Satellite Chemical Co., Ltd.
Stock code:002648

2024
Environmental, Social and Governance Report

Chemicals Make a Better Life

CONTENTS

About This Report

Description of the Report

This report is the fifth annual Environmental, Social, and Governance (ESG) report of Satellite Chemical Co., Ltd. (hereinafter referred to as "this report"). It provides a factual and objective overview of the Company's sustainability activities in 2024, with a focus on its social, environmental, and governance performance.

Report Scope

Reporting Period: January 1, 2024, to December 31, 2024 (hereinafter referred to as the "reporting period"). Some information may extend beyond this period. This report is an annual report.

Organizational Scope: This report covers Satellite Chemical Co., Ltd, unless otherwise specified.

Basis of Preparation

This report is prepared with reference to the *Shenzhen Stock Exchange Guide No.1 on Self-Regulation of Listed Companies: Standardized Operation of Companies Listed on the Main Board (Revised in December 2023)*, the *Shenzhen Stock Exchange Guideline No.1 on Self-Regulation of Listed Companies: Business Matters (Revised in 2023)*, *Shenzhen Stock Exchange Guide No.17 on Self-Regulation of Listed Companies: Sustainability Reporting (Trial)*, and *Guide No.3 on Self-Regulation of Listed Companies No.3: Sustainability Reporting Preparation*, *Enterprise Sustainability Disclosure Standards: Basic Guidelines (Draft for Comments)* issued by the Ministry of Finance, the *GRI Standards* issued by the Global Reporting Initiative (GRI), the *IFRS Sustainability Standards Standard 1: General Requirements for Disclosure of Sustainability-related Financial Information* and *IFRS Sustainability Standards 2: Climate-related Disclosures* published by the International Sustainability Standards Board (ISSB), the United Nations Sustainable Development Goals (UN SDGs), *Climate-related Financial Disclosure Guidelines* issued by the Task Force on Climate-related Financial Disclosures (TCFD) , the MSCI ESG Rating Methodology for Commodity & Diversified Chemicals Industry, and the *China Enterprise Sustainability Reporting Guidelines (CASS-ESG 6.0)*.

Description of Designations

For ease of presentation and reading, the terms "the Company", "Satellite", "STL" and "we/us" in this report refer to "Satellite Chemical Co., Ltd." and its subsidiaries. Other definitions are as follows:

STL Technology	refers to	Zhejiang Satellite New Material Technology Co.,Ltd.
Youlian Chemistry	refers to	Zhejiang Youlian Chemistry Industry Co.,Ltd.
Pinghu Petro Chemical	refers to	Pinghu Petro Chemical Co., Ltd.
Satellite Energy	refers to	Zhejiang Satellite Energy Co., Ltd.
Lianyungang Petrochemical	refers to	Lianyungang Petrochemical Co., Ltd.
Jiahong New Material	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 Industrial Co., Ltd.
Jiaxing Base	refers to	the Company's production facilities in Jiaxing Science and Technology City
Pinghu Base	refers to	the Company's production facilities in Dushan Port, Pinghu
Lianyungang Base	refers to	the Company's production facilities in Xuwei New District, Lianyungang

Information Sources

The information and data disclosed in the Report are from the Company's statistical information or official documents. The currency amounts involved are measured by the Renminbi (hereinafter referred to as the "RMB").

Confirmation and Approval

The Report was prepared by STL's ESG report drafting team and approved for release by the Board of Directors on March 24, 2025, upon confirmation by the management.

Disclaimer

The forward-looking statements in this report, other than statements of historical facts, are those concerning the Company's anticipated or expected business activities, events or developments that may occur or are expected to occur in the future. Actual results or trends in the future may differ materially from these forward-looking statements as a result of a range of variables. The Company made the forward-looking statements contained in this report prior to March 24, 2025 and undertakes no obligation or duty to update them, unless otherwise required by regulatory authorities.

Access and Feedback

The Report is available in both simplified Chinese and English. In case of discrepancies between the two versions, the simplified Chinese version shall prevail.

We value the opinions of all parties and welcome readers to contact us in the following ways. Your comments are valuable to us and will help us improve our ESG performance.

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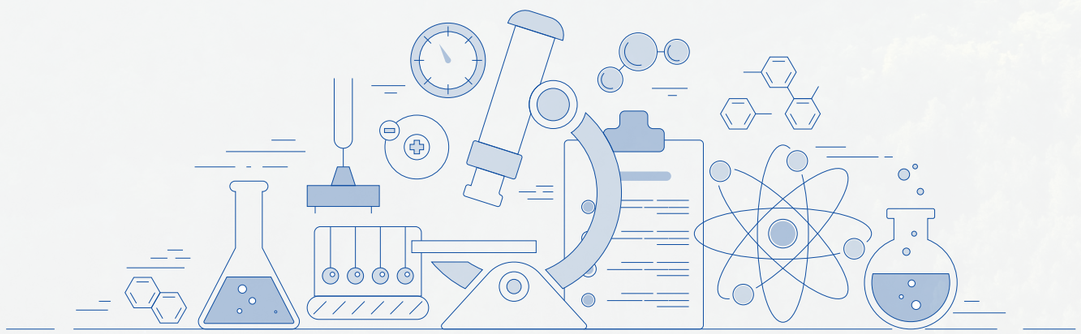
Message from our Chairman

Chairman of STL —— **Yang Weidong**

The year 2024 is a crucial year for fully implementing the guiding principles of the 20th National Congress of the Communist Party of China and a pivotal year for advancing the "14th Five-Year Plan" development strategy. Against the backdrop of transformation and reconstruction, with both opportunities and challenges coexisting, STL remains committed to its mission of "Chemicals Make a Better Life." The Company continues to deepen its strategies of "Management Leadership" and "Technology Leadership", fully integrating the principles of new development concepts and the requirements of a new development paradigm into its innovation, research, and production practices in light hydrocarbon utilization and green chemical materials. STL steadfastly pursues a green, low-carbon, and sustainable development path, focusing on the continuous innovation in functional chemicals, advanced polymer materials, new energy materials, hydrogen energy, and carbon dioxide utilization. By driving the industrial chain toward intelligent, sustainable, and high-end development, the Company is forging a new chapter in high-quality growth.



This year, we refined our management practices and ensured compliant operations to safeguard the Company's steady and long-term growth.

We continuously optimized corporate governance, actively responded to the new "Nine National Guidelines," upheld compliance principles, strengthened our governance framework, and established a robust internal control management system. These efforts enhanced our core competitiveness and comprehensive risk management capabilities, providing strong protection for shareholders' legitimate rights and interests. We remained committed to business ethics, reinforced anti-corruption measures, and maintained open communication channels with all stakeholders, fully integrating ESG principles into corporate governance to maximize economic, environmental, and social benefits, while injecting fresh momentum into high-quality development with new productive forces. In 2024, we were recognized among the Top 100 Most Valuable Main Board Listed Companies, the Fortune China 500, Zhejiang's Top 100 Enterprises, Zhejiang's Top 100 Manufacturing Enterprises, Zhejiang's Fastest-Growing Top 100 Enterprises, and Jiaxing's Top 100 Private Enterprises. Additionally, we were included in the Shenzhen 100 Index, continuously striving for higher achievements and embracing innovation on our path forward.

Pioneering Innovation: Technology-Driven Growth with New Development Momentum

We remain committed to an innovation-driven development strategy, continuously increasing R&D investment and advancing the construction of our future research center. By aligning with national strategic directions and industry development needs, we are building innovation platforms to tackle key challenges in high-performance catalysts, new energy materials, advanced polymer materials, and functional chemicals. Through continuous efforts to extend, strengthen, and optimize our industrial chains, we are accelerating projects such as high-end polyolefin materials, high-end packaging materials, and comprehensive hydrogen energy utilization. These initiatives add additional industrial value and market competitiveness.

We deeply understand customer needs, providing customized solutions while actively expanding domestic and international markets. Through strengthening cooperation and exchanges with upstream and downstream enterprises, we foster strategic partnerships and industry collaboration to drive high-quality development in the petrochemical sector, building new growth pillars in the modernization process. In 2024, we were recognized among the Top 100 New Materials Enterprises in China, the Forbes China 50 Most Innovative Companies, the Annual Provincial 5G Fully Connected Factory List，and 2024 Zhejiang Province Artificial Intelligence Application Scenarios.

Advancing Green Development: Low-Carbon Industrial Models for a Sustainable Future

We actively respond to China's "carbon peaking and carbon neutrality" strategy by deepening the implementation of the "4R" green development model and increasing investment in projects related to "dual carbon" goals and clean technologies, driving the lightweighting of petrochemical raw materials and promoting green and low-carbon development. As one of the country's first "Green Champion Enterprises," we are committed to a sustainable development path that is green, low-carbon, and circular. By leveraging technological innovation to enhance environmental value, we continuously explore energy-saving, consumption-reducing, quality-improving, and efficiency-boosting initiatives. We implement technological improvements, strengthen emissions management, participate in biodiversity and ecological protection efforts, and minimize the environmental impact of our production and operations in order to achieve a win-win balance between economic growth and environmental benefits. In 2024, we were selected for both the Excellent Practice Cases of Sustainable Development for Chinese Listed Companies and the Top 100 list of ESG Performance for Zhejiang Listed Companies.

Fulfilling Responsibility: Talent Development to Drive Social Inclusion

We are committed to providing a fair, inclusive, and diverse work environment with opportunities for growth. Prioritizing employee well-being and rights protection, we foster innovation and creativity through incentive mechanisms that drive continuous talent development and progress. We align business growth with social responsibility, actively addressing societal needs and fulfilling our corporate duties. Through our corporate-sponsored charitable foundation, we organize philanthropy projects and volunteer services. Our efforts were recognized with the ESG Action Award for "Rural Revitalization and Social Development", contributing to advancing rural revitalization and shared prosperity.

We have seen great accomplishments in the past year, and a new chapter now awaits. STL will continue to focus on its core responsibilities and businesses, seizing strategic opportunities by focusing on the development direction of "establishing new productive forces". The Company will leverage "Green and Low-carbon" and "Technological Innovation" as dual engines to build an integrated green industry chain starting from the clean raw materials stage. We will continuously meet the needs of strategically emerging industries and people's growing demand for a greener and higher quality life, leading towards a more sustainable future.

About STL

Company Profile

About the Company

Satellite Chemical Co., Ltd. was established in 1992 and listed on the Shenzhen Stock Exchange in December 2011 (Stock Code: 002648). The Company possesses a domestically leading light hydrocarbon integrated industrial chain and has established an independently controllable global light hydrocarbon supply chain. It utilizes green technologies to produce functional chemicals, advanced polymer materials, and new energy materials, while comprehensively harnessing carbon dioxide and hydrogen energy. The Company's products are applied across vital national and civilian industries including aerospace, automotive, electronic semiconductors, healthcare, nutrition and personal care, sports and fitness, construction engineering, and ecological environment. This aligns with the national petrochemical industry's direction toward lightweight feedstock and contributes to achieving the country's "dual carbon" goals. The Company continuously promotes the "4R" green development concept and has been winning honors including National Manufacturing Champion Example Enterprise, National Green Supply Chain Management Enterprise, National Green Factory, Key National Industry Energy Efficiency "Pacesetter", and Key National Water-Using Enterprises Water Efficiency "Pacesetter".

Business Layout

Satellite Chemical has established two integrated industry chains centered around green, low-carbon raw materials - C2 and C3. The Company focuses on developing products including polyethylene, polypropylene, polyolefin elastomers (POE), superabsorbent polymers (SAP), acrylic acid and esters, and hydrogen peroxide, forming three major sectors: functional chemicals, new energy materials, and high-performance polymer materials. STL is the first domestic Company to establish ethane export facilities overseas, successfully opening China's first global ethane supply chain, while introducing clean raw materials to build domestic ethane cracking process facilities, forming an integrated C2 industry chain. Additionally, STL is the first domestic enterprise to build and introduce Propane Dehydrogenation (PDH) facilities using American UOP technology, establishing an integrated C3 industry chain. In recent years, STL has deepened its efforts in advancing "Management Leadership" and "Technology Leadership", relying on technological innovation and modern enterprise system construction to continuously maintain the market competitiveness of its industry chains and products.

The Company has now established a strategic layout consisting of one headquarters and three major bases.

The Jiaxing Base

has been developed into a high-value-added advanced polymer materials industrial cluster

The Pinghu Base

has been built into a C3 integrated industry chain using propane as a raw material

The Lianyungang Base

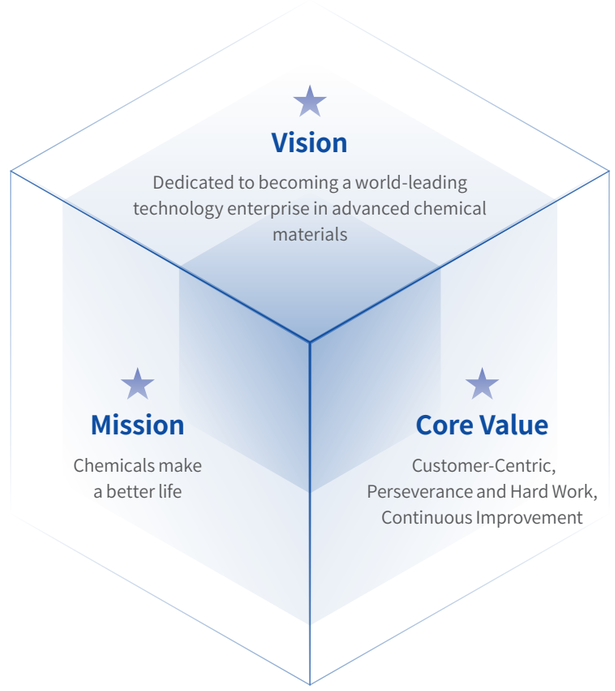
has been developed as a new materials industry chain utilizing diversified raw materials

Through the coordination of upstream and downstream industry chains, the Company has constructed a sustainable development ecosystem.

Corporate Culture

STL has cultivated a corporate culture with "synergy" as the core value. The Company maintains Customer-Centric, Perseverance and Hard Work, Continuous Improvement, uniting like-minded individuals to collectively pursue the corporate vision. Under the requirements of "Management Leadership" and "Technology Leadership" , the Company strives to deliver product excellence and brand distinction, aiming to become an enterprise respected by society and a source of pride for employees. STL is dedicated to becoming a world-leading technology enterprise in advanced chemical materials, positioning itself among the global chemical industry leaders.

The Company continuously advances people's pursuit of a happy and beautiful life. We consistently generate tax revenue for the regional economy, create profits for investors, and provide income for employees, promoting high-quality social and economic development and advancing common prosperity. The Company has developed a "seven-quality" cadre team characterized by having: cultural belief, strategic vision, responsible commitment, resilient determination, learning and innovation capabilities, outstanding performance, and professional standards.



Awards and Honors

Industry Leadership

Inclusion in the Shenzhen 100 Index
Shenzhen Stock Exchange, Shenzhen Securities Information Co., Ltd.

Value Companies Listed on the Main Board
Securities Times

China's Top 100 New Materials Companies
Hurun Research Institute

Innovation Leadership

Forbes China's 50 Most Innovative Companies
Forbes China

National 2023 Industrial Internet Pilot Demonstration 5G Factory
Ministry of Industry and Information Technology of the People's Republic of China

Selected for Zhejiang's Second Batch of "Eagle Enterprises"
Zhejiang Provincial Department of Economy and Information Technology

Included in the "2024 Zhejiang Artificial Intelligence Application Scenarios List"
Zhejiang Provincial Department of Economy and Information Technology

ESG Leadership

First Batch of "Green Leading Enterprises" (Subsidiary Lianyungang Petrochemical received this award)
China Quality Certification Center

Outstanding Sustainable Development Practice Case for Listed Companies
China Association for Public Companies

Zhejiang's Top 100 ESG Performance Listed Companies
Zhejiang Corporate Social Responsibility Promotion Association, CCXGF

CSR China Top 100
Responsibility 100, CSR China Education Award

"Rural Revitalization and Social Development" ESG Action Award
Responsibility 100, CSR China Education Award

Cailian Press Zhiyuan Award - Environmental (E) Pioneer Enterprise Award
Cailian Press

Guoxin Cup • ESG Golden Bull Award
China Securities Journal, China Reform Holdings, Nantong Municipal Government

Aona Award for Enterprises with Sustainable Development Contribution
Social Responsibility Conference Organizing Committee

China Enterprise ESG "Golden Responsibility Award" – Best Responsibility Progress Award
Sina Finance

Outstanding Sustainable Development Enterprise of the Year
EY Greater China

KPMG China's Second ESG · 50 List – Outstanding Social Pioneer
KPMG

01 Efficient Governance for Steady and Long-Term Growth

STL regards efficient governance as the cornerstone of its high-quality development. The Company continuously enhances its corporate governance levels and risk prevention capabilities, upholding business ethics to ensure stable operations. Additionally, the Company places great emphasis on the quality of information disclosure, further advancing its modern governance system. By sharing development achievements with stakeholders and integrating ESG principles into all aspects of its operations, STL empowers its sustainable growth.

Governance

STL has established a "Three-Tier Governance Structure (Board, Committees, Executive Management)" governance framework, ensuring a clear division of ownership, decision-making, supervision, and operational responsibilities. In ESG governance, the Company has implemented a three-level ESG governance hierarchy comprising the Board of Directors - Strategy and ESG Committee - ESG Working Group, systematically driving the standardization and institutionalization of ESG initiatives.

Strategy

The Company deepens the "Management Leadership" strategy. By strengthening institutional frameworks and optimizing processes, STL addresses the "Five Key Management Questions" and implements "Four Transformations", enhancing the depth, breadth, effectiveness, precision, and strength of corporate management. By fostering institutional and systemic innovations, the Company also ensures sustainable and stable growth.

Goals

Internal policies publication rate reaches **80%** and above

Enhancing information disclosure quality

Optimizing investor relations, market value management, and shareholder returns

Improving ESG performance

100% integrity training coverage for all employees, including interns, outsourced staff, and part-time employees

Number of integrity training: Company-level ⩾**2** **sessions**
Audit and Supervision Department ⩾**8** **sessions**
Centers, bases, subsidiaries, and business units ⩾**3** **sessions each**

0 critical system downtime incidents

0 customer data breaches

Impacts, risks, and opportunities

STL integrates risk prevention, compliance management, and internal controls into its governance framework, focusing on the core business and key areas of operation and management. The Company systematically identifies risks in areas such as integrity, information security, procurement, sales, external investments, and guarantees, reinforcing risk response mechanisms. Additionally, it enhances interpretation and investor communication on information disclosure, ensuring timely and effective responses to concerns from the investors. Systematic training for key management personnel was conducted to strengthen their compliance awareness, ensuring governance remains scientific, stable, and effective.

UN SDGs

Strengthening ESG Management

ESG Management System

ESG Governance Structure

STL has established a top-down ESG management structure consisting of the Board of Directors, the Strategy and ESG Committee, and the ESG Working Group to ensure the comprehensive execution and effective supervision of ESG responsibilities. The Board of Directors, as the highest decision-making body, is responsible for reviewing and overseeing the Company's ESG strategy, policies, and progress towards goals. The Board of Directors authorizes the Strategy and ESG Committee to guide and supervise ESG governance work; identify and assess major ESG risks and opportunities; approve major ESG investments and budget expenses; provide strategic advice; and supervise the advancement of ESG-related matters. The ESG Working Group, composed of liaison officers from various centers, bases, subsidiaries, and business units, is responsible for comprehensively following up on and implementing all ESG-related work.

STL ESG Governance Structure

The three-tier ESG governance framework covers the following areas

Protection of Shareholder and Creditor Rights	Protection of Employee Rights	Protection of Customer, Supplier, and Partner Rights	Environmental Protection and Sustainable Development	Public Relations and Social Welfare
Ensuring financial stability and transparent information disclosure by improving governance structures and treating shareholders and creditors fairly	Strictly complying with labor laws, safeguarding employee health and safety, and establishing comprehensive compensation, benefits, and career development systems	Adhering to ethical business practices, enhancing product quality and services, and building a green, low-carbon, and compliant supply chain ecosystem	Implementing the "dual carbon" strategy, promoting green production and resource conservation, and strengthening environmental management (including strategies and performance on energy usage, water resource management, and waste management)	Actively participating in social welfare initiatives, fulfilling corporate citizenship responsibilities, and contributing to societal prosperity and sustainable development

ESG Strategy

STL integrates sustainability responsibilities into its corporate development strategy, actively implementing international and national standards. The Company has established a key sustainable development indicator system tailored to its characteristics and has built a closed-loop management system. By strengthening coordination between ESG responsibilities and departmental operations, and ensuring integration across all levels, the Company continuously enhances its governance, competitiveness, innovation, and risk resilience, promoting both corporate and broader economic and social sustainability.

ESG Risk and Opportunity Management

STL promotes the identification and assessment of ESG risks in daily operations, incorporating ESG responsibilities into the business management decision-making system. At the same time, the Company is committed to integrating ESG factors into investment decision-making, comprehensively evaluating and adjusting relevant variables to optimize investment decision models, thereby achieving long-term and sustainable investment value.

The Company incorporates ESG indicators into the performance evaluation system for senior management, which include, but are not limited to, key areas such as workplace safety (e.g., number of safety incidents, safety-related penalties), energy conservation and environmental protection (e.g., greenhouse gas emissions, pollutant emissions, energy efficiency management, environmental penalties), and labor rights protection. Each indicator is assigned a specific weight, and performance evaluation scores determine the final rating. Performance-related pay is then calculated based on these scores and ratings. The ESG performance assessment is directly linked to the salary of senior management responsible for ESG matters. If ESG targets are not met, the corresponding assessment score is deducted, with up to 35% of the total performance score deducted. Additionally, in the event of a zero-tolerance incident, a "veto" policy is enforced to ensure the strict implementation of ESG governance. Regarding executive compensation clawback mechanisms, the Company has established a penalty system for violations. The performance of board members and senior executives is assessed, and differentiated penalties are set to align responsibility with risk. This ensures that executive decisions and actions remain consistent with the Company's long-term interests and compliance requirements. The remuneration plan for all directors, including executive ones, must be reviewed by the Board of Directors and approved by the Ge neral Meeting of Shareholders through voting before implementation.

Stakeholder Communication

STL highly values communication with stakeholders and has established multi-channel engagement mechanisms to actively address and respond to their opinions and concerns. To ensure smooth and transparent communication, the Company conveys its value externally through earnings presentations, call conferences on earnings interpretation, investor research sessions, responses to inquiries on the interactive platform, participation in strategy sessions, and institutional reverse roadshows. Internally, the Company listens to voices and suggestions through employee forums, employee representative meetings, the chairman's mailbox, and an employee supervision and suggestion hotline. The Company also focuses on key topics of interest to stakeholders, strengthening relevant management practices and striving to create value for all parties.

Stakeholders	Key Concerns	Communication Methods	Key Topics	STL Response
Shareholders and Investors	• Corporate Governance • Risk Management • Sustainable Operations • Business Ethics	• General Meetings • Investor Research • Hotline • Company • Announcements • Earnings Briefings • Emails	• Continuous Performance Growth • Stable Future Development Outlook • Shareholder Rights Protection • Standardized Corporate Governance • Enhanced Information Disclosure • Smooth Investor Communication • Improved ESG Performance	• Transparent and Accurate • Information Disclosure • Performance Improvement and Profit Growth • Diversified Investor • Communication Channels • Optimized ESG Performance
Government and Regulators	• Climate Change Response • Energy Management • Pollution Emission and Waste Management • Water Resource Management • Chemical Safety Management • Ecological Protection • Sustainable Operations • Risk Management • Business Ethics • Employee Health and Safety	• Information Disclosure • News Reports • Company Website • Regular Communication	• Compliance with National Laws and Regulations • Integrity and Lawful Operations • Economic Development Promotion • Environmental Management Focus • Regulatory Supervision and Assessment	• Legal Compliance • Tax Payment • Information Disclosure as Required • Local Economic Growth Promotion • Job Creation • Regulatory Investigations
Customers	• Product Safety and Quality • Innovation and Research and Development • Customer Relationship Management • Digital Transformation • Privacy and Information Security • Customer Relation • Management • Business Ethics	• Hotline • WeChat Official Account • Customer Visits • Customer Complaints • Emails • Company Website • Satisfaction Surveys	• Product and Service Quality Assurance • Customer Demand Response • Customer Rights Protection	• Ensuring Product Quality • Improving Service Standards • Enhancing After-Sales Services • Innovating Service Initiatives
Employees	• Employee Rights • Occupational Health and Safety • Employee Training and Development • Privacy and Information Security	• Employee Representative Meetings • Employee Activities • Engagement Surveys • Employee Suggestion Box CEO Mailbox • Employee Discussion Panels • Employee Conversations • Employee Supervision and Suggestion Hotline • Bulletin Boards	• Good Working Environment • Employee Growth and Development • Robust Communication Mechanisms • Salary and Benefits Protection	• Enhancing Compensation and Benefits • Strengthening Employee Representation • Providing Career Development Paths • Offering Diverse Training Programs • Organizing Employee Activities • Creating a Healthy and Safe Work Environment
Partners and Industry Associations	• Supply Chain Management • Industry Development • Business Ethics • Sustainable Operations	• Supplier Conferences • Hotline • Regular Visits • Company Website • WeChat Official Account • Reporting Channel	• Long-Term Cooperation Maintenance • Business Ethics Compliance • TransparentJust, and Fair Procurement • Win-Win Development • Industry Advancement • Sustainable Supply Chain Development	• Strict Contract and Agreement Compliance • Transparent Bidding Processes • Adherence to Business Integrity • Promoting Environmental Partnerships • Expanding Cooperation Models • Industry Association Participation • Industry Knowledge Sharing
Public and Media	• Social Welfare Promotion • Industry Development • Business Ethics • Corporate Governance • Sustainable Operations • Risk Management	• Public Welfare Activities • Media Reports • Open Days • WeChat Official Account • Hotline • Company Website	• Responsible Operations • Community Culture Building • Public Welfare Support • Environmental Protection • Information Transparency • Effective Communication • Strong Media Relations	• Active Participation in Public Welfare • Implementing Assistance Programs • Supporting Community Development • Advocating Green Initiatives • Maintaining Strong Media Relations

Compliant and Stable Operations

Material Topic Analysis

STL conducts at least one material topic identification and analysis annually, reviewing changes and trends in industry policies and internal and external environments. The Company evaluates topics from both "financial significance" and "impact significance" dimensions. Through online questionnaires, internal and external stakeholders are invited to assess these topics, helping to define the Company's sustainable development priorities. This process enables the Company to effectively respond to stakeholder expectations and demands while continuously improving ESG management level.

01 Basic Information Analysis

STL conducts a comprehensive review of the Company's business activities and commercial relationships while considering external objective factors such as policies, regulations, and industry trends to define the research objectives and scope.

02 Development of the Material Topics Library

Based on the Company's business development strategy and unique characteristics, STL identifies 23 ESG material topics closely related to the Company through industry benchmarking analysis, external policy research, and industry trend investigations to establish a material topics library.

03 Stakeholder Engagement

STL establishes a framework linking impact significance and financial significance, compiles an online ESG material topics assessment questionnaire, and collects stakeholder recommendations for the Company's ESG management.

04 Disclosure and Review of the Materiality Matrix

STL conducts statistical analysis on the scores of each topic, evaluates them from the two dimensions of "financial significance" and "impact significance" to form a materiality matrix, which is reviewed and approved by the Board of Directors to determine key disclosure content in the report.

STL 2024 Material Topics Identification Process

The company assesses the impact, risk, and opportunity of each topic based on its impact significance and financial importance. We identified 8 high material topics, 12 moderate material topics, and 3 less material topics.

Highly Material Topics

1. Innovation and R&D
2. Business Ethics
3. Product Safety and Quality
4. Climate Change Response
5. Pollutant Emissions and Waste Management
6. Circular Economy
7. Chemical Safety Management
8. Sustainable Operations

Moderately Material Topics

9. Privacy and Information Security
10. Corporate Governance
11. Clean Technology Development
12. Customer Relationship Management
13. Risk Management
14. Employee Training and Development
15. Supply Chain Management
16. Energy Management
17. Employee Rights
18. Water Resource Management
19. Occupational Health and Safety
20. Ecological Protection

Less Material Topics

21. Industry Development Promotion
22. Digital Transformation
23. Community Welfare

STL 2024 Double Materiality Topic Matrix

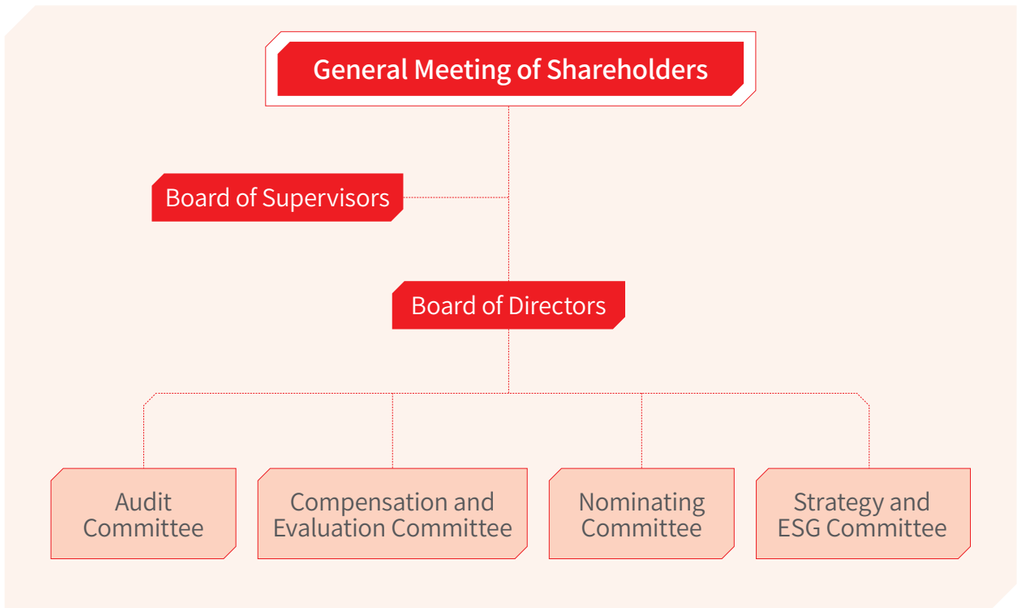
Corporate Governance

Governance System

STL emphasizes the effectiveness and transparency of corporate governance. The Company strictly complies with the *Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies,*and other relevant laws and regulations. In accordance with the selection procedures stipulated in the *Articles of Association of Satellite Chemical Co., Ltd.,* the Company nominates and elects directors. The Company places great importance on information disclosure, responding to the new "Nine National Guidelines," with the premise of safeguarding shareholder interests and delivering sustainable returns. It strictly follows the requirements of the *Administrative Measures for Information Disclosure of Listed Companies* and other applicable laws and regulations to ensure that Company information is disclosed truthfully, accurately, and completely. To further regulate related party transactions, the Company has formulated the *Related Party Transaction Decision-Making* Policy which clarifies the approval procedures and disclosure requirements for related transactions. The Company ensures timely and accurate disclosure of relevant information, including the nature, amount, conditions, and impact of transactions. It also conducts regular independent audits to ensure compliance, fairness, and authenticity of transaction pricing, preventing any transfer of benefits.

