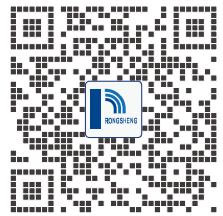




RONGSHENG

SUSTAINABILITY REPORT

Stock Code : 002493



Rongsheng Petrochemical
Official Account

About the Report

Report Information	This report elaborates the performance and management measures of Rongsheng Petrochemical Co., Ltd. (hereinafter referred to as “Rongsheng Petrochemical,” “the Company,” or “we”) in terms of the environment, society, and corporate governance in 2023, with particular focus on stakeholder concerns.
Reporting Scope	The report covers the Company’s information and data from January 1, 2023 to December 31, 2023 (hereinafter referred to as “the reporting period”), and some of the contents can be traced back to previous years or extended to 2024. The report covers Rongsheng Petrochemical and its subsidiaries, and a small portion of the data covers less than the scope defined above. Contents that refer to Zhejiang Rongsheng Holding Group Co., Ltd. (hereinafter referred to as “Rongsheng Holding”), the parent company of Rongsheng Petrochemical, is specified separately.
Preparation Basis	<p>This report is prepared based on the <i>Self-regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No.1: Standardized Operation of Companies Listed on the Main Board, Shenzhen Stock Exchange Social Responsibility Instructions to Listed Companies, Corporate Social Responsibility Report Preparation Guide for Chinese Enterprises</i> (CASS-CSR 5.0), and GB/T 36001-2015 <i>Guidance on Social Responsibility Reporting</i>.</p> <p>This report is determined in accordance with an established set of procedures, which consists of identifying and prioritizing material issues about the environment, society, and corporate governance, determining the scope of the report, collecting relevant information, compiling the report, and reviewing the information in the report.</p>
Data Source	The financial data in this report comes from the Annual Report. Other information and data are from relevant internal statistical reports and documents of the Company. The amount of currency associated with the Company is measured in RMB.
Glossary	<p>For the convenience of presenting and reading, “the Company,” “Rongsheng Petrochemical,” and “we” in this report all refer to Rongsheng Petrochemical Co., Ltd. and its subsidiaries. Other companies are referred to as follows:</p> <p>ZPC refers to Zhejiang Petroleum & Chemical Co., Ltd. Zhongjin Petrochemical refers to Ningbo Zhongjin Petrochemical Co., Ltd. Rongsheng (Singapore) refers to Rongsheng Petrochemical (Singapore) Pte. Ltd. Rongsheng Energy refers to Rongsheng Energy Co., Ltd. Yisheng Dahua refers to Yisheng Dahua Petrochemical Co., Ltd. Yisheng New Material refers to Zhejiang Yisheng New Materials Co., Ltd. Hainan Yisheng refers to Hainan Yisheng Petrochemical Co., Ltd. Shengyuan Chemical Fiber refers to Zhejiang Shengyuan Chemical Fiber Co., Ltd. Yongsheng Technology refers to Zhejiang Yongsheng Technology Co., Ltd.</p>
Languages	The report is published in simplified Chinese and English. In the event of contradiction between the two versions, the simplified Chinese version shall prevail.
Report Assurance	The Company engaged PricewaterhouseCoopers Zhong Tian LLP to provide limited assurance on the selected 2023 key data in the 2023 Sustainability Report. Please refer to the chapter “Independent Assurance Report” for more information.
Confirmation and approval	Upon confirmation by the management, the report was approved by the Board of Directors and issued on April 24th, 2024.
Access	<p>This report is available in simplified Chinese and English for readers' reference. To browse online or download this report, please visit the official website of Rongsheng Petrochemical at http://www.cnrspc.com, or cninfo at www.cninfo.com.cn.</p> <p>We value the opinions of our stakeholders and welcome reader communication through the following methods. Your suggestions will help us further improve this report and our social responsibility management.</p> <p>Telephone: +86-571-82520189 Official website: http://www.cnrspc.com Address: 678 Xinyi Line, Yinong Town, Xiaoshan District, Hangzhou, Zhejiang Province E-mail: rspc@rong-sheng.com</p>

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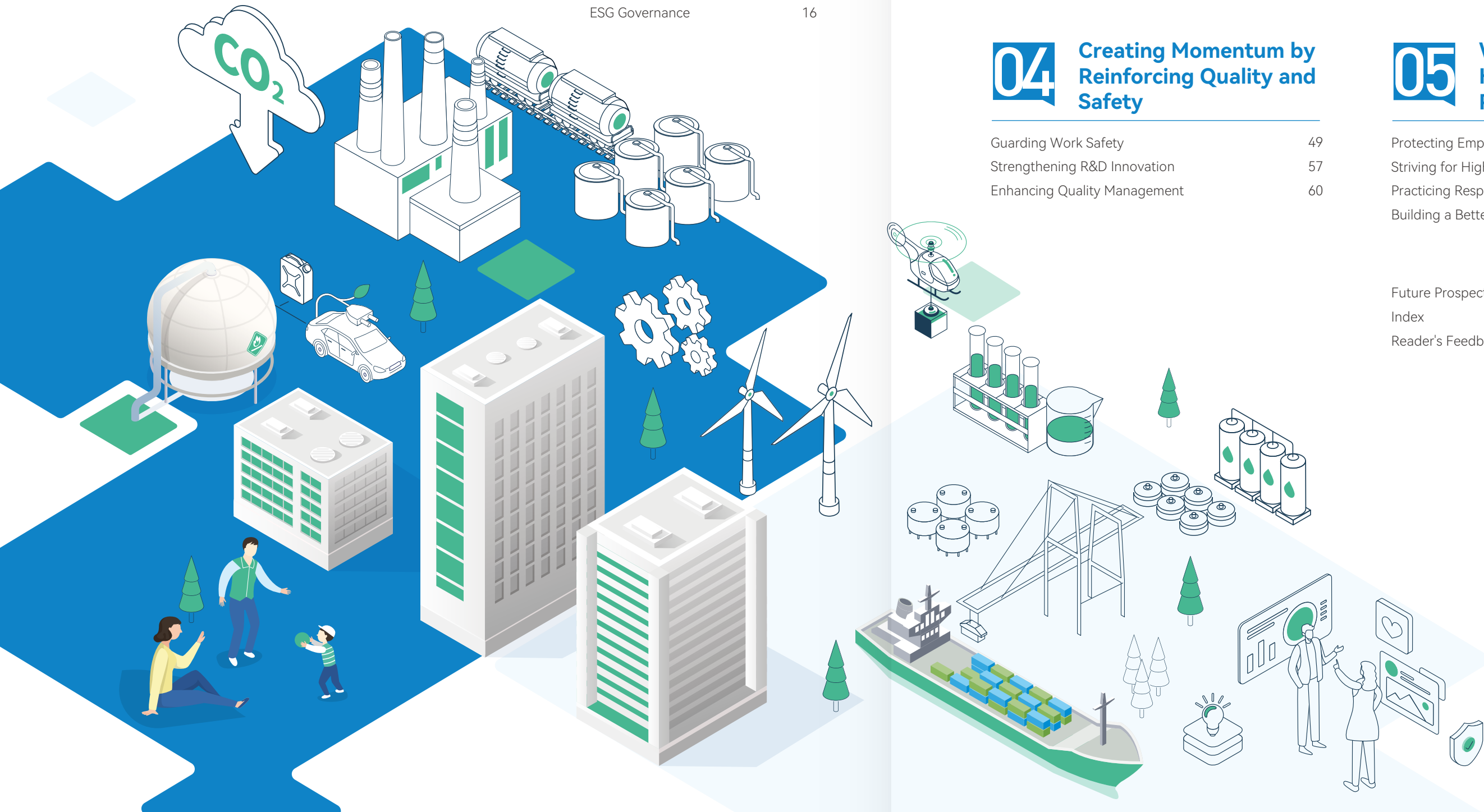
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Chairman's Message

Rongsheng Petrochemical always rides out the storm and forges ahead despite hardships. Being in the petrochemical industry, the foundation and pillar of the national economy, we always adhere to the business philosophy of "Sincere Creation, Preeminent Pursuit," advance the coordinated development of the industry and the low-carbon transformation and upgrade of the Company, and enhance the international competitiveness and the green development impact of our business. Even in the ever-changing internal and external environments, Rongsheng Petrochemical has been effectively securing its steady operation. We have successfully completed the construction of major projects and witnessed continuous rise in our sustainable development brand value. We have become one of the leading enterprises in the world, contributing to the steady industrial growth and the stable economic performance of our country.

Maintaining compliance in the workplace, we operate with integrity while always being on alert against potential risks. Rongsheng Petrochemical plays a leading role with its advanced governance model. We refined internal systems, optimized communication channels for investors, and adhered to business ethics to cultivate an atmosphere of compliance. The Company reinforced the long-term mechanism for safe production and chemical management, continued to improve quality control standards, and ensured the implementation of safety responsibilities to safeguard employees' occupational health. By virtue of highly resilient industrial chains and strong support from our clients, the Company has made progress towards high-quality development in both production and sales.

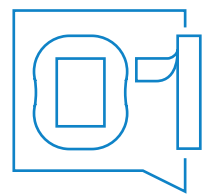
Ramping up innovation efforts, we empower our growth with the spirit of continuous exploration and a wish for success. Rongsheng Petrochemical is committed to improving the production technology and self-sufficiency of domestic high-end petrochemicals and new materials with cutting-edge

technologies. We continued to enhance our dedication and investment in scientific research and innovation and have set up a high-capacity innovation system to accelerate the R&D of new technologies. Rongsheng Petrochemical further standardizes the application and reward of scientific and technological achievements. In this way, we have sparked enthusiasm for innovation among employees and enhanced the core competitiveness of the petrochemical industry cluster, laying a solid foundation for boosting our international brand influence and building up our innovation ability.

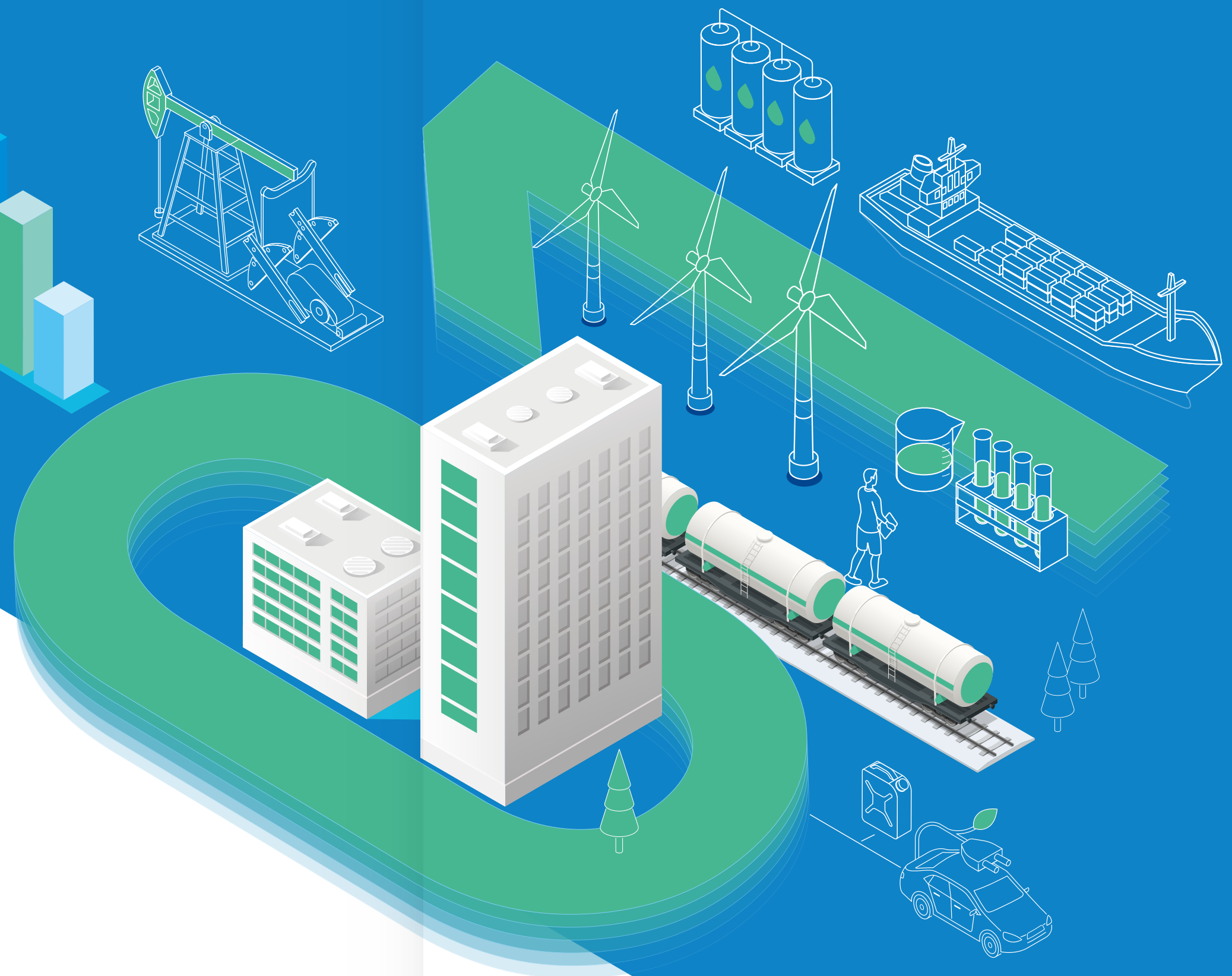
Always bearing our responsibilities in mind, we achieve win-win cooperation through green actions and low-carbon transition. Rongsheng Petrochemical fully implements the carbon reduction and energy saving management requirements of the state and the Company. We focused on the development of circular economy and clean technology. We strengthened carbon emissions management, actively planned for carbon capture, utilization and storage (CCUS), and continued to research and develop new petrochemical processes with low environmental impact. We intensified environmental management and conducted environmental monitoring and auditing to reduce environmental impact and build a whole life cycle low-carbon manufacturing system.

Where there is a will, there is a way. Rongsheng Petrochemical strives to create a "Golden Card" for China's refining and chemical industry and become a "doer" in practicing green development. We take compliant and steady development and abiding by business ethics as the righteous path of "rock solid faith and determination." We take high-quality business operation and multi-directional R&D breakthroughs as our responsibility of "endless search and innovation." We deem low-carbon development, environmental protection and ensuring production safety as the necessary way to "excel and strive to be the first." With pioneering and innovative spirits, Rongsheng Petrochemical will gather its strength and take concrete actions to create a brighter future and compose a new chapter of achievements.

Li Shuirong Chairman



About Rongsheng Petrochemical



About Us

Rongsheng Petrochemical Co., Ltd. (SHE: Rongsheng Petrochemical, 002493), headquartered in Hangzhou, Zhejiang Province, is one of the leading companies in the global petrochemical industry. Focusing on our primary business and remaining in our industry, we are an international enterprise based on the development of the whole petrochemical industry chain. The Company has nearly 20,000 employees and is equipped with a high-tech R&D center, a workstation of academicians and experts, an enterprise technology center, and a post-doctorate science and research workstation. Our competitiveness and our products' brand value are ranked at the forefront of the global industry.

The Company adheres to the development strategy of “Two-way of Vertical and Horizontal” and strives for the sustainable management goal of the “Centurial Enterprise, Trillion Target.” The Company has seven production bases in the Bohai Economic Circle, Yangtze River Delta Economic Circle and Hainan Belt and Road Economic Circle. It has established five industry chains of polyester, engineering plastics, new energy, high-end polyolefin, and specialty rubber. It is one of Asia's major manufacturers of polyester, new energy materials, engineering plastics, and high-value-added polyolefin, and it has the world’s largest production capacity of chemicals such as PX, PTA.

On the basis of the existing and complete industrial chain, the Company has been actively launching projects of new energy and new material related businesses, and the proportion of these products has been increasing. Meanwhile, the Company has been actively planning for globalized operation. In 2023, the Company introduced Saudi Arabian Oil Company (hereinafter referred to as “Saudi Aramco”) as a strategic investor and signed the Share Purchase Agreement as well as a package of strategic cooperation agreements with a wholly-owned subsidiary of Saudi Aramco to establish a strategic cooperative relationship. At present, Saudi Aramco holds 10%+1 of the Company's shares, and the Company's grand blueprint for overseas development has further unfolded.

2023
Strategic investor



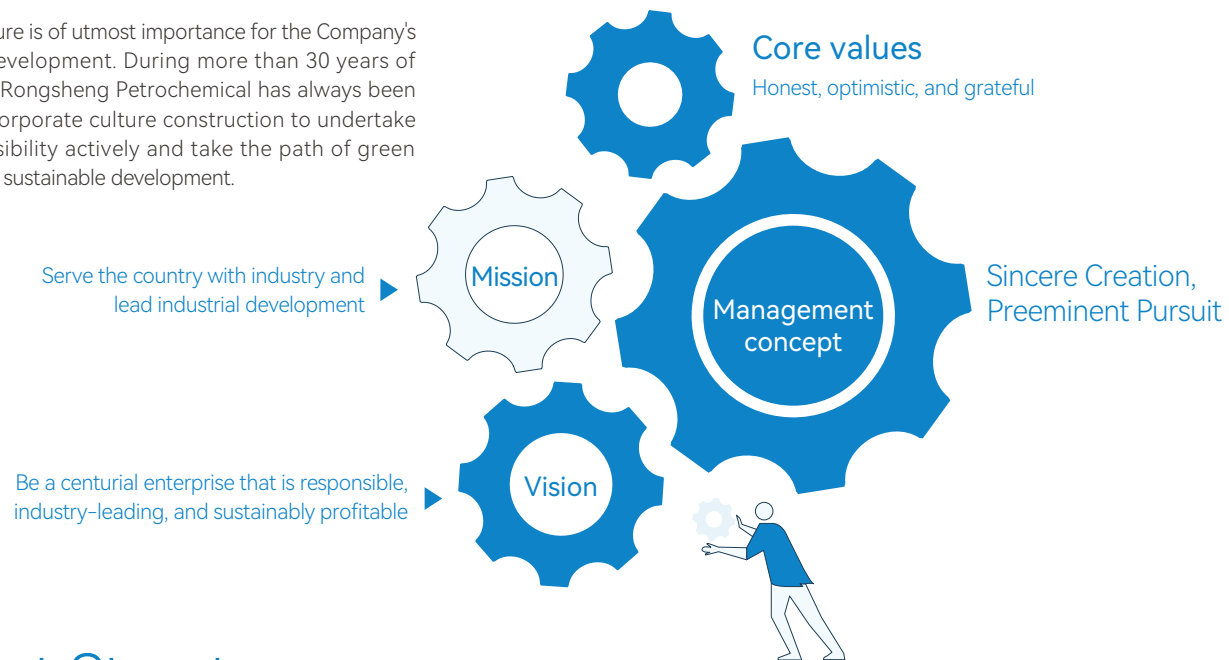
Saudi Arabian Oil Company

Holds **10%+1** of the Company's shares



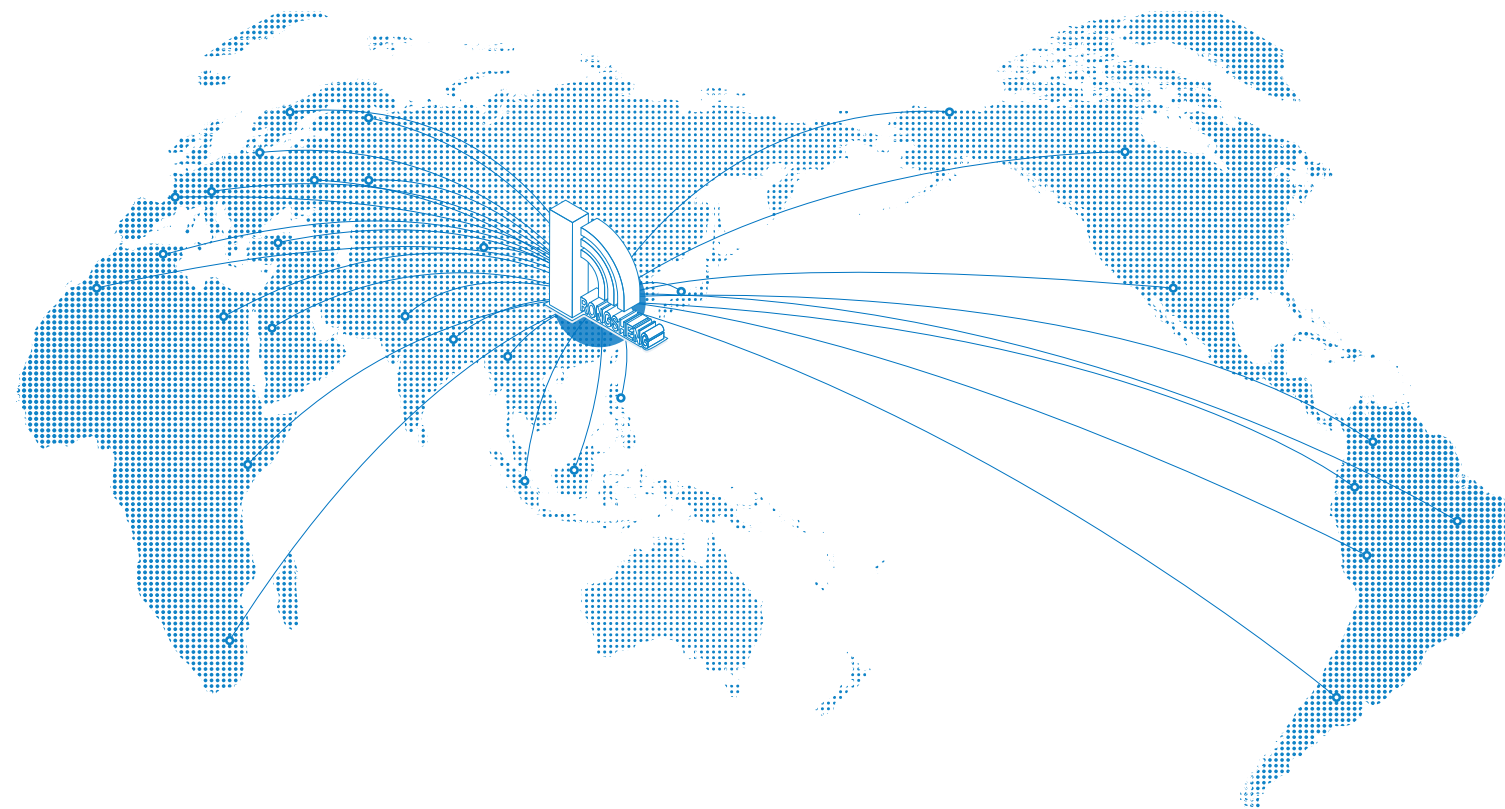
Corporate Culture

Corporate culture is of utmost importance for the Company's sustainable development. During more than 30 years of development, Rongsheng Petrochemical has always been following its corporate culture construction to undertake social responsibility actively and take the path of green innovation and sustainable development.



Market Structure

The Company's footprints cover a plenty of provinces domestically, countries and regions globally.



Core Competitiveness

Advantage in Significant Competitive Location

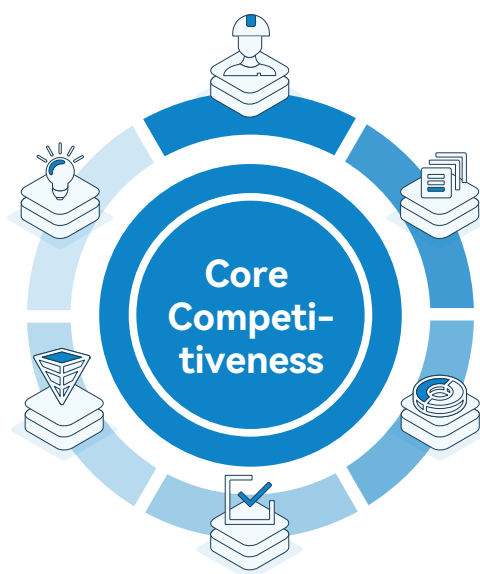
Along the eastern coastline of China, the Company production bases are mainly distributed in Dalian, Liaoning Province of the "Bohai Economic Circle", Ningbo, Zhejiang Province of the "Yangtze River Delta Economic Circle" and Haikou, Hainan Province of the "Belt and Road Economic Belt" and "Maritime Silk Road". All production sites are adjacent to high-quality ports, connected to the canal, and the terminal facilities are fully equipped. The main raw materials and other auxiliary raw materials required for the production of the Company's products can be unloaded and stored at the company's self-built or rented chemical material wharf, which greatly facilitates the transportation of commodity bulk raw materials and their inventory adjustment.

Advantage in Strong R&D Innovation

The Company adheres to the two-wheel driven scientific and technological research and development model of "independent innovation" and "open cooperation". It has built a first-class research and development platform such as a high-tech research and development center, an academician expert workstation, an enterprise technology center, and a postdoctoral research workstation. At the same time, we actively carry out foreign technical exchanges and discussions, promote the integration of industry, university and research cooperation, integrate the resources of universities, society, enterprises and other parties, work together to improve the level of scientific research, promote technological progress, and jointly create an open, healthy, win-win innovation ecology. In recent years, the Company has continuously increased scientific research cooperation with domestic and foreign countries, and its R&D investment has increased year by year, and has maintained a leading level in the industry.

Advantage in Comprehensive Industrial Synergy

After years of development and improvement, the Company has seized the opportunities in the industry adjustment and realized rapid growth, with the development mode of "a drop of oil to everything in the world." Through the extension of the industrial chain, the Company has effectively reduced business costs, realized the mutual support of upstream and downstream, and also improved its sustainable profitability and anti-risk ability.



