

## Stock Code: 688602



# 2024

# Shanghai Chemspec Corporation

## Environmental, Social and Governance (ESG) Report

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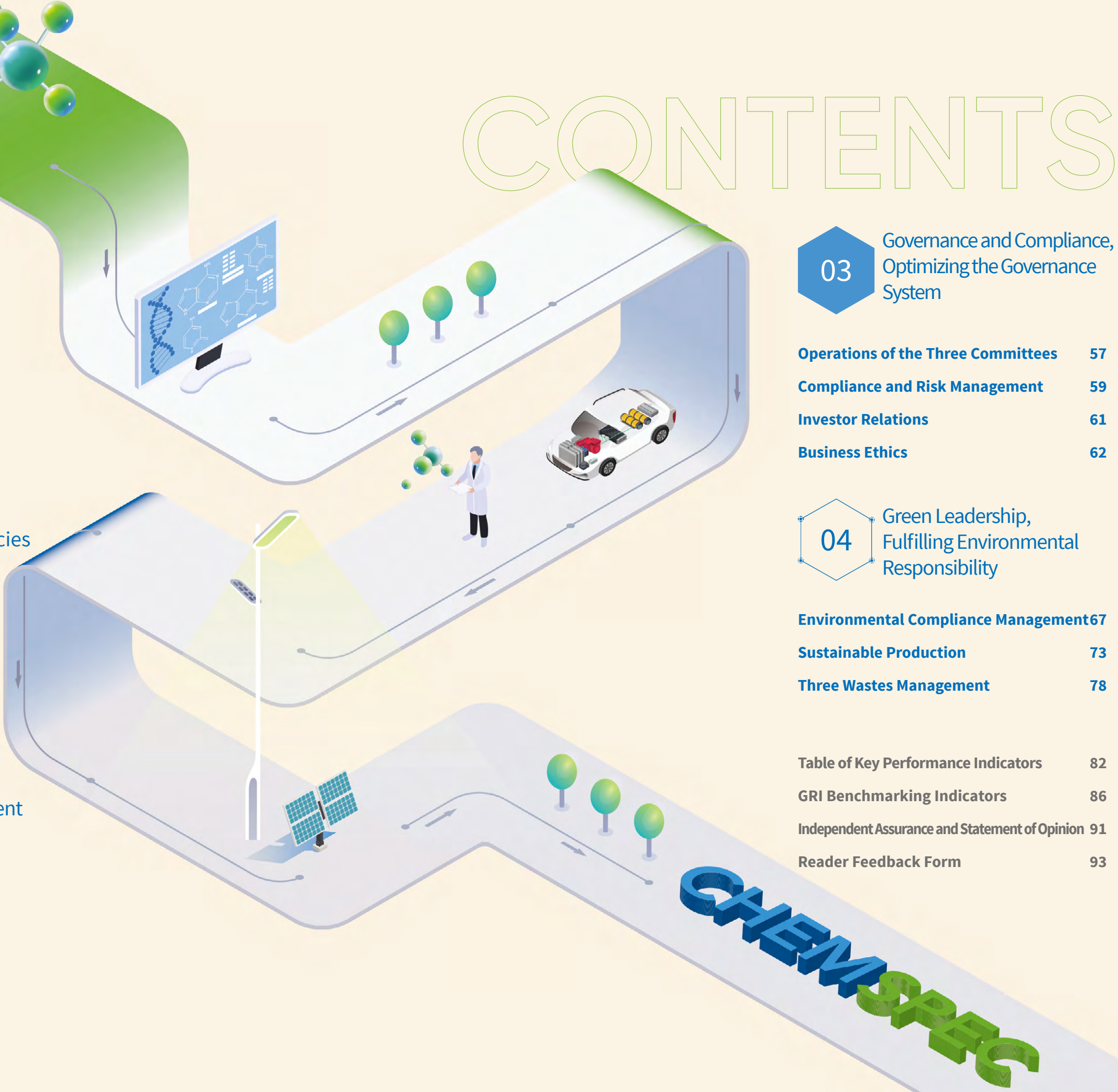
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# About This Report

ESG stands for Environmental, Social, and Governance, representing a performance standard and business approach distinct from financial metrics. Its core is the concept of sustainable development. ESG reports are a vital part of non-financial disclosure for publicly listed companies and serve as a crucial reference for investors to assess non-financial risks and sustainable development potential.

This 2024 *Environmental, Social, and Governance (ESG) Report* (hereinafter referred to as "this Report") is the first ESG report published by Shanghai Chemspec Corporation. It systematically discloses the Company's management approach and performance regarding environmental, social, and governance aspects for the year 2024.

## Reporting Period and Time Frame

This is an annual report covering the period from January 1, 2024, to December 31, 2024 (referred to as the "Reporting Period"). To enhance the comparability and forward-looking nature of this Report, some content may reference prior years or extend beyond the above time frame.

The Report is published annually, consistent with the Company's financial year.

## Scope of the Report and Terminology

The scope of this Report covers Shanghai Chemspec Corporation and all its subsidiaries and branches in fulfilling responsibilities related to economic, social, and environmental aspects. Relevant typical cases are derived from the Company's affiliated enterprises. For ease of expression and reading, terms such as "CHEMSPEC", "the Company", and "we" refer to Shanghai Chemspec Corporation in this Report.

## Report Preparation Basis

- United Nations 2030 Sustainable Development Goals (SDGs)
- GSSB's *Global Reporting Initiative (GRI) Standards*
- *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulatory of Listed Companies—Sustainability Report (Trial)*
- *China Corporate Sustainability Reporting Guidelines* issued by China Academy of Social Sciences (CASS-ESG 5.0)
- *Guidance on Social Responsibility Reporting (GB/T36001-2015)* issued by China National Institute of Standardization
- *ISO 26000: Guidance on Social Responsibility (2010)* issued by International Organization for Standardization

## Data Explanation

The data and cases used in this Report are derived from CHEMSPEC's internal records, actual operations statistics and records, policy documents, publicly disclosed annual reports, and other relevant sources. All financial data in the Report are denominated in CNY.

## Report Reliability Assurance

CHEMSPEC affirms that the content of this Report does not contain any false information, misleading statements, or significant omissions, and takes full responsibility for the authenticity, accuracy, and completeness of the information presented.

## Report Accessibility

This Report is prepared in both Chinese and English. If there is any ambiguity in the understanding of the two versions, the Chinese version shall prevail. This Report is available in electronic format. It can be viewed and downloaded from the following websites:  
Shanghai Stock Exchange: [www.sse.com.cn](http://www.sse.com.cn),  
CHEMSPEC: [www.chemspec.com.cn](http://www.chemspec.com.cn).

## Contact Information

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## Message from the Chairman



Looking back at 2024, amidst fierce market competition, our company has remained united in its efforts. We focused on fluorine-based technology and carbon-carbon bond coupling technology, centering on the customization of materials, pharmaceuticals, and agrochemicals. We have continued to deepen our presence in the field of fluorine-containing fine chemicals. This year marks the first release of our ESG report. Guided by ESG principles, we have integrated green development into our strategic decision-making and worked with our partners to build an industry ecosystem of shared responsibility and mutual value.

/Chairman of the Board

### Multi-Level Governance and Green Development

CHEMSPEC understands the importance of fully integrating the concept of green development into our operations. From top to bottom, we have established a multi-tier ESG governance structure, driving the organic integration of sustainable concepts with our business development. In 2024, the Company officially renamed its Strategy Committee to the Strategy and ESG Committee. This committee systematically identifies, prioritizes, and enhances internal management of 24 major ESG issues, responding proactively to the expectations of stakeholders and working to improve our ability to fulfill ESG responsibilities.

### Principled Management and Steady Progress

CHEMSPEC Technology has always viewed compliance and standardization as the foundation of its operations. We strictly adhere to national policies and regulations, ensure proper governance structure, safeguard the legal rights of shareholders and stakeholders, and optimize internal control systems. Our decision-making process is based on scientific, democratic, and transparent principles. The Company has steadily advanced the construction of the "Shareholders' Meeting, Board of Directors, and Board of Supervisors", implementing a "Three Lines of Defense" risk management approach to prevent compliance risks and fulfilling our responsibilities and obligations to investors. We consistently uphold compliance as the baseline and incorporate compliance principles into our daily operations.

### Innovation and Pursuit of Excellence

As a technology-driven company, CHEMSPEC continues to research and optimize process control points, improve product quality and yield, and develop new production processes to enhance its competitiveness. In 2024, our R&D investment reached CNY 85.39 million. The Company and its subsidiaries have accumulated 115 patents, including 66 invention patents and 49 utility model patents.

### Sustainable Production and Quality First

CHEMSPEC actively responds to the "3060" dual carbon targets by incorporating energy-saving, emissions reduction, and environmental benefit goals into its operations. The Company promotes the application of environmental protection technologies and equipment, focusing on energy-saving, emissions-reduction transformation, and resource recycling to help the industry transition to a greener and low-carbon model. CHEMSPEC has established its quality management system in accordance with ISO 9001, ISO 14001, and ISO 45001 standards and has published its *Quality, Environmental, and Occupational Health & Safety Management System Manual*.

### People-Oriented and Effective Talent Utilization

With a people-centered approach, we have built a platform for employee development focusing on employee rights and protection, development, and training, as well as health and safety. In 2024, CHEMSPEC employed 992 staff members. To fully motivate and inspire our employees, the Company has granted 2.988 million shares of Class II restricted stock to 160 qualifying individuals, representing 0.58% of the current total share capital.

Looking to the Future. Moving forward, CHEMSPEC will continue to be "responsible for employees, customers, the society and shareholders". Leveraging years of technological accumulation and an experienced R&D team, we will focus on core technologies and explore the extension of the industrial chain. Building on our existing business, we will further improve production capacity and efficiency, optimize product structure, and strengthen our profitability and market competitiveness. Our goal is to make CHEMSPEC a leading domestic company with global competitiveness, driving the healthy and sustainable development of the industry.



# About CHEMSPEC

## Company Overview

Shanghai Chemspec Corporation (stock abbreviation: CHEMSPEC, stock code: 688602) was established in 1996 and successfully listed on the Shanghai Stock Exchange's STAR Market in 2023. Headquartered in the Putuo District of Shanghai, it is an innovative, technology-driven enterprise deeply engaged in the field of fine chemicals. Since its establishment, CHEMSPEC has been committed to delivering high-quality, high-standard products at competitive prices and providing customers with one-stop services, ranging from product development to commercialized production. The Company has always been rooted in the fine chemicals industry, a sector full of challenges and opportunities, and has continued to make steady progress with perseverance and a spirit of innovation.

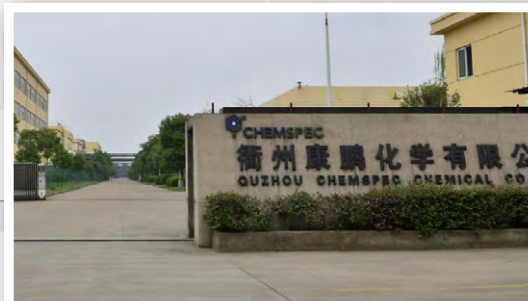


Lanzhou Chemspec Technology Co.,Ltd.

Lanzhou

In terms of business layout, CHEMSPEC primarily focuses on the research, production, and sales of fine chemicals, establishing a diverse and highly competitive product portfolio. Its products are mainly divided into two major categories: (1) New Materials: This includes display materials, which provide key support for innovations in display technology and enhance screen display effects. The Company is also actively involved in the field of new energy battery materials and electronic chemicals, contributing to the growth of the new energy industry. Additionally, CHEMSPEC has ventured into the field of silicone materials, earning market recognition through its advanced technology and high-quality products. (2) CDMO Products: Serving the pharmaceutical and agrochemical sectors, CHEMSPEC provides one-stop solutions, from process R&D to large-scale production, by leveraging advanced technology, strict quality control systems, and highly customized services. The Company plays a critical role in the innovation and development of pharmaceuticals and agrochemicals.

Innovation is the core driving force behind CHEMSPEC's development. The Company has built a robust core technology platform around fluorination technology and carbon-carbon bond coupling technology, providing strong technical support for continuous product innovation. In the display materials sector, CHEMSPEC's fluorine-based single crystals hold a significant share of the global market. In the field of new energy battery materials, CHEMSPEC is a leader, being one of the first companies globally to achieve mass production of LiFSI. The products are already supplied to most of the top electrolyte manufacturers in China. In the silicone materials sector, the Company successfully overcame technical barriers to achieve the import substitution of silicone pressure-sensitive adhesives for specific applications, filling a gap in the domestic market.

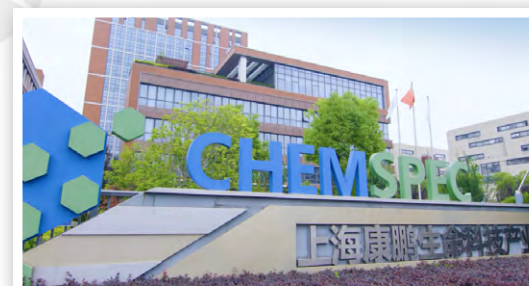


Quzhou Chemspec Chemical Co., Ltd.

Quzhou



Shanghai Wansu Pharmaceutical Co., Ltd.



Shanghai Chemspec Life Science & Technology Industrial Park

★ Shanghai

USA



Chemspec Overseas R&D Center

With an international management model and business philosophy, CHEMSPEC continues to improve core product processes, deeply explore core technologies, and extend the industrial chain, all while relying on its solid technological foundation and professional R&D team. The Company continuously increases its R&D investment, attracting and nurturing high-quality R&D talents to solidify its technological advantage in the fine chemicals industry. At the same time, by leveraging its core technologies, CHEMSPEC expands the application fields of its products, strengthens cooperation with downstream customers, and actively improves its market share and brand influence. Moving forward, the Company will continue to focus on material research and production in fields such as new energy and displays, closely aligning with the trend of green development and increasing R&D investment to launch more high-performance and environmentally friendly products. CHEMSPEC aims to become a leading global player in the fine chemicals industry and contribute to the sustainable development of the industry with more wisdom and strength.



## Corporate Culture

Throughout its development, corporate culture has been the soul of the Company, consistently guiding its cultural construction. It is not only the spiritual bond that unites employees but also a powerful force that drives CHEMSPEC toward high-quality development, ensuring the Company navigates through the waves of time with stability.

### Vision

To be a pioneer and leader in China's fluorine-containing fine chemicals industry.

### Mission

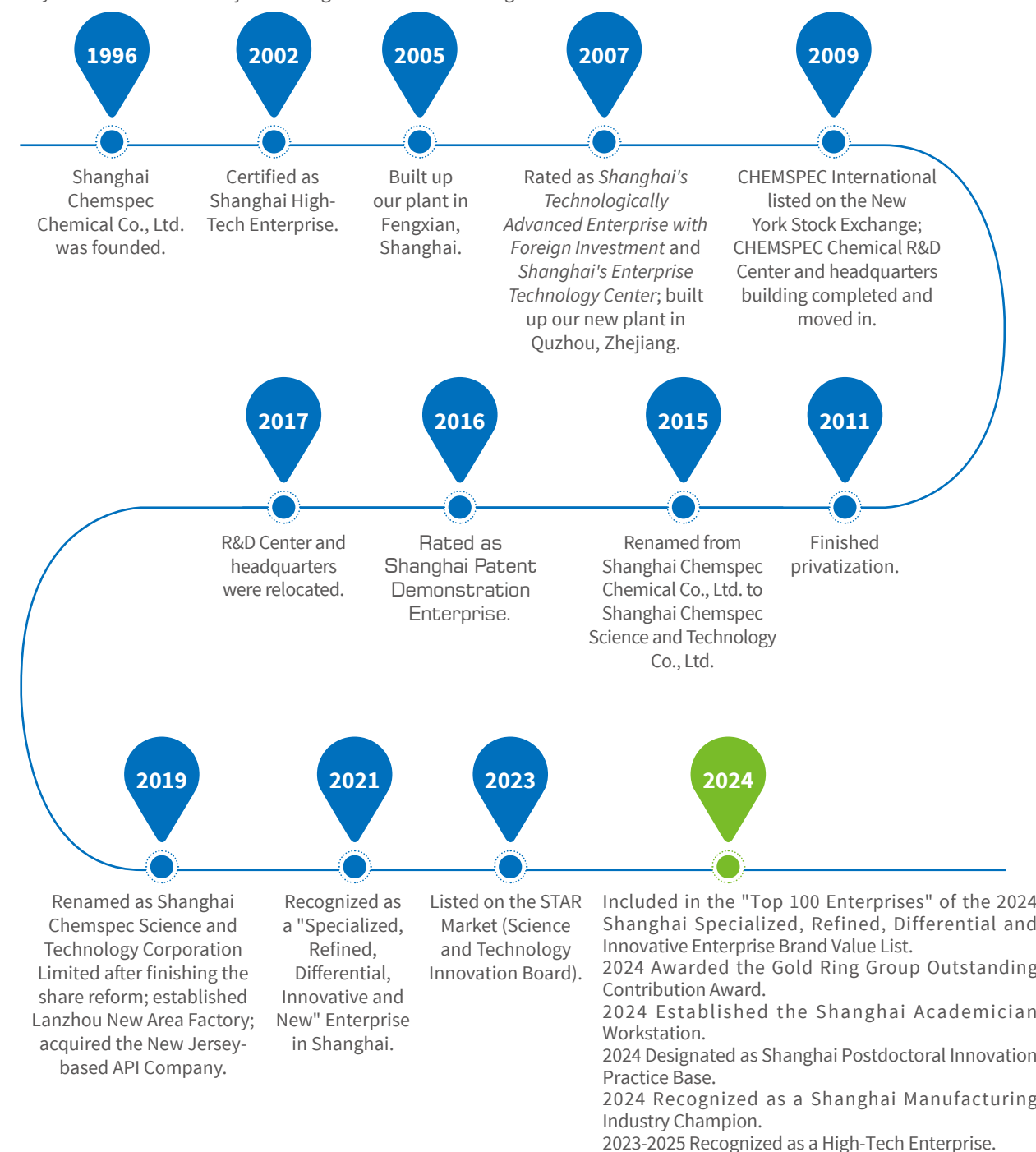
To be responsible for employees, customers, society, and shareholders.

### Value

To be people-oriented, good at knowing and delegating people, quality-first, customer-first, courageous enough to innovate, and dedicated to excellence.

## Development History

Over the course of thirty years, CHEMSPEC has forged ahead through thick and thin. In 1996, Shanghai Chemspec Chemical Co., Ltd. was established, marking the beginning of its journey in the fine chemicals industry. Since then, the Company's factory layout has continuously expanded, and its headquarters and R&D center have been upgraded. CHEMSPEC has experienced transformations, including transitions from foreign-funded to domestic operations, public listings, privatization, and name changes. With numerous honors along the way, the Company successfully listed on the STAR Market in 2023. Over these thirty years, CHEMSPEC has used innovation as its guiding principle, drawing a development blueprint that continuously drives industry transformation and injects strong momentum into the growth of fine chemicals.





# Corporate Honors

## Honors and Certification of CHEMSPEC

National

High-Tech Enterprise

2023-2025

Shanghai Science and Technology Commission, Shanghai Economic Commission, Shanghai Finance Bureau, and Shanghai Tax Bureau.

Provincial

Shanghai Manufacturing Industry Champion Enterprise

2024

Shanghai Economic and Information Technology Commission

Provincial

Outstanding Evaluation of Shanghai Municipal Enterprise Technology Center

Shanghai Economic and Information Technology Commission

Provincial

Shanghai Patent Work Demonstration Enterprise

2016 - 2018

Shanghai Intellectual Property Administration

Provincial

Innovative Small and Medium-sized Enterprise

March 2023–February 2026

Shanghai Economic and Information Technology Commission

Provincial

2023 Recognized Private Enterprise Headquarters

Shanghai Municipal Commerce Commission, Shanghai Federation of Industry and Commerce

Provincial

Shanghai Academician Workstation

Shanghai Academician and Expert Workstation Guidance Office

Regional

2024 Specialized, Refined, Differential and Innovative Enterprise Brand Value List "Top 100 Enterprises"

China Brand Economy (Shanghai) Forum Organizing Committee, Shanghai Enterprise Culture and Brand Research Institute.

Regional

Gold Ring Group Outstanding Contribution Award

2024

Gold Ring Group



# ESG Management

Against the backdrop of China's strong push for ecological civilization construction and the active practice of the green development concept, the "dual carbon" (carbon peak and carbon neutrality) goals have become key guidelines for the development of the era. CHEMSPEC has seized this opportunity, adhering to the concept of sustainable development. The Company, united in purpose, integrates ESG responsibilities into various aspects of its operations, including research and development, production, and management. From energy conservation and emission reduction to the innovation of green processes and employee development, CHEMSPEC actively supports sustainable development, making every effort to contribute to achieving China's "dual carbon" goals.

## ESG System Construction

To further promote sustainable economic, social, and environmental development, CHEMSPEC actively implements the new development philosophy of innovation, coordination, green development, openness, and sharing, applying it to daily operations. Based on this, the Company has established an ESG system that covers ESG policies, management structure, risk management, and cultural development. This system guides various areas of the Company, including safe production, technological innovation, corporate governance, and talent cultivation, to help drive the Company's high-quality development.



**ESG Policies**  
Developed the *ESG Management System*, guided by the principles of innovation, coordination, green development, openness, and shared growth to standardize ESG practices.



**ESG Management Structure**  
Established a three-tier management framework with the Board of Directors as the highest governing body to guide ESG work.



**ESG Risk Management**  
Identifies, monitors, and assesses ESG risks, developing response measures. For example, conducts ESG reviews and assessments of suppliers, requiring them to sign a Supplier Code of Conduct and evaluating their environmental and social practices.



**ESG Cultural Development**  
Conducts supplier ESG training, business ethics training, employee ESG training, compliance awareness training, and other ESG-related training programs to enhance awareness and integration of ESG culture within the Company.

## ESG Governance Structure

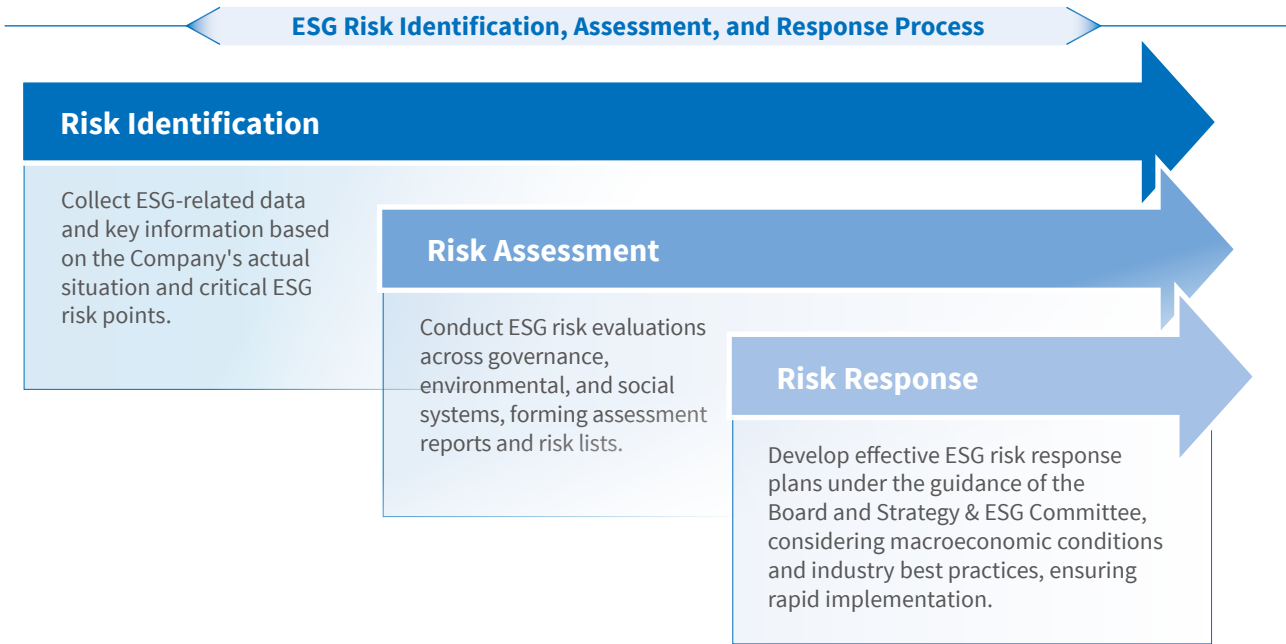
In 2024, CHEMSPEC established a top-down ESG management structure. The Board of Directors serves as the highest governance body, clarifying the rights and responsibilities of related tasks and ensuring unified leadership, decision-making, and implementation. The Strategy and ESG Committee, subordinate to the Board, manages the Company's ESG goals, conducts research on material ESG topics, oversees ESG reports, and provides guidance to working groups on ESG management objectives.



