Anhui Royal Chemical Co., Ltd. ESG Report 2024

Exploring our ESG commitments and future goals

About This Report

📋 Report Overview

Reporting Entity: Anhui Royal Chemical Co., Ltd.

Reporting Period: January 1, 2024 - December 31, 2024

Employee Coverage: All 38 employees

Report Type: ESG Report

🎯 Report Scope

Headquarters: Hefei, Anhui Province, China

Integrated Operations: Production (20%), Trading (70%), Distribution Services (10%)

Market Coverage: Domestic and International

Operational Sites: Primary office location

Message from CEO

Alan Zhao - Chief Executive Officer

As a chemical service providing company, Royalchem focuses on Environmental, Social, and Governance (ESG) practices. While we may be small in scale, we firmly believe that companies of all sizes can contribute meaningfully to sustainable development.

Our Key Achievements This Year:
Completed our first comprehensive carbon footprint assessment, giving us valuable insights into our environmental impact.
Our commitment is practical and realistic: we don't aim for perfection overnight, but we are dedicated to continuous improvement. Every step forward, no matter how small, represents progress toward a more sustainable future.

Royalchem's Core Values

Dedicated Service

Royalchem values dedicated service, aiming to deliver exceptional support and solutions to their customers.

Continuous Learning and Innovation

Royalchem emphasizes the importance of continuous learning and innovation to stay ahead in the chemical industry.

Cooperative Win-Win

Royalchem believes in cooperative win-win scenarios, fostering strong partnerships and mutual benefits.

Gratitude for Work

Royalchem shows gratitude for work, recognizing the efforts and contributions of their team towards achieving goals.

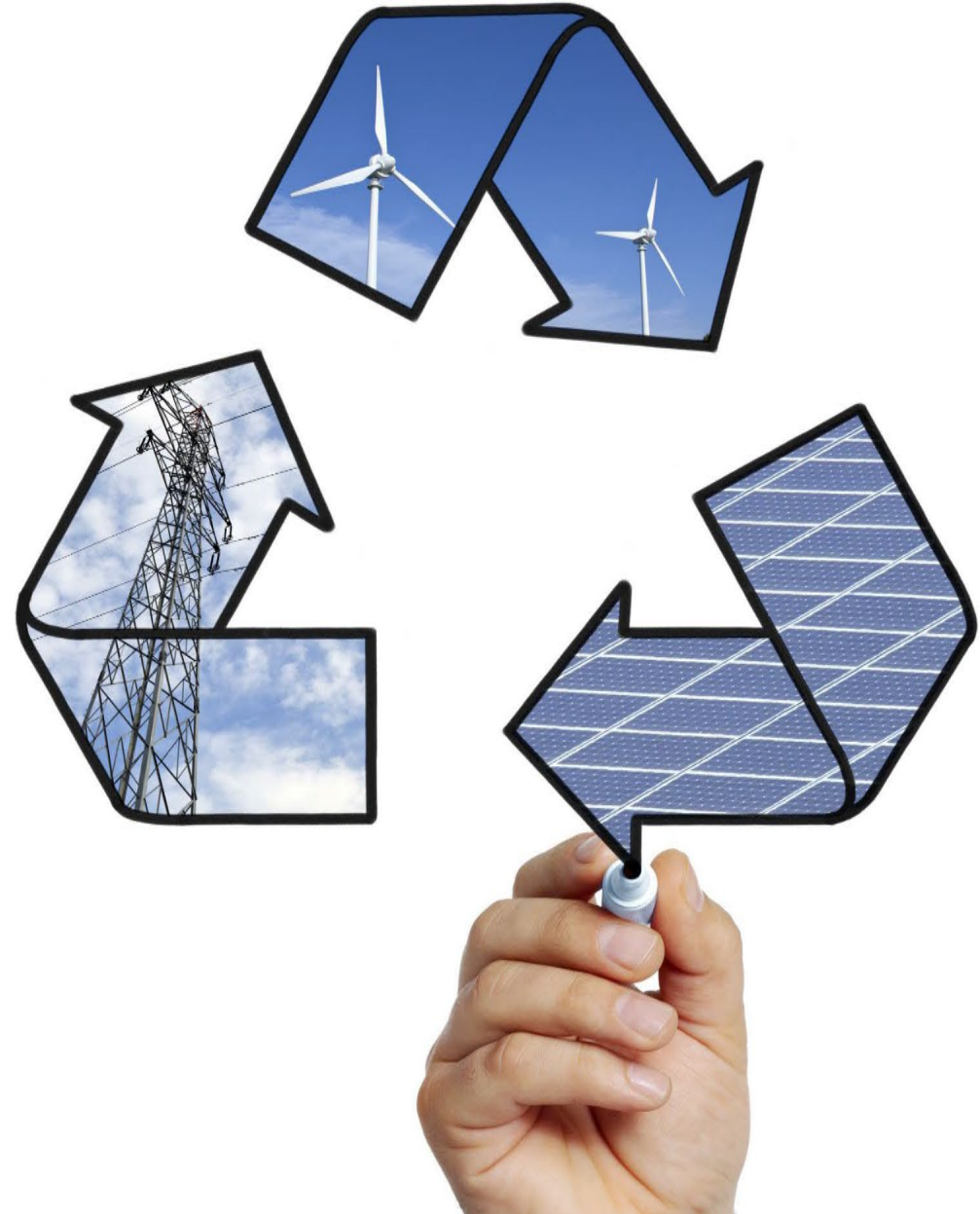# 2030 Carbon Reduction Target

Renewable Energy Investments

Investing in renewable energy sources is critical to reducing carbon emissions and achieving our 2030 target.

