中石化冠德控股有限公司
SINOPEC KANTONS HOLDINGS LIMITED
（於百慕達註冊成立之有限公司）
(Incorporated in Bermuda with Limited Liability)
股份代號 Stock Code: 0934.HK

2025

環境、社會及管治報告
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Sinopec Kantons Holdings Limited (Stock Code: 0934.HK) was established in Bermuda in March 1998 and successfully listed on the Stock Exchange in June 1999. As at 31 December 2025 and as at the date of this report, the direct holding company of Sinopec Kantons was Sinopec Kantons International Limited, holding 60.33% equity interest in the Company, and the ultimate holding company of the Company was China Petrochemical Corporation ("**Sinopec Group**"). The Company strives to become a world-class international petrochemical storage and logistics company with its principal activities comprising crude oil jetty and storage services and vessel chartering and transportation services.

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ABOUT THE COMPANY

Company Profile

After years of efforts and development, Sinopec Kantons has successfully deployed and invested in storage terminal projects in the Bohai Bay region, the Yangtze River Delta region and the Pearl River Delta region in the PRC, as well as investing and operating storage projects overseas, namely in the regions of Antwerp and Flushing in Europe and in Fujairah, United Arab Emirates in the Middle East. In addition, the Company is also involved in the liquefied natural gas ("**LNG**") vessel transportation business, operating eight LNG vessels, while having three LNG vessels under construction. As at the date of this Report, the Company is operating six storage terminal operating entities in the PRC, two overseas storage operating entities and two LNG vessels transportation operating entities.

As of the date of this Report

SNSI ESG
Range of Rating C-AAA
AAA

Wind ESG
Range of Rating CCC-AAA
AA

SynTao Green Finance ESG
Range of Rating D-A+
A-

S&P ESG
Range of Rating 0-100
39

235 mm tonnes
Total designed annual throughput capacity of domestic jetties

2.48 mm m³
Total capacity of overseas storage

174 km
Total length of crude oil pipeline

8
LNG vessels in services

3
LNG vessels under construction

Milestones of development

Constituent of:
Hang Seng Shipping Index
Hang Seng SCHK Resources Index
Hang Seng SCHK China Central SOEs ESG Leaders Index
Hang Seng SCHK SOEs High Dividend Yield ESG Index
(as of the publication date of this Report)



About This Report

Statement of the Board
The board of the Company (the "**Board**") is solely responsible for the Group's environmental, social and governance strategy and reporting. This Report has been reviewed and approved by the Board.

Reporting Scope
The data of this report (the "**Report**") covers Sinopec Kantons Holdings Limited ("**Sinopec Kantons**" or the "**Company**") and its subsidiaries, namely the Hong Kong Headquarters (the "**Hong Kong Headquarters**") and Huade Petrochemical Co., Ltd. ("**Huade Petrochemical**"), a wholly-owned subsidiary of the Company. Also, Tangshan Caofeidian Shihua Crude Oil Terminal Co., Ltd. ("**Caofeidian Shihua**", which became a subsidiary of the Company in February 2026) has been additionally covered in the report scope for this year (collectively referred to as "**the Group**" or "**We**"). The reporting period covers the year ended 31 December 2025.

As the Company has several significant joint ventures and associates, in the section on responding to climate change, in order to better reflect the overall business activities and management of the Company, we also disclose the relevant case of certain joint ventures or associates outside the scope of this Report.

Preparation Reference
This Report is prepared in accordance with the Environmental, Social and Governance Reporting Code (the "**ESG Code**") set out in Appendix C2 to the Listing Rules of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and at the same time, it referred to the United Nations Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) Sustainability Standards and other reporting standards or guidelines.

Reporting Principles
Materiality: The Group has conducted a materiality questionnaire survey with its stakeholders, and identified material environmental, social and governance (the "**ESG**") issues based on the results to facilitate the establishment of focus of this Report. Please refer to the section headed "**Materiality Assessment**" in this Report for details.

Quantitative: The Group regularly collects key performance indicators related to ESG issues and follows up on the Group's performance in relevant aspects. Where applicable, the Group compares data for each year and discusses relevant trends and impacts.

Consistency: Unless otherwise indicated, this Report presents a fair comparison of the Group's historical performance by adopting a methodology consistent with its previous reports.

Balance: We undertake that the material information disclosed in this Report is true, objective, without exaggeration and factual, and objectively and fairly reflects its performance.

Contact and Feedback
Your valuable opinions on the content of this Report and other matters related to the sustainable development of the Company are most welcomed. Please contact us via, among others, email at ir.skts@sinopec.com. This Report is available in both English and Chinese versions. In case of discrepancy, the Chinese version shall prevail. You can download the information from the website of the Stock Exchange and the Company's website at http://www.sinopec.com.hk under "Investor Relations-Environmental, Social and Governance Report".

Company	Abbreviation	Remark
Huade Petrochemical Co., Ltd.	Huade Petrochemical	Within the reporting scope
Tangshan Caofeidian Shihua Crude Oil Terminal Co., Ltd.	Caofeidian Shihua	The new reporting scope, with its 90% equity interest held by the Company
Zhan Jiang Port Petrochemical Jetty Co., Ltd.	Zhan Jiang Port Petrochemical	For case study reference only
Qingdao Shihua Crude Oil Terminal Co., Ltd.	Qingdao Shihua	For case study reference only
Ningbo Shihua Crude Oil Terminal Co., Ltd.	Ningbo Shihua	For case study reference only
Fujairah Oil Terminal FZC	FOT	For case study reference only
Vesta Terminals B.V.	Vesta	For case study reference only

Performance Overview

Honours and Awards



Caring Company – Advanced
HKCSS



ESG Special Recognition Award
TVB ESG Awards 2025



Hong Kong Green Organisation
Environmental Campaign Committee



ESG Best Practice Top 100 (SME)
Wind ESG



Best IR Hong Kong Stock Company Award
New Fortune



Best ESG Disclosure Award
Hong Kong International ESG Annual Awards 2025

2025 Targets

Resources

Electricity
By 2025, a decrease of electricity consumption per kilotonne business volume (baseline: 2020)
2025 progress: **18% reduction**

Diesel
By 2025, 5% decrease of diesel consumption per kilotonne business volume (baseline: 2020)
2025 progress: **33% reduction**

Water
By 2025, 10% decrease of water consumption per kilotonne business volume (baseline: 2020)
2025 progress: **51% reduction**

Wastes

Hazardous Wastes
By 2025, 15% decrease of hazardous waste per oil tank repaired (baseline: 2020)
2025 progress: **26% reduction**

Non-hazardous Wastes
By 2025, 10% decrease of non-hazardous waste per oil tank repaired (baseline: 2020)
2025 progress: **5% reduction**

Greenhouse Gas

Greenhouse Gas ("GHG")
By 2025, a decrease of GHG emission per kilotonne business volume (baseline: 2020)
2025 progress: **46% reduction**

Air Pollutants

Particulate Matter ("PM")
By 2025, a decrease of PM emission per kilotonne business volume (baseline: 2020)
2025 progress: **34% reduction**

Sulphur Oxides ("SOx")
By 2025, 10% decrease of SOx emission per kilotonne business volume (baseline: 2020)
2025 progress: **40% reduction**

Nitrogen Oxides ("NOx")
By 2025, a decrease of NOx emission per kilotonne business volume (baseline: 2020)
2025 progress: **25% reduction**

Materiality Assessment

The Group is committed to maintaining communication with stakeholders through different channels to understand their views or suggestions on the sustainable development of the Group. The key stakeholders of the Group include the local governments and regulatory bodies, investors, employees, suppliers, customers and the community where we are located. After receiving feedback from stakeholders, we try our best to incorporate their opinions into the Group's long-term development plan to contribute to our future corporate development.

The ESG Working Group has reviewed materiality issues on environmental, social and governance related matters for the year, and conducted dual materiality assessments for the first time this year.

The process of dual materiality assessment is as follows:

Step 1

Issues identification

Background analysis and issues identification

To conduct studies and analyses on current standards of sustainability disclosure, key issues, and industry characteristics to identify materiality issues and develop a list of issues with reference to international standards and ESG criteria set by rating agencies. There are 31 issues this year

Step 2

Issues assessment

Impact materiality assessment

To conduct reviews through interacting with stakeholder groups by conducting questionnaire, and record and review the results of the questionnaire for stakeholders

Financial Materiality Assessment

To engage internal financial personnel to evaluate the financial materiality of issues based on the likelihood and impacts of risks and opportunities and to perform review and validation

Step 3

Issues analysis

Identification of materiality issues

To count evaluation results and complete a matrix of dual materiality issues to identify the distribution of materiality issues for the current year, and conduct an analysis

Step 4

Issues disclosure

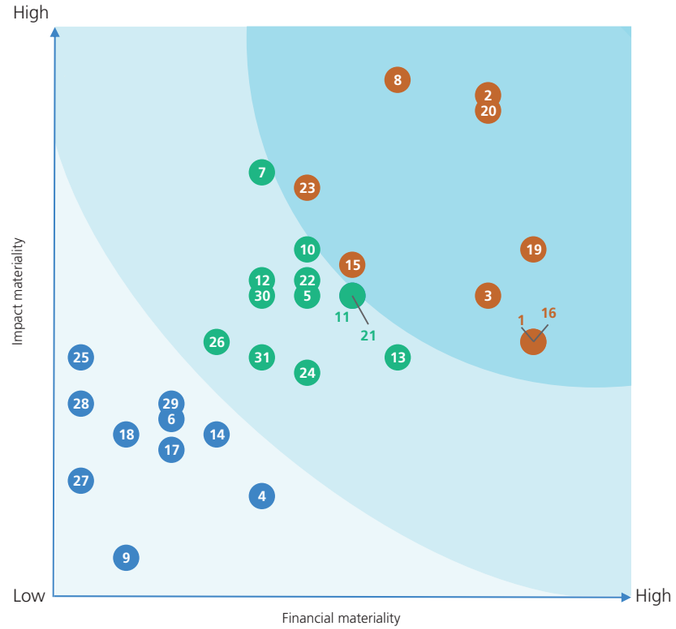
Disclosure and enhancement

To conduct targeted disclosures guided by the results from analyses, while prioritizing issues for future operations and enhancing various practices with reference to the results

Results of the dual materiality assessment are as follows:

According to the results from the assessment, during the year, a total of 9 issues were identified with higher dual significance, with 12 issues of moderate dual significance. For details of the Group's policies and measures on most of the above-mentioned material issues, please refer to the corresponding sections of this Report.

Materiality Issues Matrix



Higher dual materiality		Moderate dual materiality		Others	
1	Corporate governance	5	Privacy policy	4	Regulatory risk
2	Risk management	7	Service quality and customer satisfaction	9	Innovation and intellectual property
3	Compliance operation	10	Information disclosure level	6	Supply Chain management
8	Anti-corruption	11	Occupational health and safety	14	Staff Recruitment
15	Education and training for employees	12	Labour relations	17	Community engagement and charity
16	Welfare and salary of employees	13	Rights of employees	18	Communication with external stakeholders
19	Economic performance	21	Environmental management	25	Green energy
20	Production safety management	22	Industry prospects	27	Air pollutant emission
23	Energy supply	24	Energy transition	28	Greenhouse gas emission
		26	Geopolitical implications	29	Water resources and wastewater management
		30	Waste management		
		31	Impact of climate change and countermeasures		

FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

- Operating Legally
- Respecting Stakeholders
- Developing Together
- Valuing HSE
- Improving Continuously





1. Operating Legally

Operating in compliance with laws and regulations is fundamental to a company. The Group has always been committed to operating in compliance with laws and regulations and has improved its business compliance management system to effectively prevent and control compliance risks in its operation. The Group and its operating entities have to deal with a wide range of laws and regulations in different countries and regions, and due to the nature of their business, local governments have set different requirements on their business scope, pricing and environmental protection measures. Therefore, the Group's Risk Control Department regularly keeps track of legal and regulatory updates in different jurisdictions and formulates corresponding response plans and policies based on the latest requirements and developments, in order to ensure that all business operations are conducted in a compliant manner and to reduce the risk of non-compliance. During the year, the Group organized and provided more than 793 hours of compliance training and 343 person-times in total.

1.1 Information Disclosure

The Group adheres to the principles of truthfulness, completeness, accuracy and timeliness in information disclosure, and has formulated the "Information Disclosure Management Policy" to protect the legitimate rights and interests of the Company and its investors.

As the Group's business is closely related to that of Sinopec Group, the Company strictly complies with the requirements of the Listing Rules of the Stock Exchange in respect of connected transactions and strictly enforces the disclosure standards. Detailed background checks are conducted on the counterparties, and ledger management are carried out for connected transactions, while regular internal reviews are conducted on a monthly basis.

For the Company's directors, management and staff, a Conflicts of Interest Compliance Guideline was formulated to provide timely compliance training on conflicts of interest. For the Company's securities transactions, the Company's directors, management and staff strictly comply with the Model Code for Securities Transactions in Appendix C3 of the Listing Rules. The Company's Listing Compliance Guidelines clearly stipulate that unauthorised use of confidential or inside information is strictly prohibited and that employees in possession of inside information are prohibited from using such information for trading, leaking inside information and using inside information to advise others to trade in securities and other improper acts. Please refer to the "Corporate Governance Report" section of the annual report for this year of the Company for the management of inside information.

During the year, the Group organized compliance training sessions relating to information disclosure covering various topics, including but not limited to taxation, arbitration procedures and analysis of shipping and trading dynamics, identifying and preventing legal risks associated with economic sanctions by the U.S. against China, and interpreting policies related to transportation and port navigation systems.

1.2 Personal Information and Trade Secrets

The Group holds in high regard for the protection of privacy and commercial secrets of customers, business partners and other related parties, and is committed to protecting personal data and privacy and commercial secrets involving business partners and customers in compliance with the relevant laws and regulations in the places where it operates, and prohibits unauthorised use of information and commercial secrets of others or use of such personal data beyond the permitted scope in accordance with our internal Compliance Management Manual. In addition, the Group requires those who have access to personal data to sign confidentiality agreements to prevent the risk of divulgence. The Company has established a Confidentiality Working Group to supervise the keeping of confidentiality throughout the Company. During the Reporting Period, no incident of privacy breaches or leaks of commercial secrets was reported.

1.3 Anti-corruption

In the day-to-day operations, the Group adopts a zero-tolerance approach to bribery, extortion, fraud and money laundering. The Group has formulated a series of Compliance Guidelines on Anti-corruption and Commercial Bribery, Business Hospitality Guidelines and other related policies. When the Company enters into a transaction, it will issue an Anti-Bribery and Anti-Corruption Statement or sign a clean practice agreement or equivalent document(s) to the counterparty, which clearly states the Company's determination to uphold business ethics and integrity. All staff are prohibited from obtaining improper benefits through their positions and at the same time, relevant training is provided to all staff each year for the building of a clean workforce.

In 2025, the Group continued to comply strictly with the laws and regulations in relation to the prevention of bribery, extortion, fraud and money laundering of the places in which it operates in all material aspects, including the Law against Unfair Competition of the People's Republic of China and the Prevention of Bribery Ordinance of Hong Kong.

Anti-corruption training is one of the highlights of the Group's annual training programme to instil integrity awareness. The Group promoted integrity education through training meetings, educational videos, and visits to bases for integrity culture education, and encouraged staff to sign a pledge of integrity and self-discipline. All management of the Group must attend the integrity trainings. In 2025, the Group organised a total of 263 person-times to attend more than 493 hours anti-corruption training sessions. The Hong Kong Headquarters organized staff visits to the Independent Commission Against Corruption (ICAC) and provided staff trainings. During the year, there was no legal cases regarding corrupt practices brought against the Group or our employees. Over the past three years, the Group has undergone multiple routine and unannounced integrity and compliance audits by Sinopec Group. These inspections covered critical areas, including HR and financial management, risk and internal control, procurement, bidding, project investment, and contract management. Additionally, the Group conducted its own thematic internal audits across its various operating entities.

Adhering to Business Ethics

Adhering to integrity and compliance as the bottom line of operations, and continuing to prevent risks such as unfair competition, bribery, corruption and fraud by improving the business ethics system, strengthening integrity education and improving the reporting supervision mechanism, so as to create an open, transparent, standardized and orderly operation environment.

The Compliance and Whistleblowing Policy covers the following areas	
Anti-corruption and anti-commercial bribery	Formulating the Compliance Guidelines on Anti-Corruption and Commercial Bribery, establishing and improving anti-corruption, compliance and internal control systems, formulating standards and rules for business entertainment, gift exchanges, official meetings, business trips, etc., and registering and approving them in accordance with guidelines
Anti-monopoly and unfair competition	If the Company obtains control over other operators or exerts a decisive influence on other operators through mergers, acquisition of equity or assets, contracts, etc., it shall pay attention to and abide by the anti-monopoly laws and regulations of relevant countries, and if it meets the statutory review standards for concentration of operators, it shall report in accordance with the law
Protection against international sanctions and anti-money laundering	Complying with the laws, regulations and countermeasures of China on anti-sanctions, as well as applicable domestic and foreign economic sanctions laws, regulations and rules, and operating business in accordance with the law. Ensuring that relevant resources are invested in to identify and monitor the legal system for major economic sanctions

The Compliance and Whistleblowing Policy covers the following areas	
Conflict of interests	Directors and senior management of the Company shall fulfill their obligations of integrity, diligence, and due diligence to the Company under the company law of the place where the Company operates, exercise their power for the purpose of safeguarding the best interests of the Company, and take the initiative to seek recusal from matters that may arise from conflicts of interests, and fulfill their disclosure and reporting obligations
Suppliers integrity management	Signing the Statement on Anti-Bribery and Anti-Corruption Principles with customers to ensure that partners understand the business ethics of the Company and prevent bribery and other behaviors in business activities

1.4 Whistleblowing Policy

The Group has established reporting channels to prevent and identify violations in a timely manner. The Group encourages employees, business partners, suppliers and other third parties to report relevant misconduct, fraud and violations directly to the Company via email or other channels. The Risk Control Department of the Company is responsible for handling relevant reports, accepting anonymous reporting. There is also a Compliance Committee to ensure that there is no retaliation against the whistleblower and that the confidentiality of the whistleblower in real name is strictly maintained. If the reported case is substantiated and is considered serious, it will be reported to the audit committee of the Company and, if there is reasonable suspicion that the reported case involves a criminal offense, it will be reported to the local law enforcement agency. If the reported case prevents the Company from suffering significant economic losses, the whistleblower will be rewarded. During the year, the Group received zero reported case.

