



Changhua Chemical Technology Co., Ltd.

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2025

Environmental, Social and Governance (ESG) Report

Changhua Chemical Technology Co., Ltd.

Stock code : 301518

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About This Report

This is the second Environmental, Social and Governance (ESG) Report (the "ESG Report") released by Changhua Chemical Technology Co., Ltd. ("Changhua Chemical", the "Company", or "we"). In the principles of objectivity, standardization, transparency, and comprehensiveness, the Report provides a detailed disclosure of the Company's practices and performance in environmental, social, and governance for the year 2025.

Reporting Boundary

This report covers Changhua Chemical Technology Co., Ltd. and its subsidiaries. Unless otherwise stated, the scope of this report is consistent with the scope of the Company's annual report.

Reporting Period

This report covers the period from January 1, 2025 to December 31, 2025 (the "Reporting Period"). To improve the comparability and completeness, some sections of this report may be appropriately referred to previous years or contains forward-looking statements.

Preparation Basis

- Shenzhen Stock Exchange *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)*
- Shenzhen Stock Exchange *Self-Regulatory Guidelines No. 3 for Listed Companies on the Shenzhen Stock Exchange - Preparation of Sustainability Reports*
- China Enterprise Reform and Development Society *Guide to Corporate Sustainability Reporting in China (CASS-ESG 6.0)*
- UN Sustainable Development Goals (SDGs)
- Global Reporting Initiative *Sustainability Reporting Standards (GRI Standards)*



Data Source

All information and data cited hereunder are sourced from the Company's official documents, statistical reports and financial reports, as well as internal data and public information compiled, aggregated and reviewed by the Company from all functional departments and operating units. For any discrepancy between financial data quoted herein and that in the Annual Report, the latter shall prevail. Unless otherwise specified, all amounts in this report are expressed in RMB.

Appellation Description

For the ease of expression and readability, "Changhua Chemical Technology Co., Ltd." is also referred to as "Changhua Chemical", "the Company" or "we" in this report. In addition, "the State" and "the government" in this report refer to the People's Republic of China and its administrative agencies.

Short Name	Full Name
Changhua Chemical, the Company, or we	Changhua Chemical Technology Co., Ltd.
Changhua Lianyungang	Changhua Chemical Technology (Lianyungang) Co., Ltd.

Access to this Report

In line with the principles of low-carbon environmental protection and sustainable development, this report is available for access or download in electronic format on the websites of the Shenzhen Stock Exchange (<http://www.szse.cn>) and the Company (<http://www.chchem.com.cn>).

Feedback

If you have any comments or suggestions concerning this report, please feel free to contact us.

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Message from the Chairman

Decoding Green Gene, Reshaping Chemical Value

2025 witnessed a profound “low-carbon restructuring” in the global chemical industry. As the “carbon peaking and carbon neutrality” goals evolve from a national strategy into a global consensus, and green consumption shifts from a market choice to an industry imperative, we recognize more clearly than ever that chemistry is no longer the “high-carbon industry” of traditional perception, but rather a fundamental enabler of a green civilization. This year, Changhua Chemical, guided by the mission to “Create Green Chemistry and Shape a Better Low-Carbon Future”, has focused strategically on value reconstruction. Through technological breakthroughs and product upgrades, the Company has delivered results that balance growth with responsibility.

2025 marks a pivotal year for Changhua Chemical in transitioning from mission implementation to value co-creation. Anchored by our renewed mission, vision and values, we have transformed the philosophy of “green and low-carbon development” into tangible industrial practices.

In terms of technological innovation, the construction of the carbon dioxide polyether and high-performance polyol project by Changhua Lianyungang marks a critical step forward in the “carbon conversion” technology. By catalyzing the copolymerization of carbon dioxide and propylene oxide, we have not only achieved polymer-grade utilization of carbon dioxide, but also reduced product carbon footprints while optimizing product performance. This achievement, combined with the successful commissioning of the first Carnol® polyether production line for sponge applications, has established a green closed-loop system spanning from “raw material substitution” to “product commercialization.” Meanwhile, the Institute has achieved major breakthroughs in the catalyst technology, and further strengthened our capabilities in the two key technological fields of “circular regeneration” and “process decarbonization”, laying a more solid foundation for our continuous innovation and industrial upgrading in these fields. Changhua Chemical has been recognized as a “Green Development Enterprise” and a “Contract-Abiding and Creditworthy Enterprise”. This reflects the deep integration and mutual validation of technological value and market trust.

On the global stage, we are accelerating the expansion of our partnerships for a “carbon-neutral future”. At the Summer Davos Forum, we engaged with global leaders on “green chemistry driving low-carbon transformation”. At the Putech Eurasia exhibition in Turkey, our green material solutions attracted international attention. Our presence at the Highly-Functional Material Week in Japan further earned recognition for the technological advantages of Carnol® materials in the East Asian market. From domestic markets to the global stage, and from raw material supply to end-use applications, we are building a cross-regional and cross-industry collaborative network centered on low-carbon new materials. This is not only a choice of markets, but also a practice of our positioning as a “global partner”.

Looking ahead, Changhua Chemical will continue to uphold our mission to “Create Green Chemistry and Shape a Better Low-Carbon Future”, and remain deeply committed to the core path of green, low-carbon and sustainable development. We firmly believe that when every gram of carbon reduction becomes a driving force for technological innovation, and every cross-sector collaboration becomes a new starting point for value co-creation, Changhua Chemical will not only be a steadfast practitioner of green chemistry, but also an active promoter of sustainable development.

Changhua Chemical Technology Co., Ltd.:




Performance Highlights in 2025

Economic Performance

Indicator	2025
Total Assets (in RMB 100 Million)	30.39
Operating Revenue (in RMB 100 Million)	27.55
Net Profit (in RMB 100 Million)	0.97

Environmental Performance

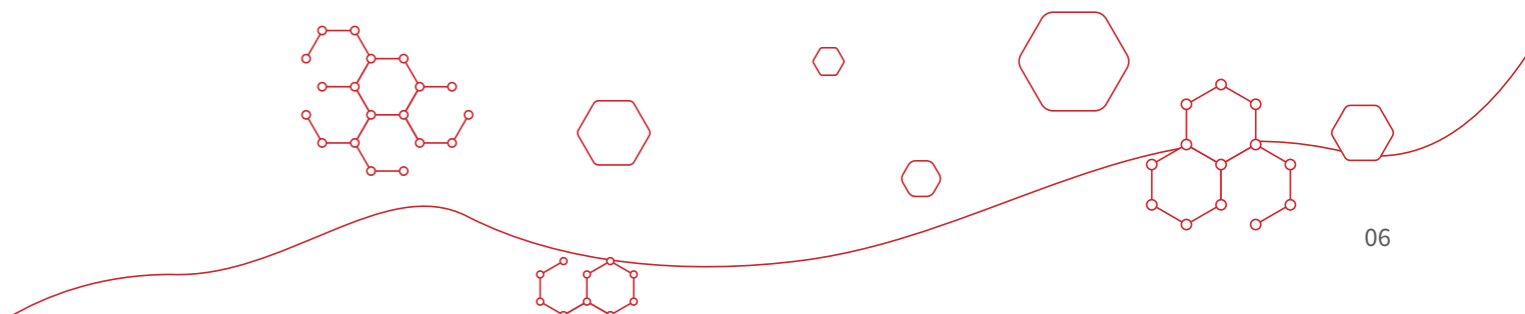
Indicator	2025
Total Investment in Environmental Protection (in RMB 10,000)	3,047.21
Pollutant Monitoring Compliance Rate (%)	100
Operation Synchronization Rate of Environmental Facilities (%)	100
Direct Energy Consumption (tce)	22.53
Indirect Energy Consumption (tce)	16,138.31
Total Energy Consumption (tce)	16,160.84
Energy Consumption Intensity (tce/RMB 10,000 of Operating Revenue)	0.06
Total GHG Emissions (tCO ₂ e)	59,825.55
GHG Emission Intensity (tCO ₂ e/RMB 10,000 of Operating Revenue)	0.22
Direct GHG Emissions (Scope 1) (tCO ₂ e)	48.64
Indirect GHG Emissions (Scope 2) (tCO ₂ e)	59,776.91
Total Water Consumption (ton)	786,700
Water Consumption Intensity (tons/RMB 10,000 of Operating Revenue)	2.86

Social Performance

Indicator	2025
Total Number of Employees (Persons)	582
Signing Rate of Employment Contract (%)	100
Coverage Rate of Social Insurance (%)	100
Employee Satisfaction (%)	94
Total Investment in Employee Training (in RMB 10,000)	117.40
Total Duration of Employee Training (Hours)	32,082
Investment in Work Safety (in RMB 10,000)	311.33
R&D Investment (in RMB 10,000)	10,951.10

Governance Performance

Indicator	2025
General Meeting of Shareholders Convened (Sessions)	4
Meetings of the Board of Directors Convened (Sessions)	10
Meetings of the Strategy and ESG Committee Convened (Sessions)	5
Meetings of the Audit and Compliance Management Committee Convened (Sessions)	7
Meetings Held by the Remuneration and Appraisal Committee (Sessions)	5
Meetings Held by the Nomination Committee (Sessions)	2



About Changhua Chemical

● Company Profile

Founded on October 26, 2010, Changhua Chemical Technology Co., Ltd. is headquartered in the Yangtze River International Chemical Industrial Park, Zhangjiagang, Jiangsu Province. The Company was listed on the ChiNext Board of the Shenzhen Stock Exchange in 2023 (Stock Code: 301518.SZ). The products of the Company cover polyethers for flexible foam, CASE applications and special purposes. Among these, green new products, including the high-performance Hiclaim® series and antibacterial and anti-mite functional polyether series, have been gradually introduced to the market, while the sales proportion of high-value-added products such as specialty polyethers continuously rises. These products possess significant technological advantages in low odor, low VOCs and low aldehyde content. They are widely used in mid- to high-end upholstered furniture, automotive and other sectors both domestically and internationally, with a leading market share in markets worldwide.

Changhua Chemical continuously advances key areas such as molecular structure design, breakthroughs in polymerization processes, and performance-oriented development, establishing a full-chain technological system spanning from basic research and pilot-scale validation to industrial commercialization, thereby forming industry-leading core technological capabilities. The Company has been recognized with honors including: National "Little Giant" Specialized and Sophisticated Enterprise that Produces Novel and Unique Products, National High-Tech Enterprise, "Internet Benchmark Enterprise of Jiangsu Province", "Green Factory of Jiangsu Province", "Intelligent Demonstration Workshop of Jiangsu Province", "Five-Star Cloud Enterprise of Jiangsu Province", etc.

Changhua Chemical consistently upholds the corporate mission to "Create Green Chemistry and Shape a Better Low-Carbon Future" and actively promotes the implementation of the "Carbon Dioxide Polyether and High-Performance Polyol Project". The project is committed to building the world's first 80,000 t/a carbon dioxide polyether production line utilizing low-temperature and low-pressure process technology. By using carbon dioxide captured from industrial waste gas to replace part of petrochemical raw materials, the project not only achieves technological breakthroughs, but also effectively integrates carbon reduction with new materials. The newly established carbon dioxide polyether project of Changhua Chemical will not only help the Company enhance market competitiveness, drive green transformation, and support sustainable development, but also strongly promote the green transformation of the polyether industry. It sets a model for sustainable development within the sector, demonstrating Changhua Chemical's responsibility and commitment to advancing the low-carbon development of the chemical industry.

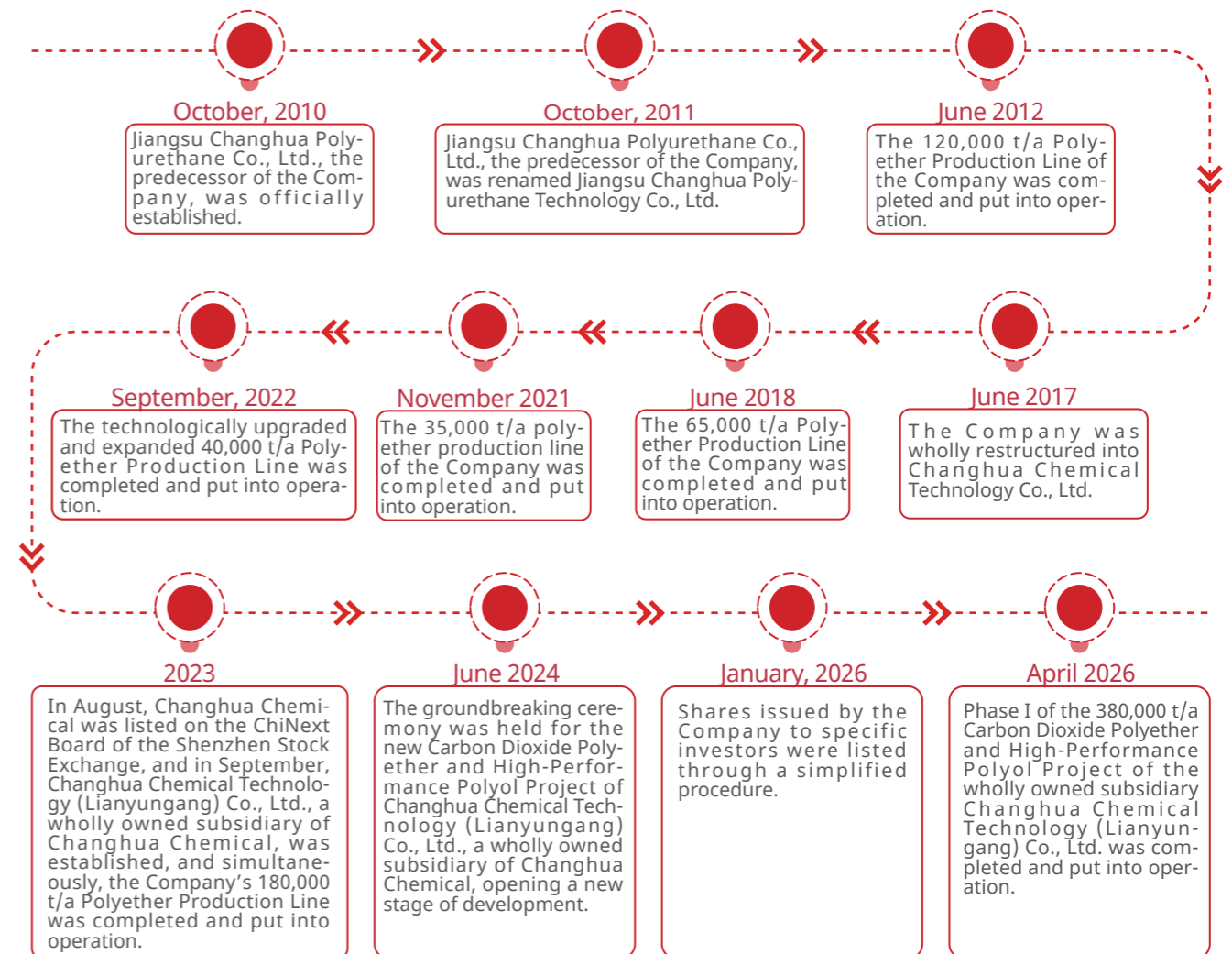
● Business Overview

Changhua Chemical is a professional domestic manufacturer engaged in the large-scale production of polyether polyol products, with core businesses covering the R&D, production and sales of polyether products. Currently, the Company's products are widely applied in upholstered furniture, footwear and apparel, transportation, sports and building materials sectors, as well as industries such as adhesives, daily chemicals, textile finishing, metal processing and photovoltaics. With continuous product optimization and application expansion, the Company will serve more emerging sectors, provide customized services, and drive industry advancement.

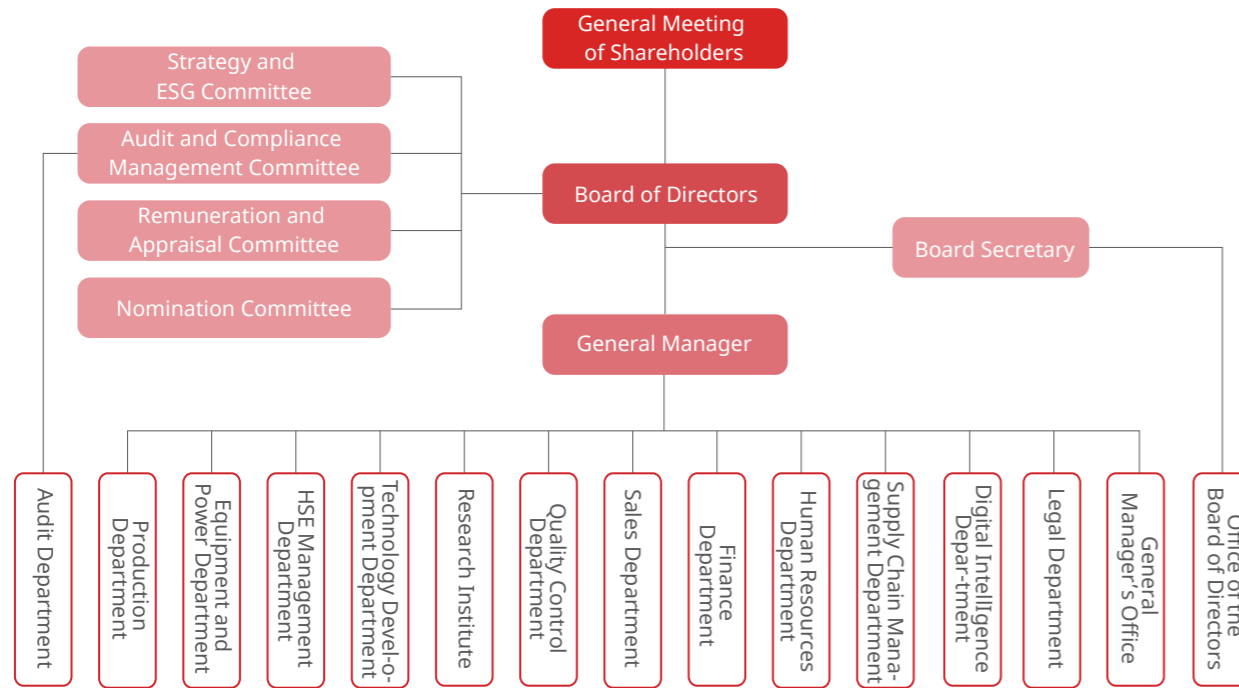
Product Category	Product Advantages	Main Applications	Product Images
Polymer Polyol (POP)	High stability High solid content Low viscosity Low monomer residue	Upholstered furniture Automotive Footwear and apparel, etc.	
PPG for Flexible Foam	Free of amine antioxidants Low metal ion content Low moisture content Low odor and VOCs	Upholstered furniture Automotive Footwear and apparel, etc.	

Product Category	Product Advantages	Main Applications	Product Images
CASE-grade polyethers and specialty polyethers	Narrow molecular weight distribution Low unsaturation Free of metal ions Low moisture content	Coatings Adhesives Elastomers Sealants Daily chemicals Textile finishing Metal processing Photovoltaics, etc.	

● Development Milestones



Organizational Structure



Organizational Chart of Changhua Chemical

Corporate Culture

Mission

Create Green Chemistry and Shape a Better Low-Carbon Future.

We are committed to driving industrial transformation and sustainable development in the chemical industry and its application sectors through the innovative R&D and application of green chemistry and low-carbon technologies, jointly shaping a better future of zero carbon and ecological harmony.

Vision

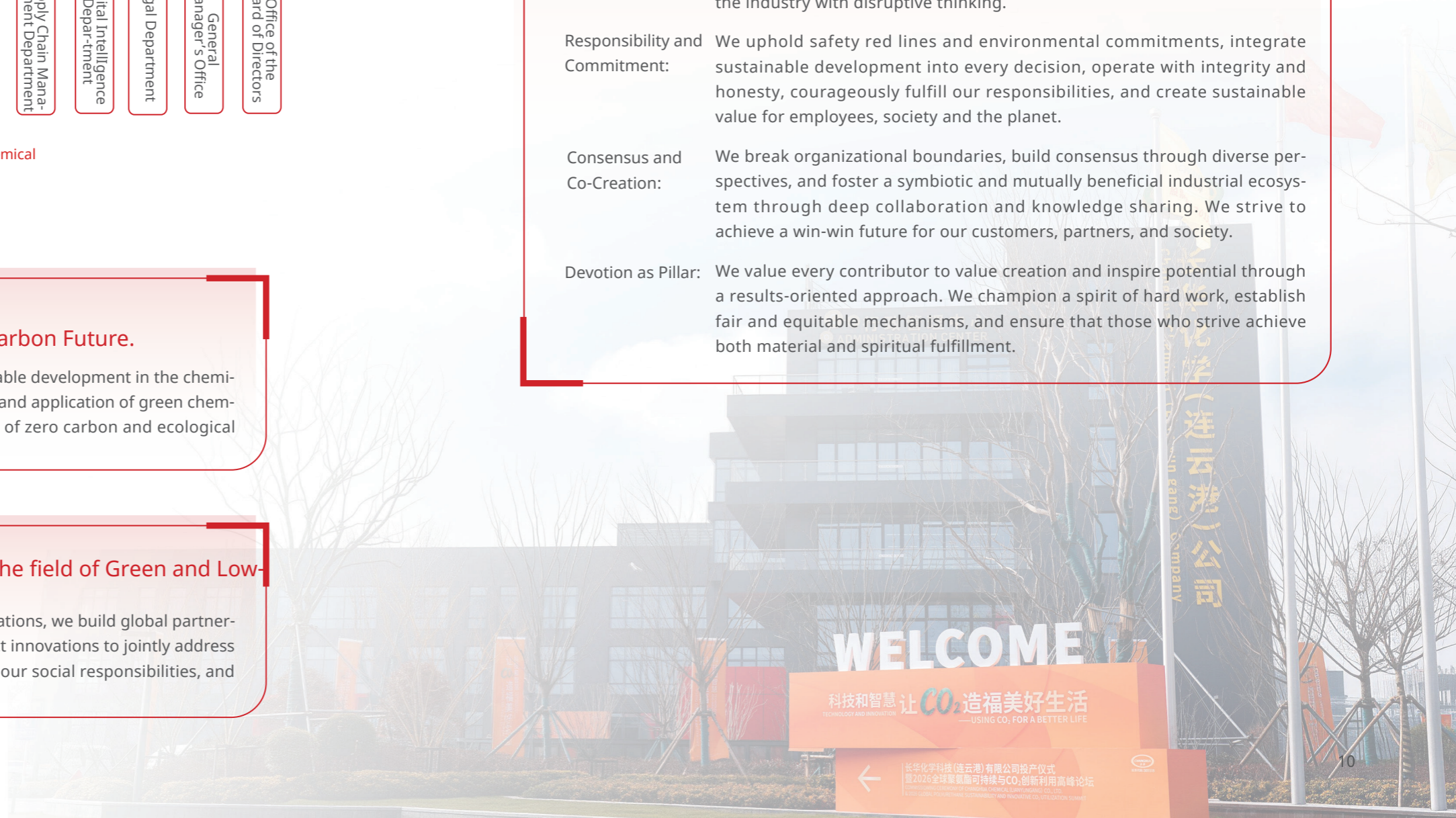
To Become the Most Innovative Global Partner in the field of Green and Low-Carbon Chemistry.

Based on advancements in green chemistry and low-carbon applications, we build global partnerships through continuous technological breakthroughs and product innovations to jointly address challenges in environmental protection and climate change, fulfill our social responsibilities, and lead the industry toward sustainable development.

Core Values

Driving a sustainable future with low-carbon new materials, we practice our core values and unite global partners to jointly build a green industrial ecosystem.

- Customer Orientation:** We prioritize our customers' needs, gain deep insights into the challenges of transformation, create long-term value through innovative solutions, respond quickly to change, exceed customer expectations, and become a trusted green and low-carbon partner.
- Innovation and Transformation:** We embrace technological revolutions, dare to break traditional boundaries, drive low-carbon transformation through cutting-edge material R&D, stimulate creativity through open exploration, and reshape the future of the industry with disruptive thinking.
- Responsibility and Commitment:** We uphold safety red lines and environmental commitments, integrate sustainable development into every decision, operate with integrity and honesty, courageously fulfill our responsibilities, and create sustainable value for employees, society and the planet.
- Consensus and Co-Creation:** We break organizational boundaries, build consensus through diverse perspectives, and foster a symbiotic and mutually beneficial industrial ecosystem through deep collaboration and knowledge sharing. We strive to achieve a win-win future for our customers, partners, and society.
- Devotion as Pillar:** We value every contributor to value creation and inspire potential through a results-oriented approach. We champion a spirit of hard work, establish fair and equitable mechanisms, and ensure that those who strive achieve both material and spiritual fulfillment.



● Honors and Awards in 2025

High-Tech Enterprise Certificate (Reassessment)
 Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, Jiangsu Provincial Taxation Bureau under State Taxation Administration

2025 Re-evaluation of Specialized, Refined, Distinctive and Innovative SMEs
 Industry and Information Technology Department of Jiangsu

“Innovation and Entrepreneurship Plan” of Jiangsu Province (Innovation Category)
 Industry and Information Technology Department of Jiangsu

Technical Achievement Appraisal of Phosphazene Catalysts, Low-Unsaturation High-Activity Polyether Polyols Prepared with the Phosphazene Catalysts and their Applications: International Advanced Level
 Jiangsu Productivity Promotion Center

19th Batch of Science and Technology Development Plan (Enterprise Innovation Talent) Projects of Suzhou City in 2025
 Suzhou Science and Technology Bureau

2024 Zhangjiagang Intellectual Property “Eagle Cultivation” Program
 Zhangjiagang Administration for Market Regulation

Green Development Enterprise
 Working Committee of Zhangjiagang Bonded Zone and Administrative Committee of Jiangsu Zhangjiagang Bonded Zone under the CPC Jiangsu Provincial Committee

Contract-Abiding and Credit-Worthy Enterprise
 Jiangsu Enterprise Credit Management Association

Annual Supply Chain Outstanding Contribution Award
 China Polaris Consulting (Shanghai) Co., Ltd.

2025 Founding Partner Award
 SCI Seating (Ningbo) Co., Ltd.

● Industry Associations

Organization Name	Position
China Polyurethane Industry Association	Executive Council Member Unit
Council of <i>Polyurethane Industry</i>	Vice-President Unit
China Petroleum and Chemical Industry Federation	Council Unit
Suzhou Society of Chemistry and Chemical Engineering	Council Unit





Sustainable Development

SDGs Responded in this Chapter



ESG Material Topics Covered in this Chapter

- ESG Governance
- Communication with Stakeholders
- Due Diligence

Sustainable Development Governance

Consistently prioritizing long-term sustainable development as a guiding principle, Changhua Chemical deeply integrates ESG principles into the development strategy, embeds the philosophy of green and sustainable development throughout the entire process of R&D, production and operations, and focuses on technological innovation in the chemical industry to lay a solid foundation for achieving sustainable development goals.

Sustainable Development Mission and Vision

Consistently adhering to the corporate mission to “Create Green Chemistry and Shape a Better Low-Carbon Future” and the vision to “Become the Most Innovative Global Partner in the field of Green and Low-Carbon Chemistry”, Changhua Chemical continuously strengthens ESG development and establishes a green chemical enterprise brand image.

Focusing on the Sustainable Development Goals (SDGs) of the United Nations, we are actively engaged in ESG practices to promote sustainable development and strive to achieve a harmonious win-win cooperation between business and social values.

SDGs	Practices of Changhua Chemical
	Changhua Chemical continuously optimizes and improves the compensation and benefits system, provides care and assistance to employees in need, actively participates in social welfare initiatives, and carries out volunteer services.
	Changhua Chemical attaches great importance to employee health and safety by regularly conducting occupational health training and health checkups to check employees' health. The Company conducts safety production education and training, establishes a safety production supervision system, advances safety production standardization, improves safety production processes, and comprehensively safeguards employee safety and health.
	Changhua Chemical values the development and growth of talent pipelines by establishing a comprehensive training system and providing multi-level training programs to ensure smooth career development pathways for employees at all levels and positions. Meanwhile, the Company has established an education fund for employees' children to support their educational development.
	Changhua Chemical fosters a diverse, inclusive and harmonious working environment, creates a culture of inclusiveness and collaboration, eliminates discrimination, harassment and bullying, and rigorously upholds the principles of gender equality.
	Changhua Chemical practices clean water and sanitation initiatives through measures such as water recycling, clean energy utilization, and the construction of environmental protection facilities.

SDGs	Practices of Changhua Chemical
	Changhua Chemical adopts cost-effective clean energy and procures green electricity as a new driving force for corporate development, reducing production and operational costs while enhancing competitiveness.
	Adhering to the principle of fairness, Changhua Chemical has established a fair performance evaluation system and offers a competitive compensation and benefits package. We provide employees with diverse activities to enhance their sense of well-being and belonging.
	Changhua Chemical actively develops new products and technologies, conducts intellectual property training, continuously strengthens R&D investment and technological innovation, and consistently regards technological innovation as the core driving force for corporate development and industry advancement.
	Changhua Chemical ensures fairness and equity in recruitment and promotion channels, adheres to the principles of distribution according to work and gender equality, promotes democratic management mechanisms, resolutely opposes forced labor, and strictly prohibits child labor.
	Changhua Chemical solidifies the foundation of product quality by establishing quality management systems and procedures. We implement comprehensive quality control from source to shipment, ensuring full reliability and traceability throughout the process to maximize product reliability and stability. We have obtained the Quality Management System Certification and the Integration of Informatization and Industrialization Management System Certification.
	Changhua Chemical regards climate action, energy conservation and emission reduction as long-term goals for green enterprise operations. Guided by the corporate mission to “Create Green Chemistry and Shape a Better Low-Carbon Future”, the Company adopts advanced cleaner production technologies and efficient end-of-pipe treatment equipment, actively develops green and low-carbon environmentally friendly products, and promotes green corporate development.
	Changhua Chemical adheres to the principle of compliant operations, ensures timely and accurate information disclosure, safeguards the legitimate rights and interests of shareholders, continuously advances integrity building, and maintains zero tolerance toward corruption.
	Changhua Chemical actively establishes healthy and harmonious business partnerships with suppliers to jointly maintain a fair and transparent business environment.

Management Structure for Sustainable Development

To continuously strengthen ESG management, Changhua Chemical has formulated the *ESG Management System* and the *Working System of the Strategy and ESG Committee under the Board of Directors* in accordance with laws and regulations such as the *Self-Regulatory Guideline No. 17 for Companies Listed on the Shenzhen Stock Exchange - Sustainability Report (Trial)* and in combination with operational realities. On this basis, the Company has established a professional ESG governance structure, clarified governance responsibilities, and enhanced ESG governance effectiveness.



ESG Management Structure of Changhua Chemical

ESG Capability Development

To strengthen ESG management and enhance employees' ESG expertise, Changhua Chemical continuously conducts ESG-related training. Through diverse training methods—such as inviting leading industry experts to deliver specialized lectures and organizing internal experience-sharing sessions—the Company provides employees with comprehensive, multi-level learning and development opportunities, ensuring they can accurately grasp the ESG requirements across all aspects of the Company's operations.

ESG Training

On October 30, 2025, the Company organized a special ESG training program for management personnel across all departments and subordinate units. Senior external ESG experts were invited to provide in-depth analysis of the latest domestic and international ESG policy trends and comprehensively interpret the Company's current ESG management facts and challenges. By sharing a series of outstanding industry practice cases, the training effectively enhanced management personnel's ESG awareness and practical capabilities, laying a solid foundation for the Company to further deepen ESG strategy implementation and promote sustainable development.



Case

Communication with Stakeholders

Changhua Chemical regards stakeholder concerns as important directions in fulfilling sustainable development. By identifying stakeholder groups that may have or have had significant impacts on the Company's business and operations, the Company continuously improves stakeholder communication mechanisms, promptly understands and responds to stakeholder expectations and demands, and achieves mutual benefit and win-win cooperation.

