



Rongsheng Petrochemical  
Official Account

**2022**  
RONGSHENG  
PETROCHEMICAL CO., LTD.  
Stock Code : 002493

**SOCIAL  
RESPONSIBILITY  
REPORT**

# About the Report

- Report Information:** This report elaborates the management and measures of Rongsheng Petrochemical Co., Ltd. (hereinafter referred to as "Rongsheng Petrochemical," "the Company," or "we") in terms of economic, environmental, and social matters in 2022, with particular focus on stakeholder concerns.
- Reporting Scope:** The report covers the Company's information and data from January 1, 2022 to December 31, 2022 (hereinafter referred to as "the reporting period"), and some of the contents can be dated back to previous years or forward to 2023. The report covers Rongsheng Petrochemical and its subsidiaries, and a small part of the data covers less than the above scope. Part of the report involves Zhejiang Rongsheng Holding Group Co., Ltd. (hereinafter referred to as "Rongsheng Holding"), the parent company of Rongsheng Petrochemical, which is specified separately.
- Preparation Basis:** This report is prepared according to the Shenzhen Stock Exchange's Guidance Note on Self-Regulation of Listed Companies No. 1 - Standardized Operation of Mainboard-listed Companies, Social Responsibility Instructions to Listed Companies, the Chinese CSR Report Preparation Guide 4.0 (CASS-CSR 5.0), and the Guidance on Social Responsibility Reporting (GB/ T36001-2015).  
  
This report is determined in accordance with an established set of procedures for identifying and prioritizing significant topics about the environment, the society, and company governance; determining the scope of the report; collecting information for the report; preparing the report; and reviewing the information in the report.
- Data Source:** The financial data in this report comes from the annual report. Other information and data come from relevant internal statistical reports and documents of the Company. The amount of currency associated with the Company is measured in RMB.
- Reference:** For the convenience of presenting and reading, "the Company," "Rongsheng Petrochemical," and "we" in this report all refer to Rongsheng Petrochemical Co., Ltd. Other companies are referred to as follows:  
  
ZPC refers to Zhejiang Petroleum & Chemical Co., Ltd.  
  
Zhongjin Petrochemical refers to Ningbo Zhongjin Petrochemical Co., Ltd.  
  
Yisheng Dahua refers to Yisheng Dahua Petrochemical Co., Ltd.  
  
Shengyuan Chemical Fiber refers to Zhejiang Shengyuan Chemical Fiber Co., Ltd.  
  
Rongxiang Chemical Fiber refers to Rongxiang Chemical Fiber Co., Ltd.  
  
Yongsheng Technology refers to Zhejiang Yongsheng Technology Co., Ltd.  
  
Yisheng New Material refers to Zhejiang Yisheng New Materials Co., Ltd.  
  
Rongsheng International Trading refers to Rongsheng International Trading Co., Ltd.  
  
Hainan Yisheng refers to Hainan Yisheng Petrochemical Co., Ltd.  
  
Rongsheng (Singapore) refers to Rongsheng Petrochemical (Singapore) Pte. Ltd.
- Languages:** The report is published in simplified Chinese and English. In the event of ambiguity between the two versions, the simplified Chinese version shall prevail.
- Confirmation and approval:** Upon confirmation by the management, the report was approved by the Board of Directors and released on April 18, 2023.
- Report Assurance:** The Company engaged PricewaterhouseCoopers Zhong Tian LLP to perform a limited assurance engagement on the 2022 selected key data in the 2022 Social Responsibility Report. Please refer to the Independent Assurance Report for more detail.
- Access:** This report is available in simplified Chinese and English for readers' reference. To browse online or download this report, please visit the official website of Rongsheng Petrochemical at <http://www.cnrspc.com>, or [cninfo at www.cninfo.com.cn](http://www.cninfo.com.cn).  
  
We value the opinions of our stakeholders. Please feel free to contact us through the following methods. Your comments will help us further improve this report and our social responsibility management.  
  
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# Chairman's Message

2022 was a decisive year for the 14th Five-Year Plan period and it also marked the new journey toward the second centenary goal. Under the strong leadership of the Party Central Committee with Comrade Xi Jinping at its core, Rongsheng Petrochemical has adhered to the management concept of "Sincere Creation, Preeminent Pursuit", so as to advance industrial coordination and enterprise transformation and upgrading with high quality and enhance the international competitiveness of our business. We take up the mission of "Serving the country with industry and leading industrial development" and commit to the vision of "Being a centurial enterprise that is responsible, industry-leading, and sustainably profitable".

**Operational compliance - "foundation" for steady development.** Guided by internal and external requirements, Rongsheng Petrochemical have continuously consolidated our compliance basis by establishing a professional, diversified corporate governance structure with clear responsibilities. We have built an effective and sound internal control and ESG governance system to strengthen supervision on all fronts, which contribute to a clean and upright workplace environment that provides strong support for the Company's high-quality development.

**Quality and safety - "cornerstone" for business development.** Safety and quality are non-negotiable bottom line for Rongsheng Petrochemical's development, and we have continuously promoted the establishment of safety and quality management system. Driven by market demand, we have further refined the high-end petrochemical industry chain and constantly expanded industrial functions and other new markets. We have been committed to providing our customers with high-quality and high-performance products with excellent craftsmanship.

**R&D innovation - "catalyst" for transformational development.** As a supporter of the in-depth integration of industry, academia, research, and application, we have accelerated the R&D and innovation of high-end new materials with the focus on the key stranglehold problems and advanced fields, and sped up efforts for industrial restructuring and tackled common technical problems for the green development in the petrochemical industry. We have worked to digitalize and intelligentize the innovative development system and continuously enhanced innovation personnel training to establish a green and international leading petrochemical technology innovation platform.

**Environmental awareness - "fuel" for green development.** As an active participant in China's environmental protection, we have actively fulfilled our commitment to green development and fully implemented the national and our own management requirements for carbon reduction and energy conservation, concentrating on the development of the circular economy, clean production and green manufacturing. We have strengthened carbon emission management and given full play to the advantages of carbon fixation and carbon absorption to build a green system throughout the manufacturing lifecycle. Meanwhile, we have worked with upstream and downstream partners to boost the green, low-carbon and high-quality development of the industry chain.

**Win-win cooperation - "impetus" for social development.** At Rongsheng Petrochemical, employees are our most valuable resources. We have safeguarded employees' rights and interests in all aspects, as well as provided the healthy work environment and smooth path of talent growth, cultivating each employee as the Company's backbone. Shouldering the social responsibility in the new era, we have actively invested various resources to health, education, and other public welfare undertakings, with the cooperation with multiple parties to empower social development.

A small change in starting conditions can lead to vastly different outcomes. Every bit that is concerned with our sustainable development counts. Rongsheng Petrochemical always adhere to the corporate value of "Honest, Optimistic, and Grateful" and strive to build a new corporate ecology of sustainable development. Taking standardized operation, work safety and innovative breakthroughs as the driving force, we have been contributing to the economic and social development. Benefiting by our green operation, low-carbon products, and ecological feedback, we maintain our competitive edge in the transition to a green and low-carbon mode. To better fulfil our social responsibilities, we must make some changes to the system through talent flow, humanistic care and shared development. We will keep on our path to sustainable development, stay true to our original aspiration and continue marching forward with joint efforts!

**Li Shuirong** Chairman



# About Rongsheng Petrochemical

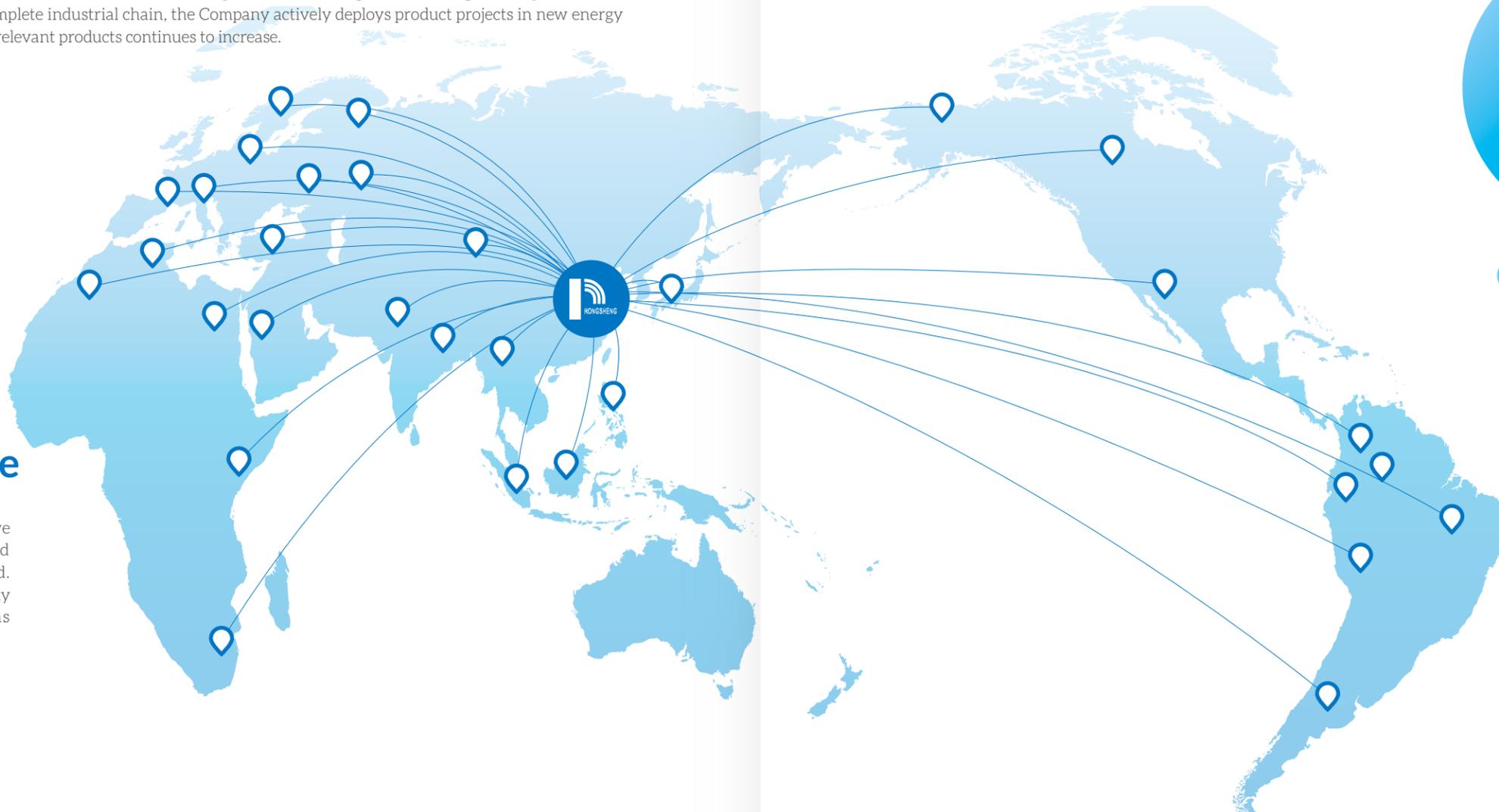
## About Us

Rongsheng Petrochemical Co., Ltd. (SHE: Rongsheng Petrochemical, 002493), headquartered in Hangzhou, Zhejiang Province, is one of the leading companies in the petrochemical industry in China. We focus on our primary business and stick to our industry. We are an international enterprise developing in the entire petrochemical industry chain with nearly 20,000 employees and a high-tech R&D center, a workstation of academicians and experts, an enterprise technology center, and a post-doctorate science and research workstation. Our competitiveness and our products' brand value are ranked at the forefront of the global industry.

Adhering to the sustainable management principle and persisting in the "Two-way of Vertical and Horizontal" development strategy, Rongsheng Petrochemical strives for the goal of the "Centurial Enterprise, Trillion Target". The Company is specialized in the research and development, manufacturing, and distribution of various oil, chemical and polyester products. We also have presence in new energy, new materials, organic chemicals, synthetic fibers, synthetic resins, synthetic rubber and oil, covering dozens of categories of products such as aromatics and their downstream products, olefins and their downstream products, and oil products. The Company has basically realized the development strategy of "from a drop of oil to everything in the world". In petrochemicals, the Company's affiliate ZPC has established a 40 million tonnes/year integrated refining-chemical plant in Zhoushan Islands New Area, Zhejiang Province. Maintaining the "world-class and green" idea, the project has developed into a world-class extensive, comprehensive, and modern green petrochemical complex. Zhongjin Petrochemical, another subsidiary of the Company, built an aromatics plant with a capacity of 2 million tonnes per year in 2015. The Company has also developed the Purified Terephthalic Acid (PTA) industry in Dalian, and Hainan with its partners, becoming one of the largest PTA producers in the world. On the basis of the existing complete industrial chain, the Company actively deploys product projects in new energy and new materials, and the proportion of relevant products continues to increase.

## Market Structure

At present, the Company's products have been sold in most parts of China and exported to countries around the world. Domestically, our footprints cover a plenty of provinces and countries and regions globally.



## Corporate Culture

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



## Core Competitiveness



## Recognition in 2022

<p>Fortune magazine (US)</p>	<p>Brand Finance</p>	<p>Chemical and Engineering News (US)</p>	<p>ICIS, Chemical Week (US)</p>
<p>The Committee of the Summit on High-Quality Development of China's Capital Market</p>	<p>The 6th World Zhejiang Entrepreneurs Convention</p>	<p>China Petroleum and Chemical Industry Federation, China Chemical Enterprise Management Association</p>	<p>China Chemical Fibers Association</p>
<p>The 16th China Listed Companies Value Forum</p>	<p>China Association for Public Companies</p>	<p>Zhejiang Enterprise Federation, Provincial Entrepreneur Association and Provincial Federation of Industrial Economics</p>	<p>Zhejiang Provincial Administration for Market Regulation, Zhejiang Federation of Industry and Commerce</p>

## Performance Highlights

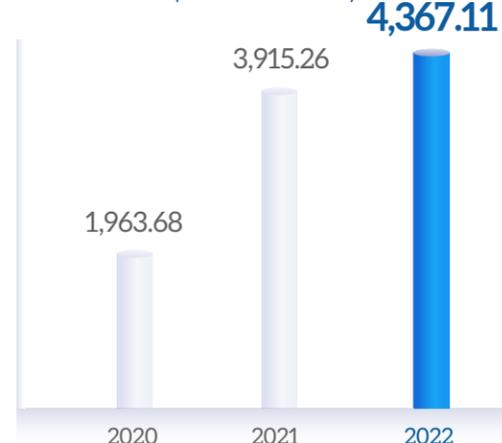
Operating income (Unit: RMB million)



Total assets (Unit: RMB million)



R&D investment (Unit: RMB million)



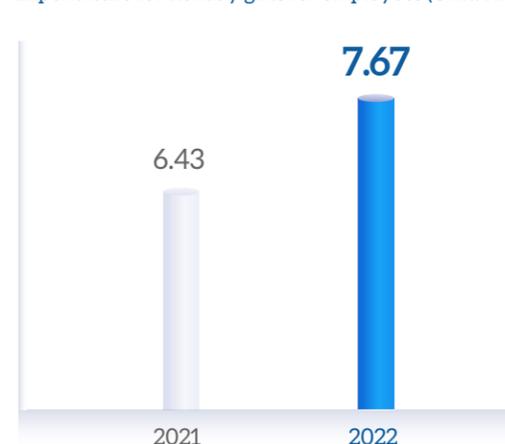
Environmental protection training coverage (Unit: %)



Safety investment (Unit: RMB million)



Expenditure for holiday gifts for employees (Unit: RMB million)



