2024

Environmental, Social, and Governance (ESG) Report



Changhua Chemical Technology Co., Ltd.

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About This Report

Report Introduction

This report is the first Environmental, Social, and Governance (ESG) report (hereinafter referred to as the "ESG Report") released by Changhua Chemical Technology Co., Ltd. (hereinafter referred to as "Changhua Chemical," "the Company," or "we"). This report, based on the principles of objectivity, standardization, transparency, and comprehensiveness, provides a detailed disclosure of the Company's environmental, social, and governance practices and performance for the year 2024.

Report Coverage

This report uses "Changhua Chemical" as the subject. Unless otherwise specified, the scope of this report covers Changhua Chemical Technology Co., Ltd. and its subsidiaries (for details, please refer to the 2024 Annual Report of Changhua Chemical Technology Co., Ltd.).



Time Frame of the Report

The period from January 1, 2024, to December 31, 2024 (referred to as the "Reporting Period"). To enhance the comparability and forward-looking perspective of this report, certain content appropriately includes references to prior years or incorporates forward-looking statements. This report is published annually, aligned with the fiscal year.



Reference Standards of the Report

- Shenzhen Stock Exchange:
- Shenzhen Stock Exchange:
- · Global Reporting Initiative:
- · Chinese Academy of Social Sciences:
- United Nations Sustainable Development Goals (SDGs)



Report Compilation and Data Sources Statement

All information and data cited in this report are derived from the Company's official documents, statistical reports, and financial reports, as well as internal data and public information from various functional departments and business units that have been statistically aggregated, compiled, and reviewed by the Company. In the event of any discrepancies between financial data and the Annual Report, the Annual Report shall prevail. Additionally, unless otherwise specified, all currencies and amounts mentioned in this report are denominated in Renminbi (RMB).



A Terminology Explanation

In this report, for ease of expression and reading, Changhua Chemical Technology Co., Ltd. and its subsidiaries are referred to as "Changhua Chemical," "the Company," or "we" depending on the context. Specific expressions refer to the 2024 Annual Report of Changhua Chemical Technology Co., Ltd.



Report Acquisition

To practice the concept of low-carbon environmental protection and sustainable development, this report can be read online or downloaded in electronic form from the Shenzhen Stock Exchange website (http://www.szse.cn) and the Company's website (http://www.chchem.com.cn/cn).

If you have any feedback or suggestions, please contact us through the following methods:



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Chairman's Message

Changhua Chemical Technology Co.,Ltd.
Chairman

孙约小二发



In recent years, the global community has faced complex economic situations and environmental changes, compounded by continuous impacts from energy crises and geopolitical conflicts. The uncertainty in the macro environment for corporate operations has been escalating. With China's proposal of the "dual-carbon" goals and common prosperity strategy, economic development models are being steered toward balancing environmental and social welfare considerations. In this context, how enterprises enhance risk management capabilities and transition to sustainable development models has become a "mandatory course" for corporate growth. Since its establishment, Changhua Chemical has consistently adhered to the corporate spirit of "Innovation Transforming Lives, Passion Shaping the Future, Openness, Progressiveness, Inclusiveness, and Collaboration." Leveraging proprietary formulation technologies, we are committed to researching, producing, and selling polyether polyols products that meet international safety and environmental standards according to diverse client needs. Through years of relentless efforts, the Company continues to expand its value contributions to the economy, society, and environment.

Responsibility Through Proactive Execution: Striving for Excellence.2024 marks the inaugural year of Changhua Chemical's ESG report disclosure. We believe that in this era of uncertainty, ESG has redefined the standards for long-term corporate value creation: company not only have to pursue economic value growth but also have to create value for the environment, society, and human well-being. To implement ESG principles, companies need to deeply integrate its core concepts with corporate strategies, core businesses, and brand visions. This is the key to overcoming barriers to development, creating virtuous cycles and ensuring sustainable success. Against this backdrop, we persistently contemplate the significant proposition of "how to realize sustainable development for both society and enterprises." Shouldering our responsibilities, we have implemented the core ESG concepts into daily operations through continuous exploration, adopting key strategies including environmental protection and green development, social responsibility fulfillment, innovation-driven growth, and talent development.

Green Development: Leading the Way in Low-Carbon Initiatives. The chemical industry plays a pivotal role in driving sustained socio-economic progress. Guided by our corporate mission to "Promoting the Low-Carbon Economy, Leading the Chemical Technology, and Let Human Enjoy a Healthy and Comfortable Life" we implement global low-carbon transformation strategies by researching and applying energy-saving, low-carbon, and emission-reduction technologies. Actively practicing the concept that "Lucid Waters and Lush Mountains Are Invaluable Assets." the Company has been honored with the provincial-level Green Factory title. Internally, we have established comprehensive energy management policies, actively advocating energy conservation and carbon reduction. Through optimized production processes and efficiency improvements, we have steadily reduced energy consumption and achieved effective resource optimization. Regarding products, we are advancing the "CO₂-based Polyether polyols" project, utilizing carbon dioxide as a core resource to develop high-value-added polyether polyols products with significant carbon reduction demonstration effects, striving to realize dual-carbon goals. Furthermore, we are actively building and continuously optimizing a green supply chain, integrating eco-friendly concepts throughout supply chain management. Supported by advanced scientific knowledge and technologies, we efficiently implement cost-effective planning, execution, and control of supply chains, including green procurement practices, production process optimization, industry-wide emission reduction initiatives, and enhanced environmental technology development, comprehensively driving cost reduction and efficiency improvement.

Collaborative Governance: Pursuing Excellence. Since inception, we have been committed to deeply integrating governance with corporate management, proactively incorporating ESG management into corporate governance to create a new development paradigm where economic value and social value mutually reinforce each other. Adhering to principles of statutory authority-responsibility alignment, transparency, coordinated operations, and effective checks-and-balances, we continuously improve corporate systems, refine organizational structures and internal control mechanisms, implement compliance management systems, and enhance decision-making capabilities and governance standards at both board and management levels. This solid governance foundation enables operational performance improvement and sustainable corporate development. Concurrently, we continuously strengthen business ethics construction, resolutely combat corruption, and strive to build a trustworthy, responsible corporate image.

Digital Intelligence Innovation: Unleashing Potential. Driven by the digital wave, we are in an era of digital intelligence innovation where smart digitalization and informatization represent inevitable trends and critical pathways for corporate development. We deeply integrate and apply intelligent manufacturing technologies to comprehensively drive business transformation and production process upgrades. Through advanced information technologies, we optimize production efficiency, reduce costs, and achieve efficiency enhancement. Looking ahead, we will continue investing in technological R&D, promote digital technology innovation and application, and strengthen collaboration with partners to jointly explore best practices for digital-intelligent transformation.

Talent Empowerment: Pursuing Co-growth. Changhua Chemical thoroughly implements employee-centric development philosophy, committed to achieving common growth with employees, clients, and other stakeholders. We value employees' working environments and development opportunities, reinforce red-line awareness and bottom-line thinking, and continuously improve workplace safety and occupational health standards. Adhering to the "Talent-Driven Enterprise" strategy, we effectively conduct talent cultivation, recruitment, retention, and utilization. The company actively improves democratic management systems, career development paths, and rights protection mechanisms, offering market-competitive compensation packages and comprehensive talent development systems. We earnestly safeguard employees' legal rights and occupational health safety, making the company an incubator for talent growth.

Braving Challenges: Marching Forward. Under current transformative circumstances, the challenges posed by socio-economic and climate changes are real, severe, and long-term. We profoundly recognize that enterprises, society, and environment are inextricably interconnected as a "community of shared destiny." Looking toward 2025, Changhua Chemical aspires to become a responsible and visionary international chemical enterprise. We will shoulder corporate responsibilities, continuously enhance key ESG metrics, and dedicate ourselves to meeting people's aspirations for better lives. With courage, diligence, and determination, we will pursue coordinated and sustainable development across economy, society, and environment, striving for a tomorrow of higher-guality development and greater shared prosperity!





Introduction to Changhua Chemical



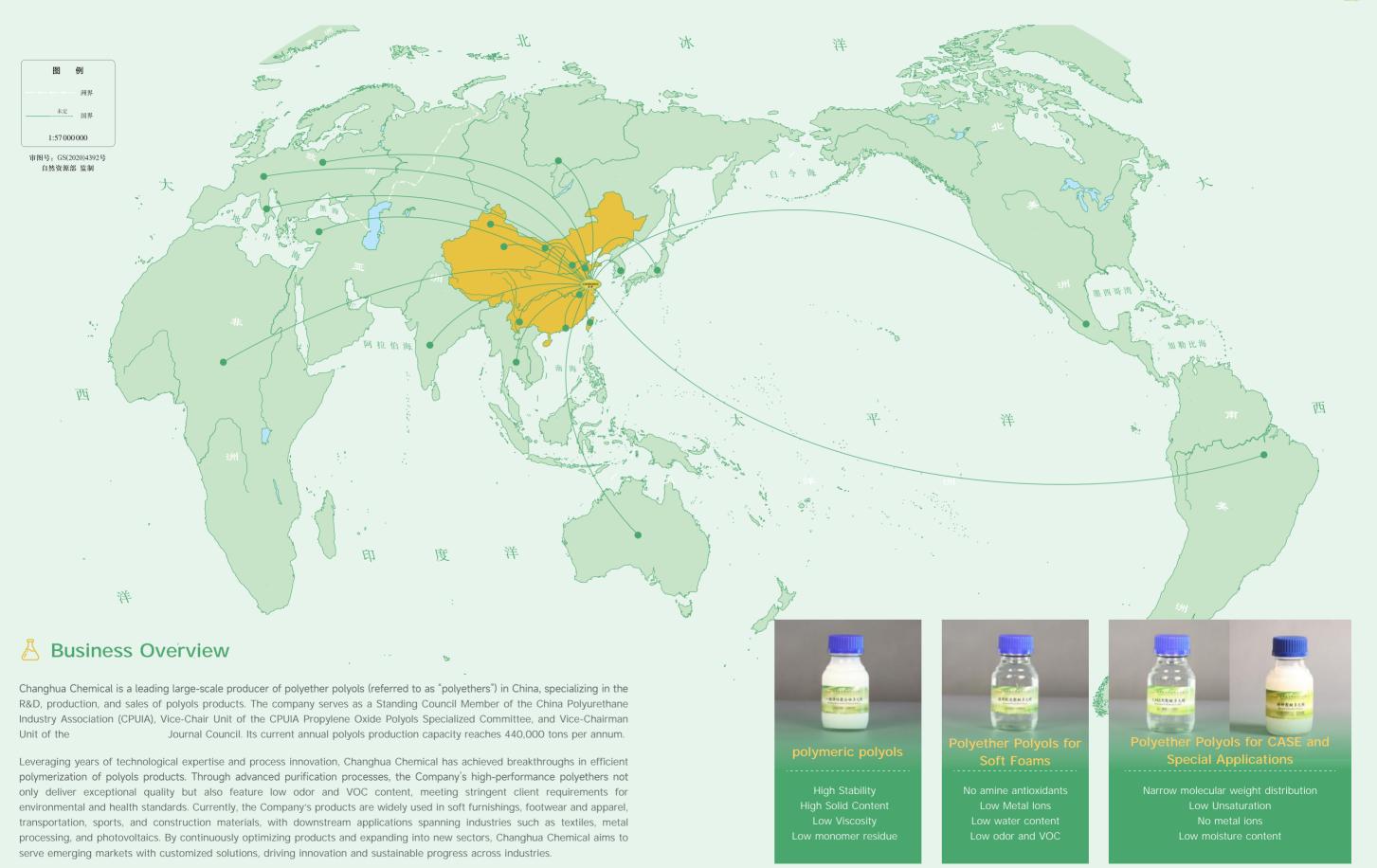
Company Profile

Changhua Chemical Technology Co., Ltd. was established on October 26, 2010, with its headquarters located in the Yangtze River International Chemical Industry Park, Zhangjiagang City, Jiangsu Province. The Company was listed on the Shenzhen Stock Exchange's ChiNext board in 2023 (Stock Code: 301518). Its product portfolio includes polyether polyols for soft foams, polyether polyols for CASE and special applications. Among these, high-activity polymeric polyols (POP) and high-resilience polyether polyols (PPG) products represent the company's core competitive advantages. The company's products demonstrate significant technological strengths in low odor, low VOCs, and low aldehyde content, and are widely applied in mid-to-high-end global markets such as soft furnishings and automotive industries. Its market share ranks among the top tiers in both domestic and international markets.

Changhua Chemical consistently adheres to its corporate mission of "Promoting the Low-Carbon Economy, Leading the Chemical Technology, and Let Human Enjoy a Healthy and Comfortable Life." The Company is actively developing its "CO2-based and High-Performance Polyols Project", which aims to establish China's first CO₂-based polyols production line utilizing low-temperature and low-pressure process technology. By substituting a portion of petrochemical feedstocks with CO2 as raw material, this project not only achieves breakthroughs in technological innovation but also effectively integrates carbon reduction with new material development.

CO₂-based polyols exhibit exceptional performance in oxidation resistance, wear resistance, and chemical resistance, positioning them as high-performance, low-carbon, and environmentally friendly green chemical products. Changhua Chemical's newly developed CO₂-based polyols project not only enhances the company's market competitiveness and accelerates its green transformation toward sustainable development but also pioneers the green transition of the polyether polyol industry. By setting an exemplary model for sustainable practices, the project underscores Changhua Chemical's responsibility and leadership in driving low-carbon advancements within the chemical sector.







June 2024

Development History

September 2022 The groundbreaking ceremony for the new carbon dioxide polyols and high-performance polyols project of The Company's 40,000 tons/year June 2018 Changhua Chemical Technology polyols production line, expanded (Lianyungang) Co., Ltd. was held, marking The Company's 120,000 through technical transformation, the start of a new development phase. tons/year polyols production The Company's 65,000 was completed. line was completed and put tons/year polyols production into operation. line was completed and put into operation. The predecessor of the Company, Jiangsu Changhua Polyurethane Co., Ltd., was registered and established. The predecessor of the Company, Jiangsu Changhua Polyurethane Co., Ltd., was renamed Jiangsu The Company's 35,000 tons/year Changhua Polyurethane polyols production line was Changhua Chemical was listed on the Shenzhen Stock The Company was Technology Co., Ltd. completed and put into operation. Exchange's ChiNext board in August; in September, restructured into Changhua Changhua Chemical Technology (Lianyungang) Co., Ltd., Chemical Technology Co., Ltd. a wholly-owned subsidiary of Changhua Chemical, was established; at the same time, the Company's 180,000 tons/year polyols production line was completed and put into operation.





Corporate Culture

Corporate Mission

Promoting the Low-Carbon Economy, Leading the Chemical Technology, and Let Humans Enjoy a Healthy and Comfortable Life.

Corporate Vision

To Be a Leading Innovative International Company in Polyurethane New Materials and Application.

Core Values







Coordination and

Innovation

Integrity and Honesty Frank Conversation

Environmentally Friendly

Pursue Excellence

Innovative Technology, Green Chemistry

Technology achieves development, innovation creates green. Changhua Chemical is committed to providing innovative and better polyether polyols solutions, promoting sustainable development in the chemical field.

Changhua Chemical creates value for customers with excellent quality and brand value. With the mission of "Promoting the Low-Carbon Economy, Leading the Chemical Technology, and Let Humans Enjoy a Healthy and Comfortable Life," it leads the direction of industry development and creates a better, greener life for humanity.



Honors and Awards



2024

- · Vice Chairman Unit of the Yangtze River Chemical Industry **Education Integration Community**
- Zhangjiagang City Employment Internship Base
- Zhangjiagang City High-Quality Development Pioneer Enterprise Excellence Award



2023

- Suzhou City Engineering Technology Research Center
- Jiangsu Province Well-Known Trademark
- Jiangsu Province Internet Benchmark Factory
- National Specialized and Sophisticated "Little Giant"
- Pioneer Team in "Technical Breakthroughs"



2022



- Jiangsu Province Five-Star Cloud Rating
- Jiangsu Province Green Factory
- National High-Tech Enterprise
- Jiangsu Province Specialized and Sophisticated SME







长华化学科技股份有限公司

国家级专精特新"小巨人"企业

中华人民共和國工业和信息化部 二零二三年七月













Performance of 2024



Economic Performance

Operating Revenue

3,049.8877 million yuan

58.1712 million yuan

Total Tax Payment

15.6143 million yuan



Environmental Performance

Pollutant Monitoring Compliance Rate

100%

Indirect Energy Consumption

16,073.04 tce

Total Greenhouse Gas emissions

61,910.54 tCO₂e

Indirect Greenhouse Gas Emissions (Scope 2)

61,863.55 tCO2e

Environmental Protection Facility Synchronization Rate

100%

Total energy consumption

16,094.81 tce

Greenhouse Gas Emission

0.20 tCO₂e/10,000 yuan

Total Water Consumption

278,153.00 t

Direct Energy Consumption

21.77_{tce}

Energy Consumption Intensity

0.05 tce/10,000 yuan

Direct Greenhouse Gas Emissions (Scope 1)

BREEF

46.99 tCO₂e

Water Intensity

0.91 t/10,000 yuan



Social Performance

Total Number of Employees

425 people

Labor Contract Signing Rate

100%

Social Insurance Coverage Rate

100%

Employee Training Investment

89.66%

Employee Satisfaction

498,000 yuan

Total Training Hours

11,576.42 hours

Safety Production Investment Amount

1,167,000 yuan

R&D Investment

113,536,400 yuan

Governance performance

Total Number of Shareholder' Meetings

3 times

Number of Remuneration and Assessment Committee Meetings

1 times

Number of Board Meetings

Number of Strategy and ESG Committee Meetings

Number of Supervisory Board Meetings

4 times

Number of Audit and Compliance Management Committee Meetings

4 times

Number of Party Branch Meetings

12 times





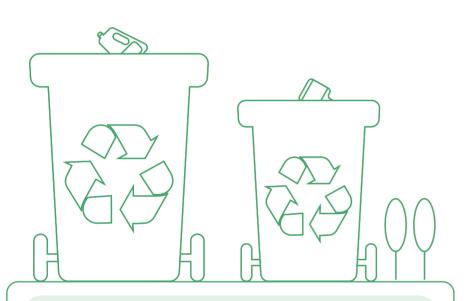


Sustainable Development Governance >>>



Sustainable Development Goals and Vision

Changhua Chemical adheres to the corporate mission of "Promoting the Low-Carbon Economy, Leading the Chemical Technology, and Let Humans Enjoy a Healthy and Comfortable Life," integrating multiple concepts of environmental protection, low-carbon, safety, talent, and business, to comprehensively promote the sustainable development strategy. Changhua Chemical is committed to balancing economic growth with social welfare, environmental protection, and corporate governance, creating a harmonious and symbiotic future.



Environment

Changhua Chemical upholds the concept of green development, committed to reducing environmental pollution and energy resource consumption. Changhua Chemical actively engages in the research and application of green and low-carbon products, promoting the green development of the polyether polyols industry. The Company continuously optimizes its environmental management system, reduces pollutant emissions, and contributes to environmental protection with the strength of Changhua Chemical.



Society

Changhua Chemical deeply understands its responsibility to society. The Company actively participates in public welfare, promotes employment and talent development, drives industrial upgrading through technological innovation, and contributes to social development. The Company believes that the success of an enterprise should be closely linked to the prosperity of society, jointly building a better tomorrow.





Governance

Changhua Chemical focuses on corporate governance compliance, continuously improves corporate governance systems, ensures the steady development of the enterprise, and effectively safeguards shareholder rights. Through technological innovation and talent development, the Company enhances its core competitiveness, providing a strong guarantee for achieving sustainable development.



Contributing to Sustainable Goals

Changhua Chemical actively engages in ESG practices around the United Nations Sustainable Development Goals (SDGs), promoting sustainable development and striving to achieve a harmonious win-win of commercial and social value.

SDGs

Changhua Chemical SDGs Response



Changhua Chemical continues to optimize and improve the compensation and benefits system, expressing condolences and assistance to employees in need, while actively participating in social welfare and focusing on the growth of young people.



Changhua Chemical attaches great importance to the health and safety of employees, regularly conducting occupational health training and physical examinations, and tracking employee health conditions. Carry out safety production education and training, establish a safety production supervision system, conduct safety production standardization construction, improve safety production processes, and comprehensively protect the safety and health of employees.



Changhua Chemical values the construction and growth of the talent echelon, with a comprehensive training system and various training methods to ensure that employees at all levels and positions have smooth career development paths. At the same time, an education fund has been established for employees' children to support educational development.



We create a diverse, inclusive, and harmonious working environment, foster a work atmosphere of inclusiveness and unity, eliminate discrimination, harassment, and bullying, and effectively implement the principles of gender equality and equal pay for equal work.



We practice clean water and sanitation construction through measures such as water resource recycling, clean energy utilization, and environmental protection facility construction.



We adopt economically viable clean energy as a new driving force for enterprise development, reduce production and operation costs, and improve competitiveness.