Advantage in Outstanding Strategic Layout

The Company has a strong market sensitivity and flexible decision-making mechanism, keeps an eye on market dynamics, and makes timely and accurate adjustments to the strategy under the institutional advantages of its own fast pace and few links, and grasps the opportunities of the market situation. The management has a keen investment acumen, accurate timing of project production, and excellent investment and financing capabilities.

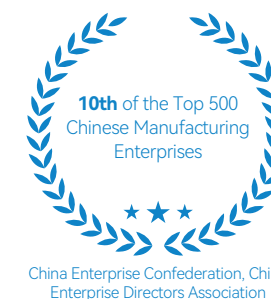
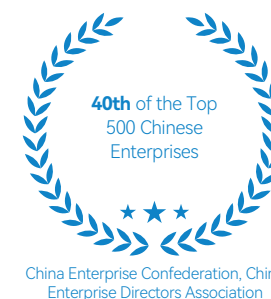
Advantage in Abundant Talent Resource

The Company attaches great importance to the construction of corporate culture, has a good working atmosphere, has a strong corporate cohesion, and has a group of stable core management, research and development, technical talents through internal training, external introduction, etc. The Company values the cultivation of on-the-job employees, based on reality and comprehensive planning, constantly broadens the employee selection platform, and establishes an effective incentive mechanism, so that all kinds of talents have a "place to use".

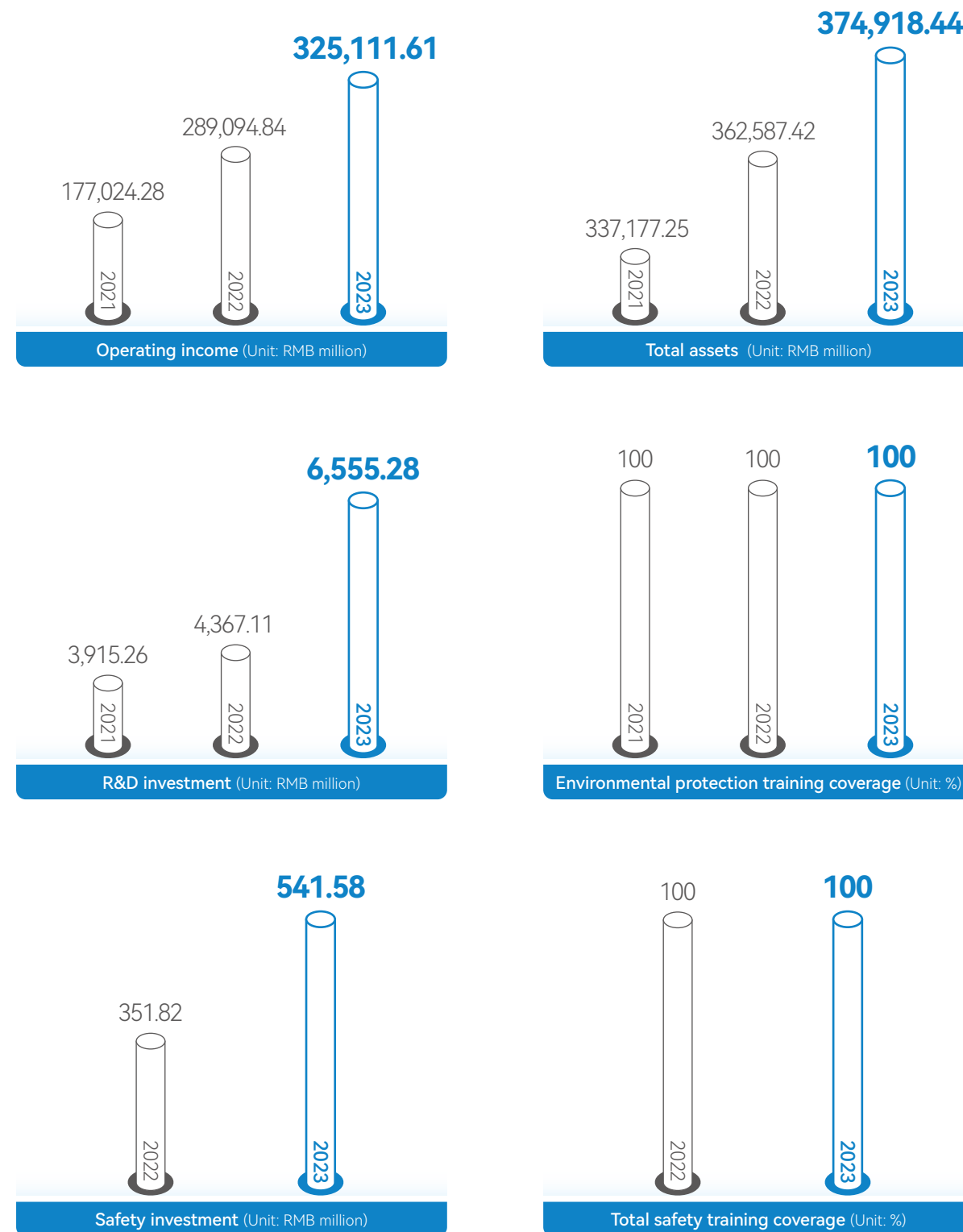
Advantage in Efficient Operation and Management

The Company adheres to institutionalized construction, integrates digitalization, intelligence, standardization, process and normalization into the operation of the enterprise, fully integrates procurement, production, inventory, sales and other business links, and continuously improves the ability to respond quickly. The Company has established a set of effective management systems based on its own actual situation, clarified job responsibilities and work processes, and effectively reduced operating costs through refined management.

Recognition



Performance Highlights



Remuneration Appraisal

The Company has adopted the *Rongsheng Holding Group Overall Appraisal Program* (hereinafter referred to as the "Appraisal"), which takes the Company's Directors, Supervisors, and senior management into consideration, and has incorporated changes in sustainability performance indicators into the remuneration structure of Directors, Supervisors and senior management, so that their remuneration is tightly linked to sustainability goals. The Appraisal involves daily HSE supervision and management (including contractors), incident management, safety training, employee satisfaction, and business ethics. The Company conducts annual appraisals of Directors, Supervisors, and senior management in accordance with the Appraisal and determines the annual bonus allocation plan on the basis of the appraisal scores.



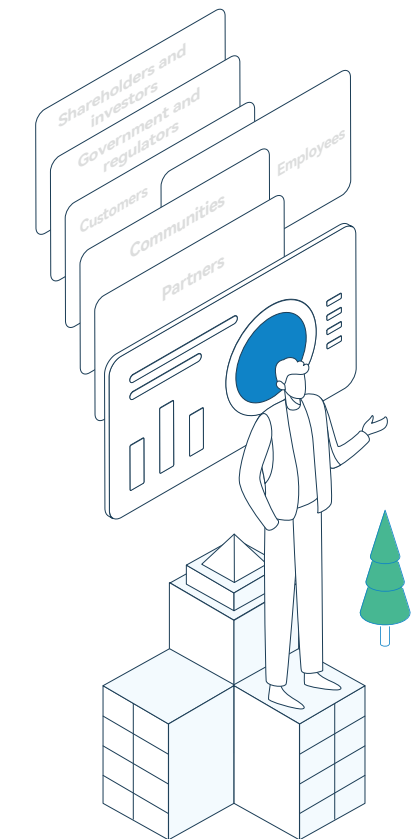
Remuneration of the Company's Senior Management in 2023

Name	Fixed salary [monthly payment] (RMB 10,000)		Variable pay [year-end payment] (RMB 10,000)		Total remuneration payable before tax	Total actual remuneration before tax
	Total Salary	Other allowances	Annual Bonus payable before tax	Actual annual bonus before tax		
Xiang Jiongjiong	139.9	1.85	91.93	91.68	233.68	233.43
Zhou Xianhe	120.3	1.65	35.77	32.24	157.72	154.19
Quan Weiying	69.01	1.76	27.05	27.31	97.82	98.08
Wang Yafang	69.39	1.68	27.05	27.06	98.12	98.13

Note Variable compensation is determined based on the achievement of assessment indicators set at the beginning of the year, including resource and energy consumption data, compliant emissions, stakeholder relationship management, brand building, and other sustainability performance. In 2023, the Company's senior management has practically completed the goals set at the beginning of the year.

Stakeholder Communication and Analysis of Material Topics

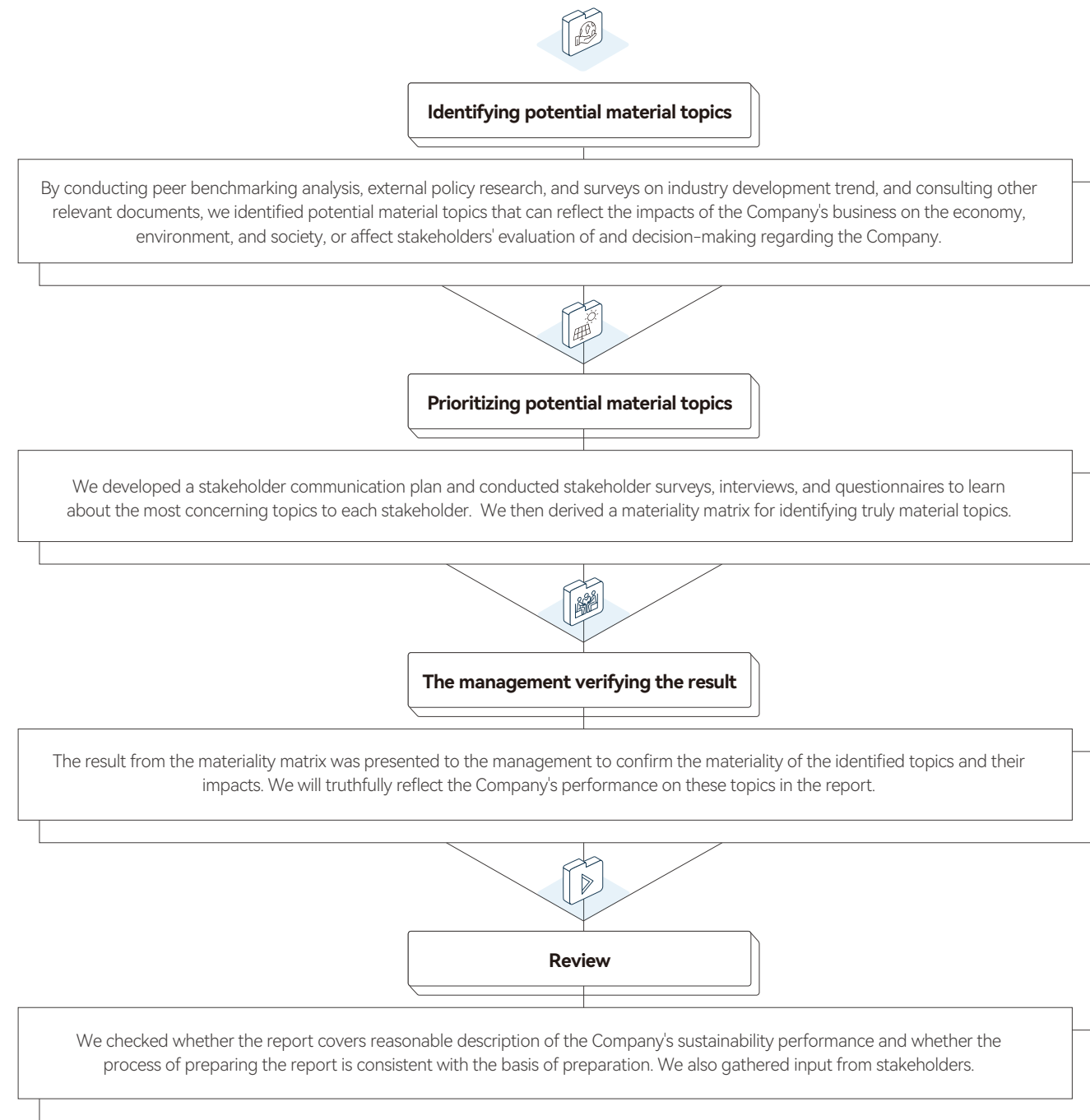
We are committed to building cooperative and mutually beneficial relationships with both internal and external stakeholders to achieve win-win situation and maximized value with joint endeavors. Our key stakeholders include shareholders and investors, government and regulators, customers, employees, partners, and the community. We maintained active communication with stakeholders during the reporting period via multiple channels to learn about their demands and concerns and responded to stakeholders with practical actions.



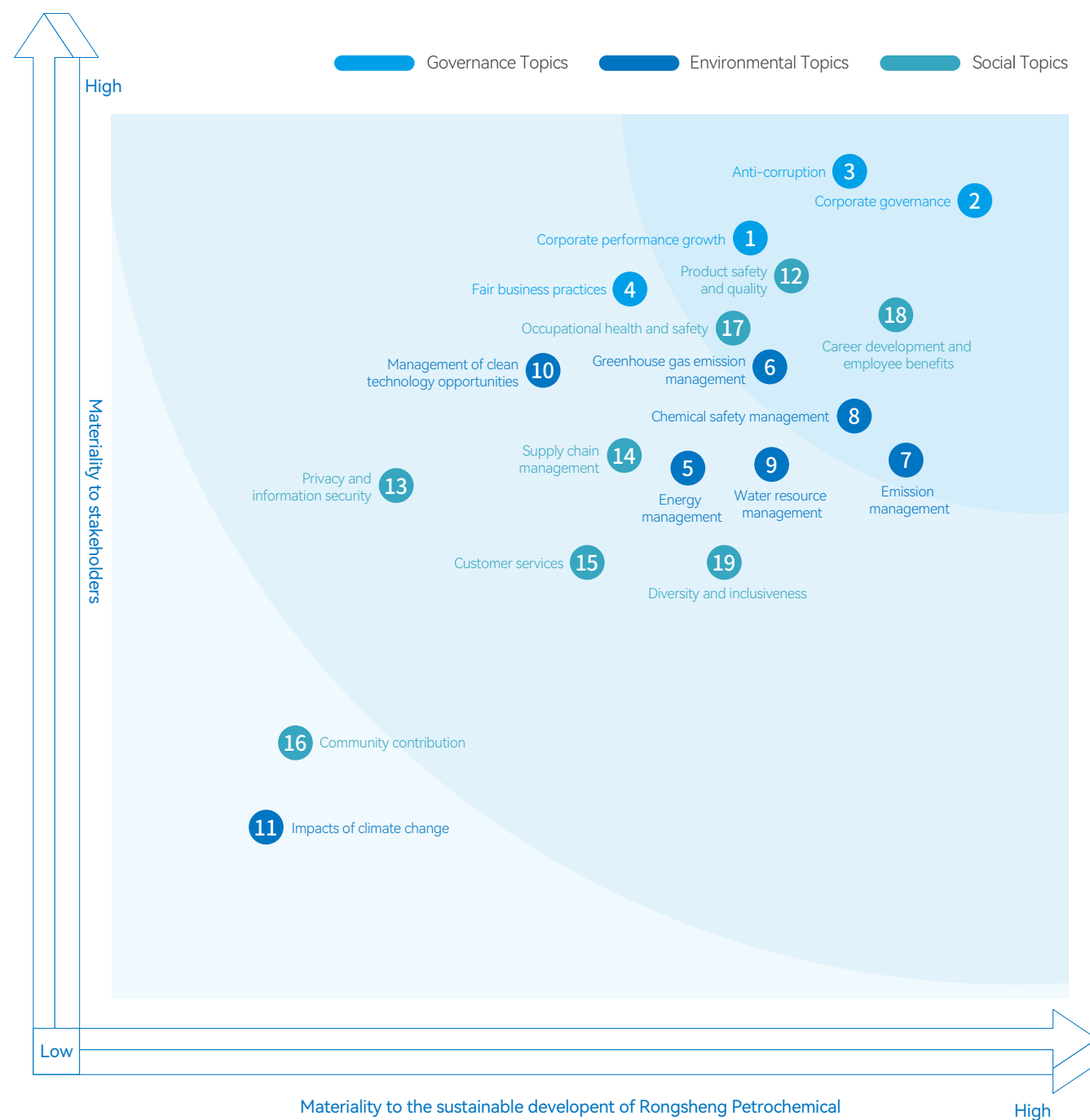
Stakeholders	Concerns	Communication Channels
Shareholders and investors 	Compliance Risk management Performance growth and return Business ethics	Shareholders' Meetings Company announcements Regular reports and communication Press conferences/meetings Investor surveys Hotline Mailbox WeChat official account
Government and regulators 	Fully paying taxes according to the law Supporting the state strategies Low-carbon operation and environmental protection Energy conservation and emission reduction	Press release/announcements The Company's official website Regular communication Information disclosure
Customers 	Product quality R&D innovation Customer rights and interests Customer service	Hotline E-mail Satisfaction surveys Customer visits Customer complaints The Company's official website
Employees 	Equal employment Remuneration and benefits Employee development Employee care Occupational health and safety	Suggestion boxes Employees' meetings Hotline Employee events Service evaluation
Partners 	Fairness and transparency Integrity in contract performance Cooperation and mutual benefits Responsible sourcing Protection of Intellectual property rights	Technical meetings Online communication Regular visits Suppliers' meetings Hotline
Communities 	Supporting public welfare and charity Supporting community construction Low-carbon operation and environmental protection Energy conservation and emission reduction	Charity events Media communication and coverage Site visits

During the reporting period, we conducted questionnaire surveys with internal and external stakeholders on material topics related to Rongsheng Petrochemical's social responsibility to comprehend their impact on the Company's sustainable development and our stakeholders. We sufficiently understood stakeholders' expectations and suggestions for Rongsheng Petrochemical and analyzed the material topics to provide a basis for formulating long-term sustainable development strategies. We identified 9 topics with high degree of materiality, 8 topics with medium degree of materiality, and 2 topics with low degree of materiality. Among them, topics with high materiality comprise the fundamental part of this report. We will detail the information on these topics in the report.

The Analysis Process for Material Topics



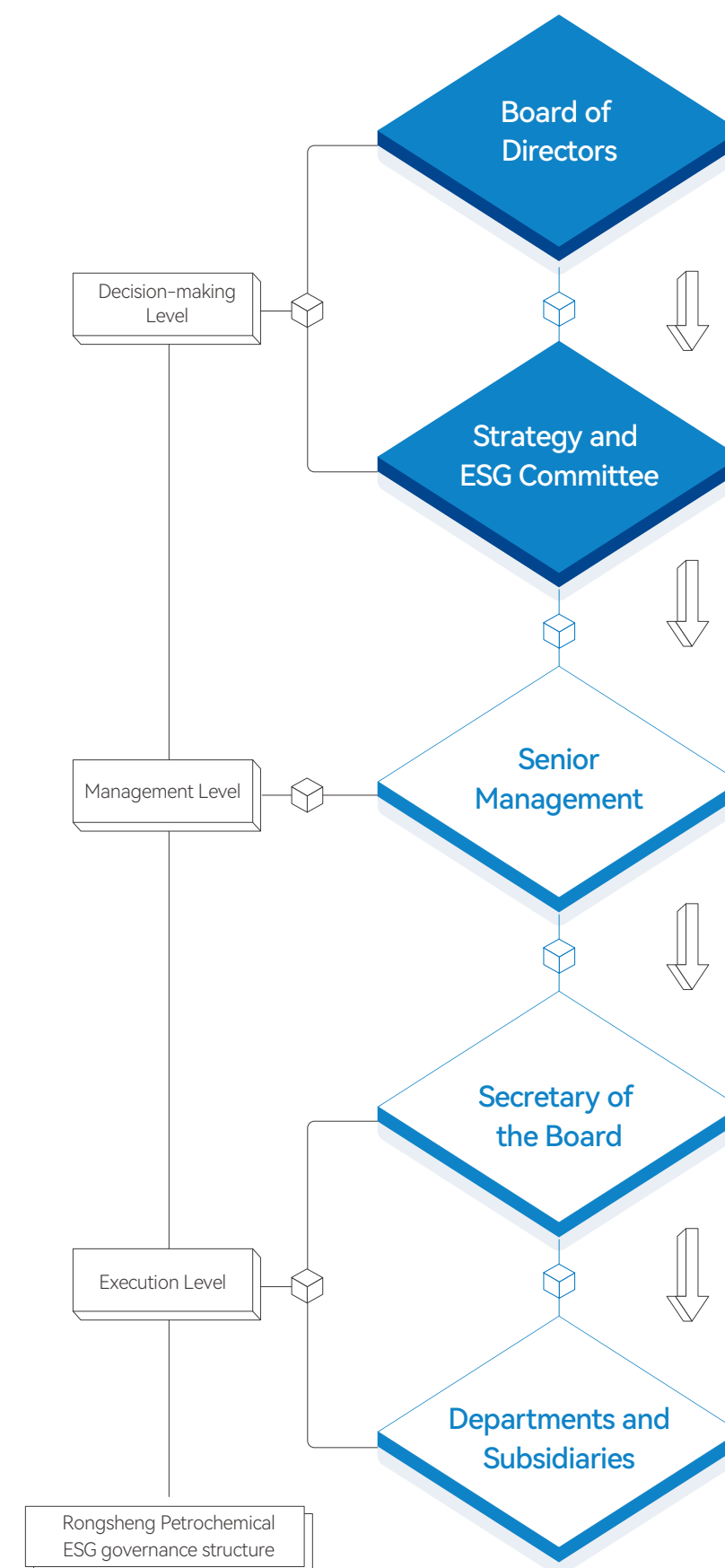
Matrix of Material Social Responsibility Topics of Rongsheng Petrochemical 2023



ESG Governance

The Company deeply integrated ESG management with the development and growth of its operation. We continue to practice social responsibility and work with stakeholders to generate value and share development outcomes, acting as a company that sincerely pays back to the society and earnestly fulfills social responsibility.

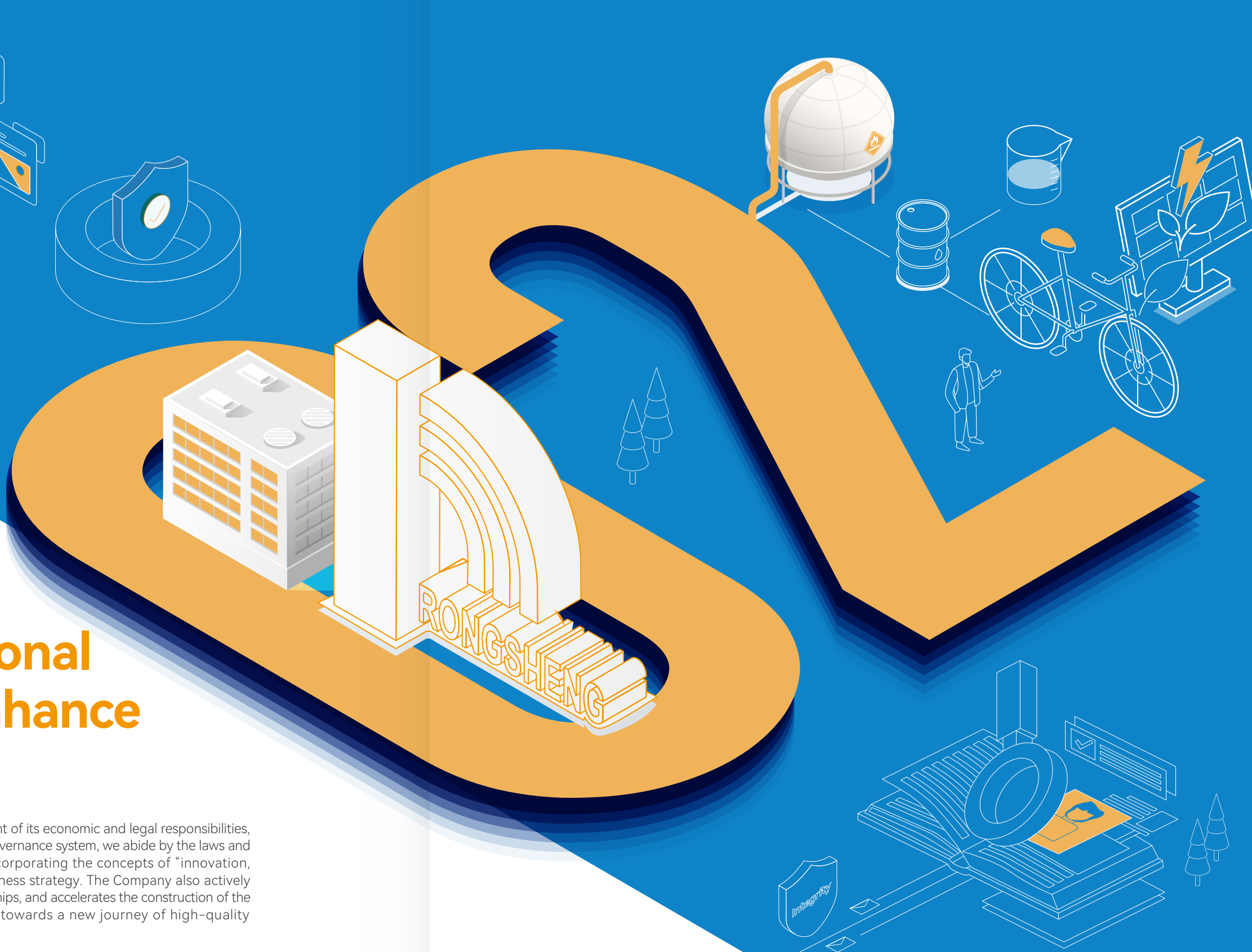
The Company has set up a top-down ESG structure that involves multiple parties. The Board of Directors is the highest decision-making body for ESG governance. The Strategy and ESG Committee, which is chaired by the Chairman of the Board of Directors and has four Directors as members. It is responsible for reviewing the Company's environmental management-related matters, including environmental strategic planning, environmental goal setting, environmental policy formulation and execution management, climate risk assessments, environmental performance, and environmental information disclosure. The Strategy and ESG Committee regularly reports to and is under the supervision of the Board of Directors. The Office of Board Secretary leads other departments and the subsidiaries in implementing and promoting ESG governance practices. This structure clearly defines the responsibilities and promotes the cooperation within the Company, laying a solid foundation for the Company's ESG governance and sustainable management.