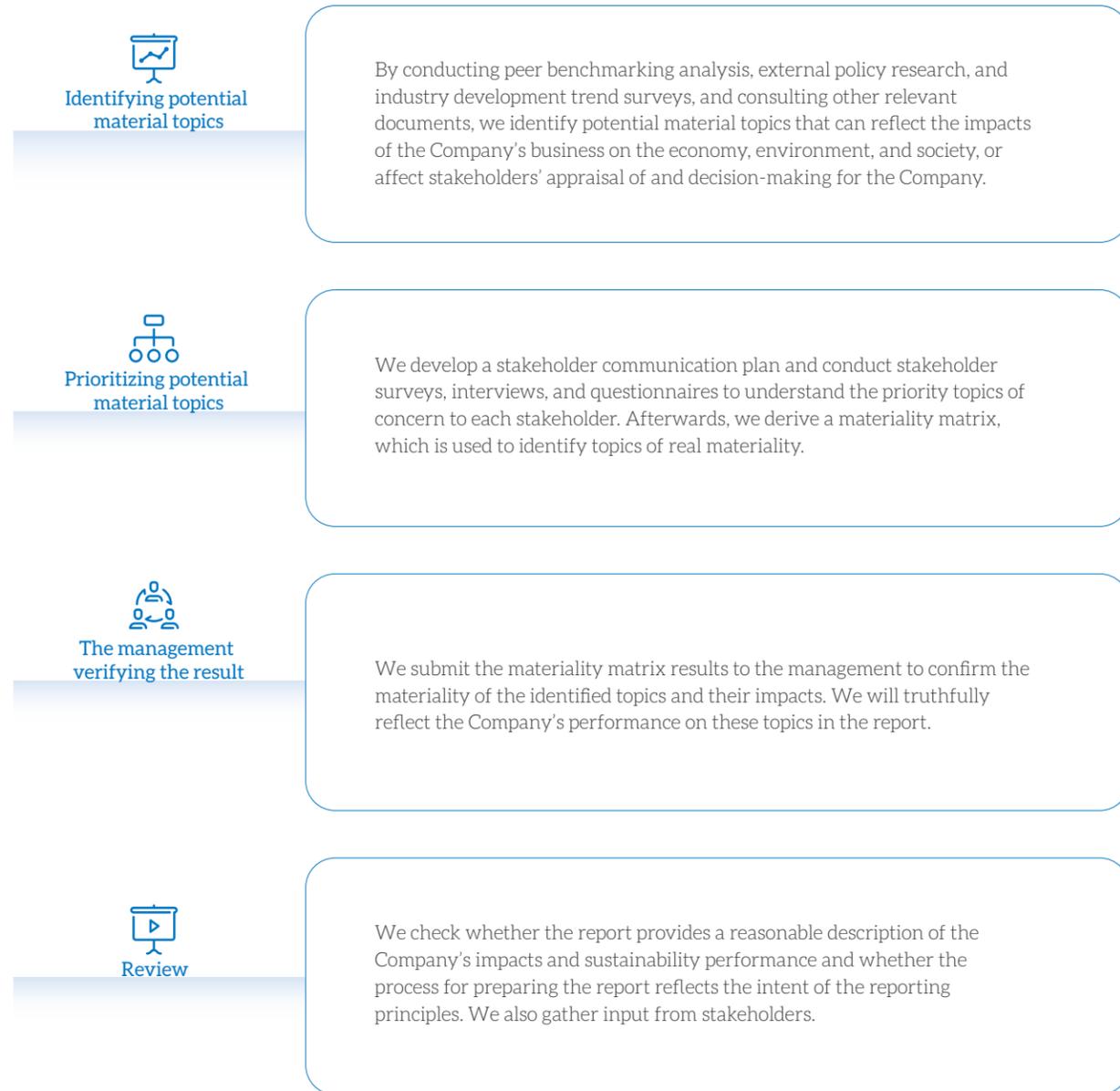
## Stakeholder Communication and Analysis of Material Topics

We are committed to building good cooperation and mutually beneficial relationships with internal and external stakeholders and strive to achieve a win-win situation and maximum value. Our key stakeholders include shareholders and investors, the government and regulators, customers, employees, partners, and the public in the community. We maintained active communication with stakeholders during the reporting period to understand their demands and concerns and responded to stakeholders with practical actions.

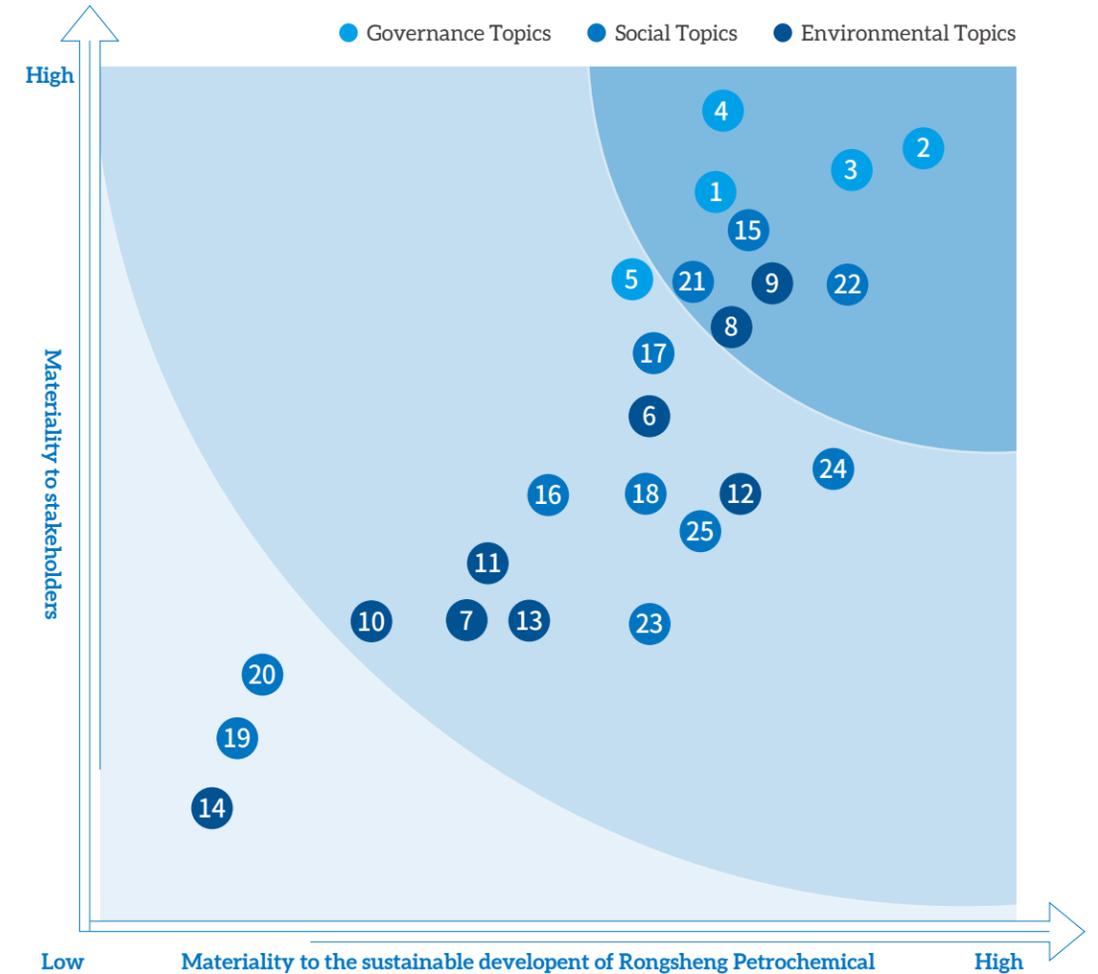
Stakeholder	Concerns	Communication Channels
 Shareholders and investors	Compliance Risk management Performance growth and return Business ethics	Shareholders' Meeting Company announcements Regular reports and communication Press conferences/meetings Investor surveys Hotline Mailbox WeChat official account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

During the reporting period, we conducted questionnaire surveys with internal and external stakeholders on material topics related to Rongsheng Petrochemical's social responsibility regarding the Company's sustainable development and impacts on stakeholders and fully understood stakeholders' expectations and suggestions for Rongsheng Petrochemical. We analysed the material topics to provide a basis for formulating long-term social responsibility strategies. We sent out a total of 231 questionnaires, identified 9 topics with a high degree of materiality, 13 topics with a medium degree of materiality, and 3 topics with a low degree of materiality. Among them, topics with high materiality are the critical part of this report. We will detail the content of them in the following part.

The Analysis Process for Material Topics



Matrix of Material Social Responsibility Topics of Rongsheng Petrochemical 2022



Governance Topics	Environmental Topics	Social Topics
1. Economic growth	6. Energy management	15. Product safety and quality
2. Corporate governance	7. Reducing greenhouse gas emissions	16. Privacy and information security
3. Sustainable operation	8. Reduction and management of hazardous materials	17. Supply chain management
4. Anti-corruption	9. Chemical safety management	18. Common progress with partners
5. Fair business practices	10. Management of packaging material use	19. Enhancing social welfare events
	11. Water resource management	20. Impacts on local economy
	12. Waste management	21. Occupational health and safety
	13. Management of clean technology opportunities	22. Appeal to talents and personal development
	14. Impacts of climate change	23. Diversity and inclusiveness
		24. Employee benefits
		25. Equal employment and labor practice



## Corporate Governance

In strict accordance with the applicable laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, and the *Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No.1: Standardized Operation of the Companies Listed on the Main Board*, and other applicable regulatory documents of China Securities Regulatory Commission, Rongsheng Petrochemical continuously improves the corporate governance structure and establishes a sound internal control system, so as to standardize the operation of the Company. It keeps revising and updating our management systems, urge the implementation of policies such as the *Internal Reporting System for Material Information*. It makes efforts to achieve full coverage of the systems along with a well-established internal control system to protect the interests of shareholders, stakeholders, and employees to the greatest extent.

The Company has established a three-tier governance structure comprising the Shareholders' Meeting, the Board of Directors, the Board of Supervisors, and the senior management. The Company has independent business and operational autonomy, and can operate independently in business, assets, personnel, organization,

and finance. During the reporting period, a total of nine meetings of the Board of Directors, four Shareholders' meetings, and nine meetings of the Board of Supervisors were held. By the end of the reporting period, we had nine directors, including four female directors. We place emphasis on background and expertise diversity on our Board of Directors. Among the directors, two of the current directors are professors, one holds a doctorate, and three hold master's degrees. Our directors have the professional background of finance, law, economics, and other disciplines, and all have rich industry experience and risk management experience. They review the Company's decision-making with a more comprehensive perspective, effectively improve the Company's internal governance efficiency, and lay the cornerstone contribute to the Company's stable and sustainable development.

A Strategy and ESG Committee, an Audit Committee, a Risk Control Committee, a Remuneration and Appraisal Committee, and a Nomination Committee were set up under the Board of Directors. Each committee fulfills its responsibilities and collaborates with the others to improve corporate governance's operational efficiency and assure the Company's high-quality development.

During the reporting period

Meetings of the Board of Directors	Shareholders' meetings	Meetings of the Board of Supervisors
9	4	9

Rongsheng Petrochemical's Committee Structure	Strategy and ESG Committee	It dissects the economic environment faced by the Company, industry development trends, and other information, actively researches and makes suggestions on the Company's long-term development strategic plan, and guides the formulation of the Company's ESG strategy and oversees the Company's ESG matters.
	Audit Committee	It assists in reviewing the Company's accounting policies, financial conditions, and financial reporting procedures, communicates with the Company's external auditors, and appraises the Company's internal controls.
	Risk Control Committee	It comprehensively collates the internal and external risks faced by the Company in the process of production and operation, supplements and revises the risk management plan, and improves systems and procedures for risk management.
	Remuneration and Appraisal Committee	It reviews the rationality of the Company's remuneration policies and plans for directors, supervisors, and senior management, and conducts performance appraisals for directors, supervisors, and senior management.
	Nomination Committee	It fully discusses the size and composition of the Board of Directors and studies the rationality of the selection conditions, selection procedures, and tenure of the Company's directors and senior executives based on the Company's actual situation.

## Information Disclosure Management

We stress compliance and transparency in information disclosure and strictly abide by regulatory requirements for information disclosure. We have formulated internal information disclosure management systems such as the *Management System for Information Disclosure Affairs*, the *Information Insider Registration Management System*, and the *Accountability System for Major Errors in Information Disclosure in Annual Reports*, and prepared the *Specification for Announcement Format*, to regulate information disclosure standards and reporting procedures. We actively comply with the obligation of information disclosure and ensure that the information disclosed is true, accurate, and complete.

By the end of the reporting period, we had been awarded the highest rating A in the information disclosure appraisal of listed companies by the Shenzhen Stock Exchange for six consecutive years. In the future, we will continue to improve the quality of information disclosure and optimize the operation standard of the Company. With a fair and transparent communication mode, we will boost our relationship with the capital market, and reward investors in return on their trust and support.

## Investor Relations Management

We always adhere to the idea of "respecting and rewarding investors." We have formulated the *Investor Relations Management System* and established an Investor Relations Management Department for investors relation management and maintenance. We communicate with investors via investor hotline and reactions on the Shenzhen Stock Exchange's IRM platform on a daily basis. And communication and interaction with investors are carried out via multiple channels and in all respects. In addition, the Company hosts performance briefings and Investor Reception Day events, receives institutions for offline research, hosts teleconferences, and actively participates in collective Investor Reception Day events in the jurisdiction and sizeable institutional investment strategy summits. Through practical and sufficient communication and dialogues, the Company has established a positive image in the capital market and deepened the capital market's understanding of the Company.



## Business Ethics Management

We uphold the business values of fairness, transparency, integrity, and honesty, and strictly abide by the *Anti-Money Laundering Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*, among other laws and regulations and normative requirements. The Company formulates internal policies such as the *Regulations on Employees' Integrity Practice* and the *Business Ethics Policy*. The inspection department and other departments are responsible for the implementation of these policies to strengthen the code of conduct of employees, induce employees to abide by social morality and professional ethics. The Company's inspection department takes the lead in carrying out "1+N" business ethics audit inspections of the Company and 14 subsidiaries, including at least one integrity investigation and on-site inspection of work style per year, and multiple ad hoc inspections based on reported clues and suspicious matters. In 2022, the Company discovered 8 occasions of violation of business ethics and clean practices, such as using fake information to send resumes, using the convenience of one's position or company resources for personal gain. These cases were handled seriously to safeguard the Company's reputation and establish a corporate image of fair competition, compliant operation, and standardized practice.

The Company continues to promote the reform of business ethics and anti-corruption supervision system and mechanism. The Board of Directors is responsible for overall supervision and promotion of the company's anti-corruption work and establishment of the Strategy and ESG Committee. It is responsible for formulating guidelines and key measures for anti-corruption and integrity promotion work, identifying compliance risks, hosting regular supervision committee meetings, studying and deploying key supervision tasks, and promoting promptly rectification of the problems identified. The Company has set up an inspection department and an audit department for carrying out daily anti-corruption management and integrity formation. They regularly report to the Strategy and ESG Committee and the Audit Committee and appraise the anti-corruption and integrity promotion work of the affiliated enterprises. The Company continuously improves its internal supervision system, regularly studies and deploys key supervision tasks, and realizes the full coverage of supervision over the Directors, Supervisors, senior management and all personnel within the Company.

We require all employees to sign the *Integrity Practice Commitment* and take integrity as an essential basis for all employees' appraisal, appointment, dismissal, and promotion. Our internal audit compliance department conducts online and offline training to stay up on the latest trends of the internal audit industry, understand the interpretation of anti-fraud laws and regulations, and learn about the methods of duty crimes in private enterprises. We also establish effective cooperation with the economic investigation brigade of the public security department and invite the brigade to deliver lectures, thus building a cooperate culture that advocates integrity. This year, our Inspection Department and the Procuratorate of Daishan County carried out exchanges on integrity building of "procuratorates and enterprises". Also, they discussed the working plan themed as "Collaboration between procuratorates and enterprises" in fighting against duty crimes. This year, the Company also provided various training on business ethics to the Directors, including topics on anti-corruption, anti-fraud and prevention of insider trading.

To regulate the performance of duties and promote ethical practice, we have established a system for monitoring and reporting to receive and process reports from employees and the public. The system accepts reports on fraud, neglect of duties, and behaviors that harm the Company's regular production, operation, and management activities.



Exchange Between the Procuratorate and Enterprises on Integrity Building

## Reporting Approaches

- Telephone Hotline
- E-mail
- WeChat
- Mailing
- On-site Reporting Box

After receiving a report, except for matters that need to be addressed immediately, the recipient will first register the issue in the report and send it to the report handling group. After reviewing, members of the group will offer their opinions, discuss, and decide how to handle them. The handling result will be back-fed to the whistleblower promptly. For any updates in the future, we will communicate with the whistleblower with more feedback.



The Reporting Process

We insist on keeping the information of whistleblowers strictly confidential and implement a whistleblower protection system. The whistleblower's communication and the report's content are limited to the internal Inspection Department. If the notice concerns significant matters, it will be limited within the investigation task force. The Inspection Department shall keep confidential for the whistleblower and the report to strictly prevent information leakage, which is an effective way to protect the whistleblower at the source of information.

In terms of anti-corruption and anti-fraud, the Company actively interacts and communicates with the government, public security bureau and prosecuting authorities. During the reporting period, there were no corruption-related lawsuit or administrative penalty that involved the Company.

### Case Online platform bringing tangible benefits · Rongsheng Petrochemical

In 2022, the Company connected its interface to the online platform of the Public Security Service Center of Xiaoshan District. This enables online pre-qualification appointment and cloud-based review and approval, allowing the online processing of employee duty crime cases that need to be handled by the Company. The online platform has strengthened the ties and cooperation between the Company and various public security departments, so that the Company can operate in a safe and stable environment with the support of these public security departments.



