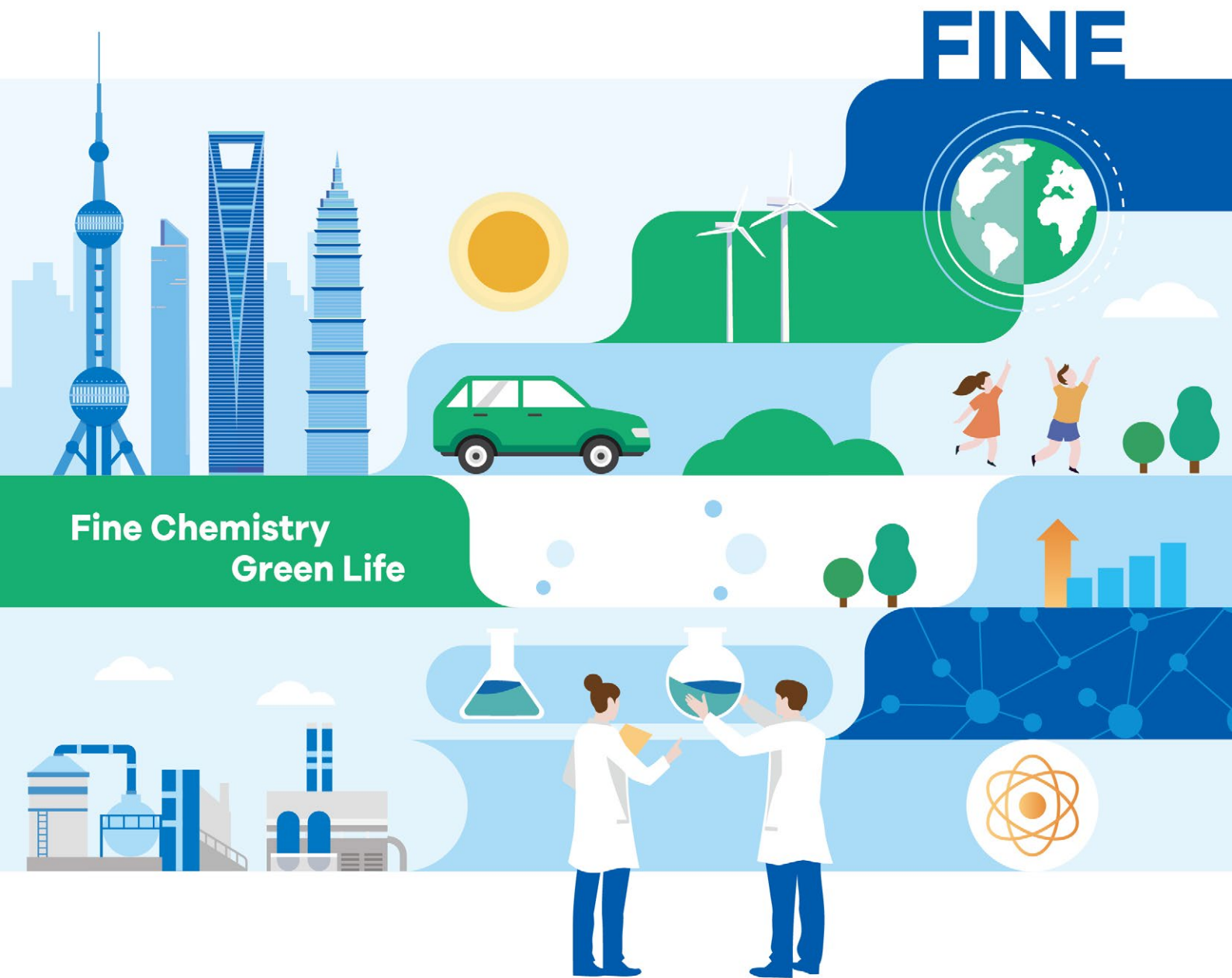


2020 SUSTAINABILITY REPORT

FINE



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Chairman's Address



Fine Chemistry, Green Life

2020 marks the year to finish building a moderately prosperous society in all regards, the final year of the 13th Five-Year Plan, and the 70th anniversary of the founding of Sinochem Group. As the flagship enterprise of Sinochem Group's chemical business, Sinochem International remains committed to its strategy of becoming an innovative fine chemical enterprise driven by technology, and has stepped up practical efforts in its industrial layout. Following the principle of sustainability, Sinochem International has made breakthroughs in corporate development to fulfill win-win development of economy, environment, and society.

This year, we have systematically improved the long-term mechanism of sustainability by setting up a scientific and quantitative evaluation system, creating a unique highlight of Sinochem International in the field of sustainability. At the board level, we have set up the Sustainable Development Committee and released six sustainability policies, formulating 41 annual promotion plans regarding information disclosure, ESG management, indicator management, and brand value. Guided by Sinochem Group's "Four Elements of Enterprise Value" theory, we have developed a quantitative ESG evaluation system to better measure the effectiveness of sustainability management, identify management gaps behind the indicators, learn advanced management approaches and best practices, and continuously shape our ESG competitiveness.

This year, faced with the risks and challenges brought by climate change, we were active in responding to the changes of national policies by incorporating energy management improvement and climate change into our operation and management. We have been upgrading product structure, developing and improving green processes, increasing innovation investment and efforts in areas including energy substitution, optimization and cascade utilization, process improvement, equipment upgrading, and production optimization. At the same time, we have promoted the comprehensive resources recycling during the production process, reduced energy consumption, and carried out actions to cut carbon emission. Compared with 2019, Sinochem International reduced its carbon dioxide emissions by 220,000 tons in 2020.

YANG HUA
Chairman



This year, in the face of the COVID-19 pandemic and the changes in the global situation, we maintained our tenacity, shared growth with shareholders, customers, employees, and other stakeholders in unprecedented close cooperation, and delivered new achievements in many fields. Based on the opportunities of industry development and transformation, we provided customers with green and innovative products and solutions; we also fully implemented HSE management, continuously promoted the construction of "Five Star Plant", and ensured the health of employees and the safety of plants; we attached importance to employees' dreams, boldly reformed the mechanism of talent selection and employment, and improved the multi-level talent training system to create an equal, inclusive and diversified enterprise atmosphere; we actively fulfilled our social responsibilities, strove to ensure the supply of national disinfection and anti-pandemic materials during the pandemic, intensified targeted poverty alleviation, and made positive contributions to helping China win the fight against poverty and comprehensively build a well-off society.

Through its outstanding performance in sustainability, Sinochem International ranked 4th with Grade A among the Top 50 Best ESG Listed Companies in China Petrochemical Industry in 2020. At the same time, the Company was granted the "Award for Annual Outstanding Responsible Enterprise" by *Southern Weekly*, the "Best CSR Award" in ESG Golden Responsibility Award by Sina Finance, and "Role Model of COVID-19 Prevention and Control" by China Petroleum and Chemical Industry Federation (CPCIF). In 2020, we also passed the third-party CSR evaluation by EcoVadis and received the Bronze Medal rating.

As time goes by, we keep moving on under the guidance of our vision. Guided by China's 14th Five-Year Plan, Sinochem International is poised to further implement industrial upgrading with innovation-driven strategies, promote a dual-cycle development pattern, and step up sustainability efforts. In 2021, we will firmly grasp the historical opportunity of the transformation and upgrading of the chemical industry along with the restructuring of Sinochem and ChemChina, and take reform and innovation as our fundamental driving force. Together with our stakeholders, we will explore sustainable methods to meet global challenges, and strive to become a model of sustainable development for world-class fine chemical enterprises.

About Sinochem International

Company Profile

Sinochem International is a large-scale state-owned listed corporation of global prominence (stock code: 600500.SH) with core competitiveness in intermediates, advanced materials, polymer additives, and natural rubber, delivering products and services to over 100 countries and regions. Since its public listing on the Shanghai Stock Exchange in 2000, Sinochem International has been ranking within the Top 100 Listed Chinese Enterprises of *Fortune* magazine for several years. It has been giving back to shareholders and society with outstanding performance, and has earned honors and awards including the first place in the Top 100 Listed Chinese Companies with Best Management, Best Board of Directors, and Most Respected Listed Chinese Company.

With the corporate vision of "Fine Chemistry, Green Life", the Company is actively innovating technologies, mechanisms, and modes in the area of new energy and advanced materials to cultivate new growth momentum. We are committed to establishing a world-class innovative fine chemical enterprise.

Sinochem Group, the controlling party of Sinochem International, has been listed among the *Fortune* 500 companies 30 times, and ranked 109th in 2020. It was rated as "the Most Admired Company in the World" by *Fortune* magazine for two consecutive years. In the performance appraisal of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC), Sinochem Group was rated Grade A 15 times.

To find out more,
please visit our website

www.sinochemintl.com



Corporate Vision

Fine Chemistry, Green Life. The Company takes safety, environmental protection, and occupational health as its social responsibility, aims to build a leading innovative fine chemical enterprise in China, and unswervingly promotes the innovative development and industrial upgrading of China's fine chemical industry.

Corporate Mission

To become a China-based innovative leader in the fine chemistry industry with a global presence, a provider of innovative, high-quality green products as well as integrated solutions in new energy and advanced materials sectors, and a contributor to the growth of shareholders, employees, and customers.

Corporate Strategy

With the core value of "In Science We Trust", we implement an innovation-driven strategy, focus on the fine chemical industry with advanced chemical materials as the core by optimizing our portfolio of high-performance materials, intermediates and polymer additives, and vigorously develop lithium batteries and lithium battery materials in the sector of new energy. Leveraging Lianyungang Circular Economy Industrial Park and independent R&D breakthroughs in key technologies, we strive to build an innovative and industry-leading enterprise with a reasonable industrial structure and rich product portfolio in the fine chemical sector.



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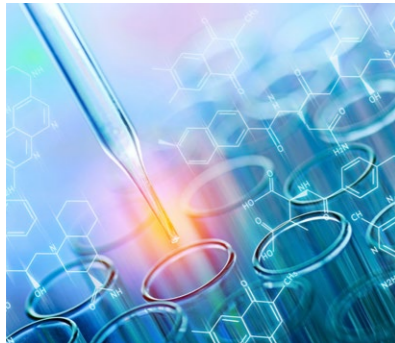
As an enterprise with a strong sense of mission in the new era, we firmly implement the concept of green development and focus on sustainability in the process of strategic business transformation, which is the only way to enhance our core competitiveness and achieve high-quality development.

LIU HONGSHENG
General Manager

”



Business Overview



Chemical Intermediates



Polymer Additives



Advanced Materials



New Energy



Pharmaceuticals and Healthcare



Natural Rubber

Yangnong Group

Yangnong Group has four well-equipped production bases in China, boasting a leading market position and global influence in aromatic hydrocarbon chlorobenzene series, epichlorohydrin, and more

Sinochem Hebei

With strengths in coal tar deep-processing, fine chemical intermediates, and functional new materials, Sinochem Hebei keeps extending the industrial chain to enrich its portfolio through the integrated development of research, production, and marketing. It has formed differentiation-based competitive advantages in the field of fine chemicals

Sennics

Sennics has a number of R&D centers and production bases in China, producing rubber antioxidants, vulcanizing agents, vulcanization accelerators, nitrobenzene, etc. Its business covers more than 50 countries and regions as its sales network extends to Europe, North America, and Southeast Asia

Sinochem Memtech

Sinochem (Ningbo) RO Memtech

Membrane Materials

Sinochem High-Performance Fiber Materials

High-Performance Fiber Materials

Sinochem Plastics
ELIX Polymers S.L.

Lightweight Materials

Through the rapid development of high-performance fibers and composites, such as aramid fiber and high-strength polyethylene, Sinochem International has established a world-leading position in the lightweight automotive industry with lightweight materials and high-performance fibers. Meanwhile, the Company has also entered the membrane industry through the R&D and production of reverse osmosis membranes

Jun Sheng New Energy

Sinochem (Yangzhou) Lithium Battery Technology

Power Battery

Sinochem (Ningxia) Lithium Battery Materials

Lithium Battery Materials

Sinochem (Hebei) Lithium Battery Technology

Lithium Battery Recycling

Our new energy business focuses on lithium batteries and battery materials. The Company runs production bases in Huai'an (Jiangsu) and Zhongwei (Ningxia). At the same time, leveraging Sinochem's industrial chains, the Company has quickly gained a presence in cascade utilization of batteries, quick charging, battery recycling, and other critical businesses to create a new energy ecosystem

Sinochem Health

Sinochem Health operates in the field of research, production, and sales of pharmaceuticals and healthcare products, boasting unique competitiveness in product innovation, large-scale manufacturing, product distribution, and foreign trade. It is a leading R&D, production, and sales service provider in segment markets like medical apparatus and instruments, nutritional ingredients, food additives, and medicine

Halcyon Agri Corporation Limited

Our business covers natural rubber planting, processing, marketing, and the research, production, and value-added services of rubber chemicals. Halcyon Agri has established a global presence in China, Southeast Asia, South Asia, Europe, Africa, and America. Now it has formed an integrated business model with upstream and downstream industrial chain operations

Note: In 2020, Sinochem International sold its agrochemical business and acquired Sinochem Fuding, Sinochem Xinbao, and Sinochem Fuheng under Sinochem Hebei, and its business scope has changed compared with 2019.

Performance Indicators



Note: 1. Unless otherwise specified, the currency used in this Report is RMB.

2. As the Company's business scope during the reporting period has changed compared with that in 2019, we have adjusted the operating data in 2019 according to the requirements of accounting standards for business enterprises.

^① ton of standard coal equivalent

Corporate Honors and Recognition



Sustainability Strategy and Management

Sinochem International has incorporated sustainability into its strategy. Bringing its industrial advantages into full play, the Company works with stakeholders to explore sustainable methods to meet global challenges, and strives to become a model of sustainable development for world-class fine chemical enterprises.

Sustainability Strategies

Sinochem International engraves sustainability into its strategic planning, production and operation. The Company has integrated the awareness of sustainable development into corporate culture, stays committed to reshaping corporate management to balance the value of economy, society and environment, and works to realize a shared and sustainable development of the Company and society.

Challenges and Opportunities

The chemical industry faces many challenges in cost, technology, process, management, and competition from alternative energy

Climate change has become a major global problem that profoundly affects economic development and the ecological environment. China has comprehensively formulated carbon emission peak and neutrality goals with improved green and low-carbon standards

As China's chemical industry is in an important period of strategic opportunities, it is necessary to intensify scientific research and strive to break through a number of core and key technologies

China vigorously promotes a cleaner energy structure, accelerates the elimination of backward production methods and outdated capacity, and encourages the development of recyclable green chemical products and clean and efficient processes

In the capital market, ESG investing has been continuously developed and improved

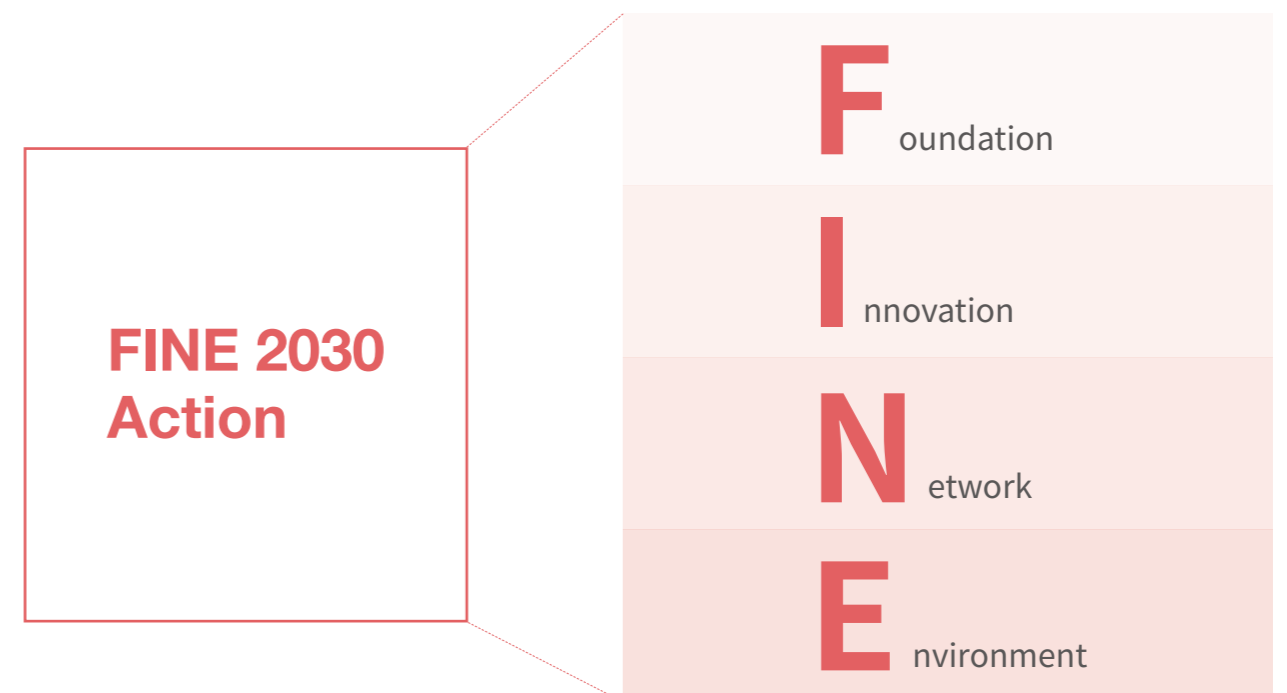
FINE 2030

Objective of Sustainability

To be a model of sustainable development for world-class fine chemical enterprises

Action of Sustainability: FINE 2030 Action

Based on the four action paths of "solid foundation", "technological innovation", "partnership network" and "green production", Sinochem International promotes the construction of sustainable development system, plans a sustainable circular industrial chain, vigorously researches and develops clean techniques and green products, promotes the construction of green manufacturing system, and calls on upstream and downstream partners to jointly promote sustainable development.



In 2020, Sinochem International released the Album of "FINE 2030 Action" to disclose the Company's sustainable development strategies, the initiatives and action map of "FINE 2030 Action" as well as its achievements in 2019.

Sustainability Management

Sinochem International continuously promotes construction of sustainability management systems, further incorporates sustainable developments into daily operation management, comprehensively upgrades sustainability management and practices, builds responsible brands in a planned and deployed way, and strives to build responsible competitiveness in line with sustainability.

Strengthening ESG Management

Sinochem International's Board of Directors attaches great importance to environmental, social, and corporate governance. The Board of Directors are responsible for drawing up sustainable development goals and plans, supervising the operation of the sustainable development system, conducting research and deliberation on improving the performance of the Company's sustainable development, providing suggestions, and supervising the implementation; strengthening the Company's decision-making supervision ability and managing employees' misconduct to avoid controversial disciplinary violations.



It is absolutely necessary to accelerate ESG stewardship for the better, and it needs to be done as soon as possible. We should not only integrate ESG into business decisions but also help our stakeholders including business partners and customers to raise ESG awareness. I hope we can work together to play a positive role in the long-term development of the Company through the promotion of ESG level.

YANG HUA
Chairman



Establishing the Sustainable Development Committee

- Established Sustainable Development Committee on the Board of Directors, with Chairman Yang Hua as the chairman of the committee, Director and General Manager Liu Hongsheng and Independent Director Xu Yongqian as members of the Committee. Approved the *Working Rules of Sinochem International Sustainable Development Committee* to strengthen the management capabilities in environmental, social and corporate governance
- Set up a Sustainable Development Task Force supported in execution by five special groups: HSE, Production & Operation, Community Communication, Employee Care, and Supply Chain



Issuing Six Sustainable Development Policies

- According to the Company's vision and mission, policies, management scope, and specific measures, the Company formulated and issued six sustainable development policies: Health, Safety and Environment (HSE), Energy Management and Climate Change, Water Resources Management, Labor and Human Rights, Anti-corruption and Anti-monopoly, so as to further promote the construction of sustainability systems through management policies and governance mechanism



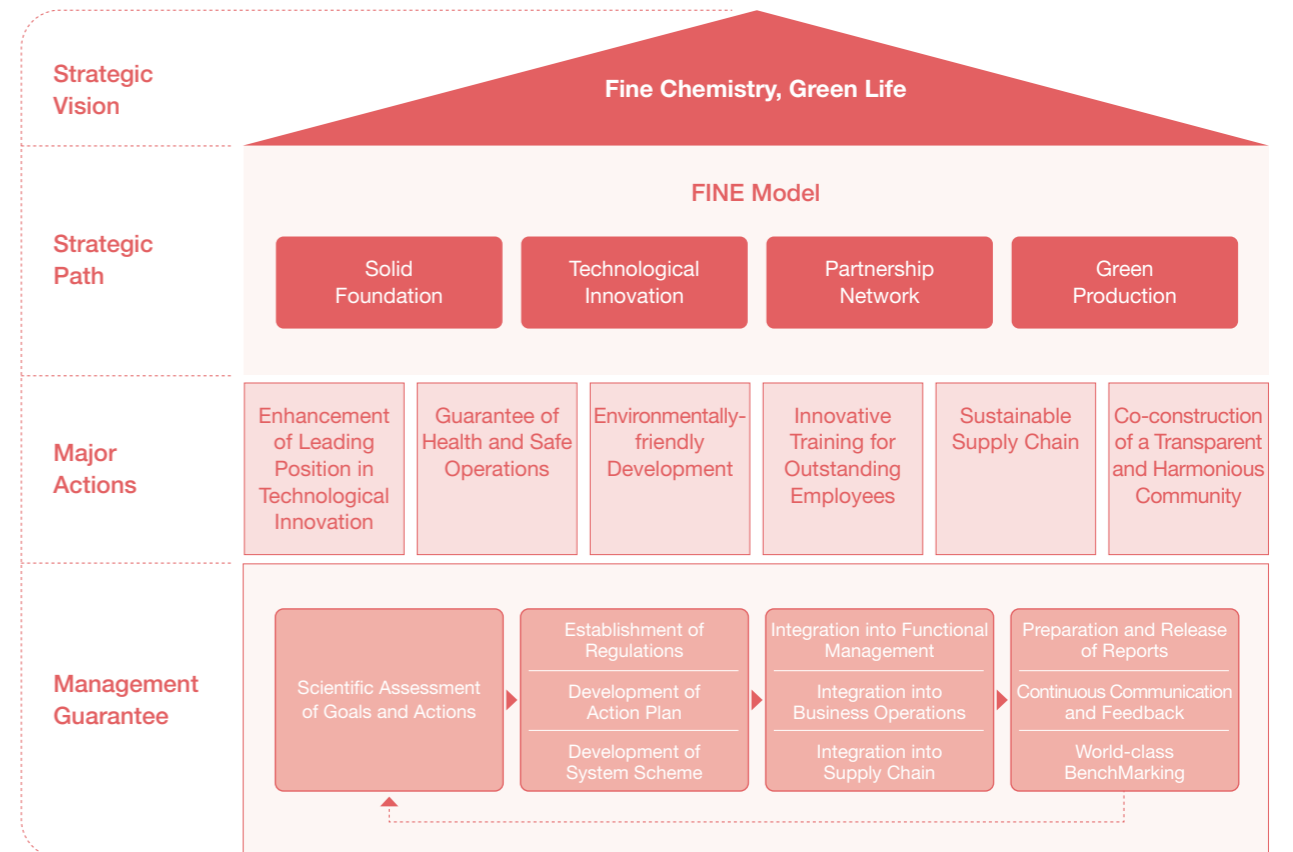
Developing 41 Action Plans

- Based on the Company's ESG rating report and the benchmarking analysis against excellent ESG practices at home and abroad, the Company formulated 41 sustainability promotion action plans from the aspects of ESG management, information disclosure, indicator management, and brand value to continuously build responsible competitiveness



Developing ESG Value Quantitative Evaluation System

- Guided by Sinochem Group's "Four Elements of Enterprise Value" theory, the Company has developed an ESG quantitative evaluation system to evaluate economic, social and environmental values through monetization to better measure the effectiveness of enterprise sustainable development management, identify management gaps behind the indicators and learn advanced management methods and best practices



Sustainable Management Action Map of Sinochem International

Sinochem International proactively responds to various sustainability initiatives of local governments, industries, domestic and international communities, and contributes to the sustainable development of all mankind through the in-depth implementation of corporate social responsibility.

Response to Sustainability Initiatives and Goals



- Responsible Care
- ICC Business Charter for Sustainable Development
- United Nations Global Compact
- Sustainable Development Goals
- Catalan Climate Change Office
- Operation Clean Sweep

Note: Each initiative responded by Sinochem International is conducted by its subsidiaries with independent targets and action plans

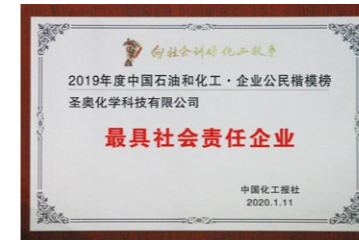


Sennics Joined the Initiative of Golden Bee Global CSR 2030

In August 2020, Sennics announced its participation in the “Golden Bee Global CSR 2030 Initiative” at the 15th Golden Bee China International Forum on Corporate Social Responsibility (CSR) and released the “SCI-MAN 2030” initiative to empower the sustainability of polymer additive industry, and defined the goals and action plans to help achieve the United Nations Sustainable Development Goals (SDGs). Sinochem International joined the initiative in June 2019.



Sustainability Honors of Sinochem International in 2020



January 2020

Received the award of “Corporate Model - Most Socially Responsible Enterprise” by China Petroleum and Chemical Industry Federation (CPCIF) and *China Chemical Industry News (CCIN)*



July 2020

Listed in the “China Corporate Social Responsibility Ranking” and received the “Annual Outstanding Enterprises in Social Responsibility” by *Southern Weekly*



August 2020

Listed in the “2020 Golden Bee CSR China Honor Roll” and received the award of “2020 Golden Bee Enterprise”



December 2020

“Sinochem International 2019 Sustainable Development Report” received the “2020 Excellent Corporate Social Responsibility Report Award” issued by *China Sustainability Tribune*



December 2020

Received the “2020 Best Social Responsibility Award” in the “ESG Golden Responsibility Award” sponsored by Sina Finance



December 2020

Ranked 4th with Grade A among the 2020 Top 50 Best ESG Listed Companies in China Petrochemical Industry

Building Sustainability Capability

In 2020, Sinochem International formulated and fully implemented 41 sustainability action plans to help promote sustainable development.

Training and Counseling	<ul style="list-style-type: none"> Organized the formulation of sustainable development policies, carbon emission performance, and counseling on the definition of 2030 goals six times and trained the promotion and implementation of sustainable supplier evaluation criteria
ESG Rating	<ul style="list-style-type: none"> Participated in the EcoVadis rating in the form of a group company and won the bronze medal certification, with a year-on-year increase of 21% in score Among the subsidiaries of the Company, Sennics obtained the silver medal certification of EcoVadis; ELIX Polymers and Halcyon Agri received EcoVadis gold medal certification In the SPOTT evaluation report released by the Zoological Society of London, Halcyon Agri was rated as the most transparent rubber manufacturer in the world
Subsidiaries Certification	<ul style="list-style-type: none"> Sennics Tai'an passed SA 8000 social responsibility management system certification Sinochem Plastics passed the forest certification system audit; and fulfill the promise of eliminating plastic waste The production facility of ELIX Polymers obtained ISCC PLUS certification (International Sustainability & Carbon Certification), becoming the first ABS and ABS blends manufacturer in the world certified with ISCC PLUS
Building Green Plants	<ul style="list-style-type: none"> Sinochem Fuheng and Sinochem Xinbao received the title of "Hebei Green Plant" assessed by the Industry and Information Technology Department of Hebei Province
Formulating National Standards	<ul style="list-style-type: none"> Applied sustainability management experience to the participation of formulating national standard GB/T 39653-2020, and won the second prize of the 27th National Enterprise Management Modernization Innovation Achievements

Deutsche Bank Provided Sustainability-linked Loan of USD 25 Million to Halcyon Agri

In July 2020, Deutsche Bank provided a sustainability-linked loan of USD 25 million to Halcyon Agri, the rubber supplier under Sinochem International. The agreement stipulates that the term of the loan is three years. During this period, Halcyon Agri Group must abide by the sustainable development framework formulated by the third-party organization "Environmental Resources Management (Singapore) Company", and the loan interest rate will be adjusted according to the completion of the company's annual key performance indicators for sustainable development, which will help Halcyon Agri further improve its sustainable development level and set a new ESG standard for the rubber industry.