Further information on the whistleblowing policy, please refer to the "Corporate Governance Report" section of the annual report for this year of the Company.

1.5 Information Security

The Group has formulated the Regulations on the Construction, Application and Operation and Maintenance of Information Technology and the Contingency Plan for Information System Emergencies to reduce the risk of hacking and leakage of protected information through inadvertent use of computers or electronic devices. We also implemented information security measures and upgraded the email security system to automatically identify and block unknown emails to enhance network security. The Group periodically conducts phishing email tests to enhance the vigilance of its employees. During the Reporting Period, no incident of data security has been found within the Group.

The Group has connected their network and cloud services to the Sinopec Group, relying on the strong capital background and talent sharing of the Sinopec Group to further enhance information security management. The Group regularly participates in the evaluations and meetings on the level of cybersecurity organised by Sinopec Group every year, while sharing the working experiences internally in order to improve the deficiencies.

During the year, the Group launched training programmes on cybersecurity awareness for all staff, covering the use of technologies on artificial intelligence and understanding the underlying risks. Also, the Group conducted quiz competitions and phishing email test. IT professionals and technicians were assigned to carry out trainings on skills upgrading.

1.6 Anti-competition and Anti-monopoly

During the year, the Group did not receive any investigations into anti-competitive conduct and violations of anti-monopoly laws.

FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

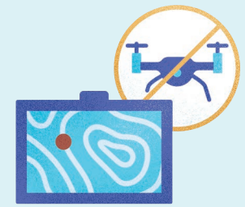
1.7 Intellectual Property Rights

Although intellectual property rights is not a material issue to the Group's stakeholders according to our materiality survey, the Group respects and protects intellectual property rights, complies with the laws, regulations and regulatory requirements for intellectual property rights protection in the PRC and the places where its businesses are located, upholds a zero-tolerance attitude towards infringement and that the infringement of creative work of others and our own rights should be avoided. The Group has established an internal management system for the proper use, authorisation, licensing, trading and disposal of patent rights, trademarks and copyrights.

Currently, Huade Petrochemical is in possession of five patents, and Zhan Jiang Port Petrochemical has obtained seven intellectual property rights in 2025, covering invention patents, utility model patents, software copyrights, etc.

Case study

In 2025, Zhan Jiang Port Petrochemical developed a set of drone intrusion early warning and protection system in the petrochemical storage area, which has an independent software copyright, solves the blind spot risk of manual inspection, and reduces the allocation of human resources, saving labor costs of approximately RMB200,000/year. The system can be promoted to the same type of petrochemical terminal enterprises. This patent has won the second prize of Zhanjiang Municipal Employees' "Five Smalls" Mass Innovation Achievements.





2. Respecting Stakeholders

2.1 Human Resources

2.1.1 Policies

The Group upholds the principles of "people-oriented" and "staff are the cornerstone for success of a corporation", protects the interests and welfare of employees and ensures that all staff are treated fairly and equitably, regardless of gender, nationality, family status or physical condition. Meanwhile, we support the career development of our staff through the provision of diversified training to ensure that all employees can grow with the Company and share the fruits of its development, and "share the weal and woe" with the Company.

We have always abided by the relevant employment laws and regulations in places where our operations are located, including issues on recruitment, salary, working hours, holidays, promotion, diversity, anti-discrimination, dismissal and retirement, such as The Labour Law of the People's Republic of China, Provisions on Prohibition of Child Labour, Employment Ordinance, Mandatory Provident Fund Schemes Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Race Discrimination Ordinance in Hong Kong. Meanwhile, the Group continues to improve its human resources-related management system to protect the interests of employees, to attract talent and build a diverse and talented employee team.

The Group has a sound remuneration and promotion mechanism. It carries out annual appraisals on employees' daily work performance, ability, attitude and performance, with the results forming the key basis of determining basic salary adjustment, bonus, promotion, adjustment of job position, and selection for training of the employees. As such, employees are encouraged to make greater contribution to the Group. Furthermore, the Group sets basic salary levels and ranking specification in respect to the employee's job position and duties with the intention of building a "talent development gateway" for staff members to grow through rank advancement, and to achieve sustainable development together with the Group.

We support diversity and equal opportunity for our employees, oppose discrimination and strictly comply with anti-discrimination legislation, refrain from employing child labour, respect employees' rights to personal freedom in accordance with the law and eliminate forced labour for any reason. The Group has a targeted approach to understanding the situation during the recruitment process and will take immediate remedial actions in accordance with the relevant human resources management practices and regulations if relevant aforementioned irregularities (including but not limited to child and forced labour) are identified. There is no indigenous people in all business locations of the Group. We commit to respect the right to free, prior and informed consent of indigenous peoples and their culture.

During the year, there were no violations of laws and regulations relating to remuneration and dismissal, recruitment and promotion, working hours and equal opportunities, anti-discrimination and other treatment and benefits that had a significant adverse impact on the Group. The Group was not aware of any reports of human rights violations and the use of child labour and forced labour are always prohibited.

New employees profile during the year

New employees	Number of persons	Age		Gender		Region	
		Aged above 40	Aged 40 or below	Male	Female	Hong Kong	Chinese Mainland
Hong Kong Headquarters	2	2	0	2	0	2	0
Huade Petrochemical	6	0	6	4	2	0	6
Caofeidian Shihua	1	1	0	1	0	0	1

2.1.2 Trainings and Development

The Group is committed to nurturing a talented workforce and regards highly the career planning and development of every staff, providing them with the necessary learning and training opportunities. Through a combination of departmental assessments and staff's own requests, the Group formulates a staff training programme each year covering areas such as business, safety and compliance. The Group has developed and continuously improved its human resources management system to provide a platform for growth and career advancement for our staff, with the hope of enhancing their personal capabilities and job satisfaction to facilitate the growth of both the Company and its staff. The Group's expenditure on trainings for talents exceeded HK$1,300,000 during the year.

Mentorship Program

To continuously nurture specialized technical talents, the Group has launched a mentorship program. Huade Petrochemical will evaluate technical personnel and recommend suitable talents for teaming up with experienced employees. Following the signing of agreements, mentors and apprentices will regularly engage in face-to-face exchanges, with task-based appraisals based on technical requirements. The appraisals cover aspects including, among others, essential technical skills, issue-based studies, and plans of project implementation. The meetings and appraisals will be progressively frequent as trainings are further deepened. Upon completion of the mentoring period, apprentices shall submit a technical conclusion or thesis. The Human Resources Department and other respective departments of Huade Petrochemical will inspect and evaluate the status, progress, and effectiveness of teaming up regularly, with appraised results being categorized into three tiers: excellent, passed, and failed. During the three-year plan covering 2024-2026, 47 pairs of mentorship have been initiated and completed, with the expenditure exceeding RMB70,000.

At the same time, Huade Petrochemical has the Administrative Rules for Trainings and Education of the Staff of Huade in place for encouraging its employees to go for further studies in terms of their academics and skills. During the year, a total of 7 employees were rewarded for pursuing higher education in their spare time to attain advanced academic qualifications, with 3 employees being rewarded for obtaining certificates for job-related qualifications. Caofeidian Shihua encourages its employees to pursue professional qualifications in order to enhance their expertise. For example, for employees who successfully obtain qualifications as certified engineers, it will reimburse their relevant tuition and examination fees.

	Training Hours						Average Training Hours	
	Safety training	Anti-corruption	Compliance	Occupational health	Other topics	Total	Number of people	Average training hours
Male	7,393	423	617	87	1,594	10,113	220	46
Female	1,077	70	176	77	494	1,894	50	38
Senior Management	353	55	67	11	266	751	13	58
Middle Management	861	119	148	9	523	1,659	43	39
General Staff	7,255	319	579	144	1,300	9,597	214	45
Overall						12,007	270	44

Highlights on Human Resources Policy:

Remuneration and Welfare
- Consider the local labour market conditions, trends on human resources costs and employee's contribution in the determination of remuneration and welfare
- Make contributions to social insurance for pensions, medical, unemployment, work-related injury, maternity and housing provident funds
- Make contributions to Mandatory Provident Fund on time

Talent Recruitment
- Adhere to the principles of "diversity", "fairness and non-discrimination" in the workplace
- Consider objective factors such as candidates' skills and qualifications through a fair, open and competitive selection process when recruiting staff
- Selection and promotion of talent and treat employees equally disregard of their gender, nationality, race, religious and cultural backgrounds
- Promote gender and cultural diversity by giving due consideration to employing local staff

Labour Standards
- Zero-tolerance policy towards child and forced labour
- Discourage staff from working overtime

Right to Take Leave
- Formulate the Management System of Attendance and Leave-taking for Employees
- Offer staff annual, personal, parental, sick, marital, maternity/paternity, breastfeeding and compassionate leaves, etc.

Other Benefits
- The Enterprise Supplementary Medical Insurance Programme
- Maintain accident insurance
- Meal allowance for employees
- Provide training opportunities and appropriate support for employee continuing education
- Offer a variety of recreational and cultural activities
- Provide transportation subsidies or shuttle bus services between dormitories and offices for employees

2.1.3 Employees Diversity Policy

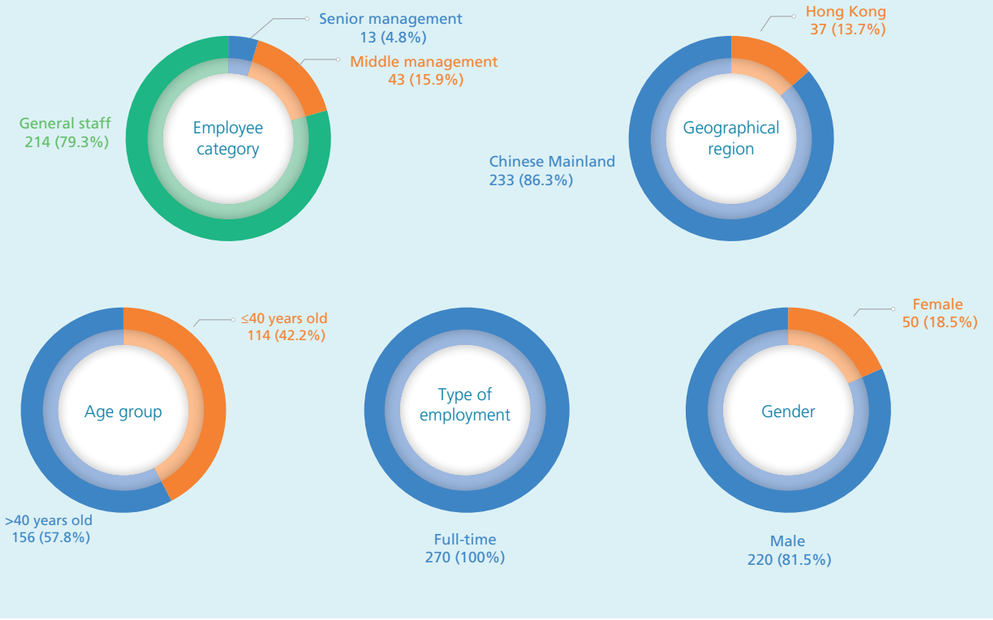
The Group has established a "Employees Diversity Policy" and published it on the Company's website, which strives to enhance the diversity elements of employees, including but not limited to gender, national or ethnic origin, nationality, religious beliefs, etc., which can be found on the Company's website for details.

Due to the industry's particularity, the proportion of male employees playing frontline roles at the production base of the Group is relatively large. The ratio of male to female at Huade Petrochemical is approximately 13:1, while all frontline staff at Caofeidian Shihua are male. Therefore, the Group strives to maintain a balanced gender proportion in back-office positions. The ratio of male to female at the Hong Kong Headquarters is approximately 1:1, while those of Huade Petrochemical and Caofeidian Shihua are approximately 2:1 and 4:1, respectively. The Group upholds the concept of equal opportunities in staff recruitment and, apart from ensuring that candidates meet the qualifications required for the positions, seeks to recruit female staff as far as possible in order to achieve gender balance. There are 4 ethnic minority employees in the Group. In 2025, among the six new employees hired by Huade Petrochemical, 2 were female employees. New employees are assigned to suitable departments based on their professional backgrounds for internships, and are provided with on-the-job training to familiarize themselves with production operations, laws and regulations, information management, enabling them to establish themselves in their positions and achieve professional growth.

In the Hong Kong Headquarters, the percentage of senior management personnel employed from the local community is zero. At Huade Petrochemical, 60% of senior management personnel are employed from the local community. At Caofeidian Shihua, 25% of the senior management employed are from the local community.

Employee distribution

Total number of employees for 2025: 270 Note



Note: Caofeidian Shihua has been covered this year.

Employee turnover rate

Gender		Age group		Geographical region		Total turnover rate
Male	2.27%	≤40 years old	1.75%	Chinese Mainland	0.86%	2.22%
Female	2.00%	>40 years old	2.56%	Hong Kong	10.81%	

The Group's overall turnover rate remained stable, however, the turnover rate for Hong Kong Headquarters employees was higher, primarily due to internal job reassignments.

Ratio of basic wages and remuneration for male and female during the year

Region	Employee type	Overall average annual compensation ratio of male and female employees
Hong Kong Headquarters	Senior Management	Not applicable (all members are male)
	Middle Management	1.14:1
	General Staff	1.44:1
Huade Petrochemical	Senior Management	Not applicable (all members are male)
	Middle Management	1.04:1
	General Staff	1.11:1
Caofeidian Shihua	Senior Management	Not applicable (all members are male)
	Middle Management	1.19:1
	General Staff	1.01:1

Parental Leave

	Number of employees that took maternity/ paternity leave		Total number of employees who returned to work after parental leave ended		Number of employees who returned to work after parental leave and were still employed 12 months later		Return to work rate		Retention rate	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Hong Kong Headquarters	0	0	Not applicable	Not applicable	Not applicable	1	Not applicable	Not applicable	Not applicable	100%
Huade Petrochemical	6	0	6	Not applicable	9	3	100%	100%	100%	100%
Caofeidian Shihua	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

In the Group, employees from Chinese Mainland who have infants or toddlers under three years of age are entitled to 10 days of paid parental leave in accordance with the laws. During the year, a total of 23 employees are entitled to such leave.

2.1.4 Occupational Health and Safety

The Group attaches great importance to the occupational health and safety of its employees, and Huade Petrochemical has completed ISO 45001 certification.

Occupational Disease Checking

Staff are at risk of contracting occupational diseases if they are not equipped with adequate protective equipment in the course of their work. The Group attaches great importance to occupational health and safety of our staff and strictly complies with the policies and regulations on occupational health and occupational disease prevention and control in the places of operation, including the Law of Prevention and Treatment of Occupational Diseases of the People's Republic of China, and has incorporated the occupational health supervision procedures into the comprehensive health, safety and environment ("HSE") system formulated to control and eliminate occupational disease factors to ensure the health of staff, providing a solid foundation for a safe and healthy working environment. Occupational health related seminars are arranged annually. During the year, the Group provided trainings for a total of 51 person-times, with more than 164 training hours.

The staff of the Hong Kong Headquarters will be arranged to undergo medical check-ups on an annual basis. Each employee of Huade Petrochemical and Caofeidian Shihua will be screened for occupational diseases before the employment, during the employment of each year, and before the resignation to ensure that occupational diseases of employees can be detected and followed up in a timely manner. Huade Petrochemical and Caofeidian Shihua also arrange medical check-ups and provide medical allowances to its staff for early detection of diseases every year. During the year, no occupational diseases were reported at the Group.

Noise

Noise can lead to irritation, mental stress and hearing loss. It can also impact the quality of life and interfere with daily activities. As such, the Group has formulated the Regulations on Noise Pollution Control Management, selected low-noise equipment or implemented noise reduction measures. In addition, according to the Provision on the Administration of Occupational Health of the Group, the Group conducted internal monitoring of noise pollution sources semi-annually to grasp the noise pollution situation in a timely manner, and commissioned a third party to conduct a monitoring each year. The results of relevant assessment will be submitted to the relevant authorities of the local government.

The Group is committed to maintaining zero work-related injuries and zero accidents. In 2025, the number of work-related fatalities and major injuries suffered by the Group was nil. The number of working days lost due to work-related injuries was nil.

Work-related fatalities

	Work-related fatalities and serious injuries		Lost days due to work injury	
	No. of persons	Ratio	Working days	Ratio
2025	0	0%	0	0%
2024				
2023				

Target: Zero Work-related Injuries and Zero Accidents

Case study

In 2025, Zhan Jiang Port Petrochemical replaced two new energy-saving compressors, and the on-site operational noise reduced to less than 75 decibels, which lowered the risk of hearing loss for on-site workers.



2.1.5 Employee Benefits

The Group purchases travel accident insurance for business trips for employees every year, provides meal allowance, gives birthday presents and holiday gifts, and keeps medicine boxes in office areas. During the year, the Group held a number of employee activities, such as flower arranging activities, providing employees with coats, renovating and repairing employee dormitories, decorating employee activity rooms, and holding various types of sports activities.

2.1.6 Labour Union

Huade Petrochemical and Caofeidian Shihua have labour unions (the "Labour Union"), of which all employees are members. Employees can express opinions through the Labour Union, including but not limited to the occupational health and safety, and work welfare. After employees' opinions are put forward, the person in charge of the relevant department will immediately deal with the relevant requests. Members of the Labour Union are protected by the Labour Union Law of the People's Republic of China and enjoy various rights in accordance with the laws.