## Social Responsibility Management

The Company is earnest in the organic integration of social responsibility and corporate growth. We further develop our social responsibility management and advance our social responsibility practice. We work with stakeholders to generate value and share development outcomes. We continuously improve Company's ESG governance structure for more holistic top-level social responsibility design and more practical overall management, to further improve the Company's ESG governance. The Board of Directors is the highest responsible body and decision-making body for the Company's ESG matters. The Strategy and ESG Committee under the Board of Directors reviews and oversees the Company's ESG management-related matters, including strategic planning, goal setting, policy formulation, executive management, risk assessments, performance, and information disclosure, and reports to the Board of Directors.





## Creating Momentum by Reinforcing Quality and Safety

The Company firmly believes that innovation is the primary driving force to develop and preserve the craftsmanship spirit to pursue excellence. Guided by customers and the market, we strengthen the overall quality management and conscientiously ensure work safety. We focus our efforts on technological R&D innovation and the production of first-class products with high quality and value, continuously injecting vitality and momentum into the high-quality development of the Company and the industry.



## Guarding Work Safety

At Rongsheng Petrochemical, work safety is the top priority for our operation. It continuously strengthens the "red line awareness" of safe production, promotes the construction of long-term mechanism for safe production, strictly implements the allocation of major responsibility regarding safe production, focuses on the identification of various hidden dangers in production activities, and comprehensively improves the level of safe production management.

In 2022

Safety investment

351.82 million RMB



## Work Safety Management

The Company abides by relevant state and local laws and regulations, including the *Work Safety Law of the People's Republic of China* and the *Work Safety Regulations of Zhejiang Province*. We have developed and improved a number of internal work safety rules and operational procedures, including the *Management Regulations on Work Safety and Environmental Protection*, the *Work Safety Responsibility System*, the *Rules for the Implementation of Safety Training and Education Management*, the *Fire Emergency Plan of Rongsheng Petrochemical*, the *Management Regulations on Lifting Operation Safety* and the *Hazard Identification and Risk Grading Control Procedures*. We have been working to standardize the work safety management in all subsidiaries and have established a work safety management system and maintained its effectiveness, ensuring work safety in all aspects of production and operation. By the end of the reporting period, Rongsheng Petrochemical had received the Grade-3 work safety standardization certificate and the Quality, Environment and

Occupational Safety (QES) system certification. ZPC had received the Grade-2 work safety standardization certificate. During the reporting period, no work-related death occurred.

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

### The HSE management group or the Work Safety Committee at the subsidiary level is responsible for:

- setting annual safety objectives and managing assessment plans
- building and improving the framework of work safety system
- improving the supervision and inspection systems for safety and environmental protection
- reviewing safety hazards and implementation of precautionary measures
- deploying specific work in health and safety

### The HSE management group or department at the department level of a subsidiary is responsible for:

- conducting safety management and implementing safety plans and measures
- appointing part-time safety staff by team for the safety management at primary level

The Company emphasizes safety and health achievements in the department and employee performance appraisals. In addition to regular safety and health appraisal, we developed special appraisal programs for key issues for rectification of the year. We devoted more efforts in conducting appraisals and promoted departments for rectification, and used a combination of rewards and penalties to urge employees to strictly assure their primary responsibility in their position to ensure work safety. In case of safety accidents, we shall take administrative disciplinary action or levy economic penalties against relevant department heads based on the accident grade in accordance with internal policies, including the *Accident (Incident) Management Procedures*, the *Management Procedures for Reward and Punishment for Work Safety* and position appraisal plans, and incorporate accident details into the appraisal results of relevant departments. We will also follow up the results of accident handling and the implementation of related problems to ensure that such accidents do not repeat.

### Case Zhongjin Petrochemical building the safety IT management system

Zhongjin Petrochemical actively promotes its digital safety management building, keeps on optimizing its safety IT management system, and promote the hierarchical management and control of risks, timely investigation of hidden dangers and accurate positioning of operators, so as to secure the safety of special operators and prevent hidden dangers.



The Company regularly supervises and inspects safety in production areas. We have established a safety supervision team to conduct full-coverage inspection over all departments, workshops and positions in the form of daily inspection, special inspection, and irregular inspection to rectify typical or serious violations in a closed-loop manner. The Company actively establishes an emergency management system and develops emergency response plans for key procedures. We entrust third parties to issue the emergency response plan reports for environmental emergencies every three years and submit to the environmental protection authorities for filing. We perform emergency drills together with relevant departments every year, and categorize emergency drill records in a normative manner, so as to continuously improve the safety emergency skills and comprehensive emergency response of the employees. During the reporting period, the Company performed 1,596 safety emergency drills, with 33,754 participations.



ZPC's Emergency Drills

### Case Shengyuan Chemical Fiber and Yongsheng Technology's safety management supervision

To ensure the effective implementation of safety management, Shengyuan Chemical Fiber and Yongsheng Technology have established a safety supervision and inspection system through weekly inspection, monthly appraisal and yearly summary and evaluation. In the weekly inspection, the Company continuously follows up with the rectification of typical safety issues to realize closed-loop management. In the monthly appraisal of work safety management, the Company assigns the work safety indicators to each department at each level and assesses the fulfilment of the indicators on a monthly basis. At the end of the year, the Company carries out indicator appraisal and rating to draw a conclusion on the annual work and develop work plans for the next year based on the management issues identified.



**Case** Shengyuan Chemical Fiber performing regular emergency drills for fire

In 2022, Shengyuan Chemical Fiber carried out several emergency response drills against fire incidents involving environmental pollution and personal safety hazards, including emergency response drills against oil and reagent leakage and fire incidents. Shengyuan Chemical Fiber develops the emergency drill plan, which specifies the content of fire drills, division of work, participants, etc., and records drill results for assessment and makes coping capacity improvement plan to prevent non-standard responses.



During the reporting period

Safety emergency drills

1,596 times



**Case** ZPC refining the work safety emergency plan system

ZPC has established and improved a work safety emergency plan system. Guided by the *Comprehensive Emergency Plan*, the Company, the business department and operation departments have prepared special emergency plans and on-site safety emergency response plans respectively, specifying responsibilities of all levels in emergency response, so as to ensure orderly and effective response to emergencies. According to the *Comprehensive Emergency Plan*, ZPC organizes one emergency drill at corporate level every half year, one emergency drill at business department level every quarter, and one emergency drill at operation department or project department level every month based on the on-site safety emergency response plans. In September 2022, ZPC carried out an emergency drill for fire incident of 100,000 cubic meters of crude oil storage tanks, which verified the Company's emergency handling capability, emergency support capability, and coordination between the government and the enterprise.



The Company actively promotes the formation of safety culture. We have developed the *Management Rules for the Implementation of Safety Training and Education* and training plans and launched targeted safety training activities covering all employees. This year, we developed special training courses on knowledge regarding safety and environment, first aid, and other knowledge for new employees, enriching our safety and health training contents. We invite professional firefighting authorities to train our employees on firefighting and safety knowledge, thus deepening their understanding of firefighting knowledge, which effectively enhances the training quality. In addition, we promote the safety competence and ability assessment, expand the coverage scope of employment with certificates, and assist employees in mastering safety knowledge and learning operational norms, further regulating the safety behaviors of all employees and creating a safety culture and values system that integrate knowledge and action. During the reporting period, we conducted 590,205 hours of safety training with a total of 260,699 times of participation. Among our subsidiaries, ZPC, Zhongjin Petrochemical, and Yongsheng Technology required all their employees to receive the three-level safety training and obtain relevant certification. In 2022, ZPC won the recognition of "Advanced Collective on Work Safety in 2022" from the Management Committee of Zhoushan Green Petrochemical Base.

During the reporting period

Number of hours of safety training conducted

590,205 hours



Coverage of safety trainings in subsidiaries

100%



**Case** ZPC promoting the construction of corporate safety training space

In 2022, ZPC launched the training module in the WeChat official account of "Rongsheng Holding" for employees, contractors, external technicians and hazardous chemicals escorts. Safety experts in the industry were invited to deliver training courses regarding safety technologies, occupational health, firefighting knowledge, etc. The employees' online training and examination details are recorded and evaluated to ensure the training quality. ZPC's online safety training

space is built to ensure employees to learn high-quality courses delivered by excellent teachers regardless of location and time, thus realizing the objective of wide-scope and full-coverage safety training. Moreover, ZPC has comprehensively established HSE training record IT management system platform for internal employees and contractors' employees to ensure their training results are documented.

## Chemical Safety Management

The Company strictly complies with the *Regulations on the Safety Administration of Hazardous Chemicals*, the *Regulation on the Administration of Precursor Chemicals*, and other relevant state regulations and has developed internal policies such as the *Chemical Management Policy*. Based on our subsidiaries' production conditions, we persuade them to develop chemical safety management systems, such as the *Safety Management Measures for Hazardous Chemicals*, the *Safety Management Measures for Precursor Chemicals*, the *Detailed Rules for the Safety Management of Hazardous Chemicals Loading*, the *Management Regulations for the Safety Technology Instructions and Safety Labels of Hazardous Chemicals Storage*, clearly regulating the safety management of storage, use, transportation, and disposal of chemicals. We also applied or renewed our safe production licenses for hazardous chemical products according to the procedures prescribed by the state.

To promote comprehensive and detailed chemical management, the Company has established a dual prevention mechanism of hierarchical management and control of risks, as well as investigation and management of hidden dangers for chemical production and storage, and developed response plans for potential risks identified. We upgrade the temporary storage room for hazardous chemicals and comprehensively categorize and identify the chemicals involved in our business (including raw and auxiliary materials, intermediate products, and finished products) and create files or records to compile a chemical management inventory including information such as the name, category, hazardous characteristics, production, use, and storage location of chemicals. Moreover, the Company actively promotes its subsidiaries to regularly check their

chemicals strictly according to state and local requirements, such as the *Catalogue of Hazardous Chemicals*, the *Catalogue of the Work safety Technology and Equipment of Outdated Hazardous Chemicals to Be Eliminated (First Batch)*, and the *List of Prohibited or Strictly Restricted Toxic Chemicals in China*, to ensure that their production and business activities does not involve chemicals that are explicitly prohibited or required to be eliminated or replaced by the state.

The Company has developed the *Special Emergency Plan for Leakage of Hazardous Chemicals*, specifying the responsibilities and response procedures of all departments under our emergency organization network and emergency response at all levels. We put up signboards for Material Safety Data Sheet (MSDS) in work areas and organize chemical reagent leakage response training and chemical emergency drills, so as to strengthen the employees' awareness of hazardous chemical risk prevention.

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



Shengyuan Chemical Fiber's Card of Reminders for Hazardous Chemicals

**Risk Assessment and Control**



We regularly carry out systematic chemical risk identification and evaluation. In response to potential leakage of hazardous chemical that are highly toxic, flammable, or explosive. We have established corresponding emergency plans and solutions to strengthen the hazard assessment and risk management of chemicals. We also formulated the *Evaluation Form of Environmental Hazard Risk Identification* and the *Evaluation Form of Occupational Hazard Risk Identification* to standardize the prevention of occupational hazards related to chemicals.

**Safety Training and Drills**



We actively provide safety training for chemical management personnel, and carry out emergency drills against chemical leakage. Moreover, we organize courses concerning safe use of chemicals for employees in an effort to enhance their knowledge of chemical safety and improve the Company's chemical management capacity.

**Information Submission and Exchange**



We regularly submit the information about hazardous chemicals, including the production, transportation, and use of hazardous chemicals, to the Risk Management and Control Platform for Hazardous Chemical Enterprises, the Hazardous Chemical Road Transportation Registry, the Hazardous Chemical Registration Information Management System, and the Hazardous Chemical Safety Production Risk Monitoring and Early Warning System of the Department of Emergency Management for governmental supervision.

## Contractor Safety Management

Adhering to the principle of "safety first, prevention prevails", the Company requires all outsourcing units to strictly abide by national laws and regulations regarding work safety, and the Company's regulations, policies and management rules, accept the Company's supervision, management and instructions, and promptly rectify safety construction issues raised by the Company. In 2022, the Company's contractors had no fatality or other major accidents.

The Company has formulated the *Safety Management Measures for Outsourcing Construction*, the *HSE Management Protocol for Contractors*, the *Management Systems for Contractors*, and the *Safety and Environmental Protection Assessment Rules for Contractors*. We incorporate contractors into our safety management. Our comprehensive contractor safety management covers all stages including qualification review, contract signing, education, training, and construction and acceptance. We define the detailed rules for assessment and punishment. Also, we comprehensively promote the control, reduction, and avoidance of safety risks among contractors, and strive to prevent and reduce contractor accidents.

**Safety Access Management**

We thoroughly review the safety qualifications of contractors and verify their business licenses, qualification certificates, and safety production licenses. Furthermore, we conduct systematic evaluation on the operation of contractor's HSE management system and the safety performance of the last three years;

We ensure that the contractor sign the relevant HSE agreements before construction, including the Contractor's Safety Commitment, the Incoming Construction Safety Accountability Letter, and the Project HSE Assurance Contract.

**Operational Risk Management and Control**

We revise the contractor assessment rules and refine violation type and provisions on direct construction activities. Moreover, we revise the assessment standards;

Before construction, we conduct safety review for personnel, tools and equipment, and provide safety education and trainings for contractor's management personnel and operators. Contractor's personnel are allowed to enter the site only after obtaining the training certification;

We develop strict operating standards for special operations such as field fire operation, refine management measures and require all operators to wear unified protective equipment before construction;

We regularly organize contractors to carry out emergency drills for high-risk operations, strengthening the emergency response capacity of contractor's personnel;

We evaluate the contractor's performance online through ERP system. We hold regular HSE meetings for contractors. We will inquire, educate, or punish contractors who are responsible for accidents or commit serious violations or repeated violations.

**Case Zhongjin Petrochemical strengthening work safety management of contractors**

This year, Zhongjin Petrochemical has taken the following measures to strengthen the safety management of contractor operations:

- We hold special safety meeting with contractors on a monthly basis to follow up with their HSE performance, evaluate their safety performance one by one, review and sum up their safety work of the previous month. Moreover, we assign management targets, requirements and measures for contractors in the future, so as to constantly improve our safety and health performance.
- We introduced third-party service agencies to carry out regular field supervision and inspection over the contractor's safety management, further standardizing the contractor's construction activities.
- We establish a safety IT platform to implement face recognition access and personnel positioning management for construction personnel. Furthermore, it can provide personnel positioning in the event of safety accidents to assist emergency handling.



## Strengthening R&D Innovation

The Company continues to practice the innovation-driven development strategy, steadily advance the construction of the innovation system and mechanism, and gain strategic insights into the development trend of the industry in a forward-looking mindset. We focus on clean technology, high quality and high efficiency to strengthen and improve our ability to innovate independently and conduct technological R&D. We spark the innovation enthusiasm and unleash the potential of our employees to further boost and vitalize our development.

### Construction of an Innovation Mechanism

We set up special R&D departments in all subsidiaries. The Rongsheng Holding's R&D center is responsible for work planning, construction of policies and evaluation system, application of patents and awards. The subsidiaries are responsible for the implementation of R&D projects. To stimulate the enthusiasm of all employees to invent and optimize, we have formulated the *High-quality Innovation Management Regulations (For Trial Implementation)* and other supporting innovation management requirements, mechanisms and measures, standardizing the application and reward of scientific and technological achievements. During the report period, Yisheng Dahua won the honor of provincial Little Giant Firms with "special and sophisticated technologies to produce novel and unique products", as well as provincial product honor with "special and sophisticated technologies to produce novel and unique products".

To support innovation projects, the Company sets special funds for innovation each year. We categorize innovation projects according to difficulty and yields, and provide financial support of different amounts to them. To support entities and individuals for their contributions to innovation, the Company identifies and honors them according to relevant procedures, and the results will be used as one of the considering factors for appraisal, promotion, and position transfer.

In 2022

R&D investment

4,367.11 million RMB



Number of R&D professionals

2,731



## Construction of an Innovation Ecosystem

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



World-Class R&D Platforms Established by Rongsheng Petrochemical

### Industry-University-Research Cooperation Activities of ZPC and Zhongjin Petrochemical in 2022

The Green Innovation Centre has been established in cooperation with Tsinghua University to improve the production process and equipment of dimethyl carbonate (DMC). The research will focus on the high proportion of methyl alcohol (MeOH), which leads to high energy consumption, in the separation process of DMC and MeOH in dimethyl carbonate unit, and the optimization of low temperature methyl alcohol washing process and equipment. Currently, the project is in the stage of industrial construction.

Zhoushan major technology project, "Research, development and industrialization demonstration of polycarbonate depolymerization technology", cooperated with the Qingdao Institute of Bioenergy and Bioprocess Technology (QIBEBT) of Chinese Academy of Sciences (CAS), has been carried out. The implementation of this project will enable the Company to be the first enterprise realising industrial transformation of polycarbonate depolymerization and recycling in China, filling the industrialization gap of polycarbonate waste material depolymerization and recycling in China.

