中化化肥控股有限公司
SINOFERT HOLDINGS LIMITED

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

NURTURING CHINA'S AGRICULTURE SECTOR

2025

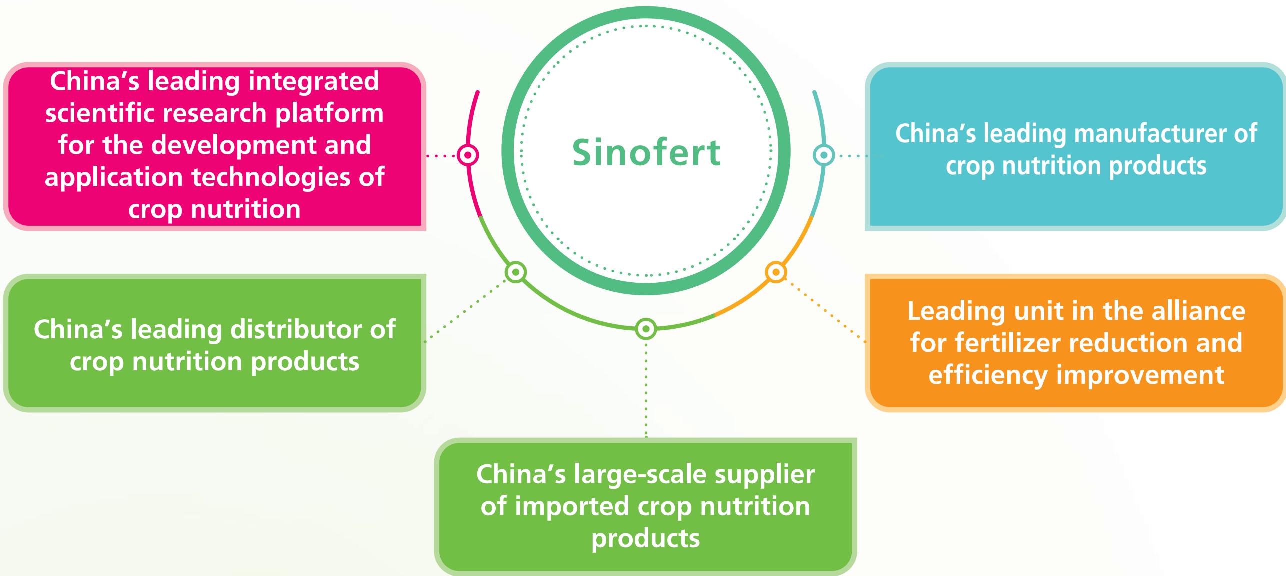
Environmental, Social and Governance Report

Contents

OVERVIEW OF THE GROUP

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

Sinofert as:



The Group has over 60 years of experience in international trade and is a major supplier of imported crop nutrition products in China. We have established strategic partnerships with multiple international suppliers, offering a diversified portfolio of products including phosphate fertilisers, potash fertilisers, compound fertilisers, formula fertilisers, micro-fertilisers, slow and controlled-release fertilisers, organic fertilisers, bio-fertilisers, and other innovative fertiliser types. These products meet the nutritional requirements of a wide range of crops, ensure a stable supply of high-quality agricultural produce, and help alleviate domestic shortages of fertiliser resources.

Sinofert's Competitive Advantages：

- China's leading integrated scientific research platform for the development and application of biological and soil health products
- Comprehensive coverage of the entire agricultural value chain, with an extensive sales and service network covering 95% of arable land in China
- Full-spectrum manufacturer and distributor of nitrogen, phosphate, potash, compound, and specialty fertilisers
- Exclusive agency rights for high-quality international products and strategic partnerships with multiple international suppliers
- Complete agricultural technical service system for farmers
- Leading position in phosphate resource ownership in China, with feed-grade production capacity among the largest in Asia

As a company committed to modernising Chinese agriculture and safeguarding national food security, the Group has consistently focused on providing comprehensive crop nutrition solutions to farmers and supporting coordinated development across the agricultural industry chain. We continue to advance research and innovation, resource development, intelligent manufacturing, channel distribution, and agricultural technical services, while accelerating the deployment of new products, technologies, and equipment. The Group is driving the fertiliser industry towards efficiency enhancement, resource conservation, and environmentally friendly practices. At the same time, Sinofert actively leverages its industry influence in national initiatives to stabilise fertiliser supply and pricing, strengthen its capabilities in the distribution of chemical fertilisers, pesticides, and related agrochemical services, and integrate the "Bio+" strategy to focus on bio-fertilisers and soil health products. Adhering to the principles of green and sustainable development, the Group strives to be the "leader in bio-fertiliser and soil health innovation", contributing to green agricultural development and rural revitalisation in China.

ABOUT THIS REPORT

This Environmental, Social and Governance ("**ESG**") Report (the "**Report**") covers the period from 1 January 2025 to 31 December 2025 (the "**Reporting Period**" or the "**Year**"). The purpose of this Report is to provide stakeholders with a systematic overview of Sinofert's ESG strategies, governance framework, management policies, and related performance for the Year. Through disclosure of the Group's key ESG topics and management progress, the Report aims to further enhance communication and trust with our stakeholders.

Reporting Standards

This Report has been prepared in accordance with Appendix C2 of the "Environmental, Social and Governance Reporting Guide" (the "**ESG Guide**") under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the "Reference Indicator System for ESG Special Reports of Listed Companies Controlled by Central Enterprises" issued by the State-owned Assets Supervision and Administration Commission of the State Council. This Report complies with all mandatory disclosure requirements and the "comply or explain" provisions of the ESG Guide. The Report has been prepared in accordance with the four reporting principles of the ESG Guide, including:

Materiality	The Group has identified and confirmed material topics during the Reporting Period, including the engagement of stakeholders to assess and prioritise ESG issues. Details of the materiality assessment process and results are provided in the "Stakeholder Engagement & Materiality Assessment" section.
Quantitative	The Group discloses ESG performance during the Reporting Period, with clear reference to standards, methods, assumptions, and calculation sources, including major conversion factors.
Balance	The Report presents ESG performance in an unbiased manner, objectively reflecting the Group's operations during the Reporting Period.
Consistency	Unless otherwise stated, the Report is prepared consistently with prior ESG reports to enable meaningful comparisons.

Reporting Scope

During the Reporting Period, Sinofert's core business remained largely unchanged. The scope of this Report is consistent with the Company's 2025 annual report. Considering revenue contribution and environmental and social impacts, key environmental performance indicators are disclosed for the following six production entities within the Group (hereinafter, the "**Subsidiaries**"):

1) Sinochem Chongqing Fuling Chemicals Co., Ltd. ("**Sinochem Fuling**")

2) Sinochem Yunlong Co., Ltd. ("**Sinochem Yunlong**")

3) Sinochem Jilin Changshan Chemical Co., Ltd. ("**Sinochem Changshan**")

4) Sinochem Shandong Fertilizer Co., Ltd. ("**Shandong Fertilizer**")

5) Sinochem Agricultural Ecological Technology (Hubei) Co., Ltd. ("**Sinochem Ecology**")

6) Sinochem Agriculture (Xinjiang) Biotech Co., Ltd. ("**Xinjiang Biotechnology**")

SINOCHEM FULING

- Sinochem Fuling is a modern, large-scale enterprise under the Group, specialising in the production of fine phosphate salts and associated new-type specialised fertilisers. Leveraging provincial-level enterprise technology centres and an information management platform, Sinochem Fuling continuously innovates to strengthen core production capabilities and steadily improve overall equipment utilisation.
- Sinochem Fuling's main products include diammonium phosphate, flame retardant materials, multi-element physiological acid-specialised fertilisers, controlled-release fertilisers, and gypsum products. These are widely applied in agriculture and industry, providing downstream customers with high-value, fine phosphate solutions.

SINOCHEM YUNLONG

- Sinochem Yunlong is an integrated enterprise covering phosphate mining, selection, production, and sales, relying on stable phosphate resources and a strict quality management system to focus on the production and research of feed-grade phosphate products.
- Sinochem Yunlong's main products include feed additives such as monocalcium phosphate and dicalcium phosphate, as well as industrial sodium and sulfuric acid-based phosphates. All relevant products comply with ISO 9001 and FAMI-QS certification standards. Sinochem Yunlong continues to develop high-value feed-grade phosphate products, providing safe and reliable nutritional solutions for the livestock industry.

SINOCHEM CHANGSHAN

- Sinochem Changshan is one of the larger-scale fertiliser producers in Jilin Province, primarily engaged in the production and sales of ammonium, urea, and compound fertilisers, continuously investing in R&D and technological innovation.
- Under the "Changshan" brand, Sinochem Changshan has developed multi-nitrogen, polymerised urea, and slow-release urea products, which have received recognition including "Jilin Province Famous Brand" and "Certified Farmers' Trust Product", maintaining strong market reputation.

SHANDONG FERTILIZER

- Shandong Fertilizer is an important production base integrating manufacturing, R&D, and agricultural chemical services within the Group. It utilises diversified production techniques including granulation, calcination, nitrification, and controlled-release fertilisers, with strong customisation and formula development capabilities.
- Main products include general fertilisers, compound fertilisers, controlled-release fertilisers, and ammonium nitrate series, supporting crop-specific fertiliser packages and professional agricultural services to improve nutrient utilisation efficiency and crop yields.

SINOCHEM ECOLOGY

- Sinochem Ecology focuses on high-efficiency fertilisers for arable land, producing compound fertilisers, organic fertilisers, bio-organic fertilisers, organo-mineral mixed fertilisers, water-soluble fertilisers, and microbial agents. It has achieved breakthroughs in high-concentration organo-mineral fertiliser technologies and maintains a leading technical level in the sector. Sinochem Ecology promotes green agriculture and soil health management, providing efficient, environmentally friendly crop nutrition solutions for modern agriculture.

XINJIANG BIOTECHNOLOGY

- Xinjiang Biotechnology is an integrated platform specialising in agricultural technology development, covering fertiliser and pesticide sales, crop protection technical services, and soil improvement and restoration. It provides local and regional farmers with one-stop R&D, technical services, monitoring, and advisory solutions.
- Xinjiang Biotechnology owns multiple crop nutrition and protection brands, including "Shuidipeng", "Duotao 363", "Yangtian (Guanwushuang)", "Miaodizhuang", and "Enruishi". It focuses on water-soluble and new-type compound fertilisers, liquid fertilisers, specialty fertilisers, microbial agents, and organic fertilisers, supporting modern, diversified, and professionalised agriculture in northwestern China.

Notes to this Report

The information disclosed in this Report is sourced from the Group's internal documents, statistical reports, and monitoring systems. The Group takes full responsibility for the reliability, accuracy, objectivity, and completeness of the information presented. This Report is published in both Chinese and English; in the event of any discrepancies, the Chinese version shall prevail.

Report Assurance

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

Highlights of the Year

In 2025, global geopolitical competition became increasingly complex, trade frictions intensified, and the global economic recovery remained weak and slow. In China, the Government strengthened counter-cyclical macroeconomic policy adjustments, resulting in a year-on-year GDP growth of 5.0%. Against the backdrop of a profound restructuring of global supply chains, prices of key agricultural inputs, including phosphate fertilisers, potash fertilisers and sulphur, experienced significant volatility. At the same time, the

No. 1 Central Document identified technological innovation as a core driver of agricultural modernisation and placed "continuously enhancing the supply security of grain and other important agricultural products" as the top priority. Measures such as the implementation of an action plan to increase grain production capacity by 100 billion jin and the expansion of grain yield improvement programmes were introduced to strengthen the foundations of national food security in a comprehensive manner. In response to the complex and evolving domestic and external environment, the Group proactively assessed market conditions, capitalised on opportunities while mitigating risks, and continued to uphold its development philosophy of "Empowering Cultivation with Technology for Better Sustainable Agriculture". With a continued focus on the strategic transformation under its "Biology+" initiative, the Group delivered steady operational progress and further enhanced the quality of its development.

The Group actively fulfils its responsibilities as a central state-owned enterprise in safeguarding the supply of agricultural inputs. First, as a principal importer of potash fertiliser in China, the Group takes an active role in negotiating large-scale sea-freight import contracts for potash, and has signed memoranda of understanding with key suppliers to secure stable supply sources at reasonable prices. This ensures adequate potash supply during critical farming seasons such as spring planting and autumn sowing, reinforcing the Group's role as a cornerstone of agricultural input supply security. Second, leveraging its global resource procurement capabilities and integrated production-supply-sales network, the Group coordinates the allocation of fertiliser resources – including potash, phosphate, and compound fertilisers – across the supply chain. By streamlining key supply chain linkages and optimising distribution channels, the Group ensures products reach end markets directly, thereby supporting the stability of domestic fertiliser prices and contributing to improved agricultural productivity and farmer incomes.

The Group remains firmly committed to its "Biology+" strategy. First, with a focus on strengthening research and development capabilities, the Group has advanced core biotechnology breakthroughs and pursued continuous product development and upgrading, progressively expanding its diversified product portfolio covering both high-value cash crops and staple field crops. The market influence of its biofertiliser brands – including Meilinmei, Lanlin, Weitefeng, Youliangmei, Songtian, and Huanfeng – has grown steadily. In 2025, biofertiliser sales volume reached 1.54 million tonnes, representing a year-on-year increase of 14%. Second, through innovative marketing and service models, the Group has implemented an integrated "Product + Service + Technology" approach to effectively serve end-user farmers and advance high-quality agricultural development. The Group's efforts have been recognised through multiple accolades, including the top ranking in the "2025 China Biofertiliser Enterprise Influence Top 50" and the "Trusted Brand Among Farmers" award, further enhancing brand equity and reputation.

As at 31 December 2025, the Group's total assets maintained steady growth. Revenue reached RMB23.263 billion, up 9.4% year-on-year, while profit attributable to shareholders of the Company amounted to RMB1.259 billion, representing a year-on-year increase of 18.66%. Profitability continued to improve, with core financial indicators remaining healthy and resilient.

SUSTAINABLE DEVELOPMENT GOVERNANCE

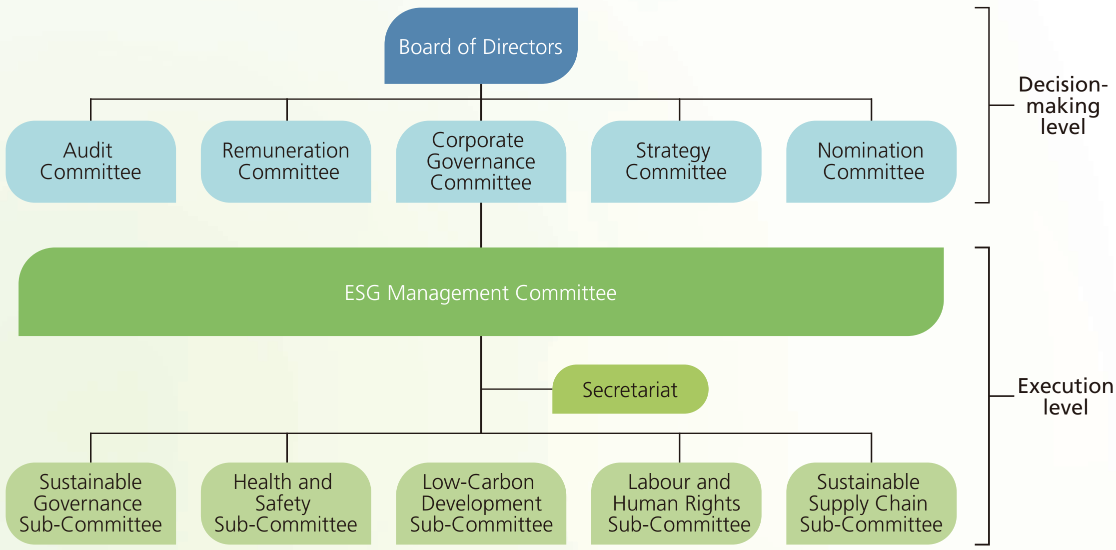
Sinofert is committed to enhancing investment value through robust ESG governance principles and routine risk management, delivering long-term returns to shareholders. The Board of Directors (the "**Board**") places high importance on ESG risks, formulating response and contingency plans, proactively identifying ESG opportunities and risks, continuously improving internal controls and management, and promoting high-quality business development across the Group.

The Company focuses on strengthening information disclosure management, ensuring that shareholders are provided with accurate and comprehensive information to support informed investment decisions. At the same time, the Group enhances the transparency and accountability of ESG disclosures. Sinofert is dedicated to building a sustainable and resilient corporate image, creating long-term value for its shareholders.

ESG Governance

To establish a comprehensive and effective ESG management system, the Group integrates functional departments' expertise and core responsibilities, ensuring ESG development planning and major topic governance align deeply with the Group's overall business operations and the objectives of the "Bio+" strategy. During the Reporting Period, the Group continued to advance ESG governance and management work, strengthening the responsibilities of the ESG Management Committee to oversee environmental, social, and governance matters, including climate-related issues.

ESG Governance Structure:



The Board of Directors serves as the highest decision-making body for ESG matters, comprehensively overseeing ESG governance, strategic planning, and target implementation. The Board makes decisions on the Group's ESG strategy, approves the annual ESG report disclosures, and assumes ultimate responsibility for environmental, social, and governance matters (including climate-related issues), strategy, and risk management. The Corporate Governance Committee, authorised by the Board, monitors key ESG matters, oversees ESG risks and opportunities, and advises the Board on policy formulation and action plans, providing professional recommendations and determining critical matters during the annual ESG report preparation process. The ESG Management Committee acts as the core executive body, responsible for the development of the Group's ESG strategy, policy planning, and management of risks and opportunities, including climate-related issues. The Committee identifies and updates priorities by appointing chairpersons and members for its subcommittees, clarifying their responsibilities, monitoring performance against targets, tracking changes in ESG regulations and policies, formulating relevant internal policies and management systems, convening regular meetings, and reporting progress to the higher-level committee.

In addition, the ESG Management Committee oversees five specialised subcommittees: the Sustainable Governance Subcommittee, Health and Safety Subcommittee, Low-Carbon Development Subcommittee, Labour and Human Rights Subcommittee, and Sustainable Supply Chain Subcommittee. Each subcommittee operates within its authorised scope, taking responsibility for ESG report preparation, performance monitoring, and continuous improvement to ensure effective ESG management and implementation. For detailed information regarding the Board of Directors and Committee structure, please refer to the "Corporate Governance Report" section of the Group's 2025 Annual Report.

ESG Risk Management

A sound and effective risk management system is a critical component of the Group's corporate governance framework. To establish appropriate and efficient ESG risk management measures and internal control systems, the Group's internal supervision and risk management framework is based on the COSO Committee of Sponsoring Organizations' "Internal Control – Integrated Framework", the International Standard Organisation's "Risk Management Guidelines", and the Hong Kong Institute of Certified Public Accountants' "Framework for Internal Control and Risk Management", while also integrating national standards such as the "Comprehensive Risk Management Guidelines for Central Enterprises" and the "Basic Internal Control Standards for Enterprises", along with supporting guidance. Recent national requirements for strengthening internal control systems and supervision have been incorporated to guide risk management, aligning with the Group's strategic development and integrating with business management processes. The Group continuously conducts risk identification, assessment, and mitigation, implementing full-process management, early warning, and remediation for major risks, effectively supporting long-term sustainable value creation.

In 2025, the Group continued to implement the internal control system requirements issued by the State-owned Assets Supervision and Administration Commission for central enterprises, further enhancing internal control mechanisms and fulfilling the Board's supervisory responsibilities over internal controls. At the management level, the Group has established a Corporate Governance Committee as a dedicated senior management body responsible for setting internal control standards, coordinating risk management and compliance oversight, and supervising the implementation of control measures. The Group continued to advance prior initiatives for internal control optimisation, guiding subsidiaries to identify deficiencies, improve and issue key management processes covering production management, product quality, and compliance, optimising authorisation and control processes, and further enhancing the systematic effectiveness of domestic internal control mechanisms.

To strengthen a culture of compliance and risk awareness, the Group continues to implement diversified compliance and risk management activities, including risk seminars, specialised departmental training, monthly meetings for finance and risk personnel, signing of compliance commitments, and the use of daily communication tools to promote internal control and compliance experience. These initiatives foster a culture of scientific, stable, and safe management. During the Reporting Period, the Group continued risk identification work, focusing on the supervision of major risks, conducting comprehensive investigations of operational risk events, strengthening long-term mechanism building, and continuously improving risk prevention and control capabilities.

The Group also maintains an independent internal audit function. The Audit Department is responsible for organizing and implementing the monitoring and evaluation of internal controls, conducting independent assessments of the effectiveness of risk management and compliance processes, and tracking the implementation of corrective actions for internal control deficiencies to ensure that all internal control measures are effectively implemented.

In 2025, the Group's internal supervision and risk management system continued to meet regulatory compliance requirements from domestic and foreign authorities, safeguarding operational compliance and stable development. Internal control and management functions actively respond to market and business environment changes, supporting the Group's strategic transformation and the implementation of the "Bio+" strategy, maintaining protection of shareholder interests and asset security, and driving continuous improvement in operational quality and management efficiency.

During the Reporting Period, Sinofert identified significant ESG-related risks affecting operations and business, and implemented corresponding mitigation measures to ensure effective control. Detailed information is provided below:

Risk	Risk Impact	Management Measures
HSE Risks (Health, Safety, Environment)	Due to adjustments in national, local government, and industry policies, and the ineffective implementation of risk control measures, human errors and other factors may pose HSE risks. Such risks could create potential safety hazards in production, affect employee health, and negatively impact the environment and energy conservation efforts.	1. Monitor policy changes and promptly analyse and adjust organisational measures to ensure compliance. 2. Implement HSE responsibilities for all personnel, strengthen supervision of risk control measures, and ensure effective execution. 3. Combine with grassroots work to advance practical training, improve employees' technical skills, and standardise operations, sites, and activities. 4. Conduct in-depth anti-pollution campaigns and promote energy-saving and low-carbon management improvements.
Macroeconomic and Policy Risk	Changes in macroeconomic policies, industry trends, and national policy may bring opportunities and risks to the Group's operations.	1. Closely monitor Chinese national policy trends, observe industry developments, and focus on studying opportunities in cultivated land quality improvement and bio-industry development, analysing challenges for strategic transformation.

Risk	Risk Impact	Management Measures
Product Quality Risk	Raw material quality may be affected by suppliers, production environment, and processing techniques, leading to unstable product quality. During production, formulation accuracy, blending processes, and packaging integrity issues may also compromise product quality.	1. Establish strict evaluation and audit mechanisms for raw material suppliers to ensure the quality of supplied materials. 2. Implement standardised production processes and monitor the entire production process to ensure consistent product quality. 3. Provide internal training on product quality management, and guide distributors on product characteristics and usage to ensure correct market distribution and use.
Ethics and Integrity Risk	Some employees may act with negligence or intentional misconduct, potentially leading to legal violations, breaches of regulations, or corruption risks.	1. Strengthen supervision and accountability, promoting a "do not dare, cannot, or will not" culture. 2. Consolidate the "Clean Agriculture" brand, fostering a transparent and compliant management environment.

ESG Awards and Honors

For Sinofert, promoting sustainable development through crop nutrition and modern agricultural operations is of strategic significance, enabling a win-win outcome for both economic performance and social value. During the Reporting Period, the Group's ESG efforts received widespread recognition.