During the year, the Labour Union collected 182 opinions or suggestions from employees, and provided benefits to employees continuously.

2.1.7 Green Office

The Group actively promotes the concept of green office and encourages our employees to practice environmental recycling. Apart from the recyclable items produced in the office, we also encourage our employees to bring recyclable items such as mooncake containers, red pockets and aluminium cans from home to our Hong Kong Headquarters for recycling as an additional recycling location for our employees. When accumulated to a certain amount, the items will be taken to the Recycling Stores. During the year, the Hong Kong headquarters has recycled 22.3 kg of plastic bottles, 4.7 kg of metal, and 1.8 kg of compact fluorescent light bulbs and tubes. The Hong Kong Headquarters continues to implement conservation measures and participate in Earth Hour. In June 2025, the Group organized a recycled glass workshop to educate employees on the recycled uses of glass after recycling. During the year, the Hong Kong Headquarters continued to be awarded the "Hong Kong Green Organisation" certificate by the Environmental Campaign Committee, as well as the "Wastewi$e Certificate" and "Energywi$e Certificate" under the "HKGO Certification" Scheme. The kitchen waste generated by the staff canteens of Huade Petrochemical will be recycled by a third party as feed for animals.









A recycled glass workshop

2.2 Customers

Although the Group mainly provides oil products and liquefied natural gas storage and logistics services which do not involve product recycling, we still attach great importance to the quality of our services. With our management expertise in storage and logistics, we strive to continuously optimize our services and improve our operational efficiency under the philosophy of sustainability, so as to create value for our customers and grow together with them.

2.2.1 Service Quality and Customer Satisfaction Survey

For a service quality assurance, feedback from customers is of paramount importance. Therefore, through daily business communication, visits, annual questionnaire and other channels, the Group invited customers to rate the services based on the four dimensions of service quality, delivery capability, technical capability and price competitiveness, from which customer satisfaction analysis reports are prepared. According to the 17 valid responses received, customers were very satisfied with the service performance of the Group during the year.



2.2.2 Handling Customer Complaints

The Group has measures in place to respond to customer complaints. In particular, when providing loading and unloading services, our frontline staff members have to be punctual, timely and accurate to avoid any accident. Therefore, the staff in the dispatching position are required to be on duty around the clock and keeping the contact number available. They are responsible for the communication and feedback on production planning and other situations during production. Through regular daily business training and technical guidance, the Group has enhanced the dispatching ability of the employees to deal with emergency situations and complex situations, and response guidelines are formulated according to different business situations. During the year, the Group had not received any customer complaints.

2.3 Local Governments and Regulatory Authorities

As the business of the Group operates in a highly regulated industry with extensive coverage, local governments and regulatory authorities have high expectations for the Group's compliance and legal operations, high standards of safety, well-being and environmental protection responsibilities. To this end, maintaining contact with local governments and regulatory authorities allows us to have a voice on regulatory and other matters. This helps us track and understand upcoming regimes to better prepare for compliance and enhance the goodwill, support and opportunities of the Company.

Action: We regularly report to relevant government departments, regularly renew the Pollutants Discharge Permits and other relevant document requirements as required, and participate in selection activities and joint exercises held by government departments. We receive government departments to conduct on-site inspections at the production base.

We comply with all applicable laws and regulations. In 2025, there were no incidents of non-compliance with laws or regulations.

FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

2.4 Investors

We are committed to creating long-term value for the shareholders, and we believe that active participation of investors will promote higher transparency, which will in turn enhance our brand awareness, investor support and shareholder value. Investors have high requirements for the Company's long-term growth strategy, profitability, dividend level and governance level. Therefore, we maintain good dialogue and partnership with investors to ensure competitive capital.

Action: We encourage analysts to actively publish analysis reports to assist investors in evaluating the Company. During the year, we were covered by several analysts who had written a number of research reports.

At the same time, the Company actively maintains communication channels, holds a results presentation, conducts non-trading road-shows, and various forms of meetings after the announcement of the results, and participates in investor summits. Holding shareholders' meetings on-site to facilitate direct dialogue between non-institutional investors and the management.

In response to investors' concerns about dividend distribution, the Board revised the Dividend Policy during the year to raise the dividend distribution ratio to not less than 30%, and committed that the cash dividend distribution for the three years from 2025 to 2027 shall not be lower than the absolute value of the previous year. For details, please refer to the section of "2025 Annual Report – Corporate Governance Report – Shareholders and Investors Information" of the Company.

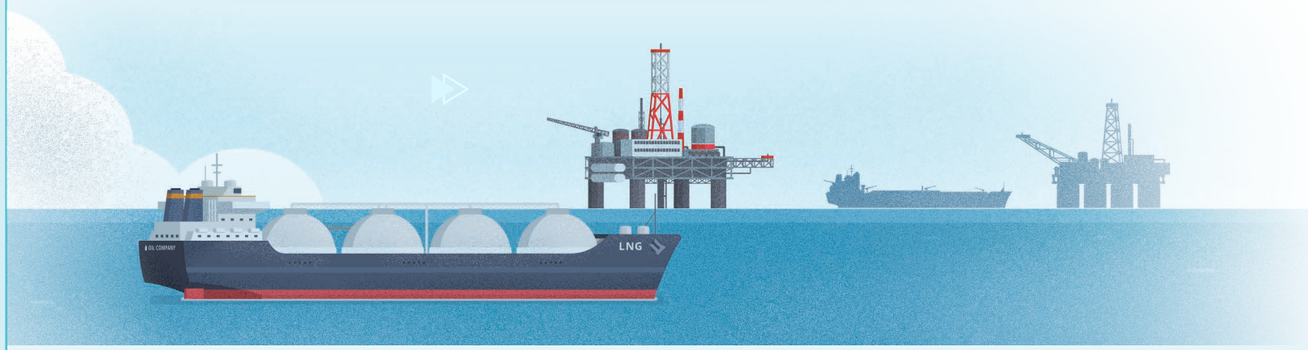
During the year, the Company paid a dividend of HK25 cents per share, with a dividend distribution rate of approximately 60%.



FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

2.5 Supplier Management

The Group attaches great importance to the interests of its suppliers and other partners and the quality of their services and has therefore established the Supplier Management Measures, Administrative Measures on the Safety Supervision of Contractors of Huade Company as well as the Code of Conduct on the Safety of All Staff of Huade Company.



During the Reporting Period

Number of Suppliers

389 suppliers from Chinese Mainland

67 suppliers from Hong Kong, Macau and Taiwan

3 suppliers from overseas countries

Supplier Trainings

4,321 hours

534 person-times

Supplier Appraisal

1 supplier removed from the list due to poor performance

3 supplier personnel were blacklisted

56% of Huade Petrochemical's procurement comes from local sources

65% of Caofeidian Shihua's procurement comes from local sources

Supplier Selection

The Company has established and refined procedures for the selection of suppliers. When selecting suppliers for key materials and engineering projects, background checks have been conducted and the suppliers have to undertake in writing to comply with the Supplier Code of Conduct established by the Company before they enter the selection process.

The selection process is open and transparent, and a special selection expert committee is generally set up to examine and evaluate different aspects such as the quality of service, professional competence and quotations of suppliers, to introduce green management and including factors such as environmental protection, environmentally friendly materials and resource conservation in the criteria for consideration, so as to promote the joint implementation of environmental protection, energy saving and emission reduction by our partners. Also, the committee gives priority to suppliers who hold ISO 9001, ISO 14001, ISO 45001 and other related certifications. When signing a contract, the supplier needs to sign the Health, Safety, Environment and Fire Safety Management Agreement at the same time.

Supplier Assessment

Once a supplier has been engaged to provide services, the relevant business unit will conduct an assessment of the supplier's services. In addition, a series of compliance controls, including annual review and audit management, are performed each year to fully understand and critically review the supplier's qualifications and decide whether to continue their work relationship. Suppliers who fail the assessment will be removed from the supplier list and will need to submit a written application and undergo a new selection process to be added to the list in the future. If a supplier or their staff is blacklisted, they will be banned from undertaking business for 1-3 years. If a supplier is blacklisted twice, they will be banned from undertaking business for 5 years.

The assessment criteria for suppliers include corporate creditworthiness, compliance, protection of employees' labour rights and interests, occupational safety of employees, environmental protection and business ethics. There is an assessment checklist for on-site suppliers, with more than 200 indicators covering violations of rules and regulations, irregularities and labour discipline, etc., and penalties and demerit points will be imposed for any violations.

Supplier Safety

The petrochemical industry is a precise and responsible system with extremely low fault tolerance rate, and we therefore attach great importance to the production safety of suppliers. For example, Huade Petrochemical operates crude oil storage tanks and fuel oil storage tanks, which require annual overhaul and maintenance, including but not limited to cleaning, welding and other hot operations in confined spaces, which are high-risk operations. Therefore, we conduct sufficient and in-depth training for suppliers, and shall confirm that the personnel from suppliers have relevant qualifications before stationing, and understand the basic overview of the actual working environment, the overview of the storage tank, escape routes, etc. They shall take protective measures when stationed at the site, strictly abide by the process rules, such as testing the air composition in the storage tank, etc., and confirm environmental factors by multiple inspections. After the work is completed, they shall remove the protective device according to the process and retreat to the site.

The Group has zero tolerance for potential safety hazards caused by on-site violations by suppliers, and if any violations are discovered, they shall rectify immediately, and according to the severity of the incident, points or fines will be imposed, and the supplier may even be blacklisted. During the year, there was an incident in which a supplier's illegal operation led to the burning of the lawn, resulting in no injuries and a direct economic loss of approximately RMB20,000. We have promptly initiated an investigation into the incident, analysed the causes, and drew lessons from the incident. The supplier qualifications of such supplier have been downgraded, fined and deducted points, and the relevant personnel have been blacklisted.

FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

3. Developing Together

During the year, the Group continued to exert influence and fulfill its responsibility as a corporate citizen by integrating with the society in its development. We actively encourage our staff to participate in community service activities and devote to doing charity work to help those under-privileged children and families as well as the elderly and youth in the community. At the same time, we are also keen to organize environmental protection activities and do our best to clean the surrounding environment.

During the year, the Group organized 228 person-times for volunteer activities, contributed 583 hours of community services and donated more than HK$860,000 equivalent to support university students, new arrivals, ethnic minorities, the elderly and other disadvantaged groups.

3.1 Community Care

The Company has been organising festive activities in the surrounding community for many years. The Hong Kong Headquarters regularly organises staff visits to the Siu Sai Wan Day Care Centre for the Elderly, a recreational center for the elderly in the community, to deliver gifts to the elderly during festive seasons.

Huade Petrochemical donated caring supplies such as medical supplies, beddings, nutritional products, etc., equivalent to RMB10,000 to the First Daya Bay Elderly Home at Huizhou City. The care centre primarily accommodates elderly individuals who are incapacitated or partially incapacitated, while providing assistance for their daily living.

We used consumption support to boost sales and revenue of Qinghai Province in the assisted areas, so as to support rural revitalisation, with a number of local agricultural products procured by Huade Petrochemical amounting to approximately RMB150,000.



Donation to The Hong Kong Polytechnic University, RMB500,000





Mid-autumn festive gifts



Participated the Community Chest New Territories Walk for Millions 2025



In-kind donation to local Elderly Nursing Home

3.2 Community Programme

The Group organised the "Better Life" youth and children caring programme, which has been conducted for years and has become a regular project, which aims to provide academic support, arrange STEM-themed activities for children and youths aged 6-18 from low-income families, and a staff member is assigned to interact with them and keep in touch with them on a regular basis. Following the launch of the project, staff members regularly report on the progress of the recipients. The Company spent HK$240,000 on the activity during the year.

Huade Petrochemical actively participated in charity events initiated by local community organizations. For the fourth consecutive year, it donated to Guizhou Province to help revitalizing the village and education welfare, totaling RMB30,000.



Better Life youth & children caring programme



Better Life youth & children caring programme

3.3 Community Protection

The Group continues to make every effort to protect the environment of the communities around us. During the year, the Group organised and participated in beach clean-ups.

The Huizhou Daya Bay community where Huade Petrochemical is located has a large area of mangrove wetlands and many beaches. Therefore, in addition to organizing employees to participate in beach clean-ups, Huade Petrochemical donated RMB20,000 to the local Blue Bay Public Welfare as funding support for the purchase of saplings and promoting green ocean.



Donation and installation of Computer facilities for elderly residents



Donation to local Blue Bay Public Welfare to support beach clean-ups activities



Beach clean-ups



4. Valuing HSE

4.1 Safety Culture

The Group is engaged in the oil products and liquefied natural gas storage and logistics business, and as oil products and liquefied natural gas are flammable and explosive in nature, it may lead to serious economic loss and casualties if not handled properly. As such, the Group believes that safety culture is an inseparable element of production, and that productivity is guaranteed given the safety is assured.

The Group has no safety incident, environmental pollution and casualties during the past three years (including the current year) and will continue to strive to maintain our goal of zero work-related injuries, zero pollution and zero incident.

HSE Committee

The Group has established a health, safety and environment management committee (HSE Committee). The Group has adhered to the safety management policy of "safety first, prevention-focused," and held HSE meetings on a regular basis based on the principle of "plan, do, check and act".

Main responsibilities:

- Responsible for organizing and establishing emergency management mechanism, to study potential hazards of major accidents and management plans, to approve technical transformation projects such as production safety and occupational health, to co-ordinate the management of emergency resources, and to approve emergency plans.
- To regularly study the latest legal and regulatory developments, assess the impact on production, and revise and improve the HSE management system.
- To promote the participation of all staff in safety training and activities, in order to improve the knowledge, skills and overall quality of the management and operation staff in production safety.
- To actively encourage operating entities to jointly establish a set of integrated safety management system and strengthen safety management.

Safety Training

The Group, in particular Huade Petrochemical, will formulate the annual HSE training programme every year. Given the diverse types of business, the programme includes various forms of training elements such as ongoing projects, one-off projects, internal and external trainings, and pre-site training for suppliers. During the year, Huade Petrochemical has conducted a total of 19 safety trainings covering topics including safety technology and management for petroleum and petrochemical tank farms, specialized training on the safe use of gas detectors, regulations on handling hazardous chemicals, and continuing education for certified safety engineers.

The Group conducts HSE video promotion and education every quarter, especially safety accidents of peers, which is of profound educational significance. Therefore, the Company has organized and compiled case studies on production safety accidents of domestic and foreign terminal companies and peers, covering ship-shore and oil depot accidents, in order to encourage operating entities to learn and draw lessons to avoid the occurrence of similar incidents.

In October 2025, the Group held the fourth Crude Oil Terminal HSE Management Technique Training. The four-day training invited professors of universities and industry experts to review the HSE system framework of enterprises. Laws and regulations, standards of storage tanksand safety regulations on hazardous chemicals, port safety management and experiences of excellent enterprise safety management were shared, and learnings on accident cases were included during the training. Representatives of HSE management personnel from all domestic operating entities attended the training, with a total of 28 participants.



In January 2025, Huade Petrochemical was awarded the plaque recognising its achievement as the "2024 Advanced Safety Enterprise in the Oil and Gas Transmission Pipeline Sector" by the Urban Management and Comprehensive Law Enforcement Bureau of Zengcheng District of Guangzhou.



In May 2025, Huade Petrochemical was awarded the plaque recognising its achievement as the "2024 Advanced Enterprise in Maritime Search and Rescue Operations of Huizhou" by the Huizhou Maritime Emergency Search and Rescue Center.



In July 2025, Huade Petrochemical was awarded the plaque recognising its achievement as the "Vice-Chairman Unit of the Second Session of the Huizhou Port Association" by the Huizhou Port Association.



Safety Drills

During the year, Huade Petrochemical conducted a total of 8 safety drills. Huade Petrochemical has formulated the Special Emergency Plan for Oil Spill Pollution in Marine (Water) Environments Related to Port Facilities and Ship Operations, to strengthen the emergency response capacity of port terminals, and to test the operability and practicability of emergency response plans, the coordination and command among members of emergency response organizations and the emergency response capacity of emergency response teams.

In December 2025, the Drill for Offshore Oil Spill Emergency Response Exercise was organized and conducted at the start station in Mabianzhou. 11 external organizations including 39 participants in total were invited to the drill.

Allocation of Fire Safety Personnel

Huade Petrochemical has engaged a professional fire-fighting team specialized in petrochemical fire safety to station at the two production bases at the start station in Mabianzhou and the Nanbianzao oil depot respectively, mainly responsible for emergency rescue within the production base, construction site monitoring and daily fire inspection, maintenance of mobile fire-fighting equipment and facilities, training on fire and harmful gas prevention, and fire patrol inspection. In addition to complying with the Management Requirements for National Comprehensive Fire-fighting and Rescue Team, the team is also familiar with petrochemical industry knowledge, and is required to participate in the safety training of the production base, occupational health examination, induction examination, etc., cooperate with Huade Petrochemical's internal drill plan, participate in weekly training plans, emergency drills, etc.

4.2 Safety Equipment

Operating entities of the Group conduct regular inspections on safety equipment every year, and they have added and upgraded the relevant equipment based on the inspection results.

Port automation

To promote the construction and development of smart ports and achieve automated, intelligent, and unmanned port functions, the installation of two loading arms with an automatic docking system at the Huade Petrochemical's start station in Mabianzhou has been completed, allowing the automatic docking without manual intervention, thereby reducing potential safety hazards associated with manual operations.

Purchase of oil spill monitoring devices

The Huade Petrochemical's start station in Mabianzhou originally had a set of oil spill monitoring equipment. After the inspection, it was found that the equipment was corroded, and some of its parts could not be used normally. Therefore, Huade Petrochemical has formulated a replacement programme for the oil spill monitoring equipment in this year, with an investment of approximately RMB1 million to purchase 4 sets of oil spill monitoring equipment and ancillary facilities. The replacement programme has been completed during the year.

