplace facilities comply with safety, environmental and health standards.
- Strictly prohibit the use of forced labor and child labor, and safeguard employees', the legitimate rights and interests.
- Provide a workplace free from discrimination, harassment and inhumane treatment.
- Maintain accessible whistleblowing channels and prohibit retaliation against whistleblowers.
- Comply with national labor laws and regulations governing minimum wage and working hours.

- Uphold ethical business practices and prohibit all forms of bribery, corruption and money laundering.
- Strictly prohibit offering cash gifts, securities, physical goods or providing benefits via kickbacks, lotteries or other means to the Company's personnel.
- Prevent personal relationships from interfering with business decisions and uphold a fair trading environment.
- Protect trade secrets, data and intellectual property rights, and prevent abuse and unauthorized disclosure.
- Establish a compliance management system and adopt tiered measures for handling contract breaches.

Digital Supplier Management

To enhance supply chain management and procurement efficiency, Satellite Chemical has built an SRM smart procurement and supplier management platform to establish a full lifecycle management system for suppliers. By enabling data connectivity across business processes, the Company has fully digitalized the end-to-end procurement process, mitigating operational risks arising from information asymmetry. The performance management module supports cross-departmental performance evaluation, and visualized procurement reports and process traceability further improve procurement transparency.

During the reporting period, the Company optimized its SRM system to achieve end-to-end integration covering supplier qualification, sourcing, contracting, invoicing and settlement. By integrating with corporate information inquiry systems, the embedded risk alerts at key nodes enable proactive identification of compliance risks. Using internal procurement data, the system conducts comprehensive analysis on dimensions including ownership structure, geographic distribution and industry concentration to identify potential concentration and regional risks. With early warning mechanisms and dashboards, it supports data-driven procurement decisions, strengthening the systematicity and forward-looking capabilities of supply chain risk management. While meeting business and compliance requirements, the Company prioritizes local suppliers to enhance supply chain resilience and stability. Leveraging the SRM system and its proprietary e-commerce platform, the Company has improved end-to-end procurement efficiency, expanded e-commerce procurement coverage, streamlined OA approval workflows, and launched an idle materials sharing platform, which effectively reduces inventory levels and enables flexible resource utilization.

Key Performance

In 2025

The Company's e-commerce platform has listed **60** framework agreements and **7,071** framework items.

A total of **15,196** idle material listings were posted, with **617** transfers of shared materials completed cumulatively.

Sunshine Supply Chain

Satellite Chemical attaches great importance to integrity and compliance in the supply chain. The Company has established management systems including the *Measures for Supplier Management*, signed Letter of Responsibility for Integrity Practice with suppliers, and held supplier code of conduct briefings to emphasize its integrity and anti-corruption policies and communicate the fundamental principles of "transparent procurement" to all suppliers. Through integrity surveys and monitoring assessments, the Company continuously strengthens oversight of anti-corruption and anti-bribery compliance among its business partners.

In 2025, the signing rate of the Letter of Responsibility for Integrity Practice reached 100% among suppliers. The Company conducted a dedicated integrity and compliance survey covering approximately 2,600 cooperative suppliers. Over 99% of suppliers confirmed a clear understanding of the Company's integrity policies, and 100% of suppliers reported that no improper benefits had been solicited by the Company's personnel, nor had any improper benefits been offered proactively to the Company's personnel.

Green Supply Chain

Satellite Chemical places strong emphasis on carbon dioxide management across its supply chain and has actively rolled out a "Supplier Carbon Dioxide Management" program to strengthen oversight of suppliers' sustainable production, enhance transparency in raw material procurement and carbon emissions, and enable the timely identification and management of sustainability risks in the supply chain.

In the procurement phase

the Company explicitly incorporates carbon emission factors into its decision-making framework, prioritizing low-carbon, eco-friendly suppliers and products.

In the logistics phase

the Company promotes a "green vessel selection" mechanism, prioritizing dual-fuel compatible vessels, ships equipped with desulfurization towers, and newly built vessels that meet the latest emission standards of the International Maritime Organization (IMO). Its self-operated terminals also implement a synchronized vessel optimization strategy.

In the product phase

the Company leverages eco-design methodologies and data analysis to identify high-carbon segments. It collaborates with suppliers to implement green material substitutions and process optimizations, driving emission reductions from the source.

Key Performance

In 2025, the Company fully leverages the dual advantages of its ethane carrier fleet, significantly reducing carbon emissions compared to traditional oil products by utilizing the fuel properties of ethane, with annual CO_2 reductions exceeding **19,000** metric tons. Vessels equipped with scrubbers achieved a **515.68**-metric-ton reduction in sulfur oxides (SOx), representing an emission reduction efficiency of **98.8**%.

Concurrently, the Company fully collaborates with customers to advance the development of a green supply chain. In response to carbon reduction targets set by key customers, Satellite Chemical has established a dedicated working mechanism, sharing its "4R" carbon reduction model with customers and continuously conducting technical alignments on carbon accounting methodologies and emission reduction pathways. To enhance the overall low-carbon capacity of the supply chain, the Company organizes specialized carbon reduction training for suppliers and partners, disseminating accounting tools and decarbonization technologies to drive the entire value chain's transition toward low-carbon operations.

Supplier Communication and Empowerment

The Company has established a multi-level, multilingual supplier communication and whistleblower system, launching diverse channels including email, WeChat, and video conferencing to enable efficient business alignment and regular engagement with suppliers.

Local Language Grievance Mechanism

The reporting and grievance portal on the official website is available in both Chinese and English, ensuring that employees of overseas suppliers may file grievances in their local language.

Local Language Grievance Mechanism

The Company explicitly commits in its policies to prohibit any form of retaliation or adverse action against supply chain workers who file grievances, protecting their right to raise concerns.

Confidentiality Requirement

The Company requires that all grievance-related information be kept strictly confidential and processed only by authorized staff to safeguard the privacy of supply chain workers.

Anonymous Reporting Option

The official website's reporting channel supports anonymous submissions. Complainants may choose not to provide identifying information, and their identity will be system-protected.

Simultaneously, the Company continuously promotes the iterative optimization of the SRM system and advances the digitalization of the supply chain in tandem with overseas projects, further improving the efficiency of cross-border supply chain communication and management.

In terms of supplier empowerment, Satellite Chemical upholds the strategic philosophy of growing together with key suppliers and enhances the overall quality and efficiency of the supply chain through training and communication. The Company regularly sends technical and quality control personnel to supplier sites to provide targeted guidance and training on production management, quality control and supply security, helping suppliers optimize production processes and enhance delivery stability. By fostering long-term partnerships, the Company holds occasional seminars and technical exchange forums to share advanced industry experience with suppliers, build joint capabilities and promote collaboration between upstream and downstream supply chain partners.

Satellite Chemical Supplier/Contractor Code of Conduct Training

During the reporting period, the Company launched a targeted supplier empowerment program to systematically interpret the 2025 Supplier/Contractor Code of Conduct and ESG management requirements. The program helped suppliers understand the implementation approaches for key topics including emissions reduction, labor rights and integrity compliance, comprehensively improving ESG performance across the supply chain. A total of 1,942 suppliers participated, covering approximately two-thirds of all qualified suppliers in the year. Through ongoing empowerment, the Company is working with supply chain partners to build a more resilient and responsible sustainable value chain.

Promoting Industry Development

Development of Industry Standards

The Company actively participates in the development of national and industry standards, leading or contributing to the formulation of numerous national, industry and association standards. These include national standards for industrial acrylic acid and its esters, and superabsorbent polymers (SAP) for diapers and sanitary napkins; association standards for refined industrial acrylic acid, by-product hydrogen from propane dehydrogenation, and disposable antibacterial hygiene products; as well as the industry standard for composite absorbent cores for disposable paper hygiene products, enhancing the Company's industry standing and influence. In addition, the Company participated in drafting the *Guidelines for ESG Disclosure of Petrochemical Enterprises and Specification for ESG Disclosure Evaluation of Petrochemical Enterprises*, helping to standardize ESG disclosure practices across the industry. Through engagement in standard development across multiple sectors, Satellite Chemical leads industrial upgrading with high standards and continuously empowers industry development.

Key Performance

As of the end of the reporting period,

The Company has participated in the formulation of **11** national standards, **19** industry standards, and **1** group standard.

Industry Collaboration and Mutual Progress

Industry-Academia-Research Collaboration

Satellite Chemical has deepened the integration of industry, academia, research and application. It has established cooperation platforms including joint laboratories, innovation consortia, and academician and postdoctoral workstations with Zhejiang University, Tongji University, Fudan University, East China University of Science and Technology, Shanghai University and other institutions. These efforts cultivate high-quality technical R&D talents and build a full-chain collaborative innovation system covering basic research, technological innovation, achievement transformation and industrial development.

The Company has jointly conducted a series of key technological research projects with universities and research institutes, completing initiatives including the "Annual Production of 30,000 tons of Superabsorbent Polymers (SAP)", "Development of High-Pressure Dry-Feel Absorbent Resin via Slow Polymerization", and "Development of Low-Residual Monomer Sodium Polyacrylate Superabsorbent Resin and Its Application in Hygiene Materials", with successful achievement transformation and industrial application.

Case Study Hosted the Nanhu District University-Institute-Enterprise Matchmaking Conference to promote deep industry-academia-research collaboration

In May 2025, Satellite Chemical hosted the Nanhu District University-Industry-Enterprise New Materials Industry Matchmaking Conference, which brought together government, university and enterprise representatives from China and South Korea to focus on cutting-edge research and industrial transformation of functional hybrid materials. The Company formally signed a framework agreement on industry-university-research cooperation with the Emerging Industry Research Institute of Shanghai University (Zhejiang-Jiaxing), agreeing to conduct in-depth collaboration in joint technological research, shared research platforms and joint cultivation of high-end talents. By integrating international research resources and industrialization capabilities, the Company has established an integrated industry-university-research-application collaboration mechanism to accelerate the development of high-level innovation platforms, providing substantial support for industrial momentum development and technological breakthroughs in the regional new materials sector.

Industry Cooperation and Exchange

As a leading player in China's light hydrocarbon industry, Satellite Chemical has actively engaged in building the industry ecosystem with an open and collaborative mindset. The Company has participated in the International Nonwovens Exhibition, International Tissue & Nonwovens Technology Exhibition and other events to fully showcase its self-developed advanced products and technical solutions, while sharing practical experience in green processes and product innovation at various seminars and industry forums. The Company also continues to deepen strategic cooperation with industrial chain partners, advancing the in-depth integration of innovation and industrial chains through major project implementation and joint technological research, to jointly explore a path of high-quality and sustainable development for the chemical industry.

Case Study High Absorbency Resin Shines at the 32nd International Household Paper Technology Exhibition

In April 2025, Satellite Chemical showcased its full portfolio of superabsorbent polymer (SAP) products at the 32nd CIDPEX International Tissue & Nonwovens Technology Exhibition, highlighting its technological prowess and service capabilities under the theme "Extraordinary Absorption, Exceptional Protection".

The Company launched for the first time the CR635 series SAP designed specifically for premium hygiene products. By incorporating a number of independently developed odor control and antibacterial technologies, the series delivers outstanding absorbency while revolutionizing the user experience of hygiene products. Live product demonstrations garnered strong attention and recognition from customers in attendance. In addition, the Company's application service experts delivered a keynote speech at the Hygiene Products Session, analyzing the functional requirements of light incontinence products for SAP materials—such as thin profile, odor control and skin friendliness—from a global perspective and in line with industry trends. They shared Satellite Chemical's innovative solutions and best practices, striving to achieve accurate matching between products and end-use scenarios.

The 32nd International Household Paper Technology Exhibition

Keynote speech at the FOCUS International Forum

Case Study Satellite Chemical's High-Performance Catalytic New Materials Project Settles in Nanhu District

In June 2025, Satellite Chemical's High-Performance Catalytic New Materials Project was officially signed and settled in Nanhu District, Jiaxing. As a key project under the "Leading Listed Companies Rooted in Jiaxing" initiative, the project focuses on the independent R&D and manufacturing of high-end products. Leveraging Satellite Chemical's proprietary core technologies, it will build an industry-research integration platform incorporating R&D, pilot trials and production. By fostering the cluster development of the catalytic new materials industry, the project will effectively accelerate the translation of scientific research achievements, strengthen the Company's independent supply capacity in high-end segments of the industrial chain, and enhance industrial added value. It will also inject strong impetus into the high-quality transformation and scaled growth of the regional new materials industry.

03

Leading with Carbon Peaking and Carbon Neutrality, Charting a Green Path

Satellite Chemical integrates the concept of green and low-carbon development throughout the entire process of production and operation. In response to the national "carbon peaking and carbon neutrality" strategy, the Company continuously promotes the application of clean technologies and the optimization of energy efficiency. Through measures such as deploying clean energy, upgrading processes, and controlling pollutants, the Company effectively reduces carbon emissions and its environmental footprint, fostering coordinated development between production activities and ecological protection and building a solid green foundation for the enterprise's sustainable growth.

UN SDGs

Focusing on Low-Carbon Strategies

Focusing on Low-Carbon Strategies

Clean Technology Opportunities

The Company considers the research, development, and application of clean technologies as one of its core development strategies. Guided by the "4R" principles—Carbon Reduction (Reduce), Carbon Capture (Capture), Carbon Recycle (Recycle), and Carbon Replacement (Replace)—it integrates green and low-carbon concepts throughout the entire process of technology R&D, process optimization, and industrial layout, driving its main business towards low-carbon, high-efficiency, and resource-recycling operations.

The Company closely aligns with national industrial policies and industry development trends. In conjunction with the key development directions for the "15th Five-Year Plan" period proposed by the New Chemical Materials Committee of the China Petroleum and Chemical Industry Federation, it systematically conducts industry trend research and specialized analysis, culminating in the *Research Report on the Development of the New Chemical Materials Industry*. This report provides forward-looking guidance for industrial layout and investment decisions in fields related to clean technologies, ensuring that technology development remains highly consistent with strategic goals.

Strategic Directions for Clean Technologies		
Strategic Core	An investment and R&D strategy for clean technologies centered on the "4R" principles	
Strategic Guidance	Align with national industrial policies and industry trends, guiding the layout of clean technologies during the "15th Five-Year Plan" period based on the results of specialized research	
Strategic Directions	Carbon Capture and Resource Utilization	Based on the dual characteristics of carbon dioxide emissions and raw material demand in chemical production processes, the Company prioritizes a technological path that combines carbon capture with high-value-added utilization. By fully tapping the potential of existing facilities, carbon dioxide is transformed from an emission source into a production factor, reducing reliance on fossil-based raw materials. This approach not only lowers carbon emission intensity but also enhances resource utilization efficiency, promoting the synergistic achievement of emission reduction targets and economic benefits.

Strategic Directions for Clean Technologies		
Strategic Directions	Full-Chain Utilization of Hydrogen Energy	Leveraging the resource advantage of high-purity hydrogen gas produced as a by-product from its integrated light hydrocarbon facilities, the Company is systematically developing the entire hydrogen energy chain, including production, storage, transportation, and application. This initiative aims to transform hydrogen from a by-product into a dual-purpose resource, serving as both a clean energy source and an industrial raw material. Through large-scale supply and comprehensive utilization, it contributes to the low-carbon transformation of the regional energy structure and provides a foundational support for the stable application of hydrogen energy in the industrial sector.
	Green Processes and Advanced Materials	Focusing on its main business of new chemical materials, the Company has identified green processes as a key direction for technological breakthroughs. Through catalyst innovation, process optimization, and process reconfiguration, it aims to reduce energy consumption and emission levels per unit of product. The key focus is on achieving breakthroughs in critical technologies such as the green process for producing POE, thereby meeting the demand for high-performance materials from downstream industries like photovoltaics and new energy vehicles, while also enhancing the environmental friendliness of materials throughout their entire life cycle.
	Circular Utilization of Waste Resources	Guided by the principles of "reduction, resource utilization, and harmlessness", the Company systematically promotes research into waste resource recycling technologies. It focuses on evaluating and reserving relatively mature technological paths such as Pyrolysis and physical separation, gradually shifting from end-of-pipe disposal of production waste and by-products to resource utilization. This approach reduces the generation of hazardous waste and extends the value of the industrial chain.

R&D Goals

The Company has clearly identified clean technologies as a key direction for R&D investment. In the next five years, it plans to invest over RMB **10** billion in R&D, with more than **40**% (over RMB 4 billion) allocated to R&D related to green, low-carbon, and clean technologies.

Key Performance

In 2025,

the Company obtained a total of **217** patents related to clean technologies, accounting for **39.10**% of total patent applications.

Clean Technology Achievements

Guided by its strategy, the Company continuously embeds clean technologies into its production operations, energy utilization, and product development processes. Through engineering implementation and industrial application, it has formed replicable and scalable models for clean technology application, constantly expanding the practical scenarios for these technologies.

Clean Technology Category	Specific Technologies and Practices	Application Scenarios and Effectiveness
Carbon Capture and Reuse	Utilizing existing battery-grade carbonate production units to capture carbon dioxide generated during the production process and reuse it as a chemical raw material.	The Lianyungang Base has a 300,000 tonnes/year carbon dioxide recovery unit and a supporting 150,000 tonnes/year carbonates production unit, which utilizes the recovered carbon dioxide from the production process as a raw material for resource utilization; in 2025, a cumulative total of 56,400 tonnes of carbon dioxide was recovered, and the related carbonate products are primarily used in new energy fields such as electronic materials and lithium batteries.
Comprehensive Utilization of Hydrogen Energy	Utilizing high-purity hydrogen gas produced as a by-product from integrated light hydrocarbon facilities to develop the entire chain of production, storage, transportation, and application, serving industrial hydrogen needs and the low-carbon transformation of regional energy.	The Lianyungang Base has two hydrogen purification units with an annual purification capacity of approximately 110,000 tonnes and a filling capacity of 300,000 standard cubic meters/day; the Pinghu Base sold hydrogen to surrounding industrial customers, promoting the low-carbon transformation of regional energy.
Clean Energy Utilization	Introducing steam from the "Heqi-1" project at the Tianwan Nuclear Power Plant to replace a portion of fossil energy.	Reducing fossil energy consumption at the Lianyungang Base and decreasing carbon emissions in the industrial park.
Green Processes	Phasing out old process equipment, introducing extraction and stripping towers, and adopting new extraction technologies for a green, low-carbon, and intelligent upgrade.	The technical modification project for 90,000 tonnes/year of acrylic acid and 100,000 tonnes/year of refined acid at the Jiaxing Base saved 16,487.4 tonnes of standard coal annually and realized greener, more intelligent production and improved plant efficiency.
Green New Materials	Establishing an integrated R&D and production platform, focusing on the research, development, and industrialization of catalysts for key materials such as α-olefins and POE (polyolefin elastomers).	The Company's 500-600 tonne/year polyethylene elastomer industrial pilot plant was approved this year, aiming to accumulate experience in industrial production and provide high-performance, low-carbon materials for fields such as photovoltaic modules, power batteries, and new energy vehicles, thereby supporting the development of the battery and new energy industry chain.
Circular Utilization	Promoting energy-saving renovations of production facilities and the resource utilization of by-products.	The Lianyungang Base utilized over 2,800 tonnes of styrene tar and over 7,300 tonnes of heavy alcohols throughout the year, reducing hazardous waste generation, achieving resource utilization of waste materials, and lowering the environmental load.

The Company also actively conducts product carbon footprint assessments. It has selected 11 products, including acrylic acid, ethylene oxide, and superabsorbent polymers, to undergo dual domestic and international ISO 14067:2018 product carbon footprint certification. The lifecycle stage covers a "cradle-to-gate" system boundary, encompassing the lifecycle from natural resource extraction to the product manufacturing stage.

Carbon Footprint Verification Statement (Selected)

Efficient Energy Utilization

Energy Management System

Satellite Chemical strictly adheres to relevant national laws and regulations such as the *Energy Conservation Law of the People's Republic of China*, the *Electric Power Law of the People's Republic of China*, and the *Administrative Measures for Energy Standardization*. The Company continuously advances the systematic and refined development of its energy management system. Within the framework of the Energy Management System formulated by the headquarters, each site and business unit develops and refines supporting policies like the *Detailed Rules for Energy Conservation and Carbon Reduction Management and the Implementation Rules for Energy Management*, tailored to their specific production characteristics and energy consumption structures. This extends energy management requirements to grassroots levels and key processes, enhancing managerial standardization and operational feasibility.

The Company has fully integrated energy management into its ESG governance system. The management team oversees goal setting and supervision, while relevant functional departments are responsible for policy implementation, process control, and continuous improvement. Through regular internal and third-party external audits of the energy management system, we comprehensively review energy usage and management processes, identify potential energy-saving areas, and drive improvements. By 2025, the Company's ISO 50001 energy management system certification will cover 100% of its operating sites.

Energy Management System Certification

Driving Energy Conservation and Emission Reduction

To enhance energy management, the Company proactively identifies energy-related risks and opportunities. Based on actual operational conditions, we continuously refine our response strategies and management measures to ensure that energy utilization is efficient, safe, and low-carbon.