The provincial key research and development project, "High Carbon Alpha-Olefin and Ethylene-High Carbon Alpha-Olefin Copolymer", has been announced jointly with external institutions. The production technology of octene and polyolefin elastomer (POE) developed by the project will break up the foreign monopoly.

The national project, "Demonstration of Large Reverse Osmosis Single Machine Development and System Integration", has been carried out with the Hangzhou Water Treatment Research Institute Center, which represented the highest level in the field of membrane process seawater desalination.

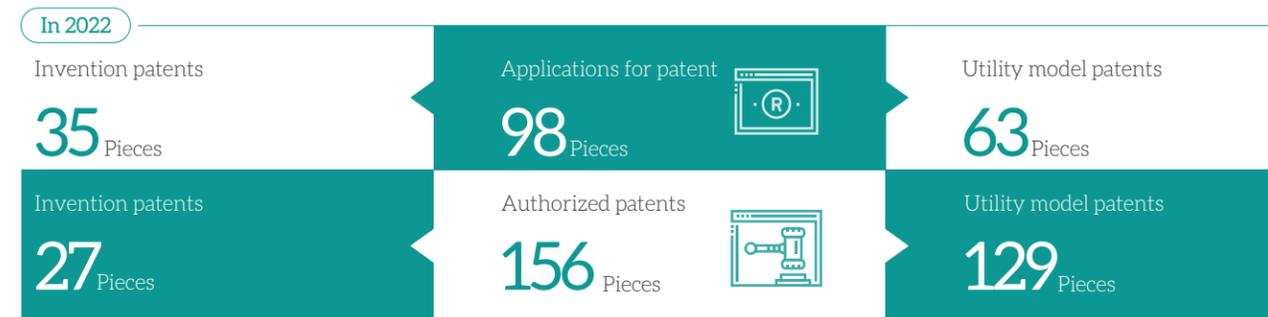


### Case The industry-university-research cooperation activities of ZPC and Zhongjin Petrochemical in 2022

The application of new disproportionation catalyst of the #2 disproportionation unit (3.5 million tonnes/year) jointly carried out by Zhongjin Petrochemical and ZPC was successful. The catalyst has excellent characteristics of high rate of diffusion, high yield, and high heavy aromatic hydrocarbon conversion and utilization rate, and has good operating stability. The catalyst is developed by Ningbo Zhongjin Petrochemical, which holds the independent intellectual property rights. The optimization suggestions from the scientific and technical personnel of ZPC provided crucial support to the success of the first industrial application of the new catalyst. The comprehensive performance and technical indicators of the new catalyst have reached the current world advanced level, and the new catalyst can now be substituted for its imported counterparts.

## Application of Innovation Achievements

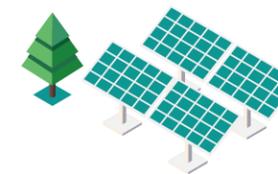
In order to achieve a high level of self-reliance, Rongsheng Petrochemical shortens the transformation cycle of basic research, keeps abreast of the international scientific and technological frontiers, and constantly launches new technologies and products in clean energy, high-end materials and green development. As a member of the National Chemical Fiber Standardization Technical Committee, we have led and participated in the formulation of a number of product and industry standards. To facilitate the application of innovation achievements, we have strengthened our achievement application mechanism, the feasibility study and selection and evaluation of scientific research project to identify promising research projects, actively supporting the industrialized project productions with promising futures.



### The Company's product and technology R&D innovation

#### Photovoltaic Film Special Material V6110S Development

The project made breakthroughs in the problems of EVA photovoltaic material requiring high VA content and high melt index, as well as the difficulties in the steady production over a long period. It can output products that meet the performance requirements of photovoltaic film so that the domestic market no longer relies heavily on imports of photovoltaic material. The project has successfully developed the photovoltaic grade EVA resin V6110S. It created economic benefits for the Company and supported the development of the national photovoltaic industry.



#### Research on Waste Heat Utilization Technology of Power Centre

The project realizes waste heat recovery and utilization, with about 5 tonnes/h of deaerator exhaust steam and 6 tonnes/h of constant hot water drainage, saving energy for about 20,000 tonnes of standard coal every year.

#### Incoming Material Heating Transformation Project of PTA Unit Oxidation Reactor

The project increases the power generation and improves particle size of oxidation products.

#### Research on the Optimization of Polymer Parameters Based on AI + Big Data Technology

The project improves the quality and stability of polymer products and analyses process and operation data based on AI and big data technology to stably optimize production process parameters and improve product quality.

## Protection of Intellectual Property Rights

The Company strictly abides by the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, and the Copyright Law of the People's Republic of China. We implement the policies and requirements of Rongsheng Holding, including the Intellectual Property Management Regulations, the Intellectual Property Management Measures and the Patents Management Measures. By conscientiously implementing intellectual property protection and management, archive management, declaration management, and confidentiality management in the contract, providing patent protection training to employees, and constantly enhancing employees' intellectual property protection awareness, we ensure that our intellectual property rights are not violated while respecting and avoiding infringement of others' intellectual property rights.

# Enhancing Quality Management

The Company has established a solid quality management system. We have developed several quality management policies, including the *Quality Management Measures for Ex-factory Products*, the *Quality Management Regulations on Production Processes*, the *Quality Management Measures for Raw and Auxiliary Materials*, and the *Management Regulations on Quality Inspection*. Our all-round quality control with high standards and strict requirements covers the entire production process from raw and auxiliary materials entering the factory, through intermediate production process management, to product delivery, packaging, and transportation.

The Company continues to strengthen our internal quality control standards and encourage the development and revision of the Company's product standards against benchmark products in the industry. We strengthen the standardized production process management, strictly implement the national and industry product standards, and produce high-quality products. We have set critical quality control nodes. We strengthen our quality inspection standards and methods and clearly determine the frequency of analysis and inspection and related assessment methods for better quality control in the process. We also actively develop quality management indicators and related assessment methods and set up goals for indicators including the rate of qualified incoming raw materials, the rate of qualified semi-finished products at the distilled export, the yield of manufactured products, and the rate of quality complaints. We drive the overall quality management with specific quality management goals and keep improving our product quality. According to market demand and product positioning, we have developed and implemented quality improvement and optimization plans particularly for polyolefin and other products to constantly improve product quality. We also actively collect suggestions and feedbacks from our customers regarding product quality to improve product quality promptly.

## Case Zhongjin Petrochemical's online performance monitoring system put into operation

The pilot part of Zhongjin Petrochemical's online performance monitoring system has been put into operation. The system can give effective guidance for the production through predicting operation changes of units, and builds a simulation model of digital process of the unit operation through process data capture and other methods to simulate on-site operations. The system enables engineers to adjust and optimize parameters in the model and conduct trial run before the actual operation to reduce risks.



During the reporting period, Rongsheng Petrochemical, Zhongjin Petrochemical, Shengyuan Chemical Fiber, Yisheng Dahua and other subsidiaries obtained ISO 9001:2015 Quality Management System certification.



The Company and Subsidiaries Obtained the Quality Management System Certifications

## The Company's Major Measures for Quality Control

Design	Production and Whole-Process Quality Control	
<ul style="list-style-type: none"> <li>The Company develops new products and new processes according to market demands.</li> <li>After the "Raffinate Efficiency Improvement Project" was implemented, the operation has been steady, and products have maintained satisfactory quality, meeting the market demand.</li> </ul>	<ul style="list-style-type: none"> <li>The Company re-identify and analyse product quality risks and opportunities and take corresponding adjustment measures according to the requirements of the quality system.</li> <li>The Company strengthens process operation discipline and strictly implements the process-card indicators. The Company adopts the PDCA<sup>1</sup> working method and ensures that the units are safe, stable, endurable, fully loaded, and open for optimization.</li> </ul>	<ul style="list-style-type: none"> <li>management into the employee performance assessment and conduct monthly assessment of the responsible departments based on the qualified rate of products and customer feedback.</li> <li>The Company is conscientious in storing and transporting raw materials and the shipping of products from the factory to ensure that they are safe, reliable, and of high quality.</li> <li>For abnormal production fluctuations, the Company is committed to "Five never letting go"<sup>2</sup> principle, identifies the cause and develops corrective and preventive measures to prevent similar incidents from happening in the future.</li> </ul>
Supply Chain		
<ul style="list-style-type: none"> <li>The Company assesses raw material suppliers and selects high-quality suppliers.</li> <li>To ensure the quality of incoming raw materials in the entire process, the Company conducts quality assessments prior to sourcing and strict analysis and inspection after they are delivered to the factory. During the reporting period, the Company accessed 36 batches of raw materials, which satisfied the units' needs for safe and stable production.</li> </ul>	<ul style="list-style-type: none"> <li>The Company strengthens analysis and monitoring and improves the management of online analysis of quality data. Based on this, the Company can timely detect abnormal fluctuations in production, eliminate hidden dangers as quickly as possible, and ensure the smooth operation of the units.</li> <li>The Company incorporate the results of process control and quality</li> </ul>	



## Case Zhongjin Petrochemical launched the "Quality Month" activity

In order to enhance employees' awareness of product quality assurance, the Company launched a "Quality Month" activity in September 2022, with a total of 970 people that participated the activity. It aroused employees' enthusiasm to participate in product quality management, educated them on how to provide high-quality products, and further improved employees' awareness of product quality assurance.



<sup>1</sup> "PDCA" : refers to Plan, Do, Check, Act

<sup>2</sup> "Five never letting go" means the accident handling process will not end until the cause of the accident is clear, the chain of responsibility for the accident is clarified and implemented, the responsible person is dealt with, the rectification measures are implemented, the responsible person and other employees are educated.



## Conserving Ecology and Unleashing Green Potential

As one of the leading petrochemical manufacturers in China, we are well aware of our significant mission to safeguard the ecological environment. Always upholding the green development philosophy, we highly value environmental protection as the foundation of our sustainable development, and seek carbon emission reduction, and resource management measures on the basis of environmental compliance, to minimize our impact on the ecological environment and fulfill our responsibility of environmental protection.



## Enhancing Environment Management

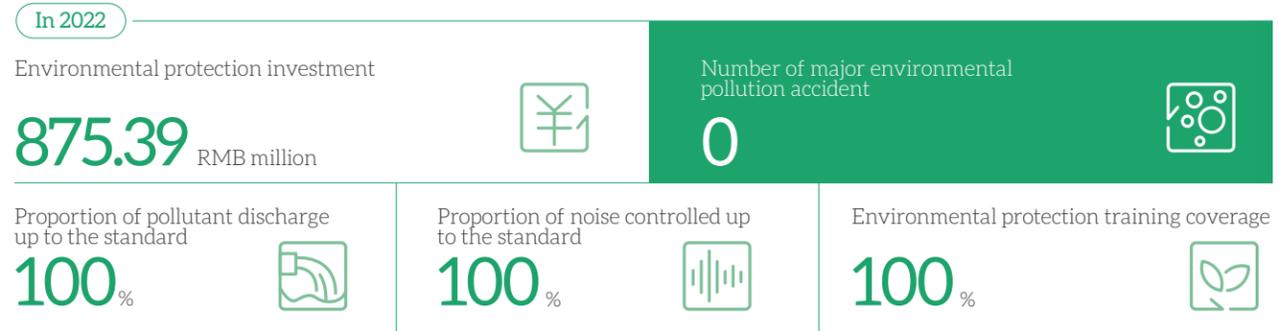
A sound environmental management system is the cornerstone for us to practice green development. We strictly abide by the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on Environmental Impact Assessment*. We have developed the *Environmental Protection Management Accountability System*, the *Management Measures for Environmental Protection Facilities*, and other internal systems to regulate and constrain our production and operation to build a resource-conserving, environment-friendly and green enterprise.

### Environment Management System

The Company consistently upholds the policy of "Putting prevention first, Combining prevention with protection, Making reasonable layout and Practising comprehensive utilization" and the principle of "The one who makes pollution is responsible for pollution abatement" for our environmental protection. We continue to promote the development of our environmental management system. By the end of the reporting period, Rongsheng Petrochemical, Rongxiang Chemical Fiber, Shengyuan Chemical Fiber, Yongsheng Technology, and Zhongjin Petrochemical had obtained ISO 14001 environmental management system certification and completed and passed annual internal and third-party audits. We will continue to enable other subsidiaries certified and further expand the authoritative certification coverage to lay strong environmental management for green operation.

The Company's Strategy and ESG Committee reviews and supervise the Company's environmental management-related matters, including environmental strategic planning, environmental goal setting, environmental policy formulation and executive management, climate change risk assessments, environmental performance, and environmental information disclosure. The Committee reports to the Board of Directors. In addition, the Company has established a dual HSE management structure on the Company level and department level to ensure the implementation of supervision and inspection, and to further strengthen the development of our environment management system.

The Company actively cooperates with the national, provincial and municipal bureaus of ecology and environment on external environment inspection. Our business departments timely rectify issues identified in the inspection and investigate similar issues; the HSE Department checks the rectification and then reports to the authority in charge of ecology and environment. The Company formulates internal inspection plans and carries out internal environment inspections, which focus on the operation of environmental protection facilities, the compliance of the three major types of waste generated by the production facilities, and the operation of the environment emergency-related facilities to improve our environment management.



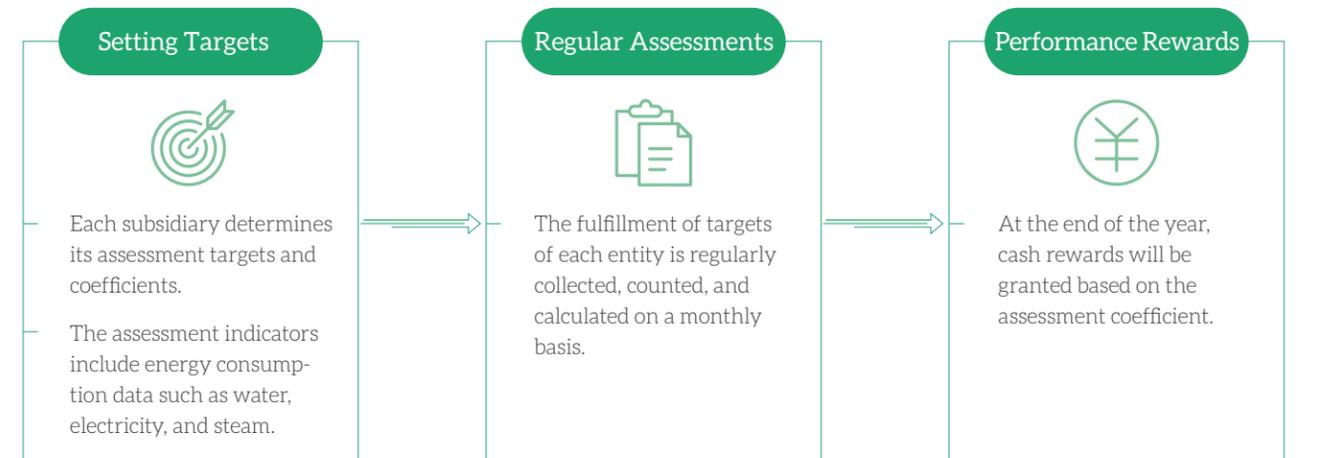
The Company's and Our Subsidiaries' Environment Management System Certificates

## Environmental Impact Assessment

All our new construction, renovation, and expansion projects have passed environmental impact assessments, which cover environmental hazards and ecological impact assessments, quality analysis of water and air, noise and other aspects. We incorporate environmental factor identification and environmental monitoring throughout whole process of the project design, construction, and operation processes. We have also submitted our environmental monitoring data and environmental impact assessment results to relevant government agencies promptly to urge ourselves to continuously advance our environmental management and data system construction. Throughout the reporting period, we did not receive any serious complaints regarding environmental protection or major administrative penalties.

### Environmental Performance Management

The Company highly emphasizes environmental performance. We abide by the environmental performance appraisal systems such as the *Detailed Rules for Rongsheng Holding HSE Special Appraisal* and the *Detailed Rules for Rongsheng Petrochemical Special Appraisals*. Our subsidiaries, including ZPC, Zhongjin Petrochemical, and Rongxiang Chemical Fiber have established target-based accountability systems and performance appraisal systems. Under these systems for environmental performance, environmental performance is linked linked to managers' compensation which motivates employees to actively fulfill their environmental responsibilities.



The Process of Environmental Performance Assessment

### Environmental Protection Awareness Promotion

The Company takes active steps to ensure the awareness of employees and contractors to act on their green production responsibilities and stimulates their environmental protection initiative. The Company provides regular training on environmental protection for our employees and contractors, and provides basic environmental protection knowledge training for all new employees and contractors, covering environmental protection laws and regulations, the Company's environmental protection management plans, and environmental emergencies. Employees and contractors can only start working after passing the test. During the reporting period, all subsidiaries conducted various special training on environmental protection to educate employees and contractors on environmental protection.