Installation of fire-fighting equipment

A centrally controlled fire emergency lighting system has been installed at the production base. When a fire occurs, the emergency lighting system of the entire control room will be activated in sequence, starting from the alarm area of the fire. At the same time, Huade Petrochemical have added a monitoring system for the power supply of fire-fighting equipment, while setting up corresponding signal sensors in the power distribution box of the fire-fighting equipment to collect voltage and current signals and switch status of the monitored power circuit on-site, thus allowing real-time monitoring of the status of the power supply of fire-fighting equipment.





Oil leakage detection

The working platform at Mabianzhou Jetty is equipped with a nitrogen purging system, which will help monitor the airtightness of the equipment before and after unloading oil products, thereby reducing the risk of leakage during the unloading of oil products.

Combustible gas detection

83 combustible gas alarms were installed in Nanbianzao oil depot, covering the vicinity of emission sources of combustible gas.

Toxic and hazardous gas detection

13 toxic and hazardous gas alarms have been installed in areas where hydrogen sulfide, a type of toxic and hazardous gas, exists, covering the vicinity of the emission sources of hydrogen sulfide in Nanbianzao oil depot.

At the same time, all of the on-site alarms/zone alarms are equipped with audio and light alarm functions, all of which are checked annually.





Case study

In 2025, Huade Petrochemical and its suppliers jointly developed an oil tank isolation airbag in the emergency cut-off valve renovation project, which was put into use on site after multiple simulation tests. It effectively isolates toxic and harmful gases, combustible gases, nitrogen, etc. in the oil tank, ensuring a safe construction environment for personnel.



4.3 Safety Inspection and Auditing

The Group's operating entities are subject to regular and/or spot checks by the government authorities and external industry management departments in the places where it operates. At the same time, the Group conducts HSE audits on its operating entities every year, accompanied by external experts invited from time to time, during which potential safety hazards are identified, and operating entities are urged to make corrections based on the inspection results. All operating entities have completed their annual safety audits during the year.

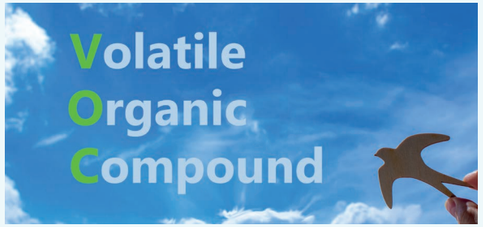
4.4 Environmental Management

The Group operates across a wide range of locations, with terminals situated along the coastline, storage tanks located in government-designated petrochemical industrial parks. Its crude oil pipelines extend 174 kilometers from the seabed to a refinery of the customer, spanning petrochemical industrial parks, roads, rivers, farmland, and residential vicinity. Consequently, it is essential to maintain robust environmental management whilst conducting day-to-day operations. During the year, the Group did not have any non-compliance incidents related to environmental protection and complied with relevant laws and regulations in all material aspects.



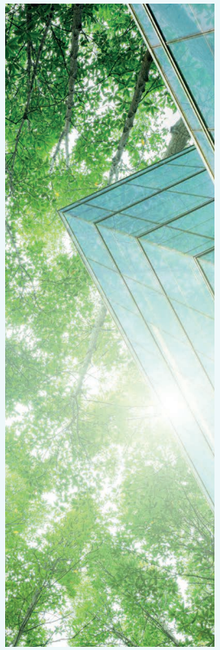
Pollutants discharge permits

Huade Petrochemical has applied for discharge permits for each production base. The pollutants discharge permits have specified the monitoring sites, monitoring items, monitoring frequency and discharge standards for noise, wastewater and waste gas. At the same time, according to the requirements of the pollutants discharge permits, it engaged an independent third party to conduct regular sampling and monitoring, and the self-monitoring information is regularly reported in the National Pollution Source Monitoring Data Management and Sharing System.



Volatile organic compounds (VOCs)

VOCs cause air pollution and smog issues, and prolonged exposure to high concentrations of VOCs can lead to discomfort in the eyes, nose, and throat, and even headaches, dizziness, vision disorders and other injuries. Operating entities of the Group generate VOCs when providing loading services for oil products. In this regard, the operating entities (i.e. Zhan Jiang Port Petrochemical, Qingdao Shihua and Ningbo Shihua) have installed VOCs recovery system in that production process to reduce VOCs emissions. Three operating entities have invested a cumulative total of nearly RMB100 million.



Land conservation

The crude oil pipeline of Huade Petrochemical is over 170 kilometres long, connecting the terminal and clients, mostly is on land or buried underground. Therefore, the condition of the crude oil pipeline is extremely important for the land. We engage a third party from time to time to inspect the condition of the pipelines, such as internal corrosion, corrosion of the pipelines by external soil, etc., and to design the rehabilitation proposal. Different monitoring measures are taken due to different pipeline geographical region.

Terrestrial portion

- On-duty staff arranged for daily inspection and record keeping conducted by mobile phone positioning
- Trees planted on the earth for greening and slope stabilization

Underground portion

- General checkings conducted in river crossings as appropriate
- A third party will be commissioned to carry out soil sampling on a regular basis
- A third party will be engaged from time to time to carry out the assessment of geological hazards, such as the possibility of earth collapses, mudslides, landslides, etc., exposed pipelines due to soil erosion, or overhanging and deformed pipelines

Community education

Despite the fact that the pipelines have been laid to avoid residential areas as far as possible, we have kept conducting good community educations to educate residents not to damage the ancillary facilities to the pipelines and the residents are encouraged to report such cases.

Project life cycle

Pre-project

Appoint qualified third parties to perform different duties separately

- Conducting feasibility study report to provide relevant professional evaluations on site selection, land use (sea use), earthquake, geological hazards, lightning hazards (lightning protection), environment, safety, occupational health, navigation and fire-fighting, etc.
- Conducting multidimensional impact assessment, properly considering all environmental impacts (such as air quality, water quality and biodiversity) and taking effective mitigation measures to respond to key steps, publishing relevant environmental impact reports through the websites of subsidiary companies, providing explanations on public participation in, and collecting opinions from local communities via questionnaires

Submit the project plan to local government authorities

Obtain approvals from relevant government authorities and carry out the project

During Project

Adopt conservation measures to reduce the impact, according to the recommendation of various assessment reports

- Standing protective/emergency supplies: oil spill monitoring equipment, oil containment, oil skimmers, oil absorbent materials
- Operation time: piling will not be processed at night
- Minimise the scope of work during the construction process: utilizing new technology to prevent marine pollution caused by construction waste; regular sampling and monitoring

Carry out daily training and education on ecological and environmental protection for employees to raise their awareness

Post-project

Ecological compensation

- To engage a qualified third party to formulate an implementation plan on ecological compensation and implement the compensation measures, including but not limited to fisheries restoration
- To organise and complete the acceptance tests of environmental protection
  - Case study: An implementation plan on ecological compensation for naphtha unloading project and waterway dredging project of Mabianzhou Jetty has been formulated and completed in 2024. A total of nearly RMB18.5 million has been invested in the ecological compensation programme, including marine (seabed) litter clean-up (approximately RMB9.5 million), micro-plastic assessment (approximately RMB1 million) and fisheries restoration (approximately RMB8 million). For fisheries restoration, Huade Petrochemical released around 14 million fish fry, shrimp fry, crab fry and other marine organisms.
  - Over the past 5 years, Huade Petrochemical has invested a total of approximately RMB20.11 million in ecological compensation.
  - In the past 5 years, Huade Petrochemical has invested in afforestation/mangrove planting resources totaling approximately RMB500,000 (excluding planting donation amount).

Regular sampling and inspection

- During each cycle, a completed EIA has been undergone before each project kicks off, and sampling tracking has been conducted quarterly since 2022
- As revealed by the results of sampling tracking for 2025, the quality of the sea water achieved the standard and the biodiversity was maintained at a good level

Marine biodiversity

The oil jetties served by the Group are located along the coastline and their daily operations pose potential risks to marine life. In addition to terminal operations, approximately 10 kilometres of Huade Petrochemical's crude oil pipelines are located underwater and therefore the condition of the pipelines directly affects the surrounding marine ecosystem. In which, Huade Petrochemical marine operations cover approximately 150 hectares (excluding the waterway) near the Mabianzhou Island. The area is designated within the ecological red line and is part of the Daya Bay Aquatic Resources Nature Reserve. At the same time, it is possible that Chinese white dolphins, which is on the IUCN's Red list, may live there due to its location near the Pearl River Estuary. Therefore, the Group attaches great importance to operational safety and ecological protection, and minimizes the impact on Chinese white dolphins and other marine life. Project works will be carried out on the Mabianzhou Island from time to time, marine biodiversity assessment and the fisheries restoration will be carried out to restore the ecosystem in accordance with the requirements of an environmental impact assessment report and other relevant information.

Other production bases of Huade Petrochemical are all located within the petrochemical park designated for such land use by the government. Over the years, there have been no plans or projects to expand these production bases, and therefore no assessment of terrestrial biodiversity has been conducted.

Policies

To this end, the Group is committed to giving priority to biodiversity conservation in its development, and to covering the entire life cycle of all projects with biodiversity conservation measures to ensure ecological security. The Group has formulated and published a Biodiversity Policy on its website. In addition, Huade Petrochemical has formulated the Guidance on Biodiversity Conservation.

Daily maintenance

Huade Petrochemical has already replaced a new submarine pipeline in 2022. The new submarine pipelines are constructed to avoid the season of fish spawning, while the thickness and the class of steels used have been upgraded, to enhance the anti-corrosion technology and cathodic protection, in order to slow down the corrosion rate. Also, the thickness of the pipeline is regularly checked. The approach bridges to jetties/berths are ensured to be corrosion-resistant, and the following measures are adopted for daily maintenance:

Sea surface portion

- Cameras installed around the pipelines for 24-hour monitoring of the sea surface conditions
- Weekly sea patrols organised to prevent construction damage in the vicinity
- Signage placed to prevent inadvertent trespassing by fishermen

Underwater portion

- Pipeline route investigation conducted as appropriate
- The issuance of "Certificate of Compliance for Marine Facilities" for submarine pipelines and their inspections conducted

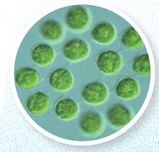












Daily operations

Before unloading of oil products

Well preparation for docking, such as having cable-breaker machines, checking equipment status, and ensuring the airtightness of the equipment with nitrogen purging systems, to ensure a safe berthing.

During unloading of oil products

Frontline staff wear protective equipment and hold a permit to operate, strictly follow the operating procedure guideline. Considering the dock lines were provided by oil tankers, we have installed a cable stress monitoring system to monitor the dock lines tension of each oil tanker. In the event of insufficient or excessive rope tension, timely communication and adjustment are made to the captain, and problematic ropes are rejected.

After unloading of oil products

Maintain the equipment and check the airtightness of the equipment with the nitrogen purge system.

Drills for emergency response

Huade Petrochemical has formulated the Marine Oil Spill Emergency Response Plan and will organise regular marine oil spill drills every year to enhance its emergency response capability. In 2025, there was no oil spillage incident during unloading of oil products by the Group.

Marine microplastics survey

Microplastics are plastic fragments in diameter of less than 5mm, which are widely found in the marine environment. In addition to the threats to marine life and human health posed by cumulative effects of microplastics in the food chain, microplastics may also have an impact on climate change. On one hand, the persistence of microplastics in the oceans will directly generate a large amount of greenhouse gases during the degradation process, which will aggravate climate warming. On the other hand, by interfering with the carbon capture and storage capacity of marine biological pumps and micro-biological carbon pumps, microplastics will affect the carbon cycle of the marine ecosystem, and in turn indirectly release more carbon dioxide and cause ocean deoxygenation and ocean acidification.

When necessary, Huade Petrochemical will engage a third party to conduct surveys and assessments on marine microplastics. The last one was completed in 2024.

Location of inspection: Xia Yong Waters, Daya Bay, where the Mabianzhou Island is located

Particulars of inspection: seawater, sediment and organisms (fish and shellfish)

Results of inspection: The abundance level of microplastics is relatively low, and the components are mainly PE, PP-PE and PET, reflecting a relatively low pollution load index.

5. Improving Continuously

Although the Group's business mainly comprises the provision of logistics and storage services for natural gas and petrochemical products and it is not considered as a polluting or carbon-intensive enterprise, we firmly believe that reducing global warming requires the concerted efforts of the whole community. As such, the Group has formulated its emissions target plan heading for 2030 to strengthen the monitoring of the Group's use of resources and the impact of its business operations on the surrounding environment, to continuously implement energy saving and emission reduction measures, and to review the Group's environmental performance. In terms of resources usage, the Company's operating entities have established management measures and usage targets in relation to energy and water resources.

The Group complies with laws and regulations such as the Law of the People's Republic of China on Energy Conservation and has established internal guidelines such as the Company's Energy Conservation Management Regulations and the Energy Conservation Supervision and Management Rules.

During the year, there were no violations of laws and regulations relating to emissions of exhaust gases, waste water and solid waste emissions, and disposal of hazardous waste that would have a significant adverse impact on the Group.



5.1 Management of Solid Wastes

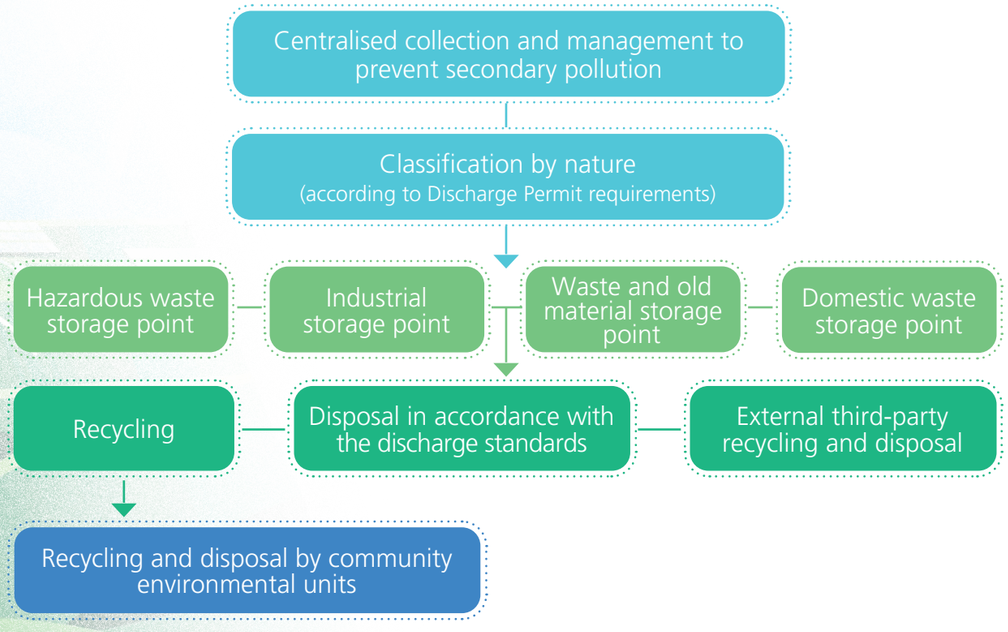
The solid wastes of the Group mainly come from the daily operation of Huade Petrochemical, while the daily operation of the Hong Kong Headquarters also produces a few municipal solid wastes and Caofeidian Shihua produces a few solid wastes as well. No such statistics can be provided from the Hong Kong Headquarters as separate solid wastes data is not available for the building where the Hong Kong Headquarters is located.

The Group has reduced hazardous and non-hazardous wastes by making efforts in procurement, reducing wastes from source and recycling. At the same time, the Group keeps abreast of the latest laws and regulations and communicates closely with stakeholders to obtain the latest information to meet the increasingly stringent environmental laws and regulations. In particular, the Group has strictly complied with the Environmental Protection 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 Wastes, the Administrative Regulations of Sinopec on the Prevention and Control of Pollution by Solid Wastes and other relevant laws and regulations in material aspects, and has formulated the Administrative Regulations of Huade Company on the Prevention and Control of Pollution by Solid Wastes and the Regulations on Clean Production Management of Huade to strengthen the supervision of all aspects of solid wastes and effectively prevent and control environmental risks. All wastes generated by the Group's production base will be sorted out according to the nature of the wastes, set up different temporary storage points (storage yards), and then unified recycling, according to the regulations, and engaged a qualified third-party to dispose of the wastes. The Group has set the hazardous and non-hazardous waste reduction goals for 2030. Please refer to the section headed "Responding to Climate Change – 4. Indicators and Targets" for information on target setting.

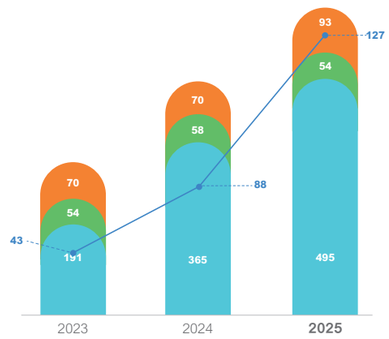
Recycling initiatives

The Hong Kong Headquarters has set up recycling bins for plastics, metals, fluorescent tubes, battery cells, etc. The bins are collected and delivered to the Recycling Stations to reduce the amount of waste disposed of at landfills and to promote environmental awareness on a monthly basis. During the year, the Hong Kong Headquarters has recycled 22.3 kg of plastic bottles, 4.7 kg of metal, and 1.8 kg of compact fluorescent light bulbs and tubes.

