Transfar

2024

Environmental, Social & Governance Report

Zhejiang Transfar Synthetic Material Co., Ltd.

Contents

About This Report

● Reporting Overview

This *2024 Environmental, Social, and Governance Report* (hereinafter referred to as "this report") issued by Zhejiang Transfar Synthetic Material Co., Ltd. (Limited by Shares) (hereinafter referred to as "Transfar Synthetic," "the company," or "we") aims to systematically elaborate on Transfar Synthetic's ESG management efforts and achievements in 2024. The report proactively discloses the company's sustainability philosophy, policies, key practices, and performance to stakeholders.

Since 2022, Transfar Synthetic has officially renamed its *Social Responsibility Report* to the *Environmental, Social, and Governance (ESG) Report* to address stakeholder expectations and needs better, objectively showcasing the company's sustainability performance.

In December 2023, Transfar Synthetic was officially renamed from "Zhejiang Transfar Synthetic Material Co., Ltd." to "Zhejiang Transfar Synthetic Material Co., Ltd. (Limited by Shares)". The name change does not affect the company's normal operations or its commitment to sustainable development.

● Reporting Scope

Reporting Entity: The content of this report is centered on Zhejiang Transfar Synthetic Material Co., Ltd. (Limited by Shares) as the primary entity.

Reporting Period: The report primarily covers the period from January 1, 2024, to December 31, 2024 (hereinafter referred to as the "reporting period" or "this year"). To enhance the completeness of the report, some content appropriately traces back to previous years or extends into 2023.

Reporting Frequency: This report is published on an annual basis.

● Reporting Reference Standards

This report is primarily prepared concerning the following standards and initiatives:

- The GRI Standards issued by the Global Reporting Initiative (GRI)

- Chemicals Industry Sustainability Accounting Standard issued by the Sustainability Accounting Standards Board (SASB)

- The 17 Sustainable Development Goals (UN SDGs) issued by the United Nations

- Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange—Sustainability Report (For Trial Implementation)

Detailed GRI Standards, SASB Standards indices, and the UN SDGs mapping are provided in the final section of this report for quick reference by readers.

● Data Sources and Ansurance

This report is a truthful reflection of Transfar Synthetic's sustainability practices. The data and information presented are sourced from the company's official documents, internal statistics, and publicly available material. Unless otherwise stated, all monetary amounts in this report are expressed in Renminbi (RMB). The senior management and the Board of Directors of Transfar Synthetic have reviewed and approved this report, ensuring that its content contains no false records, misleading statements, or material omissions.

● Report Release

This report is publicly available in both printed and electronic formats. The electronic version can be downloaded from the company's official website (https://www.transfarchem.com). The report is available in both Simplified Chinese and English. In case of discrepancies between the two versions, the Chinese version shall prevail.

● Contact Information

For any inquiries regarding the content of this report, please feel free to contact us through the following:

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About Us

● Company Profile

Zhejiang Transfar Synthetic Material Co., Ltd. (Limited by Shares) is a holding subsidiary established by Transfar Group in the Jiaxing Port of Zhejiang. The company focuses on the field of synthetic materials, engaging in the research and development, production, and sales of products such as butadiene rubber. It has an annual production capacity of 270,000 tons of butadiene rubber/ neodymium butadiene rubber and holds an important position within the industry. The Jiaxing Port Area, as a national class A opening port and a transportation hub connecting Shanghai-Hangzhou and Suzhou-Hangzhou, offers convenient sea and land transportation, providing superior geographical conditions for the company's development.

Has an annual production capacity of
270,000 tons of butadiene rubber/ neodymium butadiene rubber

2011-2015
Business Inception:

• The Transfar Synthetic Materials Industrial Base project was established in Jiaxing Port.

• Synthetic materials production officially commenced, focusing on the development of butadiene rubber/ neodymium butadiene rubber products.

• Transfar Synthetic was rapidly expanding its export business by leveraging its port and wharf advantages, and has gradually established and expanded long-term cooperation.

2016-2019 Breakthrough in Neodymium Butadiene Rubber Technology:

• Intensified R&D efforts led to the successful development of neodymium butadiene rubber.

• The first large-scale neodymium butadiene rubber production unit was successfully commissioned, achieving full production and sales.

• Established a dedicated task force for neodymium butadiene rubber innovation projects.

2020-Present
Rapid Development of International Business:

• Achieved stable production of neodymium butadiene rubber and launched large-scale production projects.

• Expanded the application fields of rubber, focusing on diversified use cases.

• Collaborated with upstream partners to explore and implement industrial chain-based cooperation models.

• Expanded international clientele, fostering win-win cooperation with global tire enterprises.

Since its inception, the company has effectively implemented, maintained, and improved its management systems while leveraging superior products and services to establish a strong brand image within the industry. It has joined the China Synthetic Rubber Industry Association and formed solid partnerships with renowned domestic and international enterprises, including Continental AG, Michelin, Sumitomo Group, YOKOHAMA, Bridgestone, Hankook, Kumho Tire, Triangle, ZC Rubber, Maxxis, and Yongsheng Rubber. The company has become a key supplier to over 60 major global tire manufacturers and has established partnerships with 23 of the top 24 global tire manufacturers. Its overseas shipments now cover more than 28 countries. Through industry associations, the company collaborates with peers for mutual benefit and is a member of the Rubber Material Committee under the China Rubber Industry Association.

To enhance overall management and align with automotive industry quality standards, the company adopted the ISO/TF 16949 automotive quality management system standard in early 2014, achieving certification in December 2015. It became the first private synthetic rubber manufacturer in China to attain this certification. At present, the company implements the management standards of IATF 16949-2016, ISO 9001-2016, GB/T 24001-2016 (i.e., ISO 14001:2015), and GB/T 45001-2020 (i.e., ISO 45001:2018). The company consistently emphasizes risk management, employing the PDCA cycle approach to manage production processes and systems throughout their lifecycle. This proactive strategy mitigates potential risks, seizes development opportunities, and enhances customer satisfaction.

In response to national green and low-carbon development trends and changes in the synthetic rubber industry chain, the company formulated the Transfar Synthetic Materials Strategic Plan 2022–2027, a five-year strategic roadmap centered on meeting customer needs. The plan emphasizes the development of high-technology barrier products and differentiated production, creating "first, second, and third" growth curves to optimize the product portfolio and enhance overall competitiveness. By building energy-efficient and emission-reducing green production lines, the company is entering a new phase of high-quality development. It aims to provide green and sustainable products and services to end customers by innovating across raw materials, processes, and products, striving to become a global leader in high-performance synthetic materials as a technology-driven company.

● Corporate Culture

The company always puts customers at the center and provides high-quality products and services. Upholding the concepts of people-oriented and scientific management, it fully mobilizes the enthusiasm of employees to create excellent products. The company adheres to business innovation, overcomes cutting-edge technologies, and aims to become a sustainable enterprise trusted by society. Since its establishment, relying on product research and development, quality improvement, and service optimization, the company has rapidly grown into a mainstay in the industry and is determined to become a first-class synthetic rubber solution provider.

Mission
Customer Satisfaction, Happy Employees, Industry Leadership

Vision
To Be an Outstanding Enterprise of the Times

Values
Customer-centric, Value creator-oriented, Continue to grow and create a win-win situation

Transfar

● Honors and Recognitions

National-level specialized and sophisticated "Little Giant"

Ministry of Industry and Information Technology

Innovative Small and Medium-sized Enterprises in Zhejiang Province

Department of Economy and Information Technology of Zhejiang Province

High-Tech Enterprise

Department of Science and Technology of Zhejiang Province

Specialized and Sophisticated Small and Medium-sized Enterprises in Zhejiang Province

Department of Economy and Information Technology of Zhejiang Province

Green and Low-carbon Factory at Zhejiang Provincial Level

Department of Economy and Information Technology of Zhejiang Province

Honest Rubber Industry Service Providers in 2024

China Rubber Industry Association

Single Champion Cultivation Enterprise in Zhejiang Province

Department of Economy and Information Technology of Zhejiang Province

Postdoctoral Workstation in Zhejiang Province

Postdoctoral Work Office of Zhejiang Province

High-tech Research and Development Center in Jiaxing City

Bureau of Science and Technology of Jiaxing City

"Made in Zhejiang" Certification

"Made in Zhejiang" International Certification Alliance

Zhejiang Enterprise Research Institute

Department of Economy and Information Technology of Zhejiang Province

Enterprise Technology Center of Jiaxing City

Bureau of Economy and Information Technologies of Jiaxing City

Technology-based Small and Medium-sized Enterprise in Zhejiang Province

Department of Science and Technology of Zhejiang Province

High-Tech Enterprise Research and Development Center

Department of Science and Technology of Zhejiang Province

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Sustainability Governance

2024 SDGs Goals and Achievements

Environment

Material topic	SDG	Indicator	2024 Status
Response to Climate Change	13 CLIMATE ACTION	Scope 1 Emissions	836.56 tons CO_2 equivalent
		Scope 2 Emissions	255,922.62 tons CO_2 equivalent
		Total Greenhouse Gas Emissions	256,759.18 tons CO_2 equivalent
Energy Management	7 AFFORDABLE AND CLEAN ENERGY	Natural Gas	386,900 cubic meters
		Purchased Electricity	89.40 GWh
		Purchased Heat	1,662,516.36 GJ
		Total Energy Consumption	466,083.52 GWh
Water Management	6 CLEAN WATER AND SANITATION	Water Consumption	598.19 ML
		Water Withdrawal	598.19 ML

Governance

Material topic	SDG	Indicator	2024 Status
Anti-Corruption and Business Ethics	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Governance Training Members Coverage	100%
		Employee Training Coverage	100%
		Number of Corruption or Fraud Incidents	0
		Number of Information Security Violations	0

Social

| Material topic	SDG	Indicator	2024 Status
R&D and Innovation	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Total Number of Patents	18
		Total Number of Cumulative Authorized Patents in China	38
Supply Chain Management	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Total Number of Suppliers	36
		Percentage of Suppliers with Contracts Containing Environmental, Labor, and Human Rights Clauses	100%
		Percentage of Suppliers Participating in CSR Evaluations	36%
Occupational Health and Safety	3 GOOD HEALTH AND WELL-BEING	Safety Investment	10.85 million
		Number of Occupational Health and Safety Training Sessions	400
		Average Training Hours per Employee	2 hours
		Number of Health and Safety Risk Assessments	1
Employment and Employee Rights	1 NO POVERTY / 3 GOOD HEALTH AND WELL-BEING / 8 DECENT WORK AND ECONOMIC GROWTH	Percentage of Employees Covered by Collective Agreements	100%
		Number of Children or Forced Labor Incidents	0
		Number of Employees Receiving Care Programs	400
		Investment in Employee Care Programs	4.10 million
		Employee Satisfaction	96.96%
Training and Development	4 QUALITY EDUCATION	Number of Employee Training Sessions	5,119 people
		Percentage of Employees Trained	100%
		Average Training Hours per Employee	46 hours
		Percentage of Employees Receiving Regular Performance Evaluations	100%
		Percentage of Employees Receiving Regular Career Development Assessments	55%
Diversity and Equal Opportunity	5 GENDER EQUALITY / 10 REDUCED INEQUALITIES	Percentage of Minority Employees	3.00%
		Percentage of Minority Executives	5.26%
		Percentage of Employees with Disabilities	0%
		Percentage of Executives with Disabilities	0%
		Percentage of Female Employees	18.25%
		Percentage of Female Executives	5.26%
		Number of Reported Cases of Discrimination or Harassment	0

Sustainability Management

● Sustainability Management Structure

In accordance with the Company Law of the People's Republic of China and the requirements outlined in the company's articles of association, the organizational structure has been designed to clearly define roles and responsibilities, aligning with current business operations and strategic goals.

The Board of Directors of Transfar Synthetic is responsible for overseeing matters related to the company's sustainability development and reporting. Under the leadership of the Board of Directors, the company implements a General Manager responsibility system and has established eight functional departments: the Technology Center, Operations Department, Marketing Department, Supply Chain Management Department, Manufacturing Center, Safety and Environmental Protection Department, Finance Department, and General Office. The General Manager ensures that the duties and authorities of these departments and relevant positions are clearly defined, with each department fulfilling its specific responsibilities while collaborating effectively, and resources such as human capital, financial investment, infrastructure, and equipment are fully utilized to ensure the effective operation of the management system. The Marketing Department acts as the coordinating entity for sustainability matters, working closely with other departments to jointly advance the company's sustainability development agenda.

Organizational structure of Transfar Synthetic
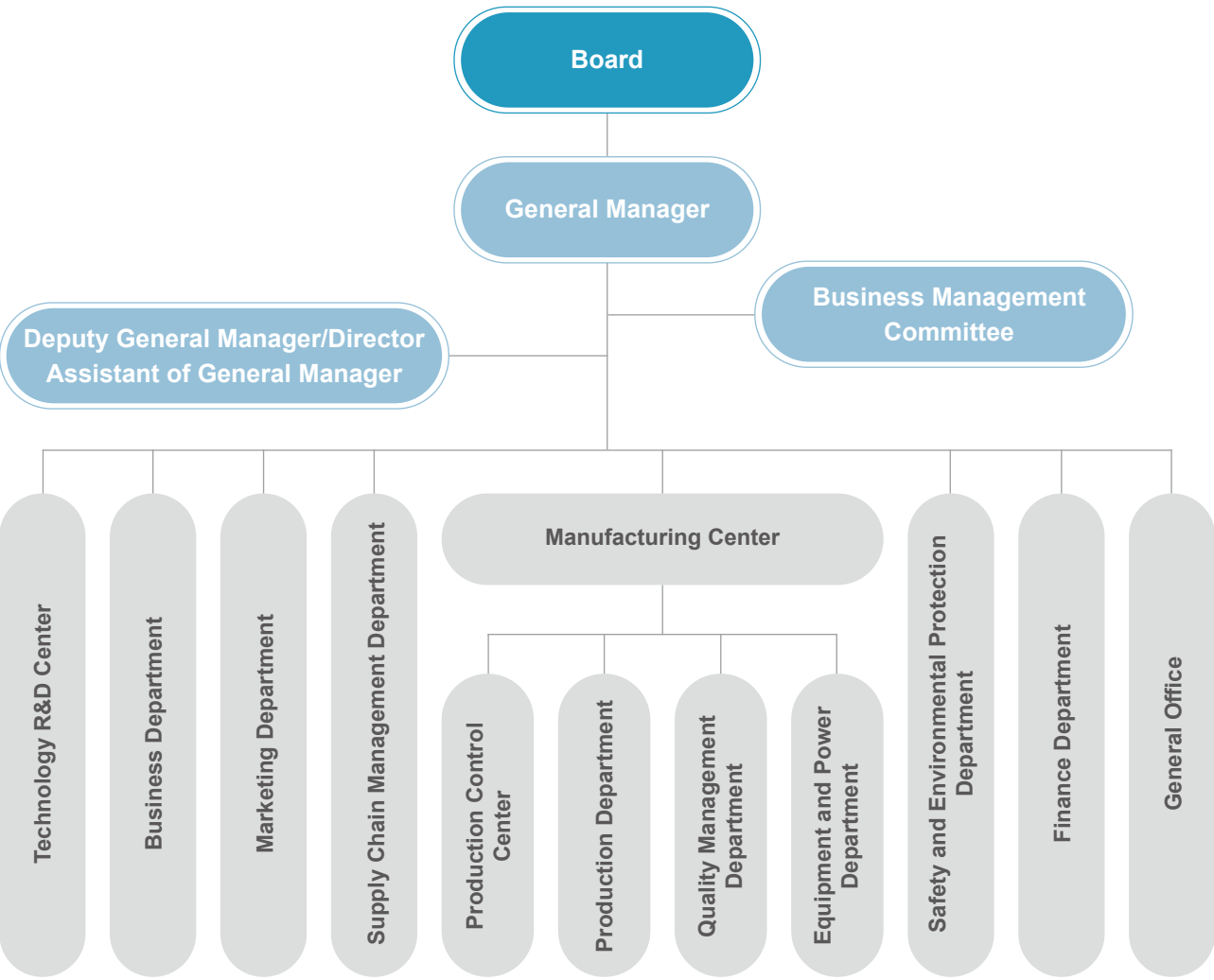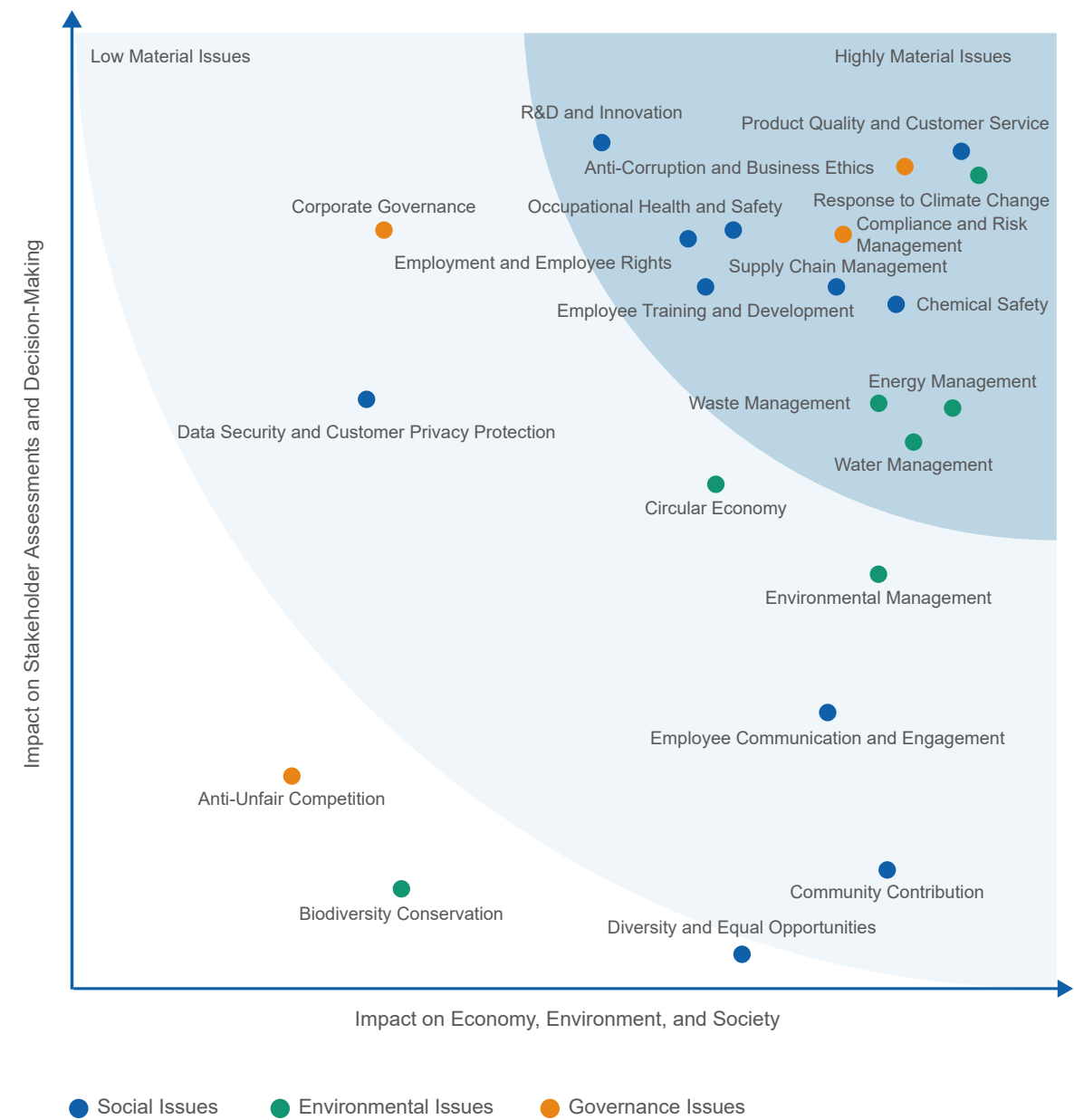

