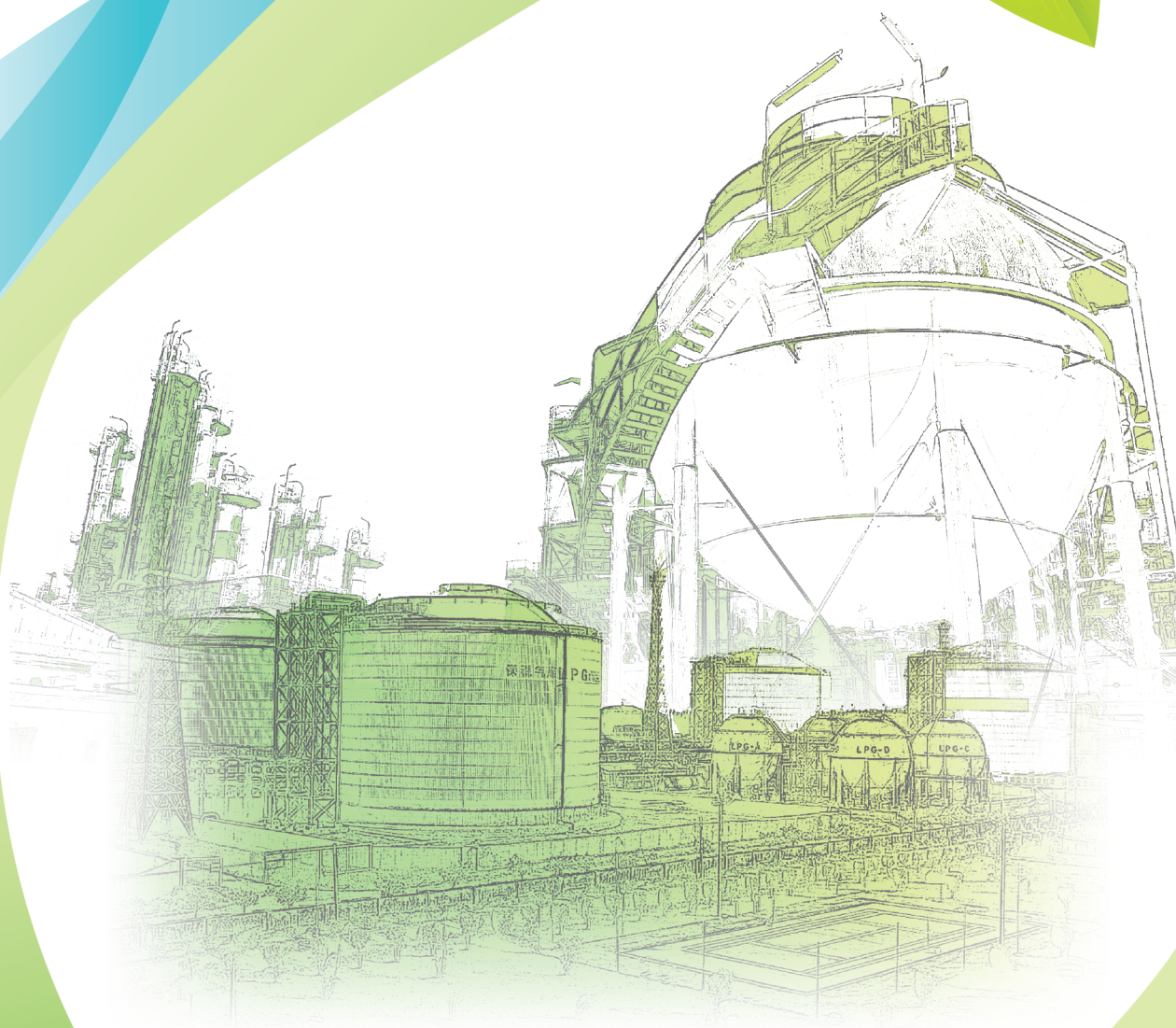




OUHUA ENERGY HOLDINGS LIMITED

ENGAGING POSSIBILITIES, ADVANCING FORWARD



SUSTAINABILITY REPORT 2022

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1 ABOUT THE REPORT

Reporting Boundary

The Sustainability Report (the “Report”) covers operations and all subsidiaries for which Ouhua Energy Holdings Limited (“Ouhua Energy” or the “Company”, and together with its subsidiaries, the “Group” or “we”) has management control over, unless otherwise stated. This Report seeks to provide an overview of our approach, practices, commitment, and performance of our material environmental, social and governance (“ESG”) topics. The scope of this Report considers key business activities and associated sustainability concerns related to Chaozhou Ouhua Energy Co., Ltd which are based in the People’s Republic of China (the “PRC”)

Reporting Period & Standard

This Report covers the sustainability performance of the Group’s operations from 1 January 2022 to 31 December 2022 (“FY2022”) which is the same as the financial year of the Group.

This Report is prepared in accordance with the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 711B and with reference to the Global Reporting Initiative (“GRI”) Standards. The GRI Standards were selected for being widely used and globally recognized sustainability reporting standards with a broad selection of topics for reporting on economic, environmental and social impacts. The Board of Directors (the “Board”) has reviewed and approved the reported information, including the material topics, metrics and targets.

We have applied the GRI Standards in ensuring the quality and proper presentation of the reported information. Reporting principles for sustainability reporting include accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability. A GRI Content Index at the end of the Report specifies the location of the relevant disclosures.

Independent Assurance

Internal controls and verification mechanisms have been established by the management to ensure the accuracy and reliability of narratives and data. The Report has undergone the internal review process of the Group, and was reviewed by the Board. The Group has not sought external assurance for this Report but has relied on internal verification to ensure the accuracy of data.

2 FEEDBACK

We are fully committed to our stakeholders and we welcome feedback on any aspect of our sustainability policies, processes and performance. Kindly address all feedback to sr@ohwa.cn. Your feedback is vital to us in achieving our goals to build a sustainable and thriving business. As an attempt to promote environmental conservation, there will be no hard copies of this Report.

3 BOARD STATEMENT ON SUSTAINABILITY

Ouhua Energy is pleased to issue its sixth sustainability report prepared with reference to the GRI Standards and in compliance with the SGX-ST guidelines on sustainability reporting.

The Group endeavours and is committed to continually consider material ESG topics as part of our core business strategy. This Report seeks to present an accurate account of our practices and performance in our quest to be a sustainable, responsible corporate body.

This Report marks our first disclosure of our climate-related risk management approach with reference to the Task Force on Climate-related Financial Disclosures (the “TCFD”) framework. While we have made progress in climate-related disclosures, such as reporting on our greenhouse gas (“GHG”) emissions in this Report, we will continue to develop risk management frameworks to strengthen our climate resilience.

We also recognize the importance of social responsibility, and are committed to creating a positive impact on the communities in which we operate. We have supported a range of community initiatives, including education, health, and environmental programs, to promote social well-being.

Strong corporate governance practices have been integral in enhancing the Group’s adaptability to policy changes and trends in the industry as well as helping the Group align its operations and business activities with the interests of all key stakeholders. The Board and Sustainability Reporting (“SR”) Committee remain committed to establishing and maintaining an effective Sustainability Management framework, which is supported by underlying internal controls, risk management practices and reporting processes.

The ESG topics in this Report reviewed by the Board and senior management (“Management”) are assessed to be material and relevant. The Board and Management shall continue to dedicate leadership and maintain a high standard of sustainability governance to drive continuous and long-term growth for all stakeholders. The Group will continue to work towards a balanced disclosure on the management and monitoring of material ESG topics for continuous improvement.

4 ABOUT THE GROUP

Corporate Profile

Ouhua Energy is one of the leading importers of liquefied petroleum gas (“LPG”) in the PRC in terms of imported quantities. Ouhua Energy is strategically based in Chaozhou City, Guangdong Province, the “Ceramics Capital” of the PRC. Our mission is to provide environment-friendly business supply of LPG. As a supplier capable of international deliveries, we devote ourselves to providing our customers with only the best.

Core Value

Outstanding Quality, Dedicated Service



The Group captures about 40% of the local market share. In addition to importing most of the raw materials, namely butane and propane, from overseas suppliers and processing these into LPG, the Group also directly purchases LPG from domestic refineries for sale to customers across the PRC, and exports to Vietnam, the Philippines, and Thailand in Southeast Asia.

Ouhua Energy is equipped with a comprehensive suite of production facilities, including over 100,000 cubic metres of LPG storage facilities, and a current annual LPG production capacity of 900,000 tonnes. These facilities are well located in a prime waterfront area supported by wharves that enable the Group to serve diverse markets beyond a geographical radius of 500 kilometres by land and 10,000 kilometres across the sea.

As a licensed tier-one LPG distributor, the Group is focusing its efforts on developing the LPG retail chain, including the construction of urban gas pipeline system. Moving towards a green, low-carbon emission economy environment, LPG is a clean energy and can be widely used in commercial vehicles. The Group is committed to exploring the market in LPG-filling gas stations. Additionally, we aim to produce dimethyl ether to further integrate advanced technology into our operations and extend our product chain. These efforts will utilize the raw materials we have and help us maintain a competitive edge in imports, thereby cultivating solid strength.