Solid Waste Treatment Process



Non-hazardous Wastes (tonne)



Non-recyclable · Domestic wastes · Recyclable

Non-hazardous wastes per oil tank repaired

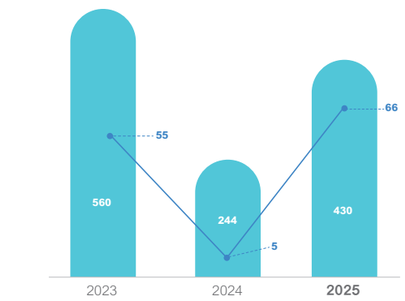
2025 Target for Non-hazardous Wastes

A 10% decrease in volume of wastes per oil tank repaired (baseline: 2020)

2025 progress ▼ **5%**

Reason: The year-on-year increase in volume of non-hazardous wastes for 2025 was due to the low reuse rate of industrial sand used for rust removal this year, which led to an increase in the use of industrial sand categories, as well as the maintenance of multiple oil tanks during the same period.

Hazardous Wastes (tonne)



Hazardous Wastes

Hazardous wastes per oil tank repaired

2025 Target for Hazardous Wastes

A 15% decrease in volume of wastes per oil tank repaired (baseline: 2020)

2025 progress ▼ **26%**

Reason: During the routine maintenance of oil tanks in 2025, the long-term storage of oil in the tank was thoroughly cleaned, resulting in a significant increase in the volume of oil-contaminated sludge produced.

Analysis of 2025 Waste Targets: In 2025, non-hazardous waste generated per storage tank maintenance decreased by 5% compared to the 2020 base year, slightly below the target. However, the average reduction for 2024–2025 reached 17%. This data fluctuation is attributed to the cross-year accounting of waste disposal volumes. Meanwhile, the hazardous waste generated per storage tank maintenance met the target. Consequently, the newly established 2030 targets will use 2025 as the base year and will be calculated based on periodic storage tank maintenance cycles to more accurately reflect progress.

5.2 Management of Water Resources

Domestic Water Usage

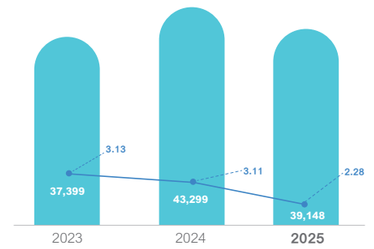
The water resources used by the Group are supplied by municipal water authority and can be obtained on demand. In 2025, there was no issue in sourcing water which was fit for purpose. Nevertheless, we have fully implemented sustainable administrative measures for reducing water consumption during operation, carried out water conservation training and posted water conservation phrases where water was used. It has set indicators for annual water consumption for each production base, improved the water meters at key water consumption points at each production base, carried out inspections for leakage of underground pipes on a non-regular basis, collects statistics and analyzes the water consumption of each production base every month, strictly controls the water consumption, and analyzes the reasons for excessive consumption of water to avoid wasting. The Group has set a water consumption goal for 2030. Please refer to the section headed "Responding to Climate Change – 4. Indicators and Targets" for information on target setting.

As water consumption of the Hong Kong Headquarters is calculated on an apportioned basis by the building in which it is located and does not reflect actual usage, while water consumption at the production base of Caofeidian Shihua is derived from outsourced services, this data only includes Huade Petrochemical and the back office of Caofeidian Shihua.

Sewage Treatment

In respect of sewage discharge, the Group has strictly complied with the laws and regulations and internal policies requirements, such as the Prevention and Control of Water Pollution Law of the People's Republic of China, Integrated Sewage Discharge Standard, Measures for the Administration of Environmental Protection of Sinopec, and Regulations for the Administration of Wastewater Pollution Prevention and Control of Sinopec in order to strengthen and regulate the management of wastewater pollution, to achieve wastewater discharge in compliance with the standards.

Water consumption (m^3)



Water consumption per kilotonne business volume

2025 Target for Water Consumption

A 10% decrease in water consumption per kilotonne business volume (baseline: 2020)

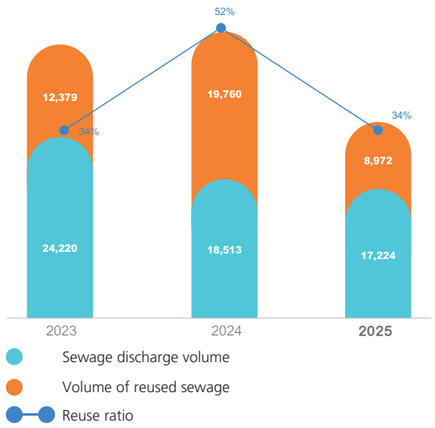
2025 progress ▼ **51%**

Reason: The decrease in water consumption in 2025 was primarily due to the completion of the jetty facility upgrade and renovation project, resulting in the decline in water demand. In addition, the seawater desalination measures was implemented for fire-fighting in 2025, which has greatly reduced water consumption.

Source of sewage
The sewage primarily originates from the unloading of crude oil sediments, domestic usage, industrial effluents (including tank dewatering), initial rainwater, and various other wastewater collected in the sewage reservoir. Therefore, the volume of sewage treatment will surpass the statistics of domestic water usage.

Discharge permit
Huade Petrochemical has applied for pollutants discharge permits, and commissioned a third party to carry out monitoring on different projects according to the requirements of discharge permits on a regular basis, so that the discharge can meet the standards.

Sewage treatment volume (m^3)



In 2025, the sewage treatment capacity experienced a significant decline, primarily due to the completion of several upgrading and modification projects at the start station in Mabianzhou, which reduced the supply of domestic water.

Sewage facilities
We have established a sewage treatment center. The production base of Huade Petrochemical boasts a comprehensive sewage pipeline system, which collects all oil contaminated stormwater, firefighting water, and domestic water, channeling it uniformly towards the sewage treatment center for centralized processing. The sewage from the Nanbianzao oil depot is transported to the sewage treatment plant designated by the government in the Daya Bay Petrochemical Park, and the sewage from the start station in Mabianzhou is used for green irrigation after treatment.

We install the online rainwater monitoring instruments. Huade Petrochemical has conducted real-time monitoring of rainwater discharge, with relevant data directly uploaded to the local environmental protection department.

Sewage volume and reuse ratio
The start station in Mabianzhou of Huade Petrochemical strictly implements the zero discharge target. All of the sewage generated from the production base will not be discharged into the sea, with 100% reuse instead. At the same time, the start station in Mabianzhou of Huade Petrochemical has set up an environmentally friendly toilet.

During the Reporting Period, the volume of sewage treatment of the Group decreased by approximately 32% year-on-year, with a reuse ratio of approximately 34%.

Case study

During the Reporting Period, the Group piloted its first sewage-based pre-cleaning process for storage tanks to reduce fresh water consumption. The trial met expectations, saving approximately 210 cubic meters of water and reducing sewage treatment costs by approximately RMB130,000. This technical process will be rolled out to other tank cleaning operations.

Case study

During the Reporting Period, the start station in Mabianzhou of Huade Petrochemical implemented seawater desalination measures. The desalinated water was used for fire-fighting, which greatly reduced the amount of fresh water consumption. The start station in Mabianzhou continues its goal of zero discharge into the sea.

5.3 Air Pollutant Management

The Group has strictly abided by the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Standards for Air Pollutant Emissions from Boilers and other regulations. It has also established comprehensive administrative regulations for exhaust emissions, set up outlets in its boilers for the discharge of air pollutants, applied for pollutants discharge permits, and commissioned a third party to carry out monitoring on different projects according to the requirements of emission permits on a regular basis, in accordance with the requirements of the emission permit, so that the emissions can meet the standards.

Huade Petrochemical formulated the Huade Petrochemical Leak Detection and Repair (LDAR) Management Regulations to carry out LDAR leak detection and repair work at all production sites, repair of a small number of leakage points timely to reduce the possibility of volatilization of unorganized organic gases. At the same time, an oil and gas adsorption recovery device was added to the oil waste tank (part of the sewage treatment facility) at the start station in Mabianzhou to reduce the disorderly emission of productive organic gases.

By using the latest standard of low-sulfur clean diesel oil, Huade Petrochemical has been able to reduce exhaust emissions from the boilers at the start station in Mabianzhou.

The diesel and gasoline used in the Group's day-to-day operations produce non-greenhouse gas air pollutants and therefore data collection and analysis of nitrogen oxides, sulphur oxides and particulate matter are carried out on an ongoing basis and emission targets are set for 2030. Please refer to the section headed "Responding to Climate Change – 4. Indicators and Targets" for information on target setting.

	2024 (kg)	2025 (kg)	Year-on-year change	2025 target progress (compared to the 2020 baseline)
Nitrogen oxides	20,694	21,986	6%	-25%
Sulphur oxides	655	768	17%	-40%
PM	328	348	6%	-34%

In 2025, the Group's air pollutants increased slightly year-on-year, which was mainly due to the higher inventory of diesel used in boilers of Huade Petrochemical. The nitrogen oxide, sulphur oxide and PM emissions of the Group decreased by 25%, 40% and 34% respectively compared to the baseline year of 2020, was in line with the emission targets set.

5.4 Greenhouse Gas Emissions

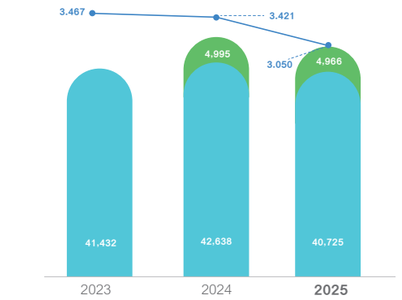
Carbon Reduction Challenges

Although the operations of the Group fall within the petrochemical industry, its business model does not involve carbon-intensive refining products or fossil fuel-powered processes, it merely provides services for the unloading and transportation of crude oil.

Nevertheless, we understand that the society's demands for the phasing out of fossil fuels, energy transition, sustainable fuels and low-carbon solutions are becoming increasingly urgent. In the long term, this poses a challenge to the sustainability of our business. At the same time, regulatory requirements are becoming increasingly stringent. Several countries and regions in the world have successively introduced carbon pricing schemes and are gradually expanding the scope of industries covered, which places pressure on our operating costs. Meanwhile, our carbon emissions primarily come from electricity and diesel consumption. In particular, the electricity consumption is mainly for crude oil transmission and unloading; while diesel consumption is mainly for boilers and tugboats, with a small amount of petrol also utilised.

Electrical energy

Electricity Consumption (MWh)



2025 Target for Electricity Consumption

A decrease in electricity consumption per kilotonne business volume (baseline: 2020)

2025 progress ▼ 18%

Reason: The year-on-year decrease in electricity consumption was mainly due to the reduction in crude oil transmission volume of Huade Petrochemical's crude oil pipelines

Energy saving targets

As the major unit of energy consumption of the Group, Huade Petrochemical has set its indicators for annual energy consumption every year, which have been included for indicator assessment, and the performance of such indicators are followed up every month, aiming to analyse energy consumption; meanwhile, it has adjusted the operation of machines and equipment according to the business and actual operating conditions to minimise energy consumption, air pollution and greenhouse gas emissions.

The electricity used by the Hong Kong Headquarters mainly came from natural gas, while the nuclear power and solar energy used as electricity by Huade Petrochemical accounted for approximately 90% and 10%, respectively. The electricity used by Caofeidian Shihua mainly came from coal.

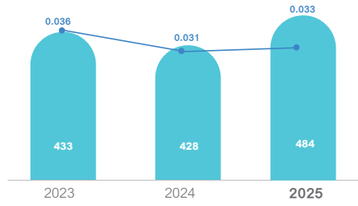
Green energy

In response to climate change, the storage area of Vesta, an operating entity, in the Netherlands has installed 288 solar panels, with an annual production capacity of more than 100,000 kWh, which is sufficient for the electricity usage in the entire storage area. Meanwhile, Huade Petrochemical has purchased approximately 5 million kWh of green electricity (mainly solar energy) this year, accounting for about 10% of total electricity consumption.

Diesel and gasoline

The Group's diesel is primarily used for boilers, tugboats, and vehicles, while gasoline is mainly used for vehicles.

Diesel (tonne)



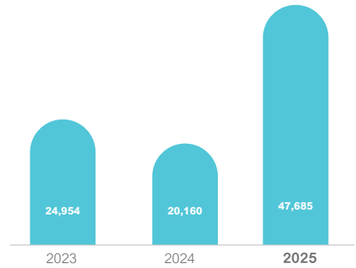
2025 Target for Diesel Consumption

A 5% decrease in diesel consumption per kilotonne business volume (baseline: 2020)

2025 progress ▼ 33%

Reason: Diesel consumption in 2025 increased year-on-year, primarily due to the high level of inventory. However, there was still a significant decrease as compared to the diesel consumption per kilotonne business volume in 2020.

Gasoline (liter)



Reason: Gasoline consumption increased due to the expanded reporting boundary this year to cover Caofeidian Shihua. At the Hong Kong Headquarters, gasoline consumption decreased by 60% year-on-year due to the introduction of electric vehicles in 2025, while gasoline consumption at Huade Petrochemical decreased by 20% year-on-year.

Energy saving measures

We have scheduled the testing of boiler emission monitoring to coincide with the commissioning of the equipment and monthly monitoring on emission, thus reducing the number of boiler start-ups and significantly reducing diesel consumption.

Energy saving measures

- We have integrated the vehicle arrangement to reduce the use of vehicles.
- During the year, the Hong Kong headquarters phased out a gasoline vehicle and introduced an electric vehicle, resulting in a significant drop of 60% in gasoline consumption.
- Caofeidian Shihua plans to introduce an electric vehicle in 2026, to phase out a gasoline vehicle.

GHG Emission	2024 (tCO_2e)	2025 (tCO_2e)	Year-on-year change	2025 Target progress (compared to the 2020 baseline)
Scope I	1,186	1,418	20%	-46%
Scope II	24,845	24,841	Stable	
Scope III	114	131	15%	
Total	**26,145**	**26,390**	**1%**	

The increase in GHG emissions was mainly due to the addition of Caofeidian Shihua to the reporting scope in this year.

RESPONDING TO CLIMATE CHANGE

- Sustainability Governance
- Strategy
- Risks Management
- Indicators and Targets



1. Sustainability Governance

Sustainability is the responsibility of the Board

The Board is responsible for formulating long-term corporate strategy and overall policies of the Group. While taking into account needs of the business and the its stakeholders, it also complies with the Corporate Governance Code and the ESG Reporting Code as set out in the Listing Rules of The Stock Exchange of Hong Kong Limited.

Accordingly, the Board is fully responsible for the sustainability strategy and report of the Group. This includes identification, assessment and management of ESG related risks (including climate risk and opportunities) and ensures that appropriate and effective ESG risk management and internal control systems are in place. The management regularly confirms the effectiveness of these systems to the Board, and the Board also continuously reviews the progress made against various ESG-related goals and indicators.

In order to better manage climate initiatives of the Company, in September 2025, the Company appointed an independent non-executive Director with extensive ESG governance experience, and established an ESG Committee in March 2026 to strengthen the governance structure, so as to manage and monitor the overall sustainability performance of our businesses.

The Board delegates more day-to-day regulatory responsibilities to the ESG committee of the Group.

In order to ensure that the Board is aware of the latest trends in climate-related issues, we provide relevant training on demand to ensure that members of the Board have the necessary expertise and skills to oversee climate-related issues and their management. In order to better support the decision-making process, the Board may also seek the professional advice from external experts when necessary.

Specialized Supervision at the Board Level – ESG Committee

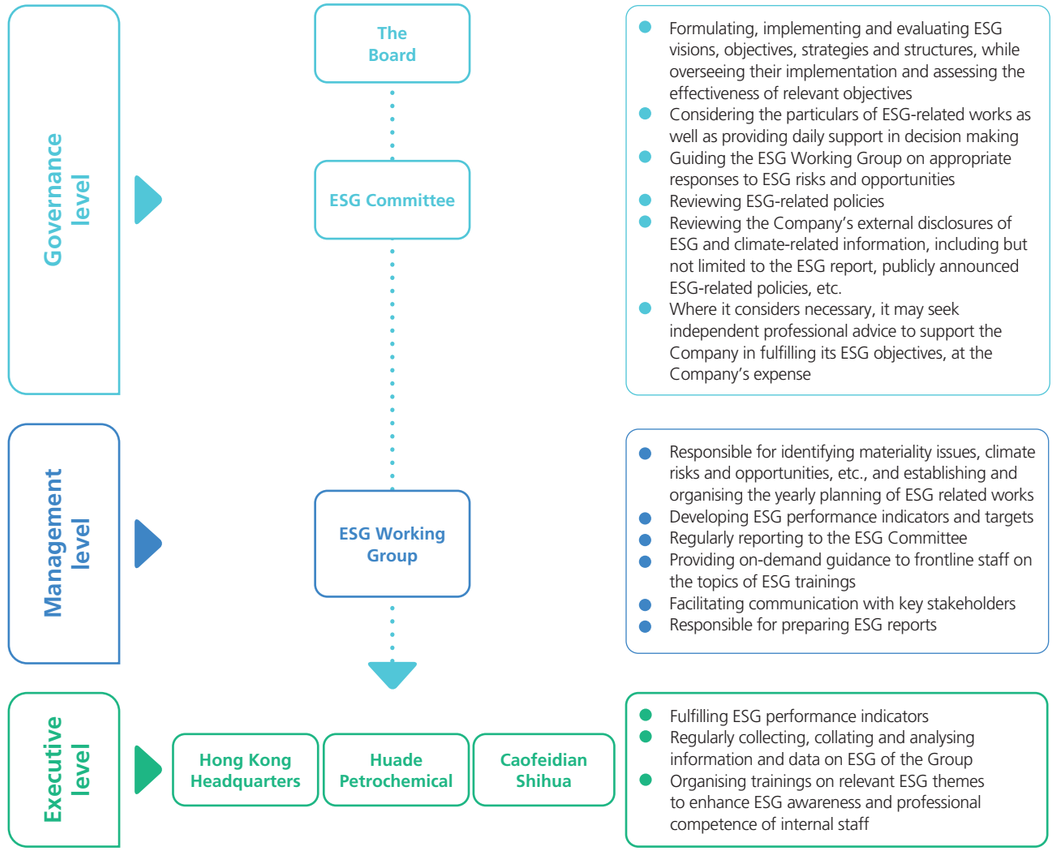
The ESG Committee was established in March 2026, comprising six directors with diverse backgrounds. It aims to provide effective supervision on ESG and climate-related risks and opportunities. The Committee is appointed by the Board to assist the Board in the formulation and review of environmental, social and corporate governance policies and practices applicable to the Company and making recommendations to the Board, including but not limited to making recommendations on sustainability policies and long-term sustainability matters for the Company, monitoring the progress towards various sustainability goals, and the supervision on sustainability-related disclosures.

