

ADAMA Ltd.

Derivatives Hedging Management Policy

(Revised in March 2025)

Chapter I General Provisions

Article 1 This Policy of ADAMA Ltd. (hereinafter referred to as “the Company”) is established in accordance with relevant laws and regulations, if applicable such as *the Securities Law, the Rules Governing the Listing of Stocks on Shenzhen Stock Exchange, Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 1 – Standardized Operation of Main Board Listed Companies, Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No. 7 – Transactions and Related-party Transactions*, etc. as well as *the Articles of Associations of ADAMA Ltd.* (hereinafter referred to as “Articles of Associations”) to regulate the hedging operation and to enable its function to mitigate exchange rate and index risks in the production and operation of the Company.

Article 2 This Policy applies for the Company and all its subsidiaries.

Article 3 This Policy, as an internal control system relevant to forex and index hedging, is formulated to mitigate the effect of exchange rate fluctuations and the consumer price index (CPI) on cash flow and profit of the Company and all applicable subsidiaries nominated in USD.

Article 4 The Company shall follow the principles of compliance, prudence, safety and effectiveness in conducting hedging. The purpose of hedging can only be to hedge the exchange rate/index risk in production and operation and speculative activities are strictly prohibited.

Article 5 The risk exposure of the Company related to exchange rate and CPI are as follows.

Accounting Exposure is the currency exposure arising from currency exchange rate fluctuation effect on the value of monetary assets and liabilities in the balance sheet which are denominated to currencies that are different from the reporting currency or indexed to the CPI of the applicable subsidiary/ies of the Company nominated in USD. The exposure becomes an accounting exposure immediately after the monetary

asset/liability was booked into the accounting system. Monetary Assets and Liabilities are all balance sheet items that are part of the monetary current & long-term assets and liabilities, except for inventory.

Economic Exposure is the business exposure to changes in profit or loss arising from future income and expenses that is in different currencies than the reporting currency of the applicable subsidiary/ies of the Company, and which were not recorded in the accounting system (such as due to signed contract, binding offers, open orders, work plan, acquisitions and investments).

Article 6 The hedging business of the Company includes the following items.

Nominal Hedge – Absolute hedging for drastic FX rate and CPI changes.

Effective Hedge – Hedging against small changes in the FX rate and CPI (increase or decrease). This hedging measurement is based on the delta equivalent of all open positions.

Article 7 Derivatives permitted to be used in the Company's hedging operations include:

High effective tools – including (inter alia) Forwards, Swaps, Loans and deposits.

Low effective tools – including (inter alia) Options, Exotic options, Options strategies (includes sell and buys).

Chapter II Authority to Approve Hedging Transactions

Article 8 The facility of derivative hedging transactions of the Company should be approved by the Board of Directors (the BOD). Independent directors should express special opinions on this matter.

If the facility of derivative hedging transactions reaches one of the following lines, they should be submitted to the shareholders' meeting for consideration after being approved by the BOD,

(1) The expected upper limit of transaction margin and rights (including the value of collateral provided for the transactions, the expected credit limit of financial institutions, and the margin reserved for emergency measures, etc.) accounts for more than 50% of the Company's latest audited net profit, and the absolute value exceeds RMB 5 million yuan; or,

(2)The highest contract value expected to be held on any single trading day accounts for 50% of the Company's audited net assets for the latest reporting period and the absolute value exceeds RMB 50 million yuan.

Article 9 Due to the high trading frequency of and timing requirements on the hedging transactions of the Company which makes it difficult to apply the approval procedures in Article 8 for each transaction, the Company may reasonably estimate the scope, upper limit, and terms of derivative transactions for the next year and apply the approval procedures in Article 8 in advance for the yearly estimation. The use of the relevant limit should not exceed 12 months, and the value at any point during the period (including the relevant amount of the proceeds of the aforementioned transaction for further trading) should not exceed the approved limit.

Article 10 The Company should prepare a feasibility study report for the BOD to consider derivative hedging transactions.

Article 11 The Audit Committee of the BOD should review the necessity, feasibility and risk control of hedging transactions. Professional institutions may be engaged to issue feasibility study reports when necessary. The Audit Committee should strengthen the evaluation and supervision over the risk control policies and procedures in order to identify relevant internal control deficiencies in a timely manner and take remedial measures accordingly.