Stakeholders	Topics of Concern	Communication Channels
Employees	Protection of Employees' Rights and Interests Career Development and Training Occupational Health and Work Safety	Employee Congress Internal Communication Platform Phone and Email Face-to-Face Communication
Shareholders/Investors	ESG Governance Communications with Stakeholders	General Meeting of Shareholders SZSE Cninfo Platform Reports and Disclosures Hotlines for Investors Roadshows and Counter Roadshows Performance Briefings
Suppliers	Supply Chain Security Equal Treatment of Small and Medium-Sized Enterprises Anti-Commercial Bribery and Anti-Corruption	Training for Suppliers Business Visits Phone and Email
Customers	Safety and Quality of Products and Services Data Security and Customer Privacy Protection Anti-Unfair Competition	Social Media Customer satisfaction surveys
Industry Associations/ Research Institutions	Innovation-Driven Development	Industry Conferences Joint Events
Public Welfare Organizations/Community Organizations	Social Contribution Rural Revitalization	Public Welfare Donations Joint Events
Government/Regulator	Environmental Compliance Management Energy Utilization Response to Climate Change Pollutant Emissions Waste Disposal	Information Disclosure Regulatory Assessments Phone and Email

Due Diligence

Changhua Chemical has established a due diligence mechanism for business partners to foster a corporate culture of “transparency, integrity, and honesty”, promote the cultural philosophy that “compliance creates value”, and prevent any conduct that poses integrity and compliance risks.

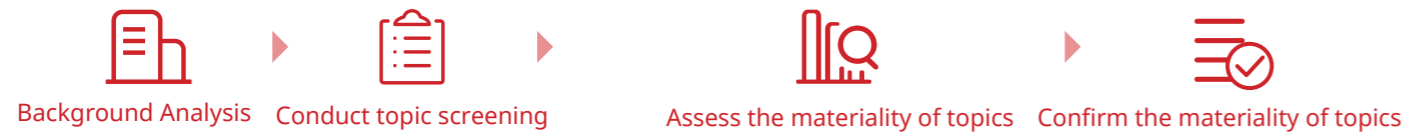
When conducting cooperation with business partners, Changhua Chemical may carry out due diligence on their creditworthiness, contract performance capabilities and compliance fulfillment through internal system screening, public information inquiries, requiring business partners to proactively provide relevant qualifications and supporting documents, on-site inspections, and engagement of external professional agencies. The Compliance Management Committee is responsible for systematically reviewing due diligence files and related materials and making decisions on approval or disapproval.

Following due diligence on business partners, Changhua Chemical shall properly handle collected personal information and sensitive data of business partners to ensure data and privacy security.

Materiality Issue Management

With reference to domestic and international disclosure standards and assessment methods as stated in domestic and international disclosure standards such as the *Self-Regulatory Guideline No. 17 for Companies Listed on the Shenzhen Stock Exchange - Sustainability Report (Trial)*, the *Self-Regulatory Guidelines No. 3 for Companies Listed on the Shenzhen Stock Exchange - Preparation of Sustainability Reports*, and *GRI 3: Material Topics*, and in combination with the characteristics of the industry and the business realities of the Company, Changhua Chemical incorporates analytical perspectives of impact materiality and financial materiality to comprehensively evaluate the Company’s performance across relevant topics and conducts materiality analysis of these topics.

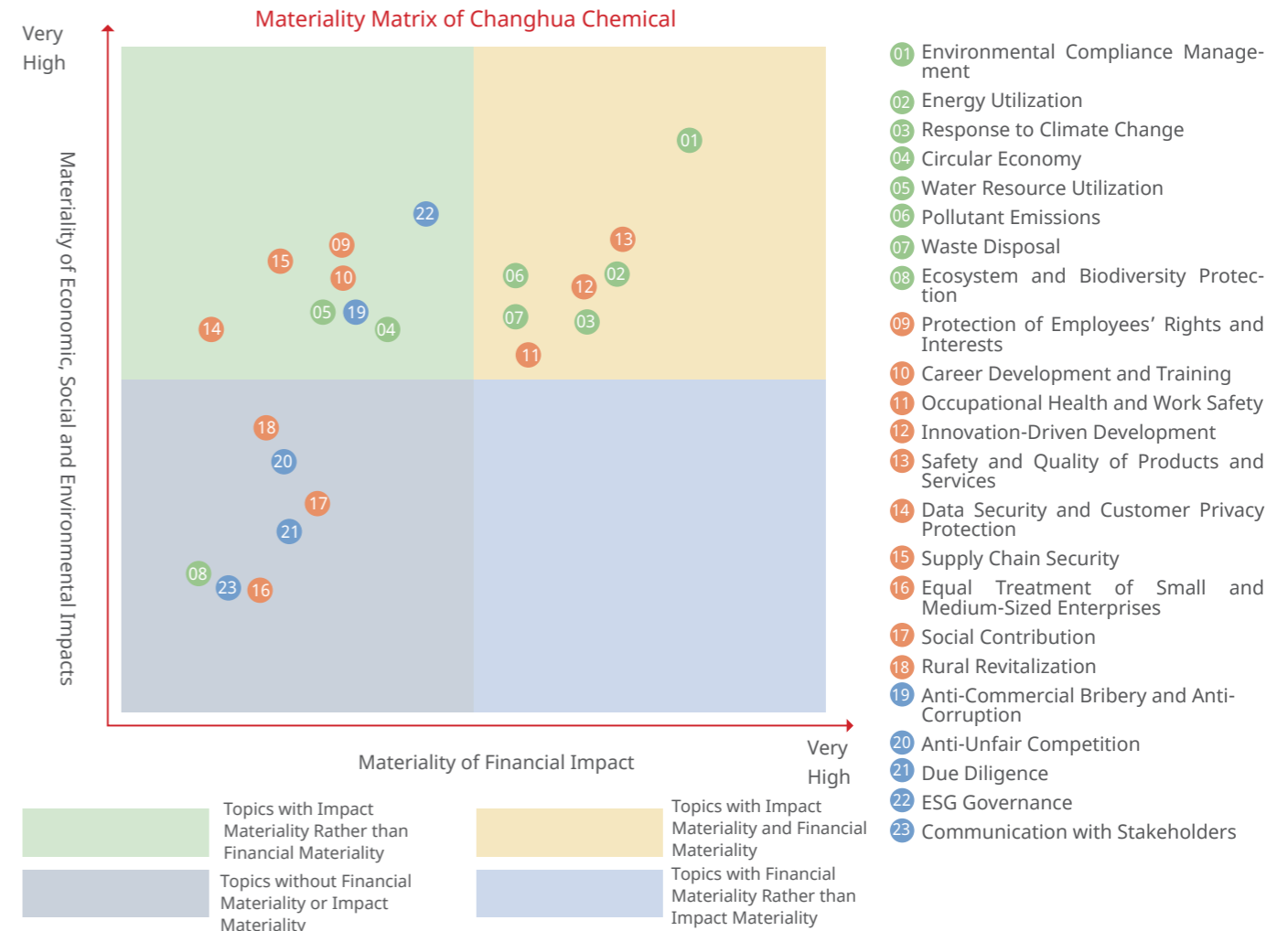
Material Topic Assessment Process



<p>Background Analysis</p> <p>Identify stakeholders as well as impacts, risks and opportunities faced, based on the industry in which the Company operates, as well as the macro environment, business model and operational realities of the Company.</p>	<p>Conduct topic screening</p> <p>Establish a company-specific topic pool in accordance with the guidelines of the stock exchange, relevant standards such as GRI, SDGs and MSCI standards, as well as material topics emphasized by domestic and international peer companies.</p>	<p>Assess the materiality of topics</p> <div style="display: flex;"> <div style="width: 50%;"> <p>Impact Materiality Assessment</p> <p>Identify the potential or actual positive or negative impacts of each topic on the external environment, society, and the economy through external stakeholder questionnaire surveys. During the Reporting Period, the Company conducted a stakeholder questionnaire survey and received a total of 383 responses.</p> </div> <div style="width: 50%;"> <p>Financial Materiality Assessment</p> <p>Analyze risks and opportunities related to relevant topics and identify financially material topics through the analyses of impacts, dependencies, internal stakeholder surveys and other factors, in combination with expert judgment, and with full consideration of risk identification and assessment lists from various departments..</p> </div> </div>	<p>Confirm the materiality of topics</p> <p>Generate a materiality matrix for the Company.</p>
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Material Topic Assessment Results

The Company analyzes both the impact materiality and financial materiality of each topic, and presents the analysis results and the materiality priority of the topics in a matrix.



Note 1: The Company’s core business involves the research, development, production, and sale of polyether products. Although the Company has established the Institute of AI-assisted R&D technology, the Institute focuses solely on industrial intelligent applications such as production optimization, process control and data analysis, and does not involve R&D in ethically sensitive areas such as life sciences and artificial intelligence. Therefore, the Company did not conduct any technological applications involving high ethical risks. Therefore, technology ethics is not included as a material ESG topic.

Note 2: Environmental Compliance Management, Pollutant Emissions, and Waste Disposal topics are disclosed together in the "Environmental Compliance Management" section.

Materiality	Topic
Double Materiality	Environmental Compliance Management, Energy Utilization, Response to Climate Change, Pollutant Emissions, Waste Disposal, Innovation-driven Development, Safety and Quality of Products and Services, Occupational Health and Work Safety
Impact Materiality Only	Circular Economy, Water Resource Utilization, Protection of Employees’ Rights and Interests, Career Development and Training, Data Security and Customer Privacy Protection, Supply Chain Security, Anti-Commercial Bribery and Anti-Corruption, ESG Governance
Relevance	Ecosystem and Biodiversity Protection, Equal Treatment of Small and Medium-Sized Enterprises, Social Contribution, Rural Revitalization, Anti-Unfair Competition, Due Diligence, Communication with Stakeholders

01

Pragmatic Action: Building a Long-Term Governance System

SDGs Responded in this Chapter



Key Achievements in 2025

General Meeting of Shareholders Held: **4**, Sessions; Proposals Reviewed and Approved: **32**

General Meeting of Shareholders Held: **10**, Sessions; and Proposals Reviewed and Approved: **116**

ESG Material Topics Covered in this Chapter

- Anti-Commercial Bribery and Anti-Corruption
- Anti-Unfair Competition

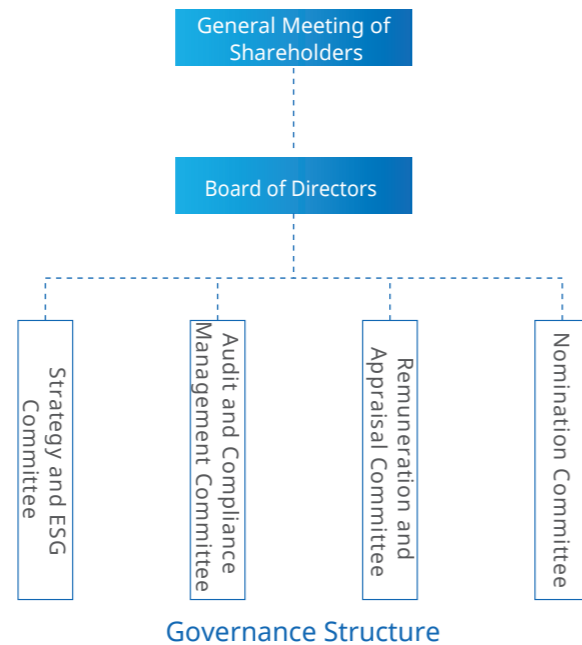


Consolidation of Governance Foundation

In strict accordance with relevant laws and regulations, including the *Company Law of the People's Republic of China* and the *Code of Corporate Governance for Listed Companies*, Changhua Chemical has formulated and implemented systems such as the *Articles of Association*, the *Rules of Procedure for General Meeting of Shareholders*, and the *Rules of Procedure for the Board of Directors*, to ensure the standardized exercise of authority by the Board of Directors and General Meeting of Shareholders and effectively promote the long-term development of the corporate governance system.

Governance Structure

In accordance with the provisions of the *Articles of Association*, Changhua Chemical continuously optimizes the internal governance structure, clearly delineates management responsibilities at all levels, and strengthens the standardization of internal processes. This effectively enhances the transparency and coordination of organizational operations, ensuring the Company's stable operation in a complex and ever-changing market environment.



General Meeting of Shareholders

Changhua Chemical has formulated the *Rules of Procedure for General Meeting of Shareholders*, stipulating the convening, holding and voting procedures of General Meeting of Shareholders, ensuring that all shareholders, especially minority shareholders, enjoy equal rights and are able to fully exercise their rights and fulfill corresponding obligations.

In accordance with laws and regulations, the requirements of the China Securities Regulatory Commission and the *Articles of Association*, Changhua Chemical convenes the General Meeting of Shareholders through on-site meetings, online meetings and other forms. During the Reporting Period, the General Meeting of Shareholders was convened by the Board of Directors, witnessed on-site by appointed lawyers who issued legal opinions.

Key Performance in 2025

The Company convened a total of **4** General Meetings of Shareholders, including **1** Annual General Meeting of Shareholders and **3** Extraordinary General Meetings of Shareholders, at which **32** proposals were reviewed and approved.

Board of Directors

Changhua Chemical has formulated the *Rules of Procedure for the Board of Directors* to provide scientific and standardized operating procedures for the Board's deliberations and decision-making. This effectively promotes the standardized operation of the Board, enhances decision-making efficiency and governance standards, and drives the Company's steady and orderly development.

Key Performance in 2025

The Board of Directors convened a total of **10** meetings, at which **116** proposals were reviewed and approved, with an average attendance rate of **100%** for directors.

Board Diversity and Composition

Changhua Chemical attaches great importance to the diversity of the composition of the Board of Directors. In terms of board composition, no restrictions are imposed based on gender, and the Board includes both male and female directors. In terms of age structure, a comprehensive age echelon has been established to form a multi-level talent structure. In terms of professional background, the members of the Board have expertise in chemical engineering, international trade, finance and law, meeting governance needs across the entire business value chain.

During the Reporting Period, the Company had a total of 9 directors, including 2 female directors, accounting for 22.22% of the total.

Name	Position	Gender	Age	Specialty
Gu Renfa	Chairman	Male	63 years old	Applied Chemical Engineering (Energy and Chemical Engineering)
Zhang Xiufen	Directors	Female	59 years old	Finance
Chen Fengqiu	Director (resigned in April 2026)	Male	61 years old	Chemical Engineering
Xu Wenyue	Directors	Male	56 years old	Organic Chemical Engineering
Gu Lei	Directors	Male	36 years old	International Trade
Li Peng	Employee Representative Director	Male	42 years old	Materials Science
Chen Diansheng	Independent Directors	Male	51 years old	Accounting
Zhao Bin	Independent Directors	Male	42 years old	Law
Zhang Ling	Independent Directors	Female	46 years old	Law

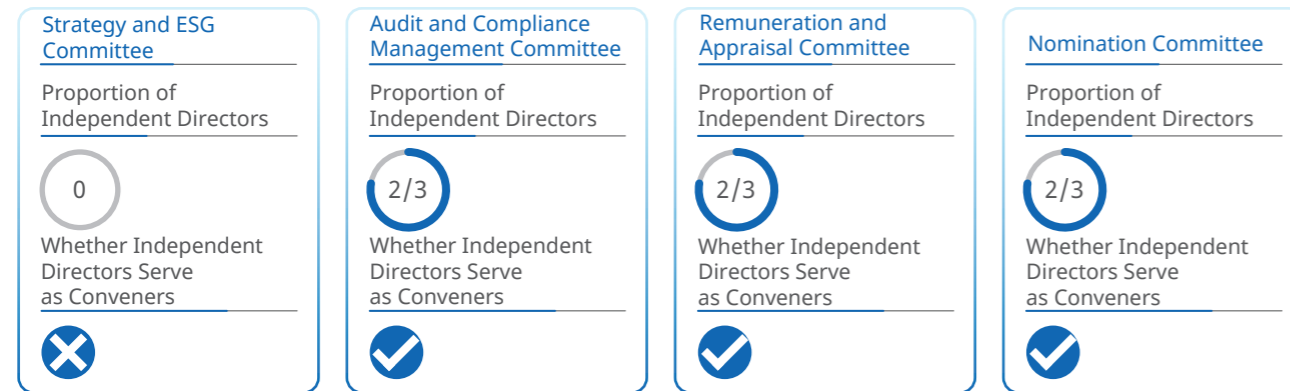
Board Independence

Changhua Chemical has formulated the *Working System of Independent Director*, which clearly define the powers and responsibilities of independent directors, namely to participate in Board decision-making and express clear opinions on matters under discussion. This not only enhances the scientific rigor and democratic nature of the Company's major decision-making processes but also improves the standardization and transparency of the corporate governance structure, providing a solid institutional foundation for the Company's long-term and steady development.

As of the end of the Reporting Period, the Company had a total of 3 independent directors, accounting for 33.33% of the total.

Board Committees

The Board of Directors has established four specialized committees, namely the Strategy and ESG Committee, the Audit and Compliance Management Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. In accordance with the *Working System of the Strategy and ESG Committee*, the *Working System of the Audit and Compliance Management Committee*, the *Working System of the Remuneration and Appraisal Committee*, and the *Working System of the Nomination Committee*, each specialized committee provides the Board of Directors with comprehensive and in-depth decision-making support, ensuring the professionalism and scientific basis of all decisions made by the Board of Directors.



Key Performance in 2025

- The Strategy and ESG Committee convened **5** meetings, at which **32** proposals were reviewed and approved.
- The Audit and Compliance Management Committee convened a total of **7** meetings, at which **34** proposals were reviewed and approved.
- The Remuneration and Assessment Committee convened **5** meetings, at which **9** proposals were reviewed and approved.
- The Nomination and Remuneration Committee convened **2** meetings, at which **14** proposals were reviewed and approved.

Management of Remuneration for Directors and Senior Management

Changhua Chemical attaches importance to the remuneration management of directors and senior executives. In accordance with relevant systems, including the *Articles of Association* and the *Working System of the Remuneration and Appraisal Committee*, the Remuneration and Appraisal Committee scientifically formulates annual remuneration plans for directors and senior management based on the Company's operating conditions and with reference to industry and regional compensation standards.

Remuneration Standards for Directors and Senior Management

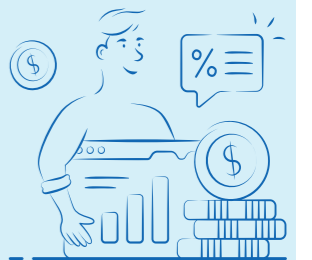
The remuneration standard for independent directors in 2025 was RMB 98,000 per year before tax.

Non-independent directors who concurrently hold specific positions within the Company receive compensation based on the specific roles they perform.

Non-independent directors who do not hold specific positions within the Company do not receive remuneration from the Company.

Senior management receives compensation based on the specific positions they hold.

During the Reporting Period, the Company actually paid RMB 6.5222 million in remuneration to directors and senior management (including Former Officeholders), excluding share-based payments.



Enhancement of Risk and Compliance Management

Adhering to the philosophy of "staying true to our original aspirations, upholding discipline, promoting integrity, and advancing compliance", Changhua Chemical has formulated systems such as the *Measures for Compliance Management* and the *Compliance Management Manual*. We are actively building a comprehensive, multi-tiered risk and compliance management system, continuously strengthening internal controls and risk prevention, and consistently enhancing our risk and compliance management capabilities to provide a solid foundation for sustainable development.

Compliant Operations

Compliance Management Targets

All taxes are paid in a timely and accurate manner.

The operation of special equipment complies with national regulations.

At least one compliance obligation and anti-bribery training session covering all employees is provided each year.

The Company achieves zero accidents, zero pollution, zero occupational diseases, zero illegal employment practices, zero commercial bribery, zero data leakage, and zero intellectual property infringement.

Taking "integrity and honesty, open communication, collaborative innovation, environmental friendliness and pursuit of excellence" as compliance values, Changhua Chemical actively revises and improves compliance-related systems and documents, establishes compliance management objectives, continuously optimizes the design of the compliance organizational structure, emphasizes cross-departmental collaboration, ensures precise communication of compliance requirements to every business segment, and guarantees the comprehensive and systematic development of the Company's compliance system.

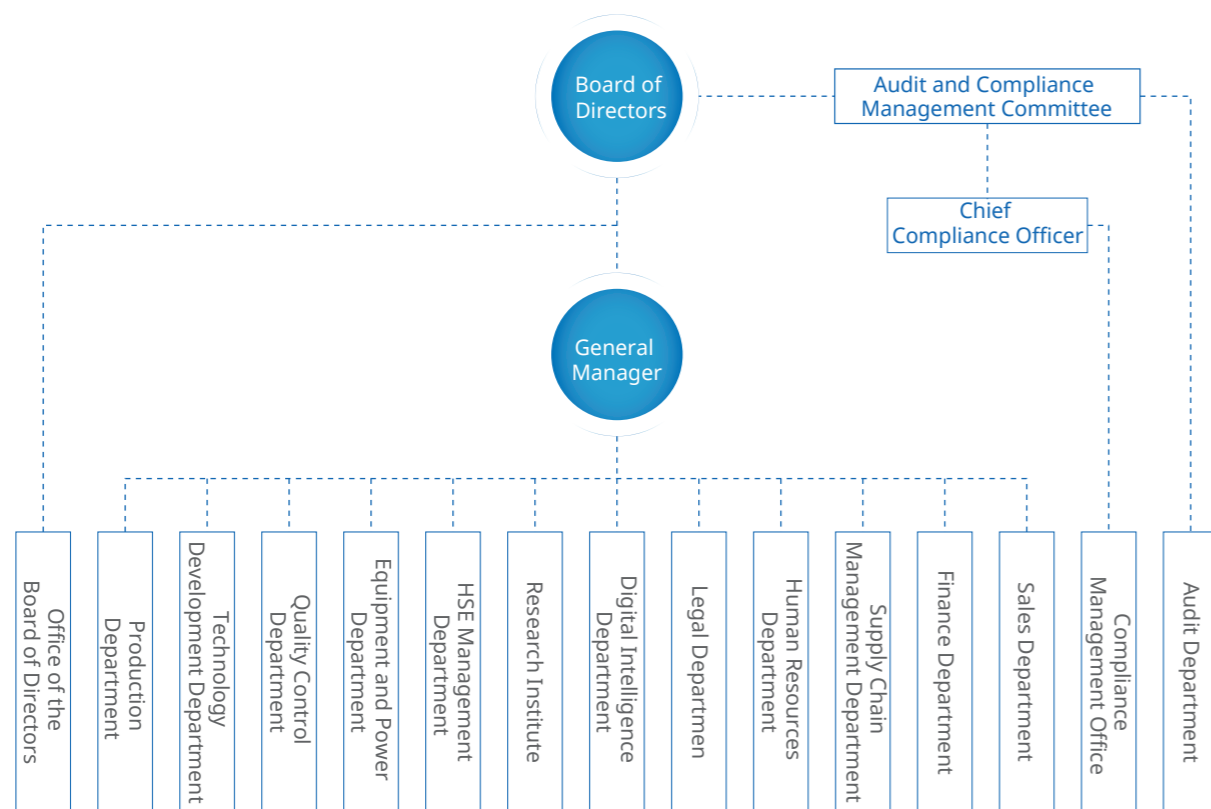


ISO 37301 Compliance Management System Certification



Changhua Chemical has established a top-down compliance organizational structure where the Chairman serves as the primary person responsible for compliance, the Audit and Compliance Management Committee undertakes overall coordination and supervision, the Chief Compliance Officer oversees the daily work of the Compliance Management Office, and each department, together with compliance officers, executes compliance management at the business level. To effectively mitigate compliance risks, employees in key compliance-related positions are required to sign the Commitment to Compliance.

Changhua Chemical conducts internal compliance audits in accordance with compliance management system standards and accepts Stage I and Stage II external audits by third-party institutions. The Company passed certification and obtained the certificate in 2024. We also passed external surveillance audits in 2025.



Organizational Chart for Compliance Management

Compliance Risk Management

Changhua Chemical has formulated the *2025 Control List of Compliance Obligations*, integrating compliance risk management into the entire corporate governance process. This establishes a systematic control framework, creating a compliance management structure characterized by clear responsibilities, unified standards, and comprehensive coverage.

Changhua Chemical has established a responsibility framework where “the Board of Directors oversees decision-making, the Management organizes implementation, the Compliance Management Office coordinates progress, and all functional departments implement and execute respective obligations”. This framework clarifies the compliance management responsibilities of each department, establishes uniform risk assessment criteria, and employs a five-level quantitative system to evaluate the likelihood and severity of risks. Compliance obligations cover core business areas including supply chain management, marketing, finance, human resources, HSE management, technology development, production operations, equipment management, and digital and intelligent transformation, thereby constructing a risk prevention and control network across the entire business chain.

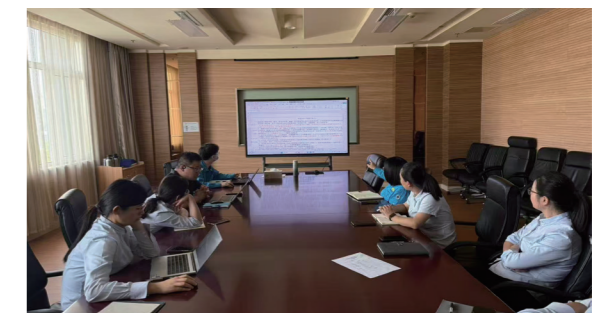
Training on Compliance

To strengthen compliance awareness, Changhua Chemical regularly organizes compliance training sessions, inviting legal counsel and industry experts to deliver lectures. These sessions use real-world case studies to explain compliance principles, thereby enhancing employees’ compliance literacy and risk prevention capabilities.

Case

Compliance Training

In 2025, the Compliance Management Office, together with the Legal Department, conducted online compliance risk awareness training for all employees. The training completion rate reached 100%, and all participants passed the assessment tests. Differentiated training content was developed for the Supply Chain Management Department and related departments to strengthen awareness of compliance management culture. For 10 compliance internal auditors, the Company conducted training on audit clause interpretation and practical operations based on system standard audit requirements, integrating theory with practice. Interactive discussions and Q&A sessions were actively carried out on-site, aiming to enhance compliance audit capabilities and promote the identification and upgrading of the compliance management system.



Key Performance in 2025

- Training on Laws and Regulations: **4** Sessions
- Duration of Legal Training Conducted: **137** Hours
- Number of Participants in Legal Training: **59** Persons
- Number of Legal Personnel Participating in Training: **4** Persons

Risk Management and Internal Control

Changhua Chemical has formulated management systems such as the *Internal Control Evaluation Management System of Changhua Chemical* and the *Accounts Receivable Risk Prevention and Control Management System*. By thoroughly implementing the three major principles of internal control evaluation—comprehensiveness, materiality, and objectivity—the Company has established detailed and standardized internal control management processes. These processes clearly define the responsible parties and work requirements for each stage, ensuring that internal control efforts cover all critical processes and key risk areas.

As the core decision-making body, the Board of Directors comprehensively oversees the establishment of the Company's internal control and risk management systems. The Company has established an Audit Department as an internal audit body. The Audit Department should fully leverage its professional supervisory role while promoting coordinated participation across departments to jointly implement internal control measures, thereby forming an effective mechanism for internal supervision and continuous improvement.

During the Reporting Period, the Company conducted 7 internal audits covering more than 20 audit matters, and no major control failures occurred in the Company.


Training on Risk Management

To enhance employees' risk response capabilities and awareness, Changhua Chemical regularly organizes risk management training activities. Following the training sessions, dedicated tests are distributed to evaluate employees' understanding and learning outcomes, providing data support for subsequent improvements to training programs.

Case

Training on Risk Prevention Related to Accounts Receivable

In 2025, the Company conducted training on risk prevention related to accounts receivable, clearly establishing the core principles of "pre-event prevention, in-event control, and post-event efficient resolution". This initiative built a comprehensive risk control system covering the entire chain from customer onboarding and contract performance tracking to receivables collection. Participants gained a deep understanding of various potential risks and mastered corresponding handling techniques, thereby supporting the stable operations and market value protection of the Company.



Key Performance in 2025

- Internal Risk Training: **4** Sessions
- Total Attendance of Training on Internal Risk Control: **59** Person-times
- Total Hours of Training on Internal Risk Control: **137** Hours

Tax Management

In strict accordance with laws and regulations, including the *Law of the People's Republic of China on Administration of Tax Collection*, Changhua Chemical has formulated the *Tax Management System*. Adhering to the basic principles of "accuracy and timeliness, compliance, efficiency, planning and forward-looking management", the Company clearly defines and plans the responsibilities of the finance department, including arranging designated personnel to complete monthly, quarterly and annual tax declarations in accordance with tax laws, thereby ensuring the orderly conduct of tax management. Meanwhile, we continuously optimize our tax management system, promote the automation and digitalization of tax declaration processes, strictly fulfill tax obligations, and strengthen tax risk identification, early warning and control.

Key Performance in 2025

Total Tax Payment:
RMB **22.7033** Million

Optimization of Investor Relations Management

Changhua Chemical regards investor relations management and shareholder rights protection as important strategic priorities. The Company strictly discloses information in compliance with regulations, safeguards investors' right to know, improves public opinion monitoring mechanisms, maintains sound media relations, and effectively protects shareholders' rights and interests.

Information Disclosure

Changhua Chemical has formulated and implemented systems, including the *Information Disclosure Management System* and the *Accountability System for Major Errors in Annual Report Information Disclosure*, to ensure that the parties obligated to disclose information can fulfill their disclosure obligations in a timely and lawful manner. Adhering to the principle of fairness, we maintain continuity and consistency in information disclosure, to standardize the operational governance of the Company.

Key Performance in 2025

Number of external information disclosure reports issued by the Company: **189**

During the Reporting Period, the Company did not face any penalties due to noncompliance with any regulations concerning information disclosure.

Public Opinion Management

Changhua Chemical has formulated the *Public Opinion Management System* and established rapid response and emergency handling mechanisms to timely and appropriately address the impact of various public opinion incidents on the Company's stock price, business reputation and normal production and operational activities, effectively safeguarding the legitimate rights and interests of investors while ensuring stable operations and maintaining market image.

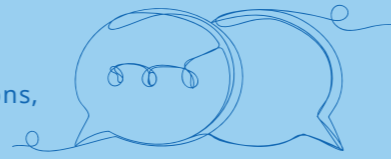
Investor Relations Management

In accordance with laws and regulations, including the *Company Law of the People's Republic of China* and the *Securities Law of the People's Republic of China*, Changhua Chemical has formulated and implemented the *Investor Relations Management System*, to continuously strengthen communication with investors, enhance their understanding and recognition of the Company, improve corporate governance standards and overall corporate value, and earnestly respect, reward, and protect investors.

Changhua Chemical attaches great importance to investor relations management and regards maintaining strong investor relations as an important component of the corporate development strategy. Through diverse communication channels, the Company proactively maintains close communication and interaction with investors, listens to their opinions and suggestions, responds promptly to their concerns, and enhances the Company's image and value in the capital market.

Communication Channels

SZSE Cninfo Platform, performance briefings, on-site investigations, investor hotline, online and offline investor communications



Investor Research Event

In September 2025, the Company hosted an investor research event where the management team provided a detailed overview of the Company’s operational status, development strategy, and future plans. During the interactive communication session, investors engaged in in-depth discussions with the Management and put forward relevant opinions and suggestions. This event deepened investors’ understanding of and confidence in the Company, further enhancing the Company’s market image.



