SPC

2025

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE REPORT





CONTENTS

Address by the Chairman 01

About Us 03

ESG Honors 04

05

Chapter 1 Corporate Governance

Governance structure 06

Materiality assessment 08

Stakeholder Engagement 09

Development strategy 11

ESG risk management 12

Integrity and compliance 14

Scientific and technological innovation 16

Digital intelligence transformation 19

21

Chapter 2 Tackling Climate Change

Top-level design for tackling climate change 22

Reducing GHG emissions 24

Promoting low-carbon energy transition 27



29

Chapter 3 Green Safety

Enhancing safety management 30
Strengthening environmental protection 33
Developing a circular economy 37
Biodiversity protection 40

41

Chapter 4 Serving the Society

Fulfilling product responsibility 42
Building the responsibility supply chain 45
Employees' rights and development 47
Supporting community development 49
Contributing to public welfare 51

ESG Key Performance Chart 53
Basis of Presentation of Key Data 57
Third-party Authentication Report 58
Index 61
Explanation of Non-Disclosed Climate-Related Disclosures 63
About This Report 65
Readers' Feedback Form 66

ADDRESS BY THE CHAIRMAN



We will accelerate the construction of the five digital intelligence management domains: "Planning and Operation, Production Execution, Geographic Information, Project Construction, Personal Affairs", and actively cultivate new quality productivity.

In 2025, the global energy structure transformation and climate governance process accelerated, with rising green thresholds in technological barriers and trade rules; the security resilience of the industrial chain and the green and low-carbon transformation have become critical dimensions in building core competitiveness. As a vital supplier of energy and raw materials, the petrochemical industry is facing a systematic change in its development paradigm. There is an urgent need to establish a dynamic balance mechanism between production increase and emission reduction, as well as between transformation and safety. In a complex and changing situation, Sinopec Shanghai Petrochemical Co., Ltd. ("SPC") actively integrates ESG concepts into its development strategy, targets the direction of high-end, intelligent and green development, deeply explores the potential advantages of refining-chemical integration, cultivates and strengthens strategic emerging industries, accelerates the pace of digital intelligence transformation, coordinates and promotes the green and low-carbon transformation and the layout of high-end industrial chains, makes every effort to improve the quality and efficiency of production and operation, and accomplishes the goals and tasks of the 14th Five-Year Plan with high quality, laying a sound foundation for embarking on the wonderful journey of building the "New Jinshan".

Guided by responsibility and following the green path, we optimized the industrial pattern in the context of safety development and green transformation. The Company follows the development approach of "shifting from refining to chemical production, extending chemical products into advanced materials, advancing materials towards high-end applications, and promoting eco-friendly development in the petrochemical industry park". Taking comprehensive

technological revamp and quality improvement & upgrading as the core path, the Company has done a good job demonstrating greater resilience and higher green performance. We consistently fostered a management philosophy and safety culture characterized by "rules for every task, accountability for every area, oversight at all times, and safety for everyone", adhered to a strict work approach, prioritized intrinsic safety in development, and maintained a stable and orderly work safety situation in 2025. We actively promoted the construction of "zero waste enterprise" and "odor-free plant". By continuously improving the environmental monitoring network and strengthening the digital intelligence management and control capabilities, we actively promoted the comprehensive environmental improvement. In 2025, the Company was selected among the first batch of units in China to open environmental protection facilities to the public. It achieved a significant reduction in the total emissions of main pollutants, and reached an advanced level in Shanghai in terms of the concentration of VOCs at the plant boundary. We adopted various measures to promote energy structure transformation and energy efficiency improvement. We have vigorously promoted the construction of Photovoltaic(PV) power stations, co-firing of biomass fuels with coal for power generation, and the clean and efficiency-improving revamp of thermal power units. We have also increased the procurement of green electricity and continuously optimized the energy consumption structure. In 2025, the Company fulfilled its compliance obligations in the Shanghai carbon trading market for twelve consecutive years. It has built a total of 5 PV power stations, which can reduce carbon dioxide emissions by over 10,000 tons every year.

Taking products as the medium and services as the link, we jointly created a better future in the process of creating value and achieving common development. The Company adheres to the mission of "fueling a better life" and deeply integrates social responsibility into its development strategy, promoting common development through practical actions. Guided by the value of "a better life is inseparable from petrochemical products", we have always integrated product innovation and industrial upgrading into the big picture of national development. We are accelerating the full coverage of the carbon fiber product series featuring "large tow + small tow, high-performance + general-grade". We were the first to achieve a breakthrough in the domestic production of 60K large tow carbon fiber, filling the gap in the domestic market. We focus on supporting the development of strategic industries such as low-altitude economy, new energy, and high-end equipment, and provide important guarantees for high-quality development with solid product strength. We are committed to "repaying society with the best products", striving to create a model of industry-city integration through central-local cooperation, and regularly carrying out the "Public Open Day" activities to achieve value sharing in the practice of social responsibility. From assisting in building rural roads in Pu'er, Yunnan, to systematically providing educational assistance in Ban'ge County, Xizang, from promoting consumption assistance to constructing carbon fiber project ex-situ, the Company has actively participated in rural revitalization and regional coordinated development through a series of specific actions, contributing to the sustainable development of the local economy and society. We have advocated "Happy Work, Healthy Life" and consistently implemented the initiative of delivering practical services to the people. We have spared no effort to build a more caring and rewarding system for employee growth and care, and continuously enhanced the employees' sense of well-being and belonging, so that the achievements of corporate development can better benefit every employee. In 2025, the Company was honored with the title of National Civilized Unit for seven consecutive sessions, demonstrating the Company's comprehensive strength and sense of social responsibility in high-quality development.

Taking compliance as the cornerstone and digital intelligence as the engine, we have solidified our development foundation through governance optimization and value cultivation. The Company continued to deepen the reform of the governance system and build a modern management model that combined resilience and vitality. We have deepened the reform of institutional mechanisms and launched a pilot project for flat management reform, effectively improving the efficiency of decision-making and implementation. We continuously optimized the "MPRC" (Marketing, Product, Research, Customer) mechanism, strengthened the in-depth integration of the innovation chain and the industrial chain, and promoted the transformation of scientific research achievements into industrial results. We proactively embraced the wave of digital intelligence revolution. Centering on the application of AI technology and local deployment, we have accelerated the implementation of the five "Digital Intelligence Domains" from blueprints to reality, creating an intelligent and efficient management ecosystem, and comprehensively enhancing the level of "innovation" and "digital intelligence" of our high-quality development. We always adhered to the bottom-line principle of "operating in accordance with laws and regulations and with integrity", and promoted the parallel development of value creation and risk control & compliance to ensure the Company's stable operation within the legal framework. We have firmly established the concept of "whole-chain, full-factor value creation", improved the profit-generating mechanism for production and operation, built "a second growth curve", and actively cultivated diversified profit growth points.

With the wind in our sails, a new chapter awaits to be opened. 2026 marks the beginning of the 15th Five-Year Plan and a crucial year for the Company to embark on high-quality development. We will keep the "major national objectives" in mind, balance the dual priorities of safety & environmental protection and quality improvement & efficiency enhancement, and advance the full release of refining-chemical integration efficiency as well as the high-end upgrading of our product mix. We will intensify efforts to make breakthroughs in core technologies and empower our operations with digital intelligence. We will do our utmost to facilitate the completion and operation of key projects, including the clean revamp of our thermal power units and the large-tow carbon fiber project. We will strive to foster core competitiveness in low-cost and differentiated products and paint a grand blueprint for the sustainable development of "Centennial Jinshan".

We sincerely invite you to continue to follow the high-quality and sustainable growth path of SPC. Let us join hands, be diligent and courageous, and work together to envision a better future!

Thank you again for your continued care and support for SPC!

Guo Xiaojun

Chairman of the Board

March 2026

ABOUT US



Company profile

Sinopec Shanghai Petrochemical Co., Ltd. (hereinafter referred to as "SPC" or "the Company"), a subsidiary of China Petroleum & Chemical Corporation, is located in Jinshan District, Shanghai, and is one of China's major integrated refining and chemical companies, as well as an important domestic production base for refined oil products, intermediate petrochemical products, synthetic resins and synthetic fibers.

New highlights of development in 2025



Developing new quality productivity

The Company has initiated a comprehensive technological revamp and quality improvement & upgrading project with an investment of approximately RMB 19.6 billion, aiming at high-end, intelligent, and green development to promote the transformation and upgrading of the Company's industrial structure and its high-quality development.

Launching a new carbon fiber product

The Company has released a new 60K large tow carbon fiber product, making it the second in the world and the only one in China that masters this technology.

Developing a new composite material

The Company's fan impeller product made of a new carbon-carbon composite material has been successfully developed, solving the problem of impeller corrosion in the alkylation unit. The lifespan of this material is more than 10 times that of existing materials.

Making the thermal power unit cleaner and more efficient

The Company has vigorously promoted the clean and efficiency improvement & revamp project of the thermal power unit, and constructed four 70MW coal-fired thermal power units and other facilities to support the Company's green and low-carbon transformation.

Building a sound foundation for safety and environmental protection

The construction project of the National Emergency Rescue Base for Hazardous Chemicals in Shanghai was officially launched at SPC, further strengthening the safety and environmental protection defense line of the Company and the surrounding areas.

Achieving excellent results through win-win cooperation

The 250,000 t/a thermoplastic elastomer project jointly established with Hunan Petrochemical has been put into production, and it has become a "key pivot" for the new materials industry cluster in the Yangtze River Delta region.

The new materials industry going global

The Company has commenced the construction of the 30,000 t/a large-tow carbon fiber project in Ordos, Inner Mongolia, and this project will build 10 energy-efficient and high-performance production lines.

Accelerating digital intelligence transformation

The Company has deepened the construction of smart factories, and the initial results of the construction project of five major digital intelligence domains became apparent, covering key areas such as production, operation, and project construction.

ESG HONORS

Rating performance

- Shanghai Stock Exchange 2024-2025 Information Disclosure rating: A
- Wind ESG rating: A
- Hang Seng Corporate Sustainability Index rating: BBB+
- CCXI credit rating: A-

Awards and honors

- The Company continued to retain the honorary title of National Civilized Unit, and was recognized as a Shanghai Civilized Unit for 2021-2023.
- The Company won the Shanghai Stock Exchange's 2024-2025 Information Disclosure A rating.
- The Company continued to receive Wind ESG A rating.
- The Company won the Class 5A evaluation of the Secretary of the Board of Directors of the China Association of Listed Companies.
- The Company was recognized as one of the first batch of "units with environmental protection facilities open to the public" by the Ministry of Ecology and Environment.
- The Company won the Special Prize for Innovative Achievements in Compliance Management in the Energy Industry by the China Enterprise Evaluation Association.
- The Company won one first prize and five second prizes of 2025 Shanghai Enterprise Management Modernization Innovation Achievements.
- The Company won the Gold Medal in the 2025 Shanghai Industrial Youth Innovation Competition.
- The Company won the First Group Prize in the 2025 Shanghai Health System Vocational Skills Competition.
- The Company won the First Group Prize for Chemical Inspectors in the 16th National Petroleum and Chemical Industry Vocational Skills Competition.
- The Company was rated as an advanced collective in industrial economic operation by the Shanghai Municipal Commission of Economy and Information Technology.
- The Company was selected as one of the excellent practice cases for the board of directors in listed companies by the China Association of Listed Companies in 2025.
- The Company won the Second Group Prize in the 2025 "Ankang Cup" Shanghai Employee Safety and Health Knowledge and Skills Competition (Petrochemical Industry).
- The Company received the "Outstanding ESG Value Communication Award", "Outstanding IR Team Award", and "Outstanding Shareholder Return Award" from CNI.

01 CORPORATE GOVERNANCE

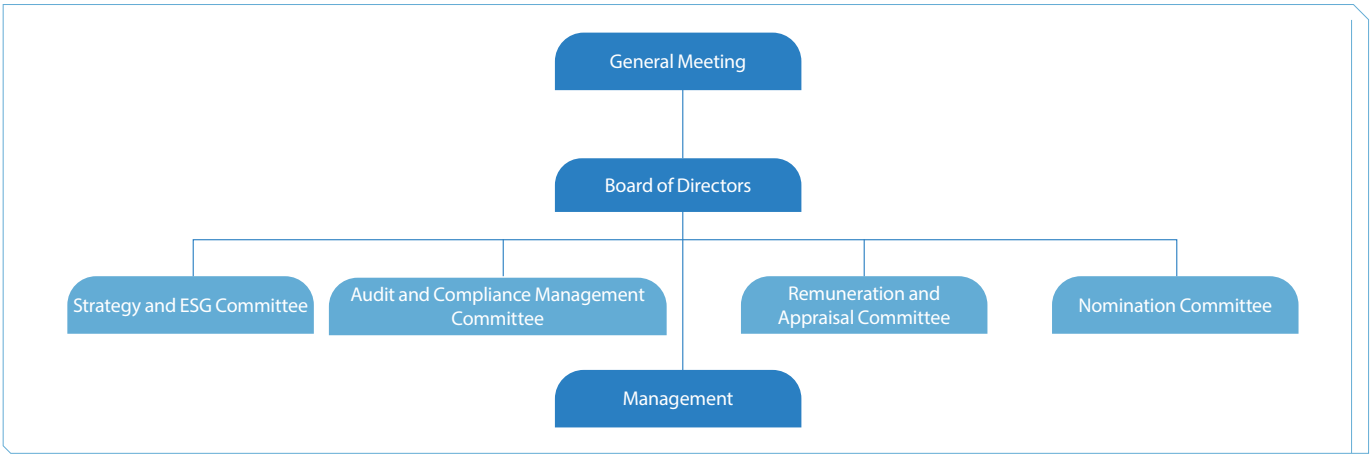


The Company has initiated a flat management reform, aiming to unleash organizational momentum through mechanism innovation and optimize resource allocation with a market-oriented approach. The Company focused on safeguarding the legitimate rights and interests of investors, communities, customers, employees and other stakeholders, and improved the long-term mechanism of operating in compliance with the law. The Company actively embraced the wave of the digital intelligence revolution, and positioned scientific and technological innovation and digital intelligence transformation as strategic priorities crucial to the Company's survival, significantly raising the level of "innovation" and "digital intelligence" of corporate development.

Governance structure	06
Materiality assessment	08
Stakeholder Engagement	09
Development strategy	11
ESG risk management	12
Integrity and compliance	14
Scientific and technological innovation	16
Digital intelligence transformation	19

Governance structure

The Company strictly complied with domestic and international regulatory requirements and its *Articles of Association*, continuously improving its corporate governance structure. It has established a corporate governance structure with clear powers and responsibilities and standardized operations, in which the General Meeting serves as the supreme authority, the Board of Directors as the decision-making body, and the Management as the executive body. Moreover, it has optimized the organizational structure, dissolved the Board of Supervisors and the positions of supervisors, and further advanced "Three Mechanisms" reform. It launched the flat management reform to unleash organizational momentum through mechanism innovation. At the same time, the Company fully integrated ESG management into its development strategy, business operation and management, constructed a scientific, professional, clear, and transparent ESG governance structure, and comprehensively implemented ESG-related strategies to continuously promote the sustainable development of the Company.



General Meeting

In 2025
Held the general meeting
3 times

Reviewed the proposal and formed the resolution
15 items

The general meeting is the supreme authority of the Company, exercising its functions and powers according to law, and fully respecting and safeguarding the legitimate rights and interests of all shareholders and investors.

Board of Directors

In 2025
The Board of Directors held the meeting
11 times

Reviewed the proposal and formed the resolution
67 items

Effectiveness of the Board of Directors

The Company places great importance on the construction of the Board of Directors. It has established standardized mechanisms for director election, appointment, and removal, as well as rules of procedures, and it held board meetings at regular intervals to promote scientific decision-making. During the reporting period, the Company fully revised 17 systems including the *Rules of Procedures of the Board of Directors*, and established additional seats for employee representative director, so as to enhance the effectiveness of corporate governance. The directors of the Company are elected by the General Meeting and are accountable to the General Meeting. The Board of Directors, as the highest governing body for ESG management and information disclosure of the Company, attaches great importance to the management of sustainable development, integrates ESG into the whole process of the Company's operation, improves the ESG governance mechanism, effectively controls ESG-related risks, and promotes the continuous improvement of the Company's governance level.

In 2025
Comprehensively revised the Articles of Association, and revised supporting governance systems
17 items

Establishment and Responsibilities of the Special Committee of the Board of Directors

The Board of Directors consists of the Strategy and ESG Committee, the Audit and Compliance Management Committee, the Remuneration and Appraisal Committee, and the Nomination Committee. Each Special Committee performs its respective duties, holds regular meetings, and conducts in-depth research and review on relevant professional fields, providing professional consultation and guidance for the Board of Directors' scientific decision-making. Among them, the Strategy and ESG Committee is deeply involved in the Company's sustainable development planning, ensuring that ESG goals are highly aligned with the overall corporate strategy.

Performance of the Special Committees of the Board of Directors in 2025

Strategy and ESG Committee	The Committee is responsible for studying the Company's development strategy, major investments and other significant matters and providing advice to the Board of Directors; formulating the ESG strategy, reviewing ESG-related proposals, and providing suggestions to the Board of Directors; paying attention to the Company's ESG commitments and performance, reviewing the Company's annual ESG report and making recommendations to the Board of Directors. In 2025, the Strategy and ESG Committee held 4 meetings.
Audit and Compliance Management Committee	The Committee is responsible for proposing the hiring or replacement of external auditors and facilitating communication between the Company's internal and external audit and compliance functions; assessing ESG-related risks, and reviewing ESG policies and procedures; overseeing the Company's internal auditing system and compliance management system and their implementation; reviewing the Company's financial information and its disclosure; and reviewing the Company's internal control system, etc. In 2025, the Audit and Compliance Management Committee held 4 meetings.
Remuneration and Appraisal Committee	The Committee is responsible for formulating and reviewing the remuneration policies and programs for directors and senior executives; formulating the appraisal criteria for the Company's directors and senior executives, and conducting the appraisals. In 2025, the Remuneration and Appraisal Committee held 3 meetings.
Nomination Committee	The Committee is responsible for making recommendations to the Board of Directors on the procedures, criteria, and qualifications for the selection and appointment of the Company's directors and senior executives. In 2025, the Nomination Committee held 1 meeting.

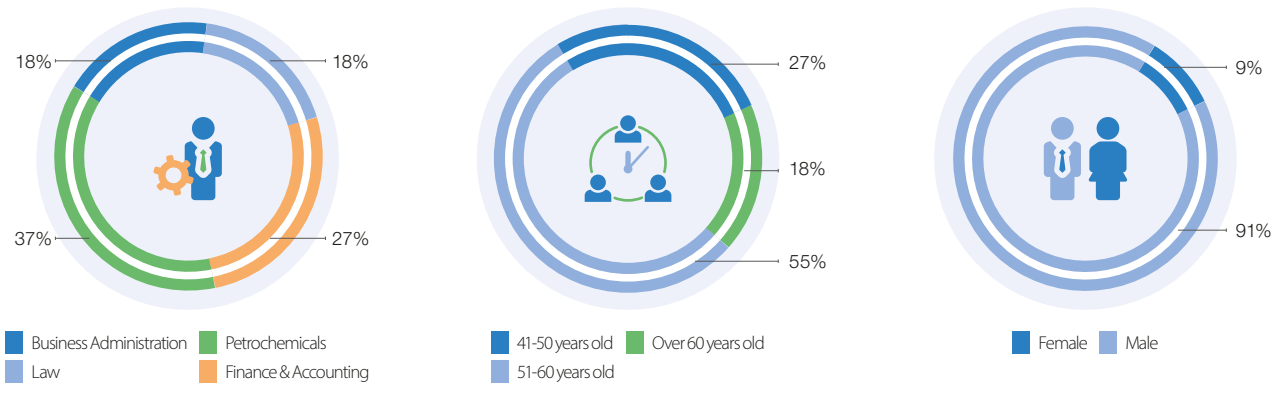
Independence of the board of directors

The Company continuously improved the *Independent Director System* to ensure the standardized performance of independent non-executive directors. As of the end of 2025, the Board of Directors had a total of 11 members, including 5 independent non-executive directors, accounting for 45%, which is higher than the number as set out *in the Administrative Measures for Independent Directors of Listed Companies.* Independent non-executive directors are familiar with the operation of the Board of Directors of a listed company and the responsibilities of independent directors, and they do not hold any positions other than director in the Company. This ensures the independence and objectivity of decisions. During the reporting period, independent directors actively expressed professional opinions on financial review, related party transactions, and risk management, fully fulfilling their duty of diligence and care.

Diversity of the board of directors

The members of the Board of Directors have diversified educational backgrounds and industrial experience in business administration, accounting and finance, law, petrochemical industry, etc., which ensures that the Board of Directors is able to make full consideration from multiple perspectives in decision-making and supervision. The Company strictly follows legal procedures to select and recruit directors and continuously optimizes the composition of its members. As of the end of 2025, the proportion of female directors in the Board of Directors was 9%, and the diverse background of members has effectively enhanced the Board's professional capability in handling complex risks, guiding operations, and preventing operational and governance major risks.

Diversity of the Board of Directors



Senior Management

The Senior Management of the Company consists of senior officers such as the general manager, deputy general manager, chief financial officer, and secretary of the Board of Directors. It strictly implements the resolutions of the Board of Directors and is fully responsible for the implementation of ESG management matters and reporting to the Board of Directors at regular intervals to ensure that the Board of Directors is updated with key information, thereby safeguarding the efficient implementation of the Company's sustainable development strategy.

Materiality assessment

The Company is committed to the identification, assessment, and management of sustainable development topics, so as to rationally allocate short-term, medium-term, and long-term resources for these sustainable development topics. In 2025, based on the principle of "dual significance", the Company assessed ESG-related significance topics following the steps of "identification - screening - assessment - review", updated the significance topic matrix, and reported it to the Board of Directors.

Double Materiality Assessment Process

Identification

- Analyze the overall impact of the national and Shanghai macro-policies on the Company, and the specific impact of petrochemical industry standards and management codes on the Company;
- Select relevant topics for significance analysis with reference to the Hong Kong Stock Exchange Reporting Code and the Shanghai Stock Exchange Supervisory Guidelines and Compilation Guides;
- Continuously evaluate and extensively refer to the topics and analysis processes of a number of leading petrochemical enterprises at home and abroad, identifying 23 material topics.

Screening

- Analyze the Company's internal business plans and strategies, inspect the geographic location of the Company's products services and activities, and draw the Company's business relationship chart;
- Analyze stakeholders' opinions and prioritize specific topics through direct communication, opinion solicitation, and information provision.