The proceeds of the loan will be used for the Cameroon rubber plantation operated by Corrie MacColl, a subsidiary of Halcyon Agri while promoting its Cameroon Outgrower Programme. Under the program, around 27,000 ha of degraded and fallow land will be planted by 13,000 local smallholders, and is expected to produce 39,000 tons of traceable and sustainable rubber every year, which will provide additional food security and boost the income of participating people and deepen the partnership between the company and local communities.

“ It was important to us to ensure that we continue to support our clients in a sustainable way, supporting our overall corporate social responsibility strategy and in accordance with developing standards for sustainable financing in the rubber industry.

JEREMY LOH
Chief Financial Officer, Halcyon Agri



Stakeholder Identification and Communication

To identify key stakeholders, the Company has invited executives and external experts to rate different stakeholders from the perspective of influence. Material issues of each stakeholder's concern and strategies of information disclosure and stakeholder communication have been decided through questionnaires after establishing a collection of material issues according to laws and regulations, relevant industrial standards, practices of other chemical enterprises, etc.

Ways of Response to Stakeholders

Stakeholders	Material Issues Concerned	Ways of Response
 Government/Regulators	<ul style="list-style-type: none"> Strengthening Party Building Response to National Policy Targeted Poverty Alleviation Anti-Corruption and Integrity Environmental Management Climate Change and Carbon Management Energy Consumption and Greenhouse Gasses Chemicals Management Water Resources Management 	<ul style="list-style-type: none"> Periodic Work Reports New Project Application Annual Sustainability Report Engagement in Policy Research, Planning, and Preparation
 Shareholder/Investor	<ul style="list-style-type: none"> Business Transformation and Development Compliance Management Anti-Corruption and Integrity Risk Prevention and Control 	<ul style="list-style-type: none"> General Meetings Investor Meetings Online/Tele-meetings Investor Q&A Financial Reports
 Customer	<ul style="list-style-type: none"> Product Safety Sustainable Products and Solutions Customer Health and Safety Customer Satisfaction Information Security 	<ul style="list-style-type: none"> Customer Satisfaction Survey Customer Meetings Customer Opinion Collection Customer Complaint Handling
 Supplier	<ul style="list-style-type: none"> Sustainable Procurement 	<ul style="list-style-type: none"> Supplier Survey and Talk Supplier Training Supplier Review
 Employee	<ul style="list-style-type: none"> Occupational Health and Safety Diversity and Equality Decent Work Conditions Training and Occupational Development 	<ul style="list-style-type: none"> Employees' Congress Employee Training Corporate Cultural Activities Collecting and Responding to Employees' Suggestions
 Community	<ul style="list-style-type: none"> Community Engagement Targeted Poverty Alleviation Chemicals Management Pollution Prevention 	<ul style="list-style-type: none"> Public Open Day Public Service Community Communication Activity
 Industrial Association/Partners/Research Institutions	<ul style="list-style-type: none"> R&D and Commercial Innovation IP Protection 	<ul style="list-style-type: none"> Engagement in Industrial Forums Participation in Standard Formulation Strategic Partnership

Sinochem International has always maintained an open and transparent attitude in carrying out sustainability information disclosure through various communication platforms in compliance with laws and regulations. The Company has achieved positive interaction with stakeholders, and continuously enhances corporate brand value in sustainability to expand the influence of Sinochem International's ESG practices.

Measures to Strengthen Communication with Stakeholders

Information Disclosure

- Disclosed corporate governance information in the annual report
- Upgraded the sustainable development report and released the report in both Chinese and English according to the external rating requirements
- Upgraded the official website to enrich the contents of sustainable development and investor relations

Brand Communication

- Launched a sustainability column "Green Home" on the website and the Wechat account of the Company, where 16 articles have been published throughout the year to spread the Company's sustainability vision and practices in an all-round way
- Carried out 11 rounds of PR campaigns with over 1,000 media coverage to publicize the Company's latest achievements in sustainability

Attending the 2020 China Petrochemical Industry ESG Forum

On December 27, 2020, Ke Xiting, Board Secretary of Sinochem International, attended the 2020 China Petrochemical Industry ESG Forum, and gave a speech entitled "Long-term Strategies to Build a Company for Longevity – Sinochem International's Practices on Sustainability" to introduce the Company's ESG system.



Attending the Group Interview of Central SOEs

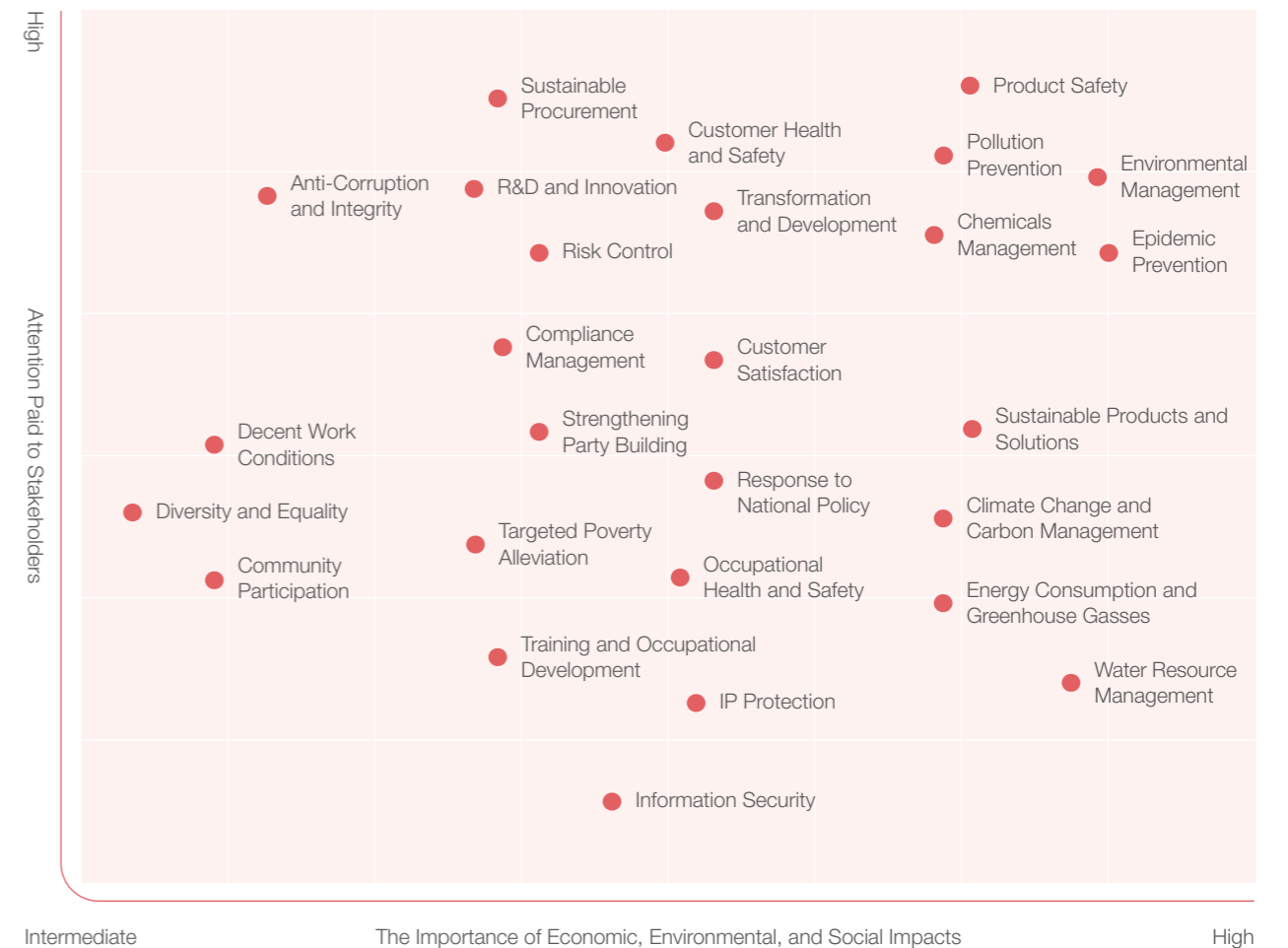
2020 marks the 30th anniversary of Shanghai Pudong's development and opening up and the 10th anniversary of Shanghai World Expo. On April 22, the Expo Administration Bureau of the Shanghai Pilot Free Trade Zone Administrative Committee held an interview of centrally-administrated State-owned Enterprises (SOEs) in celebration of "Thirty Years of Pudong and Ten Years of World Expo". Ke Xiting, Board Secretary of Sinochem International, attended the event as one of the representatives of six centrally-administrated SOEs and introduced to the media the Company's endeavors and achievements in Pudong's development and opening up over the past 20 years.



Analysis on Material Issues

Against the backdrop of changes in external environment and international policies, we have added two new topics based on the material issues identified and analyzed in 2019 through policy analysis, senior executives' communication and external expert exchange. We have also adjusted the priority of a certain material issues to ensure management comparability and enhance depth of practices.

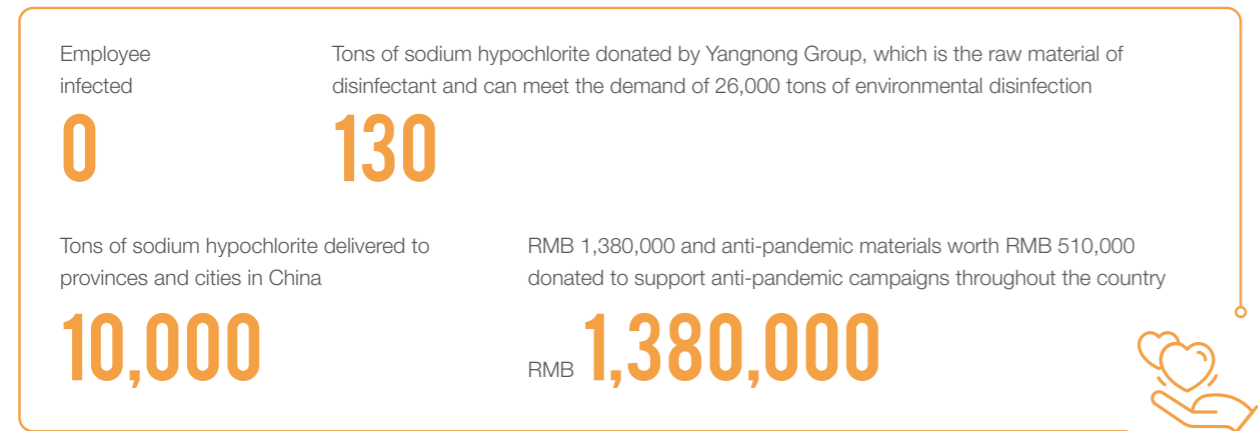
To form a matrix of material issues and determine the key disclosure content of the Report, we review the importance of material issues from the importance of economic, environmental and social impact, and stakeholders' level of concern, sort on priority according to the opinions of all relevant parties, and ask senior executives and external experts to verify the ranking results in combination with the Company's strategy and operation policy in 2020.



Waging the Battle against COVID-19

In 2020, COVID-19 has significantly impacted the world economy and people's livelihood of all countries. Pandemic prevention and control is Sinochem International's responsibility. The Company strictly implements the orders of the CPC Central Committee and the State Council as well as the requirements of Sinochem Group, exerts its industrial and professional advantages to participate in the battle against the pandemic. It raced against time to support the fight against COVID-19 and shouldered its responsibility to prevent the spread of the pandemic within the workplace.

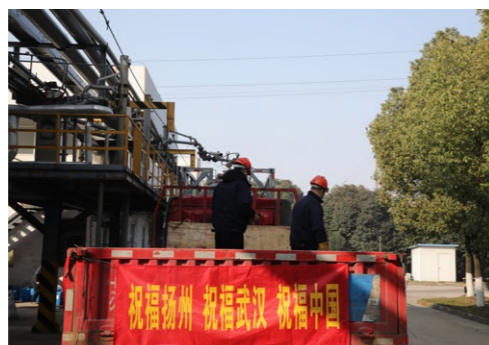
Key Figures in the Battle against COVID-19



On the Battlefield – Ensuring Disinfectants Supplies through Urgent Mobilization

Due to the severity of the pandemic, the consumption of disinfectants has soared. Sodium hypochlorite produced by Jiangsu Ruixiang of Yangnong Group (Yangnong Ruixiang), a subsidiary of Sinochem International, is the main effective component of mainstream disinfectants. In the early stage of the outbreak of the pandemic, Yangnong Ruixiang urgently dispatched employees to produce sodium hypochlorite at full capacity 24 hours a day to meet the urgent need for disinfectants. It has fulfilled the social responsibility of central enterprises with practical actions.

In 2020, Yangnong Group donated 130 tons of sodium hypochlorite to Wuhan and Yangzhou CDC, which can meet the demand of 26,000 tons of environmental disinfection. Yangnong supply more than 10,000 tons of sodium hypochlorite to all provinces and cities in China. Sinochem International and Yangnong Group promised no price increase in sodium hypochlorite during the anti-pandemic period.



Yangnong Group produces at full capacity to ensure the supply of sodium hypochlorite

While help preventing the pandemic, Yangnong Ruixiang is also responsible for ensuring the supply of sodium hypochlorite for tap water disinfection in Yangzhou City and five prefecture-level cities including Yancheng and Zhenjiang in Jiangsu Province. More than 50 employees of the factory stick to their posts to keep production facilities running at full capacity.



Anti-pandemic moments: Anti-pandemic Vanguard Ensured Sodium Hypochlorite Production

On Lunar New Year's Day in 2020, Yangnong Ruixiang mobilized technicians, section foremen, and core members of production to set up an anti-pandemic vanguard composed of a production support team and a tech research team to ensure the 24-hour continuous full-load production of sodium hypochlorite.

To achieve full-load production and improve efficiency, the production support team strengthened the rectification of facility hazards and extended the service life by means of Clean-in-Place of heat exchangers; the tech research team reduced the concentration of sodium hypochlorite produced at ordinary times to the standard of disinfectant concentration by adjusting the feeding, proportioning and discharge concentration of raw materials, and increased the production capacity by 20%; three filling taps were temporarily added to the packaging section to improve efficiency.

With joint efforts, the factory was able to supply 175 tons of sodium hypochlorite every day to fully guarantee the disinfection demand for pandemic prevention and control.



Yangnong's employees overhaul the sodium hypochlorite production facility



Employees put Material Safety Data Sheets on barrels of sodium hypochlorite

“ We spent our new year in the workshop. Worn-out yet proud of ourselves! ”

BAO SHOUCHEN
Yangnong Ruixiang



**Anti-pandemic moments:
Yangnong Ruixiang Received a Gratitude Letter from the State Council**

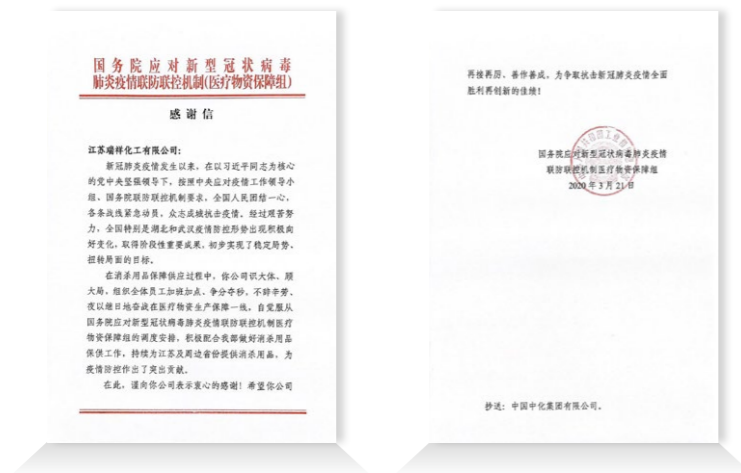
On March 27, 2020, Yangnong Ruixiang received a gratitude letter from the Medical Supplies Team of the Joint Prevention and Control Mechanism of the State Council.

“

In the process of ensuring disinfectants supplies, Yangnong Ruixiang mobilized all employees to work day and night in the front line of medical materials production, followed the arrangement of the Medical Supplies Team of the Joint Prevention and Control Mechanism of the State Council, to ensure the supply of disinfectants and continue to provide disinfection products for Jiangsu and surrounding provinces, making outstanding contributions to the prevention and control of the pandemic.

-Medical Supplies Team of the Joint Prevention and Control Mechanism of the State Council

”



Yangnong Group was awarded the “Group Model of Central State-owned Enterprises Fighting against COVID-19” by the Party Committee of State-owned Assets Supervision and Administration Commission of the State Council



Yangnong Ruixiang was among the first batch of National Key Enterprises in Pandemic Prevention and Control by the Ministry of Industry and Information Technology



Yangnong Group won the title of “Role Model of COVID-19 Prevention and Control” issued by the China Petroleum and Chemical Industry Federation

Support the Battlefield – Donation and Collaboration during the Pandemic

While ensuring the supply of disinfectants, Sinochem International purchased anti-pandemic materials through multiple channels and actively organized employee donation to participate in the tough battle against the pandemic.

Domestic Donations

- Sinochem International**
 - Raised a donation of RMB 237,875 from 535 employees. With the assistance of its business partner Sodexo, the Company provided 500 free meals and fruits per day for the medical staff in the ICU of Renmin Hospital of Wuhan University Hubei General Hospital for ten consecutive days since February 8
- Yangnong Group**
 - Raised a donation of RMB 833,879.11 from 3,522 employees, which was donated to Yangzhou Charity Federation and the local Charity Federation and Red Cross Society to fight the pandemic
 - Donated 30 sets of DuPont Tyvek Class C protective clothing and 10 sets of Class II light chemical protective clothing to Yangzhou Pandemic Prevention and Control Headquarters
- Sennics**
 - Donated a total of RMB 94,821 to the pandemic area in Hubei and donated anti-pandemic materials equivalent to RMB 14,964 to the pandemic prevention department of the local government
- Sinochem Fine Chemicals Industrial Park, Lianyungang**
 - Several enterprises in the Park donated 1,110 kilograms of disinfectant, 1,000 masks, 20 sets of protective clothing and goggles and other pandemic prevention materials to the People's Hospital of Xuwei New District, Lianyungang
- Overseas enterprises and branches**
 - Overseas enterprises and branches of Sinochem International purchased 6,000 pairs of disposable protective gloves, 8,880 FFP2 and FFP3 masks, and 50 pairs of goggles overseas and shipped them to China to support domestic anti-pandemic actions

Overseas Donations

- Sinochem International**
 - Shipped anti-pandemic materials including oximeters to overseas subsidiaries in the fight against the pandemic. 7,565 FFP2 and FFP3 masks were shipped to ELIX Polymers, a Sinochem subsidiary in Spain
- Sennics**
 - Provided 1,800 masks to overseas partners, equivalent to RMB 21,600
- ELIX Polymers**
 - Donated a large number of 3D-FC products for 3D printing to Spanish medical equipment manufacturers. Ford Motor Company, AIMPLAS Research Institute, and a number of Spanish plastic processors. The products were used to the 3D printing production of protective masks which were distributed to local medical institutions

As a special material specially developed for the healthcare industry by ELIX Polymers, a member of Sinochem International, 3D-FC is compliant with the biocompatibility standards of ISO 10993 and USP class VI. It has been listed in the Drug Master Files (DMF) for use in medical and food contact applications in both Europe and the USA, and can be used in various 3D printers.

More Info

Anti-pandemic moments



The medical staff in the ICU ward of Renmin Hospital of Wuhan University received free meals provided by Sinochem International



Sinochem International donated pandemic prevention materials to Xuwei New District of Lianyungang



Employees of Sinochem Japan purchased pandemic prevention materials in Japan and shipped them to China



ELIX Polymers purchased pandemic prevention materials in Europe and shipped them to China

Proposal on Pandemic Prevention and Control by Sinochem Sustainable Supplychain

At the beginning of 2020, Sinochem Sustainable Supplychain, a sustainability network established by Sinochem International, issued a proposal to invite all members and business partners to step up joint efforts in the fight against the pandemic.

众志成城 战“疫”必胜
——致供应链合作伙伴的一封信

各位可持續供應網絡的伙伴，各位供應商合作夥伴：

路加山下，疾疫橫行；黃鶴鐘聲，同聲震動。新型冠狀病毒感染的肺炎疫情正牽動着14億中國人民的心。

中國作為全球產業鏈上最重要的世界工廠，新冠肺炎疫情的爆發給中國經濟和社會發展帶來了嚴重影響，也給中國乃至全球供應體系帶來了嚴峻挑戰。疫情迅速蔓延，延宕復工，并進而導致供應延誤，給供應鏈上下游帶來巨大壓力。此次疫情，既是对國家、社會和企業的一次重大考驗，也是一次市場變革和供應體系管理升級的重大機遇。

疫情就是命令，防控就是責任。中化集團化工事業部在中化集團的領導下，已經行動起來。對外積極抗擊一線，緩解疫區物資短缺，對內嚴格防疫，保障員工健康穩定生產。

廣泛發動供應商合作夥伴，可持續供應網絡，共同助力打贏疫情防控攻堅戰，為抗擊疫情貢獻力量，“可持續供應鏈伙伴網絡”特向各位供應夥伴、廣大供應商合作夥伴發出如下倡議：

高度重視，嚴防疫情。在供應鏈伙伴企業內部，履行責任，合理安排，安全復工，科學引導，嚴格防疫，加強企業及個人防護，配合政府做好疫情防控工作，关爱員工及家人，保障員工身心健康，堅守不打贏疫情防控攻堅戰的信心，積極傳遞正能量，自覺抵制謠言，努力維護經濟社會正常秩序。

加強合作，聯防聯控。對內，加強供應鏈網絡

伴的合作聯動，嚴守產品質量，保證產品供應，穩定產品價格，攜手供應鏈伙伴共同應對產品流通難題，加強企業間、合作方間、供應鏈間的信息交流，總結、分享有效的戰“疫”策略，積極應對疫情挑戰，加強產業鏈協同，加快產品流通，恢復市場繁榮，互相關懷，共克時艱。

保障供應，使命必達。對外，供應網絡伙伴要發揮所長，迅速應對，齊心協力，積極生產，涉及防疫物資生產、銷售的企業，堅決做到不惜售、不囤積，全力以赴保障物資供應。如交通路、採取有措施，加強內部管理，爭分奪秒組織一線，積極運籌，主動供應產品，優化產品結構，守好國人健康，支援抗擊行動。

強化責任，奉獻愛心。積極發揮表率作用，社會影響力，做好企業自身可持續發展和社會責任的統一，開展疫區疫情防治、捐贈、支援、幫扶等公益活動，以及對重點疫區和新型肺炎疫區人員的援助幫扶，為打贏疫情防控攻堅戰貢獻可持續供應鏈力量。

沒有一個冬天不可逾越，沒有一個春天不會到來。讓我們團結起來，行動起來，众志成城，共克時艱，用實際行動為中國疫情防控攻堅戰貢獻力量！

中化集團化工事業部
2020年2月11日

Pandemic Prevention – Curbing the Spread of the Pandemic through Coordinated Deployment

After the outbreak of COVID-19, Sinochem International responded quickly. *The Emergency Notice on COVID-19 Prevention and Control* was urgently issued, leading groups and working panels for pandemic prevention and control set up, emergency plans formulated, and five taskforces, namely logistics, procurement, medical technology, publicity, and communication support group set up to deploy pandemic prevention and control measures as a whole.

Prevention and Control Measures

Daily Report	<ul style="list-style-type: none"> Followed the principles of strict control, direct responsibility, and local management, the Company issued timely anti-pandemic measures and checked the health conditions of four key groups of employees and their families as well contractors on a daily basis via e-mail, telephone, and WeChat
Comprehensive Disinfection	<ul style="list-style-type: none"> Disinfection of workplaces, employee dormitories, and vehicles on a daily basis Temperature check for all personnel entering office buildings and plants
Anti-Pandemic Supplies	<ul style="list-style-type: none"> Procurement and allocation of anti-pandemic supplies including masks, disinfectants, hand sanitizers, and thermometers
Messaging Campaigns	<ul style="list-style-type: none"> Conveyed pandemic prevention requirements, resumption of work plans and various pandemic prevention knowledge through various channels and forms such as official WeChat, WeChat group, posters, outdoor advertising screens, and comics

Anti-pandemic moments



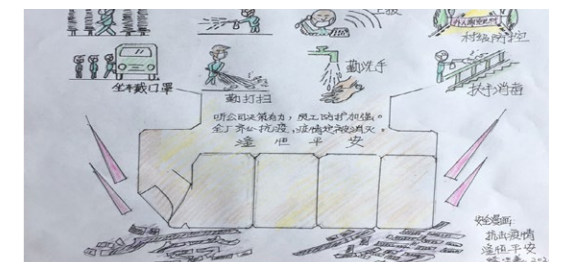
Publicizing and implementing the requirements of pandemic prevention



Checking the temperature of employees




Comprehensive disinfection



Health precautions drew by employees

In the special period, centrally administrated SOEs serve as a powerful economic backbone for the country. While taking anti-pandemic measures, Sinochem International consciously assumes its social responsibility by making every effort to ensure a swift and safety-first production recovery to support the national economic off the anti-COVID-19 battlefield.