The Company has established and continuously optimized a governance structure composed of the General Meeting of Shareholders, the Board of Directors and its specialized committees, the Supervisory Board, and senior management to ensure stable operations and fully protect shareholder rights. The Board of Directors has an Audit Committee, a Remuneration and Appraisal Committee, a Nomination Committee, and a Strategy and ESG Committee. Each committee has clear responsibilities and work processes to ensure the effective operation of the Board, enhance decision-making expertise, reduce risks, and maximize shareholder value.

The Audit Committee is composed entirely of independent directors and is responsible for overseeing the Company's financial reporting and internal controls to ensure the fairness and compliance of related transactions. The Remuneration and Appraisal Committee is responsible for formulating and assessing the Company's Remuneration policies and evaluation standards for directors and senior management. The Nomination Committee provides recommendations on the selection criteria and procedures for directors and senior management and reviews their qualifications. The Strategy and ESG Committee, established as a specialized department by the Board of Directors in accordance with relevant resolutions, is primarily responsible for studying and making recommendations on the Company's long-term development strategy, major investment decisions, and ESG-related matters.



The Company fully considers factors such as gender, age, professional expertise, and industry experience when selecting board members, ensuring a diverse board composition while meeting various business needs. As of the end of the reporting period, the board consists of nine members, including three executive directors. The age distribution includes six members born in the 1960s, two in the 1970s, and one in the 1980s. This diverse age structure combines extensive experience with fresh perspectives, bringing vitality to the team. Each independent director has substantial industry experience, with professional backgrounds spanning finance, law, chemical engineering, and ESG, providing the Company with a broader and more diverse perspective. Additionally, the board values female leadership and continuously promotes independence and diversity in the governance of the board. The presence of two female directors further enriches the board's decision-making approach.

Name	Gender	Position	Age	Academic Background & Industry Experience	Audit Committee	Remuneration & Appraisal Committee	Nomination Committee	Strategy & ESG Committee
Yang Weidong	Male	Chairman, President	56	Business Manage	/	/	Member	Convener
Ma Guolin	Male	Vice Chairman	60	Business Management and Chemical Industry	/	/	/	Member
Yang Yuying	Female	Vice Chairman	63	Business Management and Chemical Industry	/	Member	/	/
Zhu Xiaodong	Male	Director, Vice President	59	Business Management and Chemical Industry	/	/	/	Member
Gao Jun	Male	Director, Vice President	55	Business Management and Chemical Industry	/	Member	/	/
Wu Yi	Female	Independent Director	39	Risk Management, Financial Management, and ESG	Convener	Member	/	Member
Guo Baitao	Male	Independent Director	51	Chemical Industry and Intellectual Property	Member	/	Member	/
Feng Lianfang	Male	Independent Director	61	Chemical Industry	/	Convener	/	Member
Tong Jianhua	Male	Independent Director	52	Legal Industry and Risk Management	Member	Member	Convener	/
Shen Xiaowei	Male	Vice President, Board Secretary	42	Business Management and Chemical Industry	/	/	/	/
Li Ju	Female	Vice President, CFO	52	Business Management, Financial Management, and Risk Management	/	/	/	/
Ma Tujun	Male	Vice President	40	Business Management and Chemical Industry	/	/	/	/

The Company actively advances its "Management Leadership" and "Technology Leadership" initiatives by establishing a dedicated leadership team for these two priorities. This team is responsible for comprehensively reviewing, revising, and refining Company regulations, driving the development of new productive forces while optimizing and innovating the corporate governance system. These efforts enhance internal controls and oversight, further strengthening the modern corporate governance framework. By improving work processes, decision-making mechanisms, and financial management regulations, the Company has established a governance structure with clear responsibilities, checks and balances, which ensures decision-making, execution, and supervision, ultimately promoting the modernization of corporate governance capabilities and standards.

Governance Strategy

Based on the overall "Management Leadership" plan, STL organizes its various centers, bases, subsidiaries, and business units to focus on addressing the "Five Key Management Questions", implementing the "Four Management Transformations", and advancing the development of "Management Leadership" No.1 Initiative. This initiative aims to further enhance the construction of a management system characterized by an advanced corporate culture, streamlined organizational structure, clear processes, well-developed regulations, refined management, and efficient operations.

Transformation in Ideology and Concept

Achieve leadership in ideology and establish systematic thinking.

Transformation in Assessment Orientation

Strengthen incentives, competition, and elimination mechanisms to enhance departments' enthusiasm for "problem-solving and value creation."

Transformation in Organizational Structure

Adhere to the flat management reform approach of "small headquarters, large industries."

Transformation in Management Approach

Accelerate the institutionalization, standardization, and process-oriented development to ensure "inspection with clear criteria and assessment with data."

Impact and Risk Management

STL has identified the following key risks in its business operations and has implemented measures for effective risk control:

Credit Risk	Optimizing the credit control system and customer evaluation model, implementing process management, and using credit insurance to transfer part of the risk, thereby enhancing financial security.
Exchange Rate Risk	Improving foreign exchange hedging operations, applying commodity hedging strategies, and establishing a dynamic monitoring mechanism with dedicated personnel analyzing foreign exchange trends.
Tax Risk	Establishing a tax risk management system covering compliance, transfer pricing, tax planning, and internal control. This is managed through policy interpretation, internal audits, external inspections, and the support of a tax management committee and third-party institutions.
Operational Risk	Mitigating risks related to transactions, assets, decision-making, and investments through contract reviews, asset inventory checks, price monitoring, and investment project evaluations.
Financial Asset Security Risk	Implementing role separation, regular inventory checks, scientific authorization approvals, and leveraging digitalization to enhance financial and asset security while reducing risks.

Optimizing Management Efficiency

With the goal of achieving "Management Leadership", by improving work processes, decision-making mechanisms, and financial management regulations, the Company has established a governance structure with clear responsibilities, checks and balances, which ensures decision-making, execution, and supervision, ultimately promoting the modernization of corporate governance capabilities and standards.

Enhancing Management Level

By benchmarking against industry leaders, the Human Resources Center takes the lead in organizing visits to top-performing enterprises, learning from best practices and aiming to become a benchmark itself.

Expanding Management Scope

To establish a structured approach where "processes govern affairs and regulations govern people", the Company follows a "draft, review, learn, implement, assess" methodology. During the reporting period, it focused on building a "0-1" system, developing the 12418 system (1 framework, 2 levels, 4 major systems, and 18 policy categories). Adhering to five standardization principles—unified management, unified standards, unified norms, unified templates, and unified processes—the Company issued governance regulations and built a closed-loop policy management mechanism.

Improving Management Effectiveness

To foster a culture of "sincere communication and efficient collaboration", the Company applied the "Three-Degree Working Method" and designed a top-down cultural implementation framework.The Company established communication mechanisms, represented by joint meetings and coordination conferences, while conducting cultural promotion and experience-sharing activities to enhance management effectiveness.

Refining Management Precision and Strength

To balance "efficiency first while considering risks" and ensure "goal alignment and execution implementation," the Company optimized approval processes for the CEO and department heads and conducted inspections on the implementation of system promotion and execution. On the premise of ensuring effective risk control, it enhanced approval efficiency and improved the execution of institutional policies. At the same time, each center, base, subsidiary, and business unit continued management enhancements tailored to their operational needs.

Investor Rights Protection

STL conducts annual training for directors, supervisors, and senior management to continuously strengthen their awareness of information disclosure responsibilities, ensuring that all investors have equal access to Company information. The Company has established open, fair, transparent, and multi-dimensional investor communication channels. Through emails, phone calls, Shenzhen Stock Exchange Hudongyi platform, WeChat official account, earnings briefings, on-site research, and the "Investor Relations" section on its website, the Company actively engages with investors. These efforts help deepen investors' understanding of the Company's operations and enable timely and effective responses to investor concerns, comprehensively conveying the Company's investment value to the market. Additionally, STL proactively complies with regulatory requirements from the China Securities Regulatory Commission (CSRC) and stock exchanges by formulating the Three-Year Shareholder Return Plan on multiple occasions. The Company has established a stable, sustainable, and scientifically structured dividend distribution mechanism, ensuring shareholders benefit from its rapid growth.

Metrics and Targets

During the reporting period

STL held **2** shareholders' meetings with a **100%** attendance rate among directors, **8** board meetings and reviewed **53** proposals.

The Company also held **6** supervisory board meetings with a **100%** attendance rate among supervisors and reviewed **19** proposals

Additionally, STL convened **3** Strategy and ESG Committee meetings, **2** Nomination Committee meetings, **5** Audit Committee meetings, **2** Remuneration and Appraisal Committee meetings

Targets	2024 Achievement
Internal policy release rate reaching **80%** or more	Achieved
Enhancing information disclosure quality	Achieved
Optimizing investor relations management, market value management, and shareholder returns	Achieved

Strengthening Party Building

STL established the "Xinghe Party Building" brand, integrating Party leadership with corporate development while aligning with Company culture. The Company adheres to the principle of "Unity in Heart" to consolidate corporate strength, the principles of "Unity in Strength" to drive business growth, and "Unity in Harmony" guide green development. STL has developed a Party-Union-Youth-Women joint construction system, adhering to the principle of "all work reaches the grassroots". As the Company expands capital, projects, and industry chains, it simultaneously optimizes Party organization structures to ensure a leadership role in corporate growth. In 2024, based on Company situation, the Party Committee aligned Party-building efforts with business operations, fostering an integrated "Party Building + Business" framework. The Company implemented synchronized planning, deployment, execution, and evaluation of Party building and business initiatives, actively exploring approaches such as "Party Building + Market Expansion," "Party Building + Cost Control," "Party Building + Frontline Engagement," and "Party Building + Workplace Safety."

The Company has one secondary Party committee, one general Party branch, and 14 Party branches. As of December 31, 2024, the Company had 594 Party members, representing a 20.5% year-on-year increase, including 26 probationary members.

Ideological Education and Organizational Development

To reinforce ideological and political foundations, the Company Party Committee regularly holds ideological briefings. In 2024, it convened 10 key meetings, including expanded Party Committee meetings and recognition ceremonies for outstanding Party, labor, youth, and women's groups. Throughout the year, it conducted 61 learning sessions on topics such as the 20th National Congress of the CPC, integrity education, the Third Plenary Session of the 20th CPC Central Committee, and important work methods.

Party-Labor Groups Building and Diverse Activities

The Company has established 30 "Party-Labor Groups" with over 200 members, regularly organizing activities such as Party history education, team-building activities, and professional training. The Party Committee launched thematic Party Day events such as "retracing the first National Congress route" and "Common Prosperity 101", closely integrating these activities themes like national rejuvenation and rural revitalization, enhancing the Party's cohesion and influence.

Joint Party-Building and Brand Development

As one of Jiaxing's first publicly listed companies with a distinctive Party-building brand, the Company actively participates in regional Party-building collaborations. It serves as the leader of the "Red Sail" Party-building linkage initiative and has partnered with East China University of Science and Technology, Securities Times, and other institutions for joint construction activities.

Party-Led Innovation in Production

The Party, labor, youth, and women's groups integrate advanced Party theories with production practices, inspiring frontline Party members to drive innovation. Party branches fully leverage their role as a fighting fortress, establishing Party member vanguard posts and demonstration posts, ensuring that the Party flag flies high over every project.

Business Ethics

Governance

STL adheres to the principles of integrity, transparency, and just conduct, strictly complying with the *Supervision Law of the People's Republic of China, the Anti-Unfair Competition Law, the Anti-Money Laundering Law,* and other relevant regulations. The Company has formulated policies such as the *Integrity Management System, Whistleblower Management Regulations, Gift-taking Management Measures, and Anti-Corruption and Anti-Bribery Management System.* Through these measures, STL fosters a culture of honest business conduct, maintaining a zero-tolerance stance on corruption.

The Audit Committee serves as the highest governing body for business ethics matters, overseeing and regularly reviewing policies, issues, and risks related to business ethics and anti-corruption. The committee ensures that the Company conducts at least one business ethics audit annually, covering all operating locations and business activities. STL's Integrity Management Task Force leads anti-corruption awareness initiatives, establishes relevant strategic objectives, evaluates management performance, and receives and processes corruption-related reports. To strengthen anti-corruption and integrity supervision, the Audit and Supervision Department conducts at least one annual risk assessment of key business activities, while all centers, bases, subsidiaries, and business units conduct quarterly reviews to identify high-risk areas and propose preventative measures. Upon receiving whistleblower reports, the Audit and Supervision Department investigates allegations, recommends actions, and tracks implementation of corrective measures. The HR Department integrates ethical work into performance evaluations and provides integrity training for new employees. The heads of each center, base, subsidiary, and business unit implement the "dual responsibility" principle by promoting integrity within their respective units, ensuring the implementation of anti-corruption measures, promptly reporting any corruption issues to the Integrity Management Task Force to assist in investigations and enforce accountability measures.

Impact and Risk Management

STL enforces zero tolerance for violations of business ethics. The Company has established and strictly adheres to the Whistleblowing and Complaint Management Policy, standardizing reporting channels and procedures. It follows the principles of evidence-based investigations, factual accuracy, and thorough investigation to ensure that all complaints and reports are handled promptly and effectively. STL encourages employees, suppliers, customers, and other stakeholders to report any observed misconduct related to business ethics. The Company provides multiple transparent reporting channels, including letters, hotline calls, emails, in-person reports, or third-party submissions. Once a credible report is received, STL immediately develops an investigation plan, conducts a thorough inquiry, and imposes strict disciplinary actions upon confirming violations, making sure the matters are seriously handled. To protect the rights of the whistleblowers, STL has explicitly stated in its policies that, within legal and regulatory limits, it will maintain strict confidentiality of the whistleblower's identity and report details. Any form of retaliation against whistleblowers is strictly prohibited. During the reporting period, STL experienced zero corruption-related lawsuits.

Whistleblowing Hotline

0573-82058220

Whistleblowing Email

Compliance@weixing.com.cn

Whistleblowing Address

Integrity Management Task Force, STL, No. 196 Fuqiang Road, Nanhu District, Jiaxing City, Zhejiang Province, China

Whistleblowing Handling Process

The Audit and Supervision Department organizes personnel to conduct a lawful investigation based on the report, which must be completed within 30 working days, with a written investigation report.

If the report is verified as true, appropriate disciplinary actions will be taken according to the severity of the violation. Severe cases will be handed over to judicial authorities.

01 Acceptance of Reports

The Integrity Management Task Force prioritizes handling non-anonymous reports and anonymous reports with sufficient factual evidence.

02 Investigation

03 Cooperation Requirements

Relevant departments must fully cooperate during the investigation. The investigated individuals must provide truthful evidence while maintaining strict confidentiality regarding the investigation.

04 Handling Results

05 Appeal Process

If the whistleblower or the reported individual disagrees with the handling decision, they may file an appeal with the Integrity Management Task Force within 10 days of receiving the investigation results and provide supporting materials.

Prevention and Correction Measures for Retaliation

The whistleblowing website and hotline do not require whistleblowers to provide personal identity information

During the investigation of whistleblowing cases, all communications with whistleblowers are conducted privately. The whistleblower's personal information and all submitted materials are kept strictly confidential. Unless necessary for the investigation, investigators are prohibited from disclosing this information to any unrelated personnel

After the investigation is concluded, the Company will determine whether the whistleblower has faced any form of retaliation. If retaliation is confirmed, the Company will take legal action against the responsible individuals

Additionally, the Company has established an accountability system for supervision and inspection and further refined its accountability mechanism for supervision and inspection. Any failure to fulfill responsibilities or actions that cause financial losses to the Company will be strictly addressed according to the system, with a tiered accountability approach based on the severity of the violation. The CEO's Office is responsible for overseeing the entire process. At the same time, the Company upholds the principles of fairness, impartiality, equality, and transparency, ensuring that every employee has the right to report concerns to senior leadership, Company management, the Disciplinary Committee, or the Audit and Supervision Department.

In addressing unfair competition risks unfair competition risks, the Company has adopted a series of proactive strategies. Through market research, competitor analysis, and other methods, STL closely monitors market trends and the marketing strategies of industry peers, enabling the Company to anticipate and detect potential unfair competition. If another Company engages in unfair competition against STL, the Company can promptly develop and implement targeted countermeasures, including taking legal action to demand the immediate cessation of infringement and actively safeguarding its legitimate rights and interests.

The Company also prioritizes anti-money laundering compliance. STL has formulated and regularly reviews anti-money laundering policies, collaborates with regulators for specialized training, and enhances employees' ability to prevent money laundering through case analysis and risk identification teaching.

Case **Anti-Fraud and Anti-Money Laundering Training**

In October 2024, the Company collaborated with local public security organizations to conduct specialized anti-fraud and anti-money laundering training. Employees were organized to systematically study the characteristics of electronic fraud, risk prevention strategies, and emergency response mechanisms. The Dongzha Police Station sent an anti-fraud expert to conduct compliance and anti-fraud training, strengthening everyone's awareness of financial security.

Integrity Audits

To effectively identify and mitigate integrity risks, STL conducts annual anti-corruption risk audits covering key business areas such as procurement, sales, logistics, warehousing, quality inspection, and engineering construction. During the reporting period, the Company carried out 30 integrity-related audit projects, covering procurement, sales, production costs, inventory, engineering, and logistics. These audits identified over 100 issues, with a rectification rate of 89% and 15 individuals receiving internal penalties. STL was not involved in any anti-corruption-related lawsuits.

Integrity Culture Development

To enhance anti-corruption awareness, the Company incorporates integrity education into its annual training plan. Various business ethics training and awareness activities are conducted for board members and all employees, including outsourced staff, part-time employees, and interns. These initiatives include displaying anti-corruption posters, organizing case study sessions on corruption, and arranging visits to external integrity education centers. Through these efforts, the Company ensures alignment with its business ethics standards and fosters a culture of integrity.

Case **Anti-Fraud and Compliance Training**

On July 12, 2024, during STL's mid-year summary conference, a compliance seminar themed "Corporate Anti-Fraud and Criminal Compliance" was conducted. All managers and above from various centers, bases, subsidiaries, and business units participated in the training, reinforcing the Company's internal awareness ofanti-fraud and compliance principles.

Case **Marketing Compliance Promotion**

On September 21, 2024, STL's Audit and Supervision Department organized a training session for sales personnel on "Compliance Management in the Marketing System." The session used previous cases and focused on topics such as conflicts of interest, improper benefits transfer, commercial bribery, unfair competition, information confidentiality, and professional ethics to reinforce employees' awareness of compliance.

Integrity and Confidentiality Training for the Supply Chain Management Department

Integrity Awareness Campaign for the STL New Materials Project

Integrity Awareness Display Boards

Metrics and Targets

In 2024

Anti-corruption audit projects **30**	Total hours of business ethics training **120** hours	Total number of business ethics training sessions **160** times	Number of board members trained in business ethics **9**	Percentage of board members trained **100%**
Number of management personnel trained in business ethics around **1,200**	Percentage of management personnel trained in business ethics **100** %	Total number of employees trained in business ethics **5,057**	Percentage of employees trained **100%**	

Targets	2024 Achievement
100% of suppliers signed the Integrity and Compliance Commitment Letter	Achieved
No involvement in any anti-corruption lawsuits	Achieved
100% coverage of integrity training for all employees (including interns, outsourced personnel, and part-time staff)	Achieved
Company-level integrity training sessions ⩾ **2** , Audit and Supervision Department integrity training sessions ⩾ **8** , Integrity training sessions for each center, base, subsidiary, and business unit ⩾ **3**	Achieved (Company-level: **2** Audit and Supervision Department: **8** Centers/Bases/Subsidiaries/Business Units: **49**)

Strengthening Risk Prevention and Control

Compliance Development

Legal Compliance Assurance

To ensure stable operations in legal compliance, STL has formulated and refined a series of management systems, including the Legal *Management Regulations, Legal Review Management Measures, Dispute Resolution Management Measures, Legal Consultation Management Measures,* and *External Lawyer Management Measures.* These internal policies regulate legal management processes and strengthen legal risk control. During the reporting period, the Company revised the integrity clauses in contracts, further enhancing the prevention and control of integrity risks in contract management. The Company regularly organizes legal training, covering topics such as export credit insurance contract laws, practical application of the CISG, and integrity education to improve employees' legal awareness and compliance capabilities.

Tax Compliance

STL incorporates "actively generating taxes for local governments" into its corporate culture, actively fulfills tax information disclosure obligations, ensuring the transparency and accuracy of tax declarations. The company is always committed to contributing to the local economic development through stable and standardized business operations.

The Company strictly follows all national tax laws and regulations, files tax returns on time, and pays all applicable taxes, including value-added tax, corporate income tax, and consumption tax. We have built a complete tax management system, in combination with internal self-assessments and external consultations, to ensure the accurate implementation of tax policies and reduce risks. The Company conducts business in overseas countries and regions such as Hong Kong, Singapore, and the United States, committing to full compliance with the laws and regulations of its operational locations. STL adheres to transfer pricing rules, ensures that profit distribution aligns with value creation, does not shift profits to low-tax regions, and follows the spirit of the law and the principle of tax fairness.

Internal Control System

STL has established a comprehensive internal control system covering five key elements: control environment, risk assessment, control activities, information and communication, and supervision. This system ensures asset security, operational efficiency, and regulatory compliance. The Audit and Supervision Department formulates an annual internal control audit plan based on the Company's development strategy and external regulatory requirements, evaluating and auditing the implementation of internal controls across various business activities. Issues identified during audits are promptly communicated with relevant departments and rectification progress is closely monitored. Additionally, the Company prepares a quarterly internal control audit report, which is submitted to the Board Office for review and regularly reported to the Audit Committee. When evaluating the effectiveness of internal controls, the Board incorporates sustainability responsibilities into the assessment, identifying and addressing relevant risks while proposing improvements.

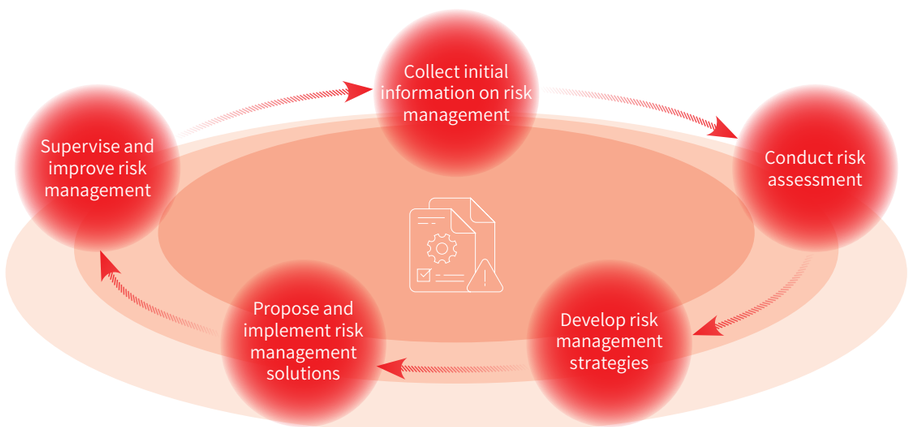
In 2024, STL conducted 22 special audits, 14 internal control compliance checks, 3 exit audits, and 5 complaint investigations, identifying a total of 120 audit issues with a rectification rate of approximately 89%. These efforts directly recovered losses of about 1.8 million yuan. When significant issues are identified, the Audit and Supervision Department has the authority to adjust audit objectives, expand the audit scope, and submit recommendations to the Board of Directors for further action.

Risk Management

STL has established a well-defined and fully functional risk management and internal control system. The Board of Directors serves as the leadership and decision-making body for the Company's risk management, overseeing the development of the risk management and internal control framework, setting the Company's vision, and determining strategic plans. The CEO's Office is responsible for inspecting the implementation of these systems, supervising key resolutions, and ensuring the effective execution of Company decisions. At the operational level, business units, risk management departments, and the Audit and Supervision Department are responsible for formulating specific countermeasures against major risks. To ensure the effectiveness of the risk management and internal control system, the Company has implemented a "three lines of defense" model, effectively mitigating operational risks and enhancing overall risk management capabilities.

Business Departments	• Assess and identify key challenges in operations. • Optimize operational standards and process guidelines, drafting management guidelines or institutional requirements. • Submit drafts to the Corporate Management Department for review and approval.
Risk Management Departments (Including Corporate Management, Finance Center, Legal Compliance, Production Safety and Environment Center)	• Corporate Management Department: Defines approval authority at different management levels, manages institutional procedure development, formulate and reviews submissions from business department, enforces system implementation, requires business unites to formulate relevant documents, and tracks the implementation of various regulations. • Finance Center: Reviews and controls financial risks associated with business activities. • Legal Compliance Department: Enhances legal risk management systems, identifies and reviews compliance risks related to finance and regulations. • Production Safety and Environment Center: Reviews risk control measures related to safety and environment in business units.
Audit and Supervision Department	• Annually evaluates and updates the risk control matrix and integrity risk assessment. • Engages with relevant business departments to address weak controls or non-compliance issues during reviews. • Conducts audits on business activities that fail to meet expected outcomes. • Assesses the implementation and deficiencies of existing regulations. • Evaluates the performance of operational staff and provides recommendations for policy and process improvements.

The Company continuously optimizes its risk management processes, strengthens risk identification and response capabilities to ensures the stable operation of its risk management system.



The Company has established risk prevention and response strategies covering its business scope to comprehensively enhance risk prevention capabilities. It has developed a risk identification and rectification checklist for areas such as integrity, information security, raw material procurement, external investments, and product sales. This approach continuously improves risk management initiatives and strengthens overall risk management effectiveness.

Risk Type	Policies & Regulations	Response Measures
Integrity Risk	Integrity Management System, Whistleblowing Management Regulations, Gift-taking Management, Measures, Anti-Corruption and Anti-Bribery Management System	1.Conduct comprehensive integrity promotion and training, covering all employees in all centers, bases, subsidiaries, and business units. 2.Identify and assess integrity risks. 3.Announce integrity red-line behavior standards, optimize system and process frameworks, and continuously improve integrity risk control measures. 4.Conduct annual inspections on major integrity risks within the group and close the management loop on identified issues. 5.Encourage employees and partners to report corruption. 6.Strictly punish corruption—employees involved in corruption will be penalized based on the severity of the offense.
Information Security Risk	Information Security Management Measures, Information System Emergency Management Measures	1.Use encryption technology for both static data and data in transit. 2.Implement strict access control policies following the principle of least access. 3.Establish a comprehensive data backup strategy. 4.Deploy firewalls, intrusion detection, and other network security devices and software to prevent external attacks or intrusions. 5.Regularly train employees on data security awareness. 6.Provide emergency response training for relevant personnel and conduct regular drills. 7.Deploy data monitoring tools to track data access, transmission, and usage in real-time. 8.Establish a robust audit and logging system.
Procurement Risk	Procurement Demand Management Measures, Supplier Management Measures, Business Procurement Center Contract Management Measures	1.Fully regulate all procurement processes to establish a strong institutional foundation for risk prevention. 2.Standardize the preparation, submission, approval, and modification of procurement plans to ensure material supply while preventing overstocking. 3.Establish a comprehensive supplier access, selection, performance evaluation, and exit mechanism. 4.Strengthen procurement contract management, standardizing drafting, review, signing, execution, and dispute resolution.
External Investment and Guarantee Risk	Major Operation and Investment Decision System, External Guarantee Management System	1.Implement the Company's major business and investment project decision-making policies. 2. Ensure capital allocation and project advancement from decision-making to detailed implementation planning. 3. Enhance investment project execution oversight through internal audits and project settlement reviews. 4.Continuously monitor the financial and operational status of guaranteed entities to detect and respond to potential risks promptly. 5.Ensure guaranteed entities fulfill their obligations on time and take measures when necessary to minimize Company losses.
Sales Risk	Sales Credit Management Measures, Pricing Processing Measures	1.Establish an organizational structure with business delegation to create mutual supervision. 2.Manage behaviors through customer credit assessment, pricing, contract strategy, planning, and supervision policies to mitigate risks. 3.Use standardized contract templates to prevent contract-related risks. 4.Implement a multi-tiered approval process to enhance risk control. 5.Conduct daily and weekly business reviews and functional anomaly reviews to identify and control risks in a timely manner.

Risk Identification and Rectification Checklist

Key Performance Indicators

During the reporting period

we conducted **1** external risk management audit and **23** internal audits and organized **59** compliance and risk control training sessions, with **1,120** employees participating, totaling **840** training hours

Information Security

Governance

STL strictly complies with the *Cybersecurity Law of the People's Republic of China* and other relevant laws and regulations. The Company has formulated multiple policies and regulations, including the *Information Management Regulations, Information Project Construction Management Measures, Information System Emergency Management Measures, Information Equipment Configuration and Usage Management Measures, and Computer Network Management Measures.*These policies ensure management in areas such as endpoint security, system security, data security, operational security, network security, and data center security, effectively preventing information security incidents. The Company has established a comprehensive business secret protection compliance system, issuing key policy documents including the *Trade Secret Management Policy, Trade Secret Compliance Manual, Information Confidentiality Management Regulation, and Employee Exit Management Procedure.*These measures clearly delineate the scope of confidential information, specify protection protocols, and require employees in sensitive positions to complete a mandatory declassification process upon resignation, safeguarding the Company's intellectual property and innovation achievements.

To ensure the security and continuity of business operations, STL follows a proactive prevention and integrated governance approach. The Company has established a comprehensive information security management system that integrates personnel and technical protective measures. Information security management follows a leadership responsibility system, with the Information Center overseeing the planning, implementation, and supervision of Company-wide security management, while department heads oversee information security practices within their respective departments.

Impact and Risk Management

STL upholds principles of compliance and security in data management. During data collection, the Company transparently informs data subjects of the purpose, scope, method, and duration of data collection, obtaining explicit consent before proceeding. Only data directly relevant to business needs is collected, avoiding excessive data gathering. For data usage, STL has established strict access control mechanisms, restricting data access based on employees' roles and business needs. This ensures that only authorized personnel can access and utilize specific data, safeguarding security and privacy. The Company conducts regular audits of data access and usage, maintaining detailed records. In the event of a data breach, STL traces the source and responsible parties to ensure traceability and accountability. During the reporting period, the Company entered into confidentiality agreements with all employees outlining their responsibilities and obligations in data protection, as well as the consequences of violations.