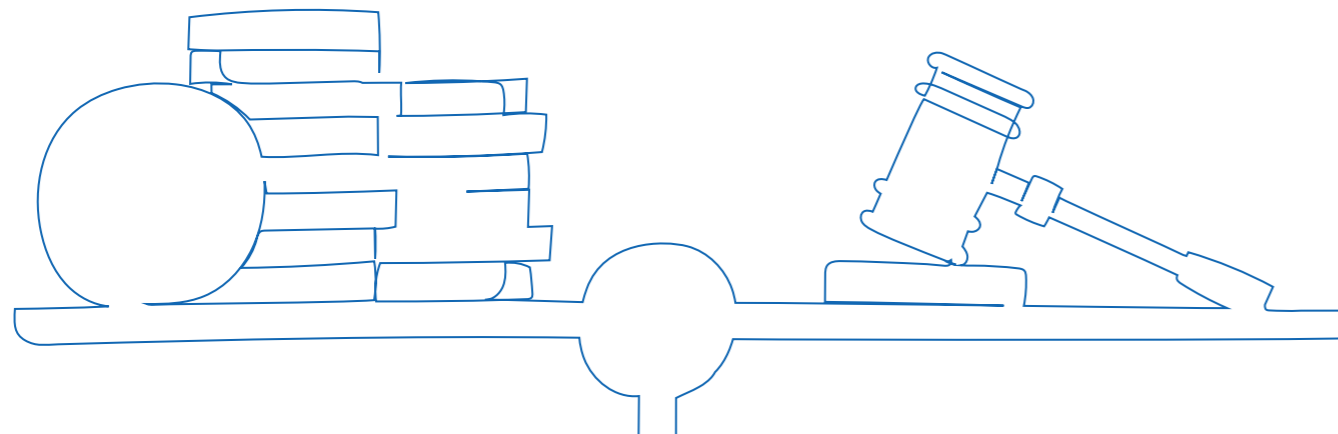
Case

Key Performance in 2025

Number of Investor Reception Activities: **6**
 Including: On-Site Investor Surveys Received: **4** Sureveys
 Investors of On-site Surveys Received: **20** Person-times
 Total Number of Investor Inquiries on SZSE Cninfo Platform: **32** Inquiries
 Total Number of Investor Inquiries Answered on SZSE Cninfo Platform: **32** Inquiries
 Response Rate on the SZSE Cninfo Platform: **100%**

Shareholder Return

Changhua Chemical values shareholder returns and is committed to creating long-term and stable value for shareholders. To effectively protect shareholders’ rights and interests, the Company continuously improves the shareholder return mechanism in accordance with relevant laws, regulations and operational realities. On the premise of profitability and in line with normal operations and long-term development, the Company actively rewards shareholders through methods such as cash dividends. Meanwhile, in 2025, based on stable operations, the Company implemented a share repurchase plan and equity incentive plan through centralized bidding transactions.



Key Indicator	Unit	2025
Cash Dividend per Share	Yuan/Share	0.269
Total Cash Dividend (Including Tax)	10,000 yuan	3,885.16
Proportion to Net Profit Attributable to Shareholders of the Listed Company in Consolidated Financial Statements	%	39.96
Share Repurchase Amount	10,000 yuan	318.67
Total Cash Dividends and Share Repurchase Amount	10,000 yuan	4,203.83
Proportion of the total cash dividends and share repurchase amounts to the net profit attributable to shareholders of the Listed Company in 2025	%	43.24

Note: In 2025, the Company cumulatively repurchased 192,180 shares through centralized bidding transactions via the dedicated securities repurchase account, with a total transaction amount of RMB 3,186,711.60 (excluding transaction fees).

Adherence to Business Ethics

Changhua Chemical actively carries out anti-commercial bribery, anti-corruption and anti-unfair competition initiatives, formulates a series of strict rules and regulations, and prevents violations through internal management processes. The Company regularly conducts compliance training and warning education to enhance integrity awareness among all employees and has established multi-channel reporting platforms to ensure early detection and timely handling of violations. Through institutional frameworks and implementation measures, the Company strengthens compliance defenses and safeguards healthy and sustainable corporate development.

Anti-Commercial Bribery and Anti-Corruption

In compliance with laws and regulations, including the *Company Law of the People's Republic of China* and the *Interim Provisions on Prohibiting Commercial Bribery*, the Company has formulated systems such as the *Integrity Management System* and the *Business Partner Compliance Management Measures*. Following the principles of “legality, integrity, merit-based selection, win-win cooperation, and transparency”, the Company strengthens the development of anti-commercial bribery and anti-corruption management, establishes a sound compliance risk control and protection mechanism for business partners, and assigns the Legal Department and Audit Department to conduct supervision and management, thereby promoting a fair, open and impartial business environment within the Company. The Company has obtained the certification under the ISO 37301:2021 Compliance Management System (Anti-Bribery).

During the Reporting Period, the signing rate of the *Internal Agreement on Integrity* among employees reached 100%, and no material penalty incidents related to commercial bribery or corruption occurred.

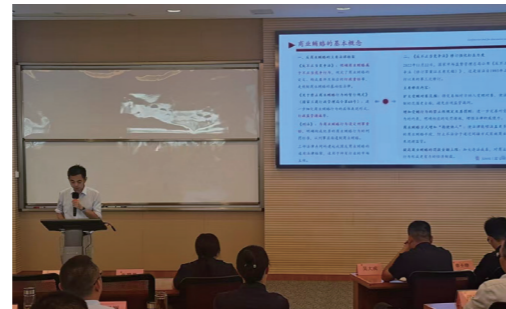
Anti-Corruption Education

Changhua Chemical actively conducts anti-commercial bribery and anti-corruption training activities and enhances employees’ understanding of bribery and corruption through methods such as internal case study seminars, thereby strengthening prevention awareness and fostering a culture of integrity.

Case

Anti-Corruption Training

In 2025, the Company organized anti-corruption education and training centered on the provisions regarding corruption and bribery crimes under the *Criminal Law of the People's Republic of China*. Combined with specific cases, the training provided detailed interpretations of the identification standards and sentencing basis for corrupt practices. Meanwhile, the training conducted in-depth analyses of the damage caused by commercial bribery to market order and the legal liabilities enterprises must bear. The training effectively enhanced employees' compliance awareness and supported the Company in fostering a clean and upright business environment.



Key Performance in 2025

Total Number of Participants in Training on Anti-Commercial Bribery and Anti-Corruption: **16** Persons
 Including: Number of Directors and Senior Management: **2**
 Percentage of Directors and Senior Management: **15.38%**
 Total Duration of Training on Anti-commercial Bribery and Anti-Corruption: **40** Hours
 Including: Training Duration of Directors and Senior Management: **5** Hours
 Average Duration of Training on Anti-commercial Bribery and Anti-Corruption: **2.5** Hours
 Including: Training Duration of Directors and Senior Management: **2.5** Hours

Anti-Corruption Risk Management

Changhua Chemical formulated the *2025 Control List of Compliance Obligations*, which includes anti-commercial bribery and anti-corruption deployment measures. Led by the Legal Department, compliance controls are embedded into key business processes such as contract management and tender procurement. Through dual review mechanisms by the Legal Department and legal counsel, the Company ensures lawful and compliant procedures and safeguards clean and compliant business operations.

Whistleblowing and Protection of Whistleblowers

Changhua Chemical has established the *Complaints, Appeals, and Whistleblowing Management System*, which covers procedures for filing and accepting reports, investigation procedures, reporting channels, and disciplinary actions. This system promotes a positive work culture of integrity, self-discipline, and compliance within the Company, strengthens communication and trust, and safeguards the overall interests of the enterprise.

Changhua Chemical is obligated to keep all reporting information confidential. Information regarding complainants or whistleblowers may only be used for investigation and evidence collection purposes or for notifying complainants or whistleblowers of the handling results. Disclosure to the reported party is strictly prohibited, and retaliation against whistleblowers is expressly forbidden.

Complaint Channels

Whistleblowing Email	hegui@chchem.com.cn
Whistleblowing Hotline	0512-35003632
Address	No. 20 Beijing Road, Yangtze River International Chemical Industrial Park, Zhangjiagang City, Jiangsu Province, China

Anti-Unfair Competition

In accordance with the requirements of laws and regulations including the *Anti-Monopoly Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, Changhua Chemical has formulated and implemented systems such as the *Trademark Management System* and the *Trade Secret Management System*, continuously improving the Company's anti-unfair competition management system.

In addition, Changhua Chemical regularly conducts anti-unfair competition training and publicity activities to cultivate employees' awareness of anti-unfair competition, establish a positive corporate image, and enhance market competitiveness. During the Reporting Period, no litigation or major administrative penalty incident due to unfair competition occurred in the Company.

Special Training on "Preventing Unfair Competition and Safeguarding Core Competitiveness"

Case

In December 2025, Changhua Chemical conducted a special training session themed "Preventing Unfair Competition and Safeguarding Core Competitiveness". The Company engaged a professional attorney to systematically interpret the legal definitions of unfair competition, conduct an in-depth analysis of the manifestations of infringing acts using typical case studies, and propose targeted risk prevention and response measures. The training also included an interactive Q&A session at which participants actively raised practical questions, effectively enhancing employees' awareness of legal risk prevention and control.



Key Performance in 2025

Number of Training on Anti-Monopoly and Fair Competition: **1** Session
 Number of Participants in Training on Anti-Monopoly and Fair Competition: **16** Persons
 Total Training Hours of Training on Anti-Monopoly and Fair Competition: **24** Hours

Enhancement of Cohesion through Party Building

Guided by Party building, Changhua Chemical actively promotes high-quality corporate development. In terms of Party organization development, the Company strictly follows the requirements of the Party Constitution, improves the organizational structure of grassroots Party organizations, and strengthens Party member education and management. Meanwhile, the Company conducts Party building activities in line with actual conditions, strengthens Party member awareness and capabilities, and realizes the integration and resonance of Party building work with corporate development.

Party Building

Changhua Chemical fully implements Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, follows the guiding principles of the 20th National Congress of the Communist Party of China, highly values Party building efforts, establishes a Party branch and continuously improves the Party building institutional system, thereby integrating Party building into all aspects of corporate development and guiding high-quality corporate development through high-quality Party building. The Company has established a Party branch with a clearly defined organizational structure and division of responsibilities. The Party Branch Committee consists of members including the Secretary, Publicity Committee Member and Organization Committee Member.

Key Performance in 2025

- Number of Party Branches: **1**
- Number of Party Members: **24**
- Number of Party branch meetings held: **16**

Party Building

The Party branch adheres to normalized ideological cultivation by strictly implementing one ideological education and study meeting each month and one organizational life meeting each quarter, while deeply carrying out the establishment of "Party Member Vanguard Team". This encourages Party members to take on major responsibilities in key areas such as production, R&D and management, using exemplary leadership to inspire all employees to strive forward.

Changhua Chemical has innovated corporate culture promotion models by integrating online and offline communication channels and combining activities such as training examinations, themed speech competitions, corporate culture workshops and mentoring programs, greatly enhancing employees' sense of identity and belonging. This has cultivated an elite team with strong cohesion and resilience, significantly enhancing the appeal and influence of the Party branch.

Changhua Chemical continuously jointly carries out the "Responsible Care" Party building project each quarter together with the Administration of Market Supervision in the Industrial Park and outstanding enterprises. Centered on production safety themes, the project adopts the PDCA cycle to enhance safety awareness, study and apply advanced safety practices, and fortify production safety defenses.

In 2025, Changhua Chemical prioritized the "Green Action Pioneers" Party-building project focused on recyclable material technology research, deeply integrating Party-building efforts with technological innovation and production. A total of 12 technical research and development workshops were held throughout the year, resulting in the successful development of eight green, low-carbon carbon dioxide polyether products, four categories of green, recyclable ionic liquid pilot-scale products, and third-generation phosphazene catalyst technology. The technology was appraised by the New Quality Productivity Promotion Center of Jiangsu Province and recognized as reaching an internationally leading level.



Safety Education Activities Launched by Changhua Chemical Party Branch with the Administration of Market Supervision in the Bonded Zone



Reelection of Party Branch at Changhua Chemical



Changhua Chemical Party Branch conducted enterprise culture and GITA leadership mindset development workshops in five batches



Seminar of the "Green Action Pioneers" Recyclable Materials R&D Project Team

02

Low Carbon and Environmental Protection: Charting a New Chapter in Green Development

SDGs Responded in this Chapter



Key Achievements in 2025

Investment in Environmental Protection: RMB **30.4721** Million

Total Energy Consumption: **16,160.84** tce

Total GHG Emissions: **59,825.55** tCO₂e

Training on Environmental Protection: **12** Sessions

ESG Material Topics Covered in this Chapter

- Response to Climate Change
- Environmental Compliance Management
- Pollutant Emissions
- Waste Disposal
- Energy Utilization
- Water Resource Utilization Management
- Circular Economy
- Ecosystem and Biodiversity Protection

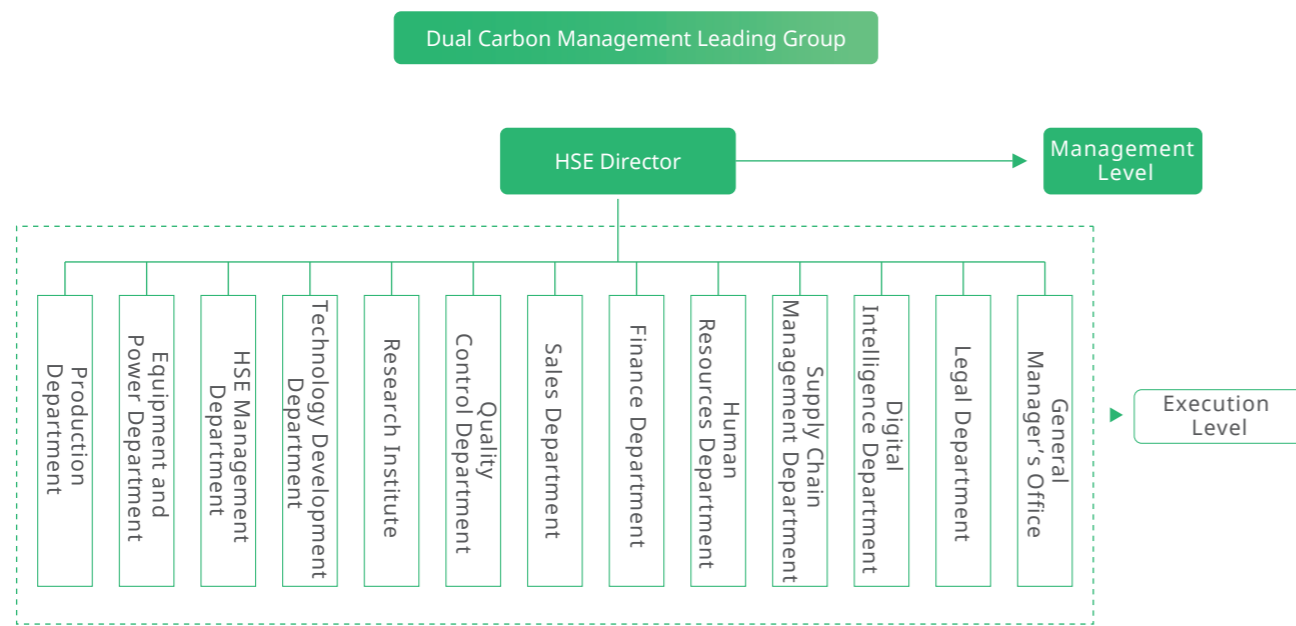


Response to Climate Change

Changhua Chemical actively responds to the national strategic goals of carbon peaking and carbon neutrality, regarding the achievement of the “carbon peaking and carbon neutrality” goals as a core mission for high-quality corporate development. The Company comprehensively promotes low-carbon development strategies, leverages the strong engine of technological innovation, and explores and practices low-carbon pathways in all aspects to lead the chemical industry toward accelerated green and sustainable transformation.

Governance

Changhua Chemical has formulated the *Climate Change Response Management System* and the *Greenhouse Gas Emissions Management System* to standardize carbon emission management and deeply integrate low-carbon concepts into the Company’s strategic planning and the entire production and operation process. The Company has established a three-tier management structure consisting of the “decision-making level – management level – execution level”. Among them, the Dual Carbon Management Leading Group serves as the decision-making level, responsible for assessing and managing climate-related risks and opportunities, planning the Company’s climate response strategies, and establishing effective mechanisms to ensure implementation. The HSE Director serves as the management level, responsible for formulating climate risk management policies, standards, management measures, tools and processes, as well as evaluating management effectiveness. All departments of the Company serve as the execution level, responsible for cooperating with relevant work and implementing climate-related actions.



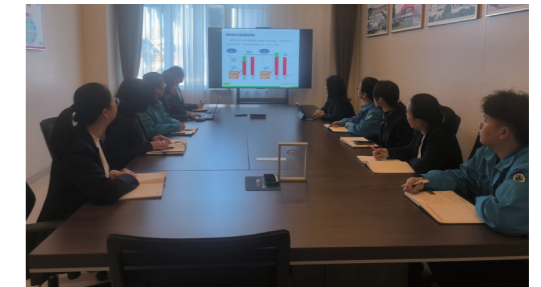
Organizational Structure for Management of Response to Climate Change

To effectively enhance employees’ professional climate management capabilities and deepen their understanding of climate issues, Changhua Chemical conducted a series of training programs closely aligned with actual business needs, covering multiple dimensions including climate policy interpretation, analysis of carbon market operating mechanisms, and innovative applications of carbon finance tools, thereby providing strong support for the steady expansion of the Company’s carbon finance business.

Case

Training on Carbon Trading Overview and Carbon Finance Knowledge

In November 2025, the Company conducted training sessions on carbon trading overview and carbon finance knowledge for functional departments, systematically explaining carbon trading mechanisms, market operating rules and the application of carbon finance tools. Participants engaged in in-depth learning and active discussions. The training enhanced employees’ carbon management awareness and laid a solid knowledge foundation for the Company’s future participation in the carbon market and development of carbon finance business.



Strategy

Risk Type	Description of Risk	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Physical Risk	Extreme weather events may damage the Company’s facilities, disrupt employee commuting and normal operations, and restrict logistics, leading to production interruptions and consequently affecting revenue;	Revenue decrease	High	High	Medium term	Upstream Operations Downstream	Establish a comprehensive emergency response plan system and process, regularly update emergency plans and supplies, and conduct emergency drills to ensure that sudden environmental risk incidents are properly handled;
	The Company’s plant premises store large quantities of chemicals, some of which could cause fires or explosions. In addition to direct financial losses, this could also result in fines, compensation claims, and other liabilities;	Cost increase					Stockpile emergency response supplies (such as raincoats, acid- and alkali-resistant boots, and self-contained breathing apparatus);
	Extreme weather events can easily cause corrosion or damage to production units and storage equipment, triggering secondary accidents;	Devaluation of Fixed Assets					Use high-quality chemical storage containers (e.g., refrigerated storage for peroxides)
	Extreme weather events can cause flooding within the plant premises. Without separate storm and sanitary sewer systems, chemical wastewater may overflow, affecting surrounding water bodies.						Clearly define functional zones and transportation routes within the facility to meet safety requirements for fire prevention, explosion prevention, and other safety standards; Establish an internal monitoring and early warning system to ensure timely access to information on extreme weather and other relevant conditions.

Risk Type	Description of Risk	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Physical Risk Extreme Temperature	<p>Extreme temperatures may affect the normal operation of equipment and accelerate the aging of production facilities. To maintain appropriate production temperatures, the Company needs to increase the operating time of temperature control equipment such as refrigerated storage units, resulting in increased energy consumption;</p> <p>Extreme temperatures may cause deterioration or performance degradation of raw materials, affecting product quality and stability, and may also impact chemical reaction efficiency, thereby affecting the Company's revenue;</p> <p>For chemical raw materials such as propylene oxide, extreme temperatures may trigger chemical reactions, increasing vapor pressure and explosion risks.</p>	<p>Revenue decrease</p> <p>Cost increase</p> <p>Damage to Corporate Reputation</p>	Medium	Medium	Short term	Operations Downstream	<p>Establish a comprehensive emergency response plan system and process, regularly update emergency plans and supplies, and conduct emergency drills to ensure that sudden environmental risk incidents are properly handled;</p> <p>Stockpile emergency response supplies (such as raincoats, acid- and alkali-resistant boots, and self-contained breathing apparatus);</p> <p>Use high-quality chemical storage containers (e.g., refrigerated storage for peroxides)</p> <p>Clearly define functional zones and transportation routes within the facility to meet safety requirements for fire prevention, explosion prevention, and other safety standards;</p> <p>Establish an internal monitoring and early warning system to ensure timely access to information on extreme weather and other relevant conditions.</p>
Transition Risks Tightening Greenhouse Gas Policies	As a key industry under scrutiny for greenhouse gas emissions, the chemical manufacturing industry faces increasingly stringent greenhouse gas emission and disclosure policies, raising requirements for the Company's greenhouse gas emission management capabilities.	Cost increase	High	Medium	Long term	Operations	<p>Closely monitor climate-related policy trends and integrate climate response into the Company's management strategy;</p> <p>Regularly disclose greenhouse gas emission information in the Company's annual ESG report.</p>

Opportunity Type	Description of Opportunity	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Opportunities Market Opportunities	As market demand for low-carbon products continuously grows, the Company will intensify R&D and production efforts for low-carbon products to meet market demand for environmentally friendly products.	<p>Revenue increase</p> <p>Enhancement of Corporate Reputation</p> <p>Expansion of Market Share</p>	Medium	Medium	Long term	Operations Downstream	Develop green and low-carbon products to reduce carbon emissions.

Impact, Risk, and Opportunity Management

Changhua Chemical attaches great importance to the impacts of climate change and continuously improves climate risk assessment and management mechanisms to achieve closed-loop management covering risk identification, assessment, response and improvement.

Management Process	
Identification of Risks and Opportunities	Based on macro policy trends, regulatory developments and a comprehensive understanding of current industry conditions, the Company identifies potential climate risks and opportunities through methods such as group discussions, expert consultations, scenario analysis, policy analysis and industry benchmarking.
Assessment of Risks and Opportunities	Based on actual operating conditions, the Company comprehensively assesses potential climate risks and opportunities. From multiple dimensions including the likelihood of risk occurrence, impact on business operations, scope involved and irreversibility of impacts, the Company identifies potential risks and opportunities and categorizes them into three major types: physical risks, transition risks and climate opportunities.
Evaluation of Risks and Opportunities	Based on risk analysis results, the Company evaluates and defines the acceptability of each climate-related risk and opportunity to distinguish between key focus areas and matters requiring only general attention, and develop response measures for the identified risks.
Countermeasures	Based on risk assessment results, and considering causes and tolerance levels, the Company balances risks and benefits and selects appropriate risk response solutions.
Assessment of Response Measures	The Company will continue to monitor the implementation of climate change risk and opportunity response measures in combination with internal objectives and external factors, and regularly evaluate the effectiveness of such measures.

Metrics and Targets

To enhance the systematic and effective management of climate-related work, Changhua Chemical has scientifically established carbon emission management targets from the perspective of sustainable management. Through vigorous implementation of energy conservation and emission reduction measures, continuous efforts in cutting-edge technological upgrades and deep optimization of production and operational processes, the Company comprehensively promotes green and low-carbon transformation, thereby enhancing core competitiveness and climate resilience in the low-carbon era.

Carbon Emission Management Targets

Achieve a reduction in carbon emissions by 2030, with total greenhouse gas emissions per unit product in 2025 decreasing by approximately 3.59% year-on-year.

Goals Achieved in 2025

Indicator	Unit	2025
Total GHG Emissions	tCO ₂ e	59,825.55
GHG Emissions Intensity	tCO ₂ e/RMB 10,000 of Operating Revenue	0.22
Direct GHG Emissions (Scope 1)	tCO ₂ e	48.64
Indirect GHG Emissions (Scope 2)	tCO ₂ e	59,776.91

Note: Greenhouse gas (GHG) emissions are calculated in accordance with the *Guidelines for Provincial Greenhouse Gas Inventories (Trial)*, the *Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions by Enterprises in Other Industries (Trial)*, and the *Announcement on the Issuance of 2023 Power Carbon Dioxide Emission Factors*.

Greenhouse Gas (GHG) Emission Reduction Management

The primary greenhouse gas emitted by Changhua Chemical is carbon dioxide, mainly resulting from electricity consumption for production equipment and auxiliary facilities during manufacturing processes, as well as energy consumption such as steam required for reactor heating.

To reduce greenhouse gas emissions, Changhua Chemical vigorously promotes R&D of green technologies and green products, integrating green concepts throughout the product lifecycle and developing environmentally friendly and low-carbon new products. The Company comprehensively implements energy conservation and emission reduction initiatives. During the Reporting Period, multiple measures were carried out, including energy-saving technological transformation projects, procurement of green electricity, and replacement of environmentally friendly equipment to reduce energy consumption and carbon emissions. Meanwhile, the Zhangjiagang production base is equipped with a DCS automatic control system, while the Changhua Lianyungang super factory has established a safe and intelligent green manufacturing process to achieve precise production control and low-energy operation.

During the Reporting Period, the Company commissioned third-party institutions to conduct carbon footprint verification for several core products and issue carbon footprint verification reports, providing strong data support for the Company's low-carbon transformation and sustainable development.



CHE-625BP Product Carbon Footprint Report

PCE-2015E Product Carbon Footprint Report

PCE-2020E Product Carbon Footprint Report

PCE-3015E Product Carbon Footprint Report

Opportunities in Clean Technology

Amid the global "carbon neutrality" trend, clean technology has become a core direction for transformation in the chemical industry. Demand for low-odor, low-VOC and low-carbon-footprint materials in automotive interiors has surged, while high-end upholstered furniture, footwear and apparel and other consumer sectors are also showing an "environmental upgrade" trend. Consumer preference for green products featuring BHT-free and low residual monomer properties has significantly increased. Focusing on green environmental protection, Changhua Chemical centers R&D efforts on green product design and development, breaking through the boundaries of green products through the dual pathways of "carbon resource utilization + bio-based substitution," demonstrating benchmark capabilities in the green upgrading of chemical products.

Breakthroughs in Green Technology

Leveraging long-term accumulation in catalysts, process formulations and synthesis technologies, Changhua Chemical has taken the lead in achieving breakthroughs in industrialized carbon dioxide polyether technology and bio-based polyether polyol preparation technology, improving the Company's clean technology matrix. These advancements not only address the environmental shortcomings of traditional products, but also meet the performance demands of downstream high-end applications, generating both technological and market advantages.

Carbon Dioxide Recycling Technology

Through deep cooperation with Eonic Technologies based in the United Kingdom, Changhua Chemical pioneered the world's first industrialized carbon dioxide polyether technology, establishing a full-chain technological system covering "CO₂ capture - polymer conversion - high-value applications." Using industrially emitted carbon dioxide as the core raw material, the technology adopts internationally leading low-temperature and low-pressure polymerization processes to realize the resource utilization conversion of carbon dioxide from industrial waste into high-value chemical materials.

The carbon dioxide polyether and high-performance polyol project, with a planned total investment of RMB 6 billion, is a provincial key project in Jiangsu Province. The project will be implemented in phases, with an overall planned annual production capacity of 1.06 million tons of carbon dioxide polyether polyols. Upon full completion, the project is expected to utilize approximately 300,000 tons of carbon dioxide annually and can be applied in automotive interior foam, adhesives, waterborne synthetic leather and coatings, polyurethane elastomers and various other scenarios.

In 2026, Phase I of the 80,000 t/a carbon dioxide polyether project and the 300,000 t/a high-performance polyols project were completed and put into operation, forming stable industrialized production capabilities capable of providing low-odor, low-VOC and low-carbon-footprint customized materials for industries such as automotive, adhesives and polyurethane elastomers.

Bio-Based Polyether Polyol Preparation Technology

With the core objectives of "replacing fossil raw materials with renewable biomass" and "low-carbonization across the entire life cycle", Changhua Chemical focuses on the green transformation of the polyether polyol sector. Through raw material innovation, process optimization, and performance upgrades, the Company is building a bio-based material system that combines environmental benefits with practical application value.

This technology utilizes non-food-based biomass feedstocks, with pretreated castor oil as the core starting material. Bio-based polyether polyols are synthesized through chemical modification and alkoxylation (PO/EO). The process employs a closed-loop production system; trace exhaust gases generated during the reaction are treated via adsorption-catalytic combustion to meet emission standards, while wastewater is treated biologically with a reuse rate exceeding 80%. Solid waste emissions are reduced by 90% compared to traditional processes. The carbon emission intensity throughout the entire production process is reduced by 40%-50% compared with traditional fossil-based polyethers, fully aligning with the "carbon peaking and carbon neutrality" goals and the EU CBAM carbon footprint requirements.

Green Product Portfolio

Changhua Chemical has established a green and environmentally friendly product portfolio featuring “full-chain coverage + scenario-focused applications”. Environmental protection control is implemented throughout the entire process, from the raw material end (carbon dioxide and biomass), production end (clean processes), to the product end (low volatility and biodegradability). At the same time, targeted products are launched to address environmental pain points in different application scenarios such as automotive and home furnishings. These products not only meet policy compliance requirements (such as the EU CBAM and China’s “carbon peaking and carbon neutrality” goals), but also address the practical needs of downstream customers, including low odor, low VOCs and cost reduction.

Major Green and Eco-Friendly Products	Low-Pollution Features	Main Application Areas and Green Advantages
Carbon Dioxide-Based Polyether Polyols (Carnol® Series)	Consuming industrial waste CO ₂ Free of catalyst residue Preventing safety hazards and pollutant emissions associated with traditional high-temperature and high-pressure processes	Vehicle: Used in automotive interiors such as seat foam, steering wheels, and dashboards, helping to ensure compliance with indoor air quality standards.
Low-Odor and Low-VOC Polyethers (Hiclam® Series)	BHT-free (antioxidant-free) Amines-free Low aldehyde, low residual monomer	Home: Used in home furnishings such as mattresses, sofas, and pillows, replacing traditional high-VOC foam to promote human health.
Ultra-clean Polyethers /Polymer Polyols	Removal of VOCs, benzene-based aldehydes and other harmful volatile substances Free of BHT and heavy metal residues, with non-toxic decomposition products	Footwear: Used in the insoles of sports shoes and other applications, with low residual monomer characteristics meeting safety standards.
Bio-Based Polyether Polyols	Environment-friendly and renewable Biodegradable Significantly reduced carbon footprint No release of toxic or hazardous substances	High-end materials: Expanded into coatings and adhesives applications, reducing environmental compliance pressure for downstream enterprises.
Green Modified Polymer Polyols	No highly toxic by-products, low monomer residue Reduced energy consumption during processing	



Advancement of Circular Economy

Changhua Chemical practices the circular economy by promoting recycled water systems and strongly advocating the use of water-saving equipment. Of the large amount of wastewater generated annually by the Company, approximately 90% is reused in production facilities through advanced treatment processes, enabling cyclical utilization of water resources during production. Only a small amount of wastewater is discharged externally after strict treatment to meet applicable standards.

In terms of steam condensate recovery, Changhua Chemical recovers large quantities of steam condensate into circulating water towers for reuse in production cycles. The annual recycled use of steam condensate reduces external water purchases by approximately 13.3%, further improving water recycling efficiency. In addition, water-consuming processes such as washing towers, vacuum pumps, and EO water seal tanks now all use reclaimed water from the wastewater treatment plant. The Company has also strengthened the construction of rainwater collection and utilization systems, establishing a complete ecological chain for water resource recycling during production and operation processes. Through practical actions, the Company implements the circular economy philosophy and promotes the development of a resource-saving and environmentally friendly enterprise.

Secondary Utilization of Steam Condensate

Reaction kettles, neutralization kettles and flash evaporation kettles in workshops consume hundreds of tons of steam daily, generating large quantities of high-temperature condensate after heating. Through steam condensate material heating devices, the Company utilizes the waste heat of steam condensate to heat materials requiring heating and recovery. After treatment, materials can be recovered, reducing energy waste while lowering production costs.

The Company’s steam condensate heating system was granted a patent on July 8, 2022.



Water Recycling Facilities

Environmental Compliance Management

In strict accordance with the *Environmental Protection Law of the People’s Republic of China*, the *Environmental Impact Assessment Law of the People’s Republic of China*, and the *Law of the People’s Republic of China on Clean Production Promotion*, Changhua Chemical standardizes environmental management systems, and ensures the effective implementation of all environmental protection measures.

Changhua Chemical’s primary pollutants and waste streams consist of wastewater, exhaust gases, noise, non-hazardous solid waste, and hazardous solid waste, all of which are discharged in compliance with regulatory standards. During the Reporting Period, no environmental violations or illegal incidents occurred in the Company.

Governance

Changhua Chemical has formulated management regulations such as the *Environmental Protection Management System* and the *Environmental Monitoring Management System* to standardize environmental management, strengthen personnel environmental compliance management capabilities, implement environmental responsibilities, and ensure comprehensive fulfillment of pollutant reduction targets. Meanwhile, to strengthen environmental management, the Company has set environmental management targets, linked the achievement of these targets to employee performance, and promoted the comprehensive implementation of environmental management.

The Company has passed the certification under the ISO 14001:2015 Environmental Management System, which remained valid throughout the Reporting Period.