Risk/Opportunity Type	Specific Description	Response Strategy
Energy Supply Limitation Risk	As the number of energy consumers in the surrounding area increases, the regional energy load rises, potentially affecting continuous production and the stable operation of critical equipment.	Utilizing an online energy management system to monitor the real-time status of key energy sources, we identify abnormalities in advance and optimize energy use in conjunction with production plans and maintenance schedules to ensure continuous production.
Legal and Regulatory Compliance Risk	Stricter "dual control" policies on energy consumption, power restriction policies, and equipment energy efficiency standards may lead to administrative penalties if not met.	We regularly identify and assess energy-related legal and policy requirements and establish a systematic management framework to ensure that energy use and equipment configuration comply with all applicable laws and regulations.
Surplus Energy Utilization Opportunity	Our sites have surplus energy sources such as low-pressure steam and hydrogen, which have the potential for external supply or internal reuse.	We explore energy co-supply models with industrial parks and neighboring enterprises to achieve efficient utilization of surplus energy, thereby improving resource efficiency and economic benefits.
Market Opportunity	Customers have increasing requirements for the energy consumption and carbon emission performance of products, making low-carbon products a competitive market advantage.	By optimizing processes, implementing energy-saving technical upgrades, and refining production flows, we reduce product energy consumption and carbon emissions, enhancing product market adaptability and competitiveness.

Energy-Saving Technical Upgrades and Management Practices

Category	Specific Measures	Results Achieved	Relevant Base
Process and Equipment Optimization	Efficiency improvement modification for the HP unit's oxidation tower.	Oxidation tower efficiency increased, reducing oxygen demand and saving approximately 1.6 million kWh of electricity per year.	Pinghu Base
	Optimization of the separation process for refined acid residual liquid.	Steam consumption reduced by approximately 100,000 tonnes per year.	
	Energy-saving modification of circulating water cooling fans, introducing permanent magnet couplings to replace old variable frequency drives for load regulation.	In the second half of 2025, the electricity saving effect from fan operation has reached 4.5%.	
	Circulating water pumps were retrofitted with high-efficiency, energy-saving impellers, and pump frequency control was optimized.	Annual electricity savings of approximately 10 million kWh, optimized feed water pressure, and improved heat exchange efficiency.	Lianyungang Base
Information-Based Management	An online energy management system and energy efficiency monitoring guide production through energy flow diagrams, report analysis, and real-time data monitoring.	Achieved real-time monitoring of energy consumption and energy efficiency analysis, optimizing operations for different time periods and equipment operating modes.	Lianyungang Base/ Jiaxing Base
Utility System Optimization	Optimization and modification of heat tracing systems, refrigeration systems, and chilled water systems.	Saved 2.6607 million kWh of electricity per year, equivalent to 1,884 tonnes of standard coal equivalent per year.	Jiaxing Base
Production Scheduling and Operations Management	Staggered electricity consumption, coordination of equipment operation and maintenance, optimization of production plans, and on-site energy consumption inspections.	Optimized peak-hour energy use to reduce energy costs; on-site inspections identified and rectified 46 gas leak points, achieving a 100% correction rate.	
	Steam balance and hydrogen output optimization.	Year-on-year external steam supply increased by 2%, steam power generation supplied to the grid increased by 3.4%, a new hydrogen customer was added, and external sales volume increased by 0.8%.	Pinghu Base

Key Performance

In 2025, the Company's investment in energy-saving retrofits exceeded RMB **45** million.

Accelerating the Clean Energy Layout

The Company continuously strengthens its application of clean energy, steadily increasing the proportion of renewable energy use by developing its own photovoltaic projects, purchasing green electricity and green certificates, and reducing its reliance on fossil fuels, thereby ensuring the stability of energy supply while promoting a transition towards cleaner, low-carbon energy utilization and laying the foundation for the Company's medium- and long-term emission reduction targets.

Rooftop Photovoltaic Power Generation

Satellite Technology utilized approximately 22,000 square meters of idle roof space to install photovoltaic panels, aiming to achieve approximately 1.9 million kWh of photovoltaic power generation in 2025.

The Lianyungang Base plans to utilize factory roofs for the installation of photovoltaic facilities. The project is currently in construction and is expected to generate approximately 10 million kWh of clean electricity annually to replace a portion of conventional electricity consumption.

Green Electricity Procurement

In 2025, the Company purchased green power certificates corresponding to 15.5 million kWh of electricity through the electricity trading center.

Green Power Certificates (Selected)

Key Performance

In 2025,

the Company cumulatively purchased **12,450** MWh of new energy electricity,

The rooftop photovoltaic power stations generated a cumulative total of **1,804.8** MWh of electricity.

Energy Management Goals and Performance

The Company has established the following energy management goals:

Energy Management Goals	2025 Progress
Reduce energy consumption per unit of product by 8% in 2025	Actual reduction of 9.5%

The Company has broken down its annual energy targets into daily management and monitoring mechanisms, and regularly tracks energy consumption and efficiency changes. The energy consumption over the past three years is shown in the table below:

Indicator	Unit	2025	2024	2023
Total Energy Consumption	tce	1,808,504.88	1,678,655.06	1,574,108.91
Energy Consumption Intensity	tce per 10,000 tonne products	1,233.04	1,363.00	1,450.76
Direct Energy Consumption				
Gasoline	Liters	512,519.20	598,995.39	546,684.92
Diesel	Liters	235,513.38	297,574.26	283,915.29
Natural Gas	Cubic meters	229,181,328.49	277,614,769.39	279,519,427.80
Ethane	Tonnes	103,815.79	63,151.18	38,684.77
Indirect Energy Consumption				
Purchased General Electricity	MWh	6,422,823.75	5,276,353.19	5,046,442.25
Purchased Steam	GJ	15,928,775.96	13,559,044.66	13,299,954.16
Clean Energy Consumption				
Purchased new energy electricity	MWh	12,450.00	765,023.99	517,585.28
Photovoltaic installed capacity	MW	1.6	1.6	1.6
Photovoltaic power generation	MWh	1,804.79	1,772.91	1,887.40
Trading volume of green electricity certificates	10,000 certificates	1.55	4	0

Low-carbon Office and Operations

Green Office Initiatives

Satellite Chemical integrates green and low-carbon concepts into daily office management, continuously promoting various green office initiatives to enhance operational efficiency and resource utilization.

Green Office Initiatives	Achieved Results
Paperless and Digital Office	• Implemented a LIMS system with automatic integration of laboratory instruments, enabling automated data collection, reducing manual entry, and improving efficiency. • Internal notices, meeting materials, and institutional documents are distributed electronically, and non-essential meetings are conducted via video conference. • Printers are set to double-sided printing by default, increasing office efficiency and reducing paper consumption.
Energy Conservation and Management	• Air conditioning temperature is controlled during summer and winter, and "Friendly Reminders for Green Temperature Control and Energy Saving" signs are posted to guide employees to voluntarily comply with energy conservation regulations for air conditioning. • Induction lighting is used in office corridors and stairwells to reduce electricity consumption and improve energy efficiency.
Material Recycling and Reuse	• A circular use mechanism for office furniture and supplies has been established, where old furniture is centrally stored and redeployed to achieve efficient resource recycling.

To enhance employees' awareness of green and low-carbon principles and their ability to practice energy conservation, the Company regularly organizes specialized training and promotional activities. During the Energy Saving Promotion Week in June 2025, the Jiaxing base conducted training on green technology and advanced low-carbon technology demonstration projects, explaining energy-saving management methods, green processes, and low-carbon practical experiences to employees. This helps them better understand energy optimization and low-carbon operations, thereby improving their energy-saving awareness and practical skills, and providing talent and knowledge support for the Company's low-carbon development goals.

Green Value Chain Management

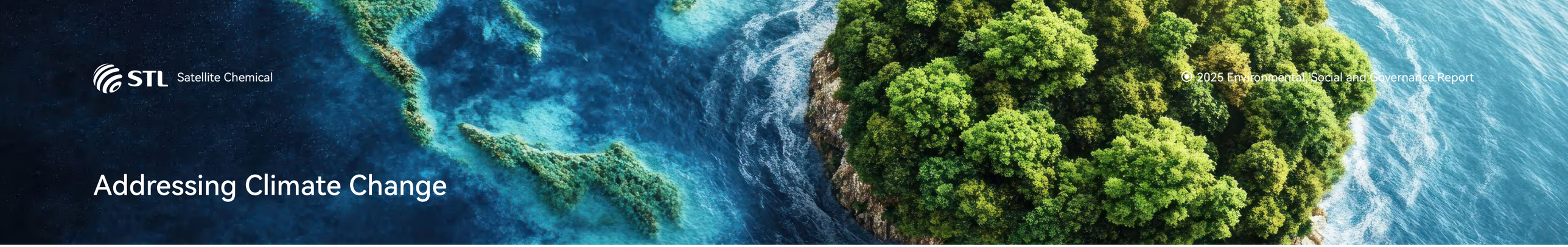
The Company continuously promotes the green and low-carbon transformation of its value chain, implementing energy-saving and carbon-reduction practices in areas such as logistics and raw material procurement to enhance overall operational sustainability.

Green Logistics Management

- In 2025, the utilization rate of recycled material pallets will be further increased, with some factories (such as Satellite Technology) having already achieved nearly full coverage.
- Promoted the construction of automated warehouses to save land area and improve logistics efficiency.
- The environmental standard requirements for transport vehicles have been raised to National IV and above, encouraging the transport fleet to adopt more environmentally friendly and energy-efficient vehicles.
- Prioritized the use of vessels compatible with clean energy fuels for transportation to reduce fossil fuel consumption.

Low-Carbon Raw Material Procurement

- Optimized polypropylene woven bags and FFS heavy-duty film bags by reducing their weight and thickness.
- The comprehensive replacement of highly toxic polymerization inhibitors with green and environmentally friendly alternatives has extended equipment operating cycles, improved stability, and optimized environmental indicators, reducing hazardous waste generation and wastewater treatment costs.
- Bio-based ethanol is used as the ethanol raw material for ethyl acrylate, enhancing the low-carbon attributes of the raw material.



Addressing Climate Change

Governance

Satellite Chemical has deeply integrated climate change issues into the Company's ESG management system, ensuring the orderly progression of all stages from climate strategy formulation to concrete implementation. The Company has established a comprehensive, hierarchical governance structure. The Board of Directors, as the highest decision-making body for climate-related matters, is fully responsible for reviewing climate change strategies, setting goals, and making major investment decisions, ensuring that climate actions are aligned with the Company's long-term development plans. The Strategy and ESG Committee systematically guides the identification, assessment, and management processes for climate-related risks and opportunities, and reviews and promotes the formulation and updating of response strategies and management policies. Each site and business unit is responsible for the implementation and performance tracking of specific action plans, thereby guaranteeing the steady achievement of the Company's strategic goals.

Strategy

Satellite Chemical regards climate resilience as crucial to its long-term competitiveness, enhancing its management foresight through scientific and systematic scenario analysis. By referencing authoritative international climate scenarios and integrating its own production and operational characteristics, the Company comprehensively identifies potential physical risks, transition risks, and transition opportunities to strengthen its adaptability and resilience under various climate change scenarios.

For physical risk analysis, the Company has selected scenarios from the internationally recognized Intergovernmental Panel on Climate Change (IPCC) for its assessment and analysis.

Physical Risks		
Scenario Name	SSP2-4.5	SSP5-8.5
Scenario Description	This scenario illustrates a pathway where the global temperature rises by 2-3°C, with carbon dioxide (CO_2) emissions beginning to decline around 2045 and reaching half of the 2050 levels by 2100. The model assumes uneven development and income growth among countries, and that while they work collectively toward sustainable development goals, progress is slow.	This scenario is based on the socioeconomic pathway SSP5, in which the global economy experiences rapid growth and long-term reliance on fossil fuels, with weak emissions reduction policies leading to continuously rising emissions. By 2100, the projected temperature increase is expected to exceed 4°C, accompanied by significant climate risks.
Estimated End-of-Century Temperature	2.1-3.5℃	> 4℃
Analysis Boundary	Covers Satellite Chemical and its subsidiaries, focusing only on the Company's own production and operations.	

For the transition risk analysis, our assessment is based on the NGFS Net Zero 2050 scenario and the NGFS Nationally Determined Contributions scenario.

Transition Risks		
Scenario Name	NGFS - Net Zero 2050 Scenario	NGFS - Nationally Determined Contributions Scenario
Scenario Description	This scenario assumes that through stringent climate policies and innovative technologies, the global temperature increase will be limited to within 1.5°C. By around 2050, global net zero CO_2 emissions will be achieved, with jurisdictions such as Europe, the United States, and Japan achieving net zero greenhouse gas emissions.	This scenario assumes that the climate commitments made by governments worldwide in their Nationally Determined Contributions (NDCs) at the beginning of 2021 will continue throughout the 21st century, leading to a slow decline in greenhouse gas emissions.
Estimated End-of-Century Temperature	1.4℃	2.3℃
Analysis Boundary	Covers Satellite Chemical and its subsidiaries, focusing only on the Company's own production and operations.	

Based on the above scenarios, and in conjunction with the Company's strategic goals and business plans, Satellite Chemical has clearly defined the time horizons for climate impacts and systematically identified the potential risks and opportunities the Company may face in the short, medium, and long term, ensuring that its climate strategy is highly aligned with its overall business planning.

Short-term (2025-2026)	Medium-term (2027-2030)	Long-term (2031-2050)
Aligned with the Company's annual ESG goal review cycle.	Aligned with the timeframe for the Company's carbon reduction targets.	Aligned with the timeframe for the Company's goal of achieving value chain carbon neutrality.

Climate Risks and Opportunities

Climate Risk and Opportunity Management

The Company has established and continuously improves its processes for identifying, assessing, and monitoring climate-related impacts, risks, and opportunities. Based on a scenario analysis framework, we have identified the primary risks and opportunities that may affect our business operations and financial performance across different time horizons and have formulated targeted response strategies.

Climate Change Management Process

Physical Risk Inventory

Risk Type	Impacted Areas	Potential Risk Impacts	Risk Response Measures	Risk Severity	Risk Impact Period
Acute Risks					
Tropical Cyclones	Product Production and Operations, Supply Chain	• Strong winds and heavy rain may cause temporary disruptions to coastal and offshore logistics channels, affecting the transportation of raw materials and products. • Increased risk of damage to infrastructure such as power and communication facilities at plant sites, affecting the stability of production operations. • Increased difficulty in plant safety management and personnel dispatching under extreme weather conditions.	• Collaborate with meteorological departments to enhance weather warning tracking, and formulate and regularly drill extreme weather emergency response mechanisms. • Strengthen wind and flood protection at plant sites and reinforce critical infrastructure. • Enhance the flexibility of raw material and finished product inventory management, set reasonable safety stock levels for the typhoon season, and improve supply chain resilience.	High	Short-term, Medium-term
Extreme Precipitation	Product Production and Operations, Supply Chain	• Intense short-term rainfall may cause water accumulation at plant sites, affecting the safety of production units, electrical systems, and storage facilities. • Insufficient drainage capacity may lead to equipment shutdowns and extended maintenance cycles. • Poses higher requirements for the storage, transportation, and operation of hazardous chemicals and environmental protection facilities.	• Continuously improve the plant's drainage, flood prevention, and rainwater and wastewater diversion system. • Implement waterproofing and moisture-proofing upgrades for key equipment and storage facilities. • Strengthen inspections and production scheduling management during the rainy season to reduce the risk of sudden production halts.	High	Short-term, Medium-term
Extreme High Temperatures	Product Production and Operations	• High-temperature environments may affect the safe and stable operation of high-temperature, high-pressure chemical units. • Increased energy consumption for cooling, ventilation, and safe operations drives up operating costs. • Increased health and safety risks for employees working in high temperatures.	• Promote energy-saving retrofits and intelligent operational monitoring for equipment to enhance operational safety. • Optimize production scheduling and protective measures for high-temperature work to ensure employee health. • Strengthen energy efficiency management to reduce additional energy consumption during periods of high temperature.	Medium	Medium-term, Long-term
Chronic Risks					
Trend of Increasing Humidity	Product Production and Operation	• Prolonged high-humidity environments may accelerate equipment corrosion and aging, increasing maintenance frequency and costs. • Potential impact on the operational stability of precision instruments and electronic control systems. • Increased complexity in safety production and environmental management.	• Strengthen anti-corrosion and moisture-proof design requirements in equipment selection. • Increase the frequency of equipment inspections to identify potential safety hazards in advance. • Promote facility life-cycle management to reduce long-term operational risks.	Medium	Medium-term, Long-term

Transition Risk Inventory

Risk Type	Impacted Business Segments	Potential Impact of Risk	Risk Mitigation Measures	Risk Severity	Risk Time Horizon
Regulatory Risk	Product Production and Operation, Supply Chain	• The national carbon emissions trading market has been launched and strictly enforces a carbon allowances system, with high-emission industries potentially being mandatorily included, increasing carbon compliance pressure. • The continuous advancement of carbon peaking and carbon neutrality policies has led to increasingly stringent requirements for carbon emissions, energy efficiency, and environmental compliance. • Adjustments in energy and raw material structures may drive up compliance and retrofitting costs.	• Continuously advance green processes and energy efficiency improvement projects to reduce carbon emissions per unit of product. • Establish a carbon emissions monitoring and management system to identify compliance risks in advance. • Proactively identify policy risks and dynamically adjust operational and investment plans to ensure compliance. • Actively explore pathways for carbon dioxide utilization to enhance policy adaptation capabilities.	High	Medium-term, Long-term
Technological Risk	Product R&D, Product Production and Operation	• The iteration speed of low-carbon processes, new materials, and new energy technologies is accelerating. • If the R&D or industrialization of key technologies lags, it could weaken cost and performance advantages. • Improper selection of technological routes may lead to reduced efficiency of resource investment.	• Increase R&D investment to strengthen technological reserves in green and decarbonization technologies. • Deepen industry, academia, and research collaboration to accelerate the commercialization of technological achievements. • Improve the intellectual property (IP) management system to enhance protection for core processes and technological achievements, reducing the risks of technological substitution and infringement.	High	Short-term, Medium-term
Market Risk	Product R&D, Product Production and Operation, Supply Chain	• Downstream customer demand for green raw materials, biomass materials, and low-carbon products is continuously rising. • Market competition is intensifying, increasing the risk of product homogenization. • Insufficient adjustment of the product structure may affect market share and profitability.	• Optimize the product structure to develop functional chemicals and new materials with prominent low-carbon attributes. • Strengthen collaborative development with downstream customers to enhance product customization capabilities. • Continuously track industry trends and proactively position the Company in emerging application areas.	High	Short-term, Medium-term, Long-term
Reputational Risk	Product Production and Operation, Supply Chain	• ESG information disclosure requirements are increasing, and stakeholders are paying close attention to corporate climate action performance. • Insufficient execution of climate strategy and inadequate information disclosure may impact the corporate brand image.	• Improve the climate governance and ESG management framework to enhance the transparency of information disclosure. • Strengthen communication with investors and customers to systematically showcase achievements in low-carbon practices.	Medium	Long-term

Transition Opportunity Inventory

Opportunity Type	Potential Impact	Response Measures	Opportunity Time Horizon
Policy Opportunities	• At the national and industry levels, the green and low-carbon transition is continuously being advanced. The New Chemical Materials Committee of the China Petroleum and Chemical Industry Federation has specified that the focus during the 15th Five-Year Plan period will be on developing high-performance, green new chemical materials.	• In line with the development direction for new materials under the 15th Five-Year Plan, we conducted specialized industry *research and completed the Research Report on the Development of the New Chemical Materials Industry,* which provides guidance for the Company's medium- to long-term industrial layout and investment decisions.	Medium-term, Long-term
Technological Opportunities	• Green processes and low-carbon technologies have high technical barriers, which helps to create competitive advantages. • Clean technologies can be extended to diverse product lines. • Technological accumulation helps to improve resource output efficiency per unit.	• Promote the use of lighter raw materials, energy-saving retrofits for equipment, and the resource utilization of by-products to reduce process emissions. • Strategically file for patents and protect intellectual property (IP) related to core processes, key technologies, and clean technologies; participate in industry technical exchanges and standard discussions to enhance our technological influence.	Medium-term, Long-term
Market Opportunities	• The demand for high-performance new materials from markets such as new energy vehicles and photovoltaics is growing rapidly. • Customers' reliance on material suppliers with strong technical backgrounds is increasing.	• We are committed to developing catalysts for the green production of POE and advancing the industrialization process of POE to meet the growing demand in fields such as photovoltaics and new energy vehicles. • Establish a market intelligence tracking mechanism for key industries to dynamically adjust the pace of product development.	Short-term, Medium-term, Long-term

Climate-related Financial Impact

Satellite Chemical systematically manages climate-related financial risks and actively seizes the development opportunities brought by the low-carbon transition through green financing, precision investment, and transparent management, tailored to its own business layout and stage of development.

In terms of accessing green capital, the Company continuously explores diversified paths for green financing and financial cooperation. During the reporting period, the Company signed a strategic Memorandum of Understanding with Standard Chartered Bank (China) Limited to establish a comprehensive cooperative relationship in areas including cross-border settlement, trade finance, exchange rate risk management, and sustainable finance. Leveraging Standard Chartered's global financial network and its professional expertise in sustainable finance, this collaboration provides long-term, stable financial support for the Company's global supply chain construction, overseas business expansion, and the advancement of its green and low-carbon development strategy.

In the process of compiling and summarizing climate-related financial investments, the Company will refer to the *Catalogue of Projects Supported by Green Finance (2025 Edition),* published and implemented in 2025 by national financial regulatory authorities, the People's Bank of China, and the China Securities Regulatory Commission, along with its associated project identification and information disclosure requirements. Based on this, the Company classifies eligible capital investments and operating expenditures to establish a statistical framework for climate-related financial outlays.

Indicators and Targets

Satellite Chemical has established clear, phased carbon reduction targets based on its operational status, which serve as a crucial foundation for the Company's climate strategy. To support the effective implementation of these carbon targets and enhance carbon management efficiency and decision-making capabilities, the Company has independently developed a carbon emissions management platform to centralize, digitize, and intelligently manage carbon data. The platform covers the Company's Scope 1 and Scope 2 carbon emissions, with plans to gradually expand to Scope 3, supporting end-to-end management processes including data collection, parameter setting, analysis, calculation, and visualization. Since 2025, the platform has been operational and is undergoing continuous functional enhancements, providing stable and traceable data support for the implementation of the Company's climate strategy, strengthening scientific decision-making and performance management capabilities, and continuously empowering its green and low-carbon transformation.