The strong emphasis on product quality, safety, embedded technologies, and environmental practices has cemented the Group's distinguished reputation and contributed to a strong customer base. The core values of the business are to seize opportunities which are before us, earn and maintain the trust of our clients, establish a high-value market position, and innovate and achieve sustainable development.

Awards & Certification

We continuously seek for business opportunities that are in line with our growth strategy and to deliver value to our customers and stakeholders as we continue to explore and expand our business operations. Within the industry, we also uphold a reputation for quality and high standards in our operations, as well as excellence in our operations management. As a commitment to uphold the quality of our production operations, we continue to maintain ISO 9001: 2015 Quality Management Systems (QMS) certification.

5 GOVERNANCE STRUCTURE

Sustainability is integrated into our organization and embedded across various departments and functions.

The Board evaluates and considers ESG risks and opportunities relevant to the Group during the formulation of overall business strategy, objectives, and performance measurements. The Board also supports and approves the identification and assessment parameters of material ESG topics. The Audit Committee reviews and oversees the management and monitoring of the material ESG topics of the Group to ensure that sustainability matters are considered as part of its business strategy.

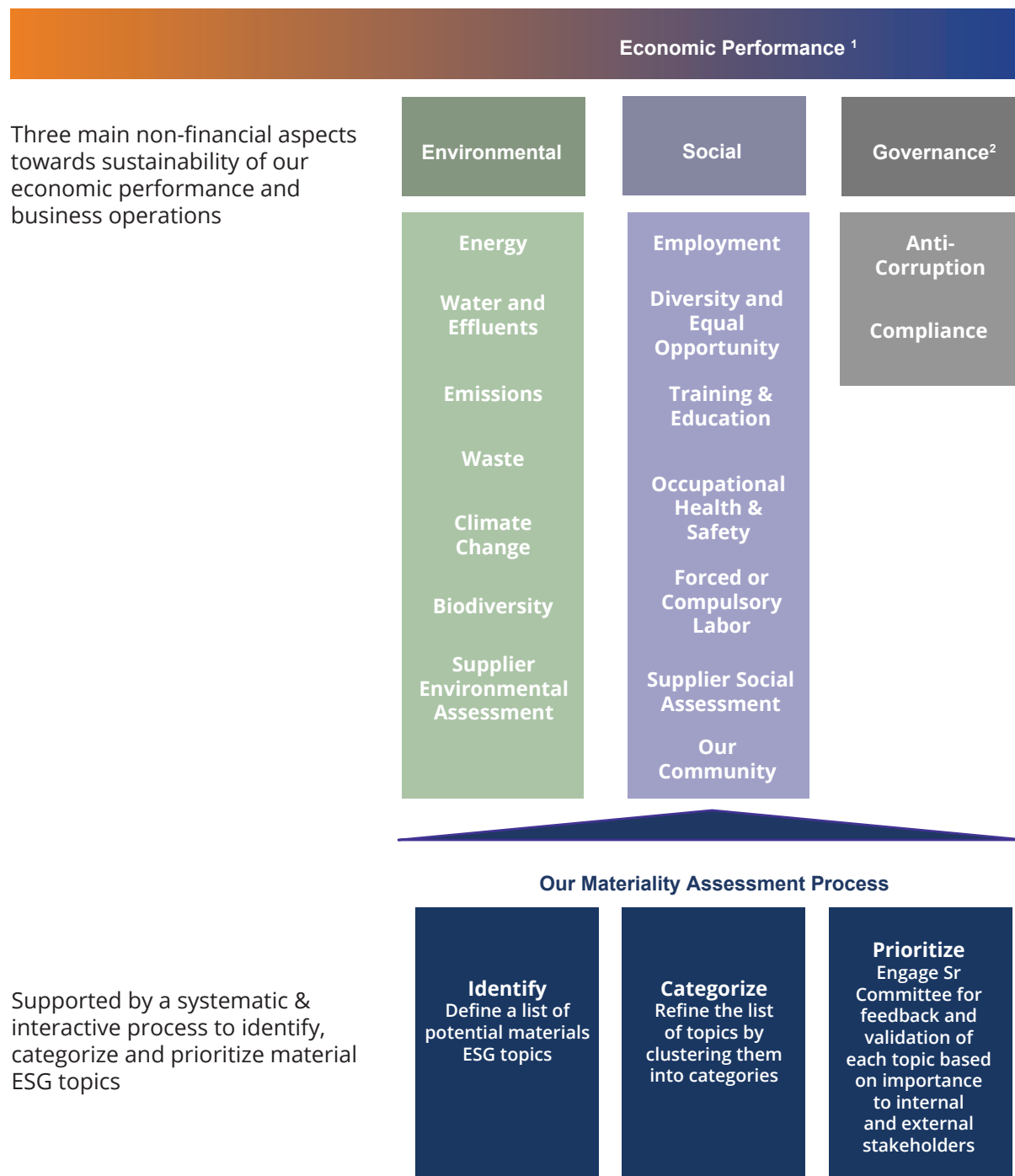
The SR Committee, chaired by Chief Executive Officer ("CEO"), comprises Management and representatives from across our different business units, is responsible for reviewing and making recommendations to the Board on sustainability matters including policies, practices, targets and performance. The designated personnel from different functional department supports the Management in identifying the type of ESG topics relevant to its day-to-day operations. Management then determines the materiality of the ESG topics based on the level of significance of impact, influence on stakeholder values, and the achievement of the Group's strategic objectives.

6 STRATEGIC APPROACH FOR SUSTAINABILITY

Ouhua Energy firmly believes that while its businesses are driven by earnings, the Group must ensure a positive impact on the environment, society and stakeholders, that underpin the Group's value creation process. Therefore, we are committed to promoting environmental sustainability and social responsibility through the implementation of programs and policies. We strive to provide our customers with high-quality, reliable and innovative products, and we believe in investing in our people, our customers, and the environment for the long-term sustainability. We are dedicated to creating value for our stakeholders by incorporating ESG aspects into our daily operations and risk management approach. Our corporate governance structure is essential to our approach to sustainability, as it encourages internal communications, enhances transparency, and builds trust with our stakeholders. This creates positive benefits for our stakeholders, drives long-term success for us, and allows each employee to contribute to value-creation for the customers.

In FY2022, the Board and the SR Committee reviewed and defined the Group's approach to sustainability management and identified four main aspects, including economic performance, environmental, social and governance that remain material to the sustainability of our economic performance and business operations (See Exhibit 1). We will continue to focus on these topics and strive to achieve our sustainability objectives.

Exhibit 1. An Overview Our Approach to Sustainability Management



1. Please refer to Financial Statements of the Annual Report.
2. Please refer to the Corporate Governance section of the Annual Report for more details.

7 STAKEHOLDER ENGAGEMENT




Ouhua Energy recognizes that understanding the demands and concerns of stakeholders are key to sustainable growth and that regular engagement with stakeholders helps the Group to better determine material focus area.

We have engaged stakeholders who have an interest in our company and can either affect or be affected by our business. We have regularly communicated with stakeholders to understand their expectations and their perceptions of our sustainable development performance. Dialogue maintains trust, gains support for our activities and occasionally reconciles differing interests.

We believe that creating an environment to promote regular communication and greater stakeholder participation is instrumental in understanding the demands and concerns of our stakeholders. The Group's key stakeholders include, but are not limited to, employees, customers, shareholder and investors, business partners and community.

We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The following table highlights our key stakeholder group, our engagement channels, their expectations and our responses (See Exhibit 2).

Exhibit 2. Our Stakeholder Engagement Framework

Key Stakeholder Group	Engagement Channels	Expectations	Our Response
 Employees	<ul style="list-style-type: none"> • Trainings, seminars and briefing sessions • Staff performance appraisal interviews • Emails 	<ul style="list-style-type: none"> • Career development opportunities • Health and safety • Remuneration and benefits • Working environment 	<p>We recognize that our employees are fundamental to our success and continuity. We aim to promote a nurturing culture to increase our employees' engagement and contribution.</p>
 Customers	<ul style="list-style-type: none"> • Face-to-face meetings • Customer hotline 	<ul style="list-style-type: none"> • Stable relationship • Product quality • Customer services 	<p>We strive to maximize our customer satisfaction and in turn, increase our sales and revenue. We ensure that we understand our customers' needs and expectations and we aim to build long-lasting relationships with our customers to win their support and confidence.</p>
 Shareholders and Investors	<ul style="list-style-type: none"> • Annual general meetings and other shareholder meetings • Corporate website • Financial reports • Announcements 	<ul style="list-style-type: none"> • Compliant operation • Information transparency • Protection of interests and fair treatment to shareholders • Investment returns 	<p>We aim to maintain profitability and maximize shareholder return, as well as uphold a high standard of corporate governance and transparency.</p>
 Business Partners	<ul style="list-style-type: none"> • Business meetings, emails and phone calls • Review and assessment 	<ul style="list-style-type: none"> • Fair tendering • Business ethics and reputation • Long-term partnership 	<p>We work closely with our business partners to ensure that all our operations carried out are in line with our sustainability efforts and industry practices.</p>
 Community	<ul style="list-style-type: none"> • Association meetings • Community investment • Sustainability reports 	<ul style="list-style-type: none"> • Contribution to society • Environmental protection • Ethical operation • Social welfare 	<p>We work closely with our community and remain fully committed to continue procuring responsibly while generating positive economic and social impact for the local community we operate in.</p>