Changhua Chemical SDGs Response

Changhua Chemical adheres to the principle of fairness, establishes a fair performance evaluation system, provides a competitive compensation and benefits system, offers diversified activities for employees, and enhances employees' sense of happiness and belonging.



SDGs

Changhua Chemical actively develops new products and technologies, conducts intellectual property training, continuously increases R&D investment and technological innovation, always regards technological innovation as the core driving force for enterprise development, and has obtained multiple patent certificates.



We ensure the fairness and justice of recruitment and promotion channels, adhere to the principles of distribution according to work and gender equality, implement democratic management mechanisms, resolutely resist forced labor, and strictly prohibit the employment of child labor.



We resolutely strengthen the foundation of product quality, establish quality management systems and procedures, implement comprehensive quality control from source to factory, ensure full traceability, maximize product reliability and stability, and pass certifications such as the quality management system and the integration of industrialization and informatization management system, with excellent product performance and strict factory control.

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We take climate action, energy conservation, and emission reduction as long-term goals for green business operations, follow the corporate mission of "Promoting the Low-Carbon Economy, Leading the Chemical Technology, and Let Humans Enjoy a Healthy and Comfortable Life," adopt advanced clean production process technologies and efficient end-treatment equipment, actively develop green, low-carbon, and environmentally friendly products, and promote the green development of the enterprise.



We adhere to the principle of compliant operations, ensure timely and accurate information disclosure, protect the legitimate rights and interests of shareholders, continuously promote integrity construction, and maintain a zero-tolerance attitude

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We actively establish healthy and harmonious business cooperation relationships with suppliers, and jointly maintain a fair and transparent business environment.

17 PARTHERSHIPS FOR THE GOALS

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towards corruption.



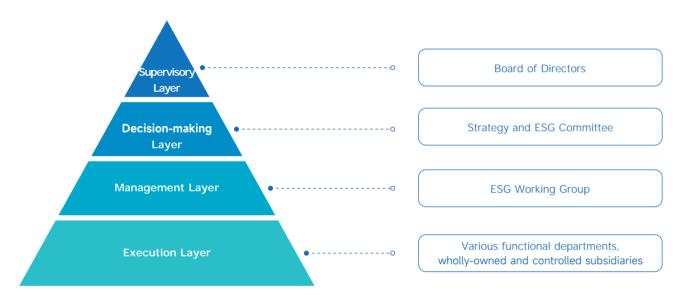
Sustainable Development Governance

Changhua Chemical follows relevant laws and regulations such as the

, integrates sustainable development into the overall governance structure, formulates the , and establishes an ESG management

structure covering the decision-making, management, and execution levels.

The Board of Directors is responsible for the formulation, coordination, leadership, and supervision of ESG development strategies, as well as decision-making on the Company's sustainable development management and major ESG matters. The Strategy and ESG Committee is responsible for the overall planning and coordination of the Company's ESG management, coordinating various ESG management tasks, and reporting ESG progress and results to the Board of Directors; the ESG Working Group is responsible for information collection, analysis, and improvement of related ESG issues, and reports ESG-related work to the ESG Leadership Team. Each functional department is responsible for the implementation of specific ESG work, promoting the effective integration of ESG and business.



Case Study

ESG Training

On August 30, 2024, based on strategic development and the regulatory requirements of listed companies, the Company hired external experts to conduct ESG training for the management and various functional departments to help them better understand the key points of sustainable development work. This action aims to strengthen the understanding of ESG among the Company's management and various departments, thereby improving the professional capabilities and levels of the management personnel.





Stakeholder Communication

The Company considers the key concerns of stakeholders as an important direction for practicing sustainable development. By identifying stakeholder groups that may or have already had a significant impact on the Company's business and operations, and continuously improving the communication mechanism with stakeholders, the Company timely understands and responds to the expectations and demands of stakeholders, achieving mutual benefit and win-win outcomes.

Stakeholders	Expectations and Demands	Communication Channels
Government and Regulatory Agencies	Compliance and Risk Management Business Ethics Environmental Management Energy Management Tax Compliance	Government Reception and Visits Government Communication Meetings Information Disclosure and Reporting Daily Communication and Reporting Listed Company Training Activities
Shareholders and Investors	Corporate Governance Compliance and Risk Management Sustainable Returns	Shareholders' Meeting Periodic Reports and Interim Reports Key Project Progress Announcements Investor Hotline Online Interaction Platform Email
Customer	Product Quality Management Customer Service Privacy Protection Research and Innovation	Client Visits and Daily Communication Meetings Technical and Product Exchange Meeting Factory Visit Customer Satisfaction Survey Email, Phone
Employees	Employee Rights Protection Compensation and Benefits Health and Safety Training and Development	Employee Satisfaction Survey Corporate Culture Activities Regular Training Email, Phone
Suppliers and Partners	Supply Chain Management Health and Safety Integrity Management Sunshine Procurement	Supplier Exchange Meeting Technical Exchange and R&D Cooperation Email, Phone
Community and Public	Social Participation and Public Welfare Environmental Management Energy Saving and Carbon Reduction Climate Action	Social Public Welfare Activities Environmental Risk Assessment Promoting Green and Low-Carbon Product R&D



Management of Key Issues

In accordance with the and

the Company comprehensively evaluates its performance in various relevant issues based on the characteristics of the industry and the actual situation of its operations, to determine whether it will have a significant impact on the economic, social, and environmental levels (i.e., impact significance), while also considering whether each issue will have a significant impact on the Company's business model, operations, development strategy, financial status, cash flow, financing methods and costs, value chain, etc. (i.e., financial significance). Through this dual consideration of significance, and by referring to the relevant requirements of mainstream international sustainability reporting standards, the Company conducts a significance analysis of the issues in its issue library.

Significant Issue Analysis Process

Policies and Regulations Benchmarking Study

Analysis of the Company's Business Model

Industry Best Practices Practice Benchmarking Identifying Stakeholders and the Impacts, Risks, and Opportunities Facing the Company



Referencing the Global Reporting Initiative (GRI), United Nations Sustainable Development Goals (SDGs), SASB, MSCI, and relevant issues from domestic and international peers, the Company establishes a library of sustainability-related



External Stakeholder Research

Internal Stakeholder Research

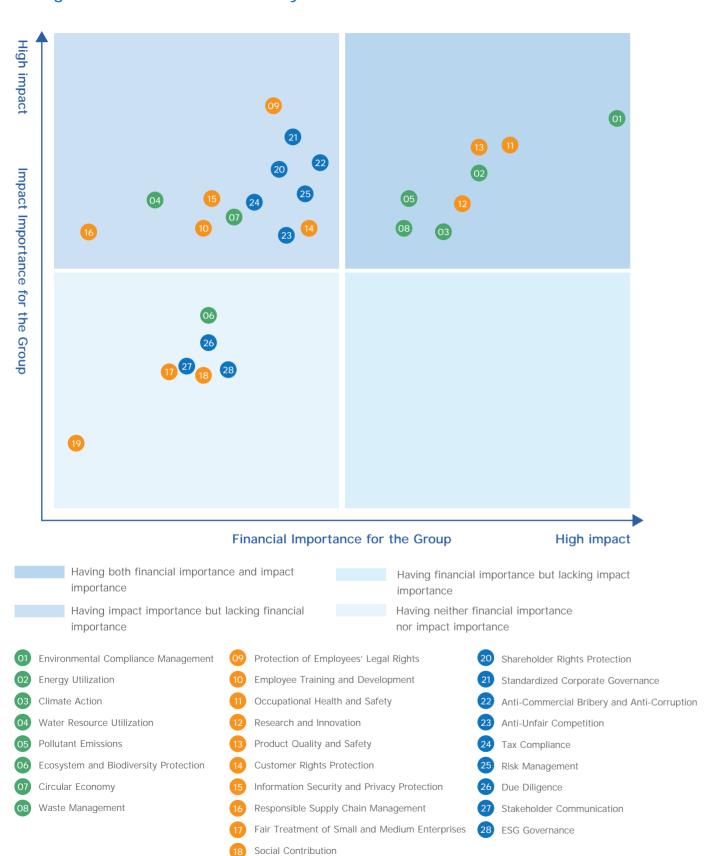




Changhua Chemical Issue Identification List

Dimension	Issue	Importance Explanation
	Environmental Compliance Management	Dual Importance
	Energy Utilization	Dual Importance
	Climate Action	Dual Importance
000	Water Resource Utilization	Impact Importance
	Pollutant Emissions	Dual Importance
<u> </u>	Ecosystem and Biodiversity Protection	Related
	Circular Economy	Impact Importance
	Waste Management	Dual Importance
	Protection of Employees' Legal Rights	Impact Importance
	Employee Training and Development	Impact Importance
	Occupational Health and Safety	Dual Importance
	Research and Innovation	Dual Importance
	Product Quality and Safety	Dual Importance
	Customer Rights Protection	Impact Importance
	Information Security and Privacy Protection	Impact Importance
	Responsible Supply Chain Management	Impact Importance
	Fair Treatment of Small and Medium Enterprises	Related
	Social Contribution	Related
	Rural Revitalization	Related
	Shareholder Rights Protection	Impact Importance
	Standardized Corporate Governance	Impact Importance
	Anti-Commercial Bribery and Anti-Corruption	Impact Importance
	Anti-Unfair Competition	Impact Importance
	Tax Compliance	Impact Importance
	Risk Management	Impact Importance
	Due Diligence	Related
	Stakeholder Communication	Related
	ESG Governance	Related

Changhua Chemical ESG Materiality Assessment Results



19 Rural Revitalization

Orderly and Standardized Governance >>>

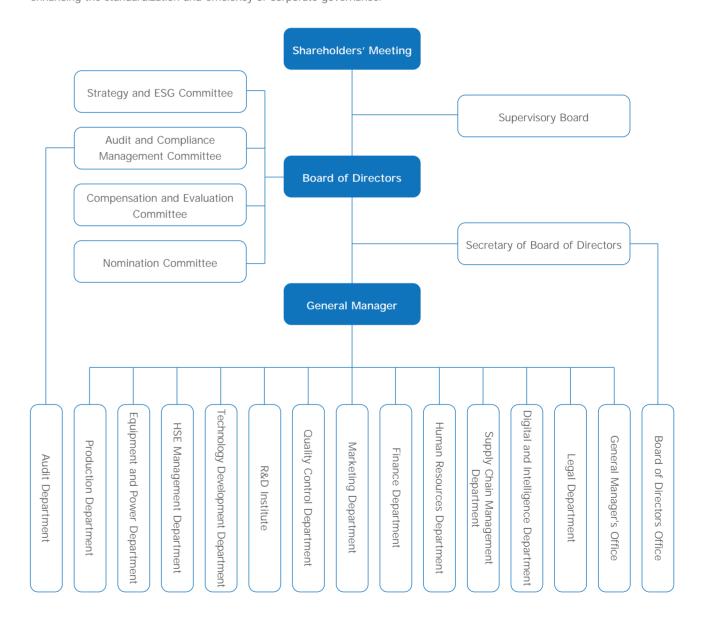
Improving the Governance System

Changhua Chemical has established a governance structure with clear responsibilities, effective checks and balances, scientific decision-making, and coordinated operations to ensure the continuous and orderly progress of corporate governance. In accordance with the requirements of national laws and regulations such as the

> , and the the Company has formulated

a series of regulations including the

, continuously optimizing and improving the corporate governance structure and enhancing the standardization and efficiency of corporate governance.



▲ Changhua Chemical Governance Structure



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Standardizing the Operation of Three-Tier Corporate Governance Structure

Shareholders' Meeting

The responsibilities of the Company's shareholders' meeting are clearly defined, with detailed and explicit rules of procedure, which are effectively implemented in actual operations. The convening, holding, and proposal procedures of the shareholders' meeting comply with relevant regulations such as the

, ensuring that all shareholders, especially minority shareholders, enjoy equal status and

rights.



During the Reporting Period, the Company held $\frac{3}{2}$ shareholders' meetings, including $\frac{1}{2}$ annual shareholders' meeting and $\frac{2}{2}$ extraordinary shareholders' meetings, with a total of $\frac{1}{2}$ proposals deliberated.

Board of Directors

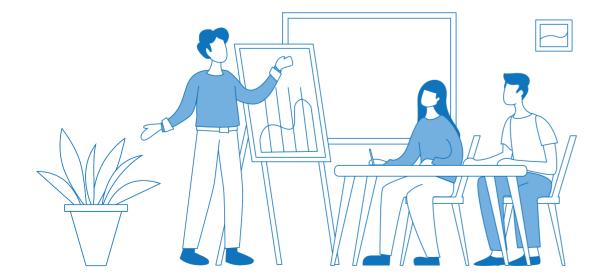
The board of directors is the decision-making body of the Company, responsible to the shareholders' meeting. To ensure the standardization and efficiency of the board of directors' operations, the Company has formulated the

in accordance with relevant laws and regulations, urging the board of directors to implement the resolutions of the shareholders' meeting, fully utilize the functions of the board of directors, and improve the level of standardized operations and scientific decision-making of the board of directors.



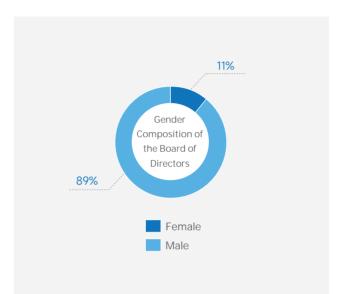


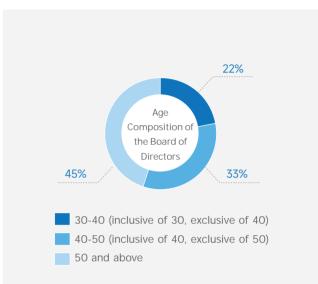
During the Reporting Period, the board of directors held 7 meetings, deliberated 33 proposals, with an average attendance rate of 100%.

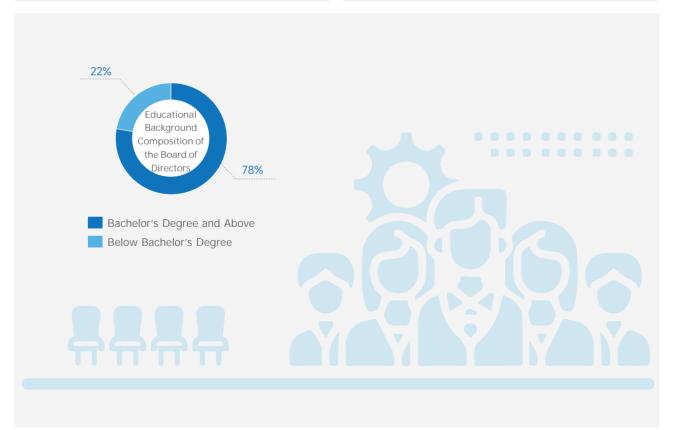


Board Diversity

The Company is committed to promoting the diversity of the board of directors, taking into account the balance of gender, age, professional knowledge, education level, and educational background when selecting board members. As of the end of the Reporting Period, the board of directors consists of 9 members, including 1 female director, accounting for 11.11%; the current board members come from different industries, covering chemical, international trade, finance, law, and other professional fields, all possessing the necessary skills and qualities for their positions, providing reasonable and scientific opinions and suggestions for the Company's business decisions and standardized operations.









Board Independence

The Company attaches great importance to the supervisory function of independent directors, has formulated the , selects qualified experts and authoritative figures as independent directors in accordance with the prescribed conditions and election procedures, and ensures the rights of independent directors to participate in governance and supervision, actively cooperates with independent directors in performing their duties, and fully leverages the role of independent directors in corporate governance.

As of the end of the Reporting Period, the Company has 3 independent directors, accounting for 33.33% of the total board members, and the number and composition of the board of directors comply with the requirements of laws and regulations.

Special Committee	Independent Directors (unit)	Non-independent Directors (unit)	Does the Independent Director Serve as the Chairman
Audit and Compliance Management Committee	2	1	Yes
Nomination Committee	2	1	Yes
Compensation and Evaluation Committee	2	1	Yes

Special Committee

The Board of Directors has established four specialized committees: the Strategy and ESG Committee, the Audit and Compliance Management Committee, the Compensation and Evaluation Committee, and the Nomination Committee, aiming to optimize the Company's upper-level decision-making processes and enhance efficiency. Independent directors primarily serve and act as conveners in the Audit and Compliance Management Committee, the Compensation and Evaluation Committee, and the Nomination Committee, ensuring the independence and professionalism of the specialized committees. Members of each committee perform their duties in accordance with the relevant committee work regulations, providing professional and efficient decision-making support to the Board of Directors.



Audit and Compliance Management Committee held 4 meetings and deliberated 5 proposals; the Compensation and Evaluation Committee held 1 meeting and deliberated 2 proposals.

Supervisory Board

As the supervisory body of the Company, the Board of Supervisors strictly adheres to the requirements of the

, and other laws, regulations,

and internal systems, diligently performing its supervisory functions. The Board of Supervisors oversees the Company's major matters, financial status, and the legality and compliance of the duties performed by directors and senior management, safeguarding the legitimate rights and interests of the Company, shareholders, employees, and other stakeholders.

As of the end of the Reporting Period, the Company's Board of Supervisors consists of 3 supervisors, including 1 employee representative, with the number and structure in compliance with legal and regulatory requirements.

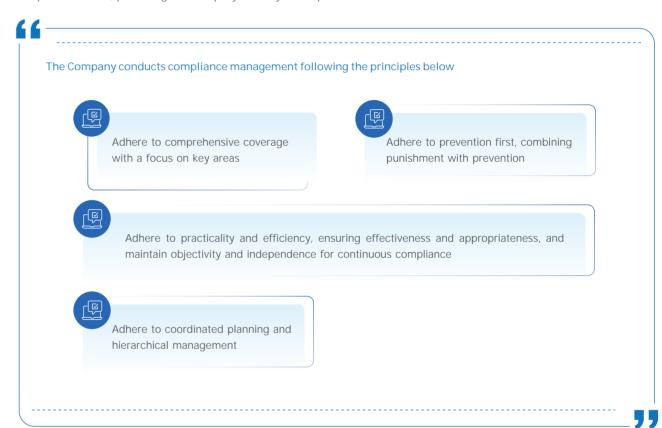


During the Reporting Period, the Board of Supervisors held 4 meetings and deliberated 17 proposals, with an average attendance rate of 100 %.

Optimizing Internal Control and Compliance >>>

A Compliance System Management

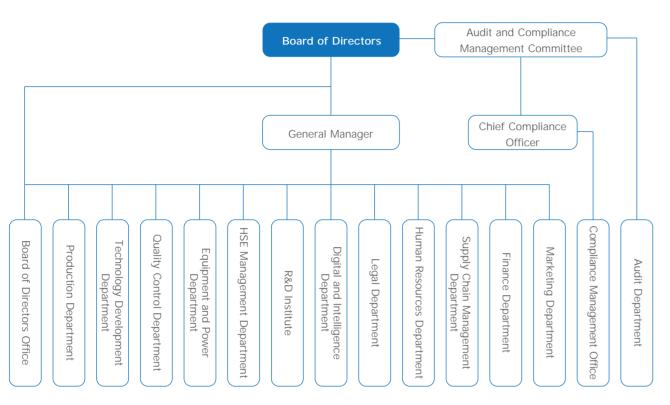
The Company actively advocates and practices the core values of "Integrity and Honesty, Frank Conversation, Coordination and Innovation, Environmental Friendly, and Pursue Excellence," aiming to effectively prevent and control compliance risks and enhance the level of compliance management. The Company continues to advance the construction of the compliance management system, identifies key compliance positions, strengthens the compliance team, and fosters a relatively comprehensive compliance culture, promoting the Company's steady development.







The Company establishes the overall compliance management framework, with the Chief Compliance Officer fully presiding over the work of the Compliance Management Office; the Compliance Management Office guides and supervises the compliance management work of various departments; the Audit and Compliance Management Committee supervises, inspects, and evaluates the compliance management work. Each department of the Company implements the main responsibility for compliance operations and is responsible for organizing and implementing the compliance management work of the department.



▲ Compliance Management Department Structure

Compliance System Construction

The Company continues to carry out ISO:37301 2021 compliance management work. The Company gradually improves risk management. Each business unit of the Company fully establishes the combined with internal business processes, sets up four levels of risk, and formulates control measures for each level of risk.

At the same time, the Company conducts internal compliance management audits annually and continuously accepts external supervision and inspection. For non-conformities, the Company conducts root cause analysis and formulates corrective measures. Each internal department of the Company sets compliance management goals, monitors them quarterly or annually based on actual conditions, and records the monitoring results. As of the end of the Reporting Period, no major non-conformities were found in the Company's internal compliance operations, and it has passed external audits.

To strengthen compliance management, the Company establishes the awareness of "Full Staff Compliance, Whole Process Compliance, Active Compliance, and Compliance Creating Value," continuously improves the long-term mechanism construction of compliance management, and formulates systems such as the

.The Chief Compliance Officer guides the Compliance Management Office to be responsible for the daily work of compliance management, the Legal Department is responsible for compliance investigation work, and the Audit and Compliance Management Committee is responsible for supervising the efficient operation of the compliance management mechanism.