Responding to UN Sustainable Development Goals: Actions of Sinochem International

UN Sustainable Development Goals	Our Framework of Action	Our Performance	UN Sustainable Development Goals	Our Framework of Action	Our Performance
 <p>1 NO POVERTY</p>	<ul style="list-style-type: none"> To increase the intensity of poverty alleviation, conscientiously complete the task of the nationally targeted poverty alleviation, and help win the battle against poverty 	<ul style="list-style-type: none"> RMB 7.19 million invested in special funds for poverty alleviation Helped to sell 832 agricultural and sideline products in state-level poverty-stricken counties 	 <p>6 CLEAN WATER AND SANITATION</p>	<ul style="list-style-type: none"> To strengthen water resources management and innovate technologies to continuously improve water use efficiency and reduce the amount of freshwater used To strengthen wastewater disposal and comprehensive recycling, and promote the discharge of sewage to meet the standards 	<ul style="list-style-type: none"> 26.95 million tons of freshwater (industrial) used, a year-on-year decrease of 25.09%
 <p>2 ZERO HUNGER</p>	<ul style="list-style-type: none"> To launch a series of measures to help poor people get satisfactory income and reliable social security 	<ul style="list-style-type: none"> RMB 2.29 million invested in helping employees in difficulty Approx RMB 1 million invested in social assistance 	 <p>7 AFFORDABLE AND CLEAN ENERGY</p>	<ul style="list-style-type: none"> To actively develop new energy business and layout energy industry chain To improve energy efficiency and reduce energy consumption through research and development and technical improvement 	<ul style="list-style-type: none"> 24 key energy-saving projects implemented
 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> To guarantee employees' occupational health, physical health, and mental health, actively promote the construction of HSE system, regularly organize physical examinations for employees Carry out various cultural and sports activities and provide them with a pleasant, relaxing working environment for a happy work and healthy life 	<ul style="list-style-type: none"> 0 case of occupational diseases 100% exam rate of occupational health RMB 128 million invested in safety and health 1,867 cultural and sports activities throughout the year 	 <p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<ul style="list-style-type: none"> To respect and protect the legitimate rights and interests of employees, pay social insurance on time and in full, and prohibit forced labor To provide employees with stable job opportunities, income, and a good working environment To safeguard the vital interests of employees and realize the simultaneous growth of employee income and enterprise development To strengthen the training of employees 	<ul style="list-style-type: none"> 214,960 trainings conducted 423,714 hours of employee trainings 15.77 training hours per employee 167,238 training participants
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> To support education as an important action in the field of social responsibility and help improve the quality and opportunities of education 	<ul style="list-style-type: none"> RMB 400,000 invested to improve community education resources 	 <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<ul style="list-style-type: none"> To adhere to the strategy driven by scientific and technological innovation and build an integrated scientific and technological innovation system To continue to increase investment in scientific research, promote product innovation and structural adjustment, and provide innovative and sustainable solutions To participate in the formulation of national and industry standards To pay attention to the construction of scientific and technological innovation capacity and scientific and technological talent team 	<ul style="list-style-type: none"> RMB 1.177 billion invested in research and development 249 patents applied 15 innovation awards 100% training rate of scientific and technical personnel
 <p>5 GENDER EQUALITY</p>	<ul style="list-style-type: none"> To abide by the principle of gender equality, treats employees of different genders equally, insists on equal pay for equal work for men and women, and supports the career development of female employees To implement the regulations on female employees' leave during pregnancy, childbirth and lactation strictly, protect the rights and interests of female employees, promote the construction of "Mommy Cabin" and maternal and child room, provide convenience for female employees during lactation To carry out training and health lecture hall activities for female employees regularly 	<ul style="list-style-type: none"> Female employees: 24.04% Female executives: 6.04% 	 <p>10 REDUCED INEQUALITIES</p>	<ul style="list-style-type: none"> To prohibit the employment of child labor and forced labor To prohibit any form of discrimination against gender, region, religion, nationality, etc. To promote the diversity of employees, such as gender, ethnicity, and other dimensions, to fully guarantee equal opportunities for employees 	<ul style="list-style-type: none"> 0 case of child labor, forced labor, and discrimination

UN Sustainable
Development
GoalsOur Framework
of ActionOur
Performance

- To carry out in-depth investigation and management of dangerous chemicals and related factories and parks, strict accident investigation and accountability
- To help “defend the blue sky”, actively promote the action of “leaving from the city and entering the industrial park”, and improve the level of urban environmental protection and safety
- To arrange employees to go to the community to publicize the knowledge of ecological protection

- **163** pollution prevention projects implemented
- Over **150** tons of VOCs^② emissions reduced



- To strengthen the management of chemicals and wastes, manage chemicals and wastes in an environmentally sound manner throughout their life cycle, and significantly reduce their releases to air, water, and soil to reduce their adverse impacts on human health and the environment
- To implement sustainable production mode, strictly implement national and local pollutant emission standards, and continuously strengthen the HSE management system to ensure safety production, occupational health, and environmental protection standards

- RMB **424** million invested in environmental protection
- **2** new Green Plants built
- **74.94%** decrease in nitrogen oxides year-on-year
- **65.21%** decrease in sulfur oxides emission year-on-year
- **21.4%** decrease in hazardous waste emission year-on-year



- To formulate action plans related to low-carbon development, set greenhouse gas emission reduction targets, implement energy efficiency improvement plans, increase the development and utilization of clean energy, reduce greenhouse gas emissions, and help slow down global warming
- To promote the concept of low-carbon environmental protection and have a deeper understanding of the impact of climate change

- Over **220,000** tons decrease in greenhouse gas emission
- **37.81%** decrease in energy consumption (industry) year-on-year



- To protect marine ecological environment and biodiversity, and carry out actions to reduce plastic waste
- To increase wastewater recycling, upgrade and transform the sewage field, and strive to achieve the discharge of sewage in line with emission standards
- To develop biodegradable material PHA to reduce white pollution

- **64.24%** decrease in wastewater emission

^② volatile organic compounds

UN Sustainable
Development
GoalsOur Framework
of ActionOur
Performance

- To carry out environmental impact assessment for all projects as required and take targeted ecological protection and restoration measures to protect biodiversity

- **100%** projects carried out environmental impact assessments



- To abide by business ethics, formulate and issue special anti-corruption policies, and clarify requirements and behavioral norms
- To insist on lawful management and operation and build an authoritative and efficient audit supervision system
- To abide by relevant applicable laws and regulations strictly and participate in market competition fairly

- **0** case of lawsuits related to corruption and bribery
- **100%** anti-corruption training coverage for key positions



- To strengthen sustainable supply chain management, establish innovative partnerships, and launch the first sustainable supply chain network in China's chemical industry to achieve win-win cooperation in the industrial chain
- To support international initiatives such as the United Nations Global Compact, actively participate in international organizations and industry associations, and promote cooperation

- **1,870** suppliers
- **504** suppliers signed the Code of Conduct





Compliance operation is the insurmountable bottom line of enterprises and the cornerstone of sustainable development. Sinochem International insists on performing its duties according to law, consolidates the responsibility of the enterprise with good faith and compliant management attitude, continuously improves the level of corporate governance and transparency of operation, and effectively integrates the concept of sustainable development into all aspects of the enterprise's business activities to realize sustainable value creation.

Integrity and Compliance as the Cornerstone of Operation



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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- 44 / Improving Information Security
- 45 / Deepening Party Building

Strengthening Corporate Governance

Sinochem International has been improving its corporate governance structure, standardizing its operation, and leveraging the central role of the Board of Directors in corporate governance in strict accordance with the *Company Law*, *Securities Law*, *Guidelines for the Governance of Listed Companies*, and the requirements of relevant laws and regulations of the China Securities Regulatory Commission.

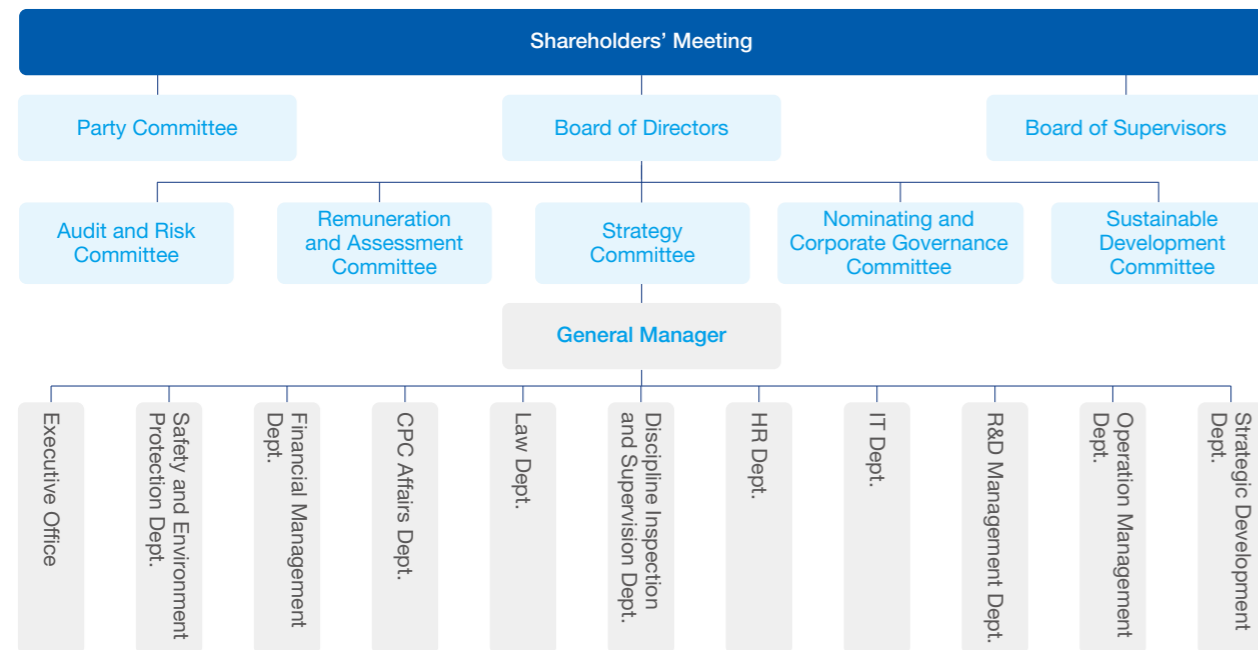
Structure of Corporate Governance

The Board of Directors and Board of Supervisors, set up under the Shareholders' Meeting of Sinochem International, authorize the Company's management to be responsible for the operation, thus forming an effective and coordinated corporate governance mechanism. The Board of Directors consists of five professional committees. The Board of Directors, the Board of Supervisors, the Special Committees, and the Senior Management have clear powers and responsibilities and standardized operation.

With respect to personnel structure, the Company has employed three industry experts with professional backgrounds in finance, law, accounting, and mergers and acquisitions as independent directors to serve as chairmen in the Nomination and Corporate Governance Committee, the Audit and Risk Committee, and the Remuneration and Assessment Committee. Independent directors account for more than half of the professional committees, which substantially impact major decisions such as personnel nomination, salary assessment, internal audit, and foreign investment.

With respect to the operating mechanism, all the directors of the Company shall enter each professional committee to undertake corresponding work according to their professional background and posts, and submit all major decisions of the Company to the Board of Directors for deliberation and voting after deliberation and formation of opinions by a relevant professional committee of the Board of Directors.

To ensure that directors have a necessary understanding of the Company's operation and business development and properly perform their duties under various laws and regulations and the Company's provisions, Sinochem International provides newly appointed directors with training covering the Company's business and operation summary, organizational structure, statutory regulatory obligations of directors and supervisors, and the terms of reference of various committees. In addition, the Company regularly provides directors with the Company's business operations through quarterly reports.



Governance structure of Sinochem International

Major Measures to Improve Corporate Governance in 2020

- **Mending corporate governance regulations.** The Company has completed the revision of provisions of the *Articles of Association*, formulated and issued the *Detailed Rules for the Preparation and Disclosure of Sinochem International Periodic Reports* and the *Detailed Rules for the Work of Sinochem International Sustainable Development Committee*
- **Strengthening the standardized operation of the Board of Directors.** The Company held a symposium on the standardized operation of Sinochem International Board of Directors to strengthen the implementation of specific measures for the standardized operation of the Board of Directors; completed the revision of the *Rules of Procedure of the Board of Directors of Sinochem International*, and formulated and issued the *Measures for the Administration of Proposals of the Board of Directors of Sinochem International*

Meetings of Board of Directors and Board of Supervisors in 2020



Awarded the *Special Contribution Award for Board Governance* at the 16th Golden Round Table Prize for the Board of Directors of China Listed Companies



Selected as one of the top 100 listed companies in China in the 20th Summit Forum of Top 100 Listed Companies in China

Information Disclosure and Investor Relations Management

Information disclosure is an important channel for investors and the public to obtain relevant information of listed companies and the basis for communication between companies and stakeholders. Sinochem International strictly abides by regulatory and compliance requirements, discloses corporate information of concern to investors, continuously improves the quality of disclosure, and ensures the authenticity, accuracy, completeness, timeliness, and fairness of information disclosure.

In August 2020, Sinochem International was rated Grade A in the 2019-2020 evaluation of information disclosure of listed companies by the Shanghai Stock Exchange.



Continuously improving ESG management and information disclosure is an important means to drive the transformation and upgrading of the Company and to realize sustainability. We will maintain a cordial, open, and positive communication attitude, improve the disclosure of ESG information, and help the Company develop steadily through better ESG management and practices.



KE XITING
Board Secretary



Sinochem International pays great attention to communication with investors. It protects the rights and interests of shareholders, especially small and medium-sized investors, continuously enriches the communication channels of investors, and establishes an open and transparent two-way communication channel with small and medium-sized shareholders.

In 2020, Sinochem International formulated and published the *Sinochem International Investor Relations Work Manual* to maintain the relationship between core institutional shareholders and individual shareholders. Through visits, special exchanges on Internet telephones, one-to-one (one-to-many) roadshows of institutions, small-scale strategy meetings, and other measures, the Company actively conveys the Company's value concept, strategic promotion direction, the progress of key projects, etc. The Company has established an internal information contact mechanism for investor relations, built a two-way communication bridge between the Company and the capital market information, actively responded to investors' concerns, timely fed back investors' suggestions to the management, and strengthened two-way communication with small and medium-sized investors.



Enhancing Risk Compliance

Sinochem International pays great attention to comprehensive risk management and internal control, continuously improves the ability and level of risk management, advocates a corporate culture of integrity and integrity, and guarantees the Company's high-quality, sustainable development through standardized compliance management.

Risk Prevention and Control

According to national laws and regulations, as well as the requirements of guiding documents such as *Risk Management Regulations*, *Internal Control Management Regulations* and *Risk Event Reporting Management Measures*, Sinochem International has established and continuously improved a comprehensive risk management system that matches the Company's strategic objectives and adapts to the Company's reality, and regularly reports to the Audit and Risk Committee of the Board of Directors on issues such as risk response, internal control and internal audit, and is committed to achieving the Company's strategic and operational objectives at a high level.

As an A-share listed company, Sinochem International discloses the *Internal Control Evaluation Report* signed by the Board of Directors every year and accepts external and internal control audits. In recent years, the Company's internal control has not incurred any material or material deficiency, and the overall operation is effective.



Main risks identified and assessed by Sinochem International in 2020

Risk Prevention and Control Measures in 2020

<p>Establishing the Overall Orientation of Risk Management</p> <p>The Company has formed an operational system of internal risk control that is horizontally and vertically connected to cover all aspects of business operations, and carried out internal management innovation through assisting newly established enterprises to build an internal control management system</p>	<p>Identifying Major Risks</p> <p>Based on clarifying the risk assessment standards, the Company identified and evaluated the main risks in 2020 through multi-dimensional and multi-way and formulated corresponding prevention and control measures</p>	<p>Implementing Internal Control and Tracking</p> <p>The Company has newly established a quarterly tracking and monitoring mechanism for major risks, a quarterly risk assessment mechanism for overseas projects, and a monthly risk event reporting mechanism to strengthen process management and dynamic management of major risks</p>
<p>Conducting Risk Training</p> <p>The Company has carried out more than ten special trainings on business risks and internal control risks, involving risk management and internal control practices of enterprises under the pandemic, and the implementation of big data and internal control informatization construction</p>	<p>Strengthening Internal Audit Supervision</p> <p>The Company conducted operational risk inspection work, participated in the audit of Key Project Bidding and Procurement and Engineering Construction Project, and conducted joint audit with relevant departments</p>	<p>Promoting Information Management</p> <p>The Company implemented the credit risk big data system, collected risk management data through comprehensive online integration of internal and external data for the first time, built a credit management database for trading objects, and created a risk system with refined management</p>

KPIs in 2020

Under the COVID-19 pandemic and complex external operating environment, Sinochem International adhered to the bottom line of risk management and control, supervised daily operational risks, and prevented unexpected risk events. All indicators of the Company are controlled within the normal range, and no major operational risk events occur



Sinochem International won the AAA enterprise credit rating certificate

Compliance Management

Sinochem International strictly complies with the laws and regulations of China and places of operation, abides by business ethics, clarifies compliance responsibilities, cultivates compliance culture, formulates corresponding compliance systems and codes of conduct, and ensures the Company's compliance operation in accordance with the law.



Compliance management has always been the top priority of the Company's stable operation. Sinochem International actively abides by relevant laws and regulations, creates a compliance culture, strictly controls operational risks, and adheres to the principle of integrity to ensure the Company's stable development.

LI CHAO

General Counsel and Labor Union Chairman



KPIs in 2020

Compliance trainings

8

Employee coverage

100 %

No major litigation or arbitration cases identified under the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (April 2019)*



Compliance Management Measures in 2020

Improving Compliance Institutional System

- Issued the *Measures for the Administration of Export Control Compliance* and the *Manual on Export Control Compliance*, and updated and improved the compliance management institutional such as the *Regulations on the Administration of Legal Affairs*

Upgrading the Compliance Management System

- Upgraded the contract management system, improved the process and method of contract management through advanced technical means of informatization, standardization, and work flow, and improved contract management
- Upgraded the blacklist system, increased coverage nodes, optimized scanning logic, strengthened the management of transaction objects, and enhanced intelligent and systematic management and control capabilities

Strengthening Supervision and Inspection

- Mobilized internal and external experts to supervise and inspect enterprises with new technology, new project, and new team (Three-New Enterprises) through special audits and third-party compliance inspections
- Conducted on-site investigation and supervision on the implementation of compliance system

Prompting Compliance Risk

- Insisted on tracking and publishing the latest developments of relevant laws and regulations and legal risk investigation and tips, for example, compiling and publishing documents such as *Legal Compliance Risk Tips on COVID-19 pandemic*

Enhancing Employees' Compliance Awareness

- Explored innovative modes of employment mechanism and incentive mechanism for compliance officers, and conducted various types of compliance training such as offline training, online publication of documents, and external learning to create an excellent compliance culture atmosphere
- Hold a number of legal special trainings such as *Legal Practice Related to the Introduction and Management of High-end Talents in High-tech Industries*, *Intellectual Property Compliance in Scientific and Technological Innovation* and *Legal Risk Prevention and Control of Project Contract Management* according to different positions and business units

Anti-Corruption and Anti-Bribery

Sinochem International strictly complies with the laws and regulations of the countries in which it operates and invests, including the prevention of bribery, extortion, fraud, and anti-unfair competition, etc., having laid down the clean practice management methods and constraint mechanism, and formulating the *Sinochem International Anti-Corruption Policy* to strengthen the management of corruption and embezzlement incidents, jointly foster an incorruptible and industrious working climate, and strictly prevent corruption or fraud incidents from occurring.

Sinochem International has signed the *Supplier Integrity Commitment* with its suppliers, which requires suppliers to refrain from committing any form of corruption and dishonesty, including bribery in relation to public officials or business partners to influence decisions, conflict of interest, fraud, money laundering, misappropriation, concealment, and trading in influence.

Anti-Corruption and Anti-Bribery Measures in 2020

Management Advancement	<ul style="list-style-type: none"> Improved the major supervision system featuring "synergies of plans and projects, sharing of personnel and information", with a total of more than 20 topics discussed and nine joint supervision projects completed in 2020 Comprehensively summarized the mechanism construction, implementation method, and implementation guarantee of the major supervision system
Policy Release	<ul style="list-style-type: none"> Developed and published the <i>Sinochem International Anti-Corruption Policy</i> on the Company's website to enhance the transparency and accessibility of policies, commitments, and statements
System Improvement	<ul style="list-style-type: none"> Issued the <i>Notice on the Clarification of the Mechanism, Division of Responsibilities and Working Principles for Improving Clean, Honest, and Anti-Corruption Administration</i>, and the <i>Rules for the Implementation of Supervision and Discipline (Trial)</i> to promote a clean, honest, and anti-corruption workplace
Organization Enhancement	<ul style="list-style-type: none"> Established a leading group and clarified the mechanism and division of responsibilities for improving clean administration, upholding integrity and combating corruption The Secretary of Committee for Discipline Inspection participated in the selection and appointment of officials from the proposal stage and supervised the whole process Enhanced the nomination inspection and assessment management of secretaries of committees for discipline inspection at all levels
Training and Education	<ul style="list-style-type: none"> Improved the proficiency and efficiency of discipline inspection through participation in external training Continuously strengthened anti-corruption and anti-bribery training for directors, executives, employees at critical posts and common employees, and conducted integrity talks Strengthened warning education and provided reminders to perform duties with integrity. Built a warning education case library containing 40 cases in 16 categories for different positions
Supervision and Inspection	<ul style="list-style-type: none"> With the help of a significant supervision working mechanism and audit synergy, political inspections and economic responsibility audit projects were carried out in collaboration, strengthening the inspection team and enriching the inspection staff structure Carried out solid special treatment for violation of the CPC Central Committee's eight-point guideline and strengthening the style of work Carried out special inspections against formalism, integrity reminders before important holidays to promote the transformation and development of enterprises with effective supervision

Sinochem International has published eight reporting channels through intra- and extra- websites of the Company at all levels, set up six reporting hotlines and six reporting email addresses, along with reporting mailboxes in offices and plant. It has established a reasonable reporting mechanism and whistleblower protection system, publishes the updates of *Measures for the Management of Letters and Visits and Reports*, and receives visits in strict accordance with relevant regulations. Observing the discipline of confidentiality, the Company protects the information of the reported person, publishes the whistleblower protection policy on the Company's official website, keeps the name of the whistleblower and the content of the report strictly confidential, and strictly prohibits the transfer of the reported content to the reported department or the reported person to ensure that the complaint and reporting mechanism operates effectively in the long term.

Reporting hotline: 021-31768859
Reporting email: antifraud@sinochem.com



IP Protection

Under the leadership of the IP Management Committee, Sinochem International has established a collaborative working mechanism among marketing, R&D, IP, and legal departments based on the *IP Management Regulations*, *Patent Risk Management Measures*, *Confidentiality Management Measures*, and *R&D Project Management Measures* to continuously improve the IP management system, strengthen the awareness and capability of IP protection, and protect partners and the Company's IP rights are not infringed upon.

KPIs in 2020


Litigation of corruption or bribery	Anti-corruption and integrity training participants	Integrity talks	Covering of employees at critical posts
0	4,177	745	100 %
Anti-corruption training for employees	Total	Anti-corruption training for directors	Total
7,367 participants	11,134 hours	2 participants	12 hours

KPIs in 2020


Trade names registered (including those of wholly-owned subsidiaries and controlled companies)	Trade names registered overseas	Patents applications filed
134	78	249
Trademarks registered	Pending applications	Invention patents filed
500	81	156
Patent layout for strategic projects	FTOs for R&D and investment projects	Patent licensing increase year-on-year
4	6	60.7 %

IP Protection Measures in 2020

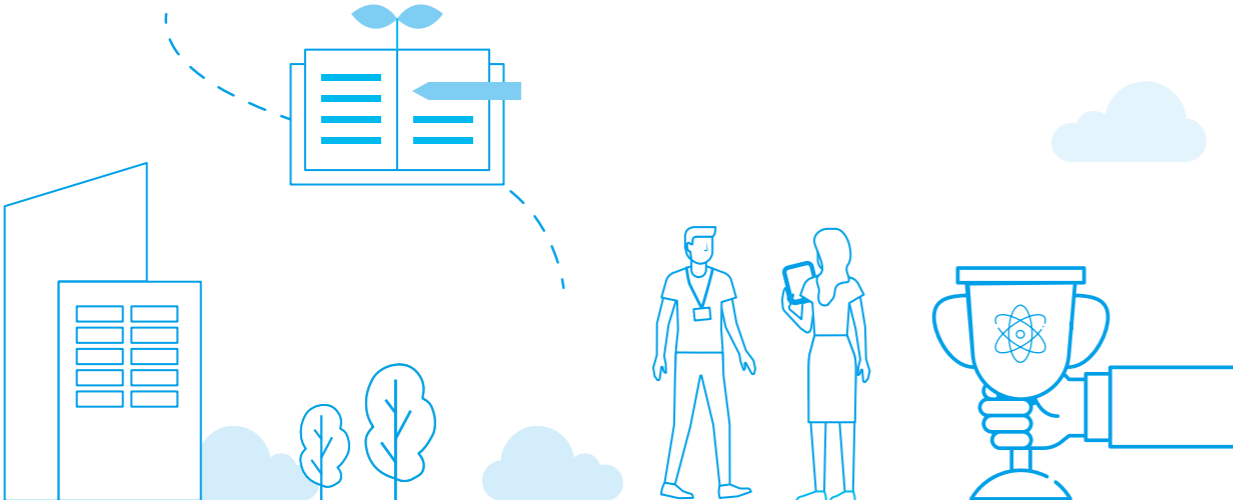
<p>System Building</p>	<ul style="list-style-type: none"> Improved the IP life-cycle management system, strengthened the management of IP layouts of key projects, and implemented closed-loop quality improvement from technical disclosure, text writing, OA response to the patent authorization Developed an inter-departmental mechanism for collaborating on patent rights maintenance, gradually normalized patent risk management and reduced patent risks in R&D, investment and technology introduction projects, and daily business activities
<p>Technological Upgrading</p>	<ul style="list-style-type: none"> Continuous improvement in patent protection and patent layout strategies for strategic technologies and projects to ensure timely and effective protection of all R&D achievements Built 2 core technology databases for polyimide and lithium batteries to provide sufficient data support for R&D direction decision and technology plan formulation
<p>Ability Enhancement</p>	<ul style="list-style-type: none"> Prepared and published the <i>Intellectual Property Management Manual</i> and <i>Patent Layout Guidance Manual</i>, and conducted special IP training on "Intellectual Property Compliance in Science and Technology Innovation" for employees, with a total attendance of 400 persons throughout the year



Sennics won the title of Intellectual Property Model Enterprise by CPCIF



5 invention patents won provincial-level awards, including the CPCIF Patent Excellence Award

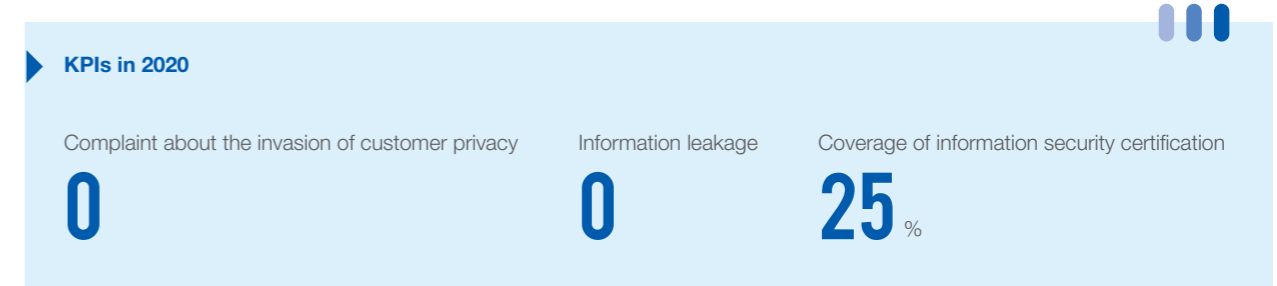


Improving Information Security

Sinochem International vigorously promotes the construction of confidentiality management system, continuously improves the level of legalization of confidentiality, gradually establishes a new mechanism of confidentiality to meet the requirements of new forms, clarifies the scope of information involving confidentiality, forms the workflow for determining confidentiality, prepares major project management methods, refines and perfects the response mechanism for leakage of confidentiality, to ensure the safety of national and commercial secrets.

In terms of customer privacy protection, Sinochem International treats customer information as corporate business secrets, having improved account authority management in 2020, incorporated all-important server and database operations and maintenance into the log management system, strengthened internet outlet control, and conducted network security testing on application systems to prevent leakage of user information.

Sinochem International signs confidentiality agreements with all of its suppliers, relevant partners, and information technology personnel, and establishes good cooperation with universities, industry peers, and other R&D institutions, shares intellectual property rights and interests according to the confidentiality agreements and relevant cooperation agreements, and protects the commercial secrets of its partners, which is well received by the industry.



Training on "Trade-secret protection and risk prevention practices"

Information Security Priorities in 2020

Improving Information Security System

- Prepared and published the *Confidentiality Management Measures*, *Major Project Management Measures*, *Confidential Room Security Management Measures* and *Sinochem International Surveillance Video Security Access Management Measures*
- Published network security management regulations, including network security standards and emergency plans
- Finished a network security planning report containing a three-year specific network security plan

Implementing Responsibility Supervision and Assessment

- Created confidential positions in departments, units, and major projects at all levels and built a framework for confidential work at all levels
- Developed *Standard Guidelines on Confidentiality* and conducting confidentiality inspections

Upgrading Information Security Technology

- Advanced the implementation of confidential software and developing appropriate policies and processes
- Finished Internet outlet convergence
- Built the Shanghai Network Center
- Deployed 10 security equipments meeting intrusion prevention system requirements
- Finished the migration of all subordinate unit application releases to Beijing and Shanghai Group Internet outlets

Enhancing Information Security Education

- Printed 1,500 copies of the *Confidentiality Handbook* to raise awareness of IP protection and confidentiality among all employees
- Continuous improvement in the *Secrecy Channel* column for internal communication, conducted a variety of activities to enhance employees participation, and published 46 confidentiality-related articles throughout the year with over 11,000 readers
- Organized two exchange visits and conducted 19 trainings and lectures with over 400 participants, including special lectures for new employees, on security system and trade-secret protection cases, and with external experts lectures
- Carried out online IT staff network security training, IT basic information training for employees, application system information training and IT security information training, network security awareness week, and other activities

Deepening Party Building

In 2020, Sinochem International had 12 Party committees, 90 Party branches, and 1,506 Party members in service. During this year, the Company resolutely implemented the important thoughts and instructions of General Secretary Xi Jinping and the decision and deployment of the Central Government, and took the "Year of Consolidating and Expanding Party Building" as the carrier and the "Six Actions" of Party building work as the grasp, and continuously consolidated and deepened the achievements of thematic education and thorough inspection and rectification, and solidly promoted the standardization and standardization of Party building.