List of Memberships of Association

The Group aspires to widen its exposure to industry standards and collaborates within and beyond the industry to improve on its current sustainability practices, and participates as members of organizations including:

- Chaozhou City "Top Rating" Private Enterprise / Chaozhou City "Four Beams and Eight Pillars" Private Enterprise
- Chaozhou City Cleaner Production Enterprise
- Board Member of Chaozhou Energy Saving and Emission Reduction (ESER) and Cleaner Production Association
- Board Member of Chaozhou City Special Equipment Association
- Group Member of Guangdong Province Port Association
- Board Member of Guangdong Province Quality Association
- Board Member of Guangdong Province Fire Protection Association

8 MATERIALITY ASSESSMENT

Materiality with respect to sustainability reporting as defined by the GRI Standards, includes topics and indicators that reflect the organization’s significant economic, environmental, and social impacts; and substantively influences the assessments and decisions of stakeholders.

Stakeholders’ concerns identified as well as business priorities are incorporated into Ouhua Energy’s materiality assessment process which consists of a systematic process to identify, prioritize and validate the ESG factors (See Exhibit 3). In FY2022, The Group conducted a comprehensive materiality assessment that applied the concept of double materiality, which considers both financial materiality and impact materiality. The approach determines topics that influence the Group’s value creation (financial materiality), as well as those that reflect the impacts we have on the economy, environment, and people (impact materiality).

Exhibit 3. Materiality Assessment Process

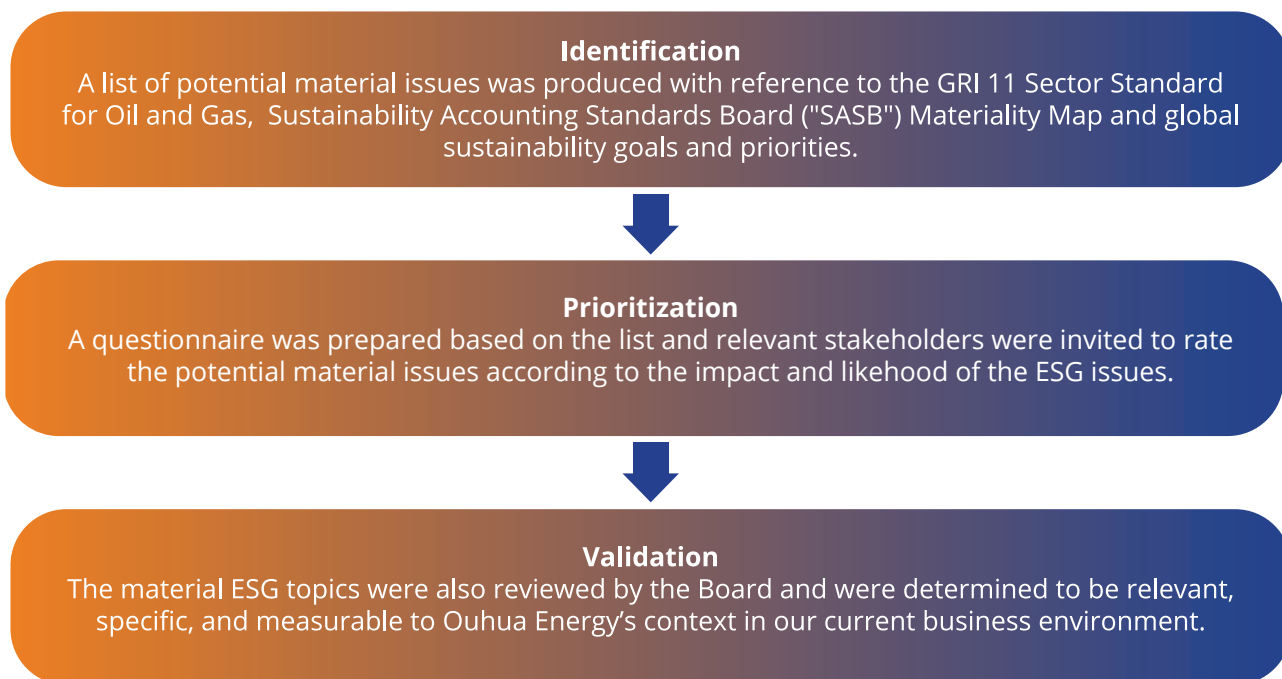
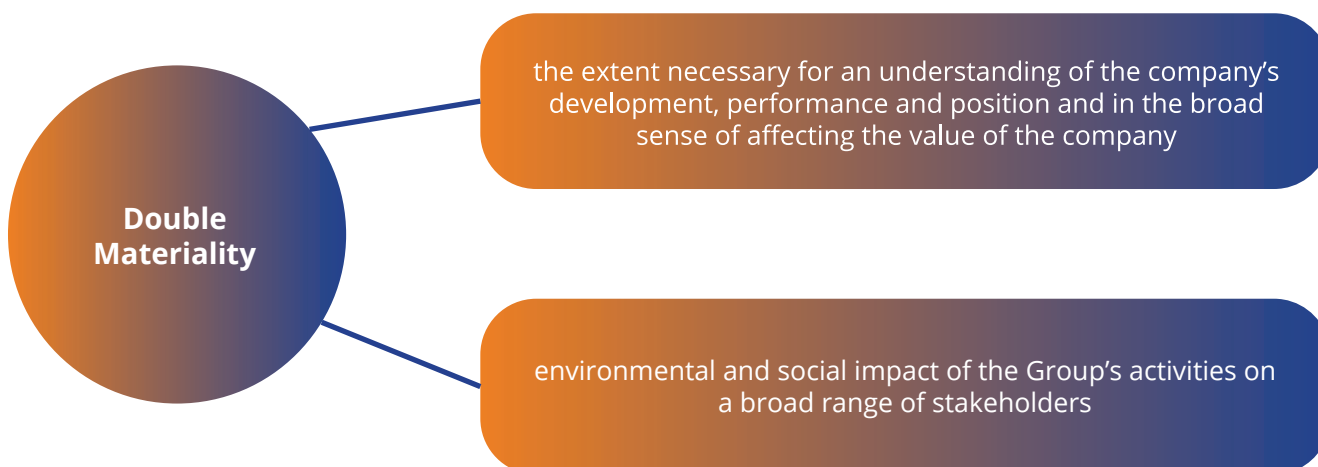


Exhibit 4. Concept of Double Materiality



The below table illustrates the identified GRI material topics after the conclusion of the materiality assessment process, and where the impacts occur for each material topic (See Exhibit 5).

Exhibit 5. List of Material Topics

Material ESG Factors	Material Topics
ECONOMIC PERFORMANCE	
Economic Performance	<ul style="list-style-type: none"> GRI 201: Economic Performance 2016
ENVIRONMENTAL MANAGEMENT	
Energy	<ul style="list-style-type: none"> GRI 302: Energy 2016
Water and Effluents	<ul style="list-style-type: none"> GRI 303: Water and Effluents 2018
Emissions	<ul style="list-style-type: none"> GRI 305: Emissions 2016
Waste	<ul style="list-style-type: none"> GRI 306: Waste 2020
Climate Change	<ul style="list-style-type: none"> GRI 201: Economic Performance 2016 Responding Actions to Climate Change
Biodiversity	<ul style="list-style-type: none"> GRI 304: Biodiversity 2016
Supplier Environmental Assessment	<ul style="list-style-type: none"> GRI 308: Supplier Environmental Assessment 2016
OrganizationAL & RELATIONSHIP MANAGEMENT	
Employment	<ul style="list-style-type: none"> GRI 401: Employment 2016 GRI 402: Labor/Management Relations 2016
Diversity and Equal Opportunity	<ul style="list-style-type: none"> GRI 405: Diversity and Equal Opportunity 2016
Training & Education	<ul style="list-style-type: none"> GRI 404: Training and Education 2016
Occupational Health & Safety	<ul style="list-style-type: none"> GRI 403: Occupational Health and Safety 2018
Forced or Compulsory Labor	<ul style="list-style-type: none"> GRI 409: Forced or Compulsory Labour 2016
Supplier Social Assessment	<ul style="list-style-type: none"> GRI 414: Supplier Social Assessment 2016
Our Community	<ul style="list-style-type: none"> GRI 413: Local Communities 2016
CORPORATE GOVERNANCE	
Anti-corruption	<ul style="list-style-type: none"> GRI 205: Anti-corruption 2016
Compliance	<ul style="list-style-type: none"> GRI 2: General Disclosures 2021

FY2022 Performance Highlight and FY2023 Target(s)

Having considered the topics of concern and expectations of identified key stakeholders, the SR Committee together with the Management have assessed and prioritized the material topics to focus on for the Group, as well as established targets and commitments to be fulfilled.