During the Reporting Period, the Company conducted internal compliance audits based on the standards of the compliance management system and accepted the first and second stage audits by external institutions, and passed the certification in October 2024, obtaining the system certificate.

Compliance Culture Construction

Changhua Chemical continues to carry out compliance culture training, actively creating a compliance culture atmosphere, and conducted training on compliance systems, compliance risk prevention and control, aiming to further cultivate employees' compliance awareness.



Key Indicators	Unit	2022	2023	2024
Number of legal training sessions conducted	Time	1	3	2
Hours of legal training conducted	Hour	4.5	14	4
Number of participants in legal training	Person	13	69	32
Number of legal personnel participating in training	Person	1	1	1

Internal Control Management

The Company strictly adheres to the bottom line of compliance management and builds a scientific and effective internal control management system. In accordance with the

and their supporting guidelines and other relevant laws and regulations, the Company has formulated regulations such as the

aiming to standardize the Company's economic behavior, improve the quality of internal audit work, and effectively protect the legitimate rights and interests of shareholders.

The Company is committed to building an internal control system with clear responsibilities and division of labor, continuously optimizing and improving the risk control mechanism. The board of directors, as the core of decision-making, comprehensively coordinates the construction of the Company's internal control and risk management system. The Company has established an audit department as the internal audit institution, equipped with full-time internal auditors, to effectively carry out internal audit work.

During the Reporting Period, the Company has hired a third-party firm to conduct an independent audit and issue the

. The accurately reflects the actual situation of the Company's internal control, and the
Company has no significant or important deficiencies in internal control.



Key Indicators	Unit	2022	2023	2024
Number of internal risk training sessions	Time	5	7	7
Total number of participants in internal risk control training	Time	5	10	15
Total hours of internal risk control training	Hour	3	9	11

Related Party Transaction Management

The Company strictly complies with the requirements of the

and other laws and regulations as well as the

and has formulated the This system clearly defines the scope of related parties, specifies the decision-making process and information disclosure standards for related party transactions, implements comprehensive monitoring, ensures the compliance and standardization of transactions, and effectively safeguards the legitimate rights and interests of the Company and all shareholders.



Tax Compliance

The Company continuously improves its tax management capabilities, strictly complies with national tax laws and regulations, and and establishes and improves the tax management system based on the actual internal and external development situation. The Company takes "Tax Compliance in Accordance with the Law, Supporting Strategic Transformation" as the purpose of tax work, actively fulfills tax obligations and supports business-related tax matters.

By actively optimizing the functions of the Qintian export tax rebate system and other tax management systems, the Company has improved the automation and online management level of tax declaration, ensuring that the Company's tax affairs are compliant and efficient, achieving instant warning and standardized fulfillment of tax obligations.

The Company has set up a dedicated tax accounting position, focusing on tax declaration and other matters, and actively encourages team members to register as tax agents and participate in tax training organized by Anyue to improve the legal awareness, policy understanding, and compliance management capabilities of the Company's tax management personnel. The Company insists on organizing annual training to promote the latest fiscal and tax content. In May 2024, the Company arranged for employees to participate in the training "Tax Risk Prevention and Control of Invoice and Contract Full Evidence Chain under Digital Taxation" organized by a third-party institution to ensure that the Company's tax-related processing complies with tax law requirements.

In addition, the Company underwent an ISO: 37301 2021 compliance management system inspection, comprehensively assessing the likelihood and level of risks in the tax field, and formulating effective risk control measures to ensure the compliance of tax management.





During the Reporting Period, the Company's total tax payment was 15.6143 million yuan

Strengthening Investment Relations Management >>>

A Information Disclosure Management

The Company strictly adheres to relevant laws and regulations as well as the requirements of the formulated the to ensure that the Company truthfully, accurately, completely, timely, and equally discloses all significant information, continuously improving the quality of information disclosure. The Company's information disclosure affairs are uniformly led and managed by the Board of Directors, with the Chairman being the first responsible person for the Company's information disclosure work; the Board Office is the daily management department for information disclosure, directly led by the Board Secretary.

Through diversified investor communication channels and timely, transparent information disclosure, the Company fully meets the communication needs of investors. The Company designates the CNINFO website and

as the official media for the Company's information disclosure website, effectively ensuring the right to know of all shareholders, especially minority shareholders, regarding major Company matters and operational management, and effectively fulfilling the management responsibilities of information disclosure.





During the Reporting Period, the Company disclosed 4 periodic reports and 108 interim reports externally, with no incidents of penalties due to information disclosure violations

Investor Relations Management

Changhua Chemical attaches great importance to investor relations management, committed to building long-term, sustainable relationships with investors, and continuously broadening investor communication channels. In accordance with relevant laws and regulations and the provisions of the , and in combination with the actual situation of the Company, the Company has formulated the to ensure that the legitimate rights and interests of investors are fully protected.

In investor relations management, the Company maintains close and stable communication with investors through dedicated investor phone lines, email, interactive platforms, and other channels, adopting forms such as performance briefings and reception visits, effectively ensuring investors' right to know and participate, creating good pathways for investors to obtain Company information, and enhancing the transparency of the Company's information disclosure.





Investor Research Activities



Key Indicators	Unit	2023	2024
Number of Investor Research Receptions	Time	3	7
Number of Investors Received for Research	Person	11	20
Number of Investor Questions Answered	Time	21	40
Investor Question Response Rate	%	100	100
Number of Interactions with Investors on Interactive Platforms	Time	75	37

A Shareholder Return

Changhua Chemical implements a dual empowerment strategy for both shareholders and employees. The Company not only establishes an equitable governance system to safeguard shareholders' rights to information, decision-making, and returns, continuously optimizes cash dividend mechanisms to share developmental achievements, but also activates endogenous growth momentum through innovative capital instruments. In 2024, based on stable operations, the Company repurchased 847,538 shares via centralized bidding transactions, with a total repurchase amount of RMB 15,022,269.50 (excluding transaction fees). This initiative deepens shareholder value creation, unites the core team, forms a synergy for development, and injects enduring momentum for sustainable high-quality development. Changhua Chemical remains committed to protecting the legitimate rights and interests of shareholders, ensuring equitable treatment for all shareholders, and guaranteeing their rights to information, participation, and decision-making. The Company fully recognizes the importance of shareholder returns, prioritizes investor remuneration, and rationally formulates cash dividend plans under the premise of maintaining normal operations and sustainable high-quality development, thereby sharing operational achievements with shareholders.

The Company's Annual Cash Dividend Situation				
Key Indicators	Unit	2023	2024	
Cash dividend per share	Yuan/Share	0.5	0.167	
Total cash dividend (including tax)	RMB10,000	7,008.91	2,323.92	
Percentage of net profit attributable to shareholders of the listed Company in the consolidated financial statements	%	60.38	39.96	
Share repurchase amount	RMB10,000	/	1,502.23	
Total amount of cash dividends and share repurchases	RMB10,000	/	3,826.15	
Total amount of cash dividends and repurchased shares as a percentage of the net profit attributable to shareholders of the listed Company in 2024	%	/	65.79	

Note: As of December 31, 2024, the Company has cumulatively repurchased 847,538 shares through a dedicated securities account for repurchase by means of centralized bidding, with a total transaction amount of RMB 15,022,269.50 (excluding transaction fees).

Upholding Business Ethics >>>

Anti-Commercial Bribery and Anti-Corruption

The Company adheres to the code of business conduct, insists on fair competition, and, in accordance with laws and regulations such as the and the has formulated systems such as the and the , strengthening internal integrity management, requiring employees to sign the , and and building a fair, open, and just business environment

The Company has a zero-tolerance attitude towards any form of commercial bribery and corruption, highly values the business ethics performance of partners, and requires them to strictly comply with various regulatory management systems. The Company has formulated the and signed the with suppliers to ensure fairness and justice in the cooperation process.

During the Reporting Period, the Company passed the ISO:37301 2021 compliance management system (anti-bribery) certification. All business departments of the Company comprehensively identify compliance obligations and compliance risks in accordance with laws and regulations, determine risk levels according to the risk and opportunity control procedures, formulate response measures, retain control traces, and form the Company's , ensuring the effective operation of compliance management.





for Company employees was 100%. and no During the Reporting Period, the signing rate of the internal employee disciplinary violations, commercial bribery, or embezzlement incidents occurred.

Key Indicators	Unit	2024
Number of directors participating in anti-corruption training	Person	2
Total duration of anti-corruption training provided to directors	Hours	1
Average duration of anti-corruption training received by directors	Hours/Person	0.5
Number of employees participating in anti-corruption training	Person	364
Total duration of anti-corruption training provided to employees	Hour	29.5
Average duration of anti-corruption training received by employees	Hour/Person	0.5



Anti-Unfair Competition

The Company strictly adheres to relevant laws and regulations such as the the We actively

fulfill social responsibilities, uphold business ethics, and committed to building a fair competitive business ecosystem to ensure the healthy and orderly development of the market.

The Company attaches great importance to anti-unfair competition, considering it a crucial cornerstone for maintaining market order and ensuring the healthy development of the enterprise. To further enhance the compliance awareness and legal literacy of all employees, and to strengthen the internal self-discipline and risk prevention capabilities of the Company, a special training session titled "Types of Anti-Unfair Competition Training and Typical Cases" was held on November 24, 2024. This training aims to improve employees' legal awareness and professional ethics, ensuring the steady progress of the Company's business.



During the Reporting Period, the Company did not incur any penalties for violations of the and the

Key Indicators	Unit	2024
Number of anti-monopoly and fair competition training activities	Time	1
Number of participants in anti-monopoly and fair competition training	Person	15
Total duration of anti-monopoly and fair competition training	Hour	2

△ Smooth Complaint Channels

The Company has established the to create an efficient reporting and complaint mechanism, fostering a culture of integrity, self-discipline, fairness, and law-abiding within the Company. All stakeholders have the right to supervise, complain, appeal, and report. The Company provides multiple reporting channels, including email, phone numbers, and postal addresses. Once the relevant department receives a report, an investigation will be initiated immediately.

The Company places high importance on whistleblower protection and has established a comprehensive whistleblower protection mechanism. To protect the rights of whistleblowers, the Company accepts anonymous reports and strictly maintains the confidentiality of the materials. Handwriting analysis is prohibited, and all materials are classified as confidential, accessible only to authorized investigators. During the verification process, the Company strictly enforces confidentiality regulations, prohibiting the disclosure of whistleblower information to the reported individuals or departments. At the same time, the Company strictly follows the and imposes penalties on violators based on actual circumstances.



Changhua Chemical Reporting and Complaint Channels

Email: hegui@chchem.com.cn

Phone Number: 0512-35003632

Mailing Address: No. 20, Beijing Road, Yangtze River International Chemical Industrial Park, Zhangjiagang City, Jiangsu Province



Adhering to Party Leadership



Party Organization Construction

Changhua Chemical deeply studies and implements Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the 20th National Congress of the Communist Party of China, firmly establishing correct values, seeking truth from facts, effectively promoting and implementing work, and transforming enterprise and technological advantages into tangible development achievements.

The Company attaches great importance to the construction of the Party organization, with a clearly structured and well-defined Party branch. The Party Branch Committee consists of party secretary, publicity officer, organization officer, and other members.







Currently, the Company has $\frac{25}{1}$ in-service Party members, with $\frac{6}{1}$ new members added in 2024, including $\frac{4}{1}$ transferred members, new probationary member, and new Party activist.



Party Building Activities



Overview of the Work of the Changhua Chemical Party Branch in 2024

- The Party Branch holds a monthly study exchange meeting and a quarterly organizational life meeting
- · Supporting the Company's care for employees: Visiting non-local employees who stayed in the port during the Spring Festival; Visiting frontline employees during hot weather
- Building the "Responsible Care for Safety, Striving for Excellence and Special Talents" Action Branch: 100% participation, helping the Company improve safety management capabilities
- · Building the "Green and Low-carbon, Energy-saving and Consumption-reducing" Action Branch: Focusing on the Company's development strategy of a green industrial chain centered on the efficient utilization of carbon dioxide, carrying out technical research and green low-carbon project construction
- Building the "Company Internship Student Training and Assistance" Action Branch: Party members conduct teaching work in their professional fields and provide assistance to students in daily life











Party Building Activities





Research activities on Anti-Corruption Governance in Private Enterprises

Co-building and Sharing, Striving to Be a Safety "Special Talent"

In 2024, the Changhua Chemical Party Branch, together with the Zhangjiagang Free Trade Zone Market Supervision Administration Party Branch and the Wacker Chemicals (Zhangjiagang) Co., Ltd. Party Branch, jointly launched the "Responsible Care for Safety, Striving for Excellence and Special Talents" Party Building Project. Through teaching guidance, exploration and practice, and inspection and supervision, a team of "special talents" focused on safety production was created, strengthening the Company's safety production capabilities. At the same time, both parties will also form a standardized safety management process and mechanism for special equipment, and promote it to surrounding enterprises, aiming to enhance the safety production capabilities of enterprises in the park and jointly create a safe and stable park environment.

The "Responsible Care" Party Building Project, as the Company's iconic project, has not only achieved the Company's own development through the mode of practical learning and mutual promotion from 2016 to 2024, but also driven the improvement of other enterprises in the park in the field of safety management.





Party Building Activity of "Responsible Care for Safety, Striving for Excellence and Special Talents"

Key Indicators	Unit	2024
Number of Party branches	Branch	1
Number of Party branch meetings	Time	12
Number of Party members	Person	25









Addressing climate change >>>

Changhua Chemical has always adhered to the corporate mission of "Promoting the Low-Carbon Economy, Leading the Chemical Technology, and Let Human Enjoy a Healthy and Comfortable Life" The Company actively responds to climate change, practices low-carbon measures, and drives the green transformation of the chemical industry with the power of technology. From production to product application, the Company explores carbon reduction paths in all aspects, is committed to contributing Changhua Chemical's strength to addressing climate change, and helps build a sustainable and beautiful future.

Dual-carbon Management Leadership Group

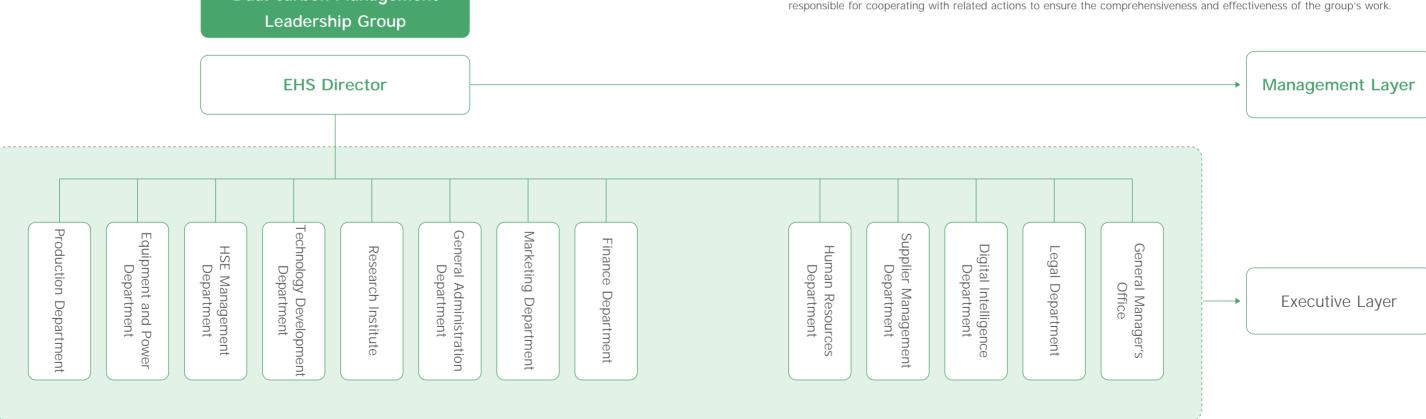
Governance

Changhua Chemical actively responds to the national strategic goals of carbon peak and carbon neutrality, regarding them as key tasks for the Company's sustainable development. The Company has formulated the

to systematically plan and implement strategies and actions to address climate change,

fully integrating climate change response into the Company's strategic decision-making, daily operations, and corporate culture.

At the same time, the Company has established a dual-carbon management leadership group, responsible for assessing and managing climate-related risks and opportunities, in-depth research on climate change strategies, planning the Company's climate response strategies, and building effective mechanisms to ensure the implementation of actions. The HSE Director serves as the leader, responsible for formulating policies, standards, management methods, tools, and processes for climate risk management, conducting training and guidance, and evaluating the effectiveness of management. All departments of the Company are responsible for cooperating with related actions to ensure the comprehensiveness and effectiveness of the group's work.





Strategy

Changhua Chemical adheres to a forward-looking philosophy, deeply focusing on the potential climate-related risks and opportunities the Company faces. Through a systematic and rigorous evaluation process, the Company integrates the results into key management processes of strategic planning, continuously optimizing the layout of business development strategies and flexibly adjusting resource allocation, thereby enhancing the Company's adaptability in responding to climate change.

From the dual dimensions of risks and opportunities, the Company extensively references authoritative research results covering climate, macro environment, industry, policy, and other fields, combined with the Company's own business characteristics and operational realities, to identify and assess the potential impacts of climate change on its business, laying a solid foundation for the Company's steady development.

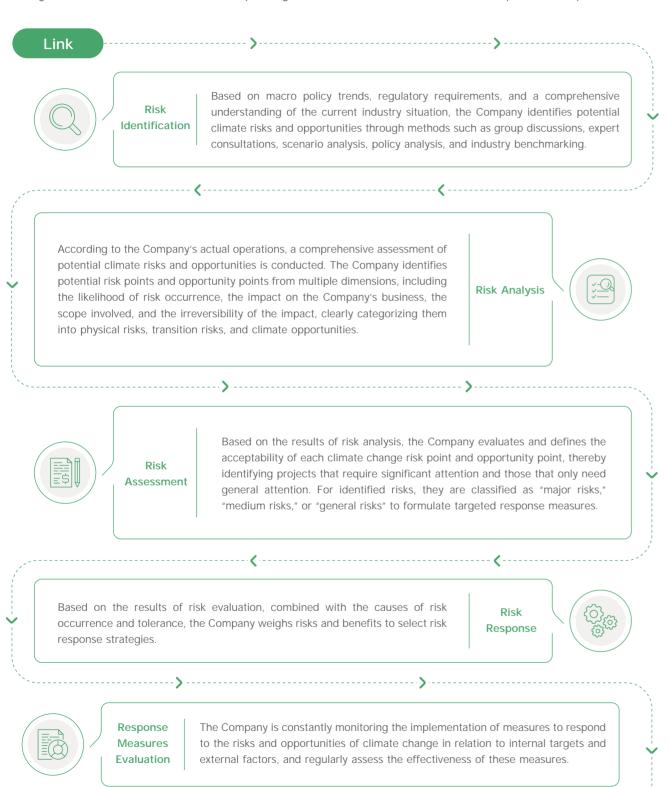


Risk/Oppor	tunity Type		Description	Likelihood of Occurrence	Financial Impact Description	Financial Impact Size	Impact on Value Chain Links	Countermeasures
	Extreme Weather Events		Extreme weather events may cause damage to Company facilities, hinder employee travel and normal work, limit logistics conditions, leading to production interruptions, thereby affecting income. The Company's plant stores a large amount of chemicals, some of which may cause fires or explosions when reacting with water, in addition to direct financial losses, may also result in fines, compensation. Extreme weather events are prone to cause corrosion or damage to production equipment and storage facilities, leading to secondary accidents. Extreme weather events cause waterlogging in the plant area, rainwater and sewage not being diverted, leading to chemical sewage overflow, affecting surrounding water bodies.	High	Revenue decline Cost increase Impairment of Fixed Assets	High	Upstream Operations Downstream	1. Establish a comprehensive emergency response plan system process to ensure proper handling of sudden environmental risk events; 2. Equip with emergency rescue materials (such as raincoats, acid and alkali resistant rain boots, air respirators.); 3. Use high-quality chemical storage containers (such as peroxide cold storage
Physical risk	Extreme temperatures		Extreme temperatures will affect the normal operation of equipment, accelerate the aging of production equipment; and to maintain a suitable production environment, the Company needs to increase the operating time of temperature regulation equipment such as cold storage, leading to increased energy consumption. Extreme temperatures may cause raw materials to deteriorate or degrade in performance, affecting product quality and stability, and also affecting chemical reaction efficiency, thereby impacting Company revenue. For chemical raw materials such as propylene oxide, extreme temperatures may trigger chemical reactions, leading to an increase in vapor pressure and an increased risk of explosion.	Medium	Revenue decline Cost increase Company reputation damaged	Medium	Operations Downstream	management); 4. Clearly define functional zones and transportation routes in the factory area to meet safety requirements such as fire and explosion prevention; 5. Establish an internal monitoring and early warning system to ensure timely access to information such as extreme weather.
Transition risk	Greenhouse gas policies tightened) • • • • • • • • • • • • • • • • • • •	As a key industry under scrutiny for greenhouse gas emissions, the chemical manufacturing industry faces a continuous tightening of greenhouse gas emission and disclosure policies, increasing the demand for the Company to continuously improve its greenhouse gas emission control capabilities.	High	Cost increase	Medium	Operations	1. Closely monitor climate-related policy trends and incorporate climate change response into the Company's management strategy. 2. Regularly disclose greenhouse gas emission-related information in the Company's annual ESG report.
Opportunities	Market opportunities) · · · · · · · · (As market demand for low-carbon products continues to increase, enhance the research and production of low-carbon products to meet market demand for environmentally friendly products.	Medium	Revenue increase Company reputation increased Market share expanded	Medium	Operations Downstream	Develop green and low-carbon products to reduce carbon emissions.