## ESG Risk Management

CHEMSPEC places great importance on ESG risk management and integrates it into the daily risk management system. The Company's departments and subsidiaries work closely together to build an all-encompassing, multi-level ESG risk control network. Through risk assessment tools and extensive experience, the Company identifies potential ESG risks, such as environmental compliance, employee rights protection, and supply chain management, during daily operations and production processes. For identified risks, CHEMSPEC quickly formulates targeted response plans to prevent and mitigate risks at the source. Furthermore, the Company has established a robust tracking mechanism to monitor the implementation progress and effectiveness of response plans, regularly conducting reviews and optimizations.

When evaluating the effectiveness of the Company's internal control, the Board of Directors incorporates ESG responsibilities into the assessment, identifying and evaluating ESG-related risks. The board provides suggestions for improvements on any internal control deficiencies, thereby enhancing ESG management. Through a rigorous and efficient management model, the Company ensures that ESG risks at all levels are effectively monitored and addressed, laying a solid foundation for CHEMSPEC's stable and sustainable development.



## ESG Management System

CHEMSPEC is committed to fulfilling its ESG responsibilities and continuously strives to achieve a balance of social, environmental, and economic benefits. In accordance with relevant laws and regulations such as the *Company Law of the People's Republic of China*, *Corporate Governance Guidelines for Listed Companies*, and the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, as well as the Company's *Articles of Association*, CHEMSPEC has developed the *ESG Management System*. This system has been reviewed and approved by the Company's Board of Directors and is responsible for its formulation, revision, and interpretation.

The *ESG Management System* specifies the protection of the rights of stakeholders such as shareholders, creditors, employees, suppliers, customers, and partners, as well as environmental protection, sustainable development, public relations, and social welfare. It further regulates the Company's ESG management practices while contributing to society, aligning with the Company's goal of high-quality development.



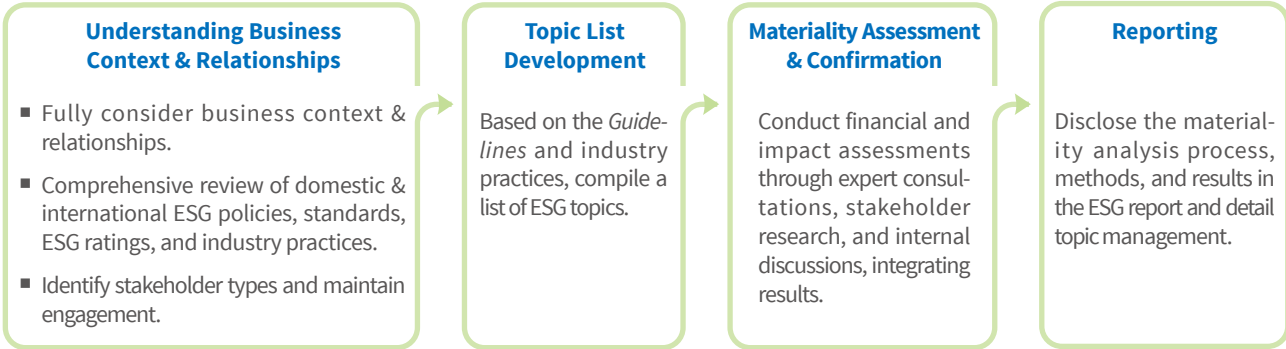
## Stakeholder Engagement

In its business development, CHEMSPEC places high importance on individuals and groups whose interests are impacted by its operations. Based on its actual situation, the Company accurately identifies stakeholders such as shareholders, employees, and government regulators. With an open approach, CHEMSPEC employs a variety of methods, including online surveys, offline discussions, and phone communications, to thoroughly understand stakeholders' concerns, such as shareholders' expectations for performance and employees' needs for career development. In response to these concerns, the Company actively engages and continuously makes improvements. As a result, a regular stakeholder communication mechanism has been established, continuously enhancing the Company's ESG management capabilities and achieving collaborative progress with various stakeholders.

Stakeholder	Expectations & Demands	Communication & Response
Government & Regulatory Agencies	Legal compliance Tax obligations Business ethics & Anti-corruption	Policy response Information disclosure Supervision & Inspection
Suppliers	Win-Win cooperation Industry development	Responsible supply chain Industry exchange conferences
Shareholders/ Investors	Protect shareholder rights Risk management Corporate governance improvement	Boost business performance Improve internal control Enhance information disclosure
Employees	Compensation & Benefits Health & Safety Career advancement	Salary improvements Employee satisfaction surveys Training & promotion mechanisms
Customers	Open communication Product quality assurance Customer rights protection	Strengthen product quality & service management Customer satisfaction surveys
Public Welfare & Community Organizations	Livelihood improvement Philanthropy Community engagement	Rural revitalization Public welfare projects Regular/Irregular interactions
Industry Associations / Research Institutes	Industry standards regulation Industry development Scientific research improvement	Cooperative mechanisms Information sharing Standard development Research commercialization
Media	Access to corporate news & information Brand image promotion	Media feedback consideration Cooperative relationships Accurate and timely company news dissemination

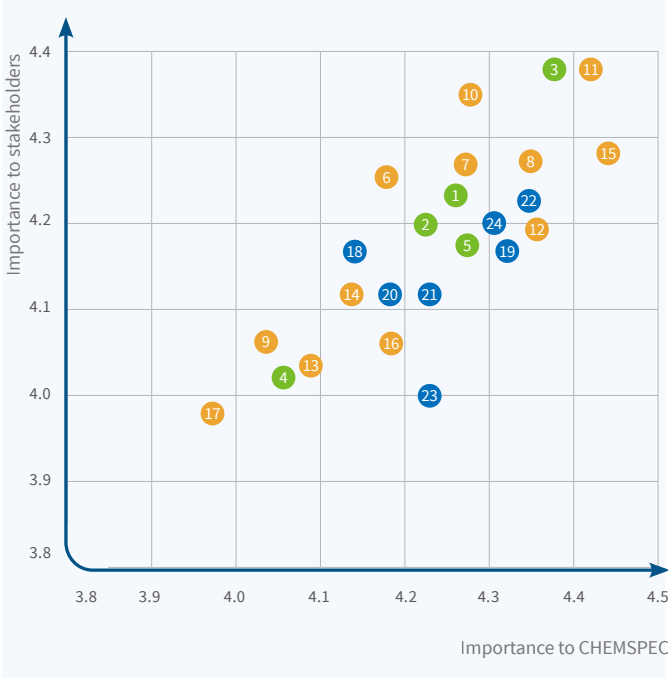
## Material Topics Analysis

To further clarify the scope and key areas of ESG development, CHEMSPEC has identified material topics based on the importance to the Company and its stakeholders, in line with the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)* (hereinafter referred to as the *Guidelines*). The Company formed a professional team, conducted extensive industry research, and analyzed industry trends and developments. The team also actively consulted with authoritative experts to gather professional advice and valuable experience. A comprehensive stakeholder survey was conducted to listen to various concerns. Multiple internal discussions were organized to consolidate the team's insights. Through these efforts, CHEMSPEC undertook an in-depth analysis of material topics, laying a solid foundation for the Company's ESG efforts.



Material Topics Analysis Process

During the reporting period, CHEMSPEC fully considered the *Guidelines*, ESG ratings, and industry practices to build a material topics database. Through surveys, the Company collected feedback from its Board of Directors, Supervisors, employees at all levels, investors, and other stakeholders, receiving 46 valid responses. Additionally, expert consultations and internal discussions were held, and after rigorous analysis and comprehensive argumentation, the final material topics were identified. This process clarified the key priorities for the Company's ESG work.



Material Topics Analysis Results

### Environmental

- Environmental Management
  - Climate Change & Energy Management
- Three Wastes Management
  - Biodiversity Protection
  - Green Materials Usage

### Social

- Employee Rights & Benefits
  - Diversity & Inclusion
  - Talent Training & Development
  - Democratic Management
  - Occupational Health
  - Safety in Production
- Technological Innovation
  - Technology Ethics
  - Industry Development & Cooperation
  - Product Quality
  - Supply Chain Management
  - Community Contribution

### Governance

- Corporate Governance Structure
  - Compliance & Internal Control Management
  - Anti-Corruption
  - Fair Competition
- Information Security & Privacy Protection
  - Investor Relations Management
  - ESG Governance



# R&D and Manufacturing, Showcasing Core Competencies

CHEMSPEC is committed to enhancing its core competitiveness, promoting high-quality development across the industry, and contributing to a sustainable society. The Company pursues long-term development goals through excellence in research, development, and manufacturing. In key areas such as innovation, supply chain management, quality and service, and social contribution, CHEMSPEC actively implements best practices and has achieved notable results. Through continuous technological innovation, CHEMSPEC has not only advanced its own capabilities but also revitalized the industry by accelerating technological upgrades. Its efficient supply chain management optimizes resource allocation, reduces costs, improves operational efficiency, and strengthens the Company's resilience. The Company's unwavering pursuit of quality and service has earned wide customer recognition, boosted brand value, and laid a solid foundation for market expansion. Meanwhile, CHEMSPEC continues to fulfill its corporate social responsibilities, creating value for society and enhancing its social image and soft power.

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- Responding to Key Issues:**
- R&D and Innovation
  - Product Quality
  - Customer Rights Protection
  - Supplier Management

Responding to the UN 2030 Sustainable Development Goals (SDGs)

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

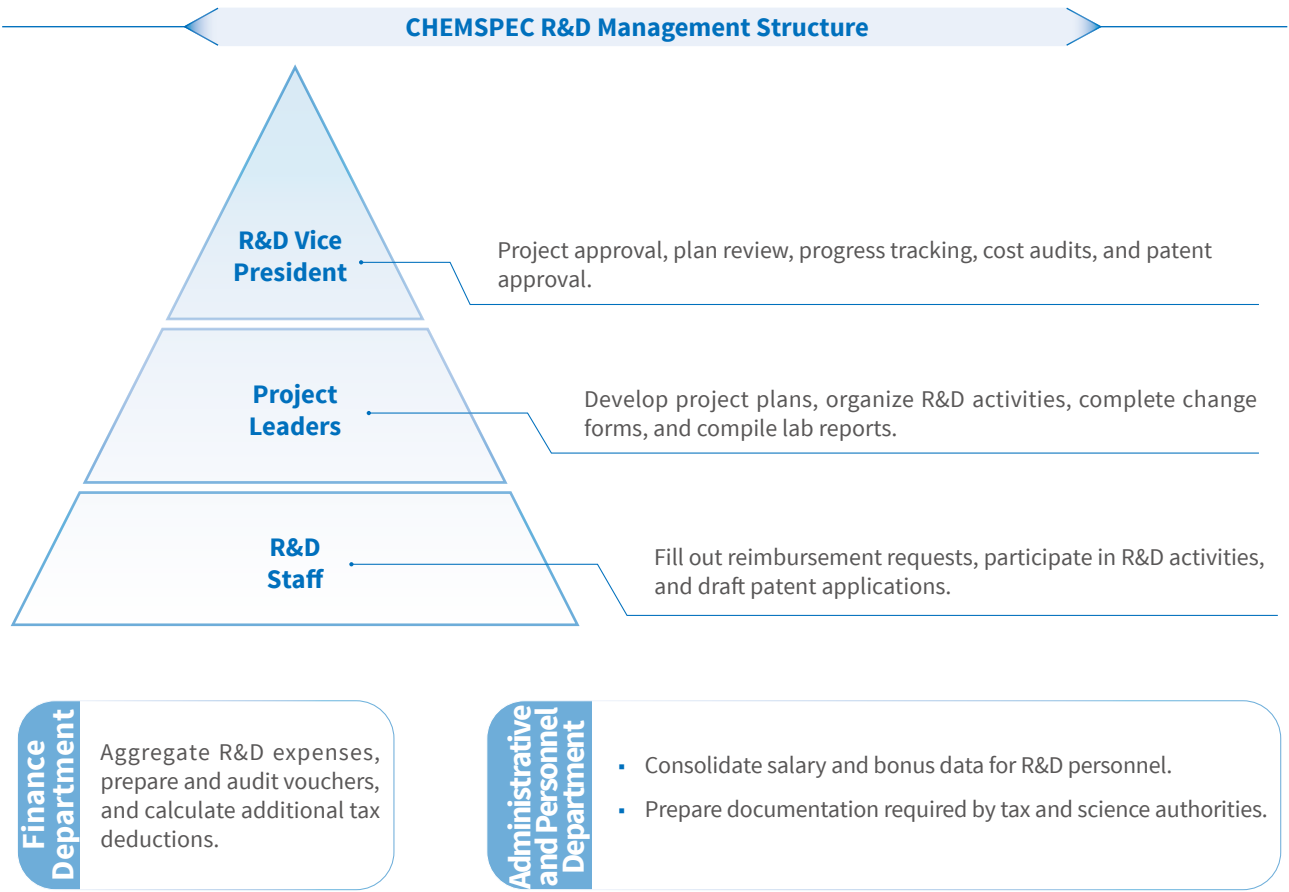


# Innovation-Driven Development

At CHEMSPEC, innovation is the engine of growth and sustainability is a core strategic objective. With an unwavering commitment to high-quality development, the Company continues to enhance its R&D system, strengthen intellectual property protection, and foster industry collaboration. These efforts not only improve CHEMSPEC's competitiveness and support its stable growth but also energize industry development, create value for society, and contribute to sustainable socio-economic progress.

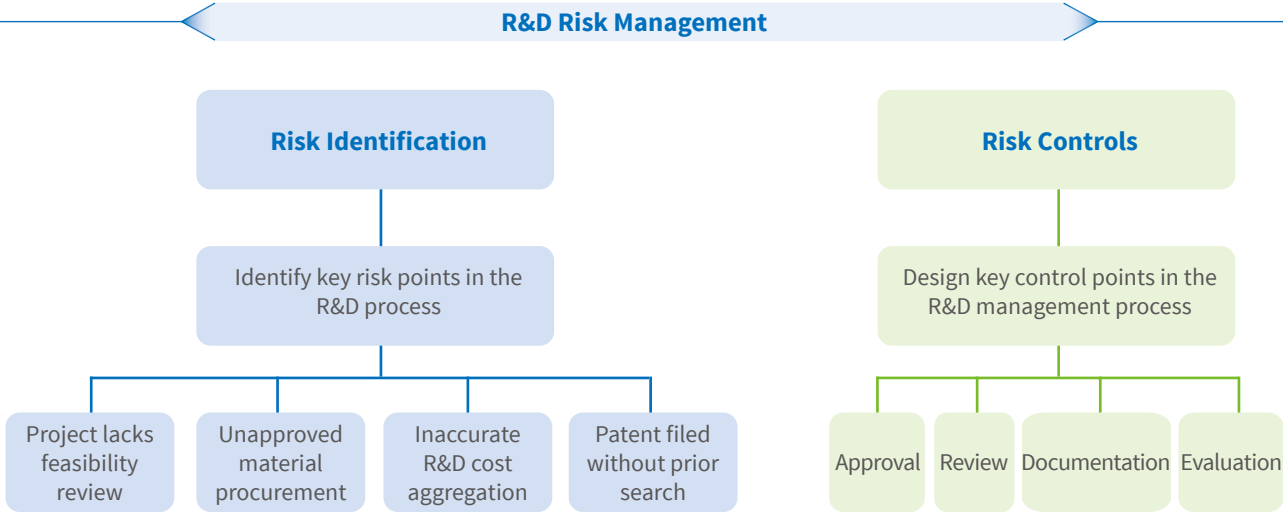
## Enhancing the R&D System

CHEMSPEC strictly complies with the *Company Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Administrative Measures for the Recognition of High and New Technology Enterprises*, and other applicable national laws and regulations. The Company has established a comprehensive R&D management structure and developed supporting systems, including the *R&D Management Internal Control Manual*, to ensure compliance, efficiency, and effectiveness in its R&D activities. Based on the COSO Internal Control Framework, the manual incorporates five key elements: control environment, risk assessment, control activities, information and communication, and monitoring. It outlines the overall structure and critical workflows of R&D management, covering sub-processes such as project initiation and approval, project planning and execution, R&D expense tracking, transformation of R&D outcomes, and the review of qualification criteria for high-tech enterprise status. This system ensures effective oversight and management throughout the entire R&D lifecycle—from project inception to results conversion—while also securing accurate cost allocation, facilitating eligible tax deductions, and safeguarding the Company's assets and financial data integrity.



R&D Risk Management

CHEMSPEC has identified key risks throughout the R&D process and implemented targeted control measures to ensure effective risk mitigation.



At the end of the R&D cycle, CHEMSPEC performs a reevaluation of its High-Tech Enterprise qualification indicators, which helps ensure continued compliance with government recognition standards. This includes reviewing benchmarks such as R&D expenditure ratio, number of IPs, tech transfer capabilities, and R&D personnel proportion, reducing the risk of disqualification.

During the reporting period, CHEMSPEC R&D investment totaled CNY **85.39** million, accounting for **12.65%** of total revenue. The Company employed **183** R&D staff, representing **18.45%** of its workforce.

Supervision and Evaluation

To ensure the effective operation of the R&D management system and alignment with corporate strategy, CHEMSPEC has established comprehensive internal and external monitoring mechanisms.



Intellectual Property Protection

CHEMSPEC places great importance on the protection of intellectual property (IP) and ensures the legitimacy and security of its technological achievements through systematic management and rigorous procedures. In accordance with the *Patent Law of the People's Republic of China*, the *Implementation Rules for the Patent Law*, the *Trademark Law*, the *Implementation Regulations for the Trademark Law*, the *Copyright Law*, the *Implementation Regulations for the Copyright Law*, the *Regulations on the Protection of Computer Software*, and other relevant regulations, the Company has developed its own *Intellectual Property Management Policy* based on actual business needs. This policy covers all key stages of IP management, including patent application, patent search, internal evaluation, and approval. During the reporting period, the number of both invention patents and utility model patents granted to the Company increased significantly compared to 2023. CHEMSPEC was also recognized as a "Specialized, Refined, Differential and Innovative" Small and Medium-sized Enterprise, an Outstanding Enterprise in the Shanghai Municipal Technology Center Evaluation, and one of the Top 100 Enterprises on the Specialized, Refined, Differential and Innovative Enterprise Brand Value List, and received its certificate as a High-Tech Enterprise.

Patent Type	Unit	2022	2023	2024
Invention Patents	Items	2	4	8
Utility Model Patents	Items	10	9	12

Number of Patents Granted to CHEMSPEC (2022-2024)



Patent Certificates Awarded to CHEMSPEC

A collage of various awards and certifications received by CHEMSPEC in 2024:

- 2024 Specialized, Refined, Differential and Innovative Enterprise Brand Value List "Top 100 Enterprises"**: May 10, 2024. China Brand Economy (Shanghai) Forum Organizing Committee, Shanghai Enterprise Culture and Brand Research Institute.
- Innovative Small and Medium-sized Enterprise**: Mar 2023–Feb 2026. Shanghai Economic and Information Technology Commission.
- High-Tech Enterprise**: Dec 2023–Dec 2026. Shanghai Science and Technology Commission, Shanghai Finance Bureau, and Shanghai Tax Bureau.
- Outstanding Enterprise in the Shanghai Municipal Technology Center Evaluation**: Feb 26, 2024. Shanghai Economic and Information Technology Commission.
- 2024 Shanghai Specialized, Refined, Differential and Innovative Enterprise Brand Value List "Top 100 Enterprises"**: Shanghai Economic and Information Technology Commission.
- 2024 Shanghai Specialized, Refined, Differential and Innovative Enterprise Brand Value List "Top 100 Enterprises"**: Shanghai Economic and Information Technology Commission.
- 2024 Shanghai Specialized, Refined, Differential and Innovative Enterprise Brand Value List "Top 100 Enterprises"**: Shanghai Economic and Information Technology Commission.

Honors and Certification of CHEMSPEC in 2024



## Promoting Industry Exchange

### CAC Agrochemical Exhibition— Shanghai, March 13–15, 2024



CHEMSPEC participated in the CAC Agrochemical Exhibition in Shanghai. The engagement of suppliers made this event a highly valuable industry gathering.

### CPHI Japan— Tokyo, April 17–19, 2024



As the most professional international pharmaceutical event in Japan, CPHI Tokyo attracted around 720 leading companies. CHEMSPEC fully leveraged the platform to consolidate its business foundation in the Japanese market and actively explore new commercial opportunities.

### CPHI China— Shanghai, June 19–21, 2024



At CPHI China, CHEMSPEC took advantage of its Shanghai location to showcase innovative product technologies, expand its business network, engage with industry experts, and enhance its competitiveness in the global pharmaceutical market.

### CIBF— Chongqing, April 27–29, 2024



Taking advantage of the highly internationalized stage of the CIBF exhibition, we can comprehensively understand the demands of end customers, closely follow the market dynamics and information, grasp the industry trends, and seize the market opportunities. We aim to find diverse application scenarios for the company's new energy products, expand the global market, and enhance the brand competitiveness.

### CPHI Global 2024— Milan, October 8–10, 2024

CPHI Milan was packed with visitors, demonstrating its strong appeal and importance as a global platform for pharmaceutical trade, investment, and cooperation. With frequent appearances on the international exhibition stage, CHEMSPEC has expanded its global pharmaceutical network and opened new market opportunities, advancing the development of the "intermediate + API" industrial chain.

## Supply Chain Management

CHEMSPEC places great emphasis on the development and refinement of its supply chain management system. The Company has established comprehensive and systematic procurement procedures for various materials to ensure that all procurement activities meet its management standards and requirements. Internally, the Company has clearly defined the responsibilities and expectations for supplier management, ensuring standardized and transparent procurement processes. Externally, CHEMSPEC requires suppliers to adhere to clearly defined social responsibility standards, including safety and environmental protection, human rights, business ethics, and sustainable sourcing. These are governed and monitored through the Supplier Code of Conduct, audit systems, and evaluation mechanisms to ensure supplier practices align with the Company's values and applicable laws and regulations.

## Management System

Strictly adhering to national laws and regulations such as the *Labor Law of the People's Republic of China*, the *Environmental Protection Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*, CHEMSPEC has developed internal policies including the *Code of Business Conduct and Ethics*, the *Procurement Management Procedures*, and the *Supplier Code of Conduct*. These policies clearly define behavioral standards for business activities, procurement processes, and the basic requirements for supplier collaboration. They provide comprehensive and detailed regulations on supplier management, procurement oversight, quality control, and risk management—ensuring legal and compliant operations while offering clear guidance for supplier cooperation.