Material ESG Topics	Targets and Commitments	Key Highlights
		FY2022
ENVIRONMENTAL MANAGEMENT		
Energy	<ul style="list-style-type: none"> Organize at least one activity each year to raise awareness among stakeholders on energy conservation. 	<ul style="list-style-type: none"> Due to the enhancement of the data collection system, energy consumption has been categorized into purchased electricity and non-renewable fuels, such as petrol and diesel.
Water and Effluent	<ul style="list-style-type: none"> Organize at least one activity each year to raise awareness among stakeholders on water conservation. 	<ul style="list-style-type: none"> This material topic was identified and newly added in FY2022.

Emissions	<ul style="list-style-type: none"> Organize at least one activity each year to raise awareness among stakeholders on emission reduction. Maintain current level of GHG emissions intensities. 	<ul style="list-style-type: none"> This material topic was identified and newly added in FY2022.
Waste	<ul style="list-style-type: none"> Ensure waste disposal are in accordance with regulatory requirements. Ensure that reusing and recycling are being practiced to reduce waste production. 	<ul style="list-style-type: none"> Zero incident of regulatory non-compliance maintained. No significant fines / non-monetary sanctions for non-compliance with environmental laws and regulations.
Material ESG Topics	Targets and Commitments	Key Highlights
		FY2022
Biodiversity	<ul style="list-style-type: none"> Ensure that the Group undertake biodiversity assessments where applicable. 	<ul style="list-style-type: none"> This material topic was identified and newly added in FY2022.
Climate Change	<ul style="list-style-type: none"> Organize at least one activity each year to raise awareness among stakeholders on climate change. 	<ul style="list-style-type: none"> This material topic was identified and newly added in FY2022.
Supplier Environmental Assessment	<ul style="list-style-type: none"> Ensure all new suppliers are screened against the Group's environmental criteria prior to onboarding. 	<ul style="list-style-type: none"> There were only 5 new suppliers in FY2022, and they were all assessed to be fully complied with environmental requirements.
Organizational & Relationship Management		
Employment	<ul style="list-style-type: none"> Comply with local labour regulations across our operations. 	<ul style="list-style-type: none"> The Group remained compliant with respective local regulations across our operations.
Training and Education	<ul style="list-style-type: none"> Achieve an average of 3 hours of training per employee annually. 	<ul style="list-style-type: none"> <i>*Please refer to Training & Education section under "Organizational & Relational Management" for the training breakdown.</i>
Occupational Health and Safety	<ul style="list-style-type: none"> Zero fatalities and / or workplace injuries. 	<ul style="list-style-type: none"> No work days lost due to workplace injuries. Zero workplace fatalities, total permanent injuries and occupational health and diseases.
Diversity and Equal Opportunity	<ul style="list-style-type: none"> Continue to promote diversity and equal opportunity in the workplace. Maintain zero incidents of discrimination. 	<ul style="list-style-type: none"> There was no incident of complaints of discrimination against the Group. <i>*Please refer to Diversity and Equal Opportunity section under "Organizational & Relational Management" for the employee breakdown</i>
Forced or Compulsory Labor	<ul style="list-style-type: none"> Promote the importance of human rights and ethical conduct. 	<ul style="list-style-type: none"> This material topic was identified and newly added in FY2022.

Material ESG Topics	Targets and Commitments	Key Highlights
		FY2022
Our Community	<ul style="list-style-type: none"> Encourage our employees to participate in community activities. 	<ul style="list-style-type: none"> This material topic was identified and newly added in FY2022.
CORPORATE GOVERNANCE		
Anti-corruption	<ul style="list-style-type: none"> Zero incidents of bribery and corruption, including facilitation payment. Zero tolerance towards all forms of bribery and corruption. 	<ul style="list-style-type: none"> Zero incident of regulatory non-compliance and / or incidents pertaining to whistleblowing.
Compliance	<ul style="list-style-type: none"> Maintain zero incidents of non-compliance with laws and regulations in the environmental, social and economic areas. 	<ul style="list-style-type: none"> Maintain zero incidents of non-compliance. No significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations.

Moving forward, to keep abreast of critical issues, the Management will review Ouhua Energy's material ESG topics against the changing business environment, stakeholder opinions, and emerging global and local trends annually.

9 ENVIRONMENTAL MANAGEMENT

To address global issues of resource scarcity and changing climate, we recognize the importance of integrating environmental considerations into our business decisions. We are committed to understanding, managing, and minimising our environmental footprint across our value chain including our business operations, suppliers and customers. A comprehensive environmental policy (《环境保护管理制度》) covering the topics of energy efficiency, emissions mitigation, waste management and biodiversity, has been implemented. Our environmental efforts are largely focused on maximizing material utilization and optimizing energy consumption. We will continue to strengthen our expertise in the areas of environmental programs and be selective about the strategic initiatives that will yield a greater positive impact in the future. As a result of improving the data collection and consolidation mechanism in FY2022, there may be disparities between environmental data collected from FY2021 and FY2022, rendering them incomparable.

ENERGY

We endeavor to provide clean and environmentally friendly energy and envision to build an internationally renowned energy brand that supplies sustainable energy. To combat climate change challenges, we recognize the importance of innovation in environmentally sustainable technology. The Group believes that employees should share the responsibilities in the Group's ESG issues. All employees must implement the adopted measures and be responsible for the Group's overall energy efficiency. The Group will regularly review the related policies to ensure they are in line with the market practice. We also regularly check the condition of equipment in order to prevent energy wastage from engine aging.

Energy Consumption

The Group continues to double our efforts to ensure prudent use of resources by implementing the following resources management measures, to manage energy savings:

- Shut down the machines during non-business hours;
- Switch off all lights and electronic equipment when not in use, including after office hours and during weekends;
- Enable energy-saving features on all electronic equipment where available;
- Remind employees to set their computers to sleep mode after 10 minutes of inactivity;
- Ensure that external doors and windows are properly closed to prevent cool air from escaping;
- Encourage telephone calls and video conferences to replace unnecessary travel; and
- Maximize the use of natural lighting wherever possible.

During FY2022, the major sources of the Group's energy consumption were purchased electricity as well as non-renewable fuel such as petrol and diesel used by company vehicles. In FY2022, Ouhua Energy consumed a total 6,823,511.93 kWh energy with 6,669,500.00 kWh of electricity, 56,496.81 kWh of diesel and 97,515.12 kWh of petrol*. In FY2022, the Group's total energy consumption intensity** was approximately 1,470,584.47 per RMB billion revenue. The Group will continue to monitor its performance and seek to reduce its energy consumption intensity in the coming years.

**The unit conversion method of energy consumption data is formulated based on the "Energy Statistics Manual" issued by the International Energy Agency.*

*** For the years ended 31 December 2022, the Group recorded revenue of approximately RMB4.64 billion. These data have also been used for calculating other intensity data.*

WATER AND EFFLUENTS

Water Consumption

Water is mainly consumed for the Group's production process operations, dormitories, maintenance activities, and firewater systems. The amount of water extracted during operation is monitored so that water use remains within permitted extraction volumes. To preserve precious water resources, we actively promote the concept of water-saving to employees and strengthen the maintenance, inspection and management of water equipment to achieve the purpose of saving water. We also constantly evaluate and consider all opportunities to optimize the use of resources.

To reduce water use, the Group has also formulated related policies and initiatives, actively encouraging all employees to develop the habit of conserving water consciously. The Group has been strengthening its water efficiency by adopting the following water-saving measures:

- Post labels at water faucets to remind employees and visitors to conserve water usage;
- Regularly monitor and replace the equipment promptly to prevent leakage; and
- Conduct regular internal inspections to monitor the effectiveness and target of the saving measures.

In FY2022, the Group's total freshwater consumption was approximately 76,205.00 m³ extracted from municipal sources with the water consumption intensity of approximately 16,423.49 m³ per RMB billion revenue in FY2022. The Group will continue to monitor its performance and seek to reduce its water consumption intensity in the coming years.

Effluents

The Group endeavors to act responsibly to handle wastewater discharge, and it is fundamental for us to comply with the prevailing emission requirement. All wastewater is recovered and reused as much as possible in order to reduce wastewater discharge and save water consumption. During FY2022, Ouhua Energy's wastewater was disposed of subject to all provincial laws and applicable guidelines, and Ouhua Energy regularly monitors effluent discharges to water to verify conformance with the criteria specified in the Discharge Limits of Water Pollutants - DB44/26-2001. In addition, Ouhua Energy carried out the relevant wastewater discharge treatment in accordance with the internal procedure.

During FY2022, the Group was not aware of material non-compliance with discharge into water and land-related laws and regulations. There were no significant environmental impacts associated with the Group's effluents. The total amount of water disposal was 5,475 tonnes. The wastewater was treated in the wastewater treatment plants before the discharge. In the meantime, there was no significant spill noted in FY2022 (FY2021: no significant spill).