The terms of reference of the ESG Committee have been published on the websites of the Company and the Stock Exchange.

ESG Working Group

The ESG Working Group of the Group consists of the executive director and general manager, the chief financial officer, and senior management from various business units. The ESG Working Group reports to the ESG Committee at least once a year, and is responsible for implementing and reviewing and optimizing the Group's sustainability policies, targets and performance, while ensuring compliance with ESG requirements. This cross-functional structure ensures that sustainability considerations are integrated into all aspects of the business and translated into meaningful outcomes.

The ESG governance structure and key responsibilities are as follows:



ESG Performance Appraisal

The Company incorporates ESG performance indicators into its incentive-based compensation system. The Company has established a market capitalization-linked performance appraisal system for the senior management, which includes a scoring-based performance assessment for the establishment and management of the ESG Committee, as well as our performance in various ESG ratings. Binding ESG metrics are set for the annual performance appraisal system across all management levels, and such metrics are integrated into the year-end appraisal with their annual implementation as the basis, thereby achieving a linkage between ESG performance and compensation. The Company sets targets or requirements centering around ESG issues on a yearly basis, covering key issues including production safety (such as safety incidents, safety penalties, contractor safety), environmental protection (such as greenhouse gas emissions, pollutant discharges, energy efficiency management, environmental penalties, waste management), and anti-corruption. For the senior management and those from respective managerial levels who fail to fulfill the targets under the appraisals, the Company will deduct certain scores from their comprehensive appraisals with a view to reinforcing their sense of accountability.

Summary of the annual works

Governance level

1. Reviewed and approved the Group's ESG Report
2. Reviewed the "Independent Limited Assurance Report" of the external ESG auditor and listened to the recommendations
3. Reviewed the Report on the works of the ESG Working Group
4. Established the ESG Committee
5. Completed the annual ESG training, covering the latest ESG legal and regulatory requirements and developments

Management level

1. Continued to procure 5 million kWh of green power
2. Expanded the scope of the ESG Report by additionally including the data of Caofeidian Shihua
3. Conducted questionnaire and analysis on materiality issues
4. Organised HSE Training Course for the fourth year
5. Reported to the Board on the progress of ESG works
6. Responded to questionnaires and feedbacks from various ESG rating agencies

Executive level

1. Conducted monthly statistics and tracking analysis of performance indicators and targets
2. Completed the trainings on the themes of the ESG
3. First trial of using wastewater discharged from oil tanks as water for tank cleaning, thereby reducing the consumption of fresh water
4. Developed and manufactured isolation airbags for oil tanks that effectively isolate harmful gases, flammable gases, nitrogen, and other substances, thus ensuring the safety of construction sites
5. Implemented seawater desalination measures, reduced the amount of fresh water consumption by using the desalinated water for fire-fighting

2. Strategy

2.1 Climate Risk Assessment

Business model and value chain

The business activities of the Group cover (I) crude oil jetty unloading and storage business along the coast of the PRC; (II) storage business in Fujairah region of the Middle East and storage business located in the ARA region of Europe; and (III) LNG transportation business. Each of business activities regions accounts for approximately one-third of the Group's assets.

Climate-related physical risks

Our climate physical risk assessment is based on the Sixth Assessment Report (AR6) of the United Nations Intergovernmental Panel on Climate Change (IPCC), which covers all areas of the Group's business activities, and other data sources include cost information linked to climate-related impacts, and data on operational activities, external meteorological agencies and climate data, etc. The Group's business activities are 100% affected by climate-related physical risks. The following are the physical risks analyzed by the Group.

Coastal and offshore assets

Acute - Sudden climate hazards		
Risk description	**Time frame of impact** *(Note)*	**Degree of impact**
Extreme weather events, including but not limited to typhoons, torrential rain, flooding and prolonged heatwaves, may damage jetties and associated facilities, disrupt the navigability of waterways and necessitate dredging works. Prolonged heatwaves may lead to fires or accelerate equipment ageing, potentially disrupting jetty operations and resulting in business interruptions. The LNG vessels operated by a joint venture and an associate of the Group are in long-term operation at sea. Frequent typhoons may disrupt scheduled routes and navigation plans. Extreme weather may threaten the personal safety and health of employees working along the coast and at sea, leading to reduced productivity. The aforementioned risks will increase the Group's operating costs, reduce revenue, and decrease investment returns.	Short term Medium term Long term	Medium

Note: 0-5 years for short-term, 5-10 years for medium-term, and more than 10 years for long-term

Long-term – Ocean acidification and sea level rise		
Risk description	**Time frame of impact**	**Degree of impact**
Ocean acidification could damage assets along the coast, increase maintenance costs, and necessitate the redesign or relocation of production facilities. Rising sea levels may lead to more frequent flooding in low-lying coastal areas, especially given the Group's storage tank operation in ARA region of Europe, where a significant portion of the land is below sea level. The above risks could lead to increase operating costs, reduce revenue, and a decline in asset values for the Group, as well as higher credit costs and potential increases in insurance premiums.	Long term	Medium

Onshore assets

Acute – Sudden climate-related hazards		
Risk description	**Time frame of impact**	**Degree of impact**
Extreme weather events, including but not limited to typhoons, torrential rain, flooding and landslides, may cause changes to riverbeds, exposing crude oil pipelines. This could result in damage to crude oil pipelines and associated facilities, leading to the risk of crude oil spills and business disruption. The Group's tanks farm operation in Fujairah, Middle East, are subject to extreme weathers, such as extreme heat, flash floods, prolonged droughts, etc., may impact the operation continuity. The aforementioned risks will increase the Group's operating costs, reduce revenue, and decrease investment returns.	Short term Medium term Long term	Medium

Long-term – Acid rain and soil acidification		
Risk description	**Time frame of impact**	**Degree of impact**
Soil acidification accelerates the rate of corrosion of crude oil pipelines and associated facilities, particularly crude oil pipelines buried underground. This needs more frequent inspections and monitoring, and the equipment may need to be replaced as a result, leading to increased maintenance costs.	Long term	Medium

Opportunities arising from climate-related physical risks

The Group has not identified any opportunities arising from climate-related physical risks.

Climate-related transition risks

As the Group's businesses focus on petrochemicals and natural gas, we analyze the transition risks of the Company under different climate scenarios based on two representative scenarios published by the IEA: Stated Policy Scenarios (STEPS), and Net Zero Emission by 2050 Scenarios (NZE). The Group's business activity regions affected by climate-related transition risks were 66%.

The analysis results show that under the 2050 net zero emission scenario, the demand, price and carbon emission pricing factors of traditional petroleum products will have a certain impact on the Company in the medium to long term.

Regulatory compliance risks/low-carbon policies		
Risk description	**Time frame of impact**	**Degree of impact**
Several countries and regions have successively introduced carbon policies, such as carbon taxes, carbon credits and carbon emission rights, etc., which increase the costs of internal environmental management and operational decision-making of the Company. If these policies spread to the Group's business scope, the Group will need to allocate additional costs to meet compliance requirements, thereby increasing its financial burden. Downstream customers face stricter environmental protection requirements or industry consolidation, which affects crude oil imports, in turn reducing the business volumes of jetties.	Short tem Medium term Long term	High

Market risks/technical risks		
Risk description	**Time frame of impact**	**Degree of impact**
Continuous development of low-carbon technologies and the development of new raw materials to replace traditional fossil energy sources have reduced the demand for oil jetties and storage services.	Long term	High

Credit risks/reputational risks		
Risk description	**Time frame of impact**	**Degree of impact**
The concept of low-carbon has become more popular in the market, which has a negative impression of traditional energy-related industries, products and enterprises. The pace of low-carbon development of the Company falls short of investors' expectations.	Long term	Medium

Opportunities arising from climate-related transition risks

As LNG is a cleaner energy, the LNG transportation business of the Group accounts for approximately 33% of climate-related business opportunities.

As a result, the Group can expand its LNG transportation business as appropriate. The Group currently has 8 LNG vessels in operation and will gradually expand to 11 vessels, and the three new LNG vessels are expected to be launched since mid-2027.

2.2 Financial implications of climate-related risks and opportunities

The Group conducts climate-related financial analysis within its day-to-day operations based solely on recent historical data.

Recent historical financial data

Acute risks	Long-term risks
In October 2025, severe Typhoon Matmo landed in Zhanjiang, Guangdong, and Zhan Jiang Port Petrochemical was hit, affecting normal business for 5 days and damaging 142 production facilities. The direct maintenance expenses caused by the typhoon were approximately RMB4.25 million, causing economic losses of approximately RMB6.50 million, and the maintenance work continued until 2026. In July 2022, the Group's operating entity in Fujairah, UAE, experienced the heaviest rainfall in 75 years, leading to severe flooding and a temporary suspension of operations. A subsequent occurrence of serve rainfall and flooding in April 2024 further impacted the region, disrupting the VLCC terminal connection project. In response to increasingly frequent and sudden climate-related hazards, local governments and enterprises have revised their flood mitigation strategies and procured advanced flood control equipment. Accordingly, the Group's operating entity has invested approximately US$480,000 to bolster its disaster defense capabilities and enhance operational resilience.	In 2025, Zhan Jiang Port Petrochemical discovered during routine inspections that the weld cracks in the steel structures of terminals were mainly due to the fact that the terminals' exposure to a highly corrosive marine environment characterised by high salt spray and humidity for a long time, and the anti-corrosion coating gradually aged and damaged. Coupled with combined effect of wave impact and collision from vessels berthing, the metal became susceptible to corrosion, cracking, and a reduction in strength and toughness, ultimately affecting the structural safety. The worst-case scenario would be that the company would have to suspend production for emergency repairs (with an estimated loss of 112 working hours). To this end, Zhan Jiang Port Petrochemical has invested nearly RMB300,000 for repair and reinforcement, and arranged for special inspections every six months, and is expected to carry out the next round of large-scale repair after three years. Huade Petrochemical conducted corrosion inspections and anti-corrosion work on the steel pipe piles (intertidal zone protection) every four years, and the cost of such works carried out in 2023 was approximately RMB1.2 million. The next cycle is expected to be in 2027.

Financial analysis of climate risks

For the Group, all coastal assets are potentially exposed to typhoon impact to varying degrees, but Huade Petrochemical and Zhan Jiang Port Petrochemical, located in Guangdong Province, are more likely to be affected by typhoons than other operating entities. Over the past five years, Zhan Jiang Port Petrochemical has experienced 21 typhoon incidents, averaging four incidents per year. In the past three years, two typhoon incidents had caused financial losses. While Huade Petrochemical has been hit by typhoon 18 times in the past five years, averaging 3-4 times per year, but has not suffered significant financial losses. Various institutions predict that the El Niño phenomenon would return in 2026, which may bring heavier rainfall and potentially stronger typhoons. Therefore, the Group expects that if a super typhoon directly hits the jetty assets, the direct economic loss could exceed that of Severe Typhoon Matmo. The long-term risk-related expenditures have already been included in the annual financial budget. The Group currently has sufficient cash reserves to cover additional maintenance expenses arising from typhoon impacts.

Financial analysis of climate opportunity

The Group has begun expanding its LNG transportation business in 2023 as part of its energy business transformation. The Group has invested over US$95 million of its own funds to order three LNG vessels, which are expected to be put into operation gradually commencing since 2027.

2.3 Capital Deployment and Internal Carbon Pricies

Save as disclosed above, the Group has no other capital expenditure, financing, or investment related to climate risks and opportunities. Currently, the Group does not apply internal carbon pricies in its decision-making.

2.4 Climate Resilience

After analysing the climate risks and opportunities mentioned above, the Company considers that, as an energy service enterprise, the Group's production operations are directly affected by national low-carbon transition policies, carbon markets, and carbon taxes. At the same time, the Group needs to pay close attention to significant uncertainties brought by climate change, including the frequency and intensity of extreme weather events and the potential for stranded assets due to declining demand for petrochemical energy. The Company needs to continuously strengthen its response to the business challenges posed by climate change, accelerate its transformation, and enhance climate resilience.

2.5 Strategy and Decision-Making

In the face of many unpredictable situations of extreme weather brought about by climate change, the international community generally believes that investing resources in infrastructure construction to completely avoid the consequences of severe weather such as flooding is not the most effective and cost-effective approach. The main operating locations of the Group are all located on the coastline which are frequently affected by typhoon and heavy rainfall. Therefore, when formulating the climate strategy, the Company adopts a comprehensive approach of "adaptation, response and management" to cope with the risks brought by extreme weather and further enhance the adaptability and resilience of the Group.

Strategies for climate-related physical risk response

Adaptation	Strengthen the inspection and maintenance frequency of jetties and related facilities, keep all facilities in good operational condition and capable of withstanding typhoon impacts, and timely carry out various jetty improvement projects to cope with unexpected climate disasters. In daily production processes and project advancement, use raw materials, products, and services that are energy-saving, water-saving, material-saving, and beneficial to health and environmental protection.
Response	We have formulated the Emergency Plan for Natural Disasters, improve safety guidelines for typhoon, flood and tide prevention, conduct annual drills for flood and tide prevention, and update guidelines/standards in a timely manner to enhance employees' safety awareness in response to extreme weather.
Management	Strengthen monitoring of sea and coastal weather, plan routes and berthing operations early in response to weather changes to reduce delays, and enhance communication with vessels, downstream customers, customs to improve operational efficiency. In extreme weather, we promptly allow vessels to depart, arrange for staff evacuation, prevent operations in severe weather, and reduce the risk of staff injuries. Introducing innovative technologies in a timely manner to help mitigate the climate risks brought by severe weather to the Group.

Strategies for climate-related transition risk response

Adaptation	Regularly monitor the development trend of laws and regulations. Develop diversified businesses, including the provision of chemical products unloading, loading and transshipment services, in order to reduce the medium-and short-term impact of the decline in demand for crude oil and refined oil products.
Response	Expand green business in the long term, such as expanding LNG transportation business. LNG is considered a cleaner feedstock.
Management	Implement energy saving and emission reduction measures, consider to the purchase of new energy saving facilities to replace old equipment to meet or exceed the local regulatory requirements where the operations are based.

3. Risk Management

The Group has established a climate risk identification and management mechanism, integrating climate-related risk management processes into the overall risk management system of the Group. The ESG Working Group is responsible for identifying and managing climate-related risks and opportunities and reporting regularly to the Board/ESG Committee on the progress of climate-related work. The climate-related management process of the Group includes the following steps:

3.1 Identifying climate-related risks and opportunities

Based on the latest laws and regulations and climate change, identify climate-related risks and opportunities relevant to the Group's business and establish a list of risks and opportunities.

3.2 Analysing the potential impact of risks and opportunities

Systematically identify the potential impacts of each risk and opportunity on the business model, value chain, and finances, and develop corresponding response plans.

3.3 Assessment and prioritisation of risks and opportunities

Combining the results of scenario analysis, carry out qualitative assessments based on the time frame of impact (short-term, medium-term, long-term) and potential impact (on assets, operations, and finances), and rank the risks and opportunities according to the evaluation results to provide a basis for the Company's strategic development and resource allocation.

4. Indicators and Targets

We are aware that the climate risks and nature of impacts are constantly changing. In response to carbon neutrality, we have implemented the following steps:

1. Benchmark setting: The boundaries of Scope I and Scope II of carbon emissions have been defined, and have gradually expanded to Scope III, and it is expected that the disclosure boundaries of Scope III can be improved in the next three years. The specific steps are as follows:

Carbon inventory	We have conducted a detailed collating, inventory and analysis of direct carbon emissions (Scope I) and indirect carbon emissions (Scope II), and set up a data dashboard for monitoring. Currently, the Group has compiled statistics on indirect carbon emissions (Scope III) relating to staff air travel and paper procurement. In the future, we will continue to expand the Scope III boundaries and data scope to improve data quality. In order to ensure the scientificity and standardization of calculation, the Company has set up an internal database for natural resource data and greenhouse gas data, regularly updated it according to the prevailing calculation method, and expanded the scope of data collection. Each business unit regularly conducts statistics on all energy data and emission data every month. We comply with Appendix C2 of the Listing Rules of the Stock Exchange and related guidance documents, and refer to the GHG Protocol Corporate Accounting and Reporting Standards for calculation and disclosure. After analysis, the largest source of carbon emission for the Group is electricity consumption.
Phasing out low energy efficiency equipment	The Group assesses and phases out high-energy-consuming, outdated equipment in a timely manner. Huade Petrochemical owns a crude oil pipeline exceeding 170 kilometres in length, and the oil transfer pumps used are major consumers of electricity. Furthermore, as the existing pipeline has been in operation for over 20 years and is energy-inefficient, the Group replaced the subsea pipeline in 2021. The new subsea pipeline has lower frictional resistance and higher operational efficiency, significantly reducing the energy consumption per unit of crude oil transmitted.