Environmental Management Structure and Responsibilities

<p>HSE Department</p> <p>As the centralized management department for environmental protection work, the HSE Department coordinates related environmental protection work, including implementing regulatory requirements, formulating and implementing annual environmental protection plans, handling environmental protection declarations and "three simultaneous" acceptance for projects; managing the operation of pollutant treatment facilities; and promoting environmental management systems and cleaner production.</p>	<p>Production Department</p> <p>Undertake the daily environmental protection within the department, control wastewater volume and concentration, ensure normal operation of pollutant treatment facilities, and manage solid waste warehousing.</p>	<p>Equipment and Power Department</p> <p>Manage environmental protection facilities and equipment, ensure normal operation, prevent leakage, and manage the storage of solid waste within the department.</p>	<p>Other Functional Departments</p> <p>Attach importance to publicity and education regarding environmental protection and energy conservation and emission reduction knowledge, incorporate environmental protection education into employee training content, enhance awareness and concepts among management personnel and employees, and jointly promote the Company's environmental protection work.</p>
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Key Performance in 2025

- Training on Environmental Protection: **12** Sessions
- Participants in Training on Environmental Protection: **250** Person-times
- Duration of Training on Environmental Protection: **250** Hours

Environmental Information Disclosure

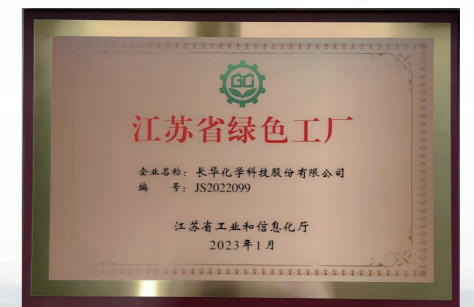
Upholding the philosophy of "actively practicing environmental protection responsibilities and safeguarding the public's right to know," Changhua Chemical has formulated the *Environmental Information Disclosure System*. The HSE Management Department is specifically responsible for environmental information disclosure. Through multiple channels, including websites, information disclosure platforms and newspapers, combined with diversified methods such as announcements, hotline numbers and information access points, the Company ensures that the public can obtain environmental information in a timely, accurate and convenient manner, encouraging active public participation and supervision of the Company's environmental protection work and jointly contributing to ecological and environmental improvement.

Cleaner Production

Changhua Chemical consistently adheres to environmental protection principles, integrates green development into every detail of corporate operations, actively promotes cleaner production and has passed related review and acceptance procedures. In key areas such as raw material procurement, efficient energy utilization, process optimization and pollutant emission control, the Company strictly follows relevant standards to implement refined management, continuously improving environmental management standards and green development effectiveness.

Green Factory Certification

Changhua Chemical firmly advances the optimization and upgrading of its green manufacturing system and strives to strengthen the demonstration and leading role of green manufacturing benchmarks. By virtue of its solid infrastructure construction achievements, comprehensive management systems, efficient and rational energy utilization, and remarkable environmental performance, the Company has obtained provincial-level Green Factory certification.



Green Factory



Environmental Management System Certification Certificate

Case

Training on Environmental Compliance Management

On July 8, 2025, the Company conducted environmental laws and regulations training, covering interpretations of the *National Catalogue of Hazardous Wastes* and the *Measures on Administrative Penalties for Ecological and Environmental Protection*, clarifying hazardous waste identification and classification management requirements, explaining enforcement procedures and penalty standards, helping employees accurately grasp regulatory requirements, and promoting the standardization and normalization of the Company's environmental management.



Strategy

Risk Type	Description of Risk	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
End-of-Pipe Treatment Risk	At the final treatment stage of emissions, if treatment equipment malfunctions or improper process selection results in substandard treatment performance, surrounding water bodies, atmospheric environments and soil may become polluted, affecting water safety and ecological balance and posing potential health risks to residents.	Cost increase Damage to Corporate Reputation	Medium	High	Short term	Operations	Regularly maintain and service pollution-generating equipment to prevent abnormal operation and avoid excessive pollutant discharge into end-of-pipe treatment facilities; Regularly inspect and repair end-of-pipe treatment equipment to ensure all performance indicators remain in good condition and effectively treat various pollutants to meet environmental discharge standards; Conduct regular monitoring and sampling of pollutant emissions and promptly notify management personnel upon detection of abnormalities in wastewater or exhaust gas; Strengthen communication among production departments and promptly communicate changes.
Leakage Risk	During the storage, transportation or treatment of pollutants such as wastewater and exhaust gas, accidental leakage caused by equipment aging, damage or operational errors may directly threaten the environment and public health, and may even trigger public panic and media pressure.	Cost increase Damage to Corporate Reputation	Low	Medium	Short term	Operations	For key areas such as production processes, storage equipment and pipelines that may generate pollutant leakage, scientifically effective leakage control materials and corresponding safety protection measures are prepared in advance; Strengthen inspection and patrols of equipment and facilities and promptly report issues upon discovery; Improve emergency response plans and emergency supplies and conduct emergency drills to reduce or avoid impacts on the external environment and eliminate secondary disasters in the event of leakage.
Risk of Tightening Environmental Protection Policies	As government environmental protection requirements for enterprises become increasingly stringent, the Company may need to invest more capital in upgrading treatment facilities and improving treatment processes to meet new environmental standards.	Cost increase	Medium	High	Medium term	Operations	Continuously monitor industry-related environmental policies, regularly evaluate gaps between new environmental requirements and existing environmental protection measures based on trends in environmental regulations and the current status of facilities and processes, and adjust budgets in a timely manner to ensure sufficient funding support.

Risk Type	Description of Risk	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Environmental Information Disclosure	The Company is classified as a key pollutant discharge entity announced by the Ecological Environment Bureau and is obligated under relevant regulations to truthfully disclose pollutant emissions and treatment details in information disclosure reports. Compliance in disclosure directly affects corporate reputation. Non-compliant disclosure may trigger public questioning and media attention and may even lead to operational restrictions, affecting the Company's financing capabilities and market expansion plans.	Cost increase Damage to Corporate Reputation Reduced Financing Capability	High	High	Short term	Operations	Formulate the Environmental Information Disclosure System and assign dedicated personnel to regularly disclose environmental information on public platforms; Conduct in-depth research on regulatory requirements to ensure responsible personnel accurately understand details regarding the content, format and timing of environmental information disclosure; Regularly train employees of relevant departments on the latest environmental regulations, information disclosure policies and data processing technologies.

Opportunity Type	Description of Opportunity	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Market Opportunities	As laws, regulations and policies related to pollution prevention and control become increasingly stringent, downstream market demand for pollutant reduction is increasing, creating new opportunities for environmentally friendly products.	Revenue increase	Medium	Medium	Long term	Operations Downstream	Develop green and low-carbon chemical products that reduce pollution.

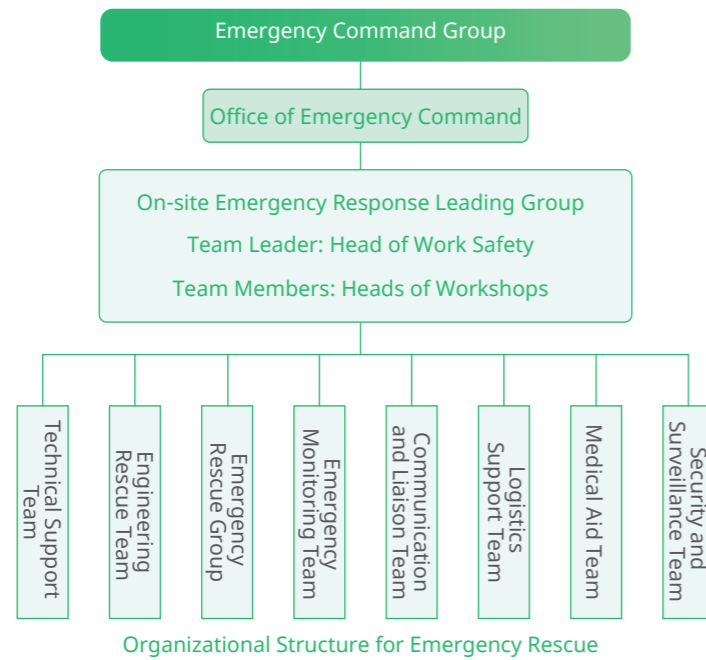
Impact, Risk, and Opportunity Management

To effectively reduce regional environmental risks, Changhua Chemical has prepared the *Environmental Incident Emergency Risk Assessment Report* in accordance with laws and regulations including the *Environmental Protection Law of the People's Republic of China* and the *Technical Guidelines for Environmental Risk Assessment on Construction Projects* (HJ 169-2018). Through analysis of potential hazardous factors and identification of risk sources, the Company evaluates the environmental impacts and damage severity of sudden accidents during project operations, and accordingly proposes preventive, emergency response and mitigation measures to control accident rates, losses and environmental impacts within acceptable ranges.

Management Process	
Risk Identification	Collect basic information, investigate surrounding environmental receptors, identify environmental risk substances, analyze production processes and production safety management, and review existing prevention, control and emergency response measures.
Risk Assessment	Analyze scenarios of sudden environmental incidents, conduct scenario source intensity analysis, study pollutant diffusion pathways, prevention and emergency response measures and resource conditions, and assess the consequences and impacts of incidents.
Risk Analysis	Evaluate relevant systems such as environmental risk management, compare environmental risk prevention and control measures with emergency response measures, analyze environmental emergency resources, and identify project areas requiring rectification.
Risk Management	For items requiring rectification, formulate plans for the continuous improvement of environmental risk prevention and control and emergency response measures, while also establishing specific implementation plans to ensure that environmental risks are effectively managed.

Emergency Management

Changhua Chemical has prepared and completed the filing of the *Emergency Response Plan for Environmental Incidents*. Adhering to the principles of “people-oriented, safety first, prevention-foremost, integrating peacetime preparedness with emergency response, rapid response, and decisive handling”, the Company has established an emergency command team to ensure rapid response following an incident, reasonable allocation of emergency resources, and the minimization of adverse environmental impacts to the greatest extent possible.



Emergency Drill for Environmental Protection

Case

In July 2025, to improve the handling capability for sudden environmental incidents and appropriately respond to environmental emergencies, the Company conducted drills under the *Emergency Response Plan for Environmental Incidents*, enhancing personnel’s rapid response capability, emergency rescue capability, and coordinated operational capability.

The drill simulated real-life scenarios, with each stage closely connected and carried out in an orderly manner. During the drill, the emergency response team strictly adhered to the plan’s requirements, each member fulfilling their respective duties and working in coordination to efficiently complete all assigned tasks, thereby achieving the expected results.



Key Performance in 2025

Environmental incident emergency drills conducted: **3** times

Inspection of Potential Hazards

To effectively fulfill primary environmental protection responsibilities and prevent environmental risks, Changhua Chemical has formulated the *Environmental Hazard Identification and Rectification System* and the *Soil and Groundwater Hazard Identification and Rectification System*, comprehensively carrying out environmental hazard inspections. For identified issues, rectification responsibilities and deadlines are clearly defined to further strengthen environmental management standards. During the Reporting Period, Changhua Chemical continuously conducts hidden hazard identification and governance activities, achieving a 100% rectification rate for identified hazards.

Ecological Monitoring

In 2025, Changhua Chemical carried out ecological and environmental monitoring across all business operation sites, with a focus on monitoring ambient air quality at production bases. Monitoring results indicated that local ecological functions were not affected by the Company’s production and operational activities.

Metrics and Targets

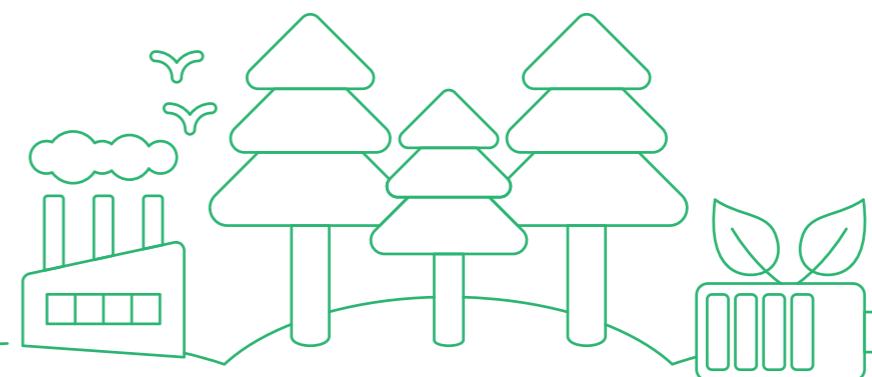
To effectively fulfill environmental responsibilities, Changhua Chemical established scientific and rigorous environmental management targets. Through scientific planning and effective execution, the Company continuously enhances environmental performance in all aspects, achieving harmonious coexistence between economic development and environmental protection while demonstrating corporate responsibility.

Environmental Management Targets

Pass Rate in Environmental Testing: 100%

Goals Achieved in 2025

Indicator	Unit	2025
Total Investment in Environmental Protection	RMB 10,000	3,047.21
Number of Major Administrative Penalty Cases imposed by Ecological and Environmental Authorities due to Environmental Incidents	Case	0
Amount of Major Administrative Penalties Imposed by Ecological Environment and Other Relevant Authorities for Environmental Incidents	RMB 10,000	0



Management of Wastewater

Changhua Chemical formulated the *Sewage Treatment Operation Procedures* and the *Rainwater and Sewage Diversion Management System* to strictly regulate wastewater discharge management.

In accordance with the *Integrated Wastewater Discharge Standard (GB 8978-1996)* Changhua Chemical has established a wastewater treatment station. During the Reporting Period, the wastewater treatment station operated steadily. The Company adopts Berghof's patented technology titled "Aerobic Carrier Biofilm Reactor (CBR) Process" under which most wastewater, after treatment, is returned to the production facilities for reuse, while a small portion is discharged to the industrial park's wastewater treatment plant for further treatment.

In accordance with the *Environmental Monitoring Management System* and the *Online Monitoring (Supervision) Facility Management System*, the Company conducts online wastewater monitoring and commissions third-party testing institutions to carry out weekly and monthly testing and issue reports. During the Reporting Period, all wastewater discharged by the Company met applicable standards.

Indicator	Unit	2025
Wastewater Discharges	Ton	96,867
Wastewater Treatment Volume	Ton	577,858
Wastewater Discharge Intensity	Tons/RMB 10,000 of Operating Revenue	0.35
Wastewater Recycling Volume	Ton	480,991
Wastewater Recovery and Utilization Rate	%	83.24
Chemical Oxygen Demand (COD)	Ton	11.64

Management of Waste Gases

To strengthen exhaust gas emission management, Changhua Chemical formulated the *Control Procedures for Fugitive Emission*, the *Operating Procedures for Exhaust Gas Treatment System*, and the *Exhaust Gas Equipment Operation Management System*, achieving refined and standardized management, improving regional environmental quality, and promoting the Company's green and sustainable development.

Changhua Chemical complies with the *Integrated Emission Standard of Air Pollutants (DB 32/4041-2021)* and other applicable requirements and is equipped with comprehensive exhaust gas treatment facilities. Exhaust gas generated from the PPG process is collected and treated through a secondary water scrubbing + catalytic oxidation + SCR denitrification system before being discharged through exhaust stacks; exhaust gas from the POP process and storage tanks is collected and treated through solvent absorption + secondary water scrubbing + catalytic oxidation + SCR denitrification systems before discharge through exhaust stacks. During the Reporting Period, all waste gas treatment facilities maintained continuous and stable operation.

In accordance with the *Environmental Monitoring Management System* and the *Online Monitoring (Supervision) System Facility Management System*, the Company conducts exhaust gas monitoring and commissions third-party testing institutions to conduct monthly testing and issue reports. During the Reporting Period, all waste gas emission by the Company met applicable standards.

Waste Gas Emission Reduction

After screening the POP vacuum pumps, a liquid storage tank was added to their discharge lines to ensure that all vacuum exhaust gas enters the vacuum exhaust gas recovery system for secondary recovery, thereby reducing emissions of isopropanol, acrylonitrile, styrene, and other substances in the exhaust gas.

Indicator	Unit	2025
Total Waste Gas Emissions	10,000 m ³	14,788
Waste Gas Emission Intensity	10,000 m ³ /RMB 10,000 of Operating Revenue	0.05
Nitrogen Oxides (NO _x) Emissions	Ton	0.677
Volatile Organic Compounds (VOC) Emission	Ton	0.687

Waste Disposal

In strict accordance with laws and regulations, such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, Changhua Chemical has formulated the *General Solid Waste Management System* and the *Hazardous Waste Pollution Prevention Accountability System*. Following the policy of "laying stress on prevention and combining prevention and treatment", the Company clarifies management standards and responsible parties for each stage and establishes a comprehensive and multi-level solid waste management system.

Waste Management Goal

The Company and its subsidiaries: to dispose of hazardous and general solid waste in compliance with relevant regulations, and achieve a standardized solid waste disposal rate of 100%.
Changhua Chemical in the Yangtze River International Chemical Industrial Park: to reduce the hazardous waste generation by 10%-15%.

Achievements in 2025

The Company and its subsidiaries: in 2025, all hazardous waste and general solid waste were disposed of in compliance with relevant regulations, with a standardized solid waste disposal rate of 100%.
Changhua Chemical in the Yangtze River International Chemical Industrial Park: hazardous waste generation in 2025 decreased by 14.13% compared with 2024.

General Solid Waste Emission Reduction and Disposal

Through measures such as equipment optimization, the generation of potassium dihydrogen phosphate filter residue has been reduced while product yield has been increased.

The Company established full-process management procedures from warehousing to outbound delivery, implementing classified collection and storage to prevent leakage, spillage, or dripping of solid waste during packaging, warehousing, storage, and transportation that could cause environmental pollution.

Sludge is entrusted to qualified third parties within the industrial park for incineration disposal, while potassium dihydrogen phosphate filter residue is outsourced for utilization.

Hazardous Waste Emission Reduction and Disposal

The generation of filter residue is reduced through polyether flushing and re-filtration methods, while simultaneously improving product yield.

Different categories of hazardous waste are collected separately to prevent leakage, spillage, or dripping. During transfer, outbound manifests must be created and relevant information filled in within the local environmental regulatory authority's solid waste management system.

Disposal is entrusted to qualified entities within the industrial park, while waste packaging materials are entrusted to qualified third parties within the city for recycling and reuse.

Indicator	Unit	2025
Waste Generation	Ton	6,776.182
Including: Hazardous Waste	Ton	326.182
Including: Non-hazardous Waste	Ton	6,450
Waste Disposal Volume	Ton	4,823.436
Including: Hazardous Waste	Ton	334.106
Including: Non-hazardous Waste	Ton	4,489.330
Total Recycled Waste	Ton	1,962.830
Including: Non-hazardous Waste	Ton	1,962.830
Waste Generation Intensity	Tons/RMB 10,000 of Operating Revenue	0.025
Including: Hazardous Waste	Tons/RMB 10,000 of Operating Revenue	0.001
Including: Non-hazardous Waste	Tons/RMB 10,000 of Operating Revenue	0.023
Waste Recycling Rate	%	28.97
Waste Disposal Compliance Rate	%	100

Noise Management

Noise generated by Changhua Chemical mainly originates from the operation of vacuum pumps, fans, air compressors, cooling towers, compressors, and other equipment. In accordance with the noise pollution prevention and control requirements under the *Environmental Protection Management System*, the Company selects low-noise equipment, installs silencers and soundproof covers, optimizes equipment layout, and reduces noise impacts through building sound insulation and enhanced greening and vibration reduction measures.

Changhua Chemical regularly commissions third parties to issue environmental monitoring reports to ensure that noise levels at the plant boundary meet the Class 3 noise level as stated in the *Emission Standard for Industrial Enterprises Noise at Boundary (GB 12348-2008)*.

Green Office

Changhua Chemical advocates a green office philosophy, integrating sustainable development into every detail of daily office operations, guiding employees to establish environmental awareness, emphasizing resource conservation and environmental friendliness at the conceptual level, and promoting the transformation of office operations toward green, low-carbon, and efficient practices.

Measures for Green Office

To conserve paper, the Company manages printer usage, promotes digital office practices, avoids printing unless necessary, and prioritizes double-sided printing while minimizing color printing.

Post tips on water and paper conservation and conduct water-saving training.

Turn off computers, printers, and other office equipment after work.

Encourage employees to commute via shuttle buses and install direct drinking water systems to replace bottled water, thereby reducing plastic bottle usage.



In February 2025, the Company conducted a training session themed "Water Conservation Starts with Me."

Effective Energy Utilization

Changhua Chemical thoroughly implements the *Energy Conservation Law of the People's Republic of China*, the *Measures for the Administration of Energy Conservation of Key Energy-Using Entities*, and other laws, regulations, policies, and technical standards. Adhering to the energy management policy of "using energy in compliance with the law, driving technological innovation, striving to reduce product energy consumption; strengthening management, reducing carbon emissions, and pursuing sustainable development", the Company comprehensively implements energy conservation management to reduce energy consumption and achieve dual-control energy-saving targets.

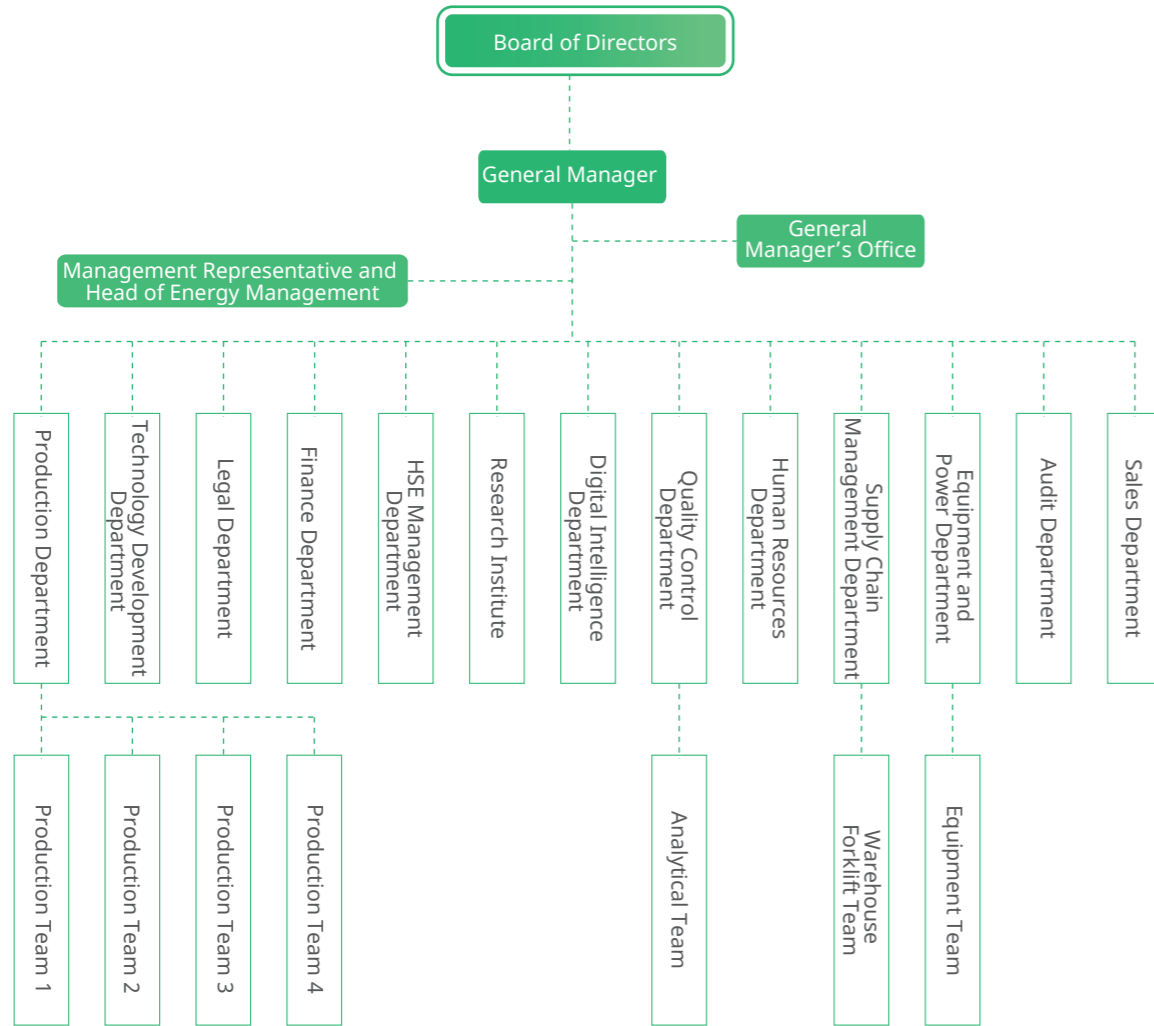
The primary energy sources used during Changhua Chemical's production and operations include electricity, steam, and diesel.

Governance

Changhua Chemical formulated the *QESEn Management System Manual*, the *Energy Management System*, and other management measures, to define the responsibilities of the Company's energy management organization, management requirements for energy sources such as water, electricity, and gas, as well as energy metering requirements.

Changhua Chemical has appointed a management representative and established an Energy Management Leading Group, with the General Manager serving as the Group Leader, the Deputy General Manager in charge of production as the Deputy Group Leader, the Deputy General Manager in charge of technology as the Energy Management Officer, and the heads of each department as members. The Energy Management Leading Group is responsible for overseeing energy management across the entire company, formulating and coordinating the implementation of energy conservation work plans; the Technology Development Department, as the designated department for energy management, is responsible for carrying out the Company's energy conservation management under the leadership of the Energy Manager, supervising and inspecting various energy conservation initiatives, organizing the formulation of energy consumption quotas, and implementing performance evaluations.

Changhua Chemical has passed the certification under the ISO 50001:2018 Energy Management System, which remained valid throughout the Reporting Period.



Organizational Structure of Energy Management System



Energy Management System Certification Certificate

To strengthen awareness of energy conservation and emission reduction among all employees and promote the Company's green transformation, Changhua Chemical regularly conducts energy management training. The training content is comprehensive and diversified, covering key areas such as energy policy orientation, advanced energy-saving technologies, and the establishment of energy management systems.

Training on Promotion of Energy Conservation

In June 2025, the Company launched an Energy Conservation Awareness Week and Low-Carbon Day event under the theme "Energy Conservation and Efficiency Enhancement: Leading the Way to Renewal". The event included sessions on industrial energy-saving technologies to deepen employees' understanding of the importance of energy conservation and emissions reduction. It encouraged every participant to integrate energy-saving principles into their daily actions, collectively supporting the Company's green and low-carbon transformation.



Strategy

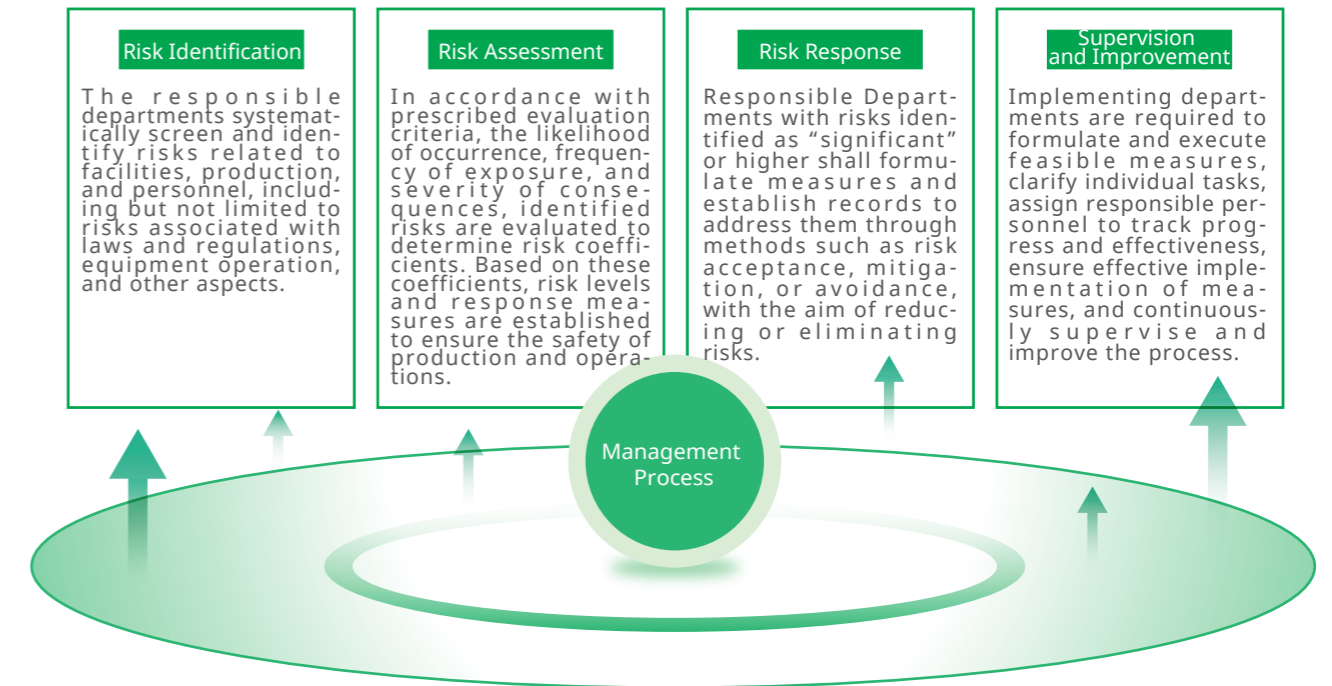
Risk Type	Description of Risk	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Physical Risk	Extreme Weather	Cost increase	Low	High	Short term	Operations	Strengthen maintenance and upkeep of energy supply pipelines;
							Monitor extreme weather alerts and implement freeze and condensation prevention measures for production facilities;
Transition Risks	Policy Risk	Cost increase	Low	High	Long term	Operations	Plan energy usage and production schedules rationally;
							Strengthen inspections and maintenance of backup equipment to respond to emergencies;
							Develop emergency response plans for sudden water, electricity, or gas outages; conduct regular training and drills on these contingency plans; and implement preventive measures for situations of energy shortages.
							Organize regular inspections of energy metering instruments and conduct self-inspections and self-corrections;
							Develop and strictly enforce management regulations for energy metering instruments;
							Strengthen training and education for energy metering personnel to enhance compliance awareness and execution capabilities;
							Monitor energy metering and regulatory requirements, and promptly adjust and improve the configuration of energy metering equipment.

Risk Type	Description of Risk	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Transition Risks Technology Risks	Existing equipment and facilities or equipment supplied by vendors may have low energy efficiency ratings, resulting in high energy consumption and low energy utilization efficiency; Unreasonable production processes, inappropriate or mismatched equipment selection, or equipment failures may lead to excessive energy consumption and waste.	Cost increase	Medium	Low	Long term	Operations	<p>Conduct a comprehensive energy efficiency assessment of existing equipment and facilities to identify high-energy-consumption equipment;</p> <p>Develop a medium- to long-term equipment replacement plan, and prioritize the replacement of equipment with energy efficiency ratings below national or industry standards;</p> <p>When procuring new equipment, explicitly require suppliers to provide equipment that meets Class 1 or Class 2 energy efficiency standards, and incorporate this requirement into procurement contract terms;</p> <p>Organize joint efforts among process, equipment, and production departments to optimize production workflows;</p> <p>Strengthen equipment selection management by clarifying compatibility requirements and energy efficiency assessments;</p> <p>Strengthen monitoring of energy performance indicators and conduct regular statistical analysis of trends in key metrics.</p>

Opportunity Type	Description of Opportunity	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Opportunities Policy Opportunities	Subsidies, incentive measures, and preferential loans introduced by the government encourage companies to adopt clean energy or improve energy efficiency.	Reduction in operating costs Increase in non-operating income	Medium	Medium	Short term	Operations	<p>Stay abreast of relevant energy policies;</p> <p>Actively implement energy-saving retrofit technologies and replace fossil fuels with clean energy;</p> <p>Actively apply for government-supported incentive programs.</p>

Impact, Risk, and Opportunity Management

To effectively mitigate energy-related risks, Changhua Chemical formulated the *Risk and Opportunity Control Procedure*, established a risk management team, and planned and prepared the *Risk Management Plan*. By identifying and evaluating various internal and external environmental factors affecting the achievement of the expected outcomes of the energy management system, the Company formulates response measures for risks and opportunities and clarifies management requirements to effectively address such risks and opportunities.



Metrics and Targets

In strict accordance with energy management requirements, and based on actual production and operational conditions, Changhua Chemical establishes scientific and reasonable energy management system objectives and indicators, breaks them down to each department, and designates department heads as the primary responsible parties. In addition, the Company establishes a regular assessment mechanism to strictly supervise and evaluate target implementation, ensuring the successful achievement of all objectives and indicators.