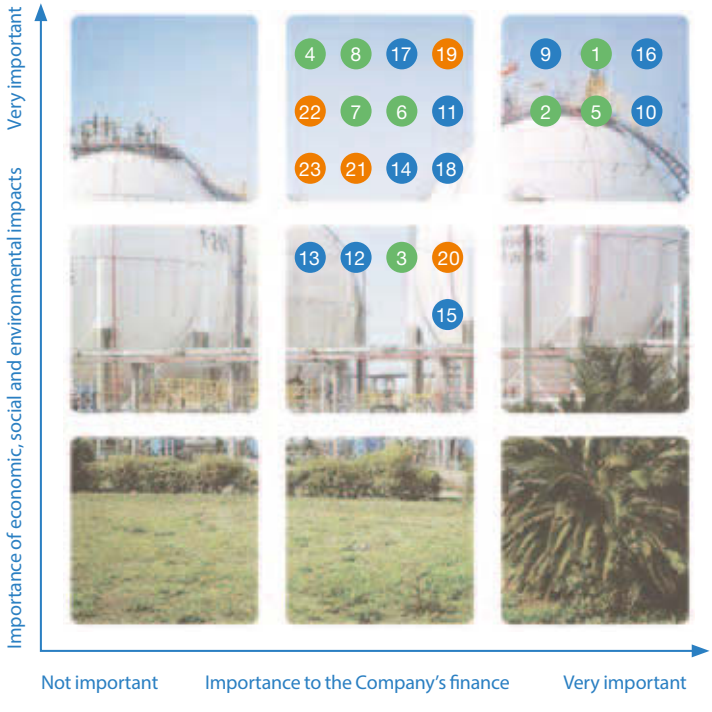
Assessment

- Determine the factors and scoring intervals for impact significance assessment, and formulate conclusions on the impact significance assessment through stakeholders' research, etc.;
- Identify risks and opportunities affecting the Company's business operations, financial and operating results, cash flow, etc., and formulate conclusions on financial significance assessment;
- Construct the significance topics matrix based on the results of the dual significance assessment and the "financial materiality" and "impact materiality" scores for each topic.

Review

- Submit to the Strategy and ESG Committee for review, and form the final significance topics matrix;
- Disclose the analysis process and results of the significance of the topics, and use it as the basis for the Company's ESG disclosure.

SPC ESG Materiality Matrix 2025



SPC ESG Material Topics 2025

Scope	Topic	Response chapter of the report
Environment	1. Tackling climate change	2.1 Top-level design for tackling climate change 2.2 Reducing GHG emissions
	2. Pollutant discharge	3.2 Strengthening environmental protection
	3. Waste management	3.2 Strengthening environmental protection
	4. Ecosystem and biodiversity protection	3.4 Biodiversity protection
	5. Environmental compliance management	3.2 Strengthening environmental protection
	6. Energy utilization	2.3 Promoting low-carbon energy transformation
	7. Water resource utilization	3.3 Developing a circular economy
	8. Circular economy	3.3 Developing a circular economy
Society	9. Work safety	3.1 Enhancing safety management
	10. Innovation drive	1.7 Scientific and technological innovation
	11. Scientific and technological ethics	1.7 Scientific and technological innovation & 1.8 Digital intelligence transformation
	12. Rural revitalization	4.5 Contributing to public welfare
	13. Social contributions	4.4 Supporting community development 4.5 Contributing to public welfare
	14. Supply chain security	4.2 Building the responsibility supply chain
	15. Equal treatment of small and medium-sized enterprises	4.2 Building the responsibility supply chain
	16. Product and service safety and quality	4.1 Fulfilling product responsibility
	17. Data security and customer privacy protection	4.1 Fulfilling product responsibility
	18. Employee development	4.3 Employees' rights and development
Governance	19. Corporate governance	1.1 Governance structure & 1.4 Development strategy
	20. Due diligence	1.2 Determination of significance topics 1.5 ESG risk management
	21. Stakeholder communication	1.3 Stakeholder communication
	22. Anti-commercial bribery and anti-corruption	1.6 Integrity and compliance
	23. Anti-unfair competition	1.6 Integrity and compliance

Stakeholder Engagement

The Company places great importance on communication and exchange with stakeholders. Working hand in hand with stakeholders is not only a key element of the "double materiality assessment", but also a long-term impetus for driving the Company's high-quality development. In order to fully understand the needs of stakeholders, the Company actively expands and deepens communication channels, maintains regular and diversified communication and exchanges with stakeholders such as the government, investors, customers, the public, peers, employees, suppliers, and the communities, and actively responds to stakeholders' expectations and concerns while accepting supervision.

Stakeholder	Expectations and concerns	Communication and response
Government and regulatory agencies	• Implement the carbon peaking and carbon neutrality goal and promote the progress of the industry • Operate in accordance with laws and regulations, and keep products safe and reliable • Make scientific research and technological innovation, and focus on operation and revenue generation • Promote party building leadership, and control safety risks	• Policy implementation, institutional inspection • Seminar, discussion, communication and reporting • Project approval, government supervision • Signing agreements and establishing cooperation
Investors and creditors	• Good performance and steady situation • Strengthening operation and information disclosure • Green development and employment promotion • Financial security and risk control	• Shareholders' meeting, information disclosure • Conference calls and company visits • Roadshows and corporate performance reports • Improvement of governance and internal control system
Employees	• Enhance employee benefits and focus on their growth potential • Safeguard occupational health and safeguard the rights and interests of employees • Upgrade vocational skills and provide a platform for development • Improve the assistance mechanism and enhance the caring measures	• Employee meetings and occupational health training • Corporate culture activities, internal communication platform • Understand employees' demands through grassroots visits
Customers and consumers	• Fulfill product responsibilities and focus on high-end supply • Serve customers wholeheartedly and safeguard their rights and interests • Pay attention to data security and strengthen privacy protection	• Customer visits and satisfaction surveys • Dispatch experts to provide on-site service • Combined online and offline services
Peers and industry organizations	• Extensive consultation, joint contribution and shared benefits, and promote win-win cooperation • Realize complementary advantages and help industry transformation • Promote good faith performance and discuss risk prevention and control together	• Exchanges and visits, cooperative research and development • Industry forum, expanding platform • Party building, joint construction and pairing communication
Public and media	• Improve the transparency of operational information • Provide quality products and services • Maintain good public relations	• Carry out news reports and publicity • Keep smooth communication between the public and the media • Hold "Public Open Day" activities
Suppliers & partners	• Open and fair, just procurement • Honesty and integrity, mutual benefit and win-win • Committed to building a green supply chain • Business ethics and anti-corruption	• Supplier exchange, evaluation and training • Promote green procurement, warehousing and distribution • Improve supplier management system • Supplier Investigation and due diligence
Community	• Upgrading industries and enhancing local employment • Supporting poverty alleviation and rural revitalization • Addressing climate change and green development	• Volunteer service, public welfare and charity • Helping products, claiming industry • External investigation, science popularization of environmental protection

Safeguarding Investor Rights and Interests

The Company attaches great importance to investor relations management, and has strictly followed related laws and regulations and the securities regulation rules effective in the listing places at home and abroad, striving to improve the level of corporate governance and the effectiveness of market capitalization management. Moreover, guided by the needs of investors, it continuously strengthens communication and exchanges with investors, promoting sustainable economic and social development while continuing to reward investors.

Information disclosure is standardized and efficient

- Received an annual information disclosure A rating from the Shanghai Stock Exchange.
- Completed the regular disclosure of contents and data of annual report, interim performance report and first and third quarter report with high quality.
- Issued 56 provisional announcements covering resolutions of the Board of Directors and the Board of Supervisors, resolutions of the General Meeting of Shareholders, performance forecasts, etc.
- Released the 3rd ESG Report (the 17th Social Responsibility Report), and received a Wind A rating.

Investor relations management is innovative and effective

- Actively participated in online and offline investor exchange activities, and held various performance presentation conferences and promotional roadshows.
- Held online performance briefings, with the Chairman and other "key leaders" participating throughout the briefings, so as to fully communicate with investors and effectively respond to market concerns.
- Proactively participated in media promotion and institutional communication, and made face-to-face exchanges with fund managers, securities analysts, shareholders, etc.
- Optimized the content of the official website in English and traditional Chinese, and timely released the Company's announcements and important updates to keep foreign investors abreast of the Company's dynamics.

Improving governance and market value management

- Drew up the work plan, prepared for the meetings of the Board of Directors, the general meeting of shareholders, and the meetings of the Strategy and ESG Committee, and completed the deliberation of relevant proposals.
- Revised the Articles of Association and supporting rules, optimized organizational structure, and prepared a plan for market value enhancement to increase shareholder returns.
- Completed the renewal and approval of several key related party transaction framework agreements, ensuring business continuity and compliant operations of the Company.
- Continuously carried out H-share repurchase and cancellation, and repurchased and cancelled 77 million H-shares.

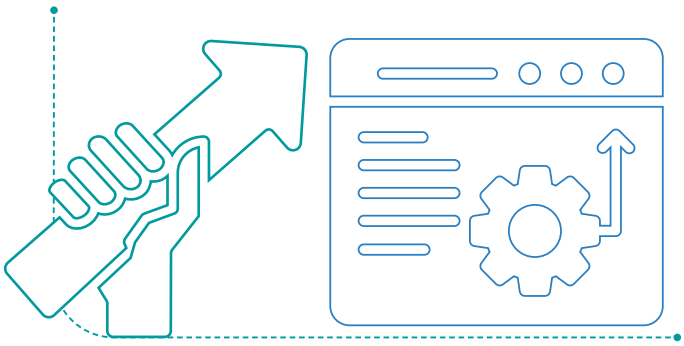
Innovating "Public Open Day" activity

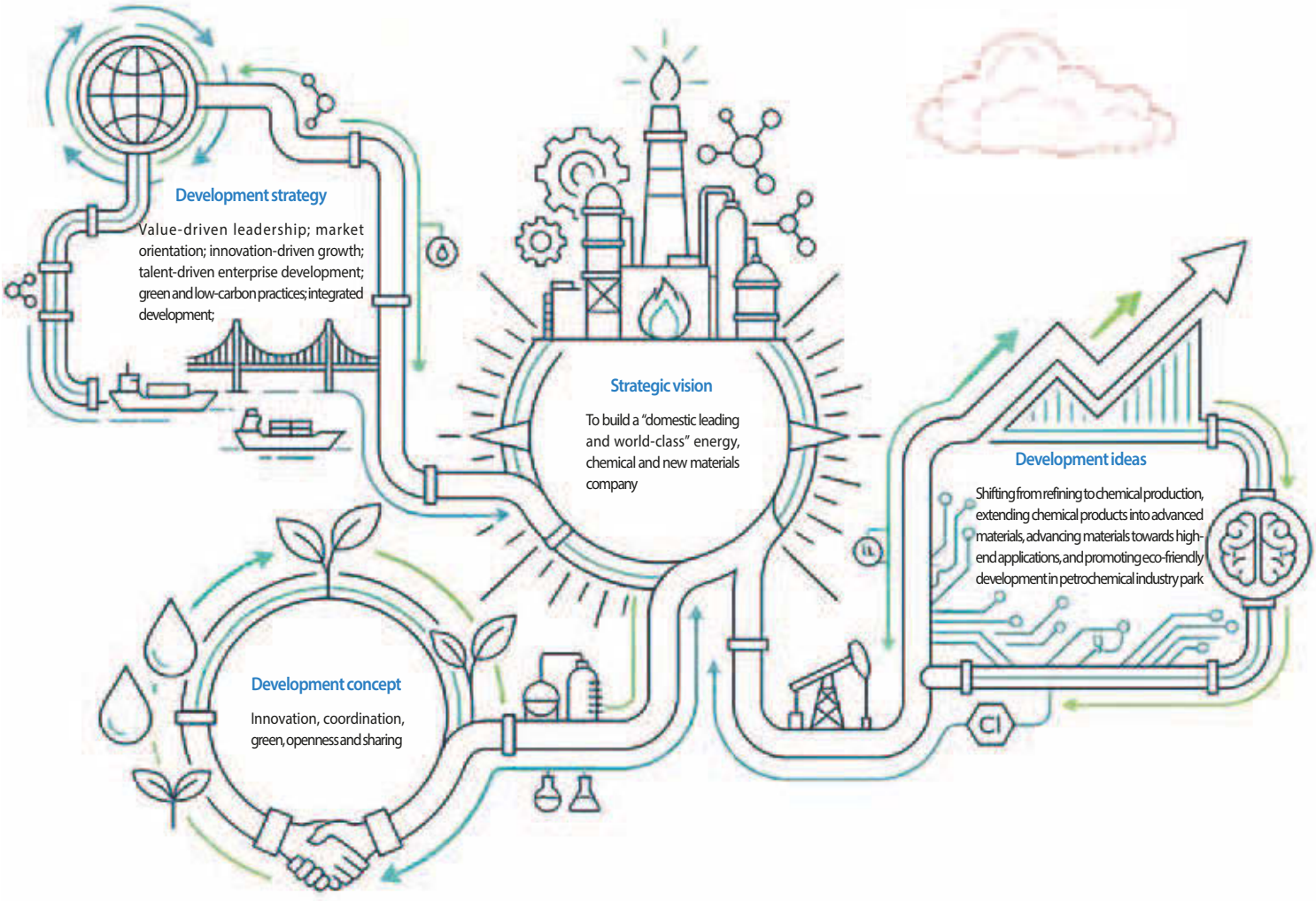
The Company organized activities such as "Earth Day" and "The Return of Petrochemical Veterans" to showcase its practical achievements in safety, environmental protection, green and low-carbon initiatives, scientific and technological innovation, and social responsibility to different groups, including community residents, students, industry experts, and retired cadres, so as to shape a responsible and trustworthy corporate image. A total of 30 events were held throughout the year, attracting 998 participants. Among them, the opening of environmental protection facilities to the public was notably effective, and the Company was recognized as one of the first batch of "units with environmental protection facilities open to the public" by the Ministry of Ecology and Environment. The Company practiced the concept of green development, and earnestly fulfilled the attitude and spirit of corporate ESG governance, which was unanimously praised by the visitors.



Development strategy

The Company fully implements the spirit of the 20th CPC National Congress and all the plenary sessions of the 20th National Congress, adheres to the new development concept of "Innovation, Coordination, Green, Openness and Sharing", and actively implements the national strategic goal of "Carbon Peaking and Carbon Neutrality", the strategic requirements of Shanghai's "North-South Transformation", SINOPEC's industrial strategy layout of "One Base, Two Wings and Three New", and the grand blueprint for building a "New Jinshan" and a "Centennial Jinshan" thoroughly implements the six development strategies of "value-driven leadership, market orientation, innovation-driven growth, talent-driven enterprise development, green and low-carbon practices, and integrated development", firmly promotes the shifting from refining to chemical production, extending chemical products into advanced materials, advancing materials towards high-end applications and promoting eco-friendly development in petrochemical industry park, and strives to build a "domestic leading and world class" energy, chemical and new materials company.



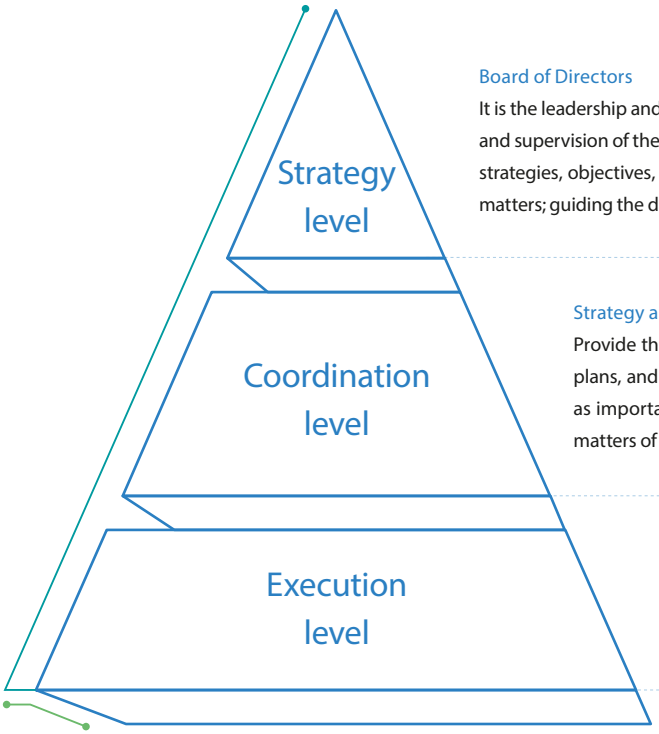


ESG risk management

The Company fully implements ESG risk management, and promotes the integration of ESG concepts into its development strategy, governance structure, production operation, and business processes, continuously enhancing the professional and systematic nature of ESG risk management.

ESG risk management framework

The Company continues to improve the ESG risk management framework, and has established a three-level governance structure that includes strategy, coordination and execution levels. All levels are interconnected, fulfill their respective roles, and strengthen communication to ensure the effective operation of ESG matters. This year, the Strategy and ESG Committee held 4 meetings to deliberate on important ESG topics and deploy and study various tasks, providing strong support for the Company's ESG risk management.



Board of Directors

It is the leadership and decision-making body for ESG risk management, and is responsible for the formulation and supervision of the overall strategic direction. Specifically, it is responsible for reviewing and approving ESG strategies, objectives, and medium- and long-term plans; researching, analyzing, and evaluating ESG-related matters; guiding the daily work of ESG risk management and the preparation of ESG reports, etc.

Strategy and ESG Committee

Provide the Board of Directors with recommendations on the Company's ESG-related strategies, plans, and major decisions; focus on the Company's ESG commitments and performance, as well as important information on ESG matters related to the Company's business, study ESG-related matters of the Company, and make recommendations to the Board of Directors.

Each department

Undertake safety, environmental protection, social responsibility, corporate governance, etc. Each functional department has established a working group responsible for the implementation of relevant projects.

This year, the Company's ESG rating ranked at the forefront of the industry, and the Company continued to receive an A rating in the Wind rating over the past two years. The Company deeply integrates ESG concepts into its strategic planning and enhances long-term value by strengthening information disclosure and investor interaction, thus setting a benchmark for sustainable development in the industry. Moreover, it has won the "Outstanding ESG Value Communication Award".

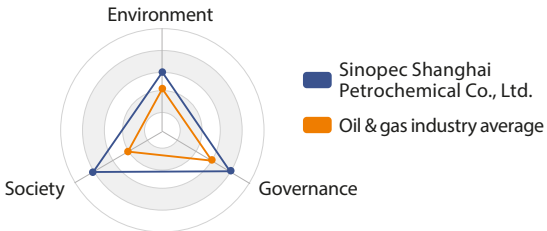
2025 Wind ESG score comparison

Wind ESG

Sinopec Shanghai Petrochemical Co., Ltd.

Rating in 2025

AA



ESG risk identification and governance

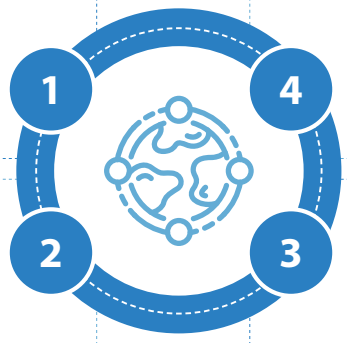
The Company continues to improve its risk management mechanism, conducts dynamic identification, quantitative assessment, and prioritization of ESG risks in its production and operation activities from multiple dimensions such as supply chain safety, climate change, compliant operations, market fluctuations, and community relations, and formulates special response plans for identified risks to create a closed-loop management system of "risk identification - risk assessment - risk prevention & control - risk reporting" for ESG risks.

Risk identification

The Corporate Management Department organized various departments to identify major ESG risks affecting the current status of production and operations and future development through in-depth research and thematic studies.

Risk assessment

Improved the fineness of risk quantification, assessing and judging risks based on their impact and likelihood, and determining the level of risk. Tightly integrate the annual major risk assessment with the annual work plan, business control, etc.



Risk reporting

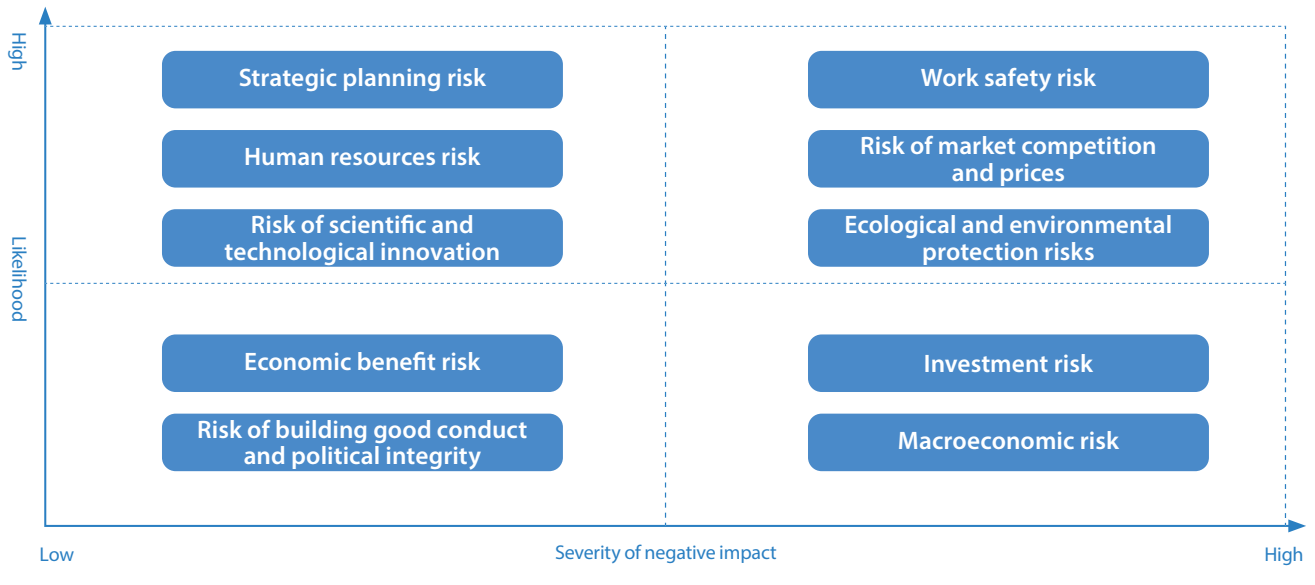
The Board of Directors and the Strategy and ESG Committee regularly reviewed and discussed with management the results of the risk assessment and response process described above.

Risk prevention and control

Established control indicators for major risks and conducted real-time monitoring; issued alerts and took control measures promptly when reaching warning values; strictly conducted risk classification and hierarchical management, implemented the responsibility of risk reduction to post and individual, and strengthened the whole process management of risk.

The Company gradually improves the comprehensive risk list, continuously conducts ESG risk identification, analysis and evaluation, and strengthens the monitoring, early warning and analysis of risks through quarterly monitoring of major risks, inspections of issues and internal audits, so as to build a solid barrier for the Company's risk prevention and control. The Company conducts assessments of the top ten risks every year. In 2025, taking into account various uncertainties and potential losses that climate change may bring to the company, the top ten ESG risks are as follows: work safety risk, market competition and price risk, ecological environment protection risk, strategic planning (business transformation) risk, economic benefit risk, macroeconomic risk, human resources risk, party conduct and integrity (ethical integrity) risk, scientific and technological innovation risk, and investment risk.

ESG risk prioritization



Following the principle of "whoever is responsible for business must also be responsible for managing risks", the Company focuses on risk prevention and response capabilities in key areas and has built protective mechanisms from the following five aspects: enhancing the identification and assessment of internal and external compliance regulatory risks, improving the governance effectiveness of listed companies, deepening special rectification of contracts, reinforcing the execution of internal control systems, and systematically preventing and controlling safety and environmental protection risks, so as to ensure the effective operation of the risk management mechanism.