### CHEMSPEC Supply Chain Management System

**Admission & Evaluation:** Suppliers are required to complete a survey, provide qualification documents, and undergo on-site audits to assess their capabilities in production, quality control, environmental protection, and safety. They must also comply with the Supplier Code of Conduct.

**Tiered Management:** Suppliers are categorized into Class A, B, or C based on their level of impact, with Class A suppliers subject to key management.

**Performance Assessment:** Suppliers are evaluated annually based on criteria such as price, quality, delivery time, and integrity. Measures are taken according to their scores.

**Risk Assessment:** Methods such as LEC Evaluation, Job Hazard Analysis (JHA), and Safety Checklist (SCL) are used. Risks are classified into four levels: A (major risk), B (significant risk), C (moderate risk), and D (low risk).

**Risk Control:** Control measures are taken according to risk levels. Level A requires immediate work stoppage and rectification. Level B requires corrective measures within a deadline. Level C involves monitored rectification with record-keeping. Level D is acceptable but should be monitored.

**Dynamic Management:** Risk assessments and control measures are updated promptly in response to changes in laws and regulations, process adjustments, or the emergence of new hazards.

**Request Submission:** Production and laboratory departments submit purchase requisitions based on plans or needs, which are reviewed and forwarded to the Procurement & Logistics Dept.

**Quotation & Comparison:** Priority is given to consuming existing inventory. Qualified suppliers are invited to quote, with at least two price comparisons required. For first-time purchases or when current suppliers do not meet requirements, new suppliers must be developed and evaluated.

**Contract Review & Signing:** Contract review is conducted based on contract amount. No review form is required for contracts under RMB 50,000. Detailed review is required for contracts exceeding RMB 100,000. Contracts must be stamped with the official contract seal and become effective upon return of the countersigned copy by the supplier.

**Progress Tracking:** The Procurement Management Daily Report is updated to track the status of purchase orders. At month-end, materials received but not yet invoiced are reconciled to ensure procurement progress.

**Acceptance Methods:** Notify the QC department or customer for inspection and acceptance, or conduct acceptance at the supplier's site.

**Acceptance Standards:** Check product name, quantity, appearance, and documentation to ensure compliance. Nonconforming items are handled in accordance with the *Nonconforming Product Management*.

**Outsourced Testing Management:** Use qualified outsourced testing providers. Ensure data reliability and periodically evaluate service quality.

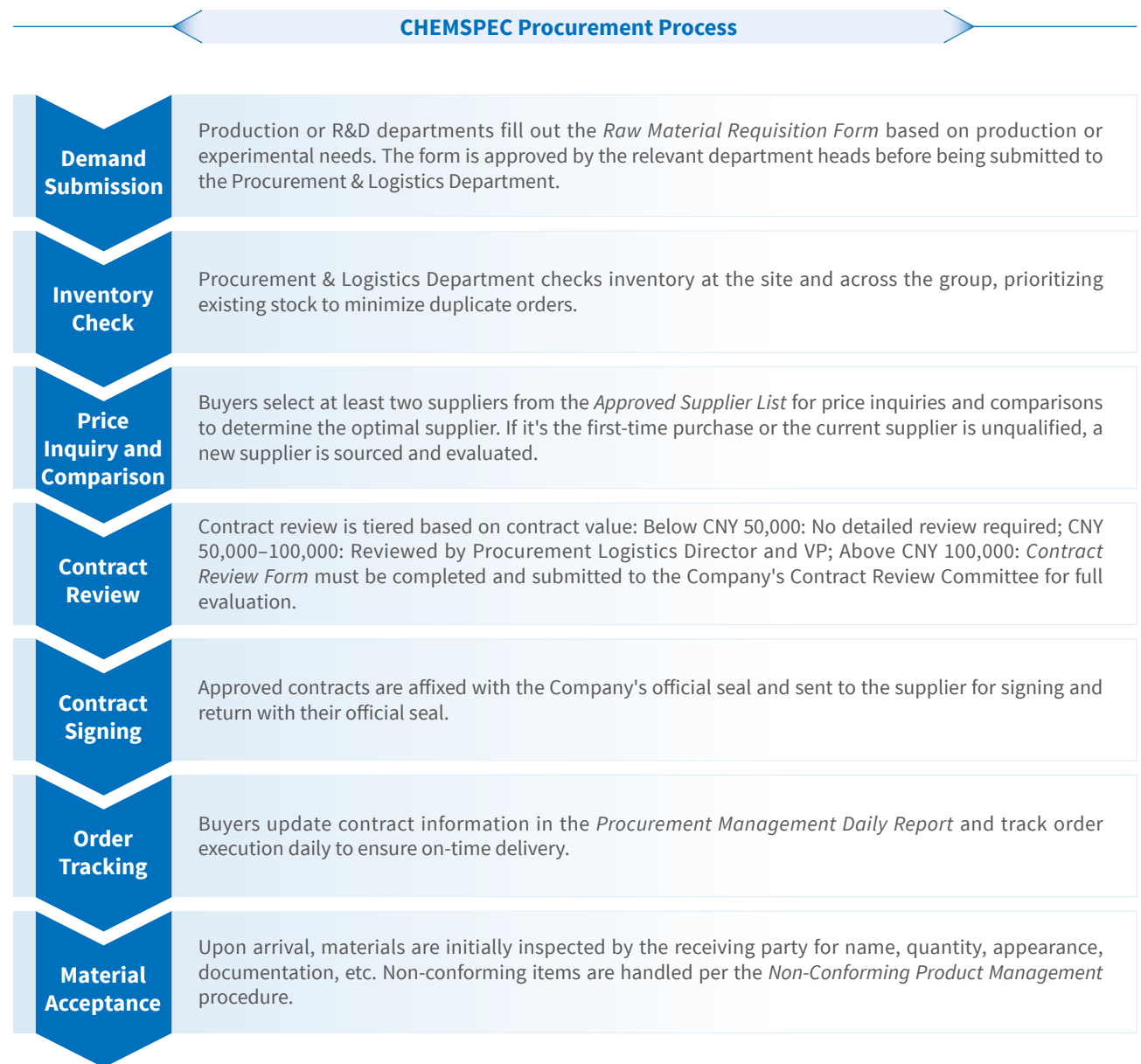


## Supplier Management

CHEMSPEC applies structured process design and a scientific performance evaluation system to ensure that procurement management is efficient, effective, and sustainable.

### Supplier Evaluation Process

The Company ensures efficiency, compliance, and transparency in procurement through standardized and streamlined procedures. The procurement process includes demand verification, inventory checks, price inquiries and comparisons, contract review and signing, progress tracking, and final material acceptance. Clear division of responsibilities and rigorous oversight help ensure material quality, on-time delivery, and optimized cost-efficiency, ultimately maximizing company interests.



### Supplier Evaluation Criteria

CHEMSPEC values procurement staff performance and motivates them through a scientific assessment system. Evaluation indicators cover multiple areas including procurement quality, efficiency, supplier management, data accuracy, documentation standards, and ERP system operation. Specific criteria are as follows:

Key Indicator	Weight	Description
Procurement Quality	15%	Assesses whether procurement staff meet the quality and delivery requirements of production or R&D.
Data Accuracy	5%	Ensures 100% accuracy and timeliness in procurement data reporting.
Document & Financial Handling	10%	Assesses the accuracy and timeliness of financial documentation, preventing invoice loss.
Document Archiving	5%	Requires timely monthly archiving within the Procurement & Logistics Department.
ERP System Entry	10%	Evaluates accuracy and timeliness of document entries into the ERP system before month-end closing.
Order Tracking	10%	Assesses support for the Procurement Manager in order tracking, including timely and accurate updates.
Material Allocation	10%	Evaluates the accuracy and timeliness of inventory transfer documentation.
ESG Training Participation	5%	Measures attendance and completion rate of ESG-related training.
Supplier Document Collection	10%	Assesses timely notification to suppliers to sign the <i>Supplier Code of Conduct</i> and complete the <i>Supplier Information Form</i> .
Supplier Environmental Certification Rate	5%	Measures the proportion of managed suppliers certified with standards like ISO 14001.
Low-carbon Procurement Rate	5%	Evaluates adoption of low-carbon or carbon-neutral materials and transport methods.
Supplier Social Certification Rate	5%	Assesses suppliers' compliance with labor, health, and safety standards.
Procurement Transparency & Compliance	5%	Assesses strict adherence to procurement procedures to ensure transparency and compliance.



Sustainable Supply Chain Management

CHEMSPEC has implemented a series of key initiatives to ensure procurement activities align with its environmental, social and governance (ESG) goals. These initiatives include ESG training for procurement staff, prioritizing suppliers with environmental and social certifications, promoting low-carbon procurement practices, and ensuring transparency and compliance throughout the process. Together, these elements form the core of the Company's sustainable supply chain strategy, reinforcing transparency, legal compliance, and positive environmental and social impact.



ESG-related Training

ESG-related training is provided to internal staff and supply chain partners to enhance their awareness and capabilities in sustainable practices, promoting continuous progress across the supply chain in environmental protection, social responsibility, and good governance.



Supplier Environmental Certification

Suppliers are required to obtain professional environmental management certifications (e.g., ISO 14001) to ensure effective control of environmental risks during operations, reduction of pollutant emissions, and efficient resource use—thereby improving the overall environmental performance of the supply chain.



Low-carbon Procurement

The Company prioritizes products and services with low carbon emissions, encouraging suppliers to reduce carbon footprints across the product life cycle and support climate action goals through green procurement strategies.



Supplier Social Certification

Suppliers are required to obtain social certifications (e.g., SA8000) to demonstrate compliance with labor regulations and the protection of employee rights—such as providing a safe workplace, fair wages and benefits, and prohibiting child and forced labor.



Procurement Transparency & Compliance

The procurement process must be transparent and compliant. Suppliers are required to provide accurate and complete information, including product origin, production process, and environmental and social impacts. This enables effective supply chain oversight and helps prevent misconduct such as bribery or fraud, strengthening supply chain stability and stakeholder trust.

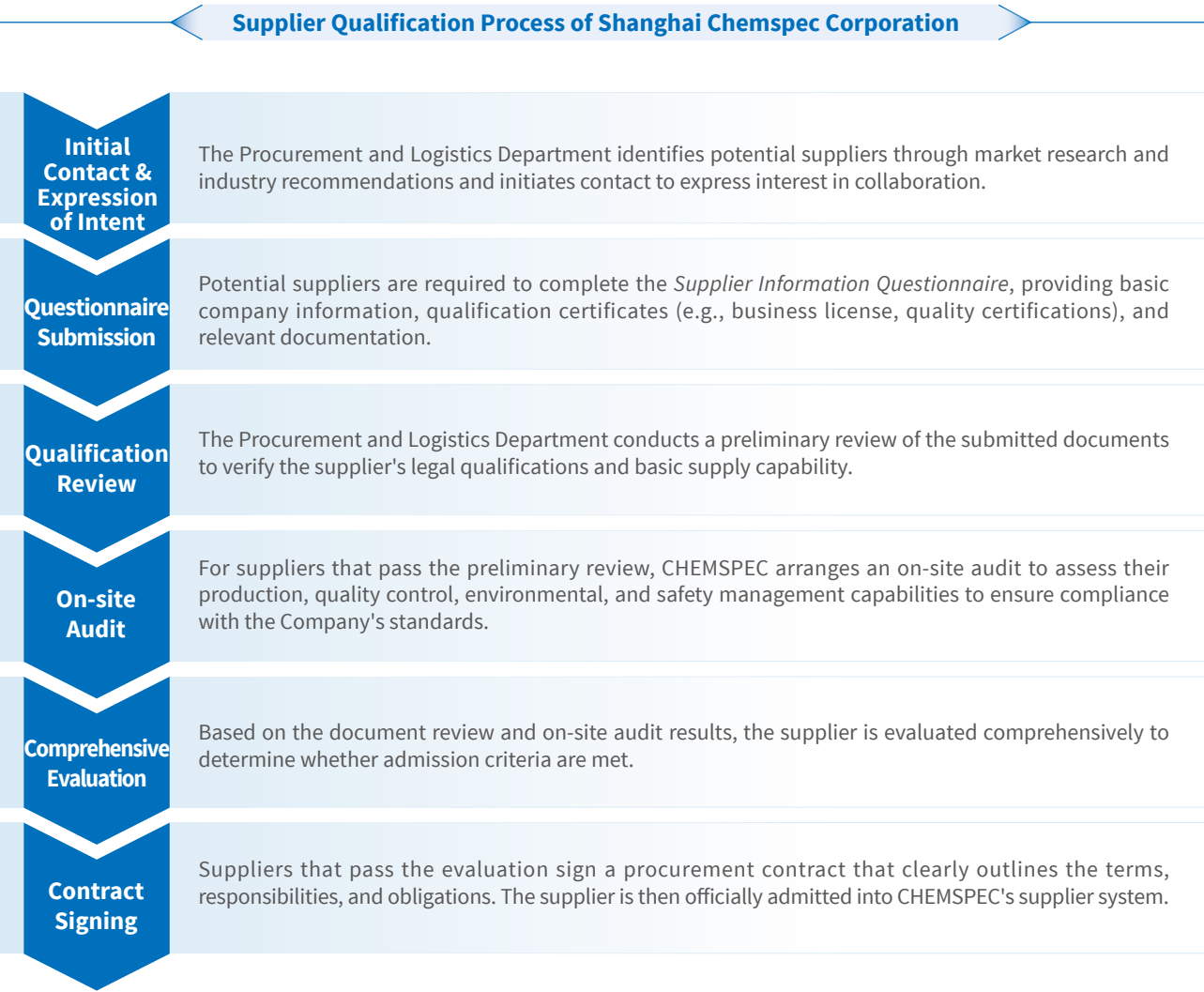
CHEMSPEC Sustainable Supply Chain Management

External Supplier Collaboration

CHEMSPEC fosters long-term and stable partnerships with suppliers by implementing rigorous supplier admission procedures, strengthening oversight of business ethics, and providing capability-building support. These efforts ensure the efficiency, transparency, and sustainability of the supply chain. The Company also places emphasis on suppliers' qualifications and capabilities and drives continuous improvement in areas such as business ethics, environmental protection, and quality control through ongoing supervision and training—jointly enhancing the overall competitiveness of the supply chain.

Supplier Admission

CHEMSPEC enforces a standardized supplier admission process guided by internal policies such as the *Supplier Audit Procedure*, ensuring that all suppliers meet the Company's qualification and capability requirements. The key steps of the supplier admission process are as follows:





### Sustainable Supplier Management and Inspection

CHEMSPEC places high importance on supplier business ethics and requires all suppliers to strictly adhere to the *Supplier Code of Conduct*, which emphasizes fair competition and prohibits any form of bribery, discrimination, or misconduct. The Company also conducts regular assessments to ensure supplier compliance and uphold standards of ethical conduct, thereby promoting sustainable development in collaboration with suppliers.

### Supplier Capability Building

CHEMSPEC supports suppliers in enhancing their management and technical competencies through onboarding training, regular training sessions, technical assistance, and experience sharing. These efforts ensure that suppliers understand the Company's quality standards, procurement procedures, and ethical requirements, while also helping them resolve technical issues, optimize production processes, and improve quality and efficiency. This promotes mutual growth and sustainable supply chain development through long-term, win-win partnerships.



**Code of Conduct Communication**

At the start of cooperation, the core content of the *Supplier Code of Conduct* is clearly communicated, covering respect for human rights, environmental protection, business ethics, and information security.



**Regular Assessments**

Supplier performance in business ethics is monitored through annual evaluations and ad hoc on-site inspections. Evaluation areas include the use of child labor, forced labor, environmental violations, bribery, and other misconduct.



**Violation Handling**

Suppliers found to violate business ethics are subject to strict measures including warnings, corrective action requirements, suspension of cooperation, or even contract termination. In severe cases, legal responsibility will be pursued.



**Whistleblower Mechanism**

A whistleblowing channel is in place to encourage employees and suppliers to report unethical behavior. Whistleblower confidentiality and safety are ensured.

CHEMSPEC Supplier Inspection Measures



**01 New Supplier Training**

Following admission, new suppliers receive training covering CHEMSPEC's quality standards, procurement procedures, contract management, and business ethics requirements.



**02 Regular Training**

The Company organizes targeted training based on supplier needs, covering areas such as quality control, environmental management, and workplace safety, to enhance suppliers' management and technical capabilities.



**03 Technical Support**

When necessary, CHEMSPEC provides technical support and consultation to help suppliers resolve technical issues encountered during production, thereby improving product quality and production efficiency.



**04 Experience Sharing**

Experience exchange activities are held among suppliers, where best practices and success stories from outstanding suppliers are shared to foster mutual learning and collective advancement.

CHEMSPEC Supplier Capability-Building Measures



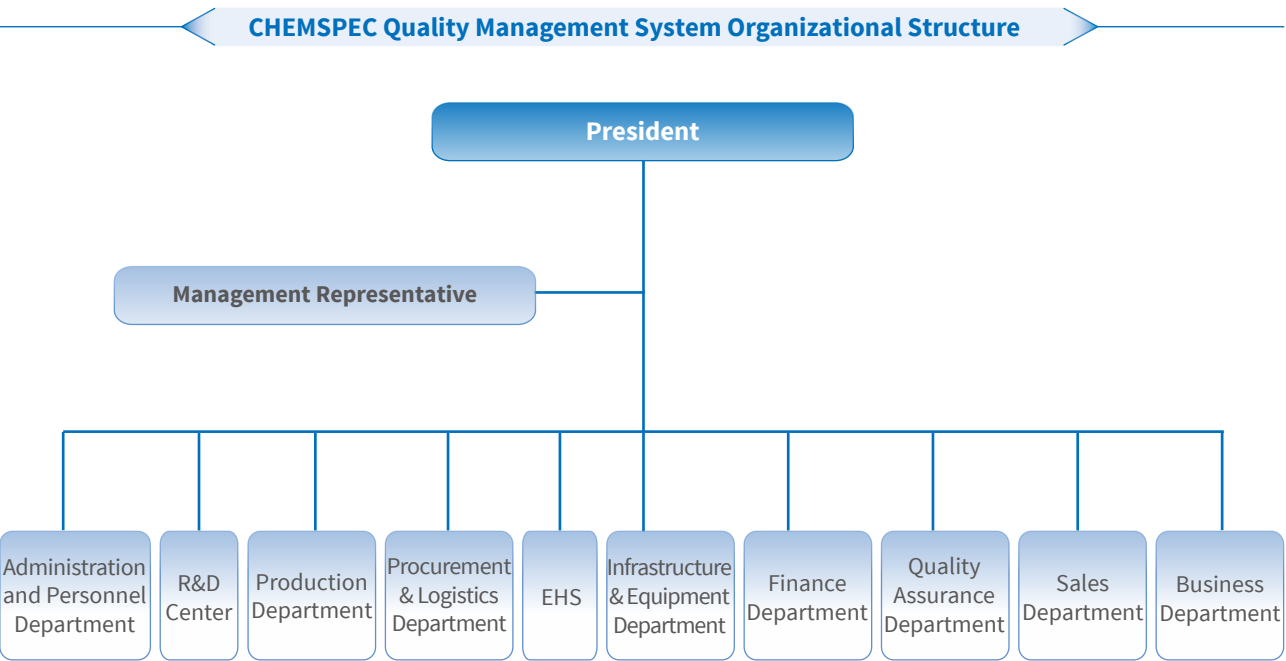
# Quality and Service

At CHEMSPEC, quality and service are regarded as the core pillars of business development. The Company recognizes that high-quality products and excellent services are essential for earning customer trust and achieving long-term success. In terms of quality, CHEMSPEC has established a rigorous quality management system that strictly controls every stage—from raw material procurement and production process management to product inspection before delivery—ensuring superior product quality. In terms of service, the Company adheres to a "customer-first" philosophy and has built a comprehensive customer service network to provide timely, efficient, and personalized support. This ensures that customer issues encountered during product usage are addressed promptly, ultimately improving customer satisfaction and loyalty.

## Quality Assurance

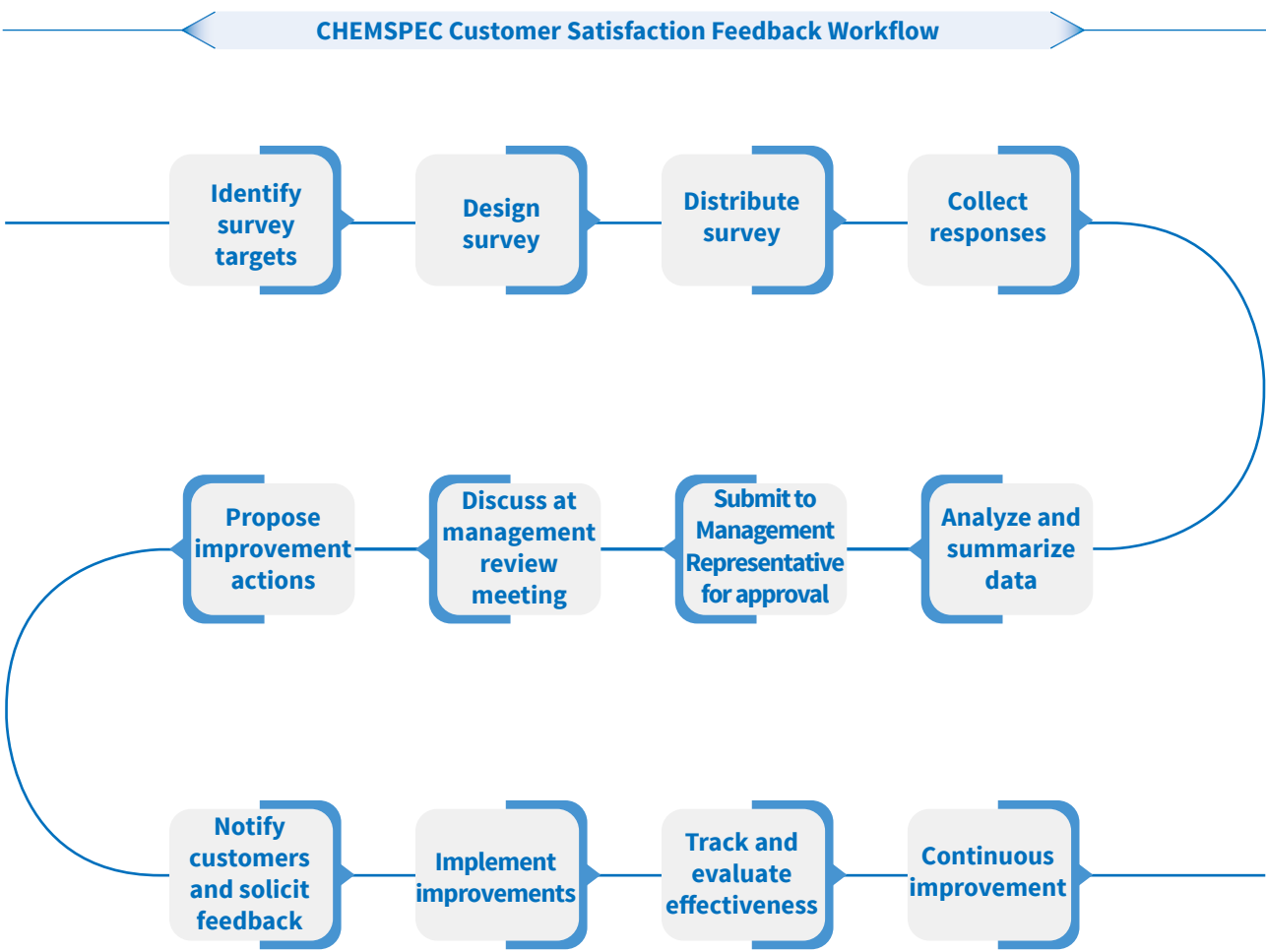
A robust quality management system is fundamental to CHEMSPEC's mission. The Company has established its system in accordance with ISO 9001, ISO 14001, and ISO 45001 standards and has published the *Quality, Environment, and Occupational Health and Safety Management System Manual*.