Targets	Achievements in 2025
Energy measuring instrument configuration meets national standard requirements, with periodic verification/calibration conducted in accordance with regulations.	✓
Comprehensive energy consumption per unit product for the entire plant ≤49.27 kgce/t (load factor >70%)	✓

Indicator	Unit	2025
Diesel	Ton	15.46
Total Purchased Electricity	kWh	57,671,587
Total purchased heat	GJ	265,239.72
Direct Energy Consumption	tce	22.53
Indirect Energy Consumption	tce	16,138.31
Total Energy Consumption	tce	16,160.84
Energy Consumption Intensity	tce/RMB 10,000 of Operating Revenue	0.06

Energy Conservation and Utilization

Changhua Chemical attaches great importance to energy conservation and emission reduction and actively practices the green development philosophy. The Company comprehensively carries out relevant initiatives by introducing advanced energy-saving technologies and equipment, optimizing production processes, and utilizing clean energy to reduce energy consumption.

2025 Energy Conservation and Consumption Reduction Measures

The Company added two electric forklifts to replace diesel forklifts, effectively reducing diesel consumption and carbon dioxide emissions.

Green electricity certificates (36 MW) were purchased to offset the electricity consumption for the production of a small portion of products.

Equipment Upgrade Project: a 90kW oil-free air compressor and a zero-air-consumption regenerative heat dryer were installed to match the Company's current operating conditions, and reduce air loss. Approximately 58 kWh of electricity can be saved per hour, with an annual savings of 57 tce.

Cooling Tower Fan Energy-Saving Retrofit Project: Two sets of permanent magnet variable-frequency motors were installed to replace the two original fan drive systems, equipped with vector variable-frequency drives to achieve high-efficiency operation. Approximately 20 kWh of electricity can be saved per hour, with an annual savings of 20 tce.

Cascaded energy utilization: heat exchange is carried out between the distillation tower discharge stream (material temperature 140°C) and feed stream (material temperature 100°C) through a spiral plate heat exchanger, enabling cascaded pipeline utilization and reducing steam heating consumption.

Wastewater heat exchanger retrofit: one 200 m² insert-type shell-and-tube heat exchanger and one 75 m² shell-and-tube heat exchanger were installed in each of the two biochemical wastewater treatment tanks to regulate cooling water temperature during summer and autumn and maintain it below 30 °C. From June to September 2025, total electricity savings reached 1.01 million kWh, equivalent to 124 tce.



Green Electricity Certificates

Water Conservation Standardization and Management

In strict accordance with laws and regulations such as the requirements of the *Water Law of the People's Republic of China*, Changhua Chemical has formulated the Water Resource Utilization Management System. The Company establishes internal work targets and reward and punishment mechanisms, clarifies departmental organizational structures and responsibilities, and establishes a comprehensive water resource management flow to achieve efficient and economical utilization of water resources.

In addition, Changhua Chemical has established a training and publicity system, regularly organizing water conservation management training to strengthen employees' awareness of water conservation, while widely carrying out water resource protection publicity and education activities to create a strong water-saving culture.



Water Resource Management Goals

Changhua Chemical regards reducing water consumption per unit product as a water resource management target and continuously make steady progress toward the established goal.



Water Conservation Measures in 2025

Steam condensate is recovered and reused as supplementary water for circulating water pools (approximately 150 tons of condensate are added to the circulating water pools each day).

Case

Training on Water Conservation

On December 2, 2025, Changhua Chemical organized a special training session on water conservation, focusing on the importance of water conservation, practical water-saving methods, corporate water-saving implementation strategies, relevant laws and regulations, and industry cases. The training guided employees in building consensus on water conservation, effectively strengthening awareness of water conservation and compliance, and laying a solid foundation for the Company's continued optimization of its water resource management system and implementation of ESG principles.



Indicator	Unit	2025
Total Freshwater Withdrawal	Ton	305,709
Including: Municipal Water Purchased	Ton	302,119
Among these: Other Fresh Water Sources	Ton	3,590
Total Water Circulation and Reuse	Ton	480,991
Total Water Consumption	Ton	786,700
Water Consumption Intensity	Tons/RMB 10,000 of Operating Revenue	2.86

Scientific Management of Materials

In the field of material management, Changhua Chemical adheres to scientific management principles and has formulated the *Supply Chain Warehousing Management System* and the *Interim Procedures for Supply Chain Warehouse Material Requisition* to standardize material identification, warehousing, storage, and requisition processes, thereby maintaining stable production and efficient operations.

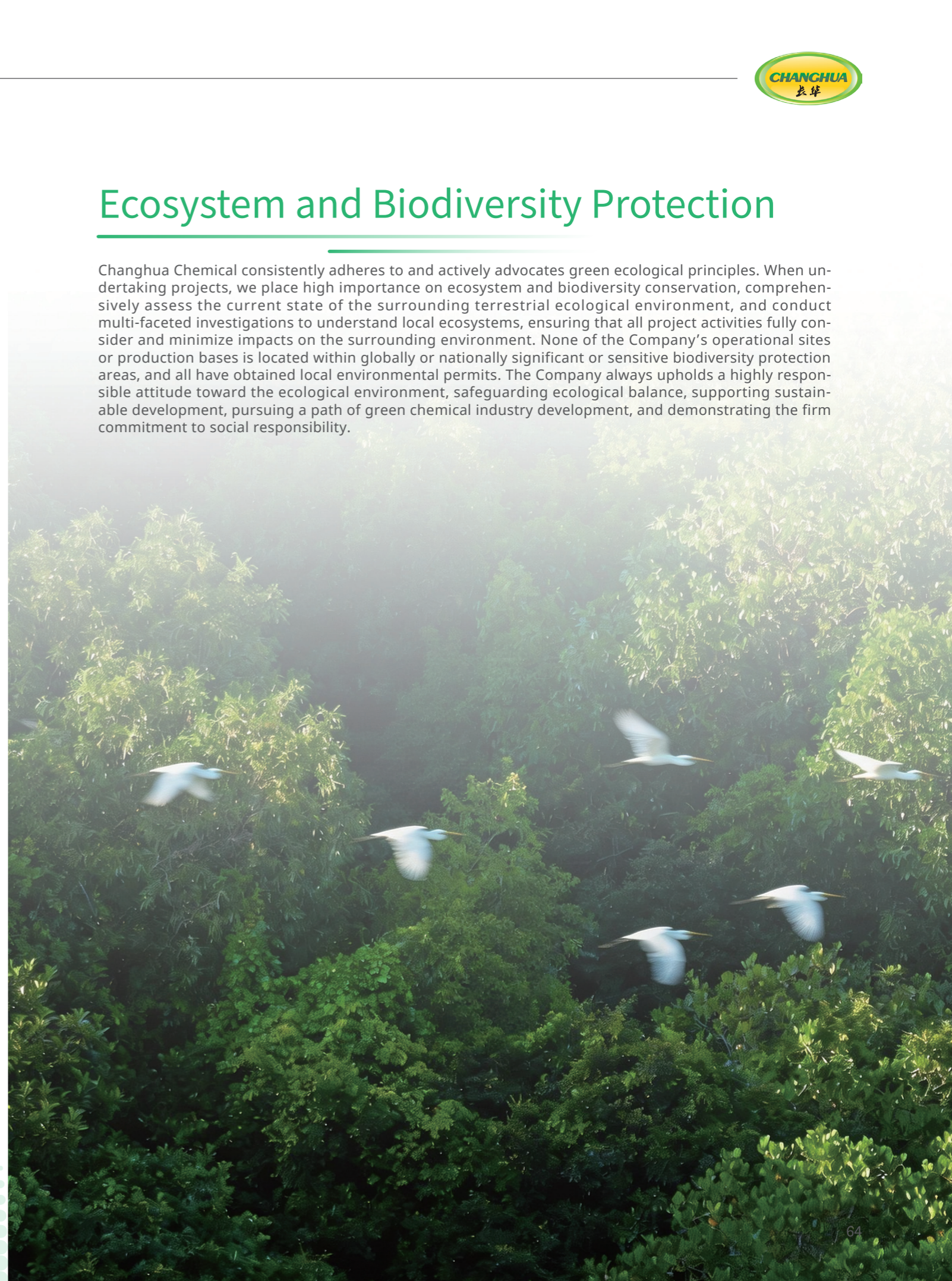
Changhua Chemical’s packaging materials strictly comply with relevant standards; packaging for export goods meets customs requirements, and all packaging inspections have passed.

Packaging Reduction

- Export pallets bearing CPS stamps are recycled and reused as domestic pallets after use.
- After the first use of jumbo bags and steel drums, some are transferred to production departments for turnover use, while others are transferred to wastewater treatment teams for reuse.
- A reverse logistics system has been established to retrieve empty jumbo bags from customers, refill them, and deliver them back to customers for recycling and reuse.
- After production and use, jumbo bags are transferred to the wastewater treatment team for reuse.
- Square steel used in liquid bags is reused or replaced with second-hand square steel.

Ecosystem and Biodiversity Protection

Changhua Chemical consistently adheres to and actively advocates green ecological principles. When undertaking projects, we place high importance on ecosystem and biodiversity conservation, comprehensively assess the current state of the surrounding terrestrial ecological environment, and conduct multi-faceted investigations to understand local ecosystems, ensuring that all project activities fully consider and minimize impacts on the surrounding environment. None of the Company’s operational sites or production bases is located within globally or nationally significant or sensitive biodiversity protection areas, and all have obtained local environmental permits. The Company always upholds a highly responsible attitude toward the ecological environment, safeguarding ecological balance, supporting sustainable development, pursuing a path of green chemical industry development, and demonstrating the firm commitment to social responsibility.



03

Innovation-Driven Development: Leading the Low-Carbon Industry Landscape

SDGs Responded in this Chapter



Key Achievements in 2025

R&D Investment: RMB 109.5110 Million

Cumulative Number of Authorized Patents: 60 Cases

Product Qualified Rate: 100%

ESG Material Topics Covered in this Chapter

- Innovation-Driven Development
- Safety and Quality of Products and Services
- Data Security and Customer Privacy Protection
- Supply Chain Security
- Equal Treatment of Small and Medium-Sized Enterprises



Innovation-Driven Future

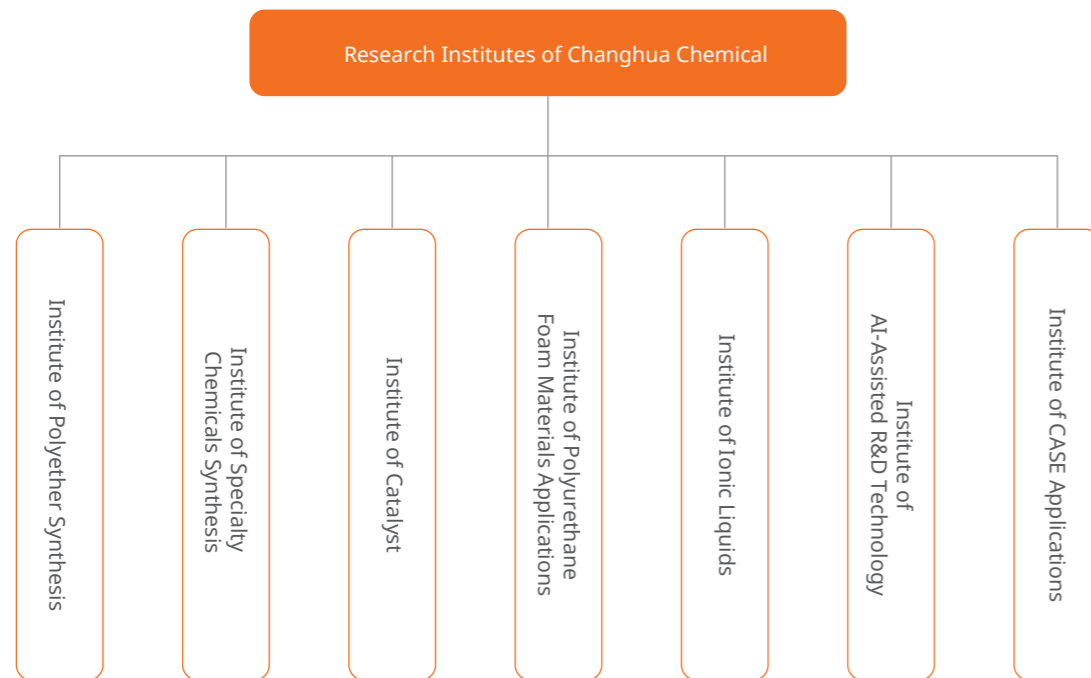
Changhua Chemical, in strict accordance with the *Law of the People's Republic of China on Scientific and Technological Progress*, attaches great importance to scientific and technological ethics, and has established a full-process innovation system to ensure that research activities are conducted legally and compliantly.

Leveraging multi-level R&D platforms such as industry-university-research cooperation innovation platforms, Changhua Chemical integrates high-quality industry innovation resources and continuously focuses on the R&D of core technologies related to its principal businesses and key green and low-carbon processes. Through compliant and systematic R&D practices, the Company empowers product iteration and industrial value enhancement, injecting strong technological momentum into sustainable development.

Governance

To strengthen the standardization and systemization of R&D management, Changhua Chemical formulated the *Innovation Management System*, the *Regulations on the Management of Research Institute's R&D Projects*, and other systems, establishing a comprehensive R&D management framework, building professional R&D platforms, and standardizing procedures for project introduction, project initiation, planning, R&D process control, and project completion.

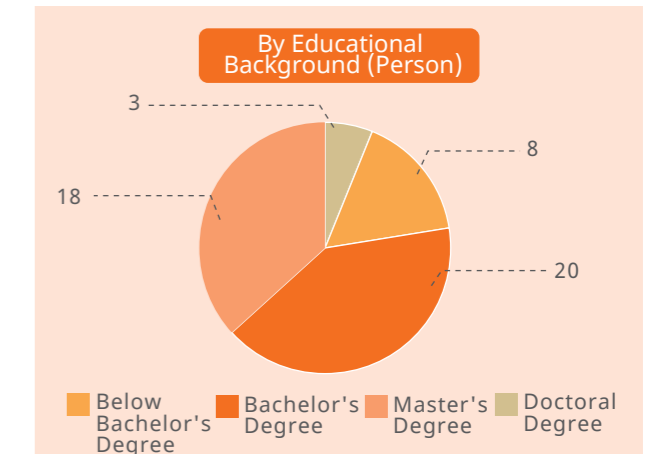
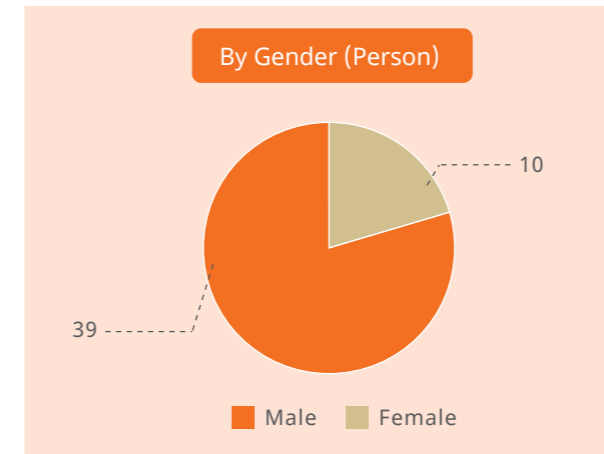
Changhua Chemical's R&D work is coordinated and implemented by the Research Institutes of Changhua Chemical. The institute comprises seven specialized research institutes focusing on polyether synthesis, specialty chemical synthesis, catalysts, polyurethane foam material applications, ionic liquids, AI-assisted R&D technologies, and CASE applications. It is staffed with one Executive President responsible for implementing the research institute's technology R&D strategy, coordinating project advancement, and managing daily operations, thereby providing solid organizational guarantees and institutional support for the orderly development of technological innovation activities.



Organizational Structure of Research Institutes of Changhua Chemical

R&D Team Building

Changhua Chemical places R&D team building and talent development at the core of the technological innovation strategy. By assembling tiered R&D teams through diverse channels and leveraging a multi-dimensional training mechanism to empower talent growth, the Company builds a core R&D team with strong professional expertise, providing solid talent support for technological innovation and high-quality development.



Key Performance in 2025

Number of R&D Personnel: **49** Persons Proportion of R&D persone: **8.42%**

R&D Platform Development and Innovation Capability Certifications

Changhua Chemical has established a Jiangsu Provincial Postgraduate Workstation; it has been recognized as a National High-Tech Enterprise, a National-level Specialized, Sophisticated, Unique and Innovative "Little Giant" Enterprise, and has been awarded the Jiangsu Famous Trademark, among other qualifications. One of the Company's R&D projects was selected for the 19th Batch of the Suzhou 2025 Science and Technology Development Plan (Innovative Talent Category), and one R&D employee was recognized as a "Jiangsu Provincial Double Innovation Talent."



Jiangsu Provincial Postgraduate Workstation



Certification of National High-tech Enterprise



Key Performance in 2025

- Number of Specialized, Sophisticated, Unique and Innovative Enterprises: 1
- Number of National High-tech Enterprises: 1
- Number of Jiangsu Provincial Postgraduate Workstations: 1
- Number of Jiangsu Provincial Entrepreneurship and Innovation Talents: 1

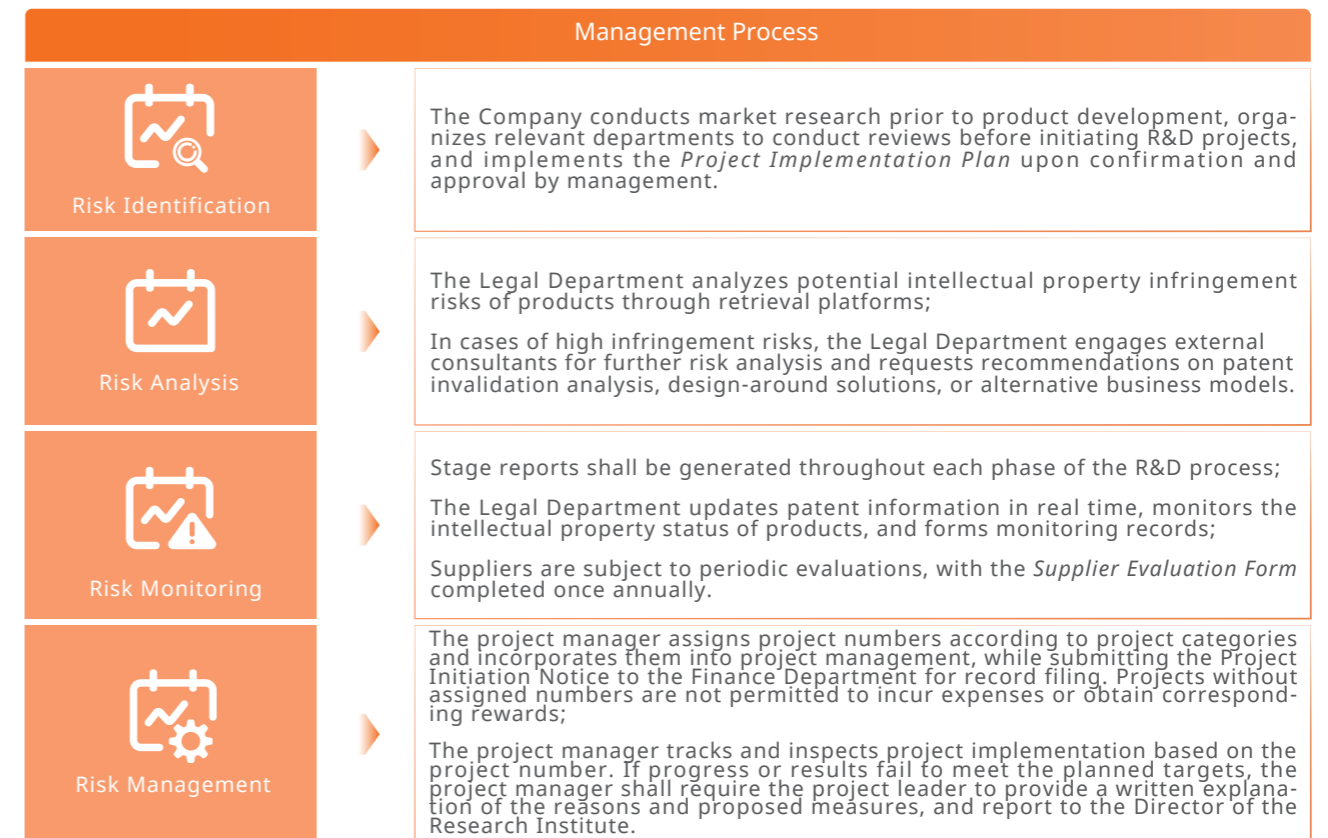
Strategy

Risk Type	Description of Risk	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Technology Risks	The Company invests heavily in the R&D of new technologies and products, and technological innovation processes may encounter technical barriers and technical challenges; Fierce market competition for technical talent may pose a risk of losing core technical personnel.	Decrease in revenue Cost increase	High	High	Medium term	Upstream	Actively seek cooperation with domestic and international research institutions, universities, and industry peers to reduce technology development risks through technology introduction and joint R&D; Strengthen the talent system and provide competitive compensation packages.
Market Risk	New products or services may suffer from poor market acceptance, or competitors may quickly launch similar products, resulting in weak sales performance and loss of market share.	Decrease in revenue	High	High	Medium term	Upstream	Conduct in-depth market research: In the early stage of technological innovation, conduct in-depth market research to understand market demand, competitive landscape, and consumer preferences, ensuring that innovation projects align with market needs; Track cutting-edge industry technologies and actively expand diversified market channels to enhance product quality and production process standards.

Opportunity Type	Description of Opportunity	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Technological innovation and market leadership	The Company has established an independent technology R&D department. Through technological innovation, the Company can develop core technologies with independent intellectual property rights, thereby taking 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, facilitating the transformation of development models, optimization and upgrading of industrial layout and product structure, and promotion of technological R&D innovation.	Reduction in costs Revenue increase	Medium	High	Medium term	Upstream	Intensify talent cultivation efforts by attracting and nurturing top-tier technical professionals to provide talent support for technological innovation; Establish innovation incentive mechanisms by granting innovation awards and incentives to project leaders and intellectual property rewards to patent inventors; Understand customer pain points and launch 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, Changhua Chemical has formulated documents such as the *Intellectual Property Risk Management and Control Procedure*, clearly specifying the responsibilities and management processes of relevant departments to ensure the effective identification, analysis, monitoring, and management of R&D innovation risks.



Metrics and Targets

Based on industry technology development trends and the Company’s strategic planning, Changhua Chemical systematically carries out R&D target planning and forward-looking deployment, focusing on overcoming core technological bottlenecks and developing high-value-added products that meet market demand.

R&D Management Targets

- Comply with Corporate Intellectual Property Management System Achieved
- Conduct at least 3 internal training sessions on intellectual property Achieved
- Complete 15 patent applications Achieved
- No intellectual property infringement disputes Achieved

Indicator	Unit	2025
R&D Investment	RMB 10,000	10,951.10
Percentage of R&D Investment in Main Business Revenue	%	3.97
Number of New Product Development Projects	Piece	23

Innovation Incentives

To further stimulate company-wide innovation vitality, Changhua Chemical has formulated the *Innovation Management System*, establishing corresponding reward standards for approved rationalization proposals and innovation projects. In addition, the Company has established comprehensive innovation incentive measures, including product incentives, patent incentives, and talent incentives, injecting strong momentum into the Company’s continuous innovation and development.

Patent Incentives

The Company has established the *Regulations on the Management of Intellectual Property Rewards and Penalties* for R&D achievements applied for by R&D personnel. These regulations standardize the patent application process for R&D achievements and establish a special reward and penalty mechanism to guide R&D personnel in strengthening their awareness of intellectual property protection.

Product Incentives

The Company has formulated the *Combined Polyether Product Incentive Plan*, under which incentives for new products are allocated according to the proportion between marketing and R&D, and distributed on a quarterly basis.

Talent Incentives

The Company has formulated the *2025 Equity Incentive Plan*. During the implementation of the 2025 equity incentive policy, 17 outstanding performers from the Research Institute were granted equity incentives.

Industry-University-Research Cooperation

Changhua Chemical deepened industry-academia-research collaborative innovation by establishing strategic partnerships with universities. Joint research projects were launched on specialized topics such as antimicrobial and anti-mite polyethers, antistatic materials, green catalysis, and polyester depolymerization. These efforts focused on overcoming core technological challenges and exploring product innovation pathways, laying a solid foundation for technological breakthroughs and industrial applications in related fields.

Case

University-Enterprise Collaboration Project with Soochow University

In 2025, the Research Institutes of Changhua Chemical continued the university-enterprise cooperation project with Suzhou University, conducting research on antibacterial polyether products and successfully developing the antibacterial polyether polyol LA-2406, which has been commercialized. The antibacterial polyether polyol can be widely applied in downstream sectors such as furniture, footwear materials, seating, and medical applications, achieving an antibacterial efficiency of over 99%. This provides new solutions for expanding the Company’s polyether product portfolio, as well as for meeting downstream customers’ quality improvement needs and consumers’ demands for health and comfort.

Contribution to Industry Development

Formulation of Industry Standards

As a key industry player, Changhua Chemical has always taken it upon itself to lead the standardized development of the industry. The Company actively participates in the discussion, drafting, and revision of various industry standards, helping to build a more comprehensive and rigorous industry standard system and promoting high-quality and sustainable development of the industry.

Name of Standard	Standard No.	Publication
Plastics - Polyether Polyols/Polymeric Polyols - Determination of Aldehydes and Ketones	GB/T 37196-2018	Valid
Polymeric Polyols	GB/T 31062-2014	Valid
Plastics—Polyether Polyols for Use in the Production of Polyurethane—Part 7: Determination of Basicity	GB/T 12008.7-2025	Valid
Greenhouse Gases - Quantification Requirement and Method for Carbon Footprint of Products—Furniture	GB/T 46486-2025	Published Implemented on May 01, 2026
Carbon-Negative Materials- Technical Requirements for Polyols Produced by Chemical Fixation of Carbon Dioxide	T/CIET 1085-2025	Valid
Plastics - General Test Methods for Polyurethane Raw Materials - Part 1: Determination of Hydroxyl Value of Polyols by Near-Infrared Spectroscopy	GB/T 46231.1-2025	Published Implemented on March 01, 2026

Strategic Cooperation

In recent years, Changhua Chemical has continued to focus on the field of green and low-carbon technologies. Through continuous technological innovation and industrialization efforts, it has successfully established a diversified and comprehensive product portfolio, including high-performance polyethers and CO₂-based polyethers. With leading technical capabilities and mature industrialization capacity, the Company has earned high recognition from top-tier enterprises both domestically and internationally, laying a solid foundation for in-depth strategic cooperation between the parties and facilitating collaborative innovation and mutually beneficial development in the green and low-carbon sector.

Case

Strategic Partnership with Dow Chemical

In 2025, Changhua Chemical entered into a strategic cooperation agreement with Dow Chemical. The two parties will promote commercial cooperation in specialty polyether application fields, including but not limited to carbon dioxide-based polyether polyols and Hiclaim polyether polyols, fully leveraging their respective advantages to jointly develop related markets. In addition, both parties will evaluate cooperation opportunities at other levels while jointly advancing the formal cooperative relationship.

Industry Co-construction

Changhua Chemical actively participates in industry exhibitions to comprehensively showcase core products and technological achievements while engaging in in-depth exchanges and discussions with industry peers and partners. Through the exhibition platform, the Company fully demonstrates technological strength and brand image, continuously expands market cooperation opportunities, and consolidates influence in the industry.

Case

The 21st China International Polyurethane Exhibition

The 21st China International Polyurethane Exhibition was held in Guangzhou in 2025. As a key platform for the global polyurethane industry to gain insights into trends and foster collaboration, the Company showcased products such as Carnol® polyethers, highly reactive Hiclaim® polyethers, and specialty polyethers. These products precisely meet the material requirements of sectors such as smart cockpits and high-end home furnishings, providing eco-friendly and high-performance solutions. During the exhibition, the Company engaged in in-depth exchanges with industry experts, closely followed market trends, and remained customer-oriented, contributing to the green, low-carbon, and high-quality development of the polyurethane industry.



7th Polaris Automotive Seating Conference & Exhibition

Case

The 7th Polaris Automotive Seating Conference & Exhibition was held in Shanghai in 2025. As a leading enterprise in China's polyether industry, the Company showcased its innovative lightweight materials at the conference and was honored with the "Supply Chain Excellence Award of the Year" at the inaugural Xiyi Awards. The Director of the Transportation Materials Application Institute delivered a speech themed "Carbon Dioxide-Based Polyether Polyols Empowering Green and Low-Carbon Development and New Polyurethane Materials Enhancing Seating Comfort," highlighting the highly active polyether Hiclaim® 2901L, which features high resilience, low hysteresis, and lightweight properties, and has already been applied in multiple vehicle models from Xiaomi, AITO, Li Auto, and ZEEKR.



In the future, the Company will continue to expand the application of polyurethane materials in areas such as green low-carbon development and comfort and health, supporting the high-quality development of the global automotive seating industry.

Innovative Solutions

As a leading chemical materials service provider in China's polyurethane new materials sector, Changhua Chemical consistently takes a holistic view of industry development. Leveraging deep insights into the industrial chain and comprehensive technical service capabilities, it precisely identifies the core needs of various stakeholders across the supply chain. The Company has dedicated itself to building a well-structured, multi-dimensional portfolio of diversified solutions, providing robust service support for the coordinated development and value enhancement of the entire industry.

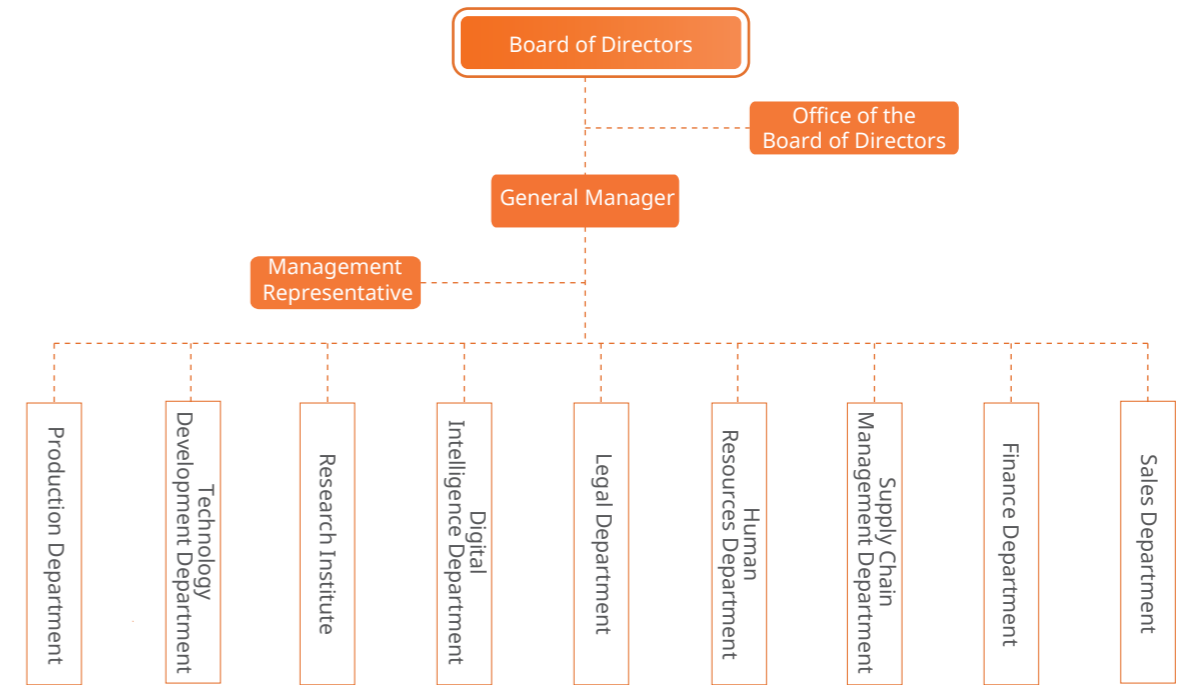
Main Requirements	Innovative Solutions of Changhua Chemical	
Consumer Health (Antibacterial and Anti-Mite Requirements)	Antibacterial Functional Polyether Polyols (Long-Lasting and Stable Antibacterial Performance) Against the backdrop of heightened public awareness of health protection, contact-based products such as home furnishings, sports protective equipment, and medical consumables may become hidden health threats if lacking effective antibacterial, anti-mite, and anti-mildew protection. Traditional antibacterial materials also suffer from issues such as narrow-spectrum efficacy, low antibacterial rates, easy migration failure, and poor temperature resistance. The antibacterial components of antibacterial functional polyether polyols are fixed through chemical bonds and will not migrate or dissipate due to washing, friction, or high temperatures, thereby achieving long-lasting and stable antibacterial effects. Antibacterial Testing — Sterilization rates against Staphylococcus aureus, Escherichia coli, and Candida albicans reach over 99%. Anti-Mite Testing — Anti-mite rate reaches 94% (industry-leading level). Anti-Mildew Testing — Anti-mildew grade reaches Level 0 (highest standard).	
	Anti-Mildew Testing — Anti-mildew grade reaches Level 0 (highest standard).	