Highlights in Party Building in 2020

Reinforcing Theories

- Established a research mechanism for the leadership team of Party committees at all levels, strengthened the research and guidance of contact points for Party building and Party branch work, took the lead in implementing the "three must speak" (must speak about safety, Party building, and integrity practices), and effectively solved practical problems for the grassroots
- Standardized and strengthened the central group study of the Party committee and promoted the transformation of learning outcomes

COVID-19 Prevention and Control

- Communicated and implemented central government decisions promptly to ensure no outbreaks and zero infections
- Promoted COVID-19 prevention and control and resumption of work and production in an integrated manner

Improving Grassroots Party Building

- Carried out a comprehensive self-examination and rectification, organized a special inspection of grass-roots Party organizations on schedule for renewal
- Deepened the work of Year of Consolidating and Expanding Party Building through promoting the normalization and standardization of Party building at the grassroots level

Implementing the "Two Responsibilities" Requirements

- Implemented the "two responsibilities" requirements of governing the Party and the system of responsibility for the construction of the Party conduct and government integrity to create a clean and upright political ecology

Carrying out Thorough Inspection and Rectification

- Grasped the feedback from inspection of central government and the Sinochem Group's "look back" special inspection to rectify the problems and to learn from the past to promote the extension of self-examination and self-correction to subordinate units

Sinochem International has launched the creation of Model Party Branches. It has set up several Party members teams to play the role of the grass-roots Party organizations as a fighting base in new projects and major projects. The Company has continued to carry out the creation of Party members responsibility zone, Party member pioneering posts, Five-star Red Flag Group, as well as Excellent Party Workers, Members, and Organizations along with several campaigns including No Rule Violation and No Safety Accident by Your Side. It has publicized Party building through various channels such as the OA column Red Engine, company official WeChat account, and Party building WeChat groups to promote cultural integration.

KPIs in 2020

Model Party Branches of Sinochem International Established

2

Party building activities

1,068

Total attendance

18,072



2019-2020 Commendation Conference for Excellent Party Workers, Members, and Organizations and Special Lecture on the Founding Day of CPC



The chemical industry has entered a critical period of transformation and upgrading. Upholding the "In Science We Trust" core value of Sinochem Group, Sinochem International has continued to increase investment in science and technology, optimize innovation system, focus on key technical projects, innovation platform construction, and talent team building, and vigorously promote digitalization and intelligent transformation to enable sustainable development.

Transformation and Upgrading through Innovation



- 49 / Improving Innovation Systems
- 52 / Cultivating Innovative Talents
- 54 / Boosting Industrial Progress
- 55 / Promoting Digital Transformation

Improving Innovation Systems



Sinochem International has released the *Innovation Management Manual* upon the "Innovation Triangle theory" composed of innovation subjects, innovation modes, and innovation culture. It has been promoting the construction of an innovation management system based on IPD, which ensures consistent objectives, standardized processes, and high-quality mass delivery of products in all aspects of product development and management through the systematic design of top-level logic, core concepts, and process paths.

“
Innovation is a powerful engine for sustainable development. Guided by sustainability and driven by innovation, we develop green processes and products that are conducive to the circular economy. Through systematic management, we boost the industrialization of scientific and technological research to create a better future with chemistry.
 ”

CHEN BAOSHU
 Chief Technology Officer

IPD Innovation Management System

IPD (Integrated Product Development) is a management philosophy and approach to effectively manage product development through the integration of best practices in product development, by reorganizing the core processes of value creation and building cross-departmental heavyweight teams to develop products around customer needs and driven by both technology and market. IPD enables integrated and joint processes of product development to help build up product competitiveness and ultimately achieve commercial success.

- Clarifying strategic intent to find an innovation focus through market research and capability assessment



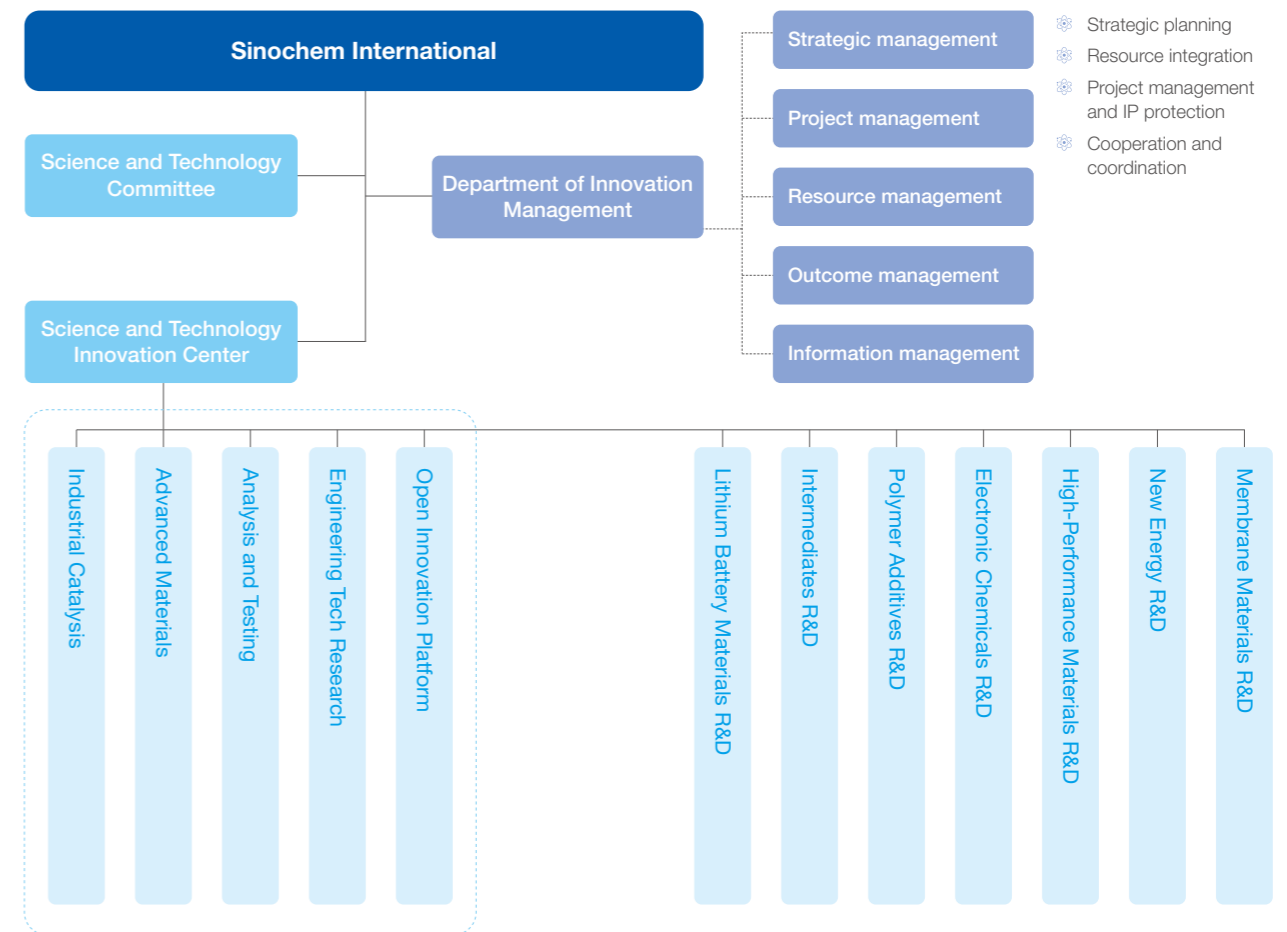
- Evaluating financial metrics, markets, technology, etc. at every stage of product development to ensure better return on investment

- Implementing business design into products and conducting market-guided product and technical investment

- Developing solutions driven by customer needs and building disconnected and irreplaceable competitive advantages driven by technology to realize better customer experiences and lower costs

Two-tiered R&D Structure

Sinochem International has built a two-tier R&D structure with clear responsibilities and internal and external synergy to create a technological innovation system from basic research, process development, engineering research to product application R&D, to enhance the source of innovation and development continuously, and to accelerate R&D achievements to take root.



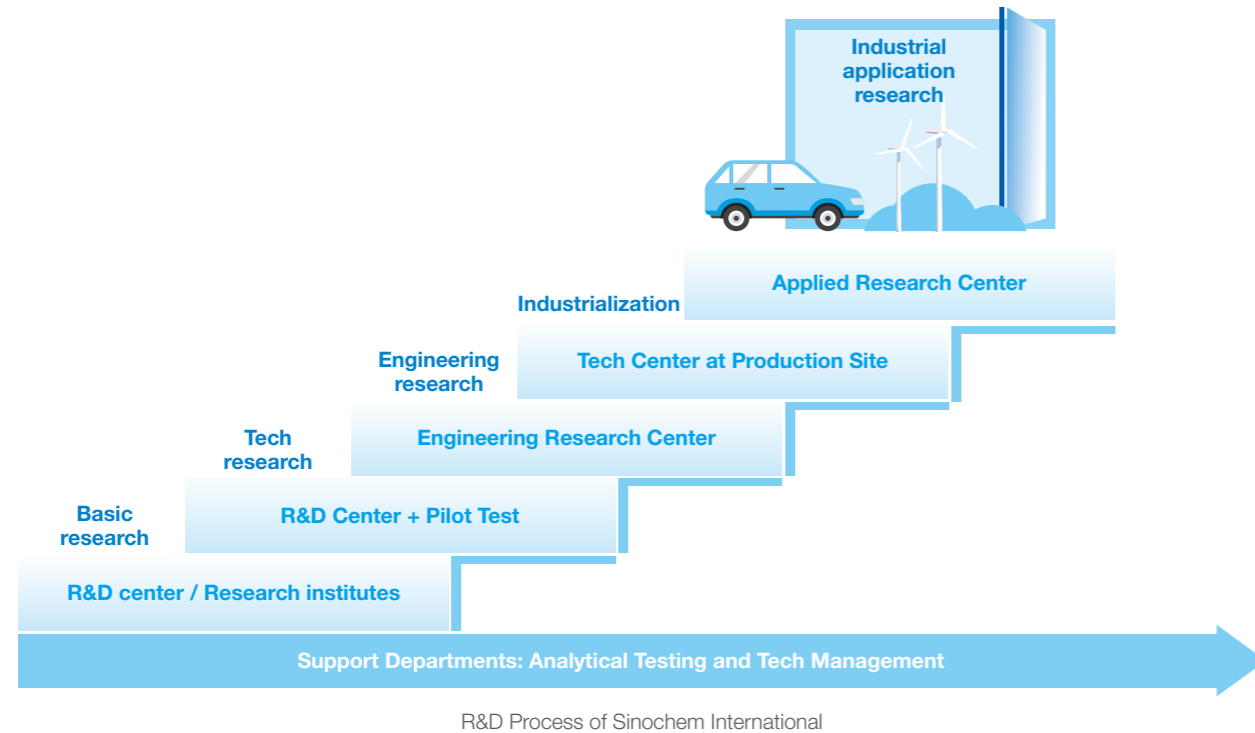
The two-tiered R&D structure of Sinochem International

Core R&D Platforms of Sinochem International

State key lab	National engineering (technology) research center	National recognized enterprise technology center
1	3	1
National high-tech enterprises	Academician workstations	Postdoctoral workstations
15	3	6

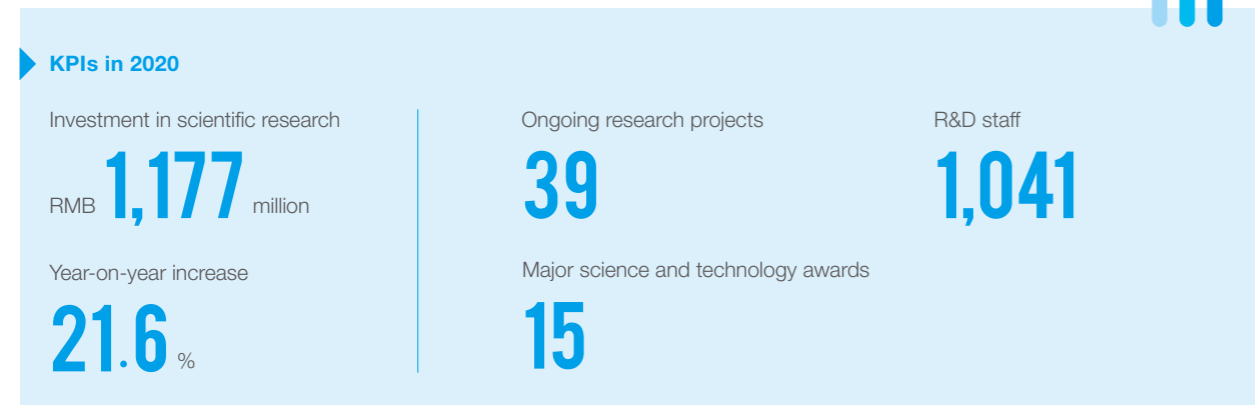
Building an Integrated R&D Organization

Based on market demand and technical and economic development trends, Sinochem International formulates technology development plans and implementation paths that match the Company's strategies, rationalizes the synergy mechanism between research, production, and marketing, and takes "having a technological innovation system that integrates basic research, process development, engineering research, and product application research" as its core capability. For independent R&D projects, technology verification of imported technologies, or investment projects, we will advance according to the R&D process in accordance with the technical characteristics to achieve an efficient output of new products and technologies.



R&D Project Management

Based on the IPD innovation management system, Sinochem International has built an IPD project management system integrating product strategy, market management, product development, and technology development, bridged the inter-departmental barriers between R&D, production, and marketing, established a structured project management process, and adopted the Stage-Gate review system to achieve online project management.



Key Innovation Honors in 2020



- ★ Yangnong Group and Sennics won the title of "China Petroleum and Chemical Industry Technology Innovation Demonstration Enterprise" in 2020
- ★ Anhui Sennics was selected as a "National Technology Innovation Demonstration Enterprise" by the Ministry of Industry and Information Technology
- ★ Sinochem Fuheng won the title of "Little Giant" from the Ministry of Industry and Information Technology
- ★ 2 scientists won the "2020 National Petroleum and Chemical Industry Outstanding Science and Technology Workers"

Key Scientific Research Awards in 2020



- ★ The project "Micro-Channel Continuous Flow Catalytic Synthesis of Pyridine Heterocyclic Products Clean Production Technology and Its Industrial Application" of Yangnong Group won the first prize of Technological Innovation of China Crop Protection Industry Association and the first prize of Science and Technology of Jiangsu Chemical and Chemical Society
- ★ "Improving mass and heat transfer in the synthesis of imidacloprid intermediates - Research results based on TRIZ theory" of Yangnong Group won the first prize in the national final of China Innovation Method Competition
- ★ "New Process Strengthening Technology Development and Industrialization of P-Phenylenediamine Antioxidants" of Sennics won the second prize in the Science and Technology Progress Award of CPCIF
- ★ "A Process Improvement for the Production of Epichlorohydrin from Glycerol-based Dichloropropanol" and "A Method for the Catalytic Synthesis of 5-Methyl-3,4-Dihydropyridin-2(1H)-Ketone Chemical Intermediates" of Yangnong Group won the Outstanding Patent Award of CPCIF

Cultivating Innovative Talents

Laying great importance on building up the scientific and technological talent team, we have implemented the "S&T Talents Project" to optimize talent management in talent introduction, cultivation, development, and motivation. With a S&T innovation incentive system covering the whole life cycle of R&D, we promote project research and commercialization to enhance the capacity of S&T innovation.

Talent Introduction

Building a map of high-end S&T talents in main strategic businesses such as new materials and new energy, and shortening the talent introduction cycle

Talent Cultivation

Cultivating all-round talents with comprehensive training combining industrialized project practices, job rotations over research, production and marketing positions, and talent empowerment training

Talent Motivation

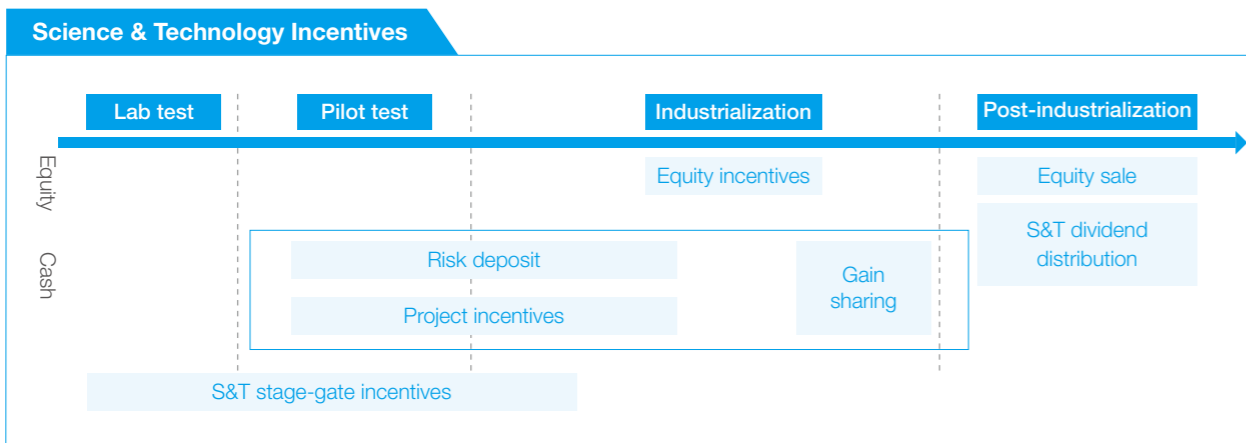
Building a S&T innovation incentive system that covers the whole life cycle of R&D

Talent Development

Setting up and implementing a dual access mechanism for R&D staff



S&T Talent Project of Sinochem International



S&T Incentives of Sinochem International



Sinochem International's S&T Incentive Mechanism Recognized by SASAC

Since being included in the list of "Double-Hundred Action" in August 2018, Sinochem International has focused on exploring and implementing diversified S&T incentives, building a multi-dimensional incentive system covering "cash + equity", "short term + medium and long term", "from incubation to industrialization" to stimulate internal innovation and self-blood-building capacity and promote new technology output and new industrial breakthroughs. Our unique initiatives and experience in S&T incentives are fully recognized by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC) and selected as part of the SASAC's *Sample of Reform – Case Collection of "Double-Hundred Action" of State-owned Enterprises*.



Sinochem Fuheng's S&T Staff Receive Bonus

The main business of Sinochem Fuheng, a high-tech enterprise under Sinochem International, is the deep processing of downstream products of oil washing and the production of high value-added electronic chemical materials and intermediates of fine chemical products. In recent years, the Company's business has developed rapidly, and in 2019 it reached the KPIs required by national policies and the incentive scheme. In 2020, a bonus of approximately RMB 2.94 million was given to employees as promised, 63% of which being S&T staff.

Boosting Industrial Progress

In addition to boosting independent innovation, Sinochem International has built a close and long-lasting open innovation mechanism, actively engaged in exchanges and cooperation with enterprises, outstanding universities, research institutes, and other partners. It has integrated multiple advantageous resources, promoted the construction of research platforms, innovation projects and key technologies, accelerated the industrialization of S&T achievements, achieved win-win cooperation, and promoted the progress of the chemical industry.

Joining Forces with Partners to Promote Industrial Innovation

- February 2020**
 - Deepened cooperation with the BMW Group in the field of new energy
- June 2020**
 - Signed a cooperation agreement with the Chemical Industry Productivity Promotion Center of the CPCIF
 - Launched the Yangon Group-Tsinghua University EMA project
- August 2020**
 - Signed a strategic cooperation agreement with Chinese Academy of Sciences Shareholding Co., Ltd.
 - Sennics signed the cooperation framework agreement on phosphorus-based flame retardants with Yoke Technology
 - Sinochem (Zhejiang) Membrane Industry Development Co., Ltd. joined forces with The National Engineering and Technology Research Center for Industrial Crystallization of Tianjin University to set up Sinochem Membrane and Crystallization Salt Separation Research Institute
- September 2020**
 - Sinochem Hebei joined forces with the Ecology and Environment Centre of the Chinese Academy of Sciences to set up a joint laboratory
- December 2020**
 - Sennics signed the strategic cooperation agreement with Jinyu Tyre

Open Innovative Platform



KPIs in 2020

S&T employees newly recruited

110

Trainings for S&T staff

62

S&T new hires specializing in new energy and advanced materials

104

Training coverage for S&T staff

100 %

New hires of tech experts at or above director level

5



Promoting Digital Transformation

In 2020, under the guidance of Sinochem Group's "Online Sinochem" strategy, Sinochem International has developed its digital transformation with intelligent manufacturing as the core and digitalization as the means based on industrial insight and synergy to start a comprehensive digital transformation in order to promote management upgrade, business innovation and transformation.



“

Digital transformation is a strategy that is as important as any other business strategy and management approach and it continues to unlock value. We are leveraging information technology to explore new drivers for sustainable business growth, guided by intelligent manufacturing and Internet+.

XIE XUDONG
General Manager of IT Department

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Digital Construction Model of Sinochem International

One Core • Intelligent manufacturing

Two Models

- Start-ups: Providing different levels of information technology support in different stages such as start-up, pre-mass production, capacity expansion, and business stabilization
- M&A business integration: Providing different levels of information technology synergy and unification for different priorities and requirements of integration in strategy, management, and business

Three Platforms

- Collaborative and interconnected business management platform: with ERP as the core, building and solidifying end-to-end business processes from a value chain perspective and achieving full integration and sharing of data
- Intelligent and efficient production and operation platform: with MES as the core, achieving vertical connect and integration from process control to production control and operation decision
- Agile and shared basic platform: data/big data integration platform and technology development platform combining edge cloud, data bus, and micro services

Four Systems

- Technical specification system
- Network security system
- Data control system
- Operation and maintenance service system

Sinochem International actively applies digital technology to carry out upgrading and transformation, and builds innovative smart plants and parks based on the industrial Internet platforms. Through a series of digital transformation and upgrading projects, the overall plant operation, such as automation, safety management, environmental protection, and statistical efficiency, is significantly improved, laying the hardware foundation for the enterprise's digital transformation.



Winning the Tender of "2020 Industrial Internet Innovation Development Project"

On December 21, 2020, a consortium led by Sinochem International won the tender of "2020 Industrial Internet Innovation Development Project - Comprehensive Protection Platform for Industrial Enterprise Network Security" of the Ministry of Industry and Information Technology of the People's Republic of China, marking the recognition of the informationalized level of the Company by the Ministry of Industry and Information Technology. Relying on this project, Sinochem International will comprehensively improve industrial information security, build a benchmark enterprise of the industrial Internet in the chemical industry, accelerate the application and popularization of the industrial Internet platform and industrial cloud in the chemical industry, and motivate the digital transformation of domestic chemical enterprises.



Building Digital and Intelligent Plants

By establishing a multi-leveled integrated information platform MES (Production process execution management system for manufacturing companies) together with leading global technology companies, Sennics has automated the inbound and outbound operations of materials, increased quality inspection efficiency by 30%, increased inventory efficiency by 78% and reduced labour costs for statistics by over 60%.



Sinochem Plastics Received "2020 China Digital Transformation Pioneer" Award

On October 2020, the project "SAP Upgrade & Financial Sharing Center" of Sinochem Plastics won the Annual Award of "China Digital Transformation Pioneer". By upgrading the SAP system and implementing integrated design, development, and integration of 12 specialized systems, the project built a digital operation platform for chemical trading and marketing, realizing a full-scene, full-process, and full-dimensional operation and management mode. The project is the largest digital project of system integration among Sinochem International's subsidiaries in recent years.





Focusing on new energy and new materials, Sinochem International has increased its investment in the field of green chemical products and continued to unleash its innovative vitality to build a green, low-carbon, and circular economy and to create a better life for people with high-quality and sustainable products and integrated solutions.

Green Products for a Better Future



59 / New Energy Solutions

60 / Advanced Materials

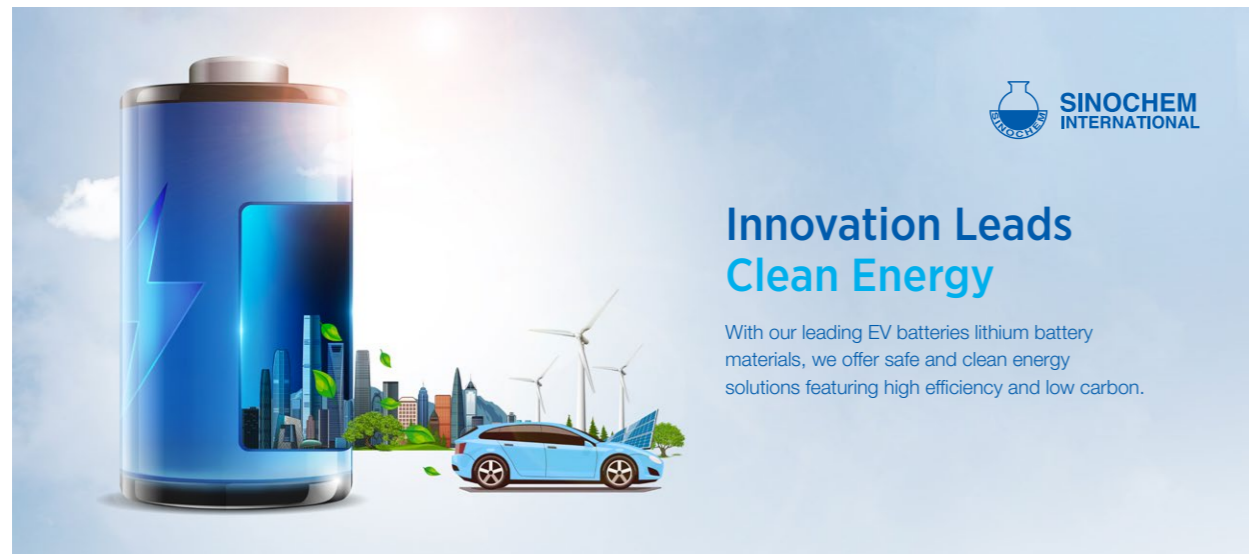
New Energy Solutions

New and renewable energy is the cornerstone of future energy sources for our society and the inevitable choice for energy transformation guided by the goal of carbon neutrality. In the automotive sector, the vigorous development of the new energy vehicles (NEVs) is driving the auto industry and has also become a national strategy.

In November 2020, the General Office of the State Council issued the New Energy Vehicle Industry Development Plan (2021-2035), proposing to build a new industrial ecology with the development of the entire value chain of power batteries. New energy vehicle sales aim to reach about 20% of total new vehicle sales by 2035.



By deepening the layout of the new energy business, Sinochem International has increased the development and utilization of clean energy. Leveraging Sinochem Group's advantages in the operation of upstream lithium-related products and the production and handling of chemical feedstocks, the Company has extended the industrial chains into lithium materials and power batteries to help achieve sustainable transportation in a low-carbon and green way.



Innovation Leads Clean Energy

With our leading EV batteries lithium battery materials, we offer safe and clean energy solutions featuring high efficiency and low carbon.



Layout

- Anode lithium materials production
- Lithium batteries production
- Battery recycling, charging, and energy storage



Industry

- Ningxia Sinochem Lithium Battery Materials Co., Ltd.
- Huai'an Jun Sheng New Energy Technology Co., Ltd.
- Sinochem Yangzhou Lithium Battery Technology Co., Ltd.
- Sinochem Hebei Lithium Battery Technology Co., Ltd.



Product

- High-nickel products: NCM 811, NCA materials
- Low-nickel products: polycrystalline 5-/6-series
- Lithium-ion battery cells
- Lithium-ion battery modules

Lithium Battery Project Progress in 2020

- In March, Sinochem Yangzhou Lithium Battery Technology Co., Ltd. signed an agreement with Yangzhou Economic Development Zone Management Committee to land the BMW i3 power battery production line within the Development Zone, making it a key new energy base for Sinochem International in East China
- In September, Sinochem International signed a strategic cooperation framework agreement with BMW Group, under which the Company would set up a special panel to undertake BMW technology implementation while completing the production line of battery modules and packs with global tier-1 automotive standards. A full integration with BMW's quality system will come into place along with an operational system that meets the requirements of international top auto enterprises
- In September, the first passenger vehicle battery system independently designed by Sinochem International was successfully vehicle-tested. This is the first A00-class vehicle cooperation project between Sinochem International and Hoann New Energy, a leading domestic light vehicle company, a breakthrough in the application of Sinochem's lithium batteries in passenger vehicles

Advanced Materials

Advanced chemical materials serve as an important pillar for economic and technological development. It is the key sector to a high-quality economy and the transformation and upgrading of China's chemical industry from large scale to high quality. Sinochem International has been researching and developing lightweight and high-performance materials and their industrial application to boost the sustainability of high-end manufacturing industries.