02

Ensuring Operational Compliance to Enhance Growth Strength

The development of an enterprise not only depends on the fulfillment of its economic and legal responsibilities, but also its social and moral responsibilities. With a sound internal governance system, we abide by the laws and regulations and operate with integrity. We are committed to incorporating the concepts of “innovation, coordination, sustainability, openness, and sharing” into our business strategy. The Company also actively undertakes social responsibilities, establishes positive social relationships, and accelerates the construction of the corporate social responsibility systems, leading the Company towards a new journey of high-quality development.



Corporate Governance

In strict accordance with the applicable laws, regulations, and listing rules and requirements, including the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Shares on the Shenzhen Stock Exchange*, and the *Self-regulatory Guidelines for Companies Listed on the Shenzhen Stock Exchange No.1: Standardized Operation of Companies Listed on the Main Board*, Rongsheng Petrochemical continues to refine the corporate governance structure and sound internal control system to regulate the operation of the Company. It constantly improves management requirements and urges the implementation of policies such as the *Internal Reporting System for Material Information*, aiming to achieve full coverage of the systems along with a well-established internal control system to protect the interests of shareholders, stakeholders, and employees to the greatest extent.

The Company has established a three-tier governance structure which consists of the Shareholders' Meeting, the Board of Directors, the Board of Supervisors, and the senior management. The Company has independent business and operational autonomy and operates independently in terms of its business, assets, personnel, organization, and finance. Within the reporting period, a total of 10 meetings of the Board of Directors, 9 meetings of the Board of Supervisors, and 5 Shareholders' meetings, were held. The convening and corresponding procedures of the general meeting of shareholders shall be confirmed by a third-party law firm to comply with the relevant laws, regulations, normative documents and the relevant provisions of the *Articles of Association of the Company*, such as the *Company Law*, the *Rules of the General Meeting of Shareholders*, the *Detailed Rules for the Implementation of Online Voting at the General Meeting of Shareholders*. The general meeting of shareholders of the company is a combination of on-site voting and online voting, and voting is carried out by registered voting, and all the proposals of the general meeting of shareholders have been passed, and there is no selective information disclosure.

We place emphasis on the diversity in gender, professional background and expertise of our Board of Directors. By the end of the reporting period, the Company has 9 Directors and 3 Supervisors, including 1 foreign Director and 8 domestic Directors, and 3 of the Directors are female. Among these Directors and Supervisors, 2 are professors, 1 holds a doctoral degree, and 3 hold master's degrees. Our Directors have the professional background in a variety of disciplines including finance, law, and economics, and they all have rich experience in the industry and risk management. They are capable of reviewing the Company's decision-making in a more inclusive, comprehensive, and international perspective, effectively improving the Company's internal governance efficiency and laying the cornerstone for the stable and sustainable development of the Company. The information on Directors, Supervisors and senior management is detailed in the *2023 Annual Report*.

Within the reporting period



10 meetings of the Board of Directors



9 meetings of the Board of Supervisors



5 Shareholders' meetings

The Strategy and ESG Committee, Audit Committee, Risk Control Committee, Nomination Committee, and Remuneration and Appraisal Committee were instituted under the Board of Directors. Each committee assumes its responsibilities and collaborates with the others to ensure the Company's high-quality development.

Strategy and ESG Committee	Li Shuirong , Li Yongqing, Yan Jianmiao, Shao Yiping, Zheng Xiaodong	① Formulate the Company's long-term development strategy ② Supervise and verify the Company's major investment decisions ③ Review and supervise the Company's ESG matters
Audit Committee	Shao Yiping , Zheng Xiaodong, Li Yongqing, Li Cai'e, Yan Jianmiao	① Inspect the Company's compliance with laws and regulations ② Review the Company's accounting policies, financial conditions, and financial reporting procedures ③ Communicate with the Company's external auditors ④ Appraise the internal auditors and their work ⑤ Appraise the Company's internal controls ⑥ Review and supervise the existing or potential risks in the Company
Risk Control Committee	Zheng Xiaodong , Li Cai'e, Xiang Jiongjiong, Yan Jianmiao, Shao Yiping	① Focusing on the overall business targets, the Committee executes the basic process of risk management in all aspects of its management and operation to establish a good culture of risk management ② Establishes a sound risk management system that includes risk management strategy, risk financing measures, organizational function system for risk management, risk management information system and internal control system to provide reasonable assurance for the overall targets of risk management
Nomination Committee	Shao Yiping , Li Shuirong, Yu Fengdi, Yan Jianmiao, Zheng Xiaodong	① Analyze the composition of the Board of Directors and define the requirements for Directors ② Establish criteria and procedures for the selection of directors ③ Conduct an extensive search for qualified director candidates ④ Conduct a formal review of director candidates nominated by the Board of Directors and the Board of Supervisors ⑤ Finalize the candidate list for voting on to the Shareholders' Meeting
Remuneration and Appraisal Committee	Yan Jianmiao , Li Shuirong, Yu Fengdi, Shao Yiping, Zheng Xiaodong	① Formulate criteria for the appraisal of Directors, Supervisors and senior management and conduct the appraisal ② Formulate and review the remuneration policies and schemes for Directors, Supervisors and senior management

Note: The chairpersons of the committees are shown with their names in bold.

Information Disclosure Management

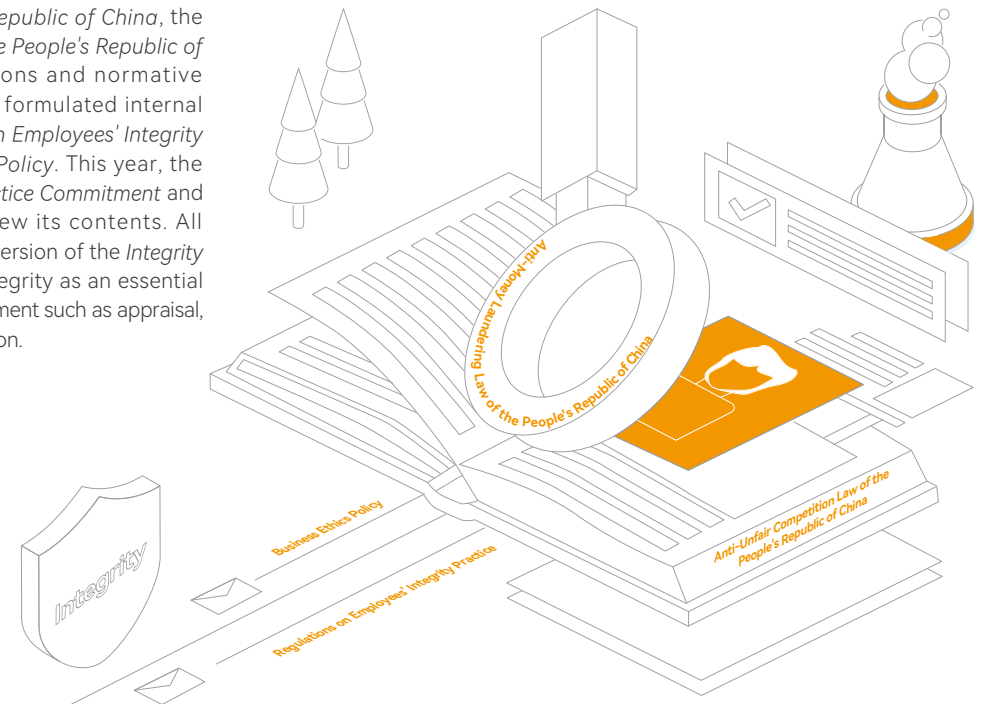
We highly value compliance and transparency in information disclosure and strictly abide by the related regulatory requirements. We have formulated internal information disclosure management systems such as the *Management System for Information Disclosure Affairs*, the *Information Insider Registration Management System*, and the *Accountability System for Major Errors in Information Disclosure in Annual Reports*, and prepared the *Specification for Announcement Format* to regulate information disclosure standards and reporting procedures and ensure that the information disclosed is true, accurate, and complete. In 2023, there were no major negative reports or doubts about corporate social responsibility in the public media. For details of the company's profit distribution, please refer to the *2023 Annual Report*. In the future, the Company will continue to improve the quality of information disclosure and operation standard of the Company. With fair and transparent communication, we will enhance our relationship with the capital market and repay the trust and support from the investors.

Investor Relations Management

We always adhere to the idea of “respecting and rewarding investors.” We have formulated the *Investor Relations Management System* and appointed dedicated management personnel for investor relations management and maintenance. We communicate with investors via investor hotline and the Shenzhen Stock Exchange's IRM platform. In addition, the Company hosts performance briefings and Investor Reception Day events, welcomes institutions for on-site research, convenes teleconferences, and actively participates in collective Investor Reception Day events in the jurisdiction and institutional investment strategy summits, utilizing the various media to establish extensive communication with the investors. Through practical and sufficient communication and dialogues, the Company has built a positive image in the capital market and deepened the capital market's understanding of the Company.

Business Ethics Management

The Company strictly complies with the *Anti-Money Laundering Law of the People's Republic of China*, the *Anti-Unfair Competition Law of the People's Republic of China*, and other laws, regulations and normative requirements. The Company has formulated internal policies such as the *Regulations on Employees' Integrity Practice and the Business Ethics Policy*. This year, the Company revised the *Integrity Practice Commitment* and invited external lawyers to review its contents. All employees have signed the latest version of the *Integrity Practice Commitment*. We take integrity as an essential factor in employee's career development such as appraisal, appointment, dismissal, and promotion.



Establishing Management Framework

The Company views regulating the conduct of employees and urging them to consciously abide by social and professional ethics as a priority. We adhere to compliant operation and fair competition, prohibit any form of commercial bribery, money laundering, monopoly, and unfair competition, and strictly require all employees and suppliers to abide by business ethics.



Improving Inspection Procedures

The Company constantly improves its internal supervision system and regularly studies and deploys key supervision tasks to achieve full coverage of supervision over the Directors, Supervisors, senior management and all employees within the Company. The work plan for inspection is arranged in 3 stages of "Planning - Implementation and reporting - Feedback and reevaluation" as detailed below:

Planning stage



At the beginning of each year, the Inspection Department formulates the annual work plan that covers various aspects regarding the business operation and management of Rongsheng Petrochemical and its subsidiaries, including procurement, sales, production, technology, safety, human resources, comprehensive work, and integrity. Rongsheng Holding and its subsidiaries shall receive at least one inspection every year.

Implementation and reporting stage



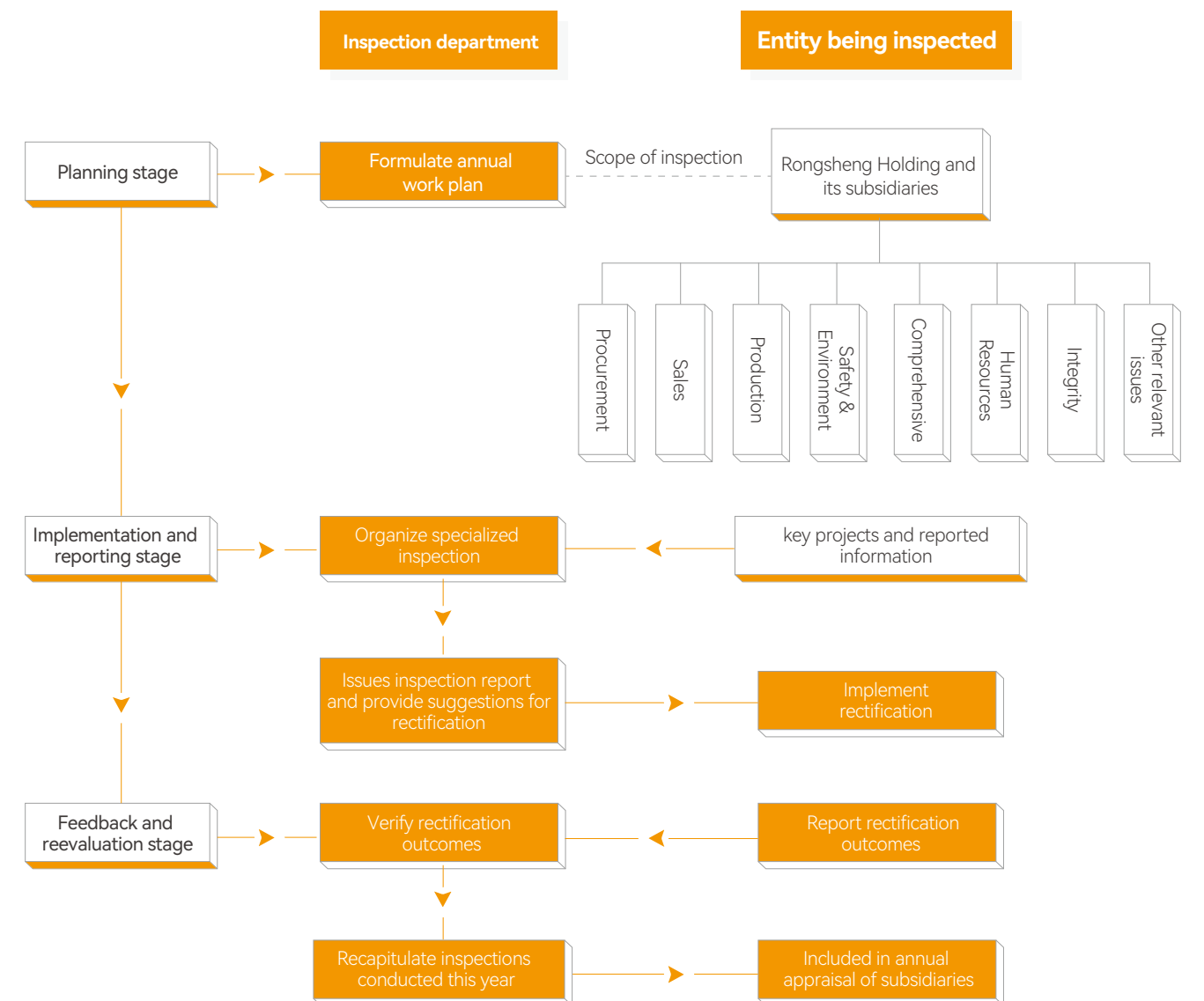
We perform regular inspection in accordance with the work plan and make prompt adjustments in light of the actual progress. For key projects or reported information, we organize special inspections, issue the inspection report in a timely manner and formulate optimization suggestions. Companies where problems arise are required to remedy as soon as possible and subjected to the reevaluation from the Inspection Department.

Feedback and reevaluation stage



The inspected companies shall report the outcome of their remediation, and the Inspection Department shall focus on the implementation of the rectification measures. At the end of the year, the Inspection Department recapitulates the inspections conducted this year and reports to Rongsheng Holding's Directors, Supervisors and Senior Executives Meeting for performance evaluation of the inspected items, and the results of this evaluation will be considered in the annual appraisal of the subsidiaries.

Diagram of Inspection Procedures



During the reporting period, the Inspection Department has completed 23 inspection projects and 79.89% of the issues identified were remedied. We will continue to rectify the identified issues.

23

The Inspection Department has completed 23 inspection projects

79.89%

The issues identified were remedied

Business Ethics Training

Guided by the Company's *Business Ethics Policy* and other policies, we have established and strictly implemented a business ethics training system. Directors, Supervisors, senior management and all employees are required to complete internal business ethics and anti-corruption training annually. Suppliers of the Company's procurement and sales business mainly submit quotations and bid through the Rongsheng e-commerce platform, and all suppliers and customers who participate in the quoting and bidding activities on the platform are required to sign the *Rongsheng Holding E-commerce Platform Letter of Commitment* in advance, which includes the Company's integrity requirements for suppliers, their employees and customers. Requirements on business ethics and the contact information for monitoring and reporting will be detailed in the contracts.

In 2023, the Directors of the Company participated in two training sessions organized by the Company and Zhejiang Province respectively, and the trainings covered business ethics, insider trading and other related issues. The Company arranged annual trainings on integrity for middle and senior technical management personnel and employees in key positions, as well as trainings on business ethics for all employees. All employees of Rongsheng Holding and its subsidiaries (including part-time and dispatched employees) have watched a training video about business ethics through the WeChat official account "Rongsheng e-Office". This improved the overall business ethics of our employees and helped them form correct occupational values. For more details, please refer to: <https://www.cnrspc.com/newsinfo/6742318.html>.



Business ethics education and training

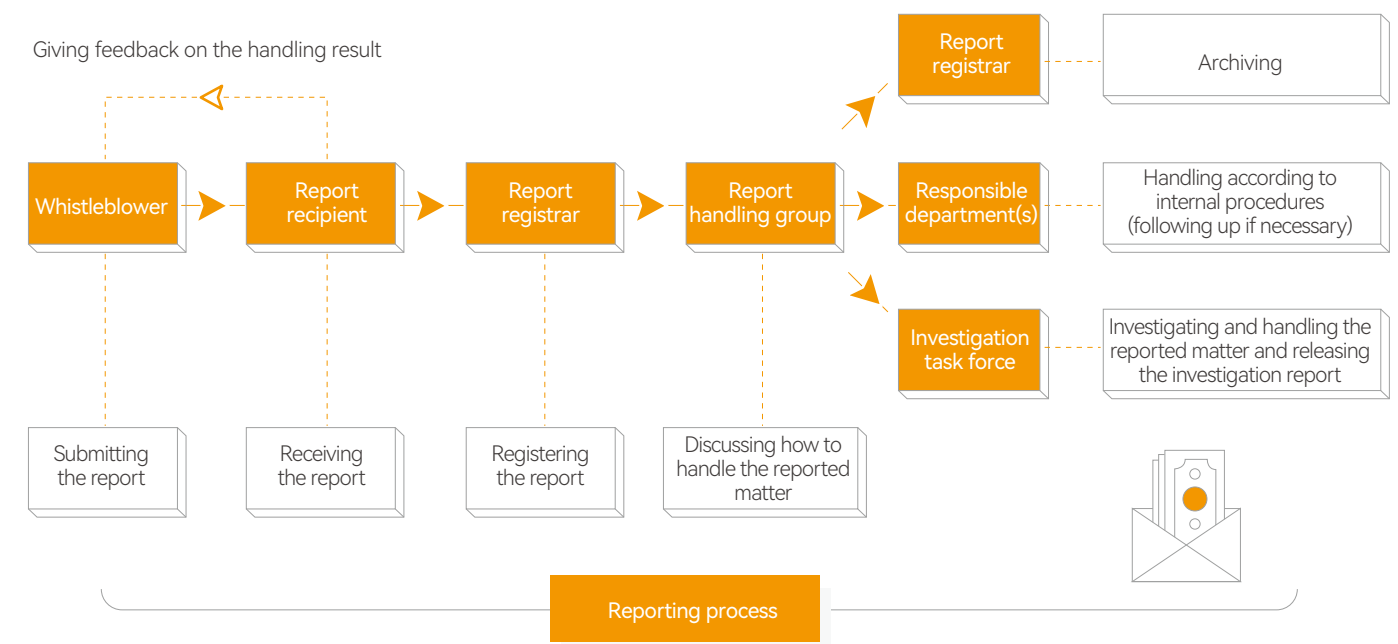
Reporting Mechanism

To regulate the performance of duties and promote ethical practice, the Company established an integrity reporting mechanism to receive and process reports from employees and the public. We accept reports on corruption, fraud, neglect of duty, and behaviors that harm our regular production, operation, and management activities.

Reporting Approaches

Hotline E-mail WeChat Mailing

The Company's Inspection Department is in charge of the work related to reporting on integrity. The Inspection Department assigned dedicated personnel to manage the Reporting Platform and assembled a report handling group. After receiving a report, the report handling group conducts preliminary analysis and judgement, and categorizes the report according to the scope of inspection, the nature of the matter, degree and the severity of the illegality, and whether the Inspection Department is able to investigate. The investigation task force will provide their opinions after the preliminary assessment, and the results will be delivered to the whistleblower promptly. For any updates in the future, we will communicate with the whistleblower to provide more feedback.

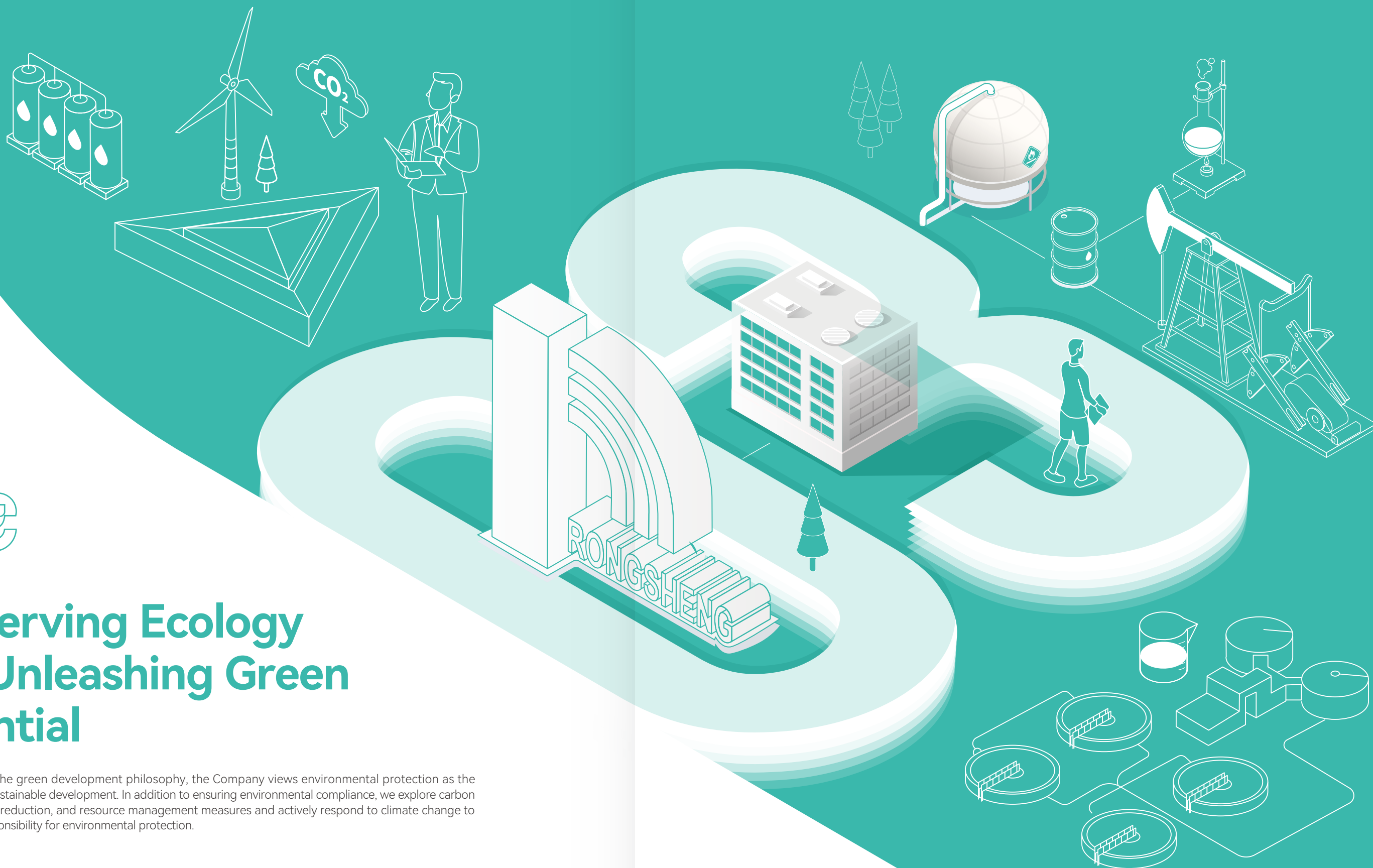


The Company implements a whistleblower protection mechanism. Access to the information about the whistleblowers and contents of their report are limited to the Inspection Department internally. If the report involves significant matters, its access will be limited to the investigation task force, preventing information leakage and ensuring the personal safety of whistleblowers. We aim to protect the whistleblower at the source of information. All forms of retaliation are clearly prohibited in the *Human Resources Management Regulations*, and once relevant problems are found, they will be seriously dealt with in accordance with the *Implementation Measures for Rewards and Punishments for Employees of Rongsheng Holding Group Headquarters*.



Conserving Ecology and Unleashing Green Potential

Always upholding the green development philosophy, the Company views environmental protection as the foundation of our sustainable development. In addition to ensuring environmental compliance, we explore carbon reduction, emission reduction, and resource management measures and actively respond to climate change to fulfill corporate responsibility for environmental protection.