EMISSIONS

GHG emissions

The Group attaches great importance to GHG emissions from business operations. The Group's GHG emissions are mainly composed of direct (Scope 1) GHG emissions from fuel use of company vehicles and energy indirect (Scope 2) GHG emissions, which are mainly from the Group's consumption of purchased electricity. The Group has established various measures related to GHG emission reduction to reduce its impact on the surrounding environment, such as emission reduction measures for energy use, which are set out in the section headed "Energy Consumption" and "Air Emissions".

In FY2022, the Group's total GHG emissions* were approximately 3,844.90 tCO₂e, which consists of approximately 41.28 tCO₂e of direct (Scope 1) GHG emissions and approximately 3,803.62 tCO₂e of energy indirect (Scope 2) GHG emissions. In FY2022, the Group's total GHG emissions intensity was approximately 828.64 tCO₂e per RMB billion revenue. The Group will continue to monitor its performance and seek to reduce its GHG emissions intensity in the coming years.

**The GHG emissions data is presented in terms of tonnes of carbon dioxide equivalent (tCO₂e). GHG emissions data are calculated based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "Global Warming Potential Values" from the IPCC Fifth Assessment Report and the "Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting by Power Generation Industry for 2023-2025" issued by the Ministry of Ecology and Environment of the PRC.*

Air Emissions

The Company strictly abides by national and local policies, laws and standards related to air pollution prevention and control, as well as continuously promotes emission reduction of air pollutants and prevention of leakage. In FY2022, mobile vehicles were the main sources of air emissions of the Group, generating pollutants including nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM).

The Group has continued to optimized its air pollution prevention and control efforts, and vigorously promoted the implementation of emission reduction initiatives so as to minimize its pollutant emission into the atmosphere. We have also actively adopted the following emission reduction measures to reduce the impact:

- Ensure all vehicles meet the vehicle emissions standard for the exhaust gas emissions implemented by the Environmental Protection Bureau;
- Prohibit the idling of the engines so as to reduce the energy consumption by vehicles;
- Rent electric commuter vehicles to indirectly reduce air pollution caused by fuel vehicles; and
- Repair and maintain the fleet regularly to ensure fuel efficiency of company vehicles.

In FY2022, the amount of nitrogen oxides (NO_x), sulphur oxides (SO_x), and particular matters (PM) emitted during the Group's operations were, 72.16 kg, 0.23 kg and 4.18 kg respectively.

WASTE

Ouhua Energy maintains a strict policy on waste management, in compliance with all local government regulations. The group-wide policy and regulations provide guidance on material procurement, classification and handling, as well as workplace safety and health training, emergency response procedures and disposal behaviors for all employees, suppliers, customers and other stakeholders in this business. All waste management procedures and response guidelines have been developed and reviewed against latest available local and international standards.

Hazardous waste

In FY2022, the Group did not produce a significant amount of hazardous waste, therefore considered this ESG topic insignificant. Nevertheless, the Group has formulated the hazardous waste management system in accordance with the "List of National Hazardous Wastes" to govern the disposal process of hazardous and non-hazardous wastes. Clear protocols have been established at each stage to ensure all hazardous materials are handled and stored in a safe and secure manner.

Non-hazardous waste

The Group strives to minimize waste generation, increase opportunities for reusing and recycling, as well as treat and dispose of waste responsibly where other options are not practical. The Group's non-hazardous waste mainly consisted of recyclable materials such as paper and non-recyclable daily office waste, such as office supplies and plastics. Additionally, waste was produced from the Group's ongoing horticulture project. We strongly encourage the recycling of waste materials. For non-recyclable items, we collect and sort them to be handled by recyclers with professional qualification on a regular basis.

Seeking to contribute to the closed-loop economy, we employ the following initiatives to reduce the generation of non-hazardous waste, and raise recycling rates:

- Separate waste into general and recyclable waste using colour-coded bins which are collected by sub-contractors on a regular basis;
- Monitor the printing volume and set systems default to duplex and economical modes with printing quota; and
- Adopt an electronic system for filing and documentation in offices.

In FY2022, the Group's total amount of non-hazardous waste generated was 140.00 tonnes. All of which were being disposed of through licensed waste collectors for recycling and reuse whenever possible. In FY2022, the Group's total non-hazardous waste intensity was 30.17 tonnes per RMB billion revenue. The Group will continue to monitor its performance and seek to reduce its non-hazardous waste intensity in the coming years.

CLIMATE CHANGE

Climate change poses escalating risks and challenges to the global economy and may have a negative impact on the Group's business. Therefore, the Group recognizes the importance of developing a strategy and risk management framework that can help enhance the Group's climate resilience. We acknowledge that the TCFD provides recommendations regarding the disclosure of climate-related financial information. The TCFD framework has four overarching elements, including governance, strategy, risk management and metrics and targets, to assess the impact of key climate-related risks and opportunities. To identify and manage the risks and opportunities associated with climate change and to implement countermeasures to adapt to or mitigate the impact of climate change on our business, we have adopted certain areas of TCFD's recommendations, such as setting metrics and targets, and will continue to enhance our disclosure with reference to the TCFD framework.

Governance

The Board has oversight of the Group's sustainability in the formulation of its strategy. The Board approves the Report which provides comprehensive disclosures, including disclosures on the Group's climate-related risks and opportunities and its responding actions to enhance climate resilience.

The SR Committee reports to the Board on sustainability matters, including climate-related matters, and is responsible for developing metrics and targets so as to manage sustainability objectives and monitor the overall sustainability performance. In addition, the SR Committee drives the implementation of the sustainability objectives in the Group's operations and advises the Board on material sustainability matters.

Strategy

We have strengthened our understanding of climate-related risk, including physical risks and transition risks, and opportunities affecting our business. After the identification of climate-related risks and opportunities over the short, medium and long term, we have evaluated the climate-related issues which have impacted, and those which may impact us, and planned for actions to manage them.

During FY2022, the following physical and transition risks were identified, and responses to each climate-related risk were proposed and studied:

Type of Risk	Timeframe	Description of the Risk and Potential Financial Impact	Risk Response Measures
Policies and laws	Short-term (2 – 5 Years)	Climate change related regulatory requirements in operations, products and services have been tightening, leading to increasing operating costs, including costs of compliance and product development costs.	Each of the Group's places of business has implemented a number of energy-saving and emission-reduction measures, as well as fully complying with all environmental-related laws and regulations. During FY2022, the Group sets targets for waste reduction, electricity and water conservation, to demonstrate the Group's commitment on combating climate change. The Group regularly inspects and reviews the trend of regulatory updates, so as to mitigate the regulatory risks.
Market Risk	Medium-term (5-10 Years)	Customers are increasingly concerned about climate change, so they will give priority to green products. Delay in the response to such trend may damage customer's sentiment on the Group's products.	The Group will stay abreast of the market trend, regularly identify potential room for improvement in the Group's performance on GHG emissions, and where feasible diversify the Group's portfolio.

Technology Risk	Medium-term (5-10 Years)	The climate change trend causes technological challenges. Failure to adapt to such trend may hinder the Group's productivity, and in turn affect its financial performance.	We seek opportunities brought by climate change, to achieve the goal of sustainable business development by introducing a new model of energy development and new energy-saving equipment, with the aim to reduce pollution from production.
Type of Risk	Timeframe	Description of the Risk and Potential Financial Impact	Risk Response Measures
Reputational Risk	Short-term (2 - 5 Years)	Climate change should be dealt with more effectively, such as adopting carbon reduction policies and reducing the rate of temperature rise. Delay in responding to the policies and regulations may damage the Group's reputation.	In line with the requirement specified in the Sustainability Reporting Guide issued by the SGX-ST, we enhance the disclosure of the Group's ESG performance, in order to provide stakeholders with a full understanding of the Group's material ESG factors, climate-related disclosure, policies, targets, reporting framework and governance structure, so as to demonstrate the Group's commitment on protecting the environment.

Risk Management

The SR Committee was established to drive the Group's sustainability performance and develop a sustainability strategy, including our climate risk management. We will continue to review our climate-related risks and carry out the corresponding actions to manage the risks.

Recognizing that climate-related risks, along with other ESG risks, might affect our businesses, the Group has adopted special work arrangements under extreme weather and continuously monitored any changes in laws or regulations related to climate change.

Metrics and Targets

We have measured and disclosed our Scope 1 and Scope 2 GHG emissions in this Report. GHG emissions data are calculated based on widely recognized standards. We have committed to an emissions reduction target to strive to mitigate our GHG emissions.

BIODIVERSITY

Ouhua Energy is committed to implementing the all-rounded ecological protection supervision and management to ensure the safety and sustainable development of the ecological environment.

We formulate and implement environmental protection plans at the frontline departments which engaged in production operations to prevent damage to the natural ecological environment. In addition, we take measures to protect water and soil resources, and take responsibility for the control of water and soil erosion caused by production and construction activities. For construction projects that require environmental supervision or are located in environmentally sensitive areas as stipulated in the environmental impact report, we will implement the project environmental supervision system and submit the environmental supervision report according to the prescribed procedures.