In terms of quality inspection, the Company has developed and implemented a series of procedural documents, including the *Infrastructure Management Procedure*, the *Nonconforming Product Management Procedure*, the *Customer Satisfaction Measurement and Monitoring Procedure*, the *Internal Audit Control Procedure*, the *Inspection and Testing Procedure*, and the *Legal and Regulatory Requirements Control Procedure*. These procedures cover key areas from infrastructure and defect management to internal audits and customer satisfaction, comprehensively ensuring product quality, meeting customer demands, enhancing trust, and driving sustainable business growth.



## Customer Service

CHEMSPEC strictly adheres to the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Product Quality Law of the People's Republic of China*, and other national laws and regulations. The Company has also formulated internal policies such as the *Customer Satisfaction Measurement and Monitoring Procedure*. By regularly conducting customer surveys, CHEMSPEC has refined its satisfaction data collection process and established improvement measures. This facilitates effective, standardized, and flexible communication mechanisms to resolve customer issues promptly, understand their current and future needs, and aim to not only meet but exceed their expectations. These efforts contribute to mutually beneficial relationships, continuous improvement in product and service quality, and a solid foundation for sustainable development.



Product inspection pass rate **≥99%** during the reporting period; on-time delivery rate is **100%**.  
Customer satisfaction is **100%**, customer inquiries responded to within **1** working day, actions taken within **15** days.

## Social Contributions

CHEMSPEC views contributing to society as a vital corporate mission. The Company actively fulfills its social responsibilities by supporting community development and addressing societal needs, thereby promoting harmony and progress. In supporting community development, CHEMSPEC participates in local initiatives, including education, environmental protection, and public welfare projects to improve living conditions and the community environment. In addressing social needs, the Company leverages its strengths to focus on pressing issues such as employment and support for vulnerable groups, offering practical solutions that reflect its commitment as a corporate citizen. These actions underscore CHEMSPEC's active role in social development and have earned widespread recognition and respect from all sectors of society.

## Supporting Community Development

CHEMSPEC is dedicated to corporate social responsibility and undertakes various initiatives to enhance local infrastructure, improve living conditions, promote education and training, and support the underprivileged, contributing to long-term community well-being.

## Case

## Promoting Education through Charitable Donations

In July 2024, Lanzhou Chemspecweier Chemical Co., Ltd. donated CNY 15,000 to the Gansu Red Cross Society to fund the education of eight students, including Du Xiaojun from Jishishan County in Linxia Prefecture. The donation aimed to encourage academic achievement and holistic development. Through this initiative, CHEMSPEC not only supported students' growth but also further integrated education into its broader social responsibility agenda.



## Donation Certificate

## Case

## Installing Public Benches to Enhance Community Infrastructure

In May 2024, as part of the "Civilization Stars Brighten Happy Hearts" initiative, CHEMSPEC signed a co-construction agreement with the Sunshine Fourth Committee to launch the "Civilization Stars Connection" public welfare project. In response to concerns from elderly residents about the lack of public seating, the two parties conducted on-site inspections and resident consultations. As a result, they selected five high-traffic locations such as community thoroughfares and fitness squares, where they installed ten sets of custom-made benches using eco-friendly, corrosion-resistant, and low-maintenance materials. These benches have since averaged over 200 uses per day, offering practical convenience and enhancing the community's aesthetic appeal, winning praise from local residents.



### Installation of Public Benches

## Addressing Societal Needs

Adhering to the principle of "serving the greater good and demonstrating corporate responsibility", CHEMSPEC actively responds to national strategies such as the *Rural Revitalization Strategy*, the *Healthy China Initiative*, and the *Innovation-Driven Development Strategy*. The Company has formulated the *Charitable Donation Management Measures*, which outline the scope, budget, approval process, execution, supervision, and archival requirements of donations. These measures ensure that philanthropic activities align with national and social development priorities, embodying CHEMSPEC's social responsibility.

## Scope of CHEMSPEC Charitable Donations



## General Donations

Within the CEO's (President's) authority, approved after discussion at the executive office.

## Special Donations

Beyond the CEO's authority, proposals must be approved by the Board following CEO consent and executive discussion.

Note: In exceptional urgent cases, special requests may be submitted for review and approval.

## Types of Donations

### Donation Amount Limits

Single Donations	Donations under CNY 1 million must be approved by the executive office.
Cumulative Cap	Within a fiscal year, cumulative donations must not exceed 1% of the previous year's audited net profit.
Exceeding Cap	Donations above CNY 1 million or exceeding the 1% threshold must be approved by the Board of Directors.





# People-Oriented Approach, Leading Employee Development

CHEMSPEC is committed to becoming a model enterprise in the industry by establishing a comprehensive and efficient management system. Adhering to the principle of effective talent utilization, the Company injects vitality and innovation into its workforce. Meanwhile, the pursuit of excellence serves as a core corporate value, encouraging employees to challenge themselves and drive continuous improvement across the organization. The Company practices democratic management, ensuring inclusive and science-based decision-making, while placing high importance on welfare and care, enhancing employees' sense of belonging and happiness. In terms of safety in production, the Company treats safety as a lifeline, ensuring efficient and secure operations. Together, these efforts enhance CHEMSPEC's overall competitiveness and lay a solid foundation for sustainable corporate development.

Effective Talent Utilization	37
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Safety in Production	53

## Responding to Key Issues:

- Employment Relations
- Employee Compensation and Benefits
- Human Rights Protection and Security Practices
- Employee Training and Career Development
- Occupational Health and Safety

Responding to the UN 2030 Sustainable Development Goals (SDGs)



# Effective Talent Utilization

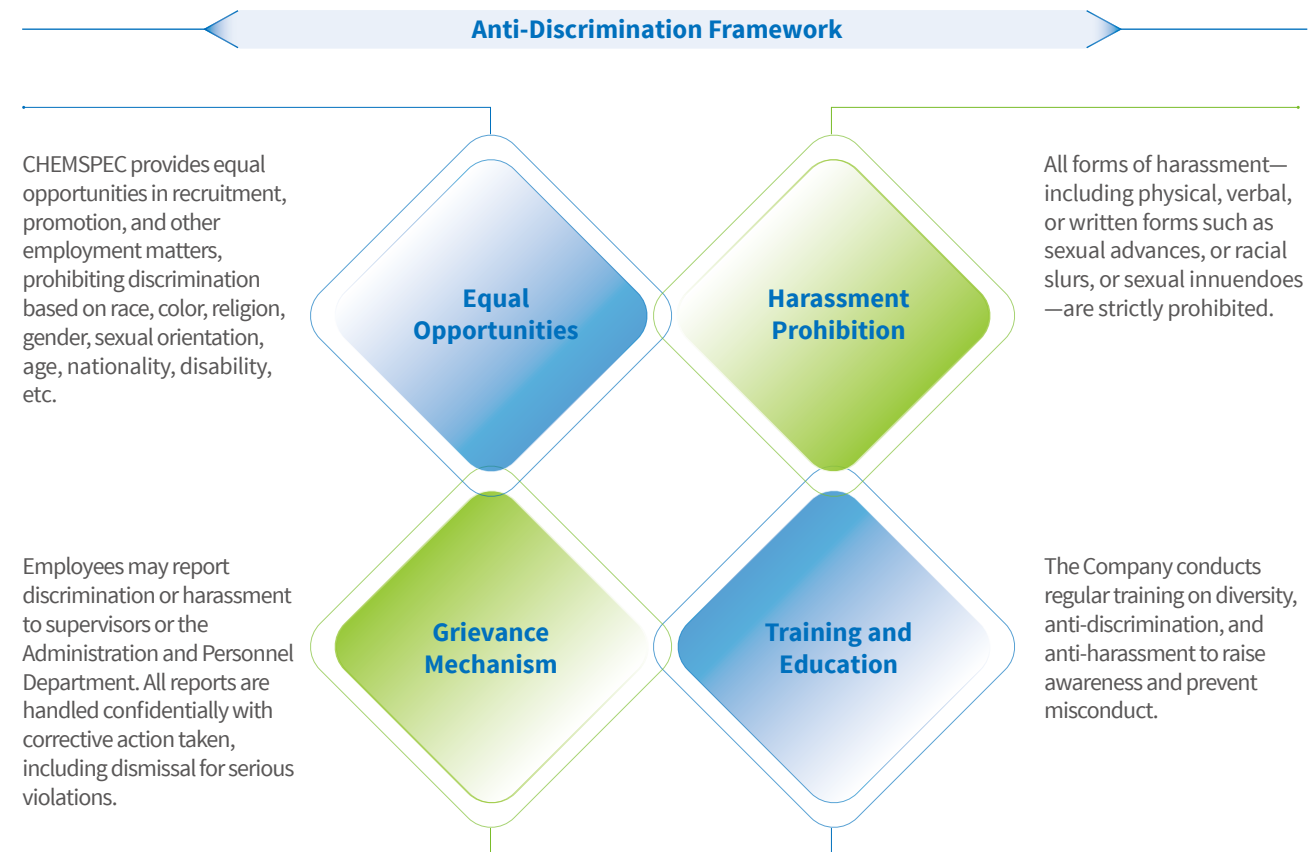
CHEMSPEC is dedicated to creating a fair and compliant working environment through appropriate recruitment channels and robust management regulations. In recruitment, the Company uses targeted channels based on job levels to attract the right talents. Discrimination and harassment are strictly prohibited, as are child labor and forced labor. Through well-established grievance mechanisms, employee training, and regular audits, CHEMSPEC safeguards employee rights and cultivates a safe and respectful workplace. These efforts not only enhance corporate competitiveness but also demonstrate the Company's commitment to social responsibility and employee care.

## Employment Practices

CHEMSPEC has built a comprehensive human resources management system, encompassing anti-discrimination, prohibition of child labor, prevention of forced labor, and a well-structured recruitment channel and procedure. These measures are designed to foster a fair, inclusive, and legally compliant working environment, safeguard employee rights, attract and retain top talent, and support the Company's long-term development.

### Anti-Discrimination Policies

The Company has formulated anti-discrimination policies to ensure equal opportunities in recruitment, promotion, and other employment processes. Discrimination or harassment based on race, gender, age, and other factors is strictly prohibited. A grievance mechanism is in place, supported by zero-tolerance enforcement and relevant training to promote a fair and respectful workplace.



### Child Labor Prohibition and Remediation

CHEMSPEC has formulated management regulations for prohibiting the employment of child labor and strictly complies with laws prohibiting child labor. Age verification is required during recruitment to prevent underage employment. Employees and suppliers are encouraged to report suspected child labor, and awareness is raised through training and internal communications to ensure a legal and compliant working environment.



### Prohibition of Forced Labor

The Company strictly prohibits forced labor and adheres to the principle of voluntary employment. Coercion, abuse, or withholding of identification documents is forbidden. Clear grievance channels are available, and anti-forced labor practices are reinforced through regular audits and employee training to safeguard the rights and interests of employees and maintain a good corporate image.

<b>Voluntary Employment</b>	All employment must be voluntary; bonded or involuntary labor is strictly prohibited.
<b>No Violence or Abuse</b>	All forms of corporal punishment, coercion, or abuse (physical or psychological) are forbidden.
<b>Complaint Channels</b>	Employees can report forced labor issues via phone, email, or directly to senior management.
<b>No Document Withholding</b>	The Company does not retain employees' legal documents or charge recruitment fees or deposits.
<b>Improvement Plans</b>	Employment contracts and management practices are regularly reviewed to ensure compliance, supported by training and supervision.

Forced Labor Prevention Measures

### Recruitment Channels

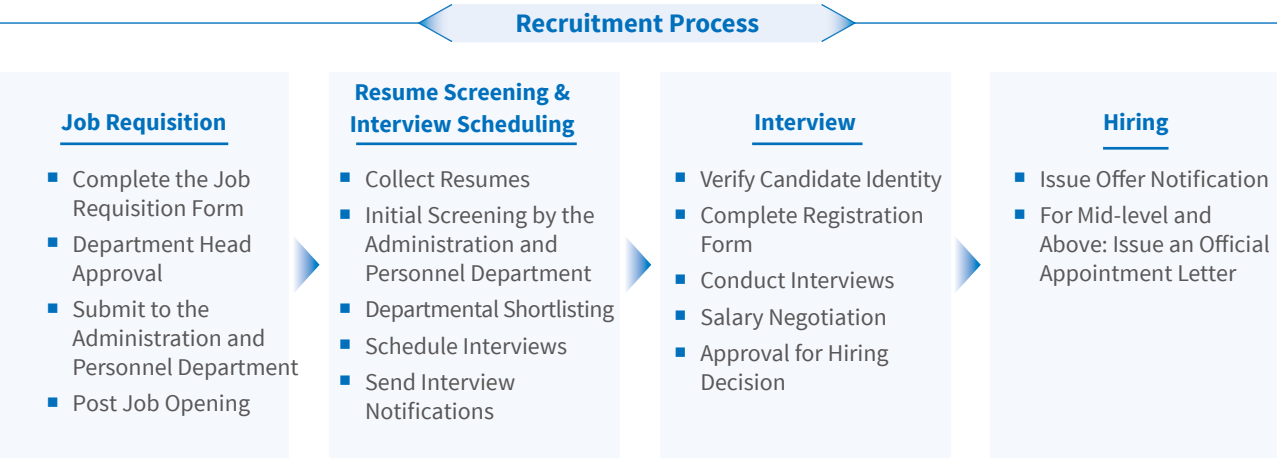
Based on position level, CHEMSPEC selects recruitment channels such as job portals, campus hiring, newspaper ads, and headhunters to effectively attract diverse talent. The Company does not charge job applicants any recruitment fees and actively participates in government-organized public welfare recruitment activities.





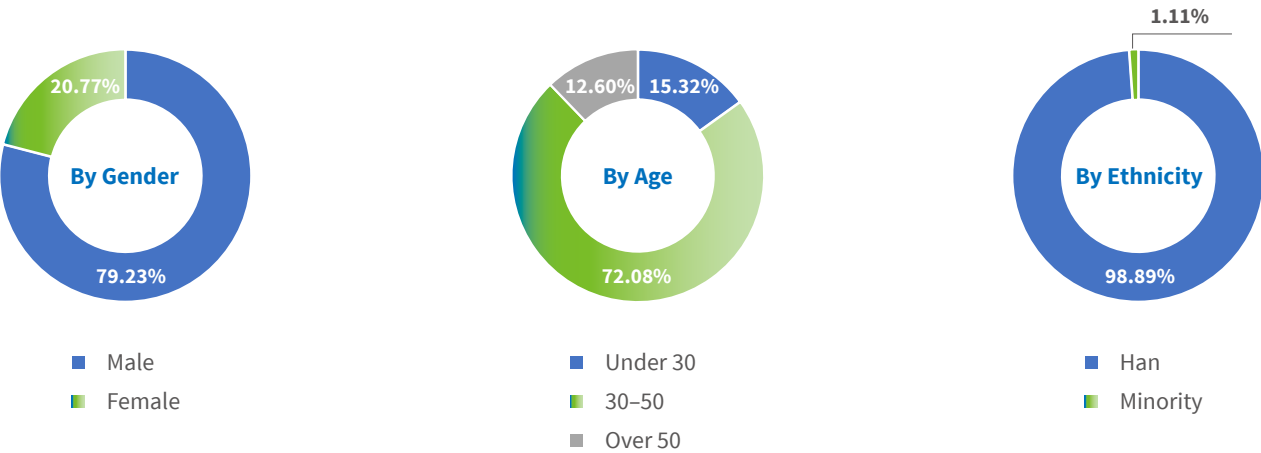
### Recruitment Process

The Company has developed a standardized recruitment process covering job requisition, resume screening, interview scheduling, interviews, and hiring. This process ensures efficiency and compliance in recruitment operations, provides clear procedural guidance for selecting the right candidates, and helps attract top talent to inject new momentum into the Company's development.



### Employee Profile

During the reporting period, the Company had a total of 992 employees, 11 from ethnic minority groups, and 206 females.



### Compensation Management

CHEMSPEC has established a well-structured compensation system consisting of base salary, position-based salary, performance-based pay, and various allowances, with comprehensive evaluations based on job responsibilities and individual performance. The Company is committed to gender equality and supports female career advancement through dedicated training. Annual salary adjustments are made with reference to business performance, market dynamics, and inflation indices to ensure fairness and equity. In addition, employees have the right to appeal compensation decisions. These measures aim to protect employee rights, motivate career development, and promote sustainable corporate growth.

### Compensation Structure

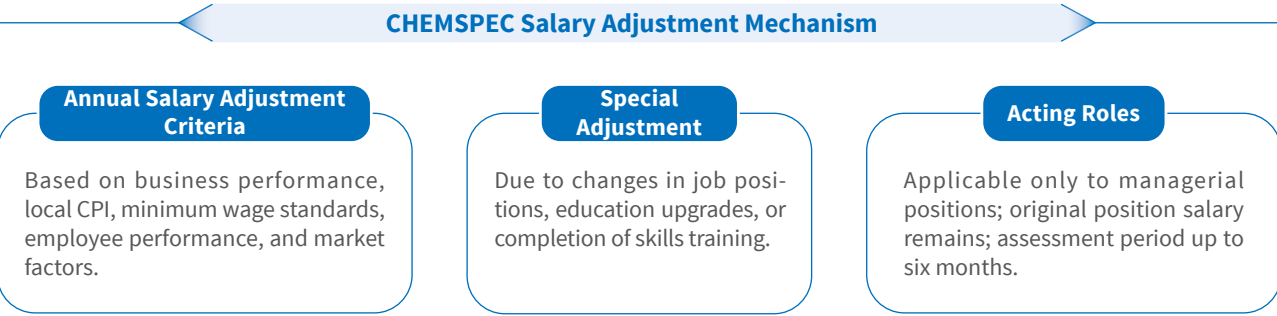
The Company has developed a scientific compensation structure, including base salary, position-based salary, performance bonuses, and various types of allowances. Compensation is determined based on job categories and performance, aiming to protect employee rights, encourage motivation and engagement, and ensure fairness and transparency. This also reflects CHEMSPEC's commitment to corporate social responsibility.

Senior Management	Base salary	Position-based salary	Performance-based pay	Special allowances	Confidentiality allowance	Hazardous duty allowance	Labor protection allowance	Transportation allowance	
Middle Management	Base salary	Position-based salary	Performance-based pay	Confidentiality allowance	Hazardous duty allowance	Labor protection allowance	Transportation allowance	Secondment allowance	Special allowances
General Employees	Base salary	Education-based salary	Seniority-based salary	Position-based salary	Performance-based pay	Confidentiality allowance	Hazardous duty allowance	Labor protection allowance	Transportation allowance

CHEMSPEC Compensation Structure

### Salary Adjustment Mechanism

CHEMSPEC adjusts employee salaries annually based on factors such as business performance, market conditions, consumer price index, minimum wage standards, and individual performance. This mechanism ensures fairness and equity in salary adjustments and includes an appeal process to protect employee rights, foster motivation, and support the Company's development.



### Equal Pay

CHEMSPEC upholds the principle of equal employment and is committed to gender pay equity, ensuring that all employees enjoy fair and favorable working conditions. The Company pays wages in full and on time, providing detailed payslips to ensure transparency and fairness.

Based on data from all subsidiaries, the coverage rate of employees receiving a living wage reached **100%**.

Indicators	Senior Management	Middle Management	Staff	Frontline Workers
Average Base Salary	1	1	1	1
Average Base Salary (Male)	1.04	1.01	1.01	1.04
Average Base Salary (Female)	0.86	0.85	0.99	0.83

## Equity Incentives

To further establish and improve its long-term incentive mechanism, attract and retain top talent, and fully motivate the core team, CHEMSPEC has implemented the *2024 Restricted Stock Incentive Plan*. This plan effectively aligns the interests of shareholders, the Company, and key personnel, driving shared commitment to the Company's long-term development. In accordance with the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, the *Administrative Measures on Equity Incentives of Listed Companies*, and other relevant laws, regulations, normative documents, and the *Company's Articles of Association*, the plan was developed under the principles of balanced incentives and constraints, with full protection of shareholder interests.

### Equity Incentive Plan

#### Incentive Method

Eligible participants who meet the conditions will be granted newly issued A-shares of the Company at a grant price, in batches, upon satisfaction of corresponding vesting conditions.

#### Legal Basis for Participant

Eligibility: Determined in accordance with the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, relevant regulations, and the *Company's Articles of Association*, taking into account the Company's actual situation.  
Position-Based Criteria: Participants include directors and senior management of the Company (including subsidiaries), and other personnel deemed eligible for incentives by the Board of Directors (excluding independent directors and supervisors).

#### Validity Period of the Plan

From the date of the first grant of restricted shares until all granted restricted shares are vested or become invalid, with a maximum duration of 60 months.

### Restricted Stock Granting Procedure

#### Agreement Signing

Upon approval of the incentive plan at the Shareholders' General Meeting, the Company signs the *2024 Restricted Stock Incentive Grant Agreement* with each participant, defining mutual rights and obligations.

#### Review & Verify

The Board of Directors reviews and publicly discloses whether the vesting conditions of the plan have been met.  
The Supervisory Committee verifies the grant date and the list of incentive participants and issues an official opinion.  
A law firm issues a legal opinion on whether the granting conditions have been fulfilled.

#### Public Disclosure

The Company completes the stock grant and public disclosure within 60 days of determining the grant.

In 2024, CHEMSPEC granted **2.988** million Class II-restricted shares to **160** participants who met the initial grant conditions, accounting for **0.58%** of the total share capital.

## Pursuit of Excellence

CHEMSPEC supports employee career growth through a comprehensive promotion system and training programs. The promotion system covers multiple levels and tracks, encouraging employees to develop both in technical and managerial fields. The training programs include on-boarding and ongoing professional development training, aimed at enhancing employees' skills and knowledge, thereby driving the overall growth of the Company. These measures not only motivate employees but also ensure a stable and efficient talent supply for the Company.