Integrity and compliance

SPC strictly complies with the new *Company Law,* the *Anti-Monopoly Law of the People's Republic of China,* the *Anti-Unfair Competition Law of the People's Republic of China*, and other relevant laws and regulations. It actively responds to the latest regulatory requirements of the China Securities Regulatory Commission and the stock exchanges, and shapes a corporate culture of integrity and honesty.

Building a benchmark enterprise of "observing contract and valuing credit"

SPC continuously standardizes and strengthens corporate governance, consolidates the foundation of the Company's credit building, continuously improves the performance ability, and shapes a market reputation. The Company's social credibility and compliance achievements have been widely recognized. As of 2025, the Company has been awarded the title of "Enterprise Observing Contract and Valuing Credit" in Shanghai for 36 consecutive years.

- The Company won the Special Award for the Promotion of Compliance Management Achievements of Energy Enterprises by the China Enterprise Evaluation Association for its innovation and practice in compliance management information construction.
- Received an A rating from the Shanghai Stock Exchange for information disclosure in 2024-2025
- Recognized as one of the first batch of benchmark enterprises of "observing contract and valuing credit" in Shanghai.
- Achieved an A rating in the assessment and acceptance of the "Year of Strengthening Compliance Management" of SINOPEC.
- Received an A rating in the evaluation of the mid-term research and supervision of the corporate legal construction and the effectiveness of the compliance management system during the 14th Five-Year Plan of SINOPEC.

Compliance system

The Company completed the revision of the *Articles of Association* according to the new Company Law and the latest regulations from regulatory authorities, improving the compliance system.

- Articles of Association of SINOPEC Shanghai Petrochemical Co., Ltd.
- Information Disclosure Management System of SINOPEC Shanghai Petrochemical Co., Ltd.
- Internal Audit System of SINOPEC Shanghai Petrochemical Co., Ltd.
- Rules of Procedure for the Audit and Compliance Management Committee of the Board of Directors of SINOPEC Shanghai Petrochemical Co., Ltd.
- Insider Registration System of SINOPEC Shanghai Petrochemical Co., Ltd.
- Code of Professional Ethics for Directors and Senior Executives of SINOPEC Shanghai Petrochemical Co., Ltd.

Risk internal control audit

- Continuously promoted the transformation and upgrading of centralized, standardized, and digital-intelligence audit, and facilitated the transition from traditional project-based audit to platform-based "non-intrusive" audit
- Conducted internal control audit and evaluation of the Company's risks, with priorities given to five aspects: corporate risk identification and assessment, risk control, internal control design, actual implementation of risk internal control, and supervision and assessment of risk internal control, so as to achieve full coverage of high-risk business areas.

Lawful and compliant enterprise management

- Prepared the *List of Party Regulations and National Laws to be Known and Observed by Leading Cadres of SPC*
- Conducting multi-channel legal awareness and compliance education initiatives.

SPC formulated and implemented the *SPC 2025 Key Points for Law-Based Publicity and Education*, and actively organized a Civil Code WeChat quiz activity under the theme "Civil Code Safeguards a Better Life."

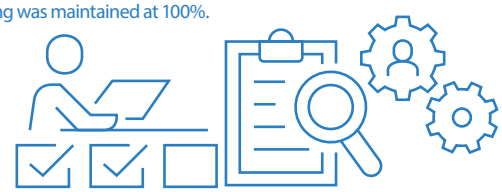
- Promoting compliance management of contracts under the law.

SPC regularly advances the quality upgrading of the standard contract template library, with the legal review rate for economic contracts consistently upheld at 100%.

- Advancing the informatization of compliance management.

Within the compliance management information platform, specifically the legal and regulatory identification module, an identification list of 2,301 laws, regulations, and other requirements was recorded.

- The coverage rate of corporate compliance and risk prevention training was maintained at 100%.
- The coverage rate of corporate anti-commercial bribery and anti-corruption training was maintained at 100%.



Anti-corruption and integrity upholding

Taking the in-depth study and implementation of the spirit of the eight-point decision on improving Party and government conduct by the Political Bureau of the CPC Central Committee as an opportunity, SPC continuously strengthened political oversight and made routine supervision more substantive. SPC actively advances the integration and coordination of various forms of supervision, carries out discipline education and cautionary education on a regular basis, and guides cadres and employees to take initiative and assume responsibility under the premise of compliance and discipline.

Instilling the integrity ethos into both thought and conscience

- The Company enhanced the construction of an integrity culture in the new era, reinforced reminders at key junctures, and institutionalized routine integrity reminders by carrying out 2,478 integrity dialogues with managers at all levels.
- The Company targeted key domains and sensitive groups, institutionalized ongoing risk inspections, and applied specific measures by identifying 428 staff members in high-risk integrity positions.
- The Company implemented the "Enhance Party Spirit, Discipline Observance, Upright Conduct" Anti-Corruption Education Month with sustained efforts to promote integrity through family participation and collaboration with business partners.

Driving integrity education to greater depth and practical effectiveness

- The Company implemented thorough and in-depth education on the eight-point decision on improving Party and government conduct by the Political Bureau of the CPC Central Committee, with the leadership team of the Company taking the lead in study, reflection, and practice, and grassroots Party branches and frontline units conducting penetrating education tailored by level and category.
- The Company strictly implemented Sinopec's Nine Prohibitions against improper banquets.
- The Company carried out a focused rectification campaign on improper banquets, strengthened supervision and inspections on areas such as business hospitality and meeting expenses, and promoted the revision of eight related regulations.

Strengthening deterrence through strict discipline enforcement and accountability

- The Company strictly enforced discipline and accountability, rigorously investigated and addressed violations of rules and laws, sending a signal of strict governance.
- The Company held two warning education sessions, publicly named and reported typical cases, screened warning education videos, and issued case bulletins to educate employees through real cases around them.

Promoting integrated and coordinated supervision and governance

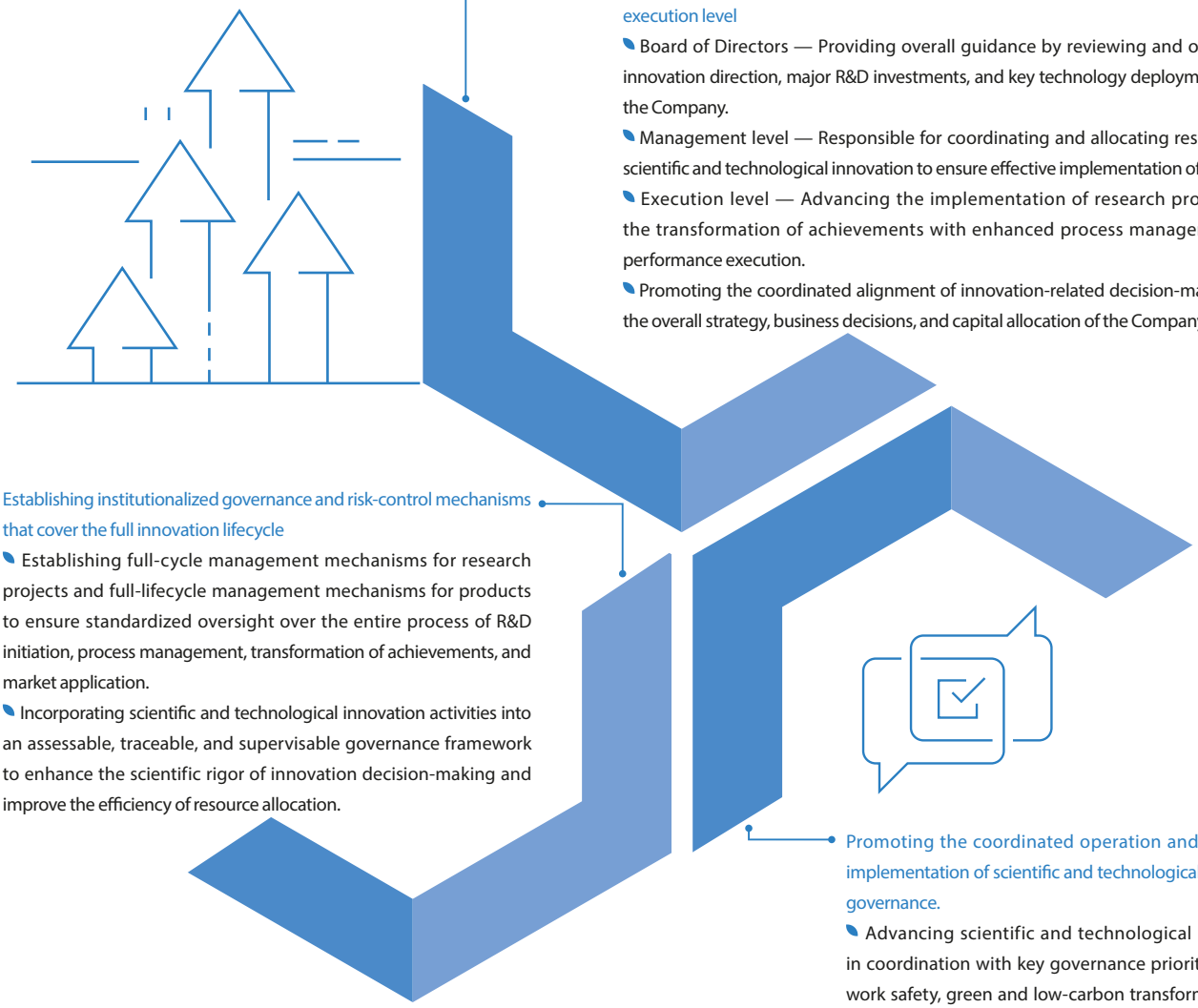
- The Company improved the matrix-style supervision network, a sound whistleblower protection system, focusing on areas such as inspection rectification, project construction, and cadre conduct; advanced 10 company-level supervision projects and 8 real-time supervision projects in an orderly manner, and guided secondary units in carrying out 41 supervision projects.
- The Company strengthened supervision in key areas, carried out special rectification of prominent issues in materials procurement and bidding, and conducted 48 special inspections on work safety.
- The Company completed routine inspections of Party organizations in five units and one project-specific inspection and conducted post-rectification evaluations for five units.

Scientific and technological innovation

SPC adheres to an innovation-driven development model, systematically integrating technological innovation into corporate governance and strategic planning. Guided by national strategic needs, the Company is committed to fostering new quality productivity and advancing green transformation, high-quality development, and long-term value creation in a coordinated manner.

Governance of scientific and technological innovation

SPC integrates technological innovation systematically into the corporate governance framework by enhancing a governance structure led by the Board of Directors, establishing institutionalized management mechanisms that cover the full innovation lifecycle, and strengthening cross-level and cross-departmental coordination to continuously improve the standardization, transparency, and effectiveness of innovation governance. The Company continuously tracks and evaluates the effectiveness of innovation governance through key performance indicators, providing governance assurance for its sustainable development and enhancement of core competitiveness.



A scientific and technological innovation governance responsibility system led by the Board of Directors, coordinated by the management level, and implemented by the execution level

- Board of Directors — Providing overall guidance by reviewing and overseeing innovation direction, major R&D investments, and key technology deployment within the Company.
- Management level — Responsible for coordinating and allocating resources for scientific and technological innovation to ensure effective implementation of decisions.
- Execution level — Advancing the implementation of research projects and the transformation of achievements with enhanced process management and performance execution.
- Promoting the coordinated alignment of innovation-related decision-making with the overall strategy, business decisions, and capital allocation of the Company.

Establishing institutionalized governance and risk-control mechanisms that cover the full innovation lifecycle

- Establishing full-cycle management mechanisms for research projects and full-lifecycle management mechanisms for products to ensure standardized oversight over the entire process of R&D initiation, process management, transformation of achievements, and market application.
- Incorporating scientific and technological innovation activities into an assessable, traceable, and supervisable governance framework to enhance the scientific rigor of innovation decision-making and improve the efficiency of resource allocation.

Promoting the coordinated operation and long-term implementation of scientific and technological innovation governance.

- Advancing scientific and technological innovation in coordination with key governance priorities such as work safety, green and low-carbon transformation, and industrial structure upgrading.
- Shifting scientific and technological innovation governance from stage-based management toward a more institutionalized, system-oriented, and long-cycle operating model.

Scientific and technological innovation strategy

SPC positions scientific and technological innovation as a core strategic pillar supporting its green transformation, high-quality development, and the cultivation of new quality productivity. Guided by the overarching goal of enhancing core competitiveness, supporting operational performance, and enabling future transformation, the Company continues to advance the deep integration of scientific and technological innovation with industrial development, low-carbon transformation, and work safety.

Key strategies and innovation safeguards

Strategic selection of priority areas	Strategic implementation pathway	Strategic coordination and long-term assurance
Positioning carbon fiber and its composites, new material development, and the quality improvement and upgrading of traditional refining and chemical operations as the core strategic directions for scientific and technological innovation. Focusing on the engineering-scale application of carbon fiber and its composites in key sectors such as wind power, rail transit, aerospace, and new energy.	Coordinating technology-roadmap planning, research project deployment, and innovation-platform development, strengthening the linkage between project execution, the transformation of achievements, and engineering-scale application. Leveraging technological advances and digital tools in tandem to strengthen the strategic support that scientific and technological innovation provides for low-carbon transformation, work safety, and refined operational management.	Advancing scientific and technological innovation in tandem with talent development, intellectual property protection, and requirements of ethics in science and technology, embedding ethical considerations into key stages such as project initiation, review, and application. Establishing integrated industry–academia–research–application teams and enhancing the mechanisms for research project management and product full-lifecycle management (MPRC).

Managing the impacts, risks, and opportunities associated with scientific and technological innovation

SPC has established—and continues to refine—mechanisms for identifying, assessing, and managing the opportunities and risks associated with the comprehensive impacts of scientific and technological innovation on green transformation and business development. The Company sees significant opportunities arising from green and low-carbon transformation, new material applications, and digital development, which collectively support industrial upgrading, enhance product value, and foster the new quality productivity. Moreover, the advancement of scientific and technological innovation also faces risks such as uncertainties in technology pathways, long return cycles on R&D investment, intellectual property protection challenges, and increasing requirements related to ethics in science and technology and regulatory compliance. The Company incorporated the impacts, risks, and opportunities associated with scientific and technological innovation into its overall governance and risk-management framework, and—through full-cycle research project management and product lifecycle management—strengthened the coordinated oversight of R&D initiation, process control, and the transformation of achievements. It also embedded intellectual property management and requirements related to ethics in science and technology into key stages such as research decision-making and technical review, enhancing risk management while promoting the translation of innovation outcomes and ensuring that scientific and technological innovation continues to create long-term value under a controllable, compliant, and responsible framework.

Progress in scientific and technological innovation

Focusing on national strategic needs and critical links in the industrial chain, SPC continued to advance breakthroughs in key core technologies, accelerating the engineering-scale and industrial-scale application of scientific and technological innovation outcomes. These developments are increasingly contributing to higher levels of green-material substitution and greater resilience across the industrial chain. By prioritizing breakthroughs in high-performance new materials and critical processes, the Company continued to strengthen its capabilities in core technologies, enhancing industrial chain competitiveness and supply chain security while providing solid technological support for green transformation and high-quality development.

Coordinated breakthroughs in industrialization and high-performance technologies

Focusing on the development of large-tow carbon fiber, the Company prioritized the engineering-scale deployment and performance enhancement of 48K and 60K products. The performance of certain products reached or approached the requirements for high-end applications, further strengthening the application capability and market competitiveness of domestically produced strategic new materials in sectors such as wind power and new energy.

Steady progress has been made in domestic substitution and the development of supporting standards systems

Focusing on the key bottlenecks that constrain industrial development, the Company accelerated the domestic substitution of core processes and equipment, while enhancing industrial-scale stability through the development of standardized and quality-management systems. The Company took the lead in two national standards—*Polyacrylonitrile-based Carbon Fiber Pre-oxidized Tow and Polyacrylonitrile-based Large-Tow Carbon Fiber Yarn*—organizing work such as project initiation, drafting, and review, thereby strengthening the security and resilience of the industrial and supply chains.



Scientific and technological innovation accelerates its deployment across key application scenarios

Targeting application scenarios such as wind power, new energy, rail transit, aerospace, and marine engineering, the Company continued to advance demonstration validation and application deployment. The Company promoted the substitution of traditional materials with green materials, thereby enhancing the contribution of scientific and technological innovation to energy conservation, carbon reduction, and industrial upgrading.

The effects of industrial-structure optimization and value-chain upgrading become increasingly evident

Building on the indigenization achievements in high-performance carbon fiber, new materials, and critical processes, the Company continued to extend its reach into higher-value segments of the industrial chain. Further demonstrating the role of scientific and technological innovation in enhancing product value, strengthening operational resilience, and driving high-quality development.

Scientific and technological innovation indicators and goals

SPC established and tracked key indicators related to innovation governance, input–output performance, and the transformation of achievements, continuously strengthening the role of scientific and technological innovation to support high-quality development and green transformation.

Total R&D expenditure	Ongoing scientific research projects	National-level scientific research projects undertaken this year	Number of patent applications
21,479 RMB 10,000	**93** projects	**11** projects	**132** items

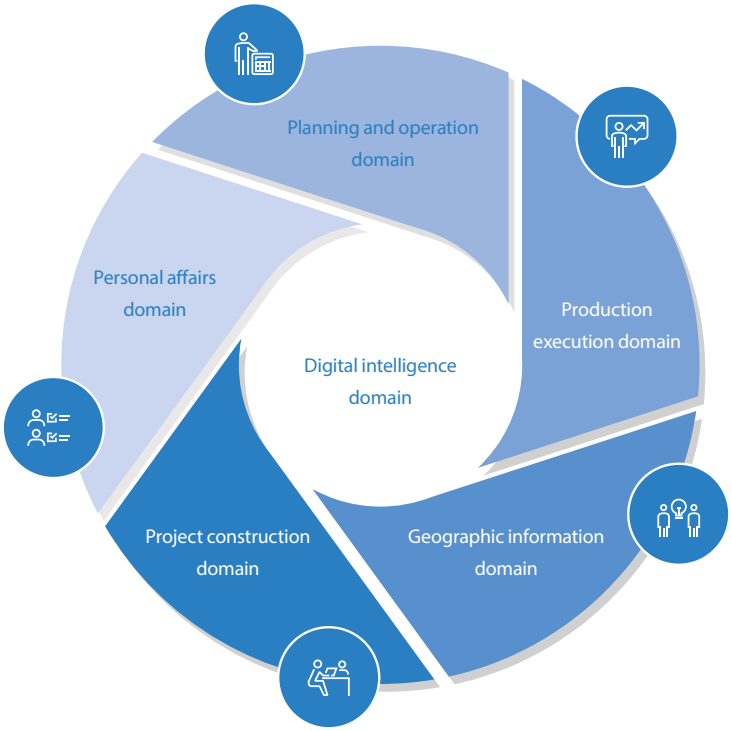
Digital intelligence transformation

SPC advanced the deep integration of artificial intelligence across the entire industrial chain, strengthening system integration and data-resource sharing to drive a comprehensive digital and intelligent transformation of its production and management processes.

Digital intelligence empowerment

SPC continued to enhance its information-management and control systems, implemented the "AI+" initiative in depth, and advanced the development of five key digital intelligence domains. The Company also strengthened the development and application of the data resource system to enable cross-domain data integration and collaboration and built a robust intelligent digital foundation, reinforcing its cybersecurity defenses.

- On June 1, 2025, the national standard GB/T 45341-2025, *Digital Transformation Management Reference Architecture*, officially came into effect. SPC promptly initiated the upgrade and certification process for standard implementation and was designated as one of the first 4A standard implementation pilot enterprises for "Implementing Standard 3.0 for Integration of Informatization and Industrialization and the Digital Transformation Management System."
- Organized and conducted a maturity assessment, SPC is currently rated at Level 3 in intelligent manufacturing, reaching the standard of an advanced smart plant.
- SPC held its first AI Innovation Application Business Competition, collecting 28 innovative achievements from 21 participating units.



Informatization development

In 2025, SPC advanced 24 informatization projects, steadily progressing each project through go-live and acceptance.

- The Phase IV DCS Alarm Project was officially put into operation on April 16, 2025.
- The direct work management improvement project was completed and accepted on July 2, 2025.
- The full-asset equipment health platform, built under the equipment-domain digital plant framework, was officially launched on August 6, 2025
- SPC's product quality extended service improvement project. The project was officially launched on August 15, 2025.
- Personnel positioning and crowd-gathering early-warning system project of SPC. The system was officially launched on August 15
- The performance assessment optimization and upgrade project for SPC employees was officially launched on August 22, 2025.
- The intelligent change management system project was officially launched on September 3, 2025
- The expansion and development project of the information technology application innovation of the SPC comprehensive cooperation office. The project passed its acceptance review on August 28, 2025.
- The hazardous chemicals work safety inspection and early-warning system project passed its acceptance review on September 2, 2025.
- The software component of the crude oil in-situ characterization project of SPC. The upgraded system was put into operation on September 10, 2025
- SPC double prevention and potential hazard analysis digital intelligence project. Completed acceptance evaluation on December 9, 2025.

Intelligent management

SPC actively advanced its management intelligence transformation through initiatives such as the Smart Operations Platform, Intelligent Production Scheduling, Smart Quality Inspection, and Intelligent Logistics Management, significantly enhancing overall operational and managerial efficiency.

Phase I of the Smart Operations Platform Project was completed and launched

Case

The construction of the Smart Operations Platform was led by the Planning and Operations Department of the Company, with technical support provided by the IT Service Center. The project was launched in June 2024 and achieved a breakthrough in data governance in early 2025.

Centered on real-time monitoring and precise decision-making, the platform is designed around daily operational needs and structured into six functional modules—Panoramic Operations Dashboard, Refined Cost Monitoring, Dynamic Pricing and Industrial Chain Analysis, Intelligent Inventory Management, Closed-Loop Planning Management, and Standard Cost & Data Foundation—forming a comprehensive digital management closed loop.

During nearly a year of trial operation, the project has delivered significant results:

Visible, manageable benefits

The platform shifted benefit analysis from lagging monthly accounting to daily profit and cash-flow tracking, making "daily production equals value creation" a clear and measurable objective.

Activated data enables faster decision-making

Through data governance and platform integration, disorganized static daily reports have been transformed into centralized and intuitive dynamic trend dashboards.



Production scheduling improved, and profitability increased

By integrating financial pricing data, the product database, and production constraints, the platform provided data-driven and intelligent optimization recommendations for production planning, enabling the selection of more profitable product grades and output combinations.

Data democratization empowers the entire staff

The platform breaks down departmental barriers by making key operational data transparently accessible to frontline teams, advancing "data democratization."

A single chart for "online inspection"

Case

SPC actively advanced its digital intelligence management initiatives, focusing on the core pain points of production scheduling by deeply integrating the dispersed material-system data and workflows across various units. By building an integrated process-information platform with a unified "one-view" dashboard, the time required for online inspection has been reduced from one to two hours to just a few minutes, significantly improving data-analysis efficiency and emergency-response speed.

Through comprehensive layout planning, production process analysis, and point confirmation, the integrated process-information platform of SPC developed 50 real-time monitoring charts across four major categories—material inventory, utilities systems, heat-network operations, and environmental data—each further broken down by specific material types. Each chart clearly visualizes the full flow of materials across the Company and is supported by real-time material-balance tables synchronized with the DCS systems of all secondary units, enabling comprehensive and dynamic real-time monitoring.