Main Requirements	Innovative Solutions of Changhua Chemical	
Consumer Health (Sports Comfort Requirements)	<p>Hiclaim® Series Polyethers ("Lightweight Support, Lasting Rebound, and Efficient Breathability")</p> <p>Due to inherent defects in the production process and molecular structure of traditional polyurethane insoles, sports fatigue is amplified. During running, the impact force borne by the feet can reach 3-5 times body weight, and long-term impact may cause joint discomfort.</p> <p>The lightweight molecular structure of the Hiclaim® series polyethers reduces the overall weight burden of equipment while ensuring support stability, thereby lowering the physical burden on athletes. Its long-lasting elastic recovery performance effectively disperses foot pressure and reduces fatigue caused by prolonged exercise, while its excellent breathable microporous structure accelerates moisture discharge from inside footwear, maintaining a dry foot environment.</p>	
Consumer Health (Driving Comfort Requirements)	<p>Slow-Rebound Comfort Foam (Memory Foam to Relieve Fatigue)</p> <p>Long-distance driving often causes back and waist discomfort, and drivers and passengers have higher expectations for intelligent seat adaptability, hoping seats can provide customized body fit and support to relieve fatigue during driving.</p> <p>This comfort foam is a special slow-rebound foam made from high-performance polyether foam developed by Changhua Chemical. It can precisely fit the body curves of each passenger, achieving an exquisite balance between support and wrapping, effectively dispersing body pressure, relieving fatigue during long rides, and comprehensively enhancing driving and riding comfort.</p>	
Downstream Enterprises (To Increase Product Yield)	<p>Highly Active POP + Open-Cell Polyether (Making Production More Stable)</p> <p>During the production of high-resilience molded products, high ambient temperatures make it difficult to reduce material temperatures, thereby causing uncontrollable foaming reactions, product pore bursting and swelling during demolding, increased repair volumes, reduced production efficiency, lower product qualification rates, and increased cost pressure.</p> <p>High-activity POP + open-cell polyether is a customized raw material solution designed to address the challenges of polyurethane molded foam production in high-temperature environments. The high-activity POP is produced via a continuous process, offering environmental benefits while enhancing formulation flexibility and reducing the impact of external factors on production; the open-cell polyether optimizes cell structure to resolve molding defects. Together, these components ensure stable production under high-temperature conditions.</p>	

Protection of Intellectual Property Rights

In strict accordance with national intellectual property-related laws and regulations, and adhering to the management policy of "Strengthening Intellectual Property Protection, Enhancing Market Competitiveness, Leading the Future Through Technological Innovation, and Achieving Sustainable Development", Changhua Chemical has formulated systems such as the *Intellectual Property Management Manual*, and established a dedicated intellectual property management organization, with the General Manager serving as the first responsible person responsible for full lifecycle intellectual property management.

The Company has passed the certification under the IPR management system.



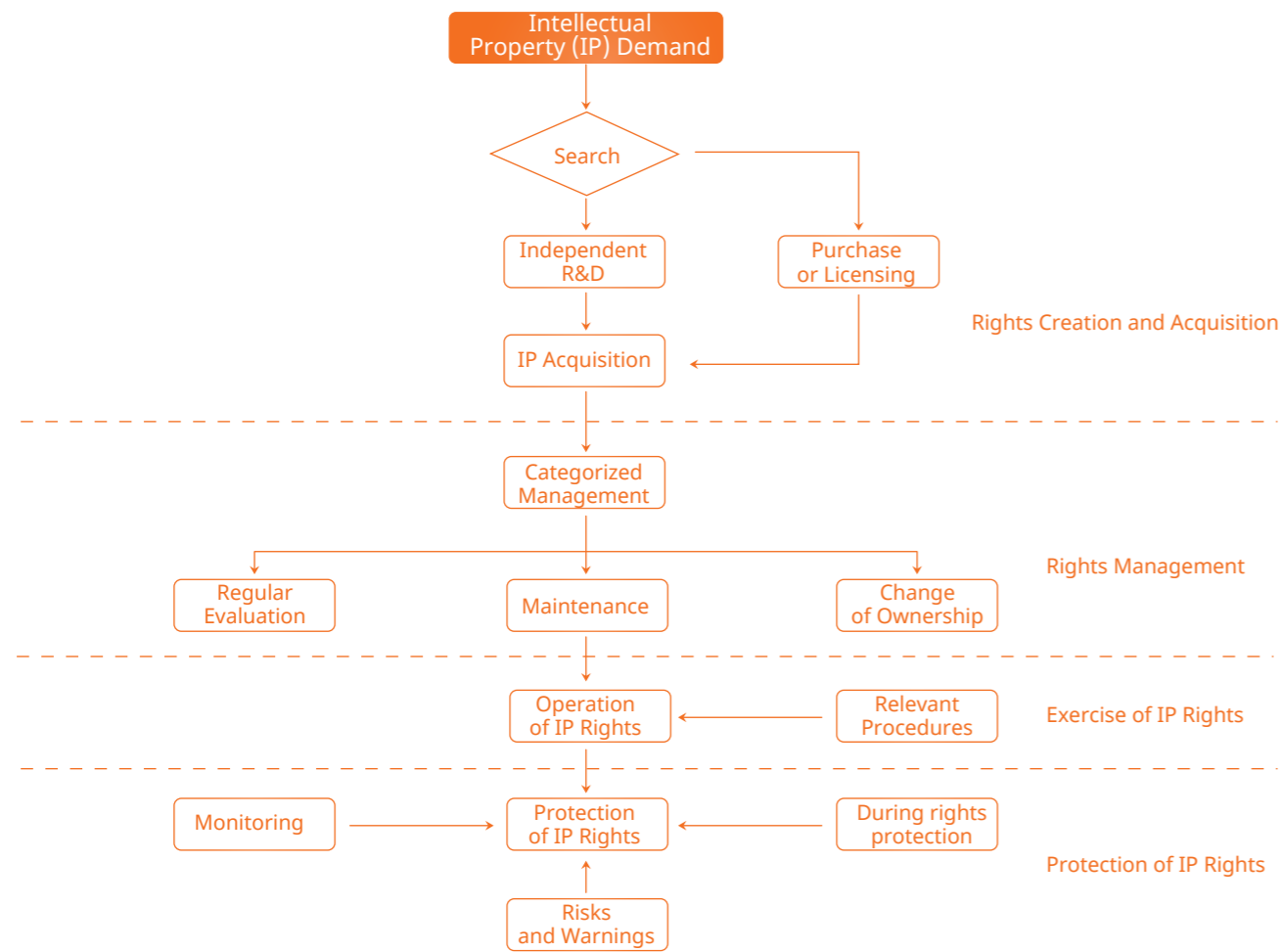
Organizational Structure of the Intellectual Property Compliance Management System

Intellectual Property Management Process

Changhua Chemical has established a systematic intellectual property management process to comprehensively protect intellectual property rights. During the R&D process, intellectual property searches are conducted in a timely manner to avoid infringing upon others' intellectual property rights. Classification maintenance (including evaluation and ownership changes), rights operation monitoring, and risk protection activities are also carried out to comprehensively safeguard the Company's legitimate intellectual property rights and interests.



IPR Management System Certification



Basic Intellectual Property Management Flowchart

Training on Intellectual Property

Changhua Chemical places great emphasis on cultivating intellectual property talent and enhancing company-wide awareness. Through regularly conducted online and offline training activities, the Company continuously strengthens employees' awareness and professional competence in intellectual property protection, ensuring the deep implementation of intellectual property management policies and objectives while building a solid talent foundation for innovation achievement protection, and compliant operations.

Case

Intellectual Property Information Management and Retrieval Skills

In April 2025, the Company conducted a special online training session on intellectual property information management and retrieval skills, enhancing the practical application effectiveness of intellectual property information among the team through systematic instruction. This special training effectively improved participating employees' awareness of the value of intellectual property information and strengthened their practical capabilities in information retrieval and standardized management, providing strong skill support for the Company's core technology patent layout, efficient innovation and R&D advancement, and intellectual property risk prevention and control.

Key Performance in 2025

Cumulative Number of Granted Patents (Valid): **60** Total Number of Registered Trademarks: **36**
 Including: Cumulative Number of Authorized Utility Model Patents: **26** Number of Patent Applications: **18**
 Including: Cumulative Number of Authorized Invention Patents: **34**
 Cumulative Number of Published Papers: **6**

Quality and Safety Management

Changhua Chemical has always regarded product quality as the cornerstone of the Company's survival and development. We strictly adhere to relevant national laws and regulations, such as the *Product Quality Law of the People's Republic of China*, as well as industry standards and norms. We deeply implement our quality policy of delivering "the Quality Beyond Customer Expectations", establishing an integrated quality management system covering the entire product lifecycle. This lays a solid quality foundation for the Company's steady development, helping us stand out in intense market competition and achieve sustainable development.

Governance

Changhua Chemical has formulated management systems such as the *Production Operation Control Procedure*, the *Product Protection Control Procedure*, and the *Nonconforming Product Control Procedure* to standardize production processes from the source and ensure stable and reliable product quality. The quality management system is led by the Chief Quality Officer, who defines the direction of quality work; the Quality Control Department assumes responsibility for end-to-end quality control, implementing rigorous monitoring and precise measurement of raw and auxiliary materials, intermediate products, finished goods, and non-conforming products. Annual assessments of measurement system suitability are conducted to ensure the accuracy of quality measurements. The Company has passed the certification under the ISO 9001 Quality Management System.

During the Reporting Period, no major quality accidents occurred in the Company.



Organization Structure for Quality Management



Quality Management System Certification Certificate

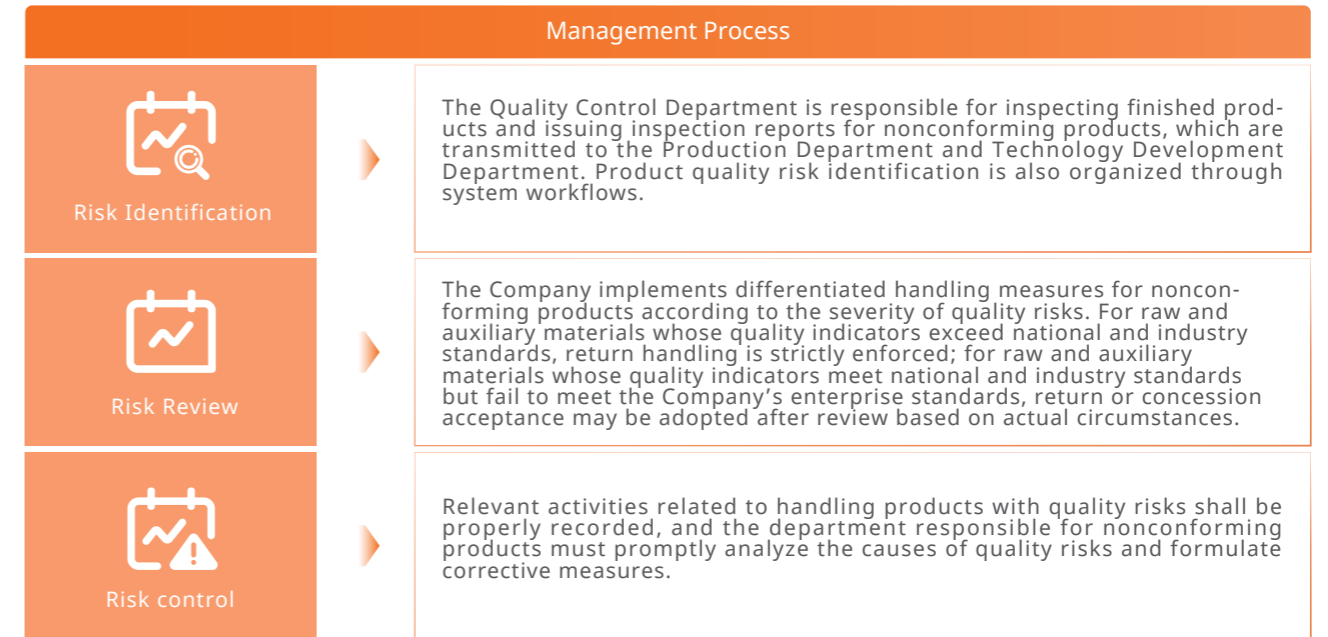
Strategy

Risk Type	Description of Risk	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Reputation Risks	Product quality issues may result in financial compensation claims and damage to the Company's reputation.	Reduction in operating revenue	Medium	High	Short term	Operations	<p>Continuously operate and optimize quality management systems such as ISO 9001;</p> <p>Continuously and strictly control the inspection and release of raw materials, intermediate products, and finished goods;</p> <p>Strengthen internal and external communication, with the Marketing Department promptly conveying customer requirements to departments such as Quality Control, Production, and Technology Development, ensuring strict implementation of customer requirements;</p> <p>In the event of quality abnormalities at the customer end, sales personnel shall respond immediately and coordinate with Quality Control, Technology, the Research Institute, the Supply Chain Department, and other relevant departments to address the issue. When necessary, technical personnel shall visit the customer site to negotiate and resolve the issue, minimizing customer losses.</p>

Opportunity Type	Description Of Opportunity	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Policy Opportunities	Government subsidies and tax incentives support quality improvement.	Increase in non-operating income	Low	Medium	Short term	Operations	<p>Continuously monitor relevant policies;</p> <p>Pay close attention to industry-related information to ensure timely communication of information.</p>

Impact, Risk, and Opportunity Management

To mitigate risks arising from product quality, Changhua Chemical has prepared the *QESEn Management Manual* and the *QESEn Procedural Documents*, clearly specifying relevant management procedures and the responsibilities of relevant departments to effectively address risks and opportunities.



Metrics and Targets

Changhua Chemical establishes a scientific, closed-loop quality management target system based on strategic planning, customer needs, and industry standards. These objectives cover metrics such as product pass rate and customer satisfaction, providing clear guidance for the implementation of the quality management system and the steady improvement of product quality.

Quality Management Goals	
Ex-factory pass rate: 100%	<input checked="" type="checkbox"/> Achieved
First-grade product rate reaching 99%	<input checked="" type="checkbox"/> Achieved
Contract fulfillment rate: 100%	<input checked="" type="checkbox"/> Achieved
Customer satisfaction rate: above 85%	<input checked="" type="checkbox"/> Achieved

Indicator	Unit	2025
Product Qualified Rate	%	100
Number of Internal Quality Audits in a year	Time	1
Number of Product Recalls	Piece	0

Product Quality Control

Lifecycle Quality Management

Changhua Chemical has formulated the *Production Operation Control Procedure*, focusing on the precise control of various key factors affecting product quality during production processes. Through standardized procedures regulating operations at each stage, all products are ensured to meet shipment standards prior to filling and delivery, thereby comprehensively controlling product quality.

Raw Material Inspection and Control	The Supply Chain Management Department is responsible for the management and control of procurement, warehousing, and inbound/outbound management of raw and auxiliary materials and products during production operations.
Production Quality Control	<p>The Quality Control Department is responsible for inspection and analysis of raw and auxiliary materials, intermediate products, and finished products during production processes to ensure product quality remains under control.</p> <p>The Technology Development Department organizes the monitoring, measurement, and data analysis of the quality and production process control parameters of intermediate products (semi-finished products) and products, forming "Monthly Technical Reports" and "Annual Technical Reports."</p> <p>Production management personnel inspect equipment operating conditions daily and prepare the Production Logbook and the Daily Production Inspection Records.</p>
Treatment of Nonconforming Products	The quality control of raw and auxiliary materials, intermediate products, and finished products shall be implemented in accordance with relevant standards. Where inspections fail, the <i>Nonconforming Product Control Procedure</i> shall apply.

Digital Management

Changhua Chemical's production operating system adopts advanced automated control systems, greatly enhancing production efficiency and precision, ensuring stable operation of all processes and guaranteeing stable production quality. Additionally, all product analytical data is entered and retrieved through the LIMS system, enabling efficient data management and precise traceability, and providing robust data support for production decision-making.

Training on Quality Management

To strengthen the foundation of quality control and enhance company-wide quality awareness and professional competence, Changhua Chemical regularly conducts quality management training, promoting the efficient implementation of the quality management system and establishing a solid talent foundation for the steady improvement of product quality and the implementation of quality strategies.

Training on Quality Improvement

Case

In 2025, to strengthen the foundation of production management, the Company systematically conducted special training sessions for all Production Department personnel. The training covered core modules such as updates to Production Department management systems and methods for improving quality awareness. Diversified methods, including lectures, PPT presentations, and analysis of typical cases, were comprehensively utilized during the training process, helping team members comprehensively enhance quality control awareness, production safety awareness, and emergency response capabilities for unexpected situations.



Key Performance in 2025

Attendance in Quality Training: **326** Person-times

Total Duration of Quality Training: **443** hours

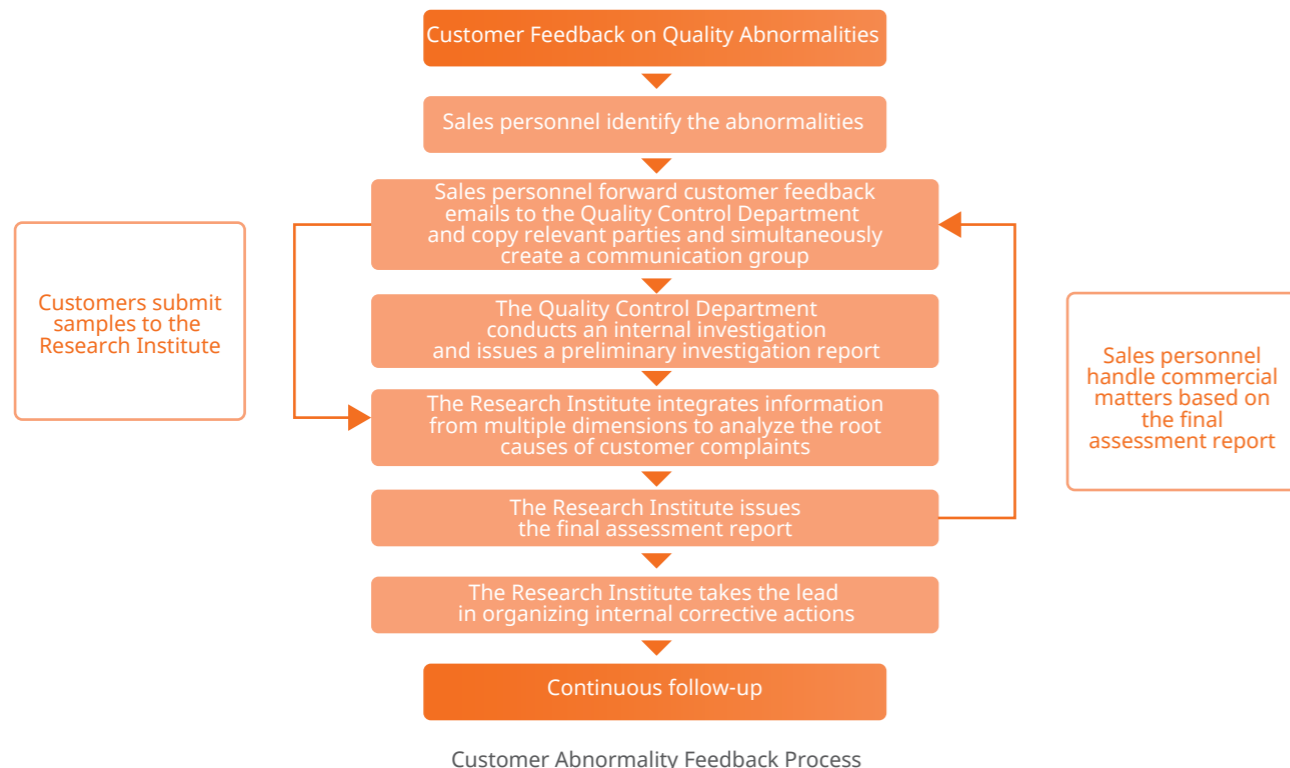
Training on Quality: **15** Sessions

Customer Service Assurance

In strict accordance with laws and regulations, such as the *Law of the People's Republic of China on Protection of Consumers' Rights and Interests* and relevant industry regulatory requirements, Changhua Chemical has formulated the *Customer Management System*, under which the Marketing Department takes the lead in coordinating customer management and is fully responsible for the establishment, maintenance, and dynamic updating of the customer information system, standardizing full-chain management activities such as customer development, cooperation coordination, and relationship maintenance to ensure standardized, compliant, and efficient customer management.

Changhua Chemical uses CRM (Customer Relationship Management System) and ERP (Yunxingkong System) to establish a customer information database and continuously strengthen communication and connections with customers. The Company attaches great importance to customer information management, strictly maintains the confidentiality of customer information, and sets query and analysis access permissions to prevent information leakage. During the Reporting Period, no customer information leakage incidents occurred in the Company.

Furthermore, to further enhance customer service responsiveness and reduce customer complaint rates and the risk of dissatisfaction, Changhua Chemical has simultaneously established a standardized, closed-loop process for handling customer issues. This ensures that customer concerns are addressed promptly and resolved efficiently, effectively safeguarding customers' legitimate rights and interests, and solidifying the foundation of trust for long-term cooperation.



Key Performance in 2025

Number of Customer Complaints: **0** Time

Training on Customer Service

To strengthen professional customer service capabilities and reinforce the foundation of customer relationship maintenance, Changhua Chemical has established a regular customer service training mechanism. Through periodic training, it enhances the ability to respond rapidly and resolve customer demands efficiently, providing strong support for improving customer satisfaction, loyalty, and the Company's brand reputation.

Training on Customer Service Case

In 2025, guided by the VMV philosophy and focusing on the key directions of customer-first and innovation-driven transformation, the Company conducted special seminars and training sessions covering all marketing personnel and technical staff, effectively strengthening participants' customer-oriented service awareness, enhancing their proactive attitude toward industry transformation, and improving their confidence and capabilities in optimizing customer service experiences.

Customer Satisfaction

To improve customer satisfaction, Changhua Chemical has formulated the *Customer Satisfaction Survey System*. Each year, surveys are conducted via fax, email, or customer visits covering aspects such as the timeliness and completeness of supply delivery, technical services, sales services, rapid response to customer requirements, complaint and suggestion handling, and product usage. The Marketing Department collects, organizes, and analyzes the survey results before feeding them back to relevant departments. The Company carefully studies customer feedback and suggestions and actively implements improvements to provide customers with higher-quality services.



Leveraging continuous technological innovation capabilities, stable and reliable product supply, and efficient collaborative service support, Changhua Chemical has been awarded the "Innovative Cooperation Partner Award" by partners.

Key Performance in 2025

Customer Satisfaction: **97.52%**

Responsible Marketing

Changhua Chemical attaches great importance to the compliance of marketing activities and has formulated the *Administrative Measures for the Release of External Publicity Information* and the *Rules and Regulations on the Marketing Department*. The Marketing Department is responsible for management, supervision, and review of promotional materials to ensure that all marketing activities, including marketing content and methods, strictly comply with legal requirements and industry standards.

Responsible Supply Chain

Changhua Chemical strictly adheres to relevant national laws and regulations. With the goal of building a responsible supply chain as our core strategic objectives, we continuously improve our supplier life-cycle management system, strengthen multi-dimensional control throughout the entire process, and effectively promote win-win collaboration across the supply chain, laying a solid foundation for the compliant operation and sustainable development of the supply chain.

Supply Chain Management

To standardize procurement processes and enhance supply chain management efficiency, Changhua Chemical has formulated the *Supply Chain Procurement Management System*. The Supply Chain Management Department serves as the centralized department responsible for procurement management, undertaking full-process management responsibilities including coordinating and executing various procurement needs, supplier development and evaluation, preparation of the qualified supplier list, procurement document archiving, supplier performance and after-sales evaluations, contract performance tracking, procurement budgeting, and payment settlement.



Whole-Life-Cycle Management

For key stages such as supplier investigations, on-site audits, periodic assessments, and new material admission reviews, Changhua Chemical has established rigorous and standardized control procedures to ensure the compliance and stability of upstream supply chain cooperation, thereby providing institutional safeguards for mutual benefit and win-win cooperation between both parties.

Preliminary Review	After material certification is approved, the Supply Chain Management Department initiates investigations and conducts evaluations.
Audit and Admission	An audit team is organized, with each department evaluating different aspects of the supplier's capabilities according to their respective responsibilities. The audit team compiles the results and prepares an audit report for submission to senior management, who then decide on the selection of new suppliers based on this report;
	The team identifies audit targets, communicates and conducts audits, and manages supplier upgrades or downgrades based on audit results. Supplier admission requires participation from multiple departments in the review process;
Assessment and Evaluation	The Supply Chain Management Department classifies qualified suppliers using the ABC classification method.
	Both new and existing suppliers are assessed regularly;
Qualified Supplier Supervision	Priority is given to suppliers on the approved supplier list during procurement. If a supplier has no supply record for over two years, a new supplier evaluation must be conducted before repurchasing.
	The Supply Chain Management Department and the Quality Management Department retain quality records for qualified suppliers. Suppliers with batch non-conformities will receive warning notifications; suppliers with non-conformities in three consecutive batches will have procurement suspended and be required to submit corrective and preventive action records. Cooperation will resume once quality standards are met;
Elimination and Termination	The Company supervises suppliers' social responsibility performance. Suppliers in violation are required to make improvements, and continued cooperation will be determined based on the effectiveness of such improvements.
	Both new and existing suppliers are subject to regular assessments, and those failing to meet requirements will be eliminated;
	Qualified suppliers are subject to a merit-based selection process; those failing evaluations will be removed from the <i>List of Qualified Suppliers</i> .

Key Performance in 2025

Total number of raw material suppliers: **300**

Proportion of Procurement Expenditure Payable to Local Suppliers: **9.36%**

Supplier Risk Management

The Company has established a comprehensive procurement risk and supplier quality management system. In terms of risk prevention and control, Changhua Chemical has formulated the *Procurement-Related Risk Assessment Form* and adopts the LEC evaluation method to identify procurement-related risk levels and classifications through hazard source analysis. Based on actual operating conditions, the Company implements targeted risk control measures, including engineering controls, management optimization, training and education, personal protection, and emergency response measures, to prevent procurement risks at the source. In terms of quality management, the Company signs the *Agreement on Quality Assurance* with suppliers and has established a quality assessment system covering five key areas: quality, cost, delivery, service, and compliance. Meanwhile, the Supply Chain Management Department has formulated supply chain-related QES objectives and indicator management plans and implemented a monthly assessment mechanism to continuously improve suppliers' fulfillment capabilities and supply chain management efficiency through routine evaluations.

In addition, Changhua Chemical conducts full-process due diligence on suppliers, forming a closed-loop supply chain risk management system covering new supplier special audits, multi-department qualification and safety evaluations, compliance agreement signing, and dynamic assessments.

Supply Chain Management Targets

Ensure supply continuity	<input checked="" type="radio"/> Achieved
Control procurement cost rationality	<input checked="" type="radio"/> Achieved
Ensure procurement quality stability	<input checked="" type="radio"/> Achieved
Strengthen compliance and risk prevention and control	<input checked="" type="radio"/> Achieved
Build a secure and controllable supply chain system	<input checked="" type="radio"/> Achieved

Digital Management

Changhua Chemical places great importance on the digitalization of supply chain management and regards digital transformation as a core strategy for improving supply chain efficiency and strengthening management capabilities. Focusing on key areas such as supplier management, procurement processes, warehousing, and logistics, the Company has established an end-to-end digital management system to drive supply chain operations toward greater efficiency, refinement, and visualization.

Changhua Chemical utilizes the SRM system to achieve efficient online qualification review, tiered management, and admission agreement signing for qualified supplier selection. Leveraging digital technologies, the Company also realizes full-process contract management, thereby reducing management costs and risks. At the same time, through the Mingdao Cloud platform, the Company has completed the entire online process for vehicle reservation and queuing, online approval for receipt and dispatch procedures, paperless electronic sign-off, and collection of customer delivery receipts, thereby reducing production costs and delivery risks while enhancing document traceability.

Training on Compliant Procurement

Changhua Chemical attaches great importance to compliance and professionalism throughout the entire procurement management process and continuously strengthens systematic training for procurement personnel and other supply chain-related employees to standardize procurement operations.

Case

Training on Tender Management Measures and Related Laws and Regulations

In May 2025, the Company invited external lecturers to conduct a special compliance training session on tender procurement. The training focused on the interpretation of key provisions of the *Law of the People's Republic of China on Tendering and Bidding*, the promotion and explanation of the Company's *Invitation-to-Bid Management Measures*, and the in-depth analysis of typical procurement violation cases. This training enhanced the compliance awareness and operational standardization of relevant departments, effectively strengthened the understanding of the invitation-to-bid management measures across departments, and further reinforced the Company's compliance defense line.



Development of Sustainable Supply Chain

Perform transparent procurement

To regulate procurement activities and prevent compliance risks, Changhua Chemical consistently adheres to the procurement principles of “fairness, openness, impartiality, and good faith”. Relevant employees are required to sign the *Commitment to Compliance*, which clearly defines integrity obligations, codes of conduct, and responsibilities in procurement activities. Through the combination of institutional constraints and personal commitments, the Company ensures standardized procurement operations and safeguards corporate assets.

Key Performance in 2025

Signing Rate of Integrity Agreement by Supplier: **100%**

Changhua Chemical requires suppliers to strictly comply with relevant laws and regulations. By signing the *Agreement on Integrity with Business Partners* and the *Code of Conduct for Business Partners*, suppliers are required to adhere to clear compliance standards, fostering a market environment characterized by fair competition, integrity, transparency, and healthy development. At the same time, in accordance with institutional requirements, the Supply Chain Management Department incorporates anti-corruption and compliance-related indicators into the supplier periodic assessment system, promoting the effective implementation of compliance requirements through routine evaluations.

Supplier ESG Management

Changhua Chemical highly values green and sustainable development throughout the supply chain. In accordance with the *Code of Conduct for Business Partners*, the Company incorporates suppliers' environmental responsibilities, quality and safety performance, and employee rights protection into cooperation considerations. Suppliers are required to comply with national and local environmental, health, and safety laws and regulations, adopt appropriate measures to conserve resources and energy, eliminate waste, and jointly promote the fulfillment of social responsibilities across the supply chain.

Changhua Chemical explicitly requires suppliers to sign the *Commitment to Environmental Protection*, thereby establishing the baseline for environmentally compliant cooperation. Suppliers must also strictly comply with the environmental standards and technical requirements set forth in the *List of Restricted Substances provided by Changhua Chemical* to ensure that supplied products meet national environmental regulations and the Company's control requirements. In addition, suppliers must clearly state in the Commitment that they will bear corresponding legal liabilities for any losses caused to the Company due to products failing to meet agreed environmental standards, thereby ensuring effective implementation of environmental requirements.

Key Performance in 2025

- Number of Suppliers Passing the Quality Management System Certification: **211**
- Number of Suppliers Passing the Environmental Management System Certification: **182**
- Number of Suppliers Passing the Occupational Health and Safety Management System Certification: **175**
- Number of Suppliers Terminated Due to Non-compliance: **0**
- Number of Potential Suppliers Rejected Due to Non-Compliance: **1**

Equal Treatment of Small and Medium-Sized Enterprises

In supply chain cooperation, Changhua Chemical consistently upholds the principle of equal treatment for small and medium-sized enterprises, rejects discrimination based on company size, provides fair market access and competition opportunities for SME suppliers, and safeguards their legitimate rights and bargaining space, thereby empowering collaborative development with SMEs through fair cooperation mechanisms.