Carbon Reduction Goals	2025 Progress
Achieve a cumulative reduction of over 2 million tonnes of carbon dioxide by 2030, using 2020 as the baseline year	As of the current date, a cumulative reduction of 1,058,654 tonnes of carbon emissions has been achieved, using 2020 as the baseline year.
Achieve full value chain carbon neutrality by 2050	Advancing key initiatives centered on the "4R" principles, including carbon dioxide capture and reuse, full-chain hydrogen energy deployment, energy-saving technological transformations, and green process technologies.

Satellite Chemical Greenhouse Gas Emissions

Indicator	Unit	2025	2024	2023
Total Greenhouse Gas Emissions	tonnes of CO_2 equivalent	6,705,043	5,709,616	5,853,177
Direct emissions (Scope 1)	tonnes of CO_2 equivalent	3,167,380	2,580,541	1,432,410
Indirect emissions (Scope 2)	tonnes of CO_2 equivalent	3,537,663	3,129,075	4,420,767
Greenhouse Gas Emissions Intensity	tonnes of CO_2 equivalent/ tonnes of product	0.457	0.464	0.627

Strengthening Environmental Management

Environmental Management System

Governance

To ensure the effective implementation and advancement of environmental management, the Company has established a hierarchical management system with clear responsibilities and top-down coordination. The environmental management structure is led by the Company's Strategy and ESG Committee as the highest governing body, with the Safety and Environmental Committee overseeing all environmental management matters. The primary heads of each site and business unit are designated as the first persons responsible for environmental protection. By clearly defining the responsibilities at different management levels, the Company enhances coordination across decision-making, execution, and supervision. Concurrently, the Company continuously strengthens its environmental protection accountability system by integrating environmental management goals into its performance appraisal framework, specifying the duties of managers and positions at all levels regarding resource utilization, pollution prevention, and environmental risk control, and reinforcing process control over key environmental management aspects.

Honors and Awards

During the reporting period,

Jiahong New Materials was awarded the title of "Provincial-Level Green Factory", while Satellite Energy was recognized as a "National Green Factory".

Strategy

Satellite Chemical strictly adheres to environmental laws and regulations such as the *Environmental Protection Law of the People's Republic of China*, the *Environmental Impact Assessment Law of the People's Republic of China*, the *Law on the Prevention and Control of Atmospheric Pollution of the People's Republic of China*, the *Law on the Prevention and Control of Water Pollution of the People's Republic of China*, the *Law on the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China*, and the *Law on the Prevention and Control of Soil Pollution of the People's Republic of China*. The Company implements local environmental control policies and technical standards in its operational areas and benchmarks against industry standards to systematically manage pollutant emissions and environmental risks, ensuring that all environmental management requirements are comprehensively and effectively implemented.

The Company continuously promotes the systematic and refined development of its environmental management system. In 2025, the Company conducted a comprehensive review and update of its existing environmental protection management regulations. Each base improved the content and implementation rules of systems such as the *Environmental Protection Responsibility System and* the *Regulations on the Management of Environmental Facilities*, further refining environmental management requirements and systematically reviewing and optimizing key processes.

Environmental Impact and Risk Management

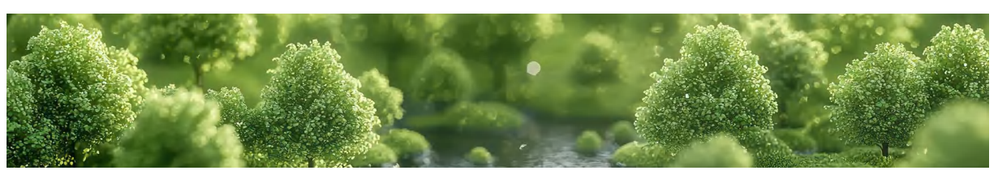
Satellite Chemical has established an environmental risk management system that covers the entire process of project construction, facility operation, and daily operations. Risk control requirements are integrated into management aspects such as engineering construction, facility operation, and daily supervision, forming a risk management model centered on prevention and dynamic control.

The Company regularly conducts environmental risk identification, systematically reviewing environmental factors such as waste gas, wastewater, solid waste, and noise in conjunction with production processes, material characteristics, pollution discharge points, and discharge permit requirements, and updates the list of environmental factors accordingly. Based on risk identification, the Company organizes on-site inspections to investigate and address potential hazards, focusing on key areas such as the operation of pollution control facilities, management of discharge processes, and storage of hazardous waste. Any identified issues are recorded and tracked for rectification through an information system, and the rectification status is incorporated into routine management and supervision to ensure timely elimination of hazards. Furthermore, the Company has established a monitoring mechanism for major pollutant emissions, managing the discharge of key pollutants and the operational status of environmental protection facilities through a combination of online monitoring systems and third-party testing agencies to ensure that environmental management data is authentic, accurate, and traceable.

Key Performance

During the reporting period, all of the Company's sites and business units completed internal and external environmental management audits, achieving a **100**% rectification rate for environmental hazards.

To verify the effectiveness of its environmental management operations, the Company conducts annual internal and external environmental audits covering all business activities and engages third-party organizations to complete system re-certification every three years. Issues identified during audits are addressed through corrective action plans with closed-loop management to ensure that all measures are effectively implemented.



Environmental Management System Certification

Environmental Emergency Management

The Company continuously improves its emergency management system for sudden environmental incidents, updating emergency plans in conjunction with new construction and expansion projects and regularly conducting comprehensive and specialized drills as required by the plans. These drills cover production, storage, transportation, and key process stages, testing emergency procedures, facility operations, and personnel response capabilities. Throughout the year, the drills covered various typical accident scenarios, effectively enhancing the emergency response skills of all personnel. In 2025, The Company did not experience any major sudden environmental incidents or receive any administrative penalties.

Case Study Construction and Practice of Emergency Management for Sudden Environmental Incidents at the Jiaxing Base

In 2025, the Jiaxing Base completed a comprehensive revision and filing of its *Emergency Plan for Sudden Environmental Incidents* for new and technologically upgraded projects, a revision which integrated project process flows, key equipment, and regional environmental risks; added identification of environmental risk sources unique to new projects, potential failure scenarios for key equipment, and surrounding environmentally sensitive targets; highlighted the types, storage volumes, and distribution of flammable, explosive, toxic, harmful, and corrosive substances; conducted scenario analyses for abnormal operating conditions, leaks, fires, and explosions; and re-evaluated the environmental risk levels for the entire site and key units by considering sensitive targets within a 100-kilometer radius, including residential areas, schools, hospitals, drinking water source protection zones, nature reserves, and important water bodies.

Based on the revised plan, the base organized two comprehensive and two specialized emergency drills involving management, operators, and emergency response teams, which focused on testing the plan's relevance, operability, and inter-departmental coordination efficiency to further enhance the base's overall emergency management capabilities.

On-site Emergency Drill for Liquid Caustic Soda Spill

Environmental Capacity Building

Satellite Chemical conducts systematic environmental protection training and awareness campaigns, covering key areas such as the management of waste gas, wastewater, and solid waste; environmental risk identification and control; and carbon emissions management, to strengthen employees' compliance awareness and practical skills. For new employees, The Company incorporates environmental concepts, regulations, and basic requirements into mandatory onboarding courses to ensure environmental awareness is established from the outset. Additionally, by organizing World Environment Day themed activities, The Company encourages employees to propose suggestions for energy saving, consumption reduction, and enhancing quality and efficiency based on their production experience, and it reviews, implements and rewards outstanding proposals to promote the genuine integration of environmental actions into daily operations.

Case Study Environmental Training and Capacity Building at the Jiaxing Base

In 2025, Satellite Chemical's Jiaxing Base established a regular, hierarchical employee training system centered on core environmental topics such as VOCs control, wastewater discharge management, hazardous waste management, and Carbon Reduction. By designing customized courses for employees at different positions and levels, the base held a total of 52 training sessions throughout the year, covering 2,692 participants from production, technical, and EHS departments. Through awareness campaigns and practical drills, the training integrated environmental concepts into daily production, enhanced the environmental awareness of all staff, and promoted the effective implementation of management measures.

On-site Training at the Wastewater Treatment Plant

Environmental Management Goals and Performance

Satellite Chemical formulates and implements annual environmental management goals based on its actual production and operational conditions; each base advances the implementation of these goals according to unified requirements and, through regular assessments and reviews, promptly optimizes management measures to ensure the stable operation of its environmental management work.

The Company's 2025 environmental management goals and performance are as follows:

Number of environmental accidents (incidents) is 0	»	Zero environmental accidents throughout the year
Total pollutant emissions controlled within the approved total limits	»	Full compliance across all bases and business units
Zero abnormal shutdowns of environmental protection facilities	»	Full compliance across all bases and business units
100% compliance rate for environmental monitoring	»	Full compliance across all bases and business units
100% compliance rate for solid waste (including hazardous waste) disposal	»	Full compliance across all bases and business units

Indicator	Unit	2025	2024	2023
ISO 14001 Certification	% of operating sites	100	100	100
Total investment in environmental governance funds	RMB 10,000	29,988	130,957	170,465
Time invested in environmental governance	Hours	52,560	61,320	74,400
Hours of environmental protection training	Hours	22,421	2,544	6,504
Number of environmental protection training sessions	Sessions	231	356	499
Number of participants in environmental protection training	Person-times	31,832	17,792	45,548
Environmental Penalty Incidents	Incidents	0	0	0
Amount of Environmental Penalties	Yuan	0	0	0

Water Resource Management

Water Resource Management System

Satellite Chemical continuously improves its water resource management, strictly adheres to the *Water Law of the People's Republic of China* and relevant discharge standards, and incorporates advanced international practices by formulating internal regulations and operating procedures such as the *Water Quality Management System*, *Circulating Water Management Regulations*, *Detailed Rules for the Implementation of Water Conservation*, and *Wastewater Management System* to ensure that water resource management and wastewater treatment are systematized and streamlined.

The Chairman coordinates the Company's water resource management strategy, while the Strategy and ESG Committee is responsible for overseeing key indicators, identifying water risks and potential opportunities, and promoting the implementation of the overall water management strategy. Each base and business unit has established a "Leading Group for Water Conservation Management" based on its actual operational conditions, where the General Manager is directly responsible for water-related decisions and the planning of water conservation and wastewater treatment projects, ensuring the effective implementation of all measures and their alignment with the enterprise's annual goals.

Water Resource Risk Assessment and Response

The Company regularly conducts water use risk assessments for all its operating sites. During the reporting period, a systematic assessment of the Company's water risks was carried out using the Aqueduct Water Risk Atlas developed by the World Resources Institute (WRI), and the results indicated that the Company's operating regions, including Jiangsu and Zhejiang, face high or extremely high baseline water stress. While the Company has not yet encountered difficulties in water withdrawal, it has established a management plan for regular monitoring and measurement of water risks to proactively address potential water resource risks, continuously tracking water usage and water resource indicators at its operating sites. Furthermore, the Company places great importance on its relationship with water resources in the communities where it operates, actively safeguarding regional water security through standardized water management and water conservation initiatives.

The Company continuously promotes water conservation measures at all its operational and production bases, including optimizing water-efficient processes, recycling circulating water, and utilizing alternative water sources such as reclaimed water and rainwater. Through technological transformation, process optimization, and management synergy, the Company enhances its overall water use efficiency and sustainable water consumption levels while ensuring stable production operations. Concurrently, the Company focuses on the water efficiency of the upstream and downstream segments of its industrial chain, guiding suppliers and customers to strengthen their water management and reduce unnecessary water consumption through technical exchanges and product application guidance.

Highlights of Water Conservation Measures and Their Effectiveness

Measure Type	Specific Water Conservation Measures	Water Conservation Effect	Relevant Base
Alternative Water Sources	By signing municipal reclaimed water supply agreements with local governments, compliant reclaimed water is introduced into the production system to replace a portion of industrial fresh water intake.	A total of over 2,700,000 m^3 of municipal reclaimed water was purchased, saving approximately 135,000 m^3 of industrial water and effectively alleviating regional water withdrawal pressure.	Pinghu Base
	A collaborative mechanism was established with a third-party water services company to centrally treat wastewater and effluent generated during the production process for reuse as make-up water in the circulating water system.	The annual reuse of reclaimed water exceeded 5.5 million tonnes, significantly reducing the demand for fresh water replenishment.	Lianyungang Base
	Promoted the construction of rainwater harvesting, storage, and reuse projects, integrating rainwater into the plant's water system as an unconventional water source.	The project has entered the continuous implementation phase and is expected to provide the Company with a stable supplementary water source.	Jiaxing Base
Water Conservation Projects	Wastewater from the PPAE unit's maintenance is directed to the CSG unit, replacing industrial water for semi-coke pulping and achieving synergistic water use between units.	Annual savings of industrial water and wastewater discharge amounted to approximately 40,000 tonnes.	Pinghu Base
	Wastewater from Satellite Energy Phase III is prioritized for internal reuse after being treated to meet standards, and it is introduced into the old plant's PPAE wastewater station as dilution water and a nitrogen source.	The annual reduction in dilution water usage at the PPAE wastewater station was approximately 480,000 tonnes, which also saved on chemical consumption.	
Water Resource Reuse	Constructed and operated an in-plant wastewater reuse facility to deeply treat production wastewater for reuse in the circulating water system and production units.	Annual wastewater reuse reached 2,878,792 tonnes.	Lianyungang Base
	Recycled, treated, and reused drainage from the circulating water system, prioritizing its use in evaporative cooling systems and related production units to reduce the demand for fresh water makeup.	The annual volume of recycled and treated water was 11,931 tonnes, of which approximately 70% was used in the evaporative cooling system.	Jiaxing Base
Water Management Assessment and Monitoring	We regularly conduct water balance testing and annual water usage audits to systematically review all water consumption links and product water quotas.	This ensures that water usage at each stage complies with relevant standards and provides data support for the formulation of water conservation projects and goals.	Lianyungang Base
	Collaborated with local water authorities and scientific research institutions to conduct water conservation diagnostic services, professionally assessing the water use structure and management level.	The diagnostic results confirmed that water conservation management measures were operating effectively, further strengthening the foundation for water risk management.	Pinghu Base
Building a Water Conservation Culture	Established a regularized water conservation management mechanism, continuously conducted investigations and rectifications of running, emitting, dripping, and leaking issues, and carried out water conservation education and publicity for employees.	This improves the water efficiency of production operations, prevents unnecessary water loss, and promotes the long-term effective operation of water conservation measures.	Lianyungang Base

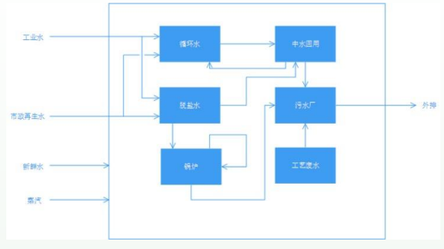
Case Study Water Conservation Management Practices at the Lianyungang Base

In 2025, the Lianyungang Base systematically integrated water conservation requirements into daily production operations, continuously identifying and optimizing high-water-consumption links through a regularized management mechanism. Each quarter, the base conducts a review of its production operations and water use performance, implementing water-saving improvement measures in sync with operational adjustments and technological optimizations. Concurrently, by placing water conservation signs in office areas and conducting water-saving publicity and training, the base strengthens employees' understanding of and participation in water management requirements, promoting the continuous implementation of the water conservation philosophy in production management.

On-site at a regular water conservation meeting at the Lianyungang Base

Case Study Construction of Industrial Wastewater Recycling System at Satellite Energy

Satellite Energy actively implements water conservation management by adopting measures such as hierarchical water use, the introduction of water-saving technologies, and wastewater resource recovery, gradually establishing a comprehensive water recycling system. To date, 21 circulating water concentrate reuse units have been installed, with a total treatment capacity of approximately 2,000 m^3/h. Wastewater is recycled through methods including gray water reuse for washing, alkaline-containing wastewater reuse in the syngas unit, and ammonia recovery from the ammonia-steam system. In addition, reclaimed water is used to partially replace industrial water, effectively reducing fresh water consumption and lowering wastewater discharge. The reuse rate of industrial water has now exceeded 98%.



Schematic of Satellite Energy's Wastewater Recycling Network

Wastewater Discharge Management

Satellite Chemical adheres to the goal of "zero direct discharge of wastewater" and continuously strengthens water pollution prevention and control, implementing strict management throughout the entire process from wastewater generation to collection, treatment, and discharge. By optimizing production processes and procedures, the Company effectively reduces the concentration of pollutants in wastewater and continuously monitors key indicators to ensure stable and compliant discharges, thereby comprehensively managing risks to the aquatic environment.

Satellite Chemical's Full-Process Wastewater Management Measures

Management Stage	Key Measures
Generation	Reduce the generation of various types of wastewater through the optimization of process parameters, while monitoring key water quality indicators in real time to ensure wastewater discharge is controllable.
Collection	Collect process wastewater, oily wastewater, saline wastewater, clean wastewater, initial rainwater, and domestic sewage separately, and channel them into a unified pipe network for centralized management at wastewater treatment facilities.
Treatment	Employ combined processes such as biological treatment, catalytic oxidation, membrane filtration, and physical-chemical treatment to provide targeted treatment based on different wastewater pollutants, achieving compliant discharge and wastewater reduction.
Discharge	Continuously monitor indicators such as COD, ammonia nitrogen, and total nitrogen in treated wastewater to ensure discharges comply with national and local standards and to control risks to the aquatic environment.

Case Study Equipment Optimization at Jiaxing Base Enhances Wastewater Reduction and Separation Efficiency

In 2025, the Jiaxing Base optimized its process units and equipment. By replacing heat exchangers and adjusting process parameters, steam consumption was reduced by 500 kg/h, and wastewater COD levels decreased by 15.84%. These improvements effectively enhanced production separation efficiency while lowering the pollutant load of wastewater, achieving an efficient balance between wastewater reduction and stable production, and providing technical support for the Company's ongoing green operations.

Water Resource Management Goals and Progress

Satellite Chemical has established clear water resource management goals, committing to improving water use efficiency and controlling the discharge of wastewater pollutants. Each base and business division regularly monitors and analyzes the achievement of these goals, continuously promoting the optimization of management performance to ensure a balance between environmental compliance and sustainable water use while safeguarding stable production.

Water Resource Management Goals	2025 Progress
Reduce fresh water use intensity by over 30% by 2027, based on the 2024 level.	Fresh water use intensity has been reduced by 21% with 2024 as the baseline year.
Reduce the discharge intensity of wastewater pollutants (including COD and ammonia nitrogen) by over 18% by 2027, with 2024 as the baseline year.	The discharge intensity of wastewater pollutants (including COD and ammonia nitrogen) has been reduced by 15% with 2024 as the baseline year.

Key Performance Indicators for Water Resource Management

Indicator	Unit	2025	2024	2023
Water Resource Use				
Total water consumption	Million tonnes	960.55	741.60	566.74
Water use intensity	Million tonnes/10,000 tonne products	0.65	0.60	0.50
Freshwater consumption	Million tonnes	29.08	30.96	33.64
Other water consumption	Million tonnes	7.68	7.85	6.18
Total volume of recycled and reused water	Million tonnes	923.79	702.79	526.92
Percentage of recycled and reused water	%	96.17	94.76	92.97
Alternative water usage	Million tonnes	2.79	1.87	0.50
Alternative water usage ratio	%	8.56	5.53	1.36
Total water withdrawal in areas with high or extremely high baseline water stress	Million tonnes	32.65	33.86	36.74
Percentage of water withdrawal in areas with high or extremely high baseline water stress	%	100	100	100

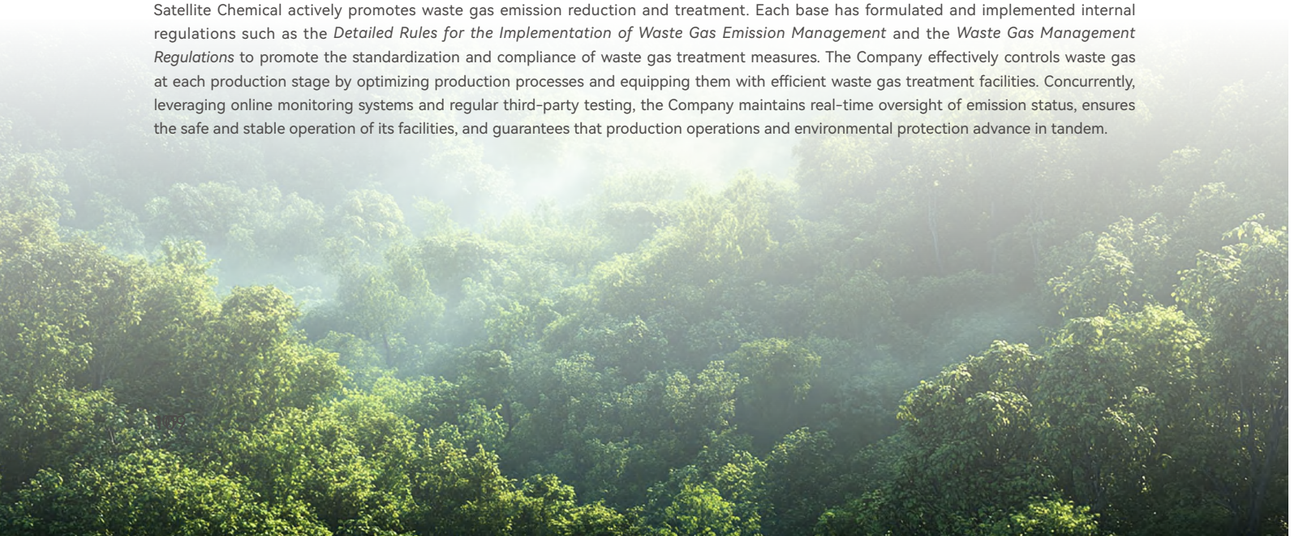
Key Performance Indicators for Water Resource Management

Indicator	Unit	2025	2024	2023
Wastewater Discharge				
Total industrial wastewater discharge	Tonnes	12,930,530.46	13,116,771.18	14,627,048.12
Chemical Oxygen Demand (COD)	Tonnes	2,797.66	2,765.37	2,355.96
Ammonia Nitrogen	Tonnes	32.04	31.52	26.85
Total Organic Carbon (TOC)	Tonnes	989.97	198.29	103.40
Chemical Oxygen Demand (COD) emissions per 10,000 tonnes of product	Tonnes/10,000 tonnes	1.907	2.245	2.077
Ammonia nitrogen emissions per 10,000 tonnes of product	Tonnes/10,000 tonnes	0.022	0.026	0.024
Total Organic Carbon (TOC) emissions per 10,000 tonnes of product	Tonnes/10,000 tonnes	0.675	0.161	0.096

Waste Gas Emission Management

Waste Gas Management and Treatment Process

Satellite Chemical actively promotes waste gas emission reduction and treatment. Each base has formulated and implemented internal regulations such as the *Detailed Rules for the Implementation of Waste Gas Emission Management* and the *Waste Gas Management Regulations* to promote the standardization and compliance of waste gas treatment measures. The Company effectively controls waste gas at each production stage by optimizing production processes and equipping them with efficient waste gas treatment facilities. Concurrently, leveraging online monitoring systems and regular third-party testing, the Company maintains real-time oversight of emission status, ensures the safe and stable operation of its facilities, and guarantees that production operations and environmental protection advance in tandem.