STL places great importance on information security risk management, implementing a series of measures to identify, assess, and mitigate risks, ensuring the security of information assets and business continuity.

Risk Identification

- Utilize professional vulnerability scanning tools to conduct comprehensive network system scans, promptly identifying potential security vulnerabilities in operating systems, databases, and applications.
- Regularly conduct information security risk assessments to identify security risks in critical business systems and important information assets.

Risk Prevention Measures

- Deploy an intrusion prevention system (NIPS) to identify and block attack traffic in real-time, effectively preventing malicious attacks.
- Implement firewalls to enforce static security policies, strictly controlling external access, reducing external exposure, and ensuring internal network security.
- Deploy behavior management tools to monitor and audit employee internet access, including but not limited to: installation of antivirus and desktop management software on all endpoints;
prohibition of USB storage devices;
watermark controls; and encryption of all files upon storage to prevent internal information leaks and policy violations.
- Automatically update protection software virus databases daily to address evolving security threats and enhance system protection.

Monitoring & Early Warning

- Perform real-time traffic analysis across the entire network; monitor cybersecurity trends; ensure security incidents are detected and addressed at the earliest opportunity.

Security Attack Monitoring and Early Warning Platform

To address potential emergencies, the Company has issued *Information System Emergency Management Measures* and established a dedicated emergency response team to ensure a swift activation of contingency plans in the event of an information leak or other urgent situations. Upon detecting an information security incident, the Company will immediately employ all available technical means to prevent escalation, conduct a technical diagnosis to identify the cause of the breach, and develop corresponding solutions and recovery plans. For affected information systems, the Company will carry out restoration work to ensure a prompt return to normal operations.

To continuously enhance employees' information security awareness, the Company conducts an annual cybersecurity attack and defense drill, simulating real attack scenarios to test the effectiveness of its security protection system and improve employees' security awareness and emergency response capabilities. Additionally, the Company organizes multiple information security training sessions for all employees, covering topics such as internet behavior management, cloud desktops, data encryption, document watermarking, and personal information security precautions. These training sessions also include contractors and part-time employees to raise everyone's awareness and foster a culture where information security is everyone's responsibility.

Information Security Training

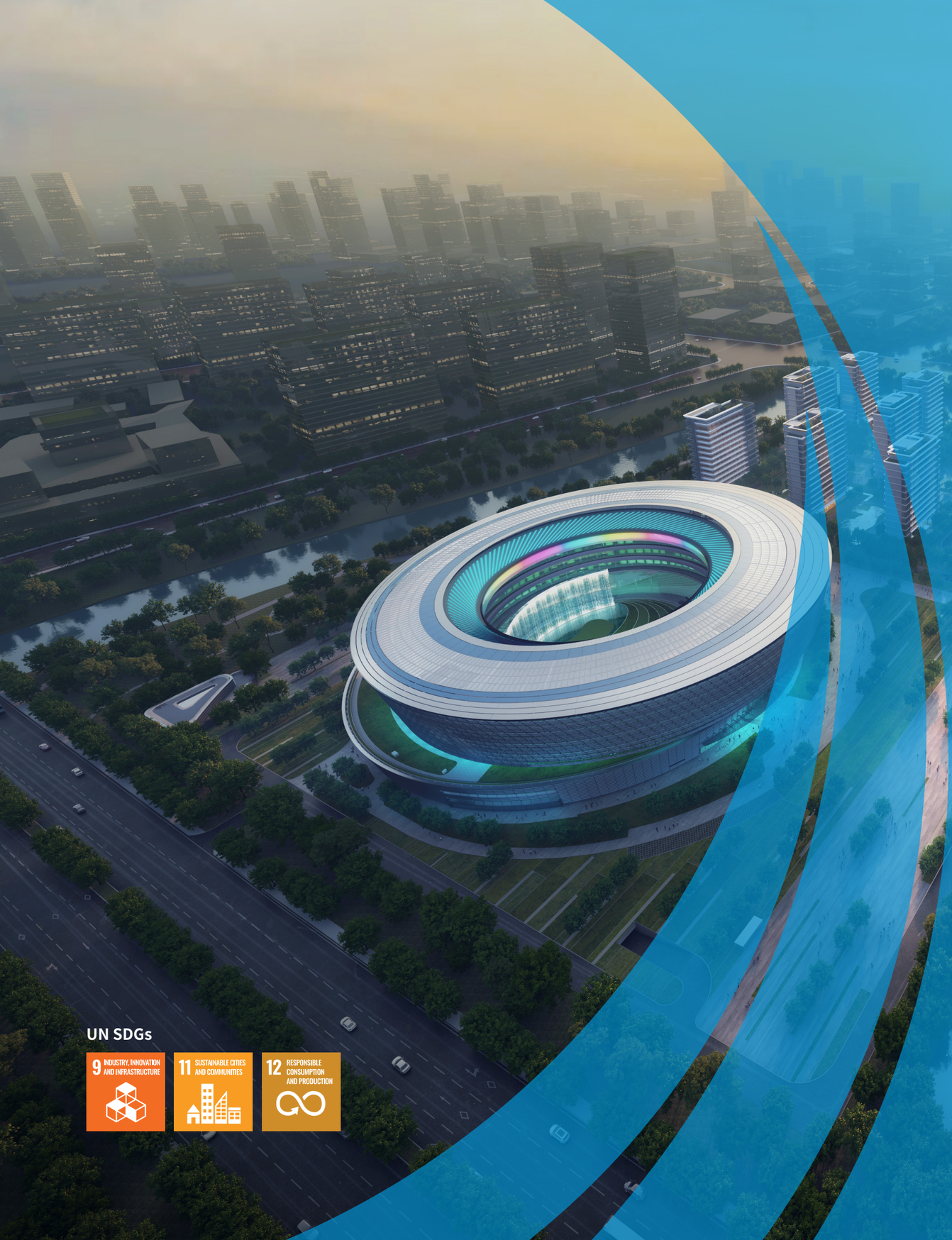
Metrics and Targets

Targets	2024 Achievement
0 Major information system failure incidents	Achieved
0 Customer information leakage incidents	Achieved

In 2024

Number of information security system audits	Losses caused by violations of customer rights protection laws and regulations	Training participants of trade secret protection compliance	Percentage of employees who signed confidentiality agreements
1	0	5,508	100%

Additionally, STL has developed and integrated a series of digital production, operation, and management systems to enhance data convergence, continuously improving management efficiency and operational effectiveness and exploring new data governance models. During the reporting period, with its outstanding digital transformation efforts and advanced integration of IT and industrialization, STL received several prestigious honors, including the Provincial 5G Fully Connected Factory Award, a ranking among China's Top 100 Strategic Emerging Industry Leaders, and the Forbes China 50 Most Innovative Companies. These accolades reflect the recognition of STL's data governance efforts by authoritative institutions.



02 Innovation to Foster an Excellent Brand

STL is steadfast in its commitment to technology as the driving force of the future. By establishing a multi-tiered R&D platform, strengthening its talent pool, and increasing investment in research and development, the Company continuously advances breakthroughs in key core technologies, enhances digital manufacturing capabilities, and strives to achieve technological self-sufficiency and leadership in the field of advanced chemical materials.

Governance

The Company has established multiple provincial and municipal R&D platforms as well as product quality testing laboratories, refining its R&D talent structure and comprehensive quality and safety management system. It strengthens full-process supplier management, expands industry collaboration, and enhances corporate competitiveness and industry recognition.

Strategy

STL continuously advances its "Technology Leadership" strategy by driving both technological and managerial innovation. Through a modern corporate governance model of "co-creation, shared benefits, and mutual prosperity," the Company fosters deeper integration of innovation and industrial chains, injecting new momentum into cultivating advanced productive forces.

Goals

Achieve an R&D investment of RMB **10 billion** and R&D incentives of RMB **1 billion** within five years, with an R&D team of **2,000** people.

Ensure **100%** product pass rate at factory dispatch

Maintain **0** major or above-level quality incidents

Achieve a **100%** signing rate of integrity agreements with suppliers

Ensure a **100%** response rate and timely resolution for customer complaints

Ensure a customer satisfaction rate greater than or equal to **95.5%**

Impacts, risks, and opportunities

STL integrates technology innovation resources, fostering deep collaboration between industry, academia, and research institutions. The Company proactively addresses risks such as intense market competition, rapidly changing market demands, supply chain disruptions, and co-opetition pressures. By strengthening its quality management system, it has built the "Cloud-Based Chemical Plant" and a "Five-in-One" safety production digital management platform, enabling full-process traceability and risk control in production operations. Through industrial chain integration, it optimizes resource allocation, enhances supply chain efficiency, and serves as the "driving force" for new productive forces.

UN SDGs

Empowering Development through Technology Innovation

Innovation and R&D

Governance

STL adheres to an innovation-driven growth strategy, establishing a governance framework covering the entire cycle from technological innovation to industrial application. The Company has set up multiple provincial and municipal R&D platforms, including the Enterprise Technology Center of Zhejiang Province, and the Center Laboratory for Vinyl High-End New Materials of Jiaxing, alongside product quality testing laboratories. It has also collaborated with downstream customers to establish multiple application technology research centers. In 2024, the Company was officially awarded a national-level postdoctoral research workstation, and its future R&D center project, has entered the construction phase, providing a high-level platform to foster new productive forces.

National-level Postdoctoral Research Workstation Officially Certified

To build a robust talent pipeline, the Company and its various business units have developed a clear R&D talent organizational structure, actively recruiting high-caliber technical professionals and engaging external experts for guidance. STL has implemented the *Rules for the Professional Grading of R&D Personnel*, ensuring standardized qualifications and continuous enhancement of professional capabilities. By conducting professional grading evaluations, the Company incentivizes R&D personnel to overcome technological barriers, maintaining its position as a leader in the industry.

Strategy

Guided by national strategies, STL firmly upholds an innovation-driven approach. The Company has established a "Technology Leadership" management framework, defining and implementing the principles of technological leadership, breakthroughs, and advancements. It has enhanced organizational safeguards, clarified incentive mechanisms, and fostered an innovation-friendly environment. To align with its "Management Leadership" initiative, the Company has updated its design and development control procedures, R&D project management processes, and R&D project transformation workflows, releasing a series of internal regulations such as the *Design and Development Control Procedure, R&D Project Management Process, and R&D Project Transformation Process*. These measures strengthen the Company's scientific and efficient R&D workflow, ensuring orderly and effective innovation management.

For future R&D Directions, STL continues to drive its products toward high-end, green, and intelligent advancements:

Expansion of the industry chain & hydrogen energy development

- Deepening expertise in the C3 industry chain, independently developing polyol production processes, enhancing research on acrylic acid and ester production technologies, advancing new downstream materials, and exploring bio-based acrylic acid synthesis
- Entering the hydrogen energy sector, developing hydrogen fuel cell materials, and maximizing the efficient use of by-product hydrogen
- Promoting high-quality growth of the C2 industry chain, including the development of metallocene polyolefin and elastomer production processes, advancing differentiation and leapfrog progress in the domestic high-end polyolefin sector, and collaborating with domestic universities on waste plastic recycling technologies

High-performance SAP & functional product development

- Developing functional products (e.g., antibacterial, deodorizing, and fragrance-releasing variants) to meet consumer demand
- Developing functional SAP products (e.g., high-retention and high-pressure products) to enhance hygiene product quality
- Developing eco-friendly biodegradable SAP for applications in agriculture, cosmetics, and food preservation

New energy & advanced materials

- Advancing research in high-performance catalysts, new energy materials, and polymer materials, such as developing corrosion-resistant coatings for offshore wind power, contributing to the sustainable growth of the sector
- Independently developing acrylic acid catalysts to lower production costs and improve market competitiveness

Green & low-carbon development

- Innovating green and low-carbon technologies such as carbon capture & utilization (CCU) and hydrogen energy integration, accelerating the industry's green transformation

Risk & Opportunity Management

STL actively implements a series of measures to address potential risks in research and innovation, including technology leaks, talent competition, innovation bottlenecks, market competition, and intellectual property disputes. At the same time, the Company is seizing opportunities arising from policy support, growing market demand, and technological innovation driving industrial upgrades.

R&D Confidentiality Management

To safeguard its legitimate rights and interests, STL has formulated the *Management Measures of R&D Information Confidentiality* to ensure the appropriate use, effective management, and protection of R&D information. This policy standardizes the behavior of personnel handling confidential information and mitigates the risks of illegal acquisition, misuse, and leakage of R&D data. By establishing a comprehensive R&D information confidentiality management system, the Company ensures intellectual property protection for research outcomes and reduces commercial risks associated with information disclosure.

Industry-Academia-Research-Application Collaboration

STL continues to deepen integration of industry, academia, research, and application. The Company has established joint laboratories, innovation alliances, and academician and postdoctoral workstations in partnership with Zhejiang University, Tongji University, Fudan University, East China University of Science and Technology, and Shanghai University. This collaborative framework fosters an integrated innovation ecosystem that spans basic research, technological innovation, achievement transformation, and industrial development.

Through joint efforts with universities and research institutes, STL has undertaken a series of critical technological advancements. Notable achievements include the development of ultra-low-density ethylene copolymer structure characterization and application technology, as well as the resource utilization of acetic acid purified from acrylic acid wastewater. These research outcomes have been successfully commercialized. Additionally, the Company collaborates with universities in training master's and doctoral-level talents, establishing exemplary talent development bases, and cultivating high-caliber R&D professionals to support sustainable corporate growth. STL also actively participates in the formulation of national and industry standards, having led or contributed to multiple national, industry, and group standards, further enhancing its industry position and influence.

Case "Leading Goose" Initiative Supporting New Energy and Advanced Materials R&D

In January 2024, STL, in collaboration with Zhejiang University and other academic and corporate partners, launched the "Low Expansion/High Adhesion Lithium-ion Battery Electrode Adhesive Research and Development" project, which was selected as a key initiative under Zhejiang Province's "Leading Goose" R&D special program. This project focuses on the demand for new energy development under the dual-carbon strategy, driving innovation in water-based polyacrylic acid (PAA) lithium battery adhesives. With its low expansion and high adhesion properties, this adhesive is expected to become the next-generation anode material binder, further propelling the new energy industry forward.

Case Exploring a New Model for Campus-enterprise Cooperation

In February 2024, STL signed a cooperation agreement with Jiaxing Nanhu High-Tech Zone and the Department of Chemistry of Fudan University to jointly develop new cycloolefin copolymer (COC/COP) synthesis technologies. By leveraging the "dumbbell-shaped" model of university–industry collaboration, the initiative aims to establish a provincial-level joint laboratory and a graduate training base.

Green Product R&D

STL is committed to expanding the application of green products and processes, enhancing product value, and driving the green transformation of the chemical industry.

Green Materials & Use of Resources

- **Efficient use of light hydrocarbon materials**: Using light hydrocarbons (e.g., ethane, propane) as feedstocks offers significant green and low-carbon advantages over coal and oil.
- **Efficient use of hydrogen-rich resources**: High-purity H_2 produced during light hydrocarbon cracking is directly used in production processes, addressing the challenges of "green hydrogen" storage and transportation while laying the foundation for the hydrogen economy in the future.
- **Using carbon dioxide as resource**: Utilize CO_2 efficiently in green processes such as coupling ethylene oxide with CO_2 to produce ethylene carbonate.

Green Processes & Technological Innovation

- **Breakthroughs in energy efficiency optimization**: Optimize POE production technologies to reduce raw material consumption and energy consumption while enhancing product performance, advancing the green development of China's photovoltaic industry.
- **Development of high-performance catalysts**: Develop high-performance catalysts with independent intellectual property rights, achieving multiple technological breakthroughs that drive the localization of high-end raw materials and advance green process upgrades.
- **Harmless disposal of hazardous waste**: Successfully develop a deactivation technology for the harmless disposal of waste ethylene polymerization catalysts, which transforms hazardous substances into landfill-safe solids, achieving zero pollution emissions.

Development of Green Products

- **High-end polyolefin product pipeline**: Develop photovoltaic-grade POE materials to support the development of the new energy sector. Develop a variety of high-end polyolefin grades to improve the localization rate of high-end polyolefin products.
- **Eco-Friendly functional chemicals**: Develop a new formaldehyde-free, zero-pollution reducing agent, filling a gap in the domestic market. The anti-yellowing agent for superabsorbent resins enhances resistance to high humidity and heat, reducing reliance on imports.
- **Innovations in new energy materials**: In-house developed lithium battery binder technology (low expansion rate, high adhesion), improves the cycle life and energy density of silicon-based batteries. Ethylene carbonate homogeneous catalyst technology drives the development of green chemical processes.

Intellectual Property Protection

STL continuously enhances its intellectual property (IP) management framework to safeguard its innovations. The Company has established policies such as the *Management System for Corporate Patents* and *Management System for Confidential Information*. Since 2018, it has implemented an IP management system that integrates the entire lifecycle of IP acquisition, maintenance, evaluation, licensing and transfer, risk control, confidentiality, R&D, procurement, and production into its control procedures. To strengthen patent mining capabilities among R&D personnel and technical engineers, and to raise overall awareness of IP protection, the Company conducts comprehensive training sessions covering fundamental patent knowledge, patent mining and application, management system manuals, and procedural documents.

In May 2024, the Company successfully passed the second supervisory audit conducted by a third-party IP management certification body. Throughout the year, there were no significant IP infringement or litigation incidents.

Metrics and Targets

In 2024, STL established R&D innovation goals aligned with its overall development strategy, considering resource advantages and business characteristics across its various bases and divisions. These goals were further broken down into specific targets, with corresponding measures implemented to achieve remarkable progress in patent applications and R&D investment.

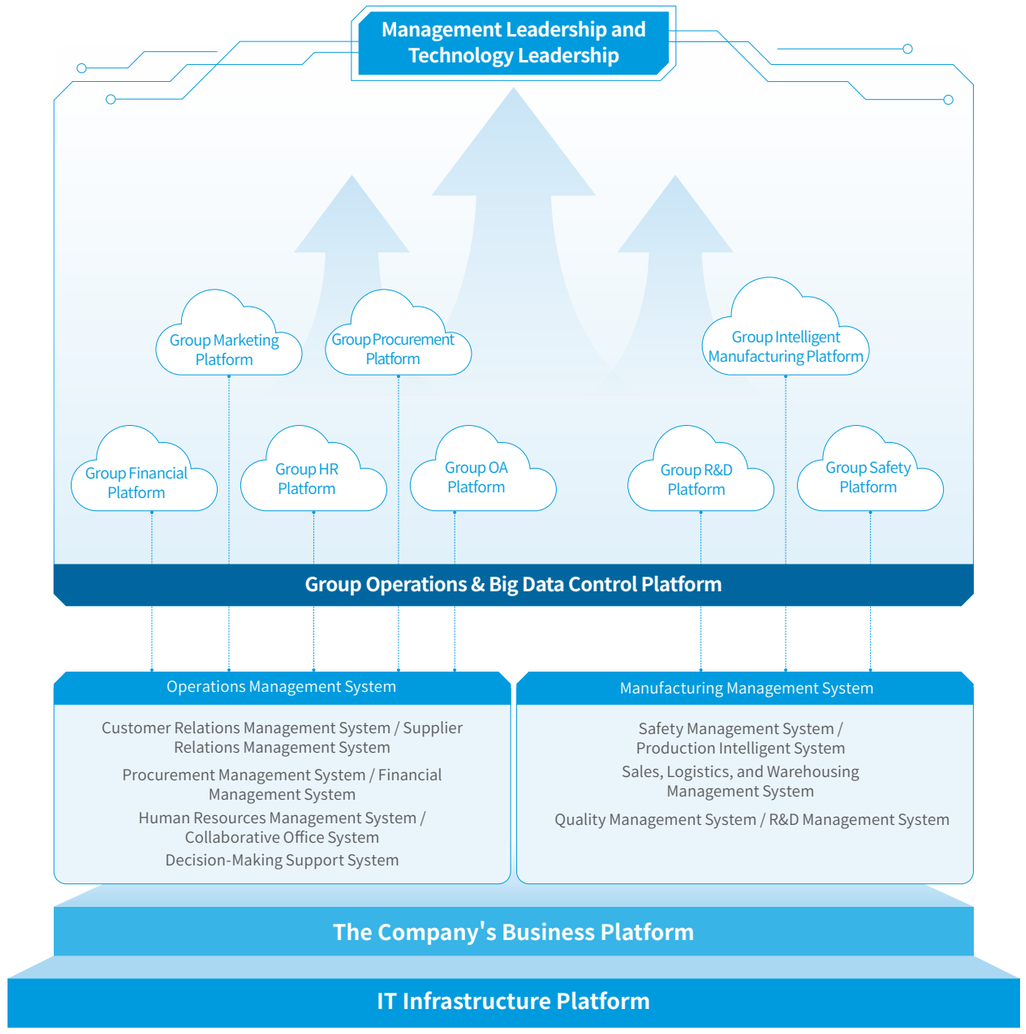
Category	Target	2024 Achievements
Patent applications	In 2024, STL planned to file **200** patents, including **134** invention patents and **66** utility model patents	In 2024 STL filed **148** invention patents (**110%** completion rate) **117** utility model patents (**177%** completion rate)
		YoY growth **131%** for invention patents, **27%** for utility models The high-quality patent filing initiative maintains steady progress
R&D investment	Continue increasing R&D spending, aiming for RMB **10** billion over five years to overcome critical technological barriers in new materials	In 2024 total R&D investment reached RMB **1.751** billion, increased by **7.69%** YoY
R&D personnel	Continuously attract and develop high-level innovative talents, targeting a research team of **2,000** members within five years	R&D personnel reached **1,275** persons

Indicator	Unit	2024	2023	2022
R&D team & investment				
Number of R&D personnel	person	1,275	1,271	992
Bachelor's degree	person	1,020	1,151	882
Doctorate or master's degree	person	255	120	110
R&D investment	RMB'00 million	17.51	16.26	12.41
Ratio of R&D expenses to operating income	%	3.84	3.92	3.35
Patents				
Invention patents filed	item	148	40	39
Invention patents granted	item	36	29	27
Valid invention patents	item	134	100	69
Utility model patents filed	item	117	35	68
Utility model patents granted	item	85	67	66
Valid utility model patents	item	304	220	165
Total valid patents	item	438	320	234
Software copyrights filed	item	8	8	0
Software copyrights granted	item	14	2	0
Valid software copyrights	item	37	23	21
IP protection training				
Training sessions conducted	session	9	5	3
Employees trained	person	80	49	33
Total hours of training provided	hour	36	5.5	3

Digital Intelligent Manufacturing

Digital Transformation Strategy

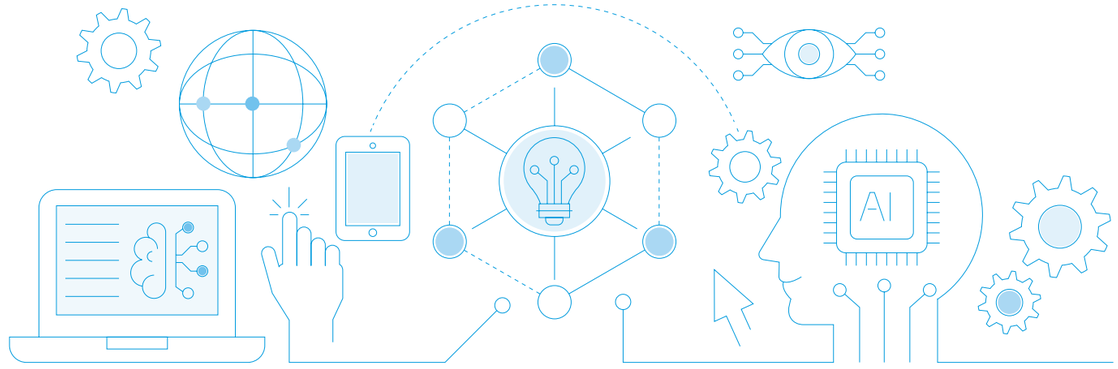
Guided by its "He" culture, STL committed to the vision of leading digital transformation in the chemical industry. The Company steadfastly advances its "Dual-Five-Year Plan," focusing on "Management Leadership" and "Technology Leadership" while building a comprehensive digital platform covering the entire upstream and downstream industrial chain. This initiative strengthens data, operational, organizational, security, and innovation capabilities, resulting in a robust digital ecosystem spanning ten key areas, including integrated business-finance operations, collaborative office platforms, process optimization, digital factories, data centers, and industrial internet applications.



Digital Development Roadmap

STL has established a phased digital transformation plan to enhance operational efficiency and market competitiveness while supporting sustainable development and safe production. The Company closely monitors advancements in artificial intelligence (AI) and actively integrates AI-driven innovations into its operations.

Planning phase	2024 Informatization - Comprehensive business coverage	2025-2026 Digitization - Digitalized operations	2027-2028 Intelligentization - Intelligent decision making
Strategic decision-making	Marketing data analysis	Production & procurement data analysis	Intelligent business analysis & performance evaluation
Corporate governance	Enhancing HR management, optimizing CRM and SRM systems, piloting e-procurement	Implementing comprehensive budget management, upgrading financial controls and analytics	Building cost-benefit models for intelligent approvals
Operational execution	Expanding information coverage to the Satellite Energy Scope III project, integrating safety platforms, upgrading LIMS systems	Deploying proprietary MES systems, upgrading safety and regulatory platforms	Establishing digital twin factories, deploying RBI and RCM models, applying AI in multiple scenarios
Support & assurance	Centralized alarm management platform	Contract management optimization, unified document and portal management	Data center infrastructure upgrades



Effectiveness of Digital Transformation

Enhanced Production Efficiency

By refining equipment performance management and production processes, the Company has optimized equipment investment and capacity allocation, strengthened centralized factory control, and effectively reduced product, operational, and quality costs.

Strengthened Green and Low-Carbon Production

Digitalized management has reduced emissions of "three wastes," improved energy efficiency, lowered industrial water consumption, and minimized resource waste.

Increased Supply Chain Agility

The Company has reduced inventory redundancy, shortened delivery times, and minimized design iteration cycles.

Reduced Safety Risks in Production

Real-time safety response speed at plants has reached the millisecond level, with an identification accuracy rate of up to 85%. Strengthened real-time hazard detection has led to a 50%-80% reduction in safety incidents.

5G Smart Factory Development

STL is actively advancing the construction of 5G smart factories. By integrating chemical industry demands with 5G technology, the Company has incorporated 5G modules, terminals, gateways, and cutting-edge technologies such as edge computing, big data, artificial intelligence, and VR/AR. This initiative has established a fully connected 5G+ industrial internet ecosystem for chemical production. Covering 20 application scenarios—including 5G+ precision operations, predictive equipment maintenance, intelligent scheduling, and production efficiency management—the project ensures comprehensive integration of safety, environmental protection, emergency response, energy efficiency analysis, logistics tracking, and public services.

Driving smart chemical production

With 5G peak speeds reaching 1Gbps, production and management efficiency have significantly improved, fostering the intelligent transformation of production environments to accommodate various manufacturing demands.

The Company has deployed 5G network infrastructure to explore remote control, safety alerts, intelligent inspections, environmental monitoring, and data collection applications, providing robust support for smart manufacturing.

Leading intelligent and digital transformation

AI-powered inspection technology enables real-time detection and mitigation of production safety hazards, ensuring continuity and workforce reliability.

Predictive maintenance through data analysis accelerates fault diagnostics and enhances production stability, steering chemical manufacturing towards automation, digitization, intelligence, and collaborative efficiency.

Empowering the industry supply chain

Leveraging geographical advantages, the Company has developed a supply chain management platform for the chemical industry, integrating procurement, production, and sales to provide transformation insights for other chemical enterprises and improve supply chain coordination.

AI-Powered Innovations

In response to national initiatives promoting AI-driven industrialization, STL has pioneered the "AI + Chemical" model to enhance new productivity standards. In 2024, the Company successfully developed an "AI-based Flexible Intelligent Manufacturing Model for High-End New Materials," which was selected for Zhejiang Province's 2024 Artificial Intelligence Application Scenarios List. This model integrates large-scale AI optimization algorithms, data-driven deep learning models, and real-time intelligent scheduling technology. It supports enterprises in optimizing production planning, enhancing responsiveness, and improving decision-making quality. The model has successfully reduced inventory accumulation and market risks while increasing resource utilization efficiency and production effectiveness. It promotes flexible manufacturing in multi-variety production environments and optimizes standardized intelligent manufacturing processes.

Case DCMM Certification – Advancing Digital and Intelligent Management

STL has actively developed its data management capabilities as part of its digital transformation strategy. The Company has built a professional team specializing in data management and application, fostering a data-driven mindset and strategic approach. By standardizing workflows, the Company has ensured the effective utilization of data in corporate operations. As a result, its wholly-owned subsidiaries, Satellite Energy and Pinghu Petro Chemical, have obtained National Data Management Capability Maturity (DCMM) Level 3 and Level 2 certifications. Notably, Satellite Energy is the second manufacturing enterprise in Jiaxing City to achieve this recognition. The certification serves as a testament to the Company's robust data management capabilities and provides strong support for its digital transformation initiatives. STL will continue adhering to DCMM standards, actively responding to national digital economy strategies, and driving the ongoing development of intelligent and digital transformation to empower high-quality corporate growth and industry-wide digital upgrades.

High-Quality Products and Services

Quality Management

Governance

STL has established a comprehensive and effective quality and safety management framework, ensuring high standards for product quality and safety across all its facilities and business units. Following the principles of "unified leadership, tiered management, and division of responsibilities," each facility and business unit develops a holistic management system tailored to its specific conditions, ensuring clear responsibilities from top management to frontline employees. At the top management level, the General Manager and management representatives formulate quality and safety strategies and annual objectives, allocate resources, and oversee policy implementation. The mid-management level, including the Quality and Safety Director and the Production Technology and Quality Department, is responsible for monitoring daily operations, document management, and ensuring the effective execution of quality measures. At the grassroots level, quality and safety personnel, along with employees, are responsible for implementing specific measures to ensure compliance with standards in production activities. Additionally, the Company has established a "daily control, weekly inspection, and monthly review" supervision and assessment mechanism. Through continuous monitoring and evaluation, STL drives improvements in product quality, laying a solid foundation for long-term development and market competitiveness.