We will actively participate in ecological protection and ecological construction to protect biodiversity and ensure the sustainable development of liquefied petroleum processing companies.

SUPPLIER ENVIRONMENTAL ASSESSMENT

The Group is committed to integrating sustainability into its procurement practices to minimize its social impacts as well as its impacts on natural resources and ecosystems, and to having its suppliers share these commitments. The Group has in place a strict selection process for suppliers, and only engages those who have aligned their practices with our values of environmental sustainability. As part of supplier selection, suppliers are stringently assessed under criteria such as track record, financial health, commitments towards high quality raw materials and services, and health and safety standards.

The Group has also established procurement policies and guidelines, such as “Guidelines and procedures in selecting and evaluating vendors” and “Code of conduct when dealing with vendors”. All suppliers are required to submit relevant environmental certifications to prove that they are licensed or certified according to the law and regulations. In addition, we conduct random periodic checks to ensure they comply with the relevant laws and regulations. We conduct the necessary due diligence to ensure that we do not compromise on quality and that our suppliers are conducting business in an environmentally responsible manner.

In FY2022, there was 5 new supplier which was screened against our environmental criteria and was in compliance with our requirements (2021: 1 new supplier was screened).

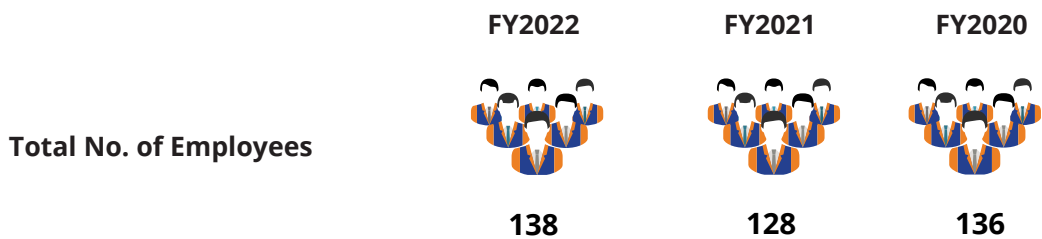
10 Organizational & Relationship Management In FY2022, there were 5 new supplier which was screened against our environmental criteria and was in compliance with our requirements (2021: 1 new supplier was screened). The Group has also established procurement policies and guidelines, such as “Guidelines and procedures in selecting and evaluating vendors” and “Code of conduct when dealing with vendors”.

10 Organizational & Relationship Management

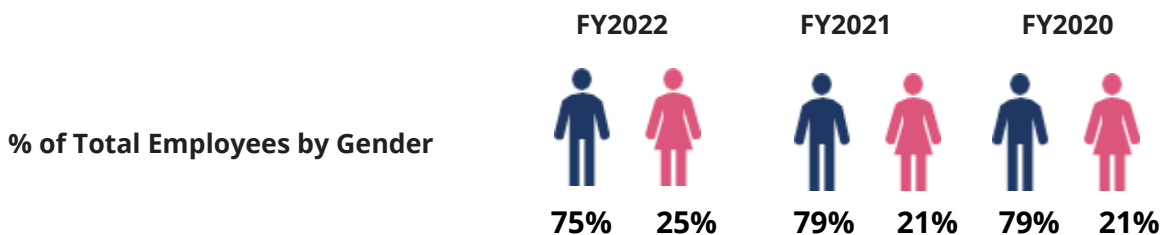
EMPLOYMENT

Our employees are one of our most valuable assets and we believe in and are committed to fair employment practices, upholding human rights principles, and investing in developing and training our people.

As of 31 December 2022, we have a total of 138 full-time employees (as of 31 December 2021: 128 full-time employees). In FY2022, we have 22 new hires, whereas 12 employees left the Group (2021: 15 new hires, with 23 employees left the Group and 11 of them were transferred to affiliated company). Employment numbers for high-skilled positions remains consistent, with our key management personnel unchanged.



Distribution by Gender (%)



Total Employees by Age Group	Age Group								
	FY2022			FY2021			FY2020		
	< 30	30 - 50	> 50	< 30	30 - 50	> 50	< 30	30 - 50	> 50
% of Total Employees by Age Group	15	100	23	18	91	19	22	99	15
	11%	72%	17%	14%	71%	15%	16%	73%	11%

Respecting and Protecting Employee's Rights

The Group recognizes the valuable contribution of all employees and provides employees with opportunities for promotion, salary adjustment or reward based on their performance and contribution, as well as provides full-time employees with exclusive benefits that temporary or part-time employees could not enjoy, including paid leaves and retirement provisions.

The Group respects the needs of each employee and strives to take care their well-being by implementing various family-friendly measures. Therefore, all full-time employees are entitled to parental leave. During FY2022, 2 male employees had taken parental leave and returned to work after the leave ended. In FY2021, there was 1 male employee and 1 female employee taking parental leave and all of them were still employed during FY2022, resulting in a 100% retention rate.

Employee Remuneration and Benefit

The Group strongly believes in fair remuneration and salary packages which are competitive and sufficient to attract, retain and motivate personnel. In setting remuneration packages, the Group considers the regulatory requirements, salary, and employment conditions by benchmarking against companies in the same industry. In addition to the competitive remuneration offered in FY2022, the Group continue to maintain its list of benefits which are standard for full-time employees including but not limited to:

Employment Benefits	Descriptions
Life insurance	If our employee becomes critically ill or permanently disabled, their loved ones will receive a sum of money to provide them with financial protection and coverage against risks.
Medical insurance	Employees are reimbursed for outpatient treatments, surgery or hospitalization expenses covered under medical insurance.
Disability insurance	All our employees are covered under personal accident insurance and work-related injury. For instance, the organization will reimburse any rehabilitation costs or monthly pay-outs for each case of disability.
Parental leave	Both female and male employees are entitled to maternity leave and paternity leave when applicable. We provide other leave benefits catering to our employees' children, during the stages of infant care and childcare.
Retirement provision	For employees qualified for pension approaching the retirement age, they will be provided with monthly support during their retirement.
Accommodation and staff canteen	Workers are granted free accommodation, coupled with necessities such as proper sanitation and water. We also provide subsidised daily meals.
Year-end and performance bonus	In the event of outstanding results, either financial performance of the Group or individual performance judged by appraisal matrices, our employees are entitled to these bonuses.

Employment Benefits	Descriptions
Paid leave	Our employees are offered paid leave, such as marriage leave, compassionate leave, family leave and annual leave of up to 15 days.
Company retreat	We organize annual retreats as a group to build relationships among the team and improve collaboration among employees of all levels. All expenses are paid for.
Appreciation events and festival celebrations	We organize company events annually to celebrate and recognize the efforts of our employees. In line with our spirit of embracing diversity and honouring our rich heritage and culture, we celebrate festivals as a group. These festivities include Spring Festival, Mid-Autumn Festival and Children's Day.
Birthday celebrations	We organize monthly birthday celebration and give birthday treats to employees.
Medical check-up	Our employees can enjoy a complimentary medical check-up on an annual basis.

The Group is in full compliance with local labour regulations across our operations, as well as minimum wage laws, where such laws exist. Being in an industry that is largely labour-intensive, we are dedicated to constantly reviewing our employment policies, benefits, and remuneration practices to ensure compliance with the updated employment laws and keep up with the best industry practices to provide the optimal working conditions for our people.

With the aim to fostering stable and harmonious labour relations, the Group has organized recreational activities such as Lantern Festival celebration, tree-planting activities, reading and sports day, as well as Ouhua school series. We strive to continuously cultivate an encouraging and supportive work environment for all employees to support their personal growth.

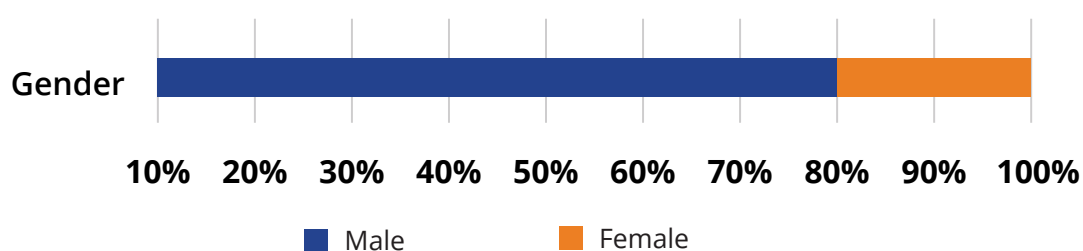
DIVERSITY AND EQUAL OPPORTUNITIES

The Group is committed to building a diverse and equal opportunity workplace, respecting the rights and interests of each employee and prohibiting any form of discrimination that are based on, including but not limited to gender, ethnicity, religion and nationality. We have been actively recruiting female employees to achieve a more balanced gender composition at the workplace. We strictly implement the policies regarding female employees' pregnancy and maternity leaves, nursing breaks, and regular physical examinations. The Group strives to build a transparent and inclusive environment for all employees, as well as ensure a top-down approach to promote fair and ethical business dealings.