ESG Indices and Ratings

In terms of ESG indices, the Group's sustained investment and exemplary practices in ESG have been widely recognised. As of 2025, Sinofert has been included for three consecutive years in the "Hang Seng SCHK China Central SOEs ESG Leaders Index" (HSSCSEL) and the "Hang Seng SCHK China Central SOEs ESG 40 Index" (HSSCS40). At the same time, in ESG rating evaluations, Sinofert's Wind ESG rating improved from BBB to AA, demonstrating strong market recognition of the Group's ESG governance level and sustainable development achievements.

Hang Seng SCHK China Central SOEs ESG Leaders Index (HSSCSEL)	Hang Seng SCHK China Central SOEs ESG 40 Index (HSSCS40)	Wind ESG Rating
This index reflects the overall ESG performance of the top 40 Hong Kong-listed companies under central state-owned enterprises.	This index evaluates the top 40 Hong Kong-listed companies under central state-owned enterprises based on ESG performance scores provided by the Hong Kong Quality Assurance Agency.	Wind ESG rating evaluates over 500 sub-indicators to comprehensively assess the ESG risk management and sustainability capability of listed companies. Ratings range from CCC to AAA, providing investors with localised, transparent references and decision support.

ESG Awards

The Group's outstanding environmental governance and social contributions continued to deliver results in 2025, earning multiple ESG awards. Sinochem Yunlong, a key platform under the Group for phosphate resource development and feed-grade phosphate production, achieved significant breakthroughs in comprehensive utilisation of phosphate rock, attaining 100% phosphate recovery for two consecutive years. Sinochem Yunlong successfully established an internationally competitive fine phosphate flexible manufacturing platform, becoming a production base for animal and plant nutrition. Its green factory project received the "Leading Environmental Initiatives 2025" Award from Bloomberg Businessweek, recognising its innovative practices in full-resource utilisation of phosphate rock, circular economy models, and environmental protection, further demonstrating the Group's industry-leading position in ESG environmental performance.

ESG Leading Initiatives

Green Finance Practices

Sinofert successfully obtained green deposit certification from Mitsubishi UFJ Financial Group, with a total of RMB17.78 million. These green deposits support the development of renewable resources, green building construction, and green economic activities such as pollution prevention. They provide enterprises with ESG-related capital options, aligning financial resources with sustainable development strategies. This approach not only broadens sources of green capital but also strengthens the Company's influence in the green finance sector.

Through the efficient use of project funds and adherence to green standards, the project maximised both economic and environmental benefits. The successful implementation of green loans further advanced the integration of green capital into ESG strategies, providing strong financial support for the Group's sustainable development. These initiatives, aligned with Sinofert's ESG strategy, not only reinforced the Company's commitment to environmental remediation and sustainable development but also enhanced its recognition in capital markets, improving the Group's green image and competitiveness, and exemplifying the interaction between ESG practice and green finance.

Stakeholder Engagement & Materiality Assessment

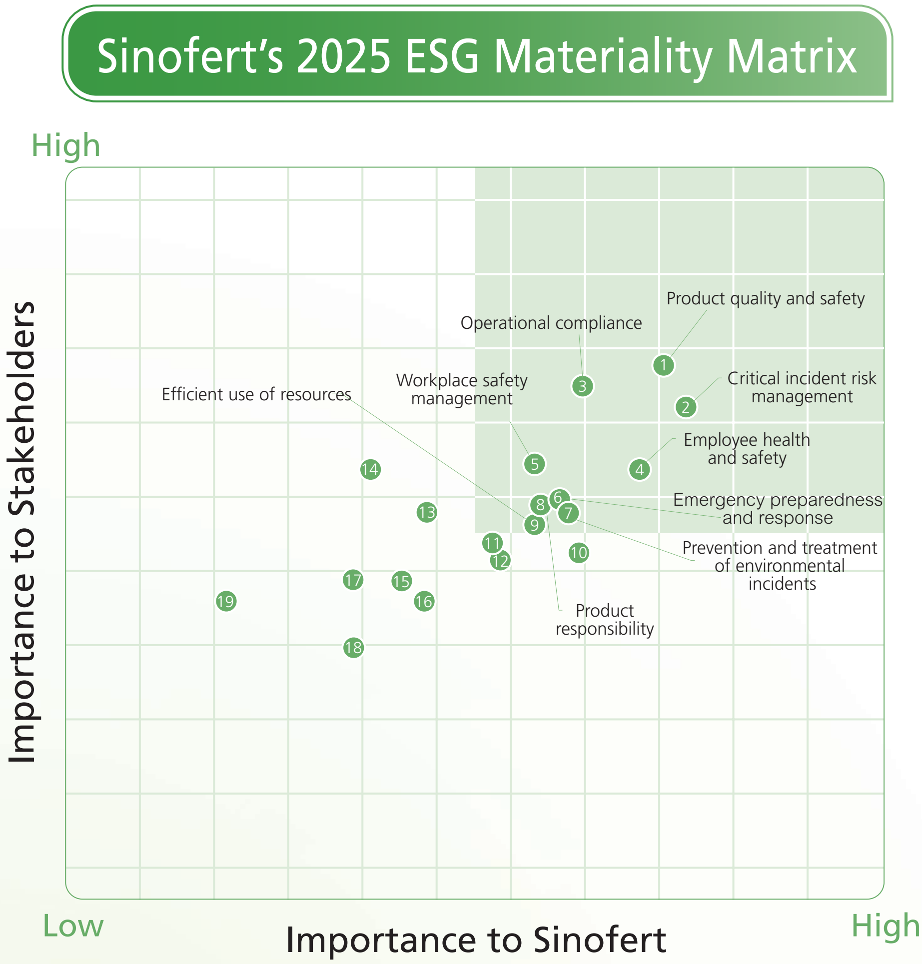
This Report is compiled with stakeholder engagement at its core. The Group's primary stakeholders include government and regulatory authorities, shareholders and investors, business partners, customers, employees, and the wider community. Given the close connection of these stakeholders to the Group's business development, the Group has established structured, diversified communication channels to collect valuable feedback, identify potential business risks, and recognise ESG priorities, thereby continuously enhancing ESG management. The expectations of each stakeholder and the corresponding communication mechanisms are summarised as follows.

Stakeholders	Expectations	Management Response/ Communication Methods
Government and Regulatory Bodies	• Compliance with national policies, laws, and regulations • Tax payment in full and on time • Safe production	• Regular reporting
Shareholders and Investors	• Return and earnings • Compliant operations • Enhancing corporate value and promoting industry development	• Company's website • General meetings • Company's announcements • Individual meetings
Business Partners	• Operation with integrity • Honour an agreement in accordance with the law	• Business communications • Engagement and cooperation
Customers	• Quality products and services • Health and safety • Operation with integrity • Performance of obligations in accordance with the law	• Customer service centres and hotlines • Customer meetings
Employees	• Protection of rights and interests • Occupational health • Remuneration and benefits • Career development	• Company internal publications and intranet • Employee mailbox • Training and workshops • Employee activities
Public Community	• Improving community environment • Participation in charity events	• Company's website • Company's announcements • Media interviews • Social media platforms

Materiality Assessment

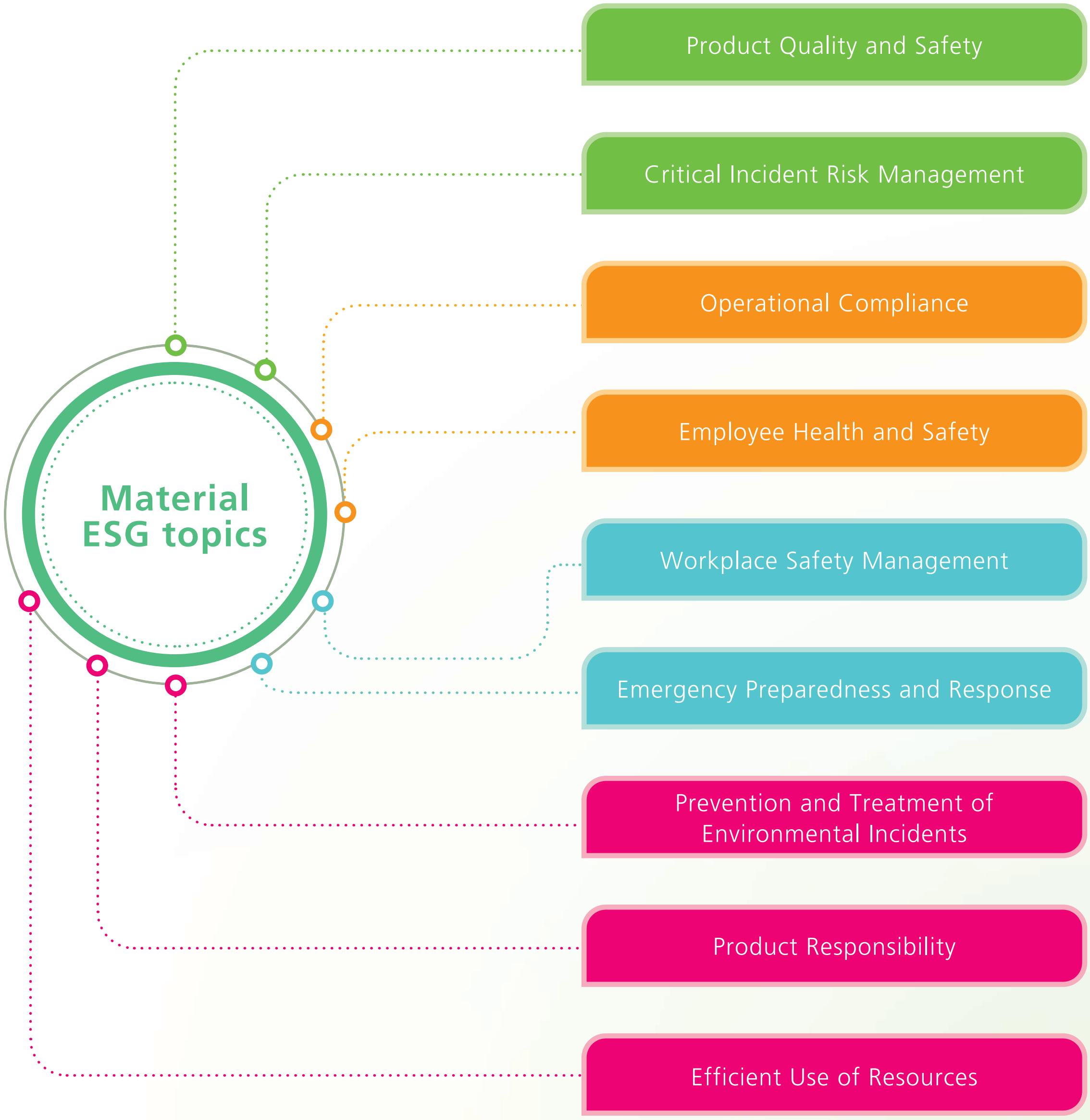
In 2025, the Group commissioned an independent external advisor to conduct a systematic review of the 2024 ESG materiality assessment results and to collect Broad feedback from internal and external stakeholders regarding updates to the assessment outcomes. Considering the continuity of the corporate operating environment and strategic direction, the Group confirms that the 2024 materiality assessment results remain fully relevant and provide practical guidance throughout the Reporting Period.

The following presents the Group's Materiality Matrix:



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

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



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

Integrity Compliance and Anti-Corruption

Compliance management is fundamental to enterprise value creation for Sinofert. As a leading fertiliser distributor and producer in Chinese mainland, we must comply with extensive regulations spanning chemical safety, environmental protection, hazardous materials transportation, product quality, and anti-corruption, with integrity and anti-corruption as a core pillar of our compliance framework. Inadequate compliance management may expose the Group to potential regulatory, operational and reputational risks, which may affect business continuity and stakeholder confidence. Conversely, a well-governed compliance system enables us to maintain stable operations, secure regulatory approvals efficiently, and strengthen trust among authorities, business partners, customers and investors, thereby sustaining our market position and long-term enterprise value.

The Group strictly complies with applicable laws and regulations, including the "Criminal Law of the People's Republic of China", "the Anti-Money Laundering Law of the People's Republic of China", "the Company Law of the People's Republic of China", and "the Anti-Unfair Competition Law of the People's Republic of China". The Group fully upholds the "Three-No Corruption" principle – no appetite for corruption, no opportunity for corruption, and no desire for corruption – and maintains a zero-tolerance stance against bribery, corruption, extortion, fraud, and money laundering. During the reporting period, the Group recorded no corruption-related litigation or material disciplinary or legal violations. Going forward, the Group will continue to optimise its governance framework, deepen its culture of integrity and compliance, and support high-quality corporate development.

To strengthen compliance management, the Group requires all employees to conduct business in accordance with applicable laws and regulations, drawing on Party internal regulations such as the "Regulations on Disciplinary Actions of the Communist Party of China", as well as internal policies including the "Employee Code of Conduct and the Guidelines on Anti-Bribery", "Anti-Fraud and Conflict of Interest Management". Any form of bribery or abuse of position for personal gain is strictly prohibited, as is the solicitation or acceptance of improper benefits in the course of commercial activities. The Group has further enhanced its compliance risk prevention and control framework, standardised employee conduct in areas such as anti-money laundering and anti-corruption, and implemented dynamic oversight of business partners' fulfilment of obligations, thereby safeguarding the integrity and stability of the value chain.

With respect to tax management, the Group has established a standardised and transparent tax management framework, governed by Board-approved internal policies including the "Sinofert Connected Transactions Management Regulations" and the "Sinofert Tax Management Policy". The Group is committed to strict compliance with both the letter and spirit of tax laws and regulations in all jurisdictions in which it operates, adhering to the arm's length principle in all transfer pricing arrangements, refraining from utilising tax structures that lack commercial substance, not transferring value created to low-tax jurisdictions, and not using secrecy jurisdictions or tax havens for tax avoidance purposes, thereby ensuring that the Group's tax practices remain aligned with its overall compliance management framework.

During the reporting period, the Group undertook the following key initiatives in relation to the prevention of bribery, extortion, fraud, and money laundering:

- Assisted in convening the Group's annual Party conduct, clean governance, and anti-corruption work conference; issued the annual work plan for Party conduct and clean governance; submitted semi-annual progress reports on clean governance to the Group's Party Committee; briefed members of management on the clean governance performance of their respective leadership portfolios; and engaged regularly with principal responsible officers on matters relating to conduct improvement and integrity risk.

- Strengthened and improved the integrated oversight mechanism by convening four plenary meetings and seven thematic meetings of the oversight body. These sessions addressed key and complex tasks including the protection of spring agricultural production, the disposal of phosphogypsum, product quality management, violations involving private business operations by employees, and irregular use of public funds for dining and entertainment, thereby fostering coordinated and sustained supervisory effectiveness in the precise identification of issues, integrated long-term governance, and shared achievement of outcomes.

- Advanced the integrated development of institutional mechanisms to ensure no appetite for, no opportunity for, and no desire for corruption. Efforts were intensified to investigate and handle disciplinary and regulatory violations; disciplinary inspection recommendation letters and work advisory notices were issued; case-driven reform and governance improvements were deepened; and internal rules and regulations were revised and refined. Innovative approaches to integrity education were introduced, with cumulative advisory interviews conducted with over 545 individuals, extending the requirements for integrity in professional conduct and compliant operations to grassroots levels.

- Convened a dedicated meeting to advance the extension of disciplinary inspection and oversight to grassroots levels and address existing gaps. Disciplinary inspection (supervision) officers were recruited and assigned to six regional marketing divisions, ensuring that disciplinary inspection bodies were established at all levels across production enterprises and regional marketing divisions without exception, and that disciplinary inspection officers were fully deployed as required. Disciplinary inspection officers were selected to participate in systematic professional training programmes as well as secondment-based training at superior and headquarters levels, resulting in a meaningful improvement in the overall capability and professional quality of the disciplinary inspection workforce.

- Expanded and diversified the vehicles for integrity education by convening a Group-wide cautionary education conference, distributing integrity awareness messages to all Group employees, producing self-developed integrity micro-videos, and circulating three editions of integrity education and publicity materials within the Group. Thematic presentations were organised on a regular basis at all levels, resulting in a significant strengthening of rules-consciousness and disciplinary awareness among officers and employees at every tier of the organisation.

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

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

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

The Group continues to enhance its diversified whistleblowing mechanisms, utilising multiple channels such as public reporting hotlines, email, correspondence addresses, and online platforms to encourage employees, suppliers, and customers to report, either openly or anonymously, any issues relating to dishonesty or corruption, misconduct, or breaches of integrity, fostering an organisational culture of accountability. Reports are uniformly received, logged, classified, transferred, investigated, and processed in accordance with strict review procedures. At least two-person review teams are established to formulate investigation plans, and detailed reports are submitted and handled in compliance with applicable laws and regulations.

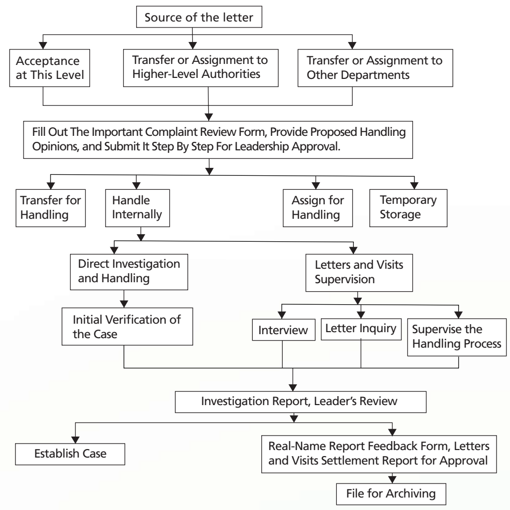
Upon receiving a report, the Group immediately assigns a tracking number, collectively reviews the matter, and proposes a resolution plan. Cases within the remit of a particular department are handled directly; otherwise, they are escalated to the relevant department. Resolution methods include interviews, preliminary review, temporary suspension or case closure, and timely feedback to ensure effective handling.

The diagram below illustrates the process for handling complaint cases:

REPORTING CHANNELS

Contact: Sinofert's Legal Compliance Department
Reporting Email Address: zhhfjbyx@sinochem.com
Reporting Phone Number: 010-59567800
Mailing Address: Legal Compliance Department, 18th Floor, Youan International Tower, Xiteying Middle Road, Fengtai District, Beijing (Postal Code 100069)

COMPLAINT CASE PROCESS



During the Reporting Period, the Group actively advanced anti-corruption and anti-bribery knowledge training and disciplinary briefings, organising 146 sessions with participation exceeding 7,000 personnel, achieving comprehensive coverage across the entire business chain and all organisational levels. The training targeted all units, Board members, senior management, and all employees, strictly following the four principles of "regularity and normalisation, focus on key groups with full coverage, synchronised positive publicity and warning education, and coordination with practical operations emphasising effectiveness." Through the continuous deepening of education on clean practices, the Group has significantly enhanced compliance awareness among staff, effectively strengthened risk prevention and control mechanisms, and cultivated a "clean and honest culture" reflecting the characteristics of the agricultural industry, thereby providing strong momentum for the implementation of the "Bio+" strategy and sustainable development.

ENVIRONMENTAL PROTECTION

Sinofert has established a Group-wide environmental protection policy, strictly adhering to the fundamental national policy on environmental protection and all relevant laws and regulations. The Group is guided by the principles of "people-centred development, environmental priority, prevention first, and comprehensive governance", with a focus on building a climate-resilient industrial value chain. Through the adoption of advanced process technologies and equipment upgrades, the Group continuously reduces existing emissions, prevents and controls new sources of pollution, and drives the transition towards a green and low-carbon mode of operation.

Environmental Objectives and Compliance

The Group has established a full-process environmental management system and strictly implements environmental protection, energy conservation and emission reduction systems covering emission control, resource recycling and minimisation of ecological impacts, effectively preventing environmental incidents. The environmental management system applies not only to the Group's own operations, but also extends to its suppliers and partners, ensuring that all segments of the value chain comply with the Group's environmental management requirements. Sinofert has set up an HSE Committee to coordinate environmental governance, whose key responsibilities include (but are not limited to):

- Formulating energy-saving and low-carbon management systems and standards for the Group to ensure clear norms and guidance for the Group's energy-saving and low-carbon initiatives.

- Implementing national and local policies, laws and regulations of the People's Republic of China on energy conservation and low-carbon development to ensure the Group's compliance with regulatory requirements in energy-saving and low-carbon practices.

- Leading, supervising and evaluating the energy-saving and low-carbon work of the Group's subsidiaries to ensure that each subsidiary fulfills its energy-saving and low-carbon responsibilities in accordance with the Group's provisions and achieves the expected energy-saving and low-carbon targets.

The Group implements an environmental protection objective responsibility system. At the beginning of each year, it signs HSE responsibility statements with employees of all positions to decompose and implement targets level by level. Through professional environmental protection training and publicity, the Group enhances employees' job skills and awareness of incident prevention. It has also formulated an internal environmental management manual. In terms of environmental management system verification, all of the Group's operations have been certified under Sinochem Holdings' internal FORUS HSE management system, achieving full coverage across the Group's operational scope. The Group has also obtained ISO 14001 Environmental Management System Certification, fully standardising operational processes and ensuring compliant and environmentally sound business operations.

Sinofert adheres to laws and regulations related to environmental protection, including but not limited to:

- Environmental Protection Law of the People's Republic of China
- Law of the People's Republic of China on Appraising Environmental Impacts
- Energy Conservation Law of the People's Republic of China
- Law of the People's Republic of China on the Promotion of Clean Production
- Environmental Protection Tax Law of the People's Republic of China
- Regulation on the Implementation of the Environmental Protection Tax Law of the People's Republic of China
- Renewable Energy Law of the People's Republic of China
- Circular Economy Promotion Law of the People's Republic of China
- Regulations of the People's Republic of China on Nature Reserves
- Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution
- Work Plan for Accelerating the Establishment of a Dual Control System for Carbon Emissions
- Regulations on the Administration of Ozone Depleting Substance
- Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy
- Action Plan for Carbon Dioxide Peaking Before 2030 by the State Council
- Water Pollution Prevention and Control Law of the People's Republic of China
- Regulations on Administration of Pollutant Discharge Permits
- Water Law of the People's Republic of China
- Regulations on Urban Drainage and Sewage Treatment
- Law of the People's Republic of China on the Protection of the Marine Environment
- Regulations of the People's Republic of China on the Management of Marine Dumping
- Prevention of Pollution from Shipbreaking Ordinance
- Regulations of the People's Republic of China on the Prevention and Control of Pollution and Damage to the Marine Environment by Pollutants from Land-based Sources
- Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter
- Law of the People's Republic of China on the Prevention and Control of Soil Pollution
- Land Management Law of the People's Republic of China
- Water and Soil Conservation Law of the People's Republic of China
- Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste
- Directory of National Hazardous Wastes
- Standard for Pollution Control on Hazardous Waste Storage
- Measures for the Administration of Permit for Operation of Dangerous Wastes

Sinofert adheres to laws and regulations related to waste management, including but not limited to:

- Measures for the Administration of Permits for the Operation of Hazardous Wastes
- Law of the People's Republic of China on the Prevention and Control of Radioactive Pollution
- Regulations on the Safety Management of Radioactive Waste
- Directory of Imported Wastes under Control
- Regulations on the Administration of Recycling and Treatment of Waste Electrical and Electronic Products
- Regulations on the Safety Management of Hazardous Chemicals
- Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution

Shandong Fertilizer Environmental Management System Certification

Sinochem Changshan Environmental Management System Certification

Sinochem Yunlong Environmental Management System Certification

Sinochem Ecology Environmental Management System Certification

Xinjiang Biotechnology Environmental Management System Certification

In response to increasingly stringent environmental policies and pollution prevention requirements from regulatory authorities, the Group has strengthened its environmental management system to deliver on its sustainable development commitments through practical actions. The Group strictly complies with environmental laws and has implemented internal policies including the "Sinofert Environmental Protection Management Methods", the "Sinofert Engineering Construction Project HSE 'Three Simultaneities' Management Standard", and the "Sinofert HSE Incident Reporting and Investigation Management Method". These measures support thorough identification of environmental risk sources and the implementation of preventive measures for air, water, soil, and solid waste pollution, while establishing contingency plans for sudden environmental incidents.

