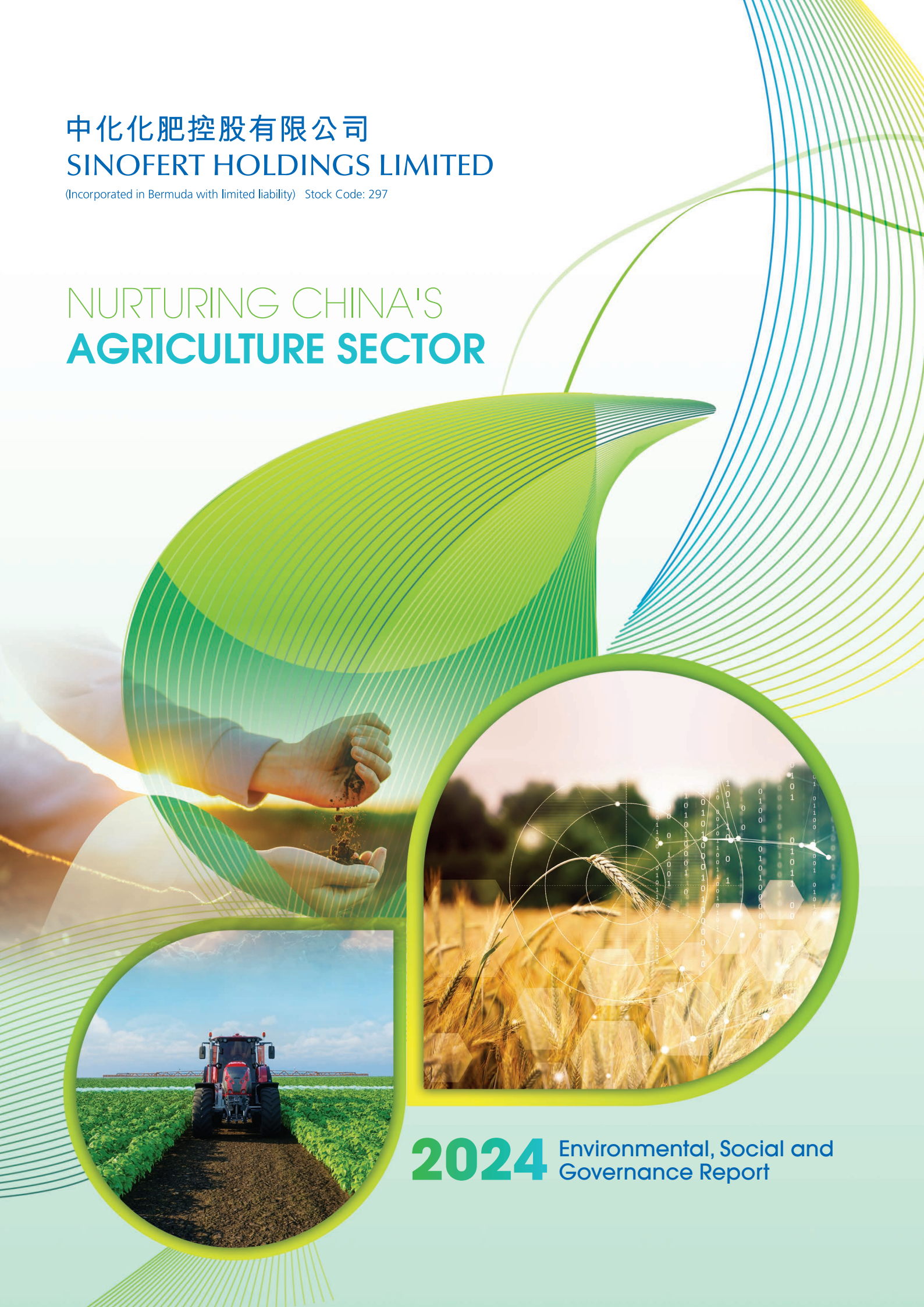


中化化肥控股有限公司 SINO FERT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability) Stock Code: 297

NURTURING CHINA'S AGRICULTURE SECTOR



2024 Environmental, Social and
Governance Report

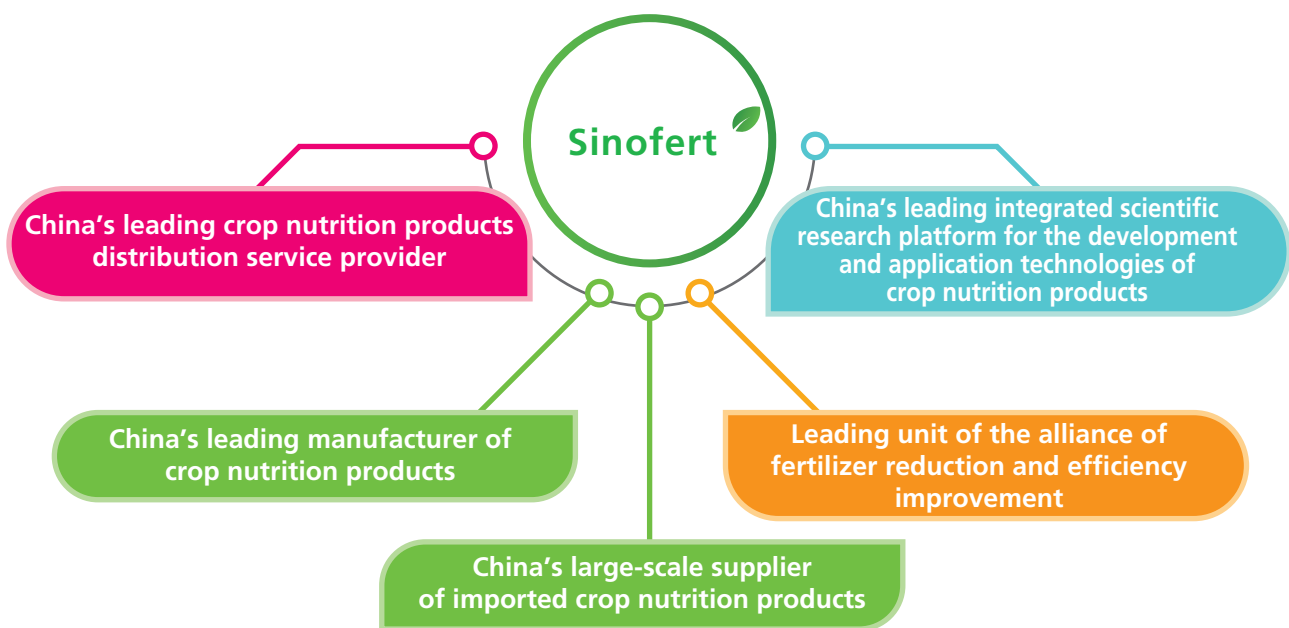
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OVERVIEW OF THE GROUP

Sinofert Holdings Limited (the “**Company**”), together with its subsidiaries (collectively referred to as the “**Group**” or “**Sinofert**” or “**We**”) is the leading manufacturer and distribution service provider of crop nutrition products, and a large-scale supplier of imported crop nutrition products in the People’s Republic of China (“**China**”). The main businesses include the production, import and export, distribution, retail, research and development, and provision of agrochemical services of raw materials and finished products related to crop nutrition. It is a comprehensive crop nutrition enterprise centering on distribution services and vertically integrating production and network distribution. The Company was listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in July 2005 (stock code: 00297), making it the first enterprise in the crop nutrition product industry in China to be listed in Hong Kong.

Benchmarking of Sinofert in the crop nutrition product market in 2024



The Group has over 60 years of experience in international trade and is a large-scale supplier of imported crop nutrition products in China. We have established strategic partnerships with various international suppliers, offering diversified products covering phosphate fertilizers, potash fertilizers, compound fertilizers, formula fertilizers, micro-fertilizers, slow and controlled-release fertilizers, organic fertilizers, bio-fertilizers, and other new-type fertilizers. This meets the nutritional needs of various crops, ensures the supply of high-quality agricultural products, and alleviates the shortage of domestic fertilizer resources.

As an enterprise committed to contributing to the development of China’s agriculture, the Group has always focused on providing comprehensive services to the farmers in China and promoting the coordinated development of all links in the agricultural industry chain. We continuously improve in research and development, resource development, production, distribution, and service, and constantly promote the application of new products, new technologies, and new equipment. At the same time, we actively exert our industry influence, continuously promote the development of China’s agriculture, and safeguard national food security.

In addition, the Group is in a leading position in the distribution of agricultural resources in the industry, providing agricultural inputs including chemical fertilizers, pesticides, and related agrochemical services to address changes in market demand. As a leading crop nutrition technology marketing service enterprise in China, we uphold the concept of green and sustainable development, provide high-quality services to farmers, meet the new needs of modern agricultural development, and strive to become the “leader in bio-fertilizer and soil health innovation”.



ABOUT THIS REPORT

The time frame disclosed in this Environmental, Social, and Governance (referred to as “**ESG**”) Report (referred to as “**this Report**”) covers the period from 1 January 2024 to 31 December 2024 (referred to as the “**Reporting Period**” or the “**Year**”). The purpose of this Report is to inform all parties about Sinofert’s ESG strategies, policies, and achievements during the Year. Through the disclosure of ESG-related issues that the Group focuses on, we aim to enhance communication with our stakeholders.

Reporting Standards

This Report has been prepared in accordance with Appendix C2 “Environmental, Social and Governance Reporting Guide” (referred to as the “**ESG Guide**”) of the “Rules Governing the Listing of Securities” on the Stock Exchange and “Reference of ESG Indicators System for ESG Reports of Listed Companies Controlled by Central Enterprises” published by the State-owned Assets Supervision and Administration Commission of the State Council. This Report has complied with all mandatory disclosure requirements and the “comply or explain” provisions in the ESG Guide. The Group has compiled this Report in accordance with the four reporting principles of the ESG Guide, including:

| | |
|---------------------|---|
| Materiality | The Group has identified and confirmed the material topics during the Reporting Period through materiality assessment, including inviting various stakeholders to assess and prioritize the ESG issues. Details of the materiality assessment process and results can be found in the “Stakeholder Engagement & Materiality Assessment” section of this Report. |
| Quantitative | The Group comprehensively discloses ESG performance during the Reporting Period and provides details on the standards, methods, assumptions and calculation as reference for quantifying key performance indicators, including the source of major conversion factors. |
| Balance | This Report discloses ESG performance of the Group during the Reporting Period in an unbiased manner and objectively reflects the operations of the Group. |
| Consistency | Unless otherwise stated, this Report is prepared in a consistent manner with previous reports for readers to make meaningful comparisons of the Group’s ESG information during the Year. |

Reporting Scope

- 1) Sinochem Chongqing Fuling Chemicals Co., Ltd. (“**Sinochem Fuling**”)
- 2) Sinochem Yunlong Co., Ltd. (“**Sinochem Yunlong**”)
- 3) Sinochem Jilin Changshan Chemical Co., Ltd. (“**Sinochem Changshan**”)
- 4) Sinochem Shandong Fertilizer Co., Ltd. (“**Shandong Fertilizer**”)
- 5) Sinochem Agricultural Ecological Technology (Hubei) Co., Ltd. (“**Sinochem Ecology**”)
- 6) Sinochem Agriculture (Xinjiang) Biotech Co., Ltd. (“**Xinjiang Plant**”)

SINOCHEM FULING



- Sinochem Fuling specialises in the production of high-quality phosphate fertilizers and new specialized fertilizers, with a provincial-level enterprise technology centre that leverages innovation to create core production capabilities.
- Major products are potassium dihydrogen phosphate, flame retardant materials, multielement acidic specialized fertilizers, slow-release fertilizers, gypsum products, etc.

SINOCHEM YUNLONG



- Sinochem Yunlong is an enterprise integrating mining, ore processing, feed calcium production and sales. Its feed grade phosphate products are of high quality and have passed ISO 9001 and FAMI-QS quality system certification.
- Major products are calcium hydrogen phosphate-based animal feed, calcium dihydrogen phosphate-based animal feed, industrial sodium fluorosilicate, and industrial sulfuric acid, etc.

SINOCHEM CHANGSHAN



- Sinochem Changshan is the largest fertilizer manufacturer in Jilin Province. Its main products are compound fertilizer and urea, etc. It has been increasing its efforts in scientific and technological innovation and new product research and development, and has developed the 'Changshan Brand' of polypeptide urea, synergistic peptide urea and synergistic and slow-release urea, etc.
- "Changshan Brand" urea has been awarded as a "Jilin Province Famous Brand" for 11 consecutive years, and has won honorary recognitions such as "Most Reliable Product for Farmers" and "Jilin Province Customer Satisfactory Products".

SHANDONG FERTILIZER



- Shandong Fertilizer integrates production and manufacturing, research and development, and agrochemical services, and is equipped with diversified production processes such as spray coating, melting, ammonia, slow-controlled release, etc.
- Major products are general fertilizer series, chelating fertilizer series, slow-release fertilizer series, and nitrate sulphur series. Services include the provision of fertilizer packages that meet the farmers' needs for crops and professional agricultural technology services.

SINOCHEM ECOLOGY



- Sinochem Ecology is a leading integrated agricultural services company, specializing in advanced manufacturing, research and development, agricultural finance, agrochemical services, and logistics.
- Focusing on the research and development and production of new and efficient fertilizers and have formed a diversified product matrix covering compound fertilizers, organic fertilizers, bio-organic fertilizers, organic and inorganic blended fertilizers, water-soluble fertilizers and microbial fungicides, and so on.
- With continuous technological innovation, Sinochem Ecology has successfully overcome the key technologies to produce high-concentration organic and inorganic fertilizers and has established its technological leadership in the industry. As a leading enterprise in the field of organic and inorganic fertilizers in China, Sinochem Ecology is committed to promoting the sustainable development of green agriculture and providing high-quality fertilizer solutions for the modern agricultural industry.

XINJIANG PLANT



- Xinjiang Plant is a comprehensive enterprise focused on agricultural technology development, with business areas covering fertilizer and pesticide sales, crop protection, soil improvement, and restoration. It provides integrated solutions in technical development, services, monitoring, and consultancy. The plant owns well-known brands such as “Shuidifeng”, “Duotao 363”, “Yangtian (Guanwushuang)”, “Miaodizhuang”, and “Enruishi”, enjoying a strong reputation in the industry.
- Through continuous technological innovation and industrial upgrading, Xinjiang Plant optimizes the supply chain and industry layout. Building on core products such as water-soluble and advanced compound fertilizers, it actively expand into liquid fertilizers, specialty fertilizers, microbial agents, and organic fertilizers, offering diverse and specialized solutions to support sustainable modern agriculture.

Notes to this Report

The information disclosed in this Report is derived from the Group's internal documents, statistical reports, and records collected by monitoring devices. The Group is fully responsible for the reliability, accuracy, objectivity and completeness of the information in this Report. This Report is published in both Chinese and English. In case of any ambiguity, the Chinese version shall prevail.

Report Assurance

To ensure the reliability and accuracy of this Report, CECEP (HK) Advisory Company Limited has verified this Report in accordance with the international standard "AA1000 Assurance Standard v3" and has provided an independent assurance statement.

Highlights of the Year

In 2024, the Chinese government continuously attached importance to food security, strictly implemented the policy of "sustainable farmland use and innovative application of agricultural technology", focused on increasing the output of food by improving the yield per unit of a large area of land, and strengthened the cohesion and alignment and technological integration and innovation in various aspects such as arable land, water supply, seeds, agricultural machinery, fertilizers and pesticides and farming techniques, in order to enhance the comprehensive capacity of food production. The National Development and Reform Commission issued the "Circular on Supply Guarantee and Price Stabilization of Fertilizers for the Spring Cultivation Season in 2024 and throughout the Year", with detailed and comprehensive deployments from multiple aspects including production procedures, supply guarantees on raw materials, circulation channels of products, management mechanism on reserves, optimization of import and export services, maintenance of market orders, and efficiency enhancement for scientific application of fertilizers. A national platform for the guarantee of agricultural inputs has been established, with 240 enterprises engaged in production and distribution of agricultural inputs as the first batch of members, to maintain the overall stability in the agricultural inputs market, ensure the stable supply and reasonable pricing of fertilizers, and support the food security and stabilize the agricultural production.

In the face of the complex and volatile environment of external markets, the Group has always adhered to the pragmatic entrepreneurial spirit of "going ahead against all odds, exploring the unmet needs by innovation", while focusing on its main responsibilities and core businesses. With the "Bio+" strategy as its direction, the Group has strengthened its technological innovation, accelerated the commercial transformation of new products, optimized its channel layout, conducted its quality improvement and efficiency enhancement, and achieved its growth in both of operating effectiveness and operating efficiency, thus providing strong support and protection for the advancement and sustainability of the Group's "Bio +" strategy.

ABOUT THIS REPORT

To achieve the Group's business standards and long-term goals, while addressing rising expectations from stakeholders, the Group has integrated sustainable development principles into its governance framework. Under the Corporate Governance Committee, a dedicated ESG Management Committee has been established as the core body for overseeing, managing, and implementing the Group's ESG-related matters. The ESG Management Committee, composed of key department leaders within the Group, will convene regular meetings, set discussion agendas, and provide periodic progress reports on ESG initiatives to the Corporate Governance Committee.

The Company attaches great importance to the impact of the business of the Group on the environment and actively assumes environmental protection responsibilities, covering aspects such as energy use, waste emissions, pollution management, and the exploitation of natural resources. We continuously promote low-carbon initiatives, energy conservation, water saving, and technological upgrades. We require Subsidiaries to strictly follow the principles of sustainable development, regularly monitor pollution emissions, inspect and maintain environmental protection equipment, and formulate environmental improvement plans through data analysis. In addition, we keep promoting technological innovation to enhance the quality and efficiency of our industries. We pay attention to soil health and the application of microorganisms, implement green planting, and practice the core concept of sustainable development. At the same time, we improve production technologies to reduce resource consumption and waste, and promote the coordinated development of the economy and the ecology. By fulfilling our social responsibilities, we strive to become a trustworthy corporate citizen and contribute to the sustainable development of society and the environment.

The Group adheres to the core value of "people-oriented", strictly complies with human resources and employment policies, and effectively safeguards the rights and interests of employees. As the most precious core resource of the enterprise, we highly value the development of our employees, continuously increase investment in training, and move forward hand in hand to help them achieve sustainable career development. Meanwhile, we are committed to providing a safe and comfortable working environment and comprehensive benefits. Through occupational health management plans and mental health support programs, we comprehensively protect the physical and mental health of our employees, effectively improve their happiness index, and enhance team cohesion.

The Group is dedicated to giving back to society and creating value for the communities where we operate. We carry out a number of public welfare activities to promote food security and the healthy development of agriculture, including on-site field guidance, assistance to farmers in disaster relief, and support for students in need, providing help to communities in need. By fulfilling our corporate social responsibilities with practical actions, we continuously contribute to social development.



SUSTAINABILITY GOVERNANCE

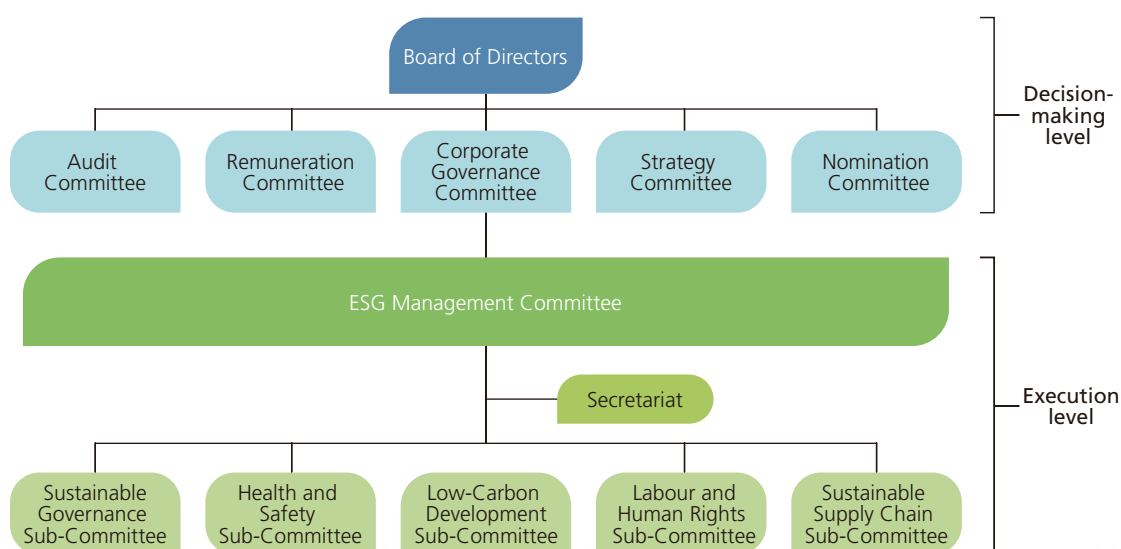
Sinofer believes that sound ESG governance principles and routine risk management will increase investment value and bring long-term returns to stakeholders. The Board of Directors (the “**Board**”) of the Company has always attached great importance to ESG risks and has formulated emergency plans for various ESG risks, actively addressing ESG risks and opportunities, continuously improving internal control and management, and driving the high-quality development of the Group’s business.