Impact, Risk, and Opportunity Management

Changhua Chemical attaches great importance to the impact of climate change, establishing a climate risk assessment and management mechanism to achieve closed-loop management of risk identification, assessment, response, and improvement.



Indicators and Targets Goals

To further implement climate change management and improve the effectiveness of climate change management, Changhua Chemical sets relevant indicators around sustainable management, formulates qualitative goals, implements energy-saving and emission-reduction measures, continuously improves from aspects such as technological upgrades and process optimization, promotes the Company's green and low-carbon development, and enhances competitiveness and adaptability.

Key India	cators	Unit	2024 Emission Status	Long-term Goals
	Total	Ton of CO₂ Equivalent	61,910.54	1 1 1 1 1 1
Greenhouse Gas Emissions	Scope 1	Ton of CO₂ Equivalent	46.99	
E11113310113	Scope 2	Ton of CO₂ Equivalent	61,863.55	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Greenhouse Gas Emission Intensity	Total	Ton of CO₂ Equivalent	of CO ₂ Equivalent 0.20	
	Total	Ton of standard coal	16,094.81	1.Regularly disclose greenhouse gas emission-related
	Direct energy	Ton of standard coal	21.77	indicators. 2. Continuously
Total France	Diesel	Ton	14.94	monitor the status of indicators.
Total Energy Consumption	Indirect energy	Ton of standard coal	16,073.04	indicators.
	Total purchased electricity	kilowatt-hour	60,704,463.00	1 1 1 1 1 1 1
	Total purchased heat	gigajoule	252,416.88	
Energy Consumption Intensity	Total	Ton of standard coal	0.05	
ote: The diesel calculation factors to the	ctor is sourced from Appendi	and	and and ty calculation factor is sourced from	. The heat calculation fac

Greenhouse Gas Emission Reduction Measures

Changhua Chemical actively implements greenhouse gas emission reduction measures. On one hand, it gradually replaces diesel forklifts with electric forklifts, converting traditional diesel fuel into clean and efficient electric energy to reduce carbon emissions. On the other hand, it vigorously implements solar street lights and solar water heater projects, replacing non-renewable energy with clean and renewable solar energy, facilitating the Company's green and low-carbon transformation.



Environmental Pollution Control >>>

Changhua Chemical committed to environmental responsibility, continuously improves its environmental management system. The Company has established standardized environmental management systems to ensure the effective implementation of various environmental protection measures and compliance with pollution emission standards. At the same time, to address potential environmental emergencies, the Company has established an emergency management mechanism to respond promptly and take effective measures in case of sudden environmental incidents. The Company integrates environmental protection into daily production, minimizing environmental impact during operational processes, and strives to achieve a balance between economic development and environmental protection.



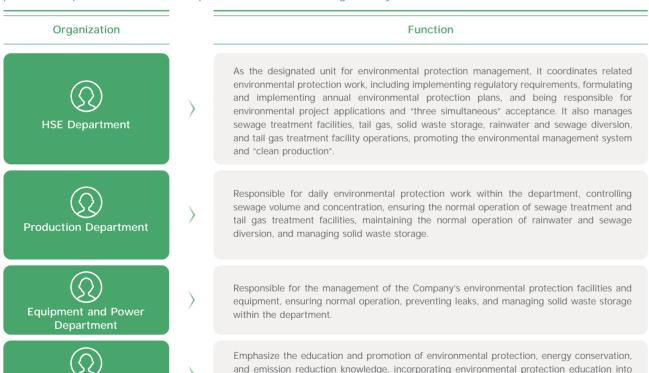
Governance

Other Functional

Departments

Changhua Chemical strictly adheres to the requirements of laws and regulations such as the , the , the , and the , and the and the

Changhua Chemical has established a comprehensive environmental pollution management structure, clarifying the environmental protection responsibilities of various departments and related management systems.



promote the Company's environmental protection work.

During the Reporting Period, the Company has passed the GB/T24001-2016/ISO14001:2015 environmental management system certification to improve the environmental protection system and drive the development of green chemical industry.



employee training content to enhance the awareness and concepts of employees and jointly

Environmental Management System Certification Certificate

Clean Production

The Company always adheres to the concept of environmental protection and regularly conducts clean production audits. The Company invites third-party professional consulting institutions to conduct systematic clean production training and strictly follows environmental regulations to advance the audit process. From raw material procurement, energy utilization methods, to process optimization and pollutant emission control, all aspects are meticulously inspected and optimized according to scientific standards.

After strict verification by the audit team, all pollutant emissions of the Company have met the standards without any violations. There have been no major environmental pollution accidents, nor any disputes or environmental complaints from nearby residents, effectively fulfilling the Company's environmental responsibilities.

Environmental Information Disclosure

Changhua Chemical upholds the concept of "Actively Practicing Environmental Protection Responsibilities and Ensuring Public Right to Know". In accordance with relevant laws and regulations, the Company has formulated the

, which is specifically responsible for the disclosure of environmental information by the HSE management department. Through websites, information disclosure platforms, newspapers, combined with announcements, hotlines, and information access points, the public can obtain the Company's environmental information in a timely, accurate, and convenient manner, promoting public participation and supervision of the Company's environmental protection efforts, and jointly contributing to the improvement of the ecological environment.

During the Reporting Period, the Company has not been subject to any investigation by regulatory authorities for environmental violations, nor has it received any administrative or criminal penalties.

Environmental Protection Training

During the Reporting Period, the Company's HSE Department organized environmental protection-related training, covering the interpretation of laws and regulations, detailed descriptions of solid and liquid waste, teaching methods for handling and detecting materials entering rainwater pipes, analyzing leakage accident cases and solutions, and explaining emergency measures for factory abnormalities. Through this training, the Company has enhanced employees' environmental awareness while strengthening their sense of responsibility, ensuring that the Company always follows relevant regulations during production and operation, achieving a win-win situation for economic and environmental benefits.



		(k	(ey Performance
Key Performance	2022	2023	2024
Number of Environmental Protection Training Sessions	12	12	12
Number of Participants in Environmental Protection Training	200	210	200
Duration of Environmental Protection Training	20	22	20



Strategy

The Company follows the requirements of the environmental management system and systematically identifies and analyzes various environmental factors in production and operation, as well as the related impacts, potential risks, and opportunities these factors may bring. The Company has formulated targeted response strategies to minimize the negative impact on the environment, vigorously promote clean production, and achieve long-term sustainable development goals.



Risk Type		Description	Financial Impact Description	Likelihood of Occurrence	C'I	Impact Duration		Countermeasures
End-of-Pipe Treatment Risk		In the final treatment stage of emissions, if the treatment equipment fails or the process is improperly selected, resulting in substandard treatment of emissions, it may lead to pollution of surrounding water bodies, atmosphere, and soil, affecting water quality safety and ecological balance, and posing health risks to residents.	Cost increase Company reputation damaged	Medium	High	Short	Operations	Regularly inspect and maintain end treatment equipment to ensure that all performance indicators of the equipment are in good condition, effectively treating various pollutants to meet environmental emission standards; Conduct regular monitoring of pollution emissions, take samples at scheduled times, and promptly notify management when abnormalities in wastewater or exhaust gases are detected; Strengthen communication among production departments and promptly convey change information.
leakage risk		During the storage, transportation, or treatment of pollutants such as wastewater and exhaust gases, accidental leakage into the environment due to equipment aging, damage, or operational errors poses a direct threat to the environment and public health, and may even trigger social panic and public pressure.	Cost increase Company reputation damaged	low	Medium	Short	Operations	Prepare scientifically effective leak-blocking materials and corresponding safety measures in advance for key areas that may product pollutant leaks, such as production processes, storage equipment, and pipelines; Strengthen equipment and facility inspections, and report any issues promptly.
Risk of tightening environmental policies	••••••	As government environmental requirements for enterprises become increasingly stringent, the Company may need to invest more funds in upgrading treatment facilities and improving treatment processes to meet new environmental standards.	Cost increase	Medium	High	Medium	Operations	Stay informed about industry-related environmental policies, regularly assess the gap between new environmental requirements and existing environmental measures based on the trend of environmental regulations and the status of facilities and processes, and adjust the budget in time to ensure sufficient financial support.
Environmental information disclosure		As a key pollutant discharge unit announced by the Environmental Protection Bureau, the Company is obligated to truthfully disclose pollution emissions and treatment details in information disclosure reports in accordance with relevant regulations. The compliance of disclosure directly affects the Company's reputation. Non-compliant disclosure may trigger public questioning and media attention, and may even restrict the Company's operations, affecting its financing ability and market expansion plans.	Cost increase Company reputation damaged Reduced financing ability	High	High	Short	Operations	Establish an 'Environmental Informatio Disclosure System' with designated personnel regularly disclosing environmental information on public platform Conduct in-depth research on regulative requirements to ensure that relevant department heads accurately grasp the details of environmental information disclosure, including content, format, and timing. Regularly train relevant department employees on the latest environmental regulations, information disclosure policies, and data processing technique.
Opportunity Type		Description	Financial Impact Description	Likelihood of Occurrence	Ciao	Impact Duration	Impact on Value Chain Links	Countermeasures
Market Opportunities	•••••••••••••••••••••••••••••••••••••••	As pollution prevention and control-related laws, regulations, and policies tighten, the downstream market's demand for pollutant reduction increases, creating new opportunities for the Company to develop environmentally friendly products.	Revenue increase	Medium	Medium	Long- term	Operations Downstrean	chemical products that reduce



Impact, Risk, and Opportunity Management

To effectively reduce regional environmental risks, the Company has compiled a in accordance with the and the

. By analyzing potential hazardous factors, identifying risk sources, and assessing the environmental impact and damage degree of sudden accidents during project operations, the Company proposes prevention, emergency, and mitigation measures to control the accident rate, losses, and environmental impact within acceptable limits, and builds a long-term management mechanism for environmental risk prevention and control, aiming to reduce risks and protect the environment.

Collect basic information, investigate surrounding environmental receptors, Risk identify environmental risk substances, analyze production processes and Identification safety management, and review existing prevention and emergency measures. Analyze the scenario of sudden environmental events, conduct source Risk strength analysis, study the diffusion pathways of released substances, Assessment prevention and emergency measures, and resource conditions, and assess the

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Risk Analysis

consequences of the event.

Evaluate environmental risk management and related systems, compare environmental risk prevention and emergency measures, analyze environmental emergency resources, and determine the content of items that need rectification.

For items that require rectification, develop a plan for continuous improvement of environmental risk prevention and emergency measures, while also determining the specific implementation plan for rectification to ensure effective control of environmental risks.

Risk Plan

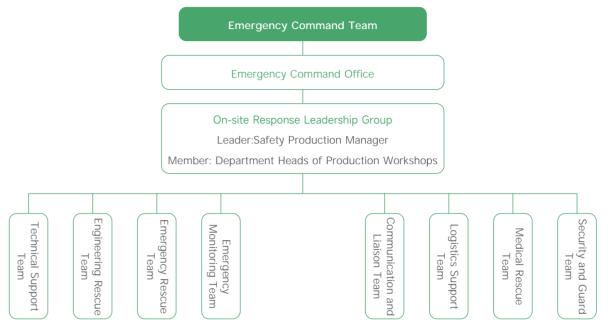




To ensure timely and effective responses to environmental emergencies, Changhua Chemical has established the

and related management systems. The Company has formed an Emergency Command

Team, supported by eight specialized response teams, to enable rapid incident response, rational allocation of emergency resources, and thereby minimize adverse environmental impacts following accidents.



▲ Emergency Rescue Organizational Structure

During the Reporting Period, the Company actively conducted multiple environmental emergency drills, aiming to effectively address sudden environmental pollution and damage incidents, enhance emergency response and rescue capabilities, strengthen employees' awareness of environmental risk prevention, and thereby control and mitigate the impacts of environmental emergencies.



Key Performance



During the Reporting Period, the Company conducted **5** environmental accident emergency drills.



Goals and Indicators

Changhua Chemical adheres to a strong sense of environmental responsibility and has established clear, comprehensive environmental compliance objectives. The Company is committed to achieving zero environmental incidents and zero pollution accidents annually, ensuring the stable operation of pollution control facilities and eliminating environmental complaints. In pollution reduction efforts, Changhua Chemical focuses on reducing emissions of wastewater, exhaust gases, and solid waste, setting annual benchmarks for compliant discharge of wastewater and exhaust gases. Concurrently, the Company strives to lower external water discharge, reduce recycled water consumption, and minimize total pollutant emissions. Through these actions, Changhua Chemical actively safeguards the ecological environment and drives green, sustainable development for the enterprise.

During the Reporting Period, the Company's wastewater, exhaust gas, and noise emissions all complied with national regulations.

Key Indicators		Unit	2022	2023	2024
Wastewater Discharge		Ton	60,476	89,235	104,702
Wastewater Re	ecycling Volume	Ton	640,000	611,565	704,738
Wastewater I	Recycling Rate	%	91.30	87.30	87.07
Wastewater Pollutant Discharge Situation	Chemical Oxygen Demand (COD)	Ton	1.91	6.62	7.84
Exhaust Gas	Nitrogen Oxides (NOX)	Ton	5.26	4.58	1.84
Pollutant Discharge Situation	Volatile Organic Compounds (VOC)	Ton	0.45	0.65	0.99
General was	te generation	Ton	4,421	5,387	6,506
General wa	General waste recycling		2,292.97	2,842.14	2,857.11
General waste disposal		Ton	2,093.54	2,555.06	3,649.94
Hazardous waste generation		Ton	86.14	212.44	379.85
Hazardous v	Hazardous waste disposal		97.80	211.98	367.87
	Т	ypes of Was	te Emissions		
Waste o	il (HW08)	Ton	2.81	1.55	1.71
Waste packaging	materials (HW49)	Ton	19.28	60.95	110.56
Waste reagent	bottles (HW49)	Ton	0.77	1.00	1.78
Production filter residue (HW13)		Ton	54.45	142.02	246.37
Inspection residual liquid (HW49)		Ton	1.85	2.52	5.73
Waste activated carbon		Ton	5.68	2.54	0.92
Waste catalyst (HW50)		Ton	1.32	1.86	0.80
Molecular sieve desorp	tion waste liquid (HW49)	Ton	/	/	1.75

Note: 1. The hazardous waste disposal in 2022 includes part of the hazardous waste inventory from 2021;

Pollutant Emission Management

Changhua Chemical strictly complies with the relevant laws and regulations and environmental protection requirements in the locations where it operates. The Company has established management systems such as the

These systems are strictly enforced to manage pollutant emissions, monitor the pollutants generated during production and operation, and ensure that emissions meet standards.

Wastewater Management

All production workshops and positions in the Company strictly follow the process procedures, use water reasonably to reduce sewage output, and ensure that sewage must undergo comprehensive recycling or professional treatment before it can be discharged. The Company has independently developed 5 wastewater treatment technologies with independent intellectual property rights. These technologies have all obtained invention patents. The Company has set up two sets of wastewater treatment devices. Through technical renovation and process optimization, the treatment efficiency has been improved, and the treated wastewater meets the tertiary discharge requirements. The wastewater treatment position promptly manages the maintenance and operation records of the facilities to ensure that the wastewater is discharged up to standard.



Waste Gas Management

The Company strictly implements the waste gas treatment operating procedures, clarifying the division of responsibilities among various departments. Among them, the Production Department is responsible for the daily operation and inspection of waste gas treatment facilities, the Central Control Room monitors operating parameters and records them, ensuring no leaks or abnormalities on site; the Equipment Management Department handles the maintenance of the facilities and retains maintenance records; the Quality Control Department conducts daily inspections and archives records; the HSE Management Department supervises the work of various departments and organizes regular monitoring. Through the collaborative efforts of various departments, the Company strictly controls each step of waste gas treatment, effectively improving the Company's environmental protection level and ensuring that waste gas emissions meet the standards of the discharge permit.



Noise Management

Changhua Chemical has clear divisions of labor and strict standards in noise management. The HSE Management Department, as the core control department, is responsible for collecting and organizing noise monitoring data in the plant area, reporting it to the Company's leadership and relevant government departments as required, and supervising the noise monitoring work throughout the plant. During the Reporting Period, the Company regularly invited third-party professional institutions to conduct inspections, and the reports indicated that the factory boundary noise complies with the



^{2.} The main reason for the year-on-year increase in pollutant emissions is the increase in production capacity of the Company in 2022 and 2023 compared to the Reporting Period.



Solid Waste Management

The Company has established a full-process management procedure from inbound to outbound for general solid waste management to prevent leakage or spillage during packaging, inbound storage, storage, and transportation, thereby avoiding environmental pollution.

All departments must collect general solid waste separately, strictly prohibiting the mixing of hazardous waste or foreign materials. Prior to inbound storage, containers must be verified to have no leaks or spillage, no residual material on external surfaces, and damaged containers must be promptly scrapped to ensure all containers are intact, leak-proof, and clean.

Environmental management personnel are required to promptly record outbound solid waste information. After inbound storage. containers must be emptied in a timely manner to minimize risks. Warehouse supervisors shall conduct daily inspections, coordinate with the generating department to resolve issues, and report critical problems to the HSE Department.

During outbound operations, the solid waste management supervisor must verify the type and quantity of waste. Containers must be handled gently during loading to prevent damage, and a post-loading inspection around the vehicle must be conducted to check for leaks caused by container breaches.

Hazardous Waste Management

The Company prioritizes the inbound and outbound management of hazardous waste, clarifies departmental responsibilities, and establishes a standardized processing workflow to ensure proper disposal.

All departments must classify and collect different types of hazardous waste separately; mixing with non-hazardous waste is prohibited. When processing inbound hazardous waste, the generating team supervisor must assign employees to ensure packaging containers are intact and clean. After weighing, hazardous waste labels must be printed and affixed prominently. Ton bags must be placed on pallets in designated areas, accompanied by completed inbound forms and notification to the warehouse supervisor. Any leaks must be cleaned by the generating department, and warehouse doors shall be closed only after confirmation by the responsible supervisor.

Upon receiving an outbound request, the warehouse supervisor must verify the type and quantity of waste, inspect container conditions, and record the outbound time. During loading, containers must be handled gently, pallets removed, and a post-loading inspection around the vehicle conducted to check for leaks. After weighing the loaded cargo, environmental management personnel must create an outbound manifest in the local environmental authority's solid waste management system and complete all relevant records.

Biodiversity

Changhua Chemical takes "Promoting a Low-carbon Economy, Leading the Way in Technological Chemical Industry, and Enabling Humanity to Enjoy a Healthy and Comfortable Life" as its corporate mission, consistently upholding and actively advocating for green ecological principles.

The Company places high importance on ecological environmental protection when carrying out projects, comprehensively assessing the current state of the surrounding terrestrial ecosystem, investigating various aspects to understand the local ecosystem, and ensuring that all project activities fully consider and minimize the impact on the surrounding environment. All of the Company's operational sites and production bases are not located in globally or nationally significant or sensitive areas for biodiversity protection, and all have obtained local environmental permits. The Company consistently maintains a highly responsible attitude towards the ecological environment, safeguarding ecological balance, contributing to sustainable development, and taking the path of green chemical development, demonstrating its social responsibility.

Rational Resource Allocation >>>

Changhua Chemical adheres to the guiding principle of "Legal energy utilization, technological innovation to reduce product energy consumption; enhanced management, low-carbon emissions, and pursuit of sustainable development." in its energy management. The Company strictly complies with energy-related laws and regulations to ensure standardized and lawful energy usage. Simultaneously, it actively invests in technological innovation, continuously exploring potential to reduce product energy consumption through the development of advanced processes and technologies, thereby improving energy utilization efficiency. Internally, the Company strengthens management measures to control energy consumption across all operational phases, commits to carbon emission reduction, and practically implements green development concepts. While maintaining robust corporate operations, Changhua Chemical steadfastly advances towards a sustainable future.