Energy-Efficient Practices

Implementing energy-efficient practices helps lower our energy consumption and carbon footprint.

Innovative Technologies

Adopting innovative technologies enables us to reduce emissions and enhance our sustainability efforts.

Commitment to Eco-Friendly Chemical Solutions

Eco-Friendly Chemical Solutions

At Royalchem, we're making a big change for a healthier planet. We've shifted our focus to "readily biodegradable" products that break down naturally and safely in the environment since 2024. This is a key part of our promise to support a greener chemical industry and meet the growing demand from our customers.

We believe chemical companies have a vital role in protecting the environment. By choosing products that don't leave harmful residues, we're helping reduce pollution and supporting our customers' own green goals.

Our Green Product Range

We offer a wide variety of readily biodegradable chemicals:

Amino Acid Derivatives (e.g., L-Lysine products): Essential for making medicines, these ingredients break down completely, showing that high-quality pharma ingredients can also be green.

Bio-Based Surfactants (e.g., Alkyl Polyglucosides - APG): These plant-derived cleaning agents are powerful alternatives to traditional surfactants and break down quickly.

Organic Acids (e.g., Gluconic Acid, ATBC): Sustainable choices for making plastics safer and for other industrial uses, meeting new rules and what consumers want.

Quality You Can Trust

We know that reliable, high-quality ingredients are crucial, especially for medicines. All our readily biodegradable products meet or exceed top international standards. We thoroughly test how well they break down and share this information openly. From start to finish, our strict quality checks ensure you get products you can depend on. We also provide necessary certifications (like REACH and USP) to help you meet your own regulatory requirements.

Working Together for a Greener Future

Switching to sustainable chemicals can be complex, so we're here to help. Our expert team works closely with customers to find the higher Bio-Renewable Carbon (BRC) Ratio chemical options for their needs. We offer technical data, guidance, and support.

Our Ongoing Promise

We're committed to growing our range of readily biodegradable products. Our plan for 2025-2027 includes selling more of these green chemicals, setting stricter environmental standards for our suppliers, and partnering with leaders in green chemistry.

Our Presence Office

Connecting chemistry solutions across continents

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China - Headquarters

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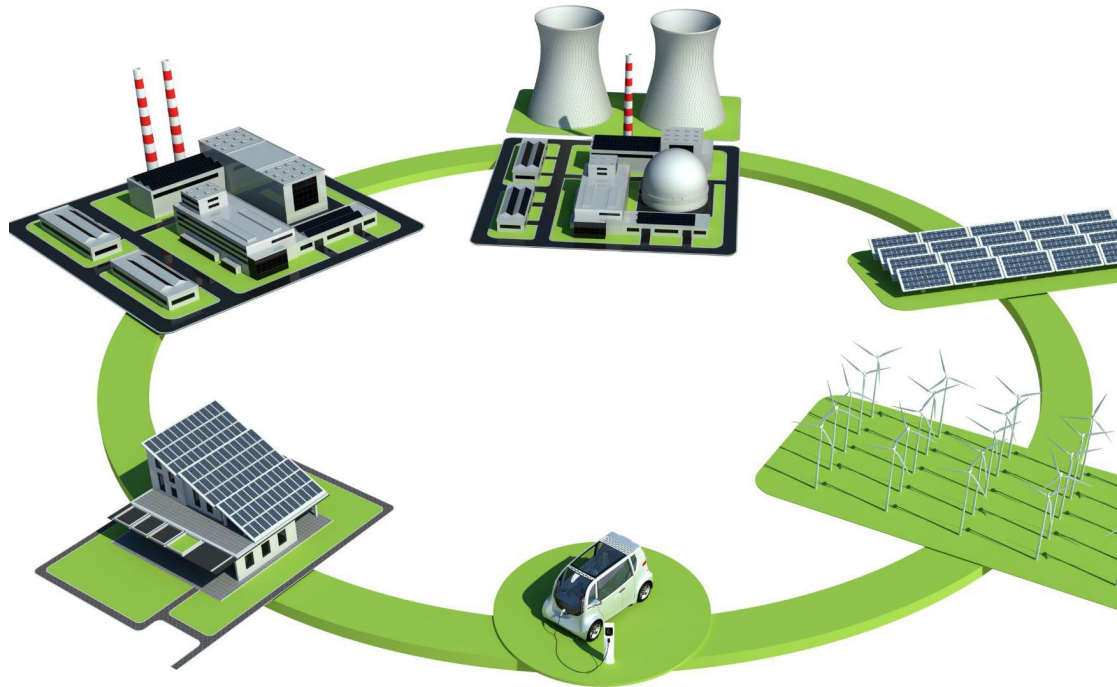
✉️ alberto.fuertes@royal-chem.com

Agenda of ESG Commitments

1. Environmental Actions
2. Social Responsibility
3. Governance & Ethical Standards
4. Key ESG Metrics
5. Future Goals & Improvement Plans

Environmental Actions

Environmental: Sustainable Sourcing, Product Safety, and Low-Carbon Transportation

Sustainable Sourcing

We mainly focus on sourcing chemical materials which are biodegradable to minimize ecological impact.