Protection of Information Security

Changhua Chemical strictly complies with the requirements of the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, and other applicable laws and regulations. Upholding the information security management philosophy of “security first, prevention-oriented, and continuous improvement”, the Company continuously optimizes and enhances the information security management system through measures such as improving security management systems and conducting routine emergency drills, thereby building a robust security barrier for the Company's digital operations.

Management of Information Security

Information Security Targets

No incidents of information security breaches or information leakage causing losses occurred. **Achieved**

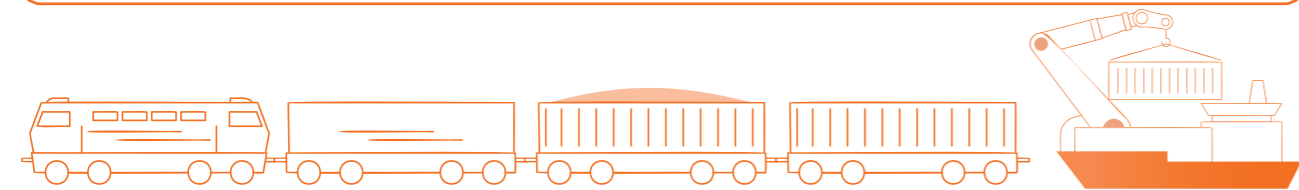
Changhua Chemical has formulated the *Information Technology Management System*, which clearly defines information security management objectives, departmental responsibilities, full lifecycle protection requirements for information assets, and accountability mechanisms for violations, comprehensively covering key scenarios involving data confidentiality, integrity, and availability.

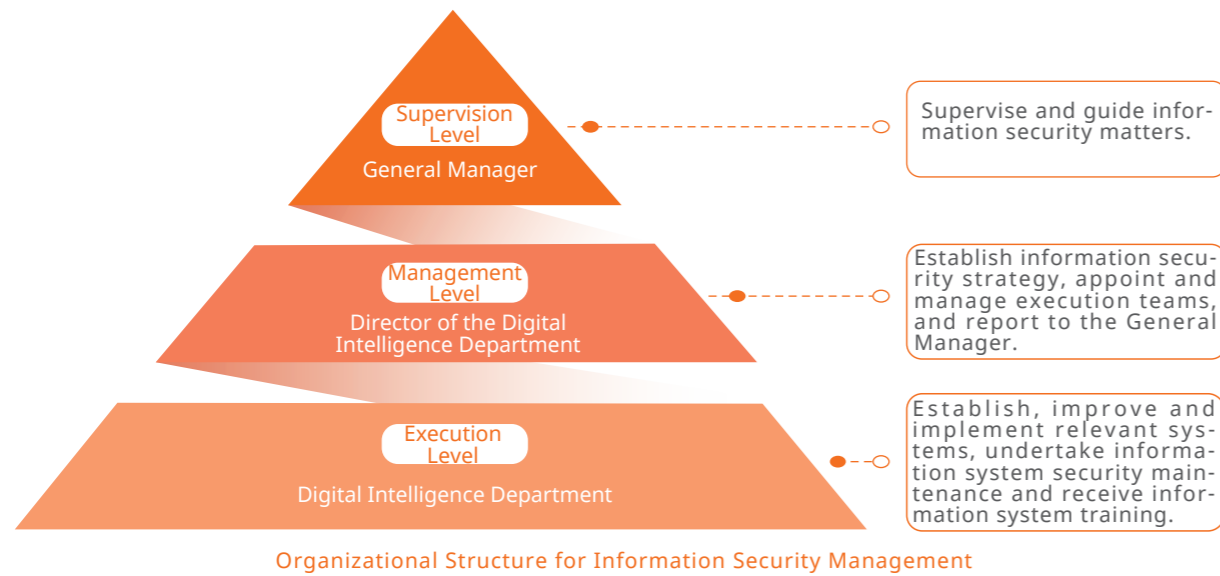
At the same time, Changhua Chemical has established a professional information security management structure, under which the Director of the Digital Intelligence Department is responsible for overall departmental strategic planning, business coordination, and team management, thereby strengthening the Company's information security protection framework. During the Reporting Period, no data security incidents or customer privacy breaches occurred in the Company.



Safety Training for Transportation Suppliers Case

In September 2025, to further standardize transportation safety management and strengthen transportation suppliers' awareness of safety responsibilities, the Supply Chain Management Department, together with the HSE Department, organized a special transportation safety training session for partner transportation suppliers. The training provided systematic explanations centered on the Company's core safety systems and procedures, offering clear guidance on safe operational practices. This training effectively enabled all transportation suppliers to clearly understand key transportation safety requirements and implement safety responsibilities throughout every stage of transportation operations, providing solid support for the Company's high-quality development.





Information Security Risk Management

Emergency Response Plans and Drills

Changhua Chemical strictly complies with the requirements of the *Cybersecurity Law of the People's Republic of China*, the *National Cybersecurity Incident Emergency Response Plan*, and other applicable laws, regulations, and normative documents. The Company is committed to establishing a comprehensive emergency response system for information system incidents and reinforcing the safe and stable operation of information systems through measures such as regularly organizing practical emergency response drills.

Case

Data Recovery Drill for ERP, LIMS, and Shared Drives

In 2025, to verify the effectiveness of data backup and disaster recovery capabilities and ensure business continuity, the Company conducted a data recovery drill covering ERP systems, LIMS systems, and shared drive data. The drill was executed smoothly overall, with complete data recovery and normal system functionality, verifying the effectiveness of backup strategies and recovery procedures.

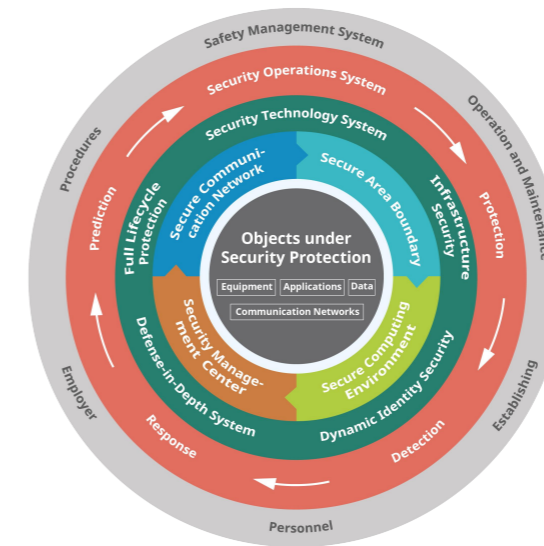
Through the drill, the Company further clarified operational standards and emergency response procedures for data recovery, enhanced the IT team's ability to respond to data security incidents, and strengthened defenses against data loss to ensure the stable operation of core business systems.

Audit of Information Security

During the Reporting Period, Changhua Chemical commissioned a third-party professional institution to conduct a special information system audit and assessment covering general information system controls, application controls, and system independence, further enhancing information system management and ensuring compliant, stable, and efficient system operation.

Information Security Practices

To strengthen the information security defense line and uphold the core objective of information security development—namely, “ensuring that enterprise and organizational information systems achieve a certain level of data integrity, confidentiality, and availability protection while reducing information security risks”—the Company has established a comprehensive information security protection system by deploying multiple protective devices such as perimeter firewalls and data center protection walls, thereby safeguarding information assets.



- Endpoint Security and DLP
- Security Management and Centralized Control
- Data Backup and Disaster Recovery Mechanisms
- Boundary Protection, Intrusion Prevention, and Access Control
- Redundancy of Critical Communication Equipment and Links

Information Security Management Measures

<p>Zero Trust Solution</p>	<p>Qianxin Integrated Gateway and Zero Trust Client are installed to support 50 concurrent users (with a maximum capacity of 300 concurrent users), without requiring modifications to existing business systems.</p>
<p>Hyper-Converged Node Expansion</p>	<p>One Lenovo WR5220 G3 server node is added to reduce memory utilization from 71% to 53% and storage utilization from 67.9% to 50.9%, ensuring stable operation of the HA mechanism.</p>
<p>Clerware Backup System Construction</p>	<p>Clerware Data Backup and Recovery System (DRS V2.0) is deployed to support microsecond-level CDP real-time backup, 15-minute rapid recovery, and remote off-site replication, while providing licenses for 15 hosts and three years of operation and maintenance services.</p>

Training on Information Security

To enhance employees' information security awareness and compliance capabilities, Changhua Chemical regularly conducts special information security training sessions. These trainings closely align with regulatory requirements and management standards, strengthening employees' awareness of security responsibilities and reinforcing the Company-wide defense line for data security and information protection.



Case

Special Training on Information Security Awareness

In August 2025, the Company organized all employees to participate in specialized information security awareness training via the Radnova e-learning Platform, utilizing a flexible learning model that allows employees to independently schedule their study sessions according to their own work rhythms. Participants were required to complete video courses on information security available on the platform, systematically learning compliance requirements and practical protection measures to

Key Performance in 2025

- Training on Data Security/Customer Privacy Protection: **1** Sessions
- Total Hours of Training on Data Security/Customer Privacy Protection: **376** Hours
- Average Duration of Training on Data Security/Customer Privacy Protection: **0.8** Hours
- Number of Participants in Training on Data Security/Customer Privacy Protection: **470**
- Coverage Rate of Training on Data Security/Customer Privacy Protection: **100%**

Security Management System

Changhua Chemical places great importance on information management and has established a comprehensive information security protection matrix supported by multiple professional security management systems and detection technologies.



04

Joint Efforts: Shaping a Sustainable and Bright Future

SDGs Responded in this Chapter



Key Achievements in 2025

Signing Rate of Employment Contract: **100%**

Coverage Rate of Social Insurance: **100%**

Coverage Rate of Health Checkups among Employees: **100%**

Investment in Work Safety: RMB **3.1133** million

Safety Emergency Drills: **6**

ESG Material Topics Covered in this Chapter

- Protection of Employees' Rights and Interests
- Career Development and Training
- Occupational Health and Work Safety
- Social Contribution
- Rural Revitalization



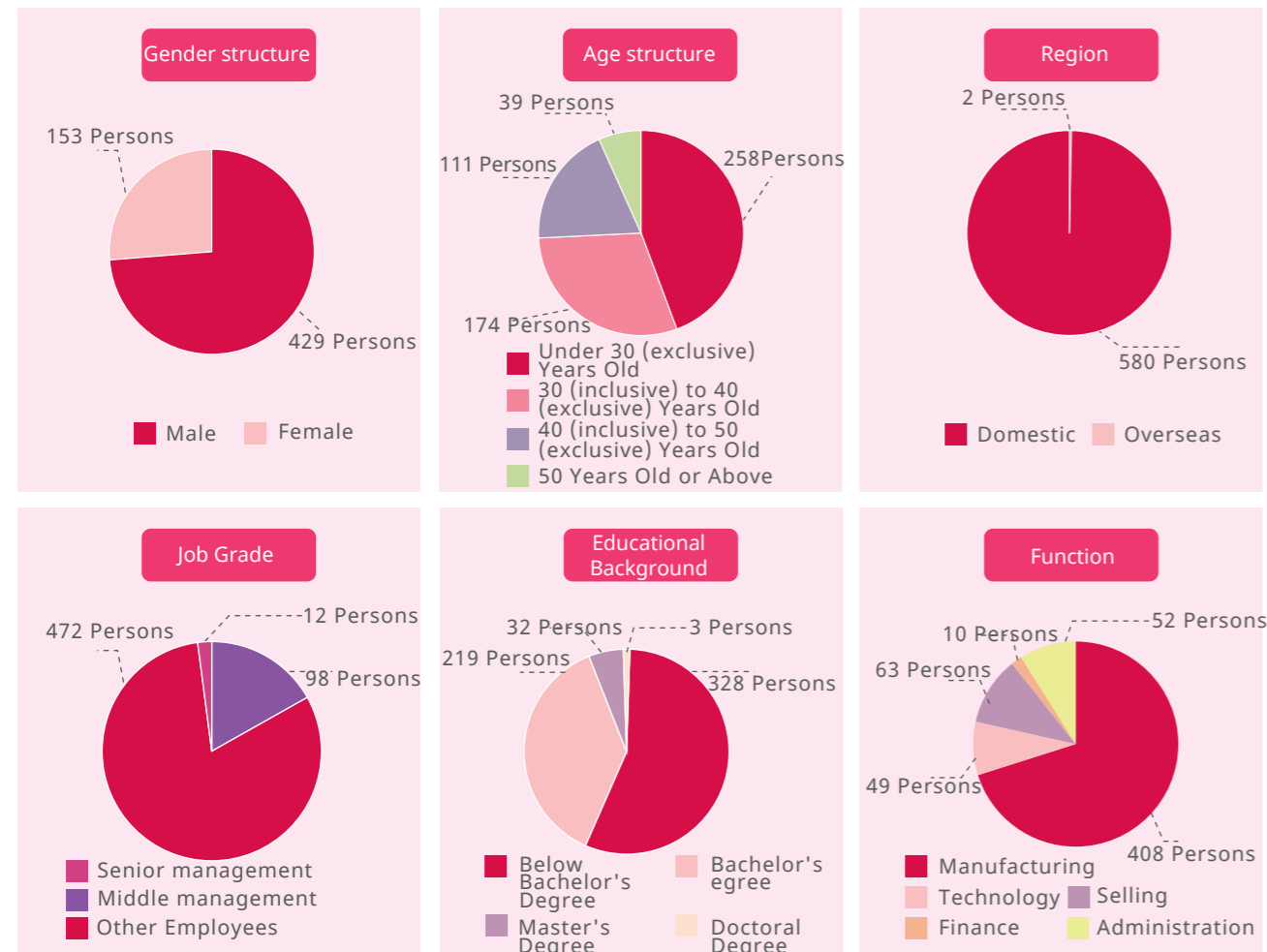
Protecting Employees' Rights and Interests

To realize the development strategy and optimize the human resources portfolio, Changhua Chemical has formulated management policies such as the *Recruitment and Personnel Management System* and the *Employee Handbook* in accordance with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and other applicable laws and regulations, thereby implementing human resource management in a scientific and effective manner.

Equal and Compliant Employment

Changhua Chemical has established the *Management System for Prohibiting Harassment, Abuse, and Discrimination Against Employees* and the *Guidelines for Safeguarding Employees' Rights and Interests*. The Company adheres to the principles of gender equality and equal pay for equal work, prohibits child labor as well as all forms of discrimination and forced labor, advocates the values of diversity, equality, and inclusion, and safeguards employees' lawful rights to equal employment opportunities, career choice, labor remuneration, rest and leave, social insurance, benefits, and other labor and economic rights stipulated by laws and regulations.

Changhua Chemical has established complaint and appeal mechanisms. Employees who experience discrimination, harassment, or bullying may file complaints with the Legal Department through dedicated email addresses, telephone hotlines, or other lawful channels. During the Reporting Period, no labor discrimination incidents occurred within the Company.



Key Performance in 2025

Total Number of Employees: **582** Persons Number of Employees of Minority Nationalities: **10** Persons
 Number of Veteran Employees: **10** Persons Number of Employees Signing Labor Contracts: **582** Persons
 Signing Rate of Employment Contract: **100%**

Protection of Female Employees' Rights and Interests

Changhua Chemical complies with the *Law of the People's Republic of China on the Protection of Women's Rights and Interests* and the *Special Provisions on Labor Protection for Female Employees* to safeguard the safety and health of female employees during production and labor activities. At the same time, the Company strictly implements benefits such as prenatal examination leave, maternity leave, miscarriage leave, and breastfeeding leave in accordance with national regulations.



Women's Day Event on March 8, 2025

Meanwhile, Changhua Chemical adheres to a gender equality policy and ensures that female employees receive equal treatment in recruitment, promotion and career development, and compensation and benefits.

Key Performance in 2025

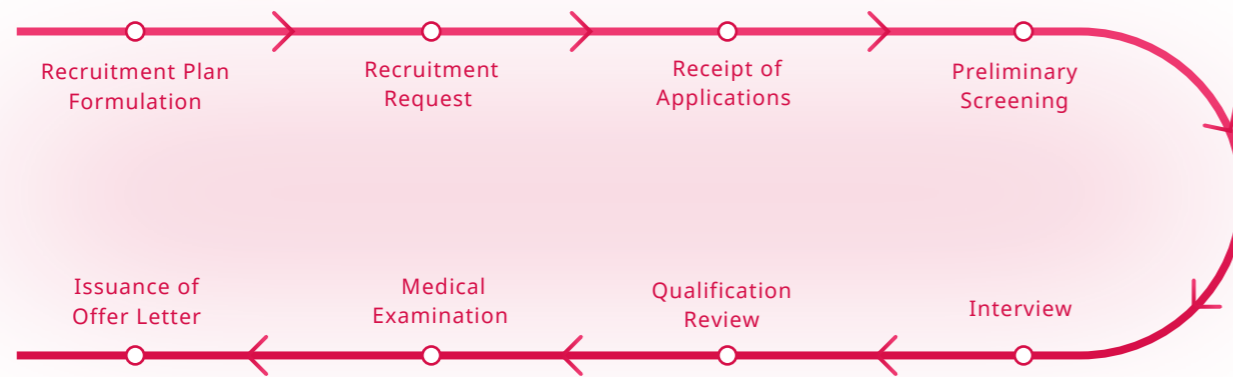
Number of Female Employees in Management: **30**
 Proportion of Female Employees in Management: **27.27%**
 Number of Employees Entitled to Parental Leave: **12** Persons
 Total Number of Employees on Parental Leave: **12**
 Return Rate of Employees at Parental Leave: **100%**

Recruitment and Separation Management

In accordance with the recruitment principles of "openness, fairness, competition, and merit-based selection" and the *Recruitment and Personnel Management System*, Changhua Chemical standardizes recruitment activities. The Company determines employee hiring decisions solely based on job requirements and candidates' own qualifications and capabilities, without discrimination based on gender, race, religion, age, or social background. During recruitment, applicants must undergo strict verification procedures, including verification of identity cards and photographs, and household registration checks when necessary, to prevent the accidental recruitment of child labor.

Changhua Chemical's primary recruitment channels include internal recruitment, campus recruitment, and social recruitment.

Recruitment Process



On-campus Recruitment

To attract talented individuals and inject fresh vitality into the organization, the Company carefully organized campus recruitment activities during the Reporting Period. The recruitment team visited universities such as Soochow University, Changzhou University, and Sichuan University. Through presentations and various recruitment activities, the Company conducted rigorous screening and successfully recruited a group of young talents with strong professional expertise and innovative spirit.

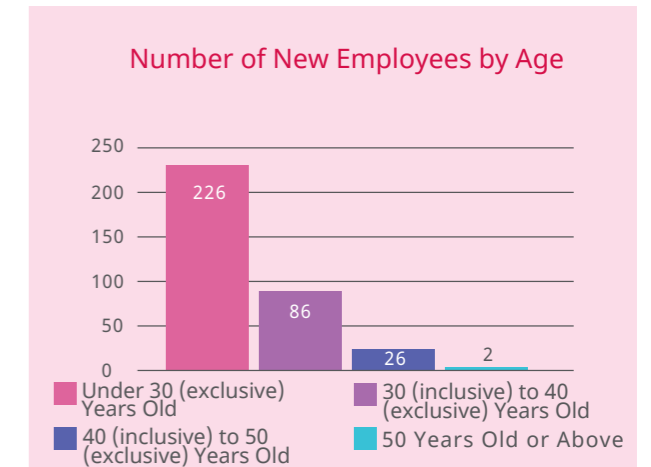
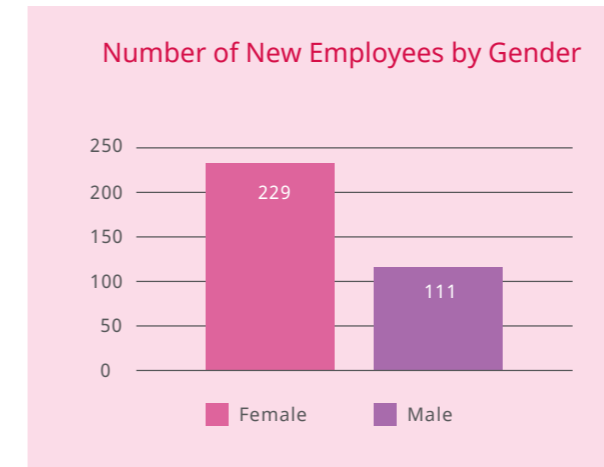
During the Reporting Period, the Company conducted 14 recruitment presentations and recruited approximately 124 employees.



Social Recruitment

The Company adopts a combination of online and offline approaches for social recruitment. Online, the Company fully leverages major recruitment platforms such as 51job, BOSS Zhipin, Zhilian Zhaopin, Hui Employment, Chemical Talent Network, and Liepin to broaden talent sourcing channels; offline, the Company actively participates in large-scale recruitment fairs organized by the Human Resources and Social Security Bureau. In addition, the Company collaborates with professional headhunting agencies to attract talent through multiple channels with greater precision.

During the Reporting Period, the Company recruited approximately 119 employees through social recruitment.



Key Performance in 2025

Number of New Employees: **340**

Offboarding Management

Changhua Chemical strictly handles employee resignation procedures in accordance with the resignation management provisions stipulated in the *Recruitment and Personnel Management System*, ensuring that resignation procedures are compliant, orderly, and efficient.

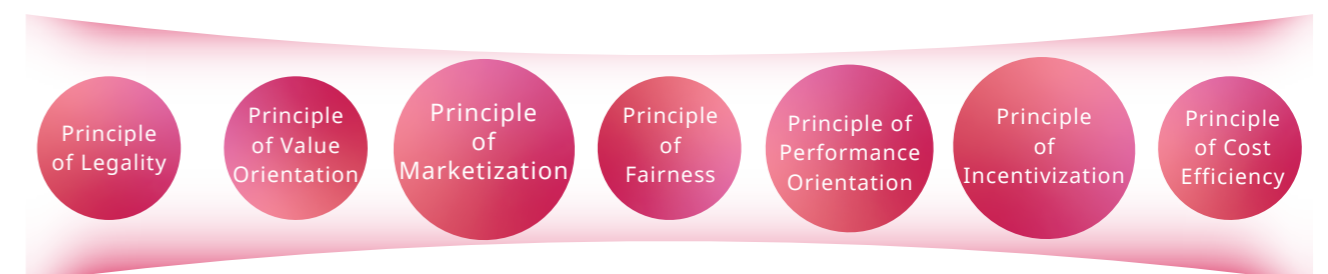
Key Performance in 2025

Total Employee Turnover Rate: **36%**

Number of Labor Dispute Cases: **0**

Remuneration and Benefits

Remuneration Management Principles



Changhua Chemical has established the *Compensation Management System* and the *Performance Management System* to build a scientific compensation management framework, under which remuneration is reasonably allocated based on market benchmarks, job value, and performance results. The Company's compensation system generally consists of monthly salary, welfare allowances, and year-end bonuses. Monthly salary consists of six components: basic salary, performance salary, position salary, confidentiality allowance, various subsidies, and various incentives.

Performance appraisal

The Human Resources Department and heads of employing departments formulate performance plans aligned with both departmental and employee objectives based on job responsibilities, the Company's strategy, and annual business plans. The Company's performance evaluations include annual assessments as well as quarterly/monthly assessments.

Annual Performance Assessment	Assessment results are comprehensively determined based on annual performance and individual diligence performance.
Quarterly/Monthly Assessments	Frontline employees are subject to monthly performance assessments, while office employees and above are subject to quarterly performance assessments. Assessments are conducted through a combination of KPIs and Key Objectives (KOs) or strategic priorities, or through department-specific assessment methods. Assessment content is determined through target decomposition in combination with individual job responsibilities, and each department may formulate specific requirements based on actual circumstances.

Upon completion of the current performance management cycle, Changhua Chemical shall notify and explain the assessment results to the assessed employees. If employees have objections to the assessment results or fail to reach an agreement during the performance review discussion, they may submit a formal appeal to the Human Resources Department within three working days after receiving the assessment results notification or the conclusion of the performance review discussion. The Human Resources Department shall provide handling recommendations and feedback within ten working days after receiving the appeal.

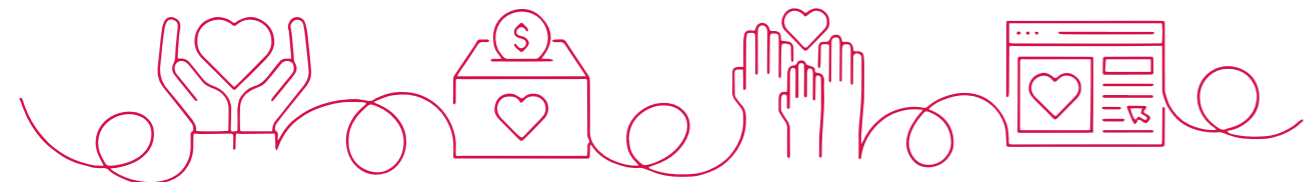
Key Performance in 2025

- Number of Employees Receiving Regular Performance and Career Development Assessments: **582**
- Proportion of Employees Receiving Regular Performance and Career Development Assessments: **100%**

Benefit System

Changhua Chemical consistently places employee welfare protection in a prominent position. In strict compliance with national laws and regulations, the Company fully contributes to the social insurance for employees in accordance with the law, including basic pension insurance, medical insurance, work-related injury insurance, unemployment insurance, and maternity insurance, while also making full and timely contributions to the housing provident fund. Combined with Company-specific supplementary benefits, the Company has established a comprehensive employee welfare system.

In addition, to further stimulate employees' enthusiasm and creativity at work and strengthen the connection between employees and the Company's development, Changhua Chemical implemented an equity incentive plan during the Reporting Period, effectively enhancing employees' sense of belonging, loyalty, and overall well-being.



Employee Benefit System

- Statutory Benefits**: Social insurance, statutory holidays.
- Vacation Benefits**: Various fully paid leave types, including annual leave, marriage leave, bereavement leave, prenatal checkup leave, maternity leave, paternity leave, miscarriage leave, breastfeeding leave, and International Women's Day.
- Holiday Benefits**: Cash payments or in-kind gifts are provided during the Spring Festival, Dragon Boat Festival, summer season, Mid-Autumn Festival, International Women's Day, and Labor Day (travel allowance).
- Other Welfare**: Free working meals, communication allowances, rental subsidies, work uniforms and labor protection supplies, commercial insurance, health checkups, birthday benefits, and team-building activities.

Key Performance in 2025

Coverage Rate of Social Insurance: **100%**

Regulations on Working Hours

Changhua Chemical implements a standard working hour system. According to the *Attendance Management System*, frontline employees in production, quality management, and other departments adopt a shift-based working system. If overtime is required for work purposes, a written request must be submitted to the department head in advance, and overtime may only be performed after approval. For employees working overtime on rest days, the Company shall prioritize compensatory leave arrangements. Where compensatory leave cannot be arranged, or where employees are required to work overtime on statutory holidays, the Company shall pay corresponding overtime wages in accordance with laws and regulations.

Employee Care and Communication

Assistance for Employees

Changhua Chemical is consistently committed to creating a warm, harmonious, and supportive working environment, paying close attention to employee needs from multiple dimensions. When employees encounter difficulties in their lives or work, Changhua Chemical provides timely emotional support and practical assistance, thereby enhancing employees' sense of belonging and loyalty and laying a strong talent foundation for the Company's sustainable and stable development.

Education Fund of Changhua Chemical

The Company has formulated the *Administrative Measures for the Education Fund of Changhua Chemical*. If an employee has children enrolled in university and meets the application requirements, the Company provides education fund subsidies to support employees' family education, alleviate living burdens and family difficulties, and enhance employees' family members' understanding and support for employees' work.

Changhua Fund

The Company adheres to a people-oriented philosophy and fully respects and cares for every employee. The Company has formulated the *Measures for the Administration of Changhua Fund*. When employees or their families encounter major difficulties, employees may apply for special subsidies from the Changhua Fund in accordance with relevant management provisions to help them overcome hardships.



"Warmth Delivery" Event of Changhua Fund in January 2025

Democratic Management

Changhua Chemical promotes a democratic management mechanism, widely soliciting reasonable suggestions from employees regarding major matters such as corporate development planning and management system formulation, thereby ensuring scientific and democratic decision-making.

Through multiple channels including email, telephone, letters, suggestion boxes, the Qiqiyun platform, the DingTalk platform, and face-to-face meetings, Changhua Chemical encourages employees to actively provide suggestions on work-related issues and rights protection matters. The Company responds promptly and handles such matters appropriately, thereby enhancing employees' sense of ownership and strengthening their recognition of and execution of corporate decisions.

Additionally, Changhua Chemical has established internal communication management mechanisms as well as complaint and appeal mechanisms. The Legal Department serves as the designated department for handling employee complaints and appeals. Upon receiving complaints or appeals, the Legal Department shall provide a clear response within seven days. If employees disagree with the handling results, they may escalate complaints to senior management.

Complaints and Whistleblowing

Email: hegui@chchem.com.cn

Phone Number: 0512-35003632

Key Performance in 2025

Number of Employee Complaints Received: **0** Number of Employee Congress Convened: **1**
 Projects Reviewed and Approved at the Employee Congress: **1**

Employee Satisfaction

To accurately understand employee needs and optimize management measures, Changhua Chemical conducts annual employee satisfaction surveys. The survey content covers communication and collaboration, environment, health and safety, corporate culture, quality management, management environment, work tasks, and work arrangements, ensuring a comprehensive and objective collection of employee feedback.

Upon completion of the survey, Changhua Chemical conducts an in-depth analysis of the data and prepares reports to accurately identify problems and deficiencies. Based on the survey results, the Company management promptly formulates and implements targeted improvement measures.

Key Performance in 2025

Employee Satisfaction: **94%** Number of employees participating in the satisfaction survey: **295**
 Employee participation rate in satisfaction surveys: **51%**

Employee Care

Adhering to the people-oriented philosophy, the company prioritizes employee well-being. It regularly holds team-building events and recreational activities, and delivers festive care and blessings on major holidays, including Spring Festival condolences, group birthday parties and employee welfare benefits.

To fully support the commissioning preparation of the Changhua Lianyungang Base project and effectively address the concerns of frontline employees and young talents, Changhua Chemical made dedicated investments and careful preparations to purchase more than 160 employee apartments, creating a fully equipped, warm, and comfortable living environment for newly recruited young talents and on-site employees. Through these tangible support measures, the Company has established a secure and welcoming living environment for employees, enabling them to remain rooted on the front line, work with peace of mind, and enjoy comfortable living conditions, thereby truly achieving mutual growth and shared prosperity between the Company and employees.



Move-in Ceremony for Talent Apartments of Changhua Chemical Technology (Lianyungang) Co., Ltd. (a Wholly-owned Subsidiary of Changhua Chemical)



Team-building Activities for Departments



Summer Cooling Campaign for Frontline Employees



Visit to Employee Family

Focus on Employee Development

Changhua Chemical selects talent in accordance with the principles of “openness, fairness, competition, and merit-based selection”, and is committed to cultivating a high-quality and well-structured talent team. Led by the Human Resources Department, the Company is responsible for organizing the formulation, implementation, and evaluation of training plans. The Human Resources Department also assists heads of other departments in organizing employee development initiatives, thereby realizing the organic integration of employees’ individual career planning with the Company’s strategic objectives.

Employee Training

Changhua Chemical has established the *Training Management System*, which provides detailed requirements for the preparation and implementation of training plans, promoting the scientific, institutionalized, and standardized management of employee education and training. Furthermore, the Company formulates both internal and external training plans and designs multi-level training programs for employees at different positions and levels, ensuring the collective progress of all employees.

Changhua Chemical has built a comprehensive and rich employee training system. Online, the Company relies on the Radnova e-learning platform, which offers over 1,000 courses open to all employees for departments to select and study independently. Offline, the Company continuously strengthens the internal lecturer team by selecting business elites and technical experts from senior management, middle management, and frontline management personnel, categorizing them into professional and management-oriented tracks to provide targeted and systematic training for employees and improve overall workforce quality.

In 2025, Changhua Chemical conducted 50 new employee onboarding training sessions, 86 safety-related training sessions, 244 professional skills training sessions, 20 leadership training sessions, and 97 corporate culture and corporate university course training sessions.