To minimise environmental and resource impacts, the Group maintains specialised emergency response equipment, conducts regular environmental incident drills, and initiates production restrictions during periods of heavy pollution or high phosphate consumption. In the event of an environmental incident, the Group fully cooperates with government investigations, identifies causes and processes, promptly discloses results, implements rectification and preventive measures, and compiles incident investigation reports to prevent recurrence.

The Group places strong emphasis on training in environmental protection and safety management, leveraging the "Sinofert HSE Performance Evaluation Management Standard" to incentivise all employees to fulfil their environmental and compliance responsibilities. Performance in handling environmental incidents and rectifications is incorporated into promotion and reward assessments, with results directly influencing priority rankings. For senior leaders and responsible personnel whose negligence leads to accidents, penalties or demotion are applied accordingly.

For new construction, reconstruction, and expansion projects, the Group strictly implements the "Sinofert Engineering Construction Project HSE 'Three Simultaneities' Management Standard" and environmental impact assessments to ensure construction projects meet national standards for safety, occupational health, and environmental protection. The Group requires simultaneous design, construction, production, and operation with the main project, and evaluates raw material usage, resource consumption, and pollutant disposal. Based on these evaluations, clean production technologies and facilities with high resource utilisation rates are prioritised to reduce environmental impact and prevent environmental pollution incidents.

Indicator	2025	Unit
Major accidental environmental discharge incidents[1]	0	Cases

As at the end of the Reporting Period, the Group had not incurred any significant environmental or ecology-related fines or penalties exceeding USD 10,000 per single incident during the past four fiscal years.

Climate Change

Climate change and global warming are among the most pressing environmental challenges facing the world today. Sinofert actively responds to the Paris Agreement and national targets for carbon peak and carbon neutrality, systematically identifying climate-related risks and impacts, developing comprehensive response strategies and carbon reduction action plans, and embedding these initiatives into the operational layout of the "Bio+" business.

To mitigate the operational impacts of climate change, the Group has adopted multi-dimensional measures, including optimising energy structures, accelerating low-carbon technological upgrades, deploying carbon capture, utilisation, and storage (CCUS) applications, and innovating emission reduction pathways for bio-fertilisers. These initiatives advance green and low-carbon transformation and contribute to sustainable development across the industry.

Climate Risk and Opportunities Management

The increasing frequency and severity of extreme weather events caused by climate change have prompted governments worldwide to strengthen climate-related supervision and promote technological innovation for climate adaptation and transformation. The Group actively explores the economic opportunities and challenges arising from climate change, following recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB), and complies with the newly added climate-related disclosure requirements under Appendix D of the Listing Rules. To this end, the Group has established a climate change management framework, integrating climate change considerations across the full lifecycle of corporate operations and embedding them into enterprise management and decision-making processes.

[1] First-time disclosure in the Reporting Year.

Governance

The Group's ESG governance framework is led by the Board of Directors. Under the Group's ESG Management Committee, a Low-Carbon Development Subcommittee is responsible for overseeing climate-related risks and opportunities. The roles and responsibilities of this subcommittee are defined in the Sustainable Development Management Measures and the Climate Change Management Policy.

- **Competency Requirements:** The Board of Directors and the ESG Management Committee regularly participate in climate risk training and assess members' professional backgrounds and external advisory support to ensure the necessary capabilities for overseeing strategy. Going forward, these requirements will be reviewed and updated in line with the latest regulatory developments, and reflected in the nomination and mandate of Board members to address climate-related expertise.

- **Information Acquisition:** The Board of Directors and the Low-Carbon Development Subcommittee review the annual ESG report, discuss climate-related risks and opportunities, and regularly receive thematic briefings and summaries of significant matters.

- **Strategy Integration:** When overseeing strategy, major transactions, and risk management, climate risk considerations (e.g., physical risks and transition risks impacting operations) are incorporated into the overall risk framework and ESG risk management system.

- **Target Oversight:** The Board monitors the establishment and progress of climate-related targets. At present, relevant indicators are not included in the remuneration policy; in the future, the possibility of integrating climate-related performance indicators into senior management compensation will be considered. Progress towards targets is reviewed periodically to ensure effective implementation.

The responsibilities of the management level are undertaken by the Low-Carbon Development Subcommittee, which coordinates with relevant departments to identify, assess, and implement strategies addressing climate-related risks, under the overall supervision of the Board of Directors. This working group operates in accordance with internal policy documents, including the Sustainable Development Management Measures and the Climate Change Management Policy, monitoring the impact of climate change on business operations, addressing relevant risks, and identifying potential opportunities. For further details, please refer to the "ESG Governance Framework" chapter.

Strategy

Climate Risk and Opportunities Assessment Process

The Group systematically advances the climate risk and opportunities assessment process. It begins by referencing ESG reports from industry peers, industry research, and media sources to identify climate risk and opportunity categories. This is combined with an analysis of Sinofert's value chain characteristics and the policy environment in its operating regions. Industry disclosure practices are examined in depth to initially identify and establish a repository of climate risk and opportunity topics highly relevant to business operations.

Based on this topic repository, the Group designs online questionnaires and invites relevant internal personnel to evaluate each climate-related risk and opportunity using qualitative factor weighting methods. The probability and potential impact of each risk and opportunity are assessed, followed by materiality ranking analysis to establish a climate risk and opportunities matrix, thereby identifying priority management matters.

Climate-Related Risks and Opportunities Identification Results

Through comprehensive analysis, the Group has identified 8 major climate transition risks and 2 potential opportunities[2]. For these risks and opportunities, we focus on analysing their potential impacts on operations and business activities, and summarise the key mitigation measures already implemented at this stage.

*: For the description of impact horizons, please refer to the "Scenario Analysis Framework" section.

[2] The climate transition risks and opportunities identified below are ranked in descending order of score.

Risk Scope		Climate Risk	Impact Horizon	Key Operational Risks (Qualitative Financial Impact Analysis[3])	Risk Mitigation Measures/ Action Plan
Transition Risk	Market Risk	Rise in energy prices	Medium – Long Term	**Current Financial Impact:** Rising natural gas and coal prices directly increase costs, thereby compressing profit margins. **Expected Financial Impact:** Revenue is expected to remain weak due to seasonal demand and production release constraints. The "Bio+" product line may support differentiated revenue growth, but ongoing cost pressures and high energy prices may further squeeze gross profit, potentially continuing to reduce production margin.	Based on "Monthly Price Forecast + Optimal Benefit Model", the Group monitors market dynamics to guide production planning and resource allocation, ensuring operational decisions consistently align with the core objective of "optimal benefit". Simultaneously, the Group actively advances the "Bio+" strategy, promoting continuous business innovation and value creation.
		Rise Raw Material Costs	Medium – Long Term	**Current Financial Impact:** Expenditure is increasing, particularly as rising raw material prices directly erode margins on phosphate and urea products. **Expected Financial Impact:** Ongoing cost pressures, with persistently high raw material prices continuing to compress gross margins, thereby affecting production profitability.	Sulphur is centrally procured by Sinofert, improving supply security and forecasting capabilities. Non-sulphur raw materials, such as phosphate and potassium, are procured via the upgraded China procurement supply chain platform, expanding the supplier base and enhancing both competitiveness and supply stability.

3 Regarding disclosures on climate-related financial impacts, the Group primarily provides qualitative descriptions during the Reporting Period and has not yet provided quantitative data. This is mainly due to the intertwined nature of climate-related risks with daily operations, market factors, and other variables, which currently makes it difficult to accurately isolate and quantify their independent financial impacts on performance and cash flow. At the same time, associated metrics carry a relatively high degree of uncertainty. The Report clearly identifies the potential effects of climate-related factors on key financial items, such as asset impairment and operating costs. The Group continues to strengthen its capacity for climate scenario analysis and financial impact assessment, with a view to gradually introducing more decision-useful quantitative disclosures in the future.

Risk Scope		Climate Risk	Impact Horizon	Key Operational Risks (Qualitative Financial Impact Analysis[3])	Risk Mitigation Measures/ Action Plan
	Policy and Legal Risk	Stricter regulations on existing products and services	Medium – Long Term	**Current Financial Impact:** None **Expected Financial Impact:** Revenue remains stable; green products' market share may increase, supporting revenue, but traditional fertiliser demand may weaken. Expenditure continues due to strengthened environmental compliance requirements and additional capital investment; asset values increase with low-carbon transition; financing remains favourable, though low leverage may reduce flexibility in responding to regulatory uncertainty.	**Integrated management** ensures stable operations, minimises unplanned production halts, continues process optimisation, implements energy efficiency upgrades, stabilises and reduces carbon emissions, and improves the quality and output of downstream products to enhance product value while effectively controlling carbon intensity. **Pollutant Emissions:** Some of the enterprises within the Group have achieved fully closed-loop recycling of production wastewater, realising zero discharge; waste gas is centrally collected and treated with desulphurisation and dust removal; multiple treatment technologies including cyclones, bag filters, and electrostatic precipitation are applied to ensure emission standards exceed national requirements. The Group conducts regular pollution monitoring and has installed online monitoring for sulphur dioxide and particulate matter for real-time control.
	Market Risk	Stakeholder negative feedback	Medium – Long Term	**Current Financial Impact:** None **Expected Financial Impact:** Revenue may be affected by reputational impacts; promotion of green products may increase sales if recognised, otherwise demand may weaken. Continued expenditure is required for ESG investment and response; asset values benefit from low-carbon projects, but cost adjustments may arise. Financing remains favourable, with low leverage maintained.	Engaged professional advisors to develop ESG rating enhancement plans, strengthen ESG management and information disclosure, and enhance the Group's overall ESG capabilities and rating performance.

Risk Scope		Climate Risk	Impact Horizon	Key Operational Risks (Qualitative Financial Impact Analysis[3])	Risk Mitigation Measures/ Action Plan
	Market Risk	Changes in customer preferences	Medium – Long Term	**Current Financial Impact:** None **Expected Financial Impact:** Revenue may continue to vary due to differentiated growth of Bio+ products, but competitive pressures may arise. Expenditure pressure remains, with increased R&D and channel transformation investment; asset values benefit from green production expansion; financing costs remain low, and leverage supports strategic investment.	Increase promotion of the "Mei Lin Mei" series, actively promote scientific fertilisation to accelerate the adoption of yield-enhancing bio-phosphate, and apply fertigation guidance technology to improve phosphate utilisation rate by over 30%.
	Policy and Legal Risk	Stricter GHG emissions disclosure requirements	Short – Medium Term	**Current Financial Impact:** None **Expected Financial Impact:** Revenue may benefit from green product demand, but non-compliance could affect investor perception. Expenditure continues, requiring additional regulatory and emission reduction investments; asset value increases with low-carbon transition; financing remains favourable, and effective disclosure helps attract ESG funding, lowering costs.	Efficiently utilise by-product steam from sulphuric acid production to supply downstream equipment, achieving high-efficiency recovery of steam condensate, increasing electricity generation, and reducing external power demand. Optimise process control, remove inefficient generation equipment, improve product output, and ensure dual energy control targets are met.
	Policy and Legal Risk	Legal and litigation risk	Medium – Long Term	**Current Financial Impact:** None **Expected Financial Impact:** Non-compliance with environmental laws may result in regulatory fines and legal costs, additional operational expenditure, and potential reputational damage, leading to reduced revenue.	Strengthen on-site management to ensure environmental facilities operate normally, pollutants meet discharge standards, and all legal procedures for pollution management are followed. Improvements are implemented for all waste streams.
	Technical Risk	Low-carbon technology development	Medium – Long Term	**Current Financial Impact:** Expenditure increases, primarily for CCUS project construction and operating costs. **Expected Financial Impact:** Revenue benefits from increased low-carbon product demand; expenditure pressure continues, with ongoing investment in transition capital; asset values increase over the long term due to green production; financing remains favourable, and ESG transition improves financing conditions, lowering cost of capital.	Perform statistical analysis on high energy-consuming and obsolete equipment, and gradually replace them in a planned manner to reduce enterprise burden. Promote renewable power procurement while gradually increasing the proportion of green electricity.

Opportunity Scope	Climate Opportunity	Impact Horizon	Horizon Key Operational Opportunities (Qualitative Financial Impact Analysis)	Opportunity Mitigation Measures/ Action Plan
Opportunity	Resilience: Supply Chain Diversification and Risk Distribution	Medium – Long Term	**Current Financial Impact:** Stable supply chain drives increased sales of compound fertilisers; expenditure is well-controlled, and procurement costs are reduced. **Expected Financial Impact:** Revenue is expected to continue growing. The green supply chain improves market share and resilience against climate-related fluctuations, while diversified strategies reduce risk volatility.	Promote diversification of import sources, deepen global strategic cooperation, and integrate the entire production value chain. Sinofert disperses regional political and extreme weather risks, ensuring stable supply of key raw materials such as fertilisers. Leveraging digital monitoring and national strategic reserves mechanisms, the Group further strengthens the supply chain's resilience and emergency response capabilities.
	Market	Short – Medium Term	**Current Financial Impact:** Deepening implementation of the "Bio+" strategy has increased sales proportion of biofertilisers, ranking the Group among the Top 100 most influential Chinese fertiliser companies in 2025. **Expected Financial Impact:** Revenue is expected to grow steadily. Differentiated, sustainable product sales will continue to increase, with revenue proportion supporting overall revenue; expenditure is moderate, supporting brand promotion and green R&D, optimising asset utilisation, and improving green inventory and production efficiency.	As the Group's "Biology+" strategy continues to advance, Sinofert has launched a new brand positioning,, positioning itself as a leader in "crop nutrition and health". The brand proposition, "Healthy Crops, Fertile Lands", aims to empower hundreds of millions of farmers and build abundant lands. Under the mission of "Science-Enabled Cultivation, Sustainable Agriculture", the brand promotes four key actions: 1. Technology-led innovation to enable high-efficiency intelligent cultivation; 2. Healthy crops to ensure high yields and stable income for farmers; 3. Green prosperity to advance low-carbon, sustainable agriculture and safeguard ecosystem health; 4. Food security and human well-being as the ultimate objective, ensuring farmers' satisfaction, family prosperity, and social stability.

Scenario Analysis Framework

Internationally published scenarios and relevant input parameters are selected to construct the scenario analysis framework, taking into account factors such as the operating value chain and business locations of Sinofert. The framework evaluates the potential financial impact of physical and transition risks. Reference is made to scenarios from the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), with short-term (current-2030), medium-term (2031-2040), and long-term (2041-2060) horizons constructed for low-emission[4] and high-emission[5] pathways. The scope of disclosure is consistent, analysing the actual and potential impacts on business strategy and financial planning. Climate-related risks and opportunities are assessed over short, medium, and long-term horizons, to identify priorities for risk management and to implement targeted mitigation measures.

The following sets out the key parameters used in conducting the scenario analysis and the rationale for their significance:

Key Parameter	Reason for Consideration
Extreme weather events	An increase in the frequency of extreme weather events may impact the Group's business operations.
Long-term global climate pattern changes	Long-term worsening of climate patterns could affect the Group's business operations.
Laws and regulations relating to regulated products and services	Increasingly complex regulation may raise the Group's compliance costs.
Climate-related information disclosure requirements	Stricter climate-related disclosure requirements may result in higher compliance risks and costs.
Low-carbon technology transformation support	Adoption of new energy sources or energy-saving equipment to replace traditional/high-energy-consuming equipment may result in advance depreciation of existing assets, increasing operational expenses.
Changes in customer preferences	Customers may increasingly prefer greener, low-carbon products and services; insufficient response may reduce customer appeal.
Energy prices	Rising energy prices will directly impact the Group's operating costs.
Raw material costs	Fluctuations in raw material prices may increase procurement costs for the Group.
Public concern over climate change	Failure to respond promptly to public concern regarding climate change may negatively affect the Group's image.

4 The low-emissions scenario encompasses the physical risk scenario under IPCC AR6 (Sixth Assessment Report) SSP (Shared Socioeconomic Pathways) 1-2.6, as well as the transition risk scenario under IEA (International Energy Agency) NZE (Net Zero Emissions)

5 The high-emissions scenario encompasses the physical risk scenario under IPCC AR6 SSP 5-8.5, as well as the transition risk scenario under IEA STEPS (Stated Policies Scenario).

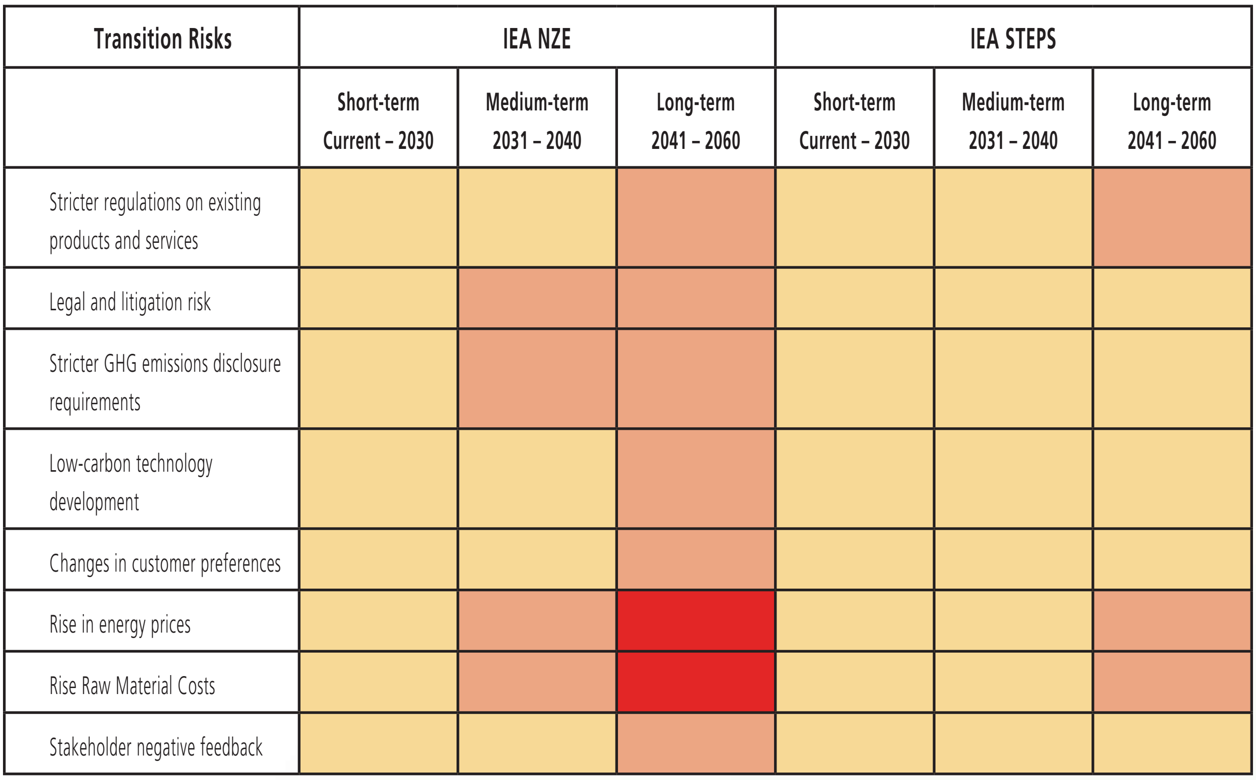
Key assumptions relevant to Sinofert under the low-emissions and high-emissions scenarios:

	Low-Emission Scenario	High-Emission Scenario
Physical Environment		
Global Average Temperature Increase	Approximately 1.5°C before 2040; 1.7°C before 2060; 1.8°C before 2100.	Approximately 1.6°C before 2040; 2.4°C before 2060; 4.4°C before 2100.
Global Average Sea-Level Rise	Potentially 0.19 m before 2050 (range: 0.16-0.25 m); 0.44 m before 2100 (range: 0.32-0.62 m).	Potentially 0.23 m before 2050 (range: 0.20-0.29 m); 0.77 m before 2100 (range: 0.63-1.01 m).
Climate Change Impacts	Relatively stable.	Significant (increased frequency and severity of floods, extreme weather events, etc.).
Socio-Economic Environment		
Economic Development	Achieve more inclusive economic growth while respecting known environmental limits.	Driven by fossil-fuel-based economic growth and technological progress, greenhouse gas emissions are expected to be at high levels by 2100, potentially aggravating extreme weather events.
Climate Policy	Chinese Mainland and Hong Kong have committed to achieving net-zero emissions, and detailed near-term targets and action plans have been set. Chinese Mainland commits to peak carbon by 2030 and carbon neutrality by 2060; Hong Kong commits to carbon neutrality by 2050.	Due to institutional, political, and economic barriers, policy effectiveness is limited, resulting in a lack of new climate policy.
Policy Implementation	Strict climate policies led by the governments of Chinese Mainland and Hong Kong, with low execution difficulty.	Lack of detailed near-term action and implementation plans.
Common Business Models	From a fossil-fuel-driven economy, rapidly transitioning to a renewable-energy-driven economy.	Profit-driven business models that do not adequately consider environmental and social impacts.
Commitment Level	Enterprises commit to national and regional climate action targets, contributing alongside business partners to achieve low-carbon operations.	Insufficient public awareness prevents the promotion of institutional reforms.

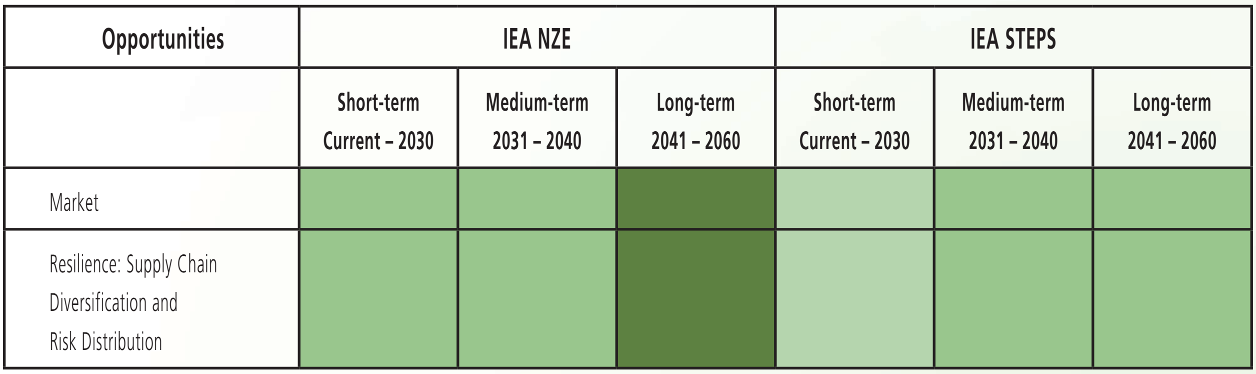
Climate Resilience

Based on the analysis of various climate-related risks and opportunities under different scenarios, and taking into account relevant indicators and time horizons, the Group is able to comprehensively assess the climate resilience of Sinofert, considering its operational characteristics, business nature, and geographic factors.