The Company focuses on enhancing disclosure management to ensure that accurate and comprehensive information is provided to stakeholders, assisting them in making informed investment decisions, while strengthening the transparency and accountability of ESG disclosures. The Group is committed to building a sustainable and robust corporate image and creating long-term value for our stakeholders.

ESG Governance

To establish a comprehensive and efficient ESG management and control system, the Group undertook systematic adjustments and upgrades to its existing ESG governance structure during the Reporting Period. In restructuring the framework, we fully considered the professional strengths and core responsibilities of each functional department to ensure ESG development plans and material issue management mechanisms remain closely aligned and integrated with the Group’s overall business operations and strategic objectives. During the Reporting Period, the Company improved the following ESG governance structure, and established an ESG Management Committee to implement and oversee environmental, social, and governance initiatives.

The updated ESG governance structure is shown in the figure:



SUSTAINABILITY GOVERNANCE

The Board of Directors serves as the highest decision-making body for ESG matters, responsible for providing overall supervision of ESG governance, planning, goal-setting and implementation. It determines the Group's ESG strategies, approves the disclosure of the annual ESG report, and assumes full accountability for environmental, social, governance (including climate change-related matters) strategies and reporting. The Corporate Governance Committee, acting under delegated authority from the Board, oversees material ESG issues, provides recommendations to the Board on ESG risks, opportunities, policies and actions, and decides material matters in the annual ESG reporting process. The ESG Management Committee is responsible for the development, strategic direction, policies, and planning of the Group's ESG matters (including climate change-related matters); identifies and updates ESG-related risks and opportunities; appoints chairs and members of sub-committees, defines their scope of work and primary responsibilities, and oversees their performance and progress towards objectives; monitors, on a regular basis, ESG regulations and policy requirements relevant to the Group; formulates internal policies or management systems related to ESG (including climate change-related matters); organizes regular meetings and provides periodic reports to the Corporate Governance Committee on the progress of various ESG matters.

Furthermore, under the ESG Management Committee, five executive sub-committees have been established, including the Sustainable Governance Sub-Committee, Health and Safety Sub-Committee, Low-Carbon Development Sub-Committee, Labour and Human Rights Sub-Committee, and Sustainable Supply Chain Sub-Committee. Each Sub-Committee, within its authorized scope of responsibilities, is tasked with advancing various aspects of ESG reporting and performance improvement.

For detailed information about the Board of Directors and committees of Sinofert, please refer to the "Corporate Governance Report" section in the Company's 2024 Annual Report.

To uphold the principles of sustainable development and adhere to the standards of report preparation, the Company has established the 2024 ESG Report Working Group. Drawing on past experiences in ESG report preparation, this group will coordinate and plan the report preparation process. Its specific responsibilities include formulating the ESG report framework, establishing a data collection mechanism, monitoring the report preparation progress, and ensuring the completeness and accuracy of the report content.

ESG Risk Management

A robust and effective risk management system is a critical part of corporate governance. To ensure the establishment of appropriate and effective ESG risk management measures and internal control systems, the Group's internal control and risk management system was established based on the "Internal Control – Integrated Framework" published by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) in the United States, the "Risk Management Guidelines" published by the International Organization for Standardization and the "Internal Control and Risk Management – A Basic Framework" issued by the Hong Kong Institute of Certified Public Accountants, and following the "Central Enterprises Comprehensive Risk Management Guidelines", the "Basic Rules of Corporate Internal Control" and its referencing guidelines, and the "Measures for Central Enterprises Compliance Management" of China as well as in compliance with the national requirements on strengthening internal control system establishment and supervision in recent years. Under the principle of "high priority, frequent monitoring and diversion as the main solution" and with risk management orientation, Sinofert paid attention to the establishment of internal control in line with strategic development and integrated with business management. Through risk identification, assessment and response measures, Sinofert implemented the whole process risk management, alert and response measures on material risks to serve the value creation of its enterprises.

In 2024, the Group fully implemented the requirements of State-owned Assets Supervision and Administration Commission for the construction and supervision of internal control system of state-owned enterprises, accelerating the promotion of comprehensive coverage of the construction and supervision system of internal control. The Group effectively fulfilled the Board's responsibilities of supervision on internal control throughout the entire chain, enhanced the quality of state-owned listed companies, and improved the audit department to ensure the independence and objectivity of supervision on internal control. Sinofert continued its promotion of the "Optimization and Enhancement Project on Internal Control System". The project entered the stage of comprehensive enhancement in the Year. Sinofert supervised each subsidiary to thoroughly review the deficiencies of the internal control system, fully completed the addition and revision of system processes and the manuals on rights and responsibilities, and continuously strengthened the establishment of the internal control system. The Group improved and published the rules and regulations on important businesses such as production management, product quality and compliance management. The Group continued to vigorously carry out various forms of publicity on the culture of compliance during the Year, including presentation activities on risks by department heads of the middle and back office, professional department trainings, systematic monthly meetings with responsible personnel for finance and risk matters as well as meetings with special topics, so as to continuously promote managers at all levels to firmly establish a scientific concept of business safety and create a benign and compliant internal control atmosphere of "steady operation and healthy development". During the Year, the Group continued to carry out the works on risk identification, monitored major risks, comprehensively investigated incidents regarding operational risks, and focused on the establishment of long-term mechanisms. Throughout the Year, the Group did not experience any incidents of operational risks exceeding the ordinary level (RMB5 million).

SUSTAINABILITY GOVERNANCE

In 2024, the internal control and risk management system of the Group met the requirements of domestic and foreign regulatory agencies. The internal control and management function aligned with the strategic transformation of the Group, and proactively enabled, supported and assured its business development. The internal control and risk management system effectively protected the interests of shareholders of the Company, asset safety and the improvement of operation quality.

During the Reporting Period, Sinofert identified ESG-related risks with material impacts on its operations and business and reviewed corresponding management measures to ensure effective risk mitigation. Details are as follows:

| Risk | Risk Impact | Management Measures |
|---|---|--|
| HSE ¹ Risk (Production Safety, Environmental Risks) | Risks in the HSE ¹ area may arise due to “national, local government, and industry policy adjustments”, “failure to effectively implement risk control measures”, and “human error in operations”. These risks can pose safety hazards in production, potential threats to employee health, and possibly negative impacts on the environment and energy conservation and emission reduction. | <ol style="list-style-type: none">1. Monitor policy adjustments closely, organize timely comparative analysis and rectification of new policies to ensure compliance.2. Implement HSE¹ responsibilities for all positions, strengthen the control and monitoring of risk control measures to ensure effective implementation.3. Combine grassroots work to advance practical training assessments, improve employee technical capabilities and standards; standardize the management of operations, sites, and activities.4. Intensively carry out pollution prevention campaigns and enhance energy-saving and low-carbon management. |

¹ HSE means Health, Safety and Environment.

| Risk | Risk Impact | Management Measures |
|-------------------------------|--|---|
| Macroeconomic and Policy Risk | Changes in macroeconomic policies, industry trends, and national policies may bring opportunities and risks to the enterprise's operations. | <ol style="list-style-type: none"> 1. Closely follow the policy orientation of the Chinese government, insight into industry development dynamics, focus on in-depth research on opportunities for arable land quality improvement and bio-industry development, and analyze the challenges of strategic transformation. |
| Product Quality Risk | The quality of raw materials may be affected by the source of suppliers, the environment in which they are produced and the processing techniques used, resulting in unstable quality of the finished products. As well as in the production process, technical issues such as formulation accuracy, mixing technology and packaging sealing may lead to a deterioration in the quality of the products. | <ol style="list-style-type: none"> 1. Establish a stringent mechanism for assessing and verifying raw material suppliers to ensure that the raw materials supplied by the suppliers meet the quality standards. 2. Establish standardized production process and monitor the whole production process to ensure stable product quality. 3. Conduct internal staff training related to product quality to enhance the awareness of quality management; provide guidance to distributors on product characteristics and usage to ensure the proper distribution and use of products in the market. |
| Ethics and Integrity Risk | Due to some employees' wishful thinking or deliberate subjectivity, there may be risks of illegal, disciplinary, and regulatory violations, fraud, or corruption for the enterprise. | <ol style="list-style-type: none"> 1. Increase supervision, discipline, and accountability efforts, and promote the "Dare Not Corrupt, Cannot Corrupt, and Do Not Want to Corrupt" mechanism construction. 2. Strengthen and further develop the "Clean Agriculture" brand, creating a transparent and ethical atmosphere for business management. |

ESG Awards and Honors

For Sinofert, it is of strategic significance to promote sustainable development through our crop nutrition and modern agriculture business, and to achieve win-win development in terms of economic benefits and social values. During the Reporting Period, the Group's ESG efforts were widely recognized.

ESG Indexes

In terms of ESG indexes, the Group has been consistently included in three indexes for the two years ended 31 December 2024, due to its continuous efforts and commitment in the ESG aspects: the "Hang Seng SCHK China Central SOEs ESG Leaders Index", "Hang Seng SCHK China Central SOEs ESG 40 Index", and the "Hang Seng SCHK SOEs High Dividend Yield ESG Index".

An analysis of the constituents of these indexes reveals that the Group is the only company in the raw materials sector included in the "Hang Seng SCHK SOEs High Dividend Yield ESG Index". This further demonstrates the market's high recognition of the Group's outstanding performance as a state-owned enterprise and industry leader, as well as its strong ESG governance and sustainable development achievements.

| Hang Seng SCHK China Central SOEs ESG Leaders Index (HSSCSEL) | Hang Seng SCHK China Central SOEs ESG 40 Index (HSSCS40) | Hang Seng SCHK SOEs High Dividend Yield ESG Index (HSSEHDE) |
|---|---|--|
| This index aims to reflect the performance of top 40 ESG leaders listed in Hong Kong with Chinese central state-owned enterprise (central SOE) as the largest shareholder and are eligible for trading under the Stock Connect Schemes. | This index aims to reflect the performance of top 40 ESG leaders (based on the sustainability performance scores compiled by the Hong Kong Quality Assurance Agency) listed in Hong Kong with Chinese central state-owned enterprise (central SOE) as the largest shareholder that are eligible for Southbound Trading under the Stock Connect Schemes. | This index aims to reflect the overall performance of high-yield securities listed in Hong Kong that have Chinese government entities as their largest shareholder and are eligible for Southbound Trading under the Stock Connect Schemes, while integrating ESG elements in the constituent selection process. |

Note: The above information are extracted from the website of Hang Seng Indexes.

ESG Awards

In 2024, the Group achieved remarkable success due to its outstanding environmental governance and community contributions, and received certain ESG awards.

The 6th ESG Leading Enterprise Awards 2024: “Leading Environmental Initiative” and “Leading Social Initiative”

Sinofert was honoured with the “2024 ESG Leading Enterprise Award – Leading Environmental Initiative” by “Bloomberg Businessweek/Chinese Edition” for its “Sinochem Changshan’s Low-Carbon Environmental Protection Comprehensive Improvement Project”. This project is the first in China that adopt aerospace furnace technology for the clean and efficient conversion of lignite, achieving CO₂ liquefaction and recycling, as well as soil environmental improvement and resource utilization of waste residues. Through innovative and systematic solutions, it has set a new benchmark for sustainable development in the industry.



Simultaneously, Sinofert’s “The 3rd Generation Bio-Phosphate Fertilizer Project” was awarded the “2024 ESG Leading Enterprise Award – Leading Social Initiative” by “Bloomberg Businessweek/Chinese Edition”. The 3rd generation bio-phosphate fertilizer, “Meilinmei”, not only conserves phosphate resources but also enhances phosphate utilization efficiency, helping farmers reduce costs per mu by over 10% and increase yields by over 5%. This project not only drives agricultural technology innovation but also plays a significant role in improving community economic benefits and environmental protection, fully demonstrating the Company’s social responsibility and innovative capabilities.

EY 3rd Sustainability Excellence Awards: “Special Jury Prize” and “Leading Social Initiative”

Sinofert participated in the “EY 3rd Sustainability Excellence Awards”. Sinofert was honoured with the “Special Jury Prize” for its outstanding performance, while its “HOPE Soil Health Platform” was recognized as “Leading Social Initiative” for its innovative practices and social impact. These accolades fully demonstrate the Group’s leading position in promoting agricultural sustainable development and social responsibility.



The following is an introduction of “HOPE Soil Health Platform”, the initiative that was awarded “Leading Social Initiative” recognition:

HOPE SOIL HEALTH PLATFORM

The Group adheres to the philosophy of “taking from society and giving back to society,” closely integrating corporate development with social responsibility. To address the critical social issue of farmland degradation in China, we took the lead in launching the “HOPE Soil Health Platform” in 2022. This initiative leverages innovative technology to support rural revitalization, implementing the “storing grain in the land” strategy directly in the fields to benefit vast numbers of farmers. The platform not only provides professional services such as soil issue diagnosis, health improvement, and sustainable management but also enhances farmers’ scientific farming capabilities through technical training and demonstration promotion, injecting new momentum into the green transformation of agriculture.

The platform’s successful practices in areas such as saline-alkali land remediation and soil improvement for reclaimed farmland have directly improved the quality of tens of thousands of acres of farmland, significantly increasing crop yields and farmers’ incomes. Moreover, through multi-party collaboration with local governments, research institutions, and farmers’ cooperatives, the platform has established a replicable and scalable social welfare model, offering valuable experience for the sustainable development of agriculture in China.



Green Finance Practices

During the Reporting Period, Sinochem Fuling successfully applied for a green loan of RMB63.44 million from Sinochem Group Finance Co., Ltd. for fixed assets, specifically allocated to the comprehensive remediation project of contaminated sites. The project focuses on soil remediation in the original factory area, restoration and control of polluted groundwater, and standardized disposal of large particles, wastewater, and site residues generated during the construction process. This ensures that the remediation area meets national environmental quality standards, effectively eliminates persistent environmental risks caused by historical pollution sources and achieves the restoration of regional soil ecological functions and overall improvement in environmental quality.

Additionally, Sinofert successfully obtained green deposit certification from MUFG Bank this year, with a total fixed deposit of RMB17.78 million. The funds from the green deposits will specifically support green economic activities such as renewable resource development, green building construction, and pollution prevention. This provides more green financial product options for enterprises with ESG management needs and aligns with their strategic intention to integrate sustainable development into financial activities. This initiative not only broadens the sources of green funding but also strengthens the Company's influence in the field of green finance.

The introduction of the green loan provides sufficient financial support for Sinochem Fuling's contaminated site remediation project, demonstrating Sinofert's active practice in green finance. Through the efficient use of dedicated funds, the project strictly adheres to green construction standards, minimizes environmental impact, and achieves a win-win situation for both economic and environmental benefits. Meanwhile, the successful implementation of green deposits further promotes the deep integration of green funds and ESG strategies, providing strong financial support for the Company's sustainable development. These initiatives are highly aligned with Sinofert's ESG strategy, not only reinforcing the Company's commitment to environmental governance and sustainable development but also gaining widespread recognition in the capital market. This enhances the Company's green image and competitiveness, creating a model effect of positive interaction between ESG practices and green finance.

Stakeholder Engagement & Materiality Assessment

This Report is compiled with stakeholder engagement as its core. The Group's main stakeholders include government and regulatory bodies, shareholders and investors, business partners, customers, employees, and the public community. Each stakeholder is closely connected to the business development of the Group. To facilitate stakeholders in providing valuable feedback and assist the Group in identifying potential new risks in its business operations and recognizing ESG issues of concern to stakeholders, thus continually enhancing the Group's ESG performance, the Group has established suitable communication channels. The expectations of each stakeholder towards the Group and the communication channels between the Group and each of them are as follows:

| Stakeholders | Expectations | Management Response/ Communication Methods |
|----------------------------------|---|---|
| Government and Regulatory Bodies | <ul style="list-style-type: none"> ● Compliance with national policies, laws, and regulations ● Tax payment in full and on time ● Safety production | <ul style="list-style-type: none"> ● Regular reporting |
| Shareholders and Investors | <ul style="list-style-type: none"> ● Return and earnings ● Compliant operations ● Enhancing corporate value and promoting industry development | <ul style="list-style-type: none"> ● Company's website ● General meetings ● Company's announcements ● Individual meetings |
| Business Partners | <ul style="list-style-type: none"> ● Operation with integrity ● Honor an agreement in accordance with the law | <ul style="list-style-type: none"> ● Business communications ● Engagement and cooperation |
| Customers | <ul style="list-style-type: none"> ● Quality products and services ● Health and safety ● Operation with integrity ● Honor an agreement in accordance with the law | <ul style="list-style-type: none"> ● Customer service centres and hotlines ● Customer meetings |
| Employees | <ul style="list-style-type: none"> ● Protection of rights and interests ● Occupational health ● Remuneration and benefits ● Career development | <ul style="list-style-type: none"> ● Company internal publications and intranet ● Employee mailbox ● Training and workshops ● Employee activities |
| Public Community | <ul style="list-style-type: none"> ● Improving community environment ● Participation in charity events | <ul style="list-style-type: none"> ● Company's website ● Company's announcements ● Media interviews ● Social media platforms |

Materiality Assessment

The Group has appointed an external consulting firm to assist in conducting a materiality assessment, as well as collecting and analyzing stakeholders' opinions on the Group's ESG topics. Through the questionnaire survey, the Group ranked the importance of stakeholders' concerns on ESG topics and identified the material topics for 2024, which is specifically disclosed in this Report.

The Group identified the material ESG topics in 2024 through the following steps:



1. *Identify potential material topics*

During the Reporting Period, Sinofert established an ESG topics database based on the disclosure requirements of the "ESG Reporting Guide" of the Stock Exchange, the industry materiality issues of the Sustainability Accounting Standards Board (SASB) and MSCI ESG, "ESG Indicators System for Listed Companies Controlled by Central Enterprises", the ESG topics that are of major concern to the industry and a review of the ESG issues that have been covered in the Company's 2003 ESG Report. Accordingly, the ESG Report Project Working Group selected and identified 19 potentially important issues related to the Group.

2. *Conduct questionnaire survey*

The Group invited stakeholders to assess the materiality of 19 potential material topics related to the Group's businesses. Among them, internal stakeholders (the members of the Board and decision-making personnel) ranked ESG issues from the perspective of "Importance to Sinofert", and external stakeholders (government and regulatory bodies, shareholders and investors, business partners, customers, employees and the public community) ranked ESG issues from the perspective of "Importance to Stakeholders".

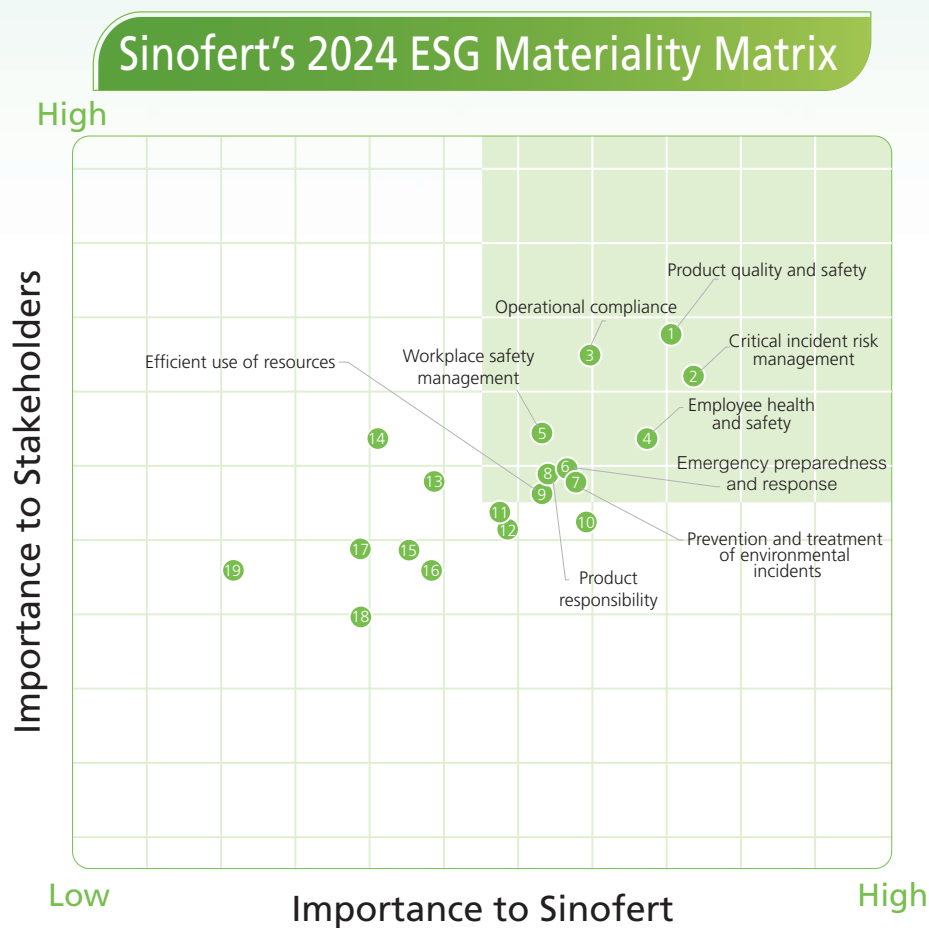
3. *Analyze materiality assessment results*

The Group analyzed the assessment ranking results of each stakeholder and constructed a materiality matrix, aiming to identify issues that scored more than half of full scores (located at the top right corner of the materiality matrix) under both dimensions of "Importance to Sinofert" and "Importance to Stakeholders" as material topics. 9 material topics were identified in this materiality assessment.

