

Compiler: 张永新 Date: 2025.7.31

Reviewer: 李强 Date: 2025.7.31

Approver: 李强 Date: 2025.7.31

countersigning department	Countersignature of the signer	Date
Finance Department	<u>江新</u>	<u>2025.7.31</u>
EHSQ Department	<u>秦维浩</u>	<u>2025.7.31</u>
Logistics/Warehousing Department	<u>孙可均</u>	<u>2025.7.31</u>
Procurement Department	<u>夏伟</u>	<u>2025.7.31</u>
Sales/Customer Service Department	<u>张</u>	<u>2025.7.31</u>
Quality Department	<u>孙. 风</u>	<u>2025.7.31</u>
Technology R&D Department	<u>黄</u>	<u>2025.7.31</u>
Production Department	<u>任晓亭</u>	<u>2025.7.31</u>
Engineering Department	<u>任</u>	<u>2025.7.31</u>
Information Technology Department	<u>戴</u>	<u>2025.7.31</u>
Human Resources Department	<u>崔建</u>	<u>2025.7.31</u>

1 Purpose

Sino Legend (China) Chemical Company Ltd. (hereinafter referred to as the “Company”), as a chemical enterprise specializing in the research, development, and production of phenolic resins for rubber and tires as well as functional rubber processing additives, adheres to the governance philosophy of “system first, compliance-based, and prudent operation”. The Company integrates business ethics deeply into all operational and management processes, including R&D, production, sales, and supply chain management. It firmly opposes all forms of unethical business conduct, safeguards the legitimate rights and interests of the Company, its employees, customers, partners, and the general public, maintains the Company’s brand reputation, and promotes the coordinated and sustainable development of economic and social benefits.

2 Scope of Application

This Policy applies to all departments, production and R&D units, branches, and all employees of the Company. It also applies to labor management practices of suppliers, contractors, and other partners providing services to the Company.

3 Responsibilities

To further strengthen the foundation of compliant operations and reinforce the development of business ethics, the Company has established a Business Ethics Committee. The Committee is chaired by the Executive Vice General Manager, who is responsible for overall work planning and coordination of major matters. Its members include key personnel from the Finance Department, the Business Ethics Committee Subgroup, the Human Resources Department, and the Information Technology Department, forming a cross-departmental collaborative mechanism.

- 3.1 The Chair of the Business Ethics Committee holds overall responsibility for the Company’s business ethics performance, approves the Business Ethics Policy and major decisions, ensures the allocation of relevant resources, and supervises the implementation of the policy.
- 3.2 The Business Ethics Committee Subgroup is responsible for drafting and updating this Policy and the supporting management system, organizing policy communication, training, compliance reviews, and performance evaluations, as well as coordinating the handling of business ethics-related violations.
- 3.3 Heads of each department are responsible for implementing the policy requirements within their

respective departments, clearly defining business ethics management responsibilities for each position, promptly identifying and reporting compliance risks, and organizing department staff to participate in relevant training.

- 3.4 All employees and relevant parties shall comply with this Policy, actively participate in training, perform their duties in accordance with laws and regulations, promptly report any violations, and help maintain the Company's business ethics standards.

4 Content

4.1 Anti-Corruption and Anti-Bribery

The Company strictly prohibits any form of corruption and bribery, adopting a zero-tolerance approach toward all corrupt or bribery-related behavior. This includes, but is not limited to, offering or promising to provide improper benefits such as cash, gifts, meals, travel, or kickbacks to public officials, customers, partners, or other parties, as well as receiving any such improper benefits from others. The Company has established a clean business cooperation admission mechanism, incorporates anti-corruption clauses in contracts, and evaluates the integrity of its partners.

Using 2024 as the baseline year, the average training hours on anti-corruption and anti-bribery per employee will increase by 0.5 hours by 2030.

Sustainable Targets for 2024–2030: Incidence of corruption and bribery complaints: 0; signing rate of integrity agreements with partners: 100%; employee awareness rate of related training: no less than 98%.