02 TACKLING CLIMATE CHANGE



The Company earnestly implements the principle that "Lucid waters and lush mountains are invaluable assets," elevating green, low-carbon, and high-quality development to a strategic priority and incorporating climate-change response into its corporate development planning. By strengthening GHG reduction management and promoting low-carbon transition, SPC is contributing to China's "carbon peaking and carbon neutrality" goals and supporting the broader vision of building a Beautiful China.

Top-level design for tackling climate change 22

Reducing GHG emissions 24

Promoting low-carbon energy transition 27

Top-level design for tackling climate change

In 2025, the tightening of green trade barriers in Europe and America, together with strengthened domestic manufacturing protection, as well as the expansion and upgrading of China's carbon market and the intensification of dual control over the amount and intensity of carbon emissions, imposed new requirements on the petrochemical industry in addressing climate change challenges. The Company actively responded to China's "carbon peaking and carbon neutrality" strategy by advancing a systematic transformation across governance, strategy, and risk-and-opportunity management, while implementing comprehensive technological revamp and quality improvement & upgrading initiatives.

Governance

The Company focused on climate change risks and opportunities; the Board of Directors spearheaded the formulation of the Company's climate-response development plan; the production and service units, along with subsidiaries,formulated and implemented their own energy-saving and emission-reduction targets in accordance with the established guidelines, clarifying responsibilities across organizational levels to enhance the effectiveness of emission-reduction efforts.

Decision-making level

Board of Directors

- Reviewing climate development planning policies and proposing strategic positioning suggestions
- Identifying and assessing climate-related risks, and reviewing the corresponding risk inventories and reports
- Overseeing the performance of climate-related commitments and reviewing ESG-related reports

Strategy and ESG Committee of the Board of Directors

- Coordinating the integration of climate strategy with ESG management to guide climate-response efforts
- Identifying and assessing climate-related risks and opportunities, and discussing proposed response measures
- Coordinating various departments and units to report the climate-governance progress to the Board of Directors

Management level

Execution level

Each production service unit and subsidiary

- Implementing "carbon peaking and carbon neutrality" decisions, and formulating their own targets and action plans
- Implementing energy-efficiency improvement programs and enforcing strict control over emissions and energy performance
- Carrying out carbon-asset management and fulfilling emission-allowance compliance obligations

Strategy

Risks	Response	Financial impacts
Physical risks: The increasing frequency of extreme weather events raises the likelihood of equipment failures, production disruptions, and other operational impacts. Trade policy risks: Rising green trade barriers in Europe and America, along with stronger domestic manufacturing protection, increase supply-chain security risks for enterprises and drive up raw material costs. Transition risks: Under the "carbon peaking and carbon neutrality" goals, enterprises face rising costs associated with information disclosure and the development of green technologies.	Climate resilience building: Strengthening the ability of critical equipment and facilities to withstand extreme weather events, and deploying risk-monitoring and emergency-response systems. Supply-chain resilience building: Expanding diversified raw material sourcing channels, advancing low-carbon product certification, and increasing investment in independent green technology R&D. Compliance cost control: Strengthening ESG management, improving the corporate carbon accounting system, and promoting circular-economy practices.	Short term: Climate and market risks may reduce operating revenue while increasing expenditures on equipment maintenance, compliance obligations, and raw material. Medium to long term: Capital expenditures for equipment upgrades and revamps are expected to rise, investment in new product R&D will increase, and the risk of potential asset impairment may grow.

Opportunity	Response	Financial impacts
Industry opportunities: The "carbon peaking and carbon neutrality" goals are driving enterprises to advance in new materials and new energy sectors, and to improve efficiency and accelerate green industrial transformation by leveraging technological revamps. Market opportunities: Growing public awareness and demand for green products in response to climate change are creating new market needs and collaboration opportunities for enterprises in new materials and new energy sectors.	Breakthrough in new materials: Leveraging the company's advantages in large-tow carbon fiber to expand into the wind power market and build a competitive industrial cluster for carbon fiber and composite materials. Technological revamp for quality improvement & upgrading: Advancing technological revamps to achieve green, efficient, and safe high-quality development.	Short term: Emerging business areas contribute to higher operating revenue, while improved resource efficiency helps reduce raw material input costs. Medium to long term: New quality productivity will drive an upgrade in the revenue structure, while improved ESG ratings are expected to lead to a systematic reduction in financing costs.

Note: Short-term: within 1 year; medium-term: 1-5 years; long-term: over 5 years

Impact, risk, and opportunity management

Identification

- The Company conducted an annual identification of climate-related risks, including ecological and water resource risks, and is currently advancing research on the financial-impact assessment of these risks.
- By tracking fluctuations in carbon allowance market prices, the Company dynamically evaluated carbon benefits and identified carbon price risks associated with fixed asset investment projects.

Monitoring

- The Company developed an integrated carbon-footprint and carbon-efficiency monitoring and control system to calculate emissions from production processes and enable dynamic, end-to-end carbon-footprint tracking.
- According to the Green Enterprise Evaluation Indicators (2025 Edition), departments including the Production Department, Safety and Environmental Protection Department, and Planning Department conduct SPC's monthly self-assessment and dynamically monitor risks and opportunities.

Management

- A leadership and working group for energy conservation, emission reduction, and carbon mitigation was established to formulate policies and strategic plans in these areas.
- An Energy Management Office was established to serve as the centralized department responsible for overseeing energy-saving and emission-reduction efforts of the Company.
- Aligning with Sinopec's total and intensity carbon-emission indicators, the Company allocated these indicators to its secondary units, each of which formulated specific measures to ensure their achievement.

Reducing GHG emissions

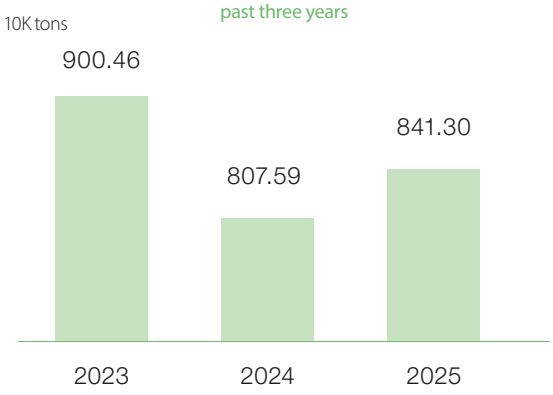
The Company actively advanced China's "carbon peaking and carbon neutrality" goals, formulating medium- and long-term GHG reduction targets, continuously enhancing its emission reduction management, and accelerating the transition toward green and low-carbon development.



GHG emission indicators

Indicator	Emission values	Compared to 2020
Total CO_2 emissions in 2025	8.413 million tons	A decrease of 20.19%
Among them: Direct emissions (Scope 1)	8.0266 million tons	
Indirect emissions (Scope II)	386,400 tons	
CO_2 emission intensity in 2025	1.49 Ton/RMB 10,000	A decrease of 10.83%

Trend of total CO_2 emissions of the Company over the past three years



In 2025, the Company's total CO_2 emissions increased by 4.17% year-on-year, mainly because the No. 2 ethylene new area and the No. 2 ethylene glycol unit were shut down for the entire year of 2024 for operational reasons and resumed operation at the end of April 2025.

Basis for calculating the Company's GHG emissions

The Company currently adopts the operational-control approach as its accounting boundary and calculates GHG emissions in accordance with the internationally recognized ISO 14064-1 standard, using primarily measured emission factors to calculate GHG emissions within the corporate boundary. Emissions within the corporate boundary are verified by an independent third party commissioned by the HSE Department at Sinopec. In 2024, the Company served as a pilot enterprise within Sinopec's refining and chemical segment to account for Scope 3 emissions.

Performance against the Company's 2025 assessment indicators

Total CO_2 emissions assessment: The Company met the annual indicator of keeping total emissions below 9 million tons.



GHG reduction targets

2020

Emission reduction target: By 2025, the Company aimed to reduce its carbon-emission intensity per unit of output by more than 5% compared with 2020.
Progress achieved: By 2025, the Company's CO_2 emission intensity had decreased by 10.83% compared with 2020.
Completion status: Exceeded the target.

2026

Annual target: In 2026, the Company will ensure that its carbon emission intensity per unit of output remains at the 2025 level, with efforts to achieve further reductions. Both total emissions and emission intensity will be kept within the indicators assigned by the Shanghai municipal authorities and Sinopec. Specifically, the carbon emission indicator set by Sinopec for 2026 is 9.05 million tons.

2030

Emission reduction target: During the "15th Five-Year Plan" period, the Company will ensure that both total carbon emissions and emission intensity per unit of output meet the indicators assigned by the Shanghai municipal authorities and Sinopec Group, and will secure the achievement of carbon peaking before 2030.

GHG reduction management

- The Company formulated and refined the *SPC Carbon Emission Management Measures and the Management Measures for Carbon Emission Evaluation of SPC Fixed Asset Investment Projects.*
- The Company strengthened its carbon emission management by controlling total emissions, reducing emission intensity, and standardizing the management of carbon accounting, verification, planning, reduction, trading, compliance, and evaluation, maximizing the value of its carbon assets.
- Each year, the Company issues a working notice titled *Notice on Incorporating Carbon Emission Impacts into the Benefit Calculations of Fixed Asset Investment Project Proposals* based on changes in carbon prices and accounting standards, strengthening front-end project management and ensuring strict carbon emission reviews.



- The Company carried out a research project titled *Integrated Modeling and Control System for Carbon Footprint and Carbon Efficiency Monitoring.* By developing an integrated model of material, energy, and carbon flows across the production system, the project delivered a carbon footprint monitoring system, which passed acceptance in May 2025.
- The Company conducted monthly carbon accounting under four reporting scopes, tracked allowance surpluses and deficits, and evaluated market conditions to determine optimal trading opportunities. It actively participated in government auctions and maintained sufficient allowances to ensure full and timely compliance.
- The Company conducted carbon emission evaluation and benchmarking for all new projects to ensure that carbon emissions at the source met advanced standards.



Carbon compliance and trading



- National carbon market compliance: The Company completed its internal self-inspection reports and third-party on-site audits, closed all identified issues requiring closed-loop rectification, and fulfilled its compliance obligations in September 2025. In 2025, the Company sold a total of approximately 30,000 tons of carbon allowances.
- Shanghai carbon market compliance: The Company completed its internal self-inspection reports and third-party on-site audits, and fulfilled its compliance obligations in June 2025. In 2025, the Company acquired 377 tons of Shanghai Carbon-Inclusive Category I credits.
- The Company actively sought favorable carbon allowance allocation policies and secured emission quotas for fixed asset investment projects for 2022-2024, saving 69,763 tons of allowances and reducing compliance costs by RMB 5.19 million.

Energy saving and carbon reduction achievements

In 2025, the Company achieved a CO2 emission reduction of 115,000 metric tons, representing an increase of 26,000 metric tons compared to 2024.



- Carbon reduction through clean energy. By 2025, the Company had built 5 PV power stations of which the carbon reduction impact was significant, equivalent to planting approximately 590,000 trees each year and reducing carbon emissions by 10,756 tons annually. By purchasing inter-provincial green electricity, the Company reduced carbon emissions by 93,100 tons.
- Carbon reduction through fuel blending. In 2025, the Company reduced carbon emissions by a total of 10,300 tons through biomass co-firing. By co-firing exhaust gas in the boiler flame zone, the Company directly incinerated VOCs in the exhaust gas, recovered the heat value of the waste gas, and reduced carbon emissions by 500 tons.
- Carbon sink resource reserves. The Company conducted a comprehensive review of degraded vegetation, bare green areas, and idle land, scientifically designating sites for afforestation and greening. By greening wherever possible, the Company continued to enhance its carbon sink capacity.

Promoting low-carbon energy transition

In 2025, the Company advanced a comprehensive low-carbon transformation of its energy structure, focusing on thermal power unit revamp, renewable energy expansion, fuel optimization, green procurement, and the adoption of electrification and digital intelligence technologies. These measures not only improved energy efficiency and economic performance but also strengthened the Company's environmental responsibility.

The Company set its 2030 energy efficiency target: achieving significant progress in optimizing product and energy consumption structures, reaching internationally advanced levels of energy efficiency, and continuously increasing the share of non-fossil energy consumption.

Energy utilization risks and opportunities

Risk	Opportunity	Financial impact
Energy utilization risks: Geopolitical factors and global supply-demand shifts cause fluctuations in oil prices, while variability in wind and solar resources leads to instability in renewable energy supply. Energy transformation risks: The development of new energy technologies increases the investment required for corporate transformation, while tighter environmental policies drive up carbon allowance prices.	Energy utilization opportunities: The use of energy-efficient equipment, equipment upgrades and revamps, and enhanced energy efficiency management enables cost reduction and performance improvement while strengthening the corporate image. Energy transition opportunities: The expansion of green energy deployment enhances access to green financing and opens up new market opportunities.	Revenue: The impact of weather variability on renewable energy income is monitored, and revenue is enhanced through the development of new energy markets. Expenditure: Increased investment is required for the research, development, and application of new energy technologies. Assets and liabilities: Phasing out outdated fixed assets.

Promoting energy structure optimization and implementing energy-saving measures

Promoting clean and efficiency-enhancing revamp of thermal power units to improve power-supply efficiency

The Company accelerated clean and efficiency-enhancing revamp of its thermal power units and reduced coal consumption for power supply by optimizing unit operating modes.

Expanding clean energy projects to optimize the energy supply structure

The Company continued to expand its PV power generation capacity and built a hydrogen-fuel-cell supply center. In 2025, the Company strengthened the operation and maintenance of its PV power stations, achieving a 27.26% year-on-year increase in PV power generation.

Optimizing the fuel mix and controlling the consumption of thermal coal

The Company launched a biomass co-firing program, optimizing the fuel mix to reduce costs and lower carbon emissions. In 2025, the Company co-fired biomass fuel in its boilers, replacing 5,459 tons of coal.

Implementing green procurement to promote energy conservation and emission reduction in both office operations and production activities

The Company enhanced equipment efficiency and reduced energy consumption in both office operations and production activities by procuring energy-efficient equipment and facilitating green power transactions. In 2025, the Company prioritized the procurement of energy-efficient equipment such as LED lighting and purchased 260 million kWh of green electricity, increasing the share of green power in external electricity purchases to 39.4%.

Promoting the electrification of equipment to enhance the Company's capacity for clean power consumption

The Company orderly promoted the electrification of its facilities. In 2025, the Company's terminal electrification rate reached 12.38%, an increase of 0.03 percentage points year-on-year.

Deepening digital intelligence transformation to enhance energy efficiency management of production

The Company integrated artificial intelligence and big data into its production operations and advanced the development of an industrial internet platform to explore innovative pathways for green and low-carbon transformation and high-end industrial chain development in partnership with Shanghai Branch of China Telecom.

2025 energy consumption indicators and targets

In 2025, the total industrial energy consumption was 7.117 million tons of coal equivalent, remaining within the company's planned target. Renewable energy usage amounted to 34,200 tons of coal equivalent. Energy consumption per unit of industrial output fell by 9.59% compared with 2020, exceeding the "14th Five-Year Plan" target of a 5% reduction. The share of non-fossil energy consumption reached 1.22% and continued to rise throughout the "14th Five-Year Plan" period.

711.7
Total Industrial Energy Consumption* (10,000 tons of coal equivalent)

1.23
Energy Consumption per Unit of Industrial Output (tons of coal equivalent per RMB 10,000)

1.22
Share of Non-Fossil Energy Consumption (%)

*Total industrial energy consumption includes all types of energy actually used by the Company, including both direct and indirect energy sources.

Indicator	Total		Density	
Coal consumption and density	179.96	10,000 tons	0.31	Ton/RMB 10,000
Electricity consumption and density (excluding external electricity use)	2,861,220	1,000 kilowatt-hours	0.49	1,000 kilowatt-hours per RMB 10,000
Crude oil consumption and intensity	1,261.25	10,000 tons	2.18	Ton/RMB 10,000
Natural gas consumption and density	4.32	100 million m^3	74.66	m^3 per RMB 10,000
Combined refining energy consumption	——	——	51.63	kgoe/ton

03 GREEN SAFETY



The Company takes safety development and green development as the prerequisite and foundation for enterprise survival and sustainable development, firmly establishes the concept of safety development, continuously improves the HSE system, strengthens the environmental protection, develops the circular economy, attaches great importance to the biodiversity protection, promotes the construction of green enterprises, and comprehensively improves the level of intrinsic safety and environmental protection.

Enhancing safety management 30

Strengthening environmental protection 33

Developing a circular economy 37

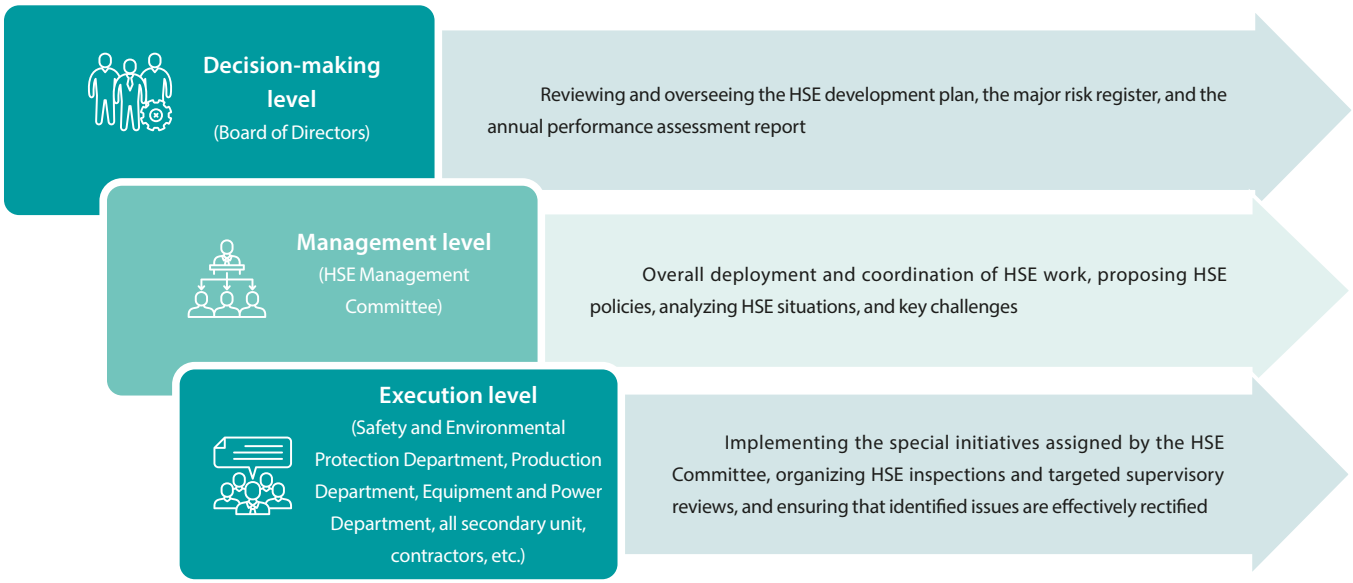
Biodiversity protection 40

Enhancing safety management

The Company strictly complies with the *Work Safety Law of the People's Republic of China* and the *Shanghai Work Safety Regulations*, implementing a safety management philosophy characterized by "rules for every task, accountability for every area, oversight at all times, and safety for everyone". The Company reinforces accountability across its entire workforce by adhering to strict safety management protocols, beginning from a zero baseline and striving for zero incidents. Guided by the "Tackling Root Causes through Dedicated Actions" work safety initiative, it works to prevent and mitigate major risks, enhance intrinsic safety across all operations, and ensure that high-level HSE performance provides a solid foundation for its high-quality development.

Governance

The Company has integrated its HSE management system into strategic planning, corporate governance system, safety risk management system, and daily operations. It has established a three-tier governance structure—decision-making level, management level, and execution level—with clearly defined responsibilities at each level to ensure stable and reliable work safety performance.



Strategy

Risk identification		Countermeasures	Impact period
Risk of work safety	Work safety is the lifeline of the Company. During normal operations, safety risks may arise from inadequate employee safety accountability, insufficient emergency response capabilities, or aging equipment, all of which can create potential hazards in SPC's production activities.	In accordance with grid-based management requirements, SPC strengthened the integration of specialized management and localized oversight to stabilize production operations, while concurrently conducting root-cause analyses of any abnormalities and ensuring full closed-loop management and rectification of all identified issues. The Company advanced the "Thunder Action" campaign to investigate and remediate safety hazards, enhance employees' emergency response capabilities, and strengthen overall hazard identification and control.	Short and medium term

Strategy

Risk identification		Countermeasures	Impact period
Inherent safety risks associated with production units	The year 2025 marks the turnaround and revamp year for the Company, and the quality and effectiveness of maintenance on aging units directly affect the stable operation of the facilities and the quality of the products. During the overhaul, the shutdown and startup phases may also lead to production abnormalities and pose risks of reduced unit reliability.	SPC developed a precise roadmap for the overhaul preparation and built a solid "safety net" for the maintenance work. The Company also established a three-tier quality control system involving itself, secondary units, and contractors, introduced stringent third-party supervision, and ensured rigorous quality control throughout the overhaul process. Moreover, it developed overhaul demonstration projects to establish unified quality acceptance standards and ensured that every maintenance indicator met the required criteria. Besides, it conducted digitalized overhaul operations to enhance safety management effectiveness.	Medium term
Contractor and direct operational risks	Upon entering the site, certain contractors may demonstrate insufficient awareness of HSE requirements, leading to direct operations that involve non-standard practices, inconsistent work procedures, or violations of safety rules.	SPC strengthened contractor safety management by providing HSE training for both operators and supervisors, enforcing strict qualification reviews, and adhering to the "suspend–penalize–remove" principle to maintain strong oversight of contractors' direct operations. The Company also increased on-site inspections of direct operations and strengthened risk control across critical areas such as safety, process management, and equipment. Moreover, it ensured full-process, round-the-clock, and comprehensive monitoring of on-site operations through a digital intelligence control system.	Short and medium term
Risks of material storage and transportation	Storage and transportation equipment (such as tanks and hazardous chemical transport vehicles) may face leakage and wastage risks due to corrosion and aging.	SPC strengthened safety control over direct operations performed by storage and transportation personnel and continuously advanced the development of the equipment integrity management system. The Company also established a three-tier hazard identification and remediation mechanism, comprising monthly inspections, special investigations, and routine patrols, for storage and transportation equipment, and carried out full-chain special rectification for hazardous chemicals to strictly control storage and transport risks.	Short and medium term
Data and network risks	Employees may face risks of personal or work-related data leakage when using the internet due to improper operations, weak awareness of online fraud prevention, or exposure to cyberattacks such as viruses.	SPC adopted a combination of online and offline approaches to carry out diverse national cybersecurity awareness campaigns, enhance employees' cybersecurity awareness, and strengthen its security and confidentiality defenses.	Short and medium term

Opportunity identification		Countermeasures	Impact period
Opportunities from the inherent safety of production units	Building on the successful completion of the first-phase turnaround, the experience gained can be leveraged to accelerate the second-phase turnaround process, thereby improving the overall efficiency and quality of the major renovation program.	SPC improved supervisory measures and strengthened traceable documentation, leveraging digital intelligence tools to ensure full quality traceability and clear accountability. The coordinating and risk-control functions inherent in grid-based management were utilized. The Company strictly adhered to quality management standards and ensured comprehensive quality control throughout the entire process. It also actively encouraged full employee participation in the turnaround quality management process.	Medium term
Data and cybersecurity opportunities	A well-developed information-based control system, together with Internet-enabled "AI+" initiatives, lays a solid foundation for the Company's green and digital transformation across the industrial chain, while strengthening internal risk control and reducing the cost of risk management.	In accordance with newly issued cybersecurity laws and regulations, including the *Guidelines for the Cybersecurity Protection of Industrial Control Systems*, the Company promoted cybersecurity awareness and protection skills across the workforce. Effective communication of information was emphasized, and the full utilization of digital intelligence systems by all professional teams was ensured, thereby enabling information sharing and coordinated collaboration.	Short and medium term

Note: Impact period — Short-term: within 1 year; medium-term: 1-5 years; long-term: over 5 years

Impact, risk, and opportunity management

In 2025, the Company implemented the strictest safety management system, the *HSE "Penalty Order and Order to Rectify Within a Deadline" Program,* establishing a governance approach centered on rigorous enforcement and aiming to build an HSE management system that covers all personnel, all processes, and all hours. The Company rigorously implemented the "One Network, Two Orders, and Three Noes" system, applied the "1-2-3" working method, and formulated the "One Document and Two Checklists" mechanism. By continuously innovating quantitative HSE performance evaluation and improving employees' work practices in a timely manner, the Company ensured stable operations of work safety.