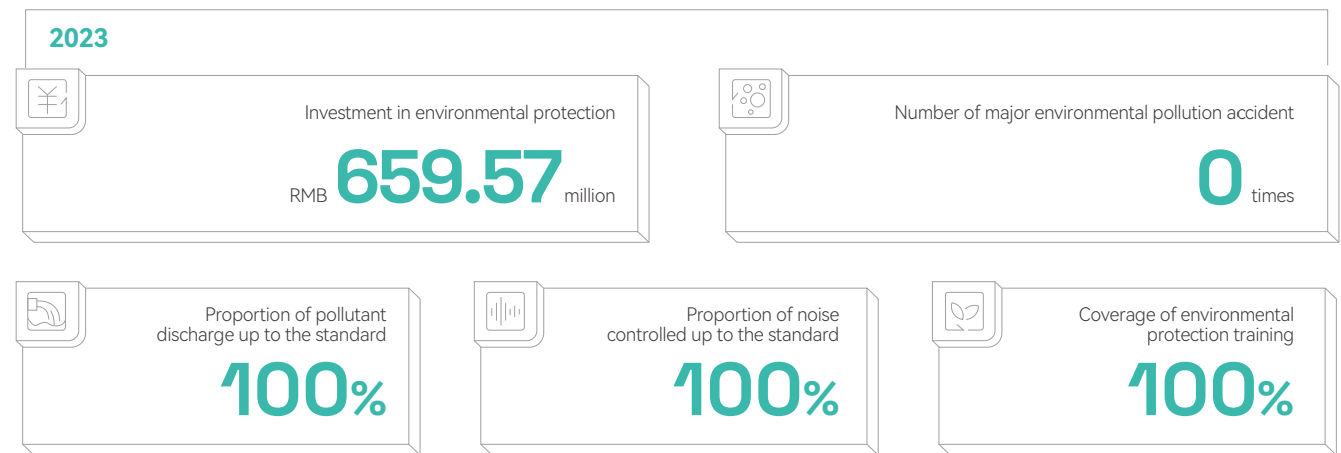


Enhancing Environmental Management

The Company continues to improve its environment management system to meet compliance requirements and the needs of green development of the Company. We strictly abide by the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on Environmental Impact Assessment*. Based on the characteristics of their operation, each subsidiary developed internal systems including the *Environmental Protection Management Accountability*, the *Management Measures for Environmental Protection Facilities*, and the *Environmental Protection Regulations* to effectively manage and limit their impact on the environment. We strive to build a resource-conserving and environment-friendly green enterprise.

Environmental Management System

The Company applies the policy of “putting prevention first, combining prevention with protection, making reasonable layout and practicing comprehensive utilization” and the principle of “whoever causes the pollution is responsible for its treatment” to environmental protection. The Company's Strategy and ESG Committee assumes the general responsibility for the Company's environment-related strategic planning, policy formulation, and goal setting and implementation. It is also responsible for the review and supervision of matters related to climate change risk assessment, environmental performance, and environmental information disclosure and reporting them to the Board of Directors. The Company has established a two-level HSE management structure covering the Company and its departments to enact supervision and inspection, further strengthening the development of our environmental management system. 85.71% of the Company's operating subsidiaries have obtained the ISO 14001 environment management system certification, as detailed in section "ISO System Certification Statistics of the Company".



Environmental Impact Assessment and Audit

For the conservation and effective utilization of resources, acceleration of industrial structure adjustment, and the rational allocation of production factors, the Company controls the impact of its projects on the surrounding ecological environment through systematic environmental impact assessment. We incorporate environmental factor identification and monitoring into the whole process of project design, construction, and operation, and submit our environmental monitoring data and environmental impact assessment results to relevant government agencies promptly, advancing our environmental management and data system construction. All our new construction, renovation, and expansion projects have passed environmental impact assessments, which cover environmental hazards, ecological impact assessments, water and air quality analysis, and noise monitoring. Within the reporting period, we did not occur any major environmental protection accidents or receive major complaints regarding environmental protection, major environmental administrative penalties or any other social safety issues.

The Company actively cooperates with the national, provincial and municipal bureaus of ecology and environment on external environment inspection, rectifies identified issues timely and investigates for similar ones. The HSE Department verifies the outcome of rectification and then reports to the administrative authority on ecology and environment. The Company formulates internal inspection plans and conducts internal environment inspections which focus on aspects such as the operation of environmental protection facilities, the compliance of the discharge of "three wastes", and the operation of the environment-emergency-related facilities. Each subsidiary arranges inspections of different frequencies in light of the importance of equipment, facilities, and production processes to improve environment management by combining internal and external checks.

The Company places high priority on the normal operation of environmental management system and performs annual environmental protection audits for all processes at all operational sites. The Company cooperates with internal auditing expert group to investigate the environment of the production sites, the waste generated during the production process, and the operation of environmental protection facilities, and executes closed-loop rectification on issues identified by the auditors. The Company continues to promote environmental management system certification. Subsidiaries that have obtained ISO 14001 environmental management system certification receive environmental compliance audits by professional third-party auditors once or twice a year, in order to further ensure the good functionality of the environment management system.

Case ZPC conducted integrated management system audit

ZPC continued its internal and external system audits. It conducted two external audits and multiple internal audits in the second half of 2022 and the year of 2023 on its management system of quality, environment, and occupational health and safety, and successfully obtained the integrated management system certification. ZPC engaged external professional auditors to perform internal audits led by the Enterprise Management Department. All businesses and departments of ZPC remedied the problems identified during the internal and external audits in a timely manner. ZPC organizes annual internal audits and implement closed-loop management for the uncovered problems.

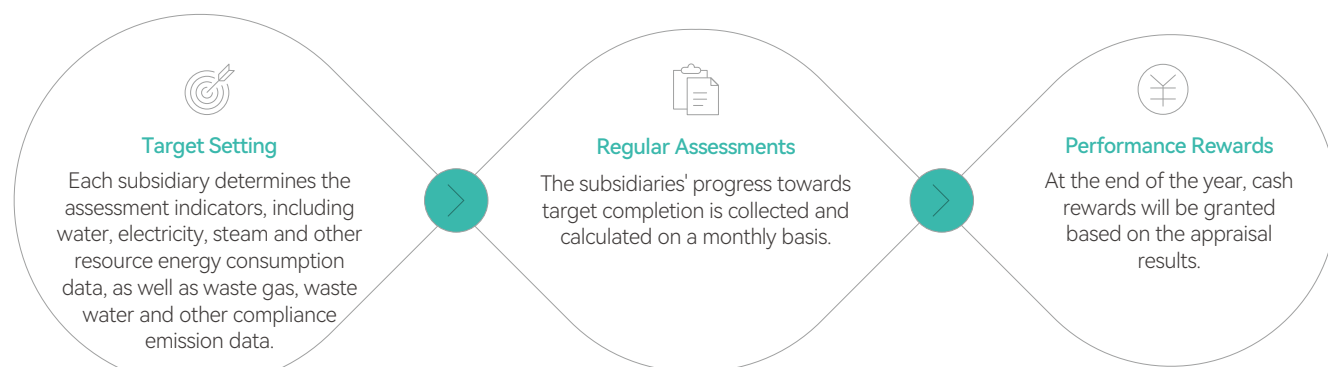




Environmental management system certificates obtained by the Company and some of its subsidiaries

Environmental Performance Management

To improve the effectiveness of environmental management, the Company formulated environmental performance appraisal systems such as the *Detailed Rules for Rongsheng Holding HSE Special Appraisals* and the *Detailed Rules for Rongsheng Petrochemical Special Appraisals*. Our subsidiaries have established target-based accountability systems and performance appraisal systems, which link pay for the management with environmental performance to incentivize the employees to fulfill their duty of environmental protection.

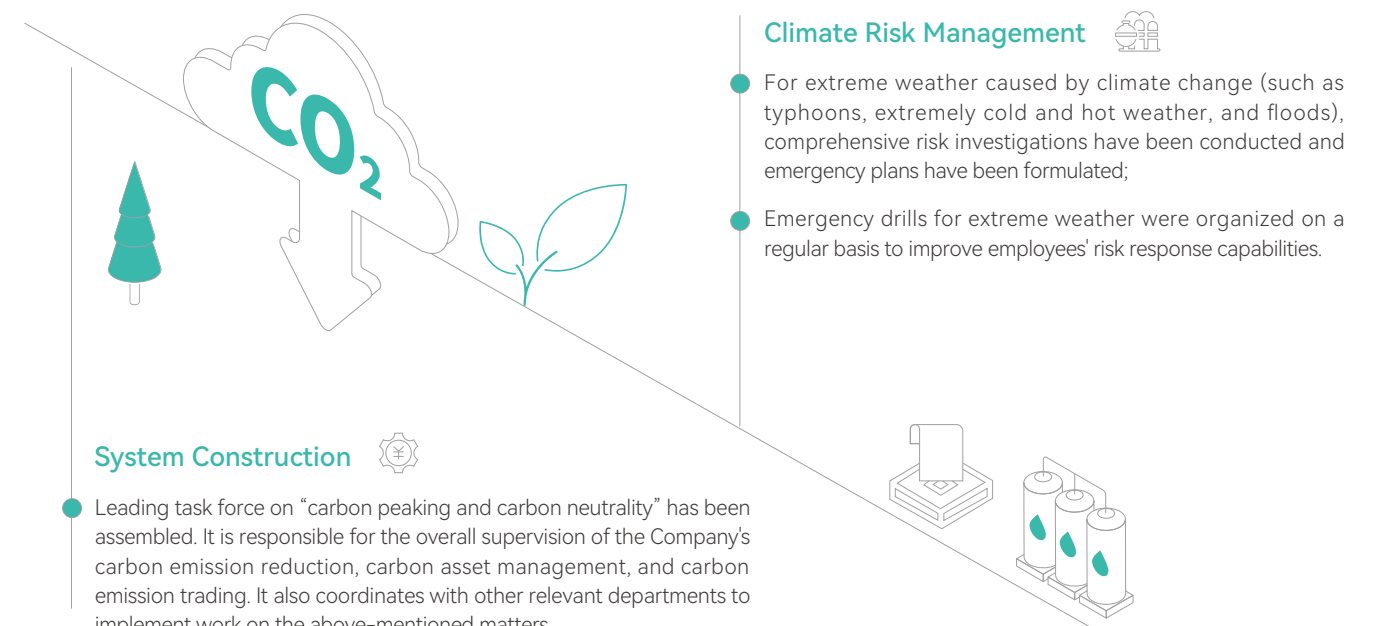


Process of environmental performance assessment

Strengthening Carbon Emission Management

As a leading enterprise in the petrochemical industry, the Company is deeply aware that it bears greater obligation to respond to climate change and the national strategic deployment of “carbon peaking and carbon neutrality” goals. The Company actively adopts effective carbon management measures, continuously develops carbon reduction initiatives at the plants, and explores ways of carbon utilization, contributing to the achievement of the national “carbon peaking and carbon neutrality” goals and the fulfillment of its environmental responsibility. In 2023, the Company has set the following management goals for carbon emissions:

Type of goal	Carbon management goal
Carbon peaking	2030
Carbon neutrality	2060
Carbon dioxide emission reduction	By 2025, reduce at least 3 million tonnes of carbon dioxide emission through energy saving programs.
Carbon emission intensity reduction	By 2025, reduce the Company's carbon emission intensity per unit value of output by 5%.
Carbon dioxide recycle and reuse	By 2025, recycle and reuse an additional 500 thousand tonnes of carbon dioxide.
Green electricity trading	By 2028, complete the transaction of an additional 1,615 million kWh of green electricity.
Green electricity coverage	By 2025, achieve full coverage of new energy at the Company's main production and operation units.

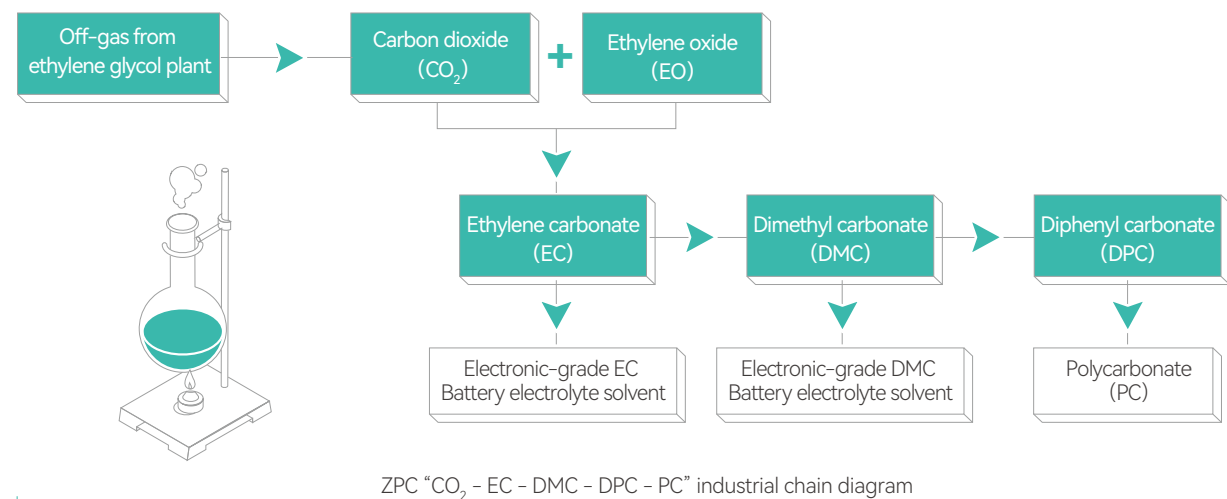


The Company closely monitors its own carbon emission and strictly manages and accounts for the emission data. Each subsidiary develops GHG accounting plan accordingly and forms an internal reporting mechanism. The emission data is reported to the superior government department after being reviewed by the internal leader, marking the completion of annual GHG emission reporting and related statistics and accounting process. The authority on ecology and environment will engage a third party to perform an on-site inspection at the Company. After the result is reviewed by the authority on ecology and environment at municipal and provincial levels, the external accounting is considered completed.

We are striving to achieve carbon utilization while actively taking actions to reduce carbon emissions. Based on the concept of circular economy, we recycle the carbon dioxide generated in production and use it to produce high-value products, so as to achieve synergy between energy conservation and emission reduction and carbon dioxide resource utilization.

Case ZPC established an industry chain for high-value utilization of carbon dioxide

ZPC recovers and refines the 120 thousand tonnes of CO₂ generated by its ethylene glycol plant, and adopts green processes to produce high-value products, including ethylene carbonate (EC), dimethyl carbonate (DMC), diphenyl carbonate (DPC), and polycarbonate (PC), forming a complete and integrated "CO₂-EC-DMC-DPC-PC" industry chain. The establishment of this industry chain can reduce tail gas emission from the ethylene glycol plant by 133 thousand tonnes per year. Compared with traditional processes, the industry chain helps reduce energy consumption by 38 thousand tonnes of standard coal per year and reduce 20 tonnes of volatile organic compounds (VOCs) emissions per year. A single set of production unit on the integrated industrial chain process can produce 520 thousand tonnes of high-performance PC resins annually and occupies 30% less area compared with traditional production units.



We are well aware that carbon reduction requires the joint efforts of all parties. The Company actively seeks opportunities for innovation in carbon emission reduction technologies, share experience and cooperate with partners such as industry associations, and lead the green development of the industry.

Case ZPC participated in national and association standard formulation on carbon reduction

ZPC actively participated in the association standard formulation of the *Carbon Emission Benchmarks for Ethylene Oxide/Ethylene Glycol Plants* and the *Carbon Emission Benchmarks for Pollution Control Measures in the Modern Coal Chemical Industry*, which are led by the Ministry of Ecology and Environment of the People's Republic of China. We also participated in the compilation of the *Technical Guidelines on Collaborative Pollution Reduction and Carbon Reduction in the Ethylene Industry in Zhejiang* led by the Department of Ecology and Environment of Zhejiang Province.

Reducing Resource Consumption

The Company is committed to transforming the way it utilizes resources to achieve high resource efficiency and support the nation's low-carbon development with practical actions. The Company strictly abides by relevant laws and regulations such as the *Energy Conservation Law of the People's Republic of China* and the *Water Law of the People's Republic of China*. We improve our resource management and production technology, and promote the implementation of and innovation in resource conservation and consumption reduction from aspects such as energy conservation technological transformation and alternative water resources.

Energy Management

The Company continues to consolidate our energy management basis and improve energy management systems and energy management organizational structure as per ISO 50001 energy management systems. The subsidiaries of the Company have established an organizational structure with the head of each subsidiary as the leader and the Technology Department as the leading department. Each department shall execute control according to its specialties and responsibilities, and perform relevant work in accordance with the requirements of the energy management system. As of the end of the reporting period, the Company's subsidiaries have obtained the ISO 50001 certification, as detailed in section "ISO System Certification Statistics of the Company".

The Company established an energy consumption tracking and management mechanism. The energy management group calculates and analyzes the energy consumption of each production unit monthly. We overhaul our units and eliminate abnormal energy consumption and high energy consumption, implement technological innovation and upgrade rather outdated processes and units. At the beginning of each year, the Company's subsidiary sets management targets for electricity, steam, coal and other types of energy, as well as major improvement measures and plans. Each subsidiary follows up the target completion progress on a monthly basis, and analyzes and rectifies unmet goals.

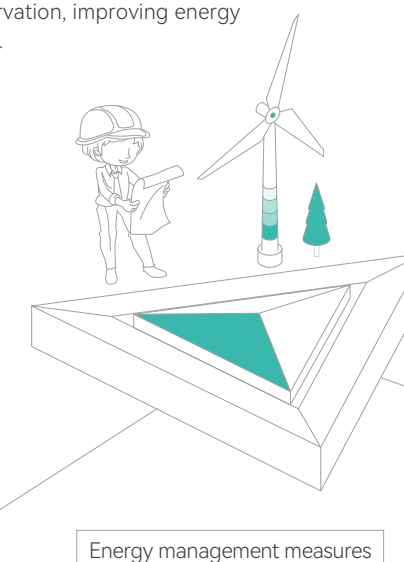
The major types of energy consumed during the Company's production processes are electricity, steam, oil, gasoline, diesel and coal. We reduce energy consumption by adjusting energy structure, implementing technological transformation in energy conservation, improving energy consumption management, and other measures.



ISO 50001 energy management system certificate of Yisheng Dahua

Energy Structure Adjustment

We are committed to progressively lowering our dependence on traditional fossil fuels such as coal and optimizing our energy mix using natural gas. In 2023, Yongsheng Technology used gas stoves to replace coal-fired ones and consumed 32.94 million standard cubic meters of natural gas for fuel.



Energy-conservation Technological Transformation

We plan to achieve goals on energy saving and consumption reduction by optimizing process operating parameters, modifying certain parts of the production units, and initiate waste heat recovery and utilization projects.

Improvement of Energy Consumption Management

We continue to optimize the construction of the energy module of the MES (Manufacturing Execution System) system to realize the information management of energy data.

Case Zhongjin Petrochemical's Technological Improvement Project

Through technological improvement, Zhongjin Petrochemical discontinued the original naphtha thermal deoxidization unit and added a guard reactor. The unit saves 23 tonnes of steam per hour, with an annual energy saving of 15,000 tonnes of standard coal.



We have made great achievements in energy consumption management. In September 2023, China Petroleum and Chemical Industry Federation (CPCIF) released the 2022 "Top Runner" List for High Energy-consuming Products in the Petroleum and Chemical Industry. The energy efficiency of ZPC's para-xylene fixtures was 175.2 kg standard oil per tonne, and the energy efficiency of the ethylene unit was 541.6 kg standard oil per tonne, which both ranked first on the "Top Runner" list.

ZPC's para-xylene fixtures ranked first on the energy efficiency "Top Runner" list

ZPC's ethylene unit ranked first on the energy efficiency "Top Runner" list

Case Natural gas turbine modification and exhaust gas usage

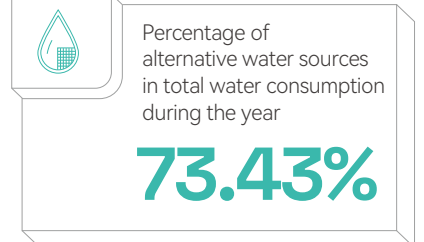
Previously, the tail gas from ZPC's gas turbines was discharged directly into the fuel pipeline network for use as ordinary fuel, which could not maximize the value of the tail gas. In 2023, ZPC modified three natural gas turbines, so that they could use membrane off-gas instead of natural gas. The annual power generation capacity reached 1.8 billion kWh, and natural gas purchase was reduced by 400 million cubic meters per year, significantly saving energy and resource consumption.



Water Management

The Company takes active measures for water conservation in production and operation to improve water consumption efficiency. All subsidiaries have established strict water resource management systems and goals. The relevant operating departments conduct refined monitoring and accounting on water consumption data, and report to the Board of Directors. We are committed to reducing waste of water resources and increasing the reutilization rate of water by using water-saving equipment and water reutilization technologies and effectively control key water consumption points. We also pay attention to the water stress in all of the locations of our operation and have conducted water stress risk assessment and monitoring. For more details, please visit <https://www.cnrspc.com/newsinfo/6279673.html>.

Our production water sources vary depending on the project location and are mainly from the municipal pipeline network, seawater desalination, and rainwater recycling. During project environmental impact assessment, we examine the water supply risk at the project location and effectively reduce water risks by adopting methods such as establishing corresponding emergency mechanisms and installing backup water tanks. During the operation stage, we continue to implement the water conservation measure of "water saving at the front and water reuse at the end", and form a water-resources-saving management system with daily monitoring, weekly inspection and monthly summary. The water management mainly focuses on water consumption management, goal setting, process and equipment upgrade and alternative water sources.



Water Consumption Management

- Use MES to monitor the Company's water consumption during production, extract data from the MES regularly to calculate water balance, investigate any identified imbalances. The responsible departments shall address the problems identified.
- Establish a water conservation management procedure that specifies the relevant management structure, objectives, performance indicators, as well as water-saving measurement and statistics, and inspection and assessment.
- Maintain water recirculation rate at above 98%.

Goal Setting

- Set detailed goals related to water resources management for products, systems and production units, such as the consumption of circulating water, deoxidizing water, demineralized water per unit, the replenishment rate of fresh water in the circulating water plant, and analyze progress on goal achievement on a monthly basis.

Process and Equipment Upgrading

- For the first time in the industry, a closed-circuit circulating cooling water process is adopted, which is basically drain-free compared to traditional open-circuit circulating cooling water systems, saving about 20 million tons of water per year.
- We repair malfunctioning equipment, upgrade equipment with high consumption, and promptly retire outdated equipment. We renovate and upgrade water equipment to reduce water consumption.
- We continue to inspect and eliminate leakage in plants.

Alternative water sources

- Each subsidiary uses alternative water sources such as desalinated seawater, stormwater, and reclaimed water, to reduce the consumption of fresh water from the municipal pipeline network based on its own circumstances. ZPC uses desalinated seawater for all its production, with current seawater desalination capacity reaching 530 thousand tonnes per day; Yisheng Dahua utilizes sea water, reclaimed water and other non-fresh-water sources to replace 70% to 80% of the total water consumption in the plant.
- We research the feasibility of replacing high-grade water with low-grade water to further reduce the water consumption at source.

Water management measures

Case ZPC's measures on water management

This year, ZPC further enhanced its water resource management through the following measures:

A rainwater recycling unit with a processing capacity of 800 cubic meters per hour was constructed to use treated rainwater for firefighting water replenishment. At present, we have completed the testing of the unit, and are currently laying the pipelines for replenish water between the unit and the firefighting water tank;

The reclaimed water unit (phase II of the project) was officially put into production in September 2023. The unit is designed with a processing capacity of 5,000 cubic meters per hour and a water production capacity of 3,500 cubic meters per hour, and all the water produced is used for water replenishment in the circulating water plant;

Two sets of exhaust steam recovery devices for deaerator have been added to the purification equipment of the coal-to-gas production facility to collect steam condensation water and transport it back to the facility for reuse.



Case Zhongjin Petrochemical's measures on water management

To reduce water consumption at source, Zhongjin Petrochemical has taken diversified measures to improve the efficiency of water consumption:

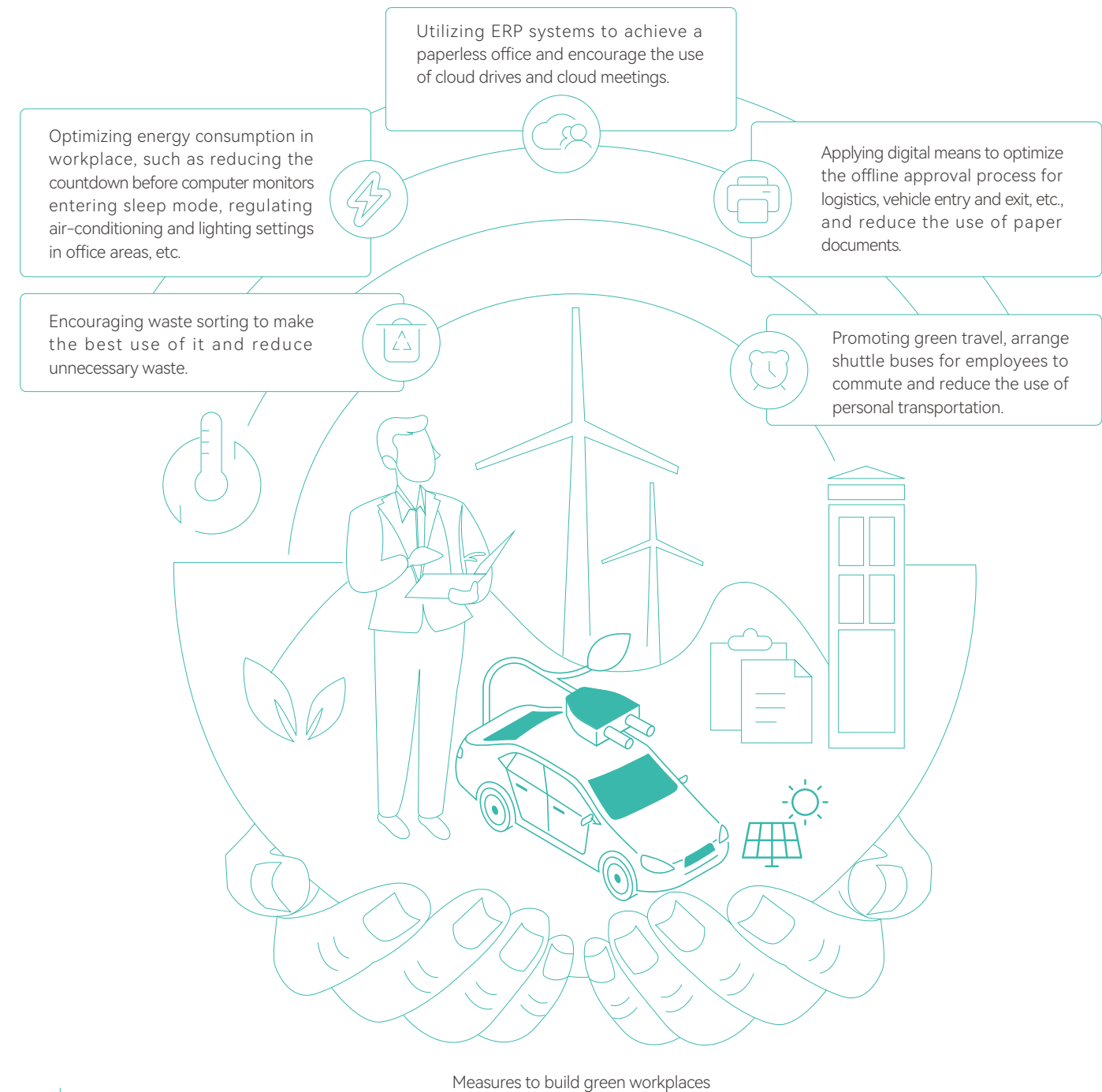
Transport the gray water from the coal-to-gas production facility and salt-containing wastewater from other production areas to the salt-containing sewage treatment unit of the drainage system for treatment. After meeting the relevant requirements, the treated water is used for replenishing circulating water, with a recycling rate of no less than 60%.