Board Diversity

The Group recognizes that Board diversity is an essential element contributing to the sustainable development of Ouhua Energy. We uphold the principle of maintaining an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Group. This industry required highly-experienced individuals in governing the Group's operations in maintaining a competitive advantage, therefore, all of the Directors were over 50 years old. Nevertheless, the Board is committed to operating in way that supports diversity and inclusivity.

Board Composition by Gender



The Group attaches importance to and strengthens the supervision and inspection of discriminatory and preferential treatment, hoping to foster an inclusive and performance-driven work environment to attract, retain and develop our human capital. Employees are required to observe and adhere to all relevant policies and practices. Ouhua Energy makes a conscious effort to maintain diversity in middle management, to generate creativity and innovation and improve the organization's culture. There were zero reported incidents of discrimination raised by our employees in FY2022 (2021: zero cases).

The Group has also adopted an open-door policy where employees are encouraged to report any grievances directly to their superiors, heads of department, human resource department, chief executive officer and / or independent directors. This reinforces our commitment to our employees to provide them with a workplace that is healthy, safe and secure. Across our business segments, there were zero workplace grievance cases reported in FY2022 (2021: zero cases). In order to maintain a strong and healthy workforce, the Group has set new targets including maintaining zero incidents of discrimination, and continuing its effort in promoting diversity and equal opportunities within the Group.

TRAINING & EDUCATION

The Group recognizes that employees need to stay updated on their skill sets in our ever-changing global work environment. Therefore, we actively push forward the talent-driven growth strategy and promote various forms of talent training. The rich training programmes and diversified development opportunities help employees to develop their potential and work ability. Both on-the-job and ad-hoc trainings are made available to employees. To create vertical and horizontal development space for employees, employees are encouraged to attend courses that are outside of their respective job scopes. Thus, all types of talents can grow and succeed in the Group.

In FY2022, the Group has achieved an average of 54 training hours per employee*, an increase of 12.50% from an average of 48 training hours per employee in FY2021. The Group places high priorities on these training sessions which aim to empower employees on the technical skills and safety across different modes of operations, such as:

- Special topics – case study training
- External third-party training and study visits
- Workplace Health and Safety training
- System training
- Pre-job training
- Etiquette training
- Training for internal transfers
- Operating machinery safety procedures



* Average hours of training per employee = Total training hours offered during the reporting period / Total workforce as of the end of the reporting period.

The Group also recognizes the significance of sustainability in today's business environment, and remains committed to upholding the highest standards of corporate governance and sustainability practices. We will ensure that our directors are well-equipped with the necessary knowledge to effectively oversee and guide the Group's sustainability performance and actively seek opportunities to enhance our understanding and implementation of sustainable practices. To this end, we have already made arrangements to provide relevant training to our Directors in the upcoming financial year, ensuring their attendance in accordance with the SGX-ST's requirements.

Programmes for Upgrading Employee Skills and Transition Assistance

The Group is committed to allocate budget and plan programmes to equip employees with the relevant skills to meet strategic targets of the Group. We believe that more skilled employees enhance our human capital and may in turn contribute to employees' satisfaction, which will then enhance overall performance.

To incentivise employees to engage in continuous learning and self-upgrading, employees are offered potential salary increments in the event that they obtain higher education qualifications or qualification certificates. In addition, the Group has established learning and development roadmaps according to feedback obtained from annual technical tests to ensure employees are optimally trained. Most importantly, internal surveys are conducted to obtain employees' opinion on the effectiveness and relevancy of the training provided to ensure future programs provided are aligned with their career aspirations.

Performance and Career Development Review

Performance and career development review of employees are performed during the performance appraisal process. This process is conducted annually whereby there will be two-way communication and engagement between supervisors and subordinates to assess the performance of the employee. Upon completion of the appraisal process, consideration of career advancement such as promotion, quantum of salary increments, and annual variable bonus will be determined based on the performance appraisal results. In FY2022, all full-time employees are assessed and remunerated fairly based on their experience, qualifications, and performance (2021: all).

Looking ahead, the Group shall continue to provide training and education opportunities through development programmes wherever applicable and promote a conducive corporate environment where everyone could achieve their potential. The Group is aware of the importance of building a talent pool with deep knowledge of regional and global markets to support our growth and expansion, as well as prepare next generation of leaders as part of succession planning. We continue to strive to be an employer of choice, through recognizing the contributions of each employee, and providing opportunities for staff to grow in their respective career paths.

OCCUPATIONAL HEALTH & SAFETY

Safety is an integral part of our business and a key focus area for our Board and Management. The Group recognizes that it is the Group's responsibility to ensure that its employees' safety remains top priority. We firmly believe that all our employees deserve to work in a safe and healthy environment and that a conducive working environment will boost morale, productivity, and efficiency of our workforce.

As the Group values its employees' health and safety, it has implemented the Occupational Health & Safety Management Framework and manage employees with reference to ISO45001 and other national and global standards.

Occupational Health & Safety Management Framework

To facilitate the physical supervision of the workplace safety, and the relaying of workplace safety and health related messages, we have established a group-wide Safety Committee. The Safety Committee comprises both employee and employer representatives that make up 12% of the total number of employees in the organization.

The Safety Committee oversees our subsidiaries' operations to ensure that safety standards are always upheld and in line with industry-leading practices. The role and responsibilities of the Safety Committee include reviewing, implementing, and reinforcing safety standards and regulations to ensure all safety risks are adequately mitigated.

The Safety Committee members meet at least monthly to review safety inspection results, infrastructure and incidents, as well as to coordinate and organize safety-related activities. Going forward, the Group has plans to have more employees join the Safety Committee to improve the effectiveness of workplace safety supervision.

Key Elements of Our Health & Safety System



The Group seeks to learn from past mistakes and strives to prevent similar incidents from recurring. All near-miss incidents and accidents are promptly reported to the Safety Committee, which will provide timely incident analysis briefings to employees. These briefings aim to strengthen the safety awareness of employees and to remind them of established safety measures and precautions, as well as safety protocols in the event of similar incidents. In addition, the Group actively promotes wellness in the workplace as a compassionate employer by providing non-occupational medical care and an annual health check to employees on a voluntary basis.

Occupational Safety Measures

The Group has implemented several measures in hope of protecting the safety of its employees. We ensure each worker is well protected before the commencement of each assignment by updating personal protective equipment records to ensure that each worker is sufficiently equipped with protective gear. We have also developed a list of protocols and precautions for workers to ensure safety in the workplace.

Automation Control and Safety Monitoring

For safety reasons, two programmable logic controllers were installed in FY2022 to monitor the operation of the two gas boilers. These controllers collect the operation data of the boilers and combustible gas alarms remotely, transforming them into a network format and transferring them to the central control center in a short time. Through software programming and configuration, we can now achieve real-time control of the two gas boilers' operation on the central control system.

Workplace Health & Safety Performance

Category	FY2022 Total	FY2021 Total	FY2020 Total
Injury resulting in temporary disabilities	No incidents of injury resulting in temporary disabilities or fatalities across the Group's business operations.		
Death or Total Permanent Disabilities			

In FY2022, there were zero incidents of fatalities across the Group's business operations (2021: zero cases). The Group strives to continue to maintain its health and safety standards and continuous improvement in its operational health and safety processes and performance.

Training on Occupational Health and Safety

The Group has conducted a comprehensive range of occupational health and safety training programmes in FY2022, including Epidemic Prevention Knowledge and Skills Training, Non-production Safety Training, Fire Drill Training, Prevention of Human Unsafe Behaviour Accidents, Typhoon and Flooding Safety Training, Temporary Electricity Operation, and Port Facility Security Regulations. The Group assesses the training needs of its workers and designs and delivers the training accordingly, ensuring that the content and topics addressed are relevant and appropriate, and that the trainers are competent. The training is provided free of charge and during paid working hours, and is mandatory for workers to attend. The Group also evaluated the effectiveness of the training by collecting feedback from the attendants to ensure that it is meeting its objectives.

Covid-19 Compliance and Safety Measures

The outbreak of Covid-19 pandemic has greatly impacted the global economy and businesses worldwide, including the Group. To safeguard the health and safety of our employees, customers, and stakeholders, we have taken corresponding safety measures in accordance with the respective local government requirements such as distributing masks to employees, taking and recording body temperature, regular disinfection and safety checks on external visitors.

In FY2022, there were 94 reported cases of Covid-19 infections in the workplace (2021: zero cases). The Group will make continuous effort to protect our employees from Covid-19 and slow the spread at the workplace.

FORCED OR COMPULSORY LABOR

The Group is committed to eliminating all forms of forced or compulsory labor. The Group has identified operations and suppliers that are considered to have significant risk for incidents of forced or compulsory labor, such as manufacturing plants and suppliers in certain countries or geographic areas. In FY2022, the Group has implemented measures to ensure that all operations and suppliers comply with the relevant laws and regulations, and that all workers are treated fairly and with respect.