The chart below presents the results of Sinofert's climate resilience assessment:



Risk Value[6]: Not Applicable Low Medium High



Opportunity Value[7]: Not Applicable Low Medium High

6 Risk Value: According to the climate scenario analysis in the "Guide to Environmental, Social and Governance Reporting under the Hong Kong Stock Exchange", the higher the risk value (measured in degree/percentage), the greater the potential impact of climate-related risks on the Group's assets and financial position, indicating that the Group should take additional measures to enhance climate resilience.

7 Opportunity Value: According to the "Guidelines on Climate-related Disclosures under the Environmental, Social and Governance Reporting Framework of the Hong Kong Stock Exchange", the opportunity value (expressed as a percentage) increases as the analysis indicates a more pronounced positive impact of climate-related opportunities on a company's potential asset value and financial performance. A higher opportunity value reflects a greater degree to which the enterprise can benefit from relevant trends.

Climate-Related Strategy and Business Transformation

The Group has fully integrated climate-related risks and opportunities into strategic decision-making and resource allocation, and has established a climate transition plan to address both transition risks (such as carbon neutrality policies and green consumption trends) and physical risks (such as flooding and sea-level rise). In 2025, while climate change has not yet had a material structural impact on the Group's overall business model or resource allocation, we have continued to strengthen the management of climate-related risks and opportunities at the medium- to long-term strategic level, gradually incorporating these factors into operational decisions, supply chain management, and investment deployment, thereby laying a solid foundation for the low-carbon transformation of our business and asset structure.

To enhance business resilience, the Group continuously assesses the potential impact of climate change on production, logistics, and supply chain stability, and mitigates supply risks arising from geopolitical and extreme weather events through optimised raw material procurement strategies, diversification of key raw material sources, and accelerated adoption of green energy alternatives. At the same time, the Group has strategically focused its product and process development on decarbonisation, actively promoting energy-efficient technological upgrades, clean energy applications, and low-carbon process R&D, gradually increasing the proportion of green fertiliser products (such as bio-phosphate fertilisers) to align with agricultural emission reduction trends and national policy directions.

In seizing opportunities, the Group actively advances its "Bio+" and green growth strategies, deepening research and application of biotechnology, expanding sustainable agricultural solutions and circular economy businesses, and continuously improving resource utilisation efficiency through digitalisation and intelligent technologies. In investment, R&D, and marketing resource allocation, the Group prioritises areas that contribute to carbon reduction and ecological protection. Looking ahead, Sinofert will continue to conduct climate risk scenario analysis and carbon asset management research, regularly assessing the impact of climate factors on product portfolios, customer demand, and business profitability, and will adjust business layout and resource allocation in a timely manner in response to policy and market changes, driving the continuous transformation of the industrial chain towards a low-carbon, efficient, and sustainable future.

Climate Transition Plan and Target Achievement Pathway

To facilitate the transition towards a low-carbon economy, the Group has formulated a climate transition plan covering the period from 2024 to 2030, integrating climate objectives into its overall business strategy with a focus on reducing greenhouse gas emissions and enhancing operational resilience (for further details, please refer to the "Metrics and Targets" section). The Group has established quantitative climate targets and will continuously monitor progress within the defined scope of those targets, with disclosures and updates to be made as appropriate in each subsequent reporting cycle (for further details, please refer to the "Climate-Related Targets and Emission Reduction Commitments" section).

THE GROUP'S CLIMATE CHANGE TARGETS

- Using 2024 as the baseline, the Group targets total greenhouse gas emissions (Scope 1 and Scope 2) of 1,800,000 tonnes of CO_2 equivalent by 2030, representing a reduction of 9.9% against the baseline.

TARGET PROGRESS

- Using 2024 as the baseline, the Group achieved a reduction in total greenhouse gas emissions (Scope 1 and Scope 2) of 202,566 tonnes of CO_2 equivalent in 2025, representing a reduction of 10.14% against the baseline.

THE GROUP'S LOW-CARBON DEVELOPMENT TARGETS

- Using 2020 as the baseline, the Group targets a 60% reduction in carbon emission intensity by 2030, and aims to achieve a proportion of green electricity consumption of no less than 20% by 2026, with a continued upward trajectory thereafter.

Resource Allocation Plan

In 2025, Sinofert allocated dedicated resources within its budget and manpower to support energy-saving and carbon reduction initiatives. Designated personnel were assigned to establish an energy management system and to enhance the professional capabilities of all employees in energy conservation and carbon reduction. Specifically, to implement the opinions of the State Council on "fully and accurately implementing carbon peak and carbon neutrality under the new development philosophy", the Group revised and improved its decarbonisation roadmap, strengthened accountability for energy efficiency, and systematically promoted improvements in energy efficiency and carbon emission control, clearly defining climate response targets and action plans.

To achieve the carbon reduction targets outlined in its climate strategy, the Group actively advanced multiple energy-saving and carbon reduction projects. Key actions during the Reporting Period are as follows:

SINOCHEM CHANGSHAN

Upgrading of the Gas-Making Slag Water System

Through technical upgrades to the gas-making slag water system, the steam recovery and utilisation process was optimised, achieving a steam saving of 8 tonnes per hour. This project has effectively reduced steam consumption during the production process and lowered direct carbon emissions arising from fuel combustion.

Commissioning of Photovoltaic Power Generation

The Company has completed the construction of a photovoltaic power generation system within the plant and brought it into formal operation. Photovoltaic modules were installed on rooftops and available ground space within the plant premises to convert solar energy into clean electricity for use in production. The commissioning of the photovoltaic project has effectively displaced a portion of purchased electricity, reduced indirect carbon emissions associated with grid electricity consumption, and provided robust support for the achievement of carbon reduction targets.

SINOCHEM FULING

Technical Upgrade of Circulating Water Pumps with Steam Turbine Drives

To address the issue of high energy consumption in the circulating water pump system, steam turbine drive units were installed to replace the existing electric motor drives, making full use of waste heat steam generated during the production process to perform mechanical work and thereby substituting steam for electricity. This technical upgrade has effectively reduced electricity consumption in the circulating water system, improved the overall efficiency of energy utilisation, and delivered favourable economic and carbon reduction benefits.

SHANDONG FERTILIZER

Low-Temperature Waste Heat Recovery and Utilisation Project for Heating of Production Office Buildings and Residential Apartments

To meet the winter heating requirements of production office buildings and employee residential apartments, an innovative approach was adopted to recover and utilise the low-temperature waste heat contained in the circulating water of the sulphuric acid production unit, replacing conventional coal-fired or steam-based heating methods.

By installing a heat exchange system, low-grade thermal energy that would otherwise be discharged into the environment is converted into a heating source, effectively turning waste into a valuable resource. This initiative has significantly reduced fossil fuel consumption and associated carbon emissions in the heating process, whilst meaningfully improving the living and working environment of employees. The project delivers multiple benefits, encompassing energy conservation, carbon reduction, and the enhancement of employee wellbeing.

Metrics and Targets

To advance the transition to a clean, low-carbon economy and enhance climate resilience, the Group established specific climate change targets for 2025, along with detailed action plans and timelines, continuing to implement energy-saving and carbon-reduction initiatives to ensure effective execution of its climate strategy and support the sustainable development objectives. The Group will monitor target progress through regular performance evaluations and dynamic adjustment mechanisms, ensuring that each emission reduction initiative is implemented according to plan, and transparently reporting progress to shareholders and stakeholders to collectively achieve carbon neutrality.

	2025	2024	Unit
Scope 1[8]	1,607,097.95	1,740,170.58	tCO_2e
Scope 2[9]	187,269.64	256,763.17	tCO_2e
Scope 3[10]	390.09	576.15[11]	tCO_2e
Total GHG Emissions	1,794,757.69	1,997,509.91[12]	tCO_2e
GHG Emission Intensity	0.62	0.87	tCO_2e/tonnes product

Climate-Related Targets and Emission Reduction Commitments

The Group places high importance on climate change issues, integrating emission reduction actions into its overall strategic planning through systematic research, formulation, implementation, and evaluation across the full value chain. Science-based greenhouse gas (GHG) reduction targets have been established. Progress is tracked in conjunction with monitoring and performance evaluations, with periodic reviews and dynamic adjustments to ensure that the target pathways remain feasible and aligned with national "dual carbon" goals and the objectives of the Paris Agreement.

8 Scope 1 greenhouse gas emissions are disclosed based on the Group's internal monitoring data, which include emissions from fuel consumption and industrial processes, as well as the amount of carbon dioxide recovered and utilised.

9 Scope 2 greenhouse gas emissions are disclosed based on the Group's internal monitoring data, which include emissions associated with purchased electricity and purchased steam.

10 Scope 3 emissions cover the following categories: employee business air travel (Category 6) and operational waste disposal (Category 5). The relevant data has been calculated in accordance with the International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator and the Hong Kong Stock Exchange's Guide on Climate Disclosure and Environmental KPI Reporting.

11 Update the calculation of this figure.

12 Update the calculation of this figure.

At the quantitative level, the Group uses Scope 1 and Scope 2 greenhouse gas emissions as the core metrics for setting climate targets, establishing both absolute emission reduction targets and intensity-based targets. We drive carbon reduction actions at both the operational and business levels, comprehensively enhancing our climate change management capabilities and risk response capacity, and supporting the Group in achieving its low-carbon transition. The scope of application of these targets is consistent with the disclosure boundary of the Group's annual report, encompassing all relevant business units.

GHG Scope 1 and Scope 2 Quantitative Target	
Target Description	Using 2024 as the baseline, the Group targets total greenhouse gas emissions (Scope 1 and Scope 2) of 1,550,900 tonnes of CO_2 equivalent by 2030, representing a reduction of 22.3% against the baseline.

GHG Scope 1 and Scope 2 Intensity Target	
Target Description	Using 2020 as the baseline, the Group targets a 60% reduction in carbon emission intensity by 2030.

In alignment with China's Nationally Determined Contribution (NDC) under the Paris Agreement, the country has committed to peaking carbon dioxide emissions before 2030 and striving to achieve carbon neutrality before 2060, and the Group's targets are set in a direction consistent with these national commitments. To ensure the effective implementation of these targets, the Group has established a robust review and monitoring mechanism. The Low-Carbon Development Sub-committee will review the appropriateness of the targets on an annual basis and submit them to the Board of Directors for approval. The review process will incorporate internal scenario analysis and overall strategic benchmarking to ensure that the targets are scientifically sound and aligned with the Group's long-term development. To continuously monitor progress towards the targets, the Group has established a quarterly monitoring mechanism, tracking emission reduction performance through key performance indicators (KPIs) by comparing annual Scope 1 and Scope 2 emissions against the baseline year.

At a qualitative level, the Group continues to deepen climate mitigation practices, embedding climate governance within the "Bio+" strategy and across all business processes. Specific initiatives include optimising the full utilisation of phosphate gypsum resources, promoting the substitution of conventional fertilisers with biofertilisers to reduce emissions, enhancing green logistics and circular packaging applications, and strengthening energy structure optimisation and low-carbon technology upgrades.

By integrating both quantitative and qualitative targets, the Group is committed to translating climate action into measurable business outcomes, thereby continuously enhancing climate resilience and sustainable development capacity.

Extreme Weather and Occupational Health & Safety Management

As the frequency, scope, and severity of natural disasters continue to rise globally, the Group has continuously enhanced its relevant management systems to ensure the effective implementation of climate and environmental management measures. Progress and effectiveness of climate change-related work are regularly reviewed, and the risk management system is continuously optimised. Through energy-saving and process improvement projects, the Group actively leverages opportunities for energy structure adjustment and climate adaptation, thereby reducing the impact of climate change on its operations.

To prevent and respond to sudden environmental incidents, the Group has established a comprehensive environmental risk investigation and emergency management mechanism, implementing a tiered control approach. Contingency plans for environmental emergencies have been developed, necessary emergency resources are allocated, and regular training and drills are conducted to enhance all staff's emergency response capability, reducing the impact of extreme weather and environmental incidents on personnel safety and operational order. During the Reporting Period, the Group conducted on-site emergency drills across various scenarios, with a total of 50 drills and 384 participants.

For high-risk process segments such as leakage, explosions, and fire, the Group incorporates major hazard monitoring into daily management, clarifies preventive measures and handling procedures, and activates an emergency response system immediately in the event of an incident. Dedicated emergency teams coordinate on-site response and rescue operations to minimise the impact of incidents. Concurrently, all subsidiaries strictly comply with the "Law of the People's Republic of China on the Prevention and Control of Air Pollution" and other relevant laws and regulations, and align with local government high-pollution weather warning requirements, updating emergency plans as needed. Measures such as production restrictions, emission reductions, or temporary suspension of high-emission processes are implemented to mitigate the impact of adverse weather conditions on surrounding environments and communities.

Resources and Recycling

The Group adheres to the five development principles of "innovation, coordination, green development, openness, and sharing" and is committed to building a green ecological industrial system and promoting circular economy development. For example, the Group actively addresses the comprehensive utilisation of Phosphogypsum, achieves efficient recovery of fluorine, implements graded utilisation of phosphorus, and promotes technological upgrades for sulphuric acid production and flotation equipment, thereby significantly enhancing automation and intelligence levels.

In terms of resource management, the Group focuses on efficient utilisation of water resources and packaging materials, which are core measures for minimising the environmental impact across the industrial chain. In strict accordance with the "Sinofert Energy Conservation and Emission Reduction Management Measures" regarding water resources, the Group systematically implements comprehensive water resource utilisation projects, phases out products that consume excessive water, strengthens dynamic monitoring of water consumption in production, increases the reuse rate of water resources, and reduces freshwater consumption. In addition, in line with the "Sinofert Environmental Protection Management Measures" on raw material management, the Group encourages production enterprises to optimise product design, prioritise the use of clean raw materials, reduce pollution at the source, and enhance resource utilisation efficiency, fully reflecting the principles of a circular economy.

During the Reporting Period, the Company proactively aligned with the regulatory requirements of HKEX by implementing a comprehensive electronic corporate communications framework. Annual reports, interim reports, and other corporate materials are now disseminated exclusively through the Company's official website and the HKEX disclosure platform, gradually replacing traditional printed and postal distribution. This transition has contributed to a measurable reduction in paper consumption and associated carbon emissions. In parallel, the Board of Directors, Board committee meetings, and management meetings at all levels have fully adopted paperless practices, with electronic devices replacing printed meeting materials. These initiatives reinforce the Group's commitment to resource conservation and green operations, whilst enhancing the efficiency of information dissemination and improving transparency in both internal and external communications.

Overall, the Group actively promotes a "closed-loop management" approach to maximise resource recovery and reuse.

Water Resources[13]

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

THE GROUP'S WATER EFFICIENCY TARGE

- Using 2024 as the baseline year, the Group estimates that freshwater consumption will reach 7.778 million cubic metres by 2030, achieving a reduction of 7.3%.
- Using 2024 as the baseline year, the Group estimates that recycled water usage will reach 155 million cubic metres by 2030, achieving a reduction of 12.7%.

TARGET PROGRESS

- Based on 2024 as the baseline, the change in freshwater consumption decrease 16.52%; the change in recycled water consumption increase 71.54%.

[13] All of Sinofert's water consumption is sourced from municipal water supply networks, with no issues related to water sourcing.

To strengthen water resource monitoring and reduce water consumption, Sinofert requires its subsidiaries to set annual water targets and water-saving plans at the beginning of each year, and to establish water statistics tables for periodic collection, aggregation, and analysis of water consumption and water efficiency indicators. These data and assessment reports are submitted to the Group's headquarters, where performance is evaluated based on the internal water-saving incentive mechanism, and corresponding rewards or penalties are issued to companies or individuals.

At the same time, the Group actively promotes awareness and education among employees to enhance water-saving consciousness and encourage the implementation of water-saving actions. To minimise the operational impact on water resources and mitigate short-term water shortages, the Group continues to pursue innovative breakthroughs in technology applications to further improve the efficiency of water recycling and utilisation.

As at the end of the Reporting Period, the Group had not experienced any significant water-related incidents (including operational disruptions, plant closures or similar events) with a cost or revenue impact exceeding USD 10,000 during the past four fiscal years.

During the Reporting Period, the Group's water usage is presented as follows:

	2025	2024[14]	Unit
Freshwater consumption	7,002,645.00	8,388,000.00	m^3
Freshwater intensity	2.42	3.64	m^3/tonne of products
Recycled water consumption	304,471,792.78	177,488,281.74	m^3
Percentage of recycled water consumption	97.75	95.49	%

Packaging Materials

Adhering to the principle of minimising environmental impact, the Group seeks to avoid waste and pollution throughout production and procurement processes, taking into account the full lifecycle environmental footprint of its products. Environmentally friendly packaging solutions are prioritised, focusing on non-toxic, biodegradable, or highly recyclable materials. To promote packaging reduction and efficient resource use, the Group has established a comprehensive packaging management system. Through measures such as optimising packaging design, standardising specifications, and implementing minimalist and circular packaging models, the Group effectively reduces packaging waste generation. Total packaging material usage is systematically recorded and disclosed to support national initiatives for reducing environmental impact.

14 Update the 2024 annual freshwater consumption, freshwater use intensity, and the proportion of recycled water consumption.

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

	2025	2024	Unit
Amount of non-renewable packaging materials used	2,261.77	2,252.87	Ten Thousand-pieces
Total packaging materials consumption[15]	2,543.37	2,375.06	Ten Thousand-pieces
Packaging materials intensity	8.78	10.30	piece/tonne products

Energy Management

Sinofert strictly complies with national laws, regulations, and policies on energy conservation and emission reduction. In accordance with the "Law of the People's Republic of China on the Conservation of Energy" and the "Measures for the Administration of Energy Conservation by Key Energy-Consuming Units", the Group has formulated internal energy-saving and emission reduction policies to strengthen end-to-end energy management and to build a resource-efficient and environmentally friendly enterprise.

The Group places low-carbon development at the core of its strategy, establishing a systematic energy conservation and emission reduction management system. We operate under the principles of "unified planning, individual accountability, hierarchical management, targeted measures, and full employee participation". An Energy Management Committee, led by department heads, has been established to clarify responsibilities and implement regular energy audits and dynamic optimisation mechanisms. To ensure the effective achievement of emission reduction targets, we enforce a target responsibility system that integrates annual HSE and energy-saving indicators into performance evaluations. Through signed responsibility statements, decomposed quantitative targets, real-time monitoring, and linked incentives/penalties, the Group maintains a closed-loop "plan–do–check–act" management process.

To advance low-carbon technological transformation projects, the Group actively secures national fiscal, tax, and financial support. It implements procurement policies focused on energy conservation and emission reduction, prioritising energy-efficient equipment and environmentally certified products, accelerating low-carbon upgrades, and improving overall energy efficiency while reducing waste. The Group has also established a comprehensive statistical and monitoring system to track real-time energy consumption during production, promoting digitalised energy management. Furthermore, the Group maintains a robust energy conservation and emission reduction education and training programme. Tailored training is provided for employees across all subsidiaries to strengthen energy-saving awareness, promote green and low-carbon practices, and foster full participation, cultivating a culture of green transformation in agriculture.

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

THE GROUP'S TOTAL ENERGY CONSUMPTION TARGET

- Using 2024 as the baseline, the Group targets total energy consumption of 5,982,000 MWh by 2030.

TARGET PROGRESS

- Based on the 2024 baseline, the total energy consumption decreases 8.48%.

Sinochem Changshan, Sinochem Yunlong and Shandong Fertilizer
ISO 50001 Energy Management System Certification

During the Year, the Group's energy consumption is shown in the following table[16]:

	2025	2024[17]	Unit
Fuel consumption from stationary sources	5,634,088.37	6,165,636.97	MWh
Vehicle fuel consumption	2,072.34	2,035.82	MWh
Purchased electricity	411,924.99	444,872.74	MWh
Purchased steam	41,340.98	41,440.92	MWh
Total energy consumption	6,089,426.68	6,653,986.45	MWh
Intensity of energy consumption[18]	2.10	2.88	MWh/tonnes of product
Renewable energy	299,178.65	3,997.23	MWh
Biomass	14,953.89	4,227.36	Tonnes

Emissions and Pollutants

Sinofert consistently places environmental compliance and transparent management of pollutant emissions at the core of its sustainable development strategy. During the Reporting Period, the Group maintained a focus on mitigating agricultural source pollution, systematically advancing its green and low-carbon transformation, and continuously enhancing its environmental management systems to improve resource efficiency.

The Group further strengthened energy conservation, emission reduction, and clean production practices, promoting raw material substitution and process optimisation, and refining water and energy management to ensure steady achievement of key environmental performance indicators. Looking ahead, Sinofert will leverage technological innovation to deepen green research and development and expand its circular economy initiatives, aiming to build a safe, clean, and sustainable modern fertiliser industry system.

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

17 The disclosures relating to fuel consumption from stationary sources, total energy consumption and energy consumption intensity have been updated to reflect the finalised stationary source fuel consumption data for the financial year ended 31 December 2024.

18 The total volume of products generated by Sinofert during the Year was 2,897,000.00 tonnes.

Exhaust Gas Emissions and Management

Due to its involvement in production and manufacturing, Sinofert recognises the significant impact of air pollution on the environment. The Group primarily faces environmental pollutants generated from boiler fuel combustion, production workshops, and vehicle exhaust emissions. Accordingly, Sinofert has implemented strict environmental management measures and fully complies with the "Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution". Based on standards for industrial kilns, thermal power plants, odorous emissions, and the petrochemical industry, the Group has formulated internal regulations, including the "Sinofert Energy Conservation and Low-Carbon Management Measures", to implement environmental protection, energy saving, and emission reduction initiatives.

In addition, the Group commissions third-party environmental monitoring companies of recognised expertise to conduct independent inspections of its facilities, supervising pollution emissions in production workshops to ensure compliance with relevant environmental management requirements.

All production workshops of Sinofert are equipped with standardised flue gas monitoring and automated monitoring systems to collect real-time emissions data for pollutants such as sulphur dioxide (SO_2), nitrogen oxides (NO_x), and particulate matter (PM). For example, the Group utilises flue gas and environmental data collection instruments to monitor emissions from sulphuric acid equipment, ammonia production units, phosphate and compound fertiliser production facilities. Regular inspection and maintenance of monitoring systems are conducted to ensure stable operation and achievement of environmental management objectives.

THE GROUP'S POLLUTANTS EMISSION TARGET

- Using 2024 as the baseline, total sulphur dioxide emissions are projected to reach 281.9 tonnes by 2030, achieving a reduction of 15.6%.
- Using 2024 as the baseline, total nitrogen oxides emissions are projected to reach 142.1 tonnes by 2030, achieving a reduction of 28.1%.
- Using 2024 as the baseline, total particulate matter emissions are projected to reach 171.7 tonnes by 2030.

TARGET PROGRESS

- Using the 2024 baseline, sulphur dioxide emissions decrease 29.24%; nitrogen oxides emissions decrease 12.98%; particulate matter emissions decrease 8.33%.