● Stakeholder Engagement

The company operates as a community of shared interests, where every employee internally, as well as external stakeholders such as suppliers, customers, and society, are beneficiaries of this shared ecosystem. By fully implementing measures to protect stakeholder interests, the company ensures that the needs and expectations of stakeholders are effectively met, establishing relationships aligned with the company's strategic planning and development direction. Adhering to the principle of meeting stakeholder expectations and demands, the company assesses the impact of its economic, social, and environmental performance on stakeholder interests. It develops appropriate communication channels suited to daily operations, facilitating two-way dialogue and timely exchanges. Committed to creating value for stakeholders, the company gradually fosters a community of shared interests through collaborative coexistence.

Stakeholder	Key Issues of Concern	Communication Channels
Shareholders and Investors	• Corporate Governance • Compliance and Risk Management • Anti-Corruption and Business Ethics • Response to Climate Change	• Stakeholder Meetings • Annual Reports • ESG Reports
Customers and Consumers	• Product Quality and Customer Service • Responding to Climate Change • Circular Economy • Data Security and Customer Privacy Protection	• Customer On-site Visits • Customer Satisfaction Surveys • Customer Communication Meeting • Industry Exhibitions • Customer Service Hotlines
Employees	• Occupational Health and Safety • Employment and Employee Rights • Employee Communication and Engagement • Employee Training and Development • Diversity and Equal Opportunities	• Internal Reading Center • Employee Suggestions • Employee Meetings and Interviews • Performance Review Meetings • OA Office Systems • Internal Recruitment of the Enterprise
Suppliers and Partners	• Supply Chain Management	• Public Supplier Bidding • Supplier On-Site Inspections • Small-Batch Product Trials • Technical Exchange Meetings
Government and Regulatory Bodies	• Anti-Corruption and Business Ethics • Compliance and Risk Management • Anti-Unfair Competition • Waste Management • Environmental Management Water Resource Management • Chemical Safety	• Information Submissions • Government Meetings and Documents • Official Press Releases
Community	• Environmental Management • Waste Management • Community Contributions	• Environmental Open Days • Community Visits • Public Welfare Activities

● **Materiality Assessment**

Transfar Synthetic regularly conducts materiality assessments. In 2024, the company established a list of material issues by considering the characteristics of its industry and its unique attributes. This process referenced the United Nations' 17 SDGs, the Shenzhen Stock Exchange's *Sustainability Report Guidelines (For Trial Implementation)*, and relevant GRI topics. Stakeholder opinions were also taken into account. The analysis assessed from two dimensions, importance to stakeholders and importance to corporate development, resulting in the creation of the 2024 Materiality Matrix for Transfar Synthetic. This report highlights key disclosures for issues identified as highly significant in the materiality matrix, addressing the concerns of stakeholders.

2024 Material Issue Matrix for Transfar Synthetic

Low Material Issues

Highly Material Issues

R&D and Innovation

Product Quality and Customer Service

Anti-Corruption and Business Ethics

Corporate Governance

Occupational Health and Safety

Response to Climate Change

Compliance and Risk Management

Employment and Employee Rights

Supply Chain Management

Employee Training and Development

Chemical Safety

Energy Management

Waste Management

Data Security and Customer Privacy Protection

Water Management

Circular Economy

Environmental Management

Employee Communication and Engagement

Anti-Unfair Competition

Community Contribution

Biodiversity Conservation

Diversity and Equal Opportunities

Impact on Stakeholder Assessments and Decision-Making

Impact on Economy, Environment, and Society

● Social Issues   ● Environmental Issues   ● Governance Issues

Compliance and Risk Management

The company integrates compliance and risk management responsibilities into the duties of each department, ensuring compliance management throughout daily operations and production activities. The company's audit and inspection experts are responsible for supervising and auditing the operation of the company's management systems and managing risks throughout production and operational processes.

The company has implemented the *Compliance Evaluation Control Procedure* and *Information Communication and Exchange Control Procedure* to manage compliance obligations related to environmental and occupational health and safety matters. It ensures timely internal and external communication and corrective actions for non-compliance information. The company also adheres to group-level compliance requirements, participating in various audits led by Transfar Group, such as system audits, operational audits, financial audits, project audits, and human resource audits. The company closely monitors the implementation of recommendations arising from these audits.

In response to changes in internal and external compliance environments and requirements, the company annually reviews internal management systems and documents. Adjustments are promptly made when significant changes occur in laws and regulations, with relevant personnel engaged in learning about updated regulations and participating in specialized compliance training in key areas. These measures foster a company-wide awareness of compliance.

In 2024, audit and inspection experts conducted training sessions on contract management, enhancing the standardization of the company's contract management processes.
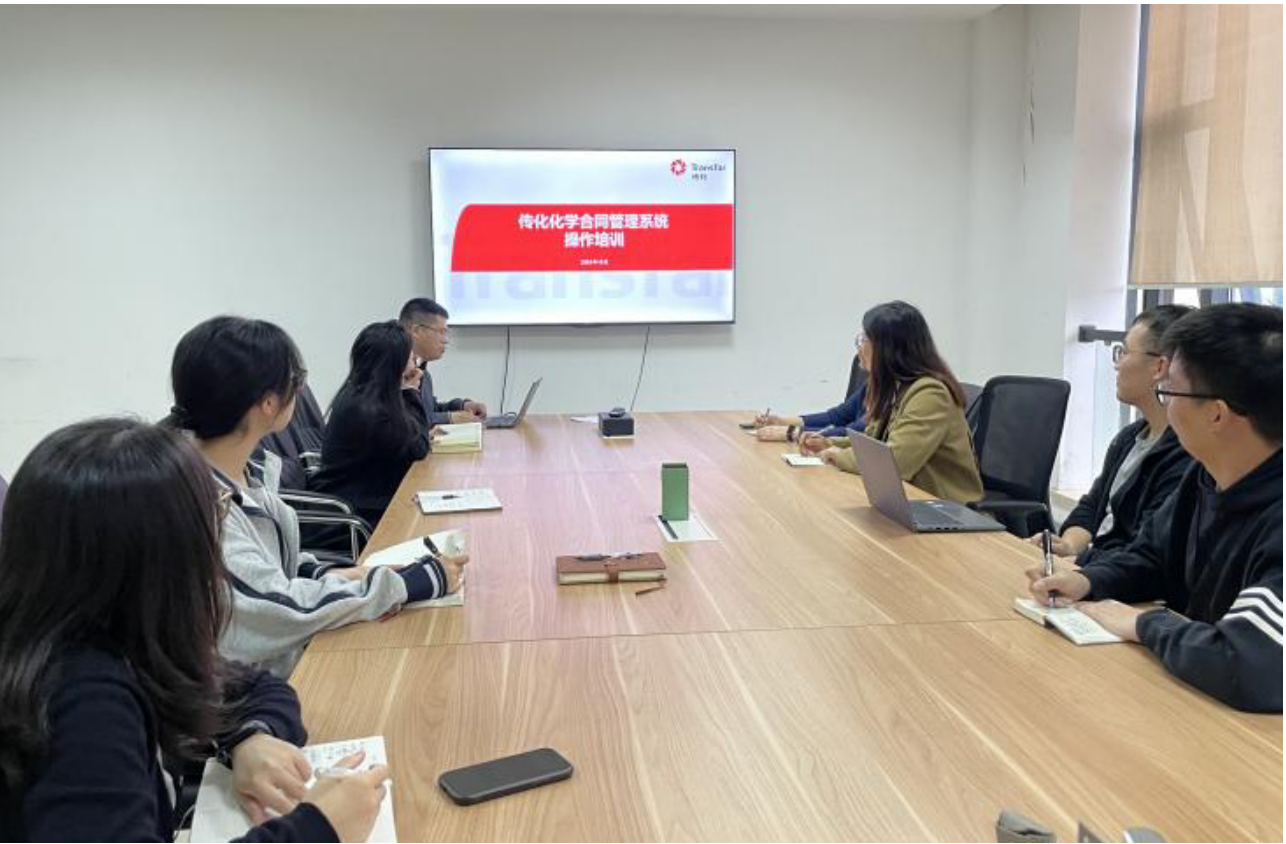
Compliance training

Anti-Corruption and Business Ethics

The company strictly adheres to the policies established by Transfar Group, including the *Employee Code of Conduct*, *Conflict of Interest Management Policy*, and *Complaint and Whistleblowing Management Measures*. These policies integrate anti-corruption culture into daily business processes, explicitly prohibiting activities involving conflicts of interest in financial management, external transactions, and other areas.

The company's anti-corruption and anti-bribery training is tailored to its operations and emphasized as a key topic during company Party committee meetings to highlight the importance of integrity. In 2024, the company actively conducted business ethics training, achieving 100% employee participation to enhance awareness of ethical practices.

achieving

100%

employee participation to enhance awareness of ethical practices

In 2024, Transfar Group conducted business ethics training for new university graduates, titled *Buttoning the First Button of Your Career - Our Norms*; organized over 100 cadres to visit the Law and Discipline Education Base; the Party Committee of Transfar Group carried out the *Sunshine Integrity Illuminates People's Hearts, Honesty, and Self-Discipline Promote Development - Transfar Chemical Group Party Committee's Theme Education on Integrity Construction* by visiting the Zhejiang Provincial Law and Discipline Education Base, aiming to strengthen the awareness of integrity and self-discipline among Party member cadres and create a clean and positive environment for enterprise development; and promoted the concept of integrity culture through the issuance of integrity notices, special learning sessions on integrity education, and signing of integrity commitment letters with employees.

The company built the Sunshine Transfar Complaint and Reporting Platform, where complaints and reports can be directly submitted through a WeChat mini-program, and complaint information is strictly controlled to strongly protect the privacy of whistleblowers. The company continued to optimize the Sunshine Transfar Complaint and Reporting Platform. After the improvement, the platform has stronger security protection, a better interactive mode, and a more convenient operating experience, bringing users a more efficient and high-quality supervision platform.

WeChat Mini Program
Sunshine Transfar Complaint and Whistleblowing Platform

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In 2024, the group intensified its promotion of the platform by launching six online access points through the Transfar official website, OA system, E+ Transfar platform, Party and Community Services, Park Pass, and BPM. Offline, over **1,450** promotional posters and desk signs were distributed, covering nearly **160** business units, significantly increasing the platform's visibility and awareness. The platform has processed a total of **96** complaints and reports, achieving an **85%** closed-loop resolution rate.

The company also displayed anti-corruption and anti-bribery promotional posters in various departments to raise employees' awareness of business ethics. Sensitive transactions such as gifts and travel were subject to approval, with detailed gift lists and usage purposes being documented to ensure precise control starting from minor matters. Additionally, suggestion boxes were installed in locations like the cafeteria to collect employee feedback and complaints regarding business ethics issues. Furthermore, middle and senior management were required to act as role models, supervising ethical conduct by maintaining integrity in their thoughts, actions, and leadership. These efforts fostered a culture of ethical behavior and transparency throughout the organization.

Propaganda posters and suggestion boxes

Cybersecurity and Information Security

To effectively protect the information security of the company and its stakeholders, including customers and suppliers, the company strictly adheres to the *Information Security Management Policy*, *Information Security Breach Investigation Management Policy*, and *Information Security Risk Assessment Management Policy*. These measures ensure the authenticity, integrity, reliability, availability, and security of information.

The company continuously enhances its information security protection mechanisms, covering nine key aspects. These include controlling access to sensitive information, deploying cybersecurity equipment, regularly backing up data, and establishing disaster recovery plans. The company's network is equipped with four types of advanced cybersecurity systems: firewalls, Intrusion Detection Systems (IDS), Intrusion Prevention Systems (IPS), and Internet behavior management and auditing systems, ensuring real-time monitoring and interception of cyberattacks. For physical security, primary server rooms are locked, and equipped with access control and video surveillance systems to safeguard servers and equipment against physical attacks and theft. Information is classified into four levels—confidential, secret, internal, and public—based on importance, confidentiality, and sensitivity, with corresponding protective measures applied to each level. To ensure information security and reliability, the company employs various strategies, including network security, system security, data backup and recovery, and encryption technologies. Confidential information is managed comprehensively across storage, transmission, access, and destruction stages. An information security incident response mechanism is in place to address and manage incidents promptly and effectively. The responsibilities of the information security officer and management team are clearly defined, with regular training sessions conducted to enhance employees' awareness and capabilities in information security. These efforts collectively establish a robust framework for protecting sensitive information and maintaining the company's operational integrity.

In terms of information security incident response, the company has established clear processes and management measures for investigating information security breaches. A detailed policy document outlines the steps for identifying, reporting, assessing, investigating, and handling information security incidents, as well as educating and training employees. The objective is to effectively respond to and investigate security breaches, assign accountability, prevent further losses, and protect the interests of the company and its customers.