4. *Validate materiality assessment results*

The Board of the Company reviewed the results of the materiality analysis and confirmed the material topics for 2024.

The following is the materiality matrix of the Group in 2024:



| Environmental aspects | Social and operational aspects | Governance aspects |
|--|--|---------------------|
| 7. Prevention and treatment of environmental incidents | 1. Product quality and safety | 14. Anti-corruption |
| 9. Efficient use of resources | 2. Critical incident risk management | |
| 10. Environmental and natural resources | 3. Operational compliance | |
| 11. Exhaust gas management | 4. Employee health and safety | |
| 12. Waste and wastewater management | 5. Workplace safety management | |
| 15. Greenhouse gas emissions and management | 6. Emergency preparedness and response | |
| 16. Energy management | 8. Product responsibility | |
| 18. Climate change | 13. Supply chain management | |
| | 17. Diversity and inclusion | |
| | 19. Community investment | |

The Group identified 9 material topics (located at the top right corner of the materiality matrix) in this materiality assessment, and below shows the material ESG topics prioritized with their materiality from high to low:



This Report focuses on the above material ESG topics and discloses the corresponding ESG management strategies and performance of the Group in related chapter to specifically respond to the major concerns of the stakeholders.

Integrity Compliance and Anti-Corruption

The Group strictly complies with the “Criminal Law of the People’s Republic of China”, “the Anti-Money Laundering Law of the People’s Republic of China”, “the Company Law of the People’s Republic of China”, “the Anti-Improper Competition Law of the People’s Republic of China”, etc., and fully implements the principle of the “Three Non-Corruption Principles” (daring not corrupt, cannot corrupt, and do not want to corrupt), and rigorously eliminates corruption, bribery, blackmail, fraud, and money laundering practices. During the Reporting Period, there were no corruption-related litigation cases within the Group. In the future, the Group will continue to improve its governance system and deepen its corporate culture of integrity and compliance.

In order to strengthen compliance management, the Group has implemented an all-employee commitment mechanism through the “Employee Code of Conduct” and the “Guidelines on Anti-Bribery, Anti-Fraud, and Conflict of Interest Management”, which clearly require employees to conduct business in compliance with the law and prohibit them from offering bribes in any form or utilizing their position for personal gain; and prohibit them from soliciting or accepting undue advantages in business activities. At the same time, a compliance risk prevention and control system has been established to regulate the behavioural standards of employees in areas such as anti-money laundering and anti-corruption, as well as the compliance monitoring of business partners’ performance in order to safeguard the sustainable development of the enterprise.

During the Reporting Period, the Group mainly carried out the following work in terms of measures to prevent bribery, extortion, fraud, and money laundering:

- The management regularly holds meetings to study and promote discipline and anti-corruption efforts, with management members cumulatively having over 700 reminders and talks to extend the requirements of integrity and compliance to the grassroots level.
- Focused on promoting the establishment of a system and mechanism that “Dare Not Corrupt, Cannot Corrupt, and Do Not Want to Corrupt” in a holistic manner, stepping up the investigation and handling of irregularities and disciplinary issues, promoting the optimization and improvement of the management mechanism in areas such as logistics management, bulk trade, preventing and resolving various risks and hidden dangers of cleanliness and compliance in a timely manner, and launching integrity education in an innovative manner, so as to promote the mutual facilitation of the implementation of the various measures, and to complement one another’s work in terms of their effectiveness.
- The new results of disciplinary education have been transformed into practical achievements in promoting the high-quality development of corrective discipline and anti-corruption work, enriching and expanding the carriers of education and guidance paths, convening party warning education conferences, sending clean tips to all employees, compiling, directing and performing clean culture micro-videos, and launching various kinds of clean speeches, so that the general staff’s awareness of compliance with rules and regulations has been significantly increased.

Sinofert adheres to laws and regulations related to bribery, extortion, fraud, and money laundering, including but not limited to:

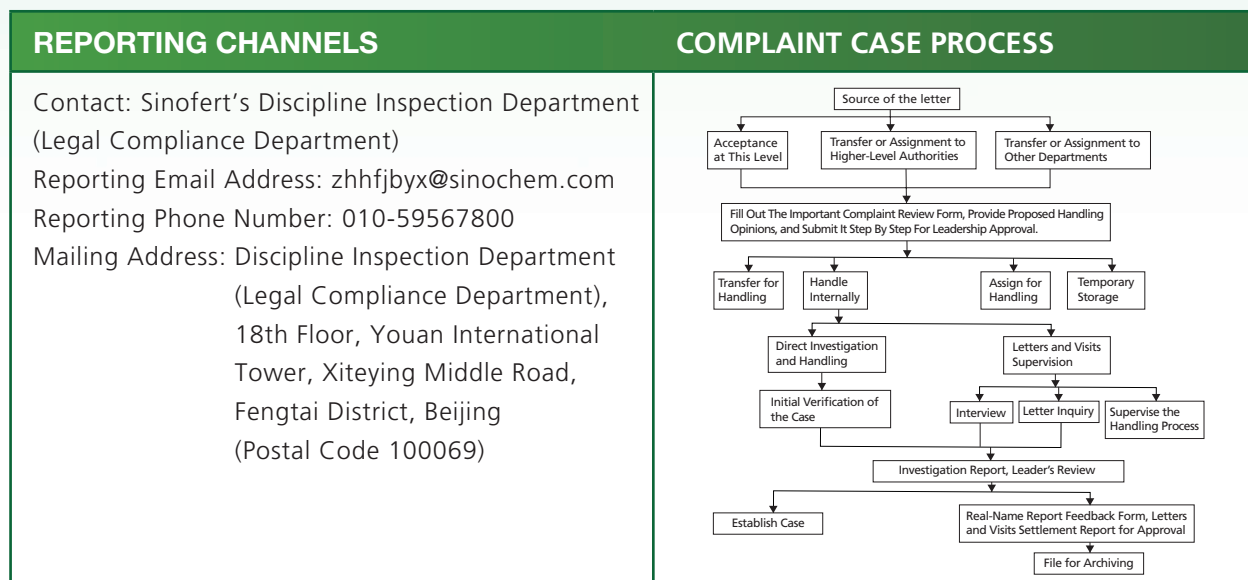
- Criminal Law of the People's Republic of China
- Civil Code of the People's Republic of China
- Anti-Money Laundering Law of the People's Republic of China
- Company Law of the People's Republic of China
- Anti-Unfair Competition Law of the People's Republic of China
- Anti-Monopoly Law of the People's Republic of China
- Bidding Law of the People's Republic of China
- Implementation Regulations of the Bidding Law of the People's Republic of China

Once the fraudulent behaviour of the employee is verified, it will be considered a serious violation of the employer's rules and regulations. The Group may take disciplinary action against the employee, including termination of the employment contract. If the behaviour is suspected to be criminal, it should be referred to the judicial authorities for processing.

The Group has established a comprehensive and diversified reporting mechanism to build an all-round monitoring system through multiple channels, including public monitoring and reporting telephone numbers, e-mails and letters to and from the Group. We actively encourage all stakeholders, including employees, suppliers, contractors and customers, to reflect any issues involving misconduct, lack of integrity, corruption and malpractice, either anonymously or in real names, in order to create an outspoken and frank corporate atmosphere for the Group. The Group's work on receiving letters of complaints is subject to the procedures of centralized acceptance, centralized management, hierarchical referral, investigation and handling, and serious approval. It is clearly stated that a verification team of not less than two persons should be set up for the investigation and handling work, a work plan should be formulated setting out the issues to be verified as well as the verification measures and disciplinary requirements, and upon completion of the verification work, a report on the verification findings should be compiled setting out the basic background, the major issues reflected and the results of the verification, and where there is any breach of rules and regulations or disciplinary issues, recommendations on the handling of the disciplinary action should be made in accordance with the rules and disciplinary regulations and the vetting and approval procedures should be carried out.

If a complaint report is received from a stakeholder, the Discipline Inspection Department (Legal Compliance Department) will immediately register and number the documents, conduct a collective analysis and discussion, and propose a disposal plan to the leaders in charge. For those reports that fall within the scope of the Discipline Inspection Department (Legal Compliance Department), the Discipline Inspection Department (Legal Compliance Department) will handle them; for those that do not fall within the scope of the Discipline Inspection Department (Legal Compliance Department), they will be transferred to the relevant departments and units in accordance with the procedures. Upon receipt of the clues to the matters, the Discipline Inspection Department (Legal Compliance Department) will take into account the overall situation of the department or unit involved in the question, and will resolve the matter through four methods, i.e. dialogue and enquiry, preliminary verification, suspension for investigation or closure, in order to solve the problem in a timely manner.

The diagram below illustrates the process for handling complaint cases:



During the Reporting Period, the Group proactively launched anti-corruption and bribery training and disciplinary lectures, organizing more than 70 training sessions for over 4,500 participants, achieving comprehensive coverage across the entire business chain and organizational levels. The training targets covered all units, board members, senior management and all employees of the Group, and strictly followed the four principles of “regularity and normalization, focusing on key groups and comprehensive coverage, synchronizing positive publicity and warning education, and co-ordinating practical links and focusing on practical effects”. Through the continuous deepening of education on clean practices, the Group has significantly enhanced the awareness of compliance and effectively strengthened the risk prevention and control mechanism among its staff, while fostering a “clean and honest culture” with characteristics of the agricultural industry, thereby injecting strong impetus for sustainable development.



ENVIRONMENTAL PROTECTION

Sinofert has formulated its environmental protection policy to ensure compliance with the fundamental national policy of environmental protection and the implementation of national environmental protection laws and regulations. The Group, with the core philosophy of “People-oriented, prioritized environmental protection, prevention first, integrated governance”, actively builds a climate-resilient industrial value chain. To this end, the Group actively develops advanced processes, technologies, and equipment for continuous emission reduction, while also preventing the generation of new pollutants. The Group is also committed to establishing a long-term mechanism for environmental protection, balancing energy use with environmental protection, and continuously improving the environmental performance of the enterprise.

Environmental Objectives and Compliance

The Group has established a whole-process environmental management system. Sinofert strictly enforces environmental protection, energy saving and emission reduction systems in its operations, covering core areas such as emission control, resource utilization and minimization of ecological impacts, in order to prevent the occurrence of environmental incidents. In addition, the Group has set up an HSE Committee to co-ordinate environmental governance, with key responsibilities including, but not limited to, the following:

- Formulating the Group’s energy-saving and low-carbon management systems and standards, ensuring that the Group has clear standards and guidance in terms of energy-saving and low-carbon.
- Implementing national and local policies and regulations on energy-saving and low-carbon, ensuring that the Group complies with regulatory requirements in terms of energy-saving and low-carbon.
- Leading, supervising and evaluating the energy-saving and low-carbon work of the Group’s subsidiaries, ensuring that each subsidiary fulfills its energy-saving and low-carbon responsibilities according to the Group’s regulations, and achieving the expected energy-saving and low-carbon goals.

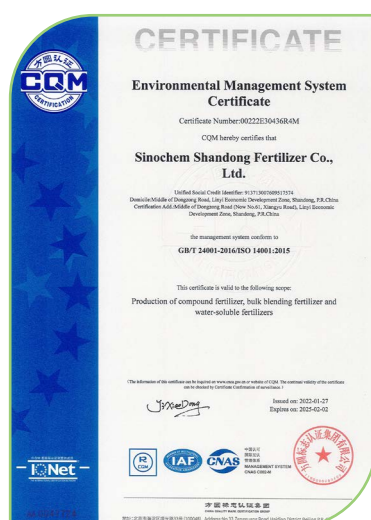
Based on the responsibility system for environmental protection objectives, the Group requests each position and employee sign HSE responsibility statements at the beginning of each year, delegating the responsibility to working levels to achieve environmental protection goals. The Group actively carries out environmental protection publicity and education, training employees on the corresponding environmental protection knowledge and skills for their positions, to ensure that employees understand and perform their safety responsibilities and prevent environmental-related incidents. Meanwhile, the Group has an internal environmental management manual and has obtained ISO 14001 Environmental Management System Certification, ensuring that the Group strictly implement relevant environmental protection regulations at the operational and business levels and comply with environmental regulatory requirements.

ENVIRONMENTAL PROTECTION LAWS AND REGULATIONS APPLICABLE TO SINOERT (INCLUDING BUT NOT LIMITED TO)

- Environmental Protection Law of the People's Republic of China
- Law of the People's Republic of China on Appraising of Environmental Impacts
- Energy Conservation Law of the People's Republic of China
- Law of the People's Republic of China on the Promotion of Clean Production
- Environmental Protection Tax Law of the People's Republic of China
- Regulation on the Implementation of the Environmental Protection Tax Law of the People's Republic of China
- Renewable Energy Law of the People's Republic of China
- Circular Economy Promotion Law of the People's Republic of China
- Regulations of the People's Republic of China on Nature Reserves
- Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution
- 13th Five-Year Plan for Controlling Greenhouse Gas Emissions
- Ozone Depleting Substances (ODS) Management Clause
- Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy
- Action Plan for Carbon Dioxide Peaking Before 2030 by the State Council
- Water Pollution Prevention and Control Law of the People's Republic of China
- Regulations on the Management of Pollutant Discharge Permits
- Water Law of the People's Republic of China
- Town Drainage and Sewage Ordinance
- Law of the People's Republic of China on the Protection of the Marine Environment
- Regulations of the People's Republic of China on Management of Marine Dumping
- Regulations of the People's Republic of China on the Management of the Marine Environment
- Prevention of Pollution from Shipbreaking Ordinance
- Regulations of the People's Republic of China on the Prevention and Control of Pollution and Damage to the Marine Environment by Pollutants from Land-based Sources
- Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter
- Law of the People's Republic of China on the Prevention and Control of Soil Pollution
- Land Management Law of the People's Republic of China
- Water and Soil Conservation Law of the People's Republic of China
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste

ENVIRONMENTAL PROTECTION LAWS AND REGULATIONS APPLICABLE TO SINOVERT (INCLUDING BUT NOT LIMITED TO)

- Directory of National Hazardous Wastes
- Standard for Pollution Control on Hazardous Waste Storage
- Standard for Pollution Control on the Storage of Hazardous Wastes
- Law of the People's Republic of China on the Prevention and Control of Radioactive Pollution
- Regulations on the Safety Management of Radioactive Waste
- Directory of Imported Wastes under Control
- Regulations on the Administration of Recycling and Treatment of Waste Electrical and Electronic Products
- Regulations on the Safety Management of Hazardous Chemicals
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal
- Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution



Shandong Fertilizer Environmental Management System Certification



Sinochem Changshan Environmental Management System Certification

ENVIRONMENTAL PROTECTION



In response to increasingly stringent environmental policies and pollution prevention requirements from regulatory authorities, the Group has established a robust environmental management mechanism to fulfill its sustainable development commitments through concrete actions. We strictly adhere to environmental laws and regulations while implementing internal management policies, including the “Sinofert Environmental Protection Management Methods”, “Sinofert Engineering Construction Project HSE ‘Three Simultaneities’ Management Standard”, and “Sinofert HSE Incident Reporting and Investigation Management Method”. We conduct in-depth inspections of environmental risk sources, implement pollution prevention measures for air, water resources, and soil, and formulate contingency plans for sudden environmental pollution incidents.

To minimize environmental and natural resource impacts, we allocate emergency response equipment, conduct regular drills, and initiate production restrictions during heavy pollution periods. In the event of an environmental incident, we cooperate fully with government investigations, clarify causes and processes, promptly disclose incident outcomes, and implement rectification and preventive measures. We also compile incident investigation reports to prevent recurrence.

The Group places great emphasis on training related to safety production knowledge and management skills for production and operational activities, and use “Sinofert HSE Performance Evaluation Management Standards” to incentivize employees to fulfill environmental and compliance responsibilities. Performance in handling environmental incidents and safety rectifications is integrated into promotion and reward assessments, with evaluation results directly influencing promotion priorities. For senior leaders and responsible persons of various positions who fail to diligently fulfill their safety production and environmental protection duties, leading to accidents, the Group will impose corresponding penalties or demotion.

In undertaking any new construction, reconstruction, and expansion projects, the Group strictly implements the requirements under the “Sinofert Engineering Construction Project HSE ‘Three Simultaneities’ Management Standard” and environmental impact assessments to ensure that construction projects meet the national standard requirements for safety, occupational health, and environmental protection. For these projects, the Group requires simultaneous design, construction, production, and use with the main construction project, and conduct investigations and analyses on the use of raw materials, resource consumption, and the disposal of pollutants. Based on the results, the Group selects clean production technology and facilities with high resource utilization rates, to reduce the impact on the environment and prevent the occurrence of environmental pollution incidents.

Climate Change

One of the major environmental issues facing the world is climate change and global warming. Sinofert actively responds to the international call of the “Paris Agreement” and the national goals for “carbon peak” and “carbon neutrality”, identifying and preventing potential risks and impacts of climate change, developing strategies and carbon reduction plans to respond to climate change, and push forward its execution together with the Group’s operations.

To reduce the operational impacts of climate change, we have adopted multi-faceted measures, including enhancing energy management, advancing technological upgrades, and deploying carbon capture technology. These initiatives accelerate our low-carbon transition, contributing to climate change mitigation and sustainable development.

Climate Strategy Planning

THE GROUP’S CLIMATE CHANGE TARGETS

- With 2020 as the baseline, it is anticipated to achieve an energy saving of 84,200 tonnes of standard coal per year and reduce energy consumption per unit of output by approximately 18% by 2025.
- With 2019 as the baseline, it is expected that the annual CO₂ emissions will decrease by 636,200 tonnes, with a reduction of about 25% in CO₂ emissions per unit of output by 2025.

TARGET PROGRESS

- With 2020 as the baseline and maintaining consistency in reporting scope with 2020, total energy consumption for the year decreased by 77,500 tonnes of standard coal; energy consumption density decreased by 52.27%.
- With 2019 as the baseline and maintaining consistency in reporting scope with 2019, greenhouse gas emissions for the year increased by 49,194 tonnes; greenhouse gas emissions density decreased by 8.44%.

In alignment with the timeline outlined in the “Resolution on the Outline of the 14th Five-Year Plan for Economic and Social Development and Long-Range Objectives Through the Year 2035” (the “**14th Five-Year Plan**”), the Group has formulated a decarbonization roadmap. This roadmap sets climate change targets and corresponding action plans, focusing on energy conservation and carbon reduction.

To achieve the climate change objectives outlined in its climate strategy, the Group has implemented multiple energy-saving and carbon reduction initiatives. Key actions during the Reporting Period are as follows:

SINOCHEM CHANGSHAN

Sinochem Changshan actively promotes the integrated use of carbon resources in response to the national ‘double carbon’ target. By restoring a 30,000 tons/year CO₂ liquefaction plant and building a new 100,000 tons/year CO₂ liquefaction plant in cooperation with a third party, the captured CO₂ is used for oilfield oil drive, thus realizing Carbon Capture, Utilization and Sequestration (CCUS), effectively reducing carbon emissions and creating economic benefits.