Guidelines and Examples:

1. It is prohibited to offer or promise to provide improper benefits—such as cash, gift cards, high-end gifts (valued over RMB 500), meals (per person per occasion exceeding RMB 300), travel, or kickbacks—to public officials (e.g., environmental, safety supervision, market regulation departments), customer procurement managers, or supplier sales representatives for the purpose of gaining advantages in the procurement of phenolic resin raw materials, securing orders from tire company clients, obtaining production qualification approvals, or other similar benefits.
2. It is prohibited to accept any assets from partners under the pretext of “sample trials”, “technical service fees”, or similar, if such assets exceed normal business etiquette—for example, high-end

equipment from raw material suppliers or customized luxury items from customers.

3. A clean business cooperation admission mechanism shall be established. For raw material suppliers (e.g., phenol and formaldehyde suppliers) and logistics partners, integrity clauses must be clearly included in cooperation agreements, requiring them to commit to refraining from bribery. The integrity status of partners shall be evaluated annually, and cooperation with those who fail the evaluation shall be terminated.

4.2 Conflict of Interest

Employees must proactively avoid any conflicts of interest that could affect the impartial performance of their duties and must not use their positions to seek improper benefits for themselves, their relatives, or related parties. Employees are strictly prohibited from holding concurrent positions in entities that compete with or have business interests linked to the Company and must not engage in business activities that may conflict with the Company's interests. Any potential conflicts of interest must be reported to the employee's department and the Business Ethics Committee Subgroup within three working days.

Sustainable Targets for 2024–2030: Proactive reporting rate of conflicts of interest: 100%; completion rate of conflict resolution actions: 100%; no company losses resulting from conflicts of interest.

Guidelines and Examples:

1. Employees must not use their positions to obtain improper benefits related to the Company's business for themselves, their relatives, or related parties, and must proactively report any potential conflicts of interest.
2. Employees in the R&D department must not disclose the Company's phenolic resin formulations or functional additive research data to competitors where their relatives are employed. If a relative of a Procurement Department employee is engaged in the chemical raw materials business, the employee must proactively report this and recuse themselves from related procurement bidding evaluations. Employees in the sales department must not seek supply advantages for rubber product trading companies owned by their relatives while negotiating with tire customers on behalf of the Company. Employees are prohibited from holding concurrent positions in competing chemical companies or

investing in competitors within the same industry.

4.3 Career Development and Training

The Company opposes all forms of money laundering, strictly complies with applicable anti-money laundering laws and regulations, and has established mechanisms for customer identification, transaction record retention, and reporting of large or suspicious transactions. During business operations, customer identity information must be verified and recorded, abnormal transactions monitored and analyzed, and any suspicious activity promptly reported to regulatory authorities. The Company must not provide any facilitation for money laundering activities.

Sustainable Targets for 2024–2030: Accuracy rate of customer identification: 100%; compliance rate of transaction record retention: 100%; timeliness of suspicious transaction reporting: 100%.

Guidelines and Examples:

1. Before signing a cooperation agreement with a new customer, the Company must verify the customer's business license, tax registration certificate, and information about the ultimate beneficial owner. For overseas customers, their compliance qualifications in their home country must also be confirmed. It is strictly prohibited to conduct large-value transactions with customers whose identity is unclear or who are from high-risk regions.
2. The Finance Department must closely monitor payments for raw material purchases exceeding RMB 500,000 per transaction and receipts for product sales exceeding RMB 1,000,000 per transaction, ensuring that the source and use of funds align with actual business activities. If a customer transfers a large sum under the pretext of a "prepayment" and shortly thereafter requests a full refund to an account not specified in the contract, or frequently splits large transactions to circumvent regulatory oversight, a suspicious transaction investigation must be initiated immediately.

4.4 Anti-Fraud

The Company strictly prohibits any form of fraudulent behavior, including but not limited to financial fraud, false advertising, contract fraud, misappropriation of Company assets, falsification of expenses, and theft of trade secrets. Employees must provide accurate work-related information,

comply with financial management systems and business processes, and promptly report any suspected fraud.

Sustainable Targets for 2024–2030: Incidence of fraudulent behavior: 0; timeliness of investigation and handling of fraud reports: 100%; employee coverage for anti-fraud training: 100%.