The company conducts security drills for penetration testing to assess the risks and impacts of data security and privacy protection. By simulating real-world cyberattacks, the company identifies potential vulnerabilities or weaknesses in its information security defenses. In 2024, the company also participated in a cybersecurity offense-defense drill organized by the Jiaxing Port Area, providing practical insights for developing security measures and solutions. Additionally, IT specialists organized phishing email prevention training and tests to enhance employee awareness. Employees were guided to use complex passwords to access the company's information systems, and measures were implemented to isolate internal employee networks from external visitor networks. Anti-virus and anti-malware software were installed on employee computers, ensuring that information security practices were integrated into employees' daily behavior and awareness.

The Cybersecurity Training Courses on the "Transfar Learning Hall" website

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Empowering Green Development

Environmental Compliance Management

As a chemical industry enterprise, the company places great emphasis on environmental issues and adheres to the environmental policy of "People-oriented, green production, energy conservation, and consumption reduction; pollution prevention, compliance with laws and regulations, and continuous improvement". The company strictly complies with environmental laws and regulations, including the *Environmental Protection Law*, *Law on Prevention and Control of Pollution by Solid Waste*, *Water Pollution Prevention and Control Law*, and *Law on the Prevention and Control of Atmospheric Pollution* of the People's Republic of China.

The company has established and continuously improved a comprehensive environmental management system, issuing policies such as the *Environmental Protection Management Policy*, *Environmental Factors Assessment and Identification Control Procedure*, and *Emergency Response Plan for Sudden Environmental Pollution Accidents*. The company has clarified its environmental management organizational structure by establishing the HSSE (Health, Safety, Security, and Environment) Management Committee, which also functions as the leadership team for clean production and water conservation. This committee serves as the highest decision-making body for environmental protection, chaired by the General Manager as the primary person in charge, with the Safety and Environmental Protection Department designated as the overseeing department. Through the establishment of a sound environmental management system, the company has obtained and annually maintained its GB/T 24001 (ISO 14001) Environmental Management System Certification.

GB/T 24001 (ISO 14001) Environmental Management System Certification

The company incorporates environmental management goals into its annual HSE (Health, Safety, and Environment) objectives. In 2024, under the principle of "Environmental Protection First," the company established and achieved all environmental management targets and work indicators. No incidents of non-compliance with environmental laws and regulations occurred during the year.

The company prioritizes environmental compliance management in engineering construction projects, strictly adhering to the requirements of national and local environmental regulations. These include requirements for site selection, master planning, environmental protection facilities, pollutant and waste emissions, and environmental monitoring. The company ensures compliance with regulations such as the "Three Simultaneities" (design, construction, and operation of environmental protection measures to be carried out simultaneously) and environmental impact assessments. Ecological red line areas are avoided, and the ecological impact is considered throughout the entire lifecycle of construction projects. The company completed its capacity enhancement and supporting facilities project for butadiene rubber production. Pollution prevention measures were implemented during the design, construction, and operational phases. Supporting facilities include a wastewater processing plant, exhaust gas treatment system, and solid waste storage yard. After an environmental protection review, the measures were deemed reliable and effective in managing ecological impacts, pollutant emissions, environmental quality impact, and accident risks. The project is now successfully operational and compliant with all standards.

The company conducts annual environmental risk assessments and implements appropriate control measures for identified significant environmental risks. In 2024, the Safety and Environmental Protection Department coordinated with all departments to identify and review over ten major environmental risk factors. Control measures were established for each risk, and follow-ups were conducted to ensure effective environmental risk management and prevention. To address potential environmental pollution incidents, the company has established procedures under the *Emergency Preparedness and Response Control Procedures* to prevent and control potential accidents or emergencies. Regular safety training and emergency drills are conducted to enhance preparedness and response capabilities.


Monitoring and analyzing environmental impacts at emergency drill site

Response to Climate Change

In response to the green transition initiatives outlined by the Central Committee of the Communist Party of China and the State Council for achieving carbon peaking and carbon neutrality by 2030 and 2060 respectively, the company has developed the *2022–2025 Carbon Peaking and Carbon Neutrality Implementation Plan*. This plan is based on an analysis of the company's recent carbon emissions and emission processes, providing a comprehensive understanding of the company's carbon footprint. It clearly outlines the targets for 2025, including Total Carbon Emissions, Carbon Emission Intensity per RMB 10,000 of Industrial Added Value, and Carbon Emissions per Unit of Product, shown as follows:

Carbon Emission Targets

326,656.18	7.1610	1.1781
tons of CO_2 equivalent	tons of CO_2 equivalent per RMB 10,000	tons of CO_2 equivalent per ton
2025 Total Carbon Emissions	2025 Carbon Emission Intensity per RMB 10,000 of Industrial Added Value	2025 Carbon Emissions per Unit of Product
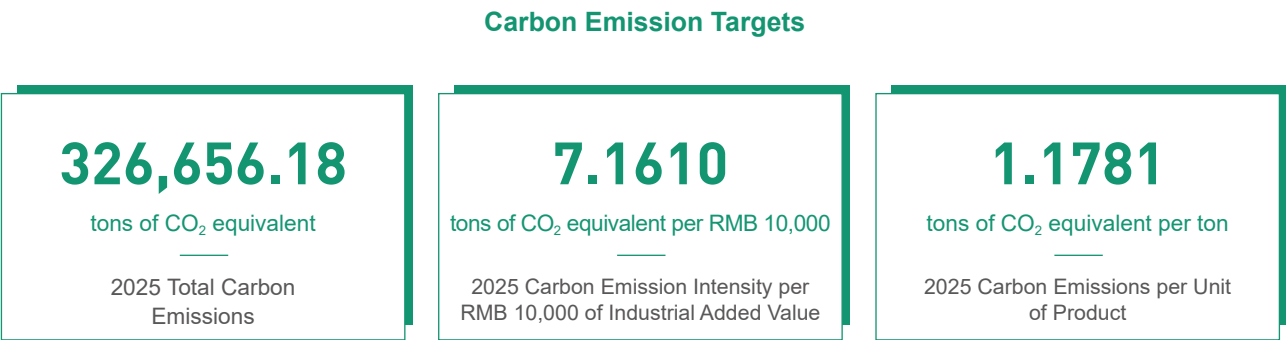
To enhance its carbon management capabilities, the company has established a Carbon Neutrality Project Working Group, led by the General Manager. The group comprises members such as the Production Department Head, relevant technical staff, and energy management personnel. Its responsibilities include organizing and proposing energy-saving and carbon reduction initiatives, conducting an annual carbon inventory, and ensuring effective implementation of carbon neutrality projects through tasks such as information collection, plan execution, task tracking, and coordination.

To implement carbon reduction plans and actively address climate change, the company has adopted a range of carbon mitigation measures.

Starting with energy structure optimization, we shut down coal-fired boilers and transitioned to natural gas as a cleaner alternative.

Energy efficiency improvements were made across power distribution systems, refrigeration systems, compressed air systems, wastewater treatment facilities, and electric equipment for production vehicles.

The company also reduced steam system carbon emissions by recycling condensate water

Optimized production processes to achieve low-carbon manufacturing.

Additionally, in areas such as building air conditioning, lighting, hot water systems, and transportation, the company implemented smart controls, energy-efficient equipment, and energy-saving vehicles to advance its energy-saving and low-carbon initiatives.

The successful implementation of the company's carbon neutrality plan requires the active participation of all employees and necessitates that relevant personnel possess carbon management and project execution skills. To this end, the company has strengthened capacity building through internal training, knowledge-sharing sessions, expert guidance, and collaborative learning.

The company conducts a comprehensive analysis of greenhouse gas (GHG) emission sources across all production facilities. Annual GHG inventories and emissions reports are prepared to evaluate energy consumption and emissions, forming a foundation for further carbon reduction actions. In 2023, the company's total GHG emissions amounted to approximately 177,059.98 tons of CO_2 equivalent. By purchasing REC green electricity certificates, 5,400 MW-hours of electricity consumption was offset, equivalent to 3,006.72 tons of CO_2 equivalent emissions. In 2024, total GHG emissions were approximately 256,759.18 tons of CO_2 equivalent, with 6,500 MWh of electricity consumption offset through REC green electricity certificates, equivalent to 3,619.2 tons of CO_2 equivalent emissions.

In 2023, the company's total GHG emissions amounted to approximately **177,059.98** tons of CO_2 equivalent.

In 2024, total GHG emissions were approximately **256,759.18** tons of CO_2 equivalent

REC Green Electricity Certificates for 2023 and 2024
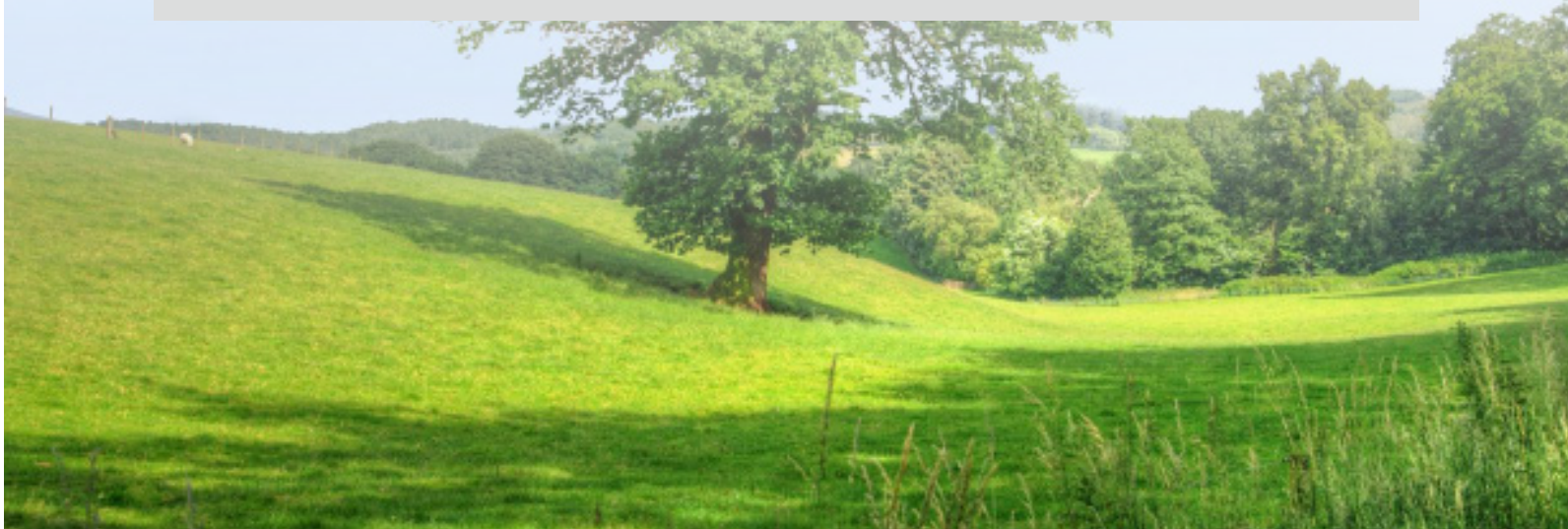
Energy Management

The company has established a sound energy management system, actively promoting the adjustment of energy structure, improving energy utilization efficiency, and promoting the digital transformation of energy to efficiently utilize energy. The company's main energy consumption currently includes electricity, heat, and a small amount of natural gas, without the use of other non-renewable energy sources. The company has established an energy management system and process based on the continuous improvement of Plan-Do-Check-Act (PDCA), integrating energy management into existing practices. The company has obtained and maintains the GB/T 23331 (i.e., ISO 5001) energy management system certificate annually.

The company has established a comprehensive metering system for its power supply and distribution network, achieving a largely digitalized three-tier metering system. Secondary metering covers production workshops and public utilities, while tertiary metering primarily focuses on high-power electrical equipment such as refrigeration units in the cooling system and air compressors. Building on this foundation, the company has developed an Energy Information Management System that provides real-time monitoring, historical data queries, power management, statistical reporting, and power quality analysis. The company actively conducts energy audits to monitor, verify, and analyze its energy usage processes. These efforts lay a solid foundation for reducing energy consumption, improving energy utilization efficiency, and ultimately achieving the goals of energy conservation, cost reduction, and efficiency enhancement.

GB/T 23331（ISO 5001）Energy Management System Certificate

Energy Management System

The company continuously improves its energy performance and has undertaken multiple energy-saving retrofitting projects, achieving an annual carbon reduction of 37,822.01 tons of CO_2 equivalent. Currently, the company is implementing technological upgrades in waste heat recovery and photovoltaic system construction within its facilities. Upon project completion, these initiatives are expected to further reduce annual carbon emissions by an additional 17,598 tons of CO_2 equivalent.

achieving an annual carbon reduction of

37,822.01 tons of CO_2 equivalent

these initiatives are expected to further reduce annual carbon emissions by an additional

17,598 tons of CO_2 equivalent

No.	Energy-Saving Project	Project Description	Energy-Saving Effect
1	Capacity Expansion	By implementing measures such as adding a water-washing system to the oil system, stabilizer addition to the polymerization unit, and optimizing two product machines, production capacity was increased by 8%, significantly reducing steam and electricity consumption.	Annual steam savings of 15,048 tons, reducing carbon emissions by 4,965.84 tons of CO_2 equivalent per year.
2	Waste Heat Recovery	Utilize high-temperature heat from the gas phase at the top of the solvent dehydration tower to exchange heat with low-temperature condensate, replacing the original E-1108 steam heating system.	Annual steam savings of 23,760 tons, reducing carbon emissions by 7,840.8 tons of CO_2 equivalent per year.
3		During the major overhaul, implemented technical upgrades in the refining unit to control steam consumption for butadiene. Recovered waste heat from the top of the C-1201 tower, reducing weekly steam usage from over 500 tons to around 100 tons.	Based on an annual production of 150,000 tons, reduced carbon emissions by 8,176.5 tons of CO_2 equivalent per year.
4		Redesigned the solvent distillation system, drawing a portion of the solvent from the middle of the dehydration tower for use while utilizing this solvent to heat the feed of the dehydration tower, reducing steam consumption in the dehydration and heavy removal towers.	Based on an annual production of 150,000 tons, reduced carbon emissions by 4,455 tons of CO_2 equivalent per year.
5		Installed a 3-ton/hour preheating boiler to recover high-temperature tail gas from the RTO device, where tail gas temperature remains at approximately 150°C year-round. This system generates 2 tons of saturated steam per hour, producing 16,000 tons of steam annually.	Annual steam savings of 15,840 tons, reducing carbon emissions by 5,227.2 tons of CO_2 equivalent per year.
6	Equipment Upgrades	Retrofitted three circulating water pumps and two chilled water pumps, and installed a safety and health management system with sensors for real-time monitoring of pump conditions, such as bearing temperature, outlet pressure, and vibration.	Reduced electricity consumption by 53.31% for chilled water pumps and 24.15% for circulating water pumps, reducing carbon emissions by 1,681 tons of CO_2 equivalent per year.
7		Upgraded air compressors by changing models, increasing motor power, and boosting air output. Permanent magnet motors demonstrated a 5% higher average efficiency compared to asynchronous motors under variable load conditions (0-100%).	Reduced carbon emissions by 95.47 tons of CO_2 equivalent per year.
8	Replacement of Product Dryer Bottom Plate	The current drying process for Product Line #5 utilizes a fluidized bed with a "rolling" type bottom plate. During actual production, this bottom plate design effectively cools the rubber pellets. However, under the condition of full cold air blowing, it often causes the pellets to clump together, disrupting their normal transportation and forming a "snowball effect", which can lead to unplanned production line shutdowns. To address this issue, the bottom plate of the fluidized bed in Product Line #3 was replaced with a "flat roller" type design. This modification ensures the normal transportation and cooling of the pellets while reducing steam consumption. By optimizing the bottom plate, the system achieves steam savings without compromising the functionality of the pellet transport process, thereby enhancing overall efficiency and reducing energy consumption.	Saved 10 tons of steam per day per line, reducing carbon emissions by 4,620 tons of CO_2 equivalent per year.
9	Process Optimization	Modified the boiling tank to resolve hot water splashing issues and improve temperature protection.	Reduced steam usage from 6 tons/day to 5.75 tons/day, reducing carbon emissions by 27.2 tons of CO_2 equivalent per year.