Sinochem Changshan will continue to optimize its environmental protection facilities, improve its management mechanism, enhance its technical capabilities and personnel quality, control pollution at source, and strive to build a clean, low-carbon, energy-saving and environmentally friendly green plant, contributing to the protection of the ecological environment.

SINOCHEM FULING

Sinochem Fuling's 800,000 metric tons/year sulphur acid plant is equipped with an advanced HRS low-temperature heat recovery system, which successfully converts the low-temperature heat from the primary suction process into low-pressure steam for downstream production, significantly increasing the heat utilization rate of the plant from 65% to more than 90%, demonstrating the outstanding effectiveness of energy-saving technologies.

In addition, Sinochem Fuling has simultaneously constructed a residual heat power generation plant, which generated 247 million kWh of electricity in 2024, which is equivalent to saving 30,300 metric tonnes of standard coal and reducing 117,000 metric tonnes of carbon dioxide emissions, thus contributing to the green and low-carbon development with significant results.



Residual Heat Power Generation Plant

SHANDONG FERTILIZER

Shandong Fertilizer has been actively promoting energy-saving and carbon reduction measures with remarkable results. Through the implementation of melt condensate recycling process changes, all condensate is recycled and used in the evaporator of the ammonia station to maximize the use of residual heat, which saves 190.8 metric tons of standard coal and reduces carbon dioxide emissions by 616 metric tons per year, and at the same time, creates energy-saving benefits of RMB403,000.

In addition, Shandong Fertilizer fully replaced 173 300W solar streetlights, with annual power savings of 186,800 kWh, reducing carbon dioxide emissions by 130 metric tons and saving costs of RMB267,000.



Melt Condensate Recycling Process

SINOCHEM ECOLOGY

Sinochem Ecology's Photovoltaic Project was officially put into operation on 25 July 2024, with a total installed capacity of 983.95 kW, which has become a landmark project for the green transformation of the Group. 457,500 kWh of electricity were generated in 2024, and it is estimated that the electricity generation capacity will exceed 1 million kWh by 2025, providing stable and clean energy for the Group while significantly reducing carbon emissions, demonstrating Sinochem's practical achievements and environmental protection commitment in the new energy field.



Photovoltaic Projects

Climate Risk Management

Sinochem's operations involve climate-related physical risks and transition risks. Physical risks primarily refer to impacts such as damage to operational sites and supply chain disruptions caused by extreme weather (e.g., typhoons, floods); transition risks include increased costs from production and product quality improvements, shifts in customer product preferences, and low-carbon technology adoption. The Group conducts annual risk identification, formulates response measures to reduce environmental impacts, and effectively controls and manages climate change-related risks.

As the frequency, scope, and destructiveness of global natural disasters continue to rise, the Group continuously improves management systems to ensure the implementation of climate management measures. Meanwhile, we regularly review progress and performance in addressing climate change, optimize the risk management system, and actively explore energy structure transformation opportunities through energy-saving and emission reduction projects to reduce climate change impacts on the operations of the Group.

In order to prevent and respond to unexpected environmental incidents, the Group has established a comprehensive emergency response mechanism and contingency plan and organizes regular training and drills to reduce the operational risks and environmental impacts brought about by climate disasters. For incidents such as leaks, explosions and fires, we integrate hazard source monitoring into daily management and formulate prevention measures and response plans. In the event of a sudden incident, all departments promptly activate the emergency response mechanism, strictly implement information reporting procedures, and the emergency team conducts rescue operations to minimize incident impacts. During the Year, a total of 360 on-site emergency drills of various types were conducted, with 3,579 participants.

Additionally, all subsidiaries strictly comply with the “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution”, formulate emergency plans for severe pollution weather, and implement emergency emission reduction measures when necessary to reduce environmental impacts from emissions.

SINOCHAM CHANGSHAN AMMONIA TANK EMERGENCY EXERCISE

Recently, Sinochem Changshan organized a comprehensive emergency drill for ammonia tanks. The drill simulated a pipeline leakage accident involving an ammonia tank, covering the entire process of incident reporting, emergency command, personnel evacuation, leak containment, and environmental monitoring. During the drill, various emergency response teams worked closely together, promptly activated the emergency plan, used specialized equipment to seal the leakage point, and conducted ammonia concentration detection in the surrounding areas to control the spread of the gas. This drill not only tested the operability of the emergency plan but also enhanced employees’ safety awareness and emergency response capabilities, providing strong support for the Company’s safe production practices.



SINOCHEM YUNLONG RESIDUAL RESERVOIR ENVIRONMENTAL EMERGENCY EXERCISE

On 28 June 2024, Sinochem Yunlong organized a special emergency drill for the blockage of the discharge shaft of the left bank flood dam at the phosphogypsum residue depot in Yize Village. The purpose of the exercise was to enhance the ability to deal with emergencies and to ensure that in the event of an actual blockage of the flooding shaft, the relevant personnel would be able to take prompt and effective countermeasures to protect the lives and properties of the surrounding residents.

The exercise simulated an emergency where the flooding shaft was blocked by debris due to heavy rainfall and the water level rose rapidly. After the start of the exercise, the emergency command immediately activated the emergency plan, deployed professional rescue team rushed to the scene. Rescuers first cleaned up the blockage and used pumping equipment to lower the water level and prevent flooding. At the same time, the monitoring staff monitored the water level changes in real-time to ensure that the situation is effectively controlled.



COMPREHENSIVE EMERGENCY RESPONSE EXERCISE FOR HAZARDOUS GAS LEAKAGE AT SINOCHEM YUNLONG

On 29 June 2024, Sinochem Yunlong launched a comprehensive emergency drill for the hazardous gas leakage from the corrosive vent of the gas phase pipe of the tail gas fan of the arsenic removal unit. The purpose of this exercise is to test the emergency response capability of the enterprise to deal with hazardous gas leakage, and to ensure that in the actual occurrence of similar incidents, the situation can be quickly and effectively controlled to protect the employees' life safety and environmental safety.



SHANDONG FERTILIZER LIQUID AMMONIA LEAKAGE EMERGENCY DRILL

On 14 August 2024, Shandong Fertilizer launched a comprehensive emergency rescue drill for liquid ammonia leakage accident in the ammonia station area. The purpose of the exercise was to comprehensively improve Shandong Fertilizer's emergency response capability in response to the liquid ammonia leakage accident, to test the operability of the emergency plan, to ensure that the situation can be quickly and efficiently controlled in the event of an actual accident, and to minimize the risk of human casualties and environmental pollution.



Resources and Recycling

We adhere to the five development principles outlined in the Group's strategic planning – innovation, coordination, green development, openness, and sharing – and are committed to building a green ecological industrial system and promoting the development of a circular economy. For instance, we actively address the comprehensive utilization of phosphogypsum, achieve efficient recovery of fluorine and graded utilization of phosphorus, and implement technological upgrades for sulphuric acid production and flotation equipment, continuously enhancing automation levels.

In terms of resource management, the Group pays special attention to the utilization of water resources and packaging material management, which are crucial for minimizing the environmental impact of our entire industry chain activities. The Group strictly adheres to the "Sinofert Energy Conservation and Emission Reduction Management Measures" regarding the use of water resources, by actively implements comprehensive water resource utilization projects, reduce or cease the use of products that waste water resources, strengthen the monitoring of water resource utilization in the production process, increase the reuse rate of water resources, and reduce the consumption of fresh water. Furthermore, based on the "Sinofert Environmental Protection Management Measures" concerning raw materials, the Group continuously urges production enterprises to improve their designs, use clean raw materials, reduce pollution at the source, and enhance resource utilization efficiency, thus embodying the concept of a circular economy.

Overall, the Group actively promotes the implementation of "closed-loop management" to maximize resource recovery and reuse.

Water Resources²

The Group continued to strengthen water resource management and formulated relevant water efficiency targets during the Reporting Period:

THE GROUP'S WATER EFFICIENCY TARGET

- Improve use efficiency of water resources and reduce freshwater consumption.

TARGET PROGRESS

- New water consumption rose by 7.65%³ year-on-year; recycled water volume rose from 102,644,885 m³ to 177,488,282 m³⁴ year-on-year.

² Sinofert's water supply comes from the municipal network and there are no problems in obtaining water.

³ The inclusion of two additional production facilities in this Year's reporting scope has resulted in a corresponding increase year-on-year in freshwater consumption.

⁴ The inclusion of two additional production facilities in this Year's reporting scope has resulted in a corresponding increase year-on-year in water recycling volumes.

ENVIRONMENTAL PROTECTION

To reduce the intensity of water consumption and strengthen the monitoring of water consumption, Sinofert requires its subsidiaries to set water consumption targets at the beginning of each year, formulate annual water conservation work plans, establish water consumption meters, regularly collected, summarized and analyzed data from water consumption indicators, regularly monitor water consumption statistics. These data and evaluation reports are submitted to the Group's headquarters, which assesses the entity or individual's water use performance based on an internal water-saving reward and penalty mechanism, providing corresponding rewards or penalties.

The Group also promotes water conservation awareness among employees through active publicity and education and to promote the implementation of water conservation actions. Moreover, to reduce the impact of production operations on water resources and alleviate the pressure of water scarcity, the Group continues to seek innovative technological breakthroughs to further enhance the recycling rate of water resources.

During the Reporting Period, the Group's use of water resources is shown in the following table:

| | 2024 ⁵ | 2023 | Unit |
|---|-------------------|----------------|-----------------------------------|
| New water consumption | 7,205,434.00 | 6,693,668.00 | m ³ |
| New water intensity | 3.12 | 2.11 | m ³ /tonne of products |
| Recycled water consumption | 177,488,281.74 | 102,644,885.50 | m ³ |
| Percentage of recycled water consumption ⁶ | 96.10% | 93.88% | % |

Packaging Materials

Adhering to the principle of minimizing environmental damage, the Group strives to avoid waste and pollution in production and procurement processes. Based on considerations of the environmental impact across the full lifecycle of our products, the Group prioritizes environmentally friendly packaging materials, focusing on non-toxic, biodegradable, or recyclable solutions. To achieve packaging reduction and efficient resource use, we have established a comprehensive packaging management system. Through measures such as optimizing packaging design, strictly controlling specifications, and promoting minimalist packaging, we effectively reduce packaging waste generation. The Group will continue to refine packaging material management methods and record and disclose total packaging material usage.

⁵ The inclusion of two additional production facilities in this Year's reporting scope has resulted in a corresponding increase year-on-year in overall water resource consumption.

⁶ This indicator is being disclosed for the first time this Year.

ENVIRONMENTAL PROTECTION

During the Reporting Period, the Group's use of packaging materials is as follows:

| | 2024 | 2023 | Unit |
|---|----------|----------|----------------------|
| Amount of non-renewable packaging materials used ⁷ | 2,252.87 | – | Ten Thousand-pieces |
| Total packaging materials used ⁸ | 2,375.06 | 3,101.95 | Ten Thousand-pieces |
| Packaging material intensity | 10.30 | 9.75 | piece/tonne products |

Energy Management

Sinofert strictly adheres to national energy conservation and emission reduction laws, regulations, and policies. In compliance with statutes such as "Energy Conservation Law of the People's Republic of China" and "Measures for Energy Conservation Management of Key Energy-Consuming Units", we have formulated internal policies to strengthen energy management, standardize energy use, and strive to build a resource-efficient and environmentally friendly enterprise.

The Group places low-carbon development at the core of its strategy, establishing a systematic energy conservation and emission reduction management system. We operate under the principles of "unified planning, individual accountability, hierarchical management, targeted measures and full employee participation". An Energy Management Committee composed of department heads has been established to clarify responsibilities and implement regular energy audits and optimization mechanisms. To ensure effective achievement of emission reduction targets, we enforce a target responsibility system, integrating annual HSE indicators and energy-saving goals into performance evaluations at all organizational levels. Through signed responsibility statements, decomposed quantitative targets, dynamic monitoring, and incentive/disincentive mechanisms, we create a closed-loop management process of "plan-do-check-act".

To advance low-carbon technological transformation projects, the Group actively secures national financial, tax, and financial support. We promote a procurement policy centred on energy conservation, emission reduction, and efficiency improvement, prioritizing energy-efficient equipment and environmentally certified products to enhance energy utilization and reduce waste of resources. Additionally, the Group established a comprehensive energy conservation and emission reduction statistical monitoring system to track real-time energy consumption during production, driving digitalized management in this area.

Furthermore, the Group maintains a robust education and training program on energy conservation and emission reduction. Tailored training is provided for every position and employee across subsidiaries to strengthen energy conservation awareness, promote sustainable practices, and foster full participation in low-carbon initiatives.

⁷ This indicator is being disclosed for the first time this Year.

⁸ Due to variations in packaging bag specifications and the diversity of packaging materials with differing unit weights, it is impractical to disclose by weight. Therefore, packaging materials are reported in units of '10,000 pieces'.



During the Year, the Group's energy consumption⁹ is shown in the following table:

| | 2024 ¹⁰ | 2023 | Unit |
|---|--------------------|--------------|----------------------|
| Fuel consumption from stationary sources | 2,038,801.07 | 1,722,660.94 | MWh |
| Vehicle fuel consumption | 2,035.82 | 1,049.65 | MWh |
| Purchased electricity | 444,872.74 | 463,498.05 | MWh |
| Purchased steam | 41,440.92 | 6,501.50 | MWh |
| Total energy consumption | 2,527,150.55 | 2,193,708.15 | MWh |
| Intensity of energy consumption ¹¹ | 1.10 | 0.69 | MWh/tonne of product |
| Renewable energy ¹² | 3,997.23 | — | MWh |
| Biomass ¹² | 4,227.36 | — | Tonnes |

⁹ Total energy consumption includes boiler fuel, gasoline, diesel fuel, purchased electricity and purchased steam, and the conversion methodology is based on the 'Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions from Chemical' published by National Development and Reform Commission of the People's Republic of China.

¹⁰ The inclusion of two additional production facilities in this Year's reporting scope has resulted in a corresponding increase year-on-year in total energy consumption.

¹¹ The total volume of products generated by Sinofer during the Year was 2,306,455.24 tonnes.

¹² This indicator is being disclosed for the first time this Year.

ENVIRONMENTAL PROTECTION

To promote sustainable development and actively address climate change, Sinofert continuously monitor and disclose greenhouse gas emissions data, striving to reduce carbon footprint and drive a green, low-carbon transition. Below is our greenhouse gas emissions data for the Reporting Period:

| | 2024 ¹⁶ | 2023 | Unit |
|------------------------------|--------------------|--------------|-------------------------------------|
| Scope 1 ¹³ | 1,740,170.58 | 1,671,996.50 | tCO ₂ e |
| Scope 2 ¹⁴ | 256,763.17 | 267,231.45 | tCO ₂ e |
| Scope 3 ¹⁵ | 1,294.77 | 1,075.31 | tCO ₂ e |
| Total GHG emissions | 1,998,228.53 | 1,940,302.26 | tCO ₂ e |
| Total GHG emission intensity | 0.87 | 0.61 | tCO ₂ e/tonne of product |

Emissions and Pollutants

Sinofert has always placed environmental compliance and emission transparency at the core of its strategy for sustainable development. During the Reporting Period, the Group focused on improving agricultural pollution control efforts, striving to achieve green development. To this end, the Group has formulated the following emission targets:

THE GROUP'S POLLUTANTS EMISSION TARGET

- Compared to the 13th Five-Year Plan period, reduce the main pollutants in wastewater, chemical oxygen demand (COD) and ammonia nitrogen, by 8%, and decrease the main pollutants in exhaust gas, sulphur dioxide and nitrogen oxide, by 10%.

TARGET PROGRESS

- In 2024, the main pollutants in wastewater, chemical oxygen demand (COD) and ammonia nitrogen, decreased by 30.09% year-on-year.
- The main pollutants in exhaust gas, sulphur dioxide and nitrogen oxide, decreased by 6.48% year-on-year.

¹³ Scope 1 is disclosed based on the Group's monitoring data, which includes the Group's fuel consumption, greenhouse gas emissions from our production processes and the recycling of carbon dioxide.

¹⁴ Scope 2 is disclosed based on the Group's monitoring data, which includes the Group's greenhouse gas emissions from purchased electricity and purchased steam.

¹⁵ Scope 3 includes emissions from business air travel and paper waste disposal, and energy consumption for processing water and sewage. The data is calculated based on the 'Carbon Emissions Calculator of the International Civil Aviation Organization', and the 'Reporting Guidance on Environmental KPIs' of the Stock Exchange of Hong Kong.

¹⁶ The inclusion of two additional production facilities in this Year's reporting scope has resulted in a corresponding increase year-on-year in greenhouse gas emissions.

Exhaust Gas Emission and Management

Due to production, the Group acutely aware of the severe impact that air pollution has on the environment. The environmental pollutants of the Group primarily emanate from boiler combustion, production workshops, and vehicle exhaust emissions. In response, the Group implements stringent environmental management measures to control these pollutants, adheres strictly to the “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution” and have established internal management policy such as the “Sinofert Energy Conservation and Emission Reduction Management measures”, tailored to the air pollutant emission standards for different industries such as industrial furnaces, thermal power plants, odour pollutants, and the petrochemical industry. These measures assist the Group in actively pursuing environmental protection, energy conservation and emission reduction.

Additionally, the Group regularly engage a third-party environmental monitoring company with professional qualifications to conduct independent inspections of its plant sites. This ensures an objective and practical approach to supervising the pollutant emissions in the production workshops, thereby ensuring the Group meets relevant environmental management requirements.

Sinofert has equipped all production workshops with standard-compliant smoke detection equipment and automatic monitoring facilities to collect real-time information on the emission levels of air pollutants such as sulphur dioxide (SO_2), nitrogen oxides (NO_x), and particulate matter (PM). This includes the real-time monitoring of emissions from sulfuric acid equipment, nitrogen fertilizer equipment, ammonium phosphate equipment, and compound fertilizer equipment using flue gas and environmental data collection instruments. Additionally, the Group regularly inspects and maintains the monitoring equipment and facilities to ensure the smooth operation of our emission systems and safeguarding the achievement of environmental management goals.

ENVIRONMENTAL PROTECTION

During the Reporting Period, the air pollutant emissions¹⁷ situation for the Group is presented in the following tables:

| | 2024 ¹⁸ | 2023 | Unit |
|------------------------------------|--------------------|-------|--------|
| Production workshops | | | |
| Sulphur oxides (SO _x) | 334 | 311 | Tonnes |
| Nitrogen oxides (NO _x) | 197 | 257 | Tonnes |
| Particulate matter (PM) | 182 | 128 | Tonnes |
| Vehicle use¹⁹ | | | |
| Sulphur oxides (SO _x) | 0.003 | 0.002 | Tonnes |
| Nitrogen oxides (NO _x) | 0.370 | 0.180 | Tonnes |
| Particulate matter (PM) | 0.020 | 0.010 | Tonnes |

Wastewater (Sewage) Management

To minimize the impact on the aquatic environment and ecosystems, the Group strictly adheres to the laws and regulations related to wastewater discharge. The Group also complies with the applicable standards for discharging pollutants into water based on industry characteristics, including but not limited to, the “Synthetic Ammonia Industry Water Pollutant Emission Standards”, “Comprehensive Wastewater Discharge Standards”, and “Phosphate Fertilizer Industry Water Pollutant Emission Standards”, ensuring wastewater discharge of the Group meets regulatory requirements.

All factories of the Group are equipped with wastewater treatment facilities and have established comprehensive wastewater treatment systems, aimed at reducing wastewater discharge. The Group employs various wastewater treatment technologies, such as biochemical reactions, aerobic and anaerobic processes, to purify the workshop wastewater through adjustment, sedimentation, and filtration. After onsite treatment, the wastewater generally meets the discharge standards and is eventually discharged into nearby water bodies. If necessary, the Group will collaborate with qualified treatment institutions for secondary wastewater treatment. Furthermore, the Group has installed pollutant monitoring systems at each wastewater discharge point to continuously and real-time monitor the chemical oxygen demand (COD), ammonia nitrogen (NH₃-N), pH levels, and the flow of wastewater. If any abnormalities arise, the Group will address them promptly to ensure all facilities comply with national or regional laws, standards, and requirements.

¹⁷ Emissions of air pollutants include emissions from production workshops and vehicle use. The air pollutant emissions from Sinofer's production workshops for the year 2024 are based on the Company's monitoring data. The calculation method of the air pollutant emissions from vehicles owned and controlled by Sinofer has been calculated with reference to the 'Technical Guidelines for the Compilation of Air Pollutant Emission Inventory for Road Motor Vehicles (for Trial Implementation)' issued by the Ministry of Ecology and Environment of the People's Republic of China.