The Company formulated the *SPC 2025 Full-Chain Safety Management Measures for Hazardous Chemicals,* launching 9 targeted rectification programs—including aging units and storage tanks, major hazard source risk control, and special governance of high-risk operational activities—to conduct comprehensive safety hazard inspections. The Company fully implemented the post-responsibility system by defining clear scopes, personnel, and duties, integrating strong "Three Basics" practices, "Anti-Three Violations" action, and professional management to build a tightly woven safety responsibility network.

In line with the requirements of adopting the "optimal shutdown–startup plan" and the "strictest shutdown–startup procedures," the Company continuously refined and improved its shutdown–startup plans and specialized shutdown schemes for critical units. By adopting a three-tier grid-based management model and strengthening the rigor and detail of turnaround preparation, the Company efficiently advanced the two-phase annual turnaround program, resulting in a significant improvement in unit reliability.

The Company revised the 2025 "Excellence Day" work plan and its veto indicators to further strengthen frontline team development, solidify the foundation of work safety, and ensure that the "Excellence Day" initiative is implemented with greater depth and effectiveness. Focusing on the theme "Safety and Emergency Preparedness for All—Identifying Safety Hazards around You," the Company carried out Work Safety Month activities and comprehensive HSE training to enhance employees' emergency response capabilities.



Establishing "Red and Black Lists" to ensure the effective implementation of the "Two Orders"



Indicators and targets

By 2025, the Company achieved its HSE targets, with no major work safety incidents and no HSE-related litigation cases, and attained a 100% execution rate for fire emergency drills.

Data for the year 2025

0	0%	100%
Number and proportion of employee fatalities caused by work safety incidents	Number of occupational disease cases	Occupational health examination rate

Strengthening environmental protection

The Company strictly complies with national and Shanghai municipal environmental laws and regulations, including the *Environmental Protection Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Soil Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* as well as all relevant policy requirements. The Company incorporated all relevant environmental requirements into its internal management systems and reinforced the environmental responsibilities of each department. The Company advanced coordinated pollutant control, strengthened the foundation of environmental protection, continuously fostered a green culture, and supplied green and low-carbon products to contribute to society's green and low-carbon transformation.

Governance

The Board of Directors of the Company serves as the highest decision-making body for ESG matters and holds ultimate responsibility for environmental management and all other ESG-related work. The Strategy and ESG Committee of the Company serves as the core decision-making body for ecological and environmental policies, with the Safety and Environmental Protection Department is responsible for leading the implementation of environmental protection management. Guided by its HSE management system, the Company advanced environmental management by having all units sign the *HSE Responsibility Agreement* and every employee signs an HSE Commitment Letter in 2025, achieving a 100% signing rate among on-duty personnel.

Strategy

Risk	Response	Impact
Compliance risks: As environmental regulations become increasingly stringent, delays in upgrading aging facilities may lead to excessive emissions. The pilot project for soil and groundwater remediation requires continued investment, and any delays in progress may result in regulatory pressure. Operational risks: Extreme weather events (such as heavy rainfall and typhoons) may damage environmental and production facilities, potentially causing oil and gas leaks and triggering environmental pollution incidents. In addition, VOCs control still faces leakage points, and the LDAR repair rate has room for improvement. Management risks: The Company's environmental grid-based management still requires optimization, and some grassroots units have not fully implemented their environmental protection responsibilities. In addition, the efficiency of cross-provincial coordination for the full-process management of hazardous waste needs improvement.	• The Company accelerated the second phase of the Green Enterprise program and achieved the remaining task milestones; advanced soil remediation in the Olefins and Chemicals Divisions by establishing a "monitoring–remediation–evaluation" closed loop; • enhanced the three-tier water risk prevention system and upgraded algal control technologies for the Suitang River; and optimized VOCs source control by advancing the retrofit of foam generators of storage tanks. • The Company improved the efficiency of grid-based environmental management and established a "point-to-point" collaboration mechanism with hazardous waste disposal units to shorten transfer cycles.	Short term: Increasing environmental compliance costs may pose financial pressure, and any violations could result in fines, production shutdown losses, and damage to the Company's brand reputation. Medium term: Effective progress in soil remediation and VOCs control will reduce environmental risks and support the Company's efforts to become a high-quality green enterprise. Long term: Delays in environmental rectification may affect environmental impact assessment approvals and constrain the development of new projects.

Opportunity	Response	Impact
Policy opportunities: Under China's "carbon peaking and carbon neutrality" goals, subsidies for new energy and tax reductions for comprehensive resource utilization can help lower operating costs. Market opportunities: Driven by surging demand for low-carbon materials and clean energy in the new energy and construction sectors, products such as low-sulfur petroleum coke and large-tow carbon fiber enjoy significant market potential. Technological opportunities: Advances in digital-intelligent monitoring and low-carbon technologies can enhance environmental governance efficiency and improve energy use efficiency.	• The Company accelerated the construction of PV power stations to increase the share of green electricity and optimized the processes for solid waste resource utilization. • The Company strengthened green product certification, promoted the large-scale use of large-tow carbon fiber in the new energy and construction sectors, and deepened circular economy collaboration with upstream and downstream enterprises. • The Company upgraded the environmental monitoring system and increased investment in low-carbon technology research and development.	Short term: Subsidies for green electricity and energy-saving upgrades can help reduce operating costs. Medium term: The scale of the hydrogen-energy business is expected to expand, and the market share of green and low-carbon products will continue to increase. Long-term: The development of an "odor-free chemical park" and broader ecological governance achievements will enhance brand reputation; digital intelligence upgrades will improve environmental protection management efficiency; and the revenue share of green and low-carbon products is expected to increase further.

Impact, opportunity, and risk management

On the basis of strictly implementing national and industry environmental protection standards, the Company, systematically advances ecological and environmental governance, and comprehensively enhances management performance of environmental protection to support sustainable development.

Strengthening environmental compliance management

Building on its long-standing commitment to green development, the Company is gradually establishing a modern environmental management system driven by digital intelligence technologies, anchored in risk prevention and control, guided by the Green Enterprise Initiative, and supported by grid-based management as a key operational tool.

1

Grid-based management for environmental protection

- The Company issued the *SPC Implementation Plan for Grid-based Management for Environmental Protection* to strengthen environmental management responsibilities. By "defining grids, assigning personnel, and clarifying duties," the plan incorporates production, equipment, instrumentation, and electrical functions into a unified responsibility system, establishing a full-cycle closed-loop process of issue identification, reporting, and resolution. This approach significantly enhanced environmental protection management efficiency and helped comprehensively safeguard the Company's environmental bottom line.
- The Company actively advanced the intelligent upgrade of its grid-based management system for environmental protection, fully implemented a "certificate display" mechanism for environmental protection facilities and equipment, and accelerated the development of a "Smart Environmental Protection" platform to enable integrated data analysis and dynamic environmental risk alerts.

2

Environmental risk control

- The Company established a comprehensive system for identifying and managing ecological and environmental risks and implemented full-process environmental risk control. The Company conducted an annual ecological and environmental risk identification exercise and carried out targeted inspections based on the results of its environmental risk source index assessment. In line with a case-by-case approach, the Company implemented tailored control measures for each risk source and conducted emergency drills. In 2025, the Company had no environmental risk sources classified as extremely high risk.
- The Company developed the *SPC Comprehensive Emergency Response Plan for Environmental Incidents*, strengthening its environmental emergency management system. Regular emergency drills were conducted to enhance preparedness for sudden environmental events, continuously improving its capability to prevent and control environmental risks.

3

Environmental management empowered by digital intelligence

- The Company continued to enhance its environmental monitoring network by developing a real-time environmental data visualization map and establishing mechanisms for boundary pollutant alerts and odor source tracing, enabling round-the-clock (24-hour) real-time alarm and traceability capabilities.
- The Company continued to enhance the quality of its LDAR program and conducted mobile environmental monitoring and online monitoring efforts with source tracing capabilities. The Company conducted the research, development, and application of a digital intelligence remote sensing system for qualitative and positioning monitoring in pipeline corridor areas. Technologies such as photoacoustic hybrid monitoring, lift platform, and map-based data fusion, are applied to key monitoring areas such as pipeline corridors remote. The Company introduced a wastewater sentinel tracing and monitoring system to enhance monitoring of influent water quality and strengthen its emergency response capabilities.

4

Green Enterprise Initiative

- The Company revised the *SPC Green Enterprise Implementation Plan* and is advancing the second phase of its Green Enterprise Initiative, focusing on four key areas—carbon reduction, pollution mitigation, efficiency improvement, and ecological enhancement.

Strengthening pollution emission management

The Company focused on key areas such as exhaust gas and wastewater, and, following the principles of "source reduction, process control, and end-of-pipe treatment", comprehensively advanced its pollution prevention efforts. The Company continued to advance the Blue Sky Protection Campaign, strengthen water pollution prevention, and promptly address ecological and environmental issues affecting nearby communities, ensuring the stable operation of pollution control facilities and full compliance with emission standards.

Pollutant type	Emission reduction target	Emission reduction measures and progress during the reporting period
Atmospheric pollution	Deepening exhaust gas supervision and improving air quality	The Company conducted routine LDAR (Leak Detection and Repair), and continued to advance comprehensive VOCs control projects to ensure full and effective management. The Company implemented the quality improvement and emission reduction project for its polyethylene unit, adding a membrane separation recovery system that effectively reduces nitrogen consumption and lowers flare gas emissions. The Company achieved the 2025 target of keeping boundary VOC concentrations below 70 micrograms per cubic meter.
	Strengthening on-site environmental management	The Company addressed dust issues in the coke handling and transportation sessions by launching a comprehensive upgrade program and implementing a dual-stage cleaning policy of primary washing followed by fine washing. By combining preliminary cleaning through a recessed washing platform with fine cleaning via high-pressure rain-shower spraying, the Company achieved source-level dust control, minimized the risk of coke-powder carry-over, and significantly reduced site dust emissions.
Water pollutants	Strengthening environmental risk control capabilities to ensure that wastewater is discharged in full compliance with quality standards.	The Company established high industry standards—ensuring that oily wastewater contains no oil and that the rainwater system has no continuous discharge—and is advancing clean-and-dirty water separation to realize "one strategy for each unit", upgrading wastewater treatment facilities, and strengthening water quality control and ecological restoration along the Suitang River. These measures significantly enhanced wastewater management capabilities and ensured stable, fully compliant pollutant discharge.
	Driving quality improvement and efficiency gains in wastewater management through technological innovation	The Company established a rain- and wastewater quality fingerprint database based on three-dimensional fluorescence spectroscopy to enable rapid and accurate source tracing capabilities. It also studied and applied advanced treatment technologies for wastewater from FCC flue gas desulfurization system to effectively address issues such as low oxidation efficiency. Moreover, it developed a bio-enhanced treatment process for exhaust gases from the acrylic fiber wastewater unit, leading to the creation of a new composite media biofilter technology. Besides, it developed algal management technologies for the Suitang River and achieved effective algal suppression and stable pH regulation in the pilot section along the northern branch.

Indicator targets

By 2025, the Company achieved its total pollutant control targets, with emissions of volatile organic compounds (VOCs), ammonia nitrogen, and chemical oxygen demand (COD) declining for three consecutive years. No exceedances of emission standards were recorded, and no abnormalities were observed in the operation of pollution control facilities. Furthermore, no adverse impacts were reported for either employees or members of the local community. The Company also incurred no major administrative penalties or criminal liabilities related to air pollutant emissions.

Indicator	Unit	2024	2025
SO_2 emissions	Ton	181.12	179.15
NO_x emissions	Ton	968.65	1047.59
VOCs emissions	Ton	2276.27	2221.20
COD emissions	Ton	622.41	540.13
BOD emissions	Ton	61.99	51.91
NH3-N emissions	Ton	3.75	1.51
TN emissions	Ton	222.26	201.73
TP emissions	Ton	1.51	1.25
PM emissions	Ton	107.68	105.43

100% Qualified rate for controlled exhaust gas

100% Comprehensive compliance rate of for discharged industrial wastewater

Green culture







Ideas-driven

Anchored in the principles of ecological civilization, the Company fostered a solid foundation of green awareness across its entire workforce. The Company continued to promote the "Shili Chunfeng" awareness campaign, focusing on key topics in green and low-carbon transformation. Through tiered briefings, case-based interpretation, and interactive engagement, the program integrates the principles of green development into daily management practices and employee conduct guidelines.

Application scenarios

Green office

The Company promoted paperless operations, prioritized the procurement of eco-friendly recycled office supplies, and standardized the management of water, electricity, and fresh-air systems.

Green living

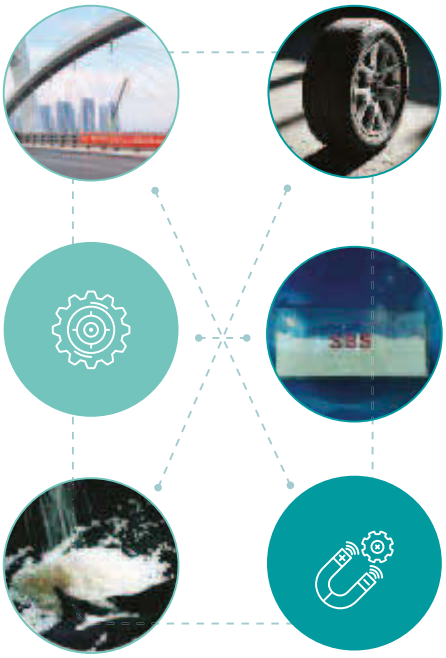
The Company encouraged employees to use public transportation, adopt household waste-sorting and energy-saving practices, and integrate green values into every aspect of daily living.

Image publicity

The Company was recognized by the Ministry of Ecology and Environment as one of the first enterprises designated as an "Organization with Publicly Accessible Environmental Protection Facilities." The Company organized "Public Open Day" activities centered on themes such as "Earth Day." In 2025, the Company held 30 "Public Open Day" activities, welcoming a total of 998 visitors to the factories.

Providing green and low-carbon products

Guided by its core goal of green and low-carbon transformation, the Company continues to upgrade its full production process with green and low-carbon guidelines while providing high-quality low-carbon products, fostering collaborative pollution control and carbon reduction across the upstream and downstream industrial chains.



Large-tow carbon fiber composite rebar

Compared with traditional steel materials, the use of carbon fiber composite materials reduces steel consumption by about 60%, lowers weight by roughly 50%, and cuts carbon emissions by approximately 20%.

Polymer-grade isoprene

The polymer-grade isoprene produced by the Company delivers significantly enhanced wear resistance—12% to 24% higher than natural rubber—and reduces dynamic heat buildup by 4% to 9%. The Company produces 20,000 tons of polymer-grade isoprene annually, sufficient for manufacturing 330,000 tons of tires and capable of replacing 10,000 tons of natural rubber.

Thermoplastic elastomer

High-quality polymer materials are characterized by safety and eco-friendliness, ease of processing and application, and recyclability. They are widely used in infant products, medical devices, 5G optical fiber cables, synthetic leather, and other fields, and are even suitable for implantation in the human body. On November 12, 2025, the thermoplastic elastomer project of Shanghai Jinshan Baling New Materials Co., Ltd., a joint venture between the Company and Sinopec Hunan Petrochemical Co., Ltd., achieved a successful first startup.

Developing a circular economy

SPC adheres to a green, low-carbon, and circular development approach, following the principles of "source reduction, process resource utilization, and end-of-pipe harmless treatment". The Company strictly implements Shanghai's "Zero Waste City" initiative and Sinopec's "Zero Waste Group" requirements, actively advancing the construction of a "Zero Waste Enterprise." The Company formulated the SPC "Zero Waste Enterprise" Construction Plan, strengthening digital and intelligent management to achieve highly efficient resource recycling.

Solid waste management

SPC established a grid-based solid-waste supervision system featuring local management, professional accountability, full coverage, and clearly assigned responsibilities. A total of 50 grid points were set up to ensure that solid waste is collected and cleared on a daily basis. Through digital intelligence tools, the Company enabled automatic data collection, label printing, and ledger generation, while interfacing with Shanghai's hazardous waste management platform and continuously updating the *SPC Hazardous Waste Directory*. This approach established a full-chain, traceable, and full-lifecycle-based supervision system. In 2025, the Company generated 666,900 tons of solid waste and 16,200 tons of hazardous waste. A total of 655,600 tons of solid waste were comprehensively utilized, achieving a comprehensive utilization rate of 98.27%, with 100% compliant disposal. All indicators met the required standards for the establishment of a "Zero Waste Enterprise."

Sewage co-firing

The Company advanced sludge drying and harmless treatment, increased sludge co-firing in the combined cycle boiler units, and converted the organic content into thermal energy to support the power generation system. In 2025, sludge treatment reached 22,098 tons, representing a 70% year-on-year increase.

Disposal of waste materials

The Company introduced an innovative three-dimensional review mechanism for recyclers, covering qualifications, capabilities, and site conditions, and established a normalized supervision system with unscheduled inspections. A traceability ledger was created to monitor the real-time flow of materials leaving the plant.

Re-processing of slop oil

During the cleaning of the oily water pool in the atmospheric and vacuum distillation unit, the Company flushed slop oil from the wastewater well into the oily wastewater pool, where the slop oil was skimmed off and sent for re-processing.

Solvent recovery

Through process optimization, node control, and enhanced environmental protection management, the Company added temporary pipelines to the butadiene unit, successfully recovering hard-to-recover components from the solvent recycling system and achieving a new record in recovery volume.

Oil sludge reduction

By implementing refined management to ensure that "oily wastewater contains no oil," the Company reduced hazardous-waste generation at the source. As a result, both the volume of outsourced oily sludge and the associated disposal costs dropped significantly.

Waste gas recycling

Focusing on the circular utilization of exhaust gas, the Company strengthened efforts in VOCs deep management, flare gas reduction, and feed-gas demand control. Through continuous remediation and innovative approaches to improving quality and reducing emissions, the Company significantly enhanced its environmental management performance.

Rich gas recovery

The Company adopted nitrogen purging in the polypropylene unit to enable gas reuse, and implemented graded recovery of flare gas in the refining unit, achieving eco-friendly shutdowns.

Emission reduction and quality improvement

The Company compressed and separated exhaust gases from the polyethylene unit to recover nitrogen and light-hydrocarbon components, thereby reducing VOC emissions. During the trial run, nitrogen recovery reached approximately 450 kg/h, while flare gas emissions decreased simultaneously by 40-50 kg/h.

Indicator	Unit	2023	2024	2025
Refining flare stack emissions	10,000 m^3	161.00	232.58	569.67
Flare gas recovery	10,000 m^3	6,946.00	7,052.77	7,565.30
Low sulfur flare gas recovery	10,000 m^3	4,450.56	4,549.50	4,964.81
High sulfur flare gas recovery	10,000 m^3	2,495.53	2,503.27	2,600.49

Water resource utilization

The Company continued to strengthen water source control and full-process water use management. Under the Board of Directors' unified oversight of water use and conservation, an Environmental Water Department was established to enhance water resource management and improve the level and efficiency of water recycling and overall utilization. The Company vigorously advanced the "oily wastewater without oil" initiative, adhering to refined management practices. Leveraging the research laboratories of the Environmental Protection Institute to accelerate technological breakthroughs and enhance digital intelligence capabilities, the Company achieved the goals of cost reduction and efficiency improvement. SPC formulated a dedicated water-body control plan, regularly calculating and assessing water resource usage, scientifically adjusting and optimizing water use plans, and strengthening water conservation awareness among all employees.

Water resource risk and opportunity assessment

Risks	The Company operates in a region where water availability and quality remain stable, with no significant water resource risks identified.
Opportunity	The Company enhanced water resource efficiency, optimized the circulating water system, and reused treated wastewater to reduce both water withdrawal and wastewater treatment costs.
Financial impacts	The Company strengthened water withdrawal control, enhanced water resource efficiency, and achieved cost reduction and performance improvement. Typhoons, heavy rainfall, and other meteorological disasters that may occur in the region could affect the Company's operating cash flow.

Water resource utilization and objectives

- In 2025, the Company's cumulative fresh water withdrawal amounted to 34.83 million tons, with a water consumption per RMB 10,000 of output value stood at 6.16 tons.
- The Company's total industrial water withdrawal amounted to 34.83 million tons. The target is to keep it within 60 million tons by 2030.
- The wastewater treatment and reuse rate was 53.40%. The target is to reach 60% by 2030.
- The cumulative fresh water make-up rate for the circulating water system was 0.93%. The target is to reduce the make-up rate to below 0.9% by 2030.

Water withdrawal control

The Company comprehensively advanced water conservation efforts and optimized its systems to achieve effective water use control. A dynamic temperature response model was established to adjust the cooling water system in real time based on ambient temperature and to optimize parameter settings. A three-tier "peak-plain-valley" early-warning mechanism for water utilization was established, and a plant-wide water-balance assessment was conducted to further identify water-saving potential. At the mechanism-building level, the Company incorporated power-generation water intake and reclaimed water utilization into its performance assessment system. The Company continued to strengthen the management of domestic water use, allocating water use quotas to secondary units and implementing cost target control. In 2025, the Company participated for the first time in the Shanghai Water Withdrawal Right Administrative Management Service Trust.