No.	Energy-Saving Project	Project Description	Energy-Saving Effect
10	Installation of Energy-Efficient Motors	Replaced motors with Grade 1 energy-efficient motors per GB18613-2020, optimized power factors, and prioritized the use of energy-saving chillers and pumps to reduce electricity consumption.	Reduced carbon emissions by 733 tons of CO_2 equivalent per year.
Projects Under Construction	Steam and Waste Heat Recovery	Utilized the 80°C gas-phase heat from the first polymerization reactor for steam generation, producing 2 tons of steam per hour per line. When all three lines operate, this saves 48,000 tons of steam annually.	Generated 6 tons of steam per hour, reducing carbon emissions by 15,840 tons of CO_2 equivalent per year.
Projects Under Construction	Photovoltaic Retrofit in Industrial Area	Installed a 2.825 MW solar photovoltaic system on the rooftop of the office building to generate renewable energy.	Generated 2.5 million kWh annually, reducing carbon emissions by 1,758 tons of CO_2 equivalent per year.

Drying Box Base Plate (Replace Before)

Drying Box Base Plate (Replace After)

The company actively organizes energy-saving and consumption-reduction training programs on a yearly basis, systematically equipping employees with knowledge of equipment operation management and energy efficiency practices. These initiatives aim to deepen employees' understanding of the necessity of energy conservation and the urgency of addressing climate change, fostering a culture of green development at Transfar. In 2024, the company conducted specialized energy management training for departments and operational units. Comprehensive general training sessions were held for workshop employees, electrical teams, and relevant personnel from various departments, focusing on key energy-consuming departments. These sessions emphasized the requirements for energy management, electrical distribution system management, repair and maintenance protocols, as well as energy measurement and equipment allocation. In addition, the company provided specialized knowledge and skills training to departmental staff, ensuring that employees are familiar with metrology laws and the verification of metering instruments.

On-site Training on Energy Conservation and Consumption Reduction

Water Management

The company integrates water resource management into its daily operations, adhering to the *Water Pollution Prevention and Control Law*, *Regulation on Groundwater Management*, and *Notice of the State Council on Issuing the Action Plan for Prevention and Control of Water Pollution* as well as other relevant laws, regulations, policies, and standards. The company emphasizes compliant wastewater discharge, water recycling, and water risk management.

The company strictly follows the *Emission standard of pollutants for petrochemical industry* and other regulations to ensure wastewater compliance. Annual monitoring and analysis of water usage and wastewater discharge are conducted. Current wastewater sources primarily include process wastewater, equipment and floor cleaning water, laboratory wastewater, domestic sewage, initial rainwater runoff, and drainage from the circulating water system. To ensure compliant wastewater discharge, the company operates a sewage treatment plant with a pre-treatment system for wastewater containing nickel and fluoride heavy metal ions. Using chemical precipitation technology, the concentrations of these heavy metals are effectively reduced by converting them into precipitates. Sludge is transported via pipelines to the sludge tank at the wastewater processing station, where it undergoes filter pressing and dehydration before being handled as solid waste through authorized disposal. Comprehensive wastewater from the plant is treated using coagulation and sedimentation technology. Afterward, the pH is adjusted in a pH regulation tank, where an automated acid-dosing system controlled by a pH meter ensures the pH of the treated water is maintained between 7 and 8. Post-treatment, the concentration of nickel ions in the discharged water is reduced to below 0.05 mg/L, far below the government's regulatory limit of 1 mg/L, ensuring that wastewater discharge meets all compliance standards.

Wastewater Treatment Plant and Wastewater Pre-treatment Process Flow Diagram

The company operates a reclaimed water reuse system for circulating water discharge, employing technologies such as "coagulation and sedimentation, secondary fiber filtration, ultrafiltration, and reverse osmosis". The treated water from the reverse osmosis process can be directly reused as supplementary water for the circulating water system. During system operation, ultrafiltration backwash water and reverse osmosis discharge water are directed to the wastewater pre-treatment system for processing, while sludge generated from coagulation and sedimentation is transferred to the sludge treatment system. The Production Department records the reclaimed water production rate and circulating water conductivity daily to monitor water usage and identify opportunities for water conservation. By the end of 2024, the company's reclaimed water reuse system had supplied over 35,600 tons of supplementary water for the circulating water system.

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Intermediate Water Reuse System

Process Flow Diagram for Circulating Water Drainage Treatment and Reuse System
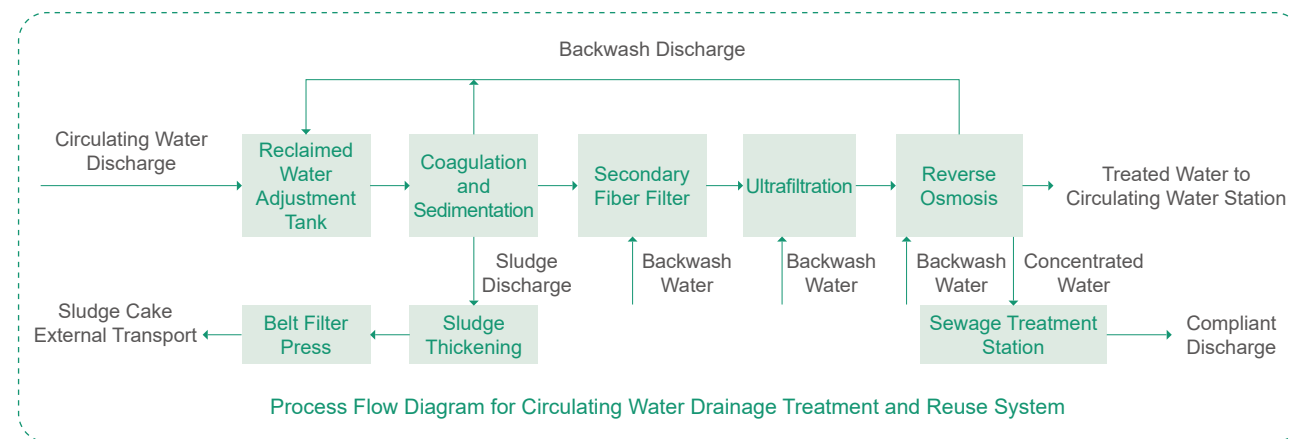
The company has also installed a circulating cooling water system, outsourcing the recovery and treatment of discharged water from the cooling water system to a third-party organization. The treated water is then supplied as make-up water for the cooling system. The circulating cooling water system handles a flow rate of 7,000 m³/h, utilizing indirect cooling throughout the process. A fixed quantity of water is discharged and replenished daily, ensuring proper system operation. The total hydrocarbons (or petroleum content) in the circulating water are regularly monitored, with measures in place to control leaking equipment and manage the total hydrocarbon concentration within the water.

Improvement of Chilled Water Pumps

The company conducts investigations, forecasts, and evaluations of the potential impacts of proposed projects on surrounding water resources. Water accounting and audits are carried out to assess the company's current water usage, enabling rational analysis and the identification of scientific water resource management methods. Measures are implemented wherever water consumption can be reduced. For the company's expansion project, a 120,000 tons neodymium rubber production facility, the wastewater types, volumes, and discharge requirements were analyzed. A dedicated wastewater treatment station was added to handle production wastewater specifically from the ongoing project.

For daily office operations, the company has implemented several water-saving measures, such as replacing all faucets with water-efficient models, appropriately lowering water pressure in office buildings, and adding rainwater storage tanks around the premises. These initiatives effectively enhance the conservation and efficient utilization of water resources.

The company conducts annual analyses of water consumption and wastewater generation. Located in the Taihu Basin, an area with abundant inland rivers and lakes and strong water storage capacity, the company sources its water from external supply networks. Using the Water Risk Filter, a tool developed by the World Wildlife Fund, the operational water resource risk for the company is assessed at 2.2, indicating a low level of water resource risk.

Pollutant and Waste Management

The company strictly adheres to national regulations such as the *Environmental Protection Law of the People's Republic of China, the Law on the Prevention and Control of Environmental Pollution by Solid Waste*, and the *Integrated emission standard of air pollutants*. To ensure compliance, the company has established internal policies such as the *Regulation on the Management of Wastewater, Waste Gas, and Solid Waste Discharge* to regulate the classification and orderly disposal of waste while actively advancing pollution prevention efforts.

By integrating wastewater, exhaust gas, and solid waste data into Zhejiang Province's digital platform, the company leverages digital technology to enhance waste management. This system ensures accurate recording of waste-related data and helps identify key areas and opportunities for pollution reduction. The company actively participates in Zhejiang Province's "Zero-Waste City Cells" initiative, organizing educational activities such as "Zero-Waste City" and "Zero-Waste Factory" campaigns to raise awareness and improve pollution prevention standards.

For all new construction projects, the company conducts environmental impact assessments and collaborates with environmental monitoring authorities to evaluate emissions, including exhaust gas, wastewater, noise, solid waste, and hazardous waste.

● Exhaust Gas Management

The company has strengthened its air pollution prevention and control measures, setting clear exhaust gas emission targets. By 2025, the company aims to meet the A-grade performance rating requirements for air pollution prevention in Jiaxing City. This includes limiting NMHC (non-methane hydrocarbons) concentrations in rubber mixing and vulcanization exhaust emissions to no more than 20 mg/m³, and ensuring that road transport materials and on-site vehicles meet China's Stage V emission standards or use new energy equipment.

At present, the RTO (Regenerative Thermal Oxidizer) installed by the company has been officially used for the end-of-pipe treatment of waste gas in the entire plant area. The purification efficiency of the RTO is greater than 99%, resulting in the concentration of total non-methane hydrocarbons in the company's emission indicators being around 20mg/m³, which is far lower than the 60mg/m³ required by the government. The RTO's organic exhaust gas treatment technology operates by combusting organic exhaust gases at high temperatures, breaking them down into oxides and water. However, this process can result in significant heat loss. To address this issue, the company initiated an RTO Waste Heat Recovery and Boiler System Research Project. This project focuses on utilizing the residual heat generated from gas combustion in the RTO system to produce steam. Through technological upgrades, the company has achieved reduced equipment energy consumption, resource conservation, and environmental pollution mitigation. Following these improvements, the company saves 2 tons of steam per hour. With an annual operation time of 8,000 hours, this results in annual savings of 15,840 tons of steam, reducing 5,227.2 tons of CO_2 emissions.

RTO Equipment

RTO System Process and Equipment Operation Training

In 2024, the company added an RTO treatment system of "dry demisting filtration + regenerative thermal oxidizer" for the newly built plant area. Once completed, the system will include an exhaust gas control system, employing a distributed control, centralized management, and integrated monitoring model to enable comprehensive monitoring and control of the entire exhaust gas treatment process.

In addition, the company's existing plant features a ground flare system with a designed maximum processing capacity of 98.69 t/h. The flare tower has a diameter of 12.6 meters and a height of 39 meters, with five levels of flare gas handling and 93 combustion burners. The ground flare is equipped with an independent control system utilizing the Siemens S7-300 PLC system, responsible for safety interlocking, control, and regulation of the ground flare operations. The PLC control cabinet is located on-site at the flare tower, and the PLC system communicates with the device's DCS using MODBUS RS485 communication. Currently, the ground flare system serves as an emergency exhaust facility for the synthesis unit area, effectively mitigating environmental risks.

● Noise Management

The company has established specific processes to scientifically reduce environmental pollution caused by workshop noise and odors.

To address noise issues, the company conducts ongoing noise reduction initiatives.

✓ The Equipment and Power Department routinely performs equipment maintenance and repairs according to a dedicated inspection and maintenance plan, ensuring equipment operates efficiently to minimize noise during abnormal operations.

✓ Anti-vibration pads have been installed on machine pumps and vibrators to reduce noise levels during operation.

✓ Additionally, soundproof rooms have been implemented in control rooms, and soundproof walls have been constructed in the finished goods workshop to ensure a noise-free working environment for employees.

The company engages third-party organizations to conduct annual noise testing. In 2024, the company implemented the *Design Scheme for Noise Control in the Workshop Control Room*, conducting on-site surveys of the old finished goods workshop production line. The control room underwent soundproofing and noise absorption modifications, successfully reducing noise levels and improving the working environment.

Soundproofing cotton and soundproofing wall

Installation of anti-vibration pads for pumps and vibrators

● Waste Management

The company categorizes solid waste into hazardous and general solid waste. It records product information, waste names, forms, main components, attributes, quantities, and pollution control measures in the *Table of Production Solid Waste Generation* to facilitate more scientific waste management.

For general solid waste, the company has established storage yards to properly collect and store the solid waste. Based on economic and technical conditions, efforts are made to actively recycle industrial solid waste. For hazardous waste, the company strictly adheres to waste disposal procedures, transferring hazardous waste from workshops to dedicated hazardous waste storage facilities, and subsequently sending it to authorized disposal units. The hazardous waste storage area is equipped with hardened cement flooring, rainproof and leakproof facilities, and leachate collection trenches. The warehouse is divided into zones based on waste types, including wastewater treatment sludge, waste adhesive, waste white oil, and waste engine oil. The Safety and Environmental Protection Department oversees and entrusts the disposal to qualified external units.

The company attaches great importance to the reuse, recycling, and circular utilization of materials to reduce waste generation. The company fully recovers the remaining rubber scraps from the production process. These recycled rubbers are sold to rubber sole enterprises in a targeted manner, minimizing environmental pollution to the greatest extent. Additionally, reusable material containers are utilized in the finished product workshops to decrease waste generated during daily operations. In 2024, the company continued to conduct training and education for employees on the end-to-end waste management process, from source generation to recycling, reuse, or disposal, enhancing their awareness and capabilities in waste management.

Hazardous Waste Storage Warehouse

Green Products

The company continually improves the sustainability and environmental attributes of its products by implementing the *Design and Development Control Procedure*, which incorporates environmental impact considerations into product design, development, and verification processes. During product development, the company evaluates environmental factors, using Safety Data Sheets (SDS) to determine the potential health impacts of materials and select low-toxicity or non-toxic materials. To promote sustainability across the product lifecycle, the Process Engineering Center takes the downstream product use phase into account, developing products with low material consumption, high strength, and wear resistance.

The company's newly launched project involves the production of neodymium-based catalysts for neodymium butadiene rubber with a polymerization conversion rate exceeding 95%. This product features rapid vulcanization, excellent tensile strength, hardness, tear strength, low rolling resistance, and high wear resistance. Compared to traditional BR9000 rubber, this process eliminates the use of heavy metal nickel catalysts, significantly reducing environmental pollution. Additionally, the company is collaborating with clients to design and develop bio-based synthetic rubber, reducing the reliance on fossil fuels at the source and aligning with environmental, low-carbon, and sustainability goals.

Beyond the product itself, the company integrates green concepts into packaging and end-of-life product management. While meeting specific customer requirements, the company optimizes product design to minimize packaging size and weight, prioritizing recyclable materials to reduce overall waste.

The company is also advancing product carbon footprint calculations. Using ISO 14040, ISO 14044, and ISO 14067 standards, the company conducts Life Cycle Assessment (LCA)-based carbon footprint evaluations. Two products—nickel-based butadiene rubber and neodymium butadiene rubber—have undergone "cradle-to-gate" carbon footprint assessments. These results support ongoing R&D for green, low-carbon products. Furthermore, the company has obtained the International Sustainability and Carbon Certification (ISCC PLUS), reflecting its commitment to and progress in sustainable development.

ISCC PLUS Certificate

03

Creating
Social Value

Product and Service Management

High-quality products and customer service effectively attract customers, enhance market competitiveness, and lay a solid foundation for the company's sustainable development.

● Product Quality and Safety

The company prioritizes delivering superior brand value and service attitudes to achieve customer satisfaction with its products. Continuous strategic improvements are made to align quality policies and objectives with the company's development goals. Guided by the principle of "Quality Creates Value, Service Builds Excellence", the company adheres to its quality policy: Customer First, Excellence in Quality, Integrity and Practicality, Continuous Improvement, Safe Development, Environmental Priority, Full Employee Participation and Systematic Management. The company is certified under the IATF 16949 Automotive Quality Management System and has established an integrated quality management system that encompasses design, development, production, sales, and services in compliance with the standard's requirements.

● Quality Control

The company has developed documents such as the *Quality, Environmental, and Occupational Health and Safety Management Manual*, *Product Monitoring and Measurement Control Procedure*, and *Identification and Traceability Control Procedure* to strictly manage product quality. It designates various responsible departments to monitor environmental and occupational health and safety activities, monitor and measure the entire production process of products, and carry out identification.

In addition, the company places great emphasis on customer health and safety. Products are tested prior to delivery, and customers are provided with product testing reports and Safety Data Sheets (SDS) to communicate any potential health and safety impacts associated with the products.