Guidelines and Examples:

1. R&D Stage: It is prohibited to falsify phenolic resin research data or experimental reports to obtain R&D funding, or to misreport patent application progress to claim rewards.
2. Production Stage: It is prohibited to unilaterally change raw material compositions to reduce costs (e.g., replacing qualified phenol with inferior materials in phenolic resin production), or to conceal quality issues during production and release non-conforming products for sale.
3. Finance Stage: It is prohibited to falsify raw material procurement expenses or production equipment maintenance costs to misappropriate Company funds, and to manipulate financial data to embellish business performance.
4. Sales Stage: It is prohibited to make false claims to tire customers, such as exaggerating the high-temperature resistance of phenolic resins or the reinforcing effect of functional additives on rubber. It is also prohibited to collude with customers to sign “dual contracts” to evade taxes or misappropriate Company sales profits.
5. Asset Protection: It is prohibited to misappropriate the Company’s chemical raw materials for production for private sale, or to steal the Company’s core technical data (e.g., new additive formulations) for external sale. Employees who discover such fraud must immediately report it through the designated reporting channels and must not conceal it.

4.5 Information Security

The Company is committed to protecting the confidential information of customers, employees, and the Company itself, preventing information leakage, misuse, tampering, or unauthorized access. The Company emphasizes the protection of information assets and has established a comprehensive information security management system, standardizing operational processes for information collection, storage, use, transmission, and disposal. Employees must strictly comply

with information security regulations, properly safeguard the Company's trade secrets, customer information, internal data, and other sensitive information, and must not disclose, alter, or misuse such information. Employees are also responsible for preventing cyberattacks, data breaches, and other related risks.

Using 2024 as the base year, the average annual information security training hours per employee are targeted to increase by 0.5 hours by 2030, ensuring that information security training coverage reaches 100% each year.

Sustainable Targets for 2024–2030: Incidence of information security incidents: 0; compliance rate for protection of sensitive information: 100%.

Guidelines and Examples:

1. The Company's trade secrets include formulations and processes for phenolic resins and functional additives, R&D experimental data, and technical parameters of new products not yet publicly disclosed. Customer information includes tire companies' procurement requirements, price-sensitive information, and contact details. Production information includes production line equipment operating parameters, raw material consumption quotas, and quality inspection standards.
2. R&D personnel must use Company-designated encrypted computers to store research data and are strictly prohibited from transmitting data via personal email, USB drives, cloud storage, or similar means. Sales personnel must not disclose customer information to third-party trading companies or competitors. Production floor operators must strictly adhere to equipment operation permissions and are prohibited from allowing unauthorized personnel to access production process control panels.
3. Regular security upgrades must be performed on R&D, production, and sales systems. Employee computers must be secured with strong passwords that are changed monthly, and connecting to unknown public Wi-Fi networks for work purposes is strictly prohibited.
4. Obsolete paper materials, such as R&D drawings, customer contracts, and production records, must be destroyed using a shredder. Expired electronic data must be permanently deleted using specialized software to prevent information leakage.

5 Policy Update and Revision

5.1 The Business Ethics Committee Subgroup establishes a mechanism for dynamically tracking the

policy, appointing dedicated personnel to collect updates on national laws and regulations, international business standards, and industry norms. In principle, this Policy shall undergo a comprehensive review every 2 years. However, a revision process shall be initiated within 30 days if any of the following circumstances occur: mandatory new regulations are issued at the national or local level; significant changes occur in the Company's business scope or organizational structure; annual business ethics targets fail to be met for two consecutive quarters; major business ethics violations occur or significant demands are raised by relevant parties.

- 5.2 The policy revision follows a five-step procedure of “research – drafting – solicitation of opinions – review – disclosure”. The Business Ethics Committee Subgroup conducts research and drafts the revision based on regulatory requirements, industry practices, and the Company's actual situation. Feedback is solicited from all departments, employee representatives, and key partners for no less than 7 working days. After the draft is approved in a dedicated management meeting, it shall be published on the Company's bulletin board, internal OA system, and partner-exclusive platform for a minimum of 5 working days, with each piece of feedback addressed individually.
- 5.3 The formulation, updating, and revision process of the policy shall be fully documented, including research reports, draft revisions, consultation records, review minutes, and publication screenshots. Both electronic and hard copies (kept by designated personnel in the Business Ethics Committee Subgroup) shall be maintained, with a retention period of no less than 5 years. If a policy revision results in changes to existing operational procedures, the relevant systems shall be updated accordingly, and targeted training shall be organized.