Waste Gas Treatment Measures

Major Waste Gas Pollutants	Production Stage	Waste Gas Treatment Measures
VOCs, NO_x, SO_2, particulate matter, odorous gases	Reaction and Polymerization Section	Catalytic combustion (RCO), thermal incineration, SNCR/SCR denitrification, alkaline spraying, activated carbon adsorption, etc.
	Drying and Granulation Section	Bag dust collectors, cyclone separators, secondary tail gas dust removal, etc.
	Storage Tank and Filling Stage	Activated carbon adsorption, honeycomb carbon adsorption, high-altitude discharge, etc.
	Boilers and Gas Turbines	SCR denitrification, alkaline solution spraying, wet electrostatic precipitation, waste heat recovery, etc.
	Waste Liquid Incineration	Combined measures including secondary alkaline washing, water washing, filtration, RTO, and catalytic reactor treatment
	Wastewater Treatment Station	Adoption of combined measures such as alkaline spraying, water washing, biological trickling filters, and activated carbon adsorption

Waste Gas Treatment Optimization Measures

Waste Gas Emission Treatment Optimization	Specific Measures	Relevant Base
Source Reduction	Dedicated to cleaner raw materials from the source, using imported clean ethane to produce ethylene, which features a short process flow, high conversion rate, and few by-products, effectively reducing waste gas generation.	Lianyungang Base
Process Optimization	Modified the original 8 sets of tail gas catalytic oxidation systems by adding catalysts and optimizing the process, achieving significant VOCs emission reductions.	Pinghu Base
	Modified the boilers to ensure stable NO_x emissions below 50 mg/m³.	
	In accordance with the *Emission Standard of Air Pollutants for Boilers* (DB331415-2025), upgraded the burners of the biogas boilers, effectively reducing the concentration of nitrogen oxide emissions and achieving compliant emissions with a measured average of 25 mg/m³ of nitrogen oxides in the boiler flue gas.	Jiaxing Base
Routine Monitoring	Conduct regular specialized inspections for fugitive emissions, spills, and leaks to promptly identify and repair potential sources of waste gas leakage.	Jiaxing Base / Lianyungang Base
	Deployed VOCs infrared monitoring systems and drone patrols, covering key production and storage areas as well as remote high-altitude facilities, to achieve continuous monitoring of fugitive Volatile Organic Compounds and methane.	
	Completed LDAR monitoring and re-testing to ensure that equipment waste gas leakage points are promptly detected and repaired.	

Air Emissions Goals and Progress

Satellite Chemical closely monitors the primary air pollutants emitted during its production processes, sets clear emission control indicators and management goals, and continuously tracks the implementation effectiveness and performance of reduction measures through regular assessments.

Air Emissions Management Goals	2025 Progress
100% compliance rate for particulate matter emission concentration.	Achieved
100% compliance rate for VOCs emission concentration.	Achieved
Reduce the emission intensity of air pollutants (including VOCs, NO_x, and SO_2) by 20% by 2027, using 2024 as the baseline year.	Reduced the emission intensity of air pollutants (including VOCs, NO_x, and SO_2) by 17%, using 2024 as the baseline year.

Key Performance in Air Emissions Management

Indicator	Unit	2025	2024	2023
Total Air Emissions	Cubic meters	35,414,818,405	34,746,113,764	15,006,541,886
Volatile Organic Compounds (VOCs)	Tonnes	240.78	310.38	278.85
Nitrogen Oxides (NO_x)	Tonnes	807.23	758.17	312.71
Sulfur Dioxide (SO_2)	Tonnes	85.41	81.92	42.07
Particulate Matter (PM)	Tonnes	55.13	53.06	38.21
Volatile Organic Compounds (VOCs) emissions per 10,000 tonnes of product	Tonnes / 10,000 tonnes	0.164	0.252	0.257
Nitrogen Oxides (NO_x) emissions per 10,000 tonnes of product	Tonnes / 10,000 tonnes	0.550	0.616	0.554
Sulfur Dioxide (SO_2) emissions per 10,000 tonnes of product	Tonnes / 10,000 tonnes	0.058	0.067	0.106
Particulate matter (PM) emissions per 10,000 tonnes of product	Tonnes / 10,000 tonnes	0.038	0.043	0.054

Waste Discharge Management

Waste Management Process

Satellite Chemical adheres to the principles of "reduction, resource utilization, and harmlessness." By defining clear classification standards and operational requirements, the Company integrates waste management throughout all aspects of daily production and operations. This approach promotes the source reduction and resource utilization of all types of solid waste as a priority, while implementing strict harmlessness management for non-utilizable waste. Concurrently, The Company relies on its solid waste supervision platform to conduct full-process, information-based management and dynamic tracking of Hazardous waste. This continually strengthens the compliance control and traceability of the disposal process, ensuring the safe, standardized, and controlled operation of the solid waste management system.

	General Solid Waste	Hazardous Waste
	• General industrial solid waste, domestic waste	• Chemical packaging, waste activated carbon, oils and organic residues, sludge and waste liquids, etc.
Storage Method	• Collected and sorted by nature, with designated temporary storage areas for General solid waste, standardized labeling, and management to prevent rain exposure and scattering. • Sorted disposal in office and living areas with dedicated waste containers.	• In accordance with Hazardous waste management requirements, dedicated temporary hazardous waste warehouses are established for sorted, zoned, and sealed storage, with anti-seepage and anti-loss management, and relevant ledgers are maintained.
Transportation Method	• Entrusted to qualified transportation and disposal units with standardized handover records. • Domestic waste is collected and transported by municipal sanitation services or contracted units.	• The hazardous waste manifest system is implemented, with compliant transportation entrusted to specialized, qualified units.
Disposal Method	• Primarily resource utilization, with non-utilizable portions landfilled or incinerated in accordance with the law.	• Waste liquids are incinerated, and residues are landfilled or disposed of harmlessly in accordance with the law.

Waste and Recycling

The Company continuously promotes the reduction and resource utilization of solid waste, constantly lowering waste generation intensity and improving resource utilization efficiency.

Waste Management Optimization Measures	Specific Measures and Achievements
Source Reduction	At the Jiaxing Base, through a technical upgrade of the filter press system at the wastewater treatment station, the amount of chemical agents added was reduced, which effectively lowered sludge generation while ensuring treatment effectiveness, resulting in a reduction of 1,066.36 tonnes in 2025 compared to 2024.
Resource Utilization	Some Hazardous waste is collected, sorted, and handed over to qualified units for cleaning, refining, and resource treatment, to be recycled into packaging materials, industrial oils, chemical raw materials, or alternative fuels, thereby achieving the reduction and resource utilization of Hazardous waste.
	General industrial solid waste is recycled, repaired, and reused, with metal, plastic, and paper waste recovered as recycled raw materials. Wooden pallets are reused or recycled, and waste alumina is sold as a raw material for industrial production, such as ceramics.

Waste Discharge Goals and Progress

Satellite Chemical systematically formulates solid waste reduction and resource utilization goals based on the characteristics of its production processes and compliance requirements. Through continuous tracking and evaluation, it steadily enhances its waste management standards and resource utilization efficiency.

Waste Management Goals	2025 Progress
100% compliance rate for solid waste disposal	Achieved
With 2024 as the baseline year, hazardous waste generation intensity will decrease by over 18% by 2027	Reduced hazardous waste generation intensity by 14%
With 2024 as the baseline year, the in-house comprehensive utilization capacity for solid waste will reduce the amount of solid waste discharged into the environment by at least 50,000 tonnes by 2030	Reduced the environmental discharge of solid waste by over 40,800 tonnes
With 2024 as the baseline year, the solid waste generation intensity will decrease by over 8% by 2027	With 2024 as the baseline year, the solid waste generation intensity has been reduced by 6%.

Waste Management Key Performance

Indicator	Unit	2025	2024	2023
Hazardous Waste Generated	Tonnes	127,617.25	125,125.82	139,198.83
Comprehensive Utilization of Hazardous Waste	Tonnes	117,529.55	108,998.82	139,198.83
Comprehensive Utilization Rate of Hazardous Waste	%	92	87	100
Non-hazardous Waste Generated	Tonnes	80,131.29	61,105.38	7,650.10
Comprehensive Utilization of Non-hazardous Waste	Tonnes	80,131.29	61,105.38	7,650.10
Comprehensive Utilization Rate of Non-hazardous Waste	%	100	100	100
Total Solid Waste Generated	Tonnes	207,748.54	186,231.20	146,848.93
Solid Waste Generated per Unit of Product	Tonnes/10,000 tonnes	141.64	151.21	147.66

Soil and Noise Pollution Control

Soil Pollutant Management and Processes

In accordance with relevant regulations such as the *Guidelines for Soil Pollution Hazard Investigation for Key Regulated Entities (Trial)* and the *Technical Guidelines for Self-Monitoring of Soil and Groundwater for Industrial Enterprises*, and in conjunction with the requirements of its pollutant discharge permit and project environmental impact assessments, Satellite Chemical has established a soil and groundwater environmental management mechanism covering identification, investigation, and monitoring, and conducts regular hazard investigations and self-monitoring to dynamically grasp the status of environmental risks.

The Company identifies risks of chemical and heavy metal contamination in key areas such as production unit zones, tank farms, hazardous chemical warehouses, and wastewater treatment areas, establishing a prevention and control system that covers source control, standardized storage, and process supervision. Concurrently, by implementing daily inspection requirements and conducting regular monitoring and effectiveness evaluations, we continuously verify the validity of our management measures, reduce the risk of pollutant leakage into soil and groundwater, and maintain environmental safety and stability at our plant sites.

Soil and Groundwater Pollution Prevention and Control Measures

Management Stage	Key Measures
Source Prevention	• Prioritizing the use of low-toxicity, low-hazard, and low-environmental-risk materials during the selection stage of raw and auxiliary materials. • Conducting periodic inspections and maintenance on key facilities such as storage tanks, pipelines, and reactors to reduce the risk of leaks and pollutant generation at the source.
Standardized Storage	• Storing hazardous chemicals and materials containing heavy metals in centralized, impermeable, and hardened areas equipped with dikes, diversion channels, and leak collection systems, while implementing zoned anti-seepage management to prevent pollutants from penetrating soil and groundwater.
Process Control	• Establishing a daily inspection mechanism to strengthen the management of the operational status of production unit zones, tank farms, and wastewater treatment facilities, and promptly addressing abnormalities to reduce the risk of pollution spreading.
Monitoring and Evaluation	• Building a monitoring network that covers key areas as well as upstream and downstream of groundwater flow, and conducting soil and groundwater sampling, monitoring, and hazard investigation as planned. • Formulating emergency response plans for soil and groundwater pollution and equipping emergency supplies to ensure that sudden leakage incidents can be handled swiftly and effectively to prevent the spread of contamination. • Commissioning third parties to conduct soil and groundwater testing and formulate assessment reports.

Noise Management System and Procedures

Satellite Chemical has established a comprehensive noise management system covering all operational stages, tailored to the functional layout of its plant sites and the characteristics of its production processes. Through classified control and end-to-end supervision, we ensure that boundary noise levels consistently meet the limits and requirements stipulated in standards such as the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB 12348-2008) and the *Environmental Quality Standard for Noise* (GB 3096-2008), effectively reducing interference with the surrounding environment.

The Company's noise primarily originates from the operation of production equipment, utility facilities, and logistics activities within the plant, including operational sounds from equipment like boilers, fans, pumps, and compressors, high-pressure steam or gas discharge sounds, and noise from transportation, loading/unloading, and periodic construction. By systematically identifying noise sources and implementing targeted prevention and control measures, The Company continuously enhances the overall effectiveness of its noise management, improving the systematicity and efficacy of its noise control efforts.

Noise Management Measures

Management Stage	Key Measures
Source Control	Prioritizing the selection of low-noise equipment and implementing vibration-isolating foundation designs and process optimizations for high-noise equipment to reduce operational noise levels.
Transmission Control	Applying sound-absorbing and sound-insulating treatments to workshops and buildings that are noise sources, and installing acoustic panels, silencers, soundproof enclosures, and acoustic barriers to effectively mitigate noise transmission and its impact at the plant boundary.
Key Retrofits	Installing a soundproof cover on the steam vent pipeline of the Acrylic Acid Phase IV project and constructing a sound-insulated building equipped with silencers in the chiller area to improve the acoustic environment for both operations and the surrounding area.
Operational Management	Rationally scheduling high-noise operations to reduce their occurrence at night, thereby minimizing the impact of noise on the surrounding environment.
Monitoring and Evaluation	Conducting regular noise monitoring at the plant boundary to ensure that results consistently meet compliance standards.

Ecological Co-building

Satellite Chemical values the potential impact of its operations on natural resources and biodiversity, striving to minimize it and actively participating in public welfare projects for biodiversity conservation to fulfill its corporate social responsibility. From the project site selection and construction phases, The Company adheres to the principle of ecological avoidance, strictly complying with control requirements such as the national ecological protection red lines and overall land use plans to ensure that no projects are located in ecologically sensitive areas. During production and operation, The Company continuously improves its ecological protection and restoration mechanisms, adopts mitigation measures for environmental impact throughout the entire process, regularly assesses biodiversity-related risks, and consistently enhances its ecological management standards.

Case Study Implementing Ecological Compensation to Safeguard the Regional Environment

During the construction of the supporting dike project in the Xuwei Port Area, the Lianyungang base adhered to the principle of "equal emphasis on development and protection," systematically implementing ecological protection and restoration measures to promote the coordinated development of the project and the regional ecosystem. A special fund for ecological compensation was established, with a clear commitment of RMB 1.1697 million allocated for ecological restoration and compensation, ensuring the effective fulfillment of environmental responsibilities. Throughout the project's implementation, measures such as controlling the excavation scope of the foundation trench and installing silt curtains were adopted to minimize disturbance to the seabed environment. Efforts were also made to avoid construction during the spawning and breeding seasons of major commercial fish species to reduce the impact on the marine ecosystem, thereby earnestly promoting the coordinated integration of project development and ecological protection.

04

People-Oriented for a Shared, Harmonious Future

Satellite Chemical adheres to a people-oriented strategy, continuously improving its employee rights protection and career development systems. We strictly implement production safety responsibilities, create a safe, standardized, and stable work environment, promote the full lifecycle management of chemicals, and progressively phase out high-risk chemicals while exploring green alternatives. At the same time, the Company integrates its corporate development with social value, injecting warmth into society through ongoing public welfare activities.

UN SDGs

Safeguarding Employee Rights and Benefits

Satellite Chemical places great importance on fair employment and compliant labor management. We have established a robust system to protect employee rights and interests and foster a warm workplace atmosphere through comprehensive welfare programs and employee activities. This enhances employee cohesion and organizational vitality, providing a solid talent foundation for the steady growth of the enterprise.

Diverse and Equal Employment

Anti-Discrimination and Equal Rights

Satellite Chemical fully respects the human rights concepts and principles of the *Universal Declaration of Human Rights* and strictly abides by the relevant laws and regulations of its domestic and overseas operating locations, including the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*. We adhere to lawful and compliant employment practices, explicitly prohibiting child labor and any form of forced labor, harassment, or abuse to safeguard the legitimate rights and interests of our employees. The Company rigorously verifies the age of candidates through methods such as identity document checks to prevent the inadvertent hiring of child labor. When engaging contractors, we also verify the age compliance of their employees to ensure adherence to relevant legal and regulatory requirements.

The Company implements the principle of equal employment. In our recruitment and employment practices, we use a standardized recruitment process that focuses on the candidate's abilities, experience, and suitability for the position. This provides fair and transparent competitive opportunities for job seekers of different genders, ages, geographical locations, and cultural backgrounds (including ethnicity, religious beliefs, etc.), avoiding any form of discrimination and dedicating ourselves to creating an inclusive and diverse workplace environment.

Labor and Human Rights Risk Assessment

Satellite Chemical places high importance on labor and human rights risk management, having established a regular assessment mechanism to conduct labor and human rights risk assessments for all employees every six months. During the assessment process, the Company uses a combination of methods, including reviews of systems and documents, occupational health and safety inspections, and stakeholder surveys, to systematically identify risk factors that could affect labor rights and human rights. The scope of the assessment covers the working environment, labor intensity, compensation and benefits, career development, and community relations. By considering the impact of risks on business operations, employee well-being, corporate reputation, and compliance management, we determine risk priorities, formulate improvement plans, promote the implementation of relevant measures, continuously track progress, and regularly evaluate the effectiveness of implementation, forming a closed-loop management system to reduce the probability and potential impact of risks.

During the reporting period, in response to identified key risks, the Company optimized the rules for renewing labor contracts and standardized the management requirements for overtime, re-employment of retirees, and annual leave, continuously enhancing the standardization and consistency of our employment management. Additionally, we maintain standardized records of the entire assessment process and communicate with stakeholders such as employees, customers, suppliers, and the community. Through training and exchange, we raise risk awareness and prevention capabilities, continuously advancing the protection of human rights and labor rights.

Diverse Recruitment Channels

Satellite Chemical upholds the philosophy of "valuing ability over academic qualifications and contribution over seniority". We continuously expand diverse recruitment channels and enhance our talent acquisition mechanism, which combines external recruitment, internal selection, and campus reserves, to build a long-term, stable, and competitive talent pipeline. We strengthen our talent supply and key position reserves by collaborating with major recruitment platforms and improving our recruitment mechanisms for critical roles.

Social Recruitment

Strengthen the introduction and reserves of key talent

Establish channels for introducing overseas experts and continue to attract high-level overseas returnees; set up dedicated positions for high-end talent acquisition, targeting and recruiting outstanding management talent from mid-to-high-end and benchmark enterprises in the industry to support key position capability building and the organization's long-term development needs.

Improve diversified recruitment channels and referral mechanisms

Actively participate in offline talent exchange fairs and online recruitment events, and continuously optimize the layout of high-quality external recruitment channels; simultaneously develop proprietary channels such as the "Satellite Recruitment Mini Program" and recruitment public accounts, and revitalize talent resources through internal and external referral incentive mechanisms to stimulate the enthusiasm of talent officers for making recommendations.

Campus Recruitment

We have established a long-term campus talent reserve system, deepened systematic university-enterprise cooperation, and enhanced the Company's employer influence among university students. During the reporting period, we recruited more than 100 outstanding recent graduates from partner universities and participating institutions from our open days, injecting new vitality into our talent pipeline construction.

Full-cycle campus recruitment and development model

Targeting student groups at different academic levels, we continuously promote campus talent acquisition and young talent reserves through a variety of methods, including practical opportunities, campus ambassador programs, scholarship establishments, and support for campus brand activities.

Campus recruitment IP and employer brand communication matrix

Through activities such as filming career experience promotional videos and holding corporate open days, combined with interactive formats like site visits, executive exchanges, and alumni sharing, we enhance students' awareness and recognition of the Company and its positions.

Diversified recruitment process

We comprehensively utilize both online and offline recruitment channels and introduce professional support such as third-party RPO services to expand the reach and organizational efficiency of campus recruitment, ensuring that the recruitment process is conducted in a standardized and orderly manner.

University-enterprise collaborative education and front-loaded development

We co-establish custom-designed programs, such as "order classes", with partner universities, jointly develop training plans, integrate corporate courses and practical sessions into the teaching system, and promote the effective alignment of talent development with job requirements.

Digitalized Recruitment

Satellite Chemical is advancing the digital and intelligent upgrade of its recruitment process. Leveraging our recruitment management system and data-driven operational capabilities, we integrate key stages such as job posting, resume screening, interview assessment, and hiring and onboarding, promoting a more standardized, efficient, and traceable recruitment management.