Product Safety & Quality

Ensuring all chemical products we trade meet safety standards and regulatory requirements across our markets.

Low-Carbon Transportation

Monitoring emissions from logistics and transportation throughout our supply chain operations.

Office Energy-Saving Measures (LED, Low-Energy Devices)

LED Lighting Benefits

LED lighting significantly reduces energy consumption compared to traditional lighting solutions, making it a sustainable choice.

Low-Energy Devices

Incorporating low-energy devices in the workplace contributes to overall energy savings and lowers operational costs.

Promoting Sustainability

Implementing these measures promotes sustainability and encourages environmentally friendly practices within the workplace.

Energy Usage (kWh/Year)

Annual Energy Monitoring

Regular monitoring of energy usage helps us track consumption patterns and identify areas for improvement in efficiency.

Identifying Improvement Opportunities

By analyzing energy data, we can pinpoint specific areas where energy consumption can be reduced effectively.

Setting Reduction Targets

Establishing clear targets for energy reduction enables us to make measurable progress towards sustainability goals.

Resource Management

Water consumption and waste management performance

Category	Metric	2023	2024	Change
Water		257.37 m³	153.48 m³	-40.4%
Waste	Total Waste Per Year	N/A	560 KG	N/A
Recyclable Waste		N/A	140 KG	N/A
Recycling Rate		0%	20.7%	+ 20.7%
Waste per Employee			19.3 kg per employee	

Scope 3 Carbon Emissions

Definition of Scope 3 Emissions

Scope 3 emissions include all indirect emissions that occur in the value chain of a company, from suppliers to customers.

Upstream Emissions

Upstream emissions are those that occur before the company's production process, including emissions from suppliers and raw materials.

Downstream Emissions

Downstream emissions occur after the company's production process, including emissions from product use and disposal.

Impact on Trading Activities

Understanding Scope 3 emissions is vital for trading as they have significant impact on sustainability and regulatory compliance.

Carbon Footprint (tCO$_2$e/Year)

Importance of Tracking

Tracking carbon footprints helps understand our impact on the environment and identify areas for improvement.

Emission Reduction Strategies

Implementing effective strategies can significantly reduce carbon emissions and help meet climate targets.

Contributing to Climate Goals

By monitoring and reducing our carbon footprint, we can actively participate in achieving global climate goals.
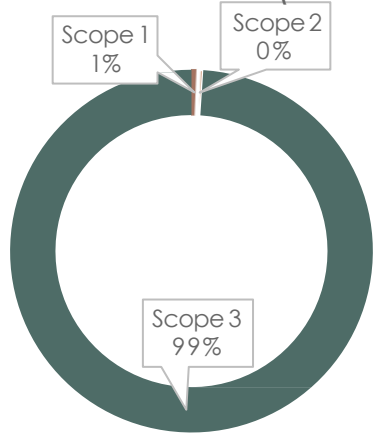
Carbon Emissions Disclosure

Understanding and managing our carbon footprint is essential to our climate strategy. In 2024, we established our first comprehensive greenhouse gas (GHG) inventory following the GHG Protocol Corporate Standard.

Emission Sources

🚙 **Scope 1**

- Company vehicles   **10.33** tCO2e

⚡ **Scope 2**

- Purchased electricity   **7.43** tCO2e

🚢 **Scope 3**

- Supply chain emissions   **1691.20** tCO2e

Total Emissions by Scope

Emission Sources (tCO2e)

Scope 1 1%
Scope 2 0%
Scope 3 99%

■ Scope 1   ■ Scope 2   ■ Scope 3

1708.96 tCO2e

Total GHG Emissions

Categories of Scope 3 Emissions

Purchased Goods and Services

Emissions from the production and delivery of products and services purchased by a company.