6 Disciplinary Measures for Policy Violations

- 6.1 Employee Disciplinary Actions: Disciplinary measures for employees shall be implemented based on the nature and severity of the violation (categorized as minor, moderately serious, serious, or particularly serious), the resulting economic loss and social impact, and taking into account the employee's attitude toward the violation and corrective actions. The measures shall be applied in a graded and categorized manner, with specific standards as follows:

- 6.1.1 Minor Violations (no actual loss, minor circumstances): Applicable to first-time breaches of basic information security rules (e.g., failure to change computer passwords as required) or failure to promptly report minor potential conflicts of interest but with proactive correction. Disciplinary

measures include: a verbal warning, a face-to-face meeting with the department head, submission of a written self-critique and corrective action commitment within two working days, and recording in the employee's current performance evaluation.

6.1.2 Moderately Serious Violations (causing minor economic loss or adverse impact): Applicable to situations such as accepting gifts from partners valued under RMB 500 without voluntarily surrendering them, falsifying small expenses (single transaction under RMB 5,000), or disclosing non-core customer basic information. Disciplinary measures include: a written warning, internal departmental criticism, deduction of 30%-50% of the monthly performance bonus, suspension from eligibility for company awards and recognition for six months, and mandatory specialized compliance training organized by the Business Ethics Committee Subgroup, with a passing assessment required.

6.1.3 Violations (causing significant economic loss or severe impact): Applicable to situations such as providing or accepting improper benefits from partners valued over RMB 500, falsifying R&D data or production records, misappropriating Company funds under RMB 50,000, or disclosing basic phenolic resin formulation information. Disciplinary measures include: demotion and salary reduction or suspension for investigation, forfeiture of the annual performance bonus, cancellation of eligibility for company awards and recognition for 1-2 years, removal from managerial positions for management personnel, and, in severe cases, immediate termination of employment.

6.1.4 Particularly Serious Violations (causing major economic loss, severely damaging the Company's reputation, or involving potential legal offenses): Applicable to acts such as engaging in commercial bribery, misappropriating Company funds of RMB 50,000 or more, stealing core R&D data for external sale, or colluding with customers to commit contract fraud. Disciplinary measures include: immediate termination of employment, recovery of all illicit gains and resulting economic losses, company-wide notification, and recording the violation in the employee's professional credit file. If the act constitutes a criminal offense (e.g., bribery, embezzlement, or infringement of trade secrets), evidence shall be promptly collected and submitted to public security or prosecutorial authorities, and full cooperation with judicial investigations shall be provided.

6.1.5 Mitigating and Aggravating Circumstances: If an employee proactively reports and corrects a violation before it is discovered, the disciplinary level may be reduced by one grade. Conversely, repeated violations (two or more within one year), destruction of evidence, or retaliation against

whistleblowers shall result in the most severe disciplinary measures.

6.2 Partner Disciplinary Actions: For suppliers, customers, logistics providers, technical partners, and other relevant parties, graduated disciplinary measures shall be applied based on the severity and impact of the violation, as detailed below:

6.2.1 Warning and Rectification: Applicable to partners' first-time minor violations, such as non-critical defects in raw material quality inspection reports from suppliers or customer staff accepting small-value gifts. Disciplinary measures include: clearly specifying rectification requirements and deadlines (generally 7-15 working days), suspending new cooperation orders until the rectification is verified as complete, and placing the partner on a key compliance monitoring list.