During the Reporting Period, the air pollutant emission[19] situation for the Group is presented in the following tables:

	2025	2024	Unit
Production workshops			
Sulphur oxides (SO_x)	236	334	Tonnes
Nitrogen oxides (NO_x)	171	197	Tonnes
Particulate matter (PM)	167	182	Tonnes
Vehicle use			
Sulphur oxides (SO_x)	0.003	0.003	Tonnes
Nitrogen oxides (NO_x)	0.377	0.370	Tonnes
Particulate matter (PM)	0.020	0.020	Tonnes

Wastewater (Sewage) Management

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

All factories of the Group are equipped with wastewater treatment facilities and have established comprehensive wastewater treatment systems aimed at reducing wastewater discharge. The Group employs various wastewater treatment technologies, including biochemical reactions, aerobic and anaerobic processes, to purify workshop wastewater through adjustment, sedimentation, and filtration. After onsite treatment, the wastewater generally meets discharge standards and is ultimately released into nearby water bodies. If necessary, the Group collaborates with qualified treatment institutions for secondary wastewater treatment. Furthermore, the Group has installed pollutant monitoring systems at all wastewater discharge points to continuously and in real time monitor chemical oxygen demand (COD), ammonia nitrogen (NH_3-N), pH levels, and wastewater flow. Any anomalies are promptly addressed to ensure all facilities comply with national or regional laws, standards, and requirements.

19 Emissions of air pollutants include emissions from production workshops and vehicle use. The air pollutant emissions from Sinofert's production workshops for the year 2025 are based on the Company's monitoring data. The calculation method of the air pollutant emissions from vehicles owned and controlled by Sinofert has been calculated with reference to the 'Technical Guidelines for the Compilation of Air Pollutant Emission Inventory for Road Motor Vehicles (for Trial Implementation)' issued by the Ministry of Ecology and Environment of the People's Republic of China.

THE GROUP'S WASTEWATER DISCHARGE TARGETS

- Using the 2024 baseline, the Group aims to achieve chemical oxygen demand (COD) emissions of 31.65 tonnes by 2030, representing a 7.0% reduction.
- Using the 2024 baseline, the Group aims to achieve ammonia nitrogen (NH_3-N) emissions of 4.00 tonnes by 2030.
- Using the 2024 baseline, the Group aims to achieve industrial wastewater discharge of 1,625,600 tonnes by 2030, representing an 11.7% reduction.

TARGET PROGRESS

- Using the 2024 baseline, chemical oxygen demand emissions (COD) decrease 17.02%; ammonia nitrogen emissions decrease 4.73%; industrial wastewater discharge decrease 15.47%.

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

	2025	2024	Unit
Wastewater pollutants			
Chemical oxygen demand (COD)	28.23	34.02	Tonnes
Ammonia nitrogen (NH_3-N)	4.04	4.25	Tonnes
Wastewater Discharge			
Industrial wastewater discharge	1,556,527.01	1,841,403.46	m^3
Domestic wastewater discharge	246,881.63	28,093.45	m^3

Waste Management

The Group strictly complies with the relevant waste management laws and regulations, including the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste", the "Environmental Protection Law of the People's Republic of China", the "National Hazardous Waste List, the Standards for Pollution Control of Hazardous Waste Storage", the "Law of the People's Republic of China on Promoting Cleaner Production", and the "Measures for the Administration of Pollutant Discharge Permits". These frameworks ensure all hazardous and non-hazardous waste is disposed of in compliance with regulatory requirements. The Group continues to optimise its waste management system to achieve the reduction targets set.

THE GROUP'S WASTE TARGETS

- Using 2024 as the baseline, the Group aims to limit total hazardous waste generation to 90,229.5 tonnes in 2030, representing a 6.9% reduction.
- Using 2024 as the baseline, the Group aims to limit total non-hazardous waste generation to 2,836,100 tonnes in 2030, representing a 10.2% reduction.

TARGET PROGRESS

- Using 2024 as the baseline, total hazardous waste generation decrease 4.48%; total non-hazardous waste generation decrease13.89%.

To enhance waste reduction and the harmless disposal of waste, the Group rigorously implements internal management measures, including "Sinofert's Environmental Protection Management Measures" and "Sinofert's HSE Risk Management and Control Standards for Hazardous Chemicals". Each subsidiary classifies and manages different types of waste according to the internal classification system, and implements collection, storage, transportation, and recycling procedures. Measures to prevent diffusion, runoff, and leakage are applied to mitigate environmental pollution.

For hazardous waste, the Group commissions qualified units to ensure proper utilisation, disposal, and management, thereby preventing secondary pollution. The Group places a high priority on controlling environmental risks associated with waste treatment. Each subsidiary is required to accurately report annual hazardous solid waste disposal to the internal HSE information system, ensuring complete and accurate records, which facilitates monitoring and assessment of waste management effectiveness and timely implementation of corrective actions.

The Group is committed to the proper handling of waste to minimise environmental impact. Hazardous waste is stored at designated sites and collected and processed by certified contractors. Non-hazardous waste is centrally stored and treated according to established procedures. Furthermore, the Group is dedicated to increasing the recycling rate of waste. For example, residual steel and sulphur slag are recycled, and other recyclable materials, such as phosphate slag powder, are sold for use in fertiliser production. Through these measures, the Group achieves compliance in waste management and ensures the efficient use of resources.

During the Year, the generation and disposal of hazardous and non-hazardous waste by the Group are presented in the following table[20]:

	2025	2024	Unit
Hazardous Waste			
Waste Mineral Oil	33.99	40.56	Tonnes
Oil-water Mixture	0.00	7.08	Tonnes
Waste Catalyst	205.14	80.38	Tonnes
Batteries	2.44	1.74	Tonnes
Waste Chemical Reagents	2.28	4.46	Tonnes
Insulation Wool	22.14	20.64	Tonnes
Waste Engine Oil	0.70	11.42[21]	Tonnes
Paint Buckets	4.15		Tonnes
Chemical Reagent Packaging Containers	0.00	0.00	Tonnes
Glass Reinforced Plastic (GRP)	0.00	0.00	Tonnes
Fluorosilicic Acid	92,252.52	95,770.93	Tonnes
Activated Carbon	0.00	0.18	Tonnes
Waste Resin	0.00	11.70	Tonnes
Waste Paint	0.00	1.78	Tonnes
Analytical Waste Liquid	1.24	0.62	Tonnes
Toxic and Hazardous Contaminants	31.33	9.70	Tonnes
Diatomaceous Earth Filter Aid	0.00	3.64	Tonnes
Polyoxymethylene (POM)	0.00	8.72	Tonnes
Contaminated Soil During Soil Remediation	0.00	956.67	Tonnes
Waste Packaging Materials	0.00	1.56	Tonnes
Zinc Oxide Desulfurize[22]	11.22	–	Tonnes
Ceramic Balls and Refractory Bricks[23]	21.02	–	Tonnes
Total Hazardous Waste	92,587.97	96,931.78	Tonnes
Total Hazardous Waste Intensity	0.03	0.04	Tonnes/tonne of products

20 Hazardous waste generated by Sinofert is handled by qualified entities. Non-hazardous waste, such as phosphogypsum, is either properly treated internally or managed by qualified entities, while other non-hazardous waste is collected and processed by qualified units or used in fertilizer production.

21 As waste engine oil and paint buckets are being disclosed and recorded separately this year, the corresponding relationships are set out in the table below.

22 First-time disclosure in the Reporting Year.

23 First-time disclosure in the Reporting Year.

	2025	2024	Unit
Non-hazardous Waste			
Phosphogypsum	2,592,620.71	3,015,974.05	Tonnes
Phosphorus Slag Powder	12,000.75	13,551.28	Tonnes
Coal Ash	19,174.85	28,379.15	Tonnes
Scrap Iron	337.30	73.05	Tonnes
Slag	35,889.89	40,309.63	Tonnes
Sulphur Residue	6,445.26	506.84	Tonnes
Plastics	733.52	2,184.67	Tonnes
Biomass Furnace Ash	0.00	81.67	Tonnes
Sewage Sludge[24]	102.80	–	Tonnes
Total Non-Hazardous Waste	2,721,028.00	3,159,885.07	Tonnes
Total Non-Hazardous Waste Intensity	0.94	1.37	Tonnes/tonne of products

Natural Resource Protection

Excessive or improper fertiliser application may cause soil degradation and ecological damage. To address soil health challenges, the Group has continuously expanded its R&D team, increased investment, improved fertiliser utilisation efficiency, enhanced soil health, and achieved breakthroughs in biological agents and "Bio+" fertiliser products. At the same time, the Group has collaborated with the Chinese Academy of Agricultural Sciences to co-establish the National Engineering Research Centre for Farmland Protection, a national-level platform focusing on three key areas: biotechnology, soil health, and nutrient efficiency, driving technological innovation and integrated development.

The Group is committed to developing high-quality fertiliser products, stabilising the food supply chain, and advancing research and application of microbial and organic fertilisers to support the green transformation of modern agriculture in China. During the Reporting Period, the Group's project, "High-efficiency Coupling of Phosphorus and Ammonium Green Synergistic Technology Based on Root-Phosphorus Interaction", was conferred the Second Prize of the Sinochem Science and Technology Progress Award. Additionally, the project "Anti-solidification Biostimulant-based Liquid Fertiliser and its Preparation Method'" received the Sinochem Patent Excellence Award.

The Group has proactively undertaken self-monitoring of soil conditions and identification of potential hazards, strengthening the protection of natural resources and biodiversity to ensure stable and sustainable operations. We have prioritised the promotion of green agricultural technologies – including side-deep fertilisation, fertigation, microbial compounding, microbial-fertiliser coupling, and soil remediation – significantly enhancing soil quality while reducing environmental impact. Furthermore, the Group maintains a dedicated team of over 400 technical service personnel stationed at the grassroots level. They provide long-term guidance to customers and farmers on the correct application of fertilisers, assist in product selection, and calculate precise application rates, effectively improving fertiliser use efficiency and crop yields.

[24] First-time disclosure in the Reporting Year.

QUALITY PRODUCTS

The Group continues to prioritise safety and quality, strictly complying with relevant regulations, while increasing investment in research and development and enhancing its innovation system. This ensures the provision of higher-quality and safer crop nutrition products to support the green transformation of agriculture.

Product Responsibility

The Group strictly adheres to the "Product Quality Law of the People's Republic of China" and other applicable laws and regulations. Internal frameworks, including the "Sinofert Health, Safety, and Environmental Protection Management Regulations" and the "Sinofert Product Quality Management System", centralise management and implement hierarchical control over product health, safety, and quality. Through full-process monitoring of procurement, production, and sales, the Group ensures effective operation of the quality system, clarifies responsibilities, and enhances product quality and corporate reputation. Additionally, the Group strengthens quality management through systematic procedures and product certifications. During the Reporting Period, subsidiaries including Shandong Fertilizer, Sinochem Changshan, Sinochem Yunlong, Sinochem Fuling, and the Xinjiang Biotechnology successfully obtained ISO 9001 Quality Management System certification.

Sinofert is committed to continuously improving its quality management system by integrating innovative technologies, processes, and smart facilities to meet national quality and safety regulations and relevant industry standards. Subsidiaries establish internal standards according to product characteristics, ensuring they meet or exceed national requirements. Under the "Sinofert Product Quality Management System", quality departments are responsible for setting technical indicators, controlling standards, and analysing plans. Non-compliant products are prohibited from proceeding to the next stage, with investigations conducted to rectify the causes of nonconformance.

To guarantee product quality, specialised laboratories inspect and analyse all batches to ensure factory compliance. If products fail to meet standards, recall procedures are immediately activated and the chain of custody is maintained. The Group also enhances quality through publicity, training, and operational guidance, fostering awareness and continuous improvement of the quality management system among responsible personnel.


CQM
China Quality Mark
Quality Management System Certificate
Certificate Number:00225Q20281R5M
CQM hereby certifies that
Sinochem Shandong Fertilizer Co., Ltd.
GB/T 19001-2016/ISO 9001:2015
This certificate is valid to the following scope:
Production of compound fertilizer, bulk blending fertilizer and water-soluble fertilizers
方圆标志认证集团
China Quality Mark Certification Group


CQM
China Quality Mark
Quality Management System Certificate
Certificate Number:00224Q20452R3M
CQM hereby certifies that
Sinochem Jilin Changshan Chemical Co.,Ltd.
GB/T 19001-2016/ISO 9001:2015
This certificate is valid to the following scope:
The production of urea and its by-products liquid ammonia, production of multielements compound fertilizer, production of morpholine
方圆标志认证集团
China Quality Mark Certification Group


HSL
CERTIFICATION SERVICE
QUALITY MANAGEMENT SYSTEM CERTIFICATE
No. 11624Q10164R5M
This is to certify that the quality system of
SINOCHEM YUNLONG CO., LTD.
GB/T 19001-2016 idt ISO 9001:2015
The Production of Feed Additives (Dicalcium Phosphate, Monocalcium Phosphate), Hazardous Chemicals (Industrial Sodium Fluorosilicate), Phosphogypsum (Subgrade Material, Soil Conditioner, Ecological Restoration Material), Cement Retarder
Date of initial certification: October 12, 2009
This certificate issued on August 1, 2024; Expiry date August 9, 2027
on behalf of HSL CERTIFICATION SERVICE


CQM
China Quality Mark
Quality Management System Certificate
Certificate Number:00224Q26342R1M
CQM hereby certifies that
Sinochem Agricultural Ecological Technology (Hubei) Co., Ltd.
GB/T 19001-2016/ISO 9001:2015
This certificate is valid to the following scope:
Production and after-sales service of organic-inorganic compound fertilizer, compound fertilizer, mixed fertilizer (BB fertilizer), organic fertilizer
方圆标志认证集团
China Quality Mark Certification Group


质量管理体系认证证书
兹证明
中化重庆涪陵化工有限公司
（统一社会信用代码：915001027116560656）
建立的质量管理体系符合标准：
GB/T19001-2016/ISO 9001:2015
注册号：01923Q10498R0L
发证日期：2023年12月04日
有效日期：2026年12月03日
四川三峡认证有限公司


CQM
China Quality Mark
Quality Management System Certificate
Certificate Number:00223Q24959R1S
CQM hereby certifies that
Sinochem Agriculture (Xinjiang) Biotechnology Co., Ltd.
GB/T 19001-2016/ISO 9001:2015
Production and sale of water-soluble fertilizer with large elements
方圆标志认证集团
China Quality Mark Certification Group

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

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

1 Subsidiary laboratories conduct inspections according to the "Inspection Plan". If finished products fail inspections (including ecological indicators like arsenic, chromium, lead, cadmium, mercury in finished products, not within standards), the entire batch is deemed non-conforming, and a "Nonconforming Product Disposal Form" must be completed;

2 Non-conforming products are reviewed according to the "Non-conforming Product Disposal Form", followed by relevant disposal and keep in record;

3 Non-conforming products are immediately isolated and marked for identification;

4 The cause analysis and corrective measures are documented in writing.

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

Quality Control on Fertiliser

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

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

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

Compound Fertiliser Test	Urea, Phosphate Fertilizer (Monoammonium Phosphate, Phosphoric Acid II) Test
The Group follows the "Sinofert Compound Fertilizer Enterprise Standard" stricter than (GB/T15063 National Standard) and tests specified products according to national standards and internal corporate indicators, including nutrients, water, chloride, as well as scrap rates, particle strength testing, and other parameters not covered by national standards. For national standard projects, Sinofert conducts continuous sampling and inspection in batches not exceeding 300 tonnes; for non-national standard projects, inspections are performed once every three months (except under special circumstances).	the Group adheres to national standards (e.g., GB/T 2440-2017, GB/T 10205) and tests key indicators including nutrient content, moisture, chloride, as well as corporate standard indicators such as scrap rates and particle strength. Sampling is carried out in batches of no more than 300 tonnes for national standard projects and once every three months for non-national standard projects (except special circumstances).

Research and Innovation

In the field of intellectual property protection, the Group strictly complies with laws and regulations including the "Patent Law of the People's Republic of China" and the "Copyright Law of the People's Republic of China". It has established specialised systems, including the "Sinofert Technology Management Regulations", "Sinofert Research Project Management Measures", "Sinofert Patent Management Regulations", "Sinofert R&D Institution Management Measures", and "Sinofert External Technology Cooperation Management Measures". These systems collectively build a comprehensive risk control framework covering research projects, patent management, and external collaborations, effectively mitigating intellectual property risks, strengthening protection of core technologies, and continuously enhancing market competitiveness.

R&D System and Investment

During the Reporting Period, the Group continued to implement the "Bio+" strategy, leveraging national and provincial R&D platforms such as the "National Engineering Research Centre for Farmland Protection" and the "National Fertiliser Reduction and Efficiency Enhancement Science and Technology Innovation Alliance", systematically advancing the development of "Bio+" R&D capabilities and product innovation.

To this end, the Group has continuously strengthened its scientific research platforms and team building, assembling a high-level R&D team of over 70 members led by three Chief Scientists. This team focuses on three key areas: biotechnology, soil health, and nutrient efficiency, accelerating the establishment of the 'Bio+' R&D system while constructing proprietary research models to enhance R&D throughput. As at the end of the reporting period, our subsidiaries, Sinochem Yunlong and Sinochem Fuling, were successfully accredited as High-tech Enterprises. In 2025, R&D investment reached RMB136.21 million, accounting for 1.5% of industrial revenue.

Technology Commercialisation

As of 31 December 2025, the Group held a total of 526 valid patents, 1,306 registered trademarks, 19 copyrighted artworks, and 5 software copyrights. During the Reporting Period, four new patent applications and six licences were granted, and three new product development projects were launched. Revenue from newly developed products totalled RMB4.68 billion, representing 51% of total industry revenue.

The Group has successfully developed four new and upgraded products: "Jirun", "Songtian", water-soluble "Meilinmei", and the upgraded "Lanlin". Through the synergy of research, production, and marketing, we have achieved industrial commercialisation, with the annual conversion volume of scientific research achievements reaching 1.36 million tonnes. These products offer comprehensive benefits, including soil improvement, nutrient enhancement, and increased crop yields and income.

Technological Innovation Breakthroughs

1. *Phosphogypsum Innovation Breakthrough*

   Phosphogypsum is a major industrial solid waste from the production of phosphoric acid, containing phosphorus, fluorine, heavy metals, and other pollutants. Improper storage could lead to contamination of soil and groundwater, causing severe environmental pollution and occupying large areas of land. The Group's subsidiary, Sinochem Yunlong, produces approximately 1 million tonnes of phosphogypsum annually. Following the principles of "Safety, Environmental Protection, Simplicity, and Efficiency", the Group implements harmless treatment, resource recovery, reduction, and diversified utilisation pathways to achieve 100% comprehensive use of phosphogypsum, setting an industry benchmark.

Key Measures

1. *Technological Innovation Leadership*

Sinochem Yunlong has developed a spherical phosphogypsum cement retarder with an annual capacity of 300,000 tonnes, securing three national patents. As a pioneering achievement in China, the product's quality is comparable to that of natural gypsum. Furthermore, the Group has established a professional laboratory to leverage the superior quality of its raw materials (characterised by high sulphur trioxide and low impurities), enabling the research and development of bespoke products tailored to specific customer needs. Through the implementation of full-process quality control, this series of products has obtained ISO 9001 certification, making Sinochem Yunlong the first enterprise in Yunnan Province to achieve this distinction.

2. *Diverse Market Applications*

- Cement Retarder: Applied across 100% of Yunnan cement plants, with 75% in trial use and over 30% supplied; sales reached 1 million tonnes in 2025.

- Road Base Material: Innovative cementitious base materials applied in Yunnan, Zhenjiang, and Shilin road bases, with sales of 400,000 tonnes.

- Ecological Restoration: Utilised 750,000 tonnes of phosphogypsum from Shan Town chemical plant's waste phosphogypsum pond (storage 450,000 m^2), commencing operations in March 2025.

- Soil Improvement: Expanded flower bed substrate and calcareous soil treatment; received Environmental Protection Department approval and sales reached 400,000 tonnes.

Environmental Contribution

The phosphorus and fluorine content in phosphogypsum is stabilised with a solidification rate exceeding 90%. It replaces 1:1 of natural gypsum and sand, saving 0.05 m^2 of land per tonne used, effectively preventing soil and water pollution and safeguarding ecological safety.

1. *Digital Transformation*

In new media operations, the Group released nearly 2,500 short videos for agricultural support and hosted over 1,240 technical live-stream sessions. These initiatives reached over 30 million farmer visits and garnered more than 6,000 sales leads. Through our QR code marketing strategy, we implemented 'one bag, one code' traceability across 20,000+ SKUs, engaging over 100,000 farmers with more than 3 million scans, achieving an electronic voucher redemption rate of over 45%.

2. *Green and Low-Carbon Initiatives*

the Group has spearheaded research into F9 biological nitrogen fixation, LD biological phosphorus solubilisation, carbon excitation technology, and synthetic biology. These efforts led to the development of products such as "Jirun", "Songtian" and water-soluble "Meilinmei" contributing to the Group's goals of 'reduction and efficiency enhancement' and supporting agricultural carbon neutrality.

Customer Rights and Services

To enhance customer experience and satisfaction, the Group has established a comprehensive customer service system. The system strictly implements the "Sinochem Agricultural Fertiliser Business Customer Management Measures", "Sinofert Customer Management Measures", and "Sinofert Store Management Measures", as well as other internal policies, to standardise multi-channel customer management, guide, supervise, and assess the work of each unit, and ensure a reasonable allocation of marketing resources.

Specialised teams handle product quality complaints and feedback. Through an efficient mechanism, departmental responsibilities are clearly defined. Upon receiving complaints, customer information, complaint details, product names, and issues are promptly recorded. If issues cannot be resolved on-site, relevant departments provide technical support, on-site investigation, or professional services, giving customers detailed explanations and improvement plans to ensure thorough resolution. During the Reporting Period, a total of 25 product and service complaints were received, with a resolution rate and customer satisfaction of 100%.

Customer information is a core commercial asset of the Group. The Group strictly adheres to the "Consumer Rights Protection Law of the People's Republic of China" and other relevant laws and regulations, as well as the "Nong Xiaohui Privacy Policy", "Nongda Quan Privacy Policy" and "Sinofert Customer Management Measures" to ensure the accuracy and integrity of customer information. No individual is allowed to disclose customer information without authorisation. Customer information (both paper and electronic) is archived and stored in accordance with the "Archives Management Measures". Disclosure may cause losses to the enterprise, customers, and other stakeholders. Annually, the Group conducts comprehensive sorting and verification of customer information. Each business department also organises regular or ad hoc inspections and return visits to verify the accuracy of information and collect customer needs and feedback. The sampling and return visit results are documented to ensure standardised and accurate customer information management.

Product Labelling and Advertising

To ensure the accuracy of information and prevent misleading promotion, the Group strictly complies with the "Advertising Law of the People's Republic of China", the "Trademark Law of the People's Republic of China", Chapter 362 of the "Laws of Hong Kong on Trade Descriptions Ordinance", and other relevant laws and regulations. The Group has also established the "Sinofert Packaging Management Measures" to standardise product labelling, instructions, and marketing content, strengthening compliance controls.

The Group requires product packaging and promotional designs to meet national standards, clearly indicating product characteristics, usage methods, and precautions, while prohibiting exaggerated claims or misleading information to protect farmers' rights. Subsidiaries prepare packaging plans only after completing fertilizer efficacy verification in accordance with the "Sinofert Domestic Compound Fertiliser Product Entry and Exit Management Measures". Marketing and product line departments are responsible for executing online branding and promotional campaigns and for reviewing content. Any non-compliance is immediately addressed, with corrective measures implemented.