Energy Management System

Governance

Changhua Chemical adheres to laws and regulations such as

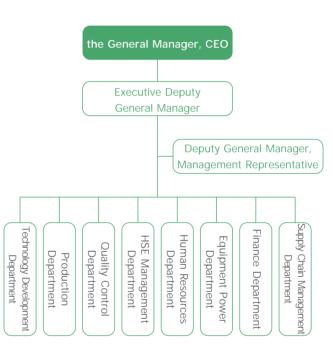
and

as well as

local government regulations. The Company formulates internal rules and systems, including the

, to ensure that all energy management workflows comply with legal and regulatory requirements.

The Company has established a comprehensive energy management structure, clearly defining the responsibilities of each department: the General Manager ensures the full operation of the energy management system, the Management Representative oversees system implementation and supervision, the Technology Development Department leads management activities, the Production Department monitors energy performance in production, the Equipment and Power Department manages equipment and energy data, and other Functional Departments collaborate to ensure the effective operation of the energy management system and continuous improvement in energy performance.



▲ Energy Management System Organizational Chart

During the Reporting Period, Changhua Chemical has met the certification requirements of the GB/T23331-2020/ISO 50001:2018 Energy Management System.



Energy Management System Certification Certificate



Management Strategy

In compliance with the energy management system requirements, the Company systematically identifies and analyzes various factors in production and operations, along with their related impacts, potential risks, and opportunities, based on its actual production and operational conditions. The Company has developed targeted response strategies to maximize energy efficiency, reduce energy consumption intensity, and minimize production constraints caused by unstable energy supply. It actively explores new energy-saving technologies and renewable energy applications while improving energy management processes and systems. These efforts aim to achieve long-term sustainable energy utilization goals and enhance the Company's competitiveness and adaptability in the energy transition landscape.



Type of	Risk		Description	Financial Impact Statement	Likelihood of Occurrence	Impact	Impact Duration	Impact on Value Chain Segments	(Countermeasures
Physical Risk	Extreme weather		Energy-related equipment may be damaged, leading to disruptions in energy supply and affecting the Company's normal production and operations.	Rising costs	Low	High	Short- term	Operations	pipelines. Monitor extre proper freeze measures for Plan energy i production ra Strengthen the backup equipulation in the sudden wate conduct regulation regulation in the sudden wate conduct regulation in the sudden wate conduct regulation in the sudden wate conduct regulation in the sudden water contingency	eme weather alerts and ensure and condensation prevention production equipment; usage efficiently and schedule attionally; ne inspection and maintenance coment to handle emergencies; ergency Countermeasures for and power outages in the facilialar training and drills for outage plans, and implement preventive case of energy shortages.
	Policy Risk		If the Company fails to comply with the requirements of GB17167-2006 general rules for the configuration and management of energy measurement instruments for energy-consuming units, it may face compliance risks.	Rising costs Damage to Company reputation		High	Long- term	Operations	measuremer Enhance the measuremer Conduct reg and promptl issues; Focus on en requirement:	d strictly enforce an energy at instrument management syst training and education of energy training and education of energy training and education of energy address any non-compliance ergy measurement and regulates, and promptly adjust and allocation of energy metering
ansition Risks	Technical Risks		The existing equipment and facilities have low energy efficiency ratings, as do those provided by suppliers, leading to high energy consumption and low energy utilization. Unreasonable production processes or improper, mismatched, or faulty equipment selection lead to excessive energy consumption and waste.	Rising costs	Middle	Low	Long -term	Operations	actively pror upgrades or higher-effici When purch facilities, pro prioritize en and aim to p equipment; Enhance en	-consumption equipment, and mote energy-saving technical replacement with ency equipment; assing new equipment and ocurement personnel should ergy performance consideratio ourchase top-tier energy-efficie
Opportuni	ty Type		Description		Financial Impact Statement	Likelihood of Occurrence	Impact Magnitud	Impact Duration	Impact on Value Chain Segments	Countermeasures
Opportunity	Policy Opportunities)	The government introduced sul incentives, and preferential loar encourage companies to adopt energy or improve energy effici	ns to clean	Operating cost construction Increase in non-operating revenue	Middle	Middle	Short-term	Operations	Stay updated on relevant energy policies; Implement energy-saving technology and replace non-renewable energy with clean, renewable solar powe



Impact, Risk, and Opportunity Management

To effectively mitigate the risks associated with energy, the Company has established the guide operational risk identification and assessment, while defining the criteria for risk level determination. At the same time, a risk management team is established to develop and prepare the . By identifying and evaluating various internal and external environmental factors that affect the achievement of the energy management system's expected outcomes, the team formulates risk and opportunity Countermeasures and defines management requirements to effectively address risks and opportunities.



Risk Identification

The responsible departments systematically screen and identify risks related to equipment, production, and personnel, including but not limited to changes in laws, regulations, and customer requirements, operational safety, equipment performance, customer satisfaction, product design, and process failures.

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Based on the established evaluation criteria, the Company assess the likelihood of occurrence, frequency of exposure, and severity of consequences for identified risks to determine the risk coefficient. The risk level and corresponding measures are then determined according to this coefficient to ensure production and operational safety.

Risk Assessment





Risk Management

Departments identified as having higher-level risks should develop measures and maintain records, addressing risks through methods such as acceptance, mitigation, or avoidance. Priority should be given to eliminating risks; if not feasible, mitigation or acceptance should be chosen to achieve risk reduction or elimination.

The implementation department should develop feasible measures and execute them, clearly define individual tasks, assign responsible personnel to monitor progress and outcomes, ensure effective implementation of the measures, and continuously oversee improvements.

Risk Response Supervision and Improvement



Goals and Indicators

The Company strictly adheres to all relevant energy management requirements and, based on its actual production operations, has established scientifically sound objectives and targets for its energy management system. To ensure these goals are effectively implemented, the Company further breaks them down into specific departments, assigning clear responsibilities to designated department heads. Regular evaluations are conducted to ensure all target indicators are met, laying a solid foundation for the Company's green development.

Objectives	Break down the Indicators	Achievements in 2024
Energy Management:	The operational integrity rate of dynamic equipment is ≥ 97%, with key equipment maintaining 100% integrity.	Achieved
Ensure the equipment operates properly, personnel are adequately trained, and measurements are accurate.	The pass rate of measurement equipment in use is 100%.	Achieved
	Training completion rate is ≥95%	Achieved
	The certification rate of operating staff is 100%	✓ Achieved





Water Resource Management

Changhua Chemical places high importance on water resource management, strictly adhering to the , and other relevant laws and regulations. The Company has established a setting internal work objectives and a reward-punishment mechanism. It defines departmental management structures and responsibilities, implements a comprehensive water resource management workflow, enhances water use efficiency, and ensures effective conservation and utilization of water

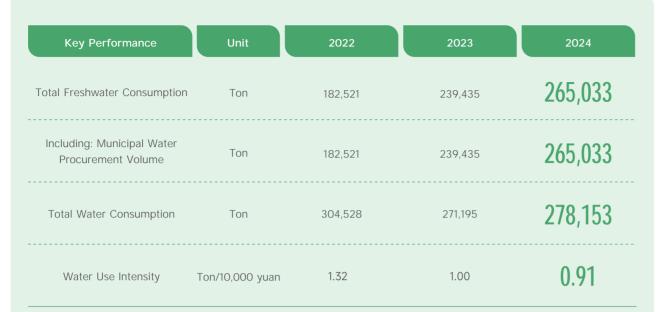
The Company has also established a training and awareness program, regularly conducting water conservation management training to enhance employees' awareness of water-saving practices. It strengthens education on water resource protection, fosters a positive water conservation culture, and promotes comprehensive measures for the rational use and preservation of water resources.







Key Performance





| Implement of Green Operations



Energy Conservation and Consumption Reduction

- 1 Upgrading and transformation of the Company's refrigeration units: The introduction of high-efficiency refrigeration units is energy-saving and highly efficient, with a peak COP significantly higher than that of conventional units, greatly reducing electricity consumption. The environment friendly units use ozone-safe refrigerants with an ozone depletion potential (ODP) of 0. Since its commissioning in June 2024, it has saved approximately 180 tons of standard coal from July to December.
- 2 Sewage cooling modification: A heat exchanger is installed at the inlet of the sewage biochemical tank. By utilizing the waste heat from circulating water for cooling, the waste heat is effectively used, indirectly reducing chilled water consumption, resulting in total energy savings equivalent to approximately 33 tons of standard coal.
- Upgrade of the Company's POP system heat exchanger: By modifying the internal structure of the heat exchanger, we significantly enhanced heat exchange efficiency. We reduced both chilled water consumption and heat exchange time, resulting in a total energy savings of approximately 42 tons of standard coal.
- The Company has proposed energy-saving and carbon-reduction improvement measures from both managerial and technical perspectives, including the cascading utilization of material waste heat, real-time monitoring of steam distribution processes, and continuous implementation of steam condensate waste heat recovery. By deeply exploring the optimization potential in production processes and energy utilization stages, the Company adopts systematic initiatives to comprehensively enhance efficiency, ensuring steady progress in energy conservation efforts and achieving the long-term objectives of cost reduction and efficiency enhancement.
- Continued advancement in R&D and production of eco-friendly, low-carbon raw materials: In 2024, the Company further developed and commercialized bio-based polyols and CO2-based polyethers, which significantly reduce carbon emissions compared to traditional petrochemical products, supporting the industry's green transition and low-carbon development. By substituting petroleum-based raw materials with bio-based alternatives, the Company produces bio-based polyols that match the reactivity of existing high-performance polyethers while minimizing the adverse effects of current bio-based polyether polyols on product performance. These innovations enable the replacement of highly reactive polyols in downstream applications, such as automotive interiors and high-resilience furniture. Additionally, Changhua Chemical utilizes CO2 as a partial substitute for petroleum-based raw materials to produce CO₂-based polyols. A production facility with an annual capacity of 80,000 tons is under investment and construction by Changhua Chemical solidifying the Company's path toward low-carbon and sustainable development.





Sealed Filter



Green Factory

Changhua Chemical is dedicated to continuously improving the green manufacturing system and further enhancing the exemplary role of green manufacturing benchmarks. Through internal self-evaluation and assessments by third-party organizations, Changhua Chemical was honored with the provincial Green Factory title for its outstanding infrastructure, comprehensive management system, efficient energy utilization, and exceptional environmental performance.



Green Factory

Green Products

Changhua Chemical is actively engaged in the development of eco-friendly chemical products. During the production of polyether polyols, the primary material used in polyurethane sponges, organic volatiles that affect sponge odor and VOC emissions are generated. The Changhua Chemical R&D team conducted in-depth research into their sources. Building on this foundation, Changhua Chemical upholds the principles of scientific and technological innovation, dedicating itself to the development of ultra-clean materials with low odor and minimal VOC emissions. After years of research, an advanced purification process has been successfully developed. This process effectively removes volatile organic compounds from polyether polyols and polymer polyols, producing ultra-clean materials that are virtually odor-free with extremely low TVOC levels. At the same time, Changhua Chemical adopts new eco-friendly initiators to achieve extremely low VOC content, fully demonstrating its proactive innovation in green chemical products.



At the same time, the Company actively develops green projects. In June 2022, the Company officially signed a joint development agreement for carbon dioxide polyols with UK-based Ikonic to jointly advance the industrialization of CO₂-based polyether polyols projects and facilitate their application in polyurethane products. This collaboration is expected to further promote the design and development of low-carbon products in the polyurethane industry, supporting the implementation of China's "dual carbon" policy. Both parties are also dedicated to the research and development of a low-temperature, low-pressure process for producing carbon dioxide polyols, working together to establish a green and low-carbon industry. In June 2024, the carbon dioxide polyols and high-performance polyols project was successfully inaugurated in Lianyungang, marking the beginning of a new chapter in sustainable development.

Circular Economy

The Company adheres to the principle of recycling and implements a series of recycli recycling planning, the Company actively promotes water recycling systems and strong equipment. Approximately 90% of the large volume of wastewater generated annually production equipment through advanced treatment processes, enabling the repeate production cycle. Only a small quantity of wastewater undergoes rigorous treatment bet standards

In terms of steam condensate recovery, the Company recycles a significant volume of s reuse in production cycles. This initiative reduces external water purchases by apenhancing the efficiency of water resource recycling. Furthermore, water-intensive proc and EO water seal tanks now fully utilize reclaimed water from wastewater treat strengthened its rainwater harvesting and utilization systems, establishing a comprehen recycling throughout its operations. Through these actions, Changhua Chemical actively and advances the development of a resource-efficient and environmentally friendly ent







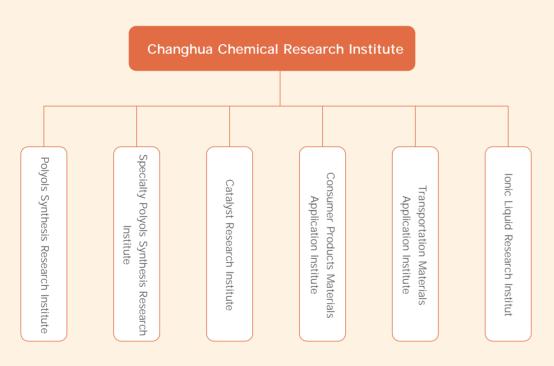
Innovation-Driven R&D >>>

A Governance

Changhua Chemical has established systems such as the

which clearly define departmental responsibilities, standardize operational procedures including project initiation, planning, R&D process control, and project completion, thereby ensuring R&D operations and continuously improving innovation management in research and development.

The Company has established a comprehensive R&D management system. Changhua Chemical Research Institute oversees the implementation of the design and development process. It comprises six research institutes: the Polyols Synthesis Research Institute, the Specialty Polyols Synthesis Research Institute, the Catalyst Research Institute, the Consumer Products Materials Application Institute, the Transportation Materials Application Institute, and the Ionic Liquid Research Institute. The institute has an executive director responsible for its technology development and management.



▲ Organizational Structure of Changhua Chemical Research Institute

Talent Motivation

To encourage the innovative potential of R&D personnel and drive continuous breakthroughs in technology and products, the Company explicitly stipulates in the that project leaders must propose

innovation bonus incentive recommendations in their project completion reports. At the same time, the Company provides corresponding rewards to patent inventors in accordance with the

In addition, the Company places great emphasis on building and developing a talent pipeline. Through measures such as hiring various technical professionals, organizing professional training, and facilitating knowledge exchange, it fosters the growth of R&D personnel, providing strong talent support for the Company's scientific innovation and product quality enhancement.

Scientific Research and Innovation Platform

The Company operates a Jiangsu Provincial Graduate Workstation and has been honored with titles such as "National High-Tech Enterprise" and National-Level Specialized, Sophisticated, and Innovative "Little Giant" Enterprise. In 2024, the Company received the Jiangsu Province Well-Known Trademark Certificate.



National-level "Little Giant" Certification for Specialized and Innovative SMEs

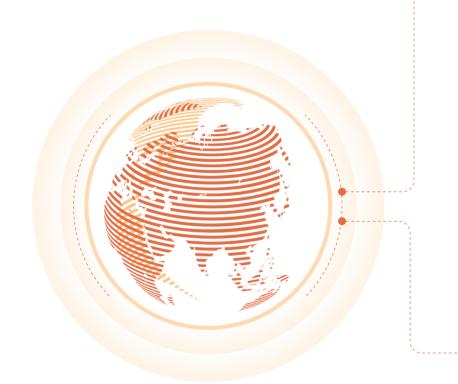
Jiangsu Province Well-Known Trademark Certificate

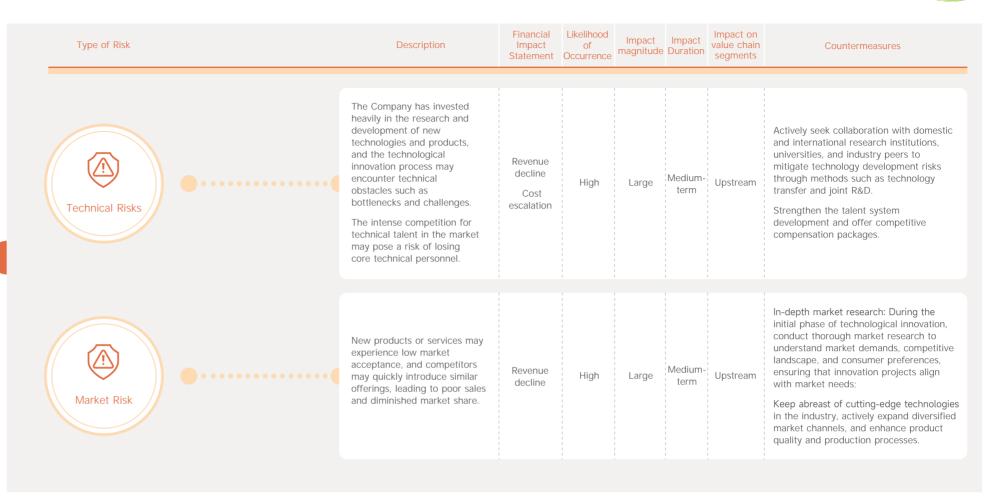




A Strategy and Management

Research and development (R&D) innovation strategy and management serve as the cornerstone of corporate competitiveness. Only through continuous innovation can companies meet the increasingly diverse and personalized market demands, ensuring a solid foothold in intense market competition. Starting from technological and market risk opportunities, the Company evaluates technological trends, industry dynamics, and policy guidance while leveraging its R&D capabilities and business strategy to assess the impact of innovation. It strengthens talent development and team building, fueling The Company's long-term growth through an efficient R&D management system to achieve sustainable objectives.





Type of Opportunity	Description	Financial Impact Statement	Likelihood of Occurrence	Impact magnitude	Impact Duration	Impact on value chain segments	Countermeasures
Technological breakthroughs and market leadership	The Company has an independent research and development (R&D) department. Through technological innovation, the Company can develop proprietary core technologies, thereby securing a leading position in the market. At the same time, the formulation and implementation of relevant industry policies have played a guiding and supportive role in the development of China's polyurethane industry. These policies help the industry transform its development model, optimize industrial layouts and product structures, and drive technological innovation and R&D.	Cost reduction Revenue growth	Middle	Large	Medium- term	Upstream	Strengthen talent development efforts, attract and cultivate top technical professionals, and provide a talent foundation for technological innovation. Establish an innovation incentive mechanism, granting innovation awards and incentives to project leaders as well as intellectual property rewards to patent inventors; Understand customer pain points and introduce new products or services that meet market demand based on technological breakthroughs.



Impact, Risk, and Opportunity Management

To mitigate risks associated with R&D innovation, the Company has established documents including the , clearly defining the responsibilities and workflows of relevant departments to ensure effective identification, analysis, monitoring, and management of R&D innovation risks.

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Phrases



Risk Identification Conduct market research before product development; prior to initiating an R&D project, organize relevant departments for review.
 will be executed after being confirmed and approved by management.

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- The Legal Department assesses potential intellectual property infringement risks for products using the search platform.
- In cases of high infringement risk, the Legal Department engages external
 consultants to conduct further risk analysis and requests recommendations for
 patent invalidity analysis, design-around solutions, or business model adjustments.

Risk Analysis





Risk Monitoring

- Each stage of the R&D process should produce a stage report; the Legal Department updates patent information in real time, monitors product intellectual property status, and maintains monitoring records.
- Conduct regular evaluations of suppliers and complete annually.
- The project manager assigns a project number based on the project category and includes it in project management. Additionally, the project proposal notice must be submitted to the finance department for filing. Projects without a number cannot incur expenses or receive corresponding rewards.
- The project manager shall monitor and review the project implementation based on the project number. If the progress or results fail to meet the planned expectations, the project manager shall request the project leader to provide a written explanation of the reasons and proposed corrective actions, then report to the institute president.