¹⁸ The inclusion of two additional production facilities in this Year's reporting scope has resulted in a corresponding increase year-on-year in air pollutant emissions.

¹⁹ The year-on-year change in pollutant emissions from vehicle use is mainly due to the increase in overall vehicle use by the Group.

During the Reporting Period, the wastewater discharge situation for the Group is shown in the following table:

| | 2024 | 2023 | Unit |
|--|--------------|-------|----------------|
| Wastewater pollutants | | | |
| Chemical oxygen demand (COD) | 34.02 | 48.72 | Tonnes |
| Ammonia nitrogen (NH ₃ -N) | 4.25 | 6.02 | Tonnes |
| Wastewater Discharge²⁰ | | | |
| Industrial wastewater discharge | 1,841,403.46 | — | m ³ |
| Domestic wastewater discharge | 28,093.45 | — | m ³ |

Waste Management

The Group strictly adheres to the relevant waste management laws and regulations including the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste”, “Environmental Protection Law of the People’s Republic of China”, “National Hazardous Waste List”, “Standards for Pollution Control of Hazardous Waste Storage”, “Law of the People’s Republic of China on Promoting Cleaner Production”, and “Regulations on the Management of Pollutant Discharge Permits”, to ensure compliant disposal of all hazardous and non-hazardous waste. The Group will continue to optimize the waste management system and strive to achieve its established waste reduction target.

THE GROUP’S WASTE REDUCTION TARGET

- Actively responding to the 14th Five-Year Plan and the 2035 Vision Plan, the Group is continuously reducing the generation and disposal of hazardous and non-hazardous waste and accelerating the establishment of a recycling system for waste materials.

TARGET PROGRESS

- The total amount of hazardous waste generated was 96,931.78 tonnes, with a recycling amount of 96,932.05²¹ tonnes, achieving a recycling rate of 100%.
- The total amount of non-hazardous waste generated was 3,159,885.07 tonnes, with a recycling amount of 1,725,641.25 tonnes, achieving a recycling rate of 55%.

²⁰ This indicator is being disclosed for the first time this Year.

²¹ Some of the hazardous waste generated in 2023 was recycled in 2024, so the amount of hazardous waste recycled in 2024 was higher than the total waste generated.

ENVIRONMENTAL PROTECTION

To enhance waste reduction and the harmless disposal of waste, the Group rigorously enforces internal management measures, including “Sinofert’s Environmental Protection Management Measures” and “Sinofert’s HSE Risk Management and Control Standards for Hazardous Chemicals”. Each subsidiary, in line with the internal management classification system, carries out targeted waste classification management and handles the collection, storage, transportation, and recycling of various types of waste. The Group also implements measures to prevent diffusion, runoff, and leakage, thereby averting environmental pollution.

For hazardous waste, the Group relies on units with the requisite qualifications for its sensible utilization, disposal, and management to prevent secondary pollution. The Group places a high priority on controlling environmental risks during waste treatment. Moreover, each subsidiary is required to accurately report the annual hazardous solid waste disposal status in the internal HSE information system to ensure complete and accurate record-keeping. This aids in monitoring and evaluating the effectiveness of waste management and promptly implementing necessary improvements.

The Group is committed to the proper handling of waste to reduce its environmental impact. Hazardous waste is stored at designated sites and collected and processed by qualified contractors. Similarly, non-hazardous waste is also centrally stored and treated according to relevant methods. In addition, the Group is dedicated to enhancing the rate of recycling. For instance, the Group recycles residual materials such as steel and sulphur slag and sell other recyclable items like phosphorus slag powder for use in fertilizer manufacturing. Through these measures, we achieved proper compliance of treatment of waste and effective use of resources.

During the Year, the generation and disposal of hazardous and non-hazardous waste²² by the Group are presented in the following table:

| | 2024 | 2023 | Unit |
|---------------------------------|-------|--------|--------|
| Hazardous Waste | | | |
| Mineral Oil | 40.56 | 25.24 | Tonnes |
| Oil-water mixture ²³ | 7.08 | – | Tonnes |
| Catalyst | 80.38 | 202.02 | Tonnes |
| Battery | 1.74 | 1.71 | Tonnes |
| Chemical Reagent | 4.46 | 1.57 | Tonnes |
| Heat insulation cotton | 20.64 | 26.90 | Tonnes |
| Paint bucket | 11.42 | 7.96 | Tonnes |

²² Sinofert’s hazardous waste are disposed of and treated by qualified units. Non-hazardous waste phosphogypsum is disposed of internally by suitable disposal methods or by qualified units. Other non-hazardous wastes are recycled and treated by qualified units or used in fertilizer production.

²³ This indicator is being disclosed for the first time in this Year.

ENVIRONMENTAL PROTECTION

| | 2024 | 2023 | Unit |
|---|---------------------|---------------------|---------------------------------|
| Chemical reagent packaging containers | 0.00 | 2.55 | Tonnes |
| Fiberglass reinforced plastic | 0.00 | 0.00 | Tonnes |
| Fluorosilicic acid | 95,770.93 | 91,873.87 | Tonnes |
| Activated carbon | 0.18 | 49.32 | Tonnes |
| Waste resin | 11.70 | 2.01 | Tonnes |
| Waste paint | 1.78 | 3.00 | Tonnes |
| Analysing wastes ²⁴ | 0.62 | – | Tonnes |
| Toxic and hazardous contaminants ²⁴ | 9.70 | – | Tonnes |
| Silica gel clay filter aid ²⁴ | 3.64 | – | Tonnes |
| Polyformaldehyde ²⁴ | 8.72 | – | Tonnes |
| Contaminated soil during soil remediation ²⁴ | 956.67 | – | Tonnes |
| Waste packaging ²⁴ | 1.56 | – | Tonnes |
| Total hazardous waste | 96,931.78 | 92,196.15 | Tonnes |
| Total hazardous waste intensity | 0.04 | 0.03 | Tonnes/tonne of products |
| Non-hazardous Waste | | | |
| Phosphogypsum | 3,015,974.05 | 2,384,801.73 | Tonnes |
| Phosphorus slag powder | 13,551.28 | 14,710.61 | Tonnes |
| Coal ash | 28,379.15 | 72,689.02 | Tonnes |
| Waste steel | 73.05 | 492.38 | Tonnes |
| Slag | 40,309.63 | 35,487.75 | Tonnes |
| Sulphur slag | 506.84 | 319.28 | Tonnes |
| Plastic | 2,184.67 | 1,151.48 | Tonnes |
| Biomass ash ²⁴ | 81.67 | – | Tonnes |
| Total non-hazardous waste²⁵ | 3,159,885.07 | 2,509,650.25 | Tonnes |
| Total non-hazardous waste intensity²⁵ | 1.37 | 0.79 | Tonnes/tonne of products |

²⁴ This indicator is being disclosed for the first time in this Year.

²⁵ The inclusion of two additional production facilities to this Year's reporting scope resulted in a corresponding increase year-on-year in both non-hazardous waste and intensity.

ENVIRONMENTAL PROTECTION

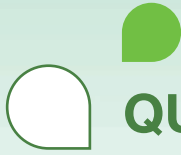
Natural Resource Protection

Excessive and improper fertilizer use may lead to environmental issues such as soil health degradation and ecological damage. To address soil health challenges, the Group has steadily expanded its R&D team, increased R&D investment, improved fertilizer efficiency, enhanced soil health and achieved breakthroughs in biological agents and “Bio+” fertilizer products. Simultaneously, the Group has collaborated with research institutions such as the Chinese Academy of Agricultural Sciences to co-establish the “National Engineering Research Centre for Farmland Protection,” a national-level R&D platform. This initiative focuses on three key areas, biotechnology, soil health, and nutrient efficiency, driving technological breakthroughs and integrated development.

The Group is committed to developing high-quality fertilizers, stabilising the food supply chain, and advancing the research and application of microbial agents and organic products to support the development of modern agriculture in China. During the Year, the Group’s patent projects, “A Salt-Tolerant *Bacillus Megaterium* Strain and its Applications” and “*Bacillus Subtilis* and its Application in Fertilizers”, were awarded the Sinochem Holding’s Silver Patent Award, while the “Dual-Effect Slow-Release Nitrogen Bio-Stimulant Liquid Fertilizer and its Preparation Method” received an Excellence Award. Additionally, two efficiency-enhancing technology R&D projects were awarded the Sinochem Holding’s Third Prize for Scientific and Technological Progress.

During the Reporting Period, the Group actively conducted independent soil monitoring and potential hazard investigations to protect natural resources and biodiversity, ensuring that business operations remained unaffected by adverse impacts. We focused on researching green agricultural technologies and promoting practices such as deep side-dressing fertilization, integrated water and fertilizer management, microbial formulation, bio-fertilizer coupling, and soil improvement. These efforts aim to enhance soil quality and reduce environmental harm.

Additionally, the Group deployed over 400 technical service personnel stationed at grassroots levels year-round to guide customers and farmers on proper fertilizer use, assisting in product selection and application rate calculation, effectively improving fertilizer efficiency and crop yields.



QUALITY PRODUCTS

Under the premise of ensuring safety, quality, and compliance with laws and regulations, the Group continuously increases R&D investment and strengthens its innovation system, committed to delivering higher-quality and safer fertilizer products to customers.

Product Responsibility

The Group strictly adheres to the “Product Quality Law of the People’s Republic of China” and other relevant laws and regulations. By establishing internal systems such as “Sinofert Health, Safety, and Environmental Protection Management Regulations” and “Sinofert Product Quality Management System”, the Group centralizes management and implement hierarchical control over product health and safety, as well as product quality. Through full process monitoring of procurement, production, and sales, we maintain effective quality system operations, clarify quality management responsibilities, and enhance product quality and corporate reputation. Additionally, we strengthen quality management through system and product certifications. During the Reporting Period, subsidiaries of the Company, including Shandong Fertilizer, Sinochem Changshan, Sinochem Yunlong, Sinochem Fuling, and Xinjiang Plant obtained ISO 9001 Quality Management System certification.

Sinofert is dedicated to continuously improving the quality management system, integrating innovative technologies, processes, and facilities to meet the requirements of national quality safety regulations and related industry standards. The Group addresses product quality issues with caution to ensure the health and safety of product usage. Based on product categories, our subsidiaries have established internal corporate standards that are as stringent, if not more, than national standards. According to the “Sinofert Product Quality Management System”, the quality management departments of the subsidiaries are responsible for setting technical indicators for product quality, control indicators, and analyze plans. Products that do not meet quality standards are not allowed to proceed to the next stage, and the responsible departments or personnel will investigate and rectify the causes of nonconformance.

In order to ensure product quality, the Group has specialized laboratories to inspect and analyze each batch of products, strictly ensure product’s compliance with factory requirements. If products that do not meet the standards are found to be shipped, the Group will immediately initiate recall procedures to retrieve the products. The Group will also optimize the overall quality management system and ensure product quality improvement through quality management publicity, education, and operational training on the quality control management system for the relevant responsible personnel.

QUALITY PRODUCTS



Shandong Fertilizer, Sinochem Changshan, Sinochem Yunlong, Sinochem Ecology, Sinochem Fuling and Xinjiang Plant have obtained Quality Management System Certification.

Regarding the control and management of non-conforming products, Sinofert has established the “Nonconforming Product Management Measures”. This policy outlines in details the control and handling processes for non-conforming products, including:

1. Subsidiary laboratories conduct inspections according to the “Inspection Plan”. If finished products fail inspections (including ecological indicators like arsenic, chromium, lead, cadmium, mercury in finished products, not within standards), the entire batch is deemed non-conforming, and a “Non-conforming Product Disposal Form” must be completed;
2. Non-conforming products are reviewed according to the “Non-conforming Product Disposal Form”, followed by relevant disposal and keep in record;
3. Non-conforming products are immediately isolated and marked for identification;
4. The cause analysis and corrective measures are documented in writing.

During the Reporting Period, there were no incidents of product recalls due to safety and health reasons within the Group.

Quality Control on Fertilizers

To enhance the fertilizer quality inspection process, the Group has established a comprehensive quality inspection procedure covering all aspects, including raw material procurement, production process, in process inspection, logistics and storage, sales tracking, and product incident handling. Each subsidiary maintains a dedicated quality management department responsible for segmented control of internal and external quality management, ensuring the accuracy of inspection processes and results.

Additionally, the Group implements a targeted quality performance indicator system, defining key quality metrics and conducting periodic tracking and evaluation of indicator outcomes to guarantee the effectiveness of overall quality management.

During the Reporting Period, there were no violations related to product quality in production and processing within the Group.

| Compound (Composite) Fertilizer Test | Urea, Phosphate Fertilizer (Monoammonium Phosphate, Phosphoric Acid II) Test |
|--|---|
| <p>The Group implements “Sinofert Compound Fertilizer Enterprise Standard” (stricter than the GB 15063 National Standard) and test specified products according to national standards and indicators such as nutrients, water, chloride, etc., as well as scrap rates, particle strength testing, and other indicators (not specified in national standards but the Group).</p> <p>For national standard projects, Sinofert carries out continuous sampling and inspection in batches of no more than 300 tonnes, and for non-national standard projects, Sinofert carries out inspections once every three months (except special circumstances).</p> | <p>The Group implements national standards (e.g. GB/T 2440-2017) and test on various national standards indicators such as nutrients, water, chloride, etc., as well as other corporate standards indicators such as scrap rates, particle strength testing, etc..</p> <p>For national standard projects, Sinofert carries out continuous sampling and inspection in batches of no more than 300 tonnes, and for non-national standard projects, Sinofert carries out inspections once every three months (except special circumstances).</p> |

Research and Innovation

In the field of intellectual property protection, the Group strictly adheres to laws and regulations such as the “Patent Law of the People’s Republic of China” and the “Copyright Law of the People’s Republic of China”. It has established specialized systems including the “Sinofert Technology Management Regulations”, “Sinofert Research Project Management Measures”, “Sinofert Patent Management Regulations”, “Sinofert R&D Institution Management Measures”, and “Sinofert External Technology Cooperation Management Measures”. These systems have built a comprehensive risk control framework covering research projects, patent management, and external collaborations, effectively mitigating intellectual property risks, strengthening the protection of core technologies, and continuously enhancing market competitiveness.

R&D System and Investment

During the Reporting Period, the Group continued to focus on its “Bio+” strategy, leveraging national and provincial-level R&D platforms such as the “National Engineering Research Centre for Farmland Protection” to advance the development of “Bio+” R&D capabilities and product innovation. Efforts were made to strengthen research platforms and team building, establishing research teams in biotechnology, soil health, and nutrient efficiency led by three chief scientists. These teams were tasked with accelerating the establishment of the “Bio+” R&D system and continuously developing “Bio+” research models while enhancing R&D throughput. In 2024, the Group’s R&D investment reached RMB132.04 million.

Transformation of Scientific and Technological Achievements

As at 31 December 2024, the Group has been granted a cumulative total of 539 patents. Among these, “A Salt-Tolerant *Bacillus Megaterium* Strain and its Applications” and “*Bacillus Subtilis* and its Application in Fertilizers” were awarded the Sinochem Holding’s Silver Patent Award, while “Dual-Effect Slow-Release Nitrogen Bio-Stimulant Liquid Fertilizer and its Preparation Method” received an Excellence Award. Additionally, two efficiency-enhancing technology R&D projects were awarded the Sinochem Holding’s Third Prize for Scientific and Technological Progress. The Group has developed six new or upgraded products, including “Huanfeng” (“Bio+” organic-inorganic fertilizer) and “Weidefeng” (“Bio+” potassium fertilizer), achieving industrial transformation through coordinated research, production, and sales. In 2024, the annual transformation of scientific research achievements exceeded 1.2 million tonnes, delivering comprehensive benefits such as soil improvement, enhanced nutrient efficiency, and increased yield and income.

Technological Innovation Breakthroughs

As an innovation leader in bio-fertilizers and soil health, the Group actively implements the “Store Grain in Technology” strategy amid the green development and new productivity transformation, aligning with the national policies of “zero growth” and “reduction with efficiency” in chemical fertilizers. In 2018, it pioneered the revolutionary product “Meilinmei” bio-phosphorus fertilizer, setting an industry precedent.

With strong R&D capabilities, the Group deepened collaborations with top domestic research institutions to enhance the technical content of “Bio+” products. In early 2023, the Group launched the third-generation bio-phosphorus fertilizer, tailored to market demands and crop characteristics, demonstrating its innovation and technical advantages in bio-fertilizers and providing robust scientific support for sustainable agriculture.

In the field of biotechnology, the Group has focused on key technologies such as biological nitrogen fixation, biological phosphorus solubilization, and synthetic biology. It has developed a novel strain of *Streptomyces* F9 to enhance soil nitrogenase activity, reducing nitrogen fertilizer usage by 20%. Additionally, the Group has developed *Bacillus megaterium* LD to improve phosphorus fertilizer efficiency by 10%, while simultaneously increasing beneficial rhizosphere microbial communities.

In terms of digital transformation, the Group conducted over 200 online agricultural technology live sessions during the Reporting Period, covering nine major crops including wheat and rice. We also produced more than 3,000 short videos aimed at benefiting farmers, reaching over 20 million farmer households and generating more than 2,000 effective leads across all channels. By establishing an innovation cycle of “technology R&D, transformation of scientific achievements, technological breakthroughs”, the Group continues to drive the green transformation of agriculture.

QUALITY PRODUCTS

With these continuous efforts, Sinofert's key progress in 2024 was achieved in three areas:

1. Breakthrough in Biological Nitrogen Fixation Technology

Sinofert successfully developed a biological nitrogen fixation technology that uses microbial metabolites to activate indigenous nitrogen-fixing bacteria in the soil. Initial trials showed that this technology reduces nitrogen fertilizer application by 20% in maize cultivation, providing an innovative solution for sustainable agriculture.

2. Integration and Application of Activated Carbon Technology

Sinofert integrated activated carbon technology to develop "Jirun", an organic water-soluble fertilizer for soil conditioning. This product significantly improves the rhizosphere microecology of crops in saline-alkali lands, enhances crop resilience, increases fertilizer efficiency by 6%–8%, and boosts yields by 10%–20%, offering effective support for saline-alkali land improvement and high-yield crop production.

3. Integration and Innovation of Bio-stimulant Technology

Sinofert integrated bio-stimulant technology to launch "Huanfeng", a "Bio+" organic-inorganic fertilizer. This product notably enhances soil fertility, promotes crop growth, improves fertilizer efficiency by approximately 5%–10%, and increases yields by 7%–15%. Additionally, quality indicators such as sugar-acid ratio and vitamin C content are improved by 3%–10%, providing technical assurance for high-yield and high-quality crop production.

Through continuous innovation and application of "Bio+" technologies, Sinofert injects new momentum into green agricultural development, contributing to comprehensive improvements in agricultural productivity and sustainability.

Customer Rights and Services

To enhance customer experience and satisfaction, the Group established a comprehensive customer service system dedicated to handling quality complaints and feedback. Through the establishment of an efficient workflow system, we improve division of departmental responsibilities. Upon receipt of product complaints and feedback, we will meticulously record customer's general information, complaint details, and product name under concern. If disputes remain unresolved through communication, cross-departmental technical consultations, on-site investigations, or services are arranged, along with detailed explanations and reassurance to ensure resolution. During the Reporting Period, 20 product/service complaints were received, with a 100% resolution rate and customer satisfaction.

Customer information is a vital asset of the Group and a core trade secret. We strictly adhere to relevant laws and regulations, including the “Consumer Rights Protection Law of the People’s Republic of China”, and ensure the accuracy and integrity of customer information in accordance with the “Sinochem Agricultural Fertilizer Business Customer Management Measures”, “Nong Xiaohui Privacy Policy”, and “Nongda Quan Privacy Policy”. Unauthorized disclosure of customer information by any individual is strictly prohibited.

Customer information (paper and electronic) is archived and stored in compliance with the “Archives Management Measures”. Disclosure of customer information may cause adverse impact and losses to the enterprise, customers and other stakeholders. To this end, we conduct annual sorting and verification of customer information, and each business department also organize regular/irregular inspections and return visits to verify information and collect customers needs and feedbacks. The sampling and return visit results will be recorded and filed, ensuring standardization and accuracy of customer information management.

Product Labelling and Advertising

To prevent dissemination of false information, and ensure reality of information, Sinofert strictly adheres to the “Advertising Law of the People’s Republic of China”, the “Trademark Law of the People’s Republic of China”, the “Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong)”, and other relevant laws and regulations. The Group also established the “Sinofert Packaging Management Measures” to regulate product packaging labels, information and promotional content, and strengthen marketing management.