Optimize the processes of fuel unit of the power station by replacing the production water with black water from the coal-to-gas production facility, which can reduce water consumption of production by about 130 thousand tons per year.



Environmental Philosophy

The Company advocates the green and low-carbon philosophy in daily work and life, and promotes green office plan in the workplace for our employees. The Company continues to raise the awareness of its employees and suppliers regarding environmental protection and organizes various special trainings to actively promote knowledge on this topic. We encourage every employee to conserve resources and minimize waste. We integrate paperless working in our daily work to reduce carbon footprint.





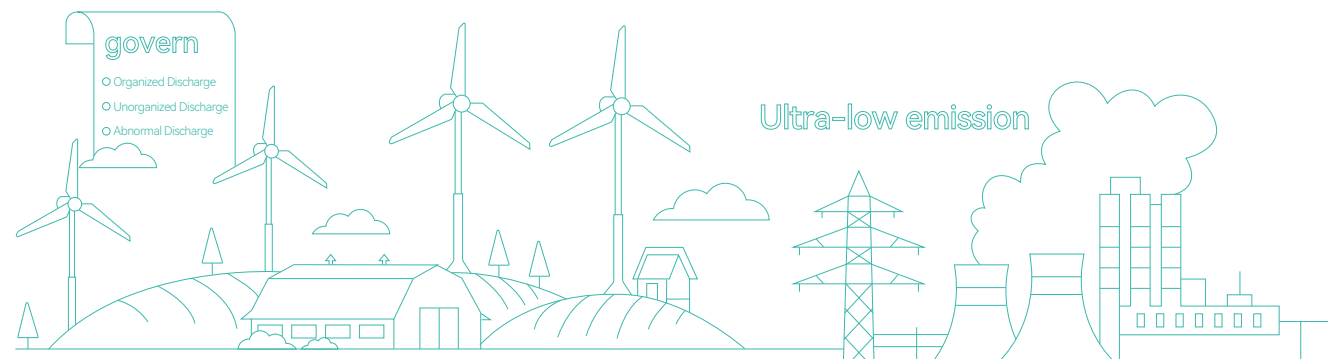
Controlling Pollutant Discharge

The Company reinforces the standardized management of wastewater, exhaust gas, and solid waste, and pays special attention to the prevention and control of toxic and hazardous substances. We strictly abide by the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and other related laws and regulations. We prioritize air pollution control, water pollution control, and solid waste management in our environmental protection work, strictly monitor the discharge volume and control the total amount of pollutants. We perform environmental monitoring and emergency monitoring and management at key locations such as pollution sources, discharge outlets and plant boundaries, evaluate the effectiveness of environmental control and status of pollutant discharge, and closely monitor the impact of various types of emission on the environment. The pollutant discharge of subsidiaries of key pollutant dischargers listed in the environmental protection department is detailed in the *2023 Annual Report*.

Air Pollution Control

The Company strictly manages the impact of production plants on the atmosphere and follows the *Emission Standard of Pollutants for Petroleum Refining Industry* and practice "ultra-low emissions". Each subsidiary has formulated the *Management Regulations for Exhaust Gas Pollution Prevention and Control*, which defines the responsible departments and their responsibilities, and set requirements for the prevention and control of exhaust gas pollution from aspects such as pollution prevention and emission management. Through various engineering management and technical means, we have strengthened the control of key production processes, and continuously improved the indicators of major pollutants such as volatile organic compounds (VOCs), sulfides, and nitrogen oxides.

Taking into account the different types of discharge of air pollutants, we have taken corresponding control measures for organized emission, unorganized discharge and abnormal discharge.



Organized Discharge

- **Equipment management:** strengthen the operation management of environmental protection facilities for pollution sources such as power stations and heating furnaces, and use low-nitrogen burners and clean fuels to ensure that the online monitoring of exhaust gas emissions meets the standards;
- **Sulphide:** recover acid gas and convert it into sulphur, use deep desulfurization solvent to reduce the H₂S concentration in the exhaust gas, and install an alkali washing tower before the exhaust gas incinerator to prevent abnormal working conditions. Use desulfurized dry gas in heating furnaces to ensure that the emissions meet the petroleum refining standards;
- **Nitrogen oxides:** adopt advanced denitration technologies such as selective catalytic reduction (SCR) and UOP ultra-low nitrogen burners to effectively control nitrogen oxide emissions;
- **VOCs:** use hydrogen-added gas from low pressure separator as fuel of incinerators to prevent that exhaust gas carries VOCs due to incomplete combustion of fuel.

Unorganized Discharge

- **Deodorization device:** install deodorization devices for acidic water storage tanks and sewage storage tanks that are prone to give off odor, so as to reduce the impact of odor on surrounding environment;
- **Regular maintenance:** regularly conduct Leak Detection and Repair on the valves, pipelines, pumps, and other utilities as required, improve operation and management level, and prevent leakage;
- **Monitoring and treatment:** establish an information management system to monitor the real-time data of each device online, identify abnormal emissions and leaks in a timely manner, and control gas leakage at the source. Set up atmosphere monitoring superstation and monitor the air quality of the surrounding environment to identify air quality anomaly and act promptly;
- **VOCs:** take effective sealing and collection measures for the major processes that dissipate VOCs and give off odor to ensure that the exhaust gas is discharged up to the standard after treatment. Discharge after dilution is prohibited.



Abnormal Discharge

- **Ground torch:** burn the waste gas discharged under abnormal working conditions;
- **Acid gas torch:** alkaline wash the abnormally discharged hydrogen sulfide gas before burning it;
- **Mobile monitoring vehicles:** carry out pollution investigation and monitoring, emergency monitoring and dynamic monitoring of abnormal emissions to guarantee the timely detection and effective handling of abnormal situations.



Case

Treatment of unorganized VOCs discharge from storage tanks

In order to reduce the impact of volatile gases on the environment, in 2023, Yisheng Dahua will install VOCs tail gas treatment devices on the floating roof paraxylene storage tanks in the tank area, and use the catalytic oxidation process to catalytically oxidize the vapor phase volatile organic compounds produced in the storage tank into carbon dioxide and water before discharge, and the treated waste gas meets the requirements of GB 31571-2015 *Emission standard of pollutants for petroleum chemistry industry*.



Water Pollution Control

The Company attaches importance to sewage treatment and strives to minimize the impact of wastewater from its operations on the surrounding environment. Each subsidiary has formulated the *Measures for Sewage Management* that define the various indicators for wastewater discharge according to national standards. It also clarifies the responsibilities of relevant departments in the management of wastewater pollution prevention, recycling, classification, treatment and discharge.

The wastewater from the Company mainly includes desulfurized wastewater of power station, salt-containing wastewater, sulfur-containing wastewater, oily wastewater, clean drainage, and domestic sewage. Each of our subsidiaries has set up supporting sewage treatment facilities and operates them in line with the principle of "shunting clean water from sewage, shunting rainwater from sewage, shunting different types of sewage from each other, and treating based on their properties" to control wastewater discharge. The special process liquid or wastewater with high pollutant concentration from the production unit is pretreated in the unit to reach the control standard, before being transported to the sewage treatment plant for further treatment. In addition, the Company closely monitors the pH value, chemical oxygen demand (COD), total nitrogen, total phosphorus, and other indicators of the incoming and outgoing water of each stage of wastewater treatment in strict accordance with the relevant state requirements to ensure that the discharge meets the standards.

Case

Shengyuan Chemical Fiber's category-based sewage treatment

Shengyuan Chemical Fiber classifies and collects wastewater in the plant. Different types of wastewater are treated with different processes accordingly to ensure that the treated effluent meets the national Class I discharge standards. To maximize water resource utilization, Shengyuan Chemical Fiber also implements extensive desalination treatment on the treated wastewater, achieving a water reuse rate of over 85%. In the future, Shengyuan Chemical Fiber will aim to achieve zero wastewater discharge from the plant area through strengthened wastewater management measures.



Case

Yisheng Dahua's Sewage Treatment Unit

Yisheng Dahua has constructed a 47,000 square meters wastewater treatment unit with a daily treatment capacity of up to 20,000 tonnes. The unit primarily treats production wastewater, berth flushing wastewater, early stormwater, leakage from oil transfer arms, and deck flush water. The main pollutants include COD, suspended solids, and ammonia nitrogen. The wastewater treatment unit is equipped with a series of facilities and processes, including pre-treatment, UASB anaerobic treatment, two-stage aerobic treatment, sludge dewatering and biogas treatment. The treatment effectiveness exceeds both national and local standards.



Waste Management

The company continuously optimizes the comprehensive management process for solid waste and has established relevant regulations such as the *Administrative Measures for Solid Waste*. It has also established a hazardous waste management ledger and environmental management platform. Each of our plants has set up a dedicated waste management department, which is responsible for coordinating the daily management and data collection of all sorts of wastes. Moreover, each subsidiary sets annual waste management goals through performance and management assessments, aiming to control waste generation at the source.

The company treats waste in strict accordance with the principles of "reduction, utilization, and neutralization". We prioritize waste recycling and reuse, and non-recyclable waste is classified and disposed of based on its level of hazard. Hazardous waste is treated in accordance with national regulations through closed-loop processes, and we arranged specialized training for employees responsible for managing the storage and transportation of hazardous waste. General solid waste is first sorted, then disposed accordingly.

Hazardous Waste

Hazardous waste mainly comes from raw materials and by-products in the production process.

- **Reduction at the source:** reduce the generation of hazardous waste from the source as much as possible through the application of advanced process.
- **Outsourced for disposal:** entrust the hazardous waste that cannot be further utilized to the qualified third party for disposal.

General Solid Waste

General Solid waste is mainly divided into domestic waste, industrial waste without residual value, and industrial waste with residual value.

- **Domestic waste:** regularly transferred to the domestic waste landfill by special vehicles arranged by the engineering departments.
- **Industrial waste with no residual value:** handed over to the qualified industrial waste handling entity for disposal.
- **Industrial waste with residual value:** sold to the external by the sourcing department for comprehensive utilization (for example, gypsum and scrap metal).

Waste management approaches

Case Residual oil gasification and filter cake incineration and recovery project

The waste filter cakes generated by the hydrogen production unit from residual oil are considered hazardous waste. They have a large production volume and high disposal costs. Additionally, these filter cakes contain valuable heavy metals such as vanadium, nickel and molybdenum. ZPC has implemented a filter cake incineration and recovery project. This project is designed to treat the waste filter cakes generated by the residual oil hydrogen production unit and recover the valuable heavy metal ash. With a treatment capacity of 66.7 thousand tons per year, the project has achieved both waste reduction and resource recovery.



Case Yongsheng Technology Achieves Zero Waste Discharge During Polyester Production Startup

Zero waste discharge refers to the absence of waste discharge during the start-up phase of the pelletizing equipment. In October 2023, Yongsheng Technology's Polyester Division optimized their production process and successfully achieved zero waste discharge during the start-up of their functional polyester masterbatch production line without retrying.



Seizing Clean Technology Opportunities

The Company regards the development of clean energy-related businesses as one of its core pillars. We actively identify and seek out the risks and opportunities brought about by climate change. Efforts are focused on developing alternative energy sources and technologies to mitigate climate change. We keep searching new areas like sustainable use of water resources and reducing the use of source water. We are actively engaged in discussions with multiple new energy enterprises to explore new collaboration opportunities in clean technology, thereby increasing our natural capital through the energy revolution. To further expand our new energy capacity and increase the proportion of investment and integration in the new energy sector, taking 2022 as the base year, the Company plans to achieve full coverage of new energy at all of its sites of production and operation by 2025 and complete the transaction of 1,615 million kWh of green electricity by 2028.

2023

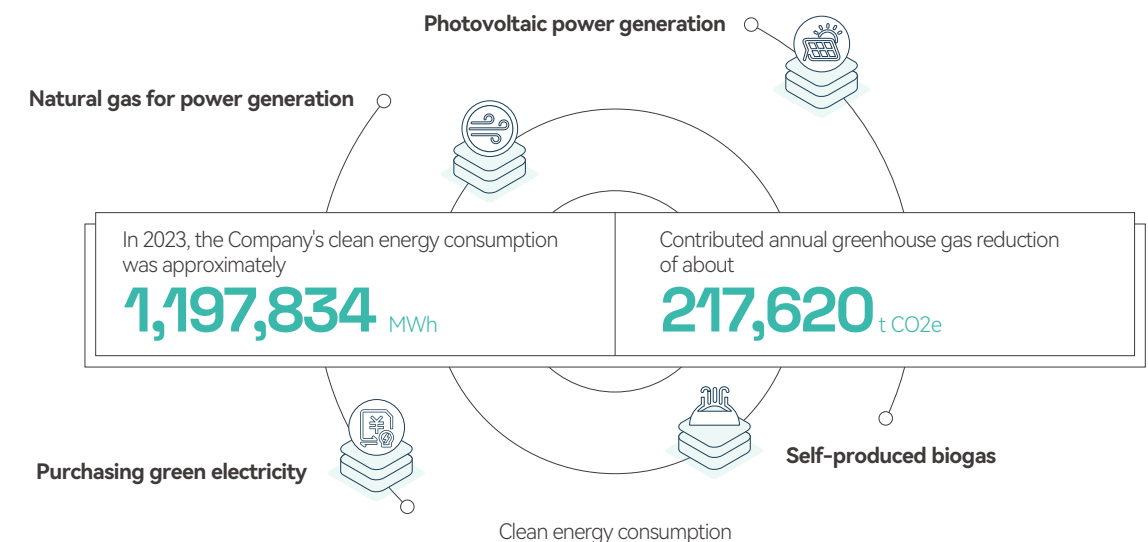


The Company's revenue from clean technologies related products reached

RMB **92.9** billion



Accounting for about **29%** of the Company's total operating income of the year



Alternative energy and technologies

- Photovoltaic construction project:** Yongsheng Technology currently has 10.4 MW of rooftop solar power and plans to add an additional 9.1 MW of photovoltaic power generation capacity by 2024. Once fully operational, the annual photovoltaic power generation will exceed 19.5 million kWh. The Company intends to construct a 60 MWp rooftop photovoltaic plant in ZPC Plant. The project is expected to be operational in 2025, and will reduce carbon dioxide emissions by 38 thousand tonnes per year.
- ZPC 10MW/20MWh energy storage project:** ZPC has constructed a battery energy storage system with a total capacity of 20 MWh, which is connected to the aromatics production area and the gas turbine area respectively, with a capacity of 10 MWh each. The battery energy storage system charges during off-peak hours using surplus transformer capacity and discharges during peak hours. This not only avoids the use of fossil fuel energy when there is a shortage of electricity during peak hours but also saves a portion of the electricity costs during those hours. The system is also equipped with independent fire protection, temperature control, lighting, video surveillance, and other systems to ensure safe and reliable operation.
- Yisheng Dahua's multiple uses of self-produced biogas:** Yisheng Dahua utilizes the biogas generated from the wastewater treatment of its comprehensive utilization facility. A portion of the biogas replaces methanol in the crude oil hydrogenation process. The generated hydrogen serves as feedstock for the main unit's hydrogenation reactor. Another portion of the biogas is sent to the reactive treatment oxidizing (RTO) unit for combustion gas, while the excess biogas is used as fuel in the thermal medium furnace, reducing the consumption of coal fuel. Through this method, Yisheng Dahua can save 4,000 tonnes of coal annually and reduce approximately 8,000 tonnes of carbon dioxide emissions.

Prevention and control of pollution

- Comprehensive utilization of emissions:** ZPC is adding an ammonia recovery unit to its coal-to-gas production facility, which is expected to be completed and operational in 2024. Once in production, it is estimated to produce 19 thousand tonnes of liquid ammonia while reducing ammonia-containing wastewater by 320 thousand tonnes per year. Zhongjin Petrochemical has conducted preliminary technical work on the use of industrial waste as fuel rods to partially replace coal in a project, laying a technical foundation for project implementation.
- rPET physical recycling project:** Hainan Yisheng optimized the product structure, introduced advanced manufacture techniques, and has put into operation 50,000 tons/year rPET physical recycling production capacity. The company's post-consumer rPET produced through a physical recycling process can be used to produce 100% recycled PET containers for food contact under conditions of use (COU) A-H and J and has received certification from the US Food and Drug Administration (FDA).



The Company's energy structure is continuously advancing its transformation to low-carbon and clean energy. In 2023, the Company took further steps to increase the consumption of green power, aiming to reduce carbon emissions resulting from energy consumption.

- Zhongjin Petrochemical and Yongsheng Technology each consumed 60 million kWh of green power, a total of 120 million kWh for the year.
- Zhongjin Petrochemical entered into a long-term green power trading framework agreement with Zhejiang Datang Energy Marketing Co., Ltd. for the period 2024-2028. This agreement outlines the annual green power transaction volumes to be achieved by both parties during this period, with an estimated total transaction volume of 1.46 billion kWh over the term.

In the future, the Company will continue to expand renewable energy power trading including wind power, photovoltaic, hydropower, continue to explore trading partners, promote the allocation of green power resources of the Company on a larger scale, and optimize the new power trading strategy combining traditional power and green power to escort the sustainable development of the Company.



Sustainable use of water resources

- ZPC's strong promotion of seawater desalination project:** One of ZPC's seawater desalination projects - 100 thousand tonnes/day membrane desalination system, addressed the issue of limited freshwater resources in its island location. The seawater desalination project development team adopts a site-specific approach and utilizes an overhead design to fully utilize vertical space and maximize freshwater production within the constraints of limited production area. With the technical experience gained from the first phase of the project, the Company has successfully developed and put into operation a large-scale seawater reverse osmosis unit with a daily production capacity of 35,280 tonnes.

Main Environmental Performance Indicators

During the reporting period, the main environmental performance indicators ¹ of Rongsheng Petrochemical are as follows:

Issue	Category	Indicator	Unit	2022	2023
Emissions	Exhaust gas	Sulfur dioxide (SO ₂) emissions	tonne	450	623
		Nitrogen oxide (NO _x) emissions	tonne	4,074	6,245
		Particulate matter emissions	tonne	163	234
		Volatile organic compounds (VOCs) emissions	tonne	7,239	7,561
	Wastewater	Total wastewater discharge	tonne	25,558,414	33,666,402
		Chemical oxygen demand (COD) discharge	tonne	1,103	1,543
	Waste	Ammonia nitrogen discharge	tonne	17	11
		Hazardous waste	tonne	376,921	412,380
		Non-hazardous waste	tonne	437,139	844,850
		Recycled and disposed waste	tonne	416,497	860,810
Resource use	Direct energy consumption	Coal	tonne	6,225,325	5,797,497
		Gasoline	tonne	6	9
		Diesel fuel	tonne	443	1,289
	Indirect energy consumption	Oil ²	tonne	37,027,586	43,704,505
		Purchased electricity	MWh	12,282,642	11,686,353
	Comprehensive energy consumption	Purchased steam	GJ	252,500	303,206
		Comprehensive energy consumption ³	tonne of standard coal	37,527,562	10,465,704
		Comprehensive energy consumption intensity	tonne of standard coal per RMB 10,000 of revenue	1	0.32
	Water consumption	Total water consumption	tonne	166,593,458	189,915,691
		Water consumption intensity	tonne per RMB 10,000 of revenue	6	6
		Desalination	tonne	119,877,776	139,456,606
		Municipal water system	tonne	39,087,243	43,061,283
		Surface water	tonne	451,824	316,894
		Reused water	tonne	27,468,178	34,160,412
	Packaging material consumption	Other sources	tonne	0	7,080,908
		Consumption of packaging materials	tonne	33,334	49,795
	Greenhouse gas (GHG) emissions ⁴	Scope 1 GHG emissions ⁵	tonne of CO ₂ equivalents	26,055,748	25,287,836
		Scope 2 GHG emissions ⁶	tonne of CO ₂ equivalents	7,561,084	3,772,401
		Total amount of GHG emissions	tonne of CO ₂ equivalents	33,570,143	29,060,237
	Environmental management	GHG emissions intensity	tonne of CO ₂ equivalents per RMB 10,000 of revenue	1	1
		Environmental protection investment	RMB 10,000	87,539	65,957
		Hours of environmental protection training	hours	72,662	59,241
		Sessions of environmental protection training	times	363	661
		Participations in environmental protection training	persons	20,076	30,843
		Proportion of environmental facilities in operation	%	100	100
		Number of major environmental pollution accident	case	0	0

1 The statistical scope of environmental performance indicators covers Rongsheng Petrochemical Co., Ltd. and its holding companies. The holding companies include Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Rongxiang Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd., Rongsheng New Materials (Zhoushan) Co., Ltd., Rongsheng Petrochemical (Singapore) Pte. Ltd., and Rongsheng International Trading Co., Ltd.

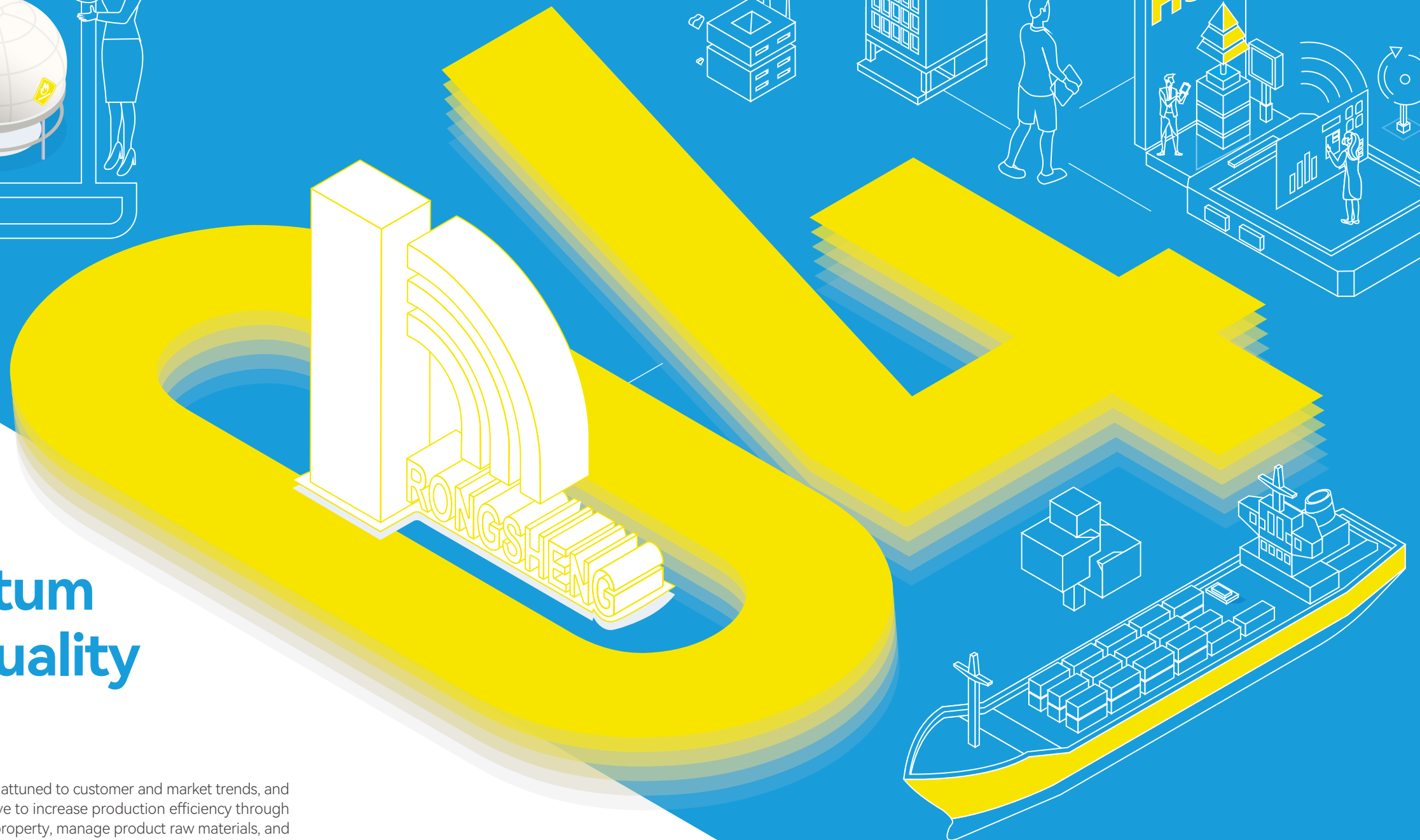
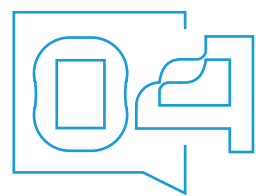
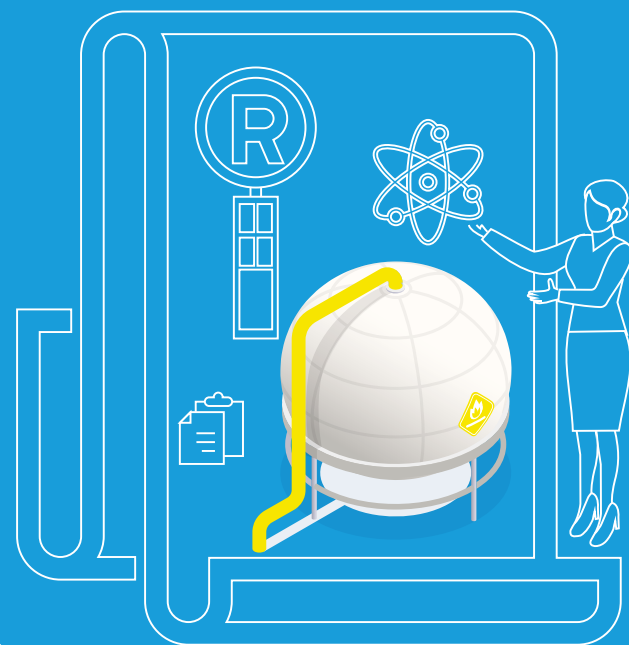
2 Oil is the Company's main production raw material.