Risk Management



Indicators and Goals

Certified Enterprise Intellectual Property Management System Conduct at Least 3 In-house Training Sessions on Intellectual Property Conduct at Least 3 In-house Training Sessions on Intellectual Property 100% of Procurement, Sales, and Employment Contracts Include Intellectual Property Clauses 12 Patent Applications Completed No Intellectual Property Infringement Disputes

Key Indicators	Unit	2022	2023	2024
R&D Investment	10,000 yuan	7,712.79	10,252.80	11,353.64
R&D Investment as a Percentage of Core Business Revenue	%	3.34	3.78	3.72
Number of New Product Development Projects	Case	5	6	11
Revenue from New Products	10,000 yuan	510.80	9,273.82	35,766.71
New Product Output Value Ratio	%	0.22	3.42	11.73





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R&L) Team

Unit	2022	2023	2024
Person	20	40	46
Person	3	3	3
%	/	100	15
Education Ba	ackground		
Person	7	15	11
Person	7	15	23
Person	6	9	11
Person	0	1	1
Age Stru	ucture		
Person	7	12	15
Person	12	25	28
Person	1	3	3
Person	0	0	0
	Person Person Beducation Berson Person Person Person Person Person Person	Person 20 Person 3 % / Education Background Person 7 Person 7 Person 6 Person 0 Age Structure Person 7 Person 12 Person 1	Person 20 40 Person 3 3 % / 100 Education Background Person 7 15 Person 7 15 Person 6 9 Person 0 1 Age Structure Person 7 12 Person 12 25 Person 1 3

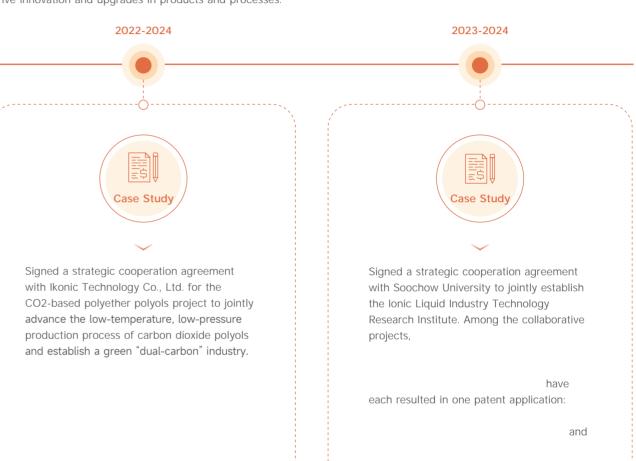
Innovation Achievements

Key Indicators	Unit	2022	2023	2024
Total Number of Patents Granted	Item	48	50	56
	Patent	Туре		
Total Number of Authorized Invention Patents	Item	27	28	31
Total Number of Authorized Utility Model Patents	Item	28	22	25
Number of Valid Patents per Million in Revenue	Case	0.02	0.02	0.02
(Other Intellect	tual Property		
Total Number of Trademarks	Item	27	30	31
Total Number of Published Papers	Paper	0	0	2
Awards for Intellectual Property Protection	10,000 yuan	4.9	3.85	0.95

Research, Development, and Innovation Initiatives

School-Enterprise Cooperation

The Company continues to strengthen its "Industry-University-Research" collaboration, specializing in the production and R&D of polyether polyols. Through partnerships and technical exchanges with global industry experts, renowned multinational corporations, and leading research institutions worldwide, we share innovative resources, leverage complementary strengths, and drive innovation and upgrades in products and processes.







Industry Collaboration

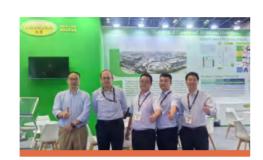
The Company actively participates in industry conferences, monitors cutting-edge industry trends, enhances technical exchanges, and continuously improves innovative technologies and management standards.

Case Study

Middle East Polyurethane Industry Exhibition

UTECH MEFPU 2024, a premier event for the Middle East polyurethane industry, opened in Dubai, UAE. As an innovation leader in polyurethane materials, Changhua Chemical showcased its latest R&D achievements—Carnol®, Hiclaim™, and comfort-enhancing polyether polyols for foams applications. Carnol® polyols offers excellent performance and environmental benefits, expanding the application scope of polyurethane; Hiclaim™ enhances car seat comfort through technological and formulation innovations; Comfort Fiber polyols delivers outstanding performance in the home furnishings market.







Case Study

Polyurethane Soft Foams Industry Development Forum

In 2024, the polyurethane flexible foams industry is undergoing transformation and embracing new opportunities. As a leader in driving the industry's green transition, Changhua Chemical made its appearance at the "2024 Polyurethane Flexible Foams Industry Development Forum." Bian Qiang, director of the Transportation Materials Research Institute, attended the forum and delivered a presentation titled "Enhancing Seat Comfort with High-Performance Polyurethane Materials and Exploring Applications of Low-Carbon CO₂-based Carnol® Polyols." As a producer of polyether polyols series products, Changhua Chemical actively supports the national dual-carbon strategy by developing a green, low-carbon industrial chain centered on carbon dioxide utilization. The Company has signed relevant investment agreements, and the project's foundation will be laid in June 2024.

During the conference, Changhua Chemical collaborated with global industry professionals to drive the industry's green transformation. In the future, the Company will further reduce product carbon emissions across multiple dimensions, supporting the transition to a greener, low-carbon society.





Intellectual Property Protection

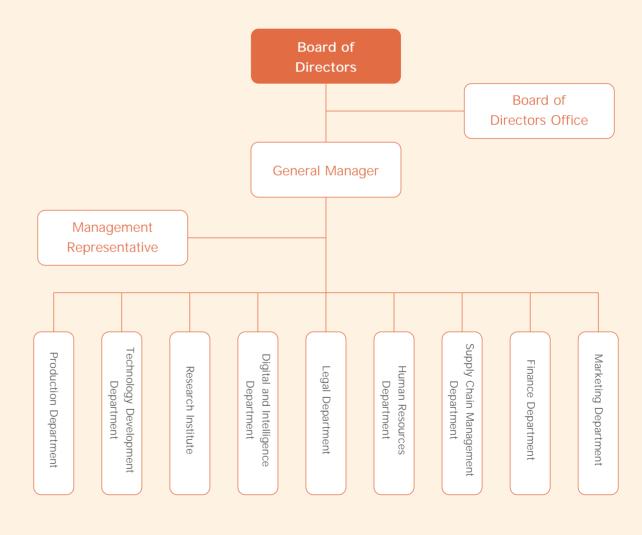
Changhua Chemical strictly complies with the

the

, and other relevant laws and regulations. Upholding the intellectual property principle of "enhancing IP protection, boosting market competitiveness, driving the future through technological innovation, and achieving sustainable development," the Company has established comprehensive systems including the

, and to strengthen the development of its intellectual property management framework. The Company actively responds to the increasingly complex business environment by establishing annual, medium-term, and long-term intellectual property goals to enhance the effectiveness of its intellectual property management. The Company place high priority on intellectual property development, continuously improving training and incentive mechanisms while strengthening Industry-University-Research Collaboration, striving to achieve both quantitative and qualitative improvements in all types of intellectual property applications.

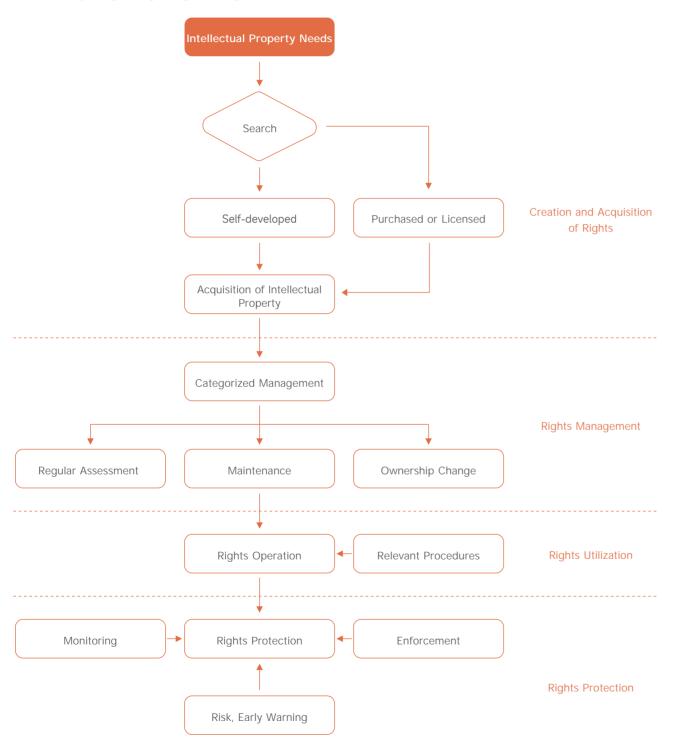
The Company has established an Intellectual Property Management Organization, with the General Manager serving as the primary responsible officer. This body comprises heads of key functional departments, including the Board of Directors Office, Technology Development Department, and Research Institute. Additionally, the Company has assigned one dedicated (or part-time) staff member to handle daily implementation tasks and appointed a Management Representative to assist the General Manager in overseeing corporate intellectual property governance.



▲ Intellectual Property Management System Framework



The Company has implemented a systematic management process for intellectual property (IP). This process begins with identifying IP needs, followed by conducting prior art searches. Subsequently, IP rights are acquired through independent R&D, purchasing, or licensing agreements. Once obtained, the IP enters a categorization and management phase, which includes regular evaluations, maintenance, and ownership transfers. Simultaneously, the Company monitors compliance with procedural requirements and the exercise of rights, while employing enforcement measures to address potential risks and early warning alerts, thereby safeguarding its legitimate rights and interests in the IP domain.



As of the end of the Reporting Period, the Company has obtained certification for its intellectual property management system.



Intellectual Property Management System Certification

Intellectual Property Training

In terms of innovative training, the Company actively conducts training on topics such as R&D-related laws and regulations and intellectual property case sharing, continuously expanding employees' knowledge base. In March 2024, the Company provided legal training for employees on the Detailed Implementation Rules of the Patent Law of the People's Republic of China, Regulations on Standardizing Patent Application Practices, and Patent Examination Guidelines. The Company enhances employees' understanding of patent laws and regulations through classroom instruction, Q&A sessions, and discussions.







Supply Chain-Driven Efficiency >>>



Supply Chain Management

A healthy and stable supply chain is crucial for enterprises to achieve sustainable development. The Company is committed to building a fair, healthy, and efficient responsible supply chain. In line with its actual business development needs, the Company has established the , implementing strict and standardized management processes

across various stages, including supplier surveys, on-site supplier audits, supplier evaluations, and new material access qualification reviews. These measures ensure the closed-loop operation of supply chain management while continuously optimizing the supplier management system to reduce supply chain risks and enhance operational efficiency.

Supplier Full Life-cycle Management



· After registration in the SRM system, the Supply Chain Management Department initiates a supplier survey, evaluating capabilities, quality, pricing, delivery time, and service.



On-Site Audit & Qualification

- The Supply Chain Management Department forms an audit team, with each department assessing different aspects of the supplier's capabilities. The team consolidates results into an audit report for leadership approval before on-boarding new suppliers.
- · Audit targets are identified, and audits are conducted collaboratively. Suppliers are upgraded/downgraded based on results, with multi-departmental involvement required for qualification.
- · Qualified suppliers are classified using the ABC categorization method.



- Regular assessments are conducted for both new and existing suppliers.
- · Procurement prioritizes approved suppliers. Suppliers with no orders for over two years are frozen in the SRM system and must undergo requalification before further business.



- The Supply Chain Management Department and Quality Control Department maintain records of supplier quality performance. Suppliers with batch failures receive warnings; three consecutive failures result in procurement suspension and require submission of a before resumption.
- · The Company monitors supplier social responsibility compliance. Violators must implement corrective actions, with continued cooperation contingent on improvement.



- · Regular evaluations are conducted for all suppliers, with underperformers removed;
- · Approved suppliers follow a "survival of the fittest" principle—those failing evaluations are delisted from the

Supplier Risk Management

Changhua Chemical adopts the LEC (Likelihood-Exposure-Consequence) assessment method to evaluate procurement-related risks and formulates the Through hazard analysis, the Company identifies risk levels and categories, then implements control measures—including engineering controls, administrative actions, training programs, personal protective equipment, and emergency response protocols—tailored to its operational context.

Additionally, the Company requires suppliers to sign the and conducts regular performance evaluations covering five key areas: quality, cost, delivery, service, and compliance. The Supply Chain Management Department has also established a QES objectives and indicators management plan for the supply chain, supported by a monthly assessment mechanism.

Objectives	Breakdow	vn Indicators		Achievement
		erials on-time deliver ≥99%	y	Achieved
Product Grade-A Rate ≥99%	Raw/auxiliary materials acceptance qualification rate ≥99%, Inbound inspection pass rate 100%			Achieved
Contract fulfillment rate 100%	Product delivery	V	Achieved	
Key Indicators	Unit	2022	2023	2024
Total Suppliers	/	159	190	239
Domestic Suppliers	/	157	188	236
Overseas Suppliers	/	2	2	3
	Supplier	· Audit		
Key Indicators	Unit	2022	2023	2024
Number of suppliers with Quality Management System certification	/	36	41	52
Number of suppliers with Environmental Management System certification	/	21	24	33
Number of suppliers with Occupational Health and Safety Management System certification	/	17	24	30
Number of suppliers suspended for non-compliance	/	0	0	1
Number of potential suppliers rejected for non-compliance	/	0	0	0



Digital-Intelligent Management

The Supply Chain Management Department promotes the transition of qualified supplier review work from offline to online execution in the SRM system, covering qualification review, classification management and agreement signing to accurately screen suppliers; uses data evaluation of qualifications to assist contract classification management, and applies digital technology throughout the entire process of contract signing, approval, execution, monitoring and review to reduce costs and risks.

In the procurement management process, from planning, ordering to invoice and payment processing, the Company can achieve automation and high efficiency through the SRM system, and conducts annual evaluation and monitoring of suppliers through system data analysis and intelligent algorithms, considering indicators such as on-time delivery rate, qualification rate and satisfaction rate to resolve issues in a timely manner and meet compliance management system standards.

In addition, according to warehouse logistics receiving and shipping requirements, online vehicle appointment queuing, online review of receiving and shipping processes, paperless receiving and signed return receipt collection are implemented to reduce production costs and receiving/shipping risks, while improving document traceability during data collection.

Carrier Training

The Company places high importance on and actively conducts carrier training. In May 2024, Changhua Chemical organized carrier training covering critical areas including hazardous chemical safety management regulations, analysis of typical accident cases, safety production rules and regulations, hazardous chemical transportation, and plant entry requirements.



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Ethical Procurement

Changhua Chemical strictly adheres to the requirements of internal policies such as the conducting procurement activities based on the principles of "fairness, openness, justice, and good faith". The Company insists on compliant procurement to ensure quality and eliminate unethical practices during procurement processes.

The Company requires suppliers to strictly comply with relevant laws and regulations by signing the . Simultaneously, the Company executes and

with suppliers to promote mutual supervision, prevent potential unethical practices in business activities, and jointly foster a market environment characterized by fair competition, integrity, and transparency. Furthermore, the Supply Chain Management Department conducts regular supplier evaluations in accordance with policy requirements, incorporating compliance and anti-corruption metrics.





During the Reporting Period, the Company achieved a 100% signing rate for both and with suppliers.

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Green Procurement

The Company is committed to implementing green procurement and places high importance on suppliers' environmental responsibility. The Company requires suppliers to sign the province of the company requires suppliers to sign the province of the product substances and their content ranges that have been specifically stated, and commit to bearing corresponding legal liabilities for any losses caused to the Company due to non-compliance.

Rigorous Quality Control >>>

Changhua Chemical adheres to the product quality philosophy of "Delivering Quality That Exceeds Customer Expectations." The Company has established stringent quality control standards and procedures across all stages - from raw material procurement and production processing to finished product inspection. We emphasize quality awareness training for employees, continuously improving operational skills and standardization to ensure stable and reliable product quality. Simultaneously, we actively collect customer feedback, promptly respond to and resolve quality issues, and continuously enhance product quality. We are committed to providing customers with premium, reliable products and promoting the healthy development of our Company.

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Governance

Changhua Chemical strictly complies with the requirements of the and other relevant laws and regulations. The Company has implemented management systems including the

nd to

ensure quality control from the source of production processes and comprehensively guarantee stable and reliable product quality, thereby earning market recognition.

The Company's quality management system is led by the Chief Quality Officer (CQO), who oversees the establishment and implementation of the quality system and directly guides quality initiatives. The Quality Control Department is responsible for end-to-end quality management, conducting rigorous monitoring and precise measurements of raw materials, intermediates, finished products, and non-conforming products. Annual measurement system suitability evaluations are performed to ensure accurate quality assessment, providing solid guarantees for product quality. This drives the steady progress of the Company's quality control efforts and continuously enhances product market competitiveness and customer satisfaction.



During the reporting period, the Company engaged a third-party institution to conduct testing and certification of product quality and safety, and obtained ISO 9001 Quality Management System certification.



Quality Management System Certification Certificate



Quality Improvement Training

During the reporting period, the Company organized and conducted multiple quality improvement training sessions. The training content covered various aspects, including interpretation of quality concepts, product quality traceability, instruction on qualified product manufacturing methods, cultivation of a positive mindset, and sharing of quality awareness anecdotes, effectively enhancing employees' quality awareness.



Key Performance	2022	2023	2024
Quality Culture Training Participants (person-times)	131	112	217
Total Duration of Quality Culture Training (hours)	42	52	50
Number of Quality Culture Training Sessions	5	5	8

Strategy

For corporate development, prioritizing product quality and safety is of paramount Financial Impact of Occurrence Statement Occurrence Financial Impact Impact Size Financial Impact Value Chain Link Type of Risk Description importance. Changhua Chemical identifies and evaluates impacts, risks, and Countermeasures opportunities related to product quality and safety in accordance with applicable product quality management laws, regulations, and industry standards, while also considering its specific operational context. This process provides clear direction for Implement strict outgoing product inspection. For special customer strengthening quality inspections and implementing corrective measures to deliver requirements, communicate in advance with superior products, thereby achieving the Company's sustainable development Quality Control, Production and other objectives. departments to include them in the inspection scope. Product quality issues may Decreased lead to company High | Short-term | Operations | For quality abnormalities at client sites, sales operating Medium compensation and personnel shall confirm specific details with revenue reputational damage. Reputation Risk customers and coordinate with Quality Control, Technology, R&D Institute, Supply Chain and other relevant departments to resolve. When necessary, dispatch technical personnel for on-site communication to minimize customer losses. Financial Impact of Size Timeframe Type of Opportunities Description Size Timeframe Chain Link Countermeasures Statement Occurrence Closely monitor relevant policies. Government subsidies and Increase in tax incentives support quality Medium Short-term Operations non-operating Stay updated with industry information improvement. income to ensure timely communication. Policy Opportunity



Impact, Risk and Opportunity Management

To mitigate potential risks associated with product quality, the Company has developed the and , which clearly define relevant management procedures and departmental responsibilities to effectively address risks and opportunities.

Process



Risk Identification The Quality Control Department conducts finished product inspections and issues non-conforming product reports, which are forwarded to the Production Department and Technology Development Department. System workflows are utilized to organize finished product quality risk identification.

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The Company implements differentiated disposal measures for non-conforming products based on the severity of quality risks. Raw/auxiliary materials exceeding national and industry standards are strictly rejected. For materials meeting national/industry standards but failing to meet internal corporate standards, disposition (rejection or concession acceptance) is determined through case-by-case evaluation.

Risk Assessment





Risk Control

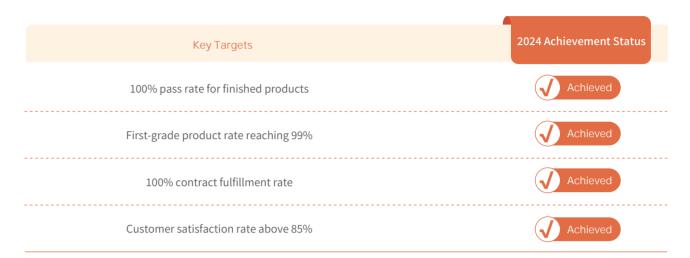
All activities related to quality risk product disposition must be properly documented. Responsible departments must promptly analyze root causes of quality risks and develop corrective actions.

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Indicators and Targets

Changhua Chemical strictly complies with laws and regulations across all jurisdictions and regions, continuously improving to meet stakeholder requirements and expectations while delivering high-quality products and services to society. Based on its production and operational realities, the Company establishes achievable quality targets to ensure steady and sustainable development.



	Quality Risk Management				
Key Indicators	Unit	2022	2023	2024	
Risk assessments conducted	times	1	1	1	
	Product Quality	y Inspection			
Product pass rate	%	99.98	99.98	100	
Internal quality audits per year	times	1	1	1	
1 / 1 3 1	times	0	0	0	
Percentage of products recalled for health/safety reasons	%	0	0	0	
Number of products recalled for health/safety reasons	рс	0	0	0	
Company negative public opinion incidents	times	0	0	0	



Product Safety & Quality Management

Full Lifecycle Quality Control

To ensure production processes remain in a controlled state, the Company implements controls over factors affecting quality, environment, and occupational health & safety during production. This guarantees product quality meets regulatory requirements, as stipulated in the

Quality Management Process



Raw Material **Inspection Control** • The Supply Chain Management Department is responsible for the procurement, warehousing, and inventory management of raw/auxiliary materials during production operations.

- The Quality Control Department conducts inspection and analysis of raw/auxiliary materials, intermediates, and finished products, as well as wastewater and circulating water.
- The Technology Development Department organizes monitoring, measurement, and data analysis of raw materials, intermediates (semi-finished products), and product quality, along with production process control parameters, compiling "Monthly Technical Reports" and "Annual Technical Reports".
- · Production management personnel conduct daily equipment operation checks, documenting "Production Logs" and "Daily Shift Inspection Records"



Production **Quality Control**



Issue Feedback Collection

• Each management department conducts monthly spot checks on process compliance, operational discipline, equipment performance, and the implementation of safety/environmental protocols, promptly addressing identified issues.

• The HSE Department verifies and monitors safety/environmental measures to ensure production safety. The Production Department assists in maintaining proper operation of environmental facilities and pollution control. Relevant departments collaborate to maintain material/energy supply-demand balance and jointly resolve production issues, ensuring stable and orderly operations.