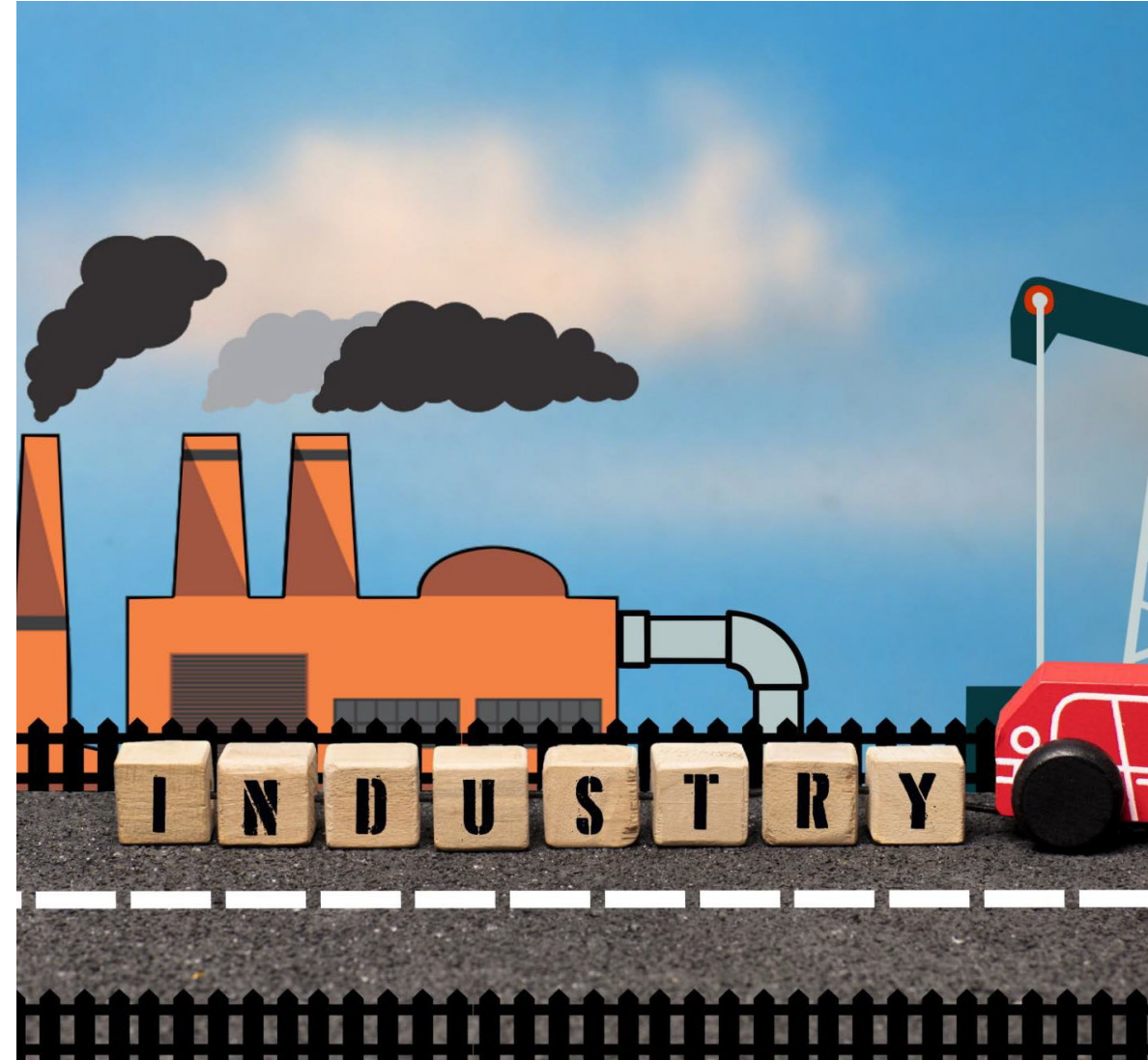**Transportation and Distribution**

Emissions from transporting and distributing products, including logistics and warehousing.

Waste Generated in Operations

Emissions from waste disposal and treatment generated by a company's operations.

Employee Commuting

Emissions from transportation used by employees to travel to and from work.

Sustainability Initiatives

Innovative programs driving environmental performance

SwapBox Program

An item exchange platform promoting reuse and reducing waste. Employees can share items they no longer need, fostering a circular economy mindset.

Waste Segregation

Comprehensive waste sorting system with daily tracking.
Clear separation of general and recyclable waste with detailed weight records.
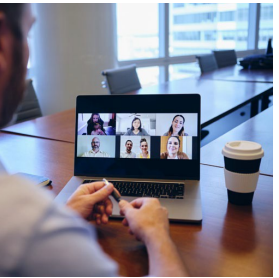
Energy Conservation

Office-wide energy saving measures include Air conditioners, efficient equipment, and employee awareness programs.

Encouraging Remote Meetings to Cut Travel Emissions

Minimizing Travel Emissions

Encouraging remote meetings can significantly reduce carbon footprints associated with travel.

Utilizing Technology

Technology enables seamless communication, allowing teams to collaborate effectively without in-person meetings.

Connecting with Clients

Remote meetings make it easier to connect with clients and partners globally, enhancing business relationships.

Social Responsibility

Social: Diversity, Equity, Employee Development

Fostering Diversity

We prioritize fostering a diverse workforce that reflects a range of backgrounds, perspectives, and experiences.

Equity in the Workplace

Our commitment to equity ensures that all employees have access to the same opportunities and support for success.

Employee Development Opportunities

We provide weekly training programs to empower our employees and support their professional growth.