#### Case Yisheng Dahua launching the "Green and low carbon, energy saving first" Energy Saving Week Campaign

Yisheng Dahua took the Energy Saving Week as an opportunity to carry out energy-saving awareness promotion and established energy conservation and emission reduction leading group. All departments were required to put energy consumption reduction into daily work and life under the detailed plans of the Energy Saving Week Campaign. The employees' awareness of energy saving was further enhanced through energy saving trainings and promotional slogans at obvious spots.

## Reducing Resource Consumption

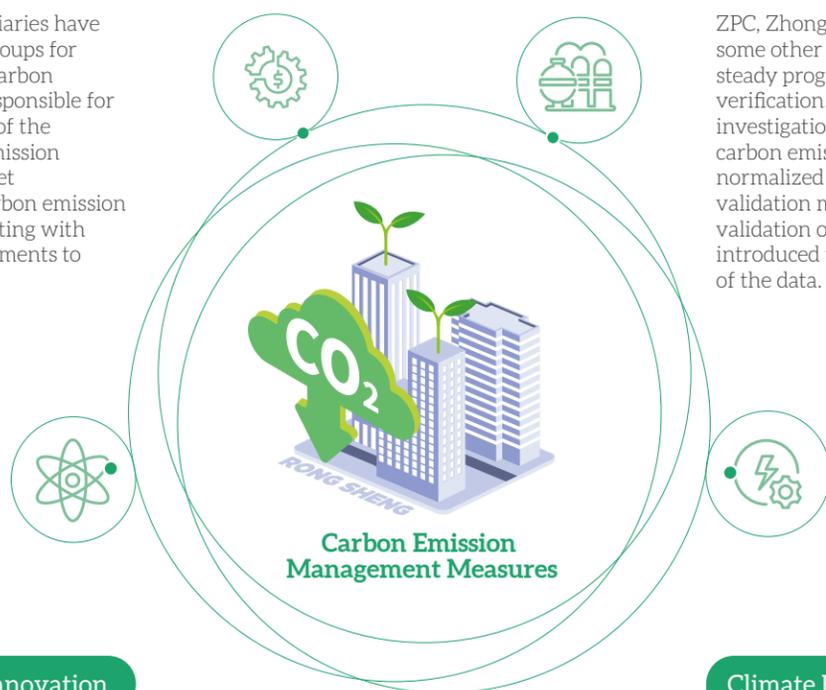
The Company pays close attention to resource and energy consumption efficiency, and it has standardized the rational use of resources and energy. The Company strictly abides by the *Energy Conservation Law of the People's Republic of China* and the *Water Law of the People's Republic of China*. We always promotes implementation and innovation of resource conservation and consumption reduction through energy conservation technological transformation, carbon emission control, and water resource reutilization.

## Carbon Emission Management

Nowadays, carbon emission is a hot issue in the world, and China's carbon peaking and carbon neutrality goals are clear indications for enterprises' green development. As a leading petrochemical manufacturer, the Company resolutely respond to the national strategic deployment, assumes environmental responsibility, actively adopts effective emission reduction measures, and continuously develops carbon reduction initiatives at the plants, contributing to the achievement of the national carbon peaking and carbon neutrality. At the same time, the Company also strives to achieve carbon peaking by 2030 and carbon neutrality by 2060 with the coordination of multiple parties of resources.

### System Construction

ZPC and other subsidiaries have established leading groups for carbon peaking and carbon neutrality that are responsible for the overall oversight of the Company's carbon emission reduction, carbon asset management, and carbon emission trading, and coordinating with other relevant departments to make the progress.



### Carbon Emission Verification

ZPC, Zhongjin Petrochemical, and some other subsidiaries have made steady progress in carbon emission verification. With a thorough investigation of the Company's carbon emissions, they establish normalized data collection and validation mechanism. Third party validation organization was also introduced to ensure the accuracy of the data.

### Climate Risk Management

- For extreme weather caused by climate change (such as typhoons, extreme cold, extreme heat, and floods), comprehensive risk investigations have been carried out and emergency plans have been formulated;
- Emergency drills for extreme weather are carried out on a regular basis to improve employees' risk response capabilities.

### Technological Innovation

The Company actively promoted the circular economy development model, recycled the highly concentrated carbon dioxide produced by EO/EG (ethylene oxide/ethylene glycol) equipment as raw materials for DMC/PC (dimethyl carbonate/ polycarbonate) equipment, effectively reducing carbon emissions. At present, the Company recycles and refines the highly concentrated CO<sub>2</sub> emission tail gas from a set of 800,000 tons/year ethylene glycol plant to produce polycarbonate raw materials, and the CO<sub>2</sub> recovery project of another set of ethylene glycol plant is in progress, forming an environmentally friendly green industrial chain process consisting of CO<sub>2</sub> recovery, utilization, and production of high-end PC resin with the company's characteristics.

We also seek opportunities for cooperation and innovation in carbon emission reduction technologies, apply industry-leading technologies for energy conservation and emission reduction, and support the green development of the industry.

### Case ZPC participating in national and association standard formulation on carbon reduction

ZPC participated in the association standard formulation of the *Emission Standard of Carbon for Petroleum Refining Industry* under the organization of the environmental engineering assessment centre of the Ministry of Ecology and Environment of the People's Republic of China. It cooperated through the provision of research basic data of carbon emissions under new refining-petrochemical integration, crude oil processing technology process, and design parameters of equipment. The association standard has been successfully released and enacted.



Company's energy structure is accelerating its transformation to low-carbon and clean energy. In 2022, ZPC and Xiangshan Datang New Energy Co., Ltd. completed the first green power trading of photovoltaic new energy green power with 35,000MWh of electricity. In 2023, Zhongjin Petrochemical and Yongsheng Technology plan to purchase 5,000MWh of green power each month, for a total of 120,000MWh of green power for the whole year. In the future, the Company will continue to expand renewable energy power trading including wind power, photovoltaic, hydropower, continue to explore trading partners, promote the allocation of green power resources of the Company on a larger scale, and formulate a new power trading strategy combining traditional electricity and green electricity to escort the sustainable development of the Company.

◀ The Green Electricity Trading Note of the Trading between ZPC and Xiangshan Datang New Energy Co., Ltd.

## Energy Management

The Company continues to consolidate our energy management basis and establish sound energy management systems and energy management organizational structure based on the requirement of ISO 50001 energy management system. By the end of the reporting period, Zhongjin Petrochemical, Yisheng Dahua, and other subsidiaries have earned ISO 50001 energy management system certification.

At the beginning of each year, the Company's subsidiary sets management targets on electricity, steam, coal as well as other energy, and major improvement measures and plans. The Company established an energy consumption tracking and management mechanism. The energy management group calculates and analyzes the energy consumption of each production unit monthly. We maintain our units and eliminate abnormal energy consumption and high energy consumption, implement technological innovation and upgrade backward processes and units to achieve our energy-conservation goals.

The ISO 50001 Energy Management System Certification of Zhongjin Petrochemical ▶



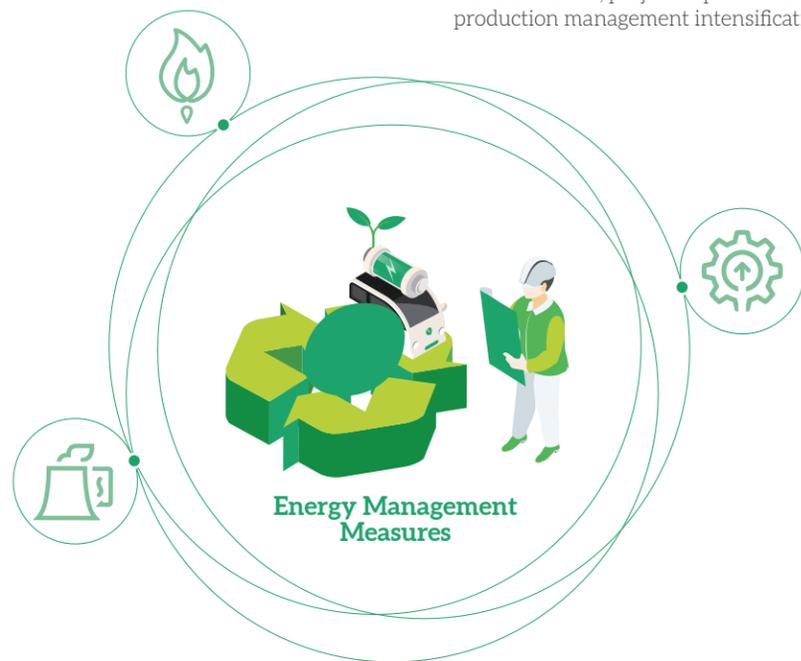
The main energy consumption of the Company's production are electricity, steam, natural gas, and coal. We reduce energy consumption by adjusting energy structure, implementing energy-conservation technological transformation, upgrading and other measures.

### Energy Structure Adjustment

We are committed to progressively lowering our dependence on traditional fossil fuels such as coal and optimizing our energy utilisation structure by mix using natural gas. ZPC renovated the prime mover centre to reduce coal gas demand by converting seven coal-fired boilers into natural gas boilers

### Improving Energy Efficiency

The Company adopted various methods to improve the energy efficiency of equipment. ZPC actively conducted benchmarking and analyzed the reasons for the gap, and ensured that energy consumption for residual oil hydrogenation, wax oil hydrocracking and other facilities are at a leading level in the industry through operational optimization, technological transformation, project implementation, and energy-saving production management intensification.



### Energy-conservation Technological Transformation

● **System process modification for waste heat recovery:**

Using the 95+ energy-saving and environment-friendly waste heat recovery system, Zhongjin Petrochemical remoulded the aromatic hydrocarbon heater. The efficiency of the heater was increased to 95% via fuel purification and addition of preheater, forced-and-induced draft fan and other facilities, saving 15,000 tonnes/year of standard coal.

● **Optimize torch gas recovery and burn-in control:**

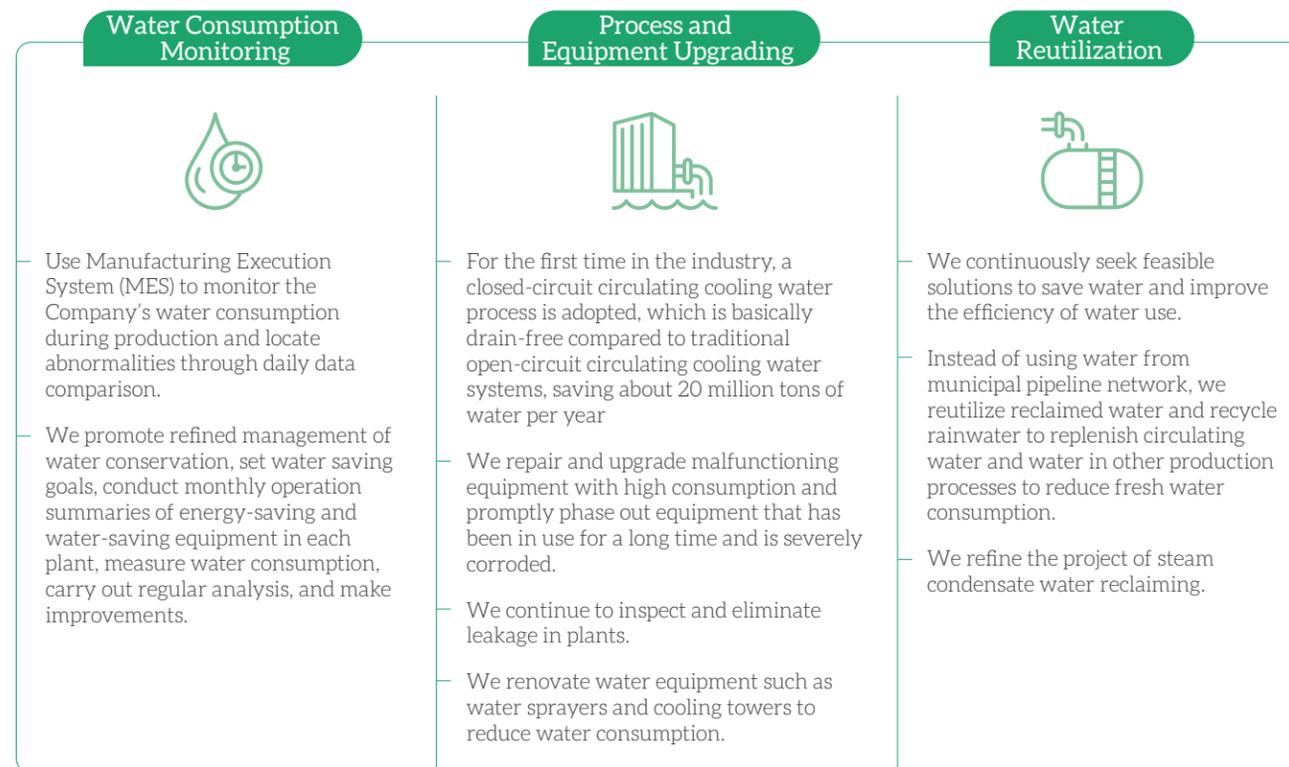
ZPC optimized the operation of torch system. The torch gas with the calorific value up to the standard was reclaimed timely, while the other torch gas was treated by accurate co-firing to reduce the gas volume of co-firing fuels, saving fuel gas of about 30 tonnes per hour.



## Water Management

The Company takes active measures for water conservation in production and operation to improve improves water consumption efficiency. All of our subsidiaries have established strict water resource management systems and goals. They are committed to reducing water waste and increasing the reutilization of water by using water-saving equipment and water reutilization technologies to effective control over key water consumption processes.

The Company is committed to identifying, managing, and monitoring water risks in our business operations. Our production water sources vary depending on the project location, which are mainly from the municipal pipeline network, seawater desalination, and rainwater recycling. At the stage of the project's environmental impact assessment, we examine the water supply risk at the project location. We also effectively reduce water risks by establishing corresponding emergency mechanisms, equipping with water tanks in place and forming water-saving management system with daily monitoring, weekly inspection and monthly summary.



Water Conservation Measures

### Case ZPC's measures on water conservation

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

- Newly installed rainwater replenishing equipment, saving water 7 tonnes/year
- Use purified water instead of fresh water for operations such as atmospheric decompression electric desalination and water injection, saving water 400 tonnes/hour
- Sprinkler trucks use qualified waster water processed by sewage plants, saving water 120 thousand tonnes/year
- Purify coal washing water in reused coal storage units, saving water 100 thousand tonnes/year
- Use self-produced reclaimed water instead of pipeline production water, save fresh water produced by seawater desalination for 20-30 thousand tonnes/month



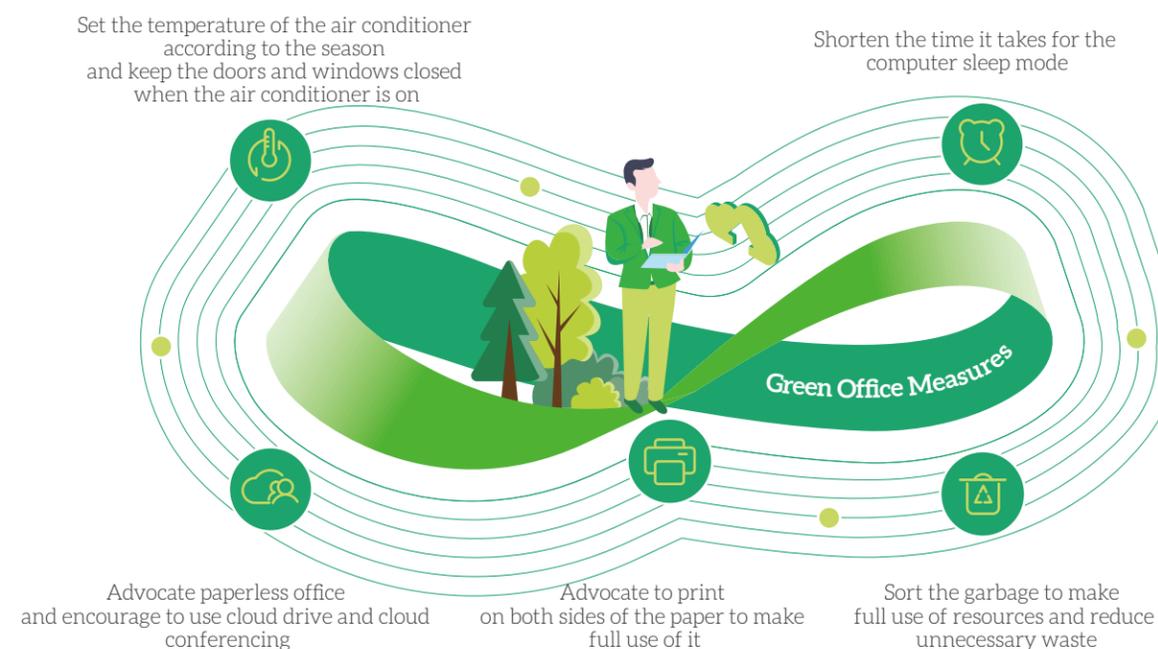
**Case** Ningbo Zhongjin Petrochemical reinforcing hierarchical management and control for rainwater

Zhongjin Petrochemical continuously strengthened the hierarchical management and control for rainwater. It harnessed the coal water treatment station to prevent the rainwater system from being polluted by sewage, thus ensuring the up-to-standard discharge of rainwater. This year, Ningbo Zhongjin Petrochemical puts the expansion project of advanced treatment of salty sewage into use, continues to elevate the effectiveness of advanced treatment of sewage, and improves the recycling and harness rate of rainwater, clean drainage and waste water, decreasing the waste of water resources.