Training on Professional Skills

Case

In 2025, the Company continued to empower employees through training and promote practical application through learning by precisely focusing on the core competency requirements of different positions and establishing a professional training system featuring hierarchical classification and targeted implementation. For employees in marketing and R&D functions, the Company organized specialized seminars on business innovation and organizational transformation, focusing on innovation-driven breakthroughs and efficiency upgrades. For employees in production and operations functions, the Company deepened special training on artificial intelligence applications, promoting the integration of digital intelligence technologies with production practices.



Training on GITA Leader Mindset Development Program

Case

In 2025, the Company rolled out the training on corporate culture and GITA Leadership Mindset Development Program for all employees. Guided by a coaching team, employees gained a deeper understanding of the corporate culture, learned to engage in self-reflection and expand their mental horizons, and became better equipped to handle unknown challenges with greater composure. This facilitated a shift from passive acceptance to active ownership, and from individual thinking to team collaboration.



Indicator	Unit	2025
Number of Employees Trained by Gender		
Female	Person	159
Male	Person	512
Number of Employees Trained by Position Grade		
Senior management	Person	9
Middle management	Person	63
Grassroots Employees	Person	599

Note: The data includes former employees.

Key Performance in 2025

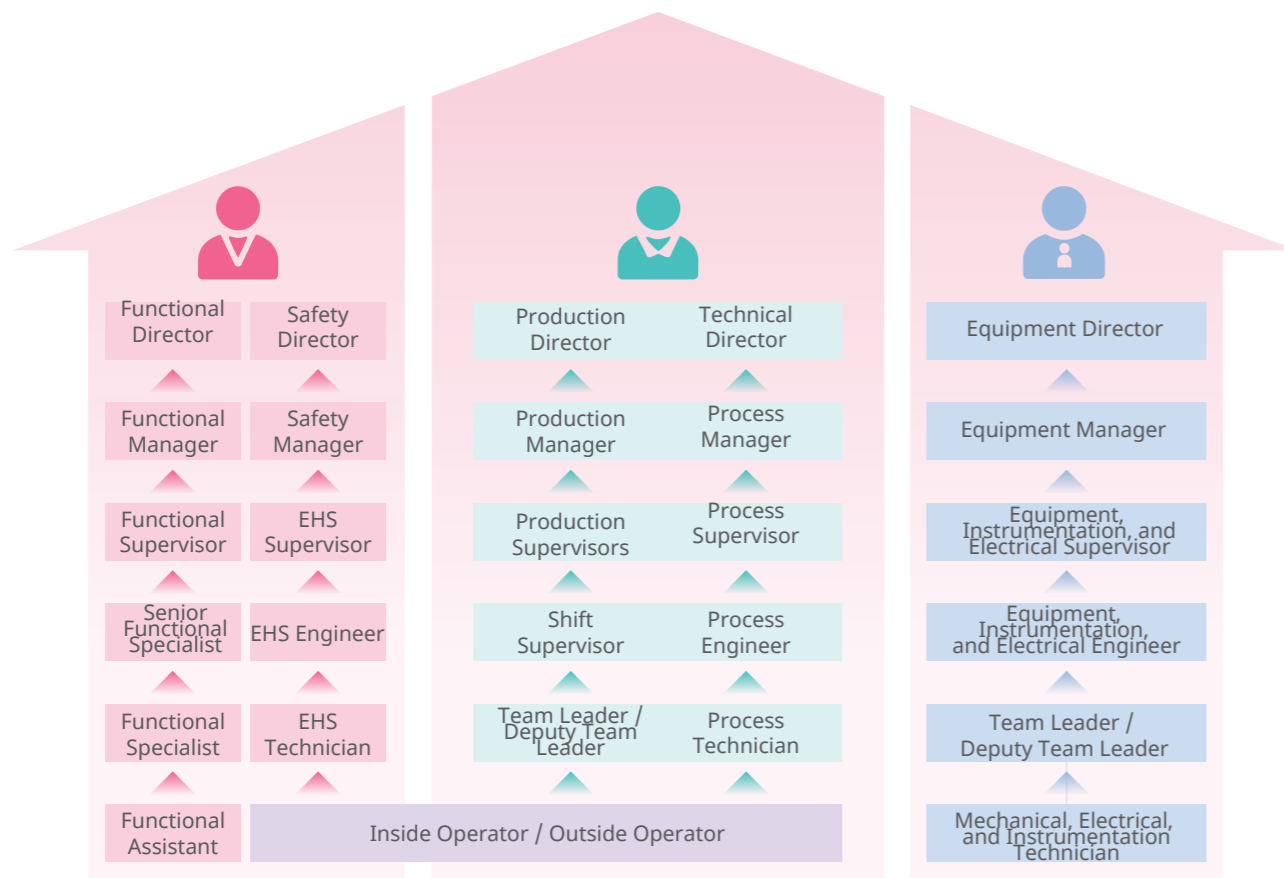
Investment in Employee Training: RMB: 1.1740 million	Total Sessions of Employee Training: 497
Total Attendance in Employee Training: 8,960 Person-times	Total Participants of Employee Training: 671
Total Training Duration of Employees: 32,082 Hours	Coverage Rate of Employee Training: 100%
Average Annual Training Duration Per Employee: 47.81 Hours	

Note: The data includes former employees.

Career Development

Changhua Chemical has established the *Internal Job Rotation Management System* and continuously improved the internal employee career development framework. Through regular job rotation arrangements, the Company motivates employees to achieve comprehensive growth, builds a high-quality and versatile talent team, and supports the Company's sustainable development. Concurrently, the Company has established four promotion channels to ensure transparent career advancement paths and enable employees to clearly understand their own development directions and goals.

Four Major Promotion Pathways



Occupational Health and Safety

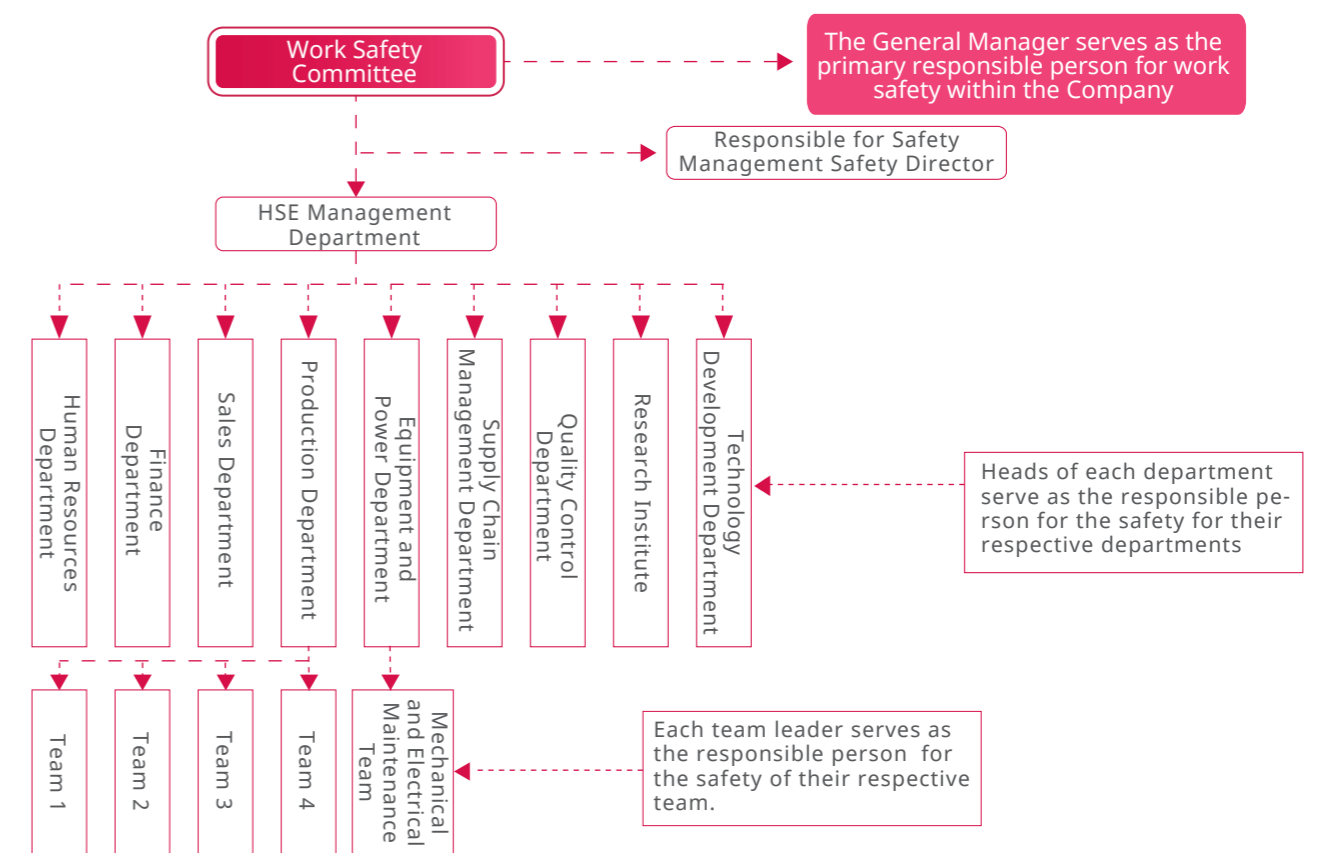
Changhua Chemical strictly complies with the *Work Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and other applicable laws and regulations. Upholding the safety management policy of "safety first, prevention-oriented, comprehensive management, risk control, and full employee accountability," the Company continuously improves its work safety management system, comprehensively strengthens primary responsibility for workplace safety, and reinforces the safety production defense line.

Governance

To implement work safety policies, regulatory requirements, ensure safe production operations, and provide a sound working environment for all employees, the Company has formulated regulations and systems such as the *HSE Standardized Management Manual* and the *Job Safety Production Accountability System*. Centered on HSE standardization, the Company adopts the dynamic PDCA management model of Plan (P), Do (D), Check (C), and Act (A). The Company has established a Safety Production Management Committee led by the General Manager, with heads of each department serving as the primary persons responsible for work safety, while clearly designating the HSE Management Department as the dedicated safety production management body responsible for coordinating system formulation and revision, risk prevention and hidden hazard identification, safety education and training, and emergency drills.

At the same time, Changhua Chemical has formulated the *Safety Production Responsibility Assessment System*. Centered on annual work safety objectives, the Company signs work safety target responsibility agreements with each department and employee, implements differentiated assessment mechanisms (monthly assessments for frontline employees and quarterly assessments for office employees), and ensures simultaneous implementation through monthly and quarterly performance assessments conducted by the Human Resources Department, thereby promoting continuous improvement in safety management. The Company has passed the certification under the ISO 45001 Occupational Health and Safety Management System.

During the Reporting Period, no major safety accidents have occurred in the Company.



Organizational Structure of the Work Safety Committee



Occupational Health and Safety Management System Certification Certificate of Greensum Ecolog

Strategy

Risk Type	Description of Risk	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Legal Risk	Failure to fully understand laws and regulations or failure to implement relevant systems may violate applicable laws and regulations, such as the <i>Work Safety Law of the People's Republic of China</i> and the <i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i> , potentially resulting in administrative penalties including substantial fines and orders for production suspension and rectification, thereby directly affecting the Company's normal operations and financial condition.	Decrease in operating revenue, or fines	High	High	Medium term	Operations Downstream	Regularly identify updates to laws, regulations, standards, and specifications, and conduct regular occupational health and safety training.
Reputation Risks	During the Company's production and operation processes, personal injury or even fatal accidents may occur. Following the exposure of accidents, market trust in the Company may decline, potentially resulting in reduced market share and long-term damage to brand image, thereby affecting the Company's financing capabilities and market expansion potential.	Reduction in business revenue	Medium	High	Long term	Operations Downstream	Formulate work safety targets and indicators, implement work safety performance assessments, and strictly control safety risks.

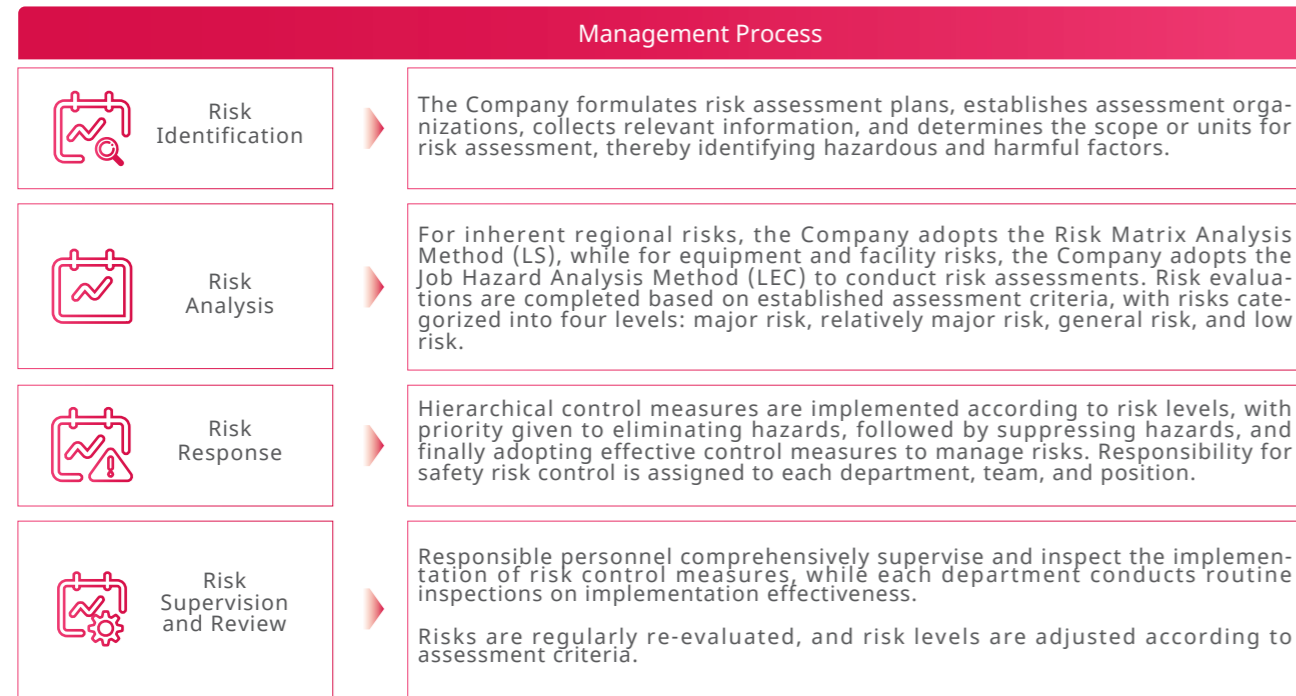
Risk Type	Description of Risk	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Operational Risk	Once occupational health or work safety accidents occur, the Company's business operations may be interrupted, requiring substantial investments in accident handling, site restoration, and subsequent rectification measures. For example, the Company may need to bear employees' medical expenses, work injury compensation, and potential government fines, all of which directly increase operating costs.	Increase in operating costs/fines	Medium	High	Short term	Operations	Conduct occupational health and work safety risk assessments, as well as hidden hazard identification and rectification activities, to promptly control related risks.

Opportunity Type	Description of Opportunity	Financial Impact	Likelihood of Occurrence	Extent of Impact	Impact Duration	Impact on Value Chain	Countermeasures
Management Efficiency	Appropriate financial budgeting, optimized management processes, and effective handling of occupational health and safety matters can enhance the Company's overall management efficiency, reduce the incidence of occupational health and safety accidents, and avoid substantial financial expenditures.	Decrease in expenses and expenditures	Medium	Medium	Medium term	Operations	Optimize internal processes, including improving accident reporting systems, strengthening risk assessments and hidden hazard identifications, and implementing more effective emergency response plans; Adopt digital management platforms to improve occupational health and safety management efficiency.

Impact, Risk, and Opportunity Management

To improve the work safety risk management system, Changhua Chemical has formulated systems such as the *Risk Assessment and Hierarchical Management System* and the *Major Hazard Source Safety Management System*, established risk and opportunity management procedures, evaluated and identified occupational health and safety risks and their sources arising during operations, and strengthened the full-chain defense line for work safety risk prevention and control.





Emergency Management

In accordance with the *Guidelines for Enterprises to Develop Emergency Response Plan for Work Place Accidents*, Changhua Chemical has formulated the *Comprehensive Emergency Rescue Plan for Work Safety Accidents*, and the *Special Emergency Response Plans and On-site Disposal Plans*. Based on the classification of hazardous chemical accident severity, the Company has established emergency rescue organizations and command systems and organized various emergency response drills.

Emergency Drill for Security
 Case

In June 2025, the Company organized a safety emergency drill in response to a leakage incident at the flange in front of the discharge pipeline valve of storage tank V8801B in Class-A Tank Area No. 2. The drill was carried out in accordance with the process of "disaster handling - on-site control - emergency recovery." Following the drill, post-event reviews and evaluations were conducted to optimize emergency response plans, refine handling procedures, enhance employees' emergency response and coordination capabilities, and strengthen the emergency safeguard system for production safety.

Key Performance in 2025

Safety Emergency Drills: **6**

Digital Empowerment

Changhua Chemical has established a "Five-in-One" digital safety management platform to achieve real-time monitoring and multi-level early warning for 136 monitoring points, 6 high-risk areas, and 5 major hazard sources. Through comprehensive intelligent data management featuring "rapid perception + real-time monitoring + advanced warning + emergency response + system evaluation," the platform enables integrated smart operation and safety supervision, thereby reducing the risk of safety incidents.

Safety Risk Control

To effectively control safety risks, Changhua Chemical has formulated the *Responsibilities of the Leadership Group for Digital Construction of the Dual Prevention Mechanism* and the *Reward and Punishment System for Operation Assessment of the Dual Prevention Mechanism*. A dedicated working group led by the General Manager has been established for the digital construction of the dual prevention mechanism, with department heads responsible for guiding and supervising each working group and reporting to the General Manager. At the same time, the Company regularly carries out dual prevention mechanism initiatives and incorporates the dual prevention mechanism into the responsibility system. By fully utilizing the digital platform for the dual prevention mechanism to conduct risk classification and hidden hazard identification, the Company integrates all employee activities into a systematic management framework to strengthen accountability awareness, prevent operational risks, eliminate accident hazards, and prevent accidents, thereby achieving precise safety risk control.

Inspection of Potential Hazards

In accordance with national laws and standards such as the *Guidelines for Identification and Governance of Safety Risks and Potential Hazards*, the Company has formulated the *Management System for Safety Risk and Potential Hazard Identification and Governance*. The Company organizes various safety inspections according to plan, including routine inspections, comprehensive inspections, professional inspections, seasonal inspections, inspections during key periods and before holidays, accident analogy inspections, and diagnostic inspections conducted by external experts. A hidden hazard identification and governance ledger is established, and closed-loop management of hazards is implemented in accordance with the "five implementation requirements."

Changhua Chemical continuously conducts hidden hazard identification and governance activities, achieving a 100% rectification rate for identified hazards.

Metrics and Targets

Focusing on ensuring the safety of personnel and the enterprise as well as stable production operations, Changhua Chemical benchmarks against regulatory and standard requirements to formulate compliant and operable safety production objectives, clearly defining quantitative requirements for each position and laying a solid foundation for the Company's safe development.

Work Safety Targets

Zero Injuries, Zero Pollution, Zero Accidents	<input checked="" type="radio"/> Achieved
Risk Identification, Potential Hazard Identification, and Rectification Rate: 100%	<input checked="" type="radio"/> Achieved
Permit Holding Rate for Special Operations: 100%	<input checked="" type="radio"/> Achieved
Employee Safety Education and Training Rate: 100%	<input checked="" type="radio"/> Achieved
Investigation and Handling Rate of "Three Violations": 100%	<input checked="" type="radio"/> Achieved
Occupational Health Monitoring Rate: 100%	<input checked="" type="radio"/> Achieved

Indicator	Unit	2025
Number of Work Safety Accidents	Case	0
Investment in Work Safety	RMB 10,000	311.33
Proportion of Work Safety Investment to Operating Revenue	%	0.11
Number of Work-Related Deaths	Person	0
Total Number of Work-Related Injuries	Person	1
Work Hours Lost due to Work-related Injury	Hour	120

Work Safety Measures

Safety Training and Cultural Development

To standardize the Company’s safety education management and ensure safe production order, Changhua Chemical has formulated the *Safety Education and Training System*, clearly designating the HSE Department to lead the preparation of annual safety production education and training plans. Relying on the Radnova e-learning platform, the Company systematically improves employees’ safety awareness and professional skills by delivering course resources through targeted client-side distribution. At the same time, the Company regularly organizes “Safety Discussion for All” activities to encourage employees to deeply participate in safety culture development and strengthen awareness of primary safety responsibilities. The Company has also established and continuously improved employee safety education and training records to realize standardized and traceable training management, thereby reinforcing both the talent foundation and institutional basis for safe production.

Case

Training on Laboratory Safety

To further strengthen laboratory safety management, prevent various safety risks during experimental operations, and safeguard employee safety and production order, the Company organized a special laboratory safety training session in February 2025. Through reviews of typical accident cases, the training provided in-depth analysis of the causes of safety hazards, ensuring that participants fully mastered safety operating procedures and emergency response essentials, thereby effectively transforming training outcomes into practical workplace safety capabilities and laying a solid foundation for the safe and efficient operation of laboratories.



Case

Training on Identification of Potential Hazards

In January 2025, the Company organized a special training session on enhancing hidden hazard identification capabilities. The training further strengthened employees’ risk prevention awareness, provided solid talent support for the Company to establish a systematic and normalized hidden hazard identification and governance mechanism, and facilitated precise safety risk control and stable production and operation development.



Key Performance in 2025

Total Investment in Safety Training: RMB 152.9 Thousand	Number of Safety Training Sessions: 30 Sessions
Attendance in Safety Training: 7,410 Person-times	Total Duration of Safety Training: 18,772 hours
Participants of Safety Training: 582 Persons	Coverage Rate of Safety Training: 100%
Average Duration of Safety Training Per Person: 32.25 Hours	

Safety Management for Related Parties

To strengthen contractor operation safety management and prevent safety risks in outsourced operations, Changhua Chemical, in consideration of actual production and operation conditions as well as work safety regulatory requirements, formulated the *Contractor Management System*. This system standardizes the entire safety management process for contractors, including qualification pre-screening, compliant selection, pre-construction preparation and specialized training, dynamic supervision during operations, phased performance evaluation, and renewal review. By clearly defining key requirements such as contractor qualification standards, safety responsibility allocation, and operational safety specifications, and by implementing supporting control measures including safety agreement signing, entry safety education and training, and safety system execution assessments, the Company further reinforces both contractor primary safety responsibilities and the Company’s supervisory responsibilities, promotes collaborative implementation of safety management requirements, and jointly maintains operational site safety order and stable production and operations.

Hazardous Chemicals Management

Changhua Chemical has formulated the *Hazardous Chemicals Safety Management System* and the *Management System for the Transportation, Loading/Unloading, and Storage of Hazardous Chemicals* to establish a hazardous chemicals safety control framework. Focusing on key stages such as procurement, transportation, and storage, the Company effectively prevents and mitigates safety risks related to hazardous chemicals and prevents accidental safety incidents by clarifying compliance management standards and standardizing operational procedures.

Hazardous Chemicals Management

- Conduct comprehensive inspections of all hazardous chemicals and establish hazardous chemicals archives.
- Obtain safety technical specifications and safety labels when procuring hazardous chemicals, and products without relevant documentation are strictly prohibited from procurement.
- Select transportation providers that meet qualification requirements. Transportation vehicles must comply with transportation regulations, and transportation personnel must understand cargo characteristics and loading/unloading standards.
- Complete registration procedures as required for hazardous chemical storage, use of highly toxic chemicals, and major hazard source entities.
- Communicate the characteristics, hazards, incompatible substances, preventive measures, and emergency response measures of hazardous chemicals to employees and relevant parties.

Occupational Health Protection

In accordance with relevant laws and regulations, such as the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, Changhua Chemical has formulated management systems including the *Occupational Health Management System* and the *Labor Protection Supplies Management System*. The Company clearly designates the HSE Department as the responsible department for occupational health management, strengthens full-process control of occupational hazard prevention and treatment, and safeguards employees' physical health and life safety during work activities.

Preventive Measures for Occupational Health

- Provide personal protective equipment (PPE) in accordance with regulations and maintain a record of issuance.
- Truthfully inform employees of occupational hazards and consequences, protective measures, and related benefits, and sign occupational hazard notification agreements.
- Post warning signs and Chinese warning notices in conspicuous locations at workstations where occupational hazards are present.
- Promptly and truthfully inform employees of occupational health examination results and immediately notify employees upon discovery of suspected occupational hazards.
- Regularly conduct occupational health training to disseminate occupational health knowledge and guide the proper use of protective equipment and personal protective equipment.
- Conduct regular occupational health publicity through bulletin boards, blackboard newspapers, meetings, training sessions, and slogans.
- Inspect the operation status of occupational hazard protection facilities on a monthly basis and regularly organize education and training on the proper use and maintenance of such facilities.

Detection of Occupational Hazard Factors

Changhua Chemical regularly conducts occupational hazard factor testing and occupational health examinations and establishes monitoring and assessment records. During the Reporting Period, the Company engaged a third-party testing agency to assess occupational hazards and issue a report on the detection of these hazards.

Key Performance in 2025

- Number of Employees Holding Special Operation Certificate **165**
- Total Number of Special Operation Personnel Required to Hold Permits for Special Operation **165**
- The percentage of special operators licensed is maintained at **100%**
- Investment in Work-Related Injury Insurance: RMB **0.4586** Million
- Coverage Rate of Required Work-Related Injury Insurance: **100%**
- Investment in Work Safety Liability Insurance: RMB **116.8** Thousand
- Number of Employees Covered by Work Safety Liability Insurance: **346**
- Total Number of Employees Who Should be Covered by Work Safety Liability Insurance: **346**
- Coverage Rate of Work Safety Liability Insurance: **100%**

Occupational Health Checkups

In strict compliance with relevant requirements, Changhua Chemical organizes annual occupational health examinations for employees exposed to occupational hazard factors during employment and provides follow-up examinations and treatment support for employees with abnormal examination results.

In 2025, Changhua Chemical organized occupational health examinations for relevant employees as planned, and no occupational diseases or suspected occupational disease cases occurred.

Key Performance in 2025

- Coverage Rate of Health Checkups among Employees: **100%**

Building a Harmonious Society

Changhua Chemical actively fulfills social responsibilities and closely integrates corporate development with social progress. On the one hand, the Company actively participates in public welfare initiatives and responds to the national rural revitalization strategy by regularly organizing employees to participate in volunteer service activities, conveying warmth and care through practical actions. On the other hand, the Company pays close attention to hot social issues, actively improves local employment conditions, establishes a positive corporate image, and contributes to building a harmonious society.

Changhua Chemical has formulated the *Administrative Measures for Changhua Public Welfare Activities*, established the Changhua Volunteer Service Group, and clarified departmental responsibilities. Following the principles of "legality and compliance, effectiveness-oriented, openness and transparency, safety and orderliness", we standardize public welfare activity procedures and enhance our social image and brand value.

Case

Public Welfare Activity

Led by the group leader, the Changhua Volunteer Service Group carries out various public welfare activities in accordance with the *Administrative Measures for Changhua Public Welfare Activities*, actively fulfilling social responsibilities, strengthening employees' sense of responsibility and mission, and promoting harmonious development between the enterprise and society.



Charitable Blood Donation



Public Welfare Activity on Tree Planting Day



Visit to the Elderly on Double Ninth Festival



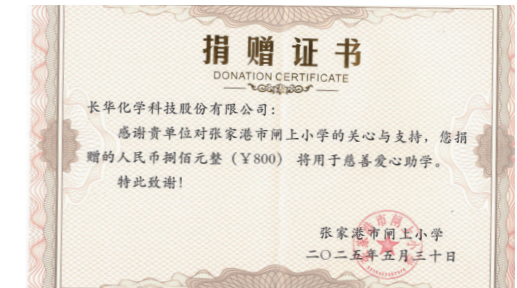
"Warmth Station" for Couriers and Logistics Workers



Case

Charity Event on Children's Day

Ahead of International Children's Day in 2025, the Changhua Volunteer Service Group visited Zhangjiagang Zhashang Primary School and carefully planned and organized a Children's Day charity activity. Group members prepared exquisite snack gift boxes for the children and donated funds for educational assistance, while the children presented handmade friendship bracelets to the group members. This activity not only brought joy and warmth to the children, but also enhanced employees' sense of social responsibility and further strengthened the Company's positive social image.



Case

Support for Local Employment

To actively respond to local policy initiatives and deeply integrate into regional development, the Company has consistently regarded the promotion of local employment as an important responsibility. Based on business development needs, we continuously conduct recruitment activities in our operational areas, providing diverse job opportunities for job seekers with different skills and backgrounds. We adhere to fair and impartial recruitment principles to ensure a precise match between talent and positions. By actively employing local staff, the Company has effectively alleviated regional employment pressure, supported local livelihoods, and established a localized talent pool to support stable operations and sustainable development.

During the Reporting Period, the Company hired a total of 181 employees from Zhangjiagang City, with local employment accounting for 31.10% of the total workforce. This has effectively aligned corporate development with local employment and talent growth, achieving a win-win outcome for all parties.

Key Performance in 2025

Investment in Public Welfare: RMB **13,000**
 Number of volunteer service hours: **95** hours

Attendance in Volunteer Service: **28** Person-times

Future Prospects

In 2026, Changhua Chemical will enter a critical stage in the industrialization and implementation of green chemical technologies. In the future, we will focus on three core tasks:

Focusing on a Technology-Driven “Zero-Carbon Product Portfolio”

Accelerate the commercialization of green and low-carbon materials as substitutes for petrochemical raw materials, promote the industrial application of carbon capture and recycling technologies, and ensure that every product carries a clear “carbon footprint label,” making it an important reference for downstream customers’ green choices.

Building a Global Green Innovation Ecosystem

Leveraging platforms such as R&D centers, domestic and international universities, and scientific research institutions, we will deepen collaborative innovation with research institutions and end users, covering the entire value chain from laboratories to production lines and from technology R&D to market application, thereby forming a positive cycle mechanism of “demand-driven technological breakthroughs - industrial transformation.”

Creating a Value Chain Community with Shared Responsibilities

Upholding the core value of “customer first” and taking “responsibility and accountability” as the fundamental guiding principle, we will collaborate with suppliers and partners to jointly practice low-carbon standards and promote the transition from Changhua’s “individual practice” to “collective action” across the industrial chain.

Changhua Chemical will continue to uphold the corporate mission to “Create Green Chemistry and Shape a Better Low-Carbon Future”, deeply integrating ESG principles into the overall strategic development. Focusing on green transformation, innovation-driven growth, collaborative governance, and shared value creation, the Company is committed to building a new sustainable development landscape featuring environmental friendliness, social responsibility, and governance excellence, thereby contributing to the realization of China’s “carbon peaking and carbon neutrality” goals and high-quality industry development.



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Chapters and Sections		Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)	Guide to Corporate Sustainability Reporting in China (CASS ESG 6.0)	Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies — Sustainability Report (Trial)
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Feedback

Dear Readers,

Thank you for reading this report. We highly value and look forward to hearing your feedback on this report. Your opinions and suggestions are crucial for us to continuously improve our ESG information disclosure, management and practices. We sincerely welcome and thank you for your valuable feedback!

1. Your overall assessment of Changhua Chemical's ESG performance:

Very Good Good Average Below Average Poor

2. Your overall assessment of this report:

Very Good Good Average Below Average Poor

3. How do you think Changhua Chemical has performed in terms of communications with stakeholders?

Very Good Good Average Below Average Poor

4. How do you think Changhua Chemical has performed in terms of product responsibilities?

Very Good Good Average Below Average Poor

5. How do you think Changhua Chemical has performed in terms of environmental protection, safety and occupational health?

Very Good Good Average Below Average Poor

6. How do you think Changhua Chemical has performed in terms of the protection of employees' rights and interests?

Very Good Good Average Below Average Poor

7. How do you think Changhua Chemical has performed in terms of ESG?

Very Good Good Average Below Average Poor

8. What are your opinions and suggestions on Changhua Chemical ESG performance and this report?

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