3 Since this year, due to the adjustment of relevant policies, raw material energy use is not included in the total energy consumption control, and the Company's comprehensive energy consumption includes fuel and power energy use.

4 The calculation of greenhouse gas emissions data is based on the consolidated financial statements, and is calculated and aggregated based on the shareholding ratio of each subsidiary enterprise.

5 Scope 1 GHG emissions refer to the sum of direct greenhouse gas emissions generated by Rongsheng Petrochemical Co., Ltd. and its holding companies through fuel combustion emissions, process emissions, torch combustion emissions in 2023, minus the amount of greenhouse gas recycling collected and utilized in the production process, with reference to the Guide to Accounting Methods and Reporting of Greenhouse Gas Emissions by China's Petrochemical Companies (Trial), and is calculated and aggregated based on the shareholding ratio of each holding enterprise.

6 Scope 2 GHG emissions refer to the sum of indirect greenhouse gas emissions generated by Rongsheng Petrochemical Co., Ltd. and its holding companies through net purchases of electricity and net purchases of heat in 2023, with reference to the Guide to Accounting Methods and Reporting of Greenhouse Gas Emissions by China's Petrochemical Companies (Trial) and the Notice on Conducting the Work Related to the Management of Greenhouse Gas Emission Reporting for Enterprises in the Power Generation Sector in 2023-2025, and is calculated and aggregated based on the shareholding ratio of each holding enterprise.



Creating Momentum by Reinforcing Quality and Safety

With the spirit of craftsmanship, we ensure strict quality control, stay attuned to customer and market trends, and enforce rigorous product and service quality management. We strive to increase production efficiency through innovative technology. Additionally, we actively protect intellectual property, manage product raw materials, and continually enhance our core competitiveness, thus generating greater value for the industry and the Company.

Guarding Work Safety

Rongsheng Petrochemical upholds the development principle of “safety first, people-oriented, and environmental protection first”. It excels in risk prevention and proactive forecasting, continuously strengthens the “red line awareness” of safe production, promotes the construction of long-term mechanism for safe production, strictly implements the allocation of major responsibility regarding safe production, focuses on the identification of various hidden dangers in production activities, and comprehensively improves the level of safe production management.



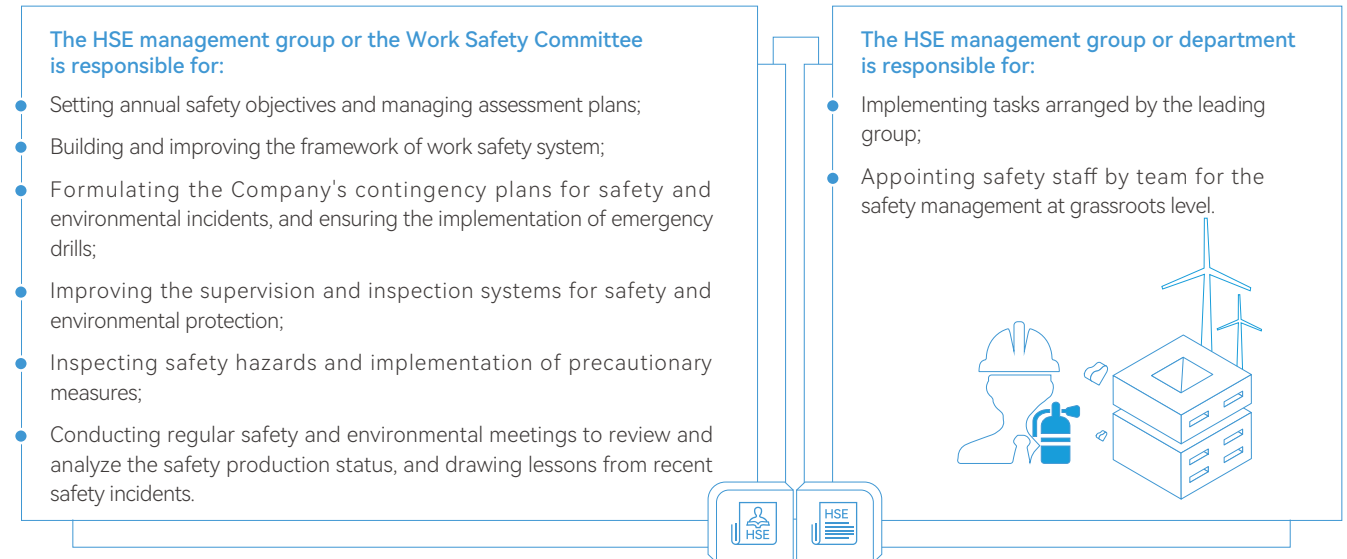
2023

Safety investment RMB **541.58** million

Work Safety Management

The Company abides by relevant state and local laws and regulations, including the *Work Safety Law of the People's Republic of China* and the *Work Safety Regulations of Zhejiang Province*. We have developed and improved a number of internal work safety rules and operational procedures, including the *Management Regulations on Work Safety and Environmental Protection*, the *Work Safety Responsibility System* and the *Hazard Identification and Risk Grading Control Procedures*. We have been working to standardize the work safety management in all subsidiaries and have established an effective work safety management system. During the reporting period, no work-related fatality occurred in the Company and its subsidiaries.

The Company adheres to two work safety management principles of “all employees participate, prevention comes first, safety and health is the foundation and continuous improvement is a must” and “the person in charge takes the responsibility.” We signed *Annual Safety and Environmental Protection Target Responsibility Statement* together with the subsidiary companies, and signed *Safety Responsibility Agreement* with employees to strengthen the work safety accountability system and the awareness of production safety responsibilities. We promote all subsidiaries and production units to build a top-down HSE management structure, and assign work safety responsibilities at all levels.



During the reporting period, each subsidiary formulated work safety objectives and achieved them through the effective operation of the work safety system and the implementation of work safety management measures. The achievements include the following:



a No major fires, explosions, significant production safety accidents, major equipment accidents, major occupational disease hazards, major environmental pollution incidents, or leaks of hazardous chemicals;

b Special equipment annual inspection and regular inspection pass rates reached 100%;

c The rate of hazard rectification reached 100%;

Hazard Investigation

The Company continuously supervises and inspects safety in production areas. We have established a safety supervision team to conduct full-coverage inspection over production chain in the form of daily inspection, special inspection, and irregular inspection to rectify problems in a closed-loop manner. At the same time, the Company emphasizes safety and health achievements in the department and employee performance appraisals and implement them with a combination of rewards and penalties. The Company organized employees to sign the *Work Safety Responsibility Statement* to strictly assure their primary responsibility in their position to ensure work safety. In case of safety accidents, we shall take disciplinary action or levy economic penalties against relevant department heads based on the accident grade in accordance with internal policies, including the *Accident (Incident) Management Procedures*, the *Management Procedures for Reward and Punishment for Work Safety* and position appraisal plans, and incorporate accident details into the appraisal results of relevant departments. We will also follow up the results of accident handling and the rectification of related problems to ensure that such accidents do not repeat.

Emergency Management

The Company establishes an emergency management system and develops emergency response plans for key procedures. We perform emergency drills together with relevant departments every year, and rectify the problems found, so as to continuously improve the comprehensive emergency response of the Company.

During the reporting period



The Company performed safety emergency drills **1,952** times



with **43,423** participations



Safety emergency drill



Emergency drill for hazardous chemicals leaking

Construction of Safety Culture

The Company has developed the *Management Rules for the Implementation of Safety Training and Education* and training plans and launched safety training activities covering all employees. This year, we developed special training courses on knowledge regarding safety and environment, first aid, and other knowledge for new employees, enriching our safety and health training contents. We also invite professional firefighting authorities to train our employees on firefighting and fire safety knowledge. In addition, we promote the safety competence and ability assessment and expand the number of employments with certificates, regulating the safety behaviors of all employees and creating a safety culture and values system that integrate knowledge and action.

During the reporting period



Case

Yisheng Dahua carries out a safety and health training

In 2023, Yisheng Dahua conducted various training sessions, including firefighting knowledge, operation of automatic fire systems, emergency response plans for safety production accidents, hazard source identification, graded management and control training of safety risks, the Safety Specifications of Special Work in Hazardous Chemical Enterprises (GB 30871-2022), and safety induction for new employees. Furthermore, following the guidelines of the Dalian Emergency Management Bureau's "Three-Day Safety" initiative, a monthly comprehensive safety exam was implemented to ensure all employees have a solid understanding of safety protocols and procedures. Employees are required to pass this exam before they can start work.



Emphasizing Occupational Health

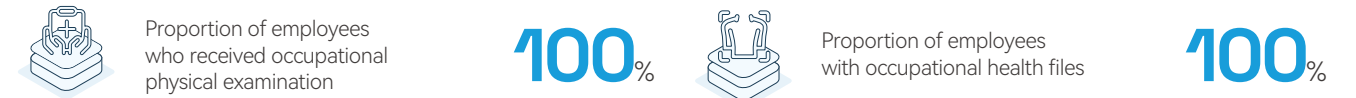
Attaching great importance to employees' physical and mental health, the Company strictly abides by laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. The Company continues to strengthen internal occupational health and safety systems and implement measures to ensure the health and safety of employees in all aspects.



Occupational health and safety management system certificates granted to the Company and some subsidiaries

The Company regularly monitors and evaluates occupational disease hazards, organizes occupational health examinations for employees, and establishes occupational health files for them. The Company provides employees who are exposed to occupational disease hazards with pre-job, on-the-job, and off-the-job physical examinations for occupational disease. During the reporting period, the proportion of employees in the Company who received occupational physical examination reached 100%.

During the reporting period



Policy Support

- Our subsidiaries have developed management plans concerning occupational disease prevention and control based on their business practices and potential risks, including the *Planning Procedures for Hazard Source and Risk Assessment and Control* and the *List Summary for Hazard Source Identification, Risk Assessment, and Control Planning*.

Hazard Identification

- We conduct annual hazard factor detection and monthly routine monitoring in the workplace, and promptly inform the operation positions of the test results to create a favorable workplace for employees.

Occupational Health File

- We carry out pre-job, on-the-job, off-the-job, and emergency physical examinations for employees exposed to occupational hazards, and establish relevant files to monitor their health status in real time.

Labor Protective Equipment

- We distribute personal protective equipment as required and supervise and inspect whether they are used properly. Moreover, we have emergency protective equipment on demand and regularly check their effectiveness.

Medical Assurance

- We have optimized the Company's medical assistance system and contracted with hospitals for medical services for work-related injury, to ensure the medical assistance to employees.

Occupation Health Training

- We carry out occupational health training for employees to enhance their protection awareness and skills.

Measures for occupational health management



Chemical Safety Management

Chemical management policies

The Company strictly complies with the *Regulations on the Safety Administration of Hazardous Chemicals*, the *Regulation on the Administration of Precursor Chemicals*, the *Safety Code for Special Operations in Hazardous Chemical Enterprise*, and other relevant state regulations and has developed internal policies such as the *Chemical Management Policy*. Based on our subsidiaries' production conditions, we persuade them to develop chemical safety management systems, such as the *Safety Management Measures for Hazardous Chemicals*, the *Safety Management Measures for Precursor Chemicals*, the *Detailed Rules for the Safety Management of Hazardous Chemicals Loading*, the *Management Regulations for the Safety Technology Instructions and Safety Labels of Chemicals*, and the *Management Regulations for Hazardous Chemicals Storage*, etc., clearly regulating the safety management of storage, safekeeping, use, transportation, disposal and other handling processes of chemicals. We also applied or renewed our registration certificates and safe production licenses for hazardous chemical products according to the procedures prescribed by the state. For specific policies, please refer to: <https://www.cnrspc.com/newsinfo/6369392.html>.



Chemical registration and use

The Company conducts a "Chemical Safety Assessment" every three years for all chemicals used, performs chemical identification of their type and hazards, and develops a related management ledger. We engage qualified third-party institute to prepare Material Safety Data Sheets (MSDS/SDS) for all of our products and intermediates, and publish the MSDS/SDS on the national "Comprehensive Registration Service System for Hazardous Chemicals" and the big data platform for the prevention and control of hazardous chemical risks in the regions where our subsidiaries are located. We request MSDS/SDS from suppliers for all raw materials and 3 chemical agents (catalysts, solvents and additives) used by the Company. The MSDS/SDS of all our subsidiaries are available on our website, please refer to: <https://www.cnrspc.com/newsinfo/6763395.html>.



Hazard assessment and hierarchical management and control of chemicals

The Company strictly adheres to state and local chemical catalogue, such as the *Catalogue of Hazardous Chemicals*, the *Catalogue of the Work Safety Technology and Equipment of Outdated Hazardous Chemicals to Be Eliminated (First Batch)*, and the *List of Strictly Restricted Toxic Chemicals in China*. We strengthen chemical control to ensure that our production and business activities do not involve chemicals that are explicitly prohibited, required to be eliminated, or replaced by the state. Currently, none of the chemicals used by the Company involve substances on the national restricted list. We regularly submit the information about hazardous chemicals, including the production, transportation, and use of hazardous chemicals, to governmental platforms like the Risk Management and Control Platform for Hazardous Chemical Enterprises, the Hazardous Chemical Road Transportation Registry, the Hazardous Chemical Registration Information Management System, and the Hazardous Chemical Safety Risk Monitoring and Early Warning System of the Department of Emergency Management for governmental supervision.

The Company strengthens chemical hazard assessment and risk control. For the Company's products, we referred to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), the *Catalogue of Hazardous Chemicals*, the *Catalogue of Hazardous Precursor Chemicals*, etc., and identified a number of hazardous chemicals including liquefied petroleum gas, naphtha, propylene, hydrogen, benzene, ammonia, and methylbenzene. We conducted hazard assessments for all the identified hazardous chemicals. For the raw materials, auxiliary substances, lab reagents, and other chemicals, we require each subsidiary to perform a comprehensive chemical risk identification and hazard assessment once a year, conducts matrix analysis of identified chemical risks, and actively identifies and responds to the risks of hazardous chemicals in the process of storage, production, use, disposal and transportation. The Company carries out risk classification and control and hazard investigation and management for the production and storage units involved in hazardous chemicals, sets up temporary storage rooms for hazardous chemicals, prepares hazardous chemicals allocation tables and reaction matrices, and analyzes the contraindications one by one, so as to ensure that the risks of storing hazardous chemicals are under control. At the same time, we formulate *Environmental Hazard Risk Identification and Evaluation Form* and *Occupational Hazard Risk Identification and Evaluation Form*, draw a four-color chart of safety risks, and set up corresponding safety warning signs for various risks on site to remind employees to pay attention to them and ensure production safety. In the future, we will continue to carry out screening of restricted chemicals for all chemicals, and if it involves the use of nationally restricted chemicals, we will immediately stop using them and look for alternative low-impact chemicals.

Case Substitution of substances with environmental and health impacts

ZPC's National VI motor gasoline production process meets the requirements of cleanliness, the proportion of green gasoline blending components such as iso-octane and reformed gasoline reaches more than 40%, and the quality indicators of gasoline products such as sulfur content and olefin content are far lower than the National VI B motor gasoline standard. Low sulfur, low olefin, and low aromatic hydrocarbon gasoline for vehicles will effectively reduce engine carbon deposition, lower the content of harmful substances and pollutants such as NOx and dienes in car exhaust, and play a good role in protecting car engines and the environment.

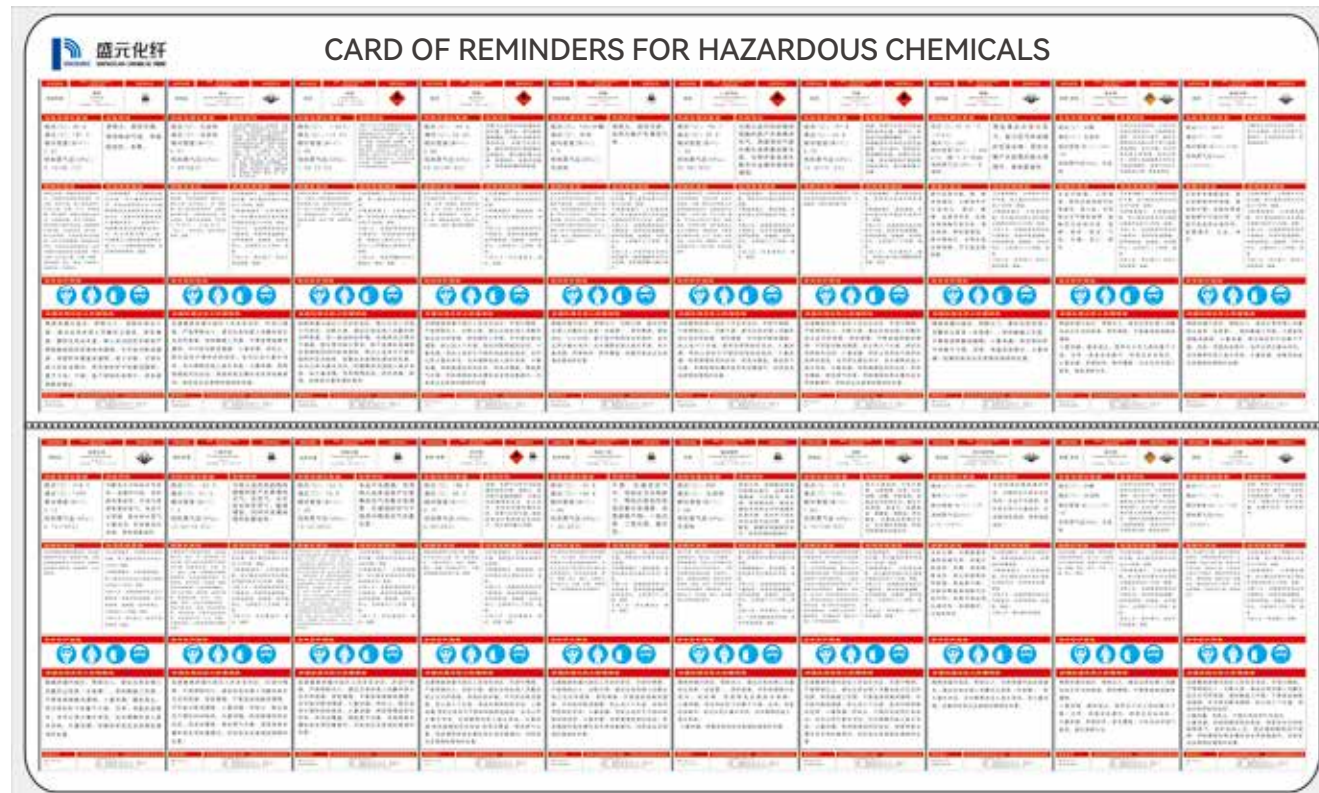
The solubilized styrene-butadiene rubber produced by ZPC can replace the traditional rubber to make tires, which is both wear-resistant and heat-resistant under the premise that the raw materials have less impact on the environment, and has a wide range of applications in the tire industry, especially in high-performance tires, such as green tires, anti-skid tires, and ultra-lightweight tires, which will effectively extend the service life of tires, thereby extending the tire replacement cycle and reducing the generation of waste tires.

The rare-earth cis-butadiene rubber produced by ZPC is characterized by high strength, resistance to flexing, low heat generation, resistance to wet sliding and low rolling resistance, etc. It can improve the durability and high-speed performance of tires, and is the preferred rubber for the development of high-performance tires and energy-saving tires. High strength and low rolling resistance tires will effectively reduce engine fuel consumption, thereby reducing car exhaust emissions.

Chemical leakage accident handling and prevention

The Company has developed the *Special Emergency Plan for Leakage of Hazardous Chemicals*. In response to potential leakage of hazardous chemical that are highly toxic, flammable, or explosive, we have established corresponding emergency plans. These plans clearly specify our emergency organization network and the responsibilities and response procedures of all departments under emergency response at all levels. We regularly organize chemical reagent leakage response training and chemical emergency drills, so as to strengthen the employees' awareness of hazardous chemical risk prevention. For chemical management personnel, the Company posts "Card of Reminders for Hazardous Chemicals", and requires them to wear labor protective equipment properly and master emergency response skills. We also provide safety management training and drills to enhance employees' knowledge of chemical safety and reduce the risk of chemical spills.

During the reporting period, no major chemical leakage incident or other safety incidents occurred in the Company.



Shengyuan Chemical Fiber's Card of Reminders for Hazardous Chemicals

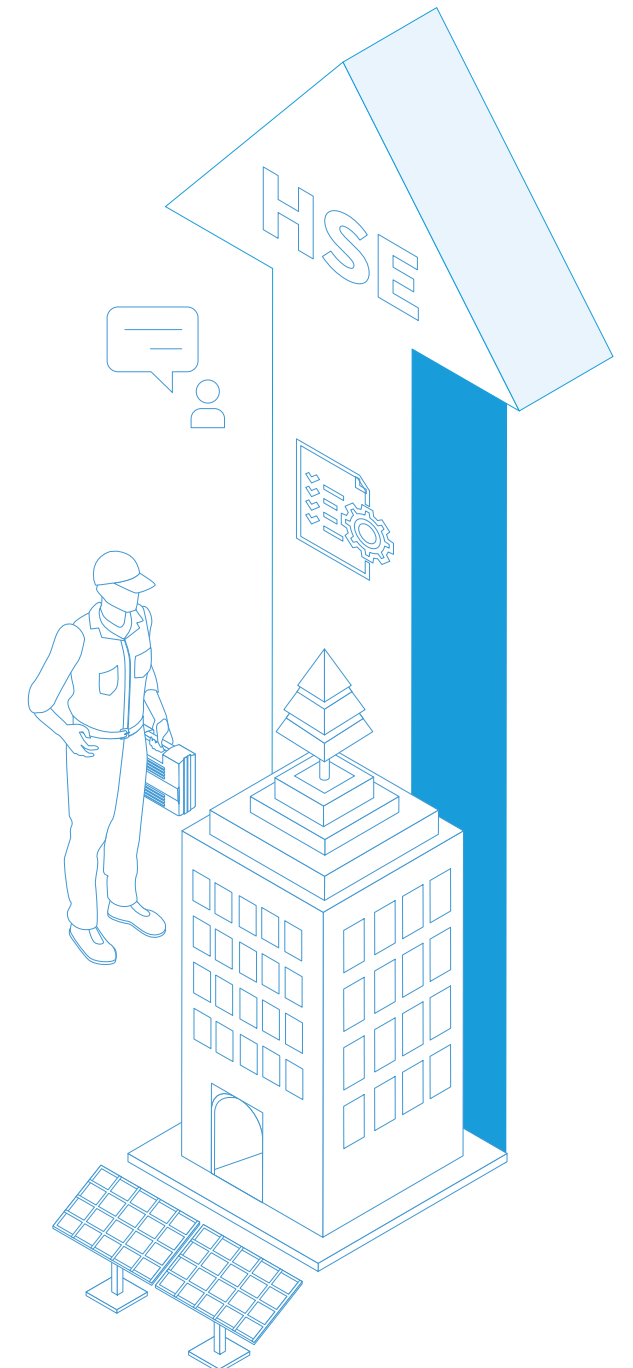


Contractor Safety Management

Adhering to the principle of "safety first, prevention prevails", the Company requires contractors to comply with relevant national laws and regulations on work safety and corporate regulations such as the *Safety Management Measures for Outsourcing Construction*, the *HSE Management Protocol for Contractors*, the *Management Systems for Contractors*, and the *Safety and Environmental Protection Assessment Rules for Contractors*. Meanwhile, the Company conducts qualification reviews on contractors, and incorporates them into our safety management throughout the lifecycle from contract signing to project acceptance. The Company requires contractors to promptly rectify construction safety issues raised by the Company, accept the Company's assessment and punishment, and strive to prevent and reduce safety accidents.