In 2024, the company enhanced its employees' quality management skills through measures such as improving procedures for inbound and outbound product sampling inspections and post-treatment product testing. The company also conducted sampling evaluations and examinations, organized theoretical and technical training sessions, and developed employees' capabilities in quality control.

Quality Management Training

Certificate of IATF 16949 Quality Management System

Certification of GB/T 19001 - 2016 Quality Management System

Transfar Butadiene Rubber SDS

● Label Management and Transparent Traceability

The company has established the *Identification and Traceability Control Procedure* to manage product identification and inspection status labeling throughout the entire process, from raw (auxiliary) materials, semi-finished products, and finished products to product delivery. This also includes managing environmental and safety labeling. Before product delivery, the company applies different printed films for its three product brands, enabling customers to quickly identify product categories.

The Quality Management Department ensures rigorous quality control at every stage for raw materials, semi-finished, and finished products, achieving comprehensive quality inspections. This is accomplished through effective process management measures, including assigned roles and responsibilities, process inspections, quality evaluations, accountability, quality traceability, and statistical data analysis. The department oversees critical process controls and supervises standardized operations for regular procedures.

The company has implemented a robust product tracking system to enable timely recall of defective or potentially health- or safety-compromising products. In the event of product quality incidents, the company promptly and appropriately addresses the issue, holds responsible parties accountable, and formulates and implements improvement plans. Clear labeling is used to signify ownership of the company's commitment to quality integrity and self-discipline.

In 2024, no incidents related to customer health and safety caused by the company's products were reported.
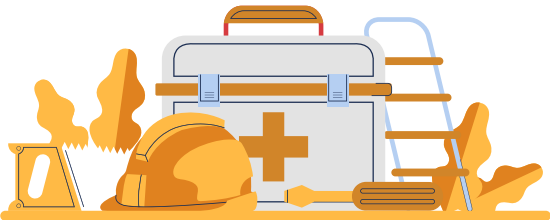
● **Premium Customer Service**

Effective customer service enhances client loyalty, helping the company gain a critical competitive advantage in a highly competitive market. The company has established systems such as the *Product Delivery Control Procedure* and *Customer Satisfaction and Service Control Procedure* to standardize pre-sales, on-sales, and after-sales services. These systems ensure the company fulfills its commitments, meets customer requirements, and delivers high-quality products and services. Before product delivery, the company applies different printed films for its three product brands to help customers quickly identify product categories.

The company adopts a customer-focused approach by conducting regular or task-specific customer visits to understand their requirements for products, services, and quality management systems. This also helps the company stay updated on market trends and customers' operational conditions. Internally, the company reviews customer requests, evaluating product application needs, the rationality of customer demands, and the technical feasibility of meeting those demands.

In recent years, customers have increasingly raised ESG and sustainability requirements. The company has actively responded by developing neodymium butadiene rubber with lower rolling resistance, higher wear resistance, and reduced fuel consumption compared to nickel butadiene rubber. This product, characterized by safety, energy efficiency, and environmental friendliness, contributes to "green tires" for the electric vehicle industry, including brands such as Tesla, NIO, and BYD. Beyond product innovation, the company actively engages in sustainability practices by attending events like the Transfar Group Supply Chain Partners Conference to learn best practices from customers such as Xtep, Bridgestone, and Continental. Additionally, the company hosts on-site customer visits to discuss sustainability initiatives, processes, and the potential for developing eco-friendly materials for energy savings and carbon reduction. The company has obtained REACH certification, Turkish KKDIK certification, and RoHS certification, ensuring proper management of environmental and social impacts across all aspects of its products and services. We continually improve our ESG performance, actively raise our EcoVadis score, and share scorecards with customers to demonstrate our commitment to corporate social responsibility.

The company has also implemented an early warning system for product issues during their usage phase. This system uses feedback from after-sales services, changes in customer purchase volumes, and periodic customer satisfaction surveys to monitor product performance and mitigate quality and safety risks. When receiving a customer complaint, the issue is immediately logged in the *Customer Complaint Table* and forwarded to the Quality Management Department for resolution. The company provides investigation results within one week and follows up within three months to ensure the issue is thoroughly addressed. Customer complaints are tracked until the customer fully understands NdBR 9104 and is satisfied with the resolution.

The calculated customer satisfaction score was

99.17

The company evaluates the extent to which customer needs and expectations are met through internal and external customer satisfaction assessments conducted in the first quarter of each year. Internal assessments are based on objective metrics, such as the quality of delivered products, after-sales returns, on-schedule deliveries, and quality or delivery issues. External assessments involve distributing the *Customer Satisfaction Questionnaire* to customers, with a target of issuing over 20 surveys and achieving a response rate above 70%. The Business Department compiles the survey results into a *Customer Satisfaction Survey Report*, which includes the survey background, year-over-year and quarter-over-quarter score analysis, low-score item analysis, and trends in customer satisfaction. This report, in collaboration with relevant departments, identifies improvement measures. Customer satisfaction serves as the foundation for continuous improvement, with a priority focus on key product quality and high-expectation areas. In 2024, the company distributed surveys to 30 downstream customers, collecting 29 responses. The survey covered five areas: marketing services, transportation services, product quality, technical services, and complaint handling. The calculated customer satisfaction score was 99.17, exceeding the annual target of 97 points.

Continuous Research and Innovation

Technological innovation is a strategic priority for the company's long-term sustainable growth. The company provides institutional guarantees for technological innovation, including the *Design and Development Control Procedure* and *Technological Innovation Incentive Measures*. It is committed to increasing R&D investment and training, actively introducing R&D talent, promoting technological upgrading, and enhancing the company's core competitiveness. The company's high-tech research and development center for neodymium butadiene rubber has been recognized as a municipal-level research and development center, and the company's product, neodymium butadiene rubber has obtained "Made in Zhejiang" certification. The appraisal of the "120,000-tonne/year neodymium butadiene rubber continuous polymerization process package" has been completed, and the company has been recognized as a high-tech enterprise research and development center for neodymium butadiene rubber by Zhejiang Transfar. It has also applied to become a municipal-level enterprise technology center in Jiaxing and a provincial-level research institute.

Neodymium-based polybutadiene rubber has obtained the "Made in Zhejiang" certification

The company actively encourages employees to initiate projects based on different types of work, such as the company's strategic development, market demand, industry-university-research cooperation projects, the digestion, absorption, and innovation of introduced projects, and the expansion and improvement of existing products. In 2024, the company was granted 38 patents, including 18 invention patents.

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Multi-functional teams are set up for each project, with the team leader and members being approved by the general manager. These teams are responsible for the specific implementation and management of the entire design and development project process. The company has clearly defined the workflow of product design and development, including project approval, design and development, verification of products and processes, feedback and evaluation of design and development, etc. Clear work procedures have been set for each step, and supporting documents and records are required.

The company actively responds to the national call to accelerate the construction of a platform for "entrepreneurship and innovation", building an open innovation and entrepreneurship platform that mobilizes the enthusiasm and creativity of scientific and technical personnel, high-level management personnel, and company technicians in the industry. Internally, the platform is an internal crowd-creation platform where everyone can participate, initiate projects, and form project teams with free team combinations to effectively promote the project process. Externally, the platform can integrate key disruptive technologies and products into the company's business ecosystem through acquisitions. The platform closely connects internal industrial resources with external intellectual resources, effectively consolidating the company's technological innovation capabilities.

The company also actively cooperates with external research institutions to jointly research and develop new products. The company has carried out research on the anti-gel project with the Ningbo Science and Technology Innovation Center of Zhejiang University and is actively negotiating with other top research institutes to jointly promote the research and development of new materials and innovation. The company is also actively involved in the construction of industry standards, participating in the construction of two group standards, *T/CSRIA1001-2024 "Neodymium-based butadiene rubber" standard* and *T/ZZB2636-2022 "Neodymium-based butadiene rubber (NdBR 9104)" standard*, and is committed to contributing to the innovation and development of the industry.

Two group standards, namely "Neodymium - based Butadiene Rubber" and "Neodymium - based Butadiene Rubber (NdBR 9104)"

Sustainable Procurement Management

The company's strategic focus areas include the integration of the supply chain, the establishment of cooperative relationships with key suppliers, the pursuit of in-depth business integration and value reengineering, the continual enhancement of the procurement process and mechanism, the promulgation of system documents such as the *Procurement Control Procedures* and *Supplier Grading Management System*, the standardization and regulation of the procurement process and supplier management, and the creation of a conducive competitive environment for suppliers.

The company's marketing department actively organizes training on sustainable procurement for all buyers, covering various aspects of sustainable development, procurement, evaluation, auditing, and corrective action plans, to enhance employees' understanding of sustainable procurement and adapt to sustainable development trends.

● Supplier Assessment and Audit

The company has strict policies in place to control the admission of suppliers and review their qualification requirements. The company has established a supplier review team led by the general manager's office, with the business, production, and quality control departments working together to conduct audits, carefully verifying the supplier's business license, production and business activities, and ability to guarantee product quality. The team also conducts rigorous audits of the supplier's quality management system, occupational health and safety management system, and environmental management system certifications. In addition, the company conducts thorough assessments of the supplier's business ethics, leveraging corporate credit information inquiries to ensure a comprehensive understanding of the supplier's ethical compliance operations.

Following the admission of a supplier, the company incorporates sustainability-related clauses into the agreement with them, encompassing social responsibility requirements such as environmental protection, safety, integrity, and business ethics, with the aim of supporting the construction of a sustainable supply chain. Simultaneously, the company communicates its expectations and requirements for sustainable development to suppliers through various channels, including the *Quality, Environment, Occupational Health and Safety Policy and Objective Policy Contact Letter*, *Stakeholder Environmental and Occupational Health and Safety Information Communication Form* and *Environmental Management Questionnaire*. These measures support supplier evaluation. The company also conducts on-site visits to understand the supplier's operations management, quality control, and environmental and labor management.

The company incorporates sustainability requirements into the annual regular review and hierarchical management of suppliers. Based on four aspects: supplier quality status, delivery performance, quality improvement, and service quality, the company conducts a comprehensive evaluation of the list of qualified suppliers every year and implements a scoring and grading system with a full score of 100. According to the evaluation scores, suppliers are classified into Grade A (above 90 points, excluding 90 points), Grade B (75 - 90 points), Grade C (60 - 74 points), and Grade D (below 60 points, excluding 60 points). The company promotes the improvement and transformation of suppliers' concepts in terms of supply guarantee, quality, price, and service through supplier rating reviews, and encourages suppliers to agree with the company's management and procedures conceptually, so as to form a consensus, complement each other's advantages and share benefits. In the event that a supplier is rated B or below, the supplier must be notified in a timely manner and corrective actions must be taken. When a supplier is rated D, the company will provide key guidance based on the issues recorded in the on-site audit evaluation form, requiring it to propose an improvement plan within one week and solve the problems within one month. Should no improvement be made after two or more guidance sessions, the company reserves the right to cancel the qualified supplier qualification.

The company is committed to working with suppliers that support sustainable development and purchase environmentally friendly, recyclable products from socially responsible suppliers. The company has established in-depth cooperation with suppliers of returnable packaging, with the aim of reducing the consumption of non-recyclable packaging materials and packaging by renting returnable packaging for product transportation.

● Responsible Sourcing

The company is committed to adhering to and fulfilling contracts, and to amicably resolving disputes in a manner that safeguards the legitimate rights and interests of suppliers. The company promotes public bidding and implements transparent procurement processes to prevent backroom deals, commercial bribery, and unfair trade practices. The company and its suppliers also sign the *Responsibility Letter for Honest Conduct*, which serves to legally regulate business conduct, establish and improve a long-term mechanism for preventing commercial bribery, and clarify the responsibilities of both the company and its suppliers.

● Sustainable Supply Chain

The company's supplier contracts clearly stipulate that suppliers are obligated to comply with national, local government, and industry laws and regulations, as well as ethical obligations in areas such as environmental protection, health and safety, labor rights, business ethics, and social responsibility. These contracts also encourage suppliers to make continuous improvements. The company provides social responsibility training for procurement personnel and suppliers to enhance their awareness of sustainable development and sustainable supply chains, and guides suppliers in identifying their own environmental and social risks, and then provides analysis and suggestions for their sustainable development.

The company has established a series of standards for suppliers' sustainable development performance and provides additional bonus points for suppliers based on their social and environmental performance. Such standards include obtaining EcoVadis medals, publishing sustainability reports, and setting carbon emission targets. Significant progress in environmental and social aspects will be rewarded with an extension to the contract period.

Furthermore, the company engages in communication and information exchange with suppliers on a range of topics, including development strategies, corporate culture, business information, and sustainable development. This exchange of ideas takes place through various channels such as supplier conferences, high-level visits, and technical exchanges. The company leverages its strengths to assist suppliers in addressing production and process challenges, fostering mutual growth, and achieving shared success.

Chemical Safety and Management

As a chemical production enterprise, the company adheres to the safety development concept of "people first, life first", and conscientiously implements the *Production Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, and has formulated documents such as the *Company Occupational Health and Safety Management System*, *Hazardous Chemicals Safety Management System*, *Company Emergency Management System* and *Accident and Incident Management System*. The company has also obtained the following safety management-related certificates: the GB/T 45001 Occupational Health and Safety Management System Certification, Safety Production License, Safety Production Standardization Certificate, and Hazardous Chemicals Registration Certificate.

The company is committed to the continuous improvement of its safety management work. It has established a chief safety officer in the HSE management committee, who directly leads the safety management personnel set up in each department. Every year, the company conducts a range of assessments, including safety and environmental protection accidents, safety management indicators, occupational health management indicators, key safety and environmental remediation projects, organization of safety and environmental protection activities, and the operation of the safety and environmental management system. In 2024, the company achieved 100% of its goals.

The company also conducts special training for employees every year to enhance awareness of chemical safety management.

GB/T 45001 Occupational Health and Safety Management System Certificate

In 2024, the company conducted training for personnel in the polymerization and instrumentation positions on the safe operation of hazardous chemicals.

Training on safety management of chemical processes for technical personnel such as safety, production, equipment, and process personnel, as well as team leaders;

And training for personnel in the butadiene rubber production workshop and butadiene workshop on the management of hazardous chemicals in major hazard sources, performance of duties and knowledge of using digital platforms. This will greatly enhance employees' awareness and ability to manage hazardous chemicals safely.

● Hazardous Chemical Safety

Chemical companies use a wide variety of chemicals in their production processes. The company recognizes the significance of effective chemical safety management. The production department oversees the safety of chemical transportation, storage, disposal, and recycling processes, and has formulated the *List of Hazardous Chemicals at Work* for each workshop to facilitate the management of hazardous chemicals. In the production process of synthetic rubber, materials involving chemical safety risks include butadiene, N-hexane, and boron trifluoride ether complex. The company stipulates that employees in relevant positions must understand the toxicity of the chemicals they use, the key points for attention during operation, and other content through relevant MSDS information.

The company installs automated systems such as safety instrumented systems and combustible and toxic gas detection and alarm systems. These systems monitor the status of each leak source in real-time, actively warn of chemical leak hazards, and implement alarm actions or adjustment or shutdown control for safety accidents to reduce safety hazards. Currently, the company has carried out a safety instrumented system assessment SIL (safety integrity level) calculation. According to the configuration of each SIF (safety instrumented function) loop and related factors such as inspection and testing, the PFDavg (average failure probability when required) of each SIF loop has been calculated. The safety integrity level has been determined to be SIL1 or above, thereby meeting the stipulated requirements for controllable risk.

For the transport of hazardous chemicals, the company stipulates that compliant suppliers and transport companies must be selected. All motor vehicles used for transporting hazardous chemicals within the warehouse shall be flame-resistant and explosion-proof battery-powered vehicles, which shall be used exclusively for this purpose and clearly marked. The company imposes safety requirements on the containers, employees, and escorts of the means of transport to ensure the safety of hazardous chemical transport.

The company's butadiene workshop, butadiene rubber production workshop, and finished product workshop have all formulated emergency plans, analyzed the locations of hazards and the likelihood of accidents, conducted risk analyses of the chemicals used, established professional accident response teams, clarified emergency response procedures, provided methods for handling chemical abnormalities, and updated the content of the emergency plans in a timely manner according to changes in project conditions.

The company regularly conducts emergency drills related to hazardous chemicals. After each comprehensive drill, the workshop will provide targeted training based on the problems encountered during the drill, including the use of safety equipment and the hazards of chemicals. In 2024, the company conducted laboratory chemical leak emergency drills to effectively improve employees' ability to respond to emergencies and control the environmental risks of chemical substances.