Quality and Safety Management Framework of STL

Strategy

STL strictly complies with the *Product Quality Law of the People's Republic of China* and the *Standardization Law of the People's Republic of China*, among other laws and regulations. The Company has formulated and updated a series of internal management documents, including the *Quality Management System*, the *Incident Management System*, the *Quality Management Regulations*, the *Critical Activities and Key Quality Control Points, the Analysis Frequency Management Guidelines, and Raw and Auxiliary Materials Management Guidelines*. These documents refine assessment standards and enhance employees' awareness and capabilities in improving product quality.

The Company has also established systematic inspection checklists and quality risk control frameworks, continuously updating assessment criteria, testing plans, and product standards. By setting and enforcing quality objectives and supervision plans, STL ensures a systematic and effective approach to quality management, continuously enhancing its overall quality management level.

Impact and Risk Management

To mitigate potential risks related to product quality and safety—such as missing critical quality tests, improper handling of non-conforming products, reliability of testing results, and ineffective execution of quality control measures—STL has implemented a series of proactive management strategies.

Quality Management System Certification

Through strict quality control processes and continuous improvement initiatives, STL ensures compliance with international standards and customer expectations. The Company has actively promoted quality management system certification, achieving 100% coverage of operational sites under the ISO 9001 certification during the reporting period.

In 2024

The Company did not experience any violations or penalties related to product quality.

ISO 9001 Quality Management System Certification

Quality Management Processes

STL has developed a comprehensive quality management process that covers the entire product lifecycle—from raw material acquisition to after-sales service—ensuring the highest product and service standards.

01 Quality assurance for raw and materials

- Conduct supplier assessments and strictly enforce the incoming goods inspection system to ensure raw and auxiliary material quality from the source.
- Develop trial plans for newly introduced or modified raw materials to assess their quality.
- Store incoming materials in respective areas with proper labeling, maintain inventory records, and conduct regular inspections to prevent deterioration. Segregate and label substandard or deteriorated materials separately from qualified ones to ensure traceability.

02 Product packaging materials management

- Implement quality inspection and management for packaging materials used in packaging operations and other processes. Once any issues are found, suspend the use of the materials at issue and notify relevant departments.
- Monitor and inspect packaging material quality to ensure compliance with requirements.

03 Production process management

- Break down quality goals at the beginning of each year, define key control points, and monitor and inspect the intervening processes.
- Organize production in strict accordance with procedures, maintain quality records, and conduct evaluations.
- Inspect products in line standards, prevent non-conforming products from going into the next process, and handle them according to review procedures.

04 Outgoing goods management

- Conduct inspections in line with product standards, strictly enforce the "Five Prohibitions on Factory Release", and oversee packaging and storage.
- Collect market feedback, implement quality improvements, and enhance customer satisfaction.

05 After-sales quality management

- Retest for issues indicated by abnormal feedback, compare the indicators, and generate reports.
- Communicate promptly with special customers and establish technical agreements to reduce further issues.

Case Epoxy Propane Awarded "Jiangsu Premium Brand" Certification

Jiahong New Materials' epoxy propane product received the "Jiangsu Premium Brand" certification, marking the third time the Company has earned this distinction after its polycarboxylate superplasticizer series. The Company employs the advanced HPPO process for epoxy propane production, which offers advantages such as minimal pollution, low energy consumption, high atom utilization efficiency, and fewer by-products. This significantly reduces environmental impact and aligns with sustainability goals.

Non-Conforming Product Control

STL enforces stringent control measures on non-conforming products to uphold product quality. If raw or auxiliary materials fail to meet standards, the Company conducts assessments and takes corrective actions such as conditional acceptance, return, or replacement—prioritizing returns whenever possible. During production, any identified non-conforming intermediate products are immediately investigated, with corrective and preventive measures implemented to prevent recurrence. For final products that fail to meet quality standards, the Company adopts rework, downgrading, or disposal measures. As a rule, non-conforming products are not permitted to leave production facilities, ensuring that defective products do not enter the market and protecting the Company's reputation and product integrity.

During the reporting period

STL did not experience any product recalls due to safety risks or quality issues.

Detection Capability Improvement

To ensure the reliability of laboratory testing, STL continuously verifies and improves testing capabilities through external proficiency testing, measurement audits, inter-laboratory comparisons, and internal quality supervision and control. During the reporting period, three subsidiaries established laboratories that meet China National Accreditation Service for Conformity Assessment (CNAS) standards.

The Lianyungang Base Laboratory has built a comprehensive quality management and assurance system under CNAS accreditation guidelines. It is equipped with over 150 large-scale testing instruments and devices, with all inspectors receiving professional training and certification. In 2024, the lab expanded its CNAS-accredited testing capacity by adding eight new testing subjects and 104 additional testing parameters. It now possesses CNAS accreditation for 20 testing subjects and a total of 180 testing parameters.

Quality Culture Development

STL continuously promotes a culture of quality through ongoing improvements and innovation in quality management practices. In 2024, various quality management initiatives were implemented across different facilities and business units to strengthen quality awareness and risk control. The Lianyungang Base conducted quality supervision inspections and product sampling, with monthly quality assessments and meetings to analyze and drive continuous improvement, effectively addressing identified quality issues. The Pinghu Base held its first "Quality Month" event, featuring awareness campaigns, skills competitions, process inspection workshops, comparative analysis of standard production lines, and activity reviews—enhancing employees' quality management awareness.

Case Chief Quality Officer Receives Municipal Honors

On August 28, 2024, at the Jiaxing Quality Enterprise On-site Exchange Meeting and the Launching Ceremony of 2024 "Quality Month", STL's Chief Quality Officer was honored as an exemplary representative. This recognition underscores the Company's leadership in quality management.

Metrics and Targets

Each facility and business unit at STL has established quality management targets for 2024, covering aspects such as product quality, raw materials, customer satisfaction, analysis processes, certificates of analysis (COA), production scheduling, and measurement accuracy. Monthly statistical analysis is conducted to track progress through quality reports, ensuring steady advancement of quality management initiatives.

Target	2024 Achievements
Intermediate product first-pass quality rate ≥ 98%	Achieved
Final product factory pass rate 100%	Achieved
Customer complaint resolution rate 100%	Achieved
0 major or higher-level quality incidents	No such accidents occurred throughout the year

Product Quality and Safety Training Performance

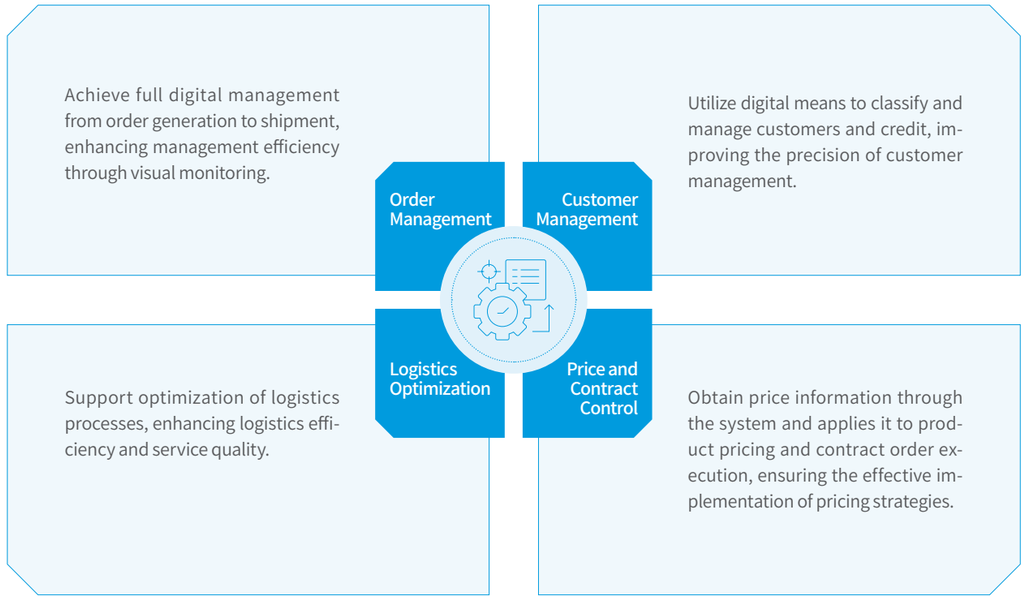
Indicator	Unit	2024	2023	2022
Training sessions provided	session	43	23	6
Total number of employees trained	person-time	1,076	825	148
Total hours of training provided	hour	70.5	43.5	16

Excellence in Customer Service

STL strictly adheres to relevant laws and regulations, such as the *Law of the People's Republic of China on the Protection of Consumers' Rights and Interests, Civil Code of the People's Republic of China and Advertising Law of the People's Republic of China.* Based on the *Management Regulations on the Applied Technology Service of the Marketing Center,* the Company has established internal documents such as the *Sales Contract Management System,* the *Customer Reception Etiquette Guide,* the *Customer Relationship Maintenance Implementation Rules,* the *Customer Care Manual, and* the *Logistic Management System,* which provide comprehensive standards and guidance for the construction of the Company's service system. The Company continuously standardizes customer service management, optimizes the existing service system, and standardizes operations in areas such as customer service, contract signing, logistics services, and payment settlement. In terms of product quality standards, the Company follows international and industry standards and gradually progresses towards establishing its own enterprise standards, consistently pursuing product quality improvement to meet customer needs with high-quality products. In service standards, the Company has developed service script manuals and organized staff training, effectively improving the service capabilities of business personnel and providing customers with a better and more professional service experience.

Digital Marketing System

STL focuses on the core concept of "customer-centered" and builds standardized process systems through digital transformation to continuously enhance business operational capabilities and competitiveness. In 2024, the Company introduced a CRM system[1] to carry out a marketing digital transformation, achieving full digital management of business processes, covering the entire process from potential customer leads to final payment collection, ensuring seamless connection and smooth processes. The application of the CRM system optimizes business processes, customer management, and decision-making support, significantly improving operational efficiency and customer experience:



[1] CRM (Customer Relationship Management)

Smooth Communication with Customers

To ensure that STL can promptly listen to and effectively respond to customer demands and feedback, departments maintain close contact with customers through email, phone, video conferences, and on-site visits. Communication is scheduled according to customer availability and needs, and for important matters, video conferences are conducted for more efficient exchange. Additionally, the Company has set visitation frequencies according to customer levels to ensure regular interaction with customers of varying tiers and strengthens face-to-face communication through participation in industry conferences. The Company also emphasizes gathering customer feedback and suggestions, using them as important references for improving products and services by the R&D and production departments.

Annually, the Company conducts a specialized survey in the form of a Customer Satisfaction Survey, covering dimensions such as the STL brand, sales services, ethical standards, technical support, after-sales service, logistics services, and expectations for future cooperation. Statistical analysis of the survey shows that STL's customer satisfaction rate is 100%, achieving 95.5% of the annual goal. The Company formulates a satisfaction survey report based on the results, provides suggestions for recurring issues or areas with widespread improvement feedback, and incorporates them into the improvement departments' monthly work plans to ensure continuous optimization of products and services.

For customer complaint management, the Company has developed the *Management System for Customer Complaint Handling* and standard processes, setting detailed standards and timelines for receiving, transmitting, responding to, reporting, and resolving complaints. This ensures that, upon receiving a customer complaint, an initial response is immediately provided to acknowledge receipt and ensure prompt handling of the issue.
In 2024, the Company received 15 customer complaints, with a complaint response rate of 100% and a resolution rate of approximately 80%. Issues related to logistics and labeling were addressed, and corresponding improvement and enhancement plans have been formulated from the perspectives of processes, systems, and regulations. In the future, STL will continue to focus on customer concerns and continuously improve service quality.

Advancing Responsible Procurement

Sustainable Supply Chain

STL has developed the *Supplier Management Measures,* the *Procurement Management Regulations,* the *Supplier Performance Evaluation System,* and the *Management Measures for Supplier On-Site Inspection*, to implement full-process standardized management from supplier admission, selection, to performance evaluation and exit, integrating sustainable development into every stage of the supply chain.

Supplier Admission

At the supplier admission stage, the Company implements refined control over the supplier admission process, requiring suppliers to meet all provisions of the *Supplier/Contractor Code of Conduct.*

During the supplier selection process, the Company comprehensively evaluates suppliers based on key product and production capabilities, technical level, and quality assurance capacity. Suppliers with certifications for environmental management systems and occupational health and safety management systems are prioritized. Suppliers that have had issues in safety or environmental protection are subject to a veto policy. After initial qualification review, a supplier certification team, consisting of the procurement, quality, and demand departments, jointly decides whether sample certification and on-site inspection are needed.

Supplier Due Diligence and Tiered Management

STL implements a scientific supplier performance evaluation system and tiered management. With the Business Procurement Center at its core, the Company collaborates with key functions such as quality management and demand departments to form a cross-departmental supplier certification team that conducts comprehensive annual reviews and on-site audits of suppliers. Suppliers are required to respond to any non-compliance issues and implement corrective actions to drive continuous improvement.

STL's supplier evaluation covers performance and market share, financial status, management systems, quality assurance capabilities, R&D and equipment capacity, ESG management levels, and environmental certifications. Based on assessment results, suppliers are tiered to ensure the stability and sustainability of the supply chain.

In 2024, the Company made significant progress in supplier management, completing on-site audits for 36 suppliers and identifying 93 issues, all of which were rectified. Additionally, through a rigorous annual performance evaluation mechanism, the Company eliminated 84 suppliers, including those failing on-site audits or not meeting standards after the annual performance evaluation.

Supply Chain Carbon Dioxide Management

STL places great emphasis on managing carbon emissions in the supply chain, actively launching the Supplier Carbon Dioxide Management program to enhance control over suppliers' sustainable production practices, improve transparency in raw material procurement and carbon emissions, and proactively identify and manage sustainability risks in the supply chain.

The procurement department prioritizes low-carbon and environmentally friendly suppliers and products, integrating carbon emission considerations into procurement decisions to reduce emissions at the source. By setting clear procurement standards and collaborating with other departments, the Company encourages suppliers to implement carbon emission measurement and reduction measures, promoting a low-carbon supply chain.

At the same time, the Company works closely with customers, sharing the group's "4R" green and low-carbon industry model, and engaging in in-depth discussions on carbon reduction calculations, plans, and other topics to support customers in advancing green supply chain initiatives and achieving ambitious carbon reduction goals, contributing to sustainable development. Additionally, the Company organizes carbon reduction training for suppliers and partners, widely disseminating knowledge and technology related to carbon reduction to improve the environmental awareness and capability of the entire supply chain.

Supplier Risk Assessment Management

To effectively manage supply chain ESG risks, STL continuously refines its Procurement Risk Prevention List. The internal control department of the Business Procurement Center provides ongoing oversight of the entire procurement process, ensuring risk control measures remain effective. Meanwhile, the Audit and Supervision Department conducts unannounced audits, establishes complaint channels for supply chain partners, and ensures compliance. In 2024, the Business Procurement Center utilized its procurement platform and SRM system to track contract implementation, covering delivery notifications, receipt monitoring, invoice follow-up, payment arrangements, and dispute resolution, thereby ensuring suppliers deliver quality goods on time.

Ethical Procurement

STL places great importance on ensuring transparency, fairness, and integrity in supply chain procurement. The Company has developed the *Supplier Performance Evaluation System,* the *Notice on Integrity Responsibility,* and the *Management Measures for Procurement Risk Prevention,* signing the Notice on Integrity Responsibility with suppliers and holding training sessions on the supplier code of conduct to emphasize the Company's policies on integrity and anti-corruption, promoting the basic principles of "sunshine procurement" across all suppliers. Additionally, the Business Procurement Center regularly assesses and reviews procurement employees' professional competence, job performance, and professional ethics to continuously enhance their expertise and integrity in discharging duties.

In 2024

The completion rate for signing the *Notice on Integrity Responsibility* with suppliers was

100%

Digital Platform

To improve supply chain management and procurement efficiency, STL has developed the smart procurement platform, SRM system[2], to manage suppliers throughout their lifecycle.

Since its launch in 2021, the SRM system has streamlined the entire procurement process, facilitating smooth data exchange across business functions and reducing errors caused by information flow issues. In 2024, the Company officially launched a performance management module, implemented cross-departmental performance evaluations, optimized SRM, and visualized procurement project reports, increasing transparency and enhancing the "sunshine" procurement process through traceable workflows. The Company has further leveraged this system to enhance its reuse management efforts, promoting the utilization of the idle materials platform. Additionally, dedicated task forces have been established to improve delivery execution rates, optimize e-commerce procurement processes, and eliminate ineffective approval nodes in the OA workflow, thereby enhancing procurement efficiency. At present, 100% of qualified suppliers have successfully completed online registration.

The Company plans to expand its information technology infrastructure further in 2025, increasing e-commerce coverage, refining supplier classifications, and visualizing procurement quality analysis reports to enhance supply chain informatization and management accuracy.

Supplier Empowerment

STL upholds a strategic philosophy of growing alongside key suppliers, aiming to enhance the overall quality and efficiency of the supply chain through training and exchanges. The Company regularly dispatches technical and quality control personnel to supplier sites, providing professional guidance and training to help suppliers improve production management, quality control, and supply assurance capabilities. By establishing long-term cooperative relationships, the Company and its suppliers jointly learn from best practices, optimize process flows, and ensure the stability of raw material and supply quality. Additionally, the Company periodically organizes seminars and technical exchange meetings to share industry's best practices and drive coordinated development across the supply chain.

[2] SRM (Supplier Relationship Management)

Case Supplier ESG Promotion Conference

In August 2024, STL successfully held the "2024 STL ESG Promotion Conference," which attracted active participation from 2,249 suppliers, accounting for approximately two-thirds of the Company's qualified suppliers. The training covered four core areas: green and low-carbon development, safety and environmental protection, integrity and compliance, and shared growth. This initiative conveyed the Company's high standards and strict requirements in ESG practices, helping suppliers better understand and implement sustainable development principles.

Promoting Industry Development

Industry Standards Development

STL and its subsidiaries actively participate in drafting and formulating various product standards, including national standards for industrial acrylic acid and esters, superabsorbent resins used in diapers and sanitary napkins, as well as group standards for refined industrial acrylic acid and by-product hydrogen from propane dehydrogenation. The Company also plays a key role in developing industry standards for composite absorbent cores used in disposable paper hygiene products. Additionally, STL has been actively involved in drafting the *ESG Disclosure Guidelines for Petrochemical Enterprises and the ESG Disclosure Evaluation Specifications for Petrochemical Enterprises,*contributing to the standardization of ESG disclosures in the industry. As a member of the National Technical Committee 141 on Paper Industry of Standardization Administration of China, its subsidiary, Satellite New Materials, has participated in the review of three standards, including the *Absorbent sanitary paper products and raw materials— Evaluation method of deodorant property,* and discussions on the *Green product assessment—Paper and paper products.*Furthermore, it has contributed to the formulation of national standards for superabsorbent resins. The Company has also reviewed and provided conclusions for 133 national standards and four industry standards, including the Sanitary product - air-laid, thereby supporting the improvement and updating of standards in the paper industry. Through its extensive involvement in standard-setting initiatives, STL sets high benchmarks to drive industry upgrades and foster continuous industry development.

Case Inclusion in the First Batch of the "Zhejiang Made" Standards Cultivation Program

STL was selected for the first batch of the 2024 "Zhejiang Made" Standards Cultivation Program, undertaking the formulation of standards for industrial methyl acrylate. With its leading production technology and innovation capabilities, the Company continues to strengthen its advantages and influence in the C3 industry chain. This standard-setting initiative aligns the Company with Zhejiang Province's high-quality manufacturing development goals, enhancing the advancement and applicability of standards, reinforcing collaboration in key industrial chain segments, and guiding the industry towards efficient, standardized, and safe development. Additionally, it contributes to improving the quality of downstream products in sectors such as architectural coatings, pharmaceuticals, and daily chemicals. STL will adhere to the "Zhejiang Made" standard system framework, promote high-quality standard development, deepen brand building, enhance the quality of standard supply and implementation, and support the sustainable development of the industry.

	Number of National Standards Participated in Formulating	Number of Industry Standards Participated in Formulating	Number of Group Standards Participated in Formulating
2024	8	1	4
2023	7	1	3
2022	1	1	2

Industry Collaboration and Progress

As a leading player in the domestic light hydrocarbon industry, STL actively engages in industry dialogues through seminars, industry associations, and forums. The Company fosters deep industry collaboration by partnering with value chain enterprises to share technological innovations, green development practices, and explore sustainable pathways for the chemical industry.

Case Memorandum of Understanding Signed with PetroChina International Co., Ltd.

On January 12, 2024, STL and PetroChina International Co., Ltd. signed a Memorandum of Understanding in Beijing, marking the beginning of a comprehensive collaboration in the fields of chemicals, natural gas, new energy, and advanced materials. This partnership represents a significant step in STL's commitment to the national strategy of innovation-driven development and industrial structure optimization. By working together, both parties will drive technological innovation, expand markets, and upgrade industries, exploring new business models and collaboration opportunities to inject fresh momentum into the high-quality development of the energy and chemical sector.

Case Strengthening Cooperation through Industry Exhibitions to Promote Petrochemical Industry Upgrades

On September 19, 2024, STL participated in the International Chemical Industry Fair (ICIF CHINA 2024) under the theme "Sharing the Beauty of Chemistry with the World." The Company showcased its achievements in green and low-carbon development, technological innovation, and digital transformation. During the exhibition, STL shared its breakthroughs in key technologies and outlined its future research and development plans. The Company also presented its green development model within the integrated light hydrocarbon industrial platform and introduced the "Nebula" industrial internet platform, which enables smart production through "business online, operational process management, risk visualization, and intelligent decision-making." Through this event, the Company engaged with domestic and international partners to explore new collaboration opportunities and provide innovative chemical material solutions for a better life. This initiative highlights STL's proactive role in industry exchanges and its leadership in driving industry advancements.

03 Dual Carbon Goals for Green Development

STL remains steadfast in its commitment to low-carbon development as a core strategy, actively aligning with China's "dual carbon" goals by expanding its deployment of clean technology research and application. The Company integrates the concept of green development into its production and operations, continuously enhancing energy efficiency and synergizing pollution reduction and carbon mitigation, thereby solidifying its green foundation for sustainable growth.

Governance

STL has established the Strategy and ESG Committee to oversee environmental strategy planning, target setting, policy formulation and execution, climate risk assessment, performance evaluation, and information disclosure. The committee regularly reports to the Board of Directors. At the operational level, each base and business unit implements a comprehensive responsibility management model, where the General Manager holds overall accountability, and the HSE Management Department manages environmental affairs to ensure clear responsibilities and effective execution.

Strategy

STL has developed a comprehensive "4R" green and low-carbon industrial model—encompassing Carbon Reduction, Carbon Recycle, Carbon Reuse, and Carbon Replacement—starting from raw materials and extending across the entire industrial chain. With "green and low carbon" and "technological innovation" as dual engines, the Company is building a green manufacturing system, formulating a green hydrogen utilization plan, continuously optimizing its energy structure, and establishing a low-carbon value chain to enhance its climate resilience.

Goals

Increase investments in clean technology development

Promote energy efficiency and reduce energy intensity annually

Based on 2020 as the baseline year, STL commits to reducing carbon dioxide emissions by over **2 million tonnes** by 2030

and achieving value chain carbon neutrality by 2050

Based on 2024 as the baseline year, STL commits to reducing wastewater pollutants (including COD, ammonia nitrogen) discharge intensity by over **15%** by 2027

Emission intensity of waste gas pollutants (including VOCs, NO_x, SO_2) decreased by **13%**

Solid waste generation intensity decreased by over **8%**

Freshwater usage intensity decreased by over **4%**

Impacts, risks, and opportunities

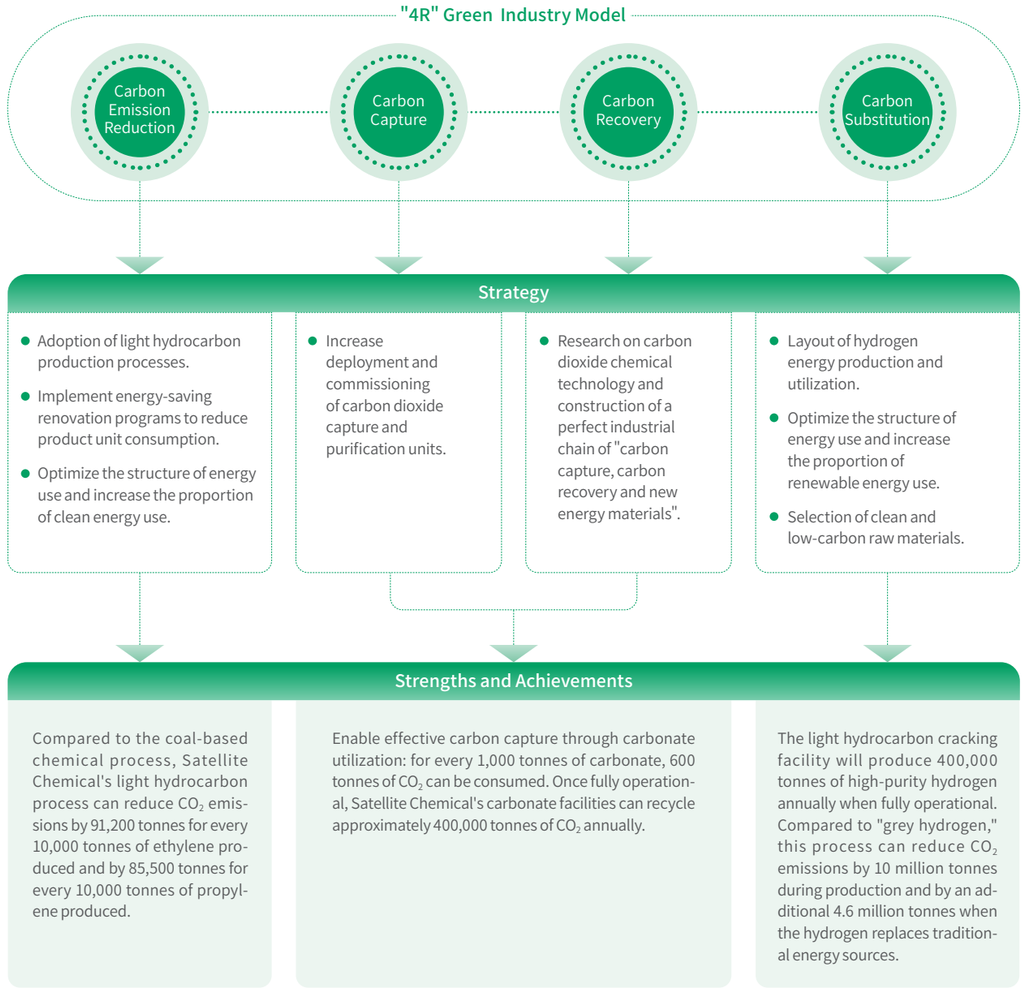
Through its integrated light hydrocarbon industrial chain, STL actively deploys clean technologies and low-carbon solutions, replacing traditional high-carbon raw materials with cleaner alternatives such as ethane, significantly reducing carbon emissions. Additionally, the Company promotes green transformation across the entire industrial chain through carbon recycling, resource circular utilization, and hydrogen energy deployment. STL proactively identifies risks—including technological bottlenecks, cost pressures, regulatory tightening, market volatility, and environmental compliance challenges—while also recognizing opportunities such as technological innovation, enhanced market competitiveness, policy support, and shifting market preferences, taking necessary measures accordingly.

UN SDGs

Focusing on Low-Carbon Strategies

Opportunities in Clean Technology

STL is prioritizing the development of new material solutions for emerging sectors such as new energy vehicles, lithium batteries, and solar cells to provide green and low-carbon chemical solutions in response to global challenges like climate change and environmental pollution. The Company regards the research and application of clean technologies as a core development strategy, continuously advancing its "4R" green industry model—from selecting low-carbon raw materials to end-of-pipe carbon recovery—to pioneer the establishment of a full-scale low-carbon industrial chain.



STL's "4R" Green and Low-carbon Industry Model

Strengthening Clean Technology R&D

STL is continuously increasing its R&D investments in clean technology, striving to drive green and low-carbon transformation through technological innovation. The Company aims to invest RMB 10 billion over the next five years, with over 40% allocated to research areas including battery raw material substitution, low-carbon technology, green new material development, carbon capture and utilization, and waste treatment and recycling.

Case **Research on Polyethylene Recycling and Utilization**

In alignment with national policies, STL has conducted in-depth research on the *14th Five-Year Plan of Action for the Control of Plastic Pollution*, focusing on the industrial study of polyethylene recycling and utilization. The Company benchmarks leading petrochemical enterprises, systematically analyzing their research trajectories in plastic recyclability while dynamically tracking technological advancements. STL has also established collaborative agreements with leading academic institutions to facilitate the commercialization of research findings. Following a comprehensive evaluation of various technological pathways, STL has selected a cost-effective, carbon-reducing, and scalable preparation route and has initiated relevant projects.

As of the reporting period

STL has obtained **165** patents related to green and low-carbon research and development, which will provide solid support for the **dual growth of both operating revenue and net profit** in 2024.

Hydrogen Energy Production and Utilization

As a key domain in clean energy development, hydrogen energy is widely regarded as the optimal pathway for deep decarbonization in sectors such as transportation, industry, and construction. As a leading enterprise in the domestic light hydrocarbon industry, STL has formulated a green hydrogen utilization plan, actively advancing the full-chain development of hydrogen production, storage, transportation, and utilization. The Company is planning to construct hydrogen energy integrated utilization demonstration projects, transitioning from "light hydrocarbons" to "hydrogen excellence."

STL's Green Hydrogen Utilization Plan

STL leverages its light hydrocarbon integrated industrial platform, utilizing the abundant high-purity by-product hydrogen (99.999%) generated from ethane cracking and propane dehydrogenation processes. This directly enables the utilization of hydrogen energy while effectively achieving low-carbon hydrogen production.

Case Driving Hydrogen Technology Innovation to Support Clean Technology Development

- STL has invested in the construction of a hydrogen loading and unloading platform with a daily capacity of 900,000 Nm^3 at its Lianyungang Base, supplying photovoltaic and hydrogen energy enterprises within a 300-kilometer radius.
- In 2024, STL's Scope III PSA unit was successfully commissioned at its Pinghu base, significantly enhancing hydrogen production capacity. By optimizing the hydrogen energy system balance, the base plans to supply high-pressure, high-purity hydrogen externally, with pipeline construction now in full progress.
- STL led the development of the group standard *Byproduct Hydrogen from Propane Dehydrogenation* (T/CPCIF 0337—2024), which was officially released and implemented in June 2024, further standardizing the production and application of byproduct hydrogen from propane dehydrogenation and promoting its high-value utilization.