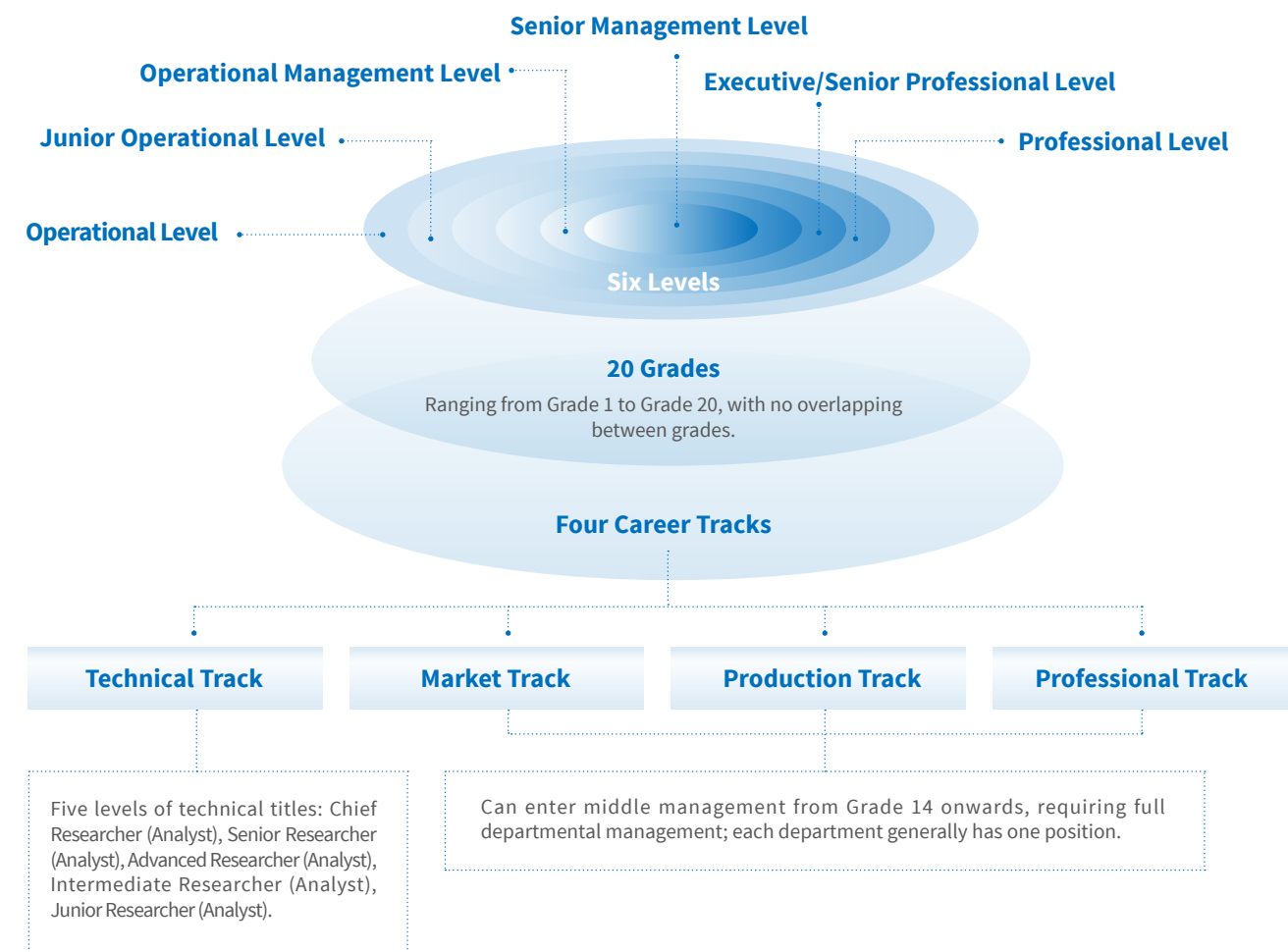
## Employee Promotion and Development System

CHEMSPEC has established a comprehensive career development system that includes multi-level, multi-track promotion paths to support employees' growth in both professional and managerial domains. The Company employs a dual-track system to assist employees in transitioning from technical to managerial roles. The grading and promotion process is based on a multi-dimensional evaluation, ensuring fairness, transparency, and the motivation for employees to grow and contribute to the Company's development.

### Career Development Framework

CHEMSPEC has developed a complete career development framework that covers various levels and tracks, providing employees with clear career advancement paths. This framework supports employees' promotion in both professional and managerial areas, and facilitates the development of the company.

### Career Development System







### Grading and Promotion Guidelines

CHEMSPEC has established a scientific grading and promotion system aimed at motivating employees to enhance their capabilities, achieving a win-win between individual career development and Company goals. The implementation of this system provides employees with clear career advancement paths and strengthens talent management, ensuring that outstanding talent can rise through the ranks and inject impetus into the company's sustainable development.

Four Career Track Promotion System	
Technical Track	<b>Evaluation Criteria:</b> Education, years of service, work independence, innovation, project contribution.
	Evaluation by: Technical Evaluation Committee, with approval from the President.
	Promotion and technical title advancement require meeting specific standards and processes.
	After the probation period, grading is evaluated, and for grades above 10, President approval is required.
	<b>Exceptional Promotion Conditions:</b> Innovative suggestions, contribution to economic benefits.
Market, Production, and Professional Tracks	Degrading or Termination Conditions: Fraud, failure to meet performance standards, violation of company rules and regulations.
	Position Titles: Junior Specialist, Intermediate Specialist, Senior Specialist, Manager, Director, President.
	<b>Grading Method:</b> Based on ability description and salary range, with department leadership recommendations and approval by the Evaluation Committee.
	Promotion Criteria: Work experience, performance evaluations, and ability standards.
	After probation, grading is finalized; positions above Grade 10 require committee review.
	<b>Exceptional Promotion Conditions:</b> Consecutive two years of performance A, contribution to economic benefits.
	Degrading or Termination Conditions: Same as in the Technical Track.

### Employee Training System

CHEMSPEC implements a comprehensive employee training program designed to familiarize new employees with the Company culture and operational processes while allowing existing employees to focus on professional and managerial training. Training enhances personal growth and drives the overall development of the Company.



Case

#### Production Management Talent Training



In May 2024, Shanghai CHEMSPEC organized production management talent training, with a total of 6 participants.



Production Management Talent Training

Case

#### Hazardous Chemicals Safety Management Training



In November 2024, Shanghai CHEMSPEC organized hazardous chemicals safety management training, with a total of 60 participants.



Hazardous Chemicals Safety Management Training

According to feedback from subsidiaries, **100%** of employees have received regular performance and career development evaluations, and **100%** of employees have received career or skill-related training.

# Democratic Management

CHEMSPEC has established a Workers' Representative Congress to safeguard employee rights and negotiate terms with the Company on matters such as wages, benefits, and working conditions. In making major decisions, CHEMSPEC ensures that the views of the Workers' Representative Congress are fully considered. The Company also holds regular employee discussion meetings to facilitate communication and resolve issues promptly. The collective agreement covers key aspects, including base salaries, overtime pay, holiday wages, social insurance, occupational disease protection, and skills training, clearly outlining the rights and obligations of both the Company and its employees. In addition, CHEMSPEC continuously improves its management practices by conducting employee satisfaction surveys, aimed at enhancing employee satisfaction and overall organizational efficiency.

## Workers' Representative Congress

In accordance with the *Trade Union Law of the People's Republic of China*, CHEMSPEC convenes a Workers' Representative Congress to safeguard employees' lawful rights and interests. The Congress serves as a platform for employee representation in collective bargaining with the Company on matters such as compensation, working hours, benefits, insurance, and workplace safety and hygiene. When making major decisions or drafting key company policies, CHEMSPEC actively seeks input and suggestions from Congress. In addition, the Company regularly holds employee forums to foster open communication and promptly address issues between employees, departments, and management.

Case

### Strengthening Communication to Build a Positive Work Environment

In July 2024, CHEMSPEC hosted an employee discussion meeting in the A Building's first-floor conference room. The attendees were primarily new hires from the past six months, with the aim of strengthening internal communication and fostering an efficient working atmosphere.



Employee Discussion Meeting

During the reporting period,

	Lanzhou CHEMSPEC	Shanghai Wansu	Quzhou CHEMSPEC
Percentage of employees covered by the labor union (%)	100.00	100.00	100.00
The Workers' Representative Congress (Sessions)	1	1	1
Percentage of employee representatives (%)	15.00	14.50	15.90

## Collective Agreement

CHEMSPEC has developed a collective agreement that defines employee wages, benefits, rights, and the respective responsibilities and obligations of the Company and its employees, covering areas such as company regulations, performance assessments, rewards and penalties, wage payments, and workplace safety. The collective agreement aims to foster employee development, promote efficient business operations, and maintain harmonious labor relations.

Shanghai Wansu: The collective agreement covers **249** employees, with **50** female employees.

Lanzhou CHEMSPEC: The collective agreement covers **297** employees, with **54** female employees.

Quzhou CHEMSPEC: The collective agreement covers **295** employees.

## Wages and Benefits

To protect employees' legal rights and foster a harmonious labor environment, CHEMSPEC has established comprehensive wage and benefit policies in accordance with the *Labor Contract Law* and the *Trade Union Law of the People's Republic of China*, alongside relevant laws and regulations. The Company has also signed the *Wage Collective Agreement* with employee representatives, ensuring fairness in compensation.

CHEMSPEC offers a competitive wage and benefits package, which includes the provision of social insurance, occupational disease protection, and skills training. These benefits are designed to meet employees' basic living needs, motivate productivity, and promote long-term company growth.

Employee Wages and Benefits

Base Wages and Payment

The base wage is not less than the minimum standard. Wages are paid monthly, with bonuses depending on business performance. Payments are made on the 15th of the following month.

Overtime and Holiday Pay

Overtime pay: 1.5 times on weekdays, 2 times on weekends, 3 times on holidays.  
Sick leave pay: Calculated based on years of service, not less than the minimum wage.  
Marriage and funeral leave: No wage deduction during leave.  
Maternity leave: Maternity benefits are covered by social insurance; the Company contributes to five social insurances and one housing fund.

Social Insurance and Occupational Disease Protection

Social insurance is provided for eligible employees.  
Occupational disease protection is compensated according to national regulations.

Training

The Company arranges skill training at its own expense.

During the reporting period, Shanghai CHEMSPEC, Lanzhou CHEMSPEC, Shanghai Wansu and Quzhou CHEMSPEC all signed the *Wage Collective Agreement*.



Rights and Obligations

CHEMSPEC has clearly defined the rights and obligations of both the Company and its employees to ensure a smooth, effective operation. This clarity helps employees understand expectations and fosters a positive work environment that enhances job satisfaction and supports the Company's operational efficiency.

Rights and Obligations	
Company	Employees
Develop regulations for wage payments. Conduct performance evaluations and implement corresponding rewards and disciplinary actions for employees. Ensure timely and accurate compensation.	Participate in formulating company policies. Adhere to regulations. Fulfill work responsibilities.

Employee Satisfaction Survey

CHEMSPEC conducts employee satisfaction surveys, typically in the form of questionnaires, to collect feedback on various aspects of company management. These surveys provide valuable insights into employee satisfaction and serve as an important reference for decision-making. The surveys also help strengthen employees' sense of belonging, identity, and loyalty to the Company. The typical survey process includes defining the purpose of the survey, designing the questionnaire, selecting participants, implementing the survey, analyzing data, and providing feedback.

To fully understand employee satisfaction with aspects such as work environment, management systems, compensation, benefits, and career development, Shanghai Chemspec Corporation conducted an employee satisfaction survey in 2024. The survey, which used questionnaires, collected 105 valid responses (covering all employees, with one on personal leave and one on a business trip not participating), resulting in a response rate of 98.13%. The findings will serve as a basis for optimizing human resources management and enhancing employee well-being.

Employee Satisfaction Survey			
Score Range	Number of Employees	Percentage	Satisfaction Level
120–150	84	80%	High
100–119	12	11.43%	Moderate
Below 100	9	8.57%	Low
Total	105	100%	—

Note:  
High Satisfaction (120–150): Employees have a high level of recognition for the work environment, team collaboration, company culture, and a strong sense of belonging.  
Moderate Satisfaction (100–119): While overall satisfaction is acceptable, some aspects (e.g., promotion mechanism, benefits) need improvement.  
Low Satisfaction (<100): Employees express significant dissatisfaction, requiring attention to their feedback.

	Shanghai CHEMSPEC	Quzhou CHEMSPEC	Lanzhou CHEMSPEC	Shanghai Wansu
Valid Questionnaires	105	274	296	236
Data Coverage Rate (%)	98.13	98.31	98.13	99.16
Proportion of High Satisfaction (%)	80.00	40.51	63.80	56.36



Welfare and Care

CHEMSPEC places a strong emphasis on employee welfare and well-being, offering a comprehensive benefits package that includes social insurance, housing provident fund contributions, regular health check-ups, and paid leave, among others. In 2024, the Company further strengthened employee engagement and a sense of belonging by organizing cultural activities and enhancing management systems, fostering mutual growth between the enterprise and its people.

Employee Benefits

CHEMSPEC provides employees with a well-rounded benefits system covering statutory social insurance and housing provident fund, as well as a wide range of additional perks. These include annual physical examinations, communication allowances, paid leave (including personal leave), shuttle bus services, meal subsidies, and business travel insurance. These initiatives aim to protect employee rights, improve job satisfaction, and cultivate a supportive and healthy working environment that supports both individual and organizational growth.

Social Insurance and Housing Provident Fund

The Company makes contributions to social insurance and the housing provident fund for eligible employees. The contribution base is adjusted annually, with clearly defined employer and employee contribution rates. This system safeguards employee welfare while supporting long-term business development.

Social Insurance and Housing Provident Fund System		
Eligible Participants	Contribution Base	Contribution Rates
Employees with <i>Shanghai household registration</i> , residence permits, or those meeting local eligibility requirements.	Adjusted in April and July based on average monthly income from the previous year (including annual bonuses, etc.).	Employer Share: Pension: 22%; Medical: 12%; Unemployment: 2%; Maternity: 0.5%; Work Injury: 0.5%; Housing Provident Fund: 7%. Employee Contributions: 8% for pension insurance, 2% for medical insurance, 1% for unemployment insurance, and 7% for housing provident fund.

Note: This standard is applicable only to the Shanghai area.

Additional Benefits

CHEMSPEC offers a diverse range of benefits to care for employee health, support work needs, and improve overall quality of life, enhancing both satisfaction and a sense of belonging.

01  
Health  
Check-ups

02  
Communication  
Subsidy

03  
Paid  
Leave

04  
Shuttle Bus

05  
Meals

06  
Travel  
Insurance

07  
Holidays &  
Birthdays

**01 Health Check-ups**  
Annual physical exams offered on a voluntary basis

**02 Communication Subsidy**  
Provided based on business needs per internal policy

**03 Paid Leave**  
Granted after one year of continuous service per company policy

**04 Shuttle Bus**  
Pick-up/drop-off points located at major transportation hubs

**05 Meals**  
Free lunch provided daily; dinner available for overtime work

**06 Travel Insurance**  
Accident insurance for short-term international business travel

**07 Holidays & Birthdays**  
Regular gifts and celebrations organized

In 2024, CHEMSPEC's total employee welfare expenditure amounted to CNY **22.1312** million.

Employee Health Check-ups

Employee health is a core focus at CHEMSPEC. The Company offers comprehensive health screenings: new hires undergo mandatory check-ups upon onboarding, while existing employees receive annual examinations. For certain high-risk roles, specialized health checks are conducted as needed. These efforts allow employees to monitor their well-being while enabling the Company to offer appropriate health support, ensuring all employees are able to perform at their best.

Check-up Content	Includes internal medicine, surgery, ENT, ECG, chest X-ray, liver function, blood sugar, and routine blood and urine tests.
Process	<p><b>New Hires:</b> Scheduled by the Administration and Personnel Department post-interview; results submitted to the Administration and Personnel Department.</p> <p><b>Existing Staff:</b> Organized biannually by the Administration and Personnel Department; responsible for coordination and report tracking.</p> <p><b>Special Cases:</b> Conducted as per government or regulatory requirements.</p>
Record-keeping	Physical examination reports and health check-up reports for newly hired employees are distributed by the Administration and Personnel Department. <b>Special medical examination reports</b> are archived by the organizing department. Health records are established based on the examinations, with regular monitoring and follow-up to form a management mechanism for addressing employee health issues.

Health Check-up Content, Procedures, and Record-keeping

Cultural and Sports Activities

CHEMSPEC promotes corporate culture and team spirit through various cultural and sports activities, including distributing branded apparel, team-building events, annual galas, tug-of-war competitions, and basketball tournaments. These initiatives enhance a sense of identity, foster collaboration, and build interpersonal bonds, ultimately strengthening organizational cohesion and competitiveness.

Case

Branded Apparel—Culture Worn with Pride

On June 25, 2024, Lanzhou CHEMSPEC distributed company T-shirts to employees and their families, reinforcing team identity and pride in being part of the organization. This initiative boosted morale and deepened the collective sense of corporate culture.



Company T-shirts Distribution

Case

Team-Building Activities—Strengthening Collaboration

In June and July 2024, various departments organized offsite team-building activities in destinations such as Anji and Tonglu. These events significantly improved communication and enhanced team cohesion.



Team-Building Activities

Case

Annual Gala—Celebrating the Future Together

In January 2024, CHEMSPEC hosted its annual Spring Festival Gala. The event energized employees, celebrated corporate values, and strengthened connections between the Company and employees.



Annual Gala



## Case

**Tug-of-War—United We Stand**

In August 2024, a spirited tug-of-war competition was held on company grounds, encouraging active participation, fostering teamwork, and showcasing the resilience and determination that define the CHEMSPEC spirit.



Tug-of-War

## Case

**Basketball Tournament—Fueling Passion and Teamwork**

To foster a positive, healthy, energetic, and vibrant workplace atmosphere, enhance employees' physical fitness, and enrich their cultural life outside of work, the Labor Union Committee of Lanzhou CHEMSPEC organized the "Xietong Cup" basketball tournament in July 2024. Departments responded actively by forming teams to participate in the event. The tournament not only enriched employees' leisure time and reignited their passion for sports, but also deepened the implementation of corporate culture, strengthened friendships among colleagues, and cultivated a spirit of unity and collaboration.



Basketball Tournament

**Care Initiatives**

CHEMSPEC expresses heartfelt support through "Caring Visits", cultivates a harmonious workplace atmosphere through "Warm Companionship", and promotes physical and mental well-being through the "Summer Cooling Campaign". These initiatives not only enhance employees' happiness and team cohesion but also demonstrate the Company's firm commitment to social responsibility and sustainable development.

## Case

**Caring Visits—Delivering Warmth**

On July 9, 2024, Shanghai Wansu Pharmaceutical Co., Ltd. held a summer heat relief event in its main conference room. The initiative aimed to mitigate the effects of high temperatures and further improve employees' working and living conditions. The event received strong support from the Company's labor union chairperson, active participation from the leadership team, and engagement from employee representatives—allowing everyone to experience the Company's sincere care and warmth.



2024 Caring Gift Packs for Employees in Need

In December 2024, the Company hosted another heartwarming event in the same conference room—the "Caring Gift Pack" Visit Campaign, designed to support employees facing personal difficulties. By distributing these gift packs, the Company extended its compassion and assistance to those in need.



2024 Summer Heat Relief for Employees

## Case

**Warm Companionship—Building Harmony Together**

In August 2024, the labor union of Quzhou CHEMSPEC held a "Union Cooling Campaign", distributing relief supplies to union members. This event not only expressed the union's care for its members but also reflected the Company's commitment to employees' health and well-being.



Labor Union's Employee Care Events

In November 2024, the same labor union organized an "Assistance for Employees in Need" initiative, providing warm wishes and relief packages to employees facing hardships—demonstrating heartfelt concern and tangible support to help ease their burdens.

Case

### Summer Cooling Campaign—Caring with a Heartfelt Touch



Summer Cooling Activity

In the scorching summer heat, a breeze of care brings heartfelt relief. In August 2024, the Provincial Federation of Trade Unions, together with the Labor Union of Lanzhou CHEMSPEC, launched the "Summer Cooling" campaign. The initiative aimed to bring coolness in the heat and care to employees' hearts, strengthen cohesion, and boost morale. Every employee received a package of cooling supplies, which helped alleviate the discomfort of high temperatures, conveyed the Company's care and support, and encouraged everyone to maintain a positive mindset and strong work ethic, ensuring smooth progress in their tasks.

## Safety in Production

CHEMSPEC has established a comprehensive workplace safety system to ensure legal compliance and environmental protection. By leveraging advanced technologies to improve resource efficiency and focusing on employee safety and well-being, the Company formulates detailed safety plans, prepares supporting emergency response measures, and organizes diverse training programs to enhance safety awareness—laying a solid foundation for a secure and healthy workplace.

### Safety Policy

The Company implements a workplace safety policy aimed at ensuring compliance with safety regulations, raising environmental awareness, identifying and eliminating hazards, and adopting advanced technologies to improve resource efficiency. These measures help protect employee safety, promote sustainable development, and enhance the Company's market competitiveness.

#### Compliance with Laws and Regulations

Adhere to applicable environmental, occupational health, and safety laws and regulations.

#### Hazard Identification and Elimination

Proactively identify and eliminate safety hazards through comprehensive safety management.

#### Workplace Safety Policies

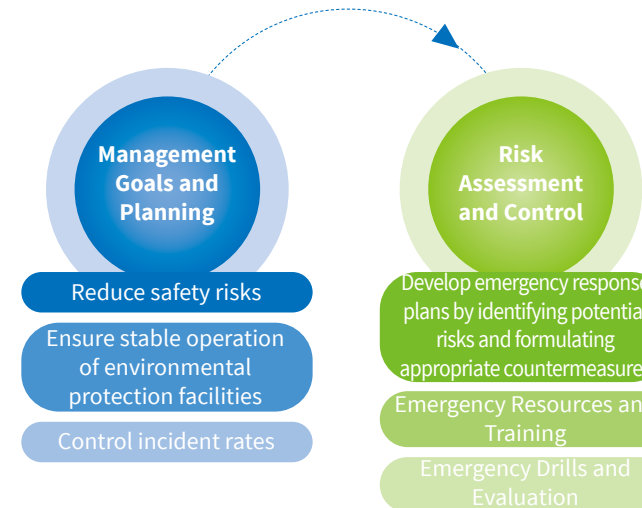
#### Environmental and Occupational Health Prevention

Strengthen environmental education for all employees, raise awareness of environmental protection and social responsibility, and prevent environmental pollution.

#### Resource Conservation and Continuous Improvement

Utilize advanced science and technology as well as equipment to conserve natural resources and improve energy efficiency.

## Safety Management

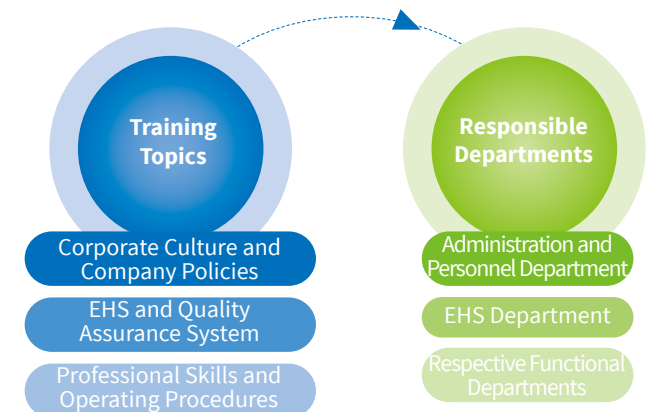


Safety Goals and Risk Identification

CHEMSPEC places high importance on occupational health and safety management by developing detailed plans and implementing emergency response mechanisms to fully safeguard the physical and mental well-being of employees. The Company adopts diverse risk assessment methods to identify and document potential occupational health and safety hazards, ensuring a safe and healthy working environment. These efforts reflect CHEMSPEC's deep care for its employees and demonstrate its commitment to social responsibility and to building a harmonious, safe workplace.

## Safety Training

The Company invests in safety training programs covering corporate culture, company policies, and EHS (Environment, Health, and Safety) topics. These training sessions aim to enhance employees' safety awareness and professional skills, ensuring a safe and efficient working environment. This reflects the Company's strong commitment to employee safety and regulatory compliance.



Safety Training Topics and Responsible Departments

Case

### Safety Awareness Campaign and Contest—Building a Collective Safety Shield



In June 2024, a safety knowledge competition was held in the first-floor training room of the Company's office building under the theme: "Everyone Talks About Safety and Knows How to Respond in an Emergency—Keeping Life-Saving Pathways Clear". Representatives from various departments participated in the event. The activity aimed to raise employee safety awareness, deepen their understanding of safety knowledge, and enhance their ability to apply theoretical knowledge to real situations. Through knowledge competitions and quiz-based prize draws, employees were encouraged to actively engage in learning about workplace safety, helping to foster a company-wide culture where "everyone learns safety, understands safety, and advocates safety."