We require product packaging and promotional designs to adhere to national standards, clearly demonstrating product effects and usage methods while avoiding exaggerated claims to ensure consumer confidence. Subsidiaries must undergo fertilizer efficacy verification as per the “Sinofert Domestic Compound Fertilizer Product Entry and Exit Management Measures” before finalizing packaging and promotion plans. Marketing and Product Lines are responsible for coordinating and executing online advertising planning/placement for brands/products and reviewing advertising content. If non-compliance is detected, the Marketing Department will immediately request rectification.

Furthermore, product packaging labelling is strictly governed by the “Sinofert Customer Management Measures” to prevent blurs brand marks or inconsistent packaging information. Terminal sales store construction/maintenance follows the “Sinofert Sales Store Management Measures” to further enhance controls on sales channel. In the event of abnormalities during production or after-sales services, the Quality Technology Department and Sales Management Department are authorized to conduct traceability, investigate root causes, and feedback to customers to ensure proper resolution.

PEOPLE-ORIENTATION

Sinofert upholds the philosophy of “human resources are the most important resources of the Group, mutually enhancing enterprise and employee’s values”, and considers employees as the Group’s most valuable resources, supporters of business development, and promoters of the third venture. We continuously build a value community between employees and the Group, promoting synergistic development and committing to lifelong care for our workforce.

From onboarding to retirement, the Group focuses on creating a warm, reliable, enjoyable, and efficient workplace. We actively enhance employees’ managerial and professional capabilities to build an exceptional team. Amid challenges of China’s liberalising fertilizer market and fierce competition, we stand shoulder-to-shoulder with employees to overcome difficulties. Looking ahead, we will continue cultivating a team with high combat effectiveness and strong cohesion, while striving to attract and retain key talents to drive shared progress between the enterprise and employees.

Protecting the rights of employees

Sinofert insists on legal employment, focusing on the protection of employee rights, comprehensively safeguarding employees’ rights in areas such as equal employment and democratic management, promoting diverse talent development, and providing strong support for the sustainable development of the Group.



Achieving employee’s values

Sinofert continues to increase investment in employee training, constantly enhancing employees’ business capabilities, and broadening their career development space, thus, maximizing employee’s value.



Fostering employee’s sense of belonging

Sinofert implements the “people-oriented” concept, strengthens corporate culture construction, and fully cares for employees, thus, reduces employee turnover rate, and enhances employees’ sense of belonging.



Employment Management

We strictly comply with employment laws and regulations that are relevant and have significant impact on the Group. We firmly believe that a stable and united workforce is crucial for the steady development of our business. Therefore, we actively implement human resources policies, striving to build a highly capable and cohesive team while providing employees with a robust platform for career growth.

Our employment management system covers the following key areas:

| | |
|--|---|
| Recruitment, dismissal, and promotion | <p>Recruitment and dismissal</p> <p>The Group strictly adheres to laws and regulations with material impact including the “Labour Contract Law of the People’s Republic of China”, “Labour Law of the People’s Republic of China”, “Implementation Regulations of the Labour Contract Law” and other relevant policies, while establishing internal policies such as the “Sinofert Employee Relations Management Measures” to safeguard employee rights through equal competition selection mechanisms for merit-based development, health and safety guarantees for workplace environments, legal rights protection, and sustainable incentive systems, explicitly prohibiting any form of child labour or forced labour under all circumstances. The Group prohibits any work by employees that is involuntary or poses safety hazards. All subsidiaries comply with legal requirements in paying employee wages and overtime compensation, with working hours and holidays regulated by national laws. The Group lawfully manages labour relations with employees, eliminating all forms of forced labour. During the recruitment process, employees are free to sign labour contracts of their own volition and has the right to resign.</p> <p>Promotion</p> <p>The Group upholds principles of openness, equality, competition, and meritocracy in personnel selection and promotion. Employees are promoted based on performance and ability, and positions are adjusted accordingly. We encourage employee to obtain higher positions and ranks through excellent performance and ability demonstration. To ensure positions and ranks are reasonable and applicable, and to meet the changing needs of the Group and business development, the Human Resources Department regularly revises and adjusts the Group-wide position and rank system based on market conditions and business performance.</p> |
| Labour Standards | <p>The Group strictly complies with “China’s Prohibition of Child Labour regulations”, the Human Resources Department conducts rigorous ID document verification during recruitment to ensure applicants meet the legal working age. In the event of child labour discovery, employment will be immediately terminated, followed by a dedicated team investigation to identify systemic gaps, implement remedial measures, strengthen policy provisions, and enhance proactive prevention/screening to eradicate recurrence.</p> |

**Equal opportunity,
diversity, and anti-
discrimination**

The Group strictly follows the “Law of the People’s Republic of China on the Protection of Women’s Rights and Interests” and the “Law of the People’s Republic of China on the Protection of Disabled Persons””, among other relevant laws and regulations. The Company is committed to building a diverse talent team, ensuring all employees are treated equally regardless of age, gender, religious belief, skin colour, physical disability, and cultural background. To achieve this, the Group has established a comprehensive democratic management system to ensure employees’ rights to know, express and supervise are protected. The Group is attentive to employees’ grievances, actively addressing their needs and feedback. In protecting the rights of female employees, the Group adheres to the principle of equal pay for equal work between men and women, ensuring fair compensation for female employees and prohibiting their employment in hazardous mining work.

**Remuneration, benefits,
and other welfare**

The Human Resources Department of the Group has formulated “Sinofert’s Regulations on Remuneration and Benefits” policy to optimize the structure of employee remuneration and benefits. This policy covers basic salaries, other allowances (where applicable), annual bonuses, mandatory provident funds, and state-managed retirement benefit schemes. The Group aims to establish a fair remuneration structure, aligning key employees’ interests with Sinofert’s performance and shareholder value, balancing short-term and long-term interests, and ensuring overall remuneration competitiveness. The importance of a position determines its pay scale; the more critical the role, the higher the proportion of performance-related bonuses in direct compensation. This policy is designed to attract, retain, and motivate the talent needed for Sinofert’s operations while avoiding excessive incentives. Sinofert conducts annual reviews of its remuneration policy and consults with professional advisors as necessary to ensure our remuneration policy remains fair internally and competitive externally, enhancing employees’ sense of belonging and supporting the Group’s long-term business development.

**Working hours and rest
periods**

In compliance with the “Sinofert Attendance and Holidays Management Measures”, the Group implements a 5-day workweek (8:30–12:00 AM/13:00–17:30 PM), with subsidiaries adjusting specific hours lawfully and compliantly based on operational needs. Employees enjoy statutory holidays and annual leave as mandated by national regulations. For employees on sick leave (due to illness or non-work-related injuries), the Group provides paid sick leave to safeguard medical leave entitlements. Additional leave benefits include marriage leave, maternity leave, and bereavement leave. The Company actively encourages employees to balance work and rest to ensure physical/mental health and work efficiency.

**Labour Dispute
Management and
Resolution**

A Labour Dispute Mediation Committee has been established to exercise mediation functions in accordance with the law. During the performance of labour contracts, any disputes between employees and the Group are resolved primarily through the employee grievance channel, following the principle of negotiation first and mediation second.

If the issue cannot be resolved through the normal employee grievance channel, a written mediation application can be submitted to the Group's Labour Dispute Mediation Committee. Upon receiving the application, the committee will conduct mediation in accordance with the law. If no mediation agreement is reached within 15 days of the committee receiving the application, or if one party fails to fulfil the mediation agreement within the agreed period, the other party may apply for arbitration in accordance with the law.

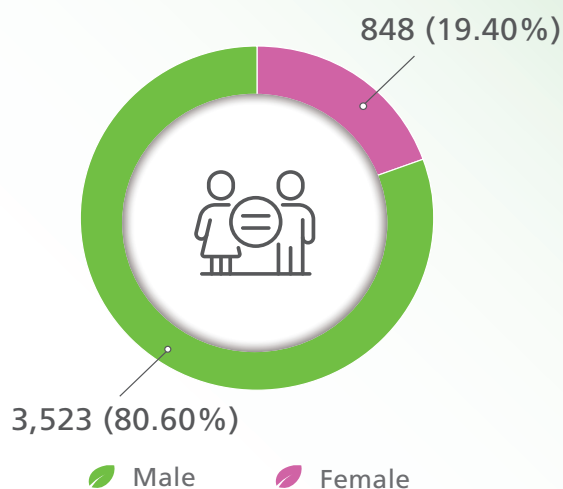
Sinofert adheres to the following laws and regulations related to compensation, termination, recruitment, promotion, working hours, holidays, equal opportunities, diversity, anti-discrimination, other benefits and welfare (including but not limited to):

- Labour Contract Law of the People's Republic of China
- Labour Law of the People's Republic of China
- Implementation Regulations of the Labour Contract Law of the People's Republic of China
- Employment Promotion Law of the People's Republic of China
- Social Insurance Law of the People's Republic of China
- Law of the People's Republic of China on the Protection of Women's Rights and Interests
- Law of the People's Republic of China on the Protection of Disabled Persons
- Regulations on the Employment of Persons with Disabilities
- Measures for the National Annual Festivals and Commemorative Days Holidays
- Labour Dispute Mediation and Arbitration Law of the People's Republic of China
- Regulations on Paid Annual Leave for Employees
- Provisions on the Prohibition of Child Labour
- Law of the People's Republic of China on the Protection of Minors

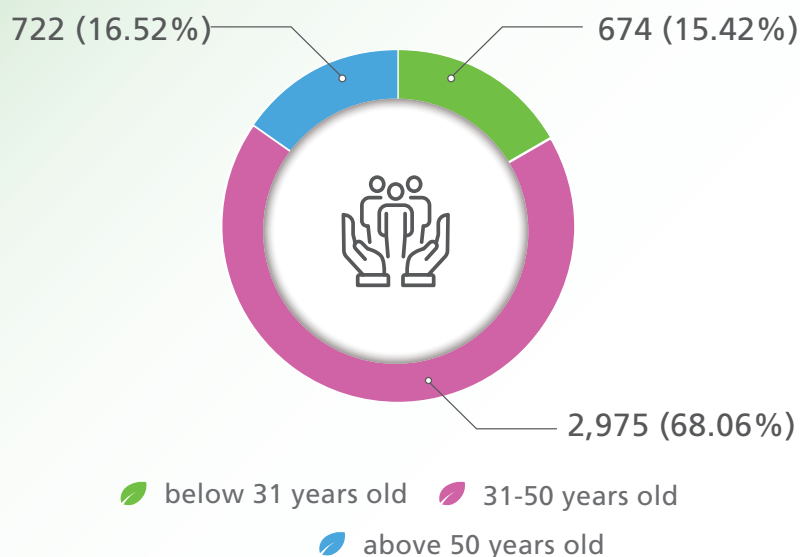
PEOPLE-ORIENTATION

As at 31 December 2024, Sinofert had a total of 4,371 employees, all of whom were full-time employees. The number of employees categorized by gender, age, geographic location, employee type, education attainment and level of disabilities, and the overall employee turnover rate during this Year, are shown below:

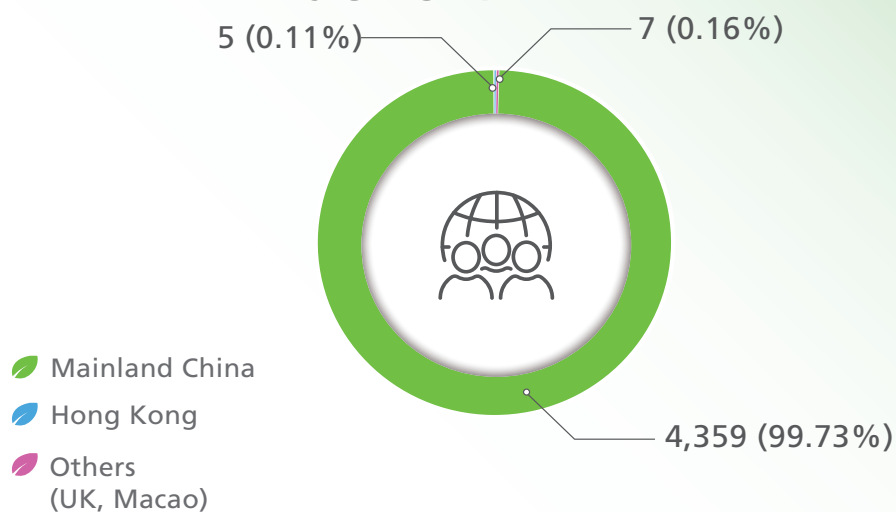
The number and percentage of workforce by gender



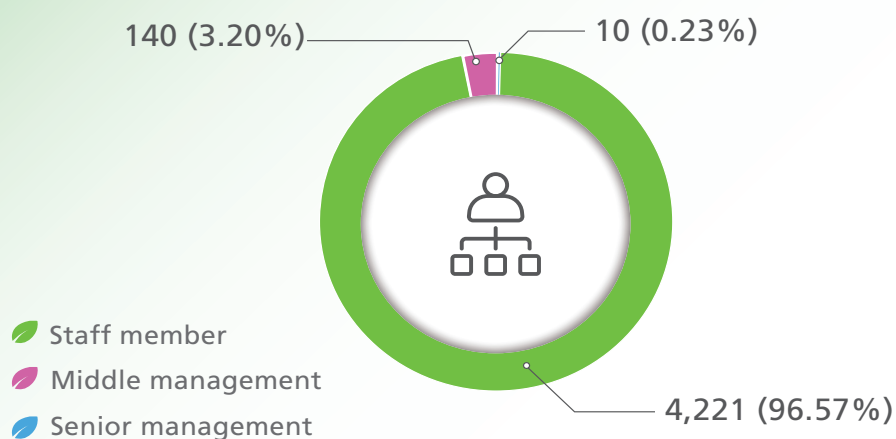
The number and percentage of workforce by age



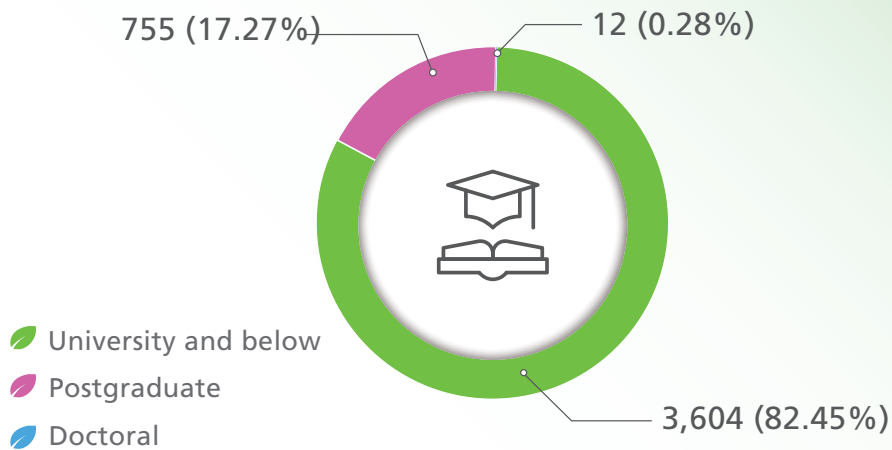
The number and percentage of workforce by geographic location



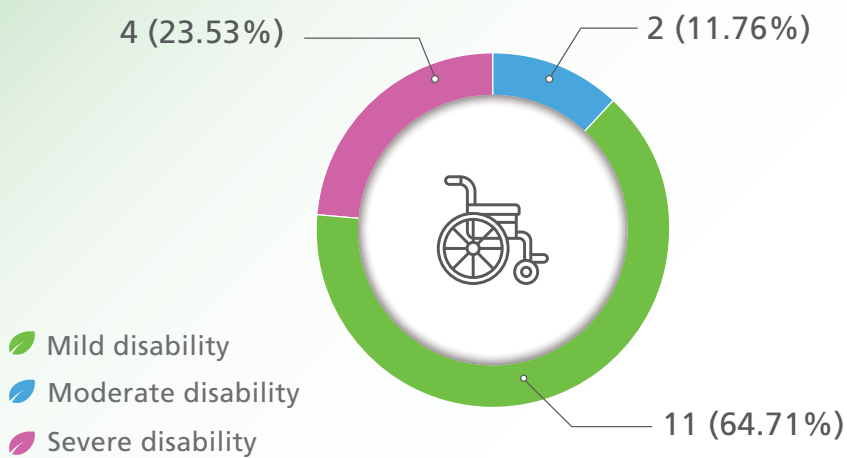
The number and percentage of workforce by type of employment



The number and percentage of workforce by educational attainment



The number and percentage of disabled workforce by level of disability



| Employee turnover rate ²⁶ | | |
|--------------------------------------|--------|--------|
| Indicators | 2024 | |
| Gender | Number | Ratio |
| Male | 236 | 6.70% |
| Female | 49 | 5.78% |
| Age Group | Number | Ratio |
| below 31 years old | 41 | 6.08% |
| 31 – 50 years old | 138 | 4.64% |
| above 50 years old | 106 | 14.68% |
| Geographic Location | Number | Ratio |
| Mainland China | 283 | 6.49% |
| Hong Kong | 1 | 20.00% |
| Other regions | 1 | 14.29% |

²⁶ Formula for calculation of employee turnover rate: number of employees in the specified category leaving employment / total number of employees in the specified category x 100%.

PEOPLE-ORIENTATION

Employee Care

While assisting employees in refining training plans and career advancement pathways, the Group also prioritizes physical and mental well-being. To this end, we offer diverse activities to enrich extracurricular life and enhance job satisfaction.

In 2024, the Group launched the “Cultivation Plan” to honour every employee who has worked quietly and selflessly at Sinofert. By documenting the stories of long-serving staff, the initiative highlights their diligence and resilience in ordinary roles. More than just recognition for hard work, the Plan aims to inspire continuous improvement among contributors, fostering a cohesive force of upward momentum and shared values, uniting us to contribute to Sinofert’s brilliant future together.



During the Reporting Period, the Group conducted an engagement survey, focusing on issues such as company identification and employee sense of belonging. A total of 3,584 employees participated in the survey. The results of the survey demonstrated that employees have a strong identification with and belonging to the organization, achieving an engagement score of 84.

Occupational Safety and Health

The Group is committed to providing a healthy, safe, and environmentally friendly workplace, consistently adhering to the occupational health principle of “prevention first, combining prevention and control, and comprehensive management”. We strictly comply with laws and regulations including the “Work Safety Law of the People’s Republic of China”, “Fire Protection Law of the People’s Republic of China”, “Emergency Response Law of the People’s Republic of China”, “Regulations on the Safety Management of Hazardous Chemicals”, “Occupational Disease Prevention and Control Law of the People’s Republic of China”, and regulatory requirements such as the “Workplace Occupational Health Supervision and Management Provisions” and “Employer Occupational Health Surveillance Supervision and Management Measures”. Our management system of “enterprise-led responsibility, tiered management, and regular assessment” ensures effective implementation of occupational health practices.

In 2024, we strived to achieve “zero major or higher-level production accidents”, “zero level IV or worse environmental incidents”, and “zero occupational disease hazards”, safeguarding stable operations and a safe workplace within the Group.

As the primary responsible entity for occupational health and safety, the Group’s leadership assumes full accountability for workplace’s occupational safety and health. We adopted key measures below to ensure work safety:

1. **Establishing an OH&S management system:** Designating the HSE & Industrial Management Department to oversee occupational hazard prevention.
2. **Deploying specialized personnel:** Assigning dedicated occupational health professionals, with Human Resources Department and trade unions assisting in supervision to ensure operational safety.
3. **Enforcing internal policies:** Implementing internal policies such as the “Sinofert Occupational Health Management Measures”, “Sinofert Health, Safety, and Production Management Measures”, “Sinofert HSE Management Regulations”, “Sinofert HSE Training Standards”, “Sinofert Chemical Process Safety Control Standards”, and “Sinofert HSE Emergency Management Protocols”, minimizing the risks associated with occupational safety and health.

PEOPLE-ORIENTATION

Additionally, we prioritize specific works such as hazard warnings and communication, project reporting, monitoring and assessment, incident response and reporting, and emergency rescue management. These ensure comprehensive implementation of occupational health and safety, providing reliable protection.



Sinochem Changshan, Shandong Fertilizer, Sinochem Yunlong, Sinochem Ecology and Xinjiang Plant have obtained ISO 45001 Occupational Health and Safety Management System Certification.