Standardized selection	Digitalized process	Refined channel management	Online outreach	Employer brand strengthening
We optimize the campus recruitment selection matrix and improve the standardized interview evaluation system, forming uniform interview standards and question lists to enhance the scientific rigor and efficiency of talent selection.	We have introduced and continuously optimize a cloud recruitment system, enabling one-click notifications for candidates and interviewers and full-process data recording and analysis. This supports review and strategy optimization, thereby improving recruitment operational efficiency.	We dynamically evaluate and optimize recruitment channels to improve the suitability and return on investment of our channel portfolio, enhancing the quality and matching degree of talent acquisition for key positions.	We conduct live-streamed recruitment and online presentations through platforms such as WeChat Channels and Tencent Meeting, expanding our reach and improving communication efficiency and candidate application convenience.	We enhance our employer brand presence on major recruitment platforms and professional communities. By showcasing the Company's development and cultural atmosphere, we increase our visibility and appeal among target talent groups.

The Company regularly conducts diversity training to enhance employees' understanding of diversity and inclusion through systematic education and guidance. This further strengthens their awareness of inclusivity and respect, promoting the continuous optimization and development of our corporate culture. Concurrently, the Company has established robust internal recruitment and transfer mechanisms, adhering to the "internal priority" principle. We maintain a dynamic internal talent pool to support employee mobility and development across departments and business units, continuously improving the transparency and standardization of internal selection processes to ensure fair and open access to job opportunities and support employees' ongoing capability enhancement. During the reporting period, multiple employees achieved transfers or promotions through internal selection, gaining broader career development opportunities.

2025 Employer Honors and Awards

51job 2025 National "Top Employer"

Liepin 2025 Award for Excellence in Human Resources Contribution

Zhaopin Limited 2025 China's Best Employer Nomination Award

Protection of Employee Rights and Interests

Remuneration Management

Satellite Chemical has established a scientific and comprehensive remuneration and incentive system. Guided by the principles of "pay for position" and "equal pay for equal work", we have formulated and continuously refined management systems such as the *Remuneration Management Measures* and the *Performance Management Measures,* creating a standardized and executable remuneration and performance management mechanism. We offer market-competitive fixed salaries, complemented by a comprehensive performance appraisal system, and have established a multi-layered incentive plan covering short-, medium-, and long-term horizons to continuously stimulate employee potential and value creation. During the reporting period, the Company updated several policy documents to enhance the standardization and consistency of remuneration and performance management. Concurrently, we promoted the management of job responsibility checklists to achieve "visualization of value creation and clarification of work responsibilities", laying a solid foundation for performance management and capability development.

Satellite Chemical Remuneration Structure

Guaranteed Remuneration

Based on stable security, we provide fixed salaries that are above the market average to ensure employees receive stable and decent income guarantees.

Short-term Incentives

Centered on performance orientation, we offer awards for cost reduction and efficiency improvement, optimization and improvement awards, premium sharing, and excess sales bonuses.

Medium-term Incentives

Focusing on key talent, we achieve deep engagement through mechanisms such as restricted stock plans and virtual equity.

Long-term Incentives

With the goal of co-creating value, we facilitate benefit sharing through our business partners" shareholding mechanism.

Additionally, we actively assist employees in applying for government awards for high-end talent, with an expected total of RMB 9.95 million to be received for the year, a year-on-year increase of 19%. Through special incentives like the "Eagle Program" and "Elite Program", we have awarded over RMB 70 million in total, allowing employees to share in the Company's development achievements.

Democratic Communication

Satellite Chemical values employee awareness and participation. We have established a multi-level communication mechanism covering information disclosure, daily communication, and democratic consultation to ensure employees are kept informed of company developments. Through platforms like the Employee Representative Meetings, we promote democratic management and provide smooth channels for employees to express their opinions and participate in consultations.

Satellite Chemical Employee Communication Mechanisms

Employee Representative Meetings Mechanism

We hold Employee Representative Meetings annually to conduct collective negotiations and deliberate on matters directly related to the vital interests of employees.

Information Disclosure and Democratic Supervision

We have established a supervision mechanism and set up factory affairs notice boards to promptly disclose information such as matters reviewed by the Board of Directors and the implementation status of proposals from the Employee Representative Meetings.

Daily Communication Channels

We synchronize company updates and collect employee feedback through regular meetings and online instant communication channels.

Regularized Feedback Collection Mechanism

We carry out specialized initiatives to "care for the well-being and opinions of the people, and pay attention to grassroots dynamics". Through a grid-based management system covering all employees, we gather suggestions and promote the closed-loop resolution of issues.

Specialized Communication Mechanisms

We conduct one-on-one communication through methods such as exit interviews to analyze employee feedback and formulate recommendations for improvement.

The Company has established formal grievance channels and a standardized grievance handling mechanism. We regularly evaluate and optimize the operation of this mechanism, following a closed-loop process of "acceptance - tiered handling - feedback on results - review" to ensure that employee concerns are addressed promptly and properly. At the same time, we strengthen the promotion of the grievance system through internal training and informational materials to increase employee awareness of the channels, procedures, and responsibilities, thereby enhancing the system's accessibility. Throughout the grievance handling process, we strictly enforce confidentiality requirements, control the scope of information access, and explicitly prohibit any undue influence on employees who file grievances, effectively safeguarding their legitimate rights and interests.

Grievance Handling Process and Closed-Loop Management

Acceptance and Registration

Upon receiving a grievance, management or designated personnel register and conduct a preliminary review of the submitted materials.

Tiered Handling

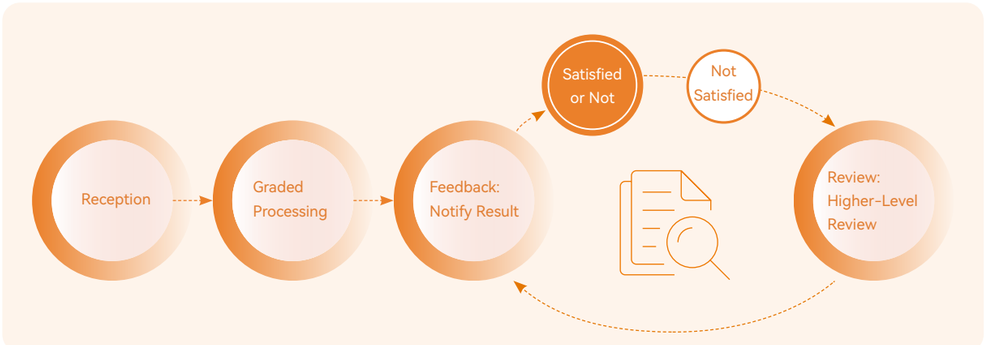
Grievances are categorized based on their nature and severity. General issues are handled by company management, while complex issues are led by a grievance management team.

Result Feedback

The outcome of the handling process is promptly communicated to the employee with an explanation of the decision.

Review Mechanism

If an employee remains dissatisfied with the outcome, they may apply for further communication or appeal to a higher-level department, which will then review and handle the case.



Employee Satisfaction Survey

Satellite Chemical conducts a satisfaction survey covering all employees twice a year. The survey focuses on dimensions such as corporate culture, departmental management, job fit, team collaboration, personal growth, logistical support, and safety assurance to broadly understand employees" key concerns and needs for improvement. Based on the results, we formulate targeted special plans to enhance employee satisfaction. The Human Resources Center is responsible for tracking the implementation progress and effectiveness of various improvement measures and regularly reports the progress to management to drive continuous improvement.

Employee Care and Welfare

Satellite Chemical has established a comprehensive employee welfare and care system, continuously addressing the physical and mental needs of all employees through health protection, lifestyle support, holiday care, and family support to create a warm and caring work environment. During the reporting period, the Company organized festive events for holidays such as Children's Day and National Day to enrich employees' cultural lives. It also launched health care initiatives such as special traditional Chinese medicine consultations and in-depth interpretations of medical check-up reports to further enhance employees' health management and sense of well-being.

Satellite Chemical Employee Benefits System

Health Protection and Rights Support

Medical benefits

We contribute to the five social insurances and one housing fund in accordance with the law and provide supplementary commercial insurance based on job categories.

Health and wellness

We provide occupational health check-ups, safety allowances, healthcare subsidies, and high-temperature subsidies, and are equipped with fitness centers and other sports facilities.

Leave benefits

We implement statutory public holidays and paid leave arrangements, including special leave such as annual leave, marriage leave, care leave, maternity leave, paternity leave, and breastfeeding leave.

Work Convenience and Housing Support

Working hours management

We advocate for the efficient completion of work tasks within standard working hours and have implemented flexible work and remote office arrangements for some support positions and specific project-based work to enhance the flexibility of work schedules.

Work support

We provide free shuttle bus services and offer night shift subsidies, meal allowances, and full attendance bonuses.

Housing support

We provide support measures such as rental subsidies, interest-free housing loans, and employee dormitories.

Holiday Care and Team Cohesion

Holiday care

We organize festive activities and distribute holiday allowances, festival gifts, and birthday gifts as part of our employee benefits.

Team integration

We organize employee tours and team-building activities to enhance team cohesion and cultural identity.

Hardship assistance

For employees and their families facing difficulties, we promptly offer condolences and financial aid, conveying the organization's care and support.

Capability Enhancement and Family Support

Learning and development

We provide learning subsidies for academic advancement and skills training.

Family visit support

We offer subsidies for employees working away from their hometowns to visit their families and ensure that overseas employees assigned to work in China receive their home-leave benefits.

Family support

We provide condolence payments to employees' parents and offer educational support for their children, such as scholarships and grants.

Rights and Benefits for Female Employees

Satellite Chemical is committed to the rights and welfare of female employees, implementing relevant leave arrangements and special protections during the three key periods of pregnancy, childbirth, and lactation in accordance with laws and regulations. The Company provides eligible female employees with a one-hour daily nursing break and has established "nursing rooms" to offer convenient support for breastfeeding employees. Concurrently, the Company upholds the principle of equal opportunity, ensuring female employees have the same opportunities in training, promotion, and career development. During the reporting period, we conducted care activities for International Women's Day on March 8, which included lectures on women's health, themed sessions on mental well-being, and various handicraft cultural experiences, demonstrating our continuous focus on the physical and mental health and special needs of our female employees.

Headquarters holds a "Healthy Her Future" lecture on women's health

Lianyungang Base organizes a mental health lecture and handicraft salon

Pinghu Base conducts a moxa hammer handicraft workshop

Jiaxing area holds a silk scarf water-marbling art event

Assistance for Employees in Difficulty

The Company addresses the needs of employees in difficulty and their families by establishing an employee hardship fund. This fund provides timely financial assistance and care to employees and their dependents who are ill, disabled, or facing emergencies. We also actively coordinate resources to assist with their children's education, and in recent years, we have received numerous thank-you letters from recipient employees.

Key Performance

During the reporting period, the Company extended condolences and support to **21** employees and family members in difficulty, distributing subsidies totaling RMB **247,500**. Additionally, we assisted **20** employees in applying for subsidies from higher-level labor unions, resulting in the disbursement of RMB **122,600** in support funds.

Employee Activities

Satellite Chemical places great importance on employee care and cultural life. Focusing on the physical and mental well-being, team cohesion, and learning and growth of our employees, we have established comprehensive facilities such as an employee service center, a staff library, a gymnasium, and tennis courts. We also organize a variety of employee activities, including sports events, health lectures, book seminars, birthday parties, and themed holiday events. Furthermore, we have set up clubs for badminton, basketball, and football, holding internal friendly matches to enrich the cultural lives of our employees and enhance their sense of cohesion and belonging. During the reporting period, the Company organized a series of activities including fitness-for-all events, reading seminars, and parent-child interactions. Following some of these events, we conducted satisfaction surveys to promptly gather employee feedback and optimize the content and format of our activities, continuously improving the participant experience and overall effectiveness.

Organizing fitness activities such as badminton and football

A series of parent-child activities for Children's Day

For Satellite USA, the Company's overseas operating site, the Company also actively encourages employees to participate in a variety of cultural and sports activities and proactively integrate into the local community culture. As a supporter and participant in local chamber of commerce and community activities, Satellite USA actively assists with and participates in the organization and implementation of various cultural and sporting events. In addition to sports activities such as table tennis, the Company also organizes employees to take part in activities featuring traditional Chinese cultural elements, such as dragon boat racing. These activities not only enrich employees' lives outside of work, but also enable Chinese employees overseas to experience a sense of familiarity with and identification with Chinese culture while living abroad, further strengthening their sense of belonging and team cohesion. At the same time, these activities provide a vivid platform for local communities and international friends to learn about fine traditional Chinese culture, promoting cultural exchange and closer ties between the people of China and other countries.

Satellite USA participates in a fun dragon boat race

On-site photo of the inaugural "CGCC Cup" table tennis friendship tournament for member companies hosted by the China General Chamber of Commerce–Houston (CGCC-Houston)

Growing Together with Employees

Employee training and development are the driving force behind a company's sustainable growth. Guided by our "He" culture, Satellite Chemical has established fair and transparent career development pathways, supporting employees in enhancing their capabilities and achieving professional growth, thereby fostering mutual advancement for both our employees and the enterprise.

Employee Training

In accordance with policies such as the *Training Management Measures*, Satellite Chemical has built an employee development system covering different levels and job families, supporting continuous learning and lifelong growth for its staff. During the reporting period, the Company continued to enhance its training management system by revising the *Training Management Measures* and developing new policies including the *Benchmarking and Learning Management Measures* and the *Implementation Rules for Postgraduate Training*, providing an institutional guarantee for the standardized and systematic execution of training initiatives.

New Employee Training

Satellite Chemical has formulated the *Special Implementation Rules for the Development of University Graduates* and the *Special Implementation Rules for the Development of Newly Hired Experienced Staff* to establish a systematic onboarding and training system for new employees, particularly recent university graduates. The Company organizes induction training through programs like the "Xingchen Training Camp", employing diverse methods such as centralized lectures, team-building exercises, case studies, and role-playing to help new employees systematically learn about the corporate culture, job-specific skills, and professional conduct. During the reporting period, the Company developed personalized growth plans for each "Xingchen" trainee. This support facilitates their transition from initial onboarding to independently shouldering job responsibilities, injecting new vitality into the Group's talent pipeline.

Xingchen Training Camp for the Class of 2025

Professional Skills Training

Satellite Chemical has established a multi-faceted platform for skills enhancement, promoting the improvement of frontline employees' skill levels through an online learning platform, upgrades to simulation training systems, job skill competitions, and the "Excellent Team" selection program. Concurrently, we continuously optimize the training curriculum and evaluation mechanism for engineers and have produced a status report on site engineers, providing a basis for future targeted development and capability enhancement. During the reporting period, the Company co-organized the chemical analysis competition, a district-level vocational skills contest for employees hosted by the Nanhu District General Labor Union, and achieved outstanding results, with an employee from the Satellite Technology Business Unit winning first prize.

Furthermore, to address issues such as insufficient strategic support and delayed business response from administrative departments due to a lack of specialized chemical knowledge, we have implemented specialized training in this area. Through systematic courses and assessments, we aim to enhance the business understanding and collaborative empowerment capabilities of these departments, thereby supporting the Company's refined management and value creation.

Winning an award in the chemical analysis category of the 2025 Nanhu District Employee Vocational Skills Competition

Specialized Empowerment Training Program on Chemical Industry Knowledge

Leadership Training

Satellite Chemical implements stratified and categorized leadership development programs for managers at different levels. Through a combined approach of "benchmarking and learning + seminars and exchanges + specialized empowerment", we continuously enhance managers' strategic vision, organizational coordination, and performance capabilities to better support the Company's operational and development needs.

Senior Management

Engage in benchmarking studies by visiting leading enterprises to learn from advanced industry management practices.

First-line Management

Conduct specialized empowerment training to strengthen foundational management skills and on-site performance capabilities.

Middle Management

Foster improvements in management thinking and broaden business perspectives through activities such as book seminars and themed sharing sessions.

Reserve Cadre Pipeline

Select high-potential young cadres for the "Assistant System" development program, enhancing their comprehensive qualities and management abilities through systematic training and practical experience.

On-site photos from specialized training sessions on topics such as "Organization and Cadre Management", "Process Transformation", and "Performance and Compensation Management"

Building a Digital Learning Ecosystem

The Company operates and optimizes the "Satellite Business School", an online learning platform that provides employees with a flexible, efficient, and self-directed path for learning and growth. The platform integrates course resources for both professional skills and general professional competencies. In addition to job-specific courses, it systematically covers training in general skills such as marketing, communication and expression, and business negotiation, helping employees enhance their workplace competitiveness and business adaptability. Currently, the platform features 136 language courses, 76 office software courses, 36 presentation skills courses, 16 business negotiation courses, 43 interpersonal skills courses, and 40 efficiency improvement courses, effectively supporting the implementation of various talent development projects. During the reporting period, we developed a total of 73 internal video courses, and online learning reached 25,321 participant-sessions, continuously enhancing the supply of employee skills and the effectiveness of organizational talent development.

Enriching the Pool of Trainers

We emphasize internal knowledge generation and experience sharing, promoting an internal instructor mechanism that encourages senior managers, technical experts, and high-performing employees to distill their practical experience into course content, making training more relevant to business scenarios. At the same time, we collaborate with industry experts, scholars, and professional training institutions to introduce customized courses and cutting-edge external knowledge, enhancing the professionalism and forward-looking nature of our training. During the reporting period, we organized the compilation and publication of six marketing know-how handbooks, including the *Sales Transformation Handbook and the International Business Transformation Handbook*, to codify and standardize excellent business practices and methodologies. This provides effective support for new employees to quickly get up to speed and for enhancing overall team capabilities.

Supporting Academic and Qualification Enhancement Programs

We offer all employees a comprehensive tuition reimbursement mechanism for pursuing higher academic degrees and professional qualifications. Upon graduation and obtaining the relevant qualifications or certificates, employees can apply for reimbursement according to company policy. During the reporting period, over 300 employees participated in academic advancement programs. There were 3,270 instances of employees obtaining professional qualifications, and the Company fully reimbursed the eligible certification fees, with total reimbursements amounting to RMB 1.106 million.

Case Study Deepening the "Golden Blue-Collar" Skills Enhancement Initiative to Support Employees in Obtaining Vocational Skill Level Certificates

As a pilot enterprise for vocational skill level assessment, Satellite Chemical actively implements Zhejiang Province's "Golden Blue-Collar" vocational skills enhancement initiative. We organized a three-month vocational skill level assessment for chemical laboratory technicians in the Jiaxing area. Following review by the human resources and social security department, 26 employees passed the assessment, with 16 obtaining senior worker certificates and 10 obtaining intermediate worker certificates.

Key Performance

In 2025,

the Company organized a total of **4,527** training sessions, covering **134,362** participants. The average training duration per person was **61** hours, with a total training investment of RMB **2.387** million.

Employee Development

Employee Promotion and Development

Satellite Chemical has established a scientific and standardized mechanism for employee promotion and development, formulating policies such as the *Talent Review Management Measures*, the *Employee Rank Assessment Management Measures*, and the *Cadre Management Measures*. These policies clearly define the rules for talent identification, rank assessment, and promotion selection, ensuring that standards are open and transparent and that processes are standardized and executable. The Company has constructed a career development system with parallel tracks for management, professional, and technical roles, complemented by internal recruitment and transfer mechanisms to promote fair and open job opportunities and the efficient flow of talent.

Multiple Career Development Pathways

Management track » Supervisor » Manager » Director » Executive

Professional track » Staff » Junior » Intermediate » Senior » Expert » Chief Expert » Chief Scientist

Technical track » Junior Worker » Intermediate Worker » Senior Worker » Technician » Senior Technician

Regarding internal selection and transfers, all internal vacancies are publicly announced through the Company's internal portal, and employees can apply independently based on their personal development plans. The selection process includes qualification reviews and interview assessments to ensure openness and fairness. During transfers, the original department and the human resources team collaborate to provide guidance and support, helping employees adapt smoothly to their new roles. In the next 3–5 years, we plan to continuously increase the internal supply ratio for key positions, with approximately 70% of key management positions to be filled by internal talent who meet job competency requirements, further strengthening our talent echelon development and succession capabilities.

Employee Assessment and Feedback

To build a scientific and efficient talent development system, Satellite Chemical conducts cadre selection and employee rank assessments annually in accordance with regulations such as the *Cadre Management Measures and the Employee Rank Assessment Management Measures*, precisely identifying and cultivating a reserve cadre echelon and regularly conducting Talent Development Reviews (TDR).

The TDR uses a "Competency-Potential" nine-box matrix for talent positioning: competency is evaluated based on the standards of the current position, classified as Higher than Expectations (H), Meets Expectations (M), or Lower than Expectations (L) through methods like qualification assessments; potential is evaluated against future development requirements, Lower than as Very High Potential (VH), High Potential (H), or Steady (S) based on general cadre standards combined with interviews and research, providing a basis for talent echelon construction and differentiated training.

	Lower than Expectations (L)	Meeting Expectations (M)	Higher than Expectations (H)
Very High Potential (VH)	Developing (10%)	Future Star (10%)	Star Talent (10%)
High Potential (H)	To Be Observed (10%)	Core Employee (25%)	Expert for the Job (10%)
Steady (S)	Low-Performing Employee (5%)	Qualified Employee (10%)	High-Performing Employee (10%)

- Excellent employee on both fronts, priority for employee development with additional incentives and resources, included in the cadre pipeline
- Core talent, priority for employee development, included in the cadre pipeline
- Competency or potential needs to be improved
- Not competent, personnel adjustment required

Simultaneously, the Company has established a performance communication and feedback mechanism, providing timely encouragement, guidance, and coaching for improvement through regular performance interviews and results feedback, and has set up formal appeal channels to protect employees' right to know their performance results and voice reasonable concerns.