- We review the safety qualifications of contractors and verify their business licenses, qualification certificates, and work safety licenses and other qualifications. Furthermore, we conduct systematic evaluation on our contractor's HSE management system.
- We sign the relevant HSE agreements with our contractors before construction, including the *Contractor's Safety Commitment*, the *Incoming Construction Safety Accountability Letter*, and the *Project HSE Assurance Contract*.
- Before construction, we conduct safety review for personnel, tools and equipment, ensure that contractors sign the *Safety Education Record*, and provide safety education and training for contractor's management personnel and operators. Contractor's personnel are allowed to enter the site only after obtaining the training certificate.
- We assign dedicated safety engineers to conduct on-site inspections and evaluations, and issue rectification notices for problems identified. We terminate relationships with contractors who have serious violations and refuse to rectify them.
- We regularly organize contractors to carry out emergency drills for high-risk operations.
- We evaluate the contractor's performance online through ERP system. We hold regular HSE meetings for contractors. We will inquire, educate, or punish contractors who are responsible for accidents or commit serious violations or repeated violations.

Contractor safety management process



Strengthening R&D Innovation

The Company practices the innovation-driven development strategy, steadily advances the construction of the innovation system and mechanism, and gains strategic insights into the development trend of the industry in a forward-looking mindset. We improve our ability to innovate independently and conduct technological R&D to achieve a high level of independence. We spark the innovation enthusiasm and unleash the potential of our employees, incubate the new momentum of doing scientific research, further boost and vitalize our productivity.



Construction of an Innovation Mechanism and Application of Innovation Achievements

The R&D center is responsible for work planning, construction of policies and evaluation system, application of patents and awards and others. The subsidiaries are responsible for the implementation of R&D projects. This year, we established the Dongjiang Innovation Center, a research platform, to coordinate and manage our research work. We have formulated the *High-quality Innovation Management Regulations (For Trial Implementation)* and other supporting innovation management mechanisms and measures, standardizing the application and reward of scientific and technological achievements. The Company sets special funds for innovation each year. We categorize innovation projects according to their difficulty and yields, and provide financial support of different amounts to them. Employees' contribution to innovation will be used as one of the criteria for appraisal, promotion, and position transfer.



2023 R&D investment RMB **6,555.28** million



2023 R&D professionals **3,659** persons

We uphold a technological R&D mode driven by both independent innovation and opening-up and cooperation. We have established many world-class R&D platforms, including a high-tech R&D centre, a workstation for academicians and experts, an enterprise technology centre, and a post-doctorate science and research workstation. Moreover, we engage in active technology exchanges and discussions and promote the industry-university-research collaboration to acquire resources from universities, the community, and the Company. With all sectors from society, we jointly promote our research capabilities and technological advancement and create an innovation ecosystem that is open, healthy and cooperative, where everyone can win.

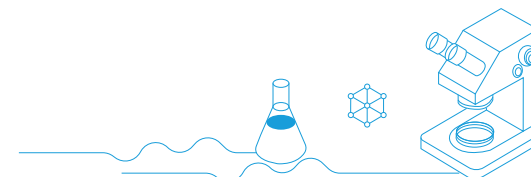


World-class R&D platforms established by Rongsheng Petrochemical

As a member of the National Chemical Fiber Industry Standardization Committee, we have led and participated in the formulation of a number of product industry standards. To facilitate the application of innovation achievements, we have strengthened our achievement application mechanism, the feasibility study and selection and evaluation of scientific research project to identify promising research projects, actively supporting the industrialized project productions with promising futures. Some of the research and innovation achievements of the subsidiaries for 2023:

- Joint technology development projects with Tsinghua University, including the optimization of low temperature methyl alcohol washing process and equipment, the improvement of the production process and equipment of dimethyl carbonate and the development of micro reaction technology for the oxidation of isopropylbenzene;
- Joint efforts with professional companies to conduct the provincial key R&D project of the *Development of the Pilot Plant of a Polyolefin with a Capacity of 1,000 Tonnes/Year and the Process Package with a Ten-thousand-level Capacity*. The project is still ongoing with 1-hexene product successfully developed.

- Joint project with the Qingdao Institute of Bioenergy and Bioprocess Technology of the Chinese Academy of Sciences (CAS) to conduct the experiment of upgrading the crowbar equipment used for polycarbonate depolymerization, which is a technological innovation in the field of plastic waste recycling;
- Joint efforts with Zhejiang University, Zhejiang University of Technology and Zhejiang Sci-Tech University to conduct the provincial key R&D project of the *Development and Industrial Demonstration of Key Technologies for High Performance Polycarbonate Production by Non-Phosgene Method*, a complete set of process technology for low-temperature methanol washing and dimethyl carbonate production units with independent intellectual property rights were formed. By now, a pilot plant with a capacity of 200 tonnes/year has been built, and an industrial demonstration plant with a thousand-level capacity is currently under construction.



Case

First industrial application of the new disproportionation catalyst jointly developed by Zhongjin Petrochemical and Tongji University

The new disproportionation catalyst jointly developed by Zhongjin Petrochemical and Tongji University was successfully applied for the first time in the #2 disproportionation unit (3.5 million tonnes/year) of ZPC. This success is attributed to the improvement of the Company's research and innovation capabilities. In view of the working conditions of aromatics plant and the conditions of raw materials for reaction, this project has completed a whole set of research and development process from laboratory preparation to plant production of industrial catalysts, such as optimization of new catalysts for small trials, kilogram scale up and industrial trial production of catalysts, according to the R&D process of industrial catalysts research and development and application. The success of the project is of great significance to get rid of foreign technology control, continuously improve the technical level of the production plant, increase the efficiency of raw material conversion and utilization, and reduce the consumption and production cost.



Case

Successful production of Yongsheng Technology's functional polyester film

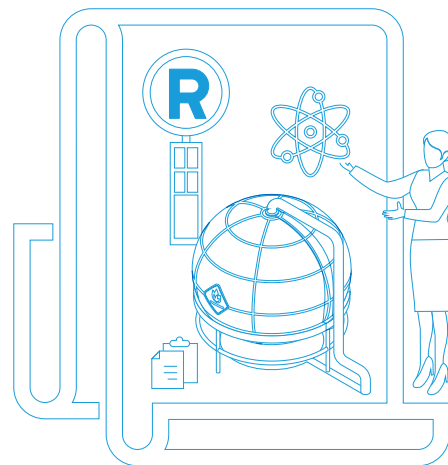
In 2023, Yongsheng Technology's polyester film expansion project (Phase II) with an annual capacity of 250 thousand tonnes was successfully completed and put into production. The project uses the world's leading high speed and wide width film production line made by the German company DORNIER. The production line has high single-line capacity, and is far superior in terms of equipment automation, and energy conservation and environmental protection performance, improving the variety of polyester functions and product stability. The products can be widely used in key fields such as consumer electronics, photovoltaics, optics, automotive, construction and artificial intelligence, providing high-quality films for the domestic high-end market.



Intellectual Property Rights Protection

The Company strictly abides by the *Patent Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, and the *Copyright Law of the People's Republic of China* and other laws and regulations. We implement the policies and requirements of Rongsheng Holding, including the *Intellectual Property Management Regulations*, the *Intellectual Property Management Measures* and the *Patents Management Measures*. By conscientiously implementing contract management, archive management, declaration management, and confidentiality management and other intellectual property right related work, we ensure the effectiveness of our policies on intellectual property rights. The Company uses others' patents prudently and strictly observes confidentiality obligations. If we discover any infringement, we will immediately eliminate potential risks and stop the infringement.

We also provide patent protection training to employees, and constantly enhance employees' intellectual property protection awareness, ensuring that our intellectual property rights are not violated while respecting and avoiding infringement of others' intellectual property rights. We require managerial employees to sign a confidentiality agreement and a letter of commitment upon joining the Company, promising to keep confidential the information they learn while working for us.



2023



Patents applied

93 pieces

Including Invention patents

37 pieces

Utility model patents

56 pieces



Authorized patents

139 pieces

Including Invention patents

22 pieces

Utility model patents

117 pieces

Enhancing Quality Management

The Company strictly abides by laws and regulations such as the *Law of the People's Republic of China on Product Quality*, the *Interim Measures for the Administration of Supervisory Spot Checks on Product Quality*, and the *Provisions on the Supervision and Administration of the Fulfillment of Primary Quality and Safety Responsibilities by Manufacturers of Industrial Products*. At the group level, we have developed several quality management policies, including the *High-quality Innovation Management Regulations*, the *Product Quality Risk Management Measures*, the *Quality Management Measures for Ex-factory Products* and the *Quality Management Regulations on Production Processes*. Our all-round quality control with high standards and strict requirements covers the entire production process from raw and auxiliary materials entering the factory, through intermediate production process management, to product delivery, packaging, and transportation.

The Company strictly implements our product standards and continuously strengthen our quality control standards against benchmark products in the industry and carry out production according to superior product indicators. We have set critical quality control nodes at the product design, raw material procurement and production stages. We develop new products and new processes according to market demands. We set strict quality evaluation standards for raw material procurement, follow the principle of "Five never letting go" in production and improve internal quality monitoring and testing mechanisms for more effective quality control in the process. We ensure our product quality by adopting quantitative assessment methods and setting up key indicators including the rate of qualified incoming raw materials, the rate of qualified semi-finished distillates exports, the rate of qualified outgoing products, and the rate of quality complaints. We actively collect suggestions and feedbacks from our customers. During the reporting period, ZPC received the GB/T 19001-2016/ISO 9001:2015 quality management system certification, and Rongsheng Petrochemical was awarded the "Hangzhou Municipal People's Government Quality Management Excellence Award".



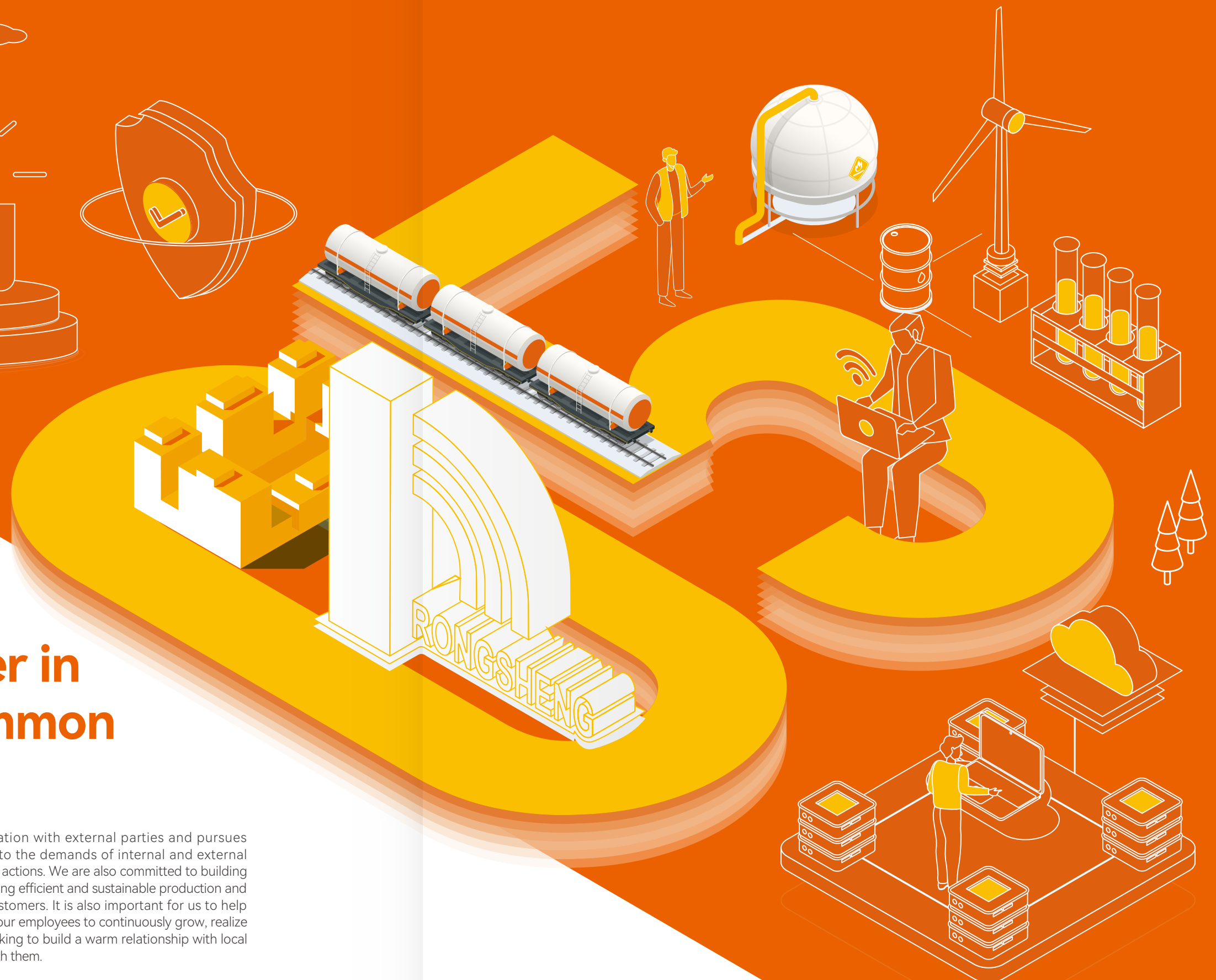
Quality management system certificates granted to the Company and some subsidiaries

1 The accident handling process will not end until the cause of the accident is clear, the responsible person is dealt with, the rectification measures are implemented, the responsible person and other employees are educated and the claim is settled.



Working Together in Harmony for Common Progress

The Company implements the philosophy of win-win cooperation with external parties and pursues people-oriented development. Specifically, we are responsive to the demands of internal and external stakeholders, and give back to employees and society with practical actions. We are also committed to building high-quality partnerships with enterprises in our supply chain, achieving efficient and sustainable production and operations, and delivering better products and services to our customers. It is also important for us to help internal stakeholders to develop and grow. In this way, we can help our employees to continuously grow, realize their values and thus revitalize the Company. Moreover, we are working to build a warm relationship with local communities, promoting a virtuous circle and developing together with them.



Protecting Employees' Rights and Interests

Recruitment and Employment

We strictly abide by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Regulations on Work-related Injury Insurances*, the *Provisions on the Prohibition of Using Child Labor*, and the *Regulation on the Employment of Persons with Disabilities* and other related laws and regulations. We have developed internal rules and regulations in this regard, including the *Recruitment Management Measures*, the *Human Resources Management Regulations*, and the *Recruitment Workbook*, which are subject to continuous improvement and updating. They standardize the management of recruitment requirements, recruitment channels, recruitment processes, talent evaluation, and others to safeguard the equal employment and the legitimate interests of employees.

We have strict no-tolerance attitude for child labor and forced labor. We clearly state in the *Human Resources Management Regulations* that no one under the age of 16 shall be recruited, and firmly forbid and reject all types of forced labor. The Company treat employees of different nationalities, ethnicities, races, genders, religious beliefs and cultural backgrounds equally. We provide auxiliary jobs for the disabled to meet their employment needs. We are committed to providing our employees a healthy and equal workplace, resolutely rejecting any sort of employment discrimination and harassment, and ensuring that employee interests are not violated.

2023



Total number of employees **19,191** persons



Social insurance coverage **100%**



Proportion of employees signing labor contracts **100%**

Case

School-enterprise cooperation empowers innovation

The Company creates a school-enterprise cooperation model with top universities to achieve systematic talent cultivation and promote the collaboration between industries, universities, and research institutes. In 2023, we signed cooperation framework agreements with multiple domestic universities, including Zhejiang University, Zhejiang Sci-Tech University, East China University of Science and Technology, College of Chemical Engineering under Zhejiang University of Technology, Shanghai Maritime University, and Nanjing Forestry University. This enables us to develop a diversified talent cultivation model, provide a wide range of practice and employment opportunities for students in universities and colleges, and further explore and cultivate talents with innovative spirit and practical ability. It also helps the students to improve their competitiveness and clarify their career path.



Remuneration and Benefits

The Company developed and improved the *Rules for Implementation of Remuneration Accounting and Payment*, the *Rules for Implementation of Employees' Insurance Management* and other remuneration and benefit regulations. The Company conducts annual peer compensation assessment and research, making every effort to provide employees with competitive remuneration and benefits, as well as enhance the Company's attractiveness and retain talents. In addition to statutory benefits such as "five insurances and one housing fund" and holidays, we provide a competitive combination of benefits and subsidies to enhance employees' sense of happiness and satisfaction based on the *Employee Welfare Measures* and other policies. During the reporting period, we purchased commercial insurance for all employees and their children.

2023



Expenditure on company-funded physical examination RMB **8.53** million



Expenditure on holiday gifts for employees RMB **8.11** million

Types of benefits for Rongsheng Petrochemical Employees

- ✓ **Health** We provide physical examinations for employees and deliver mental health lectures.
- ✓ **Communications** We subsidize employees' communication costs.
- ✓ **Leaves** We provide adequate leaves for female employees during pregnancy, maternity, and breastfeeding, paternity leave for male employees, and holiday gifts.
- ✓ **Transportation** We provide shuttle bus and other services for employees.
- ✓ **Education** We set up a reading room, invest in schools for the children of non-local employees and set up scholarships.
- ✓ **Canteen and dormitory** We provide free work meals and meal subsidies for employees. We construct employee apartments and staff buildings, and provide rental subsidy and interest-free loan for house purchase.
- ✓ **Caring** We organize sympathetic visits to the employees that work under high temperature and to the families in need.



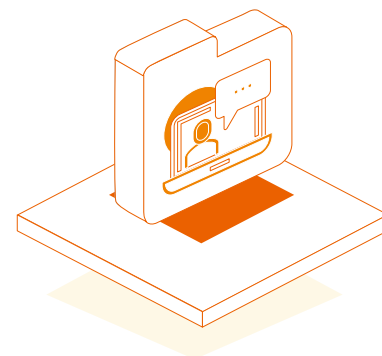
Case Zhongjin Petrochemical offers physical examination as employee welfare

The labor union of Zhongjin Petrochemical cares about employee health, and includes physical examination in employee health benefits, conducting physical examination for all employees once a year. In 2023, through the physical examination event themed on "Bringing Mobile Medical Vehicle into the Factory", the labor union managed to directly deliver the physical examination service to the employees, which reduced their traffic and waiting time and enabled all of them to take the physical examination.



Employee Communication

The Company strives to build equal, diverse, and smooth communication channels for employees. The Company has established a labor union and holds the employee representative forum annually to discuss about employees' concerns and collect their opinions and demands. This enables the participation of employees, and therefore ensures democratic decision-making. We have built a bridge between employees and management through the 900123 employee hotline, online employee communication group, satisfaction survey and other communication channels, which enables us to respond promptly to issues raised and solve problems for employees in a timely manner.



Talent Development

The Company values the personal development of its employees. The Company has established a robust career development system to evaluate the work performance of employees in a scientific and fair manner. The Company has formulated several career development and appraisal documents, including the *Appraisal Measurements for Management and Technical Personnel Positions* and the *Job Appraisal Instructions for Front-line Employees*. The direct leaders of each department conduct the regular appraisal and annual appraisal to evaluate the performance of employees comprehensively and reasonably. The high-performing employees are rewarded shortly after the appraisal.

The Company divides the employees into the categories of technology and management, and provides them with appropriate career paths based on their capabilities, to maximize their strengths. On one hand, the career path of technology is further divided into the categories of engineering technology and functional support. On the other hand, corresponding management positions are arranged in the management career path to support technology positions, to realize the collaborated management across different career paths. Within the two career paths (management + technology), the Company adjusts employee's promotion and development every year based on business operation and employee appraisal to provide them with more growth opportunities. In 2023, the Company focused on promoting the building of three talent teams, namely "senior management team, high potential team and specialized team". We have designed targeted career development programs for talents at different levels in each business segment of Rongsheng Holding and its subsidiaries. In addition, we require participants to take part in the entire process of learning, assessment and evaluation, as well as special research on practical topics. During the year, the overall attendance rate of employees participating in the career development programs reached 99.81%.

In order to improve the employee's professional competitiveness, promote their career development and enhance the core competitiveness of the enterprise, the Company and its subordinate companies have applied for and obtained the auto-identification qualification of independent vocational skills. The certificates of vocational qualifications issued by the Company are widely recognized by positions across all petrochemical and chemical fiber industries in China. Therefore, employees' skills are obviously improved, which lays a solid foundation for the sustainable development of the Company. We provide training to employees according to the business development needs of each sector of the Company. This year, adhering to the core principle of "improving the quality of all employees", the Company developed an annual internal training plan based on the training principle of "being well informed and application, safety and environmental protection, positive empowerment". The Company supervises and inspects the training of each subsidiary through regular online and offline surveys, and timely identifies and resolves issues during the training.

2023



Total investment in employee training¹
RMB **5.17** million



Participants in employee training¹
262,631 persons



Total number of employee training¹
3,484 persons

Case Rongsheng Petrochemical won multiple vocational skills awards

- In 2023, the subsidiaries of Rongsheng Petrochemical endeavored to improve the skills of their employees, and received several honors:
- The third unit of the Ethylene Chemical Department under ZPC won the honorary title of "National Workers' Pioneer in 2023";
- ZPC Refining and Aromatics Division, Normal Reduced Pressure Operation Department, Class A was awarded the honorary title of "2023 Workers' Pioneer of Zhejiang Province";
- ZPC employees participated in the Zhejiang Province Competition of the Console Operators of Chemical Production and won the second group prize and the third individual prize;
- Zhongjin Petrochemical employees participated in the Zhejiang Province Competition of the Console Operators of Chemical Production, and won the individual merit award and the third group prize;
- Zhongjin Petrochemical employees participated in the Zhejiang Province Chemical Inspector Competition and won the individual merit award;



¹ The Company's total investment in employee training, participants in employee training, and total number of employee training in 2023 are from the statistics of Rongsheng Holding

Care for Employees

The Company has set up assistance funds to provide employees with timely assistance when they are affected by disasters, serious illnesses, and financial difficulties. In this way, we alleviate difficulties caused by special reasons when our employees are in need. Also, the Company pays close attention to the needs of female employees and actively provides them with support, assistance and care, aiding them in achieving their career aspirations. For retired long-serving employees, we award them with customized silver coins as a token of appreciation and souvenir, in addition to the statutory employee benefits and entitlements. To create a heartwarming and harmonious enterprise, we put ourselves in the shoes of employees and strive to provide what they truly need.

We also provide a rich variety of cultural activities for all employees. This enhances cohesion among employees, helps them relieve stress, and guides them to face their daily life and work with a positive and relaxed attitude. The Company organized various activities for employees in 2023:

- ✓ On Women's Day, the Company sent souvenirs to all female employees to thank them for their contributions to the development of the Company.
- ✓ When the heat in summer got intense, the Company organized a series of consolation activities to send personal care items to employees who worked in the high temperature.
- ✓ We organize sports events such as badminton matches and tug-of-war to create passion and memories in the daily lives of our employees.



Group activities

Case

Zhongjin Petrochemical's tea art ceremony on Women's Day

On Women's Day, Zhongjin Petrochemical organized a tea art ceremony, inviting female employees to experience the traditional tea-making process. A master of tea art was invited to give lectures on the tea culture, so that they could taste the art of tea and enjoy the peace and beauty of the Chinese tea culture in the slow-paced tea-making process and the long-lasting aroma of tea.



Case

ZPC organizes anniversary activities

In 2023, to celebrate the eighth anniversary of the founding of ZPC, ZPC organized a series of staff activities including basketball match, table tennis match, photography contest, singing contest and speech contest, to celebrate with all the employees such a milestone moment and appreciate the hard work of all employees over the past eight years.



Striving for High-Quality Services

The Company always centers on customers, continues to improve the service management system, and actively responds to their various demands. We improve customer service quality and efficiency in multiple dimensions, strictly protect customer privacy and information security, to improve customer satisfaction.



Customer Services

The Company is dedicated to carrying out customer management in a standardized and effective manner, and has developed customer management measures according to our business attributes and customer characteristics, maintaining regular and close contact with customers. Meanwhile, we have established multi-level and diverse customer service communication channels such as field visits, face-to-face talks, online questionnaires, telephone, WeChat and email. In this way, the Company has sufficient communication channels to communicate with its customers in detail in the event of changes in plant operations, market conditions, and other circumstances.

Attaching great importance to customer complaints and feedback, the Company strives to keep effective complaint channels, optimize the complaint mechanism, strengthen complaint analysis to handle customers' request in a timely manner, and actively investigate for the cause and conduct rectification. For the problems reported by the customers, the front-line business personnel and professional technicians cooperate to ensure that the complaints are 100% handled. Moreover, we arrange customer visits and customer satisfaction surveys that covers topics such as product quality, logistics service, after-sales service, corporate reputation and integrity, and self-discipline of business personnel. We actively learn about the needs and expectations of customers and continually improve service quality.