Safety Awareness Campaign and Knowledge Competition



# Governance and Compliance, Optimizing the Governance System

CHEMSPEC is committed to becoming a model of excellence in sustainable development by establishing a robust and efficient governance system across all aspects of its operations. The Company continuously improves its corporate governance structure to ensure scientific and transparent decision-making, laying a solid foundation for steady growth. In parallel, it strengthens compliance and risk control by integrating risk prevention into daily operations, thus safeguarding long-term business stability. CHEMSPEC also actively expands communication channels with investors to enhance investor relations and build market trust. Upholding integrity and ethical business practices, the Company adheres to industry regulations and maintains a positive corporate image.

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## Responding to Key Issues:

- Corporate Governance
- Risk Management
- Stakeholder Communication
- Anti-Bribery and Anti-Corruption
- Fair Competition
- Data Security and Customer Privacy Protection
- Tax Compliance

Responding to the UN 2030 Sustainable Development Goals (SDGs)



# Operations of the Three Committees

CHEMSPEC has established a sound corporate governance structure in compliance with relevant laws and regulations, comprising the Shareholders' Meeting, the Board of Directors, and the Board of Supervisors, to ensure efficient and standardized governance. During the reporting period, the Company actively fulfilled its governance responsibilities by holding multiple committee meetings. In addition, the Company emphasizes board diversity and has built a professional and capable board team. A comprehensive compensation management system has also been developed to provide scientific and effective incentives for senior management and to adjust compensation in a timely manner to remain competitive.

## Governance Structure

CHEMSPEC strictly complies with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, as well as regulatory documents such as the *Code of Corporate Governance for Listed Companies*, the *Stock Listing Rules*, and the *Guidelines for the Articles of Association of Listed Companies*. Based on these frameworks, the Company has established a modern corporate governance structure consisting of the Shareholders' Meeting, the Board of Directors, and the Board of Supervisors, ensuring standardized and efficient corporate governance.

During the reporting period, the Company convened: **5** Shareholders' Meetings, **8** Board of Directors Meetings, **7** Board of Supervisors Meetings, **2** Strategy and ESG Committee Meetings, **3** Remuneration and Appraisal Committee Meetings, **2** Nomination Committee Meetings, **7** Audit Committee Meetings.

### Shareholders' Meeting

As the highest authority within the corporate governance structure, the Shareholders' Meeting is responsible for major decisions, including defining business direction and investment strategies, appointing or replacing members of the Board of Directors, the Board of Supervisors, and senior management, as well as determining executive compensation and approving major budgetary matters. All processes are strictly governed in accordance with national laws and the Company's *Articles of Association* to ensure legality and compliance.

### Board of Directors

The Board of Directors serves as the central decision-making body of the Company and is supported by specialized committees, including the Audit Committee, the Strategy and ESG Committee, Nomination Committee, Compensation and Appraisal Committee. Each committee has clear responsibilities to ensure objective and scientific governance decisions. The Board of Directors reports to the Shareholders' Meeting and is subject to its oversight. CHEMSPEC ensures that the Board of Directors operates with professionalism and rigor, strictly following relevant regulations and internal policies to guarantee lawful and effective decision-making.

### Board of Supervisors

As a key supervisory body, the Board of Supervisors oversees the performance of duties by the Board of Directors and senior management. Its responsibilities include monitoring financial activities, internal controls, and risk management mechanisms, thereby ensuring accountability and transparency.

Corporate Governance Structure

## Board Development

CHEMSPEC values the development of a diverse Board of Directors by taking into account various factors such as gender, age, educational background, professional expertise, skill level, and work experience. This approach ensures that the composition of the Board remains diversified, professional, and independent, thereby promoting sound decision-making.

Position	Name	Gender	Competency		
			Industry Experience	Professional Qualifications	Financial Management
Chairman	Yang Jianhua	Male	✓	✓	
Non-Independent Director	Yuan Yunlong	Male	✓	✓	
Non-Independent Director	Yang Chongbo	Male	✓		✓
Non-Independent Director	Liu Lei	Male	✓		✓
Independent Director	Dong Hui	Female	✓	✓	✓
Independent Director	Chen Daisong	Male		✓	
Independent Director	SUN YUN George	Male	✓		

Composition of the Board of Directors

The Company's Board of Directors consists of **7** members, including **3** independent directors.

## Remuneration for Directors, Supervisors, and Senior Management

CHEMSPEC is committed to establishing a scientific and efficient remuneration system to effectively motivate its management team and promote sustainable development. The *Remuneration Management Policy* outlines detailed compensation components, including allowances for independent directors, remuneration for directors and supervisors, and compensation for senior executives. To ensure fairness and reasonableness, the Company determines remuneration levels based on individual performance evaluations. This encourages management to continuously improve company performance. Meanwhile, the Company monitors industry compensation benchmarks and inflation trends to make timely adjustments, thereby maintaining its competitiveness and attracting and retaining top talent.

## Information Disclosure Management

The Company places strong emphasis on information disclosure by establishing robust policies and standardized procedures to ensure transparency and compliance. These practices support investors and other stakeholders with accurate and timely information.

To regulate disclosure activities, CHEMSPEC has implemented the *Information Disclosure Management Policy* and the *Insider Information Registration Management Policy*. These define the fundamental principles, content, and procedures for disclosures, including periodic reports, ad hoc announcements, and performance forecasts, ensuring that the information disclosed is truthful, accurate, and complete.

In 2024, the Company released **57** announcements and **37** attachments.



# Compliance and Risk Management

To ensure stable operations and achieve sustainable development, CHEMSPEC has established a comprehensive compliance and internal control system, enhanced its risk management capabilities, and optimized tax management procedures. These efforts collectively reinforce the Company's risk defenses and governance capabilities, reduce operational risks, and improve its ability to navigate complex market environments. In doing so, CHEMSPEC sets a benchmark in compliance and risk management within the industry.

## Internal Control Management

CHEMSPEC places great importance on internal control system development and has established a scientific and efficient framework to ensure compliant and sustainable operations. Led by the EHS Department, CHEMSPEC has built a comprehensive legal and regulatory management mechanism that spans the entire process from identification and collection to implementation and updates. The Company has enacted policies such as the *Legal and Regulatory Control Procedure*, which clearly define responsibilities and standardize implementation procedures. Multiple channels are used to stay current on regulatory updates, which are regularly integrated into operating guidelines to ensure strict adherence. The Company also conducts regular compliance assessments and audits to ensure proper execution. These measures significantly improve compliance management and reduce operational risks, laying a solid foundation for steady growth.



Internal Control Management Training

## Tax Management

CHEMSPEC has established a comprehensive tax management system with clearly defined responsibilities, standardized procedures, and risk control mechanisms. In accordance with applicable laws and regulations, detailed processes for tax filing, payment, and record-keeping have been developed to ensure accurate and timely handling. An internal tax audit mechanism has also been set up for regular reviews to identify and mitigate risks. In daily operations, the Company strictly complies with tax regulations. The Finance Department continuously updates its knowledge of tax policies to ensure all practices align with the latest standards. The Company actively communicates with tax authorities, cooperates with audits, and resolves tax-related issues promptly. Through these policies and practices, the Company has achieved tax compliance, mitigated risk, and gained recognition from tax authorities, supporting its sustainable growth.

The Company fulfilled its tax obligations by paying CNY **11.31** million in corporate income tax, demonstrating its strong commitment to responsible and compliant business practices and contributing to national and societal development.

## Internal Audit

CHEMSPEC conducts comprehensive internal audits covering internal departments, subsidiaries, affiliates, and relevant responsible parties. The audit scope includes financial income and expenditures, investments and financing activities, internal control systems, and special audits. These audits follow standardized procedures to ensure accuracy and effectiveness. This system strengthens internal management, enhances transparency, and increases the Company's competitiveness.

### Targets and Scope

#### Targets

Internal departments, subsidiaries, affiliates with significant influence, and related responsible parties

#### Scope

##### Financial Audit

Supervise the truthfulness, accuracy, compliance, and legality of monthly, quarterly, and annual financial reports.

##### Investment & Financing Audit

Evaluate the rationale, results, and funding sources of capital projects, equipment upgrades, external investments, mergers, and acquisitions.

##### Internal Control Audit

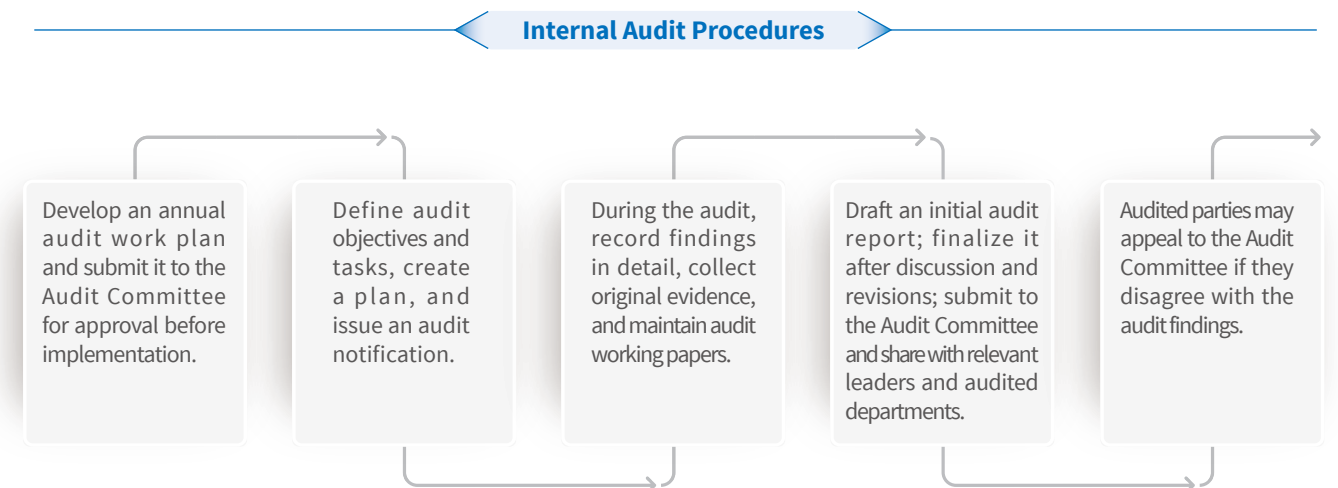
Review the completeness, rationality, and effectiveness of control systems related to operations, business activities, planning, and management.

##### Other Audits

Include audits of shareholder rights and dividend distribution, economic approval processes, economic performance, and other special topics.

Internal Audit Scope and Targets

### Audit Procedures



# Investor Relations

The Company is committed to building a transparent, efficient, and responsible corporate image to enhance investor confidence and promote sustainable development. By standardizing information disclosure and optimizing investor relations practices, the Company actively communicates with investors to ensure timely, accurate, and complete disclosure of information. These efforts help investors better understand the Company's strategy and operations, improve corporate governance, and secure long-term, stable financial support, thereby fostering mutual benefits between the Company and investors and laying a solid foundation for the Company's long-term growth.

## Investor Relations Management

The Company strives to enhance corporate governance and investment value by strengthening communication and interaction with investors through a sound investor relations management system. To this end, the Company has formulated the *Investor Relations Management Policy*, which outlines the basic principles of investor relations, and has established comprehensive complaint channels and resolution mechanisms. This ensures standardized investor relations practices, improves governance, and protects the legitimate rights and interests of investors.



The Company actively promotes investor relations activities to enhance communication with investors and improve transparency and market recognition.

Case

### Highlighting Strong Performance to Engage Investors

In 2024, the Company successfully hosted a series of performance briefings, including the Sci-Tech Innovation Board Semi-Annual Group Briefing, a special session focused on new materials, and the Q3 Performance Briefing. These sessions not only provided a comprehensive review of the Company's annual, semi-annual, and quarterly results, but also showcased its collective achievements in the advanced petrochemical and new materials sectors. Leveraging the SSE Roadshow Platform, the Company created a valuable opportunity for investors to gain deeper insight into its operations and strategic direction. During the events, senior management presented detailed analyses of the Company's financials, market performance, and future outlook, while actively addressing investor questions to reinforce market confidence.



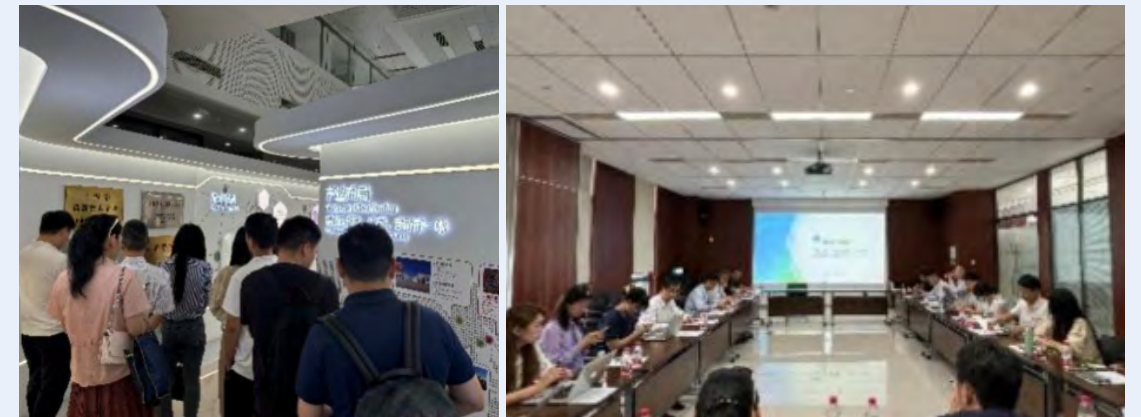
Performance Briefings

Case

### A Closer Look at Operations to Shape the Future Together



In September 2024, the Huatai Securities Xingzhi and Mudanjiang Road Branch of Huatai Securities Shanghai jointly organized the "Inside Listed Companies" program in Shanghai. As part of the initiative, institutional investors visited CHEMSPEC for direct, face-to-face exchanges with senior executives.



Investor Site Visit

# Business Ethics

The Company is committed to fostering a business environment that is honest, transparent, and sustainable, thereby supporting long-term, stable development while safeguarding the interests of all stakeholders. By actively implementing practices such as anti-bribery and anti-corruption, fair competition, information security, and equitable treatment of SMEs, the Company ensures that its business conduct remains compliant and ethical. These efforts contribute to building a fair and competitive market order and promote the healthy development of the broader industrial chain.

## Anti-Bribery and Anti-Corruption

The Company strictly complies with national laws and regulations, including the *Criminal Law of the People's Republic of China* and the *Basic Standards for Enterprise Internal Control*, and operates in accordance with the *Articles of Association*. The Company has formulated the *Code of Business Conduct and Ethics*, which clearly defines responsibilities, preventive measures, reporting channels, and whistleblower protections related to bribery, corruption, and fraud. These measures are designed to mitigate risks, improve corporate governance, and protect the interests of investors and stakeholders.

The Company strictly prohibits partners from offering bribes to employees in any form or under any pretense, including cash payments, gifts, lavish dining and entertainment, or other personal benefits. Relevant policies are communicated through onboarding training for new hires and training programs for suppliers to ensure full awareness among employees and business partners.



### Reporting Channels:

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## Fair Competition

The Company complies fully with the *Criminal Law of the People's Republic of China* and the *Anti-Unfair Competition Law of the People's Republic of China*, and follows the provisions outlined in the *Articles of Association*. The Code of Business Conduct and Ethics specifies types of unfair competition practices to ensure that the Company operates in accordance with legal and regulatory requirements. These efforts are aimed at preventing monopolistic behavior, promoting fair competition, and maintaining both market order and corporate reputation.

### Types of Unfair Competition Practices

#### False Advertising

Using deceptive or misleading advertising to misguide consumers and gain unfair competitive advantage.

#### Commercial Defamation

Slandering competitors to undermine their reputation and gain a market edge.

#### Corporate Espionage

Stealing trade secrets or confidential information to gain illicit advantages.

#### Abuse of Market Dominance

Engaging in monopolistic behavior to limit competition from other businesses.

## Equitable Treatment of SMEs

In its pursuit of sustainable development, the Company adheres to the principle of equal cooperation and strives to build long-term, stable relationships with SMEs. The Company fosters a fair, transparent, and dynamic business ecosystem by strictly following fair contract principles to ensure that contract terms are reasonable and transparent, and do not place undue constraints on SMEs. Leveraging its technological and resource advantages, the Company provides SMEs with technical support and training to help improve their technological capabilities and management practices. The Company also prioritizes open communication with SME partners, regularly gathering feedback and promptly addressing issues to ensure efficient and smooth collaboration. Furthermore, the Company actively promotes supply chain diversification by expanding cooperation opportunities with SMEs, thus offering them broader market access and development platforms. The Company complies with the *Regulation on Ensuring Timely Payment to SMEs*, and discloses any overdue payments to SMEs via the *National Enterprise Credit Information Publicity System* in a timely manner.

## Information Security

The Company regards information security as a cornerstone of business operations and is committed to safeguarding information assets and business continuity through sound systems, strict execution, and continuous improvement, thereby providing a solid foundation for sustainable development.

As of the end of the reporting period, **no** information security incidents were reported.

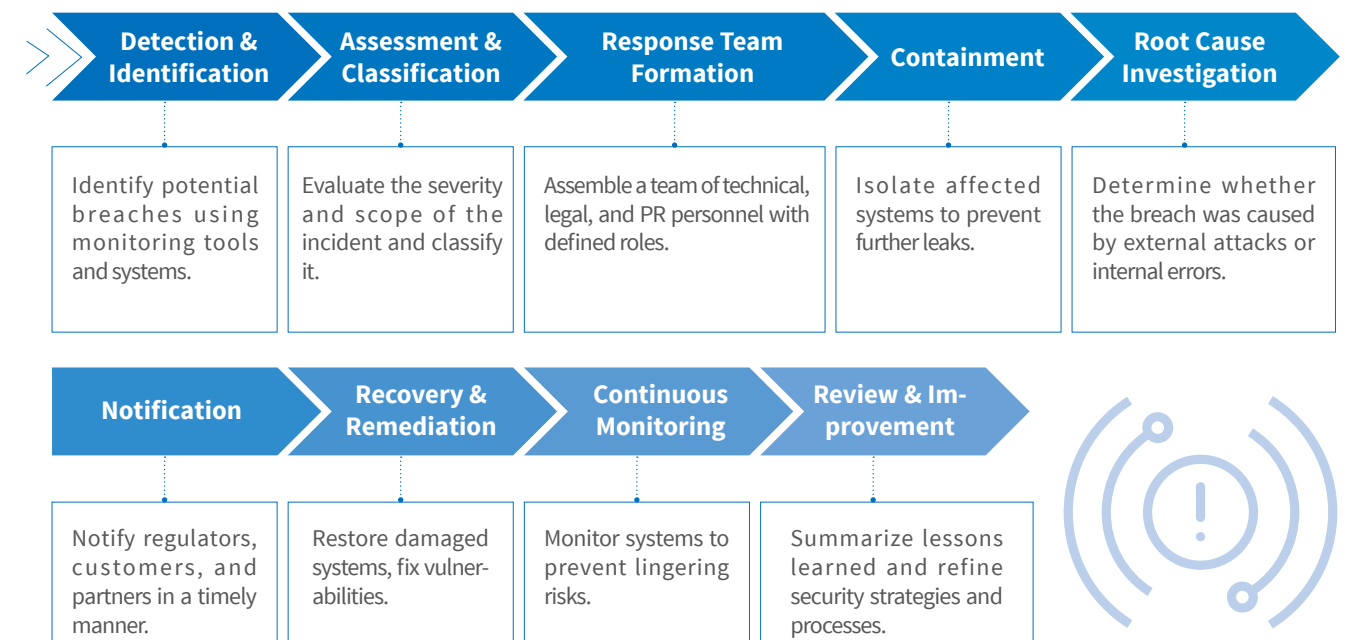
### Information Security Management System

The Company has established a comprehensive information security management system covering areas such as network security monitoring and data protection. For network security, IT administrators manage external network nodes and isolate internal and external networks to control data transmission and resource access. Regarding data security, the Company has issued the Data Security Management Measures, which regulate access control, user accounts and permissions, role separation, antivirus protocols, data security, media and data exchange, and backup controls—thus ensuring data integrity and security at a systemic level.

### Information Security Protection Measures

The Company manages input/output devices in key departments to isolate internal and external networks, preventing information leakage and network misuse. Access to systems and equipment is granted only after proper approval, and user accounts and permissions are regularly reviewed to eliminate outdated or improper access rights. The Company also employs antivirus software, restricts access to public sharing areas, and conducts regular security checks on databases, installing the latest patches to maintain data security and integrity.

### Data Breach Emergency Response



# Green Leadership, Fulfilling Environmental Responsibility

CHEMSPEC is committed to green and sustainable development, and embeds environmental protection across its core operations. From strict environmental compliance management and comprehensive green operations to the adoption of environmentally friendly production practices and refined three wastes management strategies, the Company demonstrates a firm commitment and remarkable contribution to environmental protection. These efforts provide robust support for global green transformation and sustainable growth.

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### Responding to Key Issues:

- Climate Change Risk Management
- Energy Management
- Carbon Emissions
- Resource Recycling
- Water Resource Management
- Hazardous Emissions and Wastes

Responding to the UN 2030 Sustainable Development Goals (SDGs)





# Environmental Compliance Management

The Company has established a comprehensive environmental management system that covers multiple dimensions including risk assessments, emergency response plans, environmental trainings, and certification programs. Substantial investments have been made to ensure the effective implementation of environmental initiatives. Through efficient emergency response mechanisms, widespread employee training, and compliance certification, the Company demonstrates its commitment to standardized management and environmental stewardship, providing a solid foundation for sustainable development.

No.	Entity	Environmental Expenses (CNY)	Investment in New Environmental Equipment (CNY)	Total Environmental Investment (CNY)
1	Shanghai CHEMSPEC	331,441.57	84,070.80	415,512.37
2	Shanghai Wansu	1,754,017.95	10,520,118.48	12,274,136.43
3	Quzhou CHEMSPEC	2,547,922.67	1,513,506.22	4,061,428.89
4	Lanzhou CHEMSPEC	11,839,325.72	2,987,672.51	14,826,998.23
Total		16,472,707.91	15,105,368.01	31,578,075.92

Environmental Investment Data

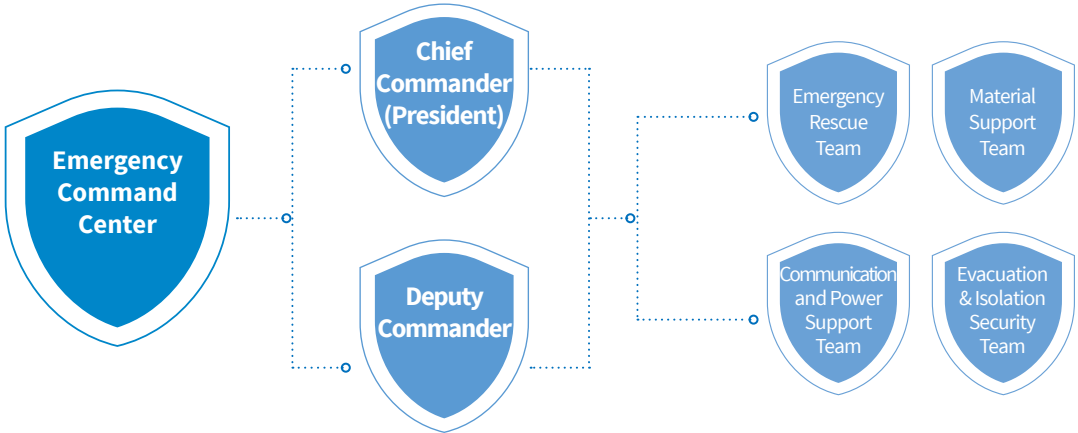
During the reporting period, the Company's total environmental investment amounted to CNY **31.58** million.