## Green Office

The Company advocates the green and low-carbon philosophy in employee's daily work and life, and thoroughly promotes green office plan in the workplace. We encourage every employee to start from themselves to conserve resources and minimize waste. We integrate paperless technology in everyday work to reduce carbon footprint.



## Controlling Pollutant Discharge

We continuously reinforce the standardized management of wastewater, exhaust gas, and waste. We strictly abide by the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and other related laws and regulations. We prioritize air pollution control, water pollution control, and waste pollution management in our environmental protection work, strictly monitor the discharge volume and control the total amount of pollutants.

## Air Pollution Control

The Company is committed to mitigating the impact of the production process on the surrounding environment and follow the Emission Standard of Pollutants for Petroleum Refining Industry and practice "ultra-low emissions". Through various engineering management and technical means, we strengthen the management and control of key production process to ensure that the discharge of pollutant is fully compliant and controlled, and the indicators of major pollutants such as volatile organic compounds (VOCs), sulfides, and nitrogen oxides are being improved.

In terms of discharge means, we divide the discharge of pollutants into three types: organized discharge, unorganized discharge, and abnormal discharge, which are managed and controlled using different management methods.

Organized Discharge	Unorganized Discharge	Abnormal Discharge
 <p><b>Equipment management:</b> strengthen the operation management of environmental protection facilities for pollution sources such as power stations and heating furnaces, and use low-nitrogen burners and clean fuels to ensure that the online monitoring of exhaust gas emissions meets the standards;</p> <p><b>Sulfide:</b> recycle acid gas and transfer it into sulphur, use a deep desulfurization solvent to reduce the H<sub>2</sub>S concentration in the exhaust gas, and install an alkali washing tower before the exhaust gas incinerator to prevent abnormal working conditions. Use desulfurized dry gas in heating furnaces to ensure that the emissions meet the petroleum refining standards;</p> <p><b>Nitrogen oxides:</b> adopt advanced denitration technologies such as selective catalytic reduction (SCR) and UOP ultra-low nitrogen burners to effectively control nitrogen oxide emissions;</p> <p><b>Exhaust gas:</b> use hydrogenation low-sulfur gas as fuel of incinerators to prevent the exhaust gas carrying with VOCs due to the incomplete combustion of fuel.</p>	 <p><b>Deodorization device:</b> install deodorization devices for sour water storage tanks and sewage storage tanks that are prone to give off odor, so as to reduce the impact of odor on surrounding environment;</p> <p><b>Regular maintenance:</b> regularly conduct Leak Detection and Repair (LDAR) on the valves, pipelines, and pumps of each device as required, improve operational management, and prevent leakage;</p> <p><b>Monitoring and treatment:</b> set up atmosphere monitoring superstation and conduct routing monitoring over the air quality of the surrounding environment to identify air quality anomaly and act promptly;</p> <p><b>VOCs treatment:</b> take effective sealing and collection measures for the major processes that dissipate VOCs and give off odor to ensure that the exhaust gas is discharged up to the standard after VOCs collection and treatment. Dilution discharge is prohibited.</p>	 <p><b>Ground torch:</b> burn the waste gas discharged under abnormal working conditions;</p> <p><b>Acid gas torch:</b> alkaline wash the abnormally discharged hydrogen sulfide gas before burning it;</p> <p><b>Mobile monitoring vehicles:</b> carry out pollution investigation and monitoring, emergency monitoring and dynamic monitoring of abnormal emissions to guarantee the timely detection and effective handling of abnormal situations.</p> 

**Case** Renovation project of desulfurization for sulphur flue gas

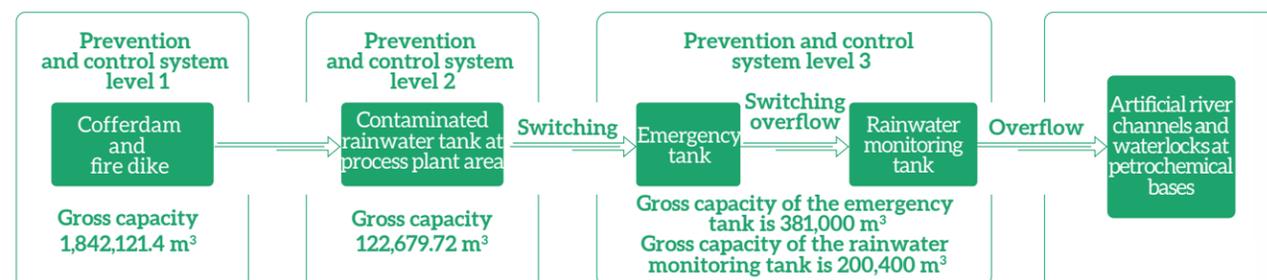
Zhongjin Petrochemical invested approximately RMB 12 million to make technological transformation for the sulfur recovery exhaust gas incinerator. It adopted the international advanced technology of "dynamic wave flue gas desulfurization process", which has of high operational performance and stable operation. The project has resulted in the great reduction of sulfur dioxide concentration in fuel gas, from 60 mg/m<sup>3</sup> to 1 mg/m<sup>3</sup>.

## Water Pollution Control

The wastewater from the Company mainly includes salty wastewater, sulfur-bearing wastewater, oily wastewater, domestic sewage, clean drainage and desulfurized wastewater of power station. Each of our subsidiaries has set up supporting sewage treatment facilities, to ensure that wastewater is discharged in strict compliance with the “shunting clean water from sewage, shunting rainwater from sewage, shunting different types of sewage from each other, and treating based on their properties” principle. The special process liquid or wastewater with high pollutant concentration discharged from the production unit is pretreated in the unit to reach the control standard, before being transported to the sewage treatment plant for treatment. In addition, the Company closely monitors the pH value, COD value, total nitrogen, total phosphorus, and other indicators of the incoming and outgoing water in each phase of wastewater treatment in strict accordance with the relevant state requirements to ensure that the discharge satisfies the standards.

### Case ZPC establishing three-level prevention and control system for emergency water pollution

To prevent emergency wastewater from following into the sea, ZPC has established the three-level prevention and control system for emergency water pollution, which includes the weir in facility area and the fire dike in storage tank area, the initial rainwater tank in facility area, and the end emergency tank. The system takes the artificial river channel, the waterlocks and the fresh water detention tank in the base as the last line of defense against emergency wastewater. Each emergency tank is connected with each other through its emergency wastewater network to the sewage treatment plant, and the delivery capacity of the emergency wastewater network reached 400m<sup>3</sup>/h, which enables the effectively prevention of seawater from being polluted by wastewater.



### Case Shengyuan Chemical Fiber establishing reclaimed water reuse system

Shengyuan Chemical Fiber established a reclaimed water reuse device system with a water production scale of 100m<sup>3</sup>/h, and adopt an ultrafiltration pretreatment system to ensure the normal operation of the subsequent system. The first-level reverse osmosis device is a desalination process to ensure qualified effluent of the system. The ultrafiltration device, RO device and various process pumps of this system are automatically controlled by PLC, which can be manually or automatically switched, and the start and stop of each unit is controlled by the high and low liquid level of each tank or the effluent quality of each process equipment. The plant has been in use for more than ten years, with a reclaimed water output of 600 tonnes per day.



## Waste Management

The Company conducts comprehensive waste management in accordance with the “reduction, recycling, and harmlessness” principles, formulates regulations such as the *Administrative Measures for Solid Waste*, and established a hazardous waste management ledger and environmental management platform. Each of our plants has set up a dedicated waste management department, which is responsible for coordinating the regular management and data collection of all sorts of wastes, and promoting the implementation of waste reduction and recycling. Closed-loop treatment of hazardous waste is in strict accordance with relevant national regulations; General solid waste is disposed of according to categories. This year, the Company added two sets of 1 tonne/hour chemical liquid waste incineration devices and a 120 tonnes/day solid waste incineration backup line, improving the Company’s hazardous waste disposal capacity.

### Hazardous Waste



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

- Reduction at the source:** reduce the generation of hazardous waste from the source as much as possible through advanced process.
- Outsourced disposal:** entrust the hazardous waste that cannot be comprehensively utilized to the qualified third party for disposal.
- Personnel management and training:** arrange expertise training for employees responsible for managing hazardous waste storage and transportation.

### Non-hazardous Waste



Non-hazardous waste is mainly divided into domestic waste, industrial waste without residual value, and industrial waste with residual value.

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

Waste Management Approaches



ZPC's Incineration Device for Chemical Waste Liquid Incineration



ZPC's Hazardous Waste Incineration Backup Line

**Case** ZPC boosting the comprehensive utilization of refining and chemical by-products

There are a great number of low-value by-products arising from the refining-petrochemical integration project, such as petroleum coke, ethylene tar, styrene tar and phenol tar. Therefore, ZPC has established the project for cleaning, recycling and utilizing the by-products arising from the refining-petrochemical integration project. The by-product of high-sulfur petroleum coke is safely disposed and utilized through recycling and cleaning.



**Case** Zhongjin Petrochemical realizing the comprehensive utilization of gasification slag

Ningbo Zhongjin Petrochemical used the separated feeding mode for gasification coarse slag and fine slag, and the coal water slurry emulsifier with high efficiency viscosity reduction and strong stability is selected, which overcomes the problems of heavy moisture, clogging materials, uneven feeding, poor grindability and large ash content of gasification slag, expands the application scenarios of gasification slag, and recovers and reuses the remaining calorific value in the gasification slag to realize the comprehensive utilization of gasification slag.



**Case** Hainan Yisheng's rPET physical recycling project

Hainan Yisheng optimized the product structure, introduced advanced manufacture techniques, put 50,000 tonnes/year of rPET physical recycling production capacity into operation in 2021, and the construction of another 90,000 tonnes/year of production capacity is in progress. The company is currently one of the largest food-grade rPET manufacturers in China. In 2022, Hainan Yisheng's post-consumer rPET produced through physical recycling processes can be used to produce PET containers (100% recycled content) safe for food contact under conditions of use (COU) A-H and J and has received certification from the US Food and Drug Administration (FDA).



**Clean Production**

We strictly abide by the *Law of the People's Republic of China on Promoting Clean Production*, and continuously adopt the environmental protection strategies such as comprehensive rectification and overall prevention in the production process, improving resource utilization efficiency, and avoiding and reducing pollutants at the source, to maximize economic and environmental benefits. In 2022, the Company's revenue from clean technologies such as EVA exceeded RMB 15 billion, accounting for about 5% of the Company's total operation income of the year.

**Clean Energy**



- Adopt clean energy, and develop clean technology, such as the application of solar energy and electric fork-lift truck
- Energy structure transformation

**Clean Production Process**



- Avoid or reduce the use of toxic and harmful raw materials and intermediate products as much as possible
- Recycle raw materials and intermediate products to improve management and efficiency

**Clean Products**



- Design the product manufacturing process in consideration of human health and ecological environment
- Recycle and reuse products



Yongsheng Technology Photovoltaic Roof



Yongsheng Technology Electric Fork-lift Truck

## Green Ecological Protection

The Company pay close attention to the adaptation of the production environment to the surrounding ecology. While maintaining production and operation, we continue to improve the factory environment, extend the green plants coverage, to build a green factory. We evaluate the impact of project construction on the ecological environment at the early stage of construction and avoid locating the project in ecologically endangered areas. During the operation of the project, we continue to monitor the surrounding ecological environment and carry forward ecological compensation and restoration projects to conserve biodiversity.

### Case ZPC continuously carrying out fishery ecological compensation and restoration projects

ZPC entrusted a qualified third party to prepare the *Implementation Plan for Ecological Compensation and Restoration in Fishery* and continued to implement the fishery ecological compensation and restoration project in the year. ZPC dropped the eggs, hatchling or adult fish of fishery species into natural waters such as oceans, beaches, rivers, lakes and reservoirs to improve the community structure and the ecological environment of waters. At present, the project has accumulated compensation funds of RMB 11.571 million. ZPC carried out 10 liberation activities, and nearly 150 million creatures such as fish hatchling and shellfish were released, effectively improving the ecological environment of the surrounding waters of the project.



## Main Environmental Performance Indicators

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

Issue	Category	Indicator	Unit	Data in 2022
Emissions	Exhaust gas	Sulfur dioxide (SO <sub>2</sub> ) emissions	tonne	450
		Nitrogen oxide (NO <sub>x</sub> ) emissions	tonne	4,074
		Particulate matter emissions	tonne	163
		Volatile organic compounds (VOCs) emissions	tonne	7,239
	Wastewater	Total wastewater discharge	tonne	25,558,414
		Chemical oxygen demand (COD) discharge	tonne	1,103
		Ammonia nitrogen discharge	tonne	17
	Waste	Hazardous waste	tonne	376,921
		Non-hazardous waste	tonne	437,139
		Recycled and disposed waste	tonne	416,497
Direct energy consumption	Coal	tonne	6,225,325	
	Gasoline	tonne	6	
	Diesel fuel	tonne	443	
	Oil <sup>2</sup>	tonne	37,027,586	
	Natural gas	10,000 m <sup>3</sup>	10,042	
Indirect energy consumption	Purchased electricity	MWh	12,282,642	
	Purchased steam	GJ	252,500	
Comprehensive energy consumption	Comprehensive energy consumption	tonne of standard coal	37,527,562	
	Comprehensive energy consumption intensity	tonne of standard coal per RMB 10,000 of revenue	1	
Resource use	Total water consumption	Total water consumption	tonne	166,593,458
		Water consumption intensity	tonne per RMB 10,000 of revenue	6
	Water consumption	Desalination	tonne	119,877,776
		Municipal water system	tonne	39,087,243
		Groundwater	tonne	7,176,615
		Surface water	tonne	451,824
		Reused water	tonne	27,468,178
		Other sources	tonne	0
	Packaging material consumption	Consumption of packaging materials	tonne	33,334
		GHG emissions intensity	tonne of CO <sub>2</sub> equivalents per RMB 10,000 of revenue	1
Greenhouse gas (GHG) emissions <sup>5</sup>	Scope 1 GHG emissions <sup>3</sup>	tonne of CO <sub>2</sub> equivalents	26,055,748	
	Scope 2 GHG emissions <sup>4</sup>	tonne of CO <sub>2</sub> equivalents	7,561,084	
	Total amount of GHG emissions	tonne of CO <sub>2</sub> equivalents	33,570,143	
	GHG emissions intensity	tonne of CO <sub>2</sub> equivalents per RMB 10,000 of revenue	1	
Environmental management	Environmental protection investment	Environmental protection investment	RMB 10,000	87,539
		Hours of environmental protection training	/	72,662
		Sessions of environmental protection training	/	363
	Environmental protection training	Participations in environmental protection training	/	20,076
		Proportion of pollutant discharge up to the standard	%	100
		Proportion of noise controlled up to the standard	%	100
		Proportion of environmental facilities in operation	%	100
Number of major environmental pollution accident	/	0		

- The statistical scope of environmental performance indicators covers major production and operation units, including ZPC, Zhongjin Petrochemical, Shengyuan Chemical Fiber, Rongxiang Chemical Fiber, Yisheng Dahua, Yisheng New Materials, and Yongsheng Technology.
- Oil is the company's main production raw material.
- Scope 1 Greenhouse gas emissions refer to the sum of greenhouse gas emissions generated by subsidiaries of Rongsheng Petrochemical Co., Ltd. through fuel combustion emissions, process emissions, torch combustion emissions, etc. in 2022, minus the amount of greenhouse gas recycling.
- Scope 2 greenhouse gas emissions refer to the sum of greenhouse gas emissions generated by subsidiaries of Rongsheng Petrochemical Co., Ltd. through net purchases of electricity and net purchases of heat in 2022.
- The calculation of greenhouse gas emissions data is based on the consolidated financial statements, and is calculated and aggregated based on the shareholding ratio of each subsidiary enterprise.