Optimization and integration of circulating water system

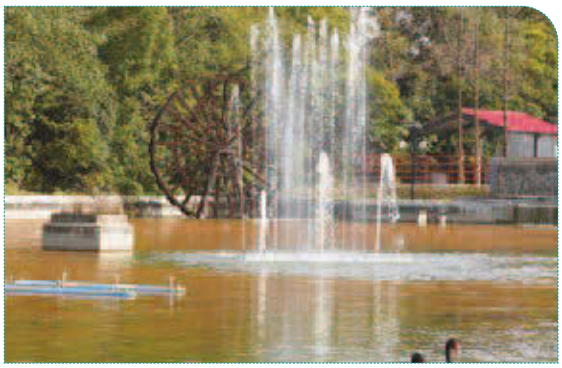
The Company accelerated the optimization and integration of its circulating water system, achieving notable results in cost reduction and efficiency improvement. The Company conducted comprehensive evaluations of key operational indicators and made targeted adjustments to maximize operating efficiency. The Company actively explored water-saving potential and adjusted circulating water volume in line with production rhythms. The Company enhanced the efficiency of cooling towers in the circulating water system, increased the use of reclaimed water, and appropriately incorporated rainwater as a supplementary water source. The Company improved foundational data records—such as system surveys and operational logs—to strengthen data governance and provide robust support for system optimization and integration.

Sewage reuse

The Company advanced clean-dirty water separation, wastewater reuse, and differentiated treatment of various wastewater streams. It established centralized pretreatment facilities for oily and chemical wastewater, along with two wastewater treatment units. Treated and compliant reclaimed water was primarily supplied to the circulating water system and the fire-fighting water reservoirs. For oily wastewater, the Company implemented refined management under the principle of "oily wastewater without oil," enabling all such wastewater to be properly treated and fully reused. The Company treated its saline wastewater using advanced methods, enabling it to be reused efficiently. The Company controlled wastewater quality at the source to improve the overall wastewater reuse rate. In 2025, the Company's wastewater reuse rate exceeded the assessment target by 0.4 percentage points.

Biodiversity protection

SPC strictly implements the national *Opinions on Further Strengthening Biodiversity Conservation as well as Shanghai's Implementation Opinions on Further Strengthening Biodiversity Conservation and the Shanghai Biodiversity Conservation Strategy and Action Plan (2024-2035).* The Board of Directors established a Strategy and ESG Committee to oversee biodiversity-related work. Through initiatives such as ecological monitoring, ecological park development, and shoreline ecological restoration, the Company protects biodiversity and promotes harmonious coexistence between people and nature.



Conduct ecological monitoring

The Company established a comprehensive inspection mechanism and conducted annual monitoring of seawater quality, sediments, aquatic ecology, fishery resources, and biological quality in the intertidal zone of Hangzhou Bay. Monitoring conducted in 2025 showed that seawater quality indicators remained within normal ranges, and the levels of heavy metals and petroleum hydrocarbons in fish and crustaceans were all within the prescribed limits.

Ecological park construction

The Company implemented a green-space system of occupation and replenishment balance achieving a green-space ratio of 23.73% and a vegetation coverage rate of 29.90% in 2025. The ecological park currently includes 12 mu of fish ponds and about 10 mu of nurseries, where species such as sika deer, black swans, ostriches, and peacocks thrive and reproduce, coexisting harmoniously with the production facilities.

Shoreline ecological restoration

In 2025, the Company carried out shoreline ecological restoration, removing 4,330 m^3 of floating debris and 1,810 m^3 of dead branches, and assisting in the demolition of 9 illegally constructed fishermen's trestle bridges along the outer seawall of Weijiu Road.

04 SERVING THE SOCIETY



The Company fully recognizes the responsibilities and mission entrusted to central state-owned enterprises and is committed to better serving the overarching priorities of the Party and the nation. The Company takes on the core responsibilities of China's strategic scientific and technological forces and contributes to enhancing the self-reliance and security of the high-end petrochemical product industrial chain. The Company continues to advance the development of a responsibility supply chain, driving sustainable development across the entire supply chain. The Company respects and safeguards employees' rights and interests, fostering shared growth between employees and itself. The Company remains committed to enhancing the well-being of the people, supporting community development, and contributing selflessly to society.

Fulfilling product responsibility 42

Building the responsibility supply chain 45

Employees' rights and development 47

Supporting community development 49

Contributing to public welfare 51

Fulfilling product responsibility

Anchored in national strategies and regional development needs, the Company advances its "one foundation, two wings, and three growth drivers" industrial layout, continuously strengthening the foundation of energy security while focusing on expanding its core businesses in clean energy and advanced chemical materials. The Company vigorously implements a quality-driven development strategy, remaining committed to excellence and continuously enhancing the safety and quality of its products and services. Leveraging its carbon fiber manufacturing bases in Shanghai and Inner Mongolia, the Company strengthens industrial chain collaboration and is building a core carbon fiber industrial cluster to provide advanced new material solutions that support the development of new quality productivity.

Committed to high-end supply

In 2025, the Company successfully overcame the technological challenges of large-capacity single-spinneret production for carbon fiber 60K and above, achieving full-process integration for 60K large-tow carbon fiber—from precursor preparation to oxidation and carbonization. With the launch of industrial trial production, the Company became the first in China capable of producing 60K large-tow carbon fiber. The Company has developed production capabilities for nearly 20 models of carbon fiber across different tow sizes, including 24K, 48K, and 60K, forming a full product spectrum that spans both general-purpose and high-performance grades as well as large-tow and small-tow categories. This comprehensive portfolio strengthens the self-reliance and security of China's carbon fiber industrial chain.

The Company precisely aligns with customer needs and has established a rapid-response mechanism to ensure its products are better tailored to downstream application scenarios. Guided by an integrated development approach, the Company shares industry insights, technological resources, and supply chain solutions with its customers, helping partners enhance their core competitiveness.

Carbon fiber base materials

The Company employs an advanced sodium-thiocyanate wet-spinning process to produce a full spectrum of carbon fiber products, covering tow sizes from 3K to 60K and performance grades from T300 to T1000, as well as high-modulus levels such as M40J, fully meeting the needs of diverse application fields.

Wind energy composite materials

The Company introduced a series of carbon fiber pultruded plates for critical structural components, including the main load-bearing beams of wind turbine blades. These products feature high specific strength, fatigue resistance, and lightweight properties, which can enhance power generation efficiency and adapt to complex environments. The supporting flow medium ensures the quality of blade molding, comprehensively supporting the high-quality development of the wind power industry.

Synthetic resin materials

The specialized polyolefin materials of the Company are widely used in medical applications, food packaging, automotive lightweighting, and energy cables. These include medical-grade polyethylene, transparent polypropylene special materials, expanded polypropylene foams, bimodal polyethylene pipe materials, and ultra-high-voltage cable materials, all of which offer outstanding performance.



Energy storage composite materials

The Company introduced pre-oxidized fiber and its processed products, featuring high-temperature resistance and excellent electrical conductivity, making them key materials for enhancing the performance of lithium- and sodium-ion batteries and other energy storage devices. Among these applications, carbon-fiber-wound hydrogen cylinders offer advantages such as light weight, high hydrogen storage density, and strong safety performance, providing reliable equipment support for hydrogen storage and transportation.

High-performance composite materials

Carbon fiber products of the Company are widely applied across sports equipment, safety protection, and transportation, including T700-grade carbon-fiber sporting goods, the "Flying Ribbon" torch of the Beijing 2022 Winter Olympics and Paralympics, specialized flame-retardant fabrics, and lightweight automotive components.

Aerospace composite materials

Focusing on the material needs of low-altitude aircraft, the Company has developed lightweight and high-rigidity products for applications in light helicopters and drones. With high-temperature resistance, and fatigue resistance, these products are suitable for critical components such as fuselages and wings.

Protecting customer rights

The Company strictly abided by the *Law on Protection of the Rights and Interests of Consumers, the Anti-Unfair Competition Act* and other laws and regulations applicable to the advertising, labeling and privacy of products and services. We responded positively to customer needs, effectively safeguarded customer rights and interests, and fully protected customer privacy.

The Company fully safeguarded the privacy of its customers. We only collected the necessary information related to sales and explained the purpose of collection before collecting the information, which were carried out under the condition that the customers knew, agreed and were willing to provide such information. Relevant business personnel strictly abided by the Company's relevant confidentiality provisions, signed the confidentiality agreement, and were subject to the supervision of the disciplinary inspection and supervision department.

Creating a quality-centered SPC together

The Company strictly abided by the *Product Quality Law of the People's Republic of China,* the *Metrology Law of the People's Republic of China,* and the *Standardization Law of the People's Republic of China* and other laws and regulations, adhered to the quality policy of "Quality is always one step ahead", formulated and continuously improved the quality management system, and constantly pursue excellent quality. In 2025, the Company achieved zero quality accidents at or above the company level, received no quality complaints or grievances, and had no recalls of sold products due to quality problems or product recalls due to safety and health reasons.

Governance

The Company has established a governance structure for product and service quality and safety that is monitored at the Board of Directors level, managed at the management level, and implemented at the execution level. In accordance with the *SPC Quality Management Measures* and the *SPC Standardized Management Measures,* the Company's Quality Management Center organized the formulation of quality inspection plans, specifying content such as sampling, inspection frequency, and testing methods. The Quality Management Center conducted inspections or commissioned analysis on samples from various production units according to the inspection plan, and uploaded the relevant data to the Laboratory Information Management System (LIMS).

Strategy

Risk	Response	Impact
Compliance risks: Quality compliance risks arising from fluctuations in raw/auxiliary material quality, improper production process control, or supply chain interruptions may lead to reputational damage or even legal proceedings. Efficiency risks: Overcapacity in traditional products, increased price volatility, and diminished ability to command a quality premium. Market risks: Continuously upgrading quality standards in the high-end materials sector, with traditional products facing the risk of substitution.	◎ Continuously optimize the comprehensive quality management system, embedding quality control throughout the entire value chain of products and services; ◎ Strengthen risk prevention and control to ensure quality remains under control; ◎ Promote quality innovation to build a "Quality Brand."	Short-term: Quality investment yields direct returns. Conversely, failure to meet quality requirements may lead to reduced operating revenue and damage to goodwill. Short-to-medium term: Increased compliance costs associated with ensuring and improving product quality.

Opportunity	Response	Impact
Policy opportunity: Policies such as the *Outline to Improve the Overall Quality of Economy* promote industry quality upgrades, creating a favorable macro environment for the Company. Market opportunity: The development of new quality productivity is driving rapid growth in demand for high-end materials, providing a broad market for the Company's product quality upgrades. Technological opportunity: The proliferation of technologies such as digital quality inspection and AI-powered process monitoring helps the Company improve the efficiency of its quality control.	◎ Focus on the "Quality-Driven Enterprise Strategy" to forge core competitiveness; ◎ Participate in the formulation and revision of national and industry standards to enhance industry influence and discourse power; ◎ Deepen digital and intelligent transformation to improve quality control capabilities.	Medium-term: Revenue growth driven by R&D and quality improvement in high-end materials, consolidating and expanding market share. Medium-to-long term: A reputation for quality excellence will become a brand asset, enhancing the Company's valuation.

Impact, opportunity, and risk management

Identification

- Routine risk identification: A total of 221 quality risks were identified throughout the year, of which 18 were classified as medium-level risks.
- Special risk assessment: Special quality impact assessments were conducted for activities such as unit start-ups and shutdowns, pipeline commissioning, and process changes.
- Management system review: Risks and improvement opportunities were systematically evaluated through quality management system reviews and effectiveness assessments.
- Market and technology tracking: Opportunities and challenges were identified in a timely manner through participation in standard formulation/revision and customer visits.

Monitoring

- Routine monitoring: Inspection data was collected and analyzed in real-time using the LIMS to monitor quality trends.
- Dynamic monitoring: A control list was established for identified quality risks, and control measures were implemented.
- Performance measurement: Key performance indicators were set and monitored.

Management

- Technical assurance: The application and maintenance of online quality instruments were increased to reduce human error.
- Capacity building: Employee skills were enhanced through activities such as company-wide quality training and technical competitions.
- Continuous improvement: Processes were continuously optimized through activities like QC circles.
- Emergency response: A mechanism for rapid response and corrective/preventive actions was implemented for customer feedback and quality abnormalities.
- Supply chain collaboration: Supplier quality management was strengthened, extending quality requirements upstream.

Indicators and targets

The Company, guided by the goal of "quality, quantity and customer satisfaction," strengthened the quality awareness of all employees, accelerated the digitalization of quality management, and continuously improved its capacity for quality enhancement and innovation. As a result, significant improvements in quality and efficiency were achieved, promoting the Company's high-quality development through superior products and services.

Indicator	2025 targets	2025 indicators	Progress
Product quality stability rate	≥98%	99.78%	Overfulfill
Compliance rate of company products in superior supervision sampling inspections	100%	100%	Met
Product ex-factory pass rate	100%	100%	Met

Building the responsible supply chain

Comprehensively stimulating innovation capability and solidly implementing green procurement

In 2025, strictly adhering to the principles of "Green, Efficient, and Safe," the Company continuously optimized its procurement structure, enhanced equipment energy efficiency levels, implemented its green and clean development strategy, and established a lifecycle green procurement model.

1 Continuously optimizing the procurement structure

During procurement execution, diversified procurement methods such as framework agreements and centralized bidding were innovatively adopted. This ensured that equipment quality and energy efficiency indicators fully met standards while strictly controlling procurement costs. Concurrently, the Company established a priority mechanism for suppliers with green certifications, selecting suppliers with green qualifications to promote the overall green transformation of the supply chain, thereby providing solid hardware support for achieving the "carbon peaking and carbon neutrality" goals.

2 Enhancing equipment energy efficiency levels

The procurement scope encompassed multiple categories of energy-saving and environmental protection equipment, including LED lighting, frequency converters, centrifugal pumps, high-efficiency motors, and gas detectors. Notably, the proportion of equipment falling under the *Corporate Income Tax Incentive Catalog for Energy and Water Conservation Special Equipment* increased significantly. The procurement of high-efficiency equipment, such as Level 1 energy-efficient motors, variable frequency speed regulation devices, and high-efficiency chillers, was expected to further improve overall equipment energy efficiency levels.

3 Expanding the scope of green tax rebates

For the applications submitted in 2024 regarding the corporate income tax incentives for three categories of special equipment—energy and water conservation, environmental protection, and work safety—the pass rate for green procurement tax rebates reached as high as 90.18%. Throughout 2025, the total value of green procurement products amounted to RMB 1.038 billion. Among these, products eligible for tax rebates totaled RMB 88.84 million, with an estimated achievable tax rebate amount of RMB 8.14 million.

Implementing the "Five Increases and Five Reductions" to build a green supply chain

The "Five Increases" were implemented, namely: increasing the base price of waste materials, increasing procurement efficiency for intermediate materials, increasing the effectiveness of green procurement, increasing the benefits of bill payments, and increasing supplier buybacks.

The green procurement catalog was dynamically identified and improved, green procurement specifications were clarified, green supply chain technologies were prioritized, packaging reduction measures were promoted, and green supply chain management was integrated into regular operations. Procurement of green materials such as foam glass, ceramic fiber modules, and all-fiber refractory bricks was consistently carried out, and the use of green products like nano-aerogel felt was intensified.

The "Five Reductions" were implemented, namely: reducing costs in coal procurement, reducing price limits through public bidding, reducing margins through framework procurement, reducing costs through inquiry and comparison, and reducing margins through joint negotiations, so as to realize cost reduction and efficiency improvement.

Refining the disposal of waste materials

Focusing on the core principle of "front-end risk control" in the disposal of waste materials, a three-dimensional review mechanism of "qualifications + capabilities + site" was established. Scrap metal recyclers were required to provide legal recycling qualifications, proof of hardened storage sites, sales contracts with downstream direct users, and cross-provincial transfer and utilization registration forms. Compliance responsibilities for the management of newly generated surplus materials were fulfilled.

For special categories such as electronic waste, fire-fighting vehicles, National II non-road machinery, and waste transformers, recyclers with specific qualifications were strictly selected to ensure full compliance with environmental standards throughout the entire process. A "traceability management ledger" for the disposal of waste materials was established to track the flow of materials leaving the plant in real time. Technical prevention facilities such as video surveillance were improved, and a "cloud supervision" model was implemented for the storage yards of framework disposal recyclers.

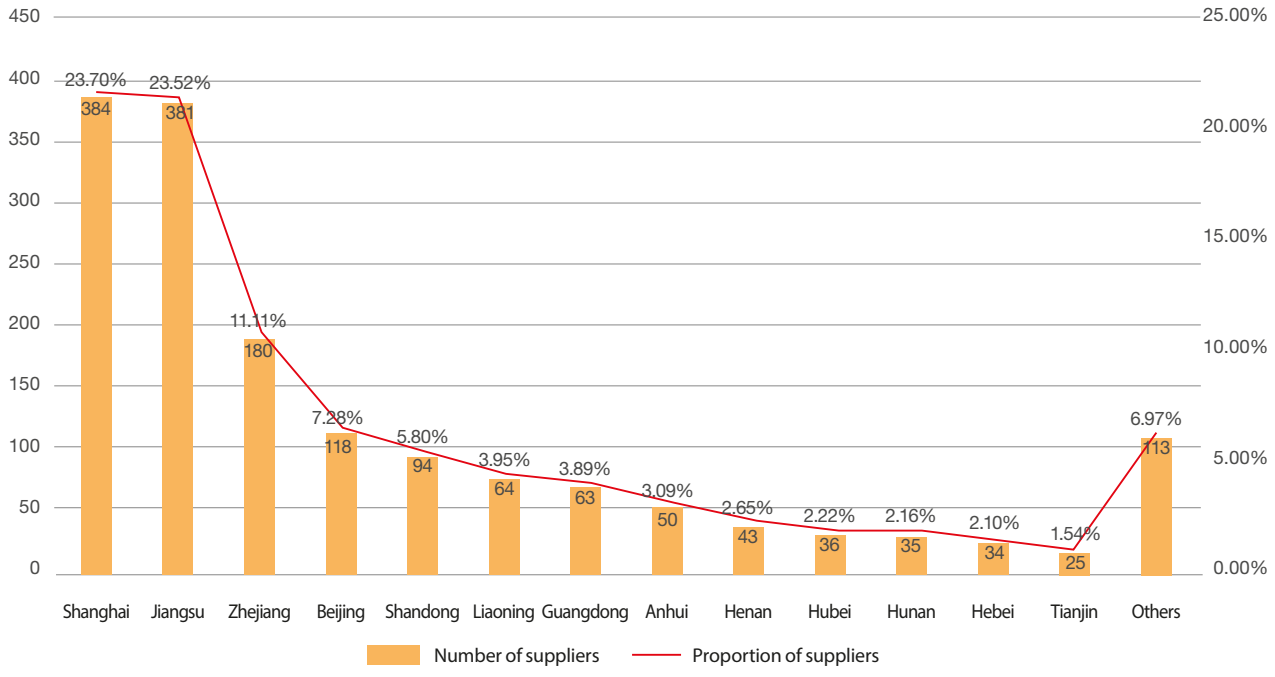
Improving supplier management

Supplier evaluations were carried out, scoring cooperative suppliers from the previous year based on quality, price, service, and delivery, with objective assessments conducted in accordance with the evaluation standards stipulated in the regulations. Risk control measures for bidding and tendering were enhanced, and the Dynamic Change Management List for Qualification and Condition Settings was established to ensure compliance in bidding entrustment.

Strict control was exercised over the supplier admission process, with rigorous enforcement of the "application for establishing a service relationship" procedure. The supplier reward and punishment mechanism was strictly implemented, and supplier anomalies were analyzed and tracked. Suppliers with risks in areas such as legal compliance, finance, integrity, quality, or credit were suspended due to risk. Suppliers with defaulting behaviors in transactions were dealt with accordingly based on factors such as the nature of the problem, the extent of impact, and the status of corrective actions.

By the end of December 2025, there were 1,620 suppliers with whom the Company had a service relationship.

Number and proportion of suppliers by region



Note: The number and proportion of suppliers included in other parts of the chart are: Jiangxi (21, 1.30%); Sichuan (19, 1.17%); Fujian (14, 0.86%); Gansu (12, 0.74%); Shaanxi (12, 0.74%); Heilongjiang (11, 0.68%); Chongqing (8, 0.49%); Hainan (3, 0.19%); Jilin (3, 0.19%); Overseas (3, 0.19%); Guangxi (2, 0.12%); Shanxi (2, 0.12%); Ningxia (1, 0.06%); Xinjiang (1, 0.06%); Yunnan (1, 0.06%).

Employees' rights and development

The Company strictly complies with the *Labor Law of the People's Republic of China and the Trade Union Law of the People's Republic of China,* etc. The Company reviews and confirms the employment practices and systems every year. The Company effectively protects human rights, provides fair development opportunities and compensation & benefits for employees in the recruitment, promotion, dismissal, and day-to-day management, etc., and prohibits the use of child labor and forced labor. The Company rigorously prevents related risks, and no instances of child labor or forced labor occurred. The Company vigorously advances the development of its industrial workforce, adopting a series of innovative measures covering areas such as employee opinion expression, employee rights protection, employee service enhancement, employee growth empowerment, and employee innovation support.

Smooth communication channels to enhance employee satisfaction

The Company is committed to building a harmonious enterprise, smoothing the channels for employees to express their demands, and responding promptly to employee concerns, forming a closed loop between "employee demand expression — wholehearted service to employees — employee satisfaction improvement."

Diversified mechanisms for expressing interest demands

- Regularly workers' congresses
- Daily collective negotiation mechanism
- Practical project "employee ordering"
- Collecting opinions on the Company's
- "Going to the Grassroots and Visiting Thousands of Households" activities to listen to employee demands

Wholehearted service to employees

- Universal benefit system condolence for all employees
- Precise help for the needy
- Summer condolence + high temperature subsidies
- Improvement of dormitory conditions + housing subsidies
- Improvement of break area conditions
- Construction of "Employee Bookstores"
- Birthday gifts + holiday care
- Meal subsidy
- Subsidy for recuperation during leave
- Assistance to youth employees in applying for household registration and public rental housing
- Meeting the recreational, health, and growth needs of female employees Other needs
- Regular practical actions for the people

Employee satisfaction feedback

- The trade union supervises the progress of practical projects
- Employee satisfaction Feedback
- Employee representative proposal reply meeting

Fair salary and benefits to forge a community of shared future

The Company establishes a fair compensation mechanism and provides supplementary benefits, building a community of shared future between the enterprise and its employees. This creates a virtuous cycle wherein "enterprise development relies on employees, and development outcomes benefit employees."

Full coverage of statutory benefits

- 100% signed collective contracts
- 100% joined the trade union
- 100% enjoyed fair remuneration
- 100% enjoyed seven insurances and three pensions
- 100% enjoyed right to rest and vacation
- 100% enjoyed safety and health protection
- Avoid overtime work wherever possible, and pay fairly for overtime work when necessary

Strong linkage between performance and salary

- Digital empowerment applied to employee performance appraisal
- Improvement of quantitative evaluation methods for employee performance
- Refinement of a salary-benefit linkage adjustment mechanism to promote fairness and justice in income distribution
- Optimization of the coverage and incentive intensity of incentive annuities to better leverage their medium-to-long-term incentive role

Supplementary benefits to unite employees

- Beyond basic medical insurance, a "four-tier protection" system is offered: Supplementary Medical Insurance + Shanghai Employee Mutual Assistance Program + Basic Security Exclusively for Union Members + SPC Assistance and Mutual Aid Fund
- Supplementary pension insurance for employees
- Supplementary provident fund for employees

Comprehensively care for physical and mental health and implement "Comprehensive Health Management"

The Company complies with the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases,* puts into practice the concept of "Comprehensive Health Management." This promotes the integration of individual employee health management and optimized corporate health management, cares for both physical health and mental well-being, and extends concern from employees themselves to their family members. Through multi-departmental collaboration, a full-chain health management system is established, spanning from "disease prevention at the source" to "medical security."