6.2.2 Suspension of Cooperation: Applicable to partners' moderately serious violations, such as suppliers delivering adulterated raw materials that do not affect batch product quality, or logistics providers causing minor chemical spills due to mismanagement during transportation. Disciplinary measures include: suspending cooperation for 1-3 months, deducting the corresponding performance bond (10%-20% of the contract value), requiring submission of a written rectification report and proof of handling of responsible personnel, and resuming cooperation only after joint review and approval by the Company's Business Ethics Committee Subgroup and the Procurement Department/Sales Department.

6.2.3 Termination of Cooperation and Accountability: Applicable to partners' serious violations, such as suppliers obtaining purchase orders through commercial bribery, customers colluding with Company employees to sign "dual contracts", or logistics providers disclosing product transport routes and inventory information to competitors. Disciplinary measures include: immediate termination of the cooperation agreement, forfeiture of the entire performance bond, holding the partner accountable for breach of contract in accordance with contractual terms (including compensation for direct economic losses and damage to brand reputation), and placing the partner on the Company's "blacklist," permanently prohibiting future cooperation.

6.2.4 Legal Reporting and Cooperation with Investigations: If a partner's violation involves potential legal offenses (e.g., bribery by the organization, production and sale of substandard products), the Company shall collect relevant evidence and report it to the partner's industry regulatory authority and supervisory agencies. The Company will fully cooperate with law enforcement investigations

and, if necessary, pursue legal action to protect its legitimate rights and interests.

7 Policy Implementation and Oversight

- 7.1 The Company shall cascade the objectives of this Policy to all departments and incorporate them into annual work plans. Business ethics performance monitoring and evaluations shall be conducted on a regular basis, with the results reported to management and disclosed to employees.
- 7.2 Policy communication and training are strengthened to ensure that all employees and partners understand the policy content and their rights and obligations, enhancing awareness of business ethics compliance.
- 7.3 Accept supervision from government regulatory authorities, customers, partners, the public, and the media. Regularly disclose information related to business ethics and promptly rectify any issues identified.

8 Grievance and Reporting Mechanism

- 8.1 The Company has established a convenient and confidential grievance and reporting mechanism. If employees or relevant parties identify any violations of this Policy (corruption and bribery, fraud, money laundering, conflicts of interest, information security breaches, and other non-compliant behaviors), they may report through the following channels:

Grievance/Reporting Email: service@sinolegend.com
Grievance/Reporting Phone: 86-512-58326999-131
- 8.2 Upon receiving a grievance or report, the responsible department shall acknowledge receipt within 5 working days and complete the investigation and verification within 30 working days. The investigation process shall be strictly confidential, and any form of retaliation against the complainant or reporter is strictly prohibited. The investigation results shall be promptly communicated to the complainant or reporter. Verified violations will be addressed in accordance with applicable laws and regulations, corrective actions will be enforced, and the outcomes will be reported to management.

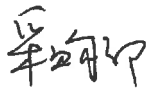

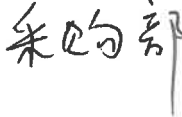
9 Related Annex:

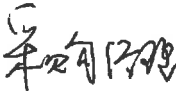

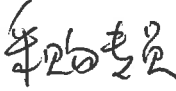
Business Ethics Policy Commitment Letter

I have carefully read and fully understood the entire *Business Ethics Policy* of Sino Legend (China) Chemical Company Ltd. I am fully aware of my rights and obligations in the research, development, and production of phenolic resins for rubber and tires, functional rubber processing additives, and related business activities. I hereby make the following commitment:

1. Strictly comply with national laws and regulations, international business standards, and the Company's *Business Ethics Policy*, and firmly oppose any violations related to anti-corruption and anti-bribery, conflicts of interest, anti-money laundering, anti-fraud, information security, and other areas.
2. Actively participate in business ethics-related training organized by the Company to enhance compliance awareness and risk prevention capabilities.
3. Accurately report potential conflicts of interest and promptly report any identified violations, without concealment or cover-up.
4. Properly safeguard the Company's sensitive information, ensuring it is not disclosed, altered, or misused, and protect the Company's information security.
5. In the event of a violation of this Policy or related regulations, voluntarily accept the Company's corresponding disciplinary measures and assume all resulting responsibilities.

Committer (Signature):   

Department:   

Position:   

Date: 8/5/2025 (mm/dd/yyyy)