Employee Training: Workplace Safety Management

Chemical Safety Protocol

We ensure chemical safety through rigorous documentation, verified supplier data, and ongoing compliance training for our office team.

Annual Safety Training Program

Employee completion of 10-hour chemical safety certification program.

Mental Health & Wellbeing Policy

Support programs addressing work-life balance and stress management for chemical industry workers.

Supporting Educational Development in Rural China

As part of our 2024 environmental, social, and governance (ESG) objectives, Royalchem focused on making a direct impact on educational equity. On Oct 24th, 2024, this mission was carried out by our dedicated team member, Jennifer. She traveled to a middle school in a remote region of Yunnan to personally deliver a corporate donation of needed supplies. This hands-on involvement ensures our philanthropic efforts are not only financial but also personal, reflecting our core value of "Dedicated Service." By supporting these students, Royalchem proudly invests in the next generation, fulfilling our mission to be a responsible and contributing member of society.

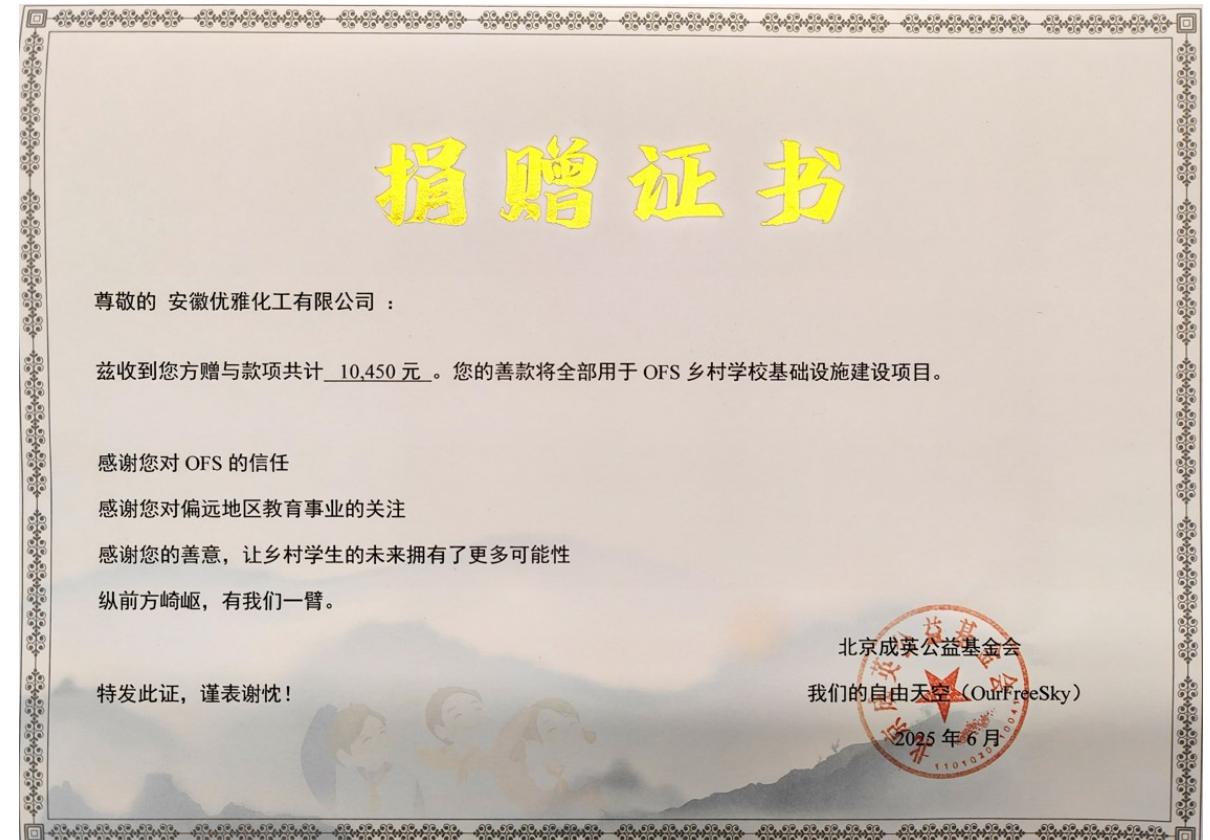# Community Engagement and Social Contributions