Continuous Optimization

Production Equipment Management

Changhua Chemical has established the to strenathen production equipment management and ensure normal production operations. The maintenance and repair of equipment are managed by specialized mechanical, electrical, instrumentation and DCS teams. The Equipment & Power Department is responsible for implementing regulations and standards, developing and revising relevant standards, organizing shutdown maintenance, and verifying contractor qualifications. User departments are responsible for preparing maintenance plans and on-site management. The Supply Chain Management Department is responsible for supplying materials according to plan and ensuring quality. All departments perform their respective duties to jointly ensure normal equipment operation, maintenance, and repair as well as rational material supply, improve the Company's equipment management level, and ensure smooth production

Digital-Intelligent Production

Changhua Chemical places high importance on digital-intelligent construction in its production processes. The production operation system adopts advanced automated control systems, significantly improving production efficiency and precision while ensuring stable operation across all stages. Simultaneously, all product analysis indicators are recorded and queried through the LIMS system, achieving efficient data management and precise traceability. This provides robust data support for production decision-making, enabling Changhua Chemical to advance steadily on its digital-intelligent path and continuously enhance market

Premium Quality Services >>>



Safeguarding Customer Rights

Customer Service Management

Changhua Chemical adheres to the customer-centric principle and is committed to providing customers with high-quality products and services. The Company strictly complies with laws and regulations such as the

, and has established management systems including the

The Marketing Department serves as the designated department for customer

information management, responsible for maintaining and managing customer data. The Company employs CRM (Customer Relationship Management System) and ERP (Cloud Star System) to build a customer information database, continuously strengthening communication with customers and gaining in-depth understanding of their needs. Changhua Chemical places great emphasis on customer information management, ensuring confidentiality by setting access and analysis permissions to prevent information leakage.

Customer Service Training

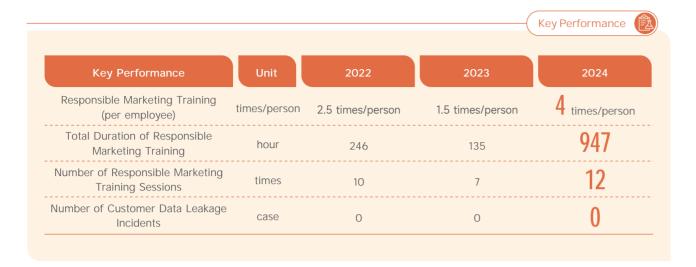
The Company is committed to providing customers with professional advice and solutions. To further enhance the comprehensive competencies and service capabilities of the team, the Company conducts regular business knowledge training to equip employees with advanced service concepts and professional skills, thereby delivering higher-quality services to customers.

Business Knowledge Training

On July 20-21, 2024, Changhua Chemical organized sales skills training for its marketing personnel. By combining external and internal training methods, the program aimed to improve the professional skills and service levels of the marketing team.







Customer Satisfaction

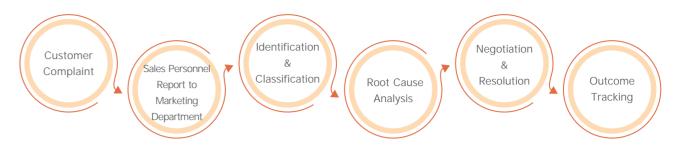
To enhance customer satisfaction, the Company has established the . Annually, surveys are conducted via fax, email, or on-site visits, covering aspects such as timeliness and completeness of delivery, technical support, sales service, responsiveness to customer requests, complaint handling, and product usability. The Marketing Department collects, analyzes, and consolidates the survey results before providing feedback to relevant departments. The Company diligently reviews customer feedback and suggestions to implement improvements, ensuring higher-quality services.



A Handling Customer Complaints

To strengthen after-sales service and address customer complaints efficiently and professionally, the Company has formulated the and established standardized workflows for after-sales management and complaint resolution. All customer complaints are promptly addressed, with follow-up conducted to ensure proper resolution.





Complaint Handling Process

Responsible Marketing

Changhua Chemical places high importance on the compliance of marketing activities. The Company has established the and , which are managed and supervised

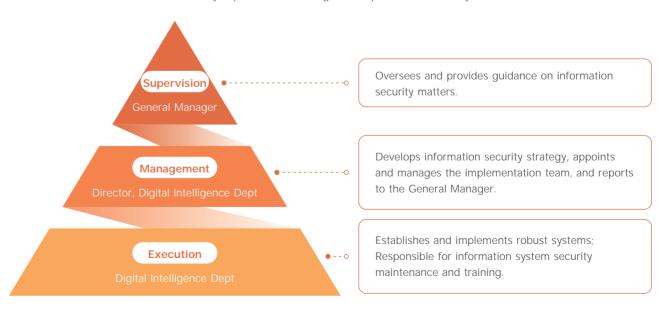
by the Marketing Department to ensure all marketing activities, including content and methods, strictly adhere to legal requirements and industry standards.

Stringent Information Security >>>

Information Security Management

Changhua Chemical strictly complies with relevant laws and regulations, including the

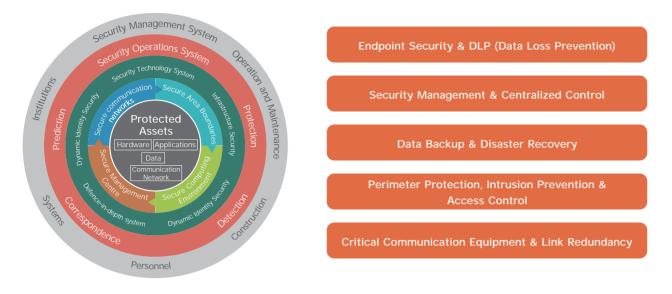
line with its operational needs, the Company has formulated the Information Management Regulations. Adhering to the information security philosophy of "Safety First, Prevention Prioritized, and Continuous Improvement," Changhua Chemical regards information security as a critical safeguard for corporate development. The Company proactively addresses potential security risks from the source and continuously optimizes its information security management system. The Digital Intelligence Department is designated to oversee information management, responsible for planning, implementing, and protecting employee information. This aims to enhance network and information security capabilities and safeguard corporate data security.



▲ Information Security Management Organizational Structure



Changhua Chemical adheres to its information security development goal: "To enable enterprise and organizational information systems to achieve a defined level of protection in safeguarding data integrity, confidentiality, and availability, while effectively mitigating information security risks." Through the deployment of multiple security measures, including perimeter and data center firewalls, the Company implements comprehensive protection for its information assets.



(Key Performance



During the reporting period, the Company recorded 0 incidents of information security and privacy compliance violations.

A Routine Security Governance

The Company places high importance on information management and employs multiple detection technologies to ensure information security.



Information Security Enhancement

Changhua Chemical actively implements ESG principles, continuously optimizes information security technologies, and facilitates the green transformation of its data centers while strengthening information security management.



Through private cloud deployment and intelligent management, resource utilization is improved, and computing resource waste is significantly reduced. By leveraging the streamlined architecture and pooling features of hyper-converged platforms, the number of devices and data center energy consumption can be reduced. Switching from traditional physical servers to virtualized environments can save 20% to 80% in energy consumption, and private cloud can achieve an additional approximately 31% energy savings.



Comprehensive border security, access control, and application protection devices are deployed. An anti-virus platform covering all user terminals and audit measures covering operation management processes and operations are implemented to minimize the occurrence of network security incidents.



A secure, reliable, and stable platform provides solid and powerful support for smart production and enterprise digital transformation, assisting enterprises in efficient production and innovative exploration.



The Company has established reasonable data leakage prevention measures internally. All platform products and equipment comply with relevant laws and regulations, adhering to cybersecurity laws and user privacy policy requirements.

Information Security Training

Changhua Chemical is committed to enhancing employees' information security awareness. During the reporting period, the Company actively conducted information security training activities. By utilizing various communication channels and other effective publicity methods, the Company strengthened the dissemination of laws, regulations, and policies related to the prevention and handling of sudden network security incidents, thereby improving preventive awareness and skills.





During the reporting period, the number of information security training sessions conducted was

Emergency Incident Management

The Company complies with laws and regulations including the

and the

, establishing a comprehensive emergency response mechanism for information system incidents. This ensures the secure and stable operation of information systems while minimizing the negative impact of emergencies on Company operations. During the reporting period, the Company conducted 2 backup data recovery tests, with successful data restoration results. These measures strengthen the foundation of the Company's information security and support stable development in complex network environments.





Equal and Compliant Employment >>>



A Talent Recruitment and Structure

Changhua Chemical considers talent as the core asset for enterprise development and a long-term competitive advantage, and . Adhering to the recruitment principles of "openness, fairness, competition, and merit-based selection", the Company prohibits any discrimination based on race, religion, gender, age or physical disabilities. Meanwhile, the Company has launched a talent strategy program to attract talents through various channels including social recruitment, campus recruitment, headhunting recruitment, and internal recruitment.

Campus Recruitment:

Changhua Chemical collaborates with multiple universities, actively participating in campus job fairs and conducting dedicated campus seminars to engage in face-to-face communication and recruitment with graduates. During the reporting period, the Company participated in 15 campus job fairs.





Social Recruitment:

For social recruitment, the Company utilizes various channels including online recruitment platforms and partnerships with headhunters. During the reporting period, the Company attended 5 on-site social recruitment events and successfully recruited 69 talents through social recruitment channels.





During the reporting period, the Company had a total of 425 employees, including 4 ethnic minority employees. The total number of newly recruited employees was 164, including 70 from social recruitment and 94 from campus recruitment.

During the reporting period, the number of internal transfers or internal applications was 15, and the internal transfer/application rate was 17.69%.

Indicator	Unit	2022	2023	2024
Total Employees	Person	305	395	425
	Employees by	y Gender		
Female	Person	87	108	122
Male	Person	218	287	303
	Employees	by Age		
Below 30 (exclusive)	Person	57	105	145
30-40 (inclusive, 40 exclusive)	Person	152	161	143
40-50 (inclusive, 50 exclusive)	Person	46	75	93
50 and above	Person	50	54	44
	Employees by	Education		
Doctoral Degree	Person	1	2	2
Master's Degree	Person	12	15	19
Bachelor's Degree	Person	68	110	176
Associate Degree and Below	Person	224	268	228
	Employees by D	Department		
Production	Person	204	256	285
Sales	Person	40	46	44
Technology	Person	20	40	46
Finance	Person	8	8	8
Administration	Person	33	45	42
Other	Person	0	0	0

	Employee T	urnover		
Indicator	Unit	2022	2023	2024
Total Employee Turnover	Person	51	102	134
Female	Person	9	20	41
Male	Person	42	82	93



A Employee Rights Protection

Employee rights are the primary productive force driving enterprise development. Changhua Chemical earnestly safeguards the labor rights of every employee. The Company strictly complies with the

while referencing the United Nations International Bill of

Human Rights, including the Universal Declaration of Human Rights and International Covenant on Civil and Political Rights. The Company has formulated the Employee Handbook, committed to providing employees with an equal, safe, inclusive, and diverse working environment.





During the reporting period, the labor contract signing rate reached 100%

Diversity and Anti-Discrimination, Anti-Harassment, Anti-Bullying

The Company advocates governance values of diversity, equality and inclusion, respects individual differences, and effectively protects the legitimate rights and interests of every employee. The Company has established the

to ensure equal opportunities and freedom of choice for all employees in matters

including recruitment, compensation & benefits, training, promotion opportunities, and retirement, without discrimination based on race, social class, nationality, religion, disability, gender or other factors.

The Company has established complaint and grievance mechanisms. Employees who experience discrimination, harassment or bullying may file complaints through dedicated email, telephone or other legal channels. The Company upholds gender equality and prohibits discrimination, bullying, harassment, differential treatment. Through diversity and inclusion (respecting ethnic minority employees, employees with disabilities, protecting women's rights.), the Company eliminates all forms of discrimination and prejudice.





During the reporting period, the Company recorded 0 incidents of labor discrimination.

Prohibition of Forced Labor and Child Labor

The Company has established the

to ensure that employment relationships are based on mutual voluntariness and equality, strictly prohibiting any form of forced labor. The Company reasonably arranges production schedules to ensure employees receive adequate rest and leave, with employees entitled to statutory holidays, annual leave, compensatory leave, and other leave stipulated in labor contracts and the employee handbook in accordance with the law.

The Company strictly enforces regulations such as the , prohibiting the use of child labor in any position. During recruitment, the Company conducts rigorous verification of candidates, including ID and photo checks, and verifies household registration information when necessary to prevent identity fraud and ensure compliance in recruitment practices.



During the reporting period, the average number of paid leave days per employee was $8.33\,$ days

Focus on Women's Rights and Welfare

Changhua Chemical pays close attention to the protection of female employees' rights and strictly complies with the requirements of laws and regulations including the

, rigorously implementing legally mandated leaves such as prenatal check-up leave, maternity leave, miscarriage leave, and breastfeeding leave.

At the same time, Changhua Chemical adheres to gender equality policies to safeguard female employees' rights to equal treatment in recruitment, career advancement and compensation, building a work environment that respects and supports women.



Key Indicators	Unit	2022	2023	2024
Proportion of Female Managers	%	17	27	25
Employees Taking Maternity Leave	Person	3	5	4
Return-to-Work Rate After Maternity Leave	%	100	100	100
Employees Taking Parental Leave	Person	13	15	15
Return-to-Work Rate After Parental Leave	%	100	100	100

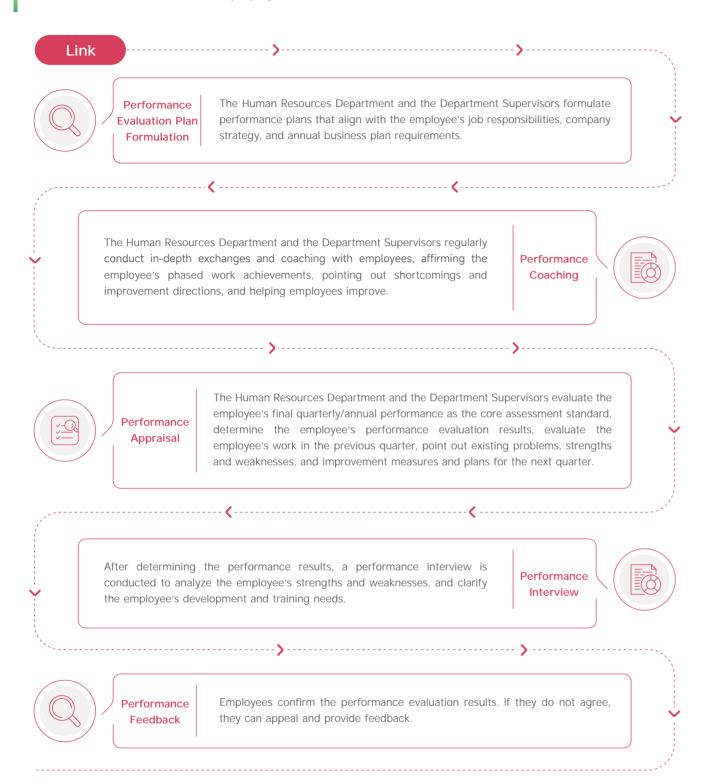
A Employee Compensation and Benefits

Compensation and Performance Evaluation

The Company adheres to the principles of fairness, justice, and reasonable compensation management, and has established comprehensive and market-competitive

diversified management evaluation methods, builds detailed and standardized performance evaluation and feedback processes, and adjusts the compensation level according to the external market and the Company's operating conditions.





Performance Appeal Feedback

The Company has established a comprehensive performance feedback and appeal mechanism. After completing the performance evaluation, employees have the right to know the results. If there is any objection to the evaluation results, employees can formally file a complaint with the Human Resources Department. Upon receiving the feedback, the Company promptly initiates a review, re-examines the evaluation process and results, and then provides the feedback to the department head or the executive in charge of the appellant, ensuring fairness and justice. At the same time, the Company strengthens the construction of communication channels, encourages open exchanges, and works with employees to find improvement solutions, achieving a win-win situation for both individual and organizational goals.

Key Performance

During the reporting period, 100% of employees regularly underwent performance and career development evaluations.

Welfare and Security System

The Company attaches great importance to employee welfare and security, strictly complies with national laws and regulations, and legally pays social insurance for employees, including basic pension insurance, medical insurance, work injury insurance, unemployment insurance, maternity insurance, and housing provident fund, ensuring that employees enjoy a comprehensive welfare and security system. At the same time, the Company provides supplementary benefits to employees to reduce the burden of life, thereby improving employee job satisfaction, loyalty, and overall happiness.

		Employee Benefits Overview
Holiday Benefits	•	The Company provides holiday benefits to all employees during important holidays such as Spring Festival, Dragon Boat Festival, and Mid-Autumn Festival to enhance team cohesion.
Housing Allowance	•	To provide a comfortable living environment, the Company offers housing subsidies to non-local employees to attract and retain talent.
Communication Allowance	•	The Company provides communication subsidies to employees to reduce their living burden and enhance their sense of corporate identity.
Work Meal	•	The Company focuses on employee health and welfare, offering free meals during workdays, with dinner and midnight snacks provided for night shift employees, ensuring balanced nutrition.
Travel Allowance	•	The Company provides travel subsidies for employees on business trips.
Work Clothes and Protective Equipment	•	Providing work clothes and protective equipment to ensure employee safety.
Employer Liability Insurance	•	The Company purchases commercial insurance for employees, offering additional protection.
Physical Examination	•	The Company provides free annual health check-ups for employees, focusing on their physical and mental health.
Birthday Benefits	•	The Company offers birthday benefits and organizes collective birthday parties for employees born in the same month, allowing them to participate together and express the Company's care.

Changhua Education Fund

To enhance employees' sense of corporate culture, Changhua Chemical has established the

. If an employee's child is attending university and meets the application criteria, the Company provides education fund subsidies to support the employee's family education, reduce their living burden, alleviate family difficulties, and enhance their family's understanding and support for their work.



Changhua Fund

The Company adheres to a people-oriented approach, fully respecting and caring for every employee. To effectively address employees' concerns and make them feel the Company's warmth and care, the Company has established the

. When employees or their families encounter significant difficulties, employees can apply for special assistance from the Changhua Fund according to relevant management regulations, helping them overcome challenges.





During the reporting period, the coverage rate of employee social insurance was 100%

占 Caring for Employees' Lives

To enrich employees' leisure lives, the Company regularly organizes various team-building and cultural activities, establishing incentive programs to enhance employees' happiness. During important holidays, the Company expresses appropriate condolences and blessings to employees, such as Spring Festival greetings, collective birthday activities, and holiday benefits. The Company adheres to a people-oriented approach. When employees or their families encounter significant difficulties, company representatives visit to offer condolences and care, providing varying degrees of material assistance.





Spring Festival Employee Care





Employee Democratic Life >>>

Implementation of Democratic Management

Democratic management

Changhua Chemical values employees' democratic rights and has established the

Company fully respects employees' opinions, setting up multiple channels such as email, phone, and letters to encourage employees to speak freely on various aspects like workflow optimization, welfare policy adjustments, and career development planning, creating favorable conditions for employees to contribute ideas and suggestions, improving employee management, and continuously enhancing employee satisfaction.

Diverse communication

Changhua Chemical values employee communication and is committed to building an open and inclusive work environment. To better protect employees' rights and promote communication between the Company and employees, the Company has set up various channels such as a company suggestion box, QiQu Cloud Platform, DingTalk platform, and face-to-face meetings to regularly collect employees' opinions and suggestions, understanding their voices.

At the same time, the Company has established internal communication management mechanisms and complaint and appeal mechanisms. The Company's legal department is responsible for handling employee complaints and appeals. Upon receiving a complaint or appeal, the legal department must provide a clear response within 7 days. If employees are not satisfied with the handling result, they can escalate the complaint to higher management. The Human Resources Department and other functional department heads regularly communicate with employees to understand their thoughts and opinions about the Company. In addition, the Company actively promotes an Employee Suggestion Program to stimulate employees' innovative enthusiasm, encourage technological and managerial improvements, and jointly drive the sustainable development of Changhua Chemical.



Complaints and reports



Email address: hequi@chchem.com.cn



Phone number: 0512-35003632

Employee Satisfaction Survey

The Company conducts an annual employee satisfaction survey by distributing satisfaction survey forms to all employees, promptly identifying employee demands and resolving potential issues based on the survey results, better understanding employees' genuine thoughts on company development and management, thereby creating an open communication and continuously improving work environment.





During the reporting period, employee satisfaction was 89.66%

During the reporting period, the employee participation rate in the satisfaction survey was 71.64%.