High-performance Membranes

High-performance membranes are the core materials for advanced and efficient separation technologies. They have become one of the common technologies for solving major problems regarding water resources, energy, and the environment. Sinochem International focuses on integrated solutions for membranes in the water treatment and separation industry, developing and producing reverse osmosis membranes, nano-filtration membranes, degassing membranes, and electro-driven ion membranes, which are widely used in zero discharge, wastewater reuse, brackish water desalination, ultra-pure water purification and civil water purification.



Our diversified membrane products can meet customers' needs for high-quality product water, low operating energy consumption, low maintenance costs, and low investment costs. Based on our unique reverse osmosis membrane formulation, combined with imported intelligent production equipment and innovative production processes, we develop reverse osmosis membranes with excellent desalination rate, water production flux and anti-pollution performance, and continue to promote industry-leading high-performance reverse osmosis membranes in seawater desalination, electronic semiconductor, coal chemical industry, petrochemical industry and other fields.



Reverse osmosis membranes developed by Sinochem International



Membrane Production Base of Sinochem International Put into Production

In November 2020, the reverse osmosis membranes plant with an annual production capacity of 220,000 completed the installation and commissioning of major facilities, and officially entered into the production phase. Phase I of the project adopts the world's most advanced membrane production and rolling technology to gradually reach an annual production capacity of 8.8 million m² of reverse osmosis membranes, while Phase II of the project plans to build a degassing membrane and electro dialysis membrane plant.



Lightweight Materials

ELIX Polymers, a subsidiary of Sinochem International, is a specialist supplier of tailor-made solutions for high-quality thermoplastic applications, developing and producing eco-friendly products for the automotive manufacturing, medical, electrical equipment, and electronic devices. Its developed materials such as ECO ABS-NF thermoplastics, new generation ABS/PC (PMMA injection optional), bio-based ABS (ABS/PLA), and electroplating ABS/PC with lower density are all excellent in reducing energy consumption and carbon emissions.



Customized High Flow ABS Products for Miele

ELIX Polymers has developed an ABS product with high flowability specifically for the new vacuum cleaner model Triflex HX1 of high-end household appliance manufacturer Miele & Cie KG. The improved rheological properties enables a reduction in wall thickness and total weight of the vacuum cleaner housing parts. It also provides good mechanical properties in strength and stiffness, excellent component performance, and aesthetic properties.





Specialized Solutions for BMW

ABS H801 developed by ELIX Polymers is the nominated material of spoilers and aeroblade parts the BMW X5, X7, and X6M cars. The excellent performance of ELIX ABS H801 material in glue joint assembly, together with its great mechanical properties including high stiffness, heat and impact resistance, as well as paintability, allowed the use of the same material for both exterior painted parts and reinforcement interior parts.



Polyolefin Resins

Wind energy is a clean and renewable energy with huge reserves for power generation. Sinochem International has been designing new material solutions for the wind power industry to further promote its sustainability.

The new high-performance polyolefin resin developed by the composites researchers of Sinochem International Science and Technology Innovation Center is featured with high strength, modulus, and paintability. It can be used in fiber-reinforced composite blades of wind turbines. The process does not require a release agent and can be sprayed directly without post-treatment, which effectively reduces dust and environmental pollution compared to traditional processes. At the same time, the new polyolefin resins enables quicker production and lower labor costs.

At present, the static mechanical properties of the resin developed by Sinochem International have met customer requirements, and the products are now going through dynamic mechanical analysis. The Company plans to work with customers next year to carry out operational tests with full-size blades.

In addition, the new cycloolefin copolymers of Sinochem International for medical use, which can be applied to vaccine packaging, boasts good transparency and water vapour barrier properties. This can extend the shelf life of pharmaceuticals or pharmaceutical solutions and ensure that the concentration of packaged pharmaceutical solutions is stable over a long period, realizing new uses in the medical packaging field that are not possible with traditional plastic materials.

Biodegradable Plastics

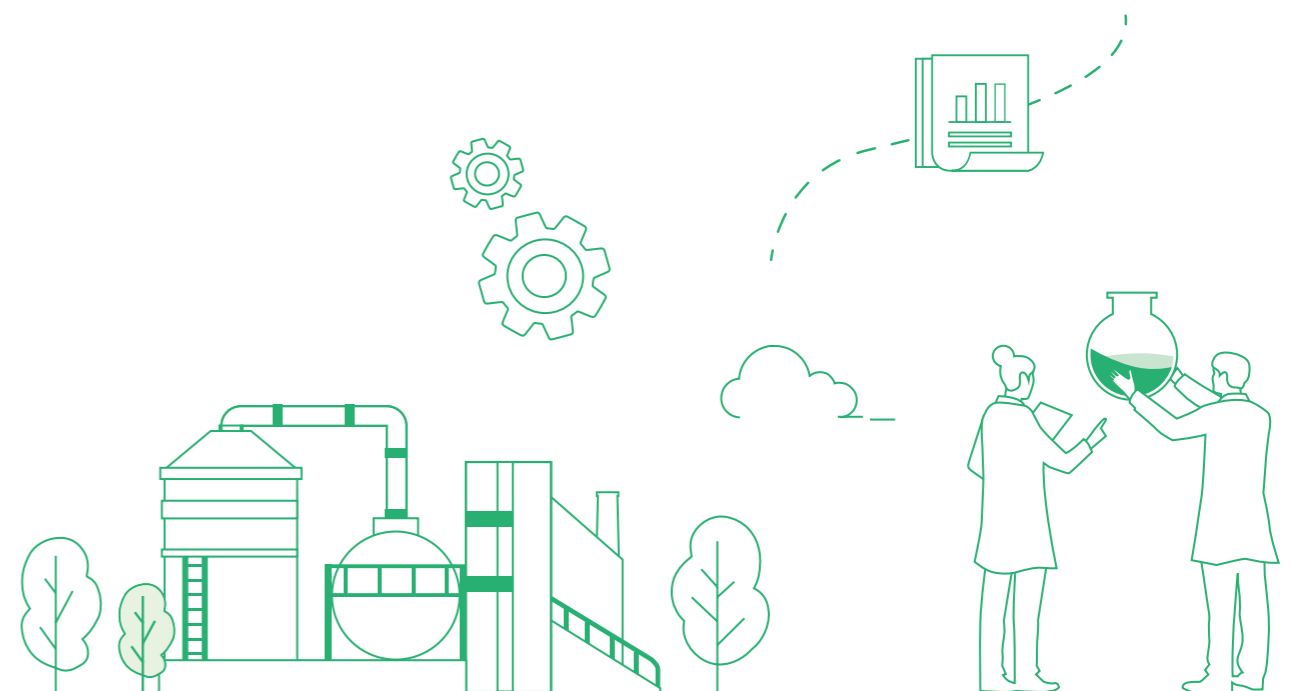
Although the widespread use of plastics has brought many conveniences to people, the damage to the environment caused by "white pollution" is also becoming increasingly serious. With the official implementation of the new plastic bags bans and the gradual promotion of special rectification work, the plastic industry is faced with the challenge of upgrading.

On January 19, 2020, the National Development and Reform Commission and the Ministry of Ecological Environment issued the Opinions on Further Strengthening the Control of Plastic Pollution, which not only proposes control requirements to ban and restrict the single-use plastic products in many industries, but also proposes measures to promote the application of alternative products, cultivate and optimize new business models and increase the supply of green products, which is called the "Strictest Plastic Bags Bans" in history.

Sinochem International actively explores plastics recycling and delivers effective material solutions to reduce white pollution. Together with partners such as Tsinghua University and Bluepha, Sinochem International is promoting the R&D of biodegradable material PHA (polyhydroxyalkanoate) and the pilot test of microbial strain optimization and bio-fermentation extraction is underway.

PHA is one of the most popular degradable materials among the world's environmental groups. It is a fully biodegradable polymer produced by fermentation technology using microbial engineering bacteria with glucose and grease as substrates. This type of material degrades into CO₂ and water on land and in the ocean, and plays a pivotal role in reducing the dependence on petro-based raw materials and reducing pollution from non-degradable plastics.

Sinochem International is planning to conduct scaled-up pilot test for data collection, sample testing and process optimization to further reduce PHA production costs and continue to improve performance.





Safety and environmental protection are the eternal themes of chemical enterprises, the bottom line for their survival, and one of the core competencies for sustainable and high-quality development. Sinochem International adheres to the bottom-line thinking, deepens the awareness of HSE compliance, continuously improves the intrinsic safety, solidifies the HSE culture, and implements the concept of sustainability by devoting itself to minimizing the negative impact of business activities on the environment with the power of "Green Chemistry", so as to make the sky bluer and water clearer.

Safety and Ecological Protection



- 67 / Strengthening HSE Management
- 70 / Improving Intrinsic Safety
- 74 / Protecting Ecological Environment

Strengthening HSE Management

Sinochem International has established a sound HSE management system, improved the audit thereof, and continued to promote systematic, perfect and characteristic full HSE management by taking risk management as the core and Five-Star Plants creation as the means.

HSE Goal	To spend every effort to eliminate damages, accidents and pollution
HSE Management Policies	Health and safety, prevention first; environmental friendliness, dutiful performance; people-oriented and full participation; growth sharing and sustainable development
Safety Vision	To eliminate all safety accidents and contribute to a greener life with fine chemistry, and become a fine chemical enterprise trusted by society, customers and employees
Safety Mission	To cultivate core HSE competencies to be a model of safety management in fine chemical industry, and to better fulfill corporate social responsibility

Sinochem International has prepared *Management Measures for Construction of HSE System and Document Control and Emergency Plan for HSE Accidents* in accordance with production safety standards (ISO 45001, ISO 14001 and other management systems) and established a 24-element HSE management system with its own characteristics to provide institutional guarantee for systematic HSE management. In 2020, Sinochem International achieved HSE "Four Zeros" goal.



“

HSE is not only an important foundation for corporate development, but also the creator and guardian of business value. On the verge of a new era, we fully recognize the importance of HSE and work to improve the HSE risk identification, control and management mechanism covering every employee, each process, and all business aspects, uphold HSE as our core values, and build a world-class HSE management culture.

FANG GUOYU

Assistant General Manager and HSE Director

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Strengthening HSE Management Initiatives in 2020

Optimizing the Top-level Design

- Continuous improvement in the 24-element HSE system, and established an integrated HSE management system structure with international and diversified industrial layout
- Promoted headquarters and subsidiaries to sign HSE responsibility letters, and implemented the main responsibility of production safety at each level; promoted "One Post With Three HSE Cards" to implement the HSE responsibility of front-line posts

- Comprehensively reviewed the HSE system with JCC (Job Cycle Check), revised and improved the HSE management system and operation procedures, and strengthened the applicability of HSE systems

Improving the Management System

Deepening the Implementation of the "Three Standards" Management

- Deepened the management of standardized site, activities and operations, strengthened the direct lines of responsibility and localized management, mobilized all employees to participate in HSE management, built a platform for exchange and mutual assistance, reasonably used STOP/JSA/PHA/JCC/TAKETWO/SAFESTART and other safety management tools to improve the effectiveness of safety management
- Continuous improvement in assessment and incentive mechanisms to guide employees to develop safe work habits

- Continuous efforts to build Five Star Plants and Research Institutes and carried out a series of training, lectures and on-site coaching on the Road to Five Star. In 2020, three Five Star Plants and one Five Star Research Institute have been created
- Existing Five Star Plants continued to carry out all-round inspections and on-site coaching to strengthen HSE 24-elements and promote the implement of 546 good practices

Promoting the Construction of the Five Star System

Enhancing Informatization

- Built a comprehensive HSE management platform, realizing digital HSE management through a new generation of information technology such as telemetry, visualization technology, automation technology and Internet of Things technology, established multiple control lines, reduced "Two Key and One Major" risks, and improved HSE management efficiency

- Exported HSE experience and culture of Sinochem International to enhance HSE practices of the chemical industry as a way to fulfill the social responsibility as a central SOE

Exporting HSE Culture

In 2020, Sinochem International continued to implement the Five Star Plant mechanism to ensure that the 24-element HSE system is closely in line with production and operations. We strengthen inter-company HSE communication and mutual assistance as well. In addition, the Five Star creation model was also transplanted to scientific research institutions, and the Company creatively proposed the Five Star Research Institute creation plan and standards. In 2020, Sinochem International Science and Technology Center was awarded the title of Five Star Research Institute.



Road to Five Star: Efforts of Sinochem (Ningxia) Lithium Battery Materials

At the beginning of 2020, Sinochem Lithium Battery Materials set the goal of creating a Five Star Plant. Led by the management team, all employees actively participated in the campaign, and many front-line employees have come up with innovative HSE practices including "Zhang Wenbo feeding method", "Liu Bing sampling method", and "Feng Jiang cutting method". Altogether, the company has summarized 56 HSE good practices with its own characteristics. Through the creation of Five Star Plant, the standardization of workplace and facilities has been significantly improved, the team solidarity has been significantly enhanced, and the 24-element HSE and site management have been fully integrated, effectively eliminating safety and quality hazards and laying a good foundation for subsequent customer development and quality certification.



Exporting HSE Culture to Improve HSE Management of the Chemical Industry

HSE competitiveness of Sinochem International has been highly recognized by many local governments, industrial parks and enterprises. Sinochem International has been invited to export HSE culture for enterprises such as Conch Group and Jiangsu Binhai Industrial Park, and has developed a special course "Building Core Competitiveness with HSE Management". The leading safety management concept and excellent HSE performance have become the brand-new business card of Sinochem International.

KPIs in 2020

Severe accidents or work-related casualty

0

Work days lost due to work-related injuries

0

Death rate per million work hours

0

Major negative press coverage of HSE

0

Employees (third parties included) subject to HSE review

100 %

Five Star Plant

16

Five Star Research Institute

1



Improving Intrinsic Safety

With risk control as the core, Sinochem International identifies and controls risks at source, uses the creation of Five Star Plants as a grip to promote the implementation of HSE improvement projects, continuous improvement of equipment and processes, continuous improvement of hardware and software, and significant enhancement of essential safety. At the same time, the Company strengthens the safety infrastructure of employees, prevents occupational health and safety accidents and creates a culture of safety for all employees.

Comprehensive Progress in Work Safety

Giving equal importance to safe production and pandemic prevention, Sinochem International fully implements the deployment of work safety. It has innovated the "Cloud Supervision" and "Cloud Control" mode of online supervision, implemented the resumption of work and production during the epidemic, and took the lead in resuming normalized and all-round safety inspections. Through continuous annual review of the HSE system, the Company has promoted system improvement and self-drive.

Work Safety Measures in 2020



Controlling Risks at Source

- Conducted reaction risk assessments for all hazardous chemical projects to identify and control risks at source
- Established a complete quality assurance system and a mechanism for tracing hidden quality problems, implemented an assessment mechanism for project supervision and a replacement mechanism for non-conformity
- Conducted HSE review of nine new projects from the research stage, preferring relatively low-risk and eco-friendly process to enhance the intrinsic safety of the projects from the source
- Strengthened HSE due diligence and remediation of problems in M&A projects to ensure that M&A projects meet intrinsic safety requirements



Strengthening Process Control

- Focused on the management improvement of process safety and equipment integrity, promoted mechanical integrity and quality assurance (MIQA), grasped the double prevention mechanism of risk prevention and control and hazards investigation and rectification, deployed and promoted the three-year action of special rectification of work safety, and reduced safety risks
- Carried out regular all-round inspections, special counselling, cross audits and on-site exchanges to learn from other enterprises' strong points and complement the shortcomings of HSE elements



Carrying Out Special Actions

- Implemented special actions such as "Frequent Work Management", "Safety Red Ribbon" and "Repeated Hazards Management" to eliminate safety hazards in construction projects
- Carried out HSE rectification of contractors, improved the whole process control of contractors, implemented the "Ten NOs" for project safety management and the "Six Steps" for contractor safety management, and dismissed contractor personnel and construction teams who violate the life-saving clauses

KPIs in 2020

Informatization rate of key chemical projects under governmental supervision

100 %

Key risks of facilities under control

100 %

Investment in safety and health

RMB 128 million

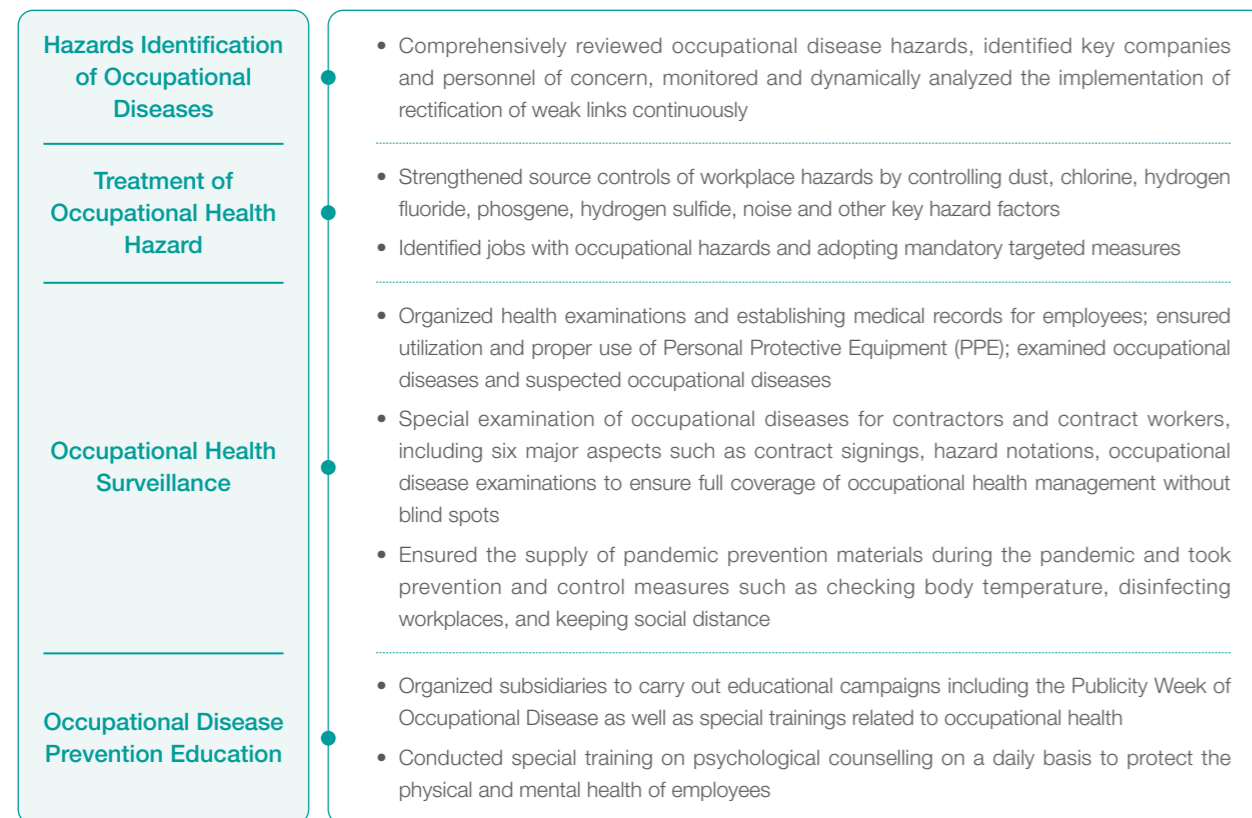
General-level or above production safety accidents (including contractors)

0

Occupational Health

We attach importance to the occupational health and safety of our employees, continuously optimize our occupational health and safety management system, strengthen occupational health supervision and eliminate potential occupational health risks. Through the organization of various activities and training, we continue to enhance the safety skills of our employees. The Company and the trade union have signed a collective labor contract that covers the protection of workers' occupational health and safety. For important health and safety issues, The Company makes decisions through the HSE Committee, making every effort to protect employees' right to know and to participate in decision-making.

Measures of Occupational Health Management in 2020



KPIs in 2020

Employees free from occupational diseases

100 %

Employees with occupational health records

100 %

Proper usage of PPEs

100 %

Occupational diseases occurred during the entire year

0

Sinochem International carries out diversified safety training, establishes a diversified and practical HSE training system with full coverage, sets up training matrices with practical and special needs enriches training forms, and organizes special actions such as "Safety Production Month" and "100 Days Accident-free Safety Production" to continuously enhance the professional ability of the HSE management team and raise the HSE awareness of all employees.

HSE Training System of Sinochem International

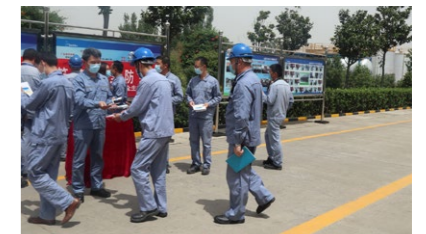
- Key positions including key responsible persons, HSE sub-leaders and HSE managers in all business units and enterprises at all levels are required to pass the Sinochem International HSE certification training, with a 100% pass rate
- Professional leaders in production, technology, equipment and engineering are required to pass the Sinochem International HSE certification
- Conducting scored HSE training for all employees
- Developing online training courses and organizing micro-class activities
- Innovating training video production, several works selected as excellent works of CPCIF



Workshop Safety Mutual Inspection Activities at Sennics Anhui



Signature Campaign on the Theme of Safety Month at Yangnong Group



Safety Brochures for employees issued by Shandong Huahong

Sinochem International carries out systematic emergency response capability management work, and continues to increase the number of emergency equipment combing, emergency facilities completeness, the number of emergency management specialists and the number of full-time emergency response teams. We tested our emergency response capabilities by means of unscripted drills, testing the emergency management capabilities of units at all levels and the capabilities for integrated emergency response and collaborative operations under unexpected circumstances.

Measures to Enhance Emergency Management in 2020

Reinforcing Key Links of Emergency Management

- Carried out emergency assessments and problem rectification and enhancement
- Organized cross audits and improved the average score of the Company's emergency elements year-on-year

Promoting Unscripted Drills

- Improved emergency plans and preparedness in the context of pandemic prevention and major risks while promoting unscripted drills
- Built an online emergency command platform to import emergency management information from all subordinate enterprises and to form a "Panoramic Map" of emergency resources covering materials, teams, medical treatment and basic documents

Extreme Weather Warnings and Incident Alerts

- Extreme weather warnings and deployment for key flood control companies in a timely manner
- Issued multiple accident alerts in a timely manner and organizing special inspections

Internal and External Emergency Communication

- Organized subordinate enterprises to visit Zhoushan emergency rescue base and prepared for the establishment of Lianyungang emergency rescue base

Establishing a Joint Prevention and Coordination Mechanism

- Led the establishment of a co-prevention and co-management mechanism in Lianyungang Circular Economy Industrial Park and conducted monthly joint inspections to improve the overall HSE management level of the park



Benzene tank fire emergency drill by Yangnong Ruixiang



Simulation exercise of emergency evacuation and rescue for methyl ketone leakage and fire by Sennics Tai'an



Emergency rescue drill of hazardous chemicals (methanol) leakage accident in Cao County by Sennics Shandong



Joint emergency response drill of Sinochem International - High Performance Division - Sinochem Fuheng

KPIs in 2020

Production safety accident emergency drills

283

Participants

20,942

HSE trainings conducted for employees in the head office

37

Employees with 10 credits or more

622

Chemical Management

According to the *Hazardous Chemicals HSE Risk Control Standard*, Sinochem International has established a whole process monitoring system for the collection, storage, transportation, treatment and disposal of hazardous chemicals.

We comply strictly with the *Plan of Assessing Management of Hazardous Chemical Procurement of Sinochem International* and conduct regular risk assessments of hazardous chemical suppliers, covering core elements such as risk management commitment of enterprise leaders, management of employees' occupational safety and health and labour protection, enterprise training of employees' competence and safety awareness, qualification audit of hazardous chemical transporters, assessment of hazardous chemical transporters, hazardous chemical transportation compliance and hazardous chemical transportation management, to ensure the procurement and transportation of hazardous chemical raw materials are under control.

Measures of Hazardous Chemical Procurement Management in 2020

Management of Hazardous Chemical Suppliers

- Reviewed qualifications and certificates of hazardous chemical raw material suppliers
- Assessed suppliers in dynamic and quantified manners to safeguard the qualifications of hazardous chemical suppliers

Procurement Management System

- Improved system construction and standardized procurement management systems, processes, review standards and other documents

Hazardous Chemical Transportation Assessment

- Regularly reviewed the transportation compliance of hazardous chemical suppliers

Hazardous Chemical Procurement Management

- Specified quality requirements of hazardous chemicals
- Implemented strict management on hazardous chemicals inspections and delivery according to procedures

Hazardous Chemical On-site Operation Management

- Field assessments and inspections of on-site handling and warehousing of hazardous chemicals

Disposal Measures for Hazardous Chemicals

- For laboratory chemicals, we advocate minimizing reagents and samples during experiments at labs, and adopting reagent-free analysis techniques to avoid unnecessary reagent use and damaging or polluting samples
- Employees are required to attach the hazardous waste label to packaging containers and packages and place hazardous chemical waste in a cool, dry and ventilated location. Sharps waste from labs shall be collected and transferred to a specially designated department for disposal

Protecting Ecological Environment

Green development is an inevitable choice for sustainable operation of chemical enterprises. Sinochem International has set up a special working group on green production under the Sustainable Development Committee to regularly identify the possible impact of the Company's activities, products or services on the local environment, implement energy saving and emission reduction through pollution prevention and control, energy conservation, strengthening carbon emission management and water resource management, and create green plants to contribute to the sustainable development of the fine chemical industry.



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We have always defined climate change and carbon reduction as important topics, and have made 'Responsible Consumption and Production' and 'Climate Action' key areas of action for the Company to lead the industry in green and low-carbon development. We will continue to explore new ways to reduce carbon emissions and better fulfil our responsibility to address climate change.

WANG JUN
Deputy General Manager

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The Environment Management Systems

Administration Measures for Environmental Protection, The "Three Simultaneous" Management Measures for New, Reconstruction and Expansion Projects, Measures for Management of HSE Risks, Measures for Management of HSE Accident Potential, HSE Performance Assessment Management Rules, Emergency Plan for HSE Accidents, Standards for Management and Control of Waste Classification, Noise Control Standards, Sewage Control Standards, and Exhaust Gas Control Standards

KPIs in 2020

Investment in environmental causes

RMB **424** million

Environmental pollution accidents

0

Exhaust gas, waste water emission compliance rate, and plant noise compliance rate

100 %

Industrial solid waste disposal rate

100 %

Pollution Prevention

Sinochem International has consolidated its pollution prevention and control initiatives, focusing on the implementation of sewage diversion projects, special treatment of VOCs, ultra-low emission transformation and upgrading for boilers, construction of hazardous waste incineration projects and soil survey activities for all enterprises that relocated from downtown to industrial park, and standardizing basic management.

Key Measures in 2020

- Continued to increase investment in environmental protection, fully completed the pollution prevention and control campaign, and implemented 163 improvement projects in the pollution prevention and control campaign
- Conducted the 2020 annual environmental protection examination, large-scale identification of environmental protection inspection materials, simulating the environmental protection inspection by central government on the environmental management to improve and standardize environmental management, and organized on-site verification of manufacturers such as Sennics Shandong and Sinochem Fuheng
- Introduced advanced environmental management technologies to enhance the treatment capacity of waste water, exhaust gas and solid waste and to reduce total external emissions
- Launched environmental protection publicity activities: invited community residents and employees' families to the enterprise to learn more about environmental protection, and arranged employees to publicize ecological protection knowledge in the community

Stakeholders' voices

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As the organizer of the 2020 Shandong Province Ecological Environment Emergency Response Practical Exercise and Ecological Environment Supervision Technical Competition, Sennics Tai'an provided strong support and safeguards for the event, which showed the spirit of the chemical industry and the good image of Tai'an.