Case Comprehensive Hydrogen Utilization for Cleaner and Lower-Carbon Electronic-Grade Hydrogen Peroxide

Clean Raw Materials

Utilizing high-purity hydrogen and oxygen byproducts from light hydrocarbon cracking, STL produces hydrogen peroxide with lower energy consumption and reduced carbon emissions compared to traditional processes,**offering clear energy-saving and emissions-reduction advantages.**

Clean Processes

The Company employs an all-acidic fixed-bed process for hydrogen peroxide production, eliminating the need for alkali and thereby preventing the generation of salt-based impurities and wastewater from neutralization reactions, **reducing pollutant discharge.**

Clean Applications

Electronic-grade hydrogen peroxide decomposes into oxygen and water during circuit board cleaning, making it non-toxic, harmless, and free from residual contaminants that could pollute water sources, **offering superior environmental benefits** compared to previous-generation ozone-based cleaning solutions.

Efficient Energy Utilization

Governance

STL strictly complies with national energy regulations, including the *Law of the People's Republic of China on Energy Conservation*, the *Electric Power Law of the People's Republic of China*, and the *Management Measures for Energy Standardization*, continuously improving its energy management system to enhance energy efficiency. The Company has formulated a corporate-level *Energy Management System*, with each base and business unit tailoring and updating energy management procedures including measurement & statistics, conservation retrofits, consumption quotas, and improvement initiatives based on their specific energy usage conditions.

Energy management is fully integrated into STL's ESG framework, with General Managers of each base and business unit responsible for energy strategy formulation, target setting, and usage supervision, while production technology teams oversee energy-saving projects, energy measurement, and equipment efficiency monitoring. The Company conducts energy audits at least every five years, comprehensively reviewing energy usage and management processes across metrics including energy measurement, statistics, and quota assessment management, identifying potential energy-saving opportunities, and implementing targeted improvement measures to effectively enhance energy utilization efficiency.

Key Performance Indicators

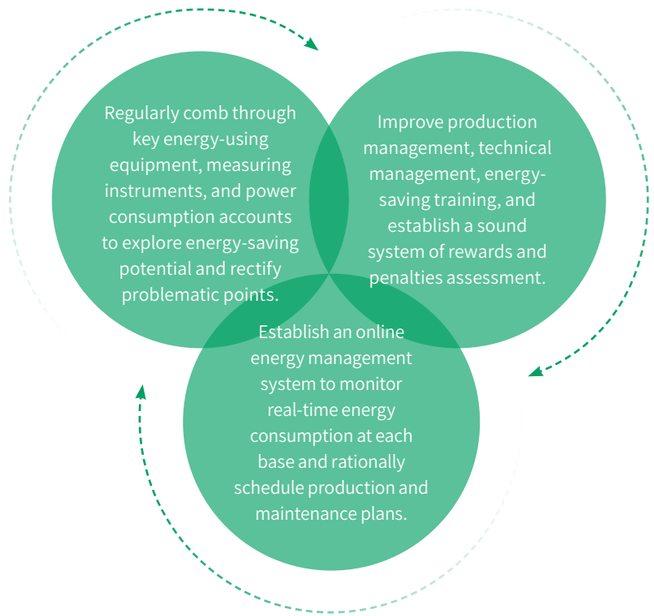
During the reporting period,STL achieved **100%** coverage of its operational sites with ISO 50001 energy management system certification, GB/T 23331 and RB/T 114 energy management system certification.

Management Capability Improvement

To ensure the Company effectively responds to energy-related risks and opportunities, STL continues to strengthen foundational energy management measures and enhance the management capabilities of relevant personnel.

Case Internal Energy System Audit Across Bases

During the reporting period, STL's various bases and business units jointly conducted an internal cross-audit of the energy management system. External audit experts were invited for on-site guidance, enabling cross-base collaboration, mutual learning, and gap identification, which further optimized the operation of the energy management system.



STL's Energy Management Measures

Impact and Risk Management

STL's bases and business units actively identify energy-related risks and opportunities and develop corresponding response measures.

	Risk/Opportunity Type	Measures
Risks	Regulatory compliance risk	• Regularly identify and benchmark against laws and regulations, monitor industry economic trends, and ensure compliant operations
	Energy supply constraints	• Monitor government policies, adjust production accordingly, and develop emergency response plans to mitigate risks of energy supply disruptions
	Energy cost fluctuations	• Maintain communication with energy suppliers, explore alternative energy sources such as renewable energy, and enhance risk resistance
Opportunities	Energy savings to reduce production costs	• Conduct evaluations and analyses based on energy types, develop corresponding strategies and plans, and identify energy-saving potential
	Reduced unit energy consumption to improve product competitiveness	• Enhance energy management and technological efficiency to optimize energy usage

Strategies

STL focuses on the efficient use of energy across all stages of production and operations, implementing energy-saving and carbon reduction strategies from the design and construction phases to production, recycling, and reuse. The Company continuously increases the proportion of renewable energy usage and innovates in carbon capture and utilization technologies to drive its low-carbon development.

Design Phase

Utilize low-carbon light hydrocarbons as raw materials for chemical production.

Construction Phase

Procure low-energy consumption and low-carbon equipment and building materials to achieve carbon reduction goals.

Production Phase

Enhance energy-saving and carbon-reduction levels through process innovation and equipment upgrades.

Driving Energy Conservation and Emission Reduction

Each year, STL's bases and business units develop energy efficiency improvement plans based on their energy consumption conditions. They establish annual energy management targets, including total energy consumption, unit energy consumption per product, and energy-saving goals. The Company regularly tracks and assesses progress to ensure orderly achievement of targets.

STL's 2024 energy conservation measures

Jiaxing Base

Implemented eight energy efficiency improvement projects, including waste heat recovery at the air compression station, nitrogen system process optimization, and boiler feed pump optimization. Introduction of new energy-saving equipment, resulting in a 10% year-on-year reduction in energy consumption

Lianyungang Base

Implemented a heat pump waste heat recovery project for steam generation. Estimated annual operation of 8,000 hours could recover 21,360 MW of waste heat, equivalent to saving 2,624 tonnes of standard coal and reducing CO_2 emissions by approximately 6,927 tonnes per year

Pinghu Base

Conducted five key energy-saving and emission reduction projects. By optimizing the acrylic acid production process, increased surplus steam output by 50,000 tonnes, equivalent to saving 4,761 tonnes of standard coal and reducing CO_2 emissions by 15,350 tonnes

STL Technology

Implemented measures such as optimizing production schedules, upgrading the circulating water system, minimizing energy losses due to equipment failures, optimizing power distribution, and modifying the heat-tracing water system. These efforts led to a 3.38% reduction in unit product energy consumption

Case Development of "Ethylene Cold Box" for Energy Recovery and Utilization

Through a three-year collaboration with process design institutes and patent holders, STL successfully developed the largest "Ethylene Cold Box" in China. This technology recovers and stores energy generated during the conversion of low-temperature ethane to ambient-temperature ethane, forming a globally advanced "low-temperature cold energy" recovery system. Thanks to this innovation, STL's Lianyungang Base saves over 300,000 tonnes of standard coal annually, significantly reducing energy consumption and carbon emissions.

Honors and Awards

In 2024, the Ministry of Industry and Information Technology (MIIT) announced the list of 2023 Energy Efficiency Leaders. STL's wholly-owned subsidiary, Lianyungang Petrochemical, **topped the Energy Efficiency Leaders** list in ethylene and ethylene glycol, with unit energy consumption approximately **60%** of the national benchmark.

Key Performance Indicators

During the reporting period

STL invested over RMB **50** million in energy efficiency improvements,

achieving electricity savings of **750,000** kWh.

Clean Energy Utilization

STL is committed to optimizing its energy consumption structure and continuously exploring opportunities to expand renewable energy use. Through distributed photovoltaic (PV) installations and green electricity procurement, the Company steadily increases its renewable energy ratio.

The Company has also implemented a biogas recovery project at the anaerobic section of wastewater treatment plants, delivering 4.92 million cubic meters of captured biogas to boiler systems as clean energy. This initiative effectively enhances resource utilization efficiency while reducing reliance on external energy sources.

Key Performance Indicators

During the reporting period

Purchased a total of **765,024** MWh of new energy electricity, accounting for **13%** of total purchased electricity

Generated **1,772,906** kWh from rooftop photovoltaic power stations

Carbon Capture and Utilization

STL is actively advancing the development of a resource recycling industry, pioneering the construction of a "zero-carbon" new energy and new materials industry chain. Through carbon capture, utilization, and storage (CCUS) technology, the Company simulates photosynthesis to capture and recover CO_2 emitted from its facilities. This CO_2 is then used to produce carbonates, a crucial raw material for lithium battery electrolytes, effectively transforming carbon into value. With a CO_2 recovery and conversion rate nearing 100%, STL is innovating a green industrial pathway to achieve carbon neutrality.

Key Performance Indicators

As of the end of the reporting period

STL had captured and utilized a total of **4,200** tonnes of CO_2.

Currently, STL has commissioned a CO_2 purification unit at its Lianyungang Base, with an annual CO_2 capture capacity of 300,000 tonnes. Additionally, STL has integrated a food-grade CO_2 production unit at its Lianyungang Base, further recycling by-product CO_2 while reducing greenhouse gas emissions.

Metrics and Targets

STL's 2024 energy use KPIs and targets were accomplished as follows:

Energy Management Targets	2024 Progress
Reduce total energy consumption by 3% in 2024	Actual reduction: 3.38%
Reduce energy consumption per unit of product by 1.2% in 2024	Actual reduction: 2.5%

In 2025, the company plans to promote a number of energy-saving renovation projects, covering production process optimization, energy recycling, equipment energy efficiency improvement and other aspects, and is expected to save about 100,000 tonnes of steam and about 5 million kilowatt-hours of electricity, reducing energy costs.

STL's energy consumption overview

Indicators	Unit	2024	2023	2022
Direct Energy Consumption				
Gasoline	liter	598,995.39	546,684.92	454,166.89
Diesel	liter	297,574.26	283,915.29	315,887.76
Natural gas	cubic meter	277,614,769.39	279,519,427.80	143,216,462.10
Ethane	tonne	63,151.18	38,684.77	94,656.25
Indirect Energy Consumption				
Purchased electricity	MWh	5,276,353.19	5,046,442.25	4,136,774.79
Purchased steam	GJ	13,559,044.66	13,299,954.16	4,637,155.50
Clean Energy Consumption				
Purchased renewable electricity	MWh	765,023.99	517,585.28	469,828.48
Installed solar capacity	MW	1.6	1.6	1.6
Solar power generation	MWh	1,772.91	1,887.40	104.64
Other clean energy utilization	MWh	40,000	0	0

Low-Carbon Office and Operations

Promoting Green Operations

STL integrates green and low-carbon concepts into daily office operations by continuously implementing various green office measures, encouraging employees to adopt resource-efficient and low-carbon working practices.

STL's green office initiatives

Energy conservation and efficiency

- Strictly enforcing air conditioning temperature standards: no lower than 26°C in summer and no higher than 18°C in winter
- Fully adopting energy-saving lighting to reduce energy consumption
- Upgrading non-explosion-proof area streetlights in certain production bases to solar-powered streetlights
- Enhancing electricity management policies, including regulating lighting, air conditioning, and equipment operation times

Resource conservation

- Promoting double-sided printing and recycling reusable paper
- Encouraging paperless operations through OA approval systems and Outlook emails
- Increasing the reuse of office supplies such as paper clips, binder clips, staplers, scissors, and glue sticks to eliminate waste
- Advocating department-wide sharing of resources such as drinking water and printers to minimize redundancy

To enhance employees' awareness and capability in environmental protection and energy conservation, STL organizes relevant training programs annually, promoting environmental and energy management policies and concepts. In 2024, the Company conducted training sessions on international standards such as ISO 14064, ISO 14067, and ISO 14068 to systematically improve employees' expertise in greenhouse gas accounting, verification, and emission reduction. Additionally, STL's Lianyungang Base provided specialized training on *Fundamentals of Energy Management* for engineers and hosted low-carbon awareness training for all employees, significantly enhancing energy conservation knowledge and skills through a combination of theory and practice.

Building a Green Value Chain

STL actively explores the use of clean raw materials for chemical production, innovating through its "light hydrocarbon integration" platform to drive green and low-carbon transformation from the source.

Strategy	Measures	Advantages	Achievements
Low-carbon raw material utilization	Using clean raw materials such as ethane and propane to replace traditional feedstocks like naphtha and coal	Ethane cracking emits only 1/10 of the carbon emissions compared to coal-based olefin routes per tonne of ethylene produced	STL's two ethane cracking units (1.25 million tonnes/year each) reduce approximately 22.8 million tonnes of CO_2 emissions annually, while its two propane dehydrogenation (PDH) units (450,000 tonnes/year each) cut CO_2 emissions by 7.7 million tonnes annually, totaling over 30 million tonnes of CO_2 reductions per year
Low-carbon raw material manufacturing	Utilizing high-purity hydrogen produced as a byproduct from light hydrocarbon cracking	Hydrogen production via this method emits only 5% of the carbon emissions of natural gas-based hydrogen production and 2.6% of coal-based hydrogen production	The Company currently has an annual hydrogen production capacity of approximately 163,600 tonnes. In the future, its hydrogen capacity will reach 400,000 tonnes/year, making it the largest "green hydrogen" supplier in chemical industry clusters

Logistics and transportation are also key elements of STL's green value chain. The Company actively collaborates with partners to explore green management practices in logistics and warehousing, reducing resource consumption and carbon emissions. In 2024, STL continued implementing its shared pallet program, achieving a cumulative total of 87,892 pallet cycles.

Addressing Climate Change

Governance

STL places great emphasis on climate-related risks and opportunities. The Company integrates climate change matters into its ESG management system, with the Board overseeing and making decisions on the development of climate change-related strategies and targets. The Strategy and ESG Committee is responsible for identifying, evaluating, and managing climate-related risks and guiding the formulation of strategies and management policies to address climate change, while overseeing the identification of climate-related risks and opportunities. Each base and business unit is responsible for executing and implementing specific action plans.

The Company regularly organizes climate and carbon-related training to enhance the professional capabilities of employees in relevant positions, ensuring they are equipped to participate in the formulation and implementation of the Company's climate-related strategies. In 2024, the Company provided specialized training to relevant departments, covering carbon inventory, carbon systems, carbon footprints, and more.

Training Topic	Participants
ISO 14064-1:2018 system implementation and carbon inventory training	30
ISO 14067 product carbon footprint training	20
Carbon Management System Requirements and Guidelines TCIECCPA002-2021 training	20

Strategy

STL fully identifies the potential impacts of climate change on its production operations, as well as the new opportunities for technological innovation and green transformation that it presents. The Company references various climate change scenarios and, considering its operational characteristics, has identified potential physical risks, transition risks, and transition opportunities, and formulated targeted response strategies to enhance the Company's climate resilience. At the same time, STL has incorporated climate risks into its overall risk management system, integrating climate change risks deeply with the Company's overall risk management process. The Company actively evaluates, manages, and tracks climate-related performance indicators to quantify risks and effectively drive risk control.

To promote the Company's green transformation and achieve scientific, systematic carbon management, STL actively conducts product carbon footprint assessments and has established a carbon emission management platform. During the reporting period, the Company completed carbon footprint certification for five products: acrylic acid, refined acrylic acid, butyl acrylate, isooctyl acrylate, and ethyl acrylate, and launched the carbon emission management platform.

Case **Establishing a Carbon Emission Management Platform to Support the Achievement of "Dual Carbon" Goals**

In response to the national carbon peak and carbon neutrality strategy, STL successfully built a carbon emission management platform in November 2024. The platform was developed in strict accordance with the ISO 14064-1 standard and includes four core functional modules: activity data entry, parameter settings, data analysis, and report generation. It efficiently supports the accurate accounting and trend analysis of Scope 1, 2, and 3 emissions. The platform also visualizes key data such as carbon emissions, intensity, and structural proportions, providing informational support for the Company's "dual carbon" management decisions.

Climate Risks and Opportunities

STL conducts scenario analysis based on the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathways (RCPs) SSP5-8.5 (high carbon scenario). The Company comprehensively identifies potential physical risks in the short-term (by 2030), medium-term (by 2050), and long-term (by 2080) as shown in the table below:

Category	Risk	Description	Response	Severity	Impact Period
Acute risks	Extreme precipitation	Intense rainfall may lead to flooding, equipment failure, plant water accumulation, transportation disruption, production interruption, and safety incidents, resulting in reduced capacity and increased operational costs.	• Develop emergency plans for production safety accidents, fires, and environmental incidents caused by extreme weather; conduct regular drills • Pre-prepare emergency supplies, optimize basic infrastructure such as water systems at production bases	Medium	Short-term, medium-term, long-term
	Extreme heat	High temperatures may increase energy costs, fire risks, and reduce work efficiency, resulting in higher operational costs	• Regularly inspect and maintain equipment and facilities • Implement emergency logistics measures to improve logistics timeliness under extreme weather • Guide employees to respond to extreme weather and minimize impacts on assets and personnel safety	Medium	Short-term, medium-term, long-term
	Tropical cyclones	Strong winds and heavy rain from cyclones may cause equipment failure, infrastructure damage, transportation disruption, and safety incidents, leading to reduced capacity and increased operational costs	• Conduct climate forecasting and reporting, adjust offline operations and employee commuting policies, and implement emergency logistics measures based on weather changes	High	Medium-term
Chronic risks	Water shortage	Water scarcity may affect production stability, leading to reduced capacity and higher operational costs	• Continuously optimize production processes, actively use water recycling technology, and improve water efficiency	Medium	Medium-term, long-term
	Sea level rise	Affects the safety and stability of coastal production bases, potentially leading to production stoppage, relocation, and property loss	• Continuously monitor climate information, optimize the layout of production bases and warehouses based on sea level rise trends • Strengthen flood prevention and disaster resistance capabilities of infrastructure	Low to medium	Long-term

At the same time, the Company identifies potential transition risks and opportunities from policy, market, technology, and reputation perspectives, and formulates corresponding strategies.

	Category	Risk	Description	Response
Transition risks	Policy and legal risks	Carbon tax/ pricing	China's national carbon emissions trading market has been launched, with the carbon quota system being strictly enforced. Key carbon-intensive industries, such as petrochemicals, may be mandatorily included, which means that the carbon emissions compliance pressure on the Company will rise sharply. To meet the new emission standards, the Company may need to make large-scale investments in emission reduction technologies, purchase huge amounts of carbon allowances, and may even face difficulties such as production restrictions. This shift will greatly increase the cost of our carbon emissions compliance and may also have far-reaching impacts on our strategic planning, operation mode and market competitiveness.	We launch energy saving and emission reduction initiatives across the board, and are committed to significantly reducing our Scope 1, Scope 2, and Scope 3 emissions.
		Requirements and regulation imposed on existing products and services	Against the backdrop of the "dual carbon" goals, the government is considering the introduction of more rigorous laws and regulations to limit or even reduce companies' carbon emissions. This initiative poses compliance risks for carbon-intensive and energy-intensive industries, leading to investment in energy-saving and emission reduction technological transformations. This will significantly increase our operational compliance costs.	Relying on our integrated light hydrocarbon industry platform, we have established a "4R" green and low-carbon industrial model that spans the entire industrial chain, and are committed to promoting the green and low-carbon development of the olefin industry.
	Market risks	Changes in customer behavior	As society focuses more on climate change and sustainable development, a growing number of consumers show a preference for green and low-carbon products and services, making it imperative for the Company to increase its investment in the research, development and application of green and low-carbon technologies.	Leveraging the low-carbon industrial model, we insist on promoting the R&D and production of low-carbon products and transferring low-carbon attributes to customers and end-use scenarios in the value chain.
		Growing raw material cost	Climate change may restrict production from raw material suppliers, leading to shortages. Additionally, the global energy transition may drive up the prices of energy and water, raising raw material costs and production costs.	Monitor raw material market price fluctuations, establish early stockpiles, innovate technologies, seek alternative materials and energy, and build a diversified supply network to ensure supply chain stability.
	Technology risks	Costs resulting from transition towards low-carbon technologies	To adapt to the transition towards low-carbon economy, the Company need to continuously ramp up its research and development efforts and investment in key areas such as renewable energy, energy-saving and emission reduction technologies, which means higher technological research and development costs.	We have established a sound mechanism for the application of low-carbon technologies and assessed such technologies through feasibility studies and cost analysis to reduce the transition costs.
	Reputation risks	Growing stake holder concerns and negative feedback	Stakeholders increasingly focus on the Company's actions to address climate change, making it imperative for us to take relevant initiatives, otherwise our reputation will be affected.	We regularly summarize the requests and inquiries from various stakeholders and actively address their concerns through channels such as our official website, announcements, visits and research.
Transition opportunities	Policy opportunities	Policy incentives	To promote green and low-carbon development, the government has introduced policies providing financial subsidies, tax reductions, low-interest loans, and other incentives to encourage corporate green transformation.	We closely monitor the government's relevant policies and actively respond to and participate in incentive or subsidy programs. For example, the *2025 Tariff Adjustment Plan* issued by the State Council in 2024 has reduced production costs for the Company by supporting the continued implementation of the low-carbon ethylene production process via ethane cracking.
	Technology opportunities	Low-carbon technological innovation	Implementing low-carbon production will drive the development of industrial energy-saving technologies and energy-efficient equipment manufacturing, creating opportunities for the Company to improve energy efficiency and reduce energy usage costs.	We proactively identify energy-saving potential and continuously reduce product energy consumption and usage costs through technological innovation, process optimization, the application of energy-saving equipment and technologies, and carbon capture.
	Market opportunities	Market preferences	The development of green finance and sustainable investment provides new financing channels for the Company's green projects. At the same time, the growing market demand for green and low-carbon products will contribute to increased revenue from the Company's green materials segment.	We continue to innovate in the fields of new energy materials and comprehensive utilization of carbon dioxide, while also resourcefully utilizing hydrogen as a byproduct, building a green and low-carbon "industrial chain."

Metrics and Targets

STL has established ambitious carbon reduction targets based on its production and operational situation and conducts annual greenhouse gas inventory assessments to monitor and quantify progress toward these targets.

Carbon Reduction Target	2024 Progress
Reduce cumulative CO_2 emissions by over **2 million** tonnes by 2030 (with 2020 as the baseline year)	Reduced CO_2 emissions by **1,014,581** tonnes (with 2020 as the baseline year)
Achieve carbon neutrality in the value chain by 2050	Continuously implement **4** key strategic plans, including clean energy usage, low-carbon technology innovation, production equipment and process optimization, and decarbonizing supply chains, as detailed in the "Focusing on Low-Carbon Strategies" section.

STL greenhouse gas emission

Indicator	Unit	2024[1]	2023[2]	2022
Direct emissions (Scope 1)	Tonnes of CO_2 equivalent	1,664,427	1,432,410	2,211,164
Indirect emissions (Scope 2)	Tonnes of CO_2 equivalent	4,521,154	4,420,767	1,606,223
Total greenhouse gas emissions	Tonnes of CO_2 equivalent	6,185,581	5,853,177	3,817,387
Greenhouse gas emission intensity	Tonnes of CO_2 equivalent/ tonne of product	0.502	0.627	0.624

[1] The scope of the 2024 STL greenhouse gas emissions data reporting includes both Scope 1 and Scope 2 emissions. The Company conducts its accounting in accordance with the requirements outlined in the *Greenhouse Gas Emission Accounting Methods and Reporting Guidelines for Chinese Chemical Production Enterprises (Trial)*, with emission factors referenced from the data provided in the aforementioned Guide.

[2] 2023 emission data was updated with verification.

Strengthening Environmental Management

Environmental Management System

STL strictly adheres to the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Environmental Impact Assessment*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes*, the *Law of the People's Republic of China on Prevention and Control of Soil Pollution*, and other related laws and regulations. The Company also complies with industry standards, such as the *Emission Standard of Pollutants for Petroleum Chemistry Industry* and *the Emission Standard of Pollutants for Synthetic Resin Industry*. Additionally, the Company implements the policies and standards set by the local authorities, including the *Ultra-low Emission Transformation (In-depth Treatment) Work Plan for Key Industries and Facilities in Lianyungang City*, the *Notice on Leakage Detection and Repair (LDAR),* the *Emission Standards for Major Water Pollutants in the Chemical Industry,* the *Emission Standards for Volatile Organic Compounds in the Chemical Industry in Jiangsu Province*, and other control requirements that are much more demanding than national standards.

Governance

STL continually improves its environmental management system by establishing various institutional documents such as the *Environmental Protection Responsibility System*, the *Safety and Environmental Protection Facilities Management System*, the *Management Requirements for Environmental Factor Identification, Evaluation and Control Procedure*, and the *Management Requirements for Environmental Hazards*. The Company also enforces detailed implementation rules for the prevention and control of air, water, solid waste, soil, and noise pollution.

The Company closely monitors the release and updates of environmental laws and standards. During the reporting period, the Company identified new environmental policies, such as the modification of the *Emission Standard of Pollutants for Petroleum Chemistry Industry* (GB31571-2015), the *Emission Standard of Pollutants for Synthetic Resin Industry* (GB31572-2015), and the *Regulation on the Administration of Permitting of Pollutant Discharges*. The Company promptly organized analysis and study sessions on these new regulations at its bases and business units to ensure compliance with environmental management and pollutant discharge standards.

To ensure the proper functioning of the Company's environmental management system, an environmental management structure was established, led by the Company's Strategy and ESG Committee. The Safety and Environmental Committee oversees all environmental management tasks and conducts inspections and evaluations of each base and business unit in accordance with the *Management Measures for Safety and Environmental Performance Assessment*. The primary managers of each base and business unit are designated as the primary responsible persons for environmental protection and are fully accountable for the environmental protection work in their respective units. Additionally, dedicated environmental management departments are established to supervise, inspect, evaluate, and serve in relation to environmental protection in the production areas.

The Company continues to strengthen the environmental management responsibilities at all levels of the Company, incorporating 21 performance indicators into annual evaluations, including total water usage, pollutant discharge volumes, and waste disposal compliance rates. Responsibilities cascade from executive directors to frontline team employees through signing environmental protection responsibility letters and KPIs. This approach helps solidify environmental protection accountability and improves the management of production, pollutant discharge, environmental hazard identification and rectification, and emergency management.

Impact and Risk Management

STL strictly implements the three-step process for environmental protection, which requires environmental impact assessments and environmental acceptance inspections for new, modified, or expanded projects. This ensures that environmental risks are effectively controlled from the design and construction stages. Additionally, the Company reduces environmental risks during production operations through measures such as environmental risk identification, pollutant control, environmental monitoring audits, and environmental emergency management.

Management Measures	Frequency	Specific Content	Coverage
Environmental risk identification	Annually	• Conducting annual environmental factor identification and recording in the information management system	All business areas
Pollutant control	Daily	• Tracing pollution sources: in-depth inspection and rectification of VOCs and odor sources, conducting LDAR tests • Standardizing pollution discharge and monitoring: implementing requirements in the pollution discharge permit and monthly third-party monitoring of pollution data • Pollutant online monitoring: using environmental monitoring platforms and MES systems to monitor the operation of environmental protection facilities and ensure normal, stable operation and compliance with discharge standards	
Environmental supervision and audits	Annually	• Conducting internal audits and external reviews for all business units and comprehensive external audits for certification changes every three years	
	Weekly	• Conducting weekly environmental risk checks and rectifying identified environmental hazards in a timely manner	
Environmental emergency management	As needed	• Developing emergency response plans for environmental incidents, categorizing potential events, and updating plans as necessary based on operational and external factors • Responding to regional heavy pollution weather policies and developing site-specific strategies • Regularly conducting emergency drills as per the emergency response plan	

Case **Clean Production Audit to Promote Comprehensive Improvements in Production and Environmental Management**

During the reporting period, Jiahong New Material conducted a clean production audit and actively implemented clean production plans. Out of 14 proposed measures, 13 have been implemented. By strengthening management and technological advancements, the Company achieved effective resource conservation, pollutant reduction, and cost reduction, all while mitigating environmental risks.

Key Performance Indicators

During the reporting period

the Company carried out several environmental audits covering **100%** of its operational areas, with all identified environmental hazards being rectified.

Environmental Capacity Building

STL regularly conducts environmental protection training, inviting professional instructors to provide in-depth explanations of environmental laws and regulations and promoting Company environmental protection policies. This training enhances employees' understanding and capabilities in pollutant discharge management, emergency management, and self-monitoring. The Company also actively organizes environmental protection training and publicity activities for all employees, fostering a corporate culture where environmental protection is embraced by everyone.

Case **Organizing the "6·5 World Environment Day" Event to Encourage Employees' Participation in "Zero Waste City" Initiatives**

On June 5, 2024, World Environment Day, the Jiaxing base hosted the "I Participate in Zero Waste" event. Over 400 employees received promotional materials and learned about the significance of building a zero-waste city, solid waste regulations, and more. The event encouraged employees to engage in waste reduction activities. Furthermore, Jiaxing base distributed 100 eco-friendly bags to staff, guiding them to reduce single-use plastic and actively participate in the "Zero Waste City" initiative, promoting a waste-free philosophy.

Honors and Awards

During the reporting period

STL, Lianyungang Petrochemical, and Pinghu Petro Chemical received the title of **National Green Factory**, while Youlian Chemistry earned the title of **Municipal Green Factory**.

Lianyungang Petrochemical and Jiahong New Material were awarded the title of **"Demonstrative Enterprises on Environmental Protection in Lianyungang City."**

Metrics and Targets

The Company achieved the following key environmental performance indicators for 2024:

Environmental Management Targets	Achievement
0 Environmental incidents	Achieved
Total pollutant discharge within approved limits	Achieved
0 non-normal operation of environmental facilities	Achieved
100% environmental monitoring compliance	Achieved
100% hazardous waste disposal compliance rate	Achieved

Key Performance Indicators:

Indicators	Unit	2024	2023	2022
ISO 14001 Certification	%	100	100	100
Total investment in environmental treatment	RMB million	130,957	170,465	142,857
Time invested in environmental treatment	hour	61,320	74,400	62,130
Environmental protection training hours	hour	2,544	6,504	4,821
Number of environmental protection training sessions	section	356	499	1,826
Number of environmental protection training participants	person-time	17,792	45,548	31,255
Environmental punishment accidents	time	0	0	0
Environmental punishment payments	RMB	0	0	0

Wastewater Discharge Management

Adhering to the "zero and direct discharge of sewage" goal, STL continues to enhance its risk prevention and control measures against water pollution, and strictly manage the entire wastewater production process, including generation, collection, reuse, and discharge, thus optimizing processes to reduce pollutant concentrations. Wastewater pollutants are closely monitored to ensure compliance with discharge standards and to effectively control water body risks. Each of the Company's bases and business units implements a rainwater and wastewater diversion system, equipped with wastewater treatment facilities and reclaimed water systems, to treat various wastewater types, including oil-containing wastewater, process wastewater, saline wastewater, clean wastewater, initial rainwater, washing water, and domestic wastewater. This reduces wastewater generation and discharge volumes.