Culture of Safety

The Group attaches great importance to the safety and health of employees. It enrolls work-related injury insurance in accordance with the law and pays relevant fees for all employees. At the same time, we strengthen the work safety system to ensure a safe and healthy working environment. To this end, the Group has formulated the “Sinofert HSE Hidden Danger Governance Management Standard” and actively carried out hidden danger investigations, with special attention to key areas such as fire safety and hazardous chemical handling. Once hidden dangers are discovered, relevant departments will promptly inspect, verify and quickly eliminate them to ensure the safety of workshops. In addition, we entrust qualified technical service institutions to conduct occupational hazard factor tests at least once a year. For subsidiaries or departments with relatively serious occupational hazards, we conduct an evaluation of the current situation of occupational hazards at least once every three years, and make improvements and rectifications based on the evaluation results to further safeguard the health and safety of employees.

Annually, in accordance with internal policies, the Group provides pre-employment and on-the-job occupational health and safety training for employees at all levels, along with regular assessments. The training covers leaders, managers, and operational staff across the organization, with content tailored to practical needs. Training materials are developed, and a comprehensive training system is gradually being established.

The training content covers multiple occupational health and safety topics, including:

- Instructions on the use of personal protective equipment;
- Guidelines for fire safety management;
- Interpretation of laws and regulations related to occupational health;
- Emergency rescue procedures for acute occupational injuries.

During the Reporting Period, production enterprises of the Group conducted a total of 2,684 training activities, including safety training for key personnel, safety awareness consultation days, accident case studies, legal and regulatory briefings, and safety knowledge competitions, with a participation of 92,877 individuals.

Additionally, the Group have implemented measures such as reasonable work-rest management, regular training, information communication, and emergency drills to enhance employees’ awareness of occupational health and safety, improve their self-protection capabilities, and minimize the risk of occupational accidents, ensuring the health and safety of our employees.

PEOPLE-ORIENTATION

Below are the annual figures for the past three years (including the current year) regarding the number of work-related fatalities, the fatality rate, and the number of workdays lost due to occupational injuries:

| Indicators | 2024 | 2023 | 2022 | Unit |
|--|------|-------|------|------------|
| Number of work-related fatalities | 0 | 1 | 0 | Person |
| Rate of work-related fatalities | 0 | 0.02% | 0 | Percentage |
| Workdays lost due to occupational injuries ²⁷ | 205 | 276 | 10 | Day |

Employee Training and Development

The Group firmly believes that employee progress is inseparable from the Group's development. We respect employees' individuality and aspirations, advocate for equal development opportunities for all, and place full trust in our employees by empowering them accordingly. At the same time, we closely align our business strategy with core organizational capabilities, focusing on the implementation of the "Bio+" strategy, and continuously refining the talent development framework. We are building five talent teams across research, production, sales, management, and young professionals, accelerating talent growth and creating clear career development pathways.

To drive stable industrial chain development, we focus on upgrading employees' comprehensive quality and professional skills, ensuring synchronized growth between individuals and corporate competitiveness. Through strict enforcement of the "Sinofert Training Management Measures" and "Sinofert Internal Trainer Management Measures", we have established a scientific and systematic talent development framework, creating a learning-oriented organization to comprehensively enhance employees' capabilities and qualities, ensuring the effective implementation of our talent strategy.

²⁷ The number of workdays lost is defined as the workdays lost as a result of accidents (other than serious injuries) that materially cause injury or occupational disease in which the person is absent from work due to the injury or disease for at least one day counting from the day following the day of the injury or disease.

Leveraging internal resources, we institutionalize knowledge transfer by standardizing the selection, development, and incentive mechanisms for internal trainers, providing curriculum guarantees for talent development. Tailoring to the Group's business strategies and core organizational capabilities, we fully empower Sinofert's employee talent team, and implement diversified talent programs. Below outlines the training initiative carried out by the Group for different personnel:

| | |
|-------------------------------|--|
| For Industrial Talents | <ul style="list-style-type: none"> Implement the "Production Wings Talent Development Programme" to enhance the team management and operational excellence capabilities of industrial management talents reserve. Continue to advance the implementation and completion of the 2022-2024 Industry-Education Integration Plan, driving the continuous improvement of the overall competency level of skilled personnel. |
| For Marketing Talents | <ul style="list-style-type: none"> Implement the "Marketing Wings Talent Development Programme" to enhance the comprehensive vision and capabilities of marketing management talents reserve in "leading teams", "executing business", and "driving innovation". Organize the "Technical Marketing Masters Competition" to promote the improvement of technical service capabilities among marketing personnel. |
| For R&D Talents | <ul style="list-style-type: none"> Developed the "Elite Youth Scientist Programme", leveraging mentorship from senior experts and intensive training to groom mid-career researchers. |
| For Young Talents | <ul style="list-style-type: none"> Sustained the New Feather Graduate Scheme to build a pipeline of young professionals. |
| For All Employees | <ul style="list-style-type: none"> Rolled out the "Gravity Learning Programme" to strengthen organizational core competencies. Expanded the "Zigzag Career Stream Rotation Programme" to foster talent mobility and cross-functional expertise. Utilized online platforms to ensure wide coverage of onboarding training, safety, and compliance modules for new hires. |

MOMENT CAPTURES OF SINO FERT'S TRAINING AND DEVELOPMENTS FOR EMPLOYEES



2024 "Gravity" Strategic Product Initiative



2024 "Gravity" Scientist Lecture Series



2024 "Marketing Wings"
Talent Development Program



2024 "New Feathers" Management Trainee
Empowerment Camp & Cohort II Graduation

CASE SHARING: CHIEF SCIENTIST AND T4 EXPERTS, DUAL INSTRUCTORS EMPOWERING THE CULTIVATION OF YOUNG TALENTS IN SCIENCE AND TECHNOLOGY

This Year, Sinofert officially launched its “Elite Programme” for young scientific and technological talent development, hosting two mentorship ceremonies at the Linyi R&D Centre. Three chief scientists and five T4 R&D experts joined hands with 16 young scientific talents, forming mentor-mentee pairs under the “1+1” dual-mentor model, embarking on an innovative journey of knowledge.

The “Elite Programme” is guided by Sinochem Holding’s “Talent-Driven Enterprise” strategy and closely aligned with the Group’s “Bio+” development layout and the talent pipeline construction needs of its R&D teams. It is jointly promoted by the Human Resources Department and the Linyi R&D Centre. The programme comprehensively cultivates young scientific talents with technological innovation capabilities, product development skills, and market and industrial insights through mechanisms such as expert mentorship, market exposure, comprehensive training, and knowledge sharing.

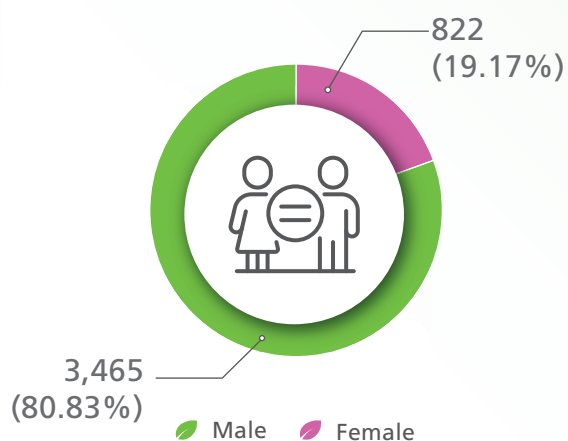
Among these, the expert mentorship mechanism fully integrates the resource advantages of chief scientists and T4 experts, using key projects at the Linyi R&D Centre as practical platforms. Under the professional guidance, feedback, and evaluation of mentors, young talents deepen their expertise, broaden their academic horizons, and enhance their systematic thinking, injecting continuous vitality into the company’s technological innovation.



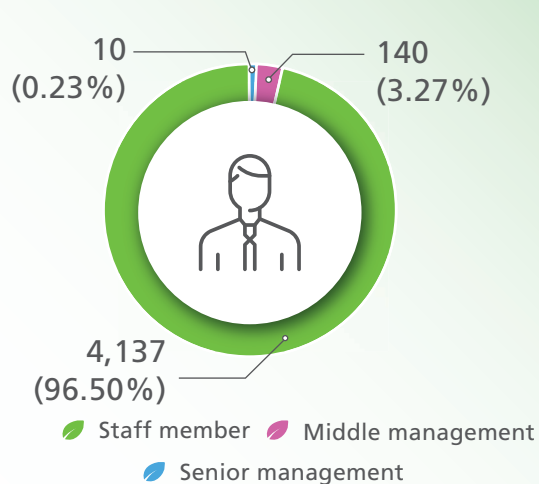
PEOPLE-ORIENTATION

The following shows the percentage of employees who received training and the average training hours during the Reporting Period, categorized by gender and employee type. ^{28 29}:

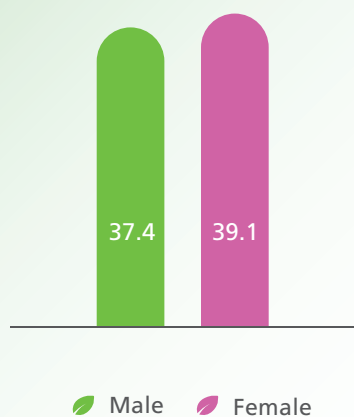
The percentage of employees' training by gender



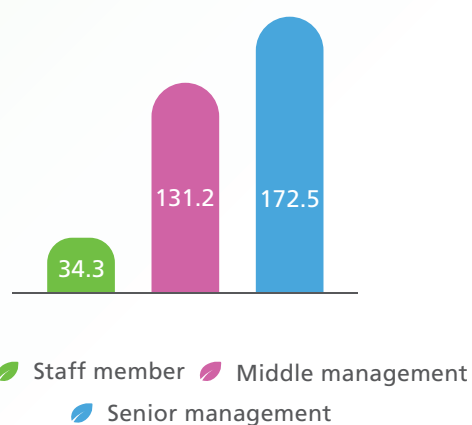
The percentage of employees' training by type of employment



The average training hours completed per employee by gender



The average training hours completed per employee by type of employment



²⁸ Formula for calculation of percentage of employees trained: number of employees trained in the category / total number of employees trained x 100%.

²⁹ Formula for calculation of average training hours of employees: total training hours of employees in the category / total number of employees in the category.



PARTNERSHIP

The Group has always been committed to fulfilling corporate social responsibility, fostering long-term, mutually beneficial partnerships with our collaborators and the communities in which we operate. We actively promote the assumption of environmental and social responsibilities among our suppliers, whilst encouraging employees to participate in community welfare activities, thereby giving back to society through tangible actions.

Sustainable Value Chain Management

The Group has always adhered to the mission of wholeheartedly serving Chinese farmers, fully leveraging its leadership advantages in the industry and continuously deepening the construction of the service system for agriculture. The Group consistently strengthen and expand supply channels, enhance resource acquisition capabilities, and ensure the stable supply of fertilizers. As a member of the International Fertilizer Association (IFA), we possess over sixty years of experience in international fertilizer trade and an extensive international trade network, making us a key channel for China's fertilizer imports. In terms of potash fertilizer imports, we have established close strategic partnerships with major international suppliers such as Canpotex Limited (Canpotex, Canada) and Arab Potash Company (APC, Jordan), continuously maintaining the global potash fertilizer market's status of competitive price. This has effectively ensured the stability of supply and price in the domestic potash fertilizer market.

To promote win-win and sustainable development with our partners, as well as to improve environmental and social risk management, the Group is committed to establishing a responsible and transparent supply chain management system. We strictly implement regulations such as the "Sinochem Holdings Procurement Management Regulations", "Sinochem Holdings Supplier Management Measures", "Sinofert Indirect Procurement Management Measures", "Sinofert Packaging Management Measures", "Sinofert Supplier Management Measures", "Sinofert Logistics Service Provider Management Measures", and "Standards for the Admission and Exit of Sinofert Packaging Suppliers".

The supply chain management work is coordinated by the Supply Chain Management Department, which is responsible for comprehensive management and supervision work such as access approval, inspection, supervision, and evaluation grading. The specific responsibilities include, but are not limited to, the following:

- Conduct background checks on supplier companies through means such as public consultations and on-site inspections
- Establish and improve the supplier database by classification and grading
- Establish a supplier evaluation system, organize dynamic evaluation and assessment of suppliers, and continuously optimize the supplier structure

PARTNERSHIP

The Group places great importance on managing environmental and social risks across all stages of the supply chain, consistently choosing suppliers with strong environmental and social performance. On the environmental front, we prioritize suppliers with robust environmental management systems, particularly those certified under ISO 14001 or equivalent standards. On the social front, we have established a supply chain assessment and evaluation system, formulating evaluation methods and indicators to comprehensively assess suppliers' environmental and social performance.

The following table shows the supplier evaluation and assessment grades:

| Grade | A (Excellent) | B (Good) | C (Qualified) | D (Eliminated) |
|-------|------------------|-----------------------------|-----------------------------|-------------------|
| Score | Score ≥ 90 | $80 \leq \text{Score} < 90$ | $60 \leq \text{Score} < 80$ | Score < 60 |

According to the evaluation and assessment ratings, if a supplier is rated as elimination level (D grade), we will suspend cooperation and, depending on the circumstances, require the supplier to submit a rectification report and plan, which will be reviewed and filed by the Supply Chain Management Department and the relevant demand departments. The responsible departments will subsequently decide whether to resume cooperation based on the supplier's rectification measures and outcomes, thereby effectively mitigating potential environmental and social risks within the supply chain.

In addition, to promote the use of environmentally friendly products and services, the Group strictly adheres to national policies such as "carbon peaking and carbon neutrality" in procurement, advocating for green and sustainable purchasing. In terms of equipment selection, we prioritize high-efficiency, energy-saving, and emissions-reducing products with environmental certifications, while phasing out high-energy-consuming equipment. We also reduce or cease the use of products that waste energy and water resources, and select suppliers that align with sustainable principles. This approach enhances overall efficiency and drives energy-saving development.

By integrating information such as suppliers' regional distribution, nature, and supply chain networks, the Group has achieved comprehensive and efficient supplier management. During the Reporting Period, we approved 298 suppliers, including suppliers of production and operational materials (direct procurement) and indirect procurement suppliers. All suppliers were assessed and selected in strict accordance with the policies of the Company.

The following shows the number of suppliers by region in the current year:

| Total number of suppliers (by geographical region) | 2024 | Unit |
|--|-------|------|
| Mainland China | 2,159 | Unit |
| Overseas | 22 | Unit |

As a responsible manufacturer, the Group not only strictly monitors supplier performance but also maintains close ties and cooperation with downstream distributors. To ensure product quality, we clearly mark packaging guidelines (e.g. moisture-proof, sun-protection, seed-fertilizer separation) to assist distributors and end-buyers maintain proper storage and use. Additionally, we regularly remind distributors to monitor warehouse conditions, especially before the rainy season, conducting visits and providing improvement suggestions to distributors with weak storage facilities to ensure fertilizer quality and achieve end-to-end supply chain communication.

Community Welfare

As a leading integrated agricultural input enterprise, Sinofert has consistently placed corporate social responsibility at the core of its strategic development, continuously contributing to the advancement of agricultural development in China. While pursuing business growth, we actively participate in various community investment initiatives, gaining a deep understanding of the needs of the communities where we operate. Through diverse approaches such as poverty alleviation, educational support, and promoting the modernization of agriculture and rural areas, we establish close ties with local communities, fostering the sustainable development of both the Group and the society.

During the Reporting Period, we provided targeted support for agricultural products and procured agricultural and sideline products from designated assistance areas, with total support totalling RMB684,700. Through charitable educational assistance initiatives, the Group donated a total of RMB261,300 in scholarships. Employees contributed over 1,573 hours of volunteer service in total.

Details of certain charitable initiatives are disclosed below:

2024 'CHARITY EDUCATION ASSISTANCE' PROGRAMME

On 23 and 26 August 2024, Sinochem Yunlong held "Charity Education Assistance" events in Yize Village, Gongshan Town, Xundian County, and Pulu and Fulu Villages, Xianfeng Town, under the theme "Charity Education Assistance, Realizing Dreams for the Future". These events continued to spread warmth and hope. Since 2016, Sinochem Yunlong has carried out this public welfare initiative for nine consecutive years, helping countless students achieve their dream of attending university through practical actions. This initiative has infused rural revitalization with educational momentum, demonstrating the Company's sense of social responsibility and mission.



LAUNCH OF THE INAUGURAL “PIONEER EDUCATION” CHARITY PROGRAM

The Group hosted the first “Pioneer Club” event in Qingdao, Shandong. While having business and strategic dialogues with key clients, the Group partnered with charitable organizations in Ar Horgin Banner, Inner Mongolia, to launch a charity program “Love for Education, Building Dreams”, bringing warmth and hope to the students at Gangtai Primary School in Tianshan Town.

At the event, Pioneer Club members inscribed heartfelt messages on donation cards, pairing them with books and stationery to send care and blessings to the depths of the grassland. Each “love schoolbag” carried not just donations but ignited children’s dreams, reflecting Sinofert’s commitment to balancing business success with unwavering social responsibility.



APPENDIX 1: INDEX OF THE STOCK EXCHANGE'S ESG GUIDE

| Mandatory Disclosure Requirements | | Relevant Sections in this Report/Remarks |
|-----------------------------------|--|--|
| Governance Structure | <p>A statement issued by the Board of Directors containing:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. | ESG Governance |
| Reporting Principles | A description of, or an explanation on, the application of the Reporting Principles in the preparation of the ESG report. | Reporting Standards |
| Reporting Boundary | A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change. | Reporting Scope |

APPENDIX 1: INDEX OF THE STOCK EXCHANGE'S ESG GUIDE

| Aspect | Key Performance Indicators | Description | Relevant Sections in this Report/ Remarks |
|---------------|----------------------------|---|--|
| Environment | | | |
| A1: Emissions | General Disclosure | Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Environmental Objectives and Compliance/ Resources and Recycling/ Emissions and Pollutants |
| | A1.1 | The types of emissions and respective emissions data. | Emissions and Pollutants |
| | A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Energy Management |
| | A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Waste Management |
| | A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Waste Management |
| | A1.5 | Description of emissions target(s) set and steps taken to achieve them. | Climate Change/ Emissions and Pollutants |
| | A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | Waste Management |

APPENDIX 1: INDEX OF THE STOCK EXCHANGE'S ESG GUIDE

| Aspect | Key Performance Indicators | Description | Relevant Sections in this Report/ Remarks |
|---|----------------------------|--|---|
| A2: Use of Resources | General disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | Environmental Objectives and Compliance/ Resources and Recycling |
| | A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | Energy Management |
| | A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility.) | Water Resources |
| | A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Energy Management |
| | A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | Water Resources |
| | A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Packaging Materials |
| A3: The Environment and Natural Resources | General Disclosure | Policies on minimising the issuer's significant impacts on the environment and natural resources. | Environmental Objectives and Compliance/ Natural Resources Protection |
| | A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Environmental Objectives and Compliance/ Natural Resources Protection |

APPENDIX 1: INDEX OF THE STOCK EXCHANGE'S ESG GUIDE

| Aspect | Key Performance Indicators | Description | Relevant Sections in this Report/ Remarks |
|-------------------|----------------------------|--|---|
| A4:Climate Change | General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | Climate Change |
| | A4.1 | Description of the significant climate related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Climate Change |
| B. Social | | | |
| B1: Employment | General Disclosure | Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare. | Employment Management |
| | B1.1 | Total workforce by gender (for example, full- or parttime)), employment type, age group and geographical region. | Employment Management |
| | B1.2 | Employee turnover rate by gender, age group and geographical region. | Employment Management |

APPENDIX 1: INDEX OF THE STOCK EXCHANGE'S ESG GUIDE

| Aspect | Key Performance Indicators | Description | Relevant Sections in this Report/ Remarks |
|------------------------------|----------------------------|---|---|
| B2: Health and Safety | General Disclosure | Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | Occupational Safety and Health |
| | B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Occupational Safety and Health |
| | B2.2 | Lost days due to work injury. | Occupational Safety and Health |
| | B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored | Occupational Safety and Health |
| B3: Development and Training | General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities | Employee Training and Development |
| | B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | Employee Training and Development |
| | B3.2 | The average training hours completed per employee by gender and employee category. | Employee Training and Development |

APPENDIX 1: INDEX OF THE STOCK EXCHANGE'S ESG GUIDE

| Aspect | Key Performance Indicators | Description | Relevant Sections in this Report/ Remarks |
|-----------------------------|----------------------------|--|---|
| B4: Labour Standards | General Disclosure | Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | Employment Management |
| | B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Employment Management |
| | B4.2 | Description of steps taken to eliminate such practices when discovered. | Employment Management |
| B5: Supply Chain Management | General Disclosure | Policies on managing environmental and social risks of the supply chain. | Sustainable Value Chain Management |
| | B5.1 | Number of suppliers by geographical region. | Sustainable Value Chain Management |
| | B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | Sustainable Value Chain Management |
| | B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Sustainable Value Chain Management |
| | B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Sustainable Value Chain Management |