Article 12 The derivative hedging transactions should be conducted and approved by the Chief Financial Officer (the CFO) of the Company and the financial persons of the applicable subsidiary on an on-going basis as shall be required within the approved limits by the BOD and the shareholders' meeting where applicable, in accordance with the internal procedures to be determined and approved by the President & CEO and/or the CFO of the Company ("Internal Procedures").

Article 13 Such Internal Procedures shall include, inter alia, procedures with respect to periodically working procedures to quantify the exposures; hedging activities using derivatives; reporting at the level of the Company and Group; accounting; records and controls (and alerts). Such Internal Procedures are intended to create a common language between management and the executing team with respect to hedging transactions and to create clear measurement tools for main parameters under this

Policy. The Internal Procedures shall further include the procedures for their periodically update, as shall be required from time to time.

Chapter III Operative Organization and Personnel

Article 14 The departments and personnel of the Company involved in hedging transactions are as follows,

- (1) The Company's CFO, as the head of the hedging committee, and the Corporate Finance Manager of ADAMA Agricultural Solutions Ltd. ("Solutions") ("CFM"), the Company's wholly-controlled subsidiary are responsible for the implementation and monitoring of this Policy.
- (2) The Company establishes a Currency Risk Management team ("the CCR Team") as the operative team to implement hedging transactions and that shall be required to conduct weekly meetings in this respect. The CCR Team shall be headed by the CFM and include the treasurer of Solutions.
- (3) The hedging transactions in the ordinary course of the business are conducted after being approved by signature authorization of applicable subsidiaries.

Article 15 All personnel who are handling hedging activities for the Company must be trained on a yearly basis. If necessary, the Company shall engage internal or external experts to give presentations addressing hedging issues from time to time.

Chapter IV Processes for Risk Management

Article 16 The risk management processes shall include but are not limited to the following factors.

- (1) Conducting weekly, monthly and quarterly meetings of the applicable teams in order to monitor and examine the portfolio and the transactions.
- (2) Conducting transactions shall be based, among other things, on an external expert (or other system) theoretical pricing and/or banks/brokers quotes, as the case may be.
- (3) The financial department shall keep the records and documentation with respect to the process and transactions.

Article 17 The Company's hedging management is handled on a daily basis, with ongoing daily monitoring with global markets and banks of the exposure, hedges and

potential risks. The Company should formulate a concrete and feasible emergency plan in order to respond in a timely manner to major contingencies that may occur during the trading.

Chapter V Information Disclosure

Article 18 The Company should disclose information related to derivative hedging transactions according to the relevant requirements of Shenzhen Stock Exchange.

Article 19 The Company should disclose information related to derivative hedging transactions in its periodic reports. Related disclosure should include the following items, if applicable:

- (1) Derivatives held at the end of the reporting period. The Company shall disclose by categories the quantity of derivatives held, contract amount, maturity date, and the percentage of investment in derivatives against net assets at the end of the reporting period. The way and standards for classification should also be disclosed.
- (2) Fair value change of combination of the traded derivatives and its hedging assets, and its impact on profit and loss for the current period.
- (3) Risk analysis and control measures, including but not limited to market risks, liquidity risks, credit risks, operational risks, legal risks and etc.
- (4) Open market value change or fair value change of the derivatives. Fair value analysis of the derivatives should include the methodology and related assumptions and parameters.
- (5) Explanation for any significant changes in accounting policies and principles, compared with last reporting period.
- (6) Independent Directors' opinion on the investment in derivative financial instruments and related risk controls.
- (7) Other contents required by SZSE.

Chapter VI Supplementary Provisions

Article 20 Matters not covered by this Policy shall be handled in accordance with provisions of relevant national laws, regulations, normative documents and *the Articles of Association*. If this Policy is in conflict with relevant laws, regulations, normative documents and *the Articles of Association*, the provisions of relevant laws, regulations, normative documents and the Articles of Association shall prevail.

Article 21 The BOD of the Company shall be responsible for the interpretation and revision of this Policy.

Article 22 This Policy shall take effect on the date of deliberation and approval by the BOD of the Company.

Board of Directors of ADAMA Ltd.

March 12th, 2025