01 **Source control**

- Real-time monitoring of water pollutant discharges through environmental online monitoring facilities to ensure real-time monitoring of water quality data.
- Optimize the production process, strengthen process control, reduce the amount of wastewater generated.

02 **Categorized collection**

- In accordance with the principle of "rainwater and sewage diversion", collect wastewater in a categorized manner, including enterprise production wastewater, clean wastewater, rainwater, etc.
- Effectively collected and incorporated into a sewage station for centralized treatment.

03 **Enhanced handling**

- Adoption of "Combined + Blending + Anaerobic + Aerobic" biological treatment process for targeted treatment of acrylic acid wastewater.
- Wastewater is treated through the device and reused after treatment to reduce the amount of wastewater.

04 **Compliance emissions**

- Enhance the sewage treatment capacity and closely monitor the water quality indicators such as chemical oxygen demand, ammonia nitrogen and total nitrogen of the treated wastewater to ensure that the discharge standards are met

STL's Comprehensive Wastewater Management Measures

Case **2024 Wastewater Management Measures**

Pinghu Base Developed an acrylic acid refining process that does not use an azeotrope agent throughout the entire process compared to traditional methods. This reduces the average wastewater generated per tonne of acrylic acid produced by 60%.

Jiaxing Base Enhanced monitoring of the rainwater discharge system, quickly identifying and alerting high COD data from laboratory analyses. Root cause investigations were promptly initiated to accurately pinpoint leakage and problem sources, ensuring compliant rainwater discharge.

STL Technology Developed a self-made homogeneous catalyst for vinyl carbonate, surpassing commercial catalysts in performance. The catalyst achieves 99.6% conversion rate and selectivity under a low water ratio of 1.2:1. Based on this, the SEGMA process was developed to reduce wastewater generation.

Lianyungang Base Built a recycled water facility and implemented internal treatment and reuse of production wastewater, with a wastewater reuse rate exceeding 90%. In 2024, the wastewater discharge volume was reduced by approximately 40,000 m^3.

Metrics and Targets

STL is committed to continuously reducing the total volume of wastewater and the intensity of wastewater pollutant emissions. The following goals have been set and are continuously monitored:

Indicators	Target	Achievement
Wastewater pollutant emission intensity (including COD and ammonia nitrogen)	Reduced by over 15% by 2027, with 2024 as the baseline year	In progress

STL's wastewater discharge

Indicators	Unit	2024	2023	2022
Total industrial wastewater discharge	tonne	13,116,771.18	14,627,048.12	10,713,674.84
Chemical oxygen demand (COD)	tonne	2,765.37	2,355.96	1,523.13
Ammoniacal Nitrogen (NH_3-N)	tonne	31.52	26.85	6.70
Total oOrganic carbon (TOC)	tonne	198.29	103.40	92.59
COD emission intensity[3]	tonne/10,000 tonne products	2.245	2.077	2.016
NH_3-N emission intensity[4]	tonne/10,000 tonne products	0.026	0.024	0.009
TOC emission intensity[5]	tonne/10,000 tonne products	0.161	0.096	0.123

[3-5] The Company is actively promoting the construction and optimization of relevant supporting wastewater treatment facilities in order to reduce the impact on the environment and to achieve coordination between business development and environmental protection.

Exhaust Gas Emission Management

STL is dedicated to reducing air emissions during production and operations. The Company continuously optimizes air treatment processes and installs high-efficiency air treatment equipment to effectively treat pollutants such as Volatile Organic Compounds (VOCs), Sulfur Dioxide (SO_2), Nitrogen Oxides (NO_x), and particulate matter. Additionally, STL ensures the stable operation of air treatment facilities and compliance with emission standards through online monitoring and monthly third-party testing.

01 Water-based product filling exhaust	• Adopt "water spraying + honeycomb carbon adsorption" for collection and treatment
02 Workspace exhaust from fat washing and baling jobs	• Collection and treatment by honeycomb carbon adsorption device
03 Cracker flue gas	• Treatment with SCR denitrification and trap dust removal
04 Workspace exhaust from the drum washing room	• Water spraying is used to meet the emission standards
05 Exhaust gas from waste liquid incineration	• Adopt "SNCR denitrification + waste heat recovery + cyclone dust removal + compound acute cooling absorption + electrostatic dust removal" treatment process for treatment
06 Organic storage tank exhaust and process exhaust	• Adoption of RTO furnace, CO furnace incineration treatment, condensation recovery + activated carbon adsorption
07 Wastewater treatment station odor exhaust	• Adopt "biofilter + acid spray + alkali spray + activated carbon adsorption (emergency)" for treatment

STL's Main Exhaust Gas Treatment Initiatives

Case STL 2024 Air Emission Management Measures

Source Reduction

Pinghu Base

Launched a green energy-saving retrofit project, conducting optimization, upgrade, and modification of acrylic acid production lines. New green chemical agents replaced traditional azeotropic solvents, effectively reducing process-related air emissions.

Process Optimization

Lianyungang Base

Installed low-nitrogen combustion + SCR de-NO_xtechnology in the cracking furnace and startup boiler units, using imported catalysts. This reduced NO_x emissions in flue gas to <40 mg/Nm^3 (national standard: 100 mg/Nm^3), meeting petrochemical pollutant emission standards and ultra-low emission concentration requirements.

Pinghu Base

Upgraded the process gas treatment system in the multi-alcohol plant, replacing the catalytic incineration system with a superheated furnace incineration system. This boosted VOCs removal efficiency from 97% to over 99.99%.

Monitoring Improvements

Jiaxing Base

Conducted an in-depth investigation and remediation of VOCs and odor sources. Regular inspections were carried out on VOCs emissions from exhaust outlets and "leakage, seepage or dropping," and catalytic combustion units and aerobic tank covers were upgraded to ensure high VOC treatment efficiency and odor reduction.

Lianyungang Base

Equipped all hazardous waste warehouses with secondary activated carbon adsorption units for collecting and treating non-point source emissions from hazardous waste and installed online monitoring systems at exit points.

Metrics and Targets

STL is focused on continually reducing the intensity of air pollutant emissions. The following air pollutants are monitored and targeted for reduction:

Indicators	Target	Achievement
Particulate matter concentration	100% compliance rate	Achieved, monthly tests meet standards
VOCs concentration	100% compliance rate	Achieved, monthly tests meet standards
Air pollutant emission intensity (including VOCs, NO_x, and SO_2)	Reduce by 13% by 2027, with 2024 as the baseline year	In progess

STL's exhaust gas emission performance overview

Indicators	Unit	2024	2023	2022
Total exhaust gas emissions	m^3	34,746,113,764	15,006,541,886	/
Emissions of volatile organic compounds (VOCs)	tonne	310.38	278.85	190.47
Emissions of nitrogen oxides (NO_x)	tonne	758.17	312.71	576.86
Emissions of sulfur dioxide (SO_2)	tonne	81.92	42.07	72.55
Emissions of particulate matter (PM)	tonne	53.06	38.21	49.13
VOCs emission intensity	tonne/10,000 tonne products	0.252	0.257	0.256
NO_X emission intensity[6]	tonne/10,000 tonne products	0.616	0.554	0.776
SO_2 emission intensity	tonne/10,000 tonne products	0.067	0.106	0.098
PM emission intensity	tonne/10,000 tonne products	0.043	0.054	0.066

Solid Waste Discharge Management

STL adheres to the principles of "reduction, resource utilization, and harmlessness" and has established a comprehensive solid waste classification management system. The Company strictly controls the entire process of waste generation, collection, storage, transportation, and disposal to ensure that all types of waste are properly handled. STL has set up a solid waste supervision platform, using information technology for real-time monitoring of hazardous waste. In addition, regular on-site audits are conducted for hazardous waste disposal units to ensure they are qualified and comply with regulations.

STL's full-process solid waste management measures

Measure	General solid waste	Hazardous waste
Main sources	Domestic waste, general packaging materials, industrial solid waste	Discarded hazardous chemicals and packaging
Storage	Set up special warehouses to collect solid waste, and conduct anti-corrosion and anti-permeation treatment on the warehouse floor to prevent waste leaks from contaminating soil and groundwater	Set up temporary storage warehouses for hazardous waste to ensure that the hazardous waste is collected by type and source according to the requirements of hazardous waste management
Transportation	Uniformly arrange special vehicles to transport waste to landfills or hand it over to qualified entities for disposal on a regular basis	Contact qualified professional waste disposal entities for waste transfer in accordance with relevant national solid waste transfer regulations
Disposal	Recyclable waste is collected and sold for comprehensive use; non-recyclable waste is disposed of by sanitation departments or qualified units	Entrusted to qualified disposal units for safe disposal and centralized recycling

[6] During the reporting period, a new plant was introduced to produce raw materials that the Company previously had to procure externally, as a key initiative for industry chain integration, to improve production efficiency and product quality and enhance market competitiveness.

Waste and Recycling

STL continues to promote the reduction and resource utilization of solid waste. The Company has developed annual management plans for hazardous waste, setting clear reduction targets for each year.

Source reduction

1. Strict production process control, improve the production qualification rate, reduce the amount of waste generated by substandard products.
2. Filter sludge is dried before leaving the warehouse, and the waste gas is collected and disposed of in a catalytic combustion furnace to reduce the weight of the waste.

Comprehensive Utilization

1. Waste alumina, sludge and other general solid waste to qualified disposal units made of ceramic raw materials and construction raw materials.
2. Waste liquids such as heavy alcohol and styrene tar are incinerated, and the steam generated is used for production and operation.

STL's Solid Waste Reduction and Comprehensive Utilization Measures

Case **Optimizing Production Units to Reduce Hazardous Waste Generation**

- The acrylic acid butyl ester unit at the Pinghu base optimized the reorganization and cracking unit to recycle 0.15 tonnes per hour of by-products, reducing 1,200 tonnes of waste liquid annually.
- The Jiaxing base improved the acrylic acid reorganization cracking process, raising the recovery rate from 32.5% in 2023 to 47.54% in 2024, reducing the amount of waste liquid by 11,549 tonnes.

Metrics and Targets

STL has continuously monitored harmful and non-harmful waste generated in the production process and set emission reduction targets:

Target	2024 Achievement
100% compliance rate for solid waste disposal	Achieved
Continued reduction of hazardous waste generation	Reduced by over 12,000 tonnes
By 2030, the Company aims to reduce the external discharge of solid waste by over 50,000 tonnes through self-recycling capabilities	In 2024, hazardous waste disposal at each production base reached 47,800 tonnes
Reduce solid waste generation intensity by over 8% by 2027 (with 2024 as the baseline year)	In progress

STL's solid waste emission overview

Indicators	Unit	2024	2023	2022
Hazardous waste generation	tonne	125,125.82	139,198.83	85,672.92
Hazardous waste utilization	tonne	108,998.82	139,198.83	/
Hazardous waste utilization rate	%	87	100	/
Non-hazardous waste generation	tonne	61,105.38	7,650.10	8,486.05
Non-hazardous waste utilization	tonne	61,105.38	7,650.10	/
Non-hazardous waste utilization rate	%	100	100	/
Total solid waste generation	tonne	186,231.20	146,848.93	94,158.97
Solid waste per unit of product	tonne/10,000 tonne products	0.015	0.015	0.015

Soil and Noise Management

Every year, STL prepares an annual environmental monitoring program in accordance with the requirements of the Pollutant Discharge Permit and project environmental assessment, and pertinent technical specifications such as *the Guidelines on the Identification of Potential Soil Pollution Hazards in Key Supervision Entities (for Trial Implementation)* and *the Technical Guidelines of Soil and Groundwater Self-monitoring for Industrial Enterprises*. We have also hired qualified third-party environmental testing companies to keep an eye on the soil and groundwater. During the reporting period, the Jiaxing base organized soil and groundwater risk investigation work and completed the *Soil and Groundwater Risk Investigation and Remediation Report* for STL and Youlian Chemistry.

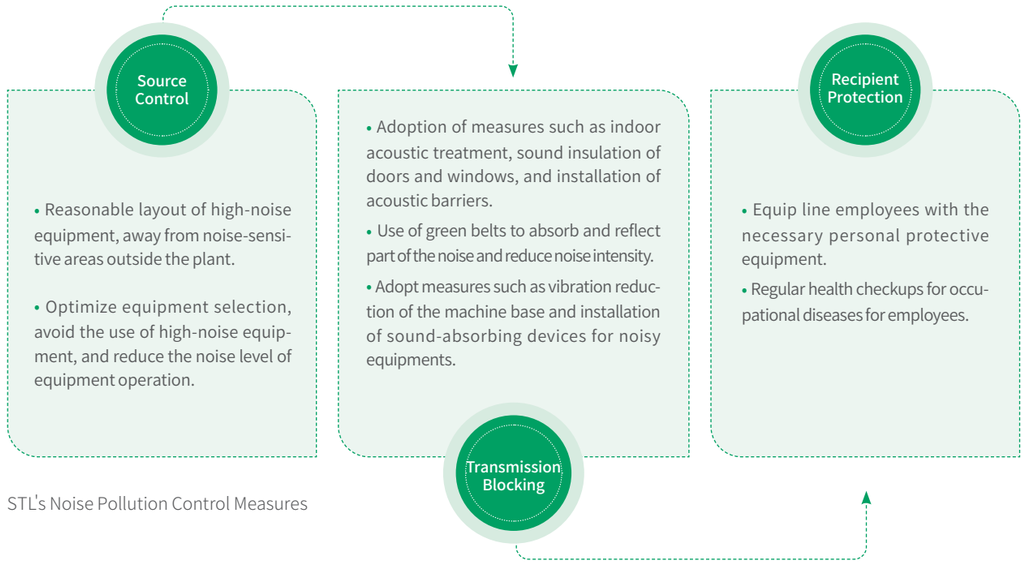
The main soil and groundwater pollution risks at STL arise from potential chemical and heavy metal leakage during product production, transportation, and storage. The Company implements stringent controls to prevent the leakage of pollutants into the soil and groundwater, ensuring that contamination does not occur. During the reporting period, all STL operational sites achieved a 100% compliance rate for characteristic pollutants in soil and groundwater.

Source control	• Hardening and anti-seepage treatment of the ground in the main production area, as well as in key areas such as storage tanks and hazardous chemical warehouses.	• Strengthening the management of the storage, use and transportation of hazardous chemicals to prevent spills.
Pollution monitoring	• Improve the regular inspection and overhaul system of pipelines, pools, tanks, sewage stations, etc., and carry out regular checks on the effectiveness of seepage control, so as to avoid soil and groundwater pollution caused by sudden environmental accidents.	• Regularly commission qualified third parties to carry out soil and groundwater monitoring.
End control	• Timely collection of spilled pollutants and compliant disposal.	
Emergency responses	• Formulate contingency plans for leakage accidents and conduct regular drills to ensure effective control and treatment of soil and groundwater contamination in case of emergency.	

STL's Soil and Groundwater Pollution Prevention and Control Measures

STL also monitors noise impact on both internal and external environments. The Company regularly identifies noise sources and implements targeted noise control measures. Major noise sources include compressors, blowers, pumps, and construction activities.During the reporting period, the Company conducted regular noise monitoring at the plant boundary, and its bases and business units meet the standard limit value of a third-class zone in the *Emission Standard for Industrial Enterprises Noise at Boundary* (GB 12348-2008), and the sound environment quality can also meet the requirements of the daytime and night time standards of a third class zone of the *Environment Quality Standard for Noise* (GB 3096-2008), with no impact on the surrounding environment.

The Company continues to implement noise control measures across noise sources, transmission paths, and receptors.



STL's Noise Pollution Control Measures

Ecological Co-building

Water Resources Management

In water resource management, STL is committed to reducing the impact on local water resources and works closely with communities to ensure a stable water supply. The Company enhances water usage efficiency and management by improving its management system, optimizing structures, implementing water-saving measures, and promoting water resource recycling and reuse.

Management System and Structure

STL strictly adheres to the *Water Law of the People's Republic of China* and other relevant laws and regulations. Based on these legal requirements and standards, the Company has formulated internal policies such as the *Water Quality Management System, the Management Regulations for Water Cooler*, the *Management Regulations for Circulating Water*, and the *Water Conservation Implementation Guidelines* to ensure standardized and regulated water resource management. In terms of management structure, the Company's headquarters, under the leadership of the Chairman, is responsible for water resource management strategies and performance and the Strategy and ESG Committee oversees water-related metrics, identifies water risks and opportunities, and drives the formulation of water management strategies and target-setting. Each operational site and business division has established a Water Conservation Management Leadership Team based on actual circumstances, with the General Manager directly overseeing water resource decision-making, approval processes, overall water conservation planning, and goal setting to ensure the efficient advancement of water-saving initiatives.

Water Risk Assessment and Response

Each STL base and business division adopts diversified water sourcing methods, including third-party water supply, reclaimed water reuse, and process condensate utilization. The Company has installed water measurement instruments that meet standards exceeding national requirements and regularly conducts water risk assessments and water balance tests at all operational locations. These measures help analyze water usage conditions, detect and repair leaks, and improve water efficiency through equipment upgrades and technological improvements, ensuring the efficient conservation and utilization of water resources.

STL ensures stable water supply across all bases and business divisions, with no water extraction difficulties encountered. The Pinghu base relies on municipal water supply with no restrictions on total water withdrawal. The Lianyungang Base has an annual water usage limit of 23 million tonnes and mitigates unstable water quality issues during high-flow periods by optimizing circulating water management and strengthening communication with suppliers. The Jiaxing base utilizes multiple water sources, including river water, tap water, and steam condensate, ensuring that all water withdrawals remain within permitted limits.

STL actively fosters a water conservation culture by installing water-saving signage in office areas and organizing employee training/awareness programs, enhancing staff consciousness and promoting rational water resource utilization.

Post Water Conservation Signs

Alternative Water Sources

STL actively promotes the utilization of reclaimed water and rainwater to significantly reduce reliance on fresh water sources. In 2024, the Pinghu base purchased over 2 million tonnes of reclaimed water from municipal sources to replace part of its industrial water consumption, effectively reducing overall water usage. The Lianyungang Base achieved a 70% wastewater reuse rate, utilizing 5.145 million tonnes of reclaimed water and 936,000 tonnes of additional recycled water for circulating water replenishment, thereby realizing the full-cycle utilization of water resources. The Jiaxing base has implemented a rainwater collection system capable of harvesting 29,600 tonnes of rainwater annually and has carried out modifications to enable reclaimed water reuse in circulating water discharge, recovering 49,700 tonnes of water annually.

Water Resource Recycling and Utilization

STL continuously advances water recycling initiatives and actively promotes projects aimed at reducing core business water consumption across all operational bases. In 2024, the Pinghu base recycled 1.1 million tonnes of reclaimed water. The Lianyungang Base installed a new reclaimed water reuse system, expected to achieve a reuse volume of 4.1 million tonnes per year by 2025. STL Technology transports steam condensate to the main Jiaxing facility, saving 60,000 tonnes of purified water annually. The Jiaxing base, through its reclaimed water reuse project, achieves an annual recovery of 49,700 tonnes of water.

Water recycling	Process upgrade	Equipment optimization	Improve water efficiency
• Enhance the recovery of steam condensate and conductive heat flow to achieve recycling • Collect rainwater around the firefighting pool, pump it to the water treatment station, and then use it for replenishing the fire reservoir	• Strengthen the pelletization process control and reduce the frequency of pelletizing water replacement • Use of surface evaporative air cooler and circulating cooling water air for cooling device in the circulating cooling technology	• Replace outdated bypass filters with energy-saving ones • Strengthen the inspection of various water supply pipelines in plants, and conduct prompt maintenance to avoid leakage	• Use backwash water for pharmaceutical dilution to improve the water recycling rate • Use phosphorus-free/low phosphorus water treatment chemicals for circulating cooling water treatment technology, which can make the circulating water system reach a 7-time concentration and achieve a water-saving rate of 12.5%

Case Market-Driven Approach to Reclaimed Water Reuse

The source water at STL's Pinghu base has consistently high chloride ion content and conductivity, severely limiting industrial water reuse efficiency. In response, the base rapidly assembled a professional technical team to explore innovative water treatment and circulation processes. It pioneered a fully market-driven and commercialized contract-based water-saving partnership model between high-water-consumption enterprises and professional water treatment companies. A specialized water treatment Company was commissioned to construct and operate two circulating cooling water recovery systems. The treated reclaimed water saw significant quality improvements, with chloride ion concentration reduced to 15 mg/L and conductivity lowered to 70-90 μs/m—only one-tenth of the source water values. The cooling water concentration ratio increased from 2.2 to 4.5. Through close collaboration with water-saving service providers, STL successfully achieved water conservation, cost reduction, revenue generation, and emissions reduction.

Case Awarded "Water Efficiency Leader" Title in the Ethylene Industry

The Lianyungang Base has significantly improved water efficiency indicators through technological innovations, including condensate recovery, high-concentration circulating water operation, and a hierarchical temperature utilization system for cooling water networks. With a unit water intake of just 2.30 m^3/t (47% lower than the industry's second-ranked enterprise) and outstanding water reuse rates, STL was awarded the "Water Efficiency Leader" title in the ethylene industry, earning recognition from the Ministry of Industry and Information Technology as a benchmark enterprise for both energy and water efficiency.

Water Balance Testing and Conservation Targets

STL conducts regular water balance testing to ensure the efficient use of water resources. In 2024, the Pinghu base successfully completed water balance testing, achieving a 100% functionality rate for water measurement instruments and maintaining a leakage rate below 1.68%. The base also significantly optimized unit water intake and successfully passed Zhejiang Province's water conservation enterprise review, demonstrating its excellence in water management. The Jiaxing base completed testing and compiled a report in June 2024, providing critical data for future water conservation strategies. Lianyungang Petrochemicals completed testing in 2023, while Jiahong New Material plans to conduct water balance testing in 2025, progressively expanding coverage to all STL bases.

Metrics and Targets

STL has set a target to reduce freshwater use intensity by over 4% by 2027 with 2024 as baseline and implemented a monthly assessment mechanism for unit water consumption across all business divisions. In 2024, overall water efficiency targets across STL's bases were met, demonstrating effective progress in achieving water conservation goals through scientific management and continuous monitoring.

Lianyungang Base's 2024 total industrial water consumption target was set at 23 million tonnes, with actual consumption reaching 20.16 million tonnes. Through increasing the concentration ratio of circulating water, reducing wastewater discharge, and optimizing facility water use, significant water conservation results were achieved. The Pinghu base successfully controlled water intensity through product-specific water consumption management.

The Company conducts weekly and monthly tracking of water consumption, air emissions, and wastewater discharges, performing sequential comparative analysis to monitor fluctuations. If significant deviations are detected, the relevant department heads are immediately engaged to identify root causes and implement targeted corrective measures, ensuring minimized environmental impact. We also maintain continuous disclosure of water-related data, compiling and publishing three-year historical records of water usage and withdrawals, demonstrating steadily improving water stewardship capabilities.

Indicators	Unit	2024	2023	2022
Water consumption				
Total water consumption	million tonnes	741.60	566.74	489.20
Municipal water consumption	million tonnes	30.96	33.64	28.52
Other	million tonnes	7.85	6.18	2.16
Water use intensity[7]	million tonnes/ 10,000 tonne products	0.60	0.50	0.66
Total recycled and reused water	million tonnes	702.79	526.92	458.52
Recycled and reused water percentage	%	94.76	92.97	93.72

Biodiversity Conservation

As a leading Company in the petroleum and chemical industry, STL pays attention to the impact of its operations on natural resources and biodiversity, keeps the relevant impact as minimal as possible, and actively carries out public welfare activities for biodiversity conservation to fulfill its corporate social responsibility. We strictly adhere to national ecological protection related requirements, consider ecological protection during the initial project construction assessment, production, and operations, resolutely reject projects in ecologically vulnerable areas. Additionally, the Company continuously improves the monitoring mechanism of ecological protection and restoration protection, implements effective measures to mitigate the impact on biodiversity throughout the entire process of production to conserve biodiversity. As of the end of the reporting period, the projects of our production bases and business units had adhered to the ecological environment control programs, the main functional area plan and the general land use plan and had not crossed the ecological protection red line.

Case Dust Control at Construction Sites

At the Jiaxing base, STL integrates biodiversity protection throughout the entire project lifecycle and actively implements dust control measures. Continuous walls or fences are installed around the construction site, with sealed bases to prevent mud leakage. Dust-generating materials such as cement and sand are stored in enclosed areas or covered appropriately. Exposed surfaces are covered with dust nets or artificial turf. Additionally, a sprinkler system is installed along key areas such as main roads and site enclosures, with scheduled mist spraying to minimize dust and maximize the preservation of the original land ecosystem balance.

Case Advancing Biodiversity Conservation

In 2024, the Lianyungang Base completed its soil and water conservation project for the STL Staff Quarters. Through scientific planning, the base implemented vegetation restoration and engineering measures, optimizing vegetation distribution, increasing green coverage, and effectively reducing the risk of soil erosion to maintain local ecological stability. Additionally, the Lianyungang Base finalized the acceptance of its marine ecological monitoring system, which enables real-time tracking of seawater quality and biodiversity indicators. This system provides a scientific basis and technical support for marine ecological protection, with a total investment of approximately RMB 1.45 million.

[7] During the reporting period, a new plant was introduced to produce raw materials that the Company previously had to procure externally, as a key initiative for industry chain integration, to improve production efficiency and product quality and enhance market competitiveness.

04 Building a Harmonious Society with People at the Heart

STL adopts standardized employment practices, values employee rights and interests, and provides a platform for self-actualization and professional growth. Actively engaged in public welfare initiatives, we foster mutual growth between employees and the Company, contributing to society and working together to realize the "STL Dream".

Governance

The Company has established a Work Safety Committee, chaired by the Chairman of the Board, to oversee all aspects of work safety management, underscoring its strong commitment to employee health and safety. Moreover, through democratic management systems such as the Employee Representatives' Conference and labor union, the Company ensures employees' rights to information, participation, expression, and supervision, fostering shared progress in corporate development.

Strategy

Embracing a people-centric strategy, the Company acquires and retains talent through inclusive recruitment, a well-established training system, and scientifically designed promotion mechanisms, supporting employees' all-round development. Upholding the principles of "safety over profit" and "treating environmental protection as a product", the Company advances full lifecycle management of chemicals while actively seeking green alternatives to phase out all high-risk substances of concern. Furthermore, the Company integrates public welfare into its development strategy. This helps enhance our corporate image and brand value, contributing to "mutual growth of individuals and the organization, and harmonious progress of the enterprise and society."

Goals

- **100%** labor contract signing rate and social insurance coverage
- Protection of women's rights and increased representation of female directors and cadres
- Enhanced employee satisfaction
- Zero work-related injury incidents
- **100%** occupational health checkup rate
- **100%** identification of major safety hazards
- **100%** rectification of the hazards identified
- **100%** participation in hazardous chemicals safety training for relevant management and operational personnel
- Regular safety inspections of hazardous chemical storage areas

Impacts, risks, and opportunities

The Company provides employees with robust professional support and a positive work environment through well-established employee rights and interests protection mechanisms, a diverse benefits system, and continuous investment in training. The Company conducts labor and human rights risk assessments every six months to identify and address potential risks, thereby strengthening employees' sense of belonging and loyalty and improving productivity and innovation. With a sound safety management system and occupational health policies, the Company employs digital technology to enhance safety management and reduce accident risks, ensuring a safer and healthier workplace for its people. Furthermore, the Company proactively engages in social welfare initiatives, supporting rural revitalization, educational aid, and medical assistance programs to foster a more harmonious society.

UN SDGs

Safeguarding Employee Rights and Benefits

Equal Employment

STL acts in strict accordance with the *Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China,* and *the Provisions on the Prohibition of Using Child Labor,* among other applicable laws and regulations. The Company firmly opposes forced labor, illegal labor, harassment, and abuse, and strictly prohibits the use of child labor to fully safeguard employees' legitimate rights and interests.

Anti-Discrimination and Equal Rights

Committed to fostering equality in the workplace, STL ensures that employees are not subject to discrimination or unfair treatment based on nationality, ethnicity, religious belief, cultural background, gender, age, disability, or other factors throughout recruitment, onboarding, promotion, and termination processes. We encourage individuality at work and advocate a diverse and inclusive corporate culture that promotes mutual respect and understanding among employees.

STL is actively advancing diversity in nationality and ethnicity in its workforce

During the reporting period, STL employed

195 ethnic minority employees, **25** foreign employees, totaling **220** talents

In addition, the Company regularly conducts diversity training to enhance employees' awareness and understanding of diversity and inclusion through systematical education and guidance. This helps to further improve employees' sense of inclusivity and respect, driving the continuous development of our corporate culture.

To safeguard the rights and interests of employees, we have formulated the *Attendance and Leave Management Measures,*which clearly sets forth work hours, national statutory holidays, paid leave entitlements, and overtime compensation. During the reporting period, the Company revised the *Attendance and Leave Management Measures* to further refine attendance regulations, specify leave categories and durations, and updated approval authorities for attendance management.

In 2024

Labor contract signing rate **100%**

Social insurance coverage rate **100%**

Protection of Female Employees' Rights and Interests

In terms of the rights and interests of female employees, STL strictly complies with applicable laws and regulations to ensure that female employees are legally entitled to marriage leave, maternity leave, and special protections during pregnancy, childbirth, and breastfeeding. On top of this, we accommodate the special needs of female employees by providing nursing rooms for breastfeeding mothers, organizing specialized health check-ups for female employees, etc. In addition, we are committed to offering female employees with equal career development opportunities. By providing professional guidance on career development and skills development, we contribute to a more equitable and sustainable future.

STL actively advances diversity in the Board of Directors and cadres:

The Board of Directors comprises **9** members, **2** of whom are female directors, representing **22.2%**

Senior management (Director level and above) comprises **45** members, **11** of whom are women, representing **24.4%**

Case Ring the Bell for Gender Equality, Supporting the UN Women Initiative

In March 2024, Shen Xiaowei, STL Vice President and Board Secretary, and Yang Xiaoyun, Deputy Director of the Board Office were invited to attend the "Ring the Bell for Gender Equality" event at the Shenzhen Stock Exchange, which reflects the Company's active commitment to promoting gender diversity and equal opportunities as part of its corporate social responsibility. This global initiative, jointly launched by UN Women, the World Federation of Exchanges, and other international organizations, aims to advance gender equality and contribute to the UN SDGs.