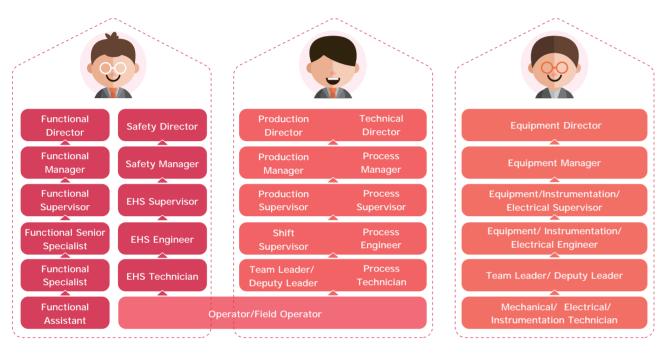


Growing with Employees >>>

Building Career Pathways

The Company values the career development of its employees and has a clear promotion path for talents. At the same time, the to provide multi-position training and broaden the career Company has formulated the

development channels for core talents. The Company adjusts positions based on year-end assessments, fairly evaluates employee performance, ensures that position changes are well-founded, and motivates each employee to realize their potential, achieving a win-win situation for personal value and corporate goals.



▲ Changhua Chemical Employee Career Promotion Path Chart



Employee Training and Development

The Company regards employees as core assets and is committed to comprehensively improving employees' ideological guality and skill levels. Therefore, the Company has formulated the medium and long-term talent development plan, the Company has established long-term, medium-term, and short-term plans, building a comprehensive training system. The Company provides employees with opportunities and platforms for growth and development through internal training, external training, and online learning platforms, encouraging employees to self-improve and self-realize, and progress together with the Company.

Medium and Long-term Talent Development Plan

Plan Category	Time Span	Training Objective
Long-term Plan	10 Years	To cultivate qualified talents for the Company and provide a talent guarantee system for sustainable development.
Medium-term Plan	5 Years	Form effective training guidance documents and develop exemplary courses with corporate characteristics.
Short-term Plan	Annual	Optimize employees' knowledge structure and standardize training management.

Training Type

Training Type

Training Content



Training

For new employees, the Company organizes monthly centralized new employee onboarding training, helping them quickly integrate into the Company through corporate culture, philosophy, organizational structure, company regulations, job responsibilities, and other job adaptation training, to understand the corporate culture, organizational structure, and safety regulations.



For employees in various technical positions, based on the specific job requirements, the Company provides internal or external training for professional technicians to improve their technical skills, enhance work efficiency and quality, and promote the long-term development of the Company.



To cultivate professional managers, the Company regularly conducts internal or external training for middle and senior management positions and basic management positions. Aimed at improving the management and leadership skills of management positions, providing reserve talents for the Company's sustainable development.



Due to job transfers, the Company re-trains employees for the new position, providing training on new position knowledge and responsibilities, helping employees quickly adapt to the new job.



The Company adheres to the goal of 'optimizing knowledge structure and enhancing organizational capabilities,' encouraging employees to participate in academic qualification enhancement and professional certification training, and providing tuition support to encourage the improvement of employees' professional levels.



To build a learning organization, develop and train high-quality internal trainers, and further improve the overall level of internal trainers. The Company provides essential skill training and opportunities for internal trainers to teach. Providing a platform for the development of the internal trainer team and personal growth.



The Company has 20 internal trainers offering courses in: compliance management, polyols basics, on-site operation procedures, chemical equipment basics, safety management, hazard identification guidance for chemical enterprises, fire safety, promotion training, and introduction to polyols product processes, among 24 courses, comprehensively enhancing employees' professional levels.

Online Learning Platform

The Company uses the Xuanxingyuan online learning platform to provide employees with flexible and convenient learning channels.



Case Study

Summary of Key Training Projects for 2024

In 2024, the Company organized diversified and systematic employee training programs aimed at enhancing the professional qualities and levels of all employees.

The Company meticulously designed courses tailored to employees at different levels. For grassroots employees, new employee onboarding training was conducted, covering labor rights, compliance and integrity, energy conservation, energy management systems, safety, and other professional knowledge, while strengthening skills training and polymerization process certification to enhance their professional levels; for middle-level employees, eight management skills courses were set up to help them actively participate in various learning and training activities, improve execution capabilities and work levels, and fully mobilize their initiative; for senior executives, the LCP coaching leadership development program was conducted, and the core team of senior executives underwent standardized operation learning and training on relevant laws, regulations, and cases of listed companies to improve compliance awareness and corporate governance levels. The Company emphasizes the construction of three levels of teams, creating a strong learning atmosphere through these precise trainings. In 2024, the total number of training sessions was 447, with a total duration of 11,576.42 hours.





General Knowledge Training





Vocational Skills Training



Key Performance

rmance 🖺

During the reporting period, the total investment in employee training was 498,000 yuan.

During the reporting period, there were 447 employee training sessions.

During the reporting period, the total number of people trained was 425, with 6,047 training sessions.

During the reporting period, the employee training coverage rate was 99%.

Indicator	Unit	2022	2023	2024
	Training Ratio I	by Gender		
Female	%	29.14	27.41	28.94
Male	%	70.86	72.59	71.06
	Training Ratio by	y Job Level		
Senior Management	%	2.65	2.28	2.12
Middle Management	%	11.26	11.17	13.65
Frontline Employees	%	86.09	86.55	84.23
Ave	erage Training Dura	ntion by Job Lev	vel	
Senior Management	Hours/Person	102.2	58.05	27.59
Middle Management	Hours/Person	145.43	36.68	26.14
Frontline Employees	Hours/Person	39.66	24.01	20.29



Occupational Health and Safety >>>

The Company's operational activities, such as manufacturing, chemical raw materials, raw material transportation, and R&D design, all involve occupational health and safety risks. High-risk positions such as production line operators, laboratory analysts, warehouse managers, and raw material transporters face risks related to mechanical injuries, chemical exposure, and mental stress. To address and mitigate these risks, the Company strictly adheres to relevant laws and regulations such as the

Company upholds the occupational health and safety policy of "Safety First, Prevention Main, Comprehensive Management, Risk Control, and Full Responsibility." It adopts a dynamic cycle of Plan (P), Do (D), Check (C), and Act (A) for continuous improvement, actively striving to achieve the occupational health and safety goals of "Zero Harm, Zero Pollution, Zero Accidents," and is committed to creating a safe and healthy working environment for employees.

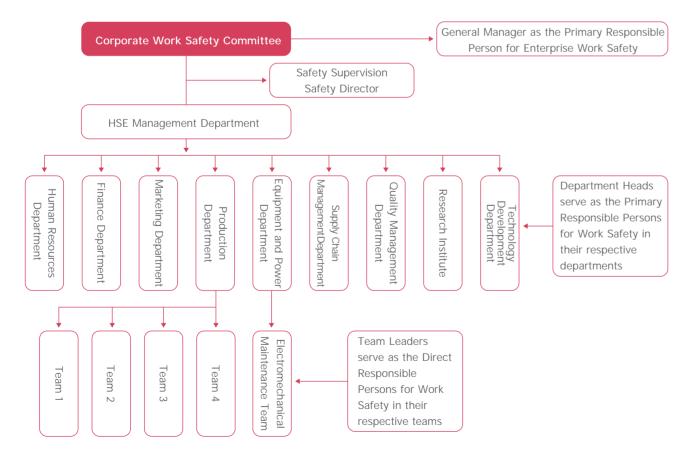


Governance

The Company has established a series of regulations and systems, including the

. It has established a comprehensive occupational health and safety management system, set up an HSE management department responsible for environmental and occupational safety management, occupational and safety-related risks and opportunities, and the implementation of corresponding measures, as well as HSE training and education.

The Company has established the , which covers all functional departments, management personnel, engineering technicians, and operational staff. The safety production responsibility system is regularly assessed.



▲ Safety Production Committee Organizational Structure

At the same time, to implement the safety policy of "Safety First, Prevention Main, Comprehensive Management," the Company has formulated the

. It has carried out the dual prevention mechanism work, incorporated

the dual prevention mechanism into the responsibility system, and established a digital construction working group for the dual prevention mechanism led by the general manager. The general manager is responsible for organizing, supervising, guiding, and assessing the digital construction of the dual prevention mechanism. The heads of various departments are responsible for guiding and supervising the working groups and reporting to the general manager. Each department is responsible for promoting the digital construction of the dual prevention mechanism and completing work related to risk points. The working groups regularly conduct risk identification and hidden danger inspections, maintain records, strictly implement risk control measures, and reduce and manage various risks.

During the reporting period, the Company has passed the ISO45001 Occupational Health and Safety Management System Certification.



Occupational Health and Safety Management
System Certification

Safety Education and Training

To strengthen safety education management and improve employees' safety awareness, Changhua Chemical has formulated the . The HSE Department is responsible for planning, organizing, and implementing the Company's annual safety training and education plan as well as departmental safety production activities. Meanwhile, the Company has established the "Xuanxingyun" learning platform, enabling employees to conveniently access safety education courses. Changhua Chemical is committed to deeply integrating safety awareness into the daily work of every employee, building a stable safety defense line.

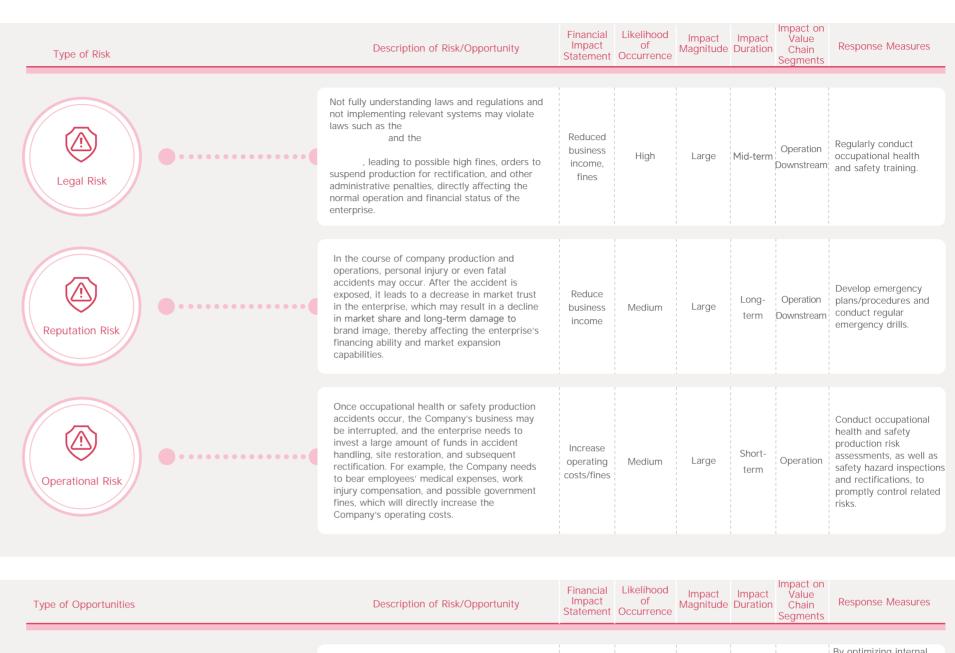




Strategy

The personal safety of employees is crucial to the Company's development. Changhua Chemical refers to occupational health and safety production-related laws, regulations, and industry standards, combining its own situation to identify and assess occupational health and safety-related impacts, risks, and opportunities. This strengthens occupational health and safety production management, provides direction for corrective measures, and achieves the Company's sustainable development goals.







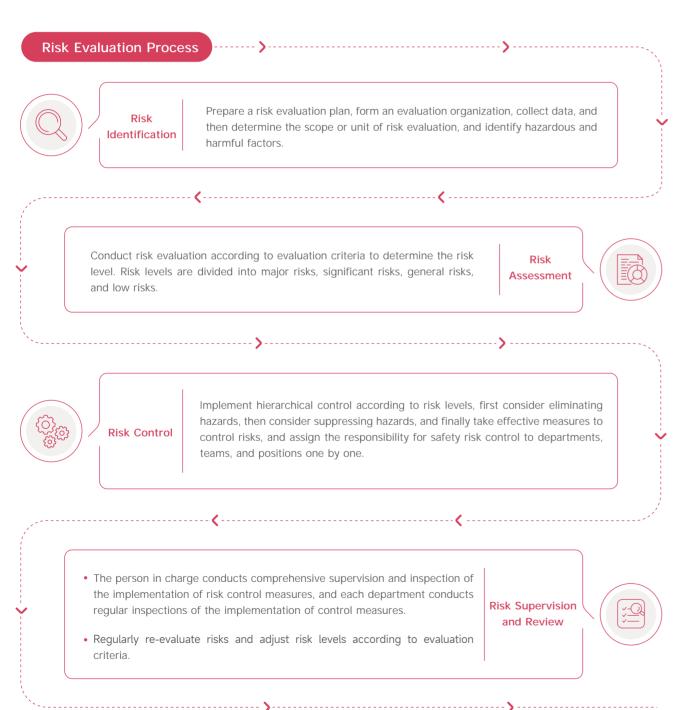


Impact, Risk, and Opportunity Management

Changhua Chemical has formulated a series of systems such as the

, etc., to evaluate and identify occupational safety risks and their sources during company operations.

The Company has established a set of scientific and rigorous management processes aimed at effectively identifying, assessing, and classifying safety risks, and continuously monitoring occupational disease hazards. The Company uses the Risk Matrix Analysis Method (LS) for regional inherent risks and the Job Condition Hazard Analysis Method (LEC) for equipment and facility risks to conduct risk assessments.



Digital Empowerment

The Company has built a "five-in-one" safety digital management platform, achieving real-time monitoring and multi-level early warning for 136 monitoring points, 6 high-risk areas, and 5 major hazard sources, realizing comprehensive intelligent data control of "rapid perception + real-time monitoring + advanced warning + emergency response + systematic evaluation", and achieving integrated intelligent operation safety supervision, reducing the risk of safety accidents.

Occupational Disease Health Monitoring

The Company has established a comprehensive occupational health monitoring mechanism, regularly conducts detection of occupational disease hazard factors, establishes monitoring and evaluation ledgers, and regularly conducts workplace occupational disease hazard factor detection and occupational health examinations. In addition, the Company provides occupational disease protection tools and facility modifications to reduce hazards, conducts pre-job occupational disease hazard notifications, and sets up occupational disease hazard notification signs and warning signs at the job site to reduce occupational health risks.

Key Performance

During the reporting period, the number of people participating in occupational health examinations was 1/6, and the employee examination coverage rate was 100%.

During the reporting period, the investment amount for occupational injury insurance for employees was 207,900 yuan, and the coverage rate of occupational injury insurance for employees was 100%.

During the reporting period, the pass rate of occupational disease hazard factor detection was 100%

Hidden Danger Investigation

The Company has formulated the , and the forms of safety risk hidden danger investigation include daily investigation, comprehensive investigation, professional investigation, seasonal investigation, key period and pre-holiday investigation, accident analogy investigation, and external expert diagnostic investigation. To ensure that the rectification measures for hidden dangers are effectively tracked and implemented, the Company conducts a workshop-level comprehensive inspection once a month, and a plant-wide comprehensive investigation at least once every six months. The HSE department is responsible for rechecking the effectiveness of hidden danger rectification, tracking the implementation of rectification measures, and achieving closed-loop management.

Key Performance



During the reporting period, the rectification rate of hidden danger investigation was 100%

Emergency Management

The Company has formulated the

established company-level and department-level emergency rescue organizations, formulated an annual plan for emergency drills, and carried out various emergency plan drills.





During the reporting period, the number of safety emergency drills was 4, and the investment in safety production was 1.167 million yuan.



Safety Emergency Drill Activities During the Reporting Period

Drill Time: Afternoon of June 13, 2024

Drill Scenario: Leakage in the discharge pipeline of tank V8801A in the 2# Class A tank area Summary of the Effectiveness of the Plan Drill:

- 1. The response and execution of this emergency plan drill were excellent;
- 2. The provision of emergency equipment and firefighting equipment was appropriate, and the on-site operation and
- 3. The responsibilities of the emergency team were clear, the drill steps were basically completed, and the reporting and feedback procedures were well executed;
- 4. The personnel evacuation, withdrawal, and assembly reporting procedures were well implemented.





Stakeholder Safety Management

to comprehensively standardize the safety management processes The Company has formulated the of contractor pre-qualification, selection, pre-construction preparation and training, supervision during operations, performance evaluation, and re-engagement. By signing safety agreements, conducting safety education and training, and implementing safety system assessments, the Company clarifies safety requirements and responsibilities, jointly maintaining a safe working environment.

Indicators and Objectives

During the reporting period, the Company released the 2024 annual safety production policy and objectives, guiding the implementation of various safety tasks with the objectives, and continuously improving the level of safety production management.

Safety Production Objectives	Completion Status
Zero injuries, zero pollution, zero accidents	Completed
100% risk identification, hazard investigation, and rectification rate	Completed
100% certification rate for special operations personnel	Completed
100% employee safety education and training rate	Completed
100% "three violations" investigation rate	Completed
100% occupational health monitoring rate	Completed





During the reporting period, all employees of the Company have signed the

During the reporting period, the Company did not experience any major safety production accidents.





Actions to Give Back to Society >>>

A Social Welfare

Changhua Chemical always remembers the social responsibilities it shoulders and is committed to creating greater value for society. Changhua Chemical formulated the and established the Changhua

Chemical Volunteer Service Team. The team leader is the general manager's secretary, responsible for overall coordination and supervision of the planning and execution of public welfare activities. The administrative supervisor assists the team leader in advancing the work, aiming to enhance the Company's social image.

The Company strictly adheres to the and other relevant laws, regulations, and policies, following the principles of legality, voluntariness, integrity, openness, transparency, and non-profit in carrying out public welfare and charitable activities. In 2024, the Company actively engaged in activities to promote reading classics among youth and to learn and inherit the red spirit. The Company actively participates in public welfare activities for youth care. In 2024, it donated 10,000 yuan to the Suzhou Sunshine Port City Youth Development Foundation and 30,000 yuan to the Zhangjiagang Free Trade Zone Charity Association.





In August 2024, the Company participated in the "Read Classics, Cultivate Red Hearts Project" organized by the Changyinsha Community.

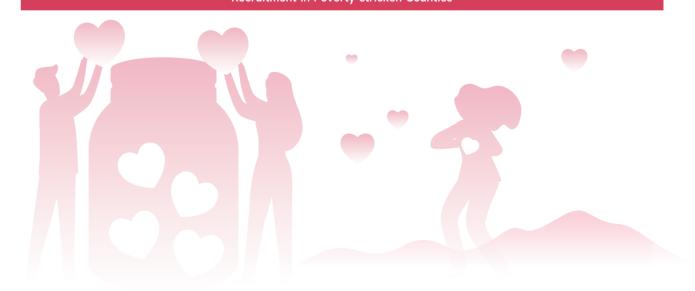


Supporting Rural Revitalization

Changhua Chemical actively responds to the central government's rural revitalization strategy and continues to provide employment assistance. The Company focuses on poverty-stricken areas, vigorously absorbs young talents, opens the door to employment for them, and conducts special recruitment activities in poverty-stricken counties to absorb young talents from these areas.

During the reporting period, the Company hired 2 employees from poverty-stricken counties. After joining the Company, Changhua Chemical has established a multi-dimensional training system to help young talents grow rapidly. The new young employees have performed excellently, achieving personal value enhancement and injecting fresh energy into rural development, effectively supporting the steady progress of rural revitalization.







Appendix

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	3	Waste Management	Pollutant Emission Management
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	6	Energy Utilization	Energy Management System
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	9	Rural Revitalization	Supporting Rural Revitalization
	10	Social Contribution	Social Welfare
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	12	Technology Ethics	/
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	14	Equal Treatment of Small and Medium Enterprises	/
	15	Product and Service Safety and Quality	Rigorous Quality Control and Premium Quality Services
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	21	Anti-Unfair Competition	Adhering to Business Ethics



Feedback Form >>>

Contact Number: 0512-35003559 Company Website: www.chchem.com.cn

Dear Reader:

Thank you very much for reading this report. We highly value and look forward to hearing your feedback on this report. Your opinions and suggestions are important basis for us to continuously improve the level of ESG information disclosure and advance ESG management and practices. We welcome and sincerely appreciate your valuable feedback!

Multiple choice (tick the corresponding position)
Your overall evaluation of our ESG performance is:
□ Very good □ Good □ Average □ Poor □ Bad
2. Your overall evaluation of this report is:
□ Very good □ Good □ Average □ Poor □ Bad
3. How do you think we are doing in stakeholder communication?
\square Very good \square Good \square Average \square Poor \square Bad
4. How do you think we are doing in product responsibility?
\square Very good \square Good \square Average \square Poor \square Bad
5. How do you think we are doing in environmental, safety, and occupational health?
\square Very good \square Good \square Average \square Poor \square Bad
6. How do you think we are doing in employee responsibility?
\square Very good \square Good \square Average \square Poor \square Bad
7. How do you think we are doing in ESG?
\square Very good \square Good \square Average \square Poor \square Bad
8. What comments and suggestions do you have regarding our ESG performance and this report?
ou can contact us through the following methods:

Mailing Address: No. 20, Beijing Road, Yangtze River International Chemical Industry Park, Zhangjiagang City, Jiangsu Province.



Let Humans Enjoy a Healthy and Comfortable Life