Robust Safety Practices

With the goal of ensuring safe and stable operations, Satellite Chemical integrates safety management throughout the entire process of production and operations, accelerating the application of digital and intelligent methods in safety management. The Company promotes the systematic operation and closed-loop management of its safety framework by strengthening risk identification, process control, emergency response, and capacity building, continuously reinforcing its line of defense for work safety.

Work Safety Management

The Company strictly adheres to laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Occupational Disease Prevention Law of the People's Republic of China*. Based on external regulatory requirements and policy guidance, combined with the production and operational status and risk challenges of each base and business division, we formulate and continuously revise internal occupational health and safety policies and management systems, clarifying assessment and incentive mechanisms to strengthen accountability and enhance safety management effectiveness.

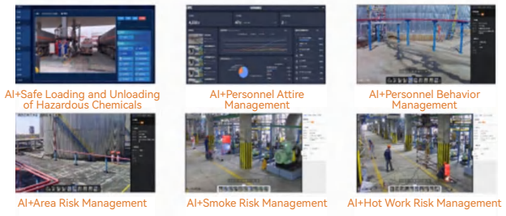
Safety Management System

Satellite Chemical's headquarters and its subsidiaries have all established a Work Safety Committee, creating a safety management structure led by the primary responsible person, with departmental collaboration and dedicated professional support. The Company's Chairman serves as the Director of the Work Safety Committee at headquarters, while at subsidiaries the principal person in charge serves as the Director of the Work Safety Committee. A Deputy Director position has also been established, and an office under the committee is responsible for the daily coordination and promotion of the committee's work. Department heads serve as members, covering key areas related to work safety. Additionally, full-time safety management personnel are assigned to handle specific safety tasks, and registered safety engineers with professional safety engineering knowledge and skills provide expert support for safety management.

The Work Safety Committee is responsible for formulating and organizing the implementation of work safety rules and regulations in accordance with relevant laws and policies, planning safety technology measures, and approving the annual work safety plan. It also coordinates the safety work of various departments to ensure all safety requirements are fully implemented. The committee meets monthly to analyze and assess work safety dynamics, identify weaknesses in safety management, propose improvement measures, and urge responsible departments to implement corrective actions promptly, forming a closed-loop management system. The Company's ISO 45001 Occupational Health and Safety Management System has achieved 100% coverage at all operating sites and undergoes annual internal and external audits to continuously verify the conformity and effectiveness of the management system's operation.

Digitalization Empowers HSE Management

Against the backdrop of accelerated application of artificial intelligence technology, Satellite Chemical independently developed and launched a "Five-in-One" intelligent safety management and control platform. Focusing on "AI + Safety", the platform integrates key aspects such as risk identification, on-site control, process management, and emergency response into a unified digital management system. This has improved the work safety response speed to the second level, increased risk identification accuracy to over 85%, and reduced the incidence of accidents and hazards by up to more than 80%. The platform has also launched a digital management module for occupational health sampling, which dynamically manages occupational health (declarations, testing, physical examinations), occupational hygiene management files, training for responsible persons, personal protective equipment configuration, and on-site warning sign settings. This enables more efficient and timely detection of potential health risks and the implementation of corresponding preventive measures.



Application of "AI + Safety" in Various Fields

The Company sets annual work safety goals covering key indicators such as zero major accidents, compliance rates for work safety standardization system construction, and compliance rates for process alarm handling and special equipment management. In 2025, the Company successfully achieved all its work safety goals, resulting in zero major or more severe safety accidents.

Occupational Health Management

Work-Related Injuries Management

To standardize the management process for work-related accidents and reduce their occurrence, Satellite Chemical has established a work-related injury management mechanism that covers pre-incident prevention, in-incident response, and post-incident management. Through improving systems, strengthening protection, and standardizing procedures, we effectively safeguard the life, health, and legitimate rights of our employees.

Work-Related Injury Management Process

Strengthening pre-incident prevention to reduce the risk of work-related injuries

- Provide employees with necessary personal protective equipment based on job-specific risks, and conduct regular inspections and training to ensure standardized wearing and correct use.
- Continuously improve the working environment through measures such as optimizing process flows, improving lighting conditions, and setting up safety warning signs, while standardizing employee safety behavior and operational requirements through safety education and daily reminders.

Standardizing incident response to ensure employees receive timely medical treatment

- Prioritize employee health and safety by promptly arranging for injured employees to be sent for medical treatment, ensuring they receive necessary medical support.
- Strictly handle work-related injury declarations in accordance with relevant national laws and regulations, and implement statutory benefits to effectively protect the legitimate rights and interests of employees.

Ensuring follow-up management to drive continuous improvement

- Strengthen the management of the medical treatment period for work-related injuries, arranging for appropriate personnel to follow up and provide care, ensuring employees receive necessary support during their recovery.
- Organize investigations and cause analyses of work-related accidents, systematically review the causes, identify areas for management improvement, and refine relevant management measures based on case reviews and lessons learned.

Case Study Automation Upgrade Safeguards Employees' Occupational Health and Safety

Satellite Technology carried out a targeted initiative to address the fall-from-height risks and efficiency bottlenecks associated with traditional tarpaulin covering operations in the finished goods warehouse. The OSBL Management Department, together with the ES Management Department, independently designed and installed an automated tarpaulin covering device, transforming the previous operating mode that required drivers to work at a height of four meters into a ground-level operation and eliminating safety hazards at the source. Following the upgrade, the time required for each tarpaulin covering operation was reduced to approximately 30 minutes, efficiency increased by more than 50%, occupancy time in the shipping area was significantly reduced, and overall shipping efficiency improved by approximately 20%. While effectively reducing operational risks, the upgrade also made the operating process more efficient and orderly, further strengthening the protection of employees' occupational health and safety.

Automated Tarpaulin Covering Device

Occupational Disease Prevention

Satellite Chemical places a high value on employee occupational health management, implementing internal occupational health management systems and carrying out various measures for occupational disease prevention and monitoring to safeguard employees' occupational health rights.

Occupational Health Management Measures

- Source prevention and technology application: In the process of production and technological transformation, we prioritize the adoption of new technologies and processes that are beneficial to occupational disease prevention and worker health protection. We promote automation, mechanization, and enclosure in production processes to reduce occupational health risks at the source.
- Labor and on-site protection: We provide employees with personal protective equipment that meets job requirements and ensure its standardized wearing and use. Concurrently, we implement engineering control measures based on actual site conditions, adopting corresponding protection and control methods for work environments with hazards such as high temperatures, dust, and noise.
- Occupational hazard monitoring: We organize annual testing for occupational disease hazard factors to continuously monitor the situation in the workplace. For key risk factors like SAP inhalable dust, we conduct regular sample testing and entrust third-party professional institutions for analysis.
- Occupational health examinations: We organize annual occupational health examinations for all employees to continuously monitor their health status and effectively manage their health.
- Occupational health assessment: We conduct a comprehensive assessment of the current occupational health situation once every three years to systematically evaluate the implementation of the occupational health management system and control measures.
- IT-based management construction: We have launched a digital management platform for occupational health sampling to conduct unified and dynamic management of occupational health declarations, testing, physical examinations, training for responsible persons, the "Three Simultaneities" for construction projects, personal protective equipment configuration, on-site warning sign settings, and occupational health management files.
- Publicity, training, and capacity building: We emphasize occupational health training and conduct publicity through company-wide training sessions, Work Safety Month activities, and other events. Using diverse educational formats, we aim to enhance employees' awareness of and participation in occupational health.

In 2025, all occupational health management measures were carried out in an orderly manner as planned: the Company conducted an assessment of its current occupational health status and an annual test for occupational disease hazard factors, with all test results meeting relevant national standards. All relevant employees completed the required occupational health training and occupational health examinations. There were no cases of occupational disease, and the annual occupational health management goals were achieved.

Safety Hazard Prevention

Safety Inspections

Satellite Chemical strengthens its safety risk prevention and management, systematically conducting risk identification in key areas such as production units, loading/unloading zones, and storage areas to identify potential safety risks, and formulates graded and classified control measures based on risk levels. The Company also formulates and implements daily safety inspection plans, which include weekly inspections led by management, regular professional inspections, plant-level inspections, workshop-level inspections, and team-level inspections. It also organizes special inspections as needed based on production realities and changing risks, forming a normalized mechanism for identifying hidden dangers. During the reporting period, the work of identifying hidden dangers proceeded in an orderly manner, corrective measures were implemented on schedule, and the on-time closure rate for hazard rectification reached 100%.

For key supervised hazardous chemical processes, key supervised hazardous chemicals, and major hazard source areas, the Company, on the basis of daily inspections, commissions professional design units to conduct HAZOP (Hazard and Operability) analysis to systematically identify potential risks in process systems. Concurrently, it reviews existing HAZOP analysis reports to ensure that the recommended measures are effectively implemented and remain applicable.

Handling and Management of Safety Incidents

To mitigate the impact of accidents on personnel and production operations, Satellite Chemical has established and continuously improves its safety incident emergency management system. It formulates and dynamically updates incident emergency plans, clarifying requirements for accident information reporting, on-site response, and emergency response to ensure that the emergency mechanism can be activated promptly after an accident occurs. At the same time, the Company has established collaborative mechanisms with surrounding medical institutions to ensure that injured employees receive timely and professional medical treatment. During the reporting period, the Company further established an emergency response checklist, detailing the division of labor and responsibilities for each emergency team member to enhance the organization and coordination of emergency response.

Emergency Response Process

After an incident occurs, on-site personnel promptly report the incident information to the Company's General Manager and HSE Management Department according to the prescribed procedures. Relevant departments immediately take emergency measures, organize rescue efforts, and prevent the incident from escalating. The Company implements graded reporting and handling based on the severity of the incident. Except for minor incidents that can be reported within 24 hours, all other levels of incidents must be reported immediately to the Company's President or the Production Safety and Environmental Protection Center. Upon receiving the report, relevant management personnel promptly rush to the scene to conduct command and coordination, ensuring the incident is effectively controlled.

Emergency Safety Drills

Satellite Chemical organizes various types of emergency drills annually, covering all employees or relevant production departments based on the drill's theme. The content of the drills includes typical scenarios such as explosions, falls from height, material leaks, burns and poisoning, mechanical injuries, and natural disasters. All drills are conducted according to established plans and procedures, simulating the entire process of an emergency event and its response. The Company also periodically organizes "double-blind drills" to further test the applicability of emergency plans and the effectiveness of its emergency response capabilities.

Case Study Emergency Drill for the "10·19" Safety Awareness Day

To strengthen emergency response capabilities for major risks, the Company organized an integrated drill for the "10·19" Safety Awareness Day, with the Lianyungang base serving as the main venue and, for the first time, coordinating the professional firefighting forces of the Pinghu, Jiaxing, and Lianyungang bases as well as the business divisions. The drill simulated a complex emergency scenario in which a material leak in the tank farm of a major hazard installation caused personnel suffocation and a fire, comprehensively testing response procedures including hazard detection, information reporting, emergency activation, personnel evacuation, and joint rescue. Firefighting forces from each base were mixed into coordinated teams for joint operations, while the command system operated efficiently, fully demonstrating the professionalism and coordination capabilities of the emergency response teams. At the same time, the Company also organized professional teams from each base to carry out experience-sharing sessions, exchanging practices in safety management and unit operation. Through the combination of "exchange + drill", the Company further enhanced its overall safety management capabilities.

Comprehensive Fire Emergency Drill at the Lianyungang Base

Fire Drill Site

Work Safety Training

Satellite Chemical formulates and implements a work safety training plan, building a multi-layered and categorized safety training system that covers all employees. Through regular training, it enhances employees' safety awareness and job performance capabilities. Concurrently, the Company organizes specialized safety training for high-risk positions to strengthen risk prevention and control capabilities in key roles. Three-level safety education is provided to all new employees upon entry, with no less than 72 hours of instruction, to ensure that they fully understand the Company's safety rules, regulations, and operational requirements for their positions before assuming their duties.

Satellite Chemical's Three-Tier Safety Training System

Plant-level training

Organized and implemented uniformly according to the annual training plan, this training focuses on national and local work safety laws and regulations, the Company's safety management systems, occupational health and labor protection, seasonal safety precautions, and hazardous chemical management.

Workshop-level training

Organized monthly by each workshop and covering all workshop employees, the training content is based on the annual workshop training plan and focuses on workshop-specific safety risk points, safe operation requirements, and relevant content from the Company's safety management manual.

Team-level training

Organized by each team based on its annual training plan and weak points in its own job safety management. These trainings are conducted no less than twice a month to ensure every team member is covered.

Key Performance

During the reporting period,

compliance rate of all-employee safety training hours was **100**%

At the same time, the Company organizes emergency response capability assessments and skill competitions, including projects such as wearing self-contained breathing apparatus and light chemical protective suits, extinguishing oil drum fires, and performing CPR. This approach of promoting learning through competition enhances employees' emergency response skills.

Contractor HSE Management

The Company has formulated and implemented the *Contractor HSE Management Rules* and the *Supplier/Contractor Code of Conduct*. These documents specify standardized management requirements for the entire process, including contractor admission, selection, employment, pre-commencement preparations, on-site work management, and performance assessment, effectively reducing risks to personnel, equipment, and the environment.

We strictly regulate contractor HSE management, requiring them to possess legal qualifications and ensuring that their personnel complete safety training, pass health examinations, and hold valid certifications before starting work. *A Work Safety Management Agreement* must be signed before operations begin, and contractors are subject to the Company's supervision throughout the entire process, strictly adhering to work permit requirements, operating procedures, and the use of personal protective equipment. We dynamically manage contractor HSE performance through methods such as regular communication and coordination, cross-inspections, and quantitative assessments. The assessment results serve as an important basis for the annual evaluation and cooperative management of contractors. Outstanding contractors are incentivized, while those who violate management requirements are penalized in accordance with laws and regulations. Severe violations may lead to inclusion in the restricted or terminated list.

Chemicals Management

Chemicals management is a key aspect of fulfilling corporate safety and environmental responsibilities. Satellite Chemical comprehensively promotes the safety risk assessment and management of chemicals, strictly implements controls on restricted substances, and advocates for closed-loop management throughout the chemical lifecycle. Actively responding to international trends in chemical phase-out and substitution, the Company prioritizes the selection of green and safe alternative materials, leading the industry toward safer and more environmentally friendly chemical solutions.

Governance

Satellite Chemical has established a chemicals management system led and coordinated by the headquarters, with specific implementation carried out by each base and business division. The headquarters' Production Safety and Environmental Protection Center formulates internal policies and supervises their execution through internal audits and compliance reviews. Each base and business division implements full-process control and emergency management for the use, storage, transportation, and disposal of chemicals in accordance with unified requirements, ensuring operational safety. For key chemicals such as precursor chemicals and hazardous explosives precursors, special management is implemented with strict enforcement of personnel qualification requirements to ensure the entire management process is compliant and controllable.

Strategy

Satellite Chemical has clarified the headquarters' policy of "strategic leadership and overall control", requiring each base and business division to "execute on the front line and ensure safety". It has established a supervision, inspection, and information reporting mechanism to conduct regular checks and track issues related to chemicals management, forming a closed loop for rectification. The Company also conducts comprehensive evaluations of each unit's chemicals management performance in areas such as compliance management, operational safety, and management effectiveness. The assessment results serve as a key basis for incentives, constraints, and continuous improvement, driving the ongoing enhancement of the Company's chemicals management standards.

Impact and Risk Management

Satellite Chemical formulates and executes an annual plan for chemical safety risk assessment each year. It conducts comprehensive surveys and hazard identification assessments for all types of chemicals involved in its production and operation processes, including raw and auxiliary materials, additives, laboratory analysis reagents, and products. Based on the physicochemical properties, hazard characteristics, and regulatory attributes of the chemicals, it establishes a chemical registration ledger and commissions third-party institutions to conduct chemical safety risk assessments, providing a basis for classified management and risk control of chemicals.

Restricted Substances Management

The Company tracks domestic and international regulatory developments through monthly regulatory identification and bi-weekly policy briefings. It strictly adheres to domestic regulations including the *Work Safety Law of the People's Republic of China, Regulations on the Safe Management of Hazardous Chemicals, Regulations on the Management of Precursor Chemicals,* and *Administrative Measures for the Public Security of Hazardous Explosives Precursors,* as well as international standards and customer requirements such as the REACH regulation, POPs control regulations, CLP regulation, *California Proposition 65, the Rotterdam Convention (PIC),* the US EPA's list of hazardous substances, the EU's SVHC list of substances of very high concern, and the ZDHC Manufacturing Restricted Substances List (MRSL) v3.1. Based on these, the Company systematically identifies and assesses risks for all chemicals involved in its materials and the entire production process to ensure full compliance and continuously improve its safety management standards.

All chemical categories, production and import quantities, and other relevant information have been registered in systems such as the Comprehensive Service System for Hazardous Chemicals Registration, the Management Service Platform for Precursor Chemicals, and Satellite Chemical's internal chemical registration forms. Concurrently, the product names, corresponding regulatory requirements, and uses for all chemicals and substances of concern have been publicly disclosed to ensure full coverage, transparency, and management standardization by not using any banned or restricted substances, thereby safeguarding the Company's ability to control chemical safety risks.

Based on the *List of Restricted and Banned Chemical Substances,* regular surveys are conducted on the usage, production, and storage of all identified substances to ensure that the entire lifecycle of chemicals—including procurement, transportation, storage, use, and disposal—is strictly managed. In addition, the Company employs a transparent mechanism to provide end-users and other stakeholders with information on all chemicals involved in its products through Safety Data Sheets and SDS technical specifications. This information includes the hazards of the chemicals and precautions for safe handling, ensuring compliance with external regulatory requirements.

Key Performance

During the reporting period,

no banned substances were used in any of the Company's products, including both existing and newly developed products.

Chemicals Lifecycle Management

We strictly adhere to the requirements of relevant laws and regulations, such as the *Regulations on the Control of Dangerous Chemicals,* to implement full life-cycle management over the production, storage, use, transportation, and disposal of hazardous chemicals. This standardizes our production and operational practices, ensuring that the entire management process for hazardous chemicals, related products, and waste management complies with regulatory requirements. Concurrently, the Company continuously explores viable paths for reducing and substituting hazardous chemicals, progressively mitigating potential risks to employee occupational health, downstream usage safety, and the environment.

Research and Development Stage	We conduct safety assessments for all chemicals involved, focusing on their physicochemical properties, hazard characteristics, and health and environmental impacts. By integrating green chemistry principles, we avoid the use of prohibited substances from the design source and concurrently implement safety control requirements based on the potential routes and degrees of exposure during experimentation.
Procurement Stage	We procure chemicals from legally qualified suppliers and complete chemical registration and safety information verification prior to purchase to ensure legal sourcing, complete information, and the availability of all relevant Safety Data Sheets (SDS) and safety labels.
Storage Stage	Based on the differences in chemical types, properties, and quantities, we implement categorized management for storage areas, equipping them with necessary safety facilities for ventilation, fire prevention, explosion protection, and leak prevention. We strengthen the control over key and special chemicals through measures such as a two-person, double-lock system and regular inspections.
Production Stage	We promote automated and enclosed operations, enhance the monitoring of key parameters, and adopt targeted technical measures for high-risk chemicals prone to polymerization or excessive temperatures to reduce operational risks.
Loading and Unloading Stage	We implement standardized management for chemical loading and unloading operations, specifying requirements for vehicles, personnel, and operating conditions. Through an information system, we inspect and record the pre-loading, in-loading, and post-loading stages to ensure the entire process is controlled.
Usage Stage	We strictly enforce operating procedures and labor protection requirements, and through continuous training, we enhance employees' awareness and operational capabilities regarding chemical hazard characteristics and emergency response measures.
Sales Stage	We provide customers with complete SDS and safety labels, transmitting all product and chemical component information, risk warnings, and safe usage instructions via paper or digital formats to support safe and compliant use by our customers.
Disposal Stage	In accordance with relevant regulatory requirements, we implement classified management for waste, entrusting qualified units for its disposal. We maintain proper ledger records and traceability to prevent any adverse impact on the environment.

Chemicals Phase-out and Replacement

Satellite Chemical strengthens chemical control from the source, systematically managing the phase-out and replacement of chemicals with a forward-looking perspective. In accordance with national and local regulations such as the *Catalogue of Obsolete Hazardous Chemical Safety Production Processes, Technologies and Equipment (First Batch),* and combined with internal hazard assessments, we have established and continuously update the *Chemicals Phase-out List.* Furthermore, the Company is actively exploring the chemical replacement process, considering alternatives with safer chemicals and planning for the future elimination of all chemicals of concern. We are actively exploring the use of safe chemicals, biological agents, or green raw materials, and have compiled a *Chemical Positive List* based on the U.S. Environmental Protection Agency's *Safer Chemical Ingredients List* to promote its application in our business processes.

Key Performance

During the reporting period,

the Company continuously reduced the environmental and health risks of its chemicals and products through process optimization and technological innovation, driving the industrial chain's upgrade towards a green and safe direction:

- Phasing out the use of NPEO/NPEs (alkylphenol polyoxyethylene ethers) and replacing them with fatty alcohol-based surfactants.
- Implementing formaldehyde-free improvements in products by replacing formaldehyde-containing raw materials with green and environmentally friendly alternatives, thereby achieving zero formaldehyde in the product.
- Independently developing a new production process to replace the precursor and carcinogenic substance toluene with green chemicals, reducing annual toluene consumption by 474 tons. As the boiling point of the green chemicals is much higher than that of toluene, this solves the problem of toluene's high volatility and significantly reduces environmental and occupational health and safety risks caused by material leakage.