Supporting Education
We prioritize educational initiatives to enhance learning opportunities for children and adults in our communities.
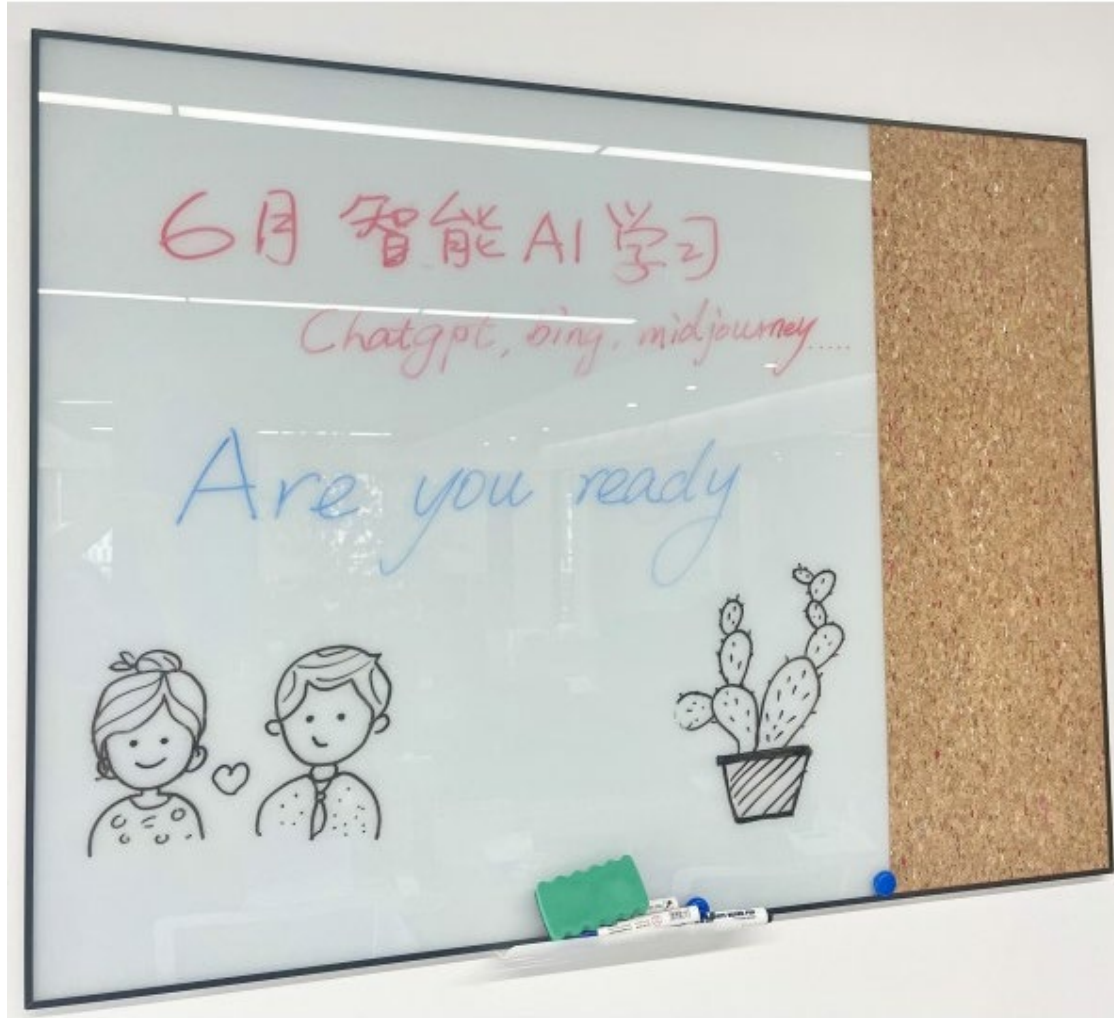
Promoting Health
Health initiatives are vital for community well-being. We support programs that improve access to healthcare services.

Environmental Initiatives
Our commitment to the environment includes projects that promote sustainability and conservation in our communities.

Diversity Stats (Gender Ratio, Training Hours)

Importance of Gender Ratio

Monitoring gender ratios helps identify imbalances and fosters an inclusive work environment for all employees.

Training Hours Statistics

Tracking training hours ensures all employees have equal access to development opportunities, promoting fairness.

Fostering Inclusivity

Collecting these statistics is vital for creating a workplace that values diversity and equity.

Governance & Ethical Standards

Governance: Building Trust Through Transparency

Leadership Accountability

Clear reporting lines with senior management. Regular management meetings include personal performance discussions.

Regulatory Compliance

100% adherence to chemical trading regulations and import/export requirements. Proactive monitoring of customer and supplier compliance status.

Transparent Reporting

Quarterly employee feedback mechanisms for governance improvements.

Commitment to Ethics

Ethics Training

Strict prohibition of facilitation payments, gifts exceeding $50 in value.

Fair Trading Practices

Transparent pricing mechanisms, competitive bidding processes, and ethical supplier relationship management.

No major safety incidents reported in 2024

Our commitment has resulted in 0 confirmed incidents related to business ethics.

Chemical Safety Information Integrity

Mandatory disclosure of all known hazards, proper labeling, and accurate safety documentation.

Supplier Evaluations

Ethical Standards

Our evaluations ensure suppliers adhere to ISO certification standards, promoting fairness and integrity in our partnerships.

Sustainability Practices

We assess suppliers' sustainability practices to minimize environmental impact and promote responsible sourcing.

Strong Partnerships

Transparent evaluations help foster strong partnerships with suppliers, ensuring mutual growth and accountability.