## Emergency Response Plans and Systems

The Company has established a comprehensive environmental emergency management system covering emergency command, rescue operations, risk assessments, and training drills, ensuring rapid responses to unexpected environmental incidents and safeguarding both employees and the environment. Through the tiered early warning mechanism, incident prevention strategies, diverse training exercises, and detailed documentation, the Company has significantly enhanced its emergency response capabilities, laying a solid foundation for safe and sustainable development.

### Emergency Response Structure

The Company has set up an emergency response system for environmental incidents to swiftly address sudden environmental events, ensuring the safety of employees and the environment. This system includes emergency command, specialized rescue operations, risk assessment, and training drills. Adequate resources and smooth communication are ensured to improve response efficiency and protect the safety of both the Company and surrounding communities.



Internal Emergency Response Structure for Environmental Incidents

## Early Warning Levels and Measures

The Company has implemented a structured system for early warning levels and corresponding response measures to effectively manage potential and ongoing environmental incidents. By categorizing incidents based on potential severity and urgency, the Company can deploy appropriate preventive and responsive actions, minimizing impact on employee health, Company assets, and the environment, while maintaining operational continuity and stability.

<b>Yellow Alert</b>	<b>Yellow Alert Measures</b>
Indicates early signs of an incident (including the initial stage), with a potential risk of escalation; may also be triggered by extreme weather forecasts or environmental emergencies in neighboring enterprises.	On-site personnel remain alert, report immediately, and maintain contact with the Emergency Command Center. The on-site commander is responsible for handling the situation and notifying relevant response teams.
<b>Orange Alert</b>	<b>Orange Alert Measures</b>
Indicates that the consequences or scope of the incident have not yet exceeded the Company's control, but there is a high probability they may do so.	The Emergency Command Center activates the emergency response plan, and all emergency teams are dispatched to the scene for rescue operations.

Early Warning Levels and Measures

## Accident Prevention Measures

The Company has established solid safety defenses in laboratories and hazardous waste transfer warehouses through standardized management, emergency preparedness, and dedicated monitoring. These measures ensure operational safety and environmental protection, enabling the prevention of various types of accidents. This proactive approach not only fosters a safe and efficient working environment but also reflects the Company's deep commitment to employee health and environmental responsibility, further enhancing its sustainability capabilities.



### Transfer Warehouse (Hazardous Waste Temporary Storage)

A hazardous waste management protocol is implemented, with ledger records maintained by dedicated personnel. Emergency supplies such as containment trays, absorbent pads, fire extinguishers, and chemical-resistant gloves are available, along with fire alarm and sprinkler systems for risk mitigation.



### Laboratories

The Company has developed standardized protocols for chemical usage, requiring strict adherence to experimental operational procedures. Emergency equipment such as containment trays, absorbent pads, fire extinguishers, chemical-resistant gloves, as well as fire alarm and sprinkler systems, is in place. Chemical handling is regulated through ledger systems managed by designated personnel.

Current Accident Prevention Measures

### Drills and Training

The Company regularly conducts diverse emergency drills - including tabletop, functional, and full-scale exercises—as well as tailored awareness training for employees at all levels. These initiatives have effectively enhanced overall emergency preparedness and employee safety awareness. Additionally, the Company places strong emphasis on documentation and analysis of each training session and drill through video records and lessons-learned reviews, continually optimizing its emergency management system and reinforcing the foundation for safe and sustainable development.

Case

#### Emergency Drill for Major Hazard Sources

On December 5, 2024, we conducted a major hazard emergency drill.



Deployment of Emergency Equipment



On-Site Training and Instruction



Toxic Gas Suppression with Water Mist



On-Site Support and Guidance from the New District Fire Brigade

#### Drill Types

- Tabletop Exercise: Simulated verbal drill mimicking real-life scenarios without actual hazards.
- Functional Exercise: Aimed at testing the preparedness and responsiveness of emergency personnel and systems.

#### Awareness Training

Conducted for employees at various levels, including general staff, emergency response teams, and the Emergency Command Center.

#### Documentation and Review

At least one environmental emergency training session is conducted annually, along with regular drills. Each session is recorded via video, followed by review and analysis to extract lessons learned and propose improvements.

Emergency Drills and Awareness Training

Case

#### Safety and Emergency Training

During the reporting period, comprehensive safety and emergency training was conducted for new hires in the Emergency Response Training Room. The primary goal was to ensure that every new employee is equipped with essential self-protection knowledge required for entering confined spaces and toxic environments, as well as the correct actions to take in case of an emergency.



Safety and Emergency Training

### Environmental Protection Training



Display Boards and Environmental Training

In 2024, the headquarters held multiple environmental training sessions for **53** participants and organized **2** full-scale environmental drills. Shanghai Wansu trained **245** participants in sessions lasting **2** hours. Quzhou CHEMSPEC conducted 2-hour sessions for **35** participants. Lanzhou CHEMSPEC held **8** sessions with a total of **384** participants.



## Certificates

### Certificate of Three Management Systems Certification



▲Certificates of CHEMSPEC Integrated Management System Certification



▲Certificates of Lanzhou CHEMSPEC Integrated Management System Certification



▲Certificates of Shanghai Wansu Integrated Management System Certification

CHEMSPEC holds both the certificates of Quality Management System Certification and Pollutant Discharge Permit. These credentials serve as strong evidence of our standardized management practices and environmental protection capabilities. They also reflect our continuous pursuit of product quality and customer satisfaction, as well as our firm commitment to environmental protection and social responsibility.

### Pollutant Discharge Permit

The Company and its subsidiaries hold valid Pollutant Discharge Permits.



▲Cover Page of the Pollutant Discharge Permit

### Product Testing Report



▲Testing Report for Lithium Bis (fluorosulfonyl) imide



▲Certificates of Quzhou CHEMSPEC Integrated Management System Certification



# Sustainable Production

The Company actively implements strategies for efficient management of energy and water resources, with a strong commitment to a greener future. In terms of energy, advanced energy-saving technologies are adopted to reduce energy consumption and emissions while effectively controlling costs. For water resources, advanced recycling technologies are employed to improve reuse efficiency and ensure high-standard wastewater discharge, safeguarding the environment. Meanwhile, the Company voluntarily discloses emission data to demonstrate its confidence in environmental management and commitment to sustainable development.

## Climate Change

Recognizing the impact of climate change on operations and long-term value creation, the Company actively supports the national dual-carbon goals of "carbon peaking and carbon neutrality". By integrating climate-related issues into management oversight, regularly monitoring associated risks, and improving energy efficiency, the Company enhances its resilience to climate-related risks and contributes to global climate action.

### Greenhouse Gas Emission Targets and Data

In support of carbon neutrality, the Company has adopted a range of measures—such as using clean energy and enhancing energy efficiency—to significantly reduce carbon emissions. These efforts reflect the Company's commitment to environmental protection while also driving green innovation and sustainable growth.




Greenhouse Gas Emissions	Unit	Total	Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC
Scope 1	tCO <sub>2</sub> e	1,488.83	0	1,467.98	10.21	10.64
Scope 2	tCO <sub>2</sub> e	41,332.30	1,051.73	10,358.54	14,320.14	15,601.89
Scope 3 (Upstream)	tCO <sub>2</sub> e	266,449.20	54.59	91.79	333.08	265,989.74
Scope 3 (Downstream)	tCO <sub>2</sub> e	230,785.00	10.96	1,899.50	1,351.30	227,533.24

Greenhouse Gas Emissions Data

## Energy Management

### Energy Policies, Goals, and Planning



Energy Consumption	Unit	Total	Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC
Electricity Consumption	kWh	73,881,356	1,888,876	18,603,700	25,718,634	27,670,146
Thermal Energy	GJ	0	0	0	0	0
Steam	m <sup>3</sup>	91,861	0	8,120	33,212	50,529
Natural Gas	m <sup>3</sup>	912,910	0	44,978	181,959	685,973
LNG	m <sup>3</sup>	0	0	0	0	0
Gasoline	L	19,924	6,680	5,324	2,600	5,320
Diesel	L	24,451	0	4,583	5,600	14,268
Lubricants	L	250	0	200	0	50
LPG	kg	600	0	600	0	0

Energy Consumption data

The Company has established a comprehensive energy management framework, including the *Energy Management Procedures*, the *Energy Management Policy*, and the *Energy Usage Management Regulations*, aimed at reducing energy consumption and improving energy efficiency in compliance with national regulations. Lanzhou CHEMSPEC adopts a four-level energy management structure—at the Company, department, workshop, and team levels. An energy management leadership team is responsible for strategic decisions, while primary production managers at each level serve as responsible persons for energy oversight, forming a comprehensive management network.

## Water Resource Management

The Company consumed a total of 530,380.00 tons of water in the reporting period. In response, it actively pursues innovation in water resource management and wastewater treatment. Through condensate recovery, closed-loop cooling water systems, and efficient wastewater treatment, the Company has significantly improved water efficiency, reduced energy consumption and costs, and ensured compliant discharge to protect the environment—highlighting its commitment to green production and sustainable development.

### Water-Saving Goals and Practices

By implementing strategies such as condensate recovery and closed-loop water reuse, the Company has improved water efficiency and reduced emissions—showcasing innovation and responsibility in water management and serving as a model of green production and circular economy.

Case

### Condensate Recovery—Optimizing both Process and Efficiency



Condensate from steam pipelines in tank areas flows through rainwater drains into emergency water pipelines. With stormwater valves closed during dry weather, condensate is directed to the south-side emergency water tank. Once the tank reaches half capacity, the emergency water pump transfers the condensate to the wastewater treatment station via the sewage system, ensuring all condensate is reused, thereby maximizing resource utilization.



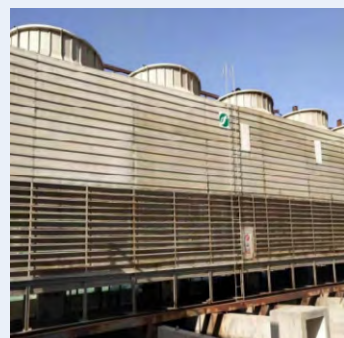
Condensate Recovery in Tank Areas

Case

### Closed-Loop Water Circulation—Efficiency and Sustainability



The Power Workshop supplies circulating water to various workshops for cooling purposes. Instead of being discharged after use, the water is returned to the cooling tower, where it is cooled through natural or mechanical means to remove accumulated heat. The cooled water then flows back into the circulation pool, ready for reuse. This closed-loop system not only improves water efficiency and reduces fresh water consumption, but also prevents the waste and environmental impact commonly associated with open-loop systems. It effectively lowers production costs and reflects the Company's strong commitment to water conservation and sustainable development.



Cooling Tower Water Circulation System

## Energy Conservation and Emission Reduction

The Company actively promotes energy conservation through innovative practices. Projects include converting diesel-fired thermal oil heaters to natural gas, adding built-in filters in reactors to improve kinetic efficiency, and reusing condensate heat from steam. These measures significantly cut costs and emissions, reflecting the Company's firm commitment to sustainability and offering valuable insights for the industry.

Case

### Natural Gas Conversion for Thermal Oil Heaters



The Company carried out a technical upgrade of its thermal oil heaters, switching from diesel to natural gas heating. First, three units in the thermal oil heater room— TOF101, TOF102, and TOF103— were modified accordingly. Following the upgrade, these thermal oil heaters were transformed into energy-saving equipment, which not only reduced energy consumption but also contributed to environmental protection. Before the upgrade, each heater consumed approximately 1,000 liters of diesel during 24 hours of operation. After the conversion, the same duration of operation requires about 1,300 cubic meters of natural gas. This transformation has effectively lowered operational costs while promoting greener production.



Natural Gas Upgrade for Thermal Oil Heaters

Case

### Built-In Filters for Energy Efficiency



To reduce kinetic energy loss and protect the environment, the Company installed built-in filters in its reactors. In Workshop 4, built-in filters were added to reactors R4425A/ B to improve energy utilization efficiency. This reduced reliance on external filters or centrifuges, shortened operation time, and minimized odor diffusion—benefiting both the environment and staff well-being.



Built-In Reactor Filters



Case

### Steam Condensate Heat Recovery

To make full use of steam waste heat, Lanzhou CHEMSPEC implemented a steam condensate heat recovery project in Workshop 3. First, the steam condensate generated after steam usage in Workshop 3 was collected into a hot water tank, V3110. The collected hot water, with a temperature of around 60°C, is then used for the insulation of alkali tanks V3401, V3402, and their associated pipelines, as well as for the insulation of the ammonia reactor R3301.



Steam Condensate Heat Recovery



### Green Operation Practices



**Air Conditioning:** Set no lower than 26°C in summer and no higher than 20°C in winter. When using air conditioning, doors and windows should be closed. The air conditioning should be turned off when no one is in the room or when leaving, and before leaving for the day, it is encouraged to turn off the air conditioning 10 minutes in advance. This reduces energy consumption without affecting office work.



**Elevator Use:** Encourage stairs for 1–2 floor trips to reduce energy use.



**Lighting:** Maximize the use of natural light in offices. When there is sufficient daylight, strive to avoid using or partially using indoor lighting. In public areas such as corridors, hallways, and restrooms, the use of artificial lighting should be minimized to reduce energy consumption.



**Office Equipment:** Enable sleep mode when idle; turn off when not in use to save standby energy.



**Canteen:** Promote food conservation—take only as much as needed to avoid waste.

## Three Wastes Management

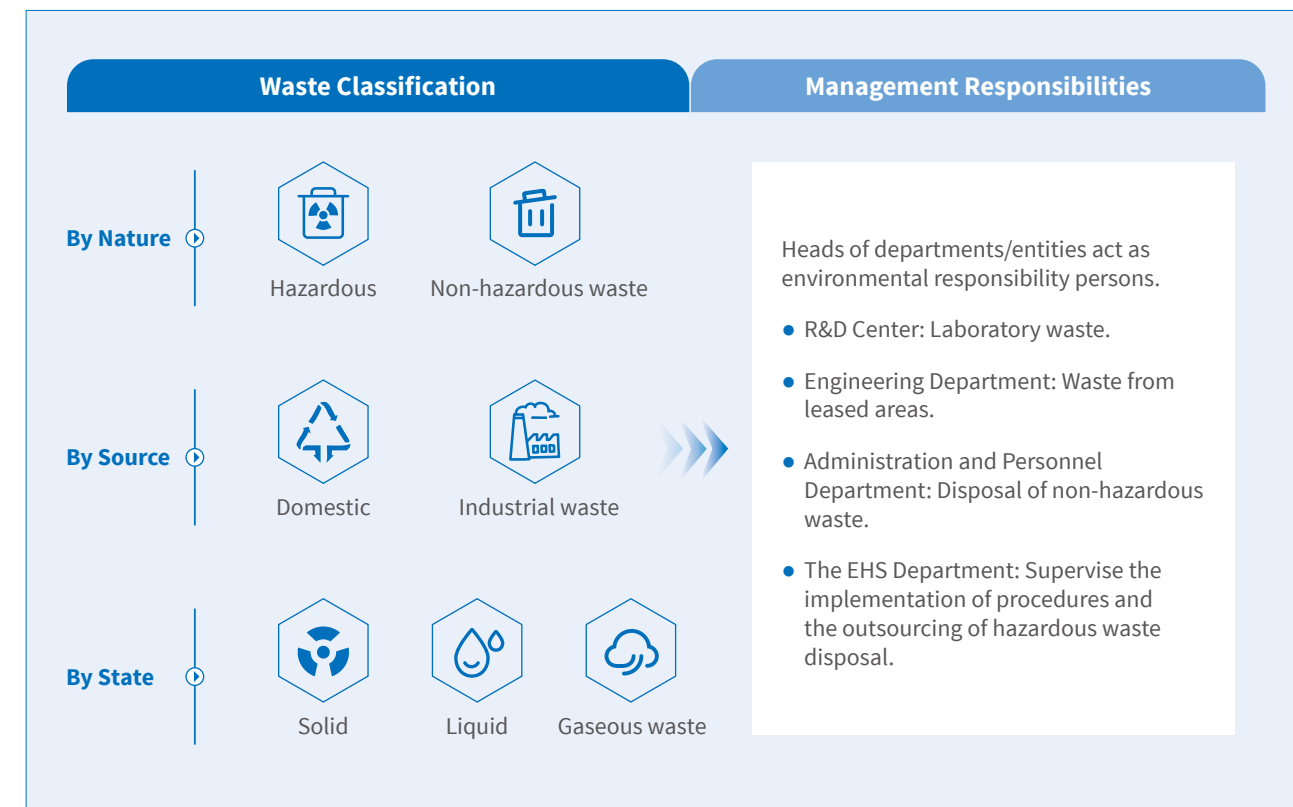
The Company has established a comprehensive waste management system with clearly defined classification standards and management responsibilities to strengthen environmental accountability and promote resource recycling. Covering the entire waste treatment process, the system ensures compliance and safety. Committed to pollution reduction, the Company adopts various measures to manage waste gas, wastewater, and solid waste, effectively preventing environmental pollution and reflecting a strong sense of environmental responsibility. Disclosed data on air emissions and waste output fully demonstrate the effectiveness of the Company's environmental management practices.

### System and Policies

The Company has developed a comprehensive and efficient waste management system with well-defined policies, featuring detailed classification of waste and clearly defined management responsibilities. The system covers the entire process from waste collection and transfer to disposal and hazardous waste storage, ensuring safe and effective handling. Through professional management, regulatory filings, personnel training, and emergency drills, the Company not only ensures compliance with applicable laws and regulations but also underscores its commitment to environmental protection.

### Management System

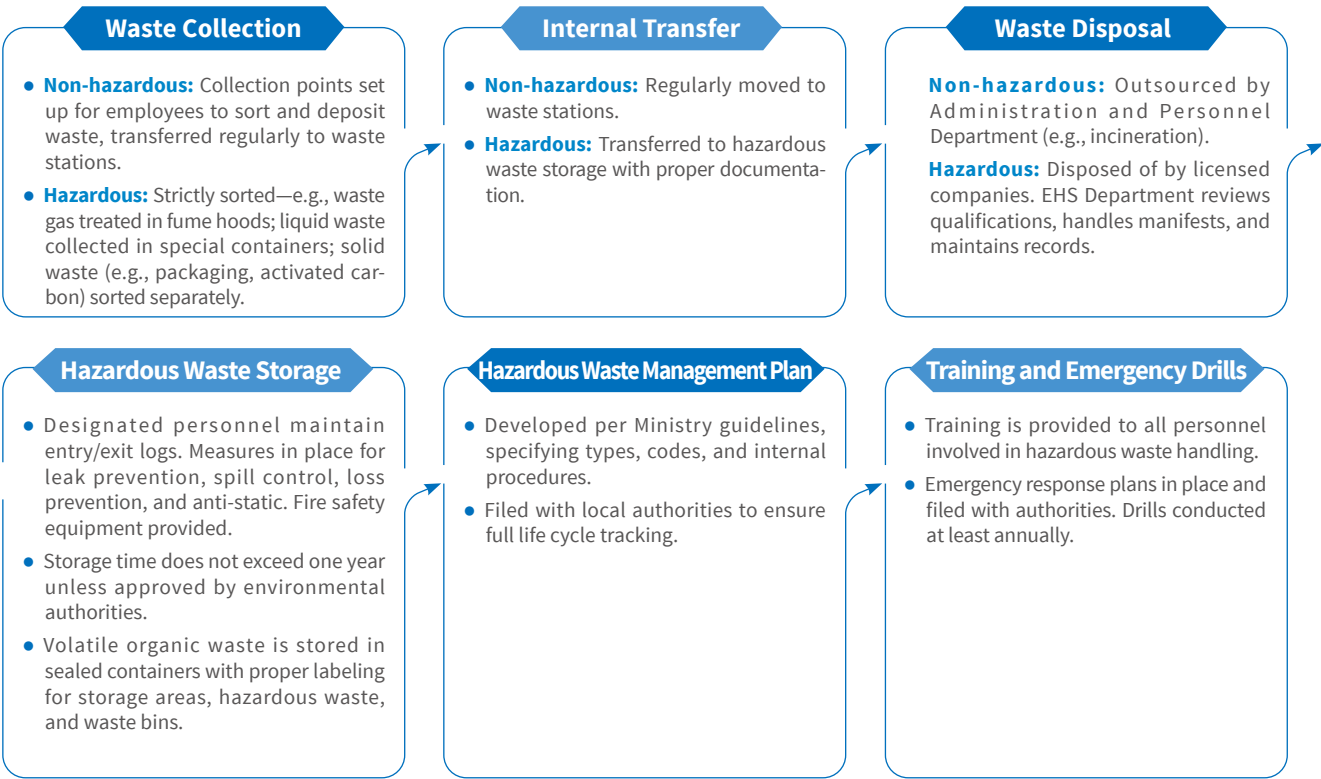
The waste management system classifies waste based on its nature, source system, and physical state, while defining the responsibilities of relevant departments. This system not only ensures effective waste handling and reinforces environmental accountability but also facilitates resource efficiency and supports the development of a circular economy.



Waste Classification and Management Responsibilities

Policies and Procedures

The Company's waste management policy covers the full process from waste collection to final disposal, including sorting and collection, internal transfer, professional disposal, and hazardous waste storage. With systematic controls, multiple layers of safeguards, regulatory filings, and staff training, the Company ensures efficient and compliant waste management, reflecting its environmental responsibilities.



Policies and Procedures

Measures and Effectiveness

The Company has implemented multiple measures to effectively manage waste gas, wastewater, and solid waste. Waste gas is treated via activated carbon adsorption before being discharged in compliance with standards; wastewater is strictly classified and handled by licensed third parties; and solid waste is stored safely and disposed of in accordance with regulations. These initiatives not only ensure lawful disposal but also effectively prevent environmental pollution, reflecting the Company's proactive stance on environmental protection.

Treatment Process

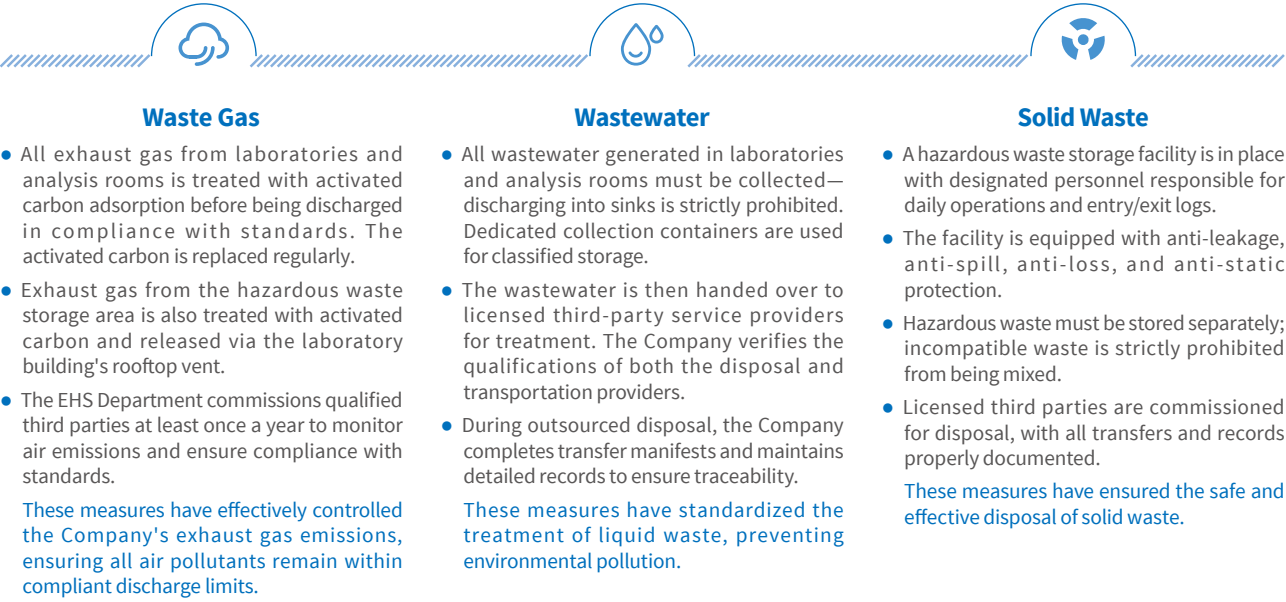
The Company's wastewater treatment station adopts an integrated process consisting of three main stages: source-specific pre-treatment, comprehensive pre-treatment, and high-efficiency biochemical treatment. This carefully designed process aims to minimize harmful substances in the wastewater. Through biological processes, it effectively removes organic matter, nitrogen, phosphorus, and other pollutants, ensuring that the treated effluent meets the industrial park's discharge standards for low-concentration wastewater. This protects the surrounding environment and fulfills the Company's commitment to sustainable development and environmental responsibility.