Cultivating employees to be the CEO of their own health

- Creating a new model of health management with participation from all employees
- Strengthening health knowledge training to cultivate "occupational health experts"
- Leveraging the "Weight Management Year" activity to foster good lifestyle habits
- Carrying out a variety of cultural and sports activities to delight the body and mind

Enterprise-wide full-chain health management system

	Disease prevention at the source	Medical insurance
Care for physical health	Comprehensive investigation and elimination of occupational health risks Full coverage of employee health check-ups Monthly tracking of health high-risk or abnormal personnel	Cooperation with relevant hospitals to open a green channel for medical treatment Equipping ambulances and automatic external defibrillators and other emergency equipment
Care for mental health	Conducting employee mindset index testing	Deepening EAP (Employee Assistance Program) work Providing multi-form, round-the-clock psychological counseling to employees and their families

Talent Empowerment Strategy for Employee Growth

The Company implements its strategy of strengthening the enterprise through talent development, follows the Vocational Education Law of the People's Republic of China, and provides employees with diverse and fair career advancement paths. Employee growth and innovation are supported through platform development and supporting services, cultivating a high-quality talent pool represented by model workers and skilled craftsmen. In 2025, the Company's training expenditure amounted to RMB 23.8481 million.

Diverse and fair development opportunities

Three career advancement paths—management, professional technology, and skilled operations—are provided, along with a lateral transfer mechanism between different career tracks and a fair competitive selection process.

Guided by institutional regulations

SPC Talent Growth Channel Management Measures, SPC Cadre Selection and Appointment Measures, and SPC Employee Training Management Measures, etc.

Flexible promotion and demotion, and dynamic entry and exit system

Tenure system and contractual management.
Flattening reform, streamlining the cadre team.
"Human resource pool": personnel mobility "empowerment pool," "re-matching pool," and "buffer pool"

Learning maps are developed to provide position-specific capability diagnostics and competency development guides, enabling categorized and individualized instruction.

For management personnel: Advanced seminars are organized to enhance their ability to lead enterprise development.
For youth cadres: Training programs, youth innovation and efficiency initiatives, and temporary assignment programs like the "Hundreds of Boats with Thousands of Sails" project are implemented.
For professional and technical personnel: Job qualification training and specialized capability training are provided.
For new employees: A five-year development plan, individualized "one person, one policy" career planning, "Colorful Training Camp," and a "master-apprentice" mechanism are established.
For all employees: Specialized training and competitions are conducted to cultivate capabilities adapted to digital transformation and green and low-carbon transformation.

Supported by infrastructure construction

Continuously optimizing worker innovation studios, "learning spaces", "learning rooms", etc.
Building and upgrading practical training bases, developing digital learning platforms
Implementing brand projects such as "Best Operator" Competition and "Expert Lectures".

Supporting community development

The Company complies with the *Enterprise Income Tax Law of the People's Republic of China, Value-added Tax Law of the People's Republic of China* and other laws and regulations, and fulfills its obligation to pay taxes in good faith. Furthermore, in areas such as industrial transformation, scientific and technological innovation, ecological conservation, educational resources, social governance, and joint safety initiatives, the Company establishes cooperative systems with surrounding regions to achieve integrated development.

Building a cooperative system together

- Establishing a joint development mechanism with Jinshan District, Shanghai, and the Shanghai Chemical Industry Park.
- Regular meetings are held among leaders and responsible personnel from the three parties to formulate and implement key tasks for annual coordinated development.

Co-promoting industrial transformation

- Leveraging the "New Jinshan" construction initiative to support Jinshan District in building a modern petrochemical industry system.
- Leading the transformation of surrounding regional petrochemical industry clusters towards high-end, intelligent, and green development.
- Developing and mass-producing new materials and green materials such as carbon fiber, becoming an important part of the green supply chain for surrounding industries including wind power, hydrogen fuel cells, and new energy vehicles.
- Mutual research visits and exchanges are conducted with peer enterprises, sharing advanced development concepts and management experience.
- Cross-regional investments are made in areas such as Inner Mongolia to promote the development of the local advanced petrochemical industry.

Jointly promoting scientific and technological innovation

- Promoting deep integration of industry, academia, research, and application in the region, with collaborations established with universities and research institutions to achieve breakthroughs in key core technologies.
- Holding and participating in major exhibitions and forums to facilitate the dissemination, industrialization, and application scenario innovation of new technologies.

Building an ecological civilization together

- Significant efforts are dedicated to regional environmental remediation, safeguarding clean water and blue skies.
- Actively promoting the upgrade of oil product quality to effectively enhance regional environmental quality.
- Constructing PV and other clean energy facilities to assist the green transformation of regional energy.
- Deeply participating in the innovation of national and regional green systems such as carbon markets and green power certificate markets

Sharing educational resources

- Advancing the integration of industry and education by providing internship bases for relevant universities and vocational schools.
- Opening facilities such as the SPC Exhibition Hall to the public, organizing science popularization or research activities during events like the "Public Open Day".
- Recognized by the Ministry of Ecology and Environment as one of the first enterprises designated as an "Organization with Publicly Accessible Environmental Protection Facilities."

Co-governing people's livelihood in the community

- Pair-up and co-construction initiatives are established with Party organizations in 60 residential communities across the surrounding "five towns and one subdistrict."
- Promoting smart community, convenient facilities, and livelihood projects for residents in difficulties.
- Implementing the "Fengqiao Experience" of the new era and establishing grassroots mechanisms for conflict mediation such as "micro-mediation " groups.
- Organizing joint team-building activities between enterprises and local communities to jointly advocate for a healthy and uplifting lifestyle.

Jointly ensuring regional security

- Building a national emergency rescue base for hazardous chemicals in Shanghai.
- Participating in comprehensive emergency drills for sudden environmental incidents in the Hangzhou Bay cross-regional area.
- Ensuring energy supply across land, sea, and air to safeguard the national "energy bowl" and maintain national and regional energy security and supply chain security.

Contributing to public welfare

SPC actively responded to the goals and initiatives of the United Nations *2030 Agenda for Sustainable Development* and the national rural revitalization strategy, complied with the *Law of the People's Republic of China on Donations for Public Welfare and the Charity Law of the People's Republic of China.* The Strategy and ESG Committee under the Board of Directors was assigned responsibility for public welfare-related work. The Company contributed to the development of public welfare initiatives through efforts such as supporting rural revitalization, deepening educational assistance, facilitating hematopoietic stem cells donations, implementing the "Starry Sky" volunteer service, and conducting continuous science popularization activities. In 2025, the Company invested RMB 3.8875 million in public welfare, charity, and other donations.



Supporting rural revitalization: The Company actively supported the East-West cooperation projects involving Jinshan District and the cities of Pu'er and Zhaotong in Yunnan Province. In 2025, it purchased RMB 7.7982 million assistance products from Yunnan Province and Sinopec Group's paired assistance areas and donated RMB 200,000 to a project aimed at improving teaching equipment in Zhaotong City, benefiting 500 students across 12 classes in four primary and secondary schools. In 2025, the Company's total investment in rural revitalization amounted to RMB 500,000, benefiting 2,344 people.



Deepening educational assistance: In 2025, the Company allocated a special fund of RMB 830,000 to establish a partnership with Baingoin County Middle School. Key support was provided for Party-building co-construction projects, the "SPC Zhaoyang" Scholarship and Teaching Award were established, and outstanding teachers and students were organized for study tours in Shanghai. Continuing its fine traditions, the Company also invested RMB 700,000 to persistently support the development of education in Jinshan District.



Facilitating hematopoietic stem cells donations: In April 2025, Ma Xiaowei, an employee of the Company, completed a donation of 163 ml of hematopoietic stem cells. As of 2025, nearly 1,800 employees had voluntarily joined the China Marrow Donor Program, and seven employees had successfully donated hematopoietic stem cells.



"Starry Sky" volunteer service: In 2025, the "Starry Sky" volunteer service team carried out 67 regular volunteer service activities. These efforts promoted the standardized and normalized management of volunteer services, actively fulfilled social responsibilities, and spread positive energy of the Company.



Continuous science popularization: The Company adhered to the principle of "running the enterprise with openness and transparency" by regularly organizing "Public Open Day" activities. A total of 30 such activities were held throughout the year, attracting 998 visitors. In 2025, the Company was awarded the title of one of the first "Units Open to the Public for Environmental Protection Facilities" by the Ministry of Ecology and Environment.

302 person-times

Participated in service support for major Company events in 2025

6,903 employees

Participated in the "One-Day Love Donation" campaign in 2025

6,476 employees

Participated in the "Internet + National Voluntary Tree-Planting Campaign" in 2025

13

Local livelihood projects claimed in 2025

3,257.7 hours

Total volunteer service hours accumulated in 2025

353,900 RMB

Donated to the "Internet + National Voluntary Tree-Planting Campaign" in 2025

727,000 RMB

Donated to the "One-Day Love Donation" campaign in 2025

1.595 RMB million

Funds allocated for local livelihood projects in 2025

ESG Key Performance Chart

Environmental performance (E)

Indicator	Unit	2025	2024	2023
Pollutant discharge				
Chemical Oxygen Demand (COD) emissions	Ton	540.13	622.41	632.38
Ammonia nitrogen emissions	Ton	1.51	3.75	3.77
Waste gas emissions*	100 million m^3	447.05	422.03	465.20
Sulfur dioxide (SO_2) emissions	Ton	179.15	181.12	180.43
Nitrogen oxide (NOx) emissions**	Ton	1,047.59	968.65	1,096.52
Hazardous waste emissions**	10,000 tons	1.62	1.36	1.45
Hazardous waste emissions per unit of output value***	Ton/RMB 10,000	0.0029	0.0023	0.0024
Non-hazardous waste emissions	10,000 tons	65.07	56.34	61.51
Non-hazardous waste emissions per unit of output value***	Ton/RMB 10,000	0.1150	0.0948	0.1004
Suspended particles and particulate matter (PM) emissions	Ton	105.43	107.68	92.74
Wastewater discharge	10,000 tons	1,933.10	2,345.41	2,199.34
Volatile organic compound (VOCs) emissions	Ton	2,221.20	2,276.27	2,295.83
Energy consumption				
Total industrial energy consumption	10K tons of coal equivalent	711.7	647.5	761.5
Comprehensive energy consumption of industrial output	Tons of coal equivalent/RMB 10K	1.23	1.07	1.21
Natural gas consumption	100 million m^3	4.32	4.80	5.08
Coal consumption	10,000 tons	179.96	153.37	167.55
Crude oil consumption	10,000 tons	1,261.25	1,334.58	1,413.07
Combined refining energy consumption	kgoe/ton	51.63	51.97	52.04
Electricity consumption (excluding external power supply)	10K kWh	286,122	266,586	289,618
Renewable energy consumption	Tons of coal equivalent	34,158	23,518	17,688
Proportion of renewable energy consumption	%	0.48	0.87	0.51
Water resources				
Total industrial water intake	10,000 tons	3,483	3,291	3,646
Water consumption per unit of output	Ton/RMB 10,000	6.16	5.54	5.95
Industrial water reutilization rate	%	97.7	98.0	98.02
Water consumption for processing ton of oil	ton/ton	0.40	0.40	0.38
Water drainage for processing ton of oil	ton/ton	0.12	0.12	0.12

Indicator	Unit	2025	2024	2023
GHG emissions and management				
Total CO2 emissions	10,000 tons	841.30	807.59	900.46
-Scope 1 emissions	10,000 tons	802.66	780.34	873.18
-Scope 2 emissions	10,000 tons	38.64	27.25	27.28
Carbon dioxide emission intensity	Ton/RMB 10,000	1.49	1.36	1.47
Carbon trading volume	10,000 tons	3.30	43.19	-

* The unit, which was shut down in 2024, resumed production in 2025. The commissioning of the cracking furnace resulted in a year-on-year increase in both waste gas emissions and NOx emissions.
** Due to the plant turnaround in 2025, production facilities underwent maintenance such as the replacement of insulation materials and catalysts, leading to a higher total volume of waste compared to the previous year.
*** Calculated at constant prices of 2020.

Social performance (S)

Indicator	Unit	2025	2024	2023
Employment and training				
Total number of employees	person	6,940	7,052	7,526
- Number of male employees	person	5,728	5,839	6,210
- Number of female employees	person	1,212	1,213	1,316
- Number of employees aged 30 and under	person	1,784	1,473	1,305
- Number of employees aged 31 to 50	person	2,358	2,599	3,005
- Number of employees aged 51 and above	person	2,798	2,980	3,216
- Total number of non-regular or dispatched workers	person	117	122	129
- Percentage of localized employment	%	73.60	61.30	82.37
- Number of local employees	person	5,108	4,323	6,199
- Number of discharged veterans	person	366	429	504
- Proportion of discharged veterans	%	5.27	6.08	6.70
- Number of disabled employees	person	45	63	79
- Proportion of disabled employees	%	0.65	0.89	1.05
Employee turnover rate	%	0.92	0.57	0.66
- Male employee turnover rate	%	0.79	0.47	0.46
- Female employee turnover rate	%	0.13	0.10	0.20
- Turnover rate of employees aged 30 and under	%	0.33	0.48	0.50
- Turnover rate of employees aged 31 to 50	%	0.27	0.07	0.13
- Employee turnover rate for employees aged 51 and above	%	0.32	0.01	0.03

Social performance (S)

Indicator	Unit	2025	2024	2023
Occupational health				
Annual number of work-related deaths of employees	person	0	0	0
Annual industrial injury mortality rate of employees	%	0	0	0
Number of working days lost due to work-related injuries	day	2,372	2,894	1,613
Incidence of occupational diseases	%	0	0	0
Number of people trained in occupational safety and health	person/time	58,642	58,128	52,447
Occupational health examination rate	%	100	100	100
Employee vocational training				
- Participation rate in training for senior managerial personnel	%	100	100	100
- Participation rate in training for mid-level managerial personnel	%	100	100	100
- Participation rate of grassroots staff training	%	100	100	100
- Participation rate in training for male employees	%	100	100	100
- Participation rate in training for female employees	%	100	100	100
- Duration of senior manager training per person	hour	288	186	155
- Duration of medium manager training per person	hour	226	165	102
- Duration of grassroots staff training per person	hour	152	142	126
Supply chains				
Bidding procurement rate	%	99.63	97.65	98.86
Vendor direct supply rate	%	91.04	91.74	90.25
Proportion of suppliers with ISO 14000 environmental management system certification	%	73.70	71.20	69.22
Localization ratio of suppliers	%	24.16	25.15	25.96
Local procurement ratio	%	26.72	27.18	28.00
Paying taxes according to the law	RMB 100 million	130.45	135.92	128.18
Labor contract signing rate	%	100	100	100
Collective contract coverage	%	100	100	100
Social insurance coverage	%	100	100	100
Funding to support the development of surrounding areas and communities	RMB 10k	617	788	905
Customer and product responsibility				
Customer satisfaction	%	99.89	99.93	99.67
One time resolution rate for customer complaints by telephone	%	100	100	100
Product sampling inspection pass rate	%	100	100	100
Percentage of total products sold or shipped that need to be recovered for safety and health reasons	%	0	0	0

Indicator	Unit	2025	2024	2023
Scientific and technological innovation				
R&D expenditure	RMB 10k	21,479.3	17,395.3	18,697.8
Proportion of the R&D expenditure in total revenue	%	0.28	0.20	0.20
Number of R&D staff	person	149	153	159
Percentage of R&D staff	%	2.15	2.17	2.11
Patent applications for inventions	item	102	100	100

Note: The Company is working on improving the data statistics for average training duration by gender.

Governance performance (G)

Indicator	Unit	2025	2024	2023
Compliance and due diligence				
Coverage rate of corporate compliance and risk prevention training	%	100	100	100
Number of embezzlement lawsuits filed and concluded against the Company and employees	item	0	0	0
Number of lawsuits or significant administrative penalties resulting from the Company's unfair competition behavior	item	0	0	0
Amount involved in lawsuits or penalties due to the Company's unfair competition behavior	RMB	0	0	0
Safety governance				
Major fire and explosion	case	0	0	0
Major environmental pollution accident	case	0	0	0
Major occupational disease hazard accident	case	0	0	0
Major chemical leakage accident	case	0	0	0

Basis of Presentation of Key Data

Hazardous waste: Solid, liquid, gas and other waste that may cause harm to human health and the natural environment because of its toxicity, corrosiveness, infectivity, radioactivity or other characteristics (relevant regulations and standards mainly include the *Law of the People's Republic of China on Prevention and Control of Solid Waste Pollution to the Environment* and the *List of Hazardous Wastes,* as well as a series of national standards).

Non-hazardous waste: is defined pursuant to relevant national laws and regulations and industry standards.

Accounting method for major pollutant emissions: have been connected with emission licences and environmental protection taxes, to account for total pollutant emissions via the actual measurement method. The data shown in the report are accounted for through the actual measurement method in accordance with the provisions of the pollutant emission licences.

Total industrial energy consumption: refers to the data obtained after converting the physical amount of various energy actually consumed by the Company in the course of production and life in accordance with the calculation method and conversion coefficients stipulated in the *SINOPEC Comprehensive Statistical Reporting System 2022.* The calculation formula is as follows: total energy consumption (tons of coal equivalent) = Σ Physical amount of energy actually consumed in the enterprise production X Conversion coefficient. The total energy consumption is calculated by multiplying the actual physical energy consumption of the enterprise by the conversion coefficient.

Total carbon dioxide emission: Based on the Company's legal entity as the carbon emission accounting boundary, it accounts for all GHG emissions from production facilities under the Company's operational control. The facility scope includes production units, auxiliary systems, and affiliated systems. The accounting method is ISO 14064-1, and the data sources of carbon emission factors use the measured values if there are any measured values (coal, petroleum coke, flare gas, and C2 recycled gas), and if there are no measured values, the default values specified in ISO 14064-1 shall be used. The Company has established a complete accounting system for Scope 1 and Scope 2 emissions, achieving full coverage of emissions at the operational level. In 2024, the Company, as a pilot unit for Scope 3 accounting in Sinopec's refining sector, has officially launched the accounting of GHG emissions along the value chain, with a current focus on collecting and quantifying emission data for key categories such as upstream raw material procurement and downstream product usage. Additionally, the Company had a very small amount of HFCs used as refrigerant for water chillers and SF6 gas for high-voltage switchgear insulation, which accounted for only 0.02% of the plant's total carbon emission in terms of carbon equivalent emissions. The Company conducted daily inspections of water chillers and high-voltage switchgears in strict accordance with the requirements of the system, and if leaks were found, they were eliminated in a timely manner to minimize the chances of leakage.

Scope 1 emissions: The total amount of carbon dioxide emissions from stationary, mobile, process, and fugitive sources generated by the Company's production operations.

Scope 2 emissions: Indirect carbon dioxide emissions resulting from the consumption of purchased electricity and purchased heat (steam).

Formula for calculating carbon dioxide emission intensity: Carbon dioxide emission intensity = Carbon dioxide emissions / Main business income (in RMB 10K).

Occupational health examination rate: The Company carries out the work of employees' occupational health surveillance in strict accordance with the Technical Specification for Occupational Health Surveillance and other requirements, standardizes the occupational health examination of the employees before, during and after their employment, achieving 100% occupational health examination rate, and 100% intervention rate of abnormal personnel such as those with occupational contraindications.

Employee turnover rate: Calculation formula for turnover rate: the number of employees turnover in the current year/total number of employees at the end of the current year. The employee turnover rate in this report are all domestic data; the Company has no employees at abroad.

Bidding procurement rate: Starting from this year, this indicator was changed to "Open Procurement Rate." Due to the upgrade of the Company's procurement management system, the new "Open Procurement Rate" indicator covers a more comprehensive scope and more accurately reflects the actual level of transparent procurement.

Manufacturer direct supply rate: Due to adjustments in the logic of direct supply recognition for vendors, data from the past three years has been restated according to the new method to ensure consistency and comparability with the data for this period.

Total amount and percentage of packaging materials used for finished products: Not applicable. Due to the variety of packaging materials used by the Company, involving iron, steel, wood, plastic, woven bags, etc., relating to various types, including barrels, boxes, bags, etc., with a wide range of sizes, and some of the packaging can be reused, the Company does not have the actual conditions to comprehensively count the number of packages.

Third-party Authentication Report

Written Evaluation Comments on Corporate Environmental, Social and Governance Report

No.

Title of Report	2025 Environmental, Social and Governance Report (ESG Report)
Corporate Name	Sinopec Shanghai Petrochemical Co., Ltd.
Company Profile	SINOPEC Shanghai Petrochemical Co., Ltd. (hereinafter referred to as "SPC"), a subsidiary of China Petroleum & Chemical Corporation, is located in Jinshan District, Shanghai, and is one of China's major integrated refining and chemical companies, which produces a variety of refined oil products and chemical products mainly through petroleum processing SPC grows out of Shanghai Petrochemical Complex which was founded in 1972. In 1993, following the standardized reform of the shareholding system for state-owned enterprises, SPC became the first joint stock limited company in China, with its shares listed on the Shanghai Stock Exchange, the Stock Exchange of Hong Kong and the New York Stock Exchange simultaneously. In 2025, the Company received an A-grade in the 2024 - 2025 information disclosure evaluation of the Shanghai Stock Exchange, consecutive A-grades in the Wind ESG evaluation, and a BBB + grade in the Hang Seng Sustainable Development Enterprise Index evaluation; the Company was selected as an excellent practice case of the board of directors of listed companies by the China Association of Listed Companies in 2025. Company Address: No. 48 Jinyi Road, Jinshan District, Shanghai, China; Postal Code: 200540 Telephone: +86(21)57941941; Fax: +86(21)57940050; E-mail: spc@spc.com.cn; Website: http://www.spc.com.cn.
Report Issuance	The 18th Corporate Social Responsibility Report / 4th ESG Development Report
Evaluation Basis	GRI Sustainability Reporting Standard (GRI Standard) / ISO 26000 *Guidance on Social Responsibility* *China Corporate ESG Report Rating Standards (2025) / China Corporate Social Responsibility Reporting Guidelines CASS-ESG 6.0*
Evaluation Method	The evaluation methodology primarily follows the requirements of *the China Corporate ESG Report Rating Standards* (2025) to conduct a written evaluation of SPC's 2025 Environmental, Social, and Governance Report (hereinafter referred to as the "Report"). Additionally, it references the explicit reporting requirements stipulated in the GRI Standards for Sustainability Reporting, ISO 26000 *Guidance on Social Responsibility,* and the *Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises CASS-ESG 6.0.* The evaluation method primarily conducts a written evaluation of SPC's Environmental, Social and Governance Report 2024 (hereinafter referred to as "the Report") in accordance with the requirements of *the China Corporate ESG Report Rating Standards* (2025) . Additionally, it references the explicit reporting requirements stipulated in the GRI Standards for Sustainability Reporting, ISO 26000 *Guidance on Social Responsibility, and the Guidelines on China Corporate Social Responsibility Reporting Guidelines CASS-ESG 6.0*
Evaluation Items	
Process	The standardization and transparency of the compilation process of the ESG report are key indicators for measuring the maturity of a company's management system. An excellent ESG report should not only present outcome data but also disclose the underlying logic of data generation and the management processes. The compilation process of SPC's ESG report can be carried out based on eight process elements: organization, research, identification, initiation, compilation, rating, publication, and summarization, with the Board of Directors responsible for the final review. The process demonstrates the efforts made in encouraging stakeholder participation in report preparation, defining material ESG topics, and implementing measures for data authenticity assurance. The Report includes specific sections that elaborate on the topic discussions and review process, which complies with national laws and regulatory policy requirements, and SPC's internal procedures for ESG topic selection, ensuring a scientific assessment process and reasonable evaluation outcomes.