Royalchem

优雅化工

供应商 ESG 自评表

模块	评估项目	是 / 否 / 不适用	简要说明或备注
劳工与人权	禁止使用童工（年龄≥16 岁）		
劳工与人权	禁止强迫劳动		
劳工与人权	员工工资≥最低工资标准		
劳工与人权	存在员工社保/医疗保障		
劳工与人权	提供安全工作环境（有培训）		
环境管理	是否取得合法环保批文		
环境管理	是否有污染物排放管理措施		
环境管理	是否进行废弃物分类或回收		
环境管理	是否配合客户碳排放信息收集		
商业道德	是否有反腐败或廉洁制度		
商业道德	是否签署《社会责任行为准则》		
商业道德	是否曾发生环保/用工/腐败处罚记录		
其他	是否通过 ISO9001／14001 等体系认证		
其他	是否接受客户现场审核		

签署人（盖章）：＿＿＿＿＿＿＿＿＿ 日期：＿＿＿＿＿＿＿＿＿

Introduction to ISO

What is ISO?

ISO stands for International Organization for Standardization, providing guidelines to ensure quality, safety, and efficiency.

Global Recognition

ISO certifications are internationally recognized, respected, and implemented in various industries globally.

Ensuring Quality and Safety

ISO standards help ensure products and services meet consistent quality and safety requirements.

Key ISO Certifications

ISO 9001 Quality Management

ISO 9001 is a standard for quality management systems, ensuring companies meet customer and regulatory requirements effectively.

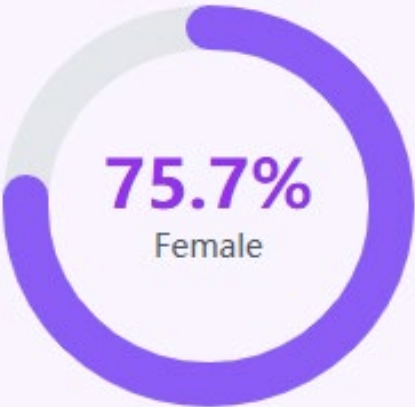## ISO 14001 Environmental Management

ISO 14001 focuses on environmental management systems, helping organizations minimize their environmental impact.

ISO 45001 Occupational Health and Safety

ISO 45001 sets standards for occupational health and safety management systems, aiming to improve workplace safety and reduce risks.

Key ESG Metrics

Workforce Distribution

Gender Diversity Excellence

75.7%
Female

Education Profile

Bachelor's Degree   65%
Associate Degree   24.65%
Master's & Above   10.35%

2024 Recruitment & Retention Analysis
Recruitment Success

15

New hires in 2024

Diverse backgrounds & experience
Turnover Analysis

14 departures

• 10 probation period exits (67%)

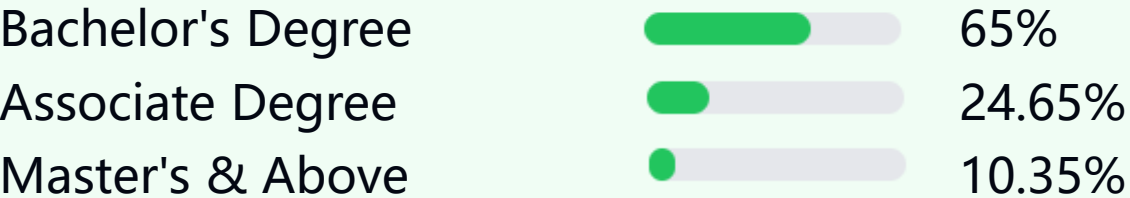• 4 regular employee exits (33%)

Core Employee Retention
89%
Regular employee retention rate

Only 4 out of 34 regular employees left in 2024, demonstrating strong core team stability and satisfaction.

Detailed Employee Data

83.4%%
Employee Satisfaction
Consistently High (97-99%)

Zero
Workplace Accidents
4 Years Running

22 hrs
Avg. Training/Employee
↑47% from 2021

4-Year Performance Trends

KPI Metrics	2021	2022	2023	2024	Trend
Total Employees	29	33	35	38	↑17.2%
Employee Satisfaction (%)	--	--	80%	83.4%	Excellent
Health Check Coverage (%)	100	100	100	100	Perfect
Avg. Training Hours	15	16	20	24	↑47%
Female Employees (%)	-	-	71	75	Leading
Discrimination Incidents	0	0	0	0	0

Investing in Our People's Growth

Key Training Programs 2024

Chemical Trading Excellence
Industry regulations, market analysis, and negotiation skills

AI Usage Training
Using ChatGPT, Claude, and Genimi in the Daily tasks

Digital Transformation
ERP systems, data analytics, and digital documentation

Leadership Development
Middle management training, succession planning

Health & Wellbeing Initiatives

Physical Health
- Annual health examinations (100%)
- Gym membership subsidies
- Healthy snacks in the office

Mental Wellbeing
- Work-from-home options
- Team building activities
- Employee assistance program

Training Performance 2021-2024
Average Training Hours per Employee

Year	Hours
2021	**15h**
2022	**16h**
2023	**20h**
2024	**24h**

+47% Growth since 2021

Scope 3 Emissions (Unit: tCO2e)