Diverse Recruitment Channels

STL employs diverse recruitment channels to build a strategic talent pipeline aligned with its business operations and development strategies. This allows us to provide talent support for business development, establish a long-term competitive advantage, and create a solid talent reserve pool. In evaluating talent, we prioritize ability over credentials and contribution over tenure. While academic background and work experience are important, we do not see them as the sole standard. We focus on a comprehensive evaluation of both character and competence, committed to building a fair, just, equitable, and inclusive recruitment environment.

Social Recruitment

Expanding talent acquisition channels

Establish channels for attracting overseas experts to continuously bring in high-level returnees.

Setting up roles for dedicated high-end talent recruitment officers

Target mid-to-high-level talent within the industry and advanced management professionals from benchmark companies. Build a strategic talent reserve to meet the Company's human resource needs during its various development phases.

Strengthening multi-platform collaborations

Participate in offline job fairs and online live broadcasts on recruitment platforms. Publish recruitment information on more channels to increase reach and strengthen talent acquisition. Launch a WeChat official account for recruitment and the "STL Recruitment Mini-Program". Offer referral rewards for internal and external recommendations. Mobilize the talent pool and motivate talent acquisition officers to recommend candidates.

Campus Recruitment

Creating a full lifecycle diversified campus recruitment model

STL's campus recruitment program spans the entire academic year, offering various recruitment promotion initiatives such as internships, campus ambassador programs, and scholarships tailored to different student groups at various grade levels.

Establishing a campus ambassador referral reward mechanism

STL launches the "Star Search Program" at target universities, recruiting campus ambassadors to break down communication barriers with students. These ambassadors promote our information within the student community, increasing STL's visibility on campus. By offering "base salary + incentives", we encourage campus ambassadors to refer candidates and help break through talent acquisition barriers, thereby attracting more high-potential talents.

Empowering diverse talent and expanding growth opportunities

Each year, STL organizes the "Star" training camp for fresh graduates at the undergraduate and master's levels. Through mentorship programs, STL selects qualified mentors with solid professional knowledge to guide new employees for one year, helping them transition into "STL-ized, professional, and international" talents.

Building the STL IP in Campus Recruitment

Building STL as a strong IP in campus recruitment is a key focus of our talent acquisition efforts. Through workplace experience videos featuring new employees and social media content sharing campus recruitment journeys, we highlight the benefits of joining STL via campus recruitment and provide an authentic glimpse into our workplace. In addition, we invite graduates to participate in summer camps and open house events, offering them close exposure to our production environment and corporate culture, thereby strengthening their sense of connection and belonging.

STL Open House for College Students Nationwide

Digital and Intelligent Recruitment Model

STL has been actively advancing the digital and intelligent transformation of its recruitment processes. By integrating advanced intelligent talent management platforms, we embrace digital technology throughout all stages of recruitment management. Leveraging artificial intelligence and big data, we have significantly improved talent acquisition and screening efficiency, remarkably enhancing operational efficiency.

STL always puts high importance on candidate experience. Through a series of digital initiatives, we offer a more convenient, efficient, and high-quality application process for job candidates, supporting our strategic talent reserve goals.

Recruitment System Optimization and Upgrades

In talent acquisition, we utilize an advanced recruitment system to record data throughout the hiring process and make timely, flexible adjustments to our recruitment strategies accordingly. This facilitates the development of an internal talent-sharing database, driving improvements in recruitment efficiency.

Launching Video-based Job Descriptions

STL has introduced video-based job descriptions, starting with campus recruitment. These nicely produced videos go beyond the limitations of traditional text-based descriptions by presenting the real workplace, giving candidates an immersive preview of their potential roles.

Expanding External and Internal Referral Channels

Externally, STL continues to strengthen collaboration with multiple hiring platforms and aims to publish recruitment information across a wider range of channels to enhance talent acquisition efforts. Internally, we have established an employee referral platform, leveraging existing talent networks to achieve high recruitment efficiency and retention.

Combination of Traditional and Digital Interviews

Embracing digital transformation, STL has introduced an advanced cloud-based recruitment system, enabling one-click notifications for both candidates and interviewers. This eliminates the red tape and high costs associated with traditional phone calls and SMS notifications, significantly enhancing communication efficiency and accuracy. In addition, we have initiated live-streamed recruitment via WeChat Channels and Tencent Meeting to better attract talents and select candidates.

Awards and Honors in 2024

Campus Recruitment Excellence Award at the 2024 HR Digital and Intelligent Carnival and China Human Resources Venus Awards

AIGC-Powered Human Resources Pioneer Award at the 2024 HR Digital and Intelligent Carnival and China Human Resources Venus Awards

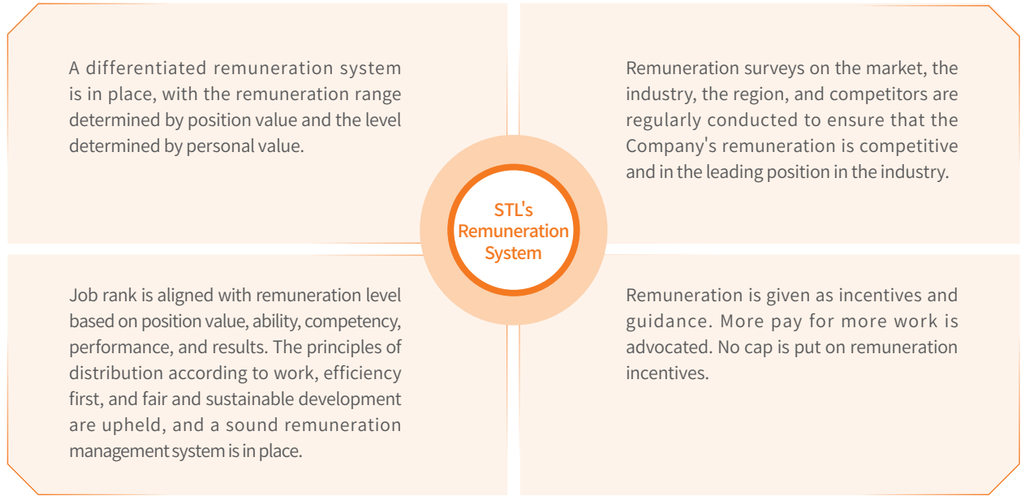
Top 10 Advanced Talent Management Organizations in Nanhu District, Jiaxing City

Protection of Employee Rights and Interests

STL upholds the fundamental principles of standardization, fairness, and reasonableness, strictly adhering to the salary guidelines of "position-based pay" and "equal pay for equal work". We have formulated the *Remuneration Management Measures,* ensuring that our wage standards exceed the local statutory minimum wage, providing overtime remuneration, and paying the full amount of social insurance contributions for employees. By doing so, we effectively safeguard the legitimate rights and interests of employees and enhance their sense of security and belonging in the workplace.

Remuneration and Incentives

STL recognizes the contributions and creation of each employee and motivates talent through a well-established remuneration system and incentive measures. The Company has designed a three-level employee incentive structure: short-term (cost-reduction and efficiency enhancement rewards, optimization and improvement rewards, premium incentives, sales overachievement rewards), medium-term (restricted stock incentive plans, virtual equity), and long-term (shareholding as business partners). Through targeted value-driven incentive plans, we continuously encourage employees to pursue excellence and transcend themselves.



Employee Satisfaction Survey

STL conducts biannual satisfaction surveys for all employees, gathering feedback on key aspects such as corporate culture, departmental management, job fit, teamwork, personal growth, logistics support, and safety protection. Based on the survey results, we develop plans to improve employee satisfaction. The Human Resources Center is responsible for tracking and evaluating the implementation progress and effectiveness of the improvement measures and providing regular updates to the management.

2024 Employee Satisfaction Survey Results

Democratic Communication

STL practices a people-centric development philosophy and actively promotes democratic management. The Company implements and improves a democratic management system, with the Employee Representatives' Conference as its core platform, organizing employee participation in democratic elections, consultations, decision-making, management, and supervision.

Each year, the Company convenes an Employee Representatives' Conference to collectively negotiate and vote on matters such as labor compensation, working hours, holiday and leave, social insurance, employee benefits, and labor safety and health. In addition, the Chairman of the Company's Trade Union serves as a member of the Supervisory Board, participating in the decision-making process of material matters.

We have established a supervisory mechanism and a dedicated public bulletin board for factory affairs. All matters closely related to employee interests, including performance management, compensation system, and benefits policies, must be reviewed and approved by the Employee Representatives' Conference. Decisions approved by the Board of Directors and the implementation of proposals from the Employee Representatives' Conference are made public to employees, allowing for employee supervision. The Company lawfully protects employees' right to know, participate, express, and supervise.

Labor and Human Rights Risk Assessment

STL places great importance on managing labor and human rights risks. We perform company-wide assessments every six months to comprehensively identify and address potential labor and human rights risks, ensuring the protection of employee rights and interests.

In the risk identification phase, the Company utilizes tools such as safety inspections, stakeholder interviews, and questionnaire surveys to examine factors that may affect labor rights and human rights, covering aspects such as work environment, work intensity, remuneration and benefits, career development, and community relations. Through multidimensional analysis, we accurately pinpoint risk areas.

In the risk analysis and evaluation phase, we comprehensively assess the impact of the risks identified on our business operations, employee well-being, reputation, and compliance. Prioritization is determined, and targeted management strategies are developed to minimize risk occurrence and prevent human rights violations. The risks identified are addressed through measures such as improving the work environment, optimizing workflows, and enhancing remuneration and benefits, with regular assessments of their effectiveness to promote continuous improvement.

We document the entire labor and human rights risk assessment process in a detailed manner and actively engage with employees, customers, suppliers, and communities. Through training and communication, we enhance stakeholders' awareness and understanding of risks to jointly advance human rights protection and labor rights protection.

Internal Communication Channels

STL provides employees with various communication and grievance channels to accommodate different feedback scenarios. Furthermore, the Company strengthens policy awareness through internal training and informational materials, ensuring that every employee understands its grievance system, including the available channels, scope of grievances, procedures, and division of responsibilities.

Direct Supervisor or Human Resources Department

When employees encounter general issues at work or misunderstandings, they can first report them to their direct supervisor or the Human Resources Center for timely response and support. This channel is designed to quickly resolve simple issues that arise in day-to-day work, ensuring employees receive immediate feedback.

Internal Grievance Mechanisms

The Company has established platforms such as the Employee Representatives' Conference and the Labor Union, through which employees can raise grievances and seek solutions. These organizations hold regular meetings to discuss employee concerns and drive resolutions, providing employees with formal and effective channels to be heard.

Complaint Box

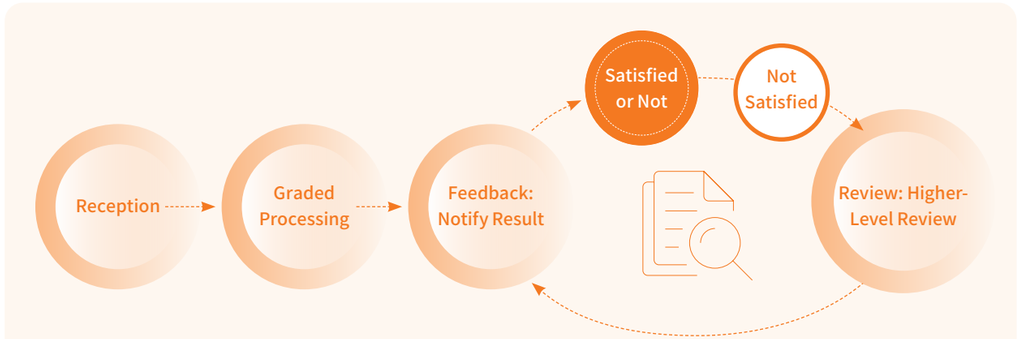
The Company has set up a dedicated complaint box for employees to submit their concerns and opinions at any time.

Email Grievance Channel

The Company has established a dedicated email grievance channel for employees to submit grievance materials via email. The management will respond within a specified time frame after receiving the email.

Grievance Handling Process

Once the management or designated personnel receive a grievance, they will register and review the grievance materials. Depending on the nature and severity of the matters, general matters will be handled by the Company's management, while complex matters will be handled under the leadership of the grievance management team. The resolution will be communicated to the employee promptly. If the employee is dissatisfied with the results, they may request further mediation or file a complaint with a higher-level department, which will conduct a re-examination.



Grievance Handling Process

Anonymous Protection

During the grievance handling process, the Company will take necessary confidentiality measures to protect the privacy of employees and the trade secrets of Company from leakage.

Regular Evaluation and Improvement

The Company regularly evaluates the implementation of the grievance system, promptly addressing any issues identified and continuously optimizing the system to ensure that employee rights and benefits are properly protected.

Caring for Employees

Employee Benefits System

STL always prioritizes the needs of employees, placing great emphasis on the mental and physical well-being of employees. The Company has established policies such as the Benefits *Management Measures and the Employee Home Visit Subsidy Management Measures,* aiming to create a comprehensive and thoughtful employee benefits system.

In 2024, STL revised the *Benefits Management Measures*, which now include 64 "happiness policies" across 5 major categories and 12 sub-categories. The revised version improves the standards for sick leave pay, increases meal allowances and overtime compensation, and expands the coverage of the home visit subsidy, benefiting all employees across the Company.

STL Employee Benefits System

Health Benefits

Occupational health check-ups, physical examination, safety allowances, health subsidies, and high-temperature allowances for all employees.

Medical Insurance Benefits

Employees are entitled to the "Five Insurances and Housing Provident Fund" from the first day of employment. Supplementary commercial insurance is purchased based on job categories.

Work-Related Benefits

Free shuttle bus, night shift and duty allowances, meal allowances, and full attendance rewards.

Holiday and Care Benefits

Employees enjoy statutory holidays as well as paid leave benefits (annual leave, maternity leave, marriage leave, bereavement leave, work-related injury leave, nursing leave, sick leave, breastfeeding leave, Women's Day leave, etc.), holiday subsidies, various special benefits and condolence money, and birthday gifts.

Housing Benefits

The Company provides rental subsidies, interest-free home loans, and employee apartments to help employees address housing issues.

Travel Benefits

Employees are entitled to paid vacation.

Home Visit Subsidy

Employees with at least one year of service are eligible for a home visit subsidy.

Tuition Subsidy

Employees with at least one year of service are eligible for subsidies for pursuing a higher degree or professional development training.

Children's Education Support

The Company cares about the education of employees' children and provides scholarships and student grants to create a more harmonious workplace and community while witnessing and supporting the growth of the younger generation.

For employees whose families are facing difficulties, the Company has always been a strong source of support. We promptly reach out to understand the situation and provide emotional support and financial assistance. As a bridge between employees and society, we not only care for our employees but also extend this support to their families, offering condolence money to employees' parents and tuition subsidies for their children.

In 2024, STL provided medical subsidies to a large number of employees' family members. Meanwhile, STL provided nearly 3,000 dormitory units, accommodating 3,581 employees.

Employee Activities

STL places great importance on human-centered care and the development of an employee culture. We have established well-equipped facilities such as a staff service center, library, gym, and tennis courts, offering a wide range of cultural and recreational opportunities for employees. These include sports competitions like basketball and badminton, health lectures and seminars, book clubs, cultural festivals, Mid-Autumn song parties, and birthday celebrations. In addition, we regularly organize annual team trips and Family Day events, inviting employees' families to participate and fostering stronger emotional connections between employees and their families. STL also encourages employees to engage in community service and public welfare activities, strengthening their sense of social responsibility.

STL Family Day Event

Growing Together with Employees

Employee Training

Upholding the culture of "Harmony", STL has established a comprehensive training policy framework, which includes existing systems and rules such as the *Training Management Measures,* the *Internal Trainer Management Measures,* the *Teaching Material Development Guidelines,* the *Mentor Management Measures,* the *STL Group Star Cultivation Empowerment Manual, the STL Group Star Cultivation Manual,* the *STL Group "Star" Training Camp – Political Commissar's Work Manual, and* the *SOP for Training Project Implementation.* Through unified planning, the Company ensures standardized training efforts, providing employees with high-quality training services.

In 2024

the Company increased its investment in training, with a total expenditure of RMB **4.22** million

Building an Online Learning Platform

Leveraging the STL Business School online learning platform, the Company strives to create a comprehensive and efficient training system closely aligned with its strategic goals and employee development needs. In 2024, we successfully developed 59 internal video courses, covering a new employee series (18 courses), policy series (5 courses), marketing series (33 courses), and general series (3 courses). A total of 19,645 person-times of online learning were completed.

Building a Training Faculty System

STL places great emphasis on developing a training faculty system, injecting momentum into employee growth and corporate development by building a diverse team of trainers.

STL selects internal trainers from outstanding employees, technical experts, and managers and provides systematic training in teaching methods, course design, and more to enhance their teaching skills. In addition, the Company actively collaborates with industry experts, scholars, and professional training institutions to invite external experts to share cutting-edge knowledge and the latest technological trends, while also introducing customized training courses.

Tuition Reimbursement Mechanism for Degree Advancement

STL has established a comprehensive tuition reimbursement mechanism for degree and professional qualification advancements. Employees can apply for reimbursement according to the Company's regulations after they graduate and obtain relevant qualifications or certificates, with a reimbursement cap of RMB 400,000. In 2024, over 400 employees participated in the degree advancement program, with a total reimbursement amount reaching RMB 1.047 million.

Diverse Training System for Talents

New Employee Onboarding

STL has formulated the Rules for the *Implementation of Training for Fresh Graduates and the Rules for the Implementation of Training for New Employees Hired through External Recruitment.* For new hires, especially fresh graduates, we have designed a systematic onboarding program. Through initiatives such as the "Star Training Camp", new hires are organized to participate in onboarding camps, where they engage in intensive lectures, team-building activities, case studies, role-playing, and other methods to systematically learn about our corporate culture, job skills, and professional qualities. This training helps new graduates transition from students to working professionals and ultimately become "independent KPI owners" or "skilled performers".

New Employee Onboarding Training

Professional Skills Training

STL has formulated the *Rules for the Implementation of Special Training Programs of STL* Group. During the reporting period, we organized a series of professional capability enhancement training sessions for engineers and key financial personnel, focusing on the "two leading" strategy. By engaging external professional trainers and combining course material with workshop discussions, we provided comprehensive training for 300 engineers and 36 finance staff. This helped establish our methodology for corporate management and talent development and consolidate our internal talent cultivation experience.

Professional Capability Enhancement Training for Engineers

Training for Financial Key Personnel

Leadership Development Program

STL has implemented differentiated leadership development programs for management at all levels to comprehensively enhance their leadership skills and meet the development needs of the Company.

Senior managers visit benchmark companies to learn advanced management practices within the industry. Middle managers enhance their leadership skills through a reading club on *The 21 Irrefutable Laws of Leadership*.Frontline managers undergo specialized empowerment training to improve their job performance.

Leadership Training for Senior Managers

Benchmarking Visits for Senior Managers

General Professional Skills Training

STL's training system also covers general professional skills development, such as marketing courses and communication skills, to enhance employees' competitiveness and adaptability in the workplace.

In 2024

STL organized training for a total of **5,057** person-times accumulating **436,544** hours of training

which amounts to an average of **86** hours of training per employee.

Employee Development

Employee Promotion and Development Channels

STL has established science-based promotion pathways and management mechanisms. Policies such as the *Management Measures for Talent Development Review, Management Measures for Employee Job Level Evaluation,* and *Cadre Management Measures* have been formulated to ensure open and transparent promotion standards. STL provides employees with a broad career development platform and builds an efficient talent pipeline.

STL has established three career advancement tracks: Management, Professional, and Technical. The Company prioritizes ability over credentials and contribution over tenure. With a fair and transparent competitive internal selection and transfer system, we encourage employees to specialize in their strengths and aim to support diverse talent development needs.

Diverse career advancement tracks

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		

Employee Assessment and Feedback

STL conducts annual assessments of employees based on the *Cadre Management Measures and* the *Management Measures for Employee Job Level Evaluation.* In addition, to build a science-based, efficient talent development system that allows accurate identification of candidates for leadership roles, the Company regularly conducts Talent Development Reviews (TDR).

The Talent Development Review (TDR) evaluates talents using two dimensions, i.e. competency and potential, and positions individuals in a nine-box matrix. The horizontal axis represents competence, based on the performance standards of the current position. It is assessed through qualification evaluations and other methods, with three levels: Higher than Expectations (H), Meeting Expectations (M), and Lower than Expectations (L). The vertical axis represents potential and focuses on future growth. It is assessed according to general cadre standards, including interviews and surveys, and categorized into three levels: Very High Potential (VH), High Potential (H), and Steady (S).

	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

Robust Safety Practices

Work Safety Management

STL always places the health and safety of its employees as a top priority and upholds the corporate mission of "Chemicals Make A Better Life". STL strictly complies with national laws and standards, including the *Work Safety Law of the People's Republic of China and the Occupational Disease Prevention and Control Law of the People's Republic of China,* and has developed and continuously improved its internal policies and systems for occupational health and safety. The Company ensures the strict implementation of its primary work safety responsibilities, screens and identifies various potential safety hazards, and comprehensively improves its work safety management standards.

Safety Management System

To further strengthen its management of work safety and environmental protection, and to enhance employees' awareness and actions regarding safety and environmental protection, STL has established the *Management and Evaluation System for Employee Safety and Environmental Protection Rewards* and the *HSE Performance Evaluation and Management System*. By developing assessment and incentive systems, the Company comprehensively evaluates employees' safety behaviors in a systematic and standardized manner. Based on the results of these evaluations, corresponding rewards and penalties are implemented to encourage all employees to actively participate in work safety and environmental protection practices.

In 2024

The Company did not have any work safety incidents.

Safety Management Structure

To ensure the smooth implementation of the Group's work safety efforts, STL has established a Work Safety Committee chaired by the Chairman of the Board of Directors. The Committee comprises 4 vice chairpersons, 1 office director, 11 members, 15 dedicated safety management personnel and 7 registered safety engineers. Members of the Committee are drawn from the heads of various departments, covering all key areas related to work safety. The Committee has a general office responsible for daily safety management and for carrying out tasks assigned by the Committee. The office is led by an executive member of the Committee who serves as the office director.

The Work Safety Committee oversees the Group's overall work safety efforts and develops both short-term and long-term plans. It actively implements work safety policies, laws, and regulations, assesses key projects, and reviews and approves management measures. The Committee holds monthly meetings to monitor the implementation of work safety measures across departments, address major work safety issues, propose improvements, coordinate cross-departmental efforts, review emergency response plans, and manage critical safety and occupational health matters to ensure the orderly progress of work safety within the Group. The general office handles the Committee's daily operations, including monitoring the status of various units, collecting and analyzing potential hazards and suggestions, implementing a dual-prevention mechanism, organizing safety inspections, overseeing the execution of emergency drills, preparing meetings and following up on meeting minutes. It ensures the efficient functioning of the Committee, helping to eliminate potential hazards and maintain a safe working environment for the Group.

HSE Management Revolutionized with Digital Technology

Aligned with digital transformation trends, STL has independently developed a "Five-in-One" platform to elevate safety risk identification, early warning, and control to new levels of intelligence, precision, and efficiency. With this platform, STL has achieved a milestone with second-class safety response time, with a risk identification accuracy rate of up to 85%, and a reduction in safety incident hazards by up to 80%.

Supported by "Five-in-One" platform

Risk identification accuracy rate up to
85%

Reduction rate in safety incident hazards up to
80%

The "Five-in-One" platform, supported by over 20,000 bluetooth beacons, creates a positioning system with an accuracy of 3 meters and a frequency of 2 seconds, enabling 24/7 online safety risk monitoring and real-time early warning. The platform deeply integrates "People, Machine, Object, Environment, and Management", creating a one-stop integrated management ecosystem, which encompasses smart comprehensive management, visualized operation and maintenance, intelligent business collaboration, instant alarm handling, and coordinated escalation, and significantly enhances the effectiveness of chemical work safety management.

"Five-in-One" System

To safeguard the health of employees, the Company has introduced a digital occupational health sampling management platform for dynamic management of occupational health (filing, examination and medical checkups), occupational health management records, training for responsible personnel, deployment of personal protective equipment (PPE), and on-site placement of warning signs. This systems enables more efficient and timely identification of potential health risks and the implementation of corresponding preventive measures.

Occupational Health Management

Work-Related Injuries Management

To standardize the handling procedures for work-related injuries and enhance employee awareness of work safety, STL has established a comprehensive work-related injury management system, which clearly defines the processes for preventing, handling, and following up on work-related injuries, thus helping to minimize risks for both the Company and its employees.

Daily Protective Measures

Personal Protective Equipment

Employees are provided with appropriate PPE, such as earplugs, safety glasses, and gloves, based on their exposure to workplace hazards. Regular training sessions and inspections are conducted to ensure proper usage.

Workplace Improvements

STL continuously improves workplace conditions to reduce or eliminate occupational health hazards. Through measures such as optimizing ventilation systems, reducing noise levels, improving lighting, and installing warning signs and warning lines, STL reminds employees to stay alert about safety.

Post-Injury Management

Immediate Medical Attention

Safeguarding the health of employees is STL's top priority. In the event of a safety incident, STL arranges medical treatment for the injured employee as soon as possible.

Strict Compliance with National Regulations on Work-Related Injuries

STL ensures timely reporting of work-related injuries and provides remuneration, including work injury wages and one-time disability subsidies, as mandated by law.

Medical Treatment Period Management

STL effectively manages relevant matters during employees' medical treatment period, arranging caregivers as needed to ensure proper care and support.

Accident Investigation and Analysis

Investigations and analyses are conducted to accurately understand the incidents, identify causes and patterns, and draw lessons. Effective preventive measures are then implemented to prevent recurrence and ensure work safety.

Occupational Disease Prevention

STL follows its internal occupational health and safety policies to actively implement comprehensive and effective management measures, which include but are not limited to:

Identifying, monitoring, and assessing occupational hazards in production operations.

Each production base and business division has identified their occupational hazards in production processes, such as noise, high temperatures, dust, welding fumes, and chemicals. The Company conducts regular occupational hazard monitoring to ensure a working environment that satisfies safety standards, laying a solid foundation for employee health. Employees in positions exposed to occupational hazards undergo annual occupational health check-ups. In 2024, 100% of these employees received occupational health check-ups, with no cases of occupational diseases detected.

In 2024

Employee occupation health check-up rate

100%

No cases of occupational diseases detected

Giving priority to adopting new technologies that benefit the prevention of occupational diseases and protection of workers' health.

The Company ensures the proper functioning of occupational disease prevention and emergency response facilities and equipment. STL employs automated, mechanized, and enclosed systems for material transport, installs insulation layers on equipment pipelines in high-temperature areas, deploys exhaust gas absorption systems in dust-prone areas, and implements noise control measures such as factory soundproofing and soundproof shades. For SAP respirable dust, STL conducts regular sampling and sends the samples to the BV laboratory in the U.S. for analysis, ensuring comprehensive employee health protection.

Providing occupational disease prevention training

Each production base and business division conducts training on occupational disease prevention and the proper use and management of PPE for employees.

Training on occupational disease prevention and proper use and management of PPE at Weixing New Materials

During the reporting period

100% of STL's operational locations received the ISO 45001 Occupational Health and Safety Management System certification.

ISO 45001 Occupational Health and Safety Management System Certification

Safety Hazard Prevention

STL has formulated its *Environmental and Occupational Health and Safety Monitoring, Measurement, and Control Procedures*. Drawing on "Five-in-One" intelligent management platform that monitors safety risks in real-time, the Company accurately identifies sources of major hazards, enables early warnings, and efficiently detects and rectifies safety hazards to prevent risks and ensure work safety. In addition, the Company conducts a comprehensive internal safety audit annually to ensure the effective implementation of safety management measures. In 2024, all identified safety issues were rectified on time.

In 2024

All identified safety issues were rectified on time.

Handling and Management of Safety Incidents

STL has formulated detailed emergency response plans for safety incidents to ensure that, in the event of an incident, on-site personnel can quickly respond, report the incident according to established procedures, and immediately activate the contingency plan.

Senior managers of the Company play a crucial role in handling safety incidents. The general managers of each production base and business division are responsible for leading the on-site handling of major or more serious safety incidents, as well as significant process safety incidents. Vice general managers participate in the on-site command and guidance of general or more serious safety incidents. Managers of each process unit are responsible for the on-site handling of smaller incidents and general process safety incidents. After an incident, the management must promptly arrive at the scene to direct rescue efforts, ensuring the incident is effectively and promptly controlled.

Furthermore, the Company has established close ties with nearby medical institutions to ensure that injured employees receive fast, professional medical treatment.

Emergency Safety Drills

STL conducts multiple emergency drills each year, covering all employees across all production departments. These drills encompass a wide range of scenarios, including emergency evacuation for explosion incidents, rescue procedures for falls from height, on-site containment of material leaks, first aid for burns and poisoning, emergency shutdowns for mechanical injuries, and natural disaster prevention and response. These activities not only assess the feasibility and practicality of emergency response plans but also enhance employees' awareness and ability to handle various emergencies.

Work Safety Training

STL provides workplace safety training covering topics such as occupational disease prevention, proper use of PPE, and safety measures for summer, including fire prevention, heatstroke prevention, lightning protection, and flood control. Specialized training is offered to employees in high-risk positions, while new employees undergo safety orientation to ensure that they fully understand the Company's safety policies, regulations and operational procedures before starting work.

Contractor HSE Management

The Company has formulated the *Detailed Rules for Contractor HSE Management and the Supplier/Contractor Code of Conduct*, which set standardized requirements and management procedures for contractor entry, selection, utilization, project preparation, on-site management, and appraisal. Contractors must comply with occupational health and safety regulations, ensure that workplace facilities meet safety, environmental, and health standards, protect employees and surrounding residents from hazards caused by production and products, and strive to achieve the HSE management goals of "zero injuries, zero incidents, and zero pollution".

The Company has developed relevant qualification verification forms and performance appraisal forms to implement a reward and punishment-based management system for contractors. Through dynamic appraisals and comprehensive evaluations, contractors with outstanding performance are rewarded, while those who violate regulations are penalized or even blacklisted.

Chemicals Management

Governance

In strict compliance with applicable laws and regulations, including the *Work Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China, and the Regulations on the Safety Management of Hazardous Chemicals,* STL has established a chemicals safety management system from the headquarters to front-line operations. The Work Safety and Environmental Protection Center is responsible for formulating strategies, policies, and standards for chemicals management, ensuring that the Company's chemicals-related activities comply with both domestic and international regulatory requirements. The Center also oversees the implementation of the above strategies, policies, and standards at each production base and business division. Production bases and business divisions are responsible for the usage, storage, transportation, and disposal of chemicals, and for developing emergency response plans for unexpected events.

Strategy

STL follows the principle of "strategic leadership and overall control" by headquarters and requires each production base to perform "front-line execution for ensuring safety". The Company has established a transparent and efficient supervision procedure, an information reporting mechanism, as well as incentive and assessment systems.