APPENDIX 1: INDEX OF THE STOCK EXCHANGE'S ESG GUIDE

| Aspect | Key Performance Indicators | Description | Relevant Sections in this Report/ Remarks |
|----------------------------|----------------------------|--|---|
| B6: Product Responsibility | General Disclosure | Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress | Product Responsibility/ Product Labelling and Advertising/ Customer Rights and Services |
| | B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Product Responsibility |
| | B6.2 | Number of products and service-related complaints received and how they are dealt with. | Customer Rights and Services |
| | B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Research and Innovation |
| | B6.4 | Description of quality assurance process and recall procedures. | Product Responsibility |
| | B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | Customer Rights and Services |

APPENDIX 1: INDEX OF THE STOCK EXCHANGE'S ESG GUIDE

| Aspect | Key Performance Indicators | Description | Relevant Sections in this Report/ Remarks |
|--------------------------|----------------------------|--|---|
| B7: Anti-Corruption | General Disclosure | Information on: (a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | Integrity Compliance and Anti-Corruption |
| | B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases. | Integrity Compliance and Anti-Corruption |
| | B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | Integrity Compliance and Anti-Corruption |
| | B7.3 | Description of anti-corruption training provided to directors and staff | Integrity Compliance and Anti-Corruption |
| B8: Community Investment | General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests | Community Welfare |
| | B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | Community Welfare |
| | B8.2 | Resources contributed (e.g. money or time) to the focus area. | Community Welfare |

APPENDIX 2: INDEX FOR ESG REPORTS OF LISTED COMPANIES CONTROLLED BY CENTRAL GOVERNMENT

| Disclosure | Related Chapters/ Remarks |
|---|---|
| Basic Corporate and Reporting Information | Overview of the Group |
| ESG Management | ESG Governance |
| ESG Risks and Opportunities | ESG Risk Management |
| Stakeholder Communication | Stakeholder Engagement & Materiality Assessment |
| Materiality Assessment | Stakeholder Engagement & Materiality Assessment |

APPENDIX 2: INDEX FOR ESG REPORTS OF LISTED COMPANIES CONTROLLED BY CENTRAL GOVERNMENT

| Disclosure | | | Related Chapters/ Remarks |
|--|---------------------|--------------------------------------|--|
| Environmental Category Indicators | | | |
| Level 1 Indicators | Level 2 Indicators | Level 3 Indicators | |
| Resource Consumption | Water Resource | Fresh Water Withdrawal | Water Resources |
| | | Recycled Water Consumption | |
| | | Percentage of Recycled Water | |
| | | Water Consumption Intensity | |
| | Material | Non-renewable Material Consumption | Packaging Materials/ Waste Management |
| | | Toxic/Hazardous Material Consumption | |
| | | Material Consumption Intensity | |
| | Energy | Fossil Energy Consumption | Energy Management |
| | | Non-Fossil Energy Consumption | |
| | | Total Energy Consumption | |
| | | Energy Consumption Intensity | |
| | Packaging materials | Packaging materials used | Packaging Materials |

APPENDIX 2: INDEX FOR ESG REPORTS OF LISTED COMPANIES CONTROLLED BY CENTRAL GOVERNMENT

| Disclosure | | | Related Chapters/ Remarks |
|----------------------------------|-------------|---|--------------------------------|
| Pollution prevention and control | Wastewater | Compliance Status of Wastewater Discharge | Wastewater (Sewage) Management |
| | | Wastewater Management & Emission Reduction Measures | |
| | | Wastewater Discharge Volume | |
| | | Wastewater Pollutants | |
| | Exhaust gas | Compliance Status of Exhaust Gas Emissions | Exhaust Gas Management |
| | | Exhaust Gas Pollutant Emissions | |
| | Solid Waste | Compliance Status of Solid Waste Disposal | Waste Management |
| | | General Industrial Waste Management | |
| | | Disposal Volume of General Industrial Waste | |
| | | Hazardous Waste Management | |
| | | Disposal Volume of Hazardous Waste | |

APPENDIX 2: INDEX FOR ESG REPORTS OF LISTED COMPANIES CONTROLLED BY CENTRAL GOVERNMENT

| Disclosure | | | Related Chapters/ Remarks |
|----------------|---|---|------------------------------|
| Climate Change | Greenhouse gas emissions | Sources & Types of GHG Emissions | Energy Management |
| | | GHG Emission Management | |
| | | Scope 1-3 Emissions | |
| | | GHG Emission Intensity | |
| | Emission Reduction Management | GHG Emission Reduction Management | Climate Change |
| | Climate Risk Management | Climate Risk Management | |
| Biodiversity | Impacts of Production, Services & Products on Biodiversity & Mitigation | Impacts of Production, Services & Products on Biodiversity & Mitigation | Natural Resource Protection |

APPENDIX 2: INDEX FOR ESG REPORTS OF LISTED COMPANIES CONTROLLED BY CENTRAL GOVERNMENT

| Disclosure | | | Related Chapters/ Remarks |
|--|---|--|---|
| Resource & Environmental Management Systems & Measures | Low-Carbon Development Targets & Strategies | Low-Carbon Development Targets & Strategies | Environmental Objectives and Compliances/ Climate Change |
| | Resource Management Measures | Water Resource Management | Water Resources |
| | | Material Usage Management | Packaging Materials |
| | | Energy Usage & Energy-Saving Management | Resources and Recycling |
| | Green Environmental Initiatives & Measures | Clean Production | Resources and Recycling/ Emissions and Pollutants/ Climate Change |
| | | Green Technology Upgrades & Circular Utilisation | |
| | | Green Procurement & Green Supply Chain Management | Sustainable Value Chain Management |
| | | Environmental Public Welfare Activities | Community Welfare |
| | Green & Low-Carbon Certifications | Environmental Management System Certification | Environmental Objectives and Compliances |
| | Environmental Compliance | Emergency Plans for Sudden Environmental Incidents | Climate Change |
| | | Non-Compliance Incidents in Environmental Areas | Environmental Objectives and Compliances |

APPENDIX 2: INDEX FOR ESG REPORTS OF LISTED COMPANIES CONTROLLED BY CENTRAL GOVERNMENT

| Disclosure | | | Related Chapters/ Remarks |
|-----------------------------------|-------------------------------------|---|---------------------------------|
| Social Category Indicators | | | |
| Level 1 indicators | Level 2 indicators | Level 3 indicators | |
| Employee Rights and Benefits | Employee Recruitment and Employment | Recruitment Policies & Implementation | Employment Management |
| | | Employee Demographics | |
| | | Child & Forced Labour Prevention | |
| | Employee Compensation and Benefits | Compensation Philosophy & Policies | Employment Management |
| | | Working Hours & Leave Policies | |
| | | Compensation & Welfare Guarantees | |
| | Employee Health and Safety | Occupational Health & Safety Management | Occupational Safety & Health |
| | | Safety Risk Prevention | |
| | | Work-Related Accident Response | |
| | | Employee Care & Support | Employee Care |
| | Employee Development and Training | Incentive & Promotion Policies | Employee Training & Development |
| | | Education & Training Programs | |
| | | Career Planning & Transition Support | |
| | Employee Satisfaction | Employee Satisfaction Survey | Employee Training & Development |
| | | Labour Disputes | Employment Management |
| | | Employee Turnover | Employment Management |

APPENDIX 2: INDEX FOR ESG REPORTS OF LISTED COMPANIES CONTROLLED BY CENTRAL GOVERNMENT

| Disclosure | | | Related Chapters/ Remarks |
|------------------------------------|---------------------------------|---|------------------------------------|
| Product and Service Management | Product Safety and Quality | Production Compliance Policies & Measures | Product Responsibility |
| | | Quality Management | |
| | | Product Recall & Withdrawal | |
| | Customer Service and Rights | Customer Satisfaction | Customer Rights & Services |
| | | Customer Complaints & Resolution | |
| | | Customer Data Privacy | |
| | Innovation and Development | R&D & Innovation Management System | Research and Innovation |
| | | R&D Investment | |
| | | Innovation Achievements | |
| | | IP Protection | |
| Supply Chain Safety and Management | Supplier Management | Supplier Selection & Management | Sustainable Value Chain Management |
| | | Supplier Base Demographics | |
| | Supply Chain Process Management | Supply Chain Management Policies | |
| | | Supply Chain Security & Emergency Plans | |
| | | Material Risks in Supply Chain | ESG Risk Management |

APPENDIX 2: INDEX FOR ESG REPORTS OF LISTED COMPANIES CONTROLLED BY CENTRAL GOVERNMENT

| Disclosure | | | Related Chapters/ Remarks |
|---------------------|----------------------------------|---------------------------------------|---|
| Social Contribution | Tax Payment Status | Tax Payment Status | Refer to the Annual Report of This Year |
| | Community Co-construction | Community Development Policies | Community Welfare |
| | | Local Community Contributions | |
| | Social Public Welfare Activities | Public Welfare Investments & Outcomes | Community Welfare |
| | National Strategy Response | Industrial Transformation | Research and Innovation |

APPENDIX 2: INDEX FOR ESG REPORTS OF LISTED COMPANIES CONTROLLED BY CENTRAL GOVERNMENT

| Disclosure | | | Related Chapters/ Remarks |
|--|--|--|---|
| Governance Category Indicators | | | |
| Level 1 indicators | Level 2 indicators | Level 3 indicators | |
| Governance Strategy and Organisational Structure | Governance Strategy and Processes | Governance Strategy Formulation | Refer to the Annual Report of This Year |
| | | Governance Strategy Oversight Process | |
| | | Governance Strategy Approval and Review Process | |
| | Organisational Composition and Functions | Organisation and Functions of the Board of Directors, Board of Supervisors, and Management | Refer to the Annual Report of This Year |
| | | Appointment Procedures and Composition of the Board of Directors, Board of Supervisors, and Management | |
| | Remuneration Management | Remuneration Plan for Directors and Supervisors | Refer to the Annual Report of This Year |
| | | Transparency of Board Remuneration | |
| | | Reasonableness of Management Remuneration | |

APPENDIX 2: INDEX FOR ESG REPORTS OF LISTED COMPANIES CONTROLLED BY CENTRAL GOVERNMENT

| Disclosure | | | Related Chapters/ Remarks |
|--|-------------------------------|--|---|
| Standardised Governance | Internal Control | Internal Audit | Refer to the Annual Report of This Year |
| | | Internal Control Structure, Mechanisms, and Processes | |
| | Integrity Construction | Integrity Construction Norms | Integrity Compliance and Anti-Corruption |
| | | Effectiveness of Integrity Construction Measures | |
| Investor Relations Management and Shareholder Rights | Investor Relations Management | Investor Relations Management Strategy | Stakeholder Engagement & Materiality Assessment |
| | | Investor Communication | |
| | | Development of Investor Relations Management Department | |
| | Shareholder Rights | Shareholders' Meeting Status | Refer to the Annual Report of This Year |
| | | Shareholder Communication Status | |
| | | Shareholders' Right to Know and Participate in Decision-making | |
| | Creditor Rights | Credit Status | Refer to the Annual Report of This Year |
| | | Performance in the Bond Market | |

APPENDIX 2: INDEX FOR ESG REPORTS OF LISTED COMPANIES CONTROLLED BY CENTRAL GOVERNMENT

| Disclosure | | | Related Chapters/ Remarks |
|--|--------------------------------|---|--|
| Information Disclosure Transparency | Information Disclosure System | Financial Information Disclosure | Refer to the Annual Report of This Year |
| | | Non-Financial Information Disclosure | Refer to This Year's ESG Report |
| | Information Disclosure Quality | Regular Supervision, Audit, and Evaluation of All Disclosed Information | Refer to the Annual Report of This Year |
| Compliance Operation and Risk Management | Compliance Operation | Compliance Operation System | Refer to the Annual Report of This Year/ Integrity Compliance and Anti-Corruption |
| | | Status of Compliance System Construction | |
| | | Specific Processes of Compliance Review | |
| | Risk Management | Risk Identification and Early Warning | Refer to the Annual Report of This Year/ ESG Risk Management |
| | | Risk Control and Tracking | |
| | | Risk Reporting and Management | |



APPENDIX 3: INDEPENDENT ASSURANCE STATEMENT

To the Board of Directors of Sinofert Holdings Limited,

CECEP (HK) Advisory Company Limited (“**CECEPAC (HK)**” or “**We**”) has been engaged by Sinofert Holdings Limited (“**Sinofert**”) to conduct an independent limited assurance engagement (“**Assurance Engagement**”) on the information and data related to sustainability development in *Sinofert’s 2024 Environmental, Social and Governance Report* (“**ESG Report**”).

CECEPAC (HK) has been engaged to assure Sinofert’s adherence to the four AA1000 Accountability Principles (Inclusivity, Materiality, Responsiveness and Impact) set out in the AA1000 Assurance Standard v3 (“**AA1000AS v3**”). Meanwhile, CECEPAC (HK) has also been engaged to provide limited assurance on the reliability and quality of specified performance information disclosed in the ESG Report that has been selected in accordance with the *Environmental, Social and Governance Reporting Guide* (“**ESG Reporting Guide**”) published by the Stock Exchange of Hong Kong Limited (“**SEHK**”).

If there is any inconsistency or ambiguity between the English version and the Chinese version of this assurance statement, the Chinese version shall prevail.

I. Independence and Competence

CECEPAC (HK) was not involved in collecting and calculating data, or in the development of the *ESG Report*. CECEPAC (HK)’s activities of Assurance Engagement are independent from Sinofert. There is no relationship between Sinofert and CECEPAC (HK) beyond the contractual agreement for providing proper assurance service.

The assurance team of CECEPAC (HK) is composed of experienced personnel in the industry who have received professional training in sustainability-related standards such as *GRI Sustainability Reporting Standards* issued by the Global Reporting Initiative, AA1000AS v3, the *ESG Reporting Guide* of the SEHK, ISO 14001, and ISO 9001, etc.

The assurance team of CECEPAC (HK) has rich experience in conducting Assurance Engagement and has a full understanding and practical ability of AA1000AS v3. Meanwhile, the assurance team of CECEPAC (HK) carries out Assurance Engagement on sustainable development issues in accordance with the internal assurance protocol of CECEPAC (HK).

II. Sinofert’s Responsibilities

Sinofert is responsible for the preparation and presentation of the *ESG Report* in accordance with the SEHK’s *ESG Reporting Guide*. Sinofert is also responsible for implementing internal audit procedures and ensuring that the contents of the ESG Report are free from material misstatement, whether due to fraud or error.

APPENDIX 3: INDEPENDENT ASSURANCE STATEMENT

III. Assurance Provider's Responsibilities

CECEPAC (HK) is responsible for issuing an independent assurance statement according to AA1000AS v3 and the SEHK's *ESG Reporting Guide* to the Board of Directors of Sinoferf. This independent assurance statement applies solely to the *ESG Report* in the specified scope, expresses a conclusion on the assurance work, and does not serve any other intents or purposes.

CECEPAC (HK) ensures that all personnel involved in Assurance Engagement meet professional qualification, training and experience requirements, and are proficient in conducting assurance engagements. The results of all assurance and certification audits are internally reviewed by senior staff to ensure that methodologies used in the process are sufficiently stringent and transparent.

IV. Scope of the Assurance Engagement

- The scope of the Assurance Engagement is limited to the *ESG Report* only, and the contents only involve Sinoferf and its subsidiaries. The scope of the Assurance Engagement does not include Sinoferf's suppliers, contractors, and data or information provided by other third parties;
- AA1000AS' Type 2 Moderate Level of Assurance was adopted to evaluate the nature and extent of Sinoferf's adherence to the four AA1000 Accountability Principles set out in the AA1000AS v3;
- Sinoferf and CECEPAC (HK) reached an agreement to select the specified performance information in the *ESG Report* as part of the content for Assurance Engagement. The selected specified performance information is as follows:
 - Number of work-related fatalities
 - Newly produced water consumption
 - Purchased electricity
 - Purchased steam
 - Total number of suppliers – overseas
 - Hazardous waste-fluorosilicic acid
- Assuring the conformity of disclosures for general disclosure and key performance indicators of environmental and social subject areas in Sinoferf's *ESG Report* with the mandatory disclosure requirements and the "comply or explain" provision in the *ESG Reporting Guide* of the SEHK;

APPENDIX 3: INDEPENDENT ASSURANCE STATEMENT

- CECEPAC (HK)'s assurance work was with respect to information disclosed from January 1, 2024 to December 31, 2024 only. Any information that falls outside this period that is disclosed in the *ESG Report* is not included within the scope of the Assurance Engagement. Therefore, we do not express any conclusions on this information; and
- The scope of the assurance is confined to the information and data provided by Sinofer. Any queries regarding the content or related matters within this Independent Assurance Statement should be addressed to Sinofer only.

V. Methodology of the Assurance Engagement

CECEPAC (HK)'s Assurance Engagement was conducted at Sinofer and its subsidiaries and the assurance work included:

- Evaluating the appropriateness of Sinofer's stakeholder engagement participation process;
- Conducting online interviews¹ with Sinofer's sustainability management and other personnel involved in the preparation and provision of the content and information in the *ESG Report*;
- Assessing whether the reporting and management approach disclosed in the *ESG Report* responded to the principles of Inclusivity, Materiality, Responsiveness, and Impact as defined in the AA1000AS v3;
- Conducting random sampling of evidence pertaining to data reliability and quality for selected specified performance information;
- Recalculating and verifying selected specified performance information;
- Evaluating the conformity of the *ESG Report* in accordance with the *ESG Reporting Guide*; and
- Performing other procedures we deemed necessary.

Assurance Engagement was performed and the conclusions within were based upon information and data provided by Sinofer to CECEPAC (HK), and on assumptions that the information provided was complete and accurate.

¹ CECEPAC(HK) and Sinofer has agreed on the format of interview, and the interviews were conducted online.

APPENDIX 3: INDEPENDENT ASSURANCE STATEMENT

VI. Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

VII. Conclusions

In accordance with the principles of Inclusivity, Materiality, Responsiveness and Impact in the AA1000AS v3, our conclusions are detailed as follows:

Inclusivity

Sinofert has identified key stakeholders and continuously communicated with key stakeholders through various channels to understand their expectations and concerns. On this basis, Sinofert has fully considered the expectations of and the impacts on key stakeholders, and combined the key stakeholders' expectations with the actual situation of Sinofert to formulate policies and action plans. In our professional opinion, Sinofert adheres to the Principle of Inclusivity.

Materiality

Based on its industry characteristics, and legal and regulatory requirements, Sinofert has established a database of ESG issues and carried out the materiality assessment. Sinofert invited key stakeholders to participate in the assessment to collect their opinions, and has identified its material ESG issues through appropriate methods. Sinofert has also disclosed the methodology, process and results of materiality assessment in the *ESG Report*. In our professional opinion, Sinofert adheres to the Principle of Materiality.

Responsiveness

Sinofert has established channels for its stakeholders to understand their concerns and expectations, providing timely responses to the expectations and inquiries from key stakeholders. Meanwhile, through the *ESG Report*, Sinofert has disclosed its corporate sustainability strategies, management systems, management focus areas, the expectations of its key stakeholders and the communication channels with them. Furthermore, Sinofert has addressed sustainability-related issues that are of concern to its key stakeholders. In our professional opinion, Sinofert adheres to the Principle of Responsiveness.

Impact

Sinofert has considered and evaluated its impacts and realised its impacts on stakeholders, so as to make a more effective decision-making and to implement management measures within the organisation. In our professional opinion, Sinofert adheres to the Principle of Impact.

APPENDIX 3: INDEPENDENT ASSURANCE STATEMENT

Specified Performance Information

Based on the procedures that CECEPAC (HK) has performed and the evidence we have obtained, no specific issue has come to our attention that causes us to believe that the disclosure of the six selected specified performance information in the *ESG Report* is unreliable and unqualified or not been prepared in all material respects in accordance with the basis of reporting.

SEHK's ESG Reporting Guide

Disclosure for general disclosures and key performance indicators of environmental and social subject areas in the *ESG Report* have been provided in accordance with the mandatory disclosure requirements and the **"Comply or Explain"** provision, in all material aspects, in alignment with the *ESG Reporting Guide* of the SEHK. Sinofer has disclosed the process of the materiality assessment. Impacts caused by its business are objectively disclosed; relevant environmental and social data are calculated and disclosed. Our assurance findings and comments for the *ESG Report* have been either adopted or responded by Sinofer before the issuance of this independent assurance statement.



25 March 2025

Hong Kong SAR, China