***2025 data as of May 31st*

Year	Domestic Transportation			International Transportation			Total Emissions	YoY Growth
	WTT	TTW	Subtotal	WTT	TTW	Subtotal		
2022	51.8	168.0	219.8	153.1	421.6	374.7	**594.5**	-
2023	80.7	292.3	373.0	92.7	592.6	685.3	**1058.3**	+61.2%
2024	147.1	496.6	643.7	198.5	849.0	1,047.5	**1,691.2**	+46.4%
2025*	63.8	209.1	272.9	59.2	314.1	373.3	**646.2**	Projected Annual
Cumulative Total	343.4	1,166.0	1,509.4	403.7	1,978.5	2,382.2	**3,891.6**	

Methodology Notes
- **WTT (Well-to-Tank)**: Upstream emissions from fuel production and distribution
- **TTW (Tank-to-Wheel)**: Direct emissions from fuel combustion during transportation
- **Calculation Method**: GLEC Framework distance-based methodology

Quantitative Results & Performance Metrics

2024 Workplace Safety Performance:

- Workplace Accidents: Zero major incidents, Zero lost-time injuries

- Health Check Coverage: 100% employee participation in annual health screenings

2024 Social Responsibility Indicators:

- Employee Satisfaction Score: 83.4% (annual survey with 100% participation)

- Gender Diversity: 75% female workforce with 40% women in management roles

- Employee Retention Rate: 89% for permanent employees (industry-leading performance)

- Training Hours per Employee: 24 hours

Future Goals & Improvement Plans

Future Actions

Ongoing Training

Create detailed emergency response procedures for transportation incidents, facility spills, and environmental releases.

Internal Audits

Design internal audit protocols for ESG compliance verification and process improvement. Implement an annual internal audit schedule with corrective action tracking.

Adherence to Guidelines

Ensuring all employees consistently follow our ethical guidelines to maintain integrity and transparency within the organization.

Future Outlook

Continuous improvement and new targets for 2030

2030 Targets

- 🎯 **Energy:** Further 3-5% reduction in per capita consumption

- 📋 **Digital Documentation:** By transitioning to digital documentation, minimize paper use and enhance efficiency in information management.

- ♻️ **Waste:** Increase recycling rate to 15%

- 🌼 **Renewable:** Explore LED light bulbs installation

- 📊 **Scope 3:** Implement travel & logistics emission tracking

ISO14001/ISO45001 Certification by 2025

Commitment to Sustainability

Achieving ISO14001/ISO45001 certification for Anhui Royal Chemical Co., Ltd emphasizes our dedication to sustainable practices and environmental responsibility.

Environmental Management System

Implementing an effective environmental management system is essential for meeting the ISO14001 standards and achieving certification.

Timeline to Certification

Our goal is to reach ISO14001/ISO45001 certification by 2025, marking a significant milestone in our ESG initiatives.

Continuous Reduction in Office Carbon Footprint (Annual Targets)

Annual Carbon Reduction Targets

We are committed to setting measurable annual targets to continuously reduce our office carbon footprint.

Sustainable Practices

Implementing sustainable practices in our daily operations is key to achieving our carbon reduction goals.

Employee Engagement

Engaging employees in sustainability initiatives fosters a culture of environmental responsibility and teamwork.

Strengthen Supplier ESG Assessments

Enhanced ESG Framework

We aim to develop a more robust ESG framework for evaluating supplier practices, aligning with our sustainability objectives.

Alignment with Sustainability Goals

Our assessments will ensure that supplier practices are consistent with our sustainability goals and ethical commitments.

Ethical Standards Compliance

We will enforce compliance with ethical standards to promote responsible sourcing and supply chain integrity.

Transparent ESG Communication and Updates

Stakeholder Engagement

Engaging with stakeholders is crucial for understanding their concerns and expectations regarding our ESG initiatives.

ESG Initiatives Transparency

Transparency in our ESG initiatives builds trust with stakeholders, ensuring they are informed about our progress and challenges.

Building Trust

Through consistent and clear communication, we foster accountability and trust with our stakeholders in our ESG efforts.

Conclusion

ESG Commitments

Anhui Royal Chemical Co., Ltd. is committed to advancing Environmental, Social, and Governance (ESG) principles through effective strategies.

Transparent Governance

The company ensures transparent governance practices, fostering trust and accountability with stakeholders.

Stakeholder Engagement

Continuous engagement with stakeholders is essential for achieving our goals and fostering a sustainable future.

Contact Information

For questions about this report or our ESG initiatives, don't hesitate to get in touch with us at :
info@royal-chem.com

GRI Content Index

GRI Standard	Disclosure	Page/Response
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GRI 3: Material Topics		
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305-2	Energy indirect (Scope 2) GHG emissions	Page 16
305-3	Other indirect (Scope 3) GHG emissions	Page 16,36
GRI 308: Supplier Environmental Assessment		
308-1	New suppliers screened using environmental criteria	Page 29
GRI 403: Occupational Health and Safety		
403-9	Work-related injuries	Page 34,37
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