Metrics and Targets

Satellite Chemical regularly assesses the chemical management performance and target achievement of each base and business division, linking the assessment results to employee performance evaluations, rewards, and penalties to incentivize active participation in chemical management.

In 2025, the Company continued to strengthen its chemical compliance management by establishing and timely updating the *List of Restricted and Prohibited Chemical Substances,* which already clearly specifies 125 restricted and prohibited substances. At the same time, we are introducing digital risk control methods, regularly conducting inspections, training, and emergency drills, steadily advancing research into the reduction and substitution of hazardous chemicals, and continuously enhancing our level of chemical risk management and control.

Goals	2025 Progress
100% participation of management and operational personnel related to hazardous chemicals in safety training.	• Organized 8 safety training sessions related to hazardous chemicals, with a 100% participation rate among employees in relevant positions.
Regular safety inspections of hazardous chemical storage areas (daily checks by workshop managers, weekly checks by the hazardous chemicals management department).	• Conducted over 20 safety inspections of major hazardous chemical hazard sources.
Advancing product environmental and safety certifications.	• 9 major product categories completed ZDHC certification, ensuring the environmental and health safety of the products. • 7 products passed testing and certification for hazardous factors such as VOCs and heavy metals by external organizations like SGS.

Fulfilling Corporate Social Responsibility

Satellite Chemical carries out diverse public welfare activities, focusing on vulnerable social groups and the needs of grassroots communities. Through volunteer services, donations of funds and goods, co-creation of public welfare projects, and building the "Mother Yang Charity Initiative" brand, we actively support rural revitalization and the development of surrounding communities. We promote the regular and precise implementation of our philanthropic practices to continuously create warm value for society.

Rural Revitalization

Satellite Chemical actively responds to the call of the rural revitalization strategy, continuously exploring diverse and sustainable assistance models to make support efforts more precise and long-lasting. Through the continuous operation of the Company's internal Common Prosperity Workshops and Common Prosperity Workspaces, in 2025 we provided 978 stable jobs for disadvantaged groups and the local labor force in areas such as Yunnan, Guizhou, Sichuan, Gansu, and Ningxia. We also provided complementary skills training and career development support to enhance their employability and overall qualifications, and have currently employed over 1,000 people.

The Company actively assists farmers in selling surplus agricultural products. In August 2025, after learning that farmers in Daqiao Town were facing sales difficulties, the Company launched a farmer support initiative by setting up a "charity grape sales booth" in the cafeteria to provide a convenient sales channel for their grapes. To bring together broader support, the Company actively served as a bridge, mobilizing caring businesses and individuals from across the community to participate in the purchase of "Charity Grapes". At the same time, we carried out heat-relief visits at locations such as the Jiagong Station, delivering fresh grapes to new-form workers who remained on duty during the hot weather. Through cafeteria charity sales and community purchases, nearly 50,000 jin of grapes were sold, generating more than RMB 150,000 in additional income. The Company also actively participates in aid projects initiated by village committees. For families in Jinzhang Village facing difficulties due to illness, disability, or other factors that impede travel and lead to unsold produce, we formed a special "Farmer Assistance Team" to purchase eggs directly from their homes and organized a charity purchase event in the employee cafeteria, helping these families broaden their sales channels and secure a stable income.

Charity purchase event for "Common Prosperity Eggs"

Volunteer Activities

Satellite Chemical has always upheld the volunteer spirit of "dedication, friendship, mutual assistance, and progress", actively encouraging employees to engage in volunteer services, give back to society through practical actions, and spread positive corporate energy. To better organize employee volunteers, the Company has established three specialized volunteer service teams: the Satellite Chemical Party Member Volunteer Service Team, the Satellite Chemical Charity Haircut Volunteer Service Team, and the Satellite Chemical Small Appliance Repair Volunteer Service Team. Volunteers go into communities, nursing homes, and other locations to provide free haircut services for the elderly, disabled, and other groups, as well as free small appliance repair for community residents, effectively addressing the practical needs of the public. At the same time, we have conducted multiple volunteer visits and care activities for groups such as nursing homes, fire departments, and retired military personnel, continuously expanding the reach of our volunteer services. During the reporting period, employees actively participated in volunteer activities, with a total service time exceeding 1,800 hours.

Charity haircut activity

Visiting a nursing home

Educational Support

Satellite Chemical continuously focuses on educational development and the healthy growth of minors, supporting their positive development through student financial aid, after-school care programs, mental health support, and care for children with special needs. The Company continues to implement "The Way to Fish" Education Program, building a "1+4" system guaranteed by "aid for students in need, donations for school facilities, incentives for outstanding students, and rewards for key teachers" to promote shared prosperity in western China's education. In 2025, we donated school uniforms to two schools in Ruoergai, Aba Prefecture, Sichuan, benefiting over a thousand teachers and students. Concurrently, we provided over RMB 450,000 in scholarships to more than one hundred students from economically disadvantaged families in over ten provinces, including Xinjiang, Shandong, and Zhejiang, continuously delivering educational care and growth support.

Satellite USA also actively participated in the "Back-to-School Assistance" program initiated by local charitable organizations. In July 2025, the Company raised USD 933 through voluntary employee donations matched by the Company, which was used to purchase school supplies for underprivileged local students for the new semester, thereby supporting the healthy growth and educational development of minors through concrete action.

The Company actively participates in community education services by running the "Mother Yang's 4:30 PM Classroom" in the Tianming Community. This program provides after-school care and companionship for students during the gap between the end of the school day and when their parents finish work. Through homework assistance, interest-based activities, and safety education, we alleviate family caregiving pressures and ensure the after-school safety of minors. Additionally, we have established the "Caring for the Next Generation Workshop" to focus on children's growth and development through fun activities and educational guidance. We have also collaborated with units such as the Nanhu District Working Committee for the Care of the Next Generation to launch the "Blue-Green Mentorship Joint Education Initiative", promoting one-on-one pairings between outstanding retired teachers and young teachers. This builds a collaborative "Working Committee + Enterprise + School" co-education mechanism, forming a multi-party network of care and educational support for minors.

School supplies purchased for underprivileged students

"Innocent hearts explore science, warmth accompanies growth" Children's Day Event

In terms of supporting the mental health of minors, the Company donated RMB 70,000 to the Nanhu District Mental Health Education and Counselling Center for Minors to support the development of regional mental health education resources and enhance service capabilities. The Company also donated RMB 200,000 to the Jiaxing Charity Federation to jointly establish the "Satellite Chemical Mother Yang Love Farm · Xinghe Fuyuan", which offers agricultural practice and educational activities such as planting, harvesting, and psychological healing for children from the municipal children's welfare institution and other children in need, thereby integrating labor education with nature experiences to promote their physical and mental well-being.

Opening ceremony of the "Satellite Chemical Mother Yang Love Farm · Xinghe Fuyuan"

Additionally, the Company has long been dedicated to the development of students from special groups, establishing "Satellite Classes" in collaboration with schools to provide more targeted educational support for autistic children. The Company also addresses the needs of their families by inviting professional teachers to conduct parent guidance sessions and regularly organizing volunteer activities, facilitating the integration and growth of children with special needs through continuous companionship and diverse support.

The Autism Awareness Day themed event

Medical Assistance

Satellite Chemical continuously focuses on public health needs, actively carrying out medical assistance and emergency rescue support to help enhance the level of public health security in the community.

Case Study First Aid Capability Building and Health Science Popularization

In May 2025, the Satellite Charitable Foundation, in conjunction with the Mother Yang Charity Initiative and organizations such as the Nanhu District Red Cross Society, co-hosted the "Caring Escort, Life Without Borders" Red Cross Day themed event. The event equipped 21 community "Love Stations" with standardized first aid kits and medical supplies, comprehensively upgrading the pharmaceutical provisions of the "Mother Yang Love Stations" to offer more timely and convenient health security for residents and new-format industry workers. Simultaneously, professional trainers were invited to conduct first aid skills training for community staff and residents, focusing on practical demonstrations and drills for key procedures such as cardiopulmonary resuscitation (CPR), wound dressing, and airway obstruction management, thereby enhancing the public's emergency response capabilities. Educational materials like the *Family First Aid Manual and Illustrated Guide to Emergency Care* were also distributed to promote the popularization of first aid knowledge.

The "Caring Escort, Life Without Borders" Red Cross Day themed event

Hardship Assistance

Satellite Chemical extends its care from within the Company to the broader society, consistently focusing on the needs of vulnerable groups and sudden emergencies. The Company provides comfort and assistance to groups such as persons with disabilities, elderly individuals facing special hardships, families in difficulty, and households impoverished due to illness, emphasizing mental and emotional support in addition to material aid. The Company continuously expands the identification and coverage of its support for disadvantaged groups, reaching deeper into grassroots communities and extending its outreach. During the Lantern Festival, activities were conducted, including visiting 24 families who have lost their only child and delivering warmth to 19 communities, offering holiday blessings to special groups and local residents, benefiting over 3,000 people and bringing warmth and care to more people in need. At the same time, we actively respond to relief needs arising from sudden disasters like earthquakes and fires, promptly extending a helping hand to convey corporate warmth and social concern. During the reporting period, the Company donated RMB 1 million to the earthquake-stricken area of Dingri County, Shigatse City, Tibet Autonomous Region, and RMB 200,000 to the fire-affected area of Wang Fuk Court, Tai Po, New Territories, Hong Kong, to support emergency relief and post-disaster recovery efforts for the affected populations.

Preparing a heart-warming New Year's Eve dinner and cultural performances for bereaved elderly parents, along with distributing comfort items such as quilts, four-piece bedding sets, and pillows.

Launching a special "Assisting and Supporting the Disabled" initiative.

Conducting activities in over 20 villages and communities, such as delivering iced drinks and watermelons in the summer to relieve the heat and providing soy milk and bread in the winter for warmth, bringing convenience and care to frontline workers in new-format industries, outdoor laborers, and the general public.

Co-creating a Civilized Society

Satellite Chemical actively fulfils its social responsibilities by organizing volunteer teams to regularly conduct civility-promoting activities such as "Yielding at Crosswalks" and "Civilization Guides", advocating for courteous conduct, co-creating a better environment, and contributing to the enhancement of urban civility. The Company continuously deepens the brand building of the Mother Yang Charity Initiative. Through the "Mother Yang Love Station" project, it provides convenient and inclusive services such as drinking water, rest areas, emergency assistance, educational support, and home visits to families in need for workers in new-format industries like food delivery and courier services, as well as for community residents. The Mother Yang Charity Initiative has become a highly influential charitable brand in the region, with its heart-warming deeds frequently reported by national media outlets such as *People's Daily Online and Xuexi Qiangguo*. As a "Charity Partner", the Company donates supplies like refrigerators and blood pressure monitors and regularly replenishes consumables such as mineral water and medicines, providing strong support for the daily operations of the stations. Currently, the number of stations is steadily increasing, and their coverage is gradually expanding. During the reporting period, the project successfully expanded beyond Nanhu District, replicating its model in cities like Pinghu, Lianyungang, and Xiuzhou District, adding 24 new station locations.

Case Study Satellite Chemical Featured at the 2025 People's Enterprise Social Responsibility Forum, Sharing CSR Practices and Receiving an "Action Case" Award

On November 1, 2025, Yang Yuying, Party Secretary and Vice Chairman of Satellite Chemical, was invited to attend the 2025 People's Enterprise Social Responsibility Forum themed "Jointly Building the Road of Responsibility, Co-painting a New Future", where she, as one of seven representative corporate guests, shared the Company's practices and reflections on fulfilling its responsibilities. A related case from Satellite Chemical was honored with the forum's "Action Case" award.

Yang Yuying, Party Secretary and Vice Chairman of Satellite Chemical, presenting at the event

Key Performance

In 2025, the Company

held **71** volunteer service activities

donated funds and materials valued at RMB **3.75** million

benefited over **120,000** people

The Jiaxing Satellite Charitable Foundation was awarded the title of a 3A-rated social organization in Jiaxing City

Cultural exchange

During its overseas operations, Satellite USA actively participated in local chamber of commerce affairs and various cultural exchange activities, continuously promoting interaction and cooperation between the Company and local communities. During the reporting period, the Company was elected as an executive vice chair unit of the China General Chamber of Commerce–Houston, fully leveraging its role as a bridge and link to promote exchanges and cooperation among member companies. At the same time, the Company actively assisted with and participated in a variety of community cultural exchange and festival activities, covering multiple forms such as arts events and sports-themed activities. Through these diverse platforms, it further promoted cultural exchange between China and other countries and strengthened interaction and ties between the Company and the local community.

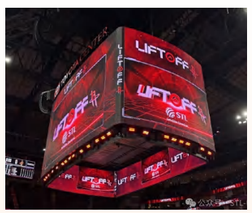
Case Study Supporting the "Water Cube Cup" singing competition and helping build a bridge for cultural exchange

In May 2025, Satellite USA supported the Houston division of the 15th "Cultural China · Water Cube Cup" Chinese Song Contest, with Company representatives attending the event and serving as award presenters. The event provided a platform for overseas Chinese communities and Chinese-language music enthusiasts to showcase their talents and engage with one another. Through its support for the competition and on-site exchanges, Satellite USA took concrete actions to promote cultural exchange between China and the United States, while also helping build a bridge between the two cultures for local music lovers.

Company representatives presenting awards to the competition winners

Case Study Partnering with the Houston Rockets to host a Lunar New Year theme night

In January 2025, Satellite USA partnered with the Houston Rockets to host the "Satellite Chemical 2025 Lunar New Year Theme Night", combining a basketball game with a display of Spring Festival culture to create a festive Lunar New Year atmosphere for the local community. Through festive decorations and activities featuring traditional Chinese cultural elements, such as custom Year of the Snake folding fans, the event allowed attendees to experience the excitement of sports while also gaining a deeper understanding of the cultural significance of the Chinese Lunar New Year.



On-site photo of the Lunar New Year theme night

Appendices

Outlook

When the wind is fair and the time is right, one must ride the waves and forge ahead. In 2026, from the new starting point of the 15th Five-Year Plan, Satellite Chemical will remain steadfast in its long-term strategic direction, unleashing new kinetic energy through innovation and cultivating new advantages in green and low-carbon development. Focusing on our core track of high-end new chemical materials, we will continue to advance key technological breakthroughs and optimize our industrial structure. We will actively seize the structural opportunities presented by the carbon peaking and carbon neutrality goals, accelerating the leap from technological accumulation to industrial application and large-scale development. We will maintain our forward-looking analysis of industry trends, balance stable operations with transformation and upgrading, and leverage our role as an industry chain leader to improve upstream and downstream industrial collaboration mechanisms. We aim to shape a green, low-carbon, intelligent, and efficient industrial ecosystem and promote the implementation of the "output growth with zero land use, capacity expansion with increased efficiency" model, while deepening regional collaboration and expanding our global presence with a more open stance. Concurrently, we will empower management upgrades and operational efficiency through digitalization, rally the collective strength of our partners, extend the "Satellite warmth" through symbiosis among employees, communities, and the industry, and steadily advance towards becoming a world-class technology company in new chemical materials.

Honors in 2025

Awards and Honors	Level	Awarding Body
Governance and Industry Leadership		
2025 Outstanding Board Practice Cases for Listed Companies	List	China Association for Public Companies
16th China Listed Companies Investor Relations Pegasus Award	List	Securities Times
2024 Golden Bull Most Investment-Worthy Award	Ranking	China Securities Journal
19th Top 100 Most Valuable Main Board Listed Companies	Ranking	Securities Times
1st in Annual Net Profit among Listed Private Enterprises in Zhejiang Province	Ranking	Tonghuashun
2025 "Top 50 Global Chemical Brands by Brand Value"	Ranking	Brand Finance
Innovation Leadership		
2025 Jiangsu Provincial Advanced Smart Factory	Provincial Recognition	Jiangsu Provincial Department of Industry and Information Technology
Top 10 Typical Digital Society Scenarios Project in Jiangsu Province in 2024	Provincial Recognition	Jiangsu Provincial Data Bureau
5 New Technologies Listed in the *Jiangsu Provincial Catalogue of New Technologies and New Products for Key Promotion and Application*	Provincial Recognition	Jiangsu Provincial Department of Industry and Information Technology
2024 Zhejiang Provincial Artificial Intelligence Application Scenarios	Provincial Recognition	Zhejiang Provincial Department of Economy and Information Technology
Leading Enterprise in New Productive Forces at the 14th Finance Summit and the 2025 New Productive Forces Entrepreneurs Conference	List	Organizing Committee of the Finance Summit
ESG Leadership		
Best Practice Case for Sustainable Development of Listed Companies	List	China Association for Public Companies
New Fortune Best ESG Disclosure Award	List	New Fortune
Ranked 2nd among the Top 100 Zhejiang Listed Companies for ESG Performance, with the highest rating of AA	Ranking	Zhejiang Corporate Social Responsibility Promotion Association, China Chengxin Green Finance
Forbes China Sustainable Development Industrial Enterprise	List	Forbes China
Top 100 of the 3rd Guoxin Cup - ESG Golden Bull Award	Ranking	China Securities Journal
Top 100 Listed Companies for ESG	Ranking	Securities Times
ESG New Benchmark Enterprise Award	List	Securities Star
Outstanding ESG Listed Company Award at the 4th International Green and Zero-Carbon Festival	List	Organizing Committee of the 4th International Green and Zero-Carbon Festival
Ranked 29th among the Top 100 Zhejiang Listed Companies for Social Responsibility Performance	Ranking	Zhejiang Corporate Social Responsibility Promotion Association, China Chengxin Green Finance
Aona Award for Annual Outstanding Enterprise in Responsibility	List	Organizing Committee of the 8th Social Responsibility Conference
Zero-Carbon Earth - Anchor Award	List	Yangtze River Delta International Green Development Alliance, in collaboration with the United Nations Sustainable Development Goals Global Partnership Project Working Committee, Energy Foundation, and multiple domestic and international authoritative institutions
Cailian Press Zhiyuan Award - Environmentally Friendly (E) Pioneer Enterprise Award	List	Cailian Press
ESG Model Enterprise: Sci-Tech Innovation Pioneer Award	List	Guancha.cn

Index of Reporting Guidelines

Index of GRI Indicators

Topic Standard	Disclosure	Relevant Chapter
GRI 2: General Disclosures	2-1 Organizational details	About STL
	2-2 Entities included in the organization's sustainability reporting	About This Report
	2-3 Reporting period, frequency and contact point	About This Report
	2-4 Restatements of information	/
	2-5 External assurance	Not applicable
	2-6 Activities, value chain and other business relationships	Stakeholder Communication
	2-7 Employees	People-Oriented for a Shared, Harmonious Future
	2-8 Workers who are not employees	People-Oriented for a Shared, Harmonious Future
	2-9 Governance structure and composition	Efficient Corporate Governance
	2-10 Nomination and selection of the highest governance body	Efficient Corporate Governance
	2-11 Chair of the highest governance body	Efficient Corporate Governance
	2-12 Role of the highest governance body in overseeing the management of impacts	Efficient Corporate Governance
	2-13 Delegation of responsibility for managing impacts	Efficient Corporate Governance
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Management System
	2-15 Conflicts of interest	Stakeholder Communication
	2-16 Communication of critical concerns	Stakeholder Communication
	2-17 Collective knowledge of the highest governance body	Sustainability Management System
	2-18 Performance evaluation of the highest governance body	Efficient Corporate Governance
	2-19 Remuneration policies	Safeguarding Employee Rights and Benefits
	2-20 Process for determining remuneration	Safeguarding Employee Rights and Benefits
	2-21 Annual total compensation ratio	Safeguarding Employee Rights and Benefits
	2-22 Statement on sustainable development strategy	Sustainability Management System
	2-23 Policy commitments	/
	2-24 Embedding policy commitments	/
	2-25 Processes to remediate negative impacts	Efficient Corporate Governance
	2-26 Mechanisms for seeking advice and raising concerns	Stakeholder Communication
	2-27 Compliance with laws and regulations	Enhancing Operational Compliance
	2-28 Membership of associations	Promoting Industry Development
	2-29 Approach to stakeholder engagement	Stakeholder Communication
	2-30 Collective bargaining agreements	Safeguarding Employee Rights and Benefits
GRI 3: Material Topics	3-1 Process for determining material issues	Dual Materiality Issue Assessment
	3-2 List of material issues	Dual Materiality Issue Assessment
	3-3 Management of material issues	Dual Materiality Issue Assessment
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	About STL
	201-2 Financial implications and other risks and opportunities due to climate change	Addressing Climate Change
	201-3 Defined benefit plan obligations and other retirement plans	Safeguarding Employee Rights and Benefits
	201-4 Financial assistance received from government	/
GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender to local minimum wage	Safeguarding Employee Rights and Benefits
	202-2 Proportion of senior management hired from the local community	Safeguarding Employee Rights and Benefits
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Fulfilling Corporate Social Responsibility
	203-2 Significant indirect economic impacts	Fulfilling Corporate Social Responsibility
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	Advancing Responsible Procurement
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	Adherence to Business Ethics
	205-2 Communication and training about anti-corruption policies and procedures	Adherence to Business Ethics
	205-3 Confirmed incidents of corruption and actions taken	Adherence to Business Ethics