● Safety Production Management

The company's safety production management system is robust and well-organized, with four key safeguards in place: organization, management, economy, and technology. The company has full-time staff dedicated to safety production management. These staff members organize and carry out the identification and assessment of hazards, supervise the implementation of safety management measures for major hazards in the company, inspect the company's safety production status, promptly investigate potential safety hazards in production accidents, and regularly organize emergency rescue drills. Each workshop is required to maintain strict records of the *Occupational Hazard Identification Record Form*, *Safety Check Analysis (SCL) Evaluation Form*, *Job Hazard Analysis (JHA) Evaluation Form* and *Risk Analysis of Operating Conditions (LEC) Evaluation Form* to analyze the hazards of people, objects, operating environments and management in each place, and determine the risk level and corresponding improvement measures.

The company controls safety risks and reduces the possibility of accidents in various aspects such as factories, equipment, operations, and personnel. In terms of equipment planning, the company has formulated the *Equipment Control Procedure* and *Measuring and Monitoring Equipment Control Level*, conducts daily equipment safety inspections, and conducts annual third-party inspections of key equipment to ensure equipment safety. In terms of production operations, the company actively promotes the automation of production workshops and monitors abnormal leaks in advance to prevent safety accidents. In terms of personnel safety, the company regularly evaluates facilities for the prevention of occupational diseases and checks for occupational disease hazards, and installs emergency sprinklers and eye washers in each unit; it also uses blind shower guides, liquid level indicator wire plugs, and double-valve closed operation of samplers to reduce the volatilization of harmful gases; all employees are required to wear protective equipment correctly according to their occupational risks, and managers in each department conduct inspections and supervision from time to time. For example, the company's finished products workshop has occupational health risks such as high temperatures and noise. A ventilation and cooling system is in place to reduce temperatures, and measures have been taken to reduce vibration and noise from machine pumps and vibration units. Strict requirements are in place for the correct use of PPE such as earplugs for manual operations such as patrol inspection and rubber inspection.

The company has established a safety production information platform that digitally unifies and manages safety production data, such as information on hazardous chemicals, safety production risks, and safety equipment in each workshop and factory area. The company has also established a routine safety inspection and safety risk feedback system. In 2024, the company solved the problem of traceability of rubber management information through management and inspection mechanisms, thereby improving the standardization of rubber management and information traceability in production.

The company has clarified and standardized the management processes for reporting, field handling, investigation and handling, and implementation of preventive measures for various safety incidents. Safety incidents are classified and reported factually. The company requires an investigation of the safety incident to be submitted within 2 days of the incident and the investigation and handling report to be completed within 7 days. The rapid response linkage mechanism has been improved and the ability to prevent accidents has been strengthened. In the event of a safety incident, the company imposed a financial penalty on the person responsible for the incident in the same month and report the handling of the incident to the entire company.

In 2024, the company strengthened the safety requirements for entering the company's production area by issuing the *Notice on the Implementation of Specific Requirements for Safety Management within the Second Gate of the Company*, which requires employees and outsiders to wear protective equipment properly to reduce safety risks.

The safe fixed routes in the company's production area
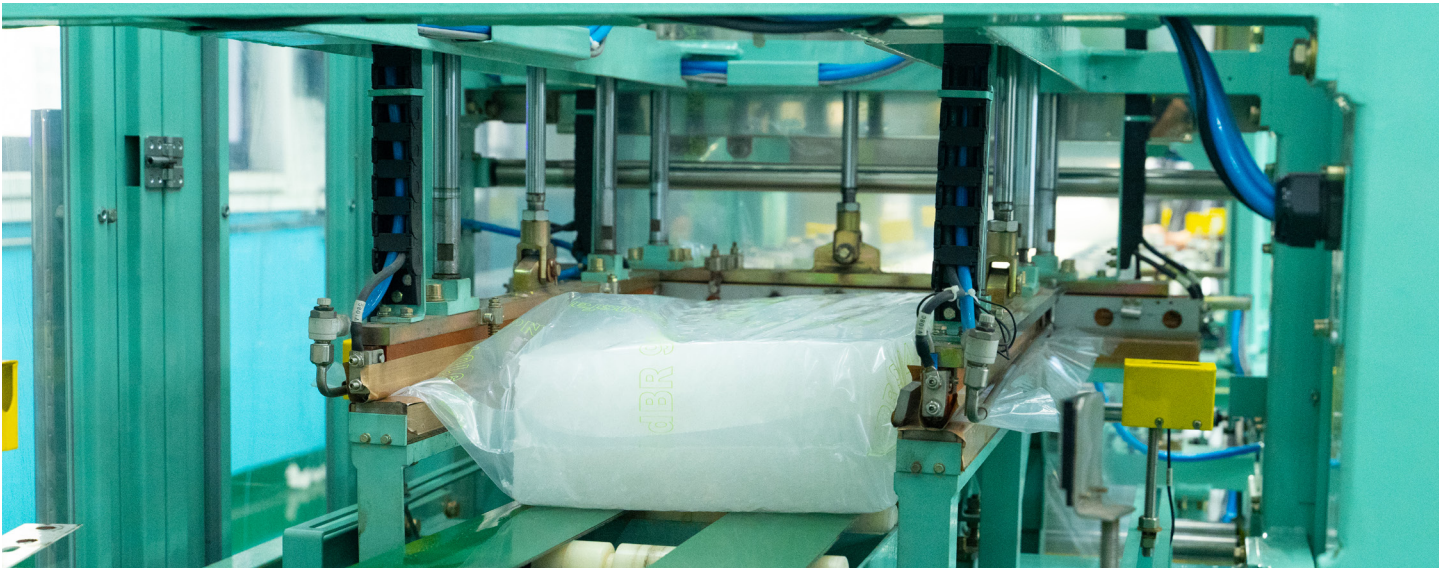
● Occupational Health and Safety

The company has formulated the *Hazard Identification and Risk Assessment and Control Procedure* and *Environmental, Occupational Health and Safety Monitoring and Measurement Control Procedure* to regularly monitor and identify hazards in the work environment, evaluate their risk levels, identify major risks, and thus carry out effective control.

The Safety and Environmental Protection Department closely monitors the company's occupational health and safety risks and regularly invites third parties to evaluate the current situation of occupational disease hazards, examine the company's building hygiene, occupational disease hazard factors, protective facilities, and emergency rescue facilities, occupational health monitoring and personal protective equipment, and then follow up to resolve any occupational health hazards or problems.

> The company has increased its investment in occupational health and safety and has done a good job of purchasing, issuing, and distributing protective equipment.

> The company conducts regular medical examinations in accordance with the law and improves personal health monitoring records.

> The company has formulated the *Labor Protection Equipment Distribution and Configuration Standard Management Regulation* to require employees to control occupational disease hazards at the source as much as possible.

> The company is also vigorously promoting occupational safety through means such as broadcasts, slogans, and promotional newspapers, strengthening safety training and education, and improving employees' awareness of occupational disease prevention and health literacy.

The company regularly conducts occupational disease prevention training. In March 2024, the company conducted occupational health and safety knowledge training for all employees, as well as training on occupational health laws, regulations, and standards, occupational disease prevention facilities, and the use and maintenance of personal protective equipment. The company also pays attention to repetitive strain injuries that employees may experience during the work process and alleviates injuries caused by repetitive movements through reasonable work processes, ergonomically optimized chairs, job rotation, and other methods.

Employee Rights Protection

The Company strictly complies with relevant laws and regulations, such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, and has formulated a series of systems, such as the *Recruitment Management Measures* and the *Labor Relations Management Measures*, to protect the rights and interests of employees.

● Compliant Employment and Employee Rights

The company adheres to the recruitment principles of "selecting and employing people based on ability and merit; matching the right person to the right job; openness, fairness and impartiality; a consistent image; hierarchical management; and division of labor and cooperation". It is prohibited to discriminate against or treat candidates differently during interviews based on age, gender, race, religious beliefs, or other differences. The company strictly implements the *Zhejiang Province Regulation on the Labor Protection of Female Employees*, protects female employees during the "four periods" (i.e. menstruation, pregnancy, childbirth, and lactation), implements equal pay for equal work, and promotes the protection of women's rights and interests. In addition, when recruiting for certain positions, the company will give priority to veterans and people with disabilities, if the job requirements are met, and provide them with employment opportunities.

The company prohibits the occurrence of child labor and forced labor, and conducts awareness training and education for those involved in recruitment and human resource management to understand the company's requirements for managing applicant information, including but not limited to signing employment contracts with employees in writing in accordance with the law and verifying the new employee's valid identification documents, medical examination reports, academic degree certificates, and other documents before signing the employment contract to ensure that the information is true and in accordance with the law, and to eliminate the use of child labor and forced labor. If child labor or forced labor occurs during the employment process, the company will take corrective action, including immediately removing the employee from their work duties, sending the employee to the hospital for medical examination, and cooperating with the relevant authorities to ensure follow-up safety. The company did not use child or forced labor during the reporting period.

The company is committed to diverse recruitment and continues to broaden recruitment channels to build a diverse, equal, and inclusive workforce. The company is connected to the local labor market and recruitment websites, giving priority to hiring from the local community, creating jobs for the local community, and promoting local economic development. The company recruits from across the country through recruitment websites such as Zhilian Zhaopin and 51job and headhunters, recruiting key technical talent from across the country. The company actively participates in targeted campus recruitment, controlling the number and proportion of recruits from a single school to ensure a diverse workforce.

The company is fully committed to creating a diverse, equal, and inclusive working environment for its employees through daily communications and specific training, and has zero tolerance for discrimination and harassment. The company has created an online reporting platform to assist employees in reporting such incidents. Employees can also provide feedback through the company's feedback box or contact their manager directly to report incidents of discrimination or harassment. The Corporate Office will closely monitor and promptly respond to feedback while safeguarding the rights and interests of employees. In 2024, the company has had no cases of discrimination or harassment in the company.

The company has signed a collective bargaining agreement with all employees, with 100% coverage. The company respects and supports the work of the union and guarantees the rights and interests of the employees, such as remuneration, working hours, occupational health and safety, and social security, within the framework of the law. In order to ensure the implementation of the collective agreement, the company and the union hold joint meetings every six months to report and consult on major issues and employee interests. The company supports the union in carrying out various activities that benefit both body and mind. In 2024, the union carried out more than 20 projects, including International Women's Day activities and sports competitions such as billiards, table tennis, football, and badminton, to enrich employees' lives.

The company has signed a collective bargaining agreement with all employees, with **100%** coverage

In 2024, the union carried out more than **20** projects

● Employee Compensation and Benefits

In order to protect the remuneration and welfare of employees and to establish a reasonable and effective welfare system, the company has formulated systems such as "Performance Management Measures" and "Welfare Management System". In line with the market and performance, employees are remunerated according to their actual abilities and work performance. Internal fairness in the distribution of compensation and external competitiveness in the overall level of compensation is ensured through continuous improvement and revision of the performance-related compensation policy. The Company continuously improves employee welfare, enhances employees' sense of belonging, promotes the construction of corporate culture and harmonious labor relations, and forms good corporate centripetal force and cohesion.

The company pays five social security contributions and a housing fund contribution for employees in accordance with the relevant regulations, takes out commercial insurance for all employees as an additional measure, and provides a "Passing on Love Plan", which provides welfare benefits for all employees, and a "Warming Heart Plan", which provides mutual assistance and support for employees. The Passing on Love Plan can provide immediate assistance in the event of an accident or illness and can be combined with other commercial insurance to provide additional protection for employees. The "Warm Love Plan" refers to the "Transfar Warm Love Fund", which was established with donations from the union, government subsidies, and voluntary donations from employees, and which can be used to provide targeted assistance to employees and their families in financial difficulty. The Employee Care and Protection System also extends its coverage to employees' families.

The Company organizes holidays in accordance with the law and provides various economic benefits and subsidies to all employees, including mobile phone communication fees, marriage congratulation money, and other gifts, food subsidies, nutrition subsidies, high-temperature subsidies, reimbursement of family visit expenses, etc., in order to motivate employees. In 2024, the company repeatedly distributed employee benefits to express sympathy and provided labor protection supplies tailored to the special needs of female employees, effectively improving employee happiness.

The company has taken a number of measures to improve the working environment for frontline staff, such as building small staff houses, creating five-star teams and renovating the staff canteen, so that staff can work happily and with peace of mind. The company also organizes various activities for employees every year, such as quarterly birthday parties, fun sports days and reading days. The activities are exciting and varied, and employees actively participate and have a good time.

Women's Day Event   Employee Birthday Party   Outdoor Hiking

The company listens attentively to employees' opinions on salaries and welfare benefits. In the 2024 employee satisfaction survey, employees showed relatively low satisfaction with the company's current distribution system, salary income, and welfare benefits. The company immediately launched a salary benchmarking and research for front-line production workers. It investigated the salary and welfare conditions of surrounding peer companies, made benchmarking adjustments based on the current salary situation of front-line production employees, summarized the gaps in aspects such as the employee team structure, salary and welfare benefits, and employee turnover, and put forward improvement strategies and suggestions.

Meanwhile, the company responded to the optimization of the group's post-salary system and improved the employee development channels and the post-salary system. So far, it has completed the upgrade of the job qualification standards for chemical engineering technology (including chemical automation control technology, chemical equipment technology, chemical electrical technology, chemical construction technology, engineering process technology, engineering cost, etc.), production management, and production operation. The company determines the grade according to the post, determines the salary according to the grade, matches people with posts, and sets one salary for one post. Compared with the situation before the optimization, employees' salaries and welfare have increased significantly, with an average growth rate of over 10%.

● Employee Communication and Engagement

The company communicates closely with its employees, constantly improving its communication mechanisms, fully understanding their needs, ensuring that their working conditions are appropriate and favorable, and effectively improving their cohesion and loyalty.

Employee satisfaction is the cornerstone of the company's sustainable development. The company organizes annual employee satisfaction surveys to assess potential problems in the company and provide an important basis for human resource management decisions. In 2024, the company randomly distributed 50 offline questionnaires, which were completed anonymously. The questionnaires covered topics such as the working environment, production safety measures, on-the-job training, and support for employees in difficulty. The return rate for the questionnaires was 92%. According to the statistics, employee satisfaction in 2024 was 96.96%. In response to the results of the Employee Satisfaction Survey and employee feedback, the company has summarized measures to improve employee satisfaction. It will continue to improve the employee experience by continuously listening to employees, improving employee compensation and benefits, increasing the frequency of welfare payments, and motivating employees through performance-based activities.

In 2024, the company randomly distributed
50 offline questionnaires

The return rate for the questionnaires was
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According to the statistics, employee satisfaction in 2024 was
96.96%

The company values direct, face-to-face communication and interaction with employees. The company takes the initiative to hold employee forums, where managers interact face-to-face with employees, and visit employees many times. This enables the company to listen to the voices of employees, gain an in-depth understanding of their thoughts, studies, and lives, identify weaknesses in management, help employees solve problems and difficulties, take effective care of employees, and continuously consolidate the foundation of human resources management. In the past year of 2024, the company held discussion sessions for newly recruited university graduates and employee forums for newly joined young employees.

Symposium for new university graduates

Symposium for young new employees

Symposium for employees of ten-year tenure

"One Visit and Three Inquiries"

The company has also set up a "Rationalization Suggestion" channel on the OA system, where employees can provide feedback to the company at any time. The company accepts and provides feedback on the opinions and suggestions submitted by employees. This year, the participation rate for rationalization suggestions was 67%, and the acceptance and implementation rates were both over 70%.

Talent is the foundation of the company's long-term stable development. The company regards its employees as important assets and spares no effort to provide comprehensive support for their development.

● Employee Training and Development

The company regulates its training system through *Training Management Measures* to provide opportunities for the accumulation and development of employees' knowledge, experience, and skills, and to provide sufficient incentives for employees to improve their academic qualifications and skill levels to meet their own development needs.

The company formulates an annual training plan that covers all employees in all departments, such as the office, the production center, the safety and environmental protection department, and the supply chain management department. The training includes general literacy training, professional knowledge and skills training, department-specific technical and professional training, safety knowledge training, customer service training, management training, and new employee training to meet the career development needs of employees in different positions, with different lengths of service, and at different levels. In 2024, the company conducted 126 training sessions with more than 320 hours of training. To ensure the effectiveness of the training, the company conducted quizzes based on the content of the training and continuously record, feedback, report, and improve.