## Protecting Basic Rights and Interests

### Recruitment and Employment

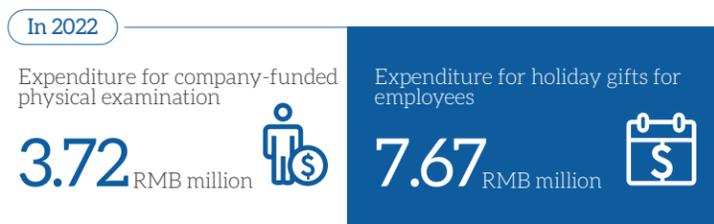
We insist on legal employment and strictly abide by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Regulations on Work-related Injury Insurances*, the *Provisions on the Prohibition of Using Child Labor*, and the *Regulation on the Employment of the Disabled*. We have developed internal rules and regulations in this regard, including the *Recruitment Management Measures*, the *Human Resources Management Regulation*, and the *regulation Recruitment Workbook* to standardize the recruitment management and safeguard the equal employment and the legitimate interests of employees.

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



### Remuneration and Benefits

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



- Health** We provide physical examinations for employees and deliver mental health lectures.
- Communications** We subsidize employees' telephone bills.
- Leaves** We provide adequate leaves for female employees during pregnancy, maternity, and breastfeeding, 100% paternity leave for male employees whose spouses give birth, and holiday gifts.
- Transportation** We provide shuttle bus and other services for employees.
- Education** We set up a reading room, invest in schools for the children of non-local employees and set up scholarships.
- Canteen and dormitory** We provide free work meals and meal subsidies for employees. We construct employee apartments and staff buildings, and provide rental subsidy and interest-free loan for house purchase.
- Caring** We organize sympathetic visits to the employees that work under high temperature and to the families in need.

Benefits for Rongsheng Petrochemical Employees

#### Case Rongsheng "Little Migratory Bird" Fund

The Company created the "Little Migratory Bird" Fund to provide day care for employees' children. The Company assembled volunteers to help children with their homework and organize various recreational activities. In 2022, the Company invited students of Rongsheng Central Kindergarten to a tour inside the Company, let the students learn about their hometown companies, and encouraged them to study hard to fulfill their dreams.



### Employee Communication

The Company strives to build equal and diverse communication channels for employees. The Company has established a labor union and holds the annual employees' representative conference at which employees' concerns are discussed publicly and their opinions and demands are collected. By doing so, employees are enabled to take part in democratic decision-making. We have built a bridge between employees and management through the 900123 employee hotline, online employee communication group, satisfaction survey and other communication channels, enabling management to listen to employees' voices regarding all aspects, response promptly to them, and help them solve problems in a timely manner.

## Supporting Talent Development

Strictly abiding by the *Management Measures for Training Development of Rongsheng Holding*, the Company has formulated several career development and appraisal documents, including the *Appraisal Measurements for Management and Technical Personnel Positions* and the *Job Appraisal Instructions for Front-line Employees*. With these efforts, the Company works to build a sound career development system, opening up progression and promotion channels for employees.

The Company divides the employees into the categories of technology and management, and provide them with appropriate career paths based on their capabilities, to maximize their potential. On one hand, the career path of technology is further divided into the categories of engineering technology and functional support. On the other hand, corresponding management positions are arranged in the management career path to support technology positions, to realize the collaborated management across different career paths. This year, the Company carried out talent inventory survey covering administrative management, professional technology, production operations, etc., to sort out the career paths of employees. Within the two career paths (management + technology), the Company develops diverse promotion schemes every year based on business development and employee appraisal to provide proper positions for employees.

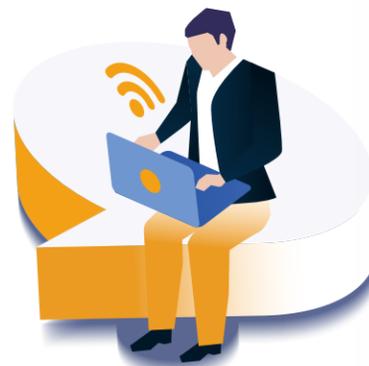
The Company has established a robust internal appraisal system to evaluate the performance of employees on their position in a scientific and fair manner. Under the differentiated human resource management (HRM) appraisal model, the Company sets the appraisal dimensions and weights based on the business objectives and other aspects of each department. The direct leaders of each department conduct the regular appraisal and annual appraisal to evaluate the performance of employees comprehensively and reasonably. The high-performing employees are rewarded shortly after the appraisal to enhance employees' confidence and encourage them to pursue higher performance. The Company has established a vocational skill certification center for the assessment of vocational qualifications, to help employees sharpen their skills. The certificates of vocational qualifications issued by the Company are widely recognized across all petrochemical and chemical fiber industries in China. Therefore, employees' skills are obviously improved, which lays a solid foundation for the sustainable development of the Company.

### Case Zhongjin Petrochemical implementing independent assessment of vocational qualifications

As a pilot subsidiary for vocational qualification assessment, Zhongjin Petrochemical conducted an independent assessment of vocational qualifications for the first time in 2022. The assessment was comprised of theoretical examination and simulated operation. 49 employees have obtained the vocational qualification of senior console operator of chemical production.

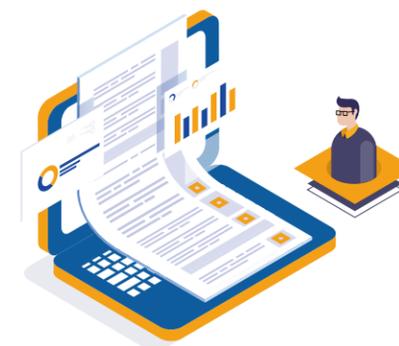


We strengthen the vocational training to empower employees according to the business development needs of each sector of the Company. The Company puts forward the training requirements of "positive empowerment, safety and environmental protection, being well informed and application," focuses on the two major programs, including the "Career Development Program" and the "Professional Team Construction Program", providing employees with standardized and professional training channels. We actively coordinate the "Career Development Program" and the personnel evaluation system, optimize the training courses and assessment system and emphasize the importance of the "Career Development Program" in personnel evaluation. At the same time, we rely on the "Professional Team Construction Program" and put efforts in building an excellent team of internal and external training lecturers. Specifically, while making full use of internal lecturers, we have established long-term cooperation with well-known universities and professional training institutions to introduce more excellent external lecturers to our training program.



Based on the two major development projects, new "Special Lecture" project is added in this year, focusing on the core principle of "quality improvement of all employees" to strengthen the construction of talent team. The human resources department of Rongsheng Holding evaluates and supervises the implementation of the training plan. Through the combination of online and offline diversified training methods, we organize a variety of training activities for employees such as career development, technology improvement, safety production, financial management and other aspect:

**In terms of internal trainings**, the Company invented a "the style of Party School of the CPC Central Committee" model to build talent teams of senior management, high potential, and technology, under which themed training programs are available for management and technical personnel online and offline. This year, 10 training programs were carried out and attended by 2,250 employees.



**In terms of external trainings**, the Company pays attention to expand employees' professional vision, encourages employees to actively participate in external communication activities and internal and external professional competitions, to constantly stimulates their own potential and explores their personal value. In 2022, Zhongjin Petrochemical and ZPC sent employees to participate in the "Zhenhai District Vocational Skills Competition Chemical Chief Controller Project Competition", "Municipal Chemical Chief Controller Elite Competition" and "Zhoushan Chemical Chief Controller Skill Competition" and won several honors. The Company actively carries out degree education under school-enterprise cooperation, cooperates with key universities such as Zhejiang University of Technology and novel colleges and universities such as the National Open University to provide an education and learning platform for on-the-job employees, and helps internal employees improve their academic qualifications while increasing cultural knowledge. During the reporting period, the number of employees who participated degree education in the company reached 42, including more than 31 undergraduates.

In the future, the Company will continue to enhance training system, reserve internal talents of technology and backup management, expand the pool of internal excellent lecturers and course resources, and extend the partnership of external trainings to provide employees with a larger learning and development platform.



### Case Improving the educational level of employees to build a high-quality talent team

To encourage employees to achieve rapid development in their careers and increase cultural knowledge, the Company carries out school-enterprise joint education to improve their academic qualifications. This year, the Company adjusted the academic education program, from helping employees complete academic education to the requirement that employees must complete both professional courses of cooperative universities and internal R&D courses of the company at the same time. After obtaining the graduation certificate issued by the university, they need to perform the internal academic certification assessment of Rongsheng College before they are recognized as completing the academic upgrade. This year, a total of 147 people participated in the assessment, 25 passed the undergraduate degree recognition, and 26 passed the junior college degree recognition.

**Case** Orientation training sessions for Rongsheng Petrochemical's new employees

The Company organized orientation training sessions for new employees on the systems and culture of the Company and basic office skills, to enhance employees' abilities of teamwork and coordination and enable them to get familiar with and fit into the Company's culture and environment quickly. The Company organized skill competitions for new grassroots operators, aiming to enhance their skills through competition and other diverse methods to enriches employees' expertise.



**Case** ZPC participated in the Zhoushan Chemical Chief Controller Skills Competition

In 2022, ZPC participated in the first Zhoushan Chemical Chief Controller Skills Competition, with more than 2,300 employees participating. The competition adopts diversified forms such as theory, practical operation and simulation operation. After 3 rounds of competition selection, 3 employees of Zhejiang Petrochemical were awarded the honorary title of "Zhoushan Craftsman", 6 employees were promoted to technician skill level, and 552 employees were promoted to senior worker skill level.

**Case** Zhongjin Petrochemical's training on total productive maintenance (TPM)<sup>3</sup>

In 2022, Zhongjin Petrochemical and the Training Center of Tongji University carried out training on lean production and TPM practice, attended by 47 technicians from the production-related departments. The training helped employees gain the knowledge of lean production and equipment maintenance, understand how a lean production system is built, and further apply the philosophy of continuous lean improvement to work.



<sup>3</sup>Total productive maintenance (TPM), also known as full production security, is a management system of equipment maintenance and repair that improves overall equipment effectiveness through the preventive maintenance of the entire production system and participation of all staff.

# Emphasizing Occupational Health

Deeply concerned with employees' physical and mental health, the Company strictly abides by laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*. We continue to strengthen internal occupational health and safety systems and push forward the implementation of safety management and control measures to ensure the health and safety of employees in all aspects. By the end of the reporting period, Rongsheng Petrochemical, Zhongjin Petrochemical, Shengyuan Chemical Fiber, and Yongsheng Technology has obtained ISO 45001 Occupational Health and Safety Management System Certification.



Occupational Health and Safety Management System Certifications of the Company and Subsidiaries

The Company developed policies for identifying occupational disease risk factors, regularly monitored and evaluate occupational disease hazards, and established occupational health profiles for employees. The Company provides employees who are exposed to occupational disease hazards with pre-job, on-the-job, and off-the-job physical examinations for occupational disease. Personal protective equipment is also provided for specific positions in compliance with relevant requirements to ensure personal occupational health and safety. In addition, we actively provide occupational health training to employees to raise their occupational health awareness.



**Policy Support**



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

**Hazard Identification**



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

**Labor Protective Equipment**



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



Occupational Health Caring Initiative



Training for the Internal Auditors of Quality, Environment, Occupational Health and Safety Management System

## Caring for Employees' Lives

The Company is committed to giving thoughtful care to the employees in every aspect and try the best to assist them in resolving the problems at work and in life. To create a heartwarming and harmonious enterprise, we put ourselves in the shoes of employees and strive to provide what they truly need.

The Company pays close attention to the needs of female employees and actively provides them with corresponding support, assistance, and care, making them more satisfied and fulfilled at work. To appreciate the contributions of retired employees to the development of the Company and to express gratitude and commemoration, we grant retirement certificates and customized silver coins to retired employees and strengthen the bond between employees and the Company.

### Case Flower arrangement event of "Flower and Moon" by Zhongjin Petrochemical

Adhering to the philosophy of "caring for female employees", Zhongjin Petrochemical organizes a variety of recreational activities to enrich spiritually and culturally employees' life and enhance cohesion. In 2022, Zhongjin Petrochemical carried out the flower arrangement event of "Flower and Moon". Under the guidance of instructors, female employees arranged flowers with their aesthetic tastes and concentration, fully appreciating the charm of flower arrangement.



To promote the culture of love and the spirit of mutual assistance, the Company has established an employee mutual aid foundation and set up assistance funds to provide employees with timely subsidies and mutual medical assistance when they are affected by disasters, serious illness, and financial difficulties. In this way, we alleviate difficulties caused by special reasons and work with them to overcome difficulties together.

The Company attaches importance to the balance between the work and life of employees. By holding events on traditional festivals and sports competitions, we close the distance between employees, enhance cohesion among employees, help them relieve stress, and guide them to face their daily life and work with a positive and relaxed attitude.



Table Tennis Match

### Case The Company organized various activities for employees

The Company worked to enrich the spare time life of employees:

On Women's Day, the Company sent souvenirs to all female employees to thank them for their contributions to the development of the Company.

From July to August, the Company invited professional yoga teachers to hold a two-month yoga training course for female employees in Rongsheng Cultural Center to bring professional yoga knowledge to female employees.

When the heat in summer got intense, the Company organised a series of condolence activities to send personal care items to employees who worked in the high temperature.

Before the Mid-Autumn Festival, the Company's labor union and women's federation organized the lantern crafting activity of "Mid-Autumn Festival Reunion" and invited teachers from the Xiaoshan District Workers' Cultural Palace for professional guidance.

On October 27th, the company held the "Wonderful Welcome to the Asian Games, Race to the Future" employee chess competition, a total of 24 employees from Rongxiang Chemical Fiber, Shengyuan Chemical Fiber, and Rongsheng International Trading participated in the competition.





## Working Together in Harmony for Common Progress

Upholding the philosophy of win-win cooperation, the Company fulfills its mission and responsibility by continuously contributing to community welfare. The Company continues to improve customer service quality, strengthen responsible sourcing management, and carry out public welfare volunteering, and works together with customers, suppliers, community members, and other stakeholders to make progress, build harmony, and share achievements.



## Striving for High-Quality Services

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

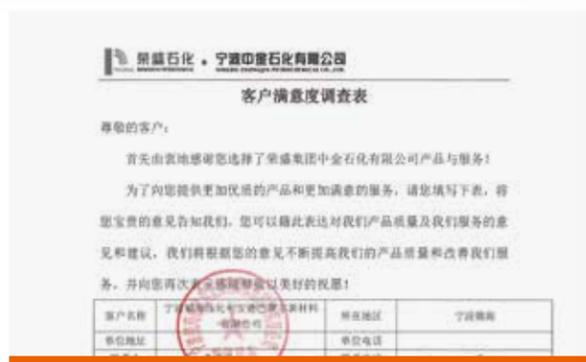
### Customer Service, Complaints and Feedback

To carry out customer management in a standardized and effective manner, the Company developed customer management measures according to our business attributes and customer characteristics accordingly, maintains regular and close contact with customers through multi-level and diverse customer service communication channels such as WeChat, field visit, face-to-face talk, online questionnaire, telephone and email. In case of any changes in factory conditions or market conditions, the Company will correspondingly increase the frequency of communication to ensure full communication with customers.

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

#### Case Zhongjin Petrochemical announcing the customer satisfaction improvement in quality management

Zhongjin Petrochemical carried out customer satisfaction improvement work for quality management for six consecutive years through irregular quality visits, customer feedback, etc., to understand customer expectations for products and select key products for improvement. By determining the main indicators affecting product quality, the Company actively improves the process technical regulations to improve product quality. This year, we have prepared a customer visit plan of visiting all customers within three years, and we have completed the visit of 5 product categories such as liquid ammonia, industrial oxygen, high-purity nitrogen, argon, petroleum benzene, etc., and provided customers with satisfactory solutions.



#### Case Yisheng Dahua enhancing its after-sale service management

Yisheng Dahua set up customer WeChat groups that mainly consist of technical and production personnel to maintain regular communication with customers. It provide customers with product quality analysis data every two weeks to facilitate customer monitoring of product quality. The Company will timely deal with and feedback the questions raised by customers about the product and optimize the product synchronously according to the feedback to improve product quality.