Substantiality	The Report systematically discloses four core themes identified and described by SPC, specifically "Corporate Governance," "Climate Change Response," "Green Safety," and "Social Contribution," maintaining the same framework as the previous reports. The Report presents 23 material ESG topics selected for 2025 across 4 chapters and 20 subsections, representing an increase of 2 material topics compared to the 2024 report. Regarding the accurate identification and weighting of materiality, the Company established a dual-perspective cross-analysis from both "financial materiality" and "impact materiality." The current report provides detailed environmental data, demonstrating materiality expression in environmental responsibility that surpasses the industry average and accurately addresses the pain points of the chemical industry. The Report preliminarily makes the topic selection logic visible in terms of inclusive responses to social equity and in-depth exploration of governance aspects. In responding to materiality within the "social dimension," the Report covers employee welfare and work safety (HSE system), and its concern for labor rights is supported by concrete data. Within the "corporate governance dimension", responses to material topics primarily focus on compliance operations and risk management. The Report includes information on internal control system construction and board diversity structure, which aligns with regulatory requirements. For a large state-owned petrochemical enterprise, anti-corruption governance, business ethics, and transparency in related-party transactions are typically material topics of high concern to investors. The discussion of such topics and the disclosure of specific measures in the Report are capable of addressing stakeholder concerns. This Report covers material topics emphasized by relevant standards, such as "organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development." It also develops ESG management measures and performance monitoring methods tailored to SPC's own corporate characteristics. Ultimately, it discloses information to stakeholders in the form of an ESG report, generally meeting the requirements of materiality.
Completeness	The Report demonstrates a high degree of completeness in its disclosure of environmental responsibility (the "E" in "ESG"). The data provides detailed key performance indicators (KPIs) for 2023-2025, such as energy consumption, total carbon emissions, and emission intensity, citing ISO 14064-1 as the calculation basis. It specifically mentions carbon footprint management for emissions sources and the application of green financial instruments. Notably, the implicit expression regarding the "Dual Carbon" goals (focusing on controlling emissions rather than mere slogans) aligns with current regulatory trends. Regarding resource utilization and pollution management, the continuous tracking of emission data for VOCs, COD, SO2, etc., demonstrates closed-loop completeness in environmental risk management. Regarding the complete coverage of social responsibility (the "S" in "ESG"), the Report covers basic employee rights and HSE management, while describing the "Community Contribution" and "Consumer Rights" sections relatively concisely. The completeness at the corporate governance (the "G" in "ESG") level is good. The Report mentions elements such as board structure, digital strategy, and intellectual property protection, which meet innovation requirements. In terms of financial risk management disclosure, it involves indicators like the asset-liability ratio and provides explanations that enable cross-verification according to the highest requirements for data authenticity and accuracy stipulated in *GB/T 36000*. It would be even more ideal if future reports could specify the exact proportion of social responsibility investment to revenue. Each description in this Report concerning concepts, goals, systems, measures, and performance is well-founded and presented completely, achieving comprehensiveness and balance in the Report's content. The disclosure of indicators across various dimensions is relatively sufficient.
Balance	The Report does not disclose or only superficially discloses the substantive negative information or performance deficiencies without elaborating on the detailed reasons and improvement measures, this highlights the need to strengthen the management and response to non-positive information during ESG risk identification process.
Comparability	The Report includes a table of "ESG Performance of SPC." Based on the materiality topic framework identified by SPC, it establishes primary and secondary indicators, which can fundamentally support the substantive topics discussed by SPC. Furthermore, the vast majority of indicators provide comparative data for three consecutive years from 2023 to 2025, demonstrating good longitudinal comparability. The Report is capable of disclosing key performance indicator data for three consecutive years and provides detailed explanations and accuracy commitments for the disclosed corporate data, resulting in good data comparability. It achieves a relatively high-quality level in terms of longitudinal data continuity.
Readability	The Report's structure is relatively clear, following the logical framework of Environmental, Social, and Governance, with chapter arrangements reflecting a modular approach. In terms of text layout, key indicators are predominantly presented in table format, adhering to the principle that bar charts are suitable for expressing time-series trends. The photographs and illustrations are aesthetically pleasing, impactful, and highlight the themes. There are no noticeable color discrepancies, and the visual presentation is good. Font size and line spacing are appropriate, resulting in effective information presentation. The expressions are sufficient, which can easily enhance stakeholders' recognition of this Report. The Report is published simultaneously on the Shanghai Stock Exchange, the Hong Kong Stock Exchange, and the SPC website, available in both Chinese and English versions.

Reliability	The data disclosed in the Report has been reviewed and approved by the Strategy and ESG Committee, verified one by one through the internal reporting process, and confirmed by external institutions (SSE Annual Information Disclosure 'A' Rating). Furthermore, in the "About" section, a commitment is made to stakeholders that "the data in the report are sourced from the Company's official documents and statistical reports," further confirming the accuracy and authenticity of the data.
Innovativeness	Innovative highlight 1: The Company significantly mentions strategic development directions such as "high-quality development," "new quality productive forces," "green transformation," and "refined management" regarding its transformation and upgrading initiatives, which reflects the concept of "innovation-driven" development. Innovative highlight 2: The disclosure on the application of green financial instruments and the development approach for "zero-carbon parks" showcases innovative pathways for green and low-carbon development. In particular, the disclosure of phased quantitative indicators for the 2030 carbon peaking goal aligns with the innovation requirements of current policy directions.
Comprehensive Comments	This Report demonstrates the responsibility and management foundation of a leading company in the industry. The Company has established a relatively comprehensive data system for environmental performance disclosure, performing exceptionally well, especially in the longitudinal comparison of carbon emission and pollutant emission data over three consecutive years, meeting the high-scoring criteria for "Completeness" and "Comparability." At the governance level, it explicitly mentions the application of strategic transformation and digital management tools, reflecting responsiveness to sustainable development challenges in the new era.
Comprehensive Improvement Suggestions	The Comprehensive Improvement Suggestions are as follows: 1. It is recommended to add a "Report Compilation Process" or "Management Review" chapter in a subsequent report. 2. It is recommended to add a dedicated market comparison chapter the subsequent report, selecting key indicators such as average carbon emission intensity and employee training rate of peer benchmark enterprises for horizontal comparison.
Declaration	The evaluation comments are only for this Report.

Evaluator: Wang Weichen

Evaluation Institution: Beijing Sanxing 9000 Certification Body Co., Ltd.

Evaluation Date: March 2026

Index

Heading	Secondary heading	*Environmental, Social and Governance Reporting Code* 2025 issued by the Stock Exchange of Hong Kong Limited	*Guidelines No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies (2026)*	Page
Address by the Chairman				P01-02
About Us				P03
ESG Honors				P04
Corporate Governance	Governance structure	Governance structure Reporting principles D-(I) governance	Corporate governance	P06-07
	Materiality assessment	Reporting principles	Materiality principle	P08
	Stakeholder communication	Reporting principles	Due diligence Stakeholder communication	P09-10
	Development strategy			P11
	ESG risk management	D- (III) risks Manage	Risk management	P12-13
	Integrity and compliance	B7- B7.2 B7.3	Anti-commercial bribery and corruption Anti-unfair competition	P14-15
	Scientific and technological innovation	B6.3	Innovation drive Scientific and technological ethics	P16-18
	Digital intelligence transformation		Data security and customer privacy protection	P19-20
Tackling Climate Change	Top-level design for tackling climate change	D-(I) Governance 19(a) The governance body(s) responsible for overseeing climate-related risks and opportunities; 19(b) Management's processes and measures for overseeing climate-related risks and opportunities. D- (II) Strategy 20 Qualitative analysis of climate change-related risks and opportunities that may affect the company's financial position over different time horizons 21 Qualitative analysis of the current and anticipated impacts of climate-related risks and opportunities on the business model and value chain 22 The impact of climate-related risks and opportunities on the company's strategies and decision-making 23 Progress of climate change response plans from the previous reporting period 24 Qualitative analysis of the impact of climate-related risks and opportunities on the financial position during the reporting period 25 Qualitative analysis of the impact of climate-related risks and opportunities on the anticipated financial position 26 Qualitative analysis of the resilience of the company's strategies and business model in response to climate change D-(III) Risk Management 27 Processes and policies for identifying and assessing climate-related risks, determining their significance, and maintaining monitoring	Climate Actions 1 Governance body(s) responsible for climate-related issues 2 Professional skills and capabilities of the climate-related governance body(s) 3 Mechanism for the climate-related governance body(s) to obtain information 4 Oversight situation of the climate-related governance body(s) 5 Inclusion of climate-related factors in the decision-making of the climate-related governance body(s) 6 Material climate-related impacts 7 Climate-related risks and opportunities 8 Impact of climate-related risks and opportunities on the business model and value chain 9 Impact of climate-related impacts, risks, and opportunities on the company's strategy and decision-making 10 Climate-related transition plan 11 Qualitative analysis of current-period climate-related financial impacts 12 Qualitative analysis of anticipated climate-related financial impacts 13 Climate resilience assessment 14 Processes for managing climate-related impacts, risks, and opportunities	P22-23
	Reducing GHG emissions	D-(IV) Metrics and Targets 28(a) Scope 1 greenhouse gas emissions 28(b) Scope 2 greenhouse gas emissions 29 Methods for measuring greenhouse gas emissions 34 Initiatives to apply carbon pricing in investment decisions 37 Qualitative and quantitative climate-related targets 38 Methods for setting and reviewing targets, and monitoring the progress towards achieving the targets 39 Performance of climate-related targets and its changes 40 Types, scopes, and absolute targets of greenhouse gas emissions	Climate Actions 15 Climate-related targets 16 Progress in achieving climate-related targets 17 Greenhouse gas emissions 18 Greenhouse gas emission reduction practices 20 Settlement of carbon emission allowances	P24-26

Heading	Secondary heading	*Environmental, Social and Governance Reporting Code* 2025 issued by the Stock Exchange of Hong Kong Limited	*Guidelines No. 4 of Shanghai Stock Exchange for Self-Regulation of Listed Companies (2026)*	Page
Tackling Climate Change	Promoting low-carbon energy transformation	A2- A2.1 A2.3	Energy utilization	P27-28
Green Safety	Enhancing safety management		Self-disclosure topics Data security and customer privacy protection	P30-32
	Strengthening environmental protection	A1- A1.1 A1.2 A1.5 A1.6 A3- A3.1	Pollutant discharge Waste disposal Environmental compliance management	P33-36
	Developing a circular economy	A2- A2.2 A2.4	Water resource utilization Circular economy	P37-39
	Biodiversity protection	A3.1	Ecosystem and biodiversity protection	P40
Serving the Society	Fulfilling product responsibility	B6- B6.1 B6.2 B6.4 B6.5	Product and service safety and quality Data security and customer privacy protection	P42-44
	Building the responsibility supply chain	B5- B5.1 B5.2 B5.3 B5.4	Supply chain security Equal treatment of small and medium-sized enterprises	P45-46
	Employees' rights and development	B1- B2- B2.3 B3- B4- B4.1 B4.2	Employees	P47-48
	Supporting community development	B8- B8.1 B8.2	Social contributions	P49-50
	Contributing to public welfare		Rural revitalization Social contributions	P51-52
ESG Key Performance Chart		A1.3 A1.4 B1.1 B1.2 B2.1 B2.2 B3.1 B3.2 B7.1		P53-56
Basis of Presentation of Key Data		A2.5		P57
Third-party Authentication Report				P58
Index				P61
Explanation of Non-Disclosed Climate-Related Disclosures				P63
About This Report		Scope of reporting		P65
Readers' Feedback Form				P66

Explanation of Non-Disclosed Climate-Related Disclosures

SINOPEC Shanghai Petrochemical Co., Ltd. (hereinafter referred to as "the Company") has prepared the relevant content of Chapter 2 "Addressing Climate Change" in the ESG Report in accordance with the requirements of Part D "Climate-Related Disclosures" of the *Environmental, Social and Governance (ESG) Reporting Code* (hereinafter referred to as the ESG Code) of Stock Exchange of Hong Kong Limited (HKEX) (effective on January 1, 2025) (hereinafter referred to as the "ESG Code"). During the preparation of the report, some clauses cannot yet be disclosed due to current practical circumstances such as progress of internal system development, and data statistics and accounting capabilities. The non-disclosed climate-related information can be categorized into three major types based on the actual disclosures and reasons: climate-related financial quantitative information, climate-related management mechanism information, and climate-related special strategic planning information, as explained below:

(I) Climate-related financial quantitative information: No valid data available for disclosure at this time

For petrochemical enterprises, the future volatility of carbon prices, the scaled costs of low-carbon technologies (such as CCUS and hydrogen energy), and the potential impact of extreme weather on continuous production facilities are highly unpredictable. Meanwhile, climate-related impact analysis involves the collection of full value chain information across multiple production bases and business segments. The Company is currently unable to separately isolate from its financial statements the financial impact amounts purely caused by "climate-related risks." Therefore, the required disclosures have not been completed. The specific corresponding clauses and contents are given as follows:

Paragraph 21(b): The geographical areas, facilities, and asset types where climate-related risks and opportunities are concentrated in the Company's business model and value chain;

Paragraph 24(a): Qualitative and quantitative analysis of the impact of climate-related risks and opportunities on the Company's financial position, financial performance, and cash flows during the reporting period;

Paragraph 25(a)(ii): The planned source of funds required for strategy implementation;

Paragraph 25(b): Analysis of the expected changes in the Company's financial performance and cash flows in the short, medium, and long terms based on climate-related risk management strategies;

Paragraph 29(c): Quantified data on Scope 2 greenhouse gas emissions on a geographical basis and related contractual document information;

Paragraph 30: The amount and percentage of assets or business activities vulnerable to climate-related transition risks;

Paragraph 31: The amount and percentage of assets or business activities vulnerable to climate-related physical risks;

Paragraph 32: The amount and percentage of assets or business activities involving climate-related opportunities;

Paragraph 33: The specific amount of capital expenditure, financing, or investment used for climate-related risks and opportunities;

Paragraph 34(b): The Company's pricing per metric ton of greenhouse gas emissions used to assess greenhouse gas emission costs (quantified data on internal carbon pricing).



(II) Climate-related management mechanism information: No formal executable system established

As a heavy chemical industry, the petrochemical industry is constrained by both climate-related transition risks and physical risks. Additionally, the establishment of climate-related risk management systems of a state-owned enterprise and its process design must take into account both industrial work safety requirements and state-owned enterprise compliance management standards. Currently, the Company's refined governance system for climate-related risks and opportunities, standardized risk management processes, company remuneration policies considering climate factors, and core assessment systems are still in the preliminary planning stage. Therefore, the relevant details cannot be disclosed for the time being. The specific corresponding clauses and contents are given as follows:

Paragraph 19(a)(i): The specific methods by which the governance body determines the skills and competencies required to address climate-related risks and opportunities;

Paragraph 19(a)(iii): The specific trade-off assessment methods by which the governance body considers climate-related risks and opportunities in overseeing strategy and major transaction decisions;

Paragraph 19(a)(iv): The specific processes by which the governance body oversees the setting of climate-related targets and the progress toward achieving them (detailed oversight processes beyond remuneration linkage);

Paragraph 19(a)(iv): The specific methods and relevant details of incorporating climate-related performance indicators into remuneration policies;

Paragraph 35: The specific methods and relevant implementation details of incorporating climate-related considerations into the Company's remuneration policies.

(III) Climate-related special strategic planning information: No specific clauses available for disclosure at this time

As a state-owned enterprise in the petrochemical industry, the Company's green and low-carbon transition strategy must strictly align with the national "dual-carbon" goals, specialized carbon emission reduction policies for the petrochemical industry, and requirements for optimizing the layout of state-owned assets. Currently, the Company is conducting in-depth research and planning for climate-related strategies based on industry development trends, national regulatory requirements, and its own refining capacity, business model, and value chain characteristics. However, no formal specialized plan or transition plan has been established yet, making it temporarily impossible to disclose specific content as required. The corresponding clauses and contents are given as follows:

Paragraph 22(a)(iii): The Company's climate-related transition plan, including key assumptions and core factors relied upon in its formulation;

Paragraph 22(b): The Company's current and future specific plans for allocating resources to address climate-related risks and opportunities;

Paragraph 26: The Company's use of climate-related scenario analysis to assess climate resilience;

Paragraph 27(a)(ii): How the Company uses climate-related scenario analysis to identify climate-related risks, and (vi) how it modifies the process of identifying climate risks;

Paragraph 27(c): The specific methods and actual extent of incorporating the processes for identifying and assessing climate-related risks and opportunities into the Company's overall risk management process;

Paragraph 29(b): The reasons for selecting greenhouse gas measurement methods, input data, and assumptions during the reporting period, as well as any changes and their causes;

Paragraph 38(a): Information on whether the climate-related targets and the methods used to set them have undergone third-party verification;

Paragraph 40(b): Specific clarification on whether the greenhouse gas emission targets cover Scope 1, Scope 2, or Scope 3 greenhouse gas emissions;

Paragraph 40(d): Specific clarification on whether the greenhouse gas emission targets are derived using industry decarbonization approaches;

Paragraph 40(e): The Company's specific plans for using carbon credits to offset greenhouse gas emissions to achieve net emission targets, including all details such as the degree of reliance on carbon credits, verification and certification methods, and types of carbon credits.

The Company attaches great importance to the HKEX's requirements on climate-related disclosures. While ensuring the authenticity, accuracy, and non-misleading nature of information, the Company will improve data collection, statistical analysis, model development and governance processes in phases, striving to achieve full disclosure in future reporting periods.

About This Report

This is the fourth ESG report and the 18th Corporate Social Responsibility (CSR) report issued by Sinopec Shanghai Petrochemical Co., Ltd. The report describes the Company's sustainable development philosophy and policies as well as its efforts in environmental protection, social responsibility and corporate governance in 2025, responding to the expectations and concerns of stakeholders.

Timeframe

January 1, 2025 to December 31, 2025. Based on continuity and comparability considerations, three years of data since 2023 have been used where appropriate.

Reporting period

This is an annual report.

Data source

The data used in the report are sourced from official documents and statistical reports of the Company.

Reporting scope

Consistent with the business coverage area of SPC.

Explanation of titles

For ease of presentation and reading, "Sinopec Shanghai Petrochemical Co., Ltd." is also referred to as "SPC", "the Company" or "We" in the report.

Language of the report

This report is published in both Chinese and English. In case of any ambiguity, the Chinese version shall prevail.

Consideration and approval

The Board of Directors of the Company has reviewed and approved this report on March 18, 2026.

Report access and extended reading

You can visit the Company's website (http://spc.sinopec.com/) to browse or download an electronic copy of this report and learn more about the relevant information.

Reporting standards

This report has been prepared in accordance with the *Self-Regulatory Guidelines for Listed Companies on the Shanghai Stock Exchange No. 4 - Preparation of Sustainable Development Report, Self-Regulatory Guideline for Listed Companies on the Shanghai Stock Exchange No. 14 - Sustainable Development Report (Trial) the ESG Information Disclosure Guidelines for Listed Companies on the Shanghai Stock Exchange, and the Code on Environmental, Social and Governance Reporting of the Hong Kong Stock Exchange, and taking reference to the ESG Evaluation Guidelines for Listed Companies in China's Petroleum and Chemical Industry, the Recommendation Report of the Working Group on Climate-Related Financial Disclosure (TCFD)* issued by the Working Group on Climate-Related Financial Disclosure, the *Guidelines for Publishing Sustainable Development Reports in the Oil and Gas Industry* issued by the International Petroleum Industry Environmental Protection Association and the American Petroleum Institute (API), the *GRI General Standards (2021 Edition) and GRI 11: Oil and Gas Industry Standards (2021 Edition) issued by the Global Sustainability Standards Board (GSSB), the International Financial Reporting Sustainability Disclosure Standard (IFRS) No.1: General Requirements for Disclosure of Sustainability-Related Financial Information and the IFRS Sustainability Disclosure Guidelines No.2: Climate-Related Disclosures* issued by the International Sustainability Standards Board (ISSB), the International Organization for Standardization (ISO) *ISO 2600: Guidance on Social Responsibility (2010),* as well as the ten principles of the United Nations Global Compact, the Global Compact's requirement for disclosure of annual progress.

Reporting principles

This report complies with the principles of materiality, quantification and consistency in accordance with the requirements of the Hong Kong Stock Exchange's *Environmental, Society and Governance Reporting Guidelines.* This report identifies important ESG issues related to the Company's sustainable development by conducting research and assessment from both internal and external stakeholder perspectives (please refer to the "Corporate Governance" section of this report for details). This report quantifies and manages the important ESG issues, covering the three dimensions of environmental performance, social performance and governance performance (please refer to the "ESG Key Performance Chart" and other sections of this report for details). This report follows the principle of consistency to ensure the comparability of the data disclosed in previous years. The statistical scope and calculation method of each ESG performance indicator in 2025 disclosed in this report remain consistent with that of the previous year, with no significant adjustments.

Report enhancement

The Company undertakes that there are no false records, misleading statements or material omissions in the contents of the report, and assumes responsibility for the truthfulness, accuracy and completeness of its contents.

Readers' Feedback Form

Dear Readers:

Hello! Thank you for reading the SPC ESG Report 2025. We value and look forward to hearing your feedback on SPC's sustainable development and this report. Your comments and suggestions provide an important reference for us to improve our social responsibility performance. Please send us your feedback by mail, email or fax. We welcome and appreciate your valuable comments!

Name: Unit:

Contact phone number: Email:

Your comments on this report:

Your comments on this report:	Very good	Good	Average	Poor
Do you think the structure of the report is reasonable?	☐	☐	☐	☐
Can you understand the SPC's ESG concepts and practice characteristics through the report?	☐	☐	☐	☐
Do you think this report is friendly and easy to read?	☐	☐	☐	☐
Do you think the organization of the content and layout of this report are reasonable?	☐	☐	☐	☐
Your overall assessment of the report?	☐	☐	☐	☐

Your suggestions for the SPC ESG Report:

Your suggestions for the sustainable development of SPC:

You can contact us in the following ways:

Address: No. 48, Jinyi Road, Jinshan District, Shanghai, China; Postal Code: 200540
Tel: 86-21-57941941 Fax: 86-21-57940050
Email: spc@spc.com.cn

Sinopec Shanghai Petrochemical Company Limited

Address: 48 Jinyi Road, Jinshan District, Shanghai, PRC
Tel: 86-21-57941941
Fax: 86-21-57940050
Website: www.spc.com.cn
E-Mail: spc@spc.com.cn
Postal Code: 200540