The company provides various training courses for all employees through the Transfar Group's internal learning website "Transfar School", covering a wide range of course content such as marketing, safety and environmental protection, human resources, and finance. "Transfar School" has set up a Finance College, a Leadership College, a Talent Development College, and a Marketing College, all of which include courses taught by internal trainers and external teachers, providing targeted compulsory courses, elective courses, and enhancement courses for different positions. To enhance employees' enthusiasm for learning, the "Transfar School" has an interactive community and a learning list, where employees can fully exchange learning experiences and understand the difficulty and specific details of the courses. In addition, the company occasionally organizes internal sharing sessions, inviting senior leaders to share their own learning and growth experiences, and inviting external third-party consulting organizations to share knowledge with employees from a professional perspective, which is very beneficial to employees.

In 2024, the company conducted
126 training sessions

with more than
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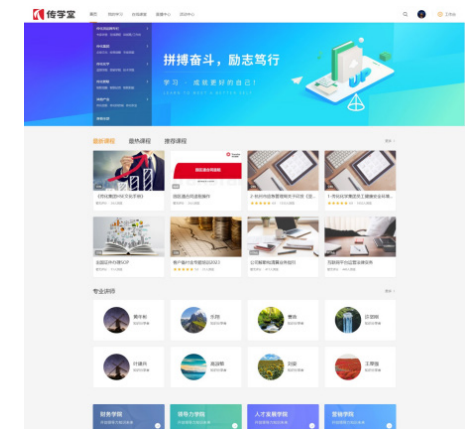
Internal Learning Website "Transfar School"

The company launched the "Chemical Industry Blue Plan" in 2018 to fully play the leading role of talent in the company's strategic development, and strive to build it into a corporate university with Transfar characteristics. The "Chemical Industry Blue Plan" divides talent into four echelons: the "Sky Blue Plan" for the backbone echelon, the "Sea Blue Plan" for the leading echelon, the "Lake Blue Plan" for the young backbone echelon, and the "Green Blue Plan" for the young reserve echelon, covering the entire process of employee development from campus recruits to the company's core senior management. Currently, the Chemical Industry Blue Plan has trained 551 people, covering 96% of the workforce.

the "Sea Blue Plan" for the leading echelon

the "Lake Blue Plan" for the young backbone echelon

the "Sky Blue Plan" for the backbone echelon

the "Green Blue Plan" for the young reserve echelon

Chemical Industry Blue Plan
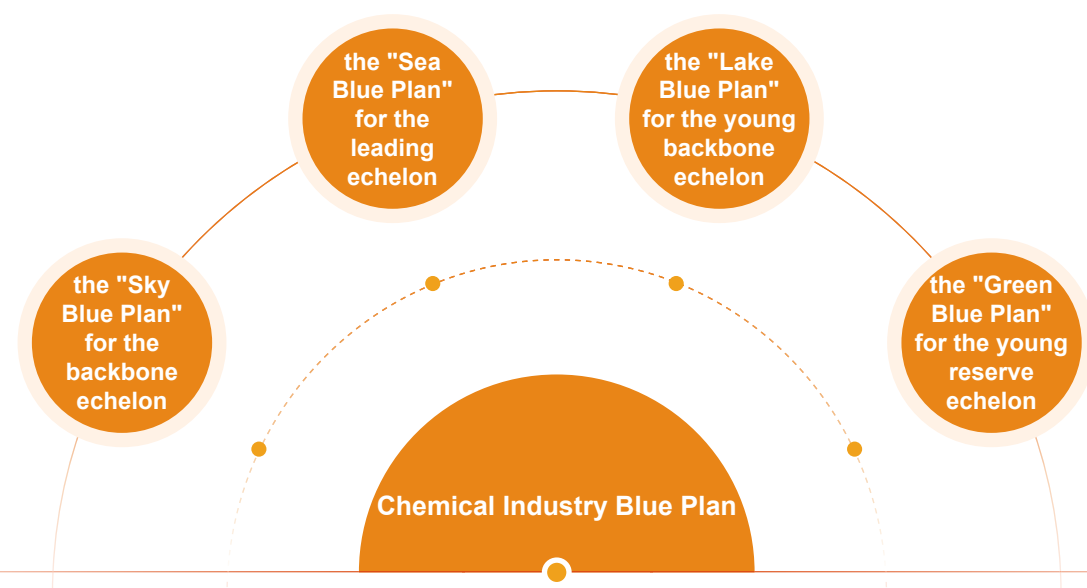
Adhering to the talent development concept of "everyone is a teacher and everyone is a student", the company has established the "Blue Collar College" to make full use of internal training resources and extract outstanding internal experience to build a high-quality, long-term, and stable internal training faculty team. The Blue Collar College is divided into management schools and vocational schools, providing employees with on-the-job training, job rotation training, and school certification opportunities to rapidly improve their comprehensive skills in various ways. For internal instructors, the company has formulated the *Internal Training Instructor Management Measures* to set annual evaluation standards and incentive mechanisms for instructors. The internal training system is linked to the qualification system to better achieve the effect of experience inheritance and replication.

The company's qualification system is clear and includes two promotion channels: the management channel and the professional channel. Employees in the management channel are mainly promoted through selection and appointment, while employees in the professional channel are mainly promoted through qualification assessment. The company objectively evaluates the match between talent and position. When employees meet the requirements for promotion, they can apply to the company and are allowed to move between the two channels.

Community Contribution

As a corporate citizen, the company is deeply aware of its social responsibilities and actively contributes to local economic development and ecological and environmental protection, working with the local community for mutual benefit.

The company actively encourages its employees to participate in ecological and environmental protection and strengthens ecological and environmental publicity and education by distributing environmental protection brochures in the canteen to raise employees' environmental awareness. The company also encourages local residents to participate in ecological and environmental protection and the construction of an ecological civilization. The "Refreshing Breeze Protects the Landscape- Green Welcome to the Asian Games" public welfare performance, which incorporates ecological and environmental protection knowledge such as "Five Water Governance", "Five Air Governance", "Five Waste Governance" and "Domestic Waste Sorting", and uses popular and relatable programs to guide the entire population in establishing the concept of green, energy-saving, low-carbon and environmentally friendly living.

Distributes environmental protection brochures at the company canteen

Environmental charity performance

The company actively participates in the four-party red alliance of the community, pairing with Nanwan township, Zhapu Town, Pinghu City, and Jiaxing City, and organizing condolence visits to households in distress in the community during the holidays and at the end of the year. It also actively participates in the pairing support between the eastern and western regions and, together with the Hong Kong government, supports Pingshan County, Yibin City, Sichuan Province, donating 300,000 yuan to the Pingshan County Charity Federation for assistance.

donating
300,000 yuan
to the Pingshan County Charity Federation for assistance

Donation ceremony for assistance fund

Key ESG Performance

● Environmental Performance

greenhouse gas emissions[1]

Indicator	Unit	2024	2023	2022
Scope 1 emissions	tCO_2e	836.56	1,124.42	237.19
Scope 1 emissions	tCO_2e	255,922.62	175,935.56	142,412.00
Scope 3 emissions	tCO_2e	/	/	/
Total greenhouse gas emissions	tCO_2e	256,759.18	177,059.98	142,649.19
Greenhouse gas emission intensity	tCO_2e/10,000 RMB	0.85	0.98	0.91

energy consumption

Indicator	Unit	2024	2023	2022
Natural gas	10 kN m^3	38.69	52.00	10.97
Purchased electricity	GWh	89.40	66.18	52.46
Purchased heat	GJ	1,662,516.35	1,264,435.01	959,126.91
Total consumption of renewable energy	MWh	0	0	0
Total energy consumption	GWh	466,083.52	356,921.88	267,662.91
Energy consumption intensity	GWh/10,000 RMB	1.53	1.98	1.70

water resources

Indicator	Unit	2024	2023	2022
Water consumption	ML	598.19	573.98	433.81
Water intake	ML	598.19	573.98	433.81
Recycled water	ML	35.60	0	0
Number of violations of water quality permits, standards and regulations	cases	0	0	0

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1 The report is based on the legal entity boundary, with its production and operation site located at No. 618, Waihuan West Road, Jiaxing Port, Jiaxing City, Zhejiang Province, China. It accounts for and reports greenhouse gas emissions from all production facilities within the defined boundary. The greenhouse gas calculation methodology remains consistent throughout the reporting period.

air pollution

Indicator	Unit	2024	2023	2022
Non-methane hydrocarbons (NMHC)	mg/m^3	10.60	18.94	18.85
Total sulphur oxide (SO_x) emissions	tons	0	0	/
Total nitrogen oxide (NO_x) emissions	tons	0	0	/
Total carbon monoxide (CO) emissions	tons	/	/	/
Total particulate matter (PM) emissions	tons	/	/	/
Total heavy metal emissions	tons	/	/	/
Total persistent organic pollutant (POP) emissions	tons	/	/	/
Total volatile organic compound (VOC) emissions	tons	/	/	/
Total ozone-depleting substance (ODS) emissions	tons	/	/	/
Total ammonia (NH_3) emissions	tons	/	/	/
Total emissions of other (hazardous) chemicals regulated under REACH and CLP, including their compounds (e.g. SVHC, chlorine, fluorine, bromine, iodine, asbestos, cyanides, other CMRs, PBTs, EDCs)	tons	/	/	/
Total air pollutant emissions	tons	8.38	8.56	5.13

wastewater pollutant

Indicator	Unit	2024	2023	2022
Chemical oxygen demand (COD)	tons	113.41	91.39	38.42
Ammonia nitrogen	tons	1.32	0.83	0.13
Total phosphorus	tons	0.50	0.14	0.04
Total nitrogen	tons	12.55	3.88	0.74

raw material

Indicator	Unit	2024	2023	2022
Butadiene consumption	tons	226,631.10	173,871.78	136,606.85
N-Hexane consumption	tons	5,202.98	3,232.60	3,061.60

chemical

Indicator	Unit	2024	2023	2022
4-tert-Butylcatechol (TBC)	tons	8,930.00	8.09	9.10
Dispersant	tons	18,830.00	19.75	7.00
Antioxidant B7802	tons	488,592.43	344.78	53.40
Percentage of products containing health and environmental hazards classified in categories 1 and 2 according to the Globally Harmonized System of Classification and Labelling of Chemicals (GHS)	%	0	0	0
Percentage of such products that have undergone a hazard assessment	%	100.00	100.00	100.00

waste

Indicator	Unit	2024	2023	2022
General waste	tons	161.84	122.53	91.27
Hazardous waste	tons	307.94	146.95	92.74
Total waste	tons	469.78	269.48	184.01
Total waste recycled	tons	0	0	0
Waste recycling rate	%	0	0	0

● Social Performance

Staff composition

Indicator		Unit	2024	2023	2022
Total number of employees		person	400	304	236
Number of new employees		person	213	134	43
Number of employees by gender	Male employees	person	327	236	189
	Female employees	person	73	68	47
Number of employees by employment type	Senior-level staff	person	0	0	3
	Middle-level staff	person	19	19	13
	Basic-level staff	person	381	285	220
Number of employees by age group	Under 30 years old	person	120	82	47
	30-50 years old	person	234	184	156
	Over 50 years old	person	46	38	33
Employee turnover rate by gender	Male staff turnover rate	%	90.52	86	15.8
	Female staff turnover rate	%	9.48	14	8.5
Employee turnover rate by age group	Turnover rate of staff under 30 years old	%	43.97	31	22.6
	Turnover rate of staff aged 30-50	%	55.17	66	14.8
	Turnover rate of staff over 50 years old	%	0.86	3	0

employee rights

Indicator	Unit	2024	2023	2022
Number of employees with health insurance	person	395	296	/
Percentage of employees with health insurance	%	98.75%	97.37%	97.46
Number of employees covered by employee representatives	person	/	/	/
Percentage of employees covered by employee representatives	%	/	/	/
Number of employees covered by collective contracts	person	400	304	/
Percentage of employees covered by collective contracts	%	100%	100%	100
Number of incidents of child or forced Labor	case	0	0	0
Total number of employees on parental leave	person	5	3	6
Total number of employees who returned to work during the reporting period	person	5	3	6
Number of employees who remained employed for 12 months after returning to work	person	5	3	6
Return to work rate	%	100	100	100
Retention rate	%	100	100	100
Number of employees who accept the company's employee care program	person	400	304	236
Funding for the company's employee care program	RMB	4,100,345.17	4,265,029.19	1,921,228.77
Employee satisfaction	%	96.96%	96.80%	96.96%

Diversity, equality and inclusion

Indicator	Unit	2024	2023	2022
Percentage of employees from ethnic minorities	%	3.00	1.32	0.85
Percentage of senior managers from ethnic minorities	%	5.26	5.26	0
Percentage of employees with disabilities	%	0	0	0.85
Percentage of senior managers with disabilities	%	0	0	0
Percentage of female employees	%	18.25	22.37	19.92
Percentage of female senior managers	%	5.26	5.26	7.1
Percentage of female members of the board of directors	%	/	/	/
Unadjusted average gender pay gap	%	/	/	/
Number of reported incidents of discrimination or harassment	case	0	0	0
Number of employees who have participated in training on preventing discrimination and harassment	person	/	/	/

Staff training and development

Indicator		Unit	2024	2023	2022
Number of employees trained, by gender	Male employees	person	6005	2214	1968
	Female employees	person	1148	464	390
Number of employees trained, by employee type	Senior-level staff	person	190	172	168
	Middle-level staff	person	468	312	24
	Basic-level staff	person	6495	2818	2556
Frequency of training per employee		case	5119	1895	1680
Percentage of employees trained, by gender	Male employees	%	%	100	100
	Female employees	%	%	100	100
Percentage of employees trained, by employee type	Senior-level staff	%	%	100	100
	Middle-level staff	%	%	100	100
	Basic-level staff	%	%	100	100
Percentage of trained employees		%	100%	100%	1680
Average training hours per employee broken down by gender	Male employees	hours	46	43	40
	Female employees	hours	46	43	40
Average training hours per employee broken down by employee type	Senior-level staff	hours	46	43	40
	Middle-level staff	hours	46	43	40
	Basic-level staff	hours	46	43	40
Average training hours per employee		hours	46	43	40
Percentage of employees who receive regular performance reviews		%	100	100	100
Percentage of employees who receive regular career development reviews		%	55	51	56

Employee health and safety

Indicator		Unit	2024	2023	2022
Safety investments		10000 RMB	1085	1164	757
Lost days due to work injury		day	520	900	0
Number of work-related accidents		case	4	5	/
Overall fatality rate for permanent employees		%	0	0	0
Overall fatality rate for contract employees		%	0	0	0
Accident rate with lost working time		/	0	0	0
Serious accident rate with lost working time		/	0	0	0
Total recordable injury rate (TRIR) for permanent employees		/	0	0	0
Total recordable injury rate (TRIR) for contract employees		/	0	0	0
Number of process safety incidents (PSIC)		case	0	0	0
Process safety total injury rate (PSTIR)		%	0	0	0
Process safety serious injury rate (PSISR)		%	0	0	0
Number of traffic accidents		cases	0	0	0
Occupational health and safety training for employees	Number of training sessions	times	2	2	2
	Number of participants in training	person	400	280	144
	Average duration of participation per capita	hours	2	2	4
Number of employee health and safety risk assessments		times	1	1	/
Emergency plan for production safety	Number of emergency response drills	times	39	24	13
	Average duration of emergency response	hours	1	1	1

technological innovation

Indicator	Unit	2024	2023	2022
Total number of utility model patents	entries	20	20	20
Total number of invention patents	entries	26	9	8
Total number of cumulative Chinese patent grants	entries	46	29	28

Products and services

Indicator	Unit	2024	2023	2022
Customer satisfaction	percent	99.17	99.5	98.08
Number of customer complaints	case	0	2	1
Complaint resolution rate	%	100	100	100
Number of product recalls	cases	0	0	0
Number of customer health and safety incidents caused by products	cases	0	0	0