-Tai'an Ecological Environment Bureau, Shandong Province

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Ultra-low Emission Transformation of Yangnong Ruixiang

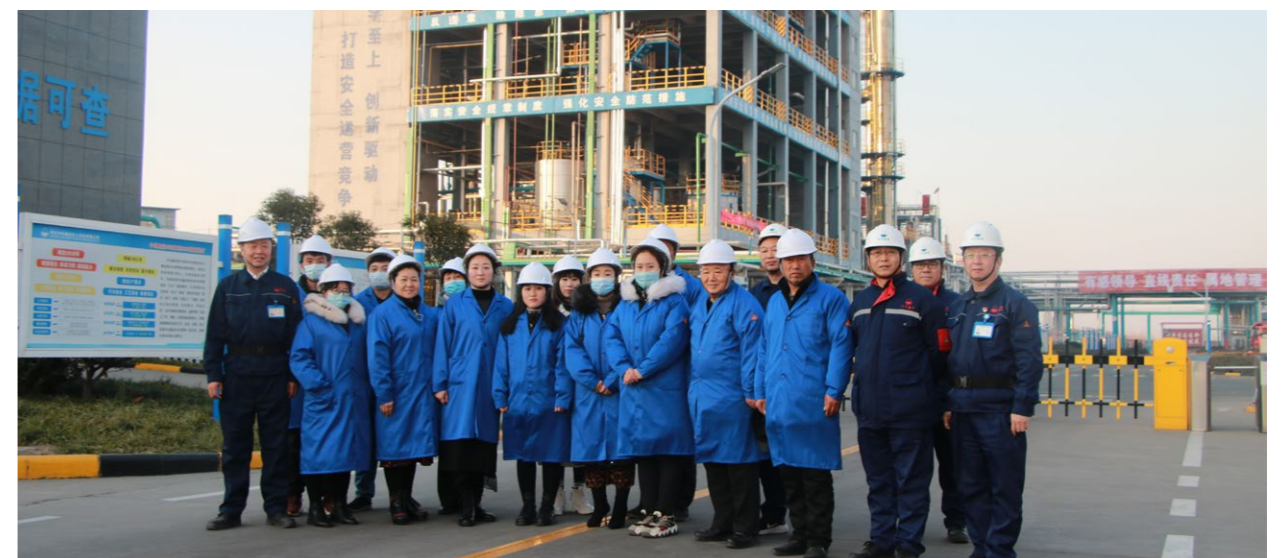
Yangnong Ruixiang upgraded its thermal power boilers, improving flue gas dedusting, desulphurization, denitrification, and flue gas denitration, using polymer denitrification technique to achieve emissions even lower than the ultra-low emission standards. In 2020, SO₂ and NO_x emissions were reduced by 52.5 and 123.6 tons respectively on year-on-year basis.



Desulphurization and Denitrification Facility



Polymer Denitrification Facility



Family Safety and Environmental Protection Day of Sinochem Xinbao, delivering first-hand experience in environmental improvement

Waste Disposal Measures

Wastewater Management and Treatment

- Strictly controlled wastewater discharge and conducted regulatory compliance checks on wastewater monitoring and management at each subsidiary
- Standardized rainwater and sewage separation systems, and classified treatment
- Implemented a three-tier gutter manager system for functional departments, workshops and sections on a pilot basis to build a gutter management mechanism with clear responsibilities, orderly coordination and strict supervision
- Standardized the signs of drainage and exhaust pipe networks, put the pipeline pictures on bulletin board, and visualized operation instructions for rainwater and sewage diversion and valve switching
- Technical reform in key and difficult areas: implemented technical reform of high ammonia nitrogen wastewater treatment
- Standardized emission outlets, set up emission signs, installed online monitors, and networking automatic online monitoring facilities connected with the monitoring center of local environmental protection departments

Exhaust Gas Treatment

- Dust control facilities: construction projects, coal, cinder, coal ash dumps and other sites adopt airtight storage facilities, wet type operation, watering facilities, dust suppression nets, etc.
- Boiler control: Sennics Shandong and Yangnong Ruixiang carried out ultra-low emission reform of boilers to ensure stable compliance; Sennics Anhui and Sennics Tai'an changed their coal-fired boilers to gas-fired boilers and implemented ultra-low emission requirements
- Special control of fugitive emissions: implemented controls on five types of emission sources including storage, transfer and transportation of materials containing VOCs, leakage of equipment and pipeline components, open liquid surfaces effusion and technological process to reduce fugitive emissions of VOCs. Over 150 tons of VOCs emissions have been reduced
- Carried out Leak Detection and Remediation (LDAR) continuously: Promoted subordinate enterprises to carry out LDAR and basically achieved full coverage of VOCs
- Explored new ways of exhaust gas management: established the management mode of "Take Actions once Smell Gas" to ensure that exhaust gas does not escape the workshop or the plant and won't disturb people
- Used advanced treatment technologies and process combinations such as RTO for regenerative chamber oxidation to handle exhaust gas to ensure that it meets the emission standards. Such methods have been adopted by enterprises such as Yangnong Ruixiang, Yangnong Ruiheng and Sinochem Fuheng and achieved good results in environmental protection

Solid Waste Management

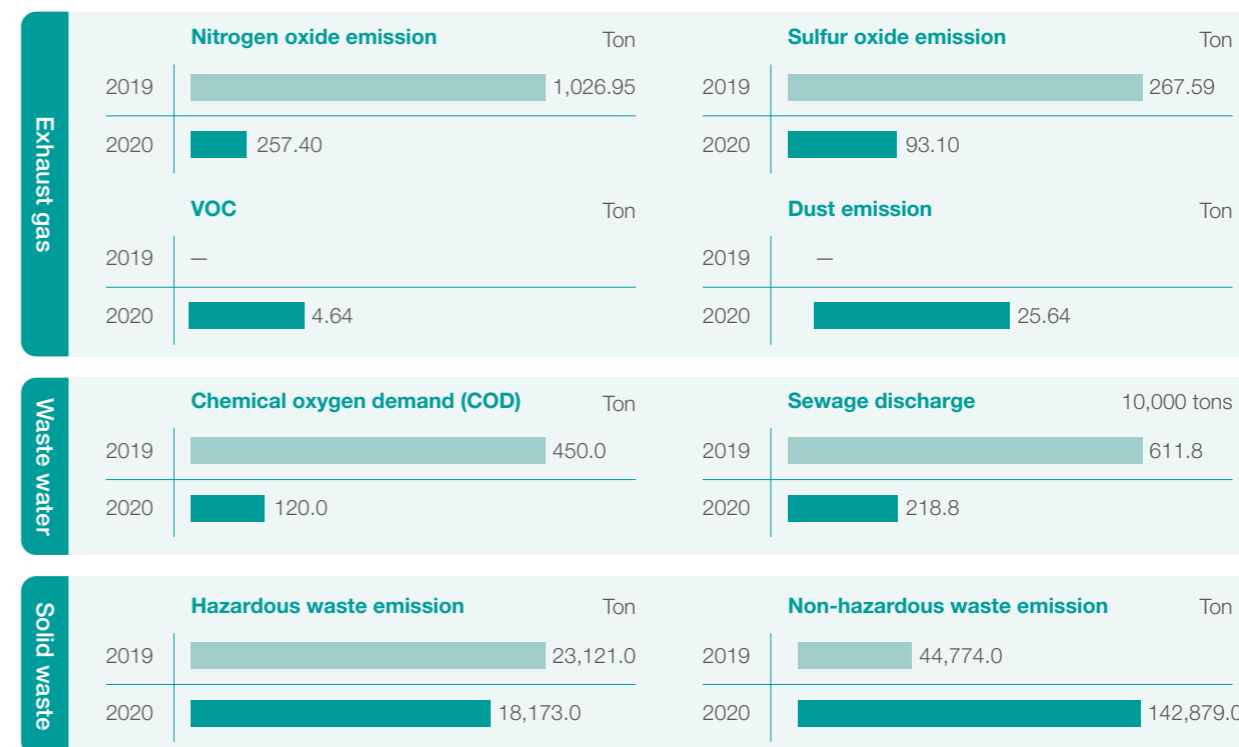
- Communication and liaison with hazardous waste disposal units to broaden disposal channels
- Built own incineration facilities to handle hazardous waste, and increased hazardous waste treatment capacity
- Control over the whole-process of hazardous waste collection, storage, transportation, disposal and treatment
- Carried out technologies upgrading for comprehensive recycling of by-products: Yangnong Ruixiang adopted sludge drying and salt recycling technologies to cut unnecessary resource consumption



KPIs in 2020

Recorded major leak

0



* Reasons for significant reduction in emission reduction targets:

1. Exhaust gas target: Yangnong Ruixiang, Sennics Shandong and other enterprises completed ultra-low emission transformation, and significantly reduced the concentration of emissions; Sinochem International sold its agrochemical business so the statistics in 2020 do not include Shenyang Sciencreat (an agrochemical factory)
2. Waste water target: Yangnong Group's Baotawan plant completed its relocation from downtown to an industrial park and ceased production; according to Sinochem Group's request to adjust the statistics standards, from the original concentration of the plant's discharge to the concentration of discharge into the external environment; Sinochem International sold its agrochemical business so the statistics in 2020 do not include Shenyang Sciencreat (an agrochemical factory)
3. Solid waste target: Building its own incineration facility, partial hazardous waste is incinerated, and the residue and fly ash thereof are entrusted to external units for disposal; Sinochem International sold its agrochemical business so the statistics in 2020 do not include Shenyang Sciencreat (an agrochemical factory)

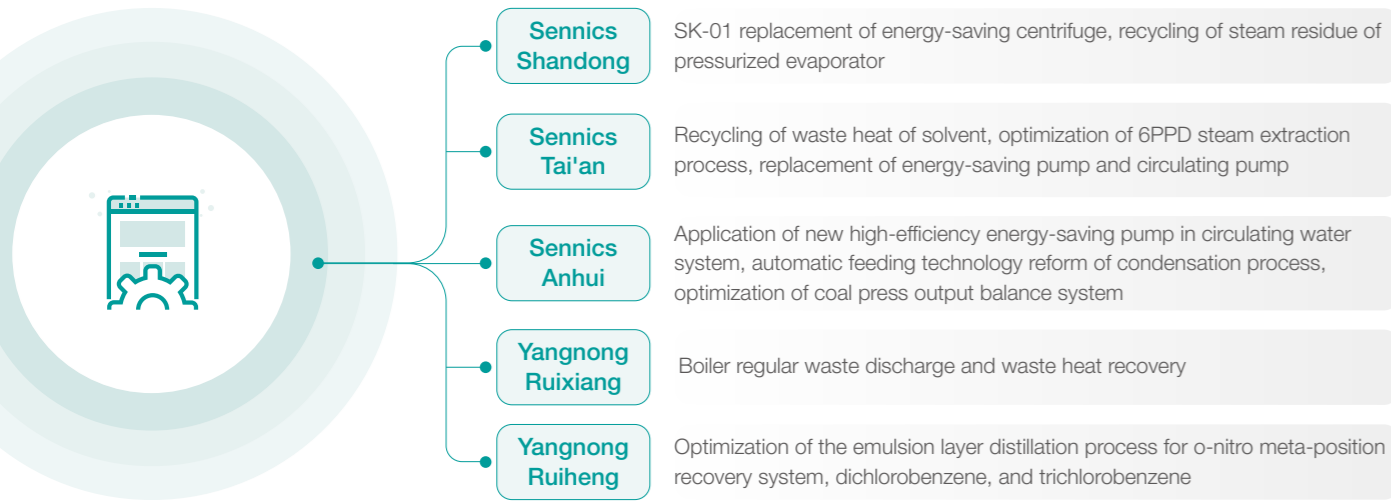
Energy Conservation and Emission Reduction

Sinochem International is committed to improving the efficiency of energy use and formulated the *Measures for Energy Conservation Management of Sinochem International (Holdings) Co., Ltd.* to strengthen the whole-process energy conservation management in terms of source control, production and processing, operation and maintenance, etc. Measures like energy saving assessment, energy audit, energy balance tests are taken to realize precise management and control of energy consumption.



Energy Conservation Measures of Subsidiaries

Main Energy-conservation Projects of Subsidiaries in 2020



Initiatives of Sennics Anhui to reduce energy consumption

Through measures such as technical innovation, process transformation and production management, Sennics Anhui promoted comprehensive utilization of resource recycling and reduced energy consumption in all aspects.

Through technical research, the compressor was changed to be controlled by a high-voltage frequency converter, which automatically adjusts the compressor load according to the consumption of the user department. After the transformation, it realized annual electricity saving of 1.34 million kWh and annual energy saving of 164 TCE.

Application of high-voltage frequency converter

Application of new high-efficiency and energy-saving pumps

By virtue of advanced measurement technology, the demand of working conditions and the actual operating condition of circulating pumps were diagnosed and the high-efficiency and energy-saving pumps were optimized. After the reform, the electricity consumption per ton of circulating water under the same condition decreased by 36.87%, saving electricity of 810,000kWh/year and annual energy saving of 99.5 TCE.

Industrial energy consumption	TCE	Natural gas consumption	1,000 cubic meters	Steam consumption	J
2019	778,853.99	2019	8,620.31	2019	2,343,316.18
2020	484,386.71	2020	16,028.94	2020	2,022,518.02
Electricity consumption	10,000 kWh	Coal consumption	TCE	Energy consumption per ton of product	TCE/Ton of Product
2019	102,563.93	2019	488,386.25	2019	0.41
2020	91,714.56	2020	347,803.81	2020	0.40

* Energy consumption indicators were significantly reduced due to:

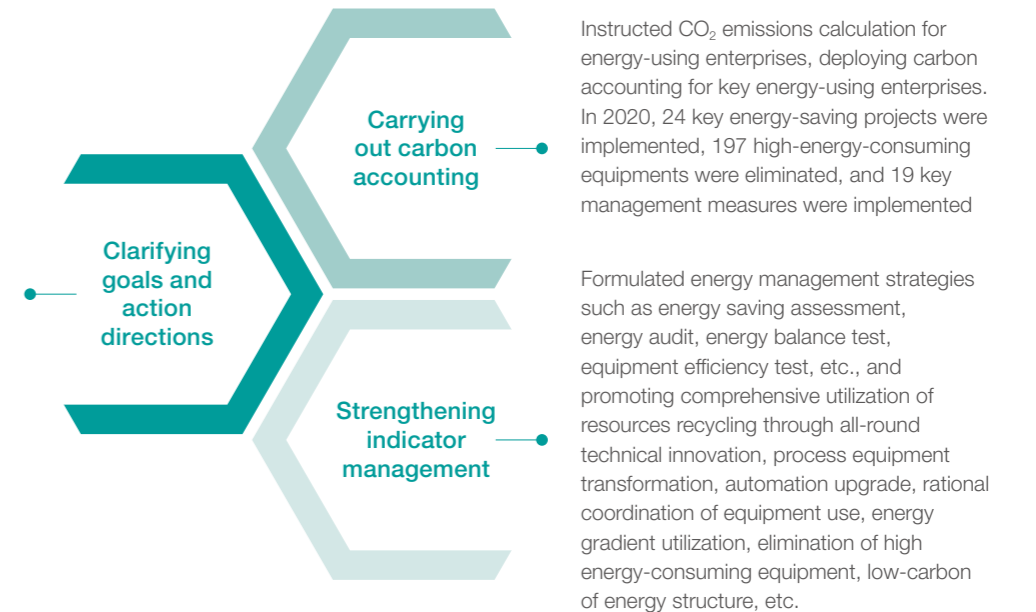
1. Industrial energy consumption: Baotawan Plant of Yangnong Group dismantled the power plant, completed relocation from downtown to an industrial park and suspension of production
2. Natural gas consumption: Sennics Shandong completed fired thermal oil heater coal-to-gas transformation and completed the replacement of traditional drivers with new ones
3. Coal consumption: Baotawan Plant of Yangnong Group dismantled power plant, completed relocation from downtown to an industrial park and suspension of production; Sennics Shandong completed fired thermal oil heater coal-to-gas transformation and completed the replacement of traditional drivers with new ones

Responding to the Goal of “Peaking Carbon Dioxide Emissions and Carbon Neutrality”

In 2020, Chinese President Xi Jinping delivered an important speech at the 75th session of the United Nations General Assembly, emphasizing that China will adopt stronger policies and measures to peak CO₂ emissions by 2030 and strive to achieve carbon neutrality by 2060.

Climate change and carbon emission reduction have always been important ESG topics for Sinochem International. In response to the national strategic goal of “Peaking Carbon Dioxide Emissions and Carbon Neutrality”, Sinochem International sets carbon emission targets, actively carries out carbon footprint accounting of its subsidiaries, promotes clean and low-carbon energy structure, develops clean technologies and energy-saving equipment, and explores new paths of carbon emission reduction to help achieve the national strategic goals.

The target on carbon emissions has been set up, namely, “to achieve a continuous reduction in CO₂ emissions per ton of product from 2018” in “FINE 2030” sustainable development goals of Sinochem International



Sennics Shandong Replaced Traditional Drivers to Reach Coal and Carbon Reduction Target

Sennics Shandong launched the natural gas-fired thermal oil heaters project at the end of 2019 and completed the replacement of traditional drivers with new ones through eliminating two in-use 20-ton coal-fired thermal oil heaters and building two new natural gas-fired thermal oil heaters, which was put into operation in January 2020. In 2020, the company reduced raw coal of 15,000 tons and cut carbon emissions of over 35,000 tons, successfully completing the coal and carbon reduction targets.

Note:

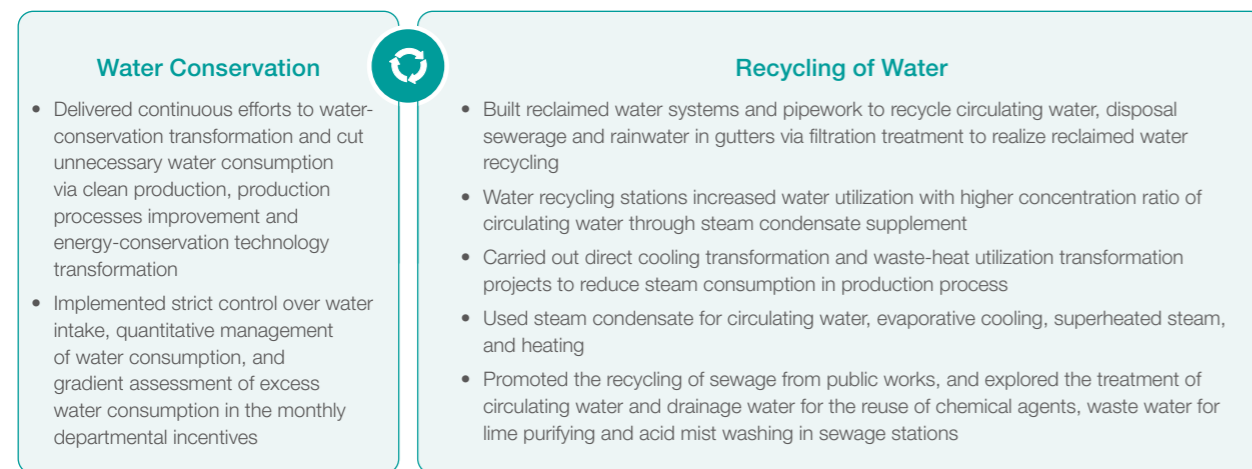
1. The reason for the significant reduction in greenhouse gas emission indicators: the dismantling of the power plant at the Baotawan plant of Yangnong Group and the completion of relocation from downtown to an industrial park and suspension of production
2. The greenhouse gas emission of Sinochem International is measured indirectly (Scope 2), mostly consisting of CO₂

Greenhouse gas emission reduction	Ton
2019	26,564.87
2020	225,766.38
Greenhouse gas emission per ton of product	Ton of CO ₂ /Ton of Product
2019	1.72
2020	1.49

Water Resources Management

Sinochem International has improved and perfected the water resources management system to reduce the consumption and pollution of water resources from the whole process of water intake, water use and wastewater recycling. The Company formulated the *Detailed Rules for Sewage Management*, regularly monitored the amount of water used for operation and production, and promoted the recycling of water resources and wastewater purification by means of equipment replacement and process optimization.

Main Measures of Water Resources Management



Major Water Conservation Projects of Sinochem International in 2020



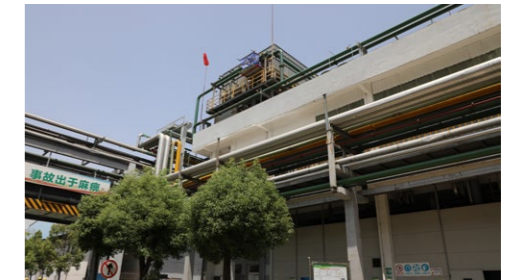
Industrial fresh water consumption	Ton	Greywater consumption	Ton
2019	35,984,652.41	2019	—
2020	26,955,693.96	2020	1,462,165.23
Recycled water consumption	Ton	Reuse water rate	%
2019	—	2019	—
2020	240,688,746.90	2020	89.98

To boost the enthusiasm of energy and water conservation and promote the best energy and water conservation practices, Sinochem International launched the "Energy and Water Conservation Project Evaluation Campaigns" in June 2020, and six projects of the subsidiaries of Sinochem International were awarded.

* Reuse water rate = (recycled water consumption + greywater consumption) / (recycled water consumption + greywater consumption + fresh water consumption) * 100%

Yangnong Ruixiang Strengthened Circulating Water Management

Yangnong Ruixiang attaches importance to water recycling and quality management of circulating water. The company set a total of 20,000 m³/h circulating water device with the water recycling rate exceeding 96%, the concentration rate of circulating water exceeding 3.5. The company insists on steam condensate recovery and directly recycled about 1.1 million tons of steam condensate in 2020, a year-on-year increase of 21.05%. In 2020, the company built a new 200 t/h high-temperature condensate closed-cycle cooling system to recover condensate for hydrochloric acid synthesis furnace and circulating water make-up. After the project is put into operation, about 80 t/h of condensate can be recycled.



High-temperature Condensate Closed-Cycle Cooling System

Green Plant

Adhering to the concept of life-cycle environmental protection, Sinochem International implements green and clean production processes from the source, strictly enforces clean production during production, and vigorously promotes the enhancement of corporate governance, upgrading of facilities and fine management of environmental protection management. In order to create a green plant in an all-around way, the Company has refined management in eight aspects, including raw and auxiliary materials and energy, technology and process, equipment, process control, management, employees, products and waste, etc., and closely and orderly integrated environmental management with the whole production process.

Key Initiatives for the Creation of Green Plant

Improving the Environmental Management System	Implemented systematic management; all operating entities have completed ISO14001 environmental management system certification and carried out clean production audits
Carrying Out Systematic Assessment	Invited third-party professional institutions to carry out special training on green plants and on-site evaluation; Conducted comprehensive investigation according to the improvement suggestions, and implemented corrective measures
Improving Workplace Environment	Organically combined the practices of 6S with standardized sites, continuously improved system standards to form a neat and orderly work site with full employee participation
Reducing Plant Energy Consumption	Eliminated high energy-consuming equipment and activated energy-saving equipment according to relevant standards; continuously promoted process innovation and optimization to shorten process flow and reduce energy consumption
Developing Green Processes	Implemented green processes from the source in accordance with the whole-cycle environmental protection to minimize energy and resource consumption, ecological and environmental impact, and to maximize recycling rate
Optimizing Environmental Emission Treatment	Kept moderate and advanced investment in end treatment, and promoted the prevention and control for water pollution, air pollution and solid waste pollution, facility upgrade and renovation and fine management of environmental protection

List of Green Plants of Sinochem International

Plant Name	Green Plant Honors	Granting Unit	Granting Time
Sennics Anhui	Green Plant of Ministry of Industry and Information Technology	Ministry of Industry and Information Technology	2019.09
	Green Petrochemical Plant	China Chemical Industry Environmental Protection Association, CPCIF	2017.12
	Green Plant of Anhui Province	Anhui Provincial Economic and Information Technology Commission	2017.09
	Environmental Evaluation of "Honest Enterprise" awarded by Anhui Province to Key Pollution Source Enterprises	Anhui Provincial Department of Ecology and Environment	2019.12
Sennics Tai'an	Green Plant of Ministry of Industry and Information Technology	Ministry of Industry and Information Technology	2018.11
	Green Petrochemical Plant	CPCIF	2018.11
Sennics Shandong	Green Petrochemical Plant	CPCIF	2018.11
Yangnong Ruixiang	Green Petrochemical Plant	CPCIF	2019.11
	Best Company in Responsible Care Practice	CPCIF	2019.04
Yangnong Kumho	Green Petrochemical Plant	CPCIF	2020.06
Sinochem Fuheng	Green Plant of Hebei Province	Hebei Provincial Economic and Information Technology Commission	2020.06
Sinochem Xinbao	Green Plant of Hebei Province	Hebei Provincial Economic and Information Technology Commission	2020.06



Through continuous development and improvement of green processes of products, Sinochem International has realized clean production and contributed to the development of a circular economy.

Staged Reaction and Closed-cycle Process of Epoxy Resin

The "staged reaction and closed-cycle process of epoxy resin" of Yangnong Group has effectively reduced raw material consumption and emissions of wastewater, waste gas and solid waste while improving the quality of epoxy resin and has taken the lead in the epoxy resin industry to realize the resourceful recycling of high-salt wastewater, which is of great significance in promoting the efficient, green and safe sustainable development of China's epoxy resin industry. The process has been listed in the *List of Green Petrochemical Processes (2020)* prepared by CPCIF, marking the authoritative recognition of the process in the industry in terms of green environment protection and resource efficiency utilization.

Clean Production for Pyridine Heterocyclic Products via Microchannel Continuous Flow Catalysis and Synthesis

Yangnong Group has independently developed a series of core technologies such as microchannel synthesis and high-efficiency catalysis, which are successfully applied to the safe, clean and efficient production of 4,000 tons/year pyridine heterocyclic fine chemicals, with the technical economy and product quality reaching the international advanced level, promoting the technological upgrading of the industry and creating good economic, social and ecological benefits. This process was listed in the *List of Green Petrochemical Processes* prepared by CPCIF in 2019, and has won the first prize of technological innovation of the 13th China Pesticide Industry Association, the first prize of science and technology of Jiangsu Chemical Society in 2020, and the third prize of scientific and technological progress of CPCIF.





Sinochem International believes that only by achieving mutual benefits with stakeholders and maintaining a harmonious coexistence with society can we become a long-lasting and respected enterprise. The Company pays attention to communication and cooperation with stakeholders, gives full play to its own resource advantages, promotes collaborative innovation among stakeholders on the value chain, reaches value consensus in the common pursuit of sustainable development, and realizes value co-creation and value sharing.

Trust-based Cooperation and Value Creation



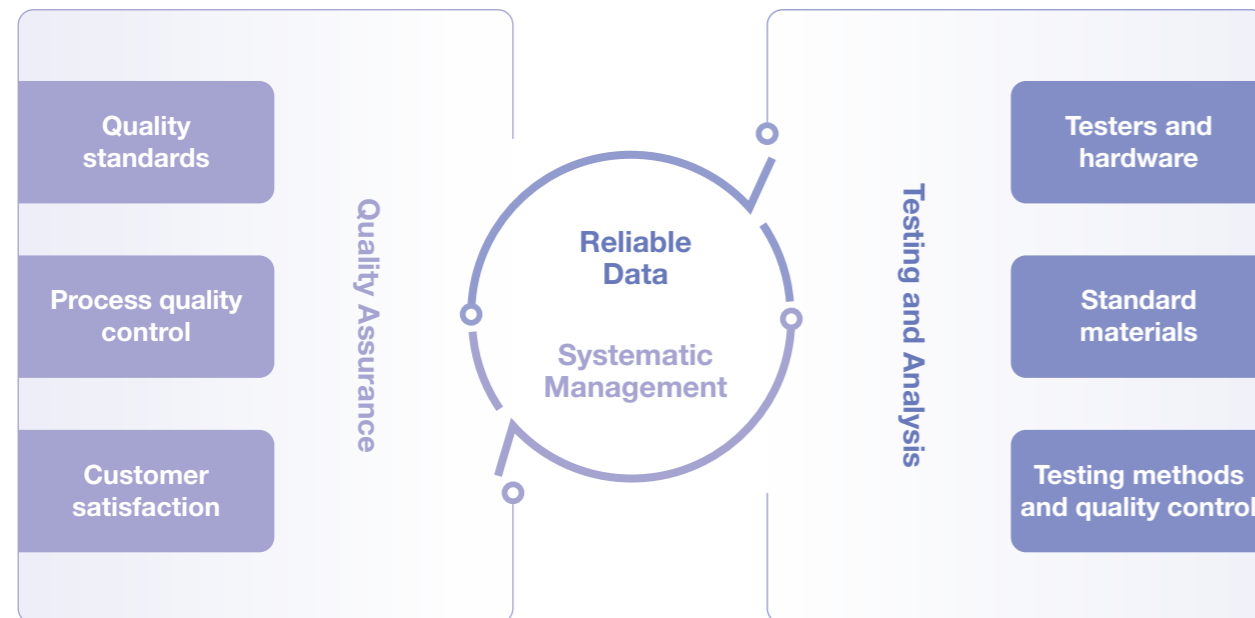
- 87 / Win-win Cooperation with Customers
- 90 / Building Industrial Chains with Suppliers
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Win-win Cooperation with Customers

Adhering to the service principle of "Customer-centered", Sinochem International continuously improves product quality, innovates service capability, strengthens communication with customers, upgrades product and service quality in accordance with customer opinions, and continuously improves customer satisfaction.