Source-specific Pre-treatment	Comprehensive Pre-treatment	High-efficiency Biochemical Treatment
<b>High-salinity wastewater:</b> Treated with "Sequencing Batch Fenton Oxidation + Plate and Frame Filtration + MVR". <b>High-concentration wastewater:</b> Treated with "Catalytic Micro-electrolysis + Fenton + Coagulation and Sedimentation". <b>Low-concentration wastewater:</b> Pre-treated using a "Coagulation and Sedimentation" process.	<b>Target:</b> Wastewater pretreated by source-specific processes (excluding low-concentration wastewater). <b>Process:</b> Comprehensive pre-treatment using a "catalytic ozonation" process.	<b>Target:</b> Wastewater from comprehensive pre-treatment and low-concentration wastewater from source-specific pre-treatment. <b>Process:</b> Biochemical treatment through a combination of "Composite Anaerobic Reactor + Hydrolysis Tank + Plug-flow Hydrolysis + Secondary A/O" process.

Integrated Treatment Process

Treatment Standards

The treated wastewater must meet the industrial park's discharge standards for low-concentration wastewater. Key indicators include pH, COD<sub>Cr</sub>, Total Nitrogen (TN), Ammonia Nitrogen, Fluoride (F<sup>-</sup>), Total Phosphorus (TP), and Suspended Solids (SS), with the following specific limits: pH: 6-9; COD<sub>Cr</sub>≤500 mg/L; TN≤70 mg/L; Ammonia Nitrogen≤45 mg/L; F<sup>-</sup>≤20 mg/L; TP≤5 mg/L; SS≤400 mg/L. Strict control of these indicators demonstrates the Company's strong environmental commitment and ensures that discharged water has minimal environmental impact, contributing to the ecological balance and public health of the park and surrounding areas.



Three Wastes Management Measures and Outcomes

Targets and Planning


The Company is committed to reducing pollutant emissions and waste generation through scientific management and advanced technologies, with the aim of promoting resource recovery and harmless treatment to protect the environment and human health. To this end, the Hazardous Waste Management Plan has been developed, which specifies the characteristics and handling processes of hazardous waste and lays out a comprehensive lifecycle management framework to ensure safe and controlled treatment.



Pollution and Waste Management Targets and Planning




Treatment Performance




Air Pollutant Emissions	Unit	Total	Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC
Total Waste Gas Emissions	m³	1,055,598,953.00	206,563.00	476,462,390.00	490,878,000.00	88,052,000.00
Particulate Matter	mg/m³	-	<1.0	-	0.43	4.82
Nitrogen Oxides	mg/m³	-	-	-	0.70	9.64
Sulfur Dioxide	mg/m³	-	-	-	0.97	2.80
VOCs	mg/m³	-	22.48	3.80	18.84	5.21

Air Pollutant Emissions Data



Waste Discharges	Unit	Total	Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC	API
Total General Solid Waste	Ton	881.40	694.60	-	30.00	156.80	
General Solid Waste Landfilled	Ton	-	-	-	-	-	
General Solid Waste Incinerated	Ton	881.40	694.60	-	30.00	156.80	
General Solid Waste Recycled	Ton	-	-	-	-	-	
Total Hazardous Wastes	Ton	5,147.50	36.48	170.68	366.72	4,573.62	11.00
Hazardous Waste Landfilled	Ton	2,948.13	-	-	-	2,948.13	
Hazardous Waste Incinerated	Ton	2,199.11	36.48	170.43	366.72	1,625.49	11.00
Hazardous Waste Recycled	Ton	-	-	-	-	-	


Waste Discharges Data




Water Pollutant Discharges	Unit	Total	Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC
Total Wastewater Discharge	m³	296,104.70	14,807.70	120,471.00	84,996.00	75,830.00
Chemical Oxygen Demand (COD <sub>Cr</sub> )	mg/L	-	413.00	163.24	50.00	215.40
Ammonia Nitrogen (NH <sub>3</sub> -N)	mg/L	-	-	15.77	5.00	6.85
Total Phosphorus (TP)	mg/L	-	-	0.41	0.5	2.09
Total Nitrogen (TN)	mg/L	-	27.50	23.29	15.00	30.58

Water Pollutant Discharges Data

Table of Key Performance Indicators (KPIs)



Environmental Performance						
KPIs	Unit	2024				
Greenhouse Gas Emission		Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC	
Scope 1 Emissions	tCO <sub>2</sub> e	0.00	1,467.98	10.21	10.64	
Scope 2 Emissions	tCO <sub>2</sub> e	1,051.73	10,358.54	14,320.14	15,601.89	
Scope 3 (Upstream)	tCO <sub>2</sub> e	54.59	91.79	333.08	265,989.74	
Scope 3 (Downstream)	tCO <sub>2</sub> e	10.96	1,889.50	1,351.30	227,533.24	
Waste Management		Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC	API
Total General Solid Waste	Ton	694.60	-	30.00	156.80	
General Solid Waste Landfilled	Ton	-	-	-	-	
General Solid Waste Incinerated	Ton	694.60	-	30.00	156.80	
General Solid Waste Recycled	Ton	-	-	-	-	
Total Hazardous Wastes	Ton	36.48	170.68	366.72	4,573.62	11.00
Hazardous Waste Landfilled	Ton	-	-	-	2,948.13	
Hazardous Waste Incinerated	Ton	36.48	170.43	366.72	1,625.49	11.00
Hazardous Waste Recycled	Ton	-	-	-	-	
Air Pollutants		Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC	
Total Waste Gas Emissions	m <sup>3</sup>	206,563.00	476,462,390.00	490,878,000.00	88,052,000.00	
Particulate Matter	mg/m <sup>3</sup>	<1.0	-	0.43	4.82	
Nitrogen Oxides	mg/m <sup>3</sup>	-	-	0.70	9.64	
Sulfur Dioxide	mg/m <sup>3</sup>	-	-	0.97	2.80	
VOCs	mg/m <sup>3</sup>	22.48	3.80	18.84	5.21	
Water Pollutants		Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC	
Total Wastewater Discharge	m <sup>3</sup>	14,807.70	120,471.00	84,996.00	75,830.00	
Chemical Oxygen Demand (COD <sub>Cr</sub> )	mg/L	413.00	163.24	50.00	215.40	
Ammonia Nitrogen (NH <sub>3</sub> -N)	mg/L	-	15.77	5.00	6.85	
Total Phosphorus (TP)	mg/L	-	0.41	0.50	2.09	
Total Nitrogen (TN)	mg/L	27.50	23.29	15.00	30.58	
Energy Consumption		Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC	
Electricity Consumption	kWh	1,888,876.00	18,603,700.00	25,718,634.00	27,670,146.00	
Heat	GJ	0.00	0.00	0.00	0.00	
Steam	m <sup>3</sup>	0.00	8,120.00	33,212.00	50,529.00	

Social Performance								
KPIs		2024						
			Persons	Percentage (%)				
Total Number of Employees			992	100.00				
By Gender	Male		786	79.23				
	Female		206	20.77				
By Age	Under 30		152	15.32				
	30-50		715	72.08				
	Over 50		125	12.60				
By Ethnicity	Han		981	98.89				
	Minority		11	1.11				
KPIs		Unit	2024					
Employee Turnover	Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC	API	Shanghai CHEMSPEC ENVI-TECH	Lanzhou CHEMSPEC Silicon Materials	
Total Employee Turnover	Persons	24	25	48	83	3	0	
Employee Turnover Rate	%	15.58	9.50	13.99	21.60	21.43	0	
KPIs		Unit	2024					
Employee Health and Safety			Headquarters	Shanghai Wansu	Quzhou CHEMSPEC	Lanzhou CHEMSPEC		
Number of Work-related Fatalities		Persons	0	0	3	0		
Work-related Fatality Rate		%	0	0	1.02	0		
Lost Workdays Due to Occupational Injuries		Days	0	0	44	0		
Employee Training and Development								
Total Training Sessions Conducted		Sessions	42.00	850.00	115.00	23.00		
Average Training Duration		Hours	22.12	189.00	23.47	2.30		

Governance Performance		
KPIs	Unit	2024
Board of Directors		
Total Number of Directors	Persons	7
Number of Female Directors	Persons	1
Proportion of Female Directors	%	14.29
Number of Independent Non-executive Directors	Persons	3
Proportion of Independent Non-executive Directors	%	42.86
Number of Board Meetings Held	Sessions	8
Number of Proposals Reviewed at Board Meetings	Items	44
Board of Supervisors		
Number of Supervisors	Persons	3
Number of Employee Representatives on the Board of Supervisors	Persons	1
Number of Supervisor Meetings Held	Sessions	7
Number of Proposals Reviewed by the Board of Supervisors	Items	22
Shareholders' Meeting		
Number of Meetings Held	Sessions	5
Number of Proposals Reviewed	Items	17



## GRI Benchmarking Indicators

Statement of Use	CHEMSPEC has reported the information cited in this GRI content index for the period from January 1, 2024 to December 31, 2024 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

GRI STANDARD	Disclosure	Chapter
GRI 2: General Disclosures 2021		
2-1	Organizational details	About CHEMSPEC
2-2	Entities included in the organization's sustainability reporting	About CHEMSPEC
2-3	Reporting period, frequency and contact point	About This Report
2-4	Restatements of information	/
2-5	External assurance	/
2-6	Activities, value chain and other business relationships	About CHEMSPEC
2-7	Employees	Effective Talent Utilization
2-8	Workers who are not employees	Effective Talent Utilization
2-9	Governance structure and composition	Operations of the Three Committees
2-10	Nomination and selection of the highest governance body	Operations of the Three Committees
2-11	Chair of the highest governance body	Operations of the Three Committees
2-12	Role of the highest governance body in overseeing the management of impacts	ESG Management
2-13	Delegation of responsibility for managing impacts	ESG Management
2-14	Role of the highest governance body in sustainability reporting	ESG Management
2-15	Conflicts of interest	/
2-16	Communication of critical concerns	ESG Management
2-17	Collective knowledge of the highest governance body	Business Ethics
2-18	Evaluation of the performance of the highest governance body	Effective Talent Utilization
2-19	Remuneration policies	Effective Talent Utilization
2-20	Process to determine remuneration	/
2-21	Annual total compensation ratio	/
2-22	Statement on sustainable development strategy	ESG Management
2-23	Policy commitments	ESG Management
2-24	Embedding policy commitments	ESG Management

GRI STANDARD	Disclosure	Chapter
2-25	Processes to remediate negative impacts	/
2-26	Mechanisms for seeking advice and raising concerns	ESG Management
2-27	Compliance with laws and regulations	Compliance and Risk Management
2-28	Membership associations	About CHEMSPEC
2-29	Approach to stakeholder engagement	ESG Management
2-30	Collective bargaining agreements	Effective Talent Utilization
GRI 3: Material Topics 2021		
3-1	Process to determine material topics	ESG Management
3-2	List of material topics	ESG Management
3-3	Management of material topics	ESG Management
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	/
201-2	Financial implications and other risks and opportunities due to climate change	/
201-3	Defined benefit plan obligations and other retirement plans	/
201-4	Financial assistance received from government	/
GRI 202: Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	/
202-2	Proportion of senior management hired from the local community	/
GRI 203: Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	/
203-2	Significant indirect economic impacts	Quality and Service
GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	Supply Chain Management
GRI 205: Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	/
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics
205-3	Confirmed incidents of corruption and actions taken	/
GRI 206: Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	/
GRI 207: Tax 2019		
207-1	Approach to tax	Compliance and Risk Management

GRI STANDARD	Disclosure	Chapter
207-2	Tax governance, control, and risk management	Compliance and Risk Management
207-3	Stakeholder engagement and management of concerns related to tax	/
207-4	Country-by-country reporting	/
<b>GRI 301: Materials 2016</b>		
301-1	Materials used by weight or volume	Three Wastes Management
301-2	Recycled input materials used	Three Wastes Management
301-3	Reclaimed products and their packaging materials	Three Wastes Management
<b>GRI 302: Energy 2016</b>		
302-1	Energy consumption within the organization	Sustainable Production
302-2	Energy consumption outside of the organization	/
302-3	Energy intensity	Sustainable Production
302-4	Reduction of energy consumption	Sustainable Production
302-5	Reductions in energy requirements of products and services	Sustainable Production
<b>GRI 303: Water and Effluents 2018</b>		
303-1	Interactions with water as a shared resource	/
303-2	Management of water discharge-related impacts	Sustainable Production
303-3	Water withdrawal	/
303-4	Water discharge	/
303-5	Water consumption	Sustainable Production
<b>GRI 304: Biodiversity 2016</b>		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	/
304-2	Significant impacts of activities, products and services on biodiversity	/
304-3	Habitats protected or restored	/
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	/
<b>GRI 305: Emissions 2016</b>		
305-1	Direct (Scope 1) GHG emissions	Sustainable Production
305-2	Energy indirect (Scope 2) GHG emissions	Sustainable Production
305-3	Other indirect (Scope 3) GHG emissions	Sustainable Production
305-4	GHG emissions intensity	Sustainable Production
305-5	Reduction of GHG emissions	Sustainable Production
305-6	Emissions of ozone-depleting substances (ODS)	Sustainable Production

GRI STANDARD	Disclosure	Chapter
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Sustainable Production
<b>GRI 306: Waste 2020</b>		
306-1	Waste generation and significant waste-related impacts	Three Wastes Management
306-2	Management of significant waste-related impacts	Three Wastes Management
306-3	Waste generated	Three Wastes Management
306-4	Waste diverted from disposal	Three Wastes Management
306-5	Waste directed to disposal	Three Wastes Management
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
308-1	New suppliers that were screened using environmental criteria	Supply Chain Management
308-2	Negative environmental impacts in the supply chain and actions taken	Supply Chain Management
<b>GRI 401: Employment 2016</b>		
401-1	New employee hires and employee turnover	Effective Talent Utilization
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Effective Talent Utilization
401-3	Parental leave	Effective Talent Utilization
<b>GRI 402: Labor/Management Relations 2016</b>		
402-1	Minimum notice periods regarding operational changes	/
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-1	Occupational health and safety management system	Safety in Production
403-2	Hazard identification, risk assessment, and incident investigation	Safety in Production
403-3	Occupational health services	Safety in Production
403-4	Worker participation, consultation, and communication on occupational health and safety	Safety in Production
403-5	Worker training on occupational health and safety	Safety in Production
403-6	Promotion of worker health	Safety in Production
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety in Production
403-8	Workers covered by an occupational health and safety management system	Safety in Production
403-9	Work-related injuries	Safety in Production
403-10	Work-related ill health	Safety in Production
<b>GRI 404: Training and Education 2016</b>		
404-1	Average hours of training per year per employee	Pursuit of Excellence
404-2	Programs for upgrading employee skills and transition assistance programs	Pursuit of Excellence
404-3	Percentage of employees receiving regular performance and career development reviews	Pursuit of Excellence



GRI STANDARD	Disclosure	Chapter
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Operations of the Three Committees
405-2	Ratio of basic salary and remuneration of women to men	/
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	/
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	/
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	/
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	/
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	/
GRI 411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	/
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	/
413-2	Operations with significant actual and potential negative impacts on local communities	/
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	Supply Chain Management
414-2	Negative social impacts in the supply chain and actions taken	/
GRI 415: Public Policy 2016		
415-1	Political contributions	/
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	Quality and Service
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	/
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	/
417-2	Incidents of non-compliance concerning product and service information and labeling	/
417-3	Incidents of non-compliance concerning marketing communications	/
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	/

## Independent Assurance and Statement of Opinion

### Independence and Capability

1. All the assurance team members of InFaith have no business relationship with Chemspec Corporationn that leads to conflicts of interest. The team of InFaith has performed this assurance work independently.
2. The assurance team of InFaith consists of experienced professionals in the industry. Relevant persons have received professional training on the GRI Standards issued by the Global Reporting Initiative, AA1000AS v3, ISO 14001, ISO 26000, SA 8000, EcoVadis global supply chain rating and other sustainability-related standards and have adequate understanding and practical experience in relevant international principles, evaluation systems and assurance standards.

### Assurance Statement

1. Chemspec Corporationn management shall be fully held accountable for the preparation and content of the Report. It is the responsibility of InFaith to conduct an assurance based on the scope as described herein, and to provide professional assurance opinions to the Report readers and stakeholders.
2. Based on the assurance scope limits, InFaith shall, in accordance with AA1000AS v3, conduct independent limited assurance and guarantee conclusion for the matters within the scope defined in the Report. In addition to providing independent assurance and making other statements of opinion on the facts of assurance under the conclusion, InFaith will not assume any legal or other liabilities for any inquiries for any other purposes, or for any other persons who read this Independent Assurance and Statement of Opinion.
3. If you have any questions about the contents contained herein or related matters, Chemspec Corporationn will reply in a lump sum.
4. In the event of any conflict or inconsistency between the Chinese version and the English version of this Independent Assurance and Statement of Opinion, the Chinese version shall prevail.

### Assurance Standard

InFaith adopts AA1000AS v3 type-2 medium assurance level, which includes Chemspec Corporationn's evaluation of the compliance situation and degree of the four AA1000AS v3 assurance principles, including inclusiveness, substantiality, responsiveness and impact.

### Assurance Scope

1. The assurance scope is limited to the information and data of Chemspec Corporationn and its affiliated companies covered by the Report, excluding the data and information of Chemspec Corporationn suppliers, contractors and other third parties.
2. InFaith adopts AA1000AS v3 type-2 medium assurance level to evaluate Chemspec Corporationn's compliance nature and degree of the four assurance principles in AA1000AS v3.
3. Chemspec Corporationn and InFaith have reached an agreement to select specific performance information in the Report as part of the assurance contents. The selected specific performance indicators are as follows:

Total Water Consumption	Electricity Consumption	Total Employee Turnover
Total Environmental Investment	Total Number of Employees	Number of Patent

### Assurance Process and Work

In order to gather evidence relevant to the formation of the conclusion, InFaith has done the following work:

1. Had interviews with the management team and employees of Chemspec Corporationn, to understand the overall situation and relevant processes of the fulfillment of its environmental, social and governance responsibilities.
2. Verified key developments and policy implementation of the relevant Chemspec Corporationn's organizations and reviewed supporting evidence for the claims made in the Report.
3. Through the interviews and the assurance of relevant documents, learned about Chemspec Corporationn's main stakeholders and their expectations and demands, the specific communication channels between both parties, and how Chemspec Corporationn responds to their expectations and demands.

4. Selected the relevant part of environmental, social and governance information in this Report, performed analytical assurance procedures for such information, confirmed the overall performance situation, and evaluated and verified whether the contents of the Report are complied with.
5. Verified the process management of the principles of inclusiveness, substantiality, responsiveness and impact in the Report and its related AA1000 to confirm the appropriateness of this Statement.
6. Sampled inspection on supporting evidence of data reliability and quality of selected specific performance information.
7. Recalculated and verified the selected specific performance information.
8. Performed other procedures that we deemed necessary.

Assurance Conclusions

1. According to the information provided by Chemspec Corporationnn and the sample test, there is no material misrepresentation in the Report.
2. For the principles of inclusiveness, substantiality, responsiveness and impact included in AA1000AS v3, the detailed assurance conclusions are as follows

Inclusivity	Chemspec Corporationnn has announced major topics that will have substantial influence and impact on the evaluation, decision making, actions and performance of the organization and its stakeholders, and judged and improved the management and performance of the issues.
Materiality	Chemspec Corporationnn has announced significant topics that have a substantial impact and influence on the organization and its stakeholders' assessments, decisions making, actions, and performance. The company has also conducted judgments and improvements on the management and performance of these topics.
Responsiveness	Chemspec Corporationnn has implemented relevant policies, and is able to respond to issues that concern the stakeholders in a timely manner.
Impact	Chemspec Corporationnn has the adequate ability to identify substantive issues. It has implemented balanced and effective evaluation and disclosure methods, and has established a systematic process for monitoring, measurement, evaluation and management impact, so as to achieve more efficient management of decision-making and results within the organization, and demonstrate the impact of the substantive issues in an impartial and objective manner.

3. Based on the procedures implemented and the evidence obtained by InFaith, we have found nothing that causes us to doubt the reliability and quality of the specific performance indicators selected in the Report.

Limitation

The assurance process was carried out at the location within the scope of the Report. Because there is no internationally recognized and commonly used standard for the evaluation and measurement of non-financial information, the application of different but acceptable information and measurement technologies may affect the comparability with other institutions.

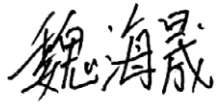
If you have any advice for this Independent Assurance and Statement of Opinion, you may contact:

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For and on behalf of InFaith Group  
Shanghai, March 2025

Readers' Feedback Form

Dear Readers,

Thank you for reading the *CHEMSPEC 2024 Environmental, Social and Governance (ESG) Report*. To provide you and other stakeholders with more professional and valuable corporate ESG information, we kindly ask for your assistance in completing this feedback form. Your responses will help us further improve our ESG efforts in the future.

Multiple-choice Questions (Please mark "√" in the appropriate box)

1. Your relationship with CHEMSPEC:  
☐ Employee   ☐ Customer   ☐ Supplier   ☐ Regulatory Agency   ☐ Media   ☐ Others (Please specify)
2. Your overall evaluation of this report:  
☐ Excellent   ☐ Good   ☐ Average   ☐ Poor   ☐ Very Poor
3. The quality of the content in this report is:  
☐ Very High   ☐ High   ☐ Average   ☐ Low   ☐ Very Low
4. The structure of this report is:  
☐ Very Reasonable   ☐ Fairly Reasonable   ☐ Average   ☐ Poor   ☐ Very Poor
5. The layout design and presentation of this report are:  
☐ Excellent   ☐ Good   ☐ Average   ☐ Poor   ☐ Very Poor
6. How would you rate our overall performance on environmental issues?  
☐ Excellent   ☐ Good   ☐ Average   ☐ Poor   ☐ Very Poor
7. How would you rate our overall performance on social issues?  
☐ Excellent   ☐ Good   ☐ Average   ☐ Poor   ☐ Very Poor
8. How would you rate our overall performance on governance issues?  
☐ Excellent   ☐ Good   ☐ Average   ☐ Poor   ☐ Very Poor

Open-ended Questions:

1. What additional information would you like to see disclosed in future reports?
2. Do you have any comments or suggestions regarding our ESG work?

Please provide your contact information if it is convenient:

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Contact Number:

Our Contact Information: ir@chemspec.com.cn



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