Sustainable procurement

Indicator		Unit	2024	2023	2022
Supplier management	Total number of suppliers	-	36	35	37
	Number of tier-1 suppliers	-	36	30	37
	Number of new suppliers	-	0	6	0
	Number of suppliers for which an access assessment was carried out	-	1	0	21
	Number of suppliers eliminated due to violations	-	0	0	0
Sustainable supply chain	Number of suppliers that have signed the Supplier Code of Conduct	-	13	12	25
	Percentage of suppliers that have signed the Supplier Code of Conduct	%	36	34	68
	Percentage of suppliers with contracts that include clauses on environmental, labor and human rights requirements	%	100	100	100
	Number of target suppliers that have participated in Corporate Social Responsibility (CSR) assessments	-	13	12	33
	Percentage of target suppliers that have participated in Corporate Social Responsibility (CSR) assessments	%	36	34	68
	Number of target suppliers that have participated in on-site corporate social responsibility (CSR) audits	-	7	6	13
	Percentage of target suppliers that have participated in on-site corporate social responsibility (CSR) audits	%	54	50	/
	Number of audited/assessed suppliers participating in improvement actions or capacity building	-	0	0	13
	Percentage of audited/assessed suppliers participating in improvement actions or capacity building	%	/	/	/
	Number of suppliers audited/assessed that participate in improvement actions or capacity building	-	0	0	
	Percentage of suppliers audited/assessed that participate in improvement actions or capacity building	%	/	/	/

● Corporate Governance Performance

business ethics

Indicator		Unit	2024	2023	2022
Anti-corruption policy training and communication	Training coverage of members of the governing body	%	100	100	100
	Training coverage of employees	%	100	100	100
	Communication coverage of partners (agents)	%	100	100	100
	Communication coverage of suppliers	%	100	100	100
Anti-corruption management	Number of corruption lawsuits filed against the company and its employees during the reporting period	entries	0	0	0
	Economic losses caused to the company by corruption lawsuits	RMB	0	0	0
	Operating sites where corruption risk assessments were carried out	-	0	0	0
	Coverage rate of operating sites where corruption risk assessments were carried out	%	0	0	0
	Number of corruption violations	cases	0	0	0
Number of reported cases of unethical business practices through internal or external whistleblower procedures		cases	0	0	0

Data security and privacy protection

Indicator	Unit	2024	2023	2022
Number of data security training sessions	times	2	1	2
Number of information security violations	cases	0	0	0
Number of substantiated complaints regarding breaches of customer privacy and losses of customer data	cases	0	0	0

Appendix

● **Appendix 1: GRI Content Index**

Statement of use	Zhejiang Transfar Synthetic Material Co., Ltd.(Limited by Shares) has reported in accordance with the GRI Standards for the period from 1 January 2024 to 31 December 2024.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION	OMITTED REASON
GRI 2: General Disclosures 2021	2-1 Organizational details	2. About us	
	2-2 Entities included in the organization's sustainability reporting	1.2 Reporting Scope	
	2-3 Reporting period, frequency and contact point	1.2 Reporting Scope 1.6 Contact Information	
	2-4 Restatements of information	/	Not applicable, no restatement of information during the reporting period
	2-5 External assurance	/	Not applicable, no external assurance
	2-6 Activities, value chain and other business relationships	2.1 Company Profile	
	2-7 Employees	6.2 Social Performance	
	2-8 Workers who are not employees	6.2 Social Performance	
	2-9 Governance structure and composition	3.2 Sustainability Governance	
	2-10 Nomination and selection of the highest governance body	3.2 Sustainability Governance	
	2-11 Chair of the highest governance body	3.2 Sustainability Governance	
	2-12 Role of the highest governance body in overseeing the management of impacts	3.2 Sustainability Governance	
	2-13 Delegation of responsibility for managing impacts	3.2 Sustainability Governance	
	2-14 Role of the highest governance body in sustainability reporting	3.2 Sustainability Governance	
	2-15 Conflicts of interest	3.4 Anti-Corruption and Business Ethics	
	2-16 Communication of critical concerns	3.2.2 Stakeholder Engagement	
	2-17 Collective knowledge of the highest governance body	6.3 Corporate Governance Performance	
	2-18 Evaluation of the performance of the highest governance body	6.3 Corporate Governance Performance	
	2-19 Remuneration policies	5.5.2 Employee Compensation and Benefits	
	2-20 Process to determine remuneration	5.5.2 Employee Compensation and Benefits	
	2-21 Annual total compensation ratio	6.2 Social Performance	

GRI STANDARD	DISCLOSURE	LOCATION	OMITTED REASON
GRI 2: General Disclosures 2021	2-22 Statement on sustainable development strategy	2.1 Company Profile	
	2-23 Policy commitments	/	No information, the company does not have an official policy
	2-24 Embedding policy commitments	/	No information, the company does not have an official policy
	2-25 Processes to remediate negative impacts	5.5.1 Compliant Employment and Employee Rights	
	2-26 Mechanisms for seeking advice and raising concerns	5.5.3 Employee Communication and Engagement	
	2-27 Compliance with laws and regulations	6.2 Social Performance	
	2-28 Membership associations	2.1 Company Profile	
	2-29 Approach to stakeholder engagement	3.2.2 Stakeholder Engagement	
	2-30 Collective bargaining agreements	5.5.1 Compliant Employment and Employee Rights 6.2 Social Performance	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	3.2.3 Materiality Assessment	
	3-2 List of material topics	3.2.3 Materiality Assessment	
	3-3 Management of material topics	3.2.3 Materiality Assessment	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	4.2 Response to Climate Change	
	201-3 Defined benefit plan obligations and other retirement plans	5.5.2 Employee Compensation and Benefits	
	201-3 Defined benefit plan obligations and other retirement plans	5.5.2 Employee Compensation and Benefits	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	5.2 Continuous Research and Innovation	
	203-2 Significant indirect economic impacts	5.6 Community Contribution	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	5.3.2 Responsible Sourcing 6.2 Social Performance	
	205-2 Communication and training about anti-corruption policies and procedures	5.3.2 Responsible Sourcing	
	205-3 Confirmed incidents of corruption and actions taken	5.3.2 Responsible Sourcing 6.2 Social Performance	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	6.3 Corporate Governance Performance	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	6.1 Environmental Performance	
	301-2 Recycled input materials used	6.1 Environmental Performance	
	301-3 Reclaimed products and their packaging materials	6.1 Environmental Performance	

GRI STANDARD	DISCLOSURE	LOCATION	OMITTED REASON
GRI 302: Energy 2016	302-1 Energy consumption within the organization	6.1 Environmental Performance	
	302-2 Energy consumption outside of the organization	6.1 Environmental Performance	
	302-3 Energy intensity	6.1 Environmental Performance	
	302-4 Reduction of energy consumption	6.1 Environmental Performance	
	302-5 Reductions in energy requirements of products and services	4.3 Energy Management 6.1 Environmental Performance	
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	4.4 Water Management 6.1 Environmental Performance	
	303-2 Management of water discharge-related impacts	6.1 Environmental Performance	
	303-3 Water withdrawal	6.1 Environmental Performance	
	303-4 Water discharge	6.1 Environmental Performance	
	303-5 Water consumption	6.1 Environmental Performance	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.1 Environmental Compliance Management	
	304-2 Significant impacts of activities, products and services on biodiversity	4.1 Environmental Compliance Management	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	6.1 Environmental Performance	
	305-2 Energy indirect (Scope 2) GHG emissions	6.1 Environmental Performance	
	305-3 Other indirect (Scope 3) GHG emissions	6.1 Environmental Performance	
	305-4 GHG emissions intensity	6.1 Environmental Performance	
	305-5 Reduction of GHG emissions	6.1 Environmental Performance	
	305-6 Emissions of ozone-depleting substances (ODS)	6.1 Environmental Performance	
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	6.1 Environmental Performance	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	4.5 Pollutant and Waste Management	
	306-2 Management of significant waste-related impacts	4.5 Pollutant and Waste Management	
	306-3 Waste generated	6.1 Environmental Performance	
	306-4 Waste diverted from disposal	6.1 Environmental Performance	
	306-5 Waste directed to disposal	6.1 Environmental Performance	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	5.3.3 Sustainable Supply Chain	
	308-2 Negative environmental impacts in the supply chain and actions taken	5.3.3 Sustainable Supply Chain	

GRI STANDARD	DISCLOSURE	LOCATION	OMITTED REASON
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	6.2 Social Performance	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	5.5.2 Employee Compensation and Benefits	
	401-3 Parental leave	5.5.2 Employee Compensation and Benefits	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	5.4.3 Occupational Health and Safety	
	403-2 Hazard identification, risk assessment, and incident investigation	5.4.2 Safety Production Management 5.4.3 Occupational Health and Safety	
	403-3 Occupational health services	5.4.3 Occupational Health and Safety	
	403-4 Worker participation, consultation, and communication on occupational health and safety	5.4.3 Occupational Health and Safety	
	403-5 Worker training on occupational health and safety	5.4.3 Occupational Health and Safety	
	403-6 Promotion of worker health	5.4.3 Occupational Health and Safety	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	5.4.2 Safety Production Management 5.4.3 Occupational Health and Safety	
	403-8 Workers covered by an occupational health and safety management system	5.4.2 Safety Production Management 5.4.3 Occupational Health and Safety	
	403-9 Work-related injuries	6.2 Social Performance	
	403-10 Work-related ill health	6.2 Social Performance	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	6.2 Social Performance	
	404-2 Programs for upgrading employee skills and transition assistance programs	6.2 Social Performance	
	404-3 Percentage of employees receiving regular performance and career development reviews	6.2 Social Performance	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	6.2 Social Performance	
	405-2 Ratio of basic salary and remuneration of women to men	6.2 Social Performance	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	5.5.1 Compliant Employment and Employee Rights	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	6.2 Social Performance	
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	6.2 Social Performance	
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	6.2 Social Performance	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	5.6 Community Contribution	

GRI STANDARD	DISCLOSURE	LOCATION	OMITTED REASON
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	5.3.1 Supplier Assessment and Audit 5.3.3 Sustainable Supply Chain	
	414-2 Negative social impacts in the supply chain and actions taken	5.3.1 Supplier Assessment and Audit 5.3.3 Sustainable Supply Chain	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	5.1 Product and Service Mnagement	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	5.1 Product and Service Mnagement	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	5.1 Product and Service Mnagement	
	417-2 Incidents of non-compliance concerning product and service information and labeling	5.1 Product and Service Mnagement	
	417-3 Incidents of non-compliance concerning marketing communications	5.1 Product and Service Mnagement 6.2 Social Oerformance	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	5.1 Product and service management 6.3 Corporate Governance Performance	

● Appendix 2: SASB Chemical Industry Standard Index Table

SASB TOPIC	SASB CODE	INDICATOR	CATEGORY	VALUE/ CORRESPONDING CHAPTER
Greenhouse Gas Emissions	RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions limiting regulations	Quantitative	836.56 tCO$_2$ eq
	RT-CH-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	Discussion and Analysis	4.2 Response to Climate Change
Air Quality	RT-CH-120a.1	NO$_X$ (excluding N$_2$O) emissions	Quantitative	0
		SO$_X$ emissions	Quantitative	0
		Volatile organic compounds (VOCs) emissions	Quantitative	/
		Hazardous air pollutants (HAPs) emissions	Quantitative	9.35mg/m³
Energy Management	RT-CH-130a.1	Total energy consumed	Quantitative	153,336.30 GWh
		Percentage grid electricity	Quantitative	100%
		percentage renewable	Quantitative	0
		Total self-generated energy	Quantitative	0
Water Management	RT-CH-140a.1	Total water withdrawn	Quantitative	598.192 ML
		Total water consumed	Quantitative	598.192 ML
		Percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress	Quantitative	0
		Percentage of water consumed in regions with High or Extremely High Baseline Water Stress	Quantitative	0
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Quantitative	0
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	Discussion and Analysis	4.4 Water Management
Hazardous Waste Management	RT-CH-150a.1	Hazardous Waste Management	Quantitative	307.94 tons
		Percentage recycled	Quantitative	0

SASB TOPIC	SASB CODE	INDICATOR	CATEGORY	VALUE/ CORRESPONDING CHAPTER
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	Discussion and Analysis	5.6 Community Contribution
Workforce Health & Safety	RT-CH-320a.1	Total recordable incident rate (TRIR)	Quantitative	0
		Fatality rate for TRIR	Quantitative	0
		Fatality rate for direct employees	Quantitative	0
		Fatality rate for contract employees	Quantitative	0
	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	Discussion and Analysis	5.4 Chemical Safety and Management
Product Design for Use-phase Efficiency	RT-CH-410a.1	Revenue from products designed for use phase resource efficiency	Quantitative	0
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1	Percentage of products that contain Globally Harmonized System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	Quantitative	100%
		The percentage of such products that have undergone a hazard assessment	Quantitative	0
	RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human or environmental impact	Discussion and Analysis	4.6 Green products 5.2 Continuous Research and Innovation 5.4 Chemical Safety and Management
Genetically Modified Organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	Quantitative	0
Management of the Legal & Regulatory Environment	RT-CH-530a.1	Discussion of corporate positions related to government regulations or policy proposals that address environmental and social factors affecting the industry	Discussion and Analysis	2.1 Company Profile 4.1 Environmental Compliance Management
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1	Process Safety Incidents Count (PSIC)	Quantitative	0
		Process Safety Total Incident Rate (PSTIR)	Quantitative	0
		Process Safety Incident Severity Rate (PSISR)	Quantitative	0
	RT-CH-540a.2	Number of transport incidents	Quantitative	0
Activity Metrics	RT-CH-000.A	Production by reportable segment	Quantitative	165,803.045 tons

● Appendix 3: United Nations Sustainable Development Goals (UN SDGs) Map

To practice sustainable development, the company is committed to actively responding to the 17 United Nations Sustainable Development Goals (UN SDGs). This year, the company incorporated UN SDG-related issues into its communication with stakeholders, analyze best practices in the industry, assess the impact and extent of each business link on each SDG goal, and plan and formulate implementation plans for implementation and refinement at all levels.

UN SDGs	Transfar Synthetic Material's actions
1 NO POVERTY	The company, as a corporate citizen, is deeply aware of its social responsibilities and takes the initiative to visit households in need in the community, participate in the pairing assistance between the eastern and western regions, and provide assistance to the needy with its own strength.
3 GOOD HEALTH AND WELL-BEING	The company adheres to the safety development concept of "people-oriented and life first" and has invested a total of 10.85 million yuan this year to assess and rectify safety situations such as safety and environmental protection accidents, safety management indicators, and occupational health and safety management.
5 GENDER EQUALITY	The company prohibits discrimination or differential treatment of interview candidates due to differences in age, gender, race, religious beliefs, etc., strictly implements the "Regulations on the Labor Protection of Female Employees in Zhejiang Province", provides protection for female employees during the "four periods" (i.e. menstruation, pregnancy, childbirth, and breastfeeding), implements equal pay for equal work, and promotes the protection of women's rights and interests.
6 CLEAN WATER AND SANITATION	The company conducts investigations, predictions, and assessments of the impact that proposed projects may have on water resources in the surrounding environment, carries out water accounting/auditing, obtains a grasp of the company's current water usage situation, and conducts rationalized analysis, determines scientific water resource management methods, and takes measures where water resource consumption can be reduced.
7 AFFORDABLE AND CLEAN ENERGY	The company has achieved a significant reduction in energy consumption through a combination of process optimization, equipment efficiency, and the implementation of management systems. These measures include production capacity augmentation, waste heat recovery, process optimization, and the upgrade of existing equipment.
8 DECENT WORK AND ECONOMIC GROWTH	The company's recruitment principles include selecting and employing people based on their abilities and merits, matching people to positions according to their abilities, being open, fair, and just, maintaining a unified image, implementing hierarchical management, and encouraging division of Labor and cooperation. The company is committed to expanding its recruitment channels, fostering a diverse, equal, and inclusive workforce, creating employment opportunities, and promoting economic development.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Technological innovation is a strategic imperative for the company's long-term sustainable growth. The company provides institutional guarantees for technological innovation, such as the "Design and Development Control Procedure" and "Technological Innovation Incentives", increases R&D investment and training, actively introduces R&D talent, promotes technological upgrading, and enhances the company's core competitiveness.
13 CLIMATE ACTION	The company is committed to enhancing its carbon management system and capabilities, establishing a dual carbon project working group, conducting annual carbon inventories, and producing a "Greenhouse Gas Emissions Report". It also undertakes regular analyses of energy consumption and greenhouse gas emissions, laying the foundation for future carbon reduction actions.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Following the requirements of the Company Law of the People's Republic of China and the Articles of Association, the company has established an organizational structure with clear rights and responsibilities based on its existing business and strategic plans. It implements a general manager responsibility system under the leadership of the board of directors and has established eight functional departments: finance, quality control, safety and environmental protection, production, office, marketing, technology, and equipment and power.

Transfar