Restricted Substances Management

STL strictly complies with domestic laws and regulations such as the *Work Safety Law of the People's Republic of China, the Hazardous Chemicals Management Regulations, the Regulation on the Administration of Precursor Chemicals, and the Measures for the Public Security Management of Explosives Precursors,* as well as international regulations such as the REACH Regulation, POPs Regulation, CLP Regulation, *California Proposition 65*, *Annex III Chemicals of the Rotterdam Convention*, the *EPA's list of hazardous substances*, *the SVHC List*, *ZDHC MRSL 20_V3.1*, among other laws, regulations, industry standards, international conventions, and customer requirements. Based on the applicable regulations and requirements, STL has identified and assessed all chemicals involved in its materials and production processes.

The Company has established a general survey system for chemicals, conducting regular surveys on the usage, production, storage, and other aspects of all substances identified in the *List of Restricted and Banned Substances.* This ensures strict full-lifecycle management of chemicals procurement, transportation, storage, usage, and disposal. In addition, we maintain a transparent mechanism for publicly disclosing the registration and usage of chemicals involved in our operations. We provide information on these chemicals, including Safety Data Sheets (SDS) and labels, to stakeholders such as end users, ensuring compliance with external regulatory requirements

None of STL's products (including existing products and those in the pipeline) use any banned substances in the *List of Restricted and Banned Substances.*

Full Lifecycle Chemicals Safety Management

STL strictly adheres to the requirements of the *Hazardous Chemicals Management Regulations,* implementing full lifecycle management of chemicals from procurement, transportation, and storage to usage and disposal, and strictly performing filings, registrations, and review and approval processes.

Phase	Measures	
Research and Development	• Ensure that products in the pipeline do not contain banned substances and consider green chemistry principles. • Identify hazards in pipeline products, specifying their toxicity, corrosiveness, flammability, and environmental and health impact.	• Conduct safety assessments of chemicals, including potential environmental and health risks. • Assess potential exposure routes and intensity during experiments and establish corresponding control measures.
Procurement	• Evaluate suppliers to ensure the chemicals are safe.	• Complete hazardous chemicals registration to ensure traceability.
Warehousing	• Implement appropriate safety facilities based on the type, properties, and quantity of hazardous chemicals. • Store chemicals by properties/category to prevent contact between incompatible substances.	• Install video surveillance systems, emergency shut-off mechanisms, and combustible/toxic gas alarm systems.
Production	• Achieve a high level of automation in production processes.	• Apply stabilizers or refrigerated water-based cooling to chemicals prone to polymerization or requiring temperature control.
Loading and Unloading	• Conduct "Five Mandatory Inspections" on incoming cargo vehicles to ensure compliance with procedures and qualifications requirements. • Define designated routes and speed limits for vehicles entering factories.	• Enforce strict use of PPE, equip fire safety equipment, and prohibit smoking and fires. • Employ digital technologies to enhance safety management.
Usage	• Strengthen safety training to improve overall safety awareness and operational proficiency.	• Enhance emergency response drills to improve incident handling capabilities.
Sales	• Disclose the registration and usage of all chemicals involved in operations through a transparent mechanism. • Provide Safety Data Sheets (SDS) and labels to meet external regulatory requirements.	• Ensure that chemicals used in products comply with the safety requirements of customers and the market.
Disposal	• Store waste chemicals in accordance with the *Pollution Control Standards for Hazardous Waste Storage.* • Fill in the triplicate form for waste chemicals transfer on the government's hazardous waste management platform.	• Engage qualified providers to collect, transport, and treat waste chemicals. • Dispose of waste chemicals in compliance with regulations to prevent environmental pollution.

We have not only implemented strict measures at each stage of the chemical lifecycle but also formulated the *Guidelines for Safety Risk Assessment of Aging Equipment in Enterprises Producing or Using Hazardous Chemicals*. Regular safety risk assessments are conducted on existing equipment, with corresponding risk control measures established. For precursor chemicals, explosives precursors, and highly toxic chemicals, we require relevant personnel to obtain a Precursor Chemicals Administrator Certificate to ensure professional handling.

Chemicals Phase-out and Replacement

STL prioritizes control at the source in chemicals management, implementing chemicals phase-out and replacement processes from a forward-looking perspective. The Company has developed its chemicals phase-out list in accordance with national and local compliance requirements such as the *Catalog of Backward Work Safety Production Processes, Technologies, and Equipment of Hazardous Chemicals to Be Phased Out (First Batch) and the Catalog of Toxic Chemicals Prohibited or Strictly Restricted in China,* and by incorporating in-house hazard assessments.

In addition, we are actively working on chemicals replacement processes, considering or seeking safe chemical alternatives with plans to phase out all chemicals of concern in the future. We are exploring the adoption of biologics or green raw materials and are compiling a *Positive List of Chemicals* following the U.S. EPA's Safer *Chemical Ingredient List* while promoting its integration into our business processes.

Impact and Risk Management

STL develops and implements an annual chemicals safety risk assessment plan each year. This plan covers a comprehensive identification and oversight of all chemicals used throughout the Company's entire value chain, including raw materials, auxiliaries, reagents, and products. By conducting general surveys of chemicals, we establish detailed chemical registration forms based on the properties and categories of chemicals and engage third-parties to conduct full-factory chemical safety risk assessments.

All chemicals are registered in the Hazardous Chemicals Registration Comprehensive Service System, the Precursor Chemicals Management Service Platform, the Hazardous Explosives Precursors Information System, and the STL Chemicals Registration Forms. This ensures full coverage, transparency, and standardized management, fortifying the Company's ability to control chemical safety risks.

Metrics and Targets

STL regularly assesses the chemicals management performance and goal achievement of each production base and business division, linking the assessment results to employee performance appraisals and reward and punishment. We encourage active employee participation in chemicals management to collectively enhance our chemicals safety management standards.

In 2024, the Company made significant progress in chemicals safety management

- 8 major product categories completed the ZDHC certification, ensuring the environmental and health safety of products.
- 7 product lines passed hazard factor testing and certification, including VOCs and heavy metals, from external organizations such as SGS, further verifying product safety.
- The List of Restricted and Banned Substances was established and updated in a timely manner, with 125 restricted and banned substances clearly specified.
- Over 12 major hazard source assessments for hazardous chemicals were conducted.

Objective	Progress in 2024
100% of management and operational personnel involved with hazardous chemicals to participate in hazardous chemicals safety training	Achieved
Regular safety inspections of hazardous chemical storage areas (daily checks by workshop managers and weekly checks by the hazardous chemicals management department)	Achieved

The toxicity, flammability and explosive properties of toluene increase safety hazards in the production process and this substance has been included in the SVHCs (Substances of Very High Concern) list and the EPA's (Environmental Protection Agency) list of hazardous substances. The company continues to promote the toxic chemicals phase-out program, replacing precursor chemicals with new green chemicals in the acrylic production process, which effectively reduces the safety risks in the production process and significantly reduces the negative impact on the environment.

Fulfilling Corporate Social Responsibility

STL remains committed to social responsibility, actively engaging in diverse public welfare initiatives, with focuses on assistance for individuals in need, educational support, rural revitalization, medical assistance, environmental protection, civilized society building, and disaster relief. The Company has established a namesake charitable foundation and launched the "Mother Yang Charity Initiative" as its philanthropic brand. Through the "Charity+" model, the Company continues to give back to society.

In 2024

STL organized **53** volunteering activities, benefiting over **10,000** individuals, with total donations, both monetary and in kind, amounting to RMB **42.24** million

Rural Revitalization

In 2024, in active response to the national rural revitalization strategy, STL took concrete steps to support rural development. The Company signed a donation agreement with the Nanhu District Charity Federation of Jiaxing and the Jiaxing Agricultural Technology Promotion Foundation, donating RMB 200,000 in May 2024 to support agricultural technology promotion programs. This initiative helps to enhance agricultural efficiency, increase income for low-income rural populations, directly benefiting 451 farmers, directly benefiting an area of 1,382 acres, and contribute to the development of "new countryside".

STL also organized a visit for party members to Sanxing Village to study cases of the "Common Prosperity 101" initiative. During the visit, the party members purchased goods from local orchards and souvenir shops, opening new market channels for local agricultural products. By leveraging consumption-driven support, STL actively promoted high-quality agricultural and subsidiary products, making a tangible contribution to local economic growth.

Furthermore, STL has established "Common Prosperity Workshops" and "Common Prosperity Workspaces" to provide employment opportunities for rural communities. These initiatives specifically recruit 978 surplus laborers from surrounding rural areas, helping poverty-stricken individuals from Yunnan, Guizhou, Sichuan, Gansu, and Ningxia rise above hardships.

Case Building "Common Prosperity Workshops"

STL proactively responds to the call for common prosperity by establishing "Common Prosperity Workshops" and "Common Prosperity Workspaces" within the Company. These initiatives specifically recruit employees from underdeveloped regions, providing extensive job opportunities to individuals from poverty-stricken households in areas such as Yunnan, Guizhou, Sichuan, Gansu, and Ningxia. This approach not only helps impoverished people increase their income but also comprehensively enhances their skills and abilities through training and career development support. By the end of the reporting period, the average monthly wage of "Common Prosperity Workshop" participants increased from RMB 7,000 to RMB 9,000, a year-on-year growth of approximately 28.6%. This initiative creates a win-win situation by increasing income for rural residents, improving efficiency for the Company, and fostering common prosperity. It highlights STL's active role in promoting social equity and coordinated economic development.

Volunteering Activities

In 2024, STL took on environmental missions by actively participating in volunteering activities for environmental protection. In specific, the Party and Labor Union Office played a leading and exemplary role in organizing various volunteering activities.

On the National Tree Planting Day, STL partnered with the Nanhu District Agricultural and Rural Water Affairs Bureau, Nanhu District Urban Law Enforcement Bureau CPC Committee and Youth League Committee to jointly host the "Greening Our Communities, Protecting the Environment" event. Participants worked together to plant trees, contributing to a greener landscape and promoting ecological development.

In addition, STL held its 2024 Walking Challenge at the Jiaxing Botanical Garden, with over 200 employees participating. This event not only promoted physical well-being but also embodied the principles of green and low-carbon development.

In addition, the Company organized six volunteer litter-picking activities and visits to nursing homes, supporting environmental protection and social welfare with concrete efforts. During the environmental activities, our volunteers visited communities and parks, helping maintain a clean and beautiful environment. These efforts not only raised public awareness of environmental protection but also contributed to improving the local community environment. During the nursing home visits, our volunteers played games with the elderly, helped cut their hair and clean their living spaces, and improved their overall living conditions. These activities brought joy and warmth to the elderly and contributed to building a more harmonious society.

Educational Support

In terms of educational support, STL actively fulfills its corporate social responsibility by continuously contributing to educational development. Through various initiatives, the Company supports different student groups, promoting educational equity and progress.

Paired-up assistance to help students achieve their dreams

STL has deepened its paired-up assistance and joint development model with Jiaxing University, Jiaxing Xiuzhou High School, among other schools and institutions. From providing financial assistance to students in need to establishing teaching awards and creating charity libraries, STL fully supports students' growth, offering solid support to help them complete their studies and realize their dreams.

In October 2024, the STL Charity Foundation held a scholarship award ceremony at the Mother Yang Charity Library at Jiaxing Xiuzhou High School, encouraging students to pursue their dreams. A total of 10 students received scholarships, including 4 students from Xinjiang.

"The Way to Fish" Education Program

"Give a man a fish, and he eats for a day; teach him to fish, and he eats for a lifetime", guided by this philosophy, STL has built a "1+4" system focused on "assistance for disadvantaged students, donations of school facilities, incentives for outstanding students, and rewards for key teachers", aimed at bridging educational gaps between Western China and the rest of the country.

In June 2024, Yang Yuying, Party Secretary of STL, led a team to visit Maixi Township School in Ruo'ergai, Sichuan, and personally delivered charitable supplies, including blankets and down jackets, to the children and encouraged them to pursue their dreams. This charitable initiative was praised and reported by platforms such as Xuexi Qiangguo and Zhejiang Workers' Daily. In December, the Company donated direct drinking water machines, computers, and other supplies to the Shaya Social Welfare Institute in Xinjiang through the Jiaxing Command Center for Assistance to Xinjiang, improving the learning conditions for students and the office environment for teachers. In 2024, the Company has established paired partnerships with over 1,500 students in Western China.

In December 2024, the Company joined forces with Shaya Social Welfare Institute in Xinjiang to hold a charitable donation event. The event was attended by Yang Yuying, Party Secretary and Vice Chairman of STL, Chen Bin, Deputy Director of the Jiaxing Command Center for Assistance to Xinjiang, leaders from the Shaya County Civil Affairs Bureau, and Yang Yazhen, Chairman of the STL Public Welfare Foundation. The leaders gave away computers, books, and other educational and sports supplies to 70 children at the welfare institute, with a total value exceeding RMB 55,000.

Caring for Special Needs Students

STL places a high emphasis on students with special needs. The Company has established "STL Classes" in collaboration with schools to provide specialized education for children with autism. We also care for the parents of autistic children by inviting professional teachers to offer guidance and support. Additionally, we donated psychological counseling equipment and supplies to the Nanhu District Counseling Center for Minors, helping to create a positive environment for special needs students and demonstrating our commitment to humanitarian care.

Medical Assistance

As a company committed to social responsibility, STL has always been dedicated to healthcare development. In 2024, the Company donated advanced medical equipment worth RMB 2 million to the First Hospital of Jiaxing through the Jiaxing Charity Federation. This donation aimed to enhance the quality of medical services, allowing more patients to benefit from high-quality diagnostics and treatment made possible by advanced equipment, thereby offering STL's contribution to the healthcare sector.

Assistance for Individuals in Need

STL extends its care from within the Company to the wider community, maintaining a steadfast focus on vulnerable groups.

In addition, STL actively reaches out to individuals with disabilities, elderly people who have lost their only child, families facing financial hardships, and those impoverished by illness, offering not only material assistance but, more importantly, emotional support and comfort. The Company regularly expands the scope of its charitable outreach, deepens its engagement at the grassroots level, and extends its reach so that more people in need can experience warmth and support.

Civilized Society Building

STL actively fulfills its social responsibilities. The Company has established a Party Member Volunteer Service Team and the "Mother Yang Charity Initiative" to carry out various volunteering activities that promote a civilized society. From library services and advocating pedestrian-friendly crossings to environmental initiatives and community convenience services, STL contributes comprehensively to building a civilized society.

Under the "Mother Yang Charity Initiative", STL has set up care stations across 19 villages and communities in Nanhu District, working in collaboration with local authorities to ensure full coverage. The stations provide free cold drinks in summer and hot ones in winter for sanitation workers, couriers, delivery riders, and other groups, along with regular material assistance to disadvantaged individuals in need.

On June 26, 2024, the "Mother Yang Charity Initiative" joined multiple government departments in Nanhu District for a charitable donation in Ruo'ergai, Sichuan, which marks the fifth consecutive year of the initiative's paired partnership with local schools. This time, donations included 336 down jackets, over 300 sets of school supplies, and 248 sets of dormitory bedding. Following the donation ceremony at Maixi Township Central School, Mother Yang encouraged the children to pursue their dreams and spread kindness. She also visited families of students with special needs, offering warmth and support.

Appendices

Outlook

Those who act consistently succeed; those who advance persistently arrive. 2025 marks the final year of the 14th Five-Year Plan and a pivotal year for outlining the 15th Five-Year Plan. In the face of new circumstances and tasks, STL remains at the forefront of the transformation in the chemical industry toward high-end, intelligent, and green development. We will work to cultivate "new quality productive forces" through technological innovation, continue investing in the high-end chemical new materials industry, and focus on pioneering sectors that will shape the future. We are firmly committed to advancing industrial innovation from "1 to 10" and from "10 to 100", actively addressing the challenges and opportunities presented by China's goals to peak carbon emissions and achieve carbon neutrality. We will stay agile in response to development trends in the global chemical industry, adjusting our strategic planning and product portfolio to sustain steady growth and seize new opportunities in this rapidly evolving market. With a more open mindset and stronger actions, we aim to expand our global presence and establish ourselves as a company known for its excellent products, recognized for its brand reputation, respected by society and held in pride by employees, thereby joining the ranks of the world's leading chemical enterprises.

Honors in 2024

Award/Honor	Level	Granted By
Industry Leadership		
Inclusion in the Shenzhen 100 Index	Index	Shenzhen Stock Exchange (SZSE) and Shenzhen Securities Information Co., Ltd.
Top 100 Value Companies Listed on the Main Board	List/ Rankings	Securities Times
China's Top 100 New Materials Companies	List/ Rankings	Hurun Research Institute
Innovation Leadership		
Forbes China Top 50 Most Innovative Companies	List/ Rankings	Forbes China
National 2023 Industrial Internet Pilot Demonstration 5G Factory	List/ Rankings	Ministry of Industry and Information Technology of the People's Republic of China
Selected for Zhejiang's Second Batch of "Eagle Enterprises"	List/ Rankings	Economy and Information Technology Department of Zhejiang
Included in the "2024 Zhejiang Artificial Intelligence Application Scenarios List"	List/ Rankings	Economy and Information Technology Department of Zhejiang
ESG Leadership		
First Batch of "Green Leading Enterprises"	National Recognition	China Quality Certification Center
Outstanding Sustainability Practices of Listed Companies	List/ Rankings	China Association for Public Companies
Zhejiang's Top 100 ESG Performance Listed Companies	List/ Rankings	Zhejiang Corporate Social Responsibility Promotion Association and China Chengxin Green Finance Technology (Beijing) Co., Ltd.
CSR China Top 100	List/ Rankings	Responsibility 100 | CSR China Education Award Organizing Committee
"Rural Revitalization and Social Development" ESG Action Award	List/ Rankings	Responsibility 100 | CSR China Education Award Organizing Committee
Cailianshe ESG Profound Awards – Environmental (E) Pioneer Enterprise Award	List/ Rankings	Cailianshe
CRHC Cup • ESG Golden Bull Award	List/ Rankings	China Securities Journal, China Reform Holdings Corporation Ltd. (CRHC), Nantong Municipal People's Government
Aona Award for Enterprises with Sustainable Development Contribution	List/ Rankings	Social Responsibility Conference Organizing Committee
China Enterprise ESG "Golden Responsibility Award" – Best Responsibility Progress Award	List/ Rankings	Sina Finance
EY Outstanding Sustainable Development Enterprise of the Year	List/ Rankings	EY Greater China
KPMG China Second ESG · 50 List – Outstanding Social Pioneers	List/ Rankings	KPMG

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	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
	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

Issue	Item of Disclosure	Chapter Index
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 in which 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	High-Quality Products and Services
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	High-Quality Products and Services
GRI 417: Marketing and Labeling	417-1 Requirements for product and service information and labeling	High-Quality Products and Services
	417-2 Incidents of non-compliance concerning product and service information and labeling	Strengthening Risk Prevention and Control
	417-3 Incidents of non-compliance concerning marketing communications	Strengthening Risk Prevention and Control
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Strengthening Risk Prevention and Control

IFRS S2 Recommended Disclosure Index

Recommended Disclosure		Related Chapter
Governance	Disclose the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities.	ESG Management System
	Disclose the management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	ESG 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 those climate-related risks and opportunities on the entity's business model and value chain.	Addressing Climate Change
	Disclose the effects of those 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 those climate-related risks and opportunities on the entity's financial position, financial performance and cash flows for the reporting period, and their anticipated effects on the entity's financial position, financial performance and cash flows over the short, medium and long term, taking into consideration how those climate-related risks and opportunities have been factored into the entity's financial planning.	Addressing Climate Change
	Disclose the climate resilience of the entity's strategy and its business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities.	Addressing Climate Change
Risk Management	Disclose the processes and related policies the entity uses to identify, assess, prioritize and monitor climate-related risks.	Strengthening Risk Prevention and Control
	Disclose the processes the entity uses to identify, assess, prioritize and monitor climate-related opportunities, including information about 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, prioritising 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 that are associated with particular business models, activities or other common features that characterize participation in an industry.	/
	Disclose targets set by the entity, and any targets it is required to meet by law or regulation, to mitigate or adapt to climate-related risks or take advantage of climate-related opportunities, including metrics used by the governance body or management to measure progress towards these targets.	Addressing Climate Change

ESG Performance Indicators*

Indicator	Unit	2024	2023	2022
Governance Performance				
Operating income	RMB'00 million	456.48	414.87	370.43
Year-on-year growth in operating income	%	10.03	12.00	29.71
Total profit	RMB'00 million	70.18	53.68	34.48
Net profit attributable to listed company shareholders	RMB'00 million	60.72	47.89	30.96
Total assets	RMB'00 million	683.05	645.82	597.64
Net assets attributable to the parent company	RMB'00 million	302.86	254.65	221.60
General Meeting of Shareholders	time	2	5	5
Meetings of the Board of Directors	time	8	8	7
Meetings of the Board of Supervisors	time	6	7	7
Special audit projects	project	22	26	30
Anti-corruption audit projects	project	30	/	/
Business ethics training				
Total hours of training	hour	120	/	/
Total sessions of training	session	160	/	/
Number of directors trained	person	9	/	/
Percentage of directors trained	%	100	/	/
Number of senior managers trained	person	1,200	/	/
Percentage of senior managers trained	%	100	/	/
Total number of employees trained	person	5,057	/	/
Percentage of employees trained	%	100	/	/
Business ethics audits				
Audit projects	project	30	/	/
Audit sessions	session	12	/	/
Audit coverage	%	67	/	/
Social Performance				
Number of R&D personnel	person	1,275	1,271	992
Bachelor's degree	person	1,020	1,151	882
Doctorate or master's degree	person	255	120	110
R&D investment	RMB'00 million	17.51	16.26	12.41
Year-on-year growth in R&D expenses	%	7.69	31.05	15.14
Ratio of R&D expenses to operating income	%	3.84	3.92	3.35

*In 2024, the Company further refined its data collection process, adjusted the scope of certain data collection to improve disclosure, and revised some previously disclosed data.

Indicator	Unit	2024	2023	2022
Patent filed[1]	item	273	83	107
Patent granted[2]	item	135	98	93
Accumulative number of valid patents	item	438	320	234
Training on intellectual property protection				
Training sessions conducted	session	9	5	3
Employees trained	person-time	80	49	33
Total hours of training provided	hour	36	5.5	3
Product recall	time	0	0	0
Value of recalled products	RMB'0,000	0	0	0
Percentage of products recalled	%	0	0	0
Number of mock product recalls	time	0	0	0
Training on product quality and safety				
Training sessions provided	session	43	23	6
Total number of employees trained	person-time	1,076	825	148
Total hours of training provided	hour	70.5	43.5	16
Coverage of ISO 9001 Quality Management System certification	% operational site	100	100	/
Customer satisfaction	%	100	100	100
Complaint resolution rate	%	100	100	100
Total number of suppliers	company	2,560	2,510	2,432
North China	company	157	146	132
East China	company	2,043	2,038	2,005
South China	company	59	51	47
Central China	company	80	76	71
Southwest China	company	27	23	19
Northwest China	company	27	24	21
Northeast China	company	82	76	73
Hong Kong, Macao, and Taiwan, China	company	15	12	10
Overseas	company	70	64	54
Number of suppliers with contracts that include environmental, labor, and human rights clauses	company	2,331	2,210	2,073
Percentage of suppliers with contracts that include environmental, labor, and human rights clauses	%	91	88	85
Number of suppliers that signed the Integrity Agreement	company	2,560	2,243	2,122
Percentage of suppliers that signed the Integrity Agreement	%	100	89	87

Indicator	Unit	2024	2023	2022
Number of new suppliers	company	134	143	96
Number of new suppliers screened using social criteria	company	95	89	65
Number of new suppliers screened using environmental criteria	company	124	121	73
Supplier training	session	1	1	1
Number of suppliers that received training	company	2,249	236	178
Percentage of suppliers that received training	%	88	9	7
Number of suppliers that were audited	company	36	32	28
Supplier audit coverage	%	1.40	1.30	1.10
Number of suppliers required to make rectification	company	33	32	27
Number of national standards the Company participated in developing	item	8	7	1
Number of industry standards the Company participated in developing	item	1	1	1
Number of social organization standards the Company participated in developing	item	4	3	2
Number of employees	person	5,057	4,688	3,964
By gender				
Male	person	4,221	3,881	3,256
Female	person	836	807	708
By age group				
30 or below	person	2,190	1,825	1,567
30-50	person	2,531	2,482	2,035
Above 50	person	336	381	362
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Employee training coverage rate	%	100	100	/
Total number of employees trained	person	5,057	4,688	3,964
Training attendance by gender				
Male	person	4,221	3,881	3,256
Female	person	836	807	708
Training attendance by job level				
General employees	person	4,835	4,491	3,760
Middle management	person	184	164	164
Senior management	person	38	33	40
CPC members	person	594	493	499
Total person-times of employees trained	person-time	239,014	198,618	159,099

Indicator	Unit	2024	2023	2022
Total hours of training	hour	436,544	456,659	516,154
Average hours of training per person	hour	86	97	130
Total expenditure in employee training	RMB'0,000	422.10	285.30	283.90
Percentage of employees regularly assessed for performance and career development	%	100	100	100
Investment in supporting employees' educational advancement	RMB'0,000	10.70	14.00	3.90
Occupational health checkup rate	%	100	100	/
Work-related fatalities	person	0	0	0
Lost days due to work-related injuries	day	0	0	0
Lost hours due to work-related injuries	hour	0	0	0
Occupational disease health checkup coverage rate	%	100	100	100
Total investment in occupational health and safety	RMB'0,000	968.83	212.73	166.47
Investment in work injury insurance	RMB'0,000	343.74	270.02	283.49
Work injury insurance coverage rate	%	100	100	100
Investment in work safety insurance	RMB'0,000	106.50	83.31	36.11
Work safety insurance coverage rate	%	100	100	100
Number of emergency drills	time	948	816	426
Number of employees who participated in emergency drills	person	17,527	13,811	8,366
Number of occupational health and safety training sessions	session	628	343	224
Total number of employees trained in occupational health and safety	person-time	34,848	25,649	12,280
Total hours of occupational health and safety training	hour	58,700	55,622	27,180
Total investment in community welfare	RMB'0,000	4,223.58	/	/
Community welfare investment by area				
Healthcare	RMB'0,000	202.91	/	/
Education	RMB'0,000	74.10	/	/
Disaster relief	RMB'0,000	20.00	/	/
Rural revitalization	RMB'0,000	35.67	/	/
Other (e.g. assistance for people in need, charitable donations)	RMB'0,000	3,890.90	/	/
Community welfare investment by type				
Monetary donations	RMB'0,000	3,977.53	/	/
In-kind donations	RMB'0,000	246.05	/	/
Number of participants in volunteering activities	person	660	/	/
Total hours of volunteering service	hour	94,380	/	/
Total person-times of blood donation since 2012	person-time	1,495	1,304	/
Total volume of blood donated since 2012	ml	477,600	412,300	/
Jobs provided by "Common Prosperity Workshops" and "Common Prosperity Workspaces"	person	978	920	/
Average monthly salary at "Common Prosperity Workshops" and "Common Prosperity Workspaces"	RMB	≥9,000	≥7,000	/

Indicator	Unit	2024	2023	2022
Environmental Performance				
Total investment in environmental governance	RMB'0,000	130,957	170,465	142,857
Time invested in environmental governance	hour	61,320	74,400	62,130
Person-times of employees trained in environmental protection	person-time	17,792	45,548	31,255
Hazardous waste generated	tonne	125,125.82	139,198.83	85,672.92
Non-hazardous waste generated	tonne	61,105.38	7,650.10	8,486.05
Total solid waste	tonne	186,231.20	146,848.93	94,158.97
Solid waste intensity	tonne per 10,000 tonne products	0.015	0.015	0.015
Nitrogen oxides (NO_x) emissions[3]	tonne per 10,000 tonne products	0.616	0.554	0.776
Sulfur dioxide (SO_2) emissions	tonne per 10,000 tonne products	0.067	0.106	0.098
Volatile organic compounds (VOCs) emissions	tonne per 10,000 tonne products	0.252	0.257	0.256
Particulate matter (PM) emissions	tonne per 10,000 tonne products	0.043	0.054	0.066
Chemical oxygen demand (COD) emissions[4]	tonne per 10,000 tonne products	2.245	2.077	2.016
Ammonia nitrogen emissions[5]	tonne per 10,000 tonne products	0.026	0.024	0.009
Total organic carbon (TOC) emissions[6]	tonne per 10,000 tonne products	0.161	0.096	0.123
Total GHG emissions	tCO_2e	6,185,581	5,853,177	3,817,387
GHG intensity	tCO_2e per tonne products	0.502	0.627	0.624
Direct energy consumption				
Gasoline	liter	598,995.39	546,684.92	454,166.89
Diesel	liter	297,574.26	283,915.29	315,887.76
Natural gas	cubic meter	277,614,769.39	279,519,427.80	143,216,462.10
Ethane	tonne	63,151.18	38,684.77	94,656.25
Indirect energy consumption				
Purchased electricity	MWh	5,276,353.19	5,046,442.25	4,136,774.79
Purchased steam	GJ	13,559,044.66	13,299,954.16	4,637,155.50
Total energy consumption	tce	1,440,464.12	1,281,585.65	838,737.09
Energy intensity	tce per 10,000 tonne products	1,169.60	1,129.91	1,127.99
Clean energy consumption				
Purchased electricity from new energy sources	MWh	765,023.99	517,585.28	469,828.48
Photovoltaic power generation	MWh	1,772.91	1,887.40	104.64
Other clean energy consumption	MWh	40,000	0	0
Total water consumption	million tonne	741.60	566.74	489.20
Water intensity	million tonne per 10,000 tonne products	0.60	0.50	0.66
Recycled and reused water[7]	10,000 tonnes	70,278.58	52,692.37	45,851.81
Percentage of recycled and reused water	%	94.76	92.97	93.72
Reduction in wastewater discharge	10,000 tonnes	281.87	41.49	11.12
Environmental monitoring	/	84	116	115
Total packaging materials purchased	tonne	54.00	59.04	34.08

[1-2] The data for 2022 and 2023 has been adjusted, increasing the number of software copyright patents.

[3-7] During the reporting period, the Company introduced new equipment to produce raw materials that previously had to be sourced externally. As a key step toward industry chain integration, this has enhanced production efficiency and product quality and strengthened the Company's market competitiveness. The Company is actively advancing the construction and optimization of supporting wastewater and exhaust gas treatment facilities to minimize environmental impact, continuously improving water efficiency in related processes, and ensuring the coordinated development of its business and environmental protection.

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