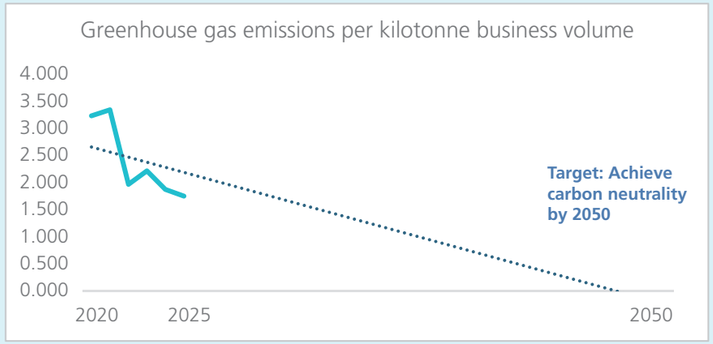
Adjustment to the power composition	As the Group does not generate its own electricity and relies entirely on purchased power, in order to reduce carbon emissions from electricity consumption, the Group has procured approximately 5 million kWh of green electricity per year for two consecutive years (primarily solar power, accounting for approximately 10% of total electricity consumption) to offset a portion of carbon emissions, and is considering the expansion of the volume of green electricity procurement in due course. In day-to-day equipment procurement, suppliers are required to disclose the energy efficiency ratings of their products in their quotations, enabling the Company to prioritise and procure such products, thereby improving energy efficiency at source.
Other energy-saving and carbon reduction measures	Fujairah Oil Terminal FZC in the Middle East, implemented multiple measures to manage energy resources: o Replacing traditional HVAC systems to VRF AC system to reduce electricity consumption o Oil storage tanks' floating roof seal upgraded to double seal for reducing the vapour emission, hence, to reduce energy consumption o Replacement of over 100 lights at tank farm/boundary with LED to save power Vesta, in the Netherlands has installed 288 solar panels, with an annual production capacity of more than 100,000 kWh, which is sufficient for the electricity usage in the entire storage area. In 2025, Zhan Jiang Port Petrochemical, replaced two new energy-saving compressors, which not only improved efficiency but also reduced electricity consumption by approximately 120,000 kWh per year, saving approximately RMB100,000 in electricity expenses.
Carbon audit	In order to make carbon data and energy consumption more scientific and credible, the Company engaged a third party for auditing, so as to better sort out and analyze energy data.

2. Targets setting: The Group has set short-term targets, and long-term targets are in line with the "dual carbon" policy of China, and aims to achieve carbon neutrality around 2050.

   The Group has set carbon emission targets for 2030 with 2020 as the base year, aiming to reduce greenhouse gas emissions by 30% per kilotonne of business volume. This targets cover greenhouse gas emissions from all of the Group's subsidiaries in Scope I and Scope II. The Group will strive to reduce greenhouse gas emissions generated during business operations through technological upgrades and management measures, and will review progress towards these targets annually, with greenhouse gas emissions independently verified by a third party. Other targets are as follows:

	2030 Targets (2020 as a baseline year)
Electricity Consumption	30% reduction per kilotonne business volume
Diesel Consumption	30% reduction per kilotonne business volume
Water Consumption	30% reduction per kilotonne business volume
Greenhouse Gas (Scope I and Scope II) Emission	30% reduction per kilotonne business volume
Particulate Matter Emission	30% reduction per kilotonne business volume
Nitrogen Oxides Emission	30% reduction per kilotonne business volume
Sulphur Oxides Emission	30% reduction per kilotonne business volume

	2030 Targets (2025 as a baseline year)
Hazardous Wastes	5% reduction of wastes generated per storage tank during the periodic maintenance cycle
Non-hazardous Wastes	5% reduction of wastes generated per storage tank during the periodic maintenance cycle



Currently, the carbon emission intensity of the Group is consistent with the pathway to the 2050 carbon neutrality target, and is expected to be achieved ahead of schedule without major changes in the business scope of the Group.

3. Implementation Path: The Group actively inspected production equipment, introduced energy-saving equipment, and optimized energy efficiency. As more than 90% of greenhouse gas emissions of the Group come from electricity use, and given small economic scale of the Group, it is impossible to develop green electricity on its own, the Group has launched a green electricity procurement plan. The Group purchased approximately 5 million kWh of green electricity (representing approximately 10% of overall electricity consumption the Group) from 2024 to 2025 respectively, and it was mainly solar energy. We will consider gradual increase in the proportion of green electricity in the future to reduce its dependence on traditional energy generation. At the same time, we will actively consider carbon removal technologies, such as participating in the re-forestation scheme.

4. Disclosure of the ESG Report: The Group publishes the ESG Report annually and engages independent institutions to perform assurance for key data.

APPENDIX

- I Data Summary
- II Stock Exchange Environmental, Social and Governance Reporting Code Index
- III GRI Index
- IV Independent Limited Assurance Report





APPENDIX

Appendix I: Data Summary

Society

Description		Unit	2025[1]	2024	2023
Number of employees	**Total**	**No. of persons**	**270**	**220**	**222**
by gender	Male	No. of persons	220	178	180
	Female		50	42	42
by age group	40 or below	No. of persons	114	102	105
	Above 40		156	118	117
by type of employment[2]	Full-time	No. of persons	270	220	221
	Part-time/Short-term/ Contract		0	0	1
by geographical region	Chinese Mainland	No. of persons	233	181	201
	Hong Kong		37	39	21
by employee category	Senior management	No. of persons	13	10	10
	Middle management		43	23	22
	General staff		214	187	190
Employee turnover rate	**Overall**		**2.22%**	**2.73%**	**5.41%**
by gender	Male		2.27%	1.69%	2.78%
	Female		2.00%	7.14%	16.67%
by age group	40 or below		1.75%	3.92%	5.71%
	Above 40		2.56%	1.69%	5.13%
by region[2]	Chinese Mainland		0.86%	0.55%	3.48%
	Hong Kong		10.81%	12.82%	23.81%
Work-related fatalities and serious injuries		**No. of persons (ratio)**	**0 (0%)**	**0 (0%)**	**0 (0%)**
Lost days due to work injury		**Working days (ratio)**	**0 (0%)**	**0 (0%)**	**0 (0%)**
Lost-time injury rate (LTIR)			**0**	**0**	**0**

Training for employees		2025[1]			2024			2023		
		Training Hours (hours)	% of trained employees	Training hours per person (hours)	Training Hours (hours)	% of trained employees	Training hours per person (hours)	Training hours (hours)	% of trained employees	Training hours per person (hours)
Overall		**12,007**	**100%**	**44**	**13,815**	**100%**	**63**	**8,311**	**100%**	**37**
by gender	Male	10,113	100%	46	11,023	100%	62	7,458	100%	41
	Female	1,894	100%	38	2,792	100%	66	853	100%	20
by employee category	Senior management	751	100%	58	901	100%	90	799	100%	80
	Middle management	1,659	100%	39	1,671	100%	73	1,158	100%	53
	General staff	9,597	100%	45	11,243	100%	60	6,354	100%	33
Number of suppliers	**Total**	**459**			**501**			**396**		
by region	Chinese Mainland	389			427			341		
	Hong Kong, Macau and Taiwan	67			71			51		
	Overseas	3			3			4		

[1] Starting from 2025, the reporting boundary has been expanded to cover Caofeidian Shihua

[2] In 2023 or before, the geographical region was based on the employee's labour contract location. In 2024 and thereafter, the division is based on employee work location

Environment

Description		Unit	2025[1]	2024	2023
Greenhouse gas emissions	**Total**	**tonnes of CO_2e**	**26,390.43**	**26,145.64**	**26,544.62**
	Hong Kong Headquarters	tonnes of CO_2e	97.48	104.64	108.76
	Huade Petrochemical	tonnes of CO_2e	25,965.44	26,041.01	26,435.86
	Caofeidian Shihua	tonnes of CO2e	327.51	N/A	N/A
	Scope I[2]	**tonnes of CO_2e**	**1,418.73**	**1,186.33**	**1,200.88**
	Hong Kong Headquarters	tonnes of CO_2e	2.16	5.45	11.37
	Huade Petrochemical	tonnes of CO_2e	1,340.02	1,180.88	1,189.52
	Caofeidian Shihua	tonnes of CO_2e	76.56	N/A	N/A
	Scope II[3]	**tonnes of CO_2e**	**24,841.03**	**24,845.15**	**25,283.72**
	Hong Kong Headquarters	tonnes of CO_2e	32.89	36.97	42.71
	Huade Petrochemical	tonnes of CO_2e	24,569.66	24,808.18	25,241.02
	Caofeidian Shihua	tonnes of CO_2e	238.49	N/A	N/A
	Scope III[4]	**tonnes of CO_2e**	**130.67**	**114.17**	**60.02**
	Hong Kong Headquarters	tonnes of CO_2e	62.44	62.22	54.69
	Huade Petrochemical	tonnes of CO_2e	55.77	51.95	5.33
	Caofeidian Shihua	tonnes of CO2e	12.47	N/A	N/A
	Emissions per kilotonne (kt) business volume	tonnes of CO_2e	1.75	1.88	2.22
Electricity consumption	**Total**	**MWh**	**45,691.36**	**47,632.53**	**41,432.08**
	Hong Kong Headquarters	MWh	54.81	56.01	60.15
	Huade Petrochemical (including green power)	MWh	45,270.55	47,576.52	41,371.93
	Caofeidian Shihua	MWh	366.00	N/A	N/A
	Consumption per kt business volume	MWh	3.05	3.42	3.47
	Total procured volume of green power	MWh	4,966.00	4,994.68	–
Water consumption[5]	**Total**	**m^3**	**39,147.87**	**43,298.50**	**37,399.00**
	Hong Kong Headquarters	m^3	N/A	N/A	N/A
	Huade Petrochemical	m^3	33,887.00	43,298.50	37,399.00
	Caofeidian Shihua	m^3	5,260.87	N/A	N/A
	Consumption per kt business volume	m^3	2.28	3.11	3.13
Diesel	**Total**	**tonnes**	**484.34**	**427.68**	**433.13**
	Hong Kong Headquarters	tonnes	–	–	–
	Huade Petrochemical	tonnes	484.34	427.68	433.13
	Caofeidian Shihua	tonnes	–	N/A	N/A
	Consumption per kt business volume	tonnes	0.03	0.03	0.04
Gasoline	**Total**	**Litre**	**47,685.47**	**20,160.00**	**24,953.98**
	Hong Kong Headquarters	Litre	912.89	2,308.11	4,005.03
	Huade Petrochemical	Litre	14,351.82	17,851.89	20,948.95
	Caofeidian Shihua	Litre	32,420.76	N/A	N/A
Particulate matter	**Total**	**kilogramme**	**348.25**	**327.62**	**351.24**
	Hong Kong Headquarters	kilogramme	0.07	0.12	0.15
	Huade Petrochemical	kilogramme	346.78	327.50	351.09
	Caofeidian Shihua	kilogramme	1.40	N/A	N/A
	Emissions per kt business volume	kilogramme	0.02	0.02	0.03
Nitrogen oxides	**Total**	**kilogramme**	**21,985.91**	**20,693.82**	**22,134.42**
	Hong Kong Headquarters	kilogramme	0.93	1.65	2.06
	Huade Petrochemical	kilogramme	21,965.98	20,692.17	22,132.36
	Caofeidian Shihua	kilogramme	19.00	N/A	N/A
	Emissions per kt business volume	kilogramme	1.48	1.49	1.85

Description		Unit	2025[1]	2024	2023
Sulphur oxides	**Total**	**kilogramme**	**768.12**	**654.52**	**634.41**
	Hong Kong Headquarters	kilogramme	0.01	0.03	0.06
	Huade Petrochemical	kilogramme	767.63	654.48	634.35
	Caofeidian Shihua	kilogramme	0.48	N/A	N/A
	Emissions per kt business volume	kilogramme	0.05	0.05	0.05
Hazardous wastes[6]	**Total**	**tonnes**	**430.66**	**244.38**	**559.94**
	Per oil tank repaired	tonnes	65.57	4.58	54.73
Non-hazardous wastes[7]	**Total**	**tonnes**	**641.30**	**492.51**	**314.73**
	Non-recyclable	tonnes	494.66	364.88	190.83
	Recyclable	tonnes	92.64	69.63	69.90
	Domestic wastes	tonnes	54.00	58.00	54.00
	Per oil tank repaired	tonnes	127.25	88.25	43.41

1 Starting from 2025, the reporting boundary has been expanded to cover Caofeidian Shihua
2 Scope I: Direct emissions from fuel combustion from mobile sources (e.g. vessels and vehicles) and stationary sources (e.g. boilers and stoves). Greenhouse gas emissions from both mobile and stationary sources are calculated with reference to the Greenhouse Gas Protocol
3 Scope II: Indirect emissions from electricity purchase. Emission coefficient refers to the "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, Sustainability Report of HK Electric Investments Limited and the Announcement on Electricity Carbon Dioxide Emission Factors of the Ministry of Ecology and Environment of the PRC
4 Scope III: Other indirect emissions outside the Company (e.g., business travel flights and paper procurement volume). Flight emissions are calculated with reference to International Civil Aviation Organization Carbon Emissions Calculator
5 Water consumption in the Hong Kong Headquarters is not included as water consumption in the premises where the Hong Kong Headquarters locates is calculated on an apportionment basis, it does not reflect actual usage
6 Hong Kong Headquarters did not produce any hazardous waste
7 As the non-hazardous wastes produced by the Hong Kong Headquarters were relatively fewer, and there is no separate data regarding the non-hazardous wastes produced in the premises where it locates, therefore, the non-hazardous waste data does not cover the Hong Kong Headquarters

Appendix II: Stock Exchange Environmental, Social and Governance Reporting Code Index

ESG Code	Disclosure Content	Reporting Chapter and Description
Part B Mandatory Disclosure Requirements		
Governance Structure		Responding to Climate Change – 1. Sustainability Governance
Reporting Principles		About this Report
Reporting Boundary		About this Report
Part C "Comply or Explain" provisions		
A1 Emissions	General disclosure	Five Pillars of Our Sustainability Strategy – Improving Continuously
A1.1	The types of emissions and respective emissions data.	Five Pillars of Our Sustainability Strategy – Improving Continuously – 5.1 and 5.3
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Five Pillars of Our Sustainability Strategy – Improving Continuously – 5.1
A1.4	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Five Pillars of Our Sustainability Strategy – Continuous Improvement of Performance – 5.1
A1.5	Description of emissions target(s) set and steps taken to achieve them.	Five Pillars of Our Sustainability Strategy – Continuous Improvement of Performance – 5.1 and 5.3
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Five Pillars of Our Sustainability Strategy – Continuous Improvement of Performance – 5.1
A2 Use of Resources	General disclosure	Five Pillars of Our Sustainability Strategy – Continuous Improvement of Performance – 5.2 and 5.4
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Five Pillars of Our Sustainability Strategy – Improving Continuously – 5.4
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Five Pillars of Our Sustainability Strategy – Improving Continuously – 5.2
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Five Pillars of Our Sustainability Strategy – Improving Continuously – 5.4
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Five Pillars of Our Sustainability Strategy – Improving Continuously – 5.2
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable. The business of the Group does not involve product packaging
A3 Environment and Natural Resources	General disclosure	Five Pillars of Our Sustainability Strategy – Valuing HSE – 4.4
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Five Pillars of Our Sustainability Strategy – Valuing HSE – 4.4

ESG Code	Disclosure Content	Reporting Chapter and Description
B1 Employment	General disclosure	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B1.1	Total workforce by gender, employment type (for example, full– or part-time), age group and geographical region.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B1.2	Employee turnover rate by gender, age group and geographical region.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B2 Health and Safety	General disclosure	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B2.2	Lost days due to work injury.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B3 Development and Training	General disclosure	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B3.2	The average training hours completed per employee by gender and employee category.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B4 Labour Standards	General disclosure	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B4.2	Description of steps taken to eliminate such practices when discovered.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.1
B5 Supply Chain Management	General disclosure	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.5
B5.1	Number of suppliers by geographical region.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.5
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.5
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.5
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.5
B6 Product Responsibility	General disclosure	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.2
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable. The Group's operations do not involve products

ESG Code	Disclosure Content	Reporting Chapter and Description
B6.2	Number of products and service related complaints received and how they are dealt with.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.2
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Five Pillars of Our Sustainability Strategy – Operating Legally – 1.7
B6.4	Description of quality assurance process and recall procedures.	Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.2
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Five Pillars of Our Sustainability Strategy – Operating Legally – 1.2 Five Pillars of Our Sustainability Strategy – Respecting Stakeholders – 2.2
B7 Anti-corruption	General disclosure	Five Pillars of Our Sustainability Strategy – Operating Legally – 1.3
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Five Pillars of Our Sustainability Strategy – Operating Legally – 1.3
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Five Pillars of Our Sustainability Strategy – Operating Legally – 1.4
B7.3	Description of anti-corruption training provided to directors and staff.	Five Pillars of Our Sustainability Strategy – Operating Legally – 1.3
B8 Community Investment	General disclosure	Five Pillars of Our Sustainability Strategy – Developing Together
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Five Pillars of Our Sustainability Strategy –Developing Together
B8.2	Resources contributed (e.g. money or time) to the focus area.	Five Sustainable Development Strategies – Developing Together
Part D: Climate-related Disclosure		
Governance	(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities.	Responding to Climate Change – 1. Sustainability Governance
Strategy	Climate-related risks and opportunities	Responding to Climate Change – 2. Strategy – 2.1
	Business models and value chain	Responding to Climate Change – 2. Strategy – 2.1
	Strategy and decision-making	Responding to Climate Change – 2. Strategy – 2.5
	Financial position, financial performance and cash flows	Responding to Climate Change – 2. Strategy – 2.2
	Climate resilience	Responding to Climate Change – 2. Strategy – 2.4

ESG Code	Disclosure Content	Reporting Chapter and Description
Risk Management	(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks. (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities). (c) the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management process.	Responding to Climate Change – 3. Risk Management
Indicators and Targets	Greenhouse gas emissions	Responding to Climate Change – 4. Indicators and Targets
	Amount and percentage of assets or business activities vulnerable to climate-related transition risks	Responding to Climate Change – 2. Strategy – 2.1
	Amount and percentage of assets or business activities vulnerable to climate-related physical risks	Climate Change Response – 2. Strategy – 2.1
	Amount and percentage of assets or business activities aligned with climate-related opportunities	Climate Change Response – 2. Strategy – 2.1
	Capital deployment	Climate Change Response – 2. Strategy – 2.3
	Internal carbon prices	Climate Change Response – 2. Strategy – 2.3
	Remuneration	Responding to Climate Change – 1. Sustainability Governance
	Industry-based metrics	The Group also provides disclosure topics under the Global Reporting Initiative (GRI) Standards "GRI 11: Oil and Gas"
	Climate-related targets	Responding to Climate Change – 4. Indicators and Targets
	Applicability of cross-industry metrics and industry-based metrics	The Group also provides disclosure topics under the Global Reporting Initiative (GRI) Standards "GRI 11: Oil and Gas"