Consolidating Comprehensive Quality Management

Putting product quality at the forefront, Sinochem International has issued relevant regulations including the *Measures for Managing Quality of Manufacturing Enterprises* and the *Standards for Managing Process Quality of Manufacturing Enterprises and Product Safety Control Procedures* to strictly control the production process and product quality and further enhance the quality innovation capability.



Quality Management Logical Structure of Sinochem International

Sinochem International requires all manufacturing subsidiaries to set up SES (Sinochem fine chemical Excellence operation System), which helps enterprises to make continuous improvements in cost, safety, and quality by establishing a set of management standards and daily implementation norms. The implementation of SES is divided into three levels: basic deployment, bronze deployment, and silver deployment. Special counseling of "One Strategy for One Enterprise" is conducted based on the current situation and needs of different enterprises, and various SES tools are used to help achieve gradual improvement in production and operation management as well as comprehensive quality management.

KPIs

Number of manufacturing subsidiaries passing the bronze certification of SES by the end of 2020

4



Focusing on the Whole-process Quality Control of Products

In order to promote product quality improvement, Sinochem International strengthens the whole-process quality control of products including clarifying customer needs and management standards, implementing process quality control, carrying out testing and analysis management, and establishing quality performance.

Standardizing Quality Management System and Standards

- Fully identified and clarified the content of national standards, industry standards and customer standards involved in the process of product production, testing, delivery and disposal to avoid compliance risks
- Standardized the management system of process cards and operating procedures of production units, and established key process quality control points for key processes or positions that affect product quality

- Collected customers' demands for products and services on a regular basis, made them production requirements, and carried out advance planning of product quality
- Established a list of qualified suppliers, purchased production materials from qualified suppliers and inspected and judged the materials to strictly control the quality of procurement
- Organized production in strict accordance with production standardization requirements, conducted regular quality risk assessment and evaluation, and strictly controlled key quality control points
- Resolutely declined the delivery of products that fail to meet requirements in quality/variety/specification, fail to be analyzed or have incomplete analysis items, without quality certificate and analysis sheet, fail to meet standards in packaging and fail to have samples reserved as required

Implementing Product Process Quality Control

Carrying Out Testing and Analysis Management Benchmarking

- Gave priority to product testing and analysis, encouraged the implementation of certification and accreditation activities for testing laboratories in manufacturing enterprises
- Continuous laboratory evaluation activities to establish quality management benchmarks

- Innovated quality audit methods by subdividing quality audit into system, process, product and other levels, and mobilized professionals from different management levels and different management functions for detailed audit

Establishing Quality Performance Orientation



Active Compliance with Automotive Quality Management System IATF16949

The subordinate enterprises of Sinochem International, which have entered the supply chain of the automotive industry, actively comply with the standard of IATF16949 quality management system in the automotive industry, fully identify the customer-oriented processes and related supporting processes and management processes in accordance with the system management requirements, sort out the detailed activities and inputs and outputs of each process, formulate relevant mechanisms and systems for process activities, and fully focus on the whole process of value creation in serving customers. By the end of 2020, a total of 6 subordinate enterprises of Sinochem International have completed IATF16949 system certification.



Testing Laboratories Received CNAS Accreditation

Testing and analysis are important means for quality management. Laboratory accreditation can prove its technical ability to carry out testing according to the relevant international standards and fully demonstrate the testing capability and credibility of the laboratory. At present, the laboratory testing, analysis and management capabilities of some of Sinochem International's manufacturing enterprises have reached international advanced level. By the end of 2020, a total of 4 laboratories of Sinochem International's manufacturers have been accredited by CNAS.



KPIs in 2020

Product recalls

0

Implementation of ISO9001 in subordinate manufacturing enterprises

100 %

Improving Customer Satisfaction

Sinochem International has formulated rules and regulations related to customer satisfaction measurement and complaint handling management, establishes a sound comprehensive service system, provides services for customers in all aspects of pre-sale, in-sale and after-sale, sets up organizations for customer service and complaint acceptance, and solves customer problems in a timely manner. We regularly conduct customer satisfaction surveys, collect customers' demands for products and services and propose and implement improvement measures.



Customer Appreciation for Product packaging and customer services of Sennics

Sennics always stays customer-centered and seeks common development with customers. In 2020, our customer satisfaction score was 96 out of 100, and the overall ranking was high among all kinds of suppliers. Sennics has improved the packaging, refined the appearance of product bags and printed product protection notices on the bags. At the same time, various measures were taken to avoid the risk of product packaging errors. In terms of customer service, Sennics gave highly efficient feedback to customers' various needs. During the most serious period of the pandemic, Sennics gave full consideration to the tight situation of foreign trade shipments and timely warnings, leaving enough time for customers to arrange inventory. Taking a well-known tire company's customer satisfaction survey as an example, the ratings of "product packaging" and "customer service" both increased from 80 points in 2019 to 100 points in 2020.



KPIs in 2020

Product and service violations

0

Industrial Resources Division customer satisfaction rate

96.9 %

Customer complaint acceptance

100 %

High Performance Materials Division customer satisfaction rate

97.03 %

Sennics customer satisfaction rate

96 %

Building Industrial Chains with Suppliers

Sinochem International is committed to extending its commitment to sustainable development to the entire value chain. While striving to improve its own sustainable procurement capability, Sinochem International pays attention to the sustainable development capability of suppliers and works with suppliers and partners upstream and downstream in the industrial chain to create a long-term stable situation of mutual trust and reliance and win-win cooperation in order to jointly build a more sustainable industrial chain.

Sinochem International has incorporated the principle of sustainability into the whole process of procurement business, including material certification, and the life-cycle management of supplier certification, selection, daily management, performance evaluation and withdrawal, and incorporates sustainable development into the performance assessment of suppliers.

In 2020, Sinochem International further refined the sustainability evaluation standards for suppliers based on the framework of the *Sustainable Development Management Measures* and *Supplier Code of Conduct*, international standards and practices of first-class enterprises at home and abroad, conducted graded management and evaluation for suppliers, promoted full participation and full process coverage of sustainable supply chain work, and continuously improved the overall sustainable management level.

For sustainability of suppliers, in addition to written commitments such as *Supplier Code of Conduct* and *Integrity Agreement*, the Company also conducted various forms of training on social responsibility management for suppliers, implemented assessments on suppliers including on-site audits from time to time, and provided support for suppliers' sustainable development capabilities.

Sustainable Supply Chain Construction in 2020

Preventing Procurement Risks

- Organized and carried out self-inspection of the life-cycle management of suppliers, using the method of self-inspection by the segment enterprises and random inspection by the headquarters to plug management loopholes and improve the overall supplier management level

Conducting Procurement Training

- Carried out training on sustainable supply chain evaluation of suppliers, promoted the integration of *Sustainable Development Management Measures* into daily work, and promoted the implementation of specific requirements of *Sustainable Development Management Measures and Evaluation Principles*

Promoting Sustainable Consumption

- Formulated policies and adopted measures related to sustainable consumption according to the requirements of EcoVadis sustainability certification and requirements of first-class enterprises at home and abroad
- Encouraged and supported subsidiaries to carry out sustainability certification

Advocating Environmental Protection

- Incorporated environmental protection into the *Supplier Code of Conduct* and *Supplier Commitment Letter* to build a green and sustainable supply chain
- Organized training on environmental issues and promoted green concepts from time to time

Improving Procurement Efficiency

- Continuously promoted the launch and operation of Supplier Relationship Management (SRM). The number of online suppliers reached 2,261. In 2020, online procurement of RMB 4.272 billion was completed, the contract paperless electronic signature rate reached 78.27% to improve the efficiency of procurement while realizing green office and improving the supplier transaction experience

- 1** To achieve **100%** access review of suppliers
- 3** To conduct sustainable supply chain training for over **300** suppliers
- 5** To cover **50%** purchase volume with sustainable procurement evaluations
- 2** To conduct on-site review of sustainable supply chain for **20%** suppliers
- 0** To achieve **0** major procurement risks

Sustainable Supply Chain Goals of Sinochem International



Sennics Revised Supplier Management to Strengthen Green Procurement

In 2020, Sennics revised its *Administration Measures for Suppliers* to promote sustainable and green procurement. The new measures set up sustainable procurement targets and require suppliers to follow sustainable procurement requirements, sign the *Confirmation Letter of Mineral Conflict*, deliver products conforming to REACH certification, and receive supplier CSR risk analysis and grading management.

Stakeholders' voices



Sinochem International has launched the Sinochem Sustainable Supplychain, an initiative based on long-term perspective, which builds a platform for suppliers to exchange and share experiences, raises suppliers' awareness of responsibility, helps enhance suppliers' active management, and improves the competitiveness of the entire supply chain.

XU FENGJIU

Vice General Manager, Befar Group



KPIs in 2020

Suppliers signing *Supplier Code of Conduct*

504

On-site audits of raw material suppliers

28

Localized procurement

99 %

Suppliers trained on social responsibility management

519

Review of suppliers

100 %

Core supplier reviews conducted

28

Northeast China

Liaoning, Jilin, Heilongjiang

North China

Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia

Northwest China

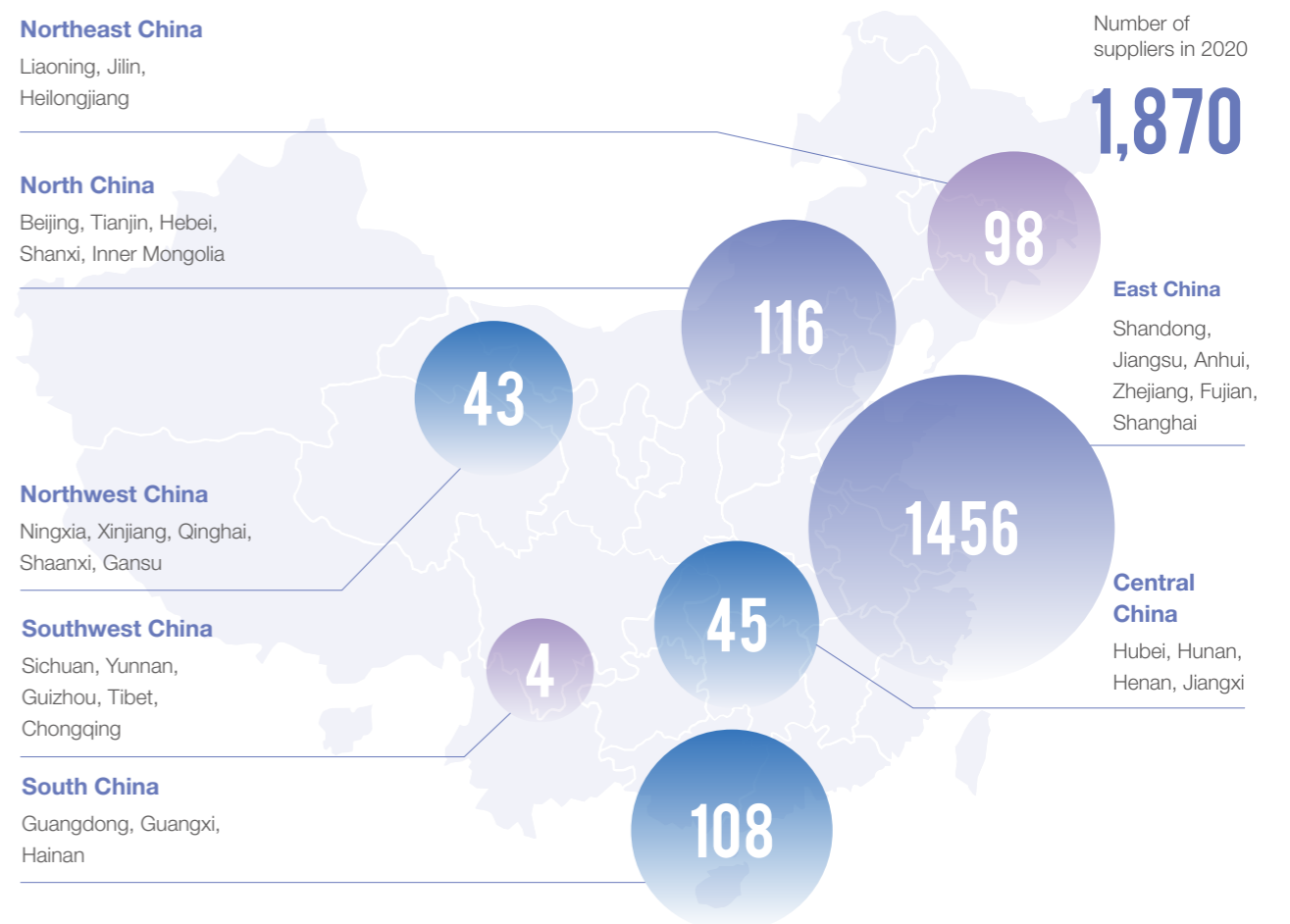
Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu

Southwest China

Sichuan, Yunnan, Guizhou, Tibet, Chongqing

South China

Guangdong, Guangxi, Hainan



Shaping the Future with Employees

Sinochem International always regards employees as the most valuable asset of the Company, attaches importance to the protection of employees' rights and interests, and is committed to creating a diversified and equal working environment for employees, opening up career promotion channels, helping employees realize their self-worth, caring for their health and happiness, building harmonious labor relations, and creating a sustainable future together with the Company.

Protecting Employees' Rights and Interests

In strict accordance with the laws and regulations of China and other overseas operating regions, Sinochem International has established perfect human resources management systems and policies and laid down systems like *Administrative Measures for Labor Contracts*, and signed the *Collective Labor Contract*, the *Special Contract for Protection of Female Employees' Special Interests*, and the *Collective Salary Agreement* with our labor union. It is also agreed that both parties shall have the right to propose an interim consultation meeting, to consult and amend the relevant provisions of the contract and annexes, and to adopt and file in accordance with the original process.

In 2020, the Company published the *Labor and Human Rights Manual*, spread it among all staffs, paid attention to employees' expectations and demands, protected their rights and interests, devoted ourselves to creating a diversified and non-discriminatory working environment and a fair and just development platform for employees. The Company also sees human rights provisions as an integral part of key investment and acquisition agreements. In 2020, the total number of employees of Sinochem International reached 26,979.

KPIs in 2020

Coverage rate of labor and human rights policies for new employees

100%

Training rate of security personnel in human rights policies or specific procedures

100%

Participants

355

Training hours

120

Child labor, forced labor and discrimination case

0



“

We practice international labor and human rights standards, protect the legal rights and interests of our employees, take care of and respect every employee, and share the value of sustainable corporate development with our employees.

PU JIANG

General Manager of Human Resources Department

”

Equal Employment

- Complied with the principle of fair employment and provided equal employment opportunities
- Respected the legitimate rights and interests of employees to enter into labor contracts and terminate labor relations on an equal basis in accordance with the law
- Committed to strict implement of the *Regulations on Prohibition of Child Labor* and prohibiting child labors
- Hired local executives. The four plants of Sennics recruited executives 100% from the local community

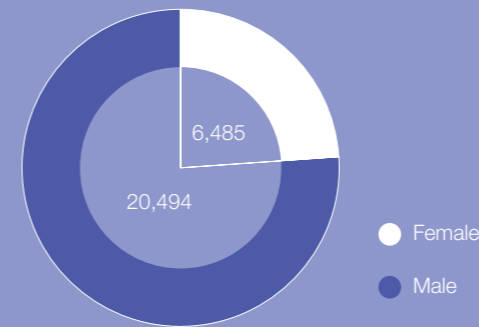
Working Conditions and Social Security

- Created a good working environment, paid attention to the physical and mental health of employees, and provided adequate development opportunities for employees
- Provided employees with working conditions including wages, working hours, rest time and holidays, implemented equal pay for men and women for equal work, respected employees' rights to rest and leisure, provided paid holidays for employees, and protected employees' rights to participate and appeal

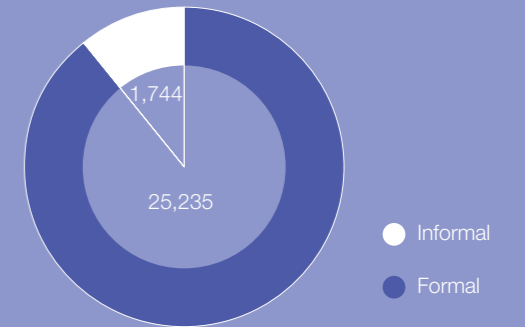
Anti-discrimination and Harassment

- NO discrimination, exclusion or unfair treatment in employee recruitment, training, promotion, remuneration and benefits, labor conditions, organization and participation in labor unions, retirement and dismissal on the basis of gender, age, religion, race, origin, social background, disability, ethnicity, nationality, marital status, illness, etc.
- All forms of harassment and violation of human rights of others, including sexual coercion, threats, abuse and other related verbal, postural and physical contact were strictly prohibited

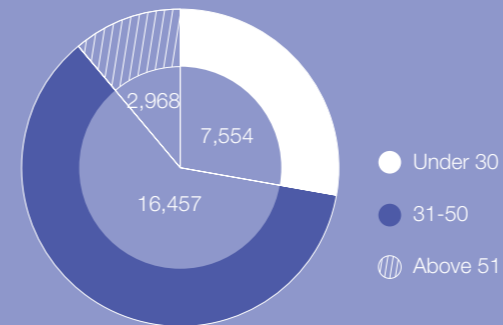
Gender Structure (2020)



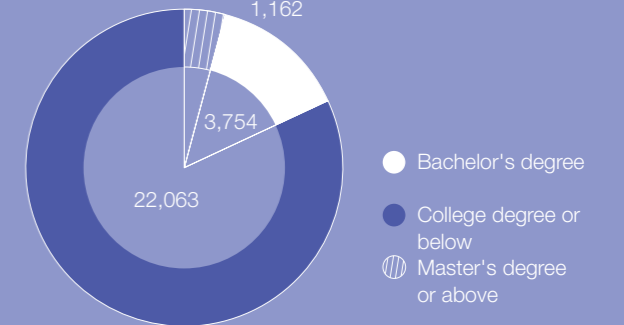
Category Structure (2020)



Age Structure (2020)



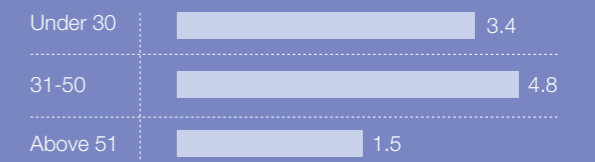
Educational Structure (2020)



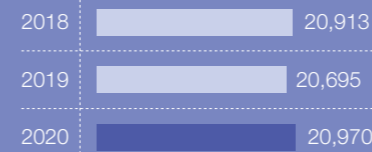
Other Structure (2020)



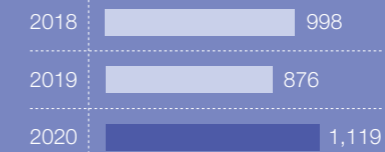
Employee Turnover Rate (2020) %



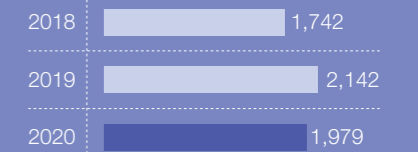
Production



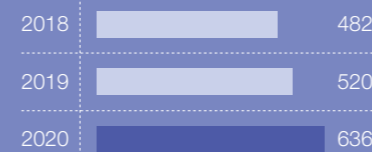
Sales



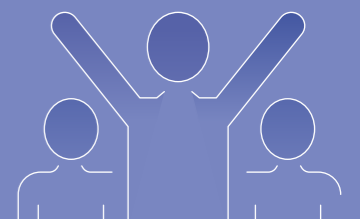
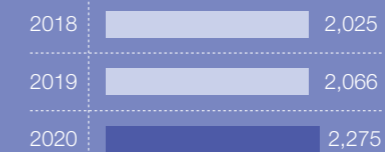
Technical



Financial



Administrative



Sinochem International respects the employees' right to free association and collective bargaining in accordance with relevant laws, and does not object to employees' voluntary participation in the lawful activities of local legally registered trade unions.

Sinochem International has established the democratic management system in the basic form of Workers' Congresses to ensure 100% staff participation. We take the major matters concerning the immediate interests of the staff as the key content of democratic management and safeguards the right to information, participation, expression and supervision of the staff. We attach importance to listening to the opinions of employees and open up employee communication channels and encourage employees to contribute to the development of the Company by organizing regular employee communication meetings and campaigns including "employee satisfaction survey" and "suggestions for corporate development".

Empowering Career Development

Sinochem International attaches importance to talent introduction and cultivation, continuously broadens the channels of selection and employment, attracts high-potential and diversified professionals, builds various talent exchange channels, and continuously improves the career development channels of employees to contribute to the sustainable development of business.



First Corporate Internship Base for Fudan University's Master of Taxation Program

In August 2020, Sinochem International signed a cooperation agreement with Fudan University and became the first corporate internship base of Fudan University's Master of Taxation program. Sinochem International provides internship for master's degree students majoring in taxation in Fudan University, assists the University in cultivating students' global tax management vision, advanced information management and working ability in taxation while strengthening cooperation in talent cultivation, intake and exchange.

Fulfilling Social Responsibility through Stabilizing Employment amid the Pandemic

Amid the pandemic in 2020, Sinochem International played an exemplary role as a state-owned enterprise and actively fulfilled its social responsibility of "Stabilizing Employment and Guaranteeing Employment of Residents", insisting on not taking the initiative to lay off employees and steadily promoting recruitment of fresh graduates and other types of employees. The total number of domestic employees remained stable throughout the year and no layoffs were implemented due to the pandemic. 369 employees were recruited by social recruitment and 48 by campus recruitment. At the same time, the Company paid full attention to the employment of front-line workers in society, and took the initiative to build a recruitment platform for front-line industrial workers in conjunction with industrial demand, so as to provide more employment opportunities for grass-roots workers in society while promoting its own industrial development.

Launching Competition for Director Posts of Functional Departments

In 2020, Sinochem International implemented the competition for the post of directors of functional departments and set up the selection and appointment standard as "performance-oriented and achievements-based", created diversified development opportunities, revitalized the talent pool, stimulated the vitality of the cadre and explored outstanding young talents. In this round, a total of 41 candidates applied. Through 16 internal open competitions, more than half of the director positions were adjusted, 5 young cadres who were born after 1980s were promoted, and 9 high potential talents were found.

In terms of talent cultivation, in light of the situation and industrial characteristic of the Company, Sinochem International has established a "horizontally level-based and vertically specialty-based" matrix training system to realize full-coverage, omni-directional and all-series effective training programs and courses from new employees to senior practitioners, from grassroots blue-collar workers to key positions in the Company, providing progressive recharging and empowerment for all employees.

Based on the corporate university "GROWTH Academy", Sinochem International selects and forms internal lecturer team, cultivates a high-level faculty team and carries out in-depth cooperation with business schools of famous universities and training and consulting institutions to build a talent cultivation platform.

Senior managers	EDP training	S&T innovation seminar	SES advocator training	Marketing leaders training camp	Project management seminar	Financial management for non-financial managers
New key positions	New key positions training	Integrated product development (IPD)	SES director talent training		Project management demonstration class	Manpower management for non-HR managers
Backup managers	Wonderful plan	TRIZ innovation mode	SES director manager training	External training on marketing management	Project management routine class	From technology to management
New managers	New managers		SES online training			
High potentials	Polymerization/photosynthesis project	Introduction to S&T management	Lean management	Marketing skills training	Ten project-related knowledge	The 7 Habits of Highly Effective People
New employees	Orientation training	Menu + online class of GROWTH Academy				
	Management	S&T research	Production & operation	Marketing	Project management	General skills

Talent Training System

Tailor-made Talent Training for Core Management Team

In response to the actual situation that the subordinate industrial units are transforming into integrated operation of research, production and sales, and multiple new projects are advancing in parallel, we implemented a one-year long-cycle training program for the Company's leaders and core talents to improve management ability, expand management perspective, update knowledge structure and reserve talent team through competency modeling, multi-dimensional talent assessment, classroom training, visits to benchmark enterprises, on-the-job practice and coaching, etc.

Establishment of "Action Learning Research Center" with East China University of Science and Technology

In November 2020, at the 6th Symposium on Action Learning in China, Sinochem International GROWTH Academy established the "Cooperative Team Action Learning Research Center" with East China University of Science and Technology School of Business. By sharing intellectual resources and complementing each other's strengths, the two parties promoted the research and teaching of team learning practice cases, supplemented the talent resources of Sinochem International, and opened up a new situation of school-enterprise integration guided by action learning theory.



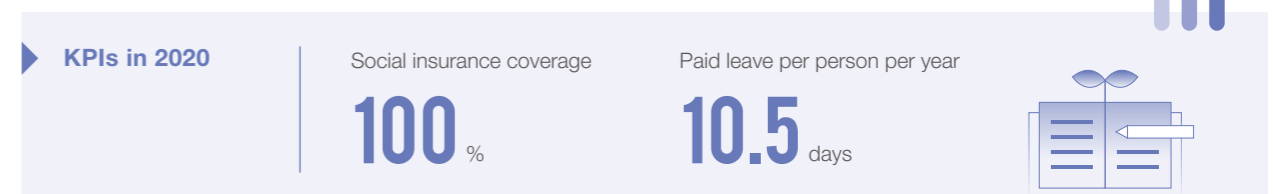
KPIs in 2020

Investment in employee training	Training per employee	Employee training
RMB 3,236,600	15.77 hours	423,714 hours
Training sessions	Participating employees	Employee receive regular performance and career development assessments
214,960	167,238	100 %

Employee Welfare and Care

Competitive remuneration and benefits are important factors for attracting and retaining talents. In compliance with the requirements of national and local laws and regulations, Sinochem International constantly upgrades the system and mechanism of salary management and welfare, revises the *Administrative Measures on Salary and Welfare*, *Rules on Attendance Management*, *Administrative Measures on Leave Management* and other system documents, improves the employee protection system including social insurance, provident fund, etc., provides employees with supplementary commercial insurance plans such as accidental injury and medical insurance, health check-up plans, paid leave plans, maternity/paternity leave, special protection policies for female employees, etc. to protect the legal rights and interests of employees.

Taking into account the market reality of the industry in which we operate, we established a market-oriented salary system based on position, ability and performance and distributes salaries in a fair, just and legal manner, while ensuring entry-level salaries are above local minimum wage. Through the implementation of innovation incentive fund and excess profit sharing award, the employees who make innovation or work hard have the opportunity to share the results of the Company's earnings. Through the implementation of the "Restricted Stock Incentive" plan, the interests of core employees are effectively tied to the development of the Company, so as to motivate employees to better assume their responsibilities, develop their abilities and deliver results.



Sinochem International organizes rich cultural and sports activities to enrich the spiritual life of employees, promote team building, and enhance the sense of belonging and cohesion of employees. We do our best to help employees in need to overcome difficulties and bring to them warmth and care.



Sinochem International New Year Singing Party



Sinochem International Football Match

Co-developing with the Community

Following the philosophy of "From the Community, For the Community", Sinochem International, by virtue of its business and resource advantages, continues to help the development of impoverished areas and effectively improve the medical, educational, environmental and cultural construction of local residents through various forms of public welfare activities.

Implementing Targeted Poverty Alleviation

According to the basic strategy and guiding principle of national targeted poverty alleviation and eradication, Sinochem International fully implements the deployments of poverty alleviation, incorporates poverty eradication into work priorities, builds a multi-level three-dimensional assistance mechanism and carries out targeted poverty alleviation work with high quality by means of consumption-oriented assistance, technology-based poverty alleviation and education-oriented poverty alleviation.