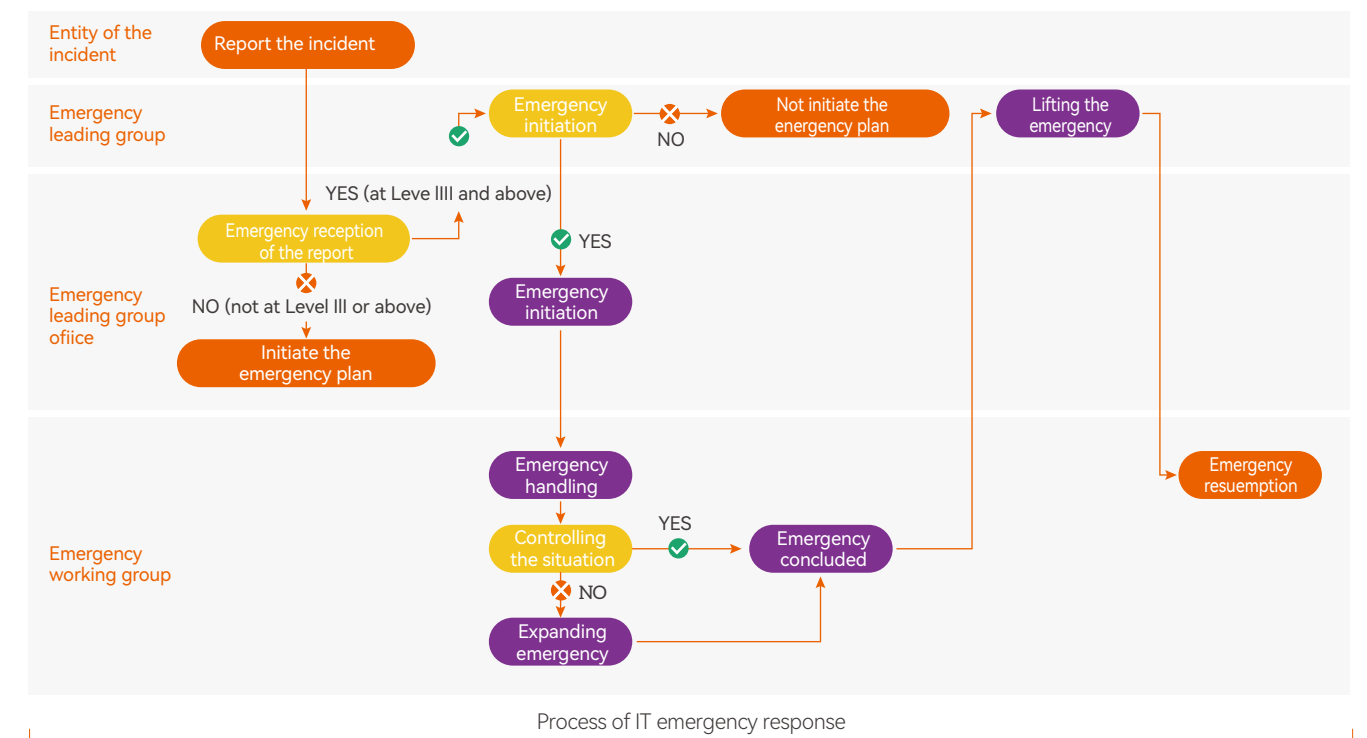
Sales Management

The Company has developed sales management systems and measures such as the *Marketing Management System*, the *Sales Management System*, the *Detailed Rules for the Implementation of Price Management* and the *Detailed Rules for the Implementation of Control of the Sales Operation Process* to strictly regulate the sales operation process. By implementing these systems, we guide and constrain the entire sales process. The Company pays close attention to product price information, strengthens market research, and promptly adjusts our sales strategy according to market changes to continuously meet market demand. The Company has also established well-organized files of customer credit. We pay attention to changes in customer credit and take effective measures to manage and control customer credit risks. To make overall improvement in the ability of our sales personnel, we organize sales personnel to carry out workshop internships for them to understand the performance of product equipment, usage scenarios, production processes and other details on site, so that they could better introduce products to customers. In addition, the Company conducts various forms of training for sales employees to enhance the professional ability and business ethics, such as orientation training, integrity and self-discipline training.

IT Construction

The Company actively promotes IT construction and enhances the awareness of information security and confidentiality in accordance with the *IT Management Regulations*, the *Management Measure for Office IT Systems*, the *IT Emergency Response Plan* and other regulations formulated by Rongsheng Holding. We carried out the security management of computer equipment, data, system operation, and IT system access authority and other work, standardized IT emergency response, with an attempt to continuously improve our ability to protect information security.

The Company carries out information security tests for relevant practitioners, conducts mandatory courses on *Network Security Training* for new employees, and signs *Confidentiality Agreements* for all information practitioners and software service providers, making every effort to ensure information security.



Practicing Responsible Sourcing

The Company is committed to establishing a responsible supply chain and enhancing the compliance management of suppliers. We optimize the supplier management system operation process. We maintain an equal, mutually beneficial, close, and stable cooperative relationship with excellent suppliers, and work with suppliers to create a positive, clean, transparent, and responsible supply chain ecosystem.

The Company strictly abides by the *Bidding Law of the People's Republic of China* and the *Implementation Regulations of the Bidding Law of the People's Republic of China* and other laws and regulations. We have established and improved internal systems and measures for tendering, sourcing, and supplier management, including the *Detailed Rules for the Implementation of Tendering and Bidding Management* and the *Regulations on the Management of Customers*. We continue to standardize suppliers' risk control mechanism and optimize the supplier bidding mechanism, supplier access system and supplier performance evaluation mechanism, and ensure compliance in the whole process of bidding, sourcing, acceptance and payment, to realise the fairness, openness, and transparency of bidding and procurement, and prevent illegal sourcing.

Review and Admission

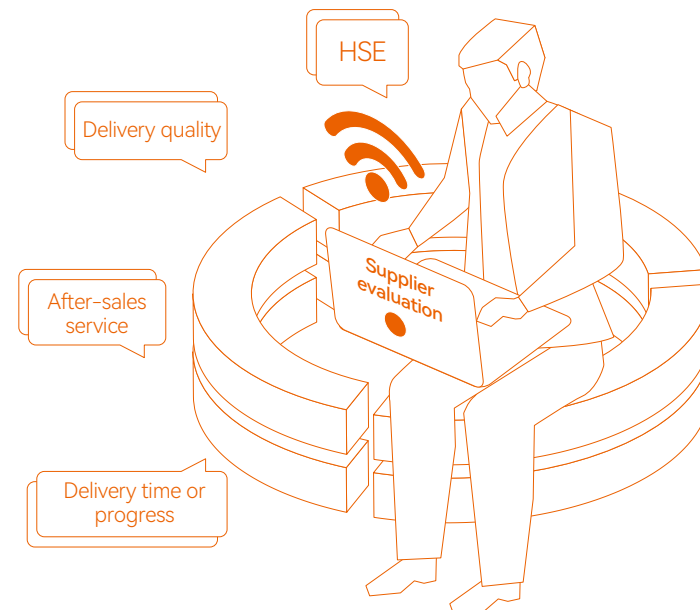
The Company has formulated a strict supplier admission process, based on which, the information of suppliers, including supplier performance, quality management, safety production, environmental protection and contract performance, is reviewed thoroughly to ensure the product and service quality of suppliers. The Company takes environmental protection as an essential consideration for the selection of suppliers and learn about the suppliers' performance on fulfilling their responsibility in environmental protection. The Company does not partner with suppliers with a history of major environmental pollution penalty and prioritizes the suppliers with better environmental performance.

The Company has newly revised the *Regulations on the Management of Customers* to detail the customer access and management process: the Company has categorized the customer access criteria as general and special criteria according to the applicability of related business, and performs qualification checking and qualification verification for new customers requesting for joining the customer database. All customers will be categorized into blacklisted customers, graylisted customers and whitelisted customers according to the results of review and transaction evaluation.

To address the corruption related to suppliers, the Company signs the *Letter of Integrity Responsibility and Commitment* with suppliers and adds a clause on the prohibition of commercial bribery, which clearly requires both parties to the agreement to strictly abide by the anti-commercial bribery laws. The Letter prohibits commercial bribery in contract discussion, negotiation, signing, and fulfilment and others, and clearly lists the reporting channels and handling departments.

Assessment and Evaluation

The Company assesses the suppliers for their quality, delivery time or progress, after-sales service, HSE and others at least once per year, and forms a black, grey, and white supplier list. For blacklisted suppliers, the Company will stop the business with them; For grey listed suppliers, the Company will put forward rectification requirements or set cooperation restrictions. The Company's contracts with suppliers include requirements on business ethics, environmental protection, and safety, and urges suppliers to comply with and implement them, and adds evaluations of related aspects to the follow-up evaluations of suppliers. The Company regularly publishes a list of untrustworthy suppliers and refuses to cooperate with them.



Communication and Assistance

Through telephone calls, video conferences, on-site inspections and other methods, the Company maintains a good communication with its suppliers in order to understand the price trend of their upstream raw materials, as well as their shutdown and overhaul plan, sales direction and changes in sales volume, with the purpose to judge the subsequent trend of procurement prices and update the procurement plan, and make targeted improvement and enhancement suggestions for the suppliers according to the Company's use of their products through. We will also make targeted improvement suggestions for suppliers based on our use of their products. When necessary, we actively provide relevant technical guidance or training to suppliers.

The Company provides assistance for suppliers by strengthening the support and promotion of agricultural products from local and poverty-stricken areas. We give priority to local tea, pottery, and silk products in purchasing and offer product trials to local suppliers. After passing the trial, they will be invited to participate in the Company's bidding.

Building a Better Community

The Company advocates for public welfare, actively organizes charity donations and shares development achievements with the society. The Company mainly focuses on education assistance, medical assistance, poverty relief and care for disadvantaged groups and encourages employees to participate in various volunteering activities, including blood donation and visiting the vulnerable. The employees carry forward the volunteering spirit and continue to promote the healthy development of public welfare undertakings and the community, and actively spread civilized and harmonious social trends. In December, Mr. Li Shuirong, Chairman of the Board of Directors of the Company, was invited to attend the First Hangzhou Charity Conference and received the Award for Personal Donation of the First Hangzhou Charity Award.

2023



Public welfare donation

RMB **17.60** million



Duration of volunteer activities

1,289 hours



Carried out public welfare activities in community

Education Assistance

- In 2023, Rongsheng Education Reward Fund provided RMB 996 thousand to 382 outstanding students and teachers in Yinong Town.



- We established the ZPC Daishan Education Fund and invested RMB 200 million for funding outstanding students, teachers and students in difficulties, recruiting talents and driving scientific research.



Care for Communities

- We have set up the Hangzhou Police Care Fund, with an annual contribution of RMB 500 thousand to support the police and auxiliary police officers who died or were injured in the line of duty.



Community Health Support

- Supported organization of the 17th Games of Zhejiang Province, provided RMB 180 thousand to support the games, in a bid to promote the healthy development of the community.



Medical Assistance

- We have established the "Health Care Fund for Yinong". We use the fund to hire provincial, municipal and district medical specialists from various disciplines to provide year-round medical care in the town at various periods, and support local health centers to increase the number of ambulances to serve local residents and assist families or individuals hit by serious illnesses in Yinong.
- We have set up the "Rongsheng Health Care Fund for Tibetans" program, donating RMB 3 million to the Charity Federation of Xiaoshan District (all contributed in 3 years) to help Sichuan and Tibetan families in need of surgical treatment.



Assistance

- We donated RMB 600 thousand to the "Spring Breeze Action" to help low-income people and people in difficulties.
- Donated 500,000 RMB to the "Angel of Protection" Zhao Daan Charity Fund's 100 Children in Distress Sponsorship Program. The program provides assistance to underage children who are in difficulties in life and safety.
- Donated 200,000 RMB to the "Love Teeth" project, which provides treatment services for patients with missing teeth in low-income groups and people in need.



Case

Rongsheng Petrochemical supports Qunying Village for the first Village Lifestyle Festival

In June 2023, the Company contributed RMB 200 thousand to support the first Village Lifestyle Festival in Qunying Village, Yinong Township. Themed on "Enjoying the Lifestyle and Passion of Qunying Village", the village lifestyle festival provided a rich variety of activities such as band performance, open mic show, local agricultural and sideline product display and bazaar shopping tour. The festival displayed the charm of Qunying Village culture, and brought happiness to the villagers.



Case

Volunteer blood donation by Rongsheng Petrochemical employees

The Company has been running programs for voluntary blood donation for nearly 20 consecutive years, and employees from all departments has taken active part in the programs. This year, 160 qualified volunteers from the Company and its subsidiaries such as Zhongjin donated in total 43,000 mL of blood, reached a 10-year high record. The Company received the honorary plaque of 2022 Outstanding Enterprise of Blood Donation in Xiaoshan District.



Case

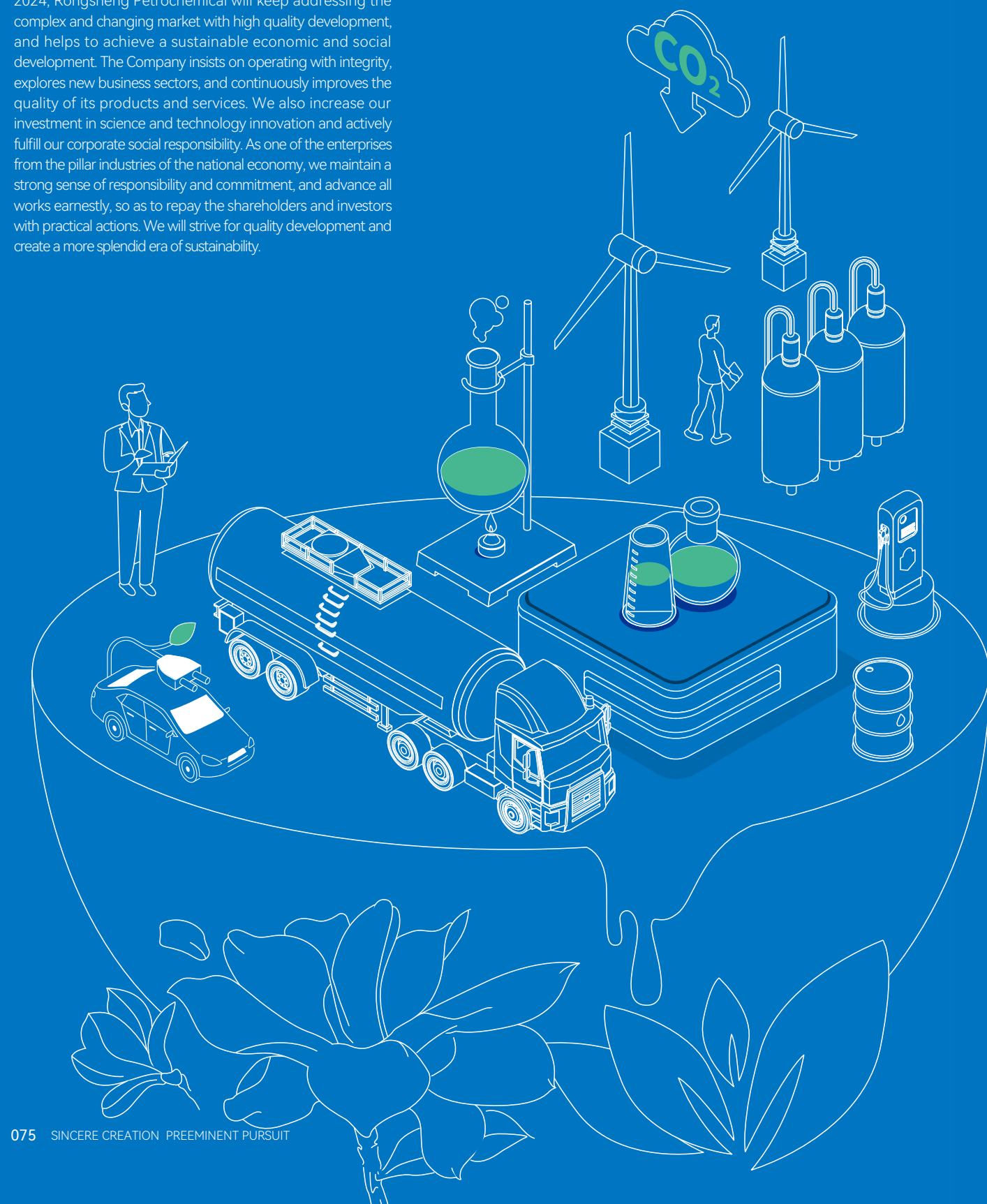
"Rongsheng Health Care Fund for Tibetans" Project

To help Tibetan disadvantaged families in Tibet and Sichuan and contribute to the East-West medical collaboration, the Company signed a three-party agreement with Charity Federation of Xiaoshan District and Xiaoshan Hospital of Traditional Chinese Medicine in 2022. From 2022 to 2024, we donated RMB 3 million to the charity federation. Meanwhile, we established the "Rongsheng Health Care Fund for Tibetans" program to provide assistance to patients in need. As of December 2023, the program has assisted 45 people with a donation exceeded RMB 2 million.



Future Prospects

A new year marks a great beginning for greater development. In 2024, Rongsheng Petrochemical will keep addressing the complex and changing market with high quality development, and helps to achieve a sustainable economic and social development. The Company insists on operating with integrity, explores new business sectors, and continuously improves the quality of its products and services. We also increase our investment in science and technology innovation and actively fulfill our corporate social responsibility. As one of the enterprises from the pillar industries of the national economy, we maintain a strong sense of responsibility and commitment, and advance all works earnestly, so as to repay the shareholders and investors with practical actions. We will strive for quality development and create a more splendid era of sustainability.



ISO System Certification Statistics of the Company

Company's Name	ISO 50001 (Energy Management System Certification)	ISO 14001 (Environmental Management System Certification)	ISO 45001 (Occupational Health & Safety Management System Certification)
Rongsheng Petrochemical Co., Ltd.		√	√
Zhejiang Petroleum & Chemical Co., Ltd.		√	√
Ningbo Zhongjin Petrochemical Co., Ltd.	√	√	√
Yisheng Dahua Petrochemical Co., Ltd.	√	√	√
Zhejiang Shengyuan Chemical Fiber Co., Ltd.		√	√
Zhejiang Yongsheng Technology Co., Ltd.		√	√

Independent Assurance Report



普华永道

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English Translation for Reference Only

Independent practitioner's assurance report

To the Board of Directors of Rongsheng Petrochemical Company Limited

We have been engaged to perform a limited assurance engagement on the selected 2023 key data as defined below in the 2023 Sustainability Report of Rongsheng Petrochemical Company Limited (the "Rongsheng Petrochemical").

Selected Key Data

The selected key data in Rongsheng Petrochemical's 2023 Sustainability Report that is covered by this report is as follows:

- Total amount of GHG emissions (tonne of CO2 equivalents)
- Scope 1 GHG emissions (tonne of CO2 equivalents)
- Scope 2 GHG emissions (tonne of CO2 equivalents)
- Sulfur dioxide (SO2) emissions (tonne)
- Nitrogen oxide (NOx) emissions (tonne)
- Particulate matter emissions (tonne)
- Chemical oxygen demand (COD) discharge (tonne)
- Ammonia nitrogen discharge (tonne)
- Hazardous waste (tonne)
- Purchased electricity (MWh)
- Purchased steam (GJ)
- Desalination (tonne)
- Total number of employees (persons)
- Number of hours of safety training conducted (hours)

Our assurance was with respect to the year ended 31 December 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2023 Sustainability Report.

Criteria

The criteria used by Rongsheng Petrochemical to prepare the selected key data in the 2023 Sustainability Report is set out in the basis of reporting of the key data (the "basis of reporting") after this assurance report.

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Management's Responsibilities

The Management of Rongsheng Petrochemical is responsible for the preparation of the selected key data in the 2023 Sustainability Report in accordance with the basis of reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2023 Sustainability Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

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

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

Practitioner's Responsibilities

It is our responsibility to express a conclusion on the selected key data in the 2023 Sustainability Report based on our work.

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether Rongsheng Petrochemical's 2023 selected key data in the 2023 Sustainability Report has been prepared, in all material respects, in accordance with the basis of reporting. Our work involves assessing the risks of material misstatement of the selected key data in the 2023 Sustainability Report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk. We have performed the following procedures:



普华永道

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- 1) Interviews with relevant departments of Rongsheng Petrochemical involved in providing information for the selected key data within the Sustainability Report, undertaking site visits to Rongsheng Petrochemical's headquarters, Zhejiang Petroleum & Chemical Co., Ltd. and Ningbo Zhongjin Petrochemical Co., Ltd.;
- 2) Analytical procedure;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation; and
- 5) Other procedures deemed necessary.

Inherent Limitation

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.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2023 selected key data in the 2023 Sustainability Report is not prepared, in all material respects, in accordance with the basis of reporting.

Restriction on Use

Our report has been prepared for and only for the board of directors of Rongsheng Petrochemical and is not to be used for any other purpose. We do not assume responsibility towards or accept liability to any other parties for the content of this report.

PricewaterhouseCoopers Zhong Tian LLP

Shanghai, China

April 25, 2024

Basis of Reporting

The holding companies of Rongsheng Petrochemical Co., Ltd. as disclosed in the Sustainability Report refer to Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Rongxiang Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd., Rongsheng New Materials (Zhoushan) Co., Ltd., Rongsheng Petrochemical (Singapore) Pte. Ltd., and Rongsheng International Trading Co., Ltd.

1. Total amount of GHG emissions (tonne of CO₂ equivalents)

Total amount of GHG emissions refer to the sum of scope 1 greenhouse gas emissions and scope 2 greenhouse gas emissions generated by Rongsheng Petrochemical Co., Ltd. and its holding companies in 2023.

2. Scope 1 GHG emissions (tonne of CO₂ equivalents)

Scope 1 GHG emissions refer to the sum of direct greenhouse gas emissions generated by Rongsheng Petrochemical Co., Ltd. and its holding companies through fuel combustion emissions, process emissions, torch combustion emissions in 2023, minus the amount of greenhouse gas recycling collected and utilized in the production process, with reference to the *Guide to Accounting Methods and Reporting of Greenhouse Gas Emissions by China's Petrochemical Companies (Trial)*, and is calculated and aggregated based on the shareholding ratio of each holding enterprise.

3. Scope 2 GHG emissions (tonne of CO₂ equivalents)

Scope 2 GHG emissions refer to the sum of indirect greenhouse gas emissions generated by Rongsheng Petrochemical Co., Ltd. and its holding companies through net purchases of electricity and net purchases of heat in 2023, with reference to the *Guide to Accounting Methods and Reporting of Greenhouse Gas Emissions by China's Petrochemical Companies (Trial)* and the *Notice on Conducting the Work Related to the Management of Greenhouse Gas Emission Reporting for Enterprises in the Power Generation Sector in 2023-2025*, and is calculated and aggregated based on the shareholding ratio of each holding enterprise.

4. Sulfur dioxide (SO₂) emissions (tonne)

Sulfur dioxide (SO₂) emissions refer to the total amount of SO₂ emitted during the process of production and operation by Rongsheng Petrochemical Co., Ltd. and its holding companies in 2023.

5. Nitrogen oxide (NO_x) emissions (tonne)

Nitrogen oxide (NO_x) emissions refer to the total amount of NO_x emitted during the process of production and operation by Rongsheng Petrochemical Co., Ltd. and its holding companies in 2023.

6. Particulate matter emissions (tonne)

Particulate matter emissions refer to the total amount of particulate matter emitted during the process of production and operation by Rongsheng Petrochemical Co., Ltd. and its holding companies in 2023.

7. Chemical oxygen demand (COD) discharge (tonne)

Chemical Oxygen Demand (COD) discharge refers to the total amount of COD in wastewater discharged during the process of production and operation by Rongsheng Petrochemical Co., Ltd. and its holding companies in 2023.

8. Ammonia nitrogen discharge (tonne)

Ammonia nitrogen discharge refers to the total amount of ammonia nitrogen in wastewater discharged during the process of production and operation by Rongsheng Petrochemical Co., Ltd. and its holding companies in 2023.

9. Hazardous waste (tonne)

Hazardous waste refers to the total amount of hazardous waste disposed of during the process of production and operation by Rongsheng Petrochemical Co., Ltd. and its holding companies in 2023.

10. Purchased electricity (MWh)

Purchased electricity refers to the total amount of purchased electricity consumed during the process of production and operation by Rongsheng Petrochemical Co., Ltd. and its holding companies in 2023.

11. Purchased steam (GJ)

Purchased steam refers to the total amount of purchased steam consumed during the process of production and operation by Rongsheng Petrochemical Co., Ltd. and its holding companies in 2023.

12. Desalination (tonne)

Desalination refers to the total amount of desalinated water produced by Rongsheng Petrochemical Co., Ltd. and its holding companies in 2023.

13. Total number of employees (persons)

Total number of employees refers to the number of active employees of Rongsheng Petrochemical Co., Ltd. and its holding companies as of the end of 2023, excluding labor dispatch, interns, temporary employment and dependents.

14. Number of hours of safety training conducted (hours)

Number of hours of safety training conducted refers to the total hours of safety training participated by employees of Rongsheng Petrochemical Co., Ltd. and its holding companies in 2023.

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Reader's Feedback Questionnaire

Thank you very much for spending time in reading the sustainability report of Rongsheng Petrochemical 2023. Your opinions and suggestions are welcome since they can help us provide more valuable information to you and other stakeholders and promote Rongsheng Petrochemical to improve its social responsibility management capabilities and performance. You may contact us by sending E-mail to the following mailbox:

Email: rspc@rong-sheng.com

Which category of stakeholders do you belong to?

- ☐Government and regulator
- ☐Shareholder and investor
- ☐Customer
- ☐Employee
- ☐Supplier/partner
- ☐Community
- ☐Media and NGO
- ☐Other ()

In your opinion, does the report completely present Rongsheng Petrochemical's ESG performance?

- ☐Yes
- ☐Average
- ☐No

In your opinion, has the report answered the expectations and demands of Rongsheng Petrochemical's stakeholders in all aspects?

- ☐Yes
- ☐Average
- ☐No

Do you find the quantitative information disclosure in the report objective, true, and valid?

- ☐Yes
- ☐Average
- ☐No

Do you find the writing of the report clear and easy to understand?

- ☐Yes
- ☐Average
- ☐No

Is the graphic design of the report helpful to you in understanding the information in the report?

- ☐Yes
- ☐Average
- ☐No

Do you have more opinions and suggestions for Rongsheng Petrochemical's social responsibility management and sustainability report?