Appendix III: GRI Index

Statement of use: Sinopec Kantons Holdings Limited has reported with reference to the Global Reporting Initiative (GRI) standards for the period from 1 January 2025 to 31 December 2025

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standard(s): GRI 11: Oil and gas sector 2021

GRI Standards	Disclosure Content	Reporting Chapter/Description	GRI 11: Oil and gas sector 2021
GRI 2: General Disclosure 2021			
2-1	Organizational details	Company Profile	
2-2	Entities included in the ESG report of the organization	About this Report	
2-3	Period, frequency and contact person for reporting	About this Report	
2-4	Restated information	Not applicable No information has been restated for the year	
2-5	External assurance	Appendix IV: Independent Limited Assurance Report	
2-6	Activities, value chains, and other business relationships	Company Profile Respecting Stakeholders – 2.2 & 2.5	
2-7	Formal employees	Respecting Stakeholders – 2.1	
2-8	Informal employees	Respecting Stakeholders – 2.1	
2-9	Structure and composition of governance	Responding to Climate Change – 1. Sustainability Governance	
2-10	Nomination and selection of the highest governance structure	Responding to Climate Change – 1. Sustainability Governance	
2-11	Chairman of the highest governance structure	Responding to Climate Change – 1. Sustainability Governance	
2-12	Role of the highest governance structure in overseeing the impact management	Responding to Climate Change – 1. Sustainability Governance	
2-13	Delegation of responsibility for managing impacts	Responding to Climate Change – 1. Sustainability Governance	
2-14	Role of the highest governance structure in the ESG report	Responding to Climate Change – 1. Sustainability Governance	
2-15	Conflicts of interest	Operating Legally – 1.1 & 1.3	

GRI Standards	Disclosure Content	Reporting Chapter/Description	GRI 11: Oil and gas sector 2021
2-16	Communication about critical concerns	Respecting Stakeholders	
2-17	The Group's knowledge of the highest governance structure	Responding to Climate Change – 1. Sustainability Governance	
2-18	Performance evaluation of the highest governance structure	Responding to Climate Change – 1. Sustainability Governance Please refer to the Corporate Governance Report of 2025 Annual Report of the Company	
2-19	Remuneration policies	Responding to Climate Change – 1. Sustainability Governance Please refer to the Corporate Governance Report of 2025 Annual Report of the Company	
2-22	Statement on sustainable development strategy	Five Pillars of Our Sustainability Strategy	
2-26	Mechanisms for seeking advice and raising concerns	Operating Legally – 1.4	
2-27	Compliance with laws and regulations	Operating Legally Respecting Stakeholders Developing Together Valuing HSE Improving Continuously The Group did not incur fines for major violations during the year	
2-29	Approach of stakeholder engagement	Materiality Assessment Respecting Stakeholders	
GRI 3: Material Issues 2021			
3-1	Process for determining materiality issues	Materiality Assessment	
3-2	List of material issues	Materiality Assessment	
3-3	Management of material issues	Materiality Assessment	11.1.1
GRI 101: Biodiversity 2024			
101-1	Policies to prevent and reverse the loss of biodiversity	Valuing HSE – 4.4	11.4.2
101-2	Management of biodiversity impacts	Valuing HSE – 4.4	11.4.3
101-4	Identification of biodiversity impacts	Valuing HSE – 4.4	11.4.4
101-5	Locations with biodiversity impacts	Valuing HSE – 4.4	11.4.5
101-6	Direct drivers of biodiversity loss	Valuing HSE – 4.4	11.4.6
101-7	Changes in biodiversity status	Valuing HSE – 4.4	11.4.7
101-8	Ecosystem services	Valuing HSE – 4.4	11.4.8

GRI Standards	Disclosure Content	Reporting Chapter/Description	GRI 11: Oil and gas sector 2021
GRI 102: Climate Change 2025			
102-1	A transition plan for mitigating climate change	Responding to Climate Change	11.1.2
102-2	Adaptation plan for climate change	Responding to Climate Change	11.1.3
102-3	Just transition	Responding to Climate Change	11.1.4
102-4	Greenhouse gas emission reduction targets and progress	Improving Continuously – 5.4	11.1.5
102-5	Scope I greenhouse gas emissions	Improving Continuously – 5.4	11.1.6
102-6	Scope II greenhouse gas emissions	Improving Continuously – 5.4	11.1.7
102-7	Scope III greenhouse gas emissions	Improving Continuously – 5.4	11.1.8
102-8	Greenhouse gas emission intensity	Improving Continuously – 5.4	11.1.9
102-9	Greenhouse gas removals in the value chain	Responding to Climate Change	11.1.10
102-10	Carbon credits	Responding to Climate Change The Group did not use carbon credits during the year	11.1.11
GRI 103: Energy 2025			
103-1	Energy policy and commitments	Improving Continuously – 5.4	11.1.12
103-2	Energy consumption and self-generation within the organization	Improving Continuously – 5.4	11.1.13
103-3	Upstream and downstream energy consumption	Improving Continuously – 5.4	11.1.14
103-4	Energy intensity	Improving Continuously – 5.4	11.1.15
103-5	Reduction in energy consumption	Improving Continuously – 5.4	
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Company Profile	11.14.2 11.21.2
201-2	Financial impact of climate change and other risks and opportunities	Responding to Climate Change	
201-4	Financial assistance received from government	Not appliable Please refer to the financial statements of the 2025 Annual Report of the Company	11.21.3

APPENDIX

GRI Standards	Disclosure Content	Reporting Chapter/Description	GRI 11: Oil and gas sector 2021
GRI 202: Market Presence 2016			
202-2	Proportion of senior management employed from the local community	Respecting Stakeholders – 2.1	11.11.2 11.14.3
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and supporting services	Not applicable Production bases of the Group are all established on the land designated by the government for such purposes	11.14.4
203-2	Significant indirect economic impacts	Respecting Stakeholders – 2.5 Developing Together	11.14.5
GRI 204: Procurement Practices 2016			
204-1	Proportion of expenditure on purchases from local suppliers	Respecting Stakeholders – 2.5	11.14.6
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	Operating Legally – 1.3 There was no risk of corruption at the sites of the Group	11.20.2
205-2	Communication and training of anti-corruption policies and procedures	Operating Legally – 1.3	11.20.3
205-3	Confirmed incidents of corruption and actions taken	Operating Legally – 1.3 Zero concluded legal cases regarding corrupt practices during the year	11.20.4
GRI 206: Anti-competitive Behaviour 2016			
206-1	Legal action for anti-competitive behaviour, anti-trust and monopoly practices	Operating Legally – 1.3	11.19.2
GRI 207: Tax 2019			
207-1	Tax policy	Not applicable The Group fulfills its responsibilities as a tax resident in accordance with the law	11.21.4
207-2	Tax governance, control and risk management	Not applicable The Group fulfills its responsibilities as a tax resident in accordance with the law	11.21.5
207-3	Stakeholder participation and management related to tax concerns	Not applicable The Group fulfills its responsibilities as a tax resident in accordance with the law	11.21.6
207-4	Country-by-country reporting	Not appliable Please refer to the financial statements of the 2025 Annual Report of the Company	11.21.7
GRI 301: Materials 2016			
301-1	Materials used by weight or volume	Not applicable The business of the Group does not involve product packaging	
301-2	Use recycled materials	Not applicable The business of the Group does not involve product packaging	
301-3	Reclaimed products and their packaging materials	Not applicable The business of the Group does not involve product packaging	
GRI 303: Water and Effluents 2018			
303-1	Interactions with water as a shared resource	Improving Continuously – 5.2	11.6.2
303-2	Management of water discharge-related impacts	Improving Continuously – 5.2	11.6.3
303-3	Water withdrawal	Improving Continuously – 5.2	11.6.4
303-4	Water discharge	Improving Continuously – 5.2	11.6.5
303-5	Water consumption	Improving Continuously – 5.2	11.6.6
GRI 305: Emissions 2016			
305-7	Nitrogen Oxides (NOx), Sulfur Oxides (SOx) and other significant air emissions	Improving Continuously – 5.3	11.3.2
GRI 306: Effluents and Wastes 2016			
306-3	Significant spills	Not applicable There were no leakage incidents in the Group's operations during the year	11.8.2
GRI 306: Wastes 2020			
306-1	Waste generation and significant waste-related impacts	Improving Continuously – 5.1	11.5.2
306-2	Management of significant waste-related impacts	Improving Continuously – 5.1	11.5.3
306-3	Waste generated	Improving Continuously – 5.1	11.5.4
306-4	Waste diverted from disposal	Improving Continuously – 5.1	11.5.5
306-5	Waste disposed directly	Improving Continuously – 5.1	11.5.6

GRI Standards	Disclosure Content	Reporting Chapter/Description	GRI 11: Oil and gas sector 2021
GRI 401: Employment 2016			
401-1	New employees and the employee turnover	Respecting Stakeholders – 2.1	11.10.2
401-2	Benefits provided to full-time employees (excluding temporary or part-time employees)	Respecting Stakeholders – 2.1	11.10.3
401-3	Parental leave	Respecting Stakeholders – 2.1	11.10.4 11.11.3
GRI 402: Labour/Management Relations 2016			
402-1	Minimum notice period for changes in operations	Not applicable There are no significant changes to the Group's operations	11.7.2 11.10.5
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Respecting Stakeholders – 2.1	11.9.2
403-2	Hazard identification, risk assessment and incident investigation	Respecting Stakeholders – 2.1	11.9.3
403-3	Occupational health services	Respecting Stakeholders – 2.1	11.9.4
403-4	Worker participation, consultation and communication on occupational health and safety	Respecting Stakeholders – 2.1	11.9.5
403-5	Occupational health and safety training for employees	Respecting Stakeholders – 2.1	11.9.6
403-6	Promotion of worker health	Respecting Stakeholders – 2.1	11.9.7
403-7	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	Respecting Stakeholders – 2.1	11.9.8
403-8	Workers covered by occupational health and safety management system	Respecting Stakeholders – 2.1	11.9.9
403-9	Work-related injury	Respecting Stakeholders – 2.1	11.9.10
403-10	Occupational diseases	Respecting Stakeholders – 2.1	11.9.11
GRI 404: Training and Education 2016			
404-1	Average number of hours of training per employee per year	Respecting Stakeholders – 2.1	11.10.6 11.11.4
404-2	Employee skill enhancement programme and transition assistance programme	Respecting Stakeholders – 2.1	11.7.3 11.10.7

GRI Standards	Disclosure Content	Reporting Chapter/Description	GRI 11: Oil and gas sector 2021
GRI 405: Employee Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Respecting Stakeholders – 2.1	11.11.5
405-2	Ratio of basic wages and remuneration between male and female employees	Respecting Stakeholders – 2.1	11.11.6
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and remedial actions taken	Respecting Stakeholders – 2.1 The Group received no such reports during the year	11.11.7
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Respecting Stakeholders – 2.1	11.13.2
GRI 408: Child Labour 2016			
408-1	Sites and suppliers with significant risk for incidents of child labour	Respecting Stakeholders – 2.1	
GRI 409: Forced or Compulsory Labour 2016			
409-1	Operations and suppliers with significant risk for incidents of forced or compulsory labour	Respecting Stakeholders – 2.1	11.12.2
GRI 410: Security Practices 2016			
410-1	Security personnel who received training on human rights policies or procedures	Not applicable The Group's security personnel are all outsourced third parties	11.18.2
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	Not applicable There are no indigenous peoples in all business locations of the Group	11.17.2
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments and development programmes	Developing Together	11.15.2
413-2	Operations with significant actual or potential negative impacts on local communities	Not applicable The production bases of the Group are all established on the land designated by the government for such purposes, which has no actual or potential significant negative impact on local communities	11.15.3

GRI Standards	Disclosure Content	Reporting Chapter/Description	GRI 11: Oil and gas sector 2021
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Respecting Stakeholders – 2.5	11.10.8 11.12.3
414-2	Negative social impact in the supply chain and actions taken	Respecting Stakeholders – 2.5	11.10.9
GRI 415: Public Policy 2016			
415-1	Political contributions	Not applicable The basic policy of the Group is to avoid political donations. During the year, the Group did not make any donations to any political party, government officials or political candidates	11.22.2
GRI 416: Customers Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and services categories	Respecting Stakeholders – 2.1	11.3.3
416-2	Incidents of non-compliance concerning the health and safety impacts to products and services	Not applicable The Group has no incidents of non-compliance concerning health and safety impacts to services	
GRI 418: Customer Privacy 2016			
418-1	Complaints of substantiated violation of customer privacy or loss of customer information	Respecting Stakeholders – 2.2 The Group received no such complaints during the year	

English translation for reference only

Appendix IV: Independent Limited Assurance Report

2026-ZAB010

To the Board of Directors of Sinopec Kantons Holdings Limited,

We have been engaged by Sinopec Kantons Holdings Limited (the "**Company**") to perform a limited assurance engagement on the selected 2025 Key Data as defined below in the 2025 Environmental, Social and Governance Report (the "**ESG Report**") for the year ended 31 December 2025.

I. Key Data

In this report, limited assurance procedures were performed on the following selected 2025 Key Data in the Company's 2025 ESG Report:

- Scope I: Direct greenhouse gas emissions (Tons)
- Scope II: Indirect greenhouse gas emissions (Tons)
- Consumption of purchased electricity (kWh)
- Consumption of gasoline used in the vehicle (Litre)
- Consumption of diesel used in the fire pump (Litre)
- Consumption of gasoline used in the firefighting equipment (Litre)
- Consumption of diesel used in the vehicle (Tons)
- Consumption of diesel used in the boiler (Tons)
- Consumption of diesel used in the tugboat (Tons)
- Consumption of water resources (Cubic metre)
- Weight of hazardous waste generated (Tons)
- Weight of non-hazardous waste generated (Tons)
- Total number of suppliers (units)
- Number of suppliers in Chinese mainland (units)
- Number of suppliers in Hong Kong, Macao and Taiwan regions of China (units)
- Number of suppliers in other countries and regions (units)
- Total person-times of training (person-times)
- Total class hours of training (class hours)
- Person-times of senior management attending training courses (person-times)
- Class hours of senior management attending training courses (class hours)
- Person-times of middle management attending training courses (person-times)
- Class hours of middle management attending training courses (class hours)
- Person-times of general employees attending training courses (person-times)
- Class hours of general employees attending training (class hours)
- Carbon emissions from business trips by employees ($kgCO_2e$)
- Carbon emissions from paper procurement ($kgCO_2e$)

Our assurance work was only within the scope of the selected 2025 Key Data of 3 entities, selected by the Company, i.e. the Hong Kong Headquarters, the wholly owned subsidiary Huade Petrochemical Co., Ltd. and an operating entity Tangshan Caofeidian Shihua Crude Oil Terminal Co., Ltd.. We have not conducted work at other entities. We have not performed any procedures with respect to any other information included in the 2025 ESG Report, which is scoped out from our assurance work.

II. Criteria

The criteria used by the Company to prepare the selected 2025 Key Data in the 2025 ESG Report is set out in the "About this Report – Preparation Reference" section of the 2025 ESG Report (the "**basis of the reporting**"), which is based on the "ESG Reporting Code", Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") by Hong Kong Exchanges and Clearing Limited (the "**HKEx**"), and at the same time, the criteria referred to reporting standards or guidelines such as the United Nations Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI) Sustainability Reporting Standards.

III. The Board of Directors' Responsibilities

The Board of Directors of the Company is responsible for the preparation of selected 2025 Key Data in the 2025 ESG Report in accordance with the basis of the reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected 2025 Key Data in the 2025 ESG Report that is free from material misstatement, whether due to fraud or error.

IV. Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (Including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

V. Responsibilities of the Certified Public Accountants

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed on the selected 2025 Key Data in the 2025 ESG Report.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's selected 2025 Key Data in the 2025 ESG Report had been prepared, in all material respects, in accordance with the basis of reporting. Our work is not intended to express an opinion on the effectiveness of the Company's systems and procedures. Our work involves assessing the risks of material misstatement of the selected 2025 Key Data in the 2025 ESG Report whether due to fraud or error and responding to the assessed risks. The extend of procedures selected depends on our judgement and assessment of the engagement risk. Within the scope of our work, we have performed the following procedures only in the Hong Kong Headquarters of the Company, its wholly owned subsidiary, Huade Petrochemical Co., Ltd., and an operating entity Tangshan Caofeidian Shihua Crude Oil Terminal Co., Ltd.. We have not conducted work on other locations. Our procedures include:

1. Enquiry and interviews with the department heads and relevant employees of the Company who involved in providing the selected 2025 Key Data in the 2025 ESG Report;
2. Perform analytical procedures on the selected 2025 Key Data in the 2025 ESG Report;
3. Examination on a sample basis, of documentary evidence relating to the selected 2025 Key Data in the 2025 ESG Report;
4. Recalculation on the selected 2025 Key Data in the 2025 ESG Report;
5. Perform other procedures deemed necessary.

VI. Inherent Limitation

We draw attention of the users that currently there are no generally accepted practices to evaluate and measure non-financial information, therefore there are different measurement methods, which may impact the comparability among entities.

VII. Conclusion

Based on the Limited Assurance Procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected 2025 Key Data in the 2025 ESG Report is not prepared, in all material respects, in accordance with the basis of reporting.

VIII. Restriction on Use

Our report has been prepared for and only for the Board of Directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

BDO China Shu Lun Pan CPAs LLP

Shanghai P.R. China
16 March 2026



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