Furthermore, product labelling management is strictly governed by the "Sinofert Customer Management Measures" to prevent blurred brand marks or inaccurate information. Terminal sales stores implement and maintain operations in compliance with the "Sinofert Sales Store Management Measures", enhancing standardisation across distribution channels. In the event of anomalies during production or after-sales services, the Quality Technology Department and Sales Management Department are authorised to conduct traceability investigations, identify root causes, and provide feedback to customers to ensure proper resolution and maintain market order and consumer trust.

PEOPLE-ORIENTATION

Sinofert upholds the philosophy that "human resources are the Group's most important asset, with enterprise value and employee value being mutually enhanced." Employees are regarded as the Group's most valuable resources, key supporters of business development, and promoters of the third venture. We continuously build a shared value community between employees and the Group, promoting synergistic development and committing to lifelong care for our workforce.

From onboarding to retirement, the Group focuses on creating a warm, reliable, enjoyable, and efficient working environment. We actively enhance employees' managerial and professional capabilities to cultivate an outstanding team. Amid the gradual liberalisation of China's fertiliser market and intense competition, we stand shoulder-to-shoulder with employees to overcome challenges. Looking ahead, we will continue to build a highly capable and cohesive team, attract and retain key talents, and drive shared progress between the enterprise and its employees.

Protecting the Rights of Employees

The Group ensures legal employment, safeguards employee rights in areas such as equal opportunity and democratic management, promotes talent diversity, and provides robust support for the sustainable development of the Group.

Maximising Employee Value

The Group continuously invests in employee training, enhances employees' business capabilities, and expands career development opportunities, thereby maximising employee value.

Fostering a Sense of Belonging

Adhering to the "people-oriented" philosophy, The Group strengthens corporate culture, cares for employees, reduces turnover, and enhances employees' sense of belonging.

Employment Management

We strictly comply with employment laws and regulations relevant to the Group that have a material impact. We firmly believe that a stable and cohesive workforce is key to the sustainable development of our business. Accordingly, we actively implement human resources policies aimed at cultivating a highly capable and cohesive team, while providing employees with robust career development opportunities.

Our employment management system covers the following key areas:

Recruitment, dismissal, and promotion	**Recruitment and dismissal** The Group strictly complies with all employment laws and regulations that have material impact, including the "Labour Contract Law of the People's Republic of China", the "Labour Law of the People's Republic of China", the "Implementation Regulations of the Labour Contract Law", and other relevant policies. Internal policies such as the "Sinofert Employee Relations Management Measures" have been established to safeguard employee rights through merit-based selection mechanisms, ensure health and safety in the workplace, protect legal rights, and maintain sustainable incentive systems. The Group explicitly prohibits any form of child labour or forced labour under all circumstances. Employees are prohibited from performing work that is involuntary or poses safety hazards. All subsidiaries comply with legal requirements for the payment of wages and overtime, with working hours and holidays regulated according to national laws. The Group lawfully manages labour relations with employees, eliminating all forms of forced labour. During the recruitment process, employees are free to voluntarily sign labour contracts and retain the right to resign. **Promotion** The Group upholds principles of openness, equality, competition, and meritocracy in personnel selection and promotion. Employees are promoted based on their performance and capabilities, and positions are adjusted accordingly. This encourages employees to attain higher positions and ranks through demonstrated excellence and ability. To ensure that positions and ranks remain reasonable and applicable, and to meet the evolving needs of the Group and business development, the Human Resources Department regularly revises and adjusts the Group-wide position and rank system based on market conditions and business performance.
Labour Standards	The Group strictly complies with the national Provisions on the "Prohibition of Using Child Labour". During the recruitment process, the Human Resources Department rigorously verifies the identity cards of all applicants to ensure they have reached the statutory working age. In the event that child labour is identified, we will terminate the employment immediately. Subsequently, a special task force will be established to conduct an investigation to identify loopholes and implement remedial measures. We remain committed to refining relevant policies and strengthening proactive prevention and screening to ensure such incidents do not recur.

Equal opportunity, diversity, and antidiscrimination	The Group strictly complies with the "Law of the People's Republic of China on the Protection of Women's Rights and Interests" and the "Law of the People's Republic of China on the Protection of Disabled Persons", among other relevant laws and regulations. The Group is committed to building a diverse talent team, ensuring all employees are treated equally regardless of age, gender, religious belief, skin colour, physical disability, or cultural background. To achieve this, the Group has established a comprehensive democratic management system to ensure employees' rights to be informed, to express opinions, and to supervise are protected. The Group pays close attention to employees' grievances and actively addresses their needs and feedback. In protecting the rights of female employees, the Group adheres to the principle of equal pay for equal work between men and women, ensuring fair compensation, and prohibits their employment in hazardous mining work to safeguard their health and safety. In accordance with the "Sinofert Recruitment Management Policy" and the "Sinofert Employee Relations Management Policy", the Group has established a Group-wide anti-discrimination policy that adopts a zero-tolerance approach towards all forms of discrimination. The protected categories under this policy include gender, age, race, religion, disability, and sexual orientation, among others. The Group regularly organises anti-discrimination training for employees to raise awareness. Employees who experience or witness discriminatory behaviour may report such matters through the Group's established complaint and reporting channels, and the Group will promptly investigate and address all reported cases to safeguard employees' legitimate rights and interests.

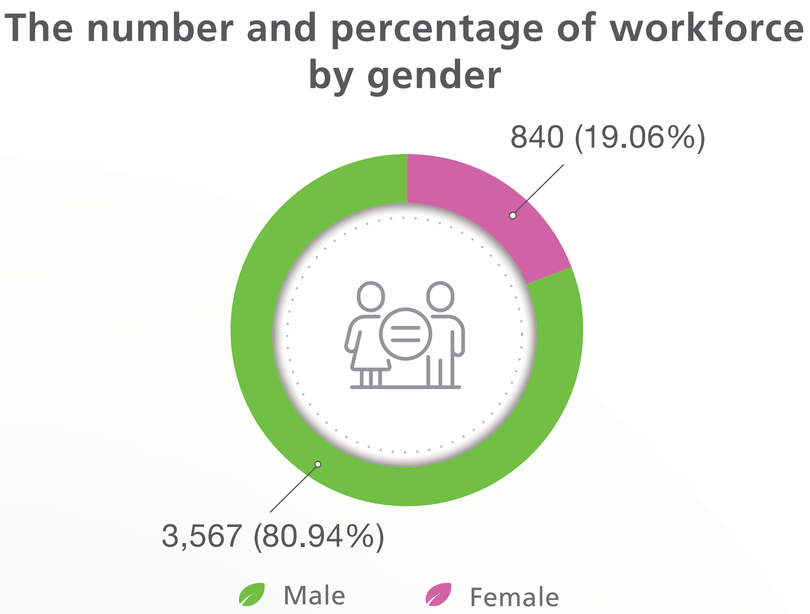
Remuneration, benefits, and other welfare	The Human Resources Department of the Group has formulated the "Sinofert Regulations on Remuneration and Benefits" to continuously optimise the structure of employee compensation and benefits. This policy covers basic salaries, other allowances (where applicable), annual bonuses, mandatory provident funds, and state-managed retirement benefit schemes. The Group aims to establish a fair remuneration structure, aligning the interests of key employees with Sinofert's performance and shareholder value, while balancing short-term and long-term benefits to ensure overall competitiveness of compensation. The design of cash remuneration reflects the importance of the position; the more critical the role, the higher the proportion of performance-linked bonuses in direct compensation. This approach is intended to attract, retain, and motivate the talent needed for Sinofert's operations, while avoiding excessive incentives. Sinofert conducts annual reviews of its remuneration policy and consults professional advisors as necessary to ensure internal fairness and external competitiveness, continuously enhancing employees' sense of belonging and supporting the Group's long-term business development.
Working hours and rest periods	In compliance with the "Sinofert Attendance and Holidays Management Measures", the Group implements a five-day workweek (08:30–12:00 AM/13:00–17:30 PM), with subsidiaries adjusting specific working hours lawfully and in accordance with operational requirements. Employees are entitled to statutory holidays and annual leave as mandated by national regulations. For employees on sick leave (due to illness or non-work-related injuries), the Group provides paid sick leave to safeguard medical leave entitlements. Additional leave benefits include marriage leave, maternity leave, and bereavement leave. The Company actively encourages employees to balance work and rest to ensure their physical and mental health, as well as work efficiency.

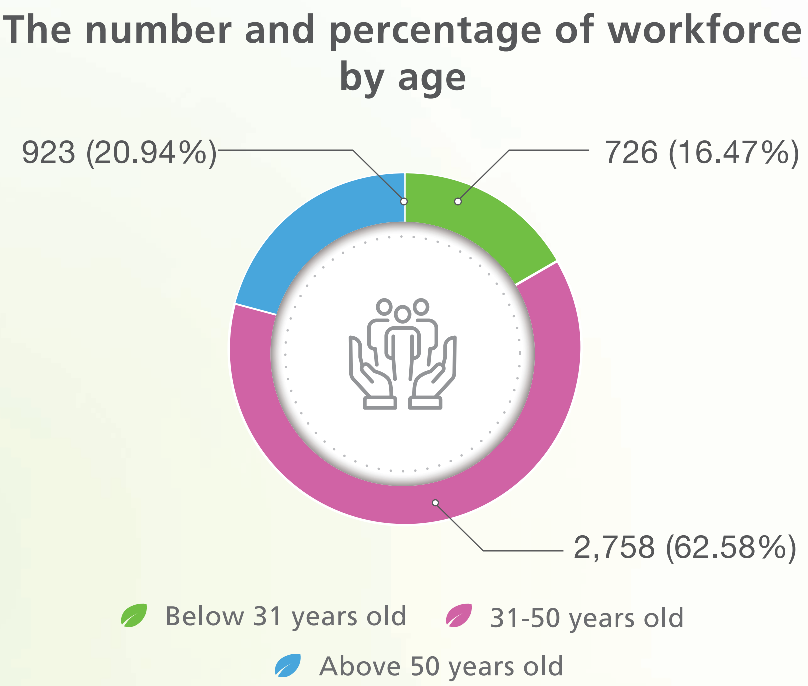
Labour Dispute Management and Resolution	A Labour Dispute Mediation Committee has been established to exercise mediation functions in accordance with the law. During the performance of labour contracts, any disputes between employees and the Group are resolved primarily through the employee grievance channel, following the principle of negotiation first and mediation second. If the issue cannot be resolved through the normal employee grievance channel, a written mediation application can be submitted to the Group's Labour Dispute Mediation Committee. Upon receiving the application, the committee will conduct mediation in accordance with the law. If no mediation agreement is reached within 15 days of the committee receiving the application, or if one party fails to fulfil the mediation agreement within the agreed period, the other party may apply for arbitration in accordance with the law.
Human Rights Commitment	The Group places great importance on the protection of human rights. Guided by a suite of internal policies — including the "Sinofert Recruitment Management Policy", the "Sinofert Employee Relations Management Policy", the "Sinofert Attendance and Leave Management Policy", the "Sinofert Remuneration and Benefits Management Policy", and the "Sinofert Occupational Health Management Policy" — the Group has established a comprehensive Group-wide human rights framework. Key commitments include: the prohibition of all forms of forced labour and child labour, ensuring that all employment relationships are founded on a voluntary and equal basis; upholding the principle of non-discrimination to provide a fair working environment for all employees; safeguarding employees' right to fair and reasonable wages; and strictly complying with regulations on working hours to protect employees' right to rest. In addition, the Group is committed to occupational health and safety, the protection of employee privacy and personal information, and the implementation of special protective measures for female employees in accordance with applicable laws, thereby safeguarding the legitimate rights, interests and dignity of every employee.

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

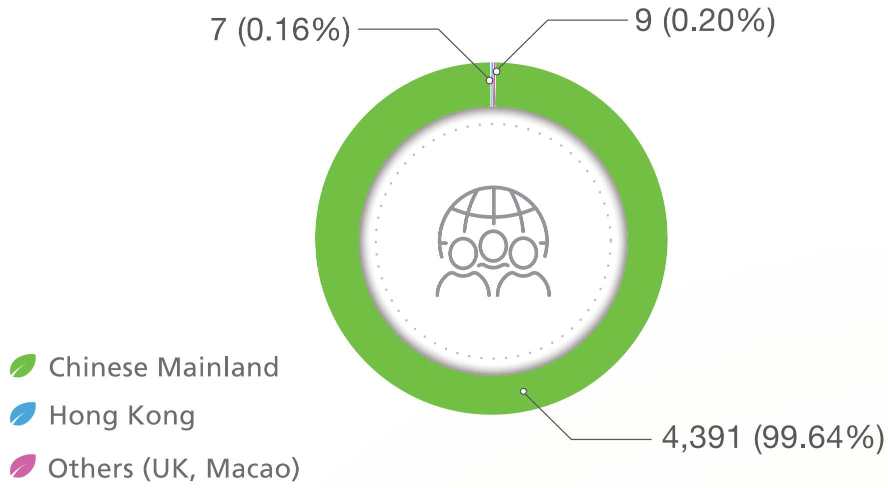
- Labour Contract Law of the People's Republic of China
- Labour Law of the People's Republic of China
- Regulation on the Implementation of the Labour Contract Law of the People's Republic of China
- Employment Promotion Law of the People's Republic of China
- Social Insurance Law of the People's Republic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

As of 31 December 2025, Sinofert had a total of 4,407 employees, all of whom were full-time. The employee turnover rate for the year, broken down by gender, age, region, employee type, and education level, is shown below:

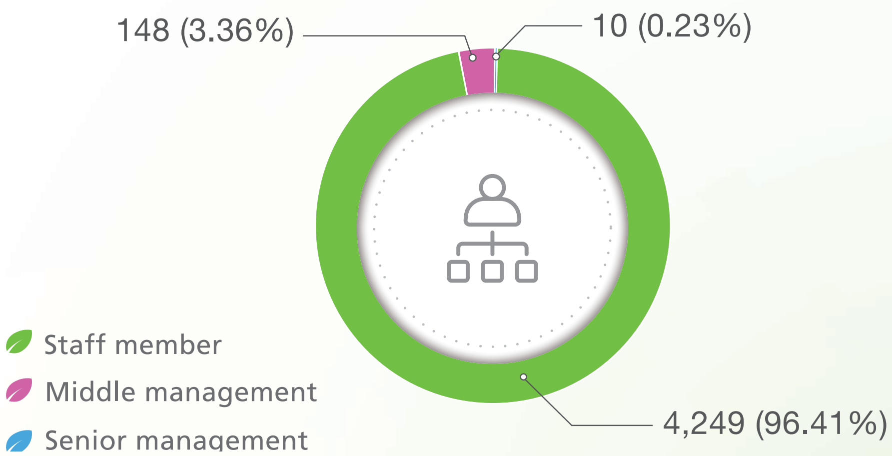




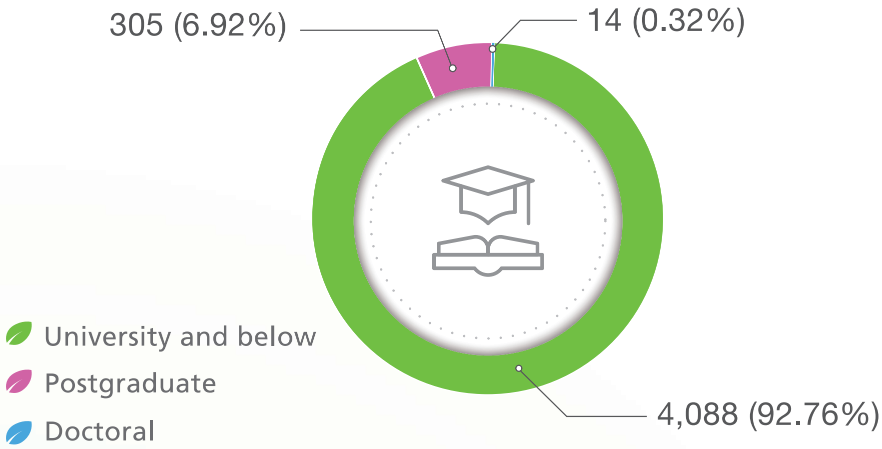
The number and percentage of workforce by geographic region



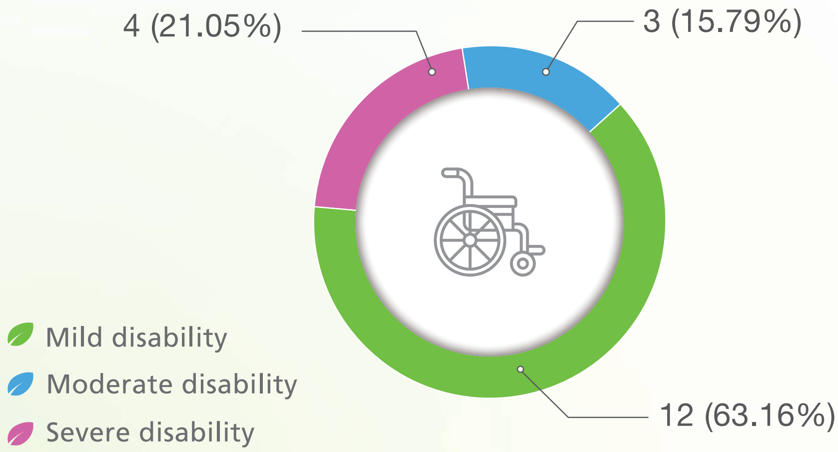
The number and percentage of workforce by employee category



The number and percentage of workforce by educational level



The number and percentage of disabled workforce by disability status



Employee turnover rate[25]		
Indicators	**2025**	
Gender	**Number**	**Ratio**
Male	249	6.98%
Female	62	7.38%
Age Group	**Number**	**Ratio**
below 31 years old	78	10.74%
31 – 50 years old	124	4.50%
above 50 years old	109	11.81%
Geographic Location	**Number**	**Ratio**
Chinese Mainland	310	7.06%
Hong Kong	0	0.00%
Other regions	1	11.11%

25 Employee turnover rate formula: number of departed employees within the category / total number of employees within the category x 100%.

Employee Care

While assisting employees in refining training plans and career development pathways, the Group places strong emphasis on employees' physical and mental well-being. We provide a variety of employee care activities to enrich their extracurricular life, enhance job satisfaction, and strengthen their sense of belonging.

To continuously understand employee needs and optimise management practices, the Group conducted an employee satisfaction survey during the Reporting Period, covering multiple dimensions including corporate vision, business priorities, people/culture, leadership effectiveness, manager effectiveness, team efficiency and personal experience. A total of 4,082 employees participated in the survey, achieving a participation rate of 91%, with an overall satisfaction score of 85 out of 100, reflecting a high level of employee recognition of the Group's overall working environment and management standards. The Group will continue to monitor survey results and develop improvement measures based on employee feedback to continuously enhance the employee experience and sense of belonging.

I. Strengthening Value Recognition and Honouring Long-term Contribution

Sinofert values the long-standing dedication and contributions of its employees and is committed to fostering a corporate culture rooted in value recognition. During the reporting period, Sinofert and its subsidiaries launched the "Cultivation Plan", systematically curating and publishing the "Service Anniversary Stories" series to record employees' growth trajectories and contributions throughout the company's development. Meanwhile, the company awarded exclusive "Service Medals" to employees across different seniority tiers, strengthening their sense of belonging and achievement through tangible recognition. This initiative not only acknowledges the long-term commitment and hard work of our staff but also effectively enhances team pride, cohesion, and organisational centripetal force, further supporting the company's sustainable human resources development goals.

II. Perfecting Life-cycle Care and Delivering Organisational Warmth

Sinofert upholds the philosophy of "Full-career Care", integrating employee welfare into every stage of their professional journey. Regional offices have actively implemented care mechanisms for retiring staff; for instance, the East China and Hainan regional offices organised "Retirement Honour Ceremonies". These ceremonial events serve to review career milestones and express gratitude and respect. Through these formal and heartfelt retirement ceremonies, the company demonstrates its respect for senior employees and its appreciation for long-term service. This reflects a positive corporate image that prioritises humanistic care and employee well-being, contributing to an inclusive, warm, and sustainable workplace culture.

III. Extending the Boundaries of Care and Building Bridges Between Home and Enterprise

Sinofert recognises the vital support role that employees' families play in their professional development and is dedicated to fostering positive interactions between the enterprise and staff families. The company has extended the boundaries of its care through diversified activities. For example, Sinochem Ecology hosted "Family Day" events, inviting relatives to visit the enterprise and learn about the working environment and business operations. The Henan regional office conducted "Employee Home Visits", engaging in face-to-face communication with spouses and elders. These close-range interactions and dialogues enhance family members' recognition and understanding of the employees' work and value, securing support and encouragement from the domestic sphere. By fostering harmony within "small families", the Group ensures the stable development of the "big family", further strengthening its practice of corporate social responsibility and humanistic care.

During the Reporting Period, the Group conducted an employee engagement survey, focusing on key areas such as organisational identification, sense of belonging, and career development. A total of 3,713 employees participated in the survey. The results indicated a strong sense of identification with the organisation among employees, with an overall engagement score of 85 (out of 100), reflecting high cohesion and a positive working atmosphere.

Occupational Safety and Health

The Group is committed to providing a healthy, safe, and environmentally friendly workplace, consistently adhering to the occupational health principle of "prevention first, combining prevention and control, and comprehensive management". We strictly comply with relevant laws and regulations, including the "Work Safety Law of the People's Republic of China", "Fire Protection Law of the People's Republic of China", "Emergency Response Law of the People's Republic of China", "Regulations on the Safety Management of Hazardous Chemicals", "Law of the People's Republic of China on the Prevention and Control of Occupational Diseases", as well as regulatory requirements such as the "Workplace Occupational Health Supervision and Management Provisions and the Employer Occupational Health Surveillance Supervision and Management Measures". Meanwhile, the Group has established a management system featuring "enterprise accountability, tiered management, and regular assessment" to ensure the effective implementation of occupational health and safety practices.

In 2025, the Group is committed to achieving the goals of "zero major or above production accidents", "zero Level IV or above environmental incidents", and "zero occupational disease hazards", thereby safeguarding stable operations and maintaining a safe working environment.

As the primary entity responsible for occupational health and safety, the Group's leadership assumes full accountability for workplace safety and health. We have implemented systematic measures, including:

1. **Establishing an OH&S management system:** Designating the HSE & Industrial Management Department to oversee occupational hazard prevention.

2. **Deploying specialised personnel:** Assigning dedicated occupational health professionals, with Human Resources Department and trade unions assisting in supervision to ensure operational safety.

3. **Enforcing internal policies:** Implementing internal policies such as the "Sinofert Occupational Health Management Measures", "Sinofert Health, Safety, and Production Management Measures", "Sinofert HSE Management Regulations", "Sinofert HSE Training Standards", "Sinofert Chemical Process Safety Control Standards", and "Sinofert HSE Emergency Management Protocols", minimising the risks associated with occupational safety and health.

The Group places strong emphasis on hazard identification and early warning, incident reporting, dynamic monitoring and evaluation, rapid incident response, and emergency rescue management. Through routine inspections and closed-loop rectification, we effectively mitigate occupational health risks and provide employees with a safe and reliable working environment.