Topic Standard	Disclosure	Relevant Chapter
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Adherence to Business Ethics
GRI 207: Tax	207-1 Approach to tax	Strengthening Compliant Operations
	207-2 Tax governance, control, and risk management	Strengthening Compliant Operations
	207-3 Stakeholder engagement and management of concerns related to tax	Stakeholder Communication
	207-4 Country-by-country reporting	/
GRI 301: Materials	301-1 Materials used by weight or volume	/
	301-2 Recycled input materials used	Strengthening Environmental Management
	301-3 Reclaimed products and their packaging materials	Strengthening Environmental Management
GRI 302: Energy	302-1 Energy consumption within the organization	Focusing on Low-Carbon Strategies
	302-2 Energy consumption outside of the organization	Focusing on Low-Carbon Strategies
	302-3 Energy intensity	Focusing on Low-Carbon Strategies
	302-4 Reduction of energy consumption	Focusing on Low-Carbon Strategies
	302-5 Reduction in energy requirements of products and services	Focusing on Low-Carbon Strategies
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	Strengthening Environmental Management
	303-2 Management of water discharge-related impacts	Strengthening Environmental Management
	303-3 Water withdrawal	Strengthening Environmental Management
	303-4 Water discharge	Strengthening Environmental Management
	303-5 Water consumption	Strengthening Environmental Management
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Ecological Co-building
	304-2 Significant impacts of activities, products and services on biodiversity	Ecological Co-building
	304-3 Habitats protected or restored	Ecological Co-building
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Ecological Co-building

Topic Standard	Disclosure	Relevant Chapter
GRI 305: Emissions	305-1 Direct (Scope 1) greenhouse gas emissions	Addressing Climate Change
	305-2 Energy indirect (Scope 2) greenhouse gas emissions	Addressing Climate Change
	305-3 Other indirect (Scope 3) greenhouse gas emissions	/
	305-4 Greenhouse gas emissions intensity	Addressing Climate Change
	305-5 Reduction of greenhouse gas emissions	Addressing Climate Change
	305-6 Emissions of ozone-depleting substances (ODS)	/
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Strengthening Environmental Management
GRI 306: Waste	306-1 Waste generation and significant waste-related impacts	Strengthening Environmental Management
	306-2 Management of significant waste-related impacts	Strengthening Environmental Management
	306-3 Waste generated	Strengthening Environmental Management
	306-4 Waste diverted from disposal	Strengthening Environmental Management
	306-5 Waste directed to disposal	Strengthening Environmental Management
GRI 308: Supplier Environmental Assessment	308-1 New suppliers that were screened using environmental criteria	Advancing Responsible Procurement
	308-2 Negative environmental impacts in the supply chain and actions taken	Advancing Responsible Procurement
GRI 401: Employment	401-1 New employee hires and employee turnover	Safeguarding Employee Rights and Benefits
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Safeguarding Employee Rights and Benefits
	401-3 Parental Leave	Safeguarding Employee Rights and Benefits
GRI 402: Labor/ Management Relations	402-1 Minimum notice periods regarding operational changes	Safeguarding Employee Rights and Benefits
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	Robust Safety Practices
	403-2 Hazard identification, risk assessment, and incident investigation	Robust Safety Practices
	403-3 Occupational health services	Robust Safety Practices
	403-4 Worker participation, consultation, and communication on occupational health and safety	Robust Safety Practices

Topic Standard	Disclosure	Relevant Chapter
GRI 403: Occupational Health and Safety	403-5 Worker training on occupational health and safety	Robust Safety Practices
	403-6 Promotion of worker health	Robust Safety Practices
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Robust Safety Practices
	403-8 Workers covered by an occupational health and safety management system	Robust Safety Practices
	403-9 Work-related injuries	Robust Safety Practices
	403-10 Work-related ill health	Robust Safety Practices
GRI 404: Training and Education	404-1 Average hours of training per year per employee	Growing Together with Employees
	404-2 Programs for upgrading employee skills and transition assistance programs	Growing Together with Employees
	404-3 Percentage of employees receiving regular performance and career development reviews	Growing Together with Employees
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Safeguarding Employee Rights and Benefits
	405-2 Ratio of basic salary and remuneration of women to men	Safeguarding Employee Rights and Benefits
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	Safeguarding Employee Rights and Benefits
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers where the right to freedom of association and collective bargaining may be at risk	/
GRI 408: Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	Safeguarding Employee Rights and Benefits
GRI 409: Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Safeguarding Employee Rights and Benefits
GRI 410: Security Practices	410-1 Security personnel trained in human rights policies or procedures	Robust Safety Practices
GRI 411: Rights of Indigenous Peoples	411-1 Incidents of violations involving rights of indigenous peoples	/
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	Fulfilling Corporate Social Responsibility
	413-2 Operations with significant actual and potential negative impacts on local communities	Fulfilling Corporate Social Responsibility
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	Advancing Responsible Procurement
	414-2 Negative social impacts in the supply chain and actions taken	Advancing Responsible Procurement
GRI 415: Public Policy	415-1 Political contributions	/
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	Product Quality and Safety, High-Quality Customer Service
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Product Quality and Safety, High-Quality Customer Service
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	Product Quality and Safety, High-Quality Customer Service
	417-2 Incidents of non-compliance concerning product and service information and labeling	Product Quality and Safety, High-Quality Customer Service
	417-3 Incidents of non-compliance concerning marketing communications	High-Quality Customer Service
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security and Privacy Protection

SZSE Indicator Index

Disclosure Requirement	Corresponding Chapter in This Report (If a relevant issue is not disclosed, a full explanation shall be provided in accordance with Article 7 of the *Guidelines*)
Addressing Climate Change	Addressing Climate Change
Pollutant Emissions	Strengthening Environmental Management
Waste Management	Strengthening Environmental Management
Ecosystem and Biodiversity Protection	Ecological Co-building
Environmental Compliance Management	Strengthening Environmental Management
Energy Use	Focusing on Low-Carbon Strategies
Water Resource Use	Strengthening Environmental Management
Circular Economy	Strengthening Environmental Management
Rural Revitalization	Fulfilling Corporate Social Responsibility
Social Contributions	Fulfilling Corporate Social Responsibility
Innovation-Driven	R&D and Technological Innovation
Technological Ethics	R&D and Technological Innovation
Supply Chain Security	Advancing Responsible Procurement
Equal Treatment of Small and Medium-sized Enterprises	Advancing Responsible Procurement
Product and Service Safety and Quality	Product Quality and Safety, High-Quality Customer Service
Data Security and Customer Privacy Protection	Information Security and Privacy Protection
Employees	People-Oriented for a Shared, Harmonious Future
Due Diligence	Strengthening Compliant Operations
Stakeholder Communication	Stakeholder Communication
Anti-Commercial Bribery and Anti-Corruption	Adhering to Business Ethics
Anti-Unfair Competition	Adhering to Business Ethics
Voluntarily Disclosed Topics	Dual Materiality Issue Assessment

ISSB S2 Recommended Disclosure Index

Recommended Disclosure Content		Relevant Chapter
Governance	Disclose the governance body (which may include the Board of Directors, a committee, or an equivalent body responsible for governance) or individual responsible for overseeing climate-related risks and opportunities.	Sustainability Management System
	Disclose management's role in the governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities.	Sustainability Management System
Strategy	Disclose the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.	Addressing Climate Change
	Disclose the current and anticipated effects of climate-related risks and opportunities on the entity's business model and value chain.	Addressing Climate Change
	Disclose the effects of climate-related risks and opportunities on the entity's strategy and decision-making, including information about its climate-related transition plan.	Addressing Climate Change
	Disclose the effects of climate-related risks and opportunities on the entity's financial position, financial performance, and cash flows for the reporting period, and the anticipated effects on its financial position, financial performance, and cash flows over the short, medium, and long term, considering how climate-related risks and opportunities are incorporated into its financial planning.	Addressing Climate Change
	Considering the climate-related risks and opportunities the entity has identified, disclose the resilience of the entity's strategy and its business model to climate-related changes, developments, and uncertainties.	Addressing Climate Change
Risk Management	Disclose the entity's processes and related policies for identifying, assessing, prioritizing, and monitoring climate-related risks.	Addressing Climate Change
	Disclose the entity's processes for identifying, assessing, prioritizing, and monitoring climate-related opportunities, including whether and how the entity uses climate-related scenario analysis to inform its identification of climate-related opportunities.	Addressing Climate Change
	Disclose the extent to which, and how, the processes for identifying, assessing, prioritizing, and monitoring climate-related risks and opportunities are integrated into and inform the entity's overall risk management process.	Addressing Climate Change
Metrics and Targets	Disclose information relevant to the cross-industry metric categories.	/
	Disclose industry-based metrics associated with its particular business models, activities, or other common features that characterize participation in an industry.	/
	Disclose the targets set by the entity to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, and any targets it is required to meet by law or regulation, including the metrics used by the governance body or management to measure progress towards these targets.	Addressing Climate Change

ESG Performance Indicators

Governance Performance

Indicator	Unit	2025	2024	2023
Economic Indicators				
Operating Revenue	RMB 100 million	460.68	456.48	414.87
Year-on-Year Growth in Operating Revenue	%	0.92	10.03	12.00
Total Profit	RMB 100 million	60.66	70.18	53.68
Net Profit Attributable to Shareholders of the Listed Company	RMB 100 million	53.11	60.72	47.89
Total Assets	RMB 100 million	695.65	683.05	645.82
Net Assets Attributable to the Parent Company	RMB 100 million	335.54	302.86	254.65
Corporate Governance				
Shareholders' Meetings Held	Times	2	2	5
Board of Directors Meetings Held	Times	6	8	8
Business Ethics Training				
Total Training Hours	Hours	100	120	/
Total Number of Training Sessions	Sessions	162	160	/
Number of Directors Trained	Persons	9	9	/
Percentage of Directors Trained	%	100	100	/
Number of Management Personnel Trained	Persons	about 1,150	about 1,200	/
Percentage of Management Staff Trained	%	100	100	/
Total Number of Employees Trained	Persons	4,811	5,057	/
Percentage of Employees Trained	%	100	100	/
Audit Activities				
Special Audit Projects Conducted	Times	31	33	25
Anti-Corruption Related Audit Projects	Items	31	30	/
Number of Business Ethics Related Audits	Times	11	12	7
Business Ethics Audit Coverage Rate	%	67	67	67

Social Performance[1]

Indicator	Unit	2025	2024	2023
Employee Employment				
Total Number of Employees	Persons	4,811	5,057	4,688
Number of Employees by Gender				
Male	Persons	4,069	4,221	3,881
Female	Persons	742	836	807
Headcount by Age Group				
30 Years and Under	Persons	1,932	2,190	1,825
30–50 Years (Inclusive)	Persons	2,557	2,531	2,482
Over 50 Years	Persons	322	336	381
Headcount by Rank				
General Employees	Persons	4,598	4,835	4,491
Middle Management	Persons	173	184	164
Senior Management	Persons	40	38	33
Number of Employees with Disabilities	Persons	27	25	24
Number of Employees from Ethnic Minorities	Persons	158	195	113
Employment Contract Signing Rate	%	100	100	100
Social Insurance Coverage Rate	%	100	100	100
Employee Training and Development				
Employee Training Coverage Rate	%	100	100	100
Total Number of Employees Trained	Persons	4,811	5,057	4,688
Number of Employees Trained by Gender				
Number of Male Employees Trained	Persons	4,069	4,221	3,881
Number of Female Employees Trained	Persons	742	836	807

[1]The Company continues to improve its social data statistical system and, in 2025, retrospectively adjusted certain historical data.

Indicator	Unit	2025	2024	2023
Number of Employees Trained by Rank				
Number of General Staff Trained	Persons	4,598	4,835	4,491
Number of Mid-level Management Trained	Persons	173	184	164
Number of Senior Management Trained	Persons	40	38	33
Total Training Attendances	Attendances	143,432	239,014	198,618
Total Training Hours	Hours	294,569	436,544	456,659
Average Training Hours per Person	Hours/Person	61	86	97
Total Investment in Employee Training	RMB 10,000	238.7	422.1	285.3
Percentage of Employees Receiving Regular Performance and Career Development Reviews	%	100	100	100
Investment in Supporting Employees' Educational Advancement	RMB 10,000	7.1	10.7	14.0
Employee Health and Safety				
Occupational health check-up rate	%	100	100	100
Occupational Disease Incidence Rate	%	0	0	0
Number of Work-Related Fatalities	Persons	0	0	0
Number of Lost Workdays Due to Work-Related Injuries	Days	0	0	0
Lost-Time Injury Frequency Rate (LTIFR)	Per million working hours	0	0	0
Coverage Rate of Employee Occupational Disease Health Check-Ups	%	100	100	100
Total Investment in Occupational Health and Safety	RMB 10,000	256.63	357.05	213.06
Investment Amount in Work-Related Injury Insurance	RMB 10,000	322.48	343.74	270.02
Work-Related Injury Insurance Coverage Rate	%	100	100	100
Investment Amount in Work Safety Insurance	RMB 10,000	157.94	139.61	107.64
Work Safety Insurance Coverage Rate	%	100	100	100
Number of Emergency Drills	Times	748	948	816
Number of Participants in Emergency Drills	Persons	20,716	17,527	13,811
Number of Occupational Health and Safety Training Sessions	Times	574	628	343
Number of Employees Participations in Occupational Health and Safety	Person-times	34,578	34,848	25,649
Total Hours of Occupational Health and Safety Training	Hours	57,338	58,700	55,622

Indicator	Unit	2025	2024	2023
Product Responsibility				
Number of Product Recalls	Times	0	0	0
Value of Recalled Products	RMB 10,000	0	0	0
Product Recovery Percentage	%	0	0	0
Number of Simulated Product Recall Drills	Times	0	0	0
Patent Applications	Items	269	273	83
Patents Granted	Items	136	135	98
Customer Satisfaction	%	98	100	100
Product Quality and Safety Training				
Actual Number of Training Sessions Held	Times	70	59	39
Actual Number of Employees Participations in Training	Person-times	5,332	1,964	1,715
Total Actual Hours of Training Participation	Hours	118.0	96.5	69.5
Supply Chain Management[2]				
Total Number of Suppliers	Companies	3,771	3,242	2,748
Suppliers in the North China Region	Companies	251	208	184
Suppliers in the East China region	Companies	3,042	2,625	2,238
Suppliers in the South China region	Companies	92	73	51
Suppliers in the Central China region	Companies	126	96	76
Suppliers in the Southwest China region	Companies	43	35	23
Suppliers in the Northwest China region	Companies	37	32	24
Suppliers in the Northeast China region	Companies	103	88	76
Suppliers in Hong Kong, Macao, and Taiwan	Companies	13	15	12

Indicator	Unit	2025	2024	2023
Supply Chain Management[2]				
Total Number of Suppliers Outside of China	Companies	64	70	64
Number of Suppliers with Contracts Containing Clauses on Environmental, Labor, and Human Rights Requirements	Companies	3,320	2,833	2,362
Percentage of Suppliers with Contracts Containing Clauses on Environmental, Labor, and Human Rights Requirements	%	88.04	87.38	85.95
Number of Suppliers Who Have Signed Integrity Agreements	Companies	3,753	3,221	2,713
Percentage of Suppliers Who Have Signed Integrity Agreements	%	99.52	99.35	98.73
Number of New Suppliers	Companies	623	578	143
Number of New Suppliers Screened Using Social Standards	Companies	495	433	89
Number of New Suppliers Screened Using Environmental Standards	Companies	583	516	121
Number of Supplier Training Sessions Conducted	Sessions	1	1	1
Number of Suppliers Participating in Training	Companies	2,723	2,249	236
Percentage of Suppliers Participating in Training	%	72.21	69.37	8.59
Number of Audited Suppliers	Companies	232	149	125
Percentage of Suppliers Covered by Audit	%	6.15	4.60	4.55
Number of Suppliers Required to Implement Corrective Actions	Companies	55	33	32

[2]Due to the migration of the supplier management system this year, the statistical methodology changed, and the 2023 and 2024 data were adjusted.

Indicator	Unit	2025	2024	2023
Social Welfare				
Total Community Welfare Investment	RMB 10,000	375.11	4,223.58	/
Number of Individuals Assisted Through Social Welfare Initiatives	Person-times	120,000+	10,000+	/
Community Welfare Investment by Area				
Investment in Health	RMB 10,000	28.44	202.91	/
Investment in Education	RMB 10,000	56.09	74.10	/
Investment in Industrial Support	RMB 10,000	10	/	/
Investment in Disaster Relief	RMB 10,000	120	20.00	/
Investment in Rural Revitalization	RMB 10,000	20	35.67	/
Investment in Other Areas (Hardship Assistance, Charitable Donations, etc.)	RMB 10,000	140.58	3,890.90	/
Breakdown by Investment Type				
Amount of Cash Donations	RMB 10,000	329.5	3,977.53	/
Value of In-kind Donations	RMB 10,000	45.61	246.05	/
Number of Volunteer Service Activities Held	Sessions	71	53	/
Number of Participants Participations in Volunteer Activities	Person-times	5,600	660	/
Cumulative Number of Blood Donors Since 2012	Person-times	1,614	1,495	1,304
Cumulative Blood Donation Volume Since 2012	Milliliter	516,250	477,600	412,300

Environmental Performance[3]

Indicator	Unit	2025	2024	2023
Environmental Compliance Management				
Total Investment in Environmental Governance	RMB 10,000	29,988	130,957	170,465
Time Invested in Environmental Governance	Hours	52,560	61,320	74,400
Number of Participants Participations in Environmental Protection Training	Person-times	31,832	17,792	45,548
Environmental Monitoring Sessions Conducted	Times	96	84	116
Pollutant Emission Management				
Total Solid Waste Generated	10,000 metric tons	20.77	18.62	14.69
Solid Waste Generation Intensity	Metric tons / 10,000 metric tons	141.64	151.21	147.66
Hazardous Waste Generated	10,000 metric tons	12.76	12.51	13.92
Non-hazardous Waste Generated	10,000 metric tons	8.01	6.11	0.77
Total Waste Recycled and Reused	10,000 metric tons	19.77	17.01	14.68
Nitrogen Oxides (NO_x) Emissions per 10,000 Metric Tons of Product	Metric tons / 10,000 metric tons	0.550	0.616	0.554
Sulfur Dioxide (SO_2) Emissions per 10,000 Metric Tons of Product	Metric tons / 10,000 metric tons	0.058	0.067	0.106
Volatile Organic Compounds (VOCs) Emissions per 10,000 Metric Tons of Product	Metric tons / 10,000 metric tons	0.164	0.252	0.257
Particulate Matter (PM) Emissions per 10,000 Metric Tons of Product	Metric tons / 10,000 metric tons	0.038	0.043	0.054
Total Wastewater Discharge	Metric tons	12,930,530.46	13,116,771.18	14,627,048.12
Chemical Oxygen Demand (COD) Emissions per 10,000 Metric Tons of product	Metric tons /10,000 metric tons	1.907	2.245	2.077
Ammonia Nitrogen Emissions per 10,000 Metric Tons of product	Metric tons /10,000 metric tons	0.022	0.026	0.024
Total Organic Carbon (TOC) Emissions per 10,000 Metric Tons of Product	Metric tons /10,000 metric tons	0.675	0.161	0.096
Energy Use Management				
Total Comprehensive Energy Consumption	Metric tons of standard coal	1,808,504.88	1,678,655.06	1,574,108.91
Comprehensive Energy Consumption Intensity	Metric tons of standard coal / 10,000 metric tons	1,233.04	1,363.00	1,450.76
Direct Energy				
Gasoline	Liters	512,519.20	598,995.39	546,684.92
Diesel	Liters	235,513.38	297,574.26	283,915.29
Natural gas	Hundred million cubic meters	2.29	2.78	2.80
Ethane	Metric tons	103,815.79	63,151.18	38,684.77
Indirect energy				
Purchased General Electricity	MWh	6,422,823.75	5,276,353.19	5,046,442.25
Purchased Steam	GJ	15,928,775.96	13,559,044.66	13,299,954.16
Renewable Energy				
Purchased New Energy Power	MWh	12,450.00	765,023.99	517,585.28
Photovoltaic Installed Capacity	MW	1.6	1.6	1.6
Photovoltaic Power Generation	MWh	1,804.79	1,772.91	1,887.40
Photovoltaic Power for Self-use	MWh	1,804.79	1,772.91	1,887.40
Renewable Energy Consumption	Metric tons of standard coal	1,751.91	94,239.34	63,843.19
Green Electricity Certificate Trading Volume	Ten thousand units	1.55	4	0
Greenhouse Gas Emissions				
Total Greenhouse Gas Emissions (Scope 1 + Scope 2)	Metric tons of CO_2 equivalent	6,705,043	5,709,616	5,853,177
Greenhouse Gas Emissions Intensity (Scope 1 + Scope 2)	Metric tons of CO_2 equivalent/metric tons	0.457	0.464	0.627
Total Greenhouse Gas Emissions (Scope 1)	Metric tons of CO_2 equivalent	3,167,380	2,580,541	1,432,410
Greenhouse Gas Emissions (Scope 2) Total	Metric tons of CO_2 equivalent	3,537,663	3,129,075	4,420,767
Resource Use Management				
Total Water Consumption	Million metric tons	960.55	741.60	566.74
Water Consumption Intensity	Million tons/10,000 tons	0.65	0.60	0.50
Freshwater Consumption	Million metric tons	29.08	30.96	33.64
Total Recycled and Reused Water	Million metric tons	923.79	702.79	526.92
Percentage of Recycled and Reused Water	%	96.17	94.76	92.97
Water Withdrawal	Million metric tons	32.65	33.86	36.74
Municipal Water Withdrawal (Tap Water)	Million metric tons	29.08	30.69	33.74
Water Withdrawal (from Rivers, Lakes, Natural Ponds, etc.)	Million metric tons	0.86	0.93	0.75
Other Water Withdrawal Sources	Million metric tons	2.71	2.24	2.25
Reduction in Wastewater Discharge	Ten thousand metric tons	462.08	281.87	41.49

[3]To improve the accuracy and reliability of environmental data, the Company continues to refine its environmental data statistical system and, in 2025, retrospectively adjusted certain historical estimates based on measured data.