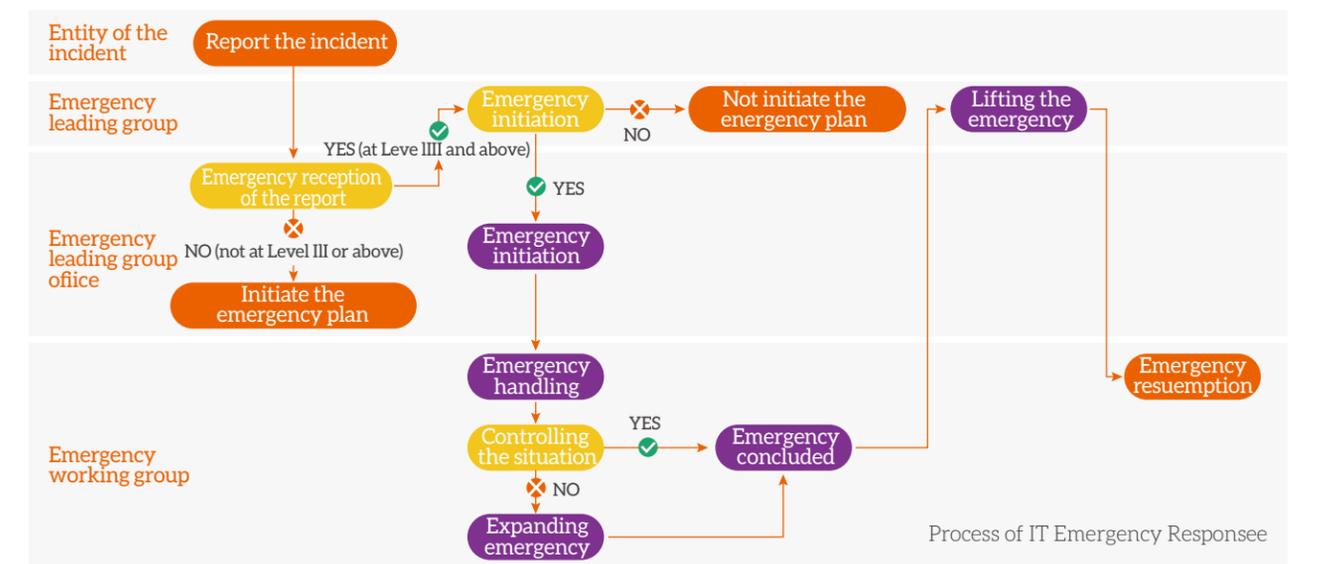


## Sales Management

The Company has developed sales management systems and measures such as the *Marketing Management System*, the *Sales Management System*, the *Detailed Rules for the Implementation of Price Management* and the *Detailed Rules for the Implementation of Control of the Sales Operation Process* to strictly regulate the sales operation process. By implementing these systems, we guide and constrain the entire sales process. The Company pays close attention to product price information, strengthens market research, and promptly adjusts our sales strategy according to market changes to continuously increase the market share of our products. The Company has also established well-organized files of customer credit. We pay attention to changes in customer credit and take effective measures to prevent customer credit risks. To make overall improvement in the ability of our sales personnel, we organize sales personnel to carry out workshop internships for them to understand the performance of product equipment, usage scenarios, production processes and other details on site, so that they could better introduce products to customers. In addition, the Company conduct various forms of training for sales employees to enhance the professional ability and business ethics, such as orientation training, integrity and self-discipline training. The trainings cover 100% of our employees.

### IT Construction and Information Security

The Company actively promotes IT construction and enhances the awareness of information security and confidentiality. We carry out the security management of computer equipment, data, system operation, and IT system access authority, and emergency response as well as regulate information security operation in strict accordance with the *IT Management Regulations*, the *Management Measure for Office IT Systems* and the *IT Emergency Response Plan* of Rongsheng Holding, to continuously improve our information security capability.



#### Case ZPC optimizing IT management of contractor employees

ZPC utilized QR code technology to replacing paper "entry pass" with "QR code hat stickers". The QR code hat sticker contains the electronic personal information of the contractor's employees, including the certificate of special job, onboarding date, ID card number, training results and other information. The identity of personnel can be verified in real-time by scanning the QR code, which realizes the information management of contractor employees.



## Practicing Responsible Sourcing

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

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

## Qualification Review and Admission

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

To address the corruption related to suppliers, the Company signs the *Letter of Integrity Responsibility and Commitment* with suppliers and adds a clause on the prohibition of commercial bribery, which clearly requires both parties to the agreement to strictly abide by the *Anti-commercial Bribery Law of the People's Republic of China*. The Letter prohibits commercial bribery in contract discussion, negotiation, signing, and performance, and clearly lists the reporting channels and handling departments.

## Assessment and Evaluation

The Company assesses the suppliers for their quality, delivery time or progress, after-sales service, and HSE at least once per year, and form a black, grey, and white supplier list. For blacklisted suppliers, the Company will stop the business with them; For greylisted suppliers, the company will put forward rectification requirements or set cooperation restrictions. The company regularly publishes a list of untrustworthy suppliers and refuses to cooperate with them.



## Communication and Assistance

The Company communicates with suppliers about their recent status, current production saturation, and future development direction through telephone calls, video conferences, and on-site inspections. We will also make targeted improvement suggestions for suppliers based on our use of their products. When necessary, we actively provide relevant technical guidance or training to suppliers.

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

## Global Procurement

The Company strives to build a secured, stable, and sustainable global procurement chain and avoid risks in supply chain by fully analyzing industry policies and market opportunities. For oil procurement, the Company carries out extensive cooperation globally according to the market condition. In 2022, the Company partnered with Saudi Arabian Oil Company, purchasing 1.08 million tonnes of crude oil worth approximately RMB 5.3 billion.

## Building a Better Community

Advocating for public welfare, the Company makes a great effort to this end, actively organizes charity donations, sharing development achievements with the society. The Company mainly focuses on education assistance, medical assistance, poverty relief and care for needy groups and encourages employees to participate in various volunteering activities, including blood donation and visiting the vulnerable. The employees carry forward the volunteering spirit and continue to promote the healthy development of public welfare undertakings and the community. In this way, the Company promotes virtues and social harmony and contributes to the construction of a harmonious and beautiful society.

In 2022

Public welfare donation  
19.37 RMB million



Number of volunteer activities  
93 times



### Education Assistance



- We have set up the Rongsheng Education Reward Fund, providing more than RMB 1.5 million to the outstanding students, teachers, and students in difficulties in Yinong Town
- We have set up the Xinjiang Aqsu Education Fund with an investment of RMB 20 million (all contributed in 10 years) to assist the education in Aqsu
- We established the ZPC Daishan Education Fund and invested RMB 200 million (RMB 10 million used in 2022) for funding outstanding students, teachers and students in difficulties, recruiting talents and driving scientific research

### Medical Assistance



- We have established the Rongsheng Health Care Fund to assist families or individuals hit by serious illnesses in Yinong
- We have launched Xinjiang and Tibet aid program to donate RMB 3 million for local medical resources within 3 years since 2022

### Regional Assist



- We have donated RMB 200,000 to Eshan Township of Tonglu for the construction of ethnic minority villages

### Care for Needy Groups



- We have set up the Hangzhou Police Care Fund, with an annual contribution of RMB 500,000 to support the police and auxiliary police in difficulties.

**Case** The Chairman winning the award of excellent contribution to education of Xiaoshan District

In September 2022, Hangzhou Xiaoshan District celebrated the 38th Teachers' Day, commending educators and enthusiasts of the society who have made outstanding contributions to the development of education in Xiaoshan District. Li Shuirong, Chairman of Rongsheng Petrochemical, attaches great importance to and cares about and supports education, actively donates and fund schooling, and has made outstanding contributions to improving school-running conditions and caring for teachers' lives. Thus, he won the "Respect for Teachers and Teaching Award".



**Case** Volunteer blood donation by Rongsheng Petrochemical employees

The Company had been running programs for voluntary blood donation for nearly 20 consecutive years. This year, 160 qualified volunteers from the Company, Shengyuan Chemical Fiber and Rongxiang Chemical Fiber donated 43,300 ml of blood, with a highest record of participants and donation volume in the past 10 years.

**Case** ZPC boosting local employment

ZPC hosts special job fairs twice a year in the areas of operation to promote information exchange with local residents and help the development of local talents. Since its establishment, ZPC has directly created nearly 30,000 jobs and indirectly provided 120,000 jobs, effectively improving the local employment rate and residents' living standards.



**Case** Zhongjin Petrochemical committing to public welfare activities

In 2022, Zhongjin Petrochemical used a total of RMB 520,000 of labor union funds to purchase special agricultural products in the corresponding areas of consumption cooperation for consumption assistance, which was used for the distribution of employee benefits; In addition, the company carried out the "Charity One-Day Donation" activity, donating a total of RMB 45,430.

## Future Prospects

An ancient saying goes, "the world moves on in a never-ending process of the new replacing the old". 2023 is a key year for Rongsheng Petrochemical to achieve high-quality development and rebuilding its advantages. Facing an ever-changing external environment, we will maintain resolution to move forward and courage for exploring, view integrity as our backbone, improve the quality of our products and services, and work hard to blaze new trails with more input in scientific and technological innovation, as well as fulfilling our social duties. As one of the world's leading enterprises and a high-quality business from Zhejiang Province, Rongsheng Petrochemical is deeply aware of the increasing responsibilities on the shoulders as we grow. With a strong sense of responsibility and commitment, Rongsheng Petrochemical will repay the shareholders and investors through diligence and dedication, forging ahead on the journey towards high-quality and sustainable development!



# Independent Assurance Report

2023/SH-0218  
(Page1/3)

*English Translation for Reference Only*

## Independent practitioner's assurance report

To the Board of Directors of Rongsheng Petrochemical Company Limited

We have been engaged to perform a limited assurance engagement on the 2022 selected key data as defined below in the 2022 Social Responsibility Report of Rongsheng Petrochemical Company Limited (the "Rongsheng Petrochemical").

### Selected Key Data

The selected key data in the Rongsheng Petrochemical's 2022 Social Responsibility Report that is covered by this report is as follows:

- Sulfur dioxide (SO<sub>2</sub>) emissions (tonne)
- Nitrogen oxide (NO<sub>x</sub>) emissions (tonne)
- Particulate matter emissions (tonne)
- Chemical oxygen demand (COD) discharge (tonne)
- Ammonia nitrogen discharge (tonne)
- Hazardous waste (tonne)
- Natural gas (10,000 m<sup>3</sup>)
- Purchased electricity (MWh)
- Desalination (tonne)
- Total number of employees (persons)
- Number of hours of safety training conducted (hours)
- Number of volunteer activities (times)

Our assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2022 Social Responsibility Report.

### Criteria

The criteria used by Rongsheng Petrochemical to prepare the selected key data in the 2022 Social Responsibility Report is set out in the basis of reporting of the key data (the "basis of reporting") after this assurance report.

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## Management's Responsibilities

The Management of Rongsheng Petrochemical is responsible for the preparation of the selected key data in the 2022 Social Responsibility Report in accordance with the basis of reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2022 Social Responsibility Report that is free from material misstatement, whether due to fraud or error.

## Our Independence and Quality Control

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

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Practitioner's Responsibilities

It is our responsibility to express a conclusion on the selected key data in the 2022 Social Responsibility Report based on our work.

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether Rongsheng Petrochemical's 2022 selected key data in the 2022 Social Responsibility Report has been prepared, in all material respects, in accordance with the basis of reporting. Our work involves assessing the risks of material misstatement of the selected key data in the 2022 Social Responsibility Report, whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk. Within the scope of our work, we have performed the following procedures in Rongsheng Petrochemical's headquarters, Zhejiang Petroleum & Chemical Co., Ltd. and Ningbo Zhongjin Petrochemical Co., Ltd. We have not conducted work on other branch offices:

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- 1) Interviews with relevant departments of Rongsheng Petrochemical involved in providing information for the selected key data within the Social Responsibility Report; and
- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data in the Social Responsibility Report on which we report;
- 4) Recalculation; and
- 5) Other procedures deemed necessary.

#### Inherent Limitation

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

#### Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2022 selected key data in the 2022 Social Responsibility Report is not prepared, in all material respects, in accordance with the basis of reporting.

#### Restriction on Use

Our report has been prepared for and only for the board of directors of Rongsheng Petrochemical and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

#### PricewaterhouseCoopers Zhong Tian LLP

Shanghai, China

April 19, 2022

## Basis of Reporting

### 1. Sulfur dioxide (SO<sub>2</sub>) emissions (tonne)

Sulfur dioxide (SO<sub>2</sub>) emissions disclosed herein refers to the total amount of SO<sub>2</sub> emitted during the process of operations by major production and operation units of Rongsheng Petrochemical Co., Ltd. in 2022, including Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd. and Rongxiang Chemical Fiber Co., Ltd.

### 2. Nitrogen oxide (NO<sub>x</sub>) emissions (tonne)

Nitrogen oxide (NO<sub>x</sub>) emissions disclosed herein refers to the total amount of NO<sub>x</sub> emitted during the process of operations by major production and operation units of Rongsheng Petrochemical Co., Ltd. in 2022, including Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd. and Rongxiang Chemical Fiber Co., Ltd.

### 3. Particulate matter emissions (tonne)

Particulate matter emissions disclosed herein refers to the total amount of particulate matter emitted during the process of operations by major production and operation units of Rongsheng Petrochemical Co., Ltd. in 2022, including Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd. and Rongxiang Chemical Fiber Co., Ltd.

### 4. Chemical oxygen demand (COD) discharge (tonne)

Chemical Oxygen Demand (COD) discharge disclosed herein refers to the total amount of COD discharged during the process of operations by major production and operation units of Rongsheng Petrochemical Co., Ltd. in 2022, including Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd. and Rongxiang Chemical Fiber Co., Ltd.

### 5. Ammonia nitrogen discharge (tonne)

Ammonia nitrogen discharge disclosed herein refers to the total amount of ammonia nitrogen discharged during the process of operations by major production and operation units of Rongsheng Petrochemical Co., Ltd. in 2022, including Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd. and Rongxiang Chemical Fiber Co., Ltd.

### 6. Hazardous waste (tonne)

Hazardous waste disclosed herein refers to the total amount of hazardous waste generated during the process of operations and handed over to qualified third-party units for disposal by major production and operation units of Rongsheng Petrochemical Co., Ltd. in 2022, including Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua

Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd. and Rongxiang Chemical Fiber Co., Ltd.

**7. Natural gas (10,000 m³)**

Natural gas disclosed herein refers to the total amount of natural gas consumed, excluding the gas consumption generated by commissioning equipment and pipeline pressure testing by the major production and operation units of Rongsheng Petrochemical Co., Ltd. in 2022, including Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd. and Rongxiang Chemical Fiber Co., Ltd.

**8. Purchased electricity (MWh)**

Purchased electricity disclosed herein refers to the sum of purchased electricity consumed during the process of production and operations by the major production and operation units of Rongsheng Petrochemical Co., Ltd. in 2022, including Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd. and Rongxiang Chemical Fiber Co., Ltd.

**9. Desalination (tonne)**

Desalination disclosed herein refers to the total amount of desalinated water produced by Zhejiang Petroleum & Chemical Co., Ltd. in 2022.

**10. Total number of employees (persons)**

Total number of employees disclosed herein refers to the employees of Rongsheng Petrochemical Co., Ltd.'s major production and operation units, Rongsheng Petrochemical (Singapore) Pte. Ltd., Rongsheng International Trading Co., Ltd., Rongsheng Chemical (Shanghai) Co., Ltd. and Zhejiang ZPC Sales Co., Ltd. in 2022, major production and operation units include Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd. and Rongxiang Chemical Fiber Co., Ltd.

**11. Number of hours of safety training conducted (hours)**

Number of hours of safety training conducted disclosed herein refers to the total hours of safety training participated by employees of Rongsheng Petrochemical Co., Ltd.'s major production and operation units and Rongsheng Petrochemical (Singapore) Pte. Ltd. in 2022, major production and operation units include Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd. and Rongxiang Chemical Fiber Co., Ltd.

**12. Number of volunteer activities (times)**

Number of volunteer activities disclosed herein refers to the total number of employee volunteer activities conducted by Rongsheng Petrochemical Co., Ltd.'s major production and operation units, Rongsheng International Trading Co., Ltd., and Rongsheng Petrochemical (Singapore) Pte. Ltd. in 2022, major production and operation units include Ningbo Zhongjin Petrochemical Co., Ltd., Zhejiang Petroleum & Chemical Co., Ltd., Yisheng Dahua Petrochemical Co., Ltd., Zhejiang Yisheng New Materials Co., Ltd., Zhejiang Shengyuan Chemical Fiber Co., Ltd., Zhejiang Yongsheng Technology Co., Ltd. and Rongxiang Chemical Fiber Co., Ltd.

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## Reader's Feedback Questionnaire

Thank you very much for spending time in reading the CSR Report of Rongsheng Petrochemical 2022. Your opinions and suggestions are welcome since they can help us provide more valuable information to you and other stakeholders and promote Rongsheng Petrochemical to improve its social responsibility management capabilities and performance. You may contact us by sending E-mail to the following mailbox:

Email: [rspc@rong-sheng.com](mailto:rspc@rong-sheng.com)

Which category of stakeholders do you belong to?

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

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

- Yes                     
  Average                     
  No

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

- Yes                     
  Average                     
  No

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

- Yes                     
  Average                     
  No

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

- Yes                     
  Average                     
  No

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

- Yes                     
  Average                     
  No

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

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