CQM
China Quality Mark
Occupational Health and Safety Management System Certificate
Certificate Number:CQM24S20283R3M
CQM hereby certifies that
Sinochem Jilin Changshan Chemical Co.,Ltd.
GB/T 45001-2020/ISO 45001:2018
This certificate is valid to the following scope:
The production of urea and its by-products liquid ammonia, production of multielements compound fertilizer, production of morpholine and related management activities
Issued on: 2024-01-19
Expires on: 2027-03-11
方圆标志认证集团
China Quality Mark Certification Group


CQM
China Quality Mark
Occupational Health and Safety Management System Certificate
Certificate Number:CQM25S20177R5M
CQM hereby certifies that
Sinochem Shandong Fertilizer Co., Ltd.
GB/T 45001-2020/ISO 45001:2018
This certificate is valid to the following scope:
Production of compound fertilizer, bulk blending fertilizer and water-soluble fertilizers
Issued on: 2025-01-14
Expires on: 2028-02-02
方圆标志认证集团
China Quality Mark Certification Group


CQC
OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATE
Certificate No. CQC23S30970R4M/5300
We hereby certify that
Sinochem Yunlong Co., Ltd.
Jinnan Industrial Park, Xundian County, Kunming City, Yunnan Province, P.R. China
has been awarded this certificate for compliance with the standard
ISO 45001:2018
The Occupational Health and Safety Management applies in the following area:
Production of Fertilizer-grade and Feed-grade Calcium Hydrogen Phosphate, Feed-grade Calcium Dihydrogen Phosphate and Industrial-grade Fluorine Sodium Silicate and Related Management Activities
Certified since: April 4, 2014 Valid from: April 10, 2023 Valid until: April 3, 2026
Signed by: Xie ZhaoXu
CHINA QUALITY CERTIFICATION CENTRE


CQM
China Quality Mark
Occupational Health and Safety Management System Certificate
Certificate Number:CQM24S23963R1M
CQM hereby certifies that
Sinochem Agricultural Ecological Technology (Hubei) Co., Ltd.
GB/T 45001-2020/ISO 45001:2018
This certificate is valid to the following scope:
Production and after-sales service of organic-inorganic compound fertilizer, compound fertilizer, mixed fertilizer (BB fertilizer), organic fertilizer and related management activities
Issued on: 2024-10-14
Expires on: 2027-11-17
方圆标志认证集团
China Quality Mark Certification Group


CQM
China Quality Mark
Occupational Health and Safety Management System Certificate
Certificate Number:CQM23S23060R1S
CQM hereby certifies that
Sinochem Agriculture (Xinjiang) Biotechnology Co., Ltd.
GB/T 45001-2020/ISO 45001:2018
This certificate is valid to the following scope:
Production and sale of water-soluble fertilizer with large elements
Issued on: 2023-08-23
Expires on: 2026-12-14
方圆标志认证集团
China Quality Mark Certification Group

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

Culture of Safety

The Group places great importance on the safety and health of its employees. In accordance with applicable laws and regulations, we enrol all employees in work-related injury insurance and pay the relevant premiums. At the same time, we continuously strengthen our work safety management system to ensure a safe and healthy working environment. To this end, the Group has established the "Sinofert HSE Risk and Hazard Management Control Standards" and actively conducts hazard identification and inspection activities, with a particular focus on key areas such as fire safety and hazardous chemical handling. Once hazards are identified, relevant departments promptly carry out inspection, verification, and rectification to eliminate risks and ensure workplace safety. In addition, we engage qualified technical service institutions to conduct occupational hazard factor testing at least once annually. For subsidiaries or departments exposed to relatively higher occupational risks, we conduct occupational hazard assessments at least once every three years and implement corrective and improvement measures based on the assessment results to further safeguard employee health and safety.

To reinforce management accountability for health and safety, the Group has incorporated health and safety-related indicators into the performance appraisal framework of the Chief Executive Officer. These indicators are set out in the "Health, Safety and Environment Responsibility Agreement", and the CEO's remuneration is directly linked to the fulfilment of the targets established therein. This measure is intended to ensure the effective advancement of health and safety initiatives at the management level, driving the Group to continuously improve its safety production management standards.

In accordance with internal policies, the Group provides pre-employment and on-the-job occupational health and safety training for employees at all levels on an annual basis, along with regular assessments. The training covers leadership, management, and operational staff, with content tailored to practical needs. Training materials are systematically developed, and a comprehensive training system is being progressively established and improved. The training content covers multiple occupational health and safety topics, including:

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

During the Reporting Period, the Group's production enterprises organised a total of 2,409 occupational safety activities, including principal-in-charge safety training, safety awareness and consultation days, accident warning education sessions, legal and regulatory briefings, and safety knowledge competitions, with 8,335 participant attendances in total.

In addition, the Group implemented measures such as reasonable work-rest scheduling, regular training, effective communication, and emergency drills to enhance employees' awareness of occupational health and safety, strengthen their self-protection capabilities, and minimise the risk of workplace accidents to the greatest extent possible, thereby safeguarding employees' health and safety.

The following table presents the number and rate of work-related fatalities, as well as the number of working days lost due to work-related injuries, for each of the past three years (including the Reporting Year):

Indicators	2025	2024	2023	Unit
Number of Work-related Fatalities	0	0	1	Person
Rate of Work-related Fatalities	0.00	0.00	0.02	Percentage
Number of Recordable Injuries (lost-time injuries)[26]	3	–	–	Case
Lost Time Injury Rate (LTIR)[27]	6.9	–	–	Percentage
Number of Recordable Occupational Diseases[28]	0	–	–	Case
Number of Process Safety Incidents[29]	5	–	–	Case
Number of Vehicle Accidents[30]	1	–	–	Case
Number of Lost Workdays Due to Work-related Injuries[31]	205	205	276	Day

Employee Training and Development

The Group firmly believes that employee development is closely linked to the Group's long-term growth. We respect employees' individuality and aspirations, promote equal development opportunities for all, and fully empower employees by placing trust in their capabilities. At the same time, we closely integrate our business strategy with core organisational capabilities, focusing on the implementation of the "Bio+" strategy and continuously enhancing our talent development system. We are building five core talent pipelines covering R&D, production, sales, management, and young professionals, to accelerate talent development and establish clear and efficient career progression pathways.

26 First-time disclosure in the Reporting Year.
27 First-time disclosure in the Reporting Year. Note: Total working hours for the current reporting year were 8,707,311 hours.) (Calculation formula: Number of lost-time injuries × 200,000 / Total employee working hours).
28 First-time disclosure in the Reporting Year.
29 First-time disclosure in the Reporting Year.
30 First-time disclosure in the Reporting Year.
31 The number of workdays lost is defined as the workdays lost as a result of accidents (other than serious injuries) that materially cause injury or occupational disease in which the person is absent from work due to the injury or disease for at least one day counting from the day following the day of the injury or disease.

To support the stable development of the industrial chain, the Group is committed to enhancing employees' overall competencies and professional skills, promoting synchronised growth between employees and corporate competitiveness. Through the strict implementation of the "Sinofert Training Management Measures" and the "Sinofert Internal Trainer Management Measures", we have established a scientific and systematic talent development framework, fostering a learning-oriented organisation and comprehensively strengthening employees' capabilities to ensure the effective execution of our talent strategy.

At the same time, we actively leverage internal resources to promote the inheritance of professional knowledge by standardising the selection, development, and incentive mechanisms for internal trainers, thereby providing strong curriculum support for talent development. Closely aligned with the Group's business strategy and core organisational capabilities, we continue to empower our workforce and implement diversified talent development initiatives. The following outlines the training programs implemented by the Group for different employee groups:

For Industrial Talents	• Implement the "Production Wings Talent Development Programme" to enhance the team management and operational excellence capabilities of the industrial management talent pipeline; • Continue to advance and complete the implementation of the "2022–2025 Industry-Education Integration Plan", promoting continuous improvement in the overall competency of skilled personnel.
For Marketing Talents	• Implement the "Marketing Wings Talent Development Programme" to strengthen the comprehensive capabilities of marketing management talent in "team leadership", "business execution", and "innovation driving"; • Organise the "Technical Marketing Masters Competition" to enhance the technical service capabilities of marketing personnel.
For R&D Talents	• Develop the "Elite Young Scientist Programme", leveraging expert mentorship and intensive training to cultivate mid-career scientific research talent.
For Young Talents	• Continue to implement the "New Feather Graduate Programme" to build a strong pipeline of young talent.

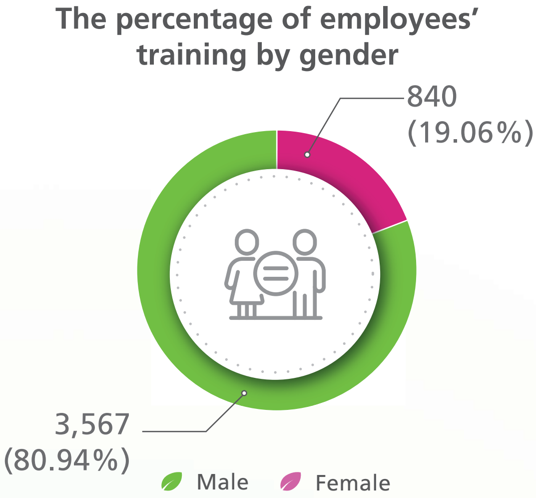
For All Employees	• Roll out the "Gravity Learning Programme" to enhance the Group's core organisational capabilities; • Continue to promote the "Zigzag Career Rotation Programme" to facilitate talent mobility and develop cross-functional talent; • Utilise online platforms to expand the coverage of onboarding training, as well as safety and compliance-related learning for new employees.

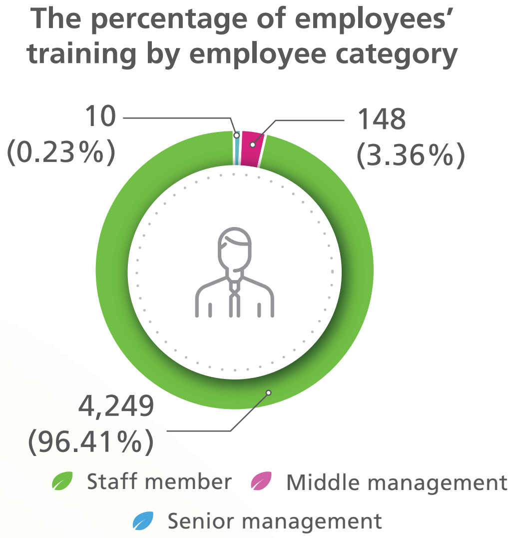
2025 EMPLOYEE TRAINING ACTIVITIES

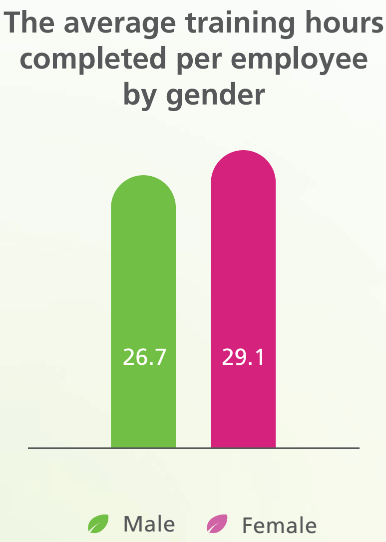
Sinofert aligns its talent development and workforce-building initiatives closely with the Group's strategic objectives and long-term growth needs. The Company implements diversified talent development programmes under the "Wing Span" and "Elite" series, targeting high-potential management talent, industry-skilled professionals, young research personnel, and emerging business talent, with the aim of continuously enhancing professional competencies and overall capabilities across all talent categories.

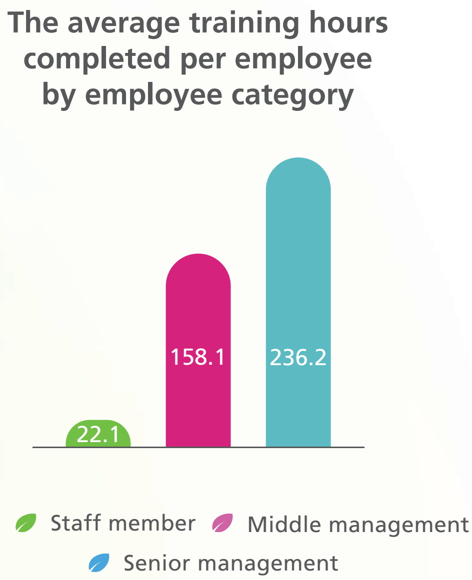
Through the "Gravity" learning programme and its online learning platform, the Group provides broad coverage of organisation-wide learning and safety compliance training. The "Zigzag Flow" job rotation mechanism further facilitates talent mobility and the development of multi-disciplinary professionals. These efforts reflect the Company's commitment to building a learning organisation and providing a solid human capital foundation to support its sustainable development.

The following table presents the percentage of employees trained and the average training hours during the Reporting Period, by gender and employee category[32 33]:









32 Employee training percentage formula: number of trained employees within the category / total number of trained employees x 100%.

33 Average training hours per employee formula: total training hours of employees within the category/ total number of employees within the category.

PARTNERSHIP

The Group has consistently been committed to fulfilling its corporate social responsibilities, fostering long-term, mutually beneficial partnerships with its collaborators and the communities in which it operates. We actively promote the adoption of environmental and social responsibilities among our suppliers, while encouraging employees to participate in community welfare activities, thereby giving back to society through tangible actions.

Sustainable Value Chain Management

Guided by its mission of "serving Chinese farmers wholeheartedly", the Group leverages its position as an industry leader to deepen its agricultural service system, consolidate and expand supply channels, strengthen resource security capabilities, and ensure a stable supply of chemical fertilisers. As a member of the International Fertilizer Association (IFA), the Group brings over 60 years of international trading experience and an extensive global network, serving as a principal import channel for chemical fertilisers in China. In the potash segment, the Group renewed a three-year exclusive distribution agreement with Canada's Canpotex, deepened multi-source partnerships with suppliers in Jordan, Russia, and Canada, and maintained its position as a global potash price haven, thereby safeguarding domestic market supply.

To achieve mutual benefit for the Group and its partners, and to strengthen environmental and social risk management, the Group has established a responsible and transparent supply chain framework. The Group strictly enforces a suite of governance policies, including the "China National Chemical Corporation Procurement Management Regulations", "China National Chemical Corporation Supplier Management Measures", "Sinofert Procurement Management Regulations", "Sinofert Supplier Management Measures", and "Sinofert Logistics Service Provider Management Measures".

Supply chain management is centrally coordinated by the Supply Chain Management Department, which is responsible for comprehensive management and oversight, including admission approval, inspection, supervision, and evaluation and grading. Its specific responsibilities include, but are not limited to, the following:

- Conduct background checks on supplier companies through means such as public consultations and on-site inspections
- Establish and improve the supplier database by classification and grading
- Establish a supplier evaluation system, organise dynamic evaluation and assessment of suppliers, and continuously optimize the supplier structure
- Blacklisted Supplier Management: Notification and Suspension Period Enforcement

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

Regarding health and safety management, the Group has established "Sinofert Supplier HSE Risk Management Standard" to implement systematic HSE risk controls across its supplier base. When entering into contracts with suppliers, the Group incorporates dedicated HSE clauses or executes separate HSE agreements to clearly define the health, safety and environmental responsibilities of both parties. For the procurement of hazardous chemicals, suppliers are required to provide Safety Data Sheets and safety labels in advance, and all incoming materials are subject to rigorous inspection and acceptance procedures upon arrival. The results of HSE assessments are recorded in supplier files and serve as a key basis for supplier renewal, ensuring that all stages of the supply chain comply with the Group's HSE management standards.

The following table shows the supplier evaluation and assessment grades:

Grade	A	B	C	D
Management Strategy	Preferred Procurement Increase Proportion	Quality Enhancement and Efficiency Improvement Develop Partnership Relations	Introduce Competition Support Growth	Improve Coaching and Guidance Freeze Transactions Disqualification and Exit

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

In addition, to promote the use of environmentally friendly products and services, the Group strictly adheres to national policies such as "carbon peaking and carbon neutrality" in its procurement activities, advocating green and sustainable procurement. In terms of equipment selection, we prioritise high-efficiency, energy-saving and emissions-reducing products with environmental certifications, phase out high energy-consuming equipment, and reduce or eliminate the use of products that waste energy and water resources. We also select suppliers that align with sustainable development principles, thereby enhancing overall efficiency and promoting energy conservation.

By integrating information on suppliers' geographic distribution, nature and supply chain networks, the Group has achieved comprehensive and efficient supplier management. During the Reporting Period, we approved 273 suppliers, including suppliers of production and operational materials (direct procurement) as well as indirect procurement suppliers. All suppliers were assessed and selected in strict accordance with the Group's relevant policies.

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

Total number of suppliers (by geographical region)	2025	Unit
Chinese Mainland	2,072	Unit
Overseas regions	11	Unit

As a responsible manufacturer, the Group not only strictly oversees supplier performance but also maintains close collaboration with downstream distributors. To ensure product quality, we provide clear instructions on product packaging, including moisture protection, sun protection, and separation of fertilisers and seeds, to guide distributors and end-users in proper storage and use. At the same time, we regularly remind distributors to pay attention to warehouse conditions, particularly ahead of the rainy season. For distributors with relatively inadequate storage facilities, we conduct site visits and offer improvement recommendations to ensure that fertiliser quality is not compromised, thereby strengthening communication and coordination across the entire industry chain and supply chain.

Community Welfare

As a leading integrated agricultural inputs enterprise, Sinofert has consistently placed corporate social responsibility at the core of its strategic development, continuously contributing to the advancement of China's agricultural sector. While driving business growth, we actively participate in a wide range of community investment initiatives, gaining a deep understanding of the needs of the communities in which we operate. Through diversified approaches such as targeted assistance, educational support, and promoting agricultural and rural modernisation, we have established close connections with local communities, fostering the sustainable development of both the Group and society.

During the Reporting Period, the Group provided a cumulative total of RMB650,000 in support through designated poverty alleviation programmes for agricultural products and the procurement of agricultural and sideline products from paired assistance regions. Through its charitable education support initiatives, the Group made cumulative donations of RMB549,700 in scholarships and bursaries.

The Group's donations and philanthropic expenditures are directed solely towards community development and livelihood improvement. During the Reporting Period, the Group did not make any contributions to or expenditures for political campaigns, political organisations, lobbyists or lobbying organisations, trade associations, or other tax-exempt groups whose role is to influence political campaigns, public policy, or legislation.

Details of certain charitable initiatives are disclosed below:

COMMUNITY CARE AND EDUCATION SUPPORT: FULFILLING CORPORATE SOCIAL RESPONSIBILITY

Sinofert actively fulfils its corporate social responsibility commitments. Through designated poverty alleviation programmes and the procurement of agricultural and sideline products from paired assistance regions, the Group has made cumulative purchases exceeding RMB650,000, effectively supporting the stable sales and income growth of local farmers, and contributing to rural revitalisation and sustainable development. In the area of educational philanthropy, the Company has continued to participate in the "Caring for Education" initiative, making cumulative scholarship and bursary donations of approximately RMB549,700 to provide tuition and living support for students in financial need, helping them complete their studies and improving access to education and social mobility.

Notably, Sinofert Yunlong has delivered the "Caring for Education" programme for ten consecutive years in areas with concentrated ethnic minority populations. Through regular financial assistance, home visits, and one-to-one paired support, the programme provides stable educational support to local ethnic minority students. This initiative not only reflects the Company's respect and care for ethnic minority communities, but also helps narrow the educational gap between urban and rural areas and across social groups, promoting social inclusion and harmonious development. Sinofert will continue to integrate corporate resources to drive diversified social welfare initiatives, giving back to communities through meaningful action and advancing the Sustainable Development Goals (SDGs).

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

Mandatory Disclosure Requirements		Relevant Section/ Remarks
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	ESG Governance
Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles in the preparation of the ESG report.	Reporting Standards
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	Reporting Scope

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

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

Aspect	KPIs	KPI Description	Relevant Section/ Remarks
B. Social			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment Management
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment Management ESG Key Performance Indicators
	B1.2	Employee turnover rate by gender, age group and geographical region.	Employment Management ESG Key Performance Indicators
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Safety and Health
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Safety and Health ESG Key Performance Indicators

Aspect	KPIs	KPI Description	Relevant Section/ Remarks
	B2.2	Lost days due to work injury.	Occupational Safety and Health ESG Key Performance Indicators
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Safety and Health
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Training and Development ESG Key Performance Indicators
	B3.2	The average training hours completed per employee by gender and employee category.	Employee Training and Development ESG Key Performance Indicators
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment Management
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Management
	B4.2	Description of steps taken to eliminate such practices when discovered.	Employment Management

Aspect	KPIs	KPI Description	Relevant Section/ Remarks
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Sustainable Value Chain Management
	B5.1	Number of suppliers by geographical region.	Sustainable Value Chain Management ESG Key Performance Indicators
	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.	Sustainable Value Chain Management
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Sustainable Value Chain Management
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Sustainable Value Chain Management

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

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

General Disclosures and KPIs	Description		Relevant Section/ Remarks
Part D: Climate-related Disclosures			
Climate-related Disclosures			
(I) Governance			
19	An issuer shall disclose information about:		
(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. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:		Climate Risk and Opportunities Management – Governance
	(i)	how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;	
	(ii)	how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;	
	(iii)	how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer's strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;	
	(iv)	how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and	

General Disclosures and KPIs	Description	Relevant Section/ Remarks
(b)	management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
	(i) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
	(ii) whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	
(II) Strategy		
Climate-related risks and opportunities		
20	An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:	Climate Risk and Opportunities Management – Strategy – Climate-Related Risks and Opportunities Identification Results
(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term;	
(b)	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	

General Disclosures and KPIs	Description	Relevant Section/ Remarks
(c)	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	
(d)	explain how the issuer defines 'short term', 'medium term' and 'long term' and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	
Business model and value chain		
21	An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:	Climate Risk and Opportunities Management – Strategy – Climate-Related Risks and Opportunities Identification Results
(a)	a description of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain; and	
(b)	a description of where in the issuer's business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).	
Strategy and decision-making		
22	An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:	Climate Risk and Opportunities Management – Strategy – Climate-Related Strategy and Business Transformation;Climate Transition Plan and Target Achievement Pathway

General Disclosures and KPIs	Description		Relevant Section/ Remarks
(a)	information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:		
	(i)	current and anticipated changes to the issuer's business model, including its resource allocation, to address climate-related risks and opportunities;	
	(ii)	current and anticipated adaptation and mitigation efforts (whether direct or indirect);	
	(iii)	any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer's transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and	
	(iv)	how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	
(b)	information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).		
23	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).		

General Disclosures and KPIs	Description		Relevant Section/ Remarks
Financial position, financial performance and cash flows			
Current financial effect			
24	An issuer shall disclose qualitative and quantitative information about:		Climate Risk and Opportunities Management – Strategy – Climate-Related Risks and Opportunities Identification Results
(a)	how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and		
(b)	the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.		
Anticipated financial effect			
25	The issuer shall provide qualitative and quantitative disclosures about:		Climate Risk and Opportunities Management – Strategy – Climate-Related Risks and Opportunities Identification Results
(a)	how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:		
	(i)	its investment and disposal plans; and	
	(ii)	its planned sources of funding to implement its strategy; and	
(b)	how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.		

General Disclosures and KPIs	Description		Relevant Section/ Remarks
Climate resilience			
26	An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:		Climate Risk and Opportunities Management – Strategy – Climate-Related Risks and Opportunities Identification Results; Climate Resilience
(a)	the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:		
	(i)	the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;	
	(ii)	the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and	
	(iii)	the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;	

General Disclosures and KPIs	Description	Relevant Section/ Remarks
(b)	how and when the climate-related scenario analysis was carried out, including:	
	(i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);	
	(ii) the key assumptions the issuer made in the analysis; and	
	(iii) the reporting period in which the climate-related scenario analysis was carried out.	