Targeted Poverty Alleviation Measures in 2020

Targeted Poverty Alleviation

Delivered pairing assistance to Ar Horqin Banner and Linxi of Inner Mongolia

Pairing Assistance

Carried out pairing assistance on the long run with a total investment of about RMB 1,000,000 and coordinated resources to help improve the infrastructure of poverty-stricken areas and the livelihood of poor people



Consumption-Oriented Poverty Assistance

Through the form of "purchase instead of donation", purchased agricultural and sideline products from national poor counties to help the poor people keep their sales and income and assisting 832 national poor counties in selling 26,000 kg of agricultural and sideline products, a total value of RMB 800,000

Education-Oriented Poverty Assistance

Carried out the "Dream Realization Action", donating RMB 266,700, with a total donation of RMB 770,800 in three years, and sponsoring more than 700 poor students to complete their studies; provided education funds and scholarships for poor students; conducted quality education and psychological guidance classes for left-behind children in poor areas

Stakeholders' voices

“

Sinochem International provides targeted poverty alleviation to Ar Horqin Banner with a focus on consumption-oriented poverty alleviation, where it makes outstanding contributions in local product purchasing and assistance in sales. Sinochem International's assistance in poverty alleviation blossomed everywhere in Ar Horqin and farmers and herdsmen all appreciated it.

ZHANG YUNLONG
Inner Mongolia Talinhua Food Co., Ltd.

”



Yangnong Group helped families in difficulty with money raising from charity sales of employee paintings and calligraphy



Active participation in the "Dream Realization Action" to support poor students to complete their studies



Sennics Anhui and Sennics Tai'an carried out pairing assistance



"Consumption-oriented Poverty Alleviation" in Ar Horqin Banner by purchasing local agricultural products



Sennics and Nanjing Tech University jointly established the "Sennics Scholarship" to provide scholarships for 30 students each year for RMB 100,000

KPIs in 2020

Special funds invested for poverty alleviation

RMB **7.19** million



Driving Community Development

Sinochem International pays close attention to the problems encountered in community development, actively responds to community expectations, brings into play its own advantages, gathers employees to offer assistance and dives into local communities to provide professional assistance to the elderly and students in need and for environmental protection and cultural and sports activities to build a harmonious and beautiful community.



“

As a company with a deep sense of social responsibility, we are glad to be able to leverage our business strengths and resources and use our power to make a difference to social progress and people's lives.

WU CHUNJIANG
Director of Party Group Work Department

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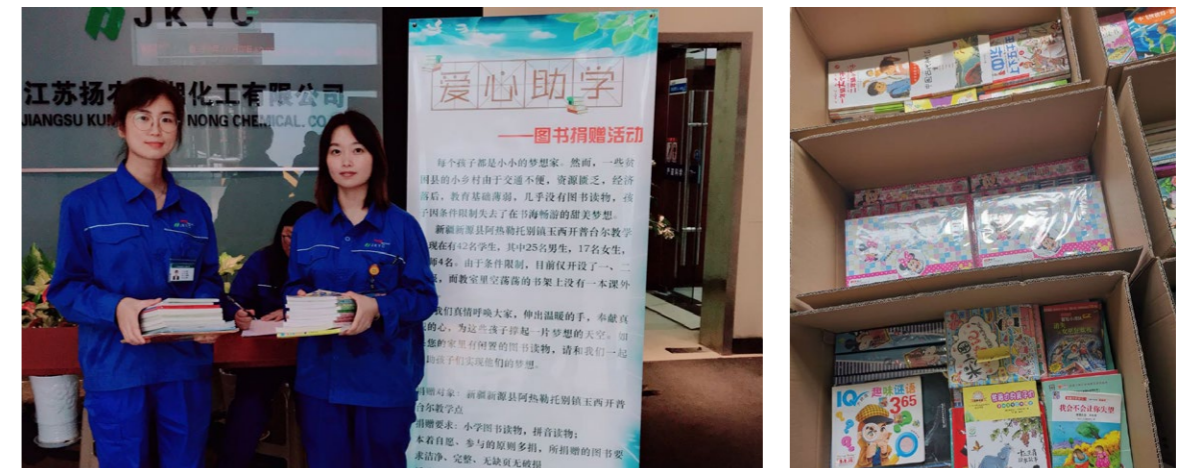
Supporting the Development of Culture and Sports in Business Locations

On November 22, 2020, "Sinochem Membrane Industry Cup" 2020 Xiangshan Damuwan Half Marathon kicked off. This was the second time for Sinochem International to sponsor the marathon in Xiangshan, Ningbo to promote the communication between the Company and the surrounding communities in the industrial investment area and contribute to the development of cultural and sports undertakings in Xiangshan.



Assisting Students in Need in Xinjiang

In August 2020, after learning that the students in Yuxi Kaipuheer teaching site in Xinyuan County, Xinjiang were in need of books of first and second grades, Yangnong Kumho immediately launched a donation initiative in the company and collected 1,315 books and RMB 2,680 to purchase various cultural and sports supplies, which were delivered to the local students as soon as possible to deliver love and care to the poor children.



Yangnong Kumho joined hands with Yizheng Volunteer Association to organize the "Assisting Students in Need" activity

KPIs in 2020

Donation

RMB **750,000**

Beneficiaries of public welfare activities

2,080

Volunteer activities

28

Participants

421

Prospects for 2021

2021 marks the opening year of the 14th Five-Year Plan and the beginning of the march toward the second century goal. It coincides with the 100th anniversary of the founding of the Communist Party of China. It's also a crucial year as the world is undergoing unprecedented changes. During any period of continuous transformation from quantity-based development to quality-based development, continuous breakthroughs in technological innovation and continuous upgrading of safety and environmental protection, sustainable development has become the only road for chemical industry to achieve high-quality development of the chemical industry in the new era. Adhering to the goal of building a technology-driven innovative fine chemical enterprise, Sinochem International will accelerate the implementation of sustainable development strategy, take on a greater historical mission with innovative thinking and international vision, and make greater contributions to the high-quality transformation and development of China's chemical industry as well as to the United Nations Sustainable Development Goals.

Practicing new development philosophy and executing innovation-driven strategy

Adhering to the value of "In Science We Trust", we take science and technology innovation as the core competitiveness, build a market-oriented R&D mode that closely combines "industry-university-research-application", accelerate structural adjustment and transformation and upgrading, continue to increase investment in scientific research and improve the level of independent research and development. We strive to build an innovation engine with highthroughput and a globally competitive and technologically advanced fine chemical company so as to make greater contributions to the innovative development of the petrochemical industry.

Actively responding to climate change and implementing green and low-carbon development

We have integrated carbon management and climate change response into the Company's operation and management, plan a roadmap to peak carbon emissions, examine environmental protection from the perspective of industrial chain and life-cycle perspective, and regard it as an important element to achieve sustainable development. We will continue to build sustainable industrial chains and supplier networks, focus on the opportunities, challenges and first-class practices of the chemical industry in addressing climate change, further integrate the concept of green development into our strategic layout and industrial development, and make every effort to build circular economy industrial parks and more future-oriented green plants.

Strengthening safety management and environmental protection to realize high-quality development

Highlighting health, safety, and environmental protection as our corporate belief, we are committed to providing the highest standard of health and safety assurance for our employees, customers, and supply chain partners, striving to eliminate all safety accidents and consolidate the "four zeros" HSE goal. We will further build Five Star Plants with HSE culture, be a good storyteller of the chemical sector, and strive to become a model of safety management and innovation in the fine chemical industry with trust from our employees, customers, and society at large.

Promoting development through deepened reform and continuously improving ESG management

Focusing on the sustained development and further reform of internal governance mechanism, we continue to enhance the enterprise's risk resistance ability, which is of great significance at the key point of reform and development. We will continue to combine ESG management with risk management and operational capability, further improve the ESG governance system, enhance the participation of the Board of Directors, implement the collaboration of responsibilities, and work plans between the Sustainable Development Taskforce and its subordinate units. We root ESG criterion in our culture as corporate gene, achieve more effective communication with investors, and continue to increase the attractiveness of our investments, thereby gaining wider business scope and building a sustainable brand image for the Company.



Investors Q&A

Q: How does Sinochem International integrate ESG into its business development? What kind of achievements do you expect to achieve in sustainability?

A: Continuous improvement in ESG management is an important means for Sinochem International to transform and upgrade its growth mode. 2020 is a landmark year for Sinochem International's ESG management. We have established a Sustainable Development Committee at the board level to plan ESG development and strategic management from the perspective of the decision-makers; We have also formulated and released six sustainable development policies to improve management systems and standardize work processes in the areas of HSE, energy management and climate change, water resources, anti-corruption, anti-monopoly, labor and human rights, etc. In our annual report and sustainable development report, we announced more initiatives and achievements in corporate governance, integrity and compliance, environmental management, and social responsibility, and promote positive communication and interaction with investors and regulators.

To achieve the goal of "becoming a model of sustainable development for world-class fine chemical enterprises", we will further promote the implementation of the special group on sustainable development, build and improve the sustainability value evaluation system, and gradually carry out systematic evaluation of sustainability company-wide. We will actively respond to the concerns of the capital market, strive to improve the comprehensive international ESG management ratings such as EcoVadis, and drive suppliers and subordinate enterprises to obtain more social responsibility certifications.

Q: In the face of external changes, such as the sudden outbreak of COVID-19, the deterioration of the global trade environment, and the tightening of the legal and regulatory environment, how does Sinochem International leverage the role of ESG management to enhance its resilience in dealing with environmental and social challenges?

A: The social events such as the COVID-19 outbreak highlighted the importance of ESG management for the development of enterprises, especially chemical companies. Chemical companies with better ESG management and higher ESG investment are undoubtedly more advantageous in facing external challenges. Sinochem International's long-term safety investment and leading HSE management, strict risk and compliance system, and solid occupational health awareness have largely reduced the probability of employee infection and effectively ensured that our plants resumed normal operation quickly and efficiently during the pandemic, which played a good role in stabilizing the Company's operation and preventing and resolving operational risks.

In terms of supply chain management, we lay emphasis on management and investment in terms of safety inventory, supplier coverage and selection, so that we can deal with unexpected challenges such as pandemic with ease. The promotion of clean production and green processes in the whole industry chain and the advance layout of new energy, new materials and other green products can help us better respond to the new features and requirements of the new development stage, reduce the risk of "supply cut-off" in the upstream due to the tightening of environmental protection policies, and enhance the resilience of the upstream and downstream industry chains in a concerted manner.

Q: This year, China amended the Law on Prevention and Control of Solid Waste Pollution, which strictly enforces the relevant legal responsibilities and increases the penalties for non-compliance. In the face of the tightening environmental protection policies, how does Sinochem International manage the waste and pollutant discharge in the process of production and operation?

A: Sinochem International improves management systems and procedures related to wastes, manages the process of waste generation, temporary storage, transfer, storage and delivery and classifies waste within the plant. For hazardous waste, we ensure the control over whole process of collection, storage, transportation, treatment, and disposal of hazardous waste, and continuously expand the disposal channels and improve the capacity of hazardous waste treatment. We have also improved recycling technology of by-products. For example, Yangnong Ruixiang adopts technologies such as sludge drying and brine reuse to achieve solid waste reduction. In 2020, our hazardous waste emissions were reduced by 21.4% from 2019. In addition to this, we conduct on-site spot checks and audits on the waste disposal units and transportation units every year to ensure that the hazardous waste transfer and disposal process is legal and compliant.

Q: In November 2020, Sinochem International launched a major asset restructuring of its subsidiaries Yangnong Group and Yangnong Chemical. Please disclose the detailed asset restructuring plan and the latest progress. How exactly does Sinochem International plan its future industrial layout?

A: Since November 2020, Sinochem International and Syngenta Group have started the asset restructuring. Sinochem International intends to acquire 39.88% of shares of Yangnong Group from Syngenta Group for RMB 7.597 billion, while Yangnong Group intends to sell 36.17% of its shares of Yangnong Chemical to Syngenta Group for RMB 10.222 billion. After the completion of the transaction, Sinochem International will hold a total of 79.88% shares in Yangnong Group, and Yangnong Group will no longer directly hold shares of Yangnong Chemical. The controlling shareholder of Yangnong Chemical will be changed to Syngenta Group.

Based on the coordination between the informatization and industrialization and the overall arrangement of first integrating agricultural segments, Syngenta will serve as the agrochemical business platform of Sinochem Group; Sinochem International will serve as a key materials science platform. This major asset restructuring will help Sinochem International to further focus on its main business and become a management platform of fine chemical industry with chemical materials as the core within Sinochem Group, forming a complete industrial chain integrating research, production, and marketing.

Sinochem International will receive about RMB 2.7 billion in cash after transaction, which is beneficial to replenish the working capital of the listed company. In addition, the high-quality fine chemical assets of Yangnong Group will be acquired through investment and M&A, which will realize corresponding investment income outside the consolidated statements. Subsequently, the Company will continue to increase investment in advanced materials and further focus on fine chemicals with advanced materials as the core; meanwhile focus on developing propane industrial chain and high-performance materials with engineering plastics as the core to build a fine chemical product cluster with reasonable industrial structure and rich product portfolio.

Q: In September 2020, China put forward the goal of "Peaking CO₂ emissions by 2030 and achieving carbon neutrality by 2060". Does Sinochem International have any plans and measures to implement the national strategy?

A: We attach great importance to the ESG issue of climate change and carbon emission reduction. In 2019, we released the sustainable development goals for 2030, which include the carbon emission reduction target of Continuous reduction in CO₂ emissions per ton of product (base year: 2018). During the reporting period, we implemented product restructuring and upgrading, upgraded production processes, and increased investment and innovation in energy substitution, energy use optimization, gradient utilization, equipment renovation and upgrading, and production process optimization, etc., to continuously reduce greenhouse gas emissions through various energy-saving and emission reduction projects.

In the future, Sinochem International will further incorporate the goal of carbon neutrality into long-term development strategy, increase investment in research and development, and improve overall efficiency through process improvement and supply chain management, so as to be fully prepared for the deep decarbonization transition and form a new market competitiveness under the vision of carbon neutrality.

Q: Facing the new form of global economy in the post-pandemic era, has Sinochem International made any adjustments in its overseas layout and business?

A: Despite the threat from the outbreak of COVID-19 to the global economy and prosperity, economic globalization is still an irreversible wave of the times. In 2020, we strove to minimize the impact of the harsh external environment, ensure the stable operation of domestic manufacturing enterprises, accelerate the layout of new industries based on strategic directions, while improving the stability of the global supply and deepening strategic partnerships with major international customers to create a dual-loop and mutual-promotion international development situation at home and abroad.

In the field of polymer additives, adhering to the GLOCAL strategy of "global production and local service", we have started the construction of an overseas plant in Thailand to provide more localized supply to the Southeast Asian production bases of downstream customers. In the field of lightweight materials, relying on ELIX Polymers, a leading environmental protection ABS material manufacturer in Spain and also a member of Sinochem International through acquisition, we have entered the polymer and lightweight materials industry with large market capacity and high market threshold, forming strengths in specialty ABS with global competitiveness. In the field of new energy, we have deepened our cooperation with BMW Group, combined the advantages of technology and resources of both sides to jointly create green solutions for the automotive industry. In the future, Sinochem International will continue to give play to Sinochem value in line with corporate strategies and contribute to economic globalization with our overseas layout.

Annex

Report Description

This is the 17th sustainable report published by Sinochem International.

Reporting Period

From January 1 to December 31, 2020. Some information is that of previous years or on latest operation of our company.

Reporting Cycle

This Report is an annual report.

Reporting Scope

This report covers the headquarters and all subsidiaries of our Company.

Appellation

For easy expression, Sinochem International (Holdings) Co., Ltd. is also referred as "Sinochem International", "the Company", "it" or "we (us)" in this Report, and the parent company Sinochem Group Co., Ltd. is referred to as "Sinochem Group".

Preparation Basis

When preparing this report, we referred to the *Guidelines on Preparation of Corporate Social Responsibility Report* of the Shanghai Stock Exchange, the Chinese national standard *Guidance on Social Responsibility Reporting* (GB/T36001-2015), *Guiding Opinions on the Performance of Social Responsibilities for Centrally-administrated SOEs* of the Chinese State-owned Assets Supervision and Administration Commission of the State Council, the Ten Principles of the UN Global Compact, the Global Reporting Initiative (GRI) *Sustainability Reporting Standards 2018 (Core option)*, the International Organization for Standardization (ISO) standard *Guidance on Social Responsibility* (ISO 26000:2010), and rating results of MSCI ESG and EcoVadis.

Preparation Process

- 01 Making report preparation plans and setting up the preparation team
- 02 Identifying stakeholders and important topics, and specifying report framework
- 03 Drafting, amending and improving the report
- 04 Review by the Company's management
- 05 Publishing the report and collecting feedback for improving the report

Data Sources

The data used in this Report come from the Company's official documents and statistical reports. Appropriate amendments are made to data from previous years due to the scope of this Report. In case of any difference, this Report shall prevail.

Access

You may browse or download the electronic version of this Report on Sinochem International's website (<http://www.sinochemintl.com>).

Report Contents Guideline

	Material Topics	GRI Standard	Response to SDGs	Corresponding Report Contents
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	Transformation development			Sustainability Strategy and Management
	Responding to national policy	GRI 203 Indirect economic impacts	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	Waging the Battle against COVID-19
	Sustainable products and solutions			Green Products for a Better Future
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		GRI 308 Supplier environmental assessment		Building Industrial Chains with Suppliers
Anti-corruption	GRI 414 Supplier social assessment		Building Industrial Chains with Suppliers	
	GRI 205 Anti-corruption		Enhancing Risk Compliance	
Environment	Pollution prevention and control	GRI 306 Waste	6 CLEAN WATER AND SANITATION	Protecting Ecological Environment
	Environmental management	GRI 307 Environmental compliance		Strengthening HSE Management
	Chemicals management			Improving Intrinsic Safety
	Energy consumption and greenhouse gas emissions	GRI 302 Energy GRI 305 Emissions	13 CLIMATE ACTION	Protecting Ecological Environment
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	Water resources management	GRI 303 Water and effluents		Protecting Ecological Environment
		GRI 306 Waste	Protecting Ecological Environment	
Society	Product safety	GRI 417 Marketing and labeling	1 NO POVERTY	Win-win Cooperation with Customers
	Customer health and safety	GRI 416 Customer health and safety		Win-win Cooperation with Customers
	Occupational health and safety	GRI 403 Occupational health and safety	4 QUALITY EDUCATION	Improving Intrinsic Safety
	Compliance management	GRI 419 Socioeconomic compliance		Enhancing Risk Compliance
	Risk prevention and control			Enhancing Risk Compliance
	Intellectual property protection			Enhancing Risk Compliance
	Information security	GRI 418 Customer privacy	5 GENDER EQUALITY	Improving Information Security
	Training and career development	GRI 404 Training and education		Shaping the Future with Employees
	Targeted poverty alleviation		8 DECENT WORK AND ECONOMIC GROWTH	Co-developing with the Community
	Decent working conditions	GRI 406 Non-discrimination		Shaping the Future with Employees
	Strengthening Party building capacity		10 REDUCED INEQUALITIES	Deepening Party Building
	Diversity and equality	GRI 401 Employment		Shaping the Future with Employees
		GRI 405 Diversity and equal opportunity	Shaping the Future with Employees	
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Epidemic Prevention			Waging the Battle against COVID-19	

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Expert Comments

The *2020 Sustainability Report of Sinochem International* is the 17th sustainable development report released by Sinochem International. Based on the challenges and opportunities faced by the Company, the report systematically and comprehensively introduces the Company's sustainable development goals and actions, its vivid practices and highlight performance in actively fulfilling economic, environmental and social responsibilities and shows the efforts made by Sinochem International to build a world-class fine chemical company and a model for sustainable development.

Acting according to international and domestic standards and improving responsibility management in an all-around way

In line with the GRI standards, this report discloses the Company's sustainable development strategy and management in a systematic way, conducts substantive analysis, identifies and responds to issues of importance to stakeholders and demonstrates the professionalism and internationalization of the report. According to the SSE ESG disclosure guidelines, in-depth and detailed disclosures are made to strengthen corporate ESG governance, while performance data disclosure is further improved to enhance comparability of historical data and fully reflect the requirements of capital market rating management. "SDGs Benchmarking" is set up to actively respond to the UN 2030 Sustainable Development Goals, to clarify the important actions and performance taken, and to demonstrate the Company's sustainable development management and practices.

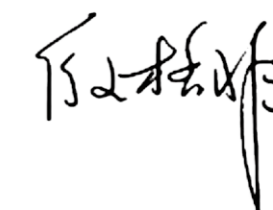
Focusing on hot topics of the times and manifesting corporate responsibility

Focusing on the major events in 2020, this report set topic of "Waging the Battle against COVID-19", which systematically presents that Sinochem International and its subordinate units have taken the initiative to assume the responsibility of a centrally-administrated SOE and do their utmost to assist in the fight against the pandemic to manage both production and anti-pandemic from three aspects of overall arrangement, guarantee of disinfection suppliers and assistance. In the main chapter, centering on hot topics of public concern, such as integrity management, anti-corruption, ecological environmental protection, labor and human rights, national strategies and policies, such as reform of state-owned enterprises, digital transformation, clean energy, carbon peak and carbon neutral strategies, and targeted poverty alleviation. We show the practice and KPIs of Sinochem International and explore the highlights of our subordinate enterprises, reflect Sinochem International's firm attitude and solid practice of social responsibility as a centrally-administrated SOE, responding to major national policies and improving people's livelihood.

Rich and diverse presentation formats to bring stakeholders closer

Continuing the structural framework last year, this report features a clear structure, precise and concise language style, and rich and detailed content, together with clear logic diagrams, comparable performance data, representative cases and vivid images, which enable readers to better understand the value proposition and business development of the Company. The report introduces more stakeholders' voices and increases the inclusiveness and credibility of the report through the more affable language of stakeholders.

2021 marks the opening year of the 14th Five-Year Plan and the new journey embarked on by Sinochem International. In the future, it is hoped that Sinochem International will further strengthen its corporate governance and fully integrate sustainable development into its operations and businesses; give full play to its professional skills, innovate green chemical products, and contribute to the protection of the environment and climate change; actively respond to national strategies and policies, take social responsibility, and strive to become a leading enterprise in the fine chemical industry and contribute to the sustainable development of the world.



YIN GEFEI

Founder and Chief Expert of Golden Bee Think Tank
Joint Secretary General of ISO 26000 Stakeholder Global Network

Third Party Assurance



Independent Assurance Statement

Introduction

TÜV Rheinland (Guangdong) Ltd., member of TÜV Rheinland Group, Germany (TÜV, We) has been entrusted by the management of Sinochem International Corporation (Sinochem International, the Company) to conduct independent assurance of Sinochem International Sustainability Report 2020 (the Report). All contractual contents for this assurance engagement rest entirely within the responsibility of Sinochem International. Our task was to give a fair and adequate judgment on the Sinochem International Sustainability Report 2020.

The intended users of this assurance statement are stakeholders having relevance to the Sinochem International overall Sustainability Performance and impacts of its business activities during 2020 (January 2020 ~ December 2020). TÜV Rheinland is a global service provider of CSR & Sustainability Services in over 65 countries, having qualified professionals in the field of Corporate Sustainability Assurance, Environment, Social and Stakeholder Engagement. We have maintained complete impartiality and independence during the assurance engagement and were not involved in the preparation of report contents.

Assurance Standard

The Independent Assurance was carried out in accordance with AccountAbility, U.K Standard AA1000AS (2008) and related standards AA1000APS (2018), AA1000SES (2015), Principles of Inclusivity, Materiality, Responsiveness and Impact, Global Reporting Initiative (GRI), "In accordance-Core" reporting guidelines as per GRI-Standards.

Scope & Type of Assurance

Our Assurance engagement covers the following:

- Sinochem International Corporate Sustainability Performance as described in the report 2020 in accordance with GRI Standards (including GRI 100, GRI 200, GRI 300, GRI 400) and materiality topics and specific disclosures on management approach (DMAs) from Economic, Environment & Social category, also defined in Reporting boundaries.
- Evaluation of disclosed information in the report as per the Assurance Standards.
- Type-1, Moderate as per AA 1000 AS (2008)

Limitation: The assurance engagement was carried out at Sinochem International Headquarter and its R&D center in Shanghai, China. The consultations with external stakeholder were not carried out. We have not observed any significant situations to limit our assurance activity. The verification is carried out based on the data and information provided by Sinochem International, assuming they are complete and true.

Assurance Methodology

TÜV has challenged the report contents and assess the process undertaken by Sinochem International from source to aggregate in disclosure of information/data related to sustainability performance. Our judgment is based on the objective review of reported information as per criteria defined under Assurance standards, that is, principles of Inclusivity, Materiality, Responsiveness and Impact.

Analytical methods and the performance of interviews as well as verification of data, done as random sampling, to verify and validate the correctness of reported data and contents in light of contractual agreement and the factual Sinochem International Corporate Sustainability Strategy as mentioned in the report. Our work included consultation with over 25 Sinochem International representatives including senior management and relevant employees. The approach deemed to be appropriate for the purpose of assurance of the report since all data therein could be verified through original proofs, verified database entries.

The Assurance was performed by our multidisciplinary team of experienced professionals in the field of Corporate Sustainability, Environment, Social and Stakeholder Engagement. We are of the opinion that our work offers a sufficient and substantiated basis to enable us to come to a conclusion mentioned below and based on the content of our contract.



Positive Observation

TÜV has observed below positive information during Sinochem International Sustainability Report assurance:

- Sinochem International has established and launched six corporate sustainability development policies in 2020, covering HSE management, energy management and climate change, water resource management, labor and human rights, anti-corruption and antitrust, and further promoted its sustainability system development at the level of management policies and governance mechanism.
- Sinochem International has established and implemented 41 action plans of sustainability development for improvement in 2020, by focusing on ESG management, information disclosure, indicators management and brand value, and achieved good results and enhanced responsible competitiveness.

Adherence to AA 1000 principles

Inclusivity: Sinochem International has identified and understood opinion and expectation of its stakeholders, and integrated stakeholder engagement and response into its sustainability policies and systems, including carrying out risk assessment and sustainability improvement program.

Materiality: Sinochem International has established materiality issues assessment process under engagement of cross functional departments and governance of top management, and used Matrix method to identify importance of materiality topics, by considering risk management and compliance management against applicable laws and regulations and internal policies and procedures.

Responsiveness: Sinochem International has made proper communication and response with its stakeholders about materiality topics, covering 6 sets of sustainability policies, targets and implementation plans set up in 2020, and established sustainability committee at top management level to enhance corporate governance, to carry out sustainability improvement program, and made positive responses to UN SDGs about status of its sustainability development.

Impact: Sinochem International has established a process to understand, assess and manage the impact, covering identification of impact and definition of goals and performance indicators.

Conclusion

In conclusion, we can mention that no instances or information came to our attention that would be to the contrary of the statement made below:

- Sinochem International Sustainability Report 2020 meets the requirement of Type-1, Moderate Assurance according to AA1000AS (2008) and Global Reporting Initiative (GRI), "In accordance-Core" reporting guidelines as per GRI-Standards.
- The Report includes statements and claims that reflects Sinochem International achievements and challenges supported by documentary evidences and internal records.
- The performance data we found in the report are collected, stored and analyzed in a systematic and professional manner and were plausible.
- TÜV Rheinland shall not bear any liability or responsibility to a third party for perception and decision about Sinochem International based on this Assurance Statement.

For TÜV Rheinland Group

Daniel Pan
Lead Verifier

Shanghai, 3rd June 2021

Opinion Feedback Form

Thank you for reading the *2020 Sustainability Report of Sinochem International*. We value and look forward to hearing your feedback on our ESG work and this sustainable development report. Your comments and suggestions are an important basis for us to continuously improve ESG information disclosure and promote ESG management and practice. You can fill in the form below and send us your feedback by mail or email. We welcome and sincerely thank you for your valuable comments.

Overall evaluation on this Report

Very good Good Average Relatively poor Poor

In your opinion, is this Report structure sound

Very sound Sound Average Relatively not sound Not sound

In your opinion, is this Report easy to read

Very easy Easy Average Relatively not easy Not easy

How is the information followed by you disclosed in this Report

Fully involved Relatively involved Involved Less involved Not involved

What other information followed by you is not reflected in this Report

Your suggestions for advancing corporate social responsibility efforts or sustainable development report

You may contact us through the following ways:

Tel: 86-21-31768000

E-mail: news_sinochemintl@sinochem.com

Address: Sinochem International Plaza, No. 233, North Changqing Road, Pudong New Area, Shanghai, 200126



Add: Sinochem International Plaza, No. 233, North
Changqing Road, Pudong New Area, Shanghai, 200126

Tel: 86-21-31768000 Fax: 86-21-31769199

www.sinochemintl.com



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Official WeChat Account

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