General Disclosures and KPIs	Description		Relevant Section/ Remarks
(III) Risk Management			
27	An issuer shall disclose information about:		Climate Risk and Opportunities Management – Scenario Analysis Framework
(a)	the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:		
	(i)	the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);	
	(ii)	whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks;	
	(iii)	how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);	
	(iv)	whether and how the issuer prioritises climate-related risks relative to other types of risks;	
	(v)	how the issuer monitors climate-related risks; and	
	(vi)	whether and how the issuer has changed the processes it uses compared with the previous reporting period;	
(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); and		
(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.		

General Disclosures and KPIs	Description		Relevant Section/ Remarks
(IV) Metrics and Targets			
Greenhouse gas emissions			
28	An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO_2 equivalent, classified as:		Climate Risk and Opportunities Management – Metrics and Targets
(a)	Scope 1 greenhouse gas emissions;		
(b)	Scope 2 greenhouse gas emissions; and		
(c)	Scope 3 greenhouse gas emissions.		
29	An issuer shall:		
(a)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;		
(b)	disclose the approach it uses to measure its greenhouse gas emissions including:		
	(i)	the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	
	(ii)	the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	
	(iii)	any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	

General Disclosures and KPIs	Description	Relevant Section/ Remarks
(c)	for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and	
(d)	for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	

<table>
<tr><th>General Disclosures and KPIs</th><th>Description</th><th>Relevant Section/ Remarks</th></tr>
<tr><td colspan="3">Climate-related transition risks</td></tr>
<tr><td>30</td><td>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</td><td rowspan="5">The Group confirms that, as at the Reporting Date, it is unable to provide the quantitative disclosures required under paragraphs 30 to 32 of the HKEX Code, including the amount and proportion of assets or business activities exposed to climate transition risks, physical risks and climate-related opportunities. Compliance with the above disclosure requirements would require comprehensive scenario analysis, asset classification and tagging, as well as Scope 3 data collection across the supply chain. These are currently beyond the Group's existing system capabilities and would involve undue cost or effort. The Group is continuously enhancing its climate risk assessment framework and expects to progressively improve its capability for relevant data disclosure in future reporting periods.</td></tr>
<tr><td colspan="2">Climate-related physical risks</td></tr>
<tr><td>31</td><td>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</td></tr>
<tr><td colspan="2">Climate-related opportunities</td></tr>
<tr><td>32</td><td>An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.</td></tr>
</table>

General Disclosures and KPIs	Description	Relevant Section/ Remarks
Capital deployment		
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	During the Reporting Period, the Group has not yet formulated dedicated capital expenditure, financing or investment plans specifically for climate-related risks and opportunities, and the relevant amounts have not been separately accounted for or disclosed. This is primarily because such initiatives are still at the planning and assessment stage. To further enhance the management of climate-related resources, the Group is progressively improving its internal resource tracking and management mechanisms. It is expected that, in future reporting periods, the Group will, based on the outcomes of climate scenario analysis, define and disclose the direction and scale of capital allocation related to sustainable transition, so as to better support the achievement of its low-carbon development objectives.

General Disclosures and KPIs	Description	Relevant Section/ Remarks
Internal carbon prices		
34	An issuer shall disclose:	The Group confirms that it has not yet incorporated an internal carbon pricing mechanism into its decision-making processes. At present, no internal carbon price is applied in investment decisions, transfer pricing, or scenario analysis, nor has any related assessment or implementation plan been initiated. The establishment of an internal carbon pricing framework requires robust greenhouse gas cost data and supporting system infrastructure. As such, this mechanism is not currently a priority within the Group's risk management framework. Looking ahead, as the Group enhances its climate data management and carbon emissions accounting capabilities, it will, where appropriate, explore the development of an internal carbon pricing mechanism to provide more forward-looking support for investment and operational decision-making.
(a)	an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and	
(b)	the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;	

General Disclosures and KPIs	Description	Relevant Section/ Remarks
Remuneration		
35	An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).	Climate Risk and Opportunities Management – Governance
Industry-based metrics		
36	An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.	The Group has applied relevant industry-based metrics for its business operations and activities by referencing recognized industry materiality benchmarks.

General Disclosures and KPIs	Description	Relevant Section/ Remarks
Climate-related targets		
37	An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:	Climate Risk and Opportunities Management – Metrics and Targets Note: The financial year 2025 marks the first year of implementation of the Group's climate targets, which have not been subject to any revision to date. The Group will continue to monitor its performance against the targets and will provide trend analysis on progress towards target achievement in future reporting periods. The Group's climate targets were not derived using sector-based decarbonisation approaches, nor have the targets or the methodology underpinning their development been subject to third-party assurance. Furthermore, the Group has neither considered nor plans to utilise carbon credits to offset its greenhouse gas emissions at this stage. Relevant performance data for the current year are set out on page 42 of this report.
(a)	the metric used to set the target;	
(b)	the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	
(c)	the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);	
(d)	the period over which the target applies;	
(e)	the base period from which progress is measured;	
(f)	milestones or interim targets (if any);	
(g)	if the target is quantitative, whether the target is an absolute target or an intensity target; and	
(h)	how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.	

General Disclosures and KPIs	Description	Relevant Section/ Remarks
38	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	Note: The financial year 2025 marks the first year of implementation of the Group's climate targets, which have not been subject to any revision to date. The Group will continue to monitor its performance against the targets and will provide trend analysis on progress towards target achievement in future reporting periods. The Group's climate targets were not derived using sector-based decarbonisation approaches, nor have the targets or the methodology underpinning their development been subject to third-party assurance. Furthermore, the Group has neither considered nor plans to utilise carbon credits to offset its greenhouse gas emissions at this stage. Relevant performance data for the current year are set out on page 42 of this report.
(a)	whether the target and the methodology for setting the target has been validated by a third party;	
(b)	the issuer's processes for reviewing the target;	
(c)	the metrics used to monitor progress towards reaching the target; and	
(d)	any revisions to the target and an explanation for those revisions.	
39	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	
40	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	
(a)	which greenhouse gases are covered by the target;	
(b)	whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	
(c)	whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	
(d)	whether the target was derived using a sectoral decarbonisation approach; and	

General Disclosures and KPIs	Description	Relevant Section/ Remarks
(e)	the issuer's planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	
	(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	
	(ii) which third-party scheme(s) will verify or certify the carbon credits;	
	(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	
	(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	
Applicability of cross-industry metrics and industry-based metrics		
41	In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	Climate Risk and Opportunities Management

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

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

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

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

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

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

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

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

Disclosure			Related Chapters/ Remarks
Social Contribution	Tax Payment Status	Tax Payment Status	Refer to the Annual Report of This Year
	Community Co-construction	Community Development Policies	Community Welfare
		Local Community Contributions	
	Social Public Welfare Activities	Public Welfare Investments & Outcomes	Community Welfare
	National Strategy Response	Industrial Transformation	Research and Innovation
Governance Category Indicators			
Level 1 indicators	Level 2 indicators	Level 3 indicators	
Governance Strategy and Organisational Structure	Governance Strategy and Processes	Governance Strategy Formulation	Refer to the Annual Report of This Year
		Governance Strategy Oversight Process	
		Governance Strategy Approval and Review Process	
	Organisational Composition and Functions	Organisation and Functions of the Board of Directors, Board of Supervisors, and Management	Refer to the Annual Report of This Year
		Appointment Procedures and Composition of the Board of Directors, Board of Supervisors, and Management	
	Remuneration Management	Remuneration Plan for Directors and Supervisors	Refer to the Annual Report of This Year
		Transparency of Board Remuneration	
		Reasonableness of Management Remuneration	

<table>
<tr><th colspan="3">Disclosure</th><th>Related Chapters/ Remarks</th></tr>
<tr><td rowspan="4">Standardised Governance</td><td rowspan="2">Internal Control</td><td>Internal Audit</td><td rowspan="2">Refer to the Annual Report of This Year</td></tr>
<tr><td>Internal Control Structure, Mechanisms, and Processes</td></tr>
<tr><td rowspan="2">Integrity Construction</td><td>Integrity Construction Norms</td><td rowspan="2">Integrity Compliance and Anti-Corruption</td></tr>
<tr><td>Effectiveness of Integrity Construction Measures</td></tr>
<tr><td rowspan="8">Investor Relations Management and Shareholder Rights</td><td rowspan="3">Investor Relations Management</td><td>Investor Relations Management Strategy</td><td rowspan="3">Stakeholder Engagement & Materiality Assessment</td></tr>
<tr><td>Investor Communication</td></tr>
<tr><td>Development of Investor Relations Management Department</td></tr>
<tr><td rowspan="3">Shareholder Rights</td><td>Shareholders' Meeting Status</td><td rowspan="3">Refer to the Annual Report of This Year</td></tr>
<tr><td>Shareholder Communication Status</td></tr>
<tr><td>Shareholders' Right to Know and Participate in Decision-making</td></tr>
<tr><td rowspan="2">Creditor Rights</td><td>Credit Status</td><td rowspan="2">Refer to the Annual Report of This Year</td></tr>
<tr><td>Performance in the Bond Market</td></tr>
</table>

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

APPENDIX 3: ESG KEY PERFORMANCE INDICATORS

Environmental Performance

	2025	2024
Greenhouse Gas Emissions		
Total greenhouse gas emissions (tonnes of CO_2 equivalent)	1,794,757.69	1,997,509.91[34]
Greenhouse gas emissions intensity (tonnes of CO_2 equivalent per tonne of product)	0.62	0.87
Scope 1[35] (tonnes of CO_2 equivalent)	1,607,097.95	1,740,170.58
Scope 1[36] (tonnes of CO_2 equivalent)	187,269.64	256,763.17
Scope 3[37] (tonnes of CO_2 equivalent)	390.09	576.15[38]

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34 Update the calculation of this figure.

35 Scope 1 emissions are disclosed based on the Group's internal monitoring data, including greenhouse gas emissions generated from fuel consumption and industrial processes, as well as carbon dioxide utilisation.

36 Scope 2 emissions are disclosed based on the Group's internal monitoring data, including greenhouse gas emissions arising from purchased electricity and purchased steam.

37 Scope 3 emissions cover the following categories: employee business air travel (Category 6) and operational waste disposal (Category 5). The relevant data have been calculated in accordance with the International Civil Aviation Organization (ICAO) Carbon Emissions Calculator and the Hong Kong Stock Exchange (HKEX) Guidance on Environmental Key Performance Indicators Reporting.

38 Update the calculation of this figure.

	2025	2024[39]
Energy		
Conventional Energy		
Total energy consumption (MWh)	6,089,426.68	6,653,986.45
Energy consumption intensity[40] (MWh per tonne of product)	2.10	2.88
Direct Energy Consumption		
Stationary fuel consumption (MWh)	5,634,088.37	6,165,636.97
Mobile fuel consumption (MWh)	2,072.34	2,035.82
Indirect Energy Consumption		
Purchased electricity (MWh)	411,924.99	444,872.74
Purchased steam (MWh)	41,340.98	41,440.92

	2025	2024
Clean Energy		
Renewable energy (MWh)	299,178.65	3,997.23
Biomass (tonnes)	14,953.89	4,227.36

39 The disclosures relating to fuel consumption from stationary sources, total energy consumption and energy consumption intensity have been updated to reflect the finalised stationary source fuel consumption data for the financial year ended 31 December 2024.

40 The total production volume of Sinofert for the year was 2,897,000.00 tonnes.

	2025	2024[41]
Water Resources		
Freshwater consumption (m^3)	7,002,645.00	8,388,000.00
Freshwater consumption intensity (m^3 per tonne of product)	2.42	3.64
Recycled water consumption (m^3)	304,471,792.78	177,488,281.74
Recycled water usage rate (%)	97.75	95.49

	2025	2024
Packaging Materials		
Non-renewable packaging materials consumption (10,000 units)	2,261.77	2,252.87
Total packaging materials consumption[42] (10,000 units)	2,543.37	2,375.06
Packaging materials intensity (units per tonne of product)	8.78	10.30

41 Update the 2024 annual fresh water consumption and related intensity figures.

42 Due to the wide variety of packaging bag specifications and differences in unit weight among packaging materials, it is not feasible to uniformly disclose data by weight. Therefore, packaging materials are disclosed in units of "10,000 units".

	2025	2024
Air Emissions		
Production Facilities		
Sulphur oxides (SO_x) (tonnes)	236	334
Nitrogen oxides (NO_x) (tonnes)	171	197
Particulate matter (PM) (tonnes)	167	182
Non-methane volatile organic compounds (NMVOCs)[43] (tonnes)	0	–
Vehicle Use		
Sulphur oxides (SO_x) (tonnes)	0.003	0.003
Nitrogen oxides (NO_x) (tonnes)	0.377	0.370
Particulate matter (PM) (tonnes)	0.020	0.020
Non-methane volatile organic compounds (NMVOCs)[44] (tonnes)	0	–

	2025	2024
Wastewater and Pollutants		
Chemical Oxygen Demand (COD) (tonnes)	28.23	34.02
Ammonia nitrogen (NH_3-N) (tonnes)	4.04	4.25
Wastewater Discharge		
Industrial wastewater discharge (m^3)	1,556,527.01	1,841,403.46
Domestic wastewater discharge (m^3)	246,881.63	28,093.45

43 First-time disclosure in the Reporting Year.
44 First-time disclosure in the Reporting Year.

	2025	2024
Waste		
Hazardous Waste		
Total hazardous waste (tonnes)	92,587.97	96,931.78
Hazardous waste intensity (tonnes per tonne of product)	0.03	0.04
Waste Mineral Oil (tonnes)	33.99	40.56
Oil-water Mixture (tonnes)	0.00	7.08
Waste Catalyst (tonnes)	205.14	80.38
Batteries (tonnes)	2.44	1.74
Waste Chemical Reagents (tonnes)	2.28	4.46
Insulation Wool (tonnes)	22.14	20.64
Waste Engine Oil (tonnes)	0.70	11.42[45]
Paint Buckets (tonnes)	4.15	
Chemical Reagent Packaging Containers (tonnes)	0.00	0.00
Glass Reinforced Plastic (GRP) (tonnes)	0.00	0.00
Fluorosilicic Acid (tonnes)	92,252.52	95,770.93
Activated Carbon (tonnes)	0.00	0.18
Waste Resin (tonnes)	0.00	11.70
Waste Paint (tonnes)	0.00	1.78
Analytical Waste Liquid (tonnes)	1.24	0.62
Toxic and Hazardous Contaminants (tonnes)	31.33	9.70
Diatomaceous Earth Filter Aid (tonnes)	0.00	3.64
Polyoxymethylene (POM) (tonnes)	0.00	8.72
Contaminated Soil During Soil Remediation (tonnes)	0.00	956.67
Waste Packaging Materials (tonnes)	0.00	1.56
Zinc Oxide Desulfurize[46] (tonnes)	11.22	–
Ceramic Balls and Refractory Bricks[47] (tonnes)	21.02	–

45 As waste engine oil and paint buckets are being disclosed and recorded separately this year, the corresponding relationships are set out in the table below.

46 First-time disclosure in the Reporting Year.

47 First-time disclosure in the Reporting Year.

	2025	2024
Non-hazardous Waste		
Total non-hazardous waste (tonnes)	2,721,028.00	3,159,885.07
Non-hazardous waste intensity (tonnes per tonne of product)	0.94	1.37
Phosphogypsum (tonnes)	2,592,620.71	3,015,974.05
Phosphorus Slag Powder (tonnes)	12,000.75	13,551.28
Coal Ash (tonnes)	19,174.85	28,379.15
Scrap Iron (tonnes)	337.30	73.05
Slag (tonnes)	35,889.89	40,309.63
Sulphur Residue (tonnes)	6,445.26	506.84
Plastics (tonnes)	733.52	2,184.67
Biomass Furnace Ash (tonnes)	0.00	81.67
Sewage Sludge[48] (tonnes)	102.80	–

48 First-time disclosure in the Reporting Year.

Social Performance

	2025	2024
Employment		
Total number of employees	4,407	4,371
By Employment		
Full-time	4,407	4,371
Part-time	0	0
By Gender		
Male	3,567	3,523
Female	840	848
By Age		
Under 31	726	674
31-50	2,758	2,975
Above 50	923	722
By Geographic Region		
Chinese Mainland	4,391	4,359
Hong Kong	7	5
Other regions (UK, Macau)	9	7
By Employee Category		
General staff	4,249	4,221
Middle management	148	140
Senior management	10	10
By Education Level		
Bachelor's degree or below	4,088	3,604
Master's degree	305	755
Doctorate	14	12
By Disability Status		
Mild disability	12	11
Moderate disability	3	2
Severe disability	4	4

	2025		2024	
Employee Turnover				
Employee turnover rate[49]	**Number of Persons**	**Rate**	**Number of Persons**	**Rate**
Total employee turnover	311	7.06%	285	6.52%
By Gender	**Number of Persons**	**Rate**	**Number of Persons**	**Rate**
Male	249	6.98%	236	6.70%
Female	62	7.38%	49	5.78%
By Age	**Number of Persons**	**Rate**	**Number of Persons**	**Rate**
Under 31	78	10.74%	41	6.08%
31-50	124	4.50%	138	4.64%
Above 50	109	11.81%	106	14.68%
By Region	**Number of Persons**	**Rate**	**Number of Persons**	**Rate**
Chinese Mainland	310	7.06%	283	6.49%
Hong Kong	0	0.00%	1	20.00%
Other regions	1	11.11%	1	14.29%

49 Employee turnover rate formula: number of departed employees within the category / total number of employees within the category x 100%.

	2025	2024	2023
Health and Safety			
Number of Work-related Fatalities	0	0	1
Rate of Work-related Fatalities	0.00	0.00	0.02
Number of Recordable Injuries (lost-time injuries)[50]	3	–	–
Lost Time Injury Rate (LTIR)[51]	6.9	–	–
Number of Recordable Occupational Diseases[52]	0	–	–
Number of Process Safety Incidents[53]	5	–	–
Number of Vehicle Accidents[54]	1	–	–
Number of Lost Workdays Due to Work-related Injuries[55]	205	205	276

50 First-time disclosure in the Reporting Year.

51 First-time disclosure in the Reporting Year. Note: Total working hours for the current reporting year were 8,707,311 hours.) (Calculation formula: Number of lost-time injuries × 200,000 / Total employee working hours).

52 First-time disclosure in the Reporting Year.

53 First-time disclosure in the Reporting Year.

54 First-time disclosure in the Reporting Year.

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

	2025	2024
Employee Training		
by Gender		
Male	80.94%	80.83%
Female	19.06%	19.17%
by Employee Category		
General staff	96.41%	96.50%
Middle management	3.36%	3.27%
Senior management	0.23%	0.23%
Average Training Hours (by Gender)		
Male	26.7	37.4
Female	29.1	39.1
Average Training Hours (by Employee Category)		
General staff	22.1	34.3
Middle management	158.1	131.2
Senior management	236.2	172.5
Annual Training Expenditure (RMB '0,000)	234.2	249.1

	2025	2024
Employee Mobility and Internal Development		
Number of internal transfers or promotions	27	16
Internal mobility rate (%)	0.61%	0.37%

Operating Performance

	2025	2024
Number of Suppliers		
Chinese Mainland	2,072	2,159
Overseas regions	11	22

	2025	2024
Compliance		
Number of confirmed non-compliance cases (including but not limited to the following areas: discrimination, conflicts of interest, money-laundering / insider trading, antitrust / anti-competitive practices, bribery and corruption, and confidentiality of information and data protection)[56]	0	0

Community Investment

	2025	2024
Community Investment		
Community investment (RMB '0,000)	119.97	94.6
Volunteer service hours (hours)	–	1,573

56 First-time disclosure in the Reporting Year.

APPENDIX 4: INDEPENDENT ASSURANCE STATEMENT

To the Board of Directors of Sinofert Holdings Limited,

CECEP (HK) Advisory Company Limited ("**CECEPAC (HK)**" or "**We**") has been engaged by Sinofert Holdings Limited ("**Sinofert**") to conduct an independent limited assurance engagement ("**Assurance Engagement**") on the information and data related to sustainability development in Sinofert's 2025 Environmental, Social and Governance Report ("**ESG Report**").

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

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

I. Independence and Competence

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

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

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

II. Sinofert's Responsibilities

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

III. Assurance Provider's Responsibilities

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

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

IV. Scope of the Assurance Engagement

- The scope of the Assurance Engagement is limited to the ESG Report only, and the contents only involve Sinofert and its subsidiaries. The scope of the Assurance Engagement does not include Sinofert's suppliers, contractors, and data or information provided by other third parties;

- AA1000AS' Type 2 Moderate Level of Assurance was adopted to evaluate the nature and extent of Sinofert's adherence to the four AA1000 Accountability Principles set out in the AA1000AS v3;

- Sinofert and CECEPAC (HK) reached an agreement to select the specified performance information in the ESG Report as part of the content for Assurance Engagement. The selected specified performance information is as follows:

  - GHG emissions Scope 1 (tCO_2e)
  - GHG emissions Scope 2 (tCO_2e)
  - Employee turnover rate
  - Total number of employees
  - Number of work-related fatalities
  - Lost Time Injury Rate (LTIR)
  - Number of confirmed non-compliance cases

- Assuring the conformity of disclosures for general disclosure and key performance indicators of environmental and social subject areas in Sinofert's ESG Report with the mandatory disclosure requirements and the "comply or explain" provision and "Climate-related disclosure" in the ESG Reporting Code of the SEHK;

- CECEPAC (HK)'s assurance work was with respect to information disclosed from January 1, 2025 to December 31, 2025 only. Any information that falls outside this period that is disclosed in the ESG Report is not included within the scope of the Assurance Engagement. Therefore, we do not express any conclusions on this information; and

- The scope of the assurance is confined to the information and data provided by Sinofert. Any queries regarding the content or related matters within this Independent Assurance Statement should be addressed to Sinofert only.

V. Methodology of the Assurance Engagement

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

- Evaluating the appropriateness of Sinofert's stakeholder engagement participation process;

- Conducting online interviews[1] with Sinofert's sustainability management and other personnel involved in the preparation and provision of the content and information in the ESG Report;

- Assessing whether the reporting and management approach disclosed in the ESG Report responded to the principles of Inclusivity, Materiality, Responsiveness, and Impact as defined in the AA1000AS v3;

- Conducting random sampling of evidence pertaining to data reliability and quality for selected specified performance information;

- Recalculating and verifying selected specified performance information;

- Evaluating the conformity of the ESG Report in accordance with the ESG Reporting Code; and

- Performing other procedures we deemed necessary.

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

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

VI. Inherent Limitations

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

VII. Conclusions

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

Inclusivity

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

Materiality

In 2025, Sinofert carried out a review of its material ESG issues. Based on its industry characteristics and legal and regulatory requirements, it updated its ESG issue database and reviewed the results of the 2024 materiality assessment. Sinofert also disclosed in its ESG Report the methodology and results of the materiality assessment, as well as its performance on each material issue. In our professional opinion, Sinofert adheres to the Principle of Materiality.

Responsiveness

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

Impact

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

Specified Performance Information

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

SEHK's ESG Reporting Code

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

CECEP (HK) ADVISORY COMPANY LIMITED
中國節能皓信(香港)咨詢有限公司

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April 23, 2026
Hong Kong SAR, China