We have implemented measures to ensure that our employees work on a voluntary basis. The Group is committed to eliminating all forms of forced or compulsory labor. We have implemented measures to ensure that our employees work on a voluntary basis and that their terms of leave entitlement, working hours, rest, labour protection and termination of employment are clearly laid out in their respective employment contracts. We have also established a system to investigate, punish or dismiss any employees found to be in violation of these standards. We have also established a system to investigate, punish or dismiss any employees found to be in violation of these standards. We are continuously striving to improve our labour mechanism to ensure that all our employees are protected from any form of forced or compulsory labor.

SUPPLIER SOCIAL ASSESSMENT

Sustainable and responsible procurement requires close collaboration with all our suppliers. We have implemented supplier standards, policies, and guidelines, which set forth a clear risk elimination process and sustainability-focused policies. We also strive to ensure that our suppliers are compliant with applicable laws and regulations, and that they adhere to our standards and policies. In all our activities, we are committed to addressing and strengthening our response to issues such as human rights, labor rights, and business ethics.

In FY2022, all new suppliers that were screened using the Group's social standards and policies. We have conducted a thorough assessment on 5 suppliers for any potential social impacts. None of them were identified as having significant actual or potential negative social impacts. However, if any of them are found to have such impacts, we will urge them to take immediate action to rectify the situation. In the event that the issues are too severe, we will terminate the business relationship.

OUR COMMUNITY

At Ouhua Energy, we bring the Group together to give back to the society by taking part in community services and addressing the community's needs. We strive to create positive impacts in the local communities by leveraging our strength and resources through donations, sponsorships, and corporate volunteer services. We assess and determine area of contribution through actively engaging with local organizations that are already working on these issues to determine how it can best support them. During FY2022, through evaluation, the Group developed the following local community development programs covering all of its operations that are based on the needs and priorities of the local communities, including reducing poverty, fostering community safety and promoting moral values.

In order to make a positive impact to the community, the Group participated in the Chinese Young Volunteers Association's consolation activities to support students living in poverty. Our volunteers provided students with basic necessities such as food, clothing, and school supplies. They also provided emotional support and guidance to the students, aiding them in coping with their difficult situations. Various activities were also organized by the volunteers, including sports, music, and art.

The Group supported the "I am a Little Safety Officer in Fire Fighting Campus" activity which was an exciting and educational event for local students. Firemen were invited to teach local students fundamental fire safety knowledge. The firemen also guided the students in wearing firefighting uniforms, fire safety helmets, and riding fire ladder trucks. This activity provided students a great opportunity to learn about fire safety and gain experience in using the equipment and tools used by firemen.

Showcasing the Group's social awareness and proactive engagement, a blood donation programme was organized during FY2022 to alleviate the growing pressure on blood storage inadequacy. This activity was organized to encourage employees to donate blood voluntarily and raise public awareness of blood donation.

11 CORPORATE GOVERNANCE

ANTI-CORRUPTION

Ouhua Energy is committed to upholding the highest standards of corporate governance and business integrity across its organization, which are essential for the long-term viability of the Group's operations and the enhancement of shareholder value. All employees are expected to strictly adhere to established policies and uphold Ouhua Energy's 'zero-tolerance' position on corruption, bribery, and extortion.

The Audit Committee continues to support the Board in its oversight of corporate governance and is responsible for driving Ouhua Energy's focus on implementing effective compliance and governance systems. In the meantime, respective departments within the Group continue to be responsible to identify, self-assess the adequacy and effectiveness of mitigating measures, and manage associated business risks at operational level to prevent corruption.

The Board undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blowing policy and procedures which provide employees with well-defined and accessible channels within the Group. Suspected bribery, corruption, dishonest practice or other similar matters will be reported directly to the Audit Committee.

The whistle-blowing policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, protected from reprisal. The policy and its effectiveness will be reviewed and updated by the Audit Committee as and when it is deemed necessary. In FY2022, there were zero incidents of regulatory non-compliance across Ouhua Energy's business operations (2021: zero cases).

Please refer to the Corporate Governance section of the Annual Report for more information.

COMPLIANCE

Environmental Compliance

Environmental compliance forms an integral part of the Group's sustainability strategy. With increased pressure on corporations to be accountable for their ecological footprint and the rising cost of natural resources, we endeavour to not just comply but also integrate the best sustainability practices across business operations to reduce adverse environmental impact on the ecosystem. To maintain the compliance, the Management will continue to review and improve current environmental management system and practices and ensure that all our activities and operations comply with existing regulatory requirements.

Social Compliance

The Group has adopted a social compliance management system to identify and address the risks that may arise from the Group's operations. The emphasis is on the following risk areas identified for Group companies: employee rights, diversity, non-discrimination, security and local risks at where it operates. The compliance management system is reviewed and revised regularly, taking into consideration the dynamically developing global legislation. If a social risk is identified in the Group, the issue would be included and addressed during the Group's internal audits.

Over the years, the Group's operations continue to adhere to social and environmental laws and regulations. The Group maintains a zero-tolerance stance on non-compliances and encourages our stakeholders to report any incidents via our established whistleblowing channels. All employees of the Group are encouraged to be proactive and forthcoming in reporting social and environmental related issues and complaints.

In FY2022, there were no incidents of non-compliance and penalties pertaining to social and environmental-related issues (FY2021: No incidents of non-compliance and penalties). The Board and Management continues to review and improve the current environmental management system and practices to ensure that all our activities and operations comply with regulatory and customers' requirements. It is of utmost importance to the Group that we maintain this unblemished record.

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

Statement of Use	Ouhua Energy has reported with reference to the GRI Standards for the period from 1 January 2022 to 31 December 2022.
GRI 1 Used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location/Statement(s)
General disclosure		
GRI 2: General Disclosures 2021	2-1 Organizational details	<ul style="list-style-type: none"> Legal name: Ouhua Energy Holdings Limited Nature of ownership: publicly owned Legal form: incorporated entity Location of the Group's headquarters: Long Wan Suo Cheng Town, Raoping County, Chaozhou City, Guangdong Province, The People's Republic of China The Group's countries of operation: The People's Republic of China
	2-2 Entities included in the organization's sustainability reporting	About this Report - Reporting Boundary
	2-3 Reporting period, frequency and contact point	About this Report - Reporting Period & Standard
	2-4 Restatements of information	No restatement
	2-5 External assurance	The Group has not sought external assurance for this sustainability report.
	2-6 Activities, value chain and other business relationships	About the Group
	2-7 Employees	Organizational & Relationship Management – Employment
	2-8 Workers who are not employees	Organizational & Relationship Management – Employment
	2-9 Governance structure and composition	Governance structure Refer to AR FY2022 - Corporate Governance Report
	2-10 Nomination and selection of the highest governance body	Governance structure Refer to AR FY2022 - Corporate Governance Report
	2-11 Chair of the highest governance body	Governance structure Refer to AR FY2022 - Corporate Governance Report
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance structure Refer to AR FY2022 - Corporate Governance Report
	2-13 Delegation of responsibility for managing impacts	Governance structure Refer to AR FY2022 - Corporate Governance Report

GRI Standard	Disclosure	Location/Statement(s)
	2-14 Role of the highest governance body in sustainability reporting	Governance structure Refer to AR FY2022 - Corporate Governance Report
	2-15 Conflicts of interest	Refer to AR FY2022 - Corporate Governance Report
	2-16 Communication of critical concerns	Stakeholders Engagement
	2-17 Collective knowledge of the highest governance body	Governance structure
	2-18 Evaluation of the performance of the highest governance body	Refer to AR FY2022 - Corporate Governance Report
	2-19 Remuneration policies	Organizational & Relationship Management – Employee Remuneration and Benefits
	2-20 Process to determine remuneration	Organizational & Relationship Management – Employee Remuneration and Benefits
Material topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment
	3-2 List of material topics	Materiality Assessment
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Refer to AR FY2022 – Consolidated Statement of Profit or Loss and other comprehensive income
Energy		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Environmental Management - Energy
	302-1 Energy consumption within the organization	Environmental Management - Energy
	302-3 Energy intensity	Environmental Management - Energy
	302-4 Reduction of energy consumption	Environmental Management - Energy
Water and Effluents		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Environmental Management – Water and Effluents
	303-2 Management of water discharge-related impacts	Environmental Management - Water and Effluents
	303-3 Water withdrawal	Environmental Management – Water and Effluents

GRI Standard	Disclosure	Location/Statement(s)
	303-4 Water discharge	Environmental Management – Water and Effluents
	303-5 Water consumption	Environmental Management – Water and Effluents
Emissions		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Management – Emissions
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Management – Emissions
	305-4 GHG emissions intensity	Environmental Management – Emissions
	305-5 Reduction of GHG emissions	Environmental Management – Emissions
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Environmental Management – Emissions
Waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Environmental Management – Waste
	306-2 Management of significant waste-related impacts	Environmental Management – Waste
	306-3 Waste generated	Environmental Management – Waste
Climate Change		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Environmental Management – Climate Change
Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Environmental Management – Biodiversity
Supplier Environmental Assessment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Environmental Management – Supplier Environmental Assessment
	308-2 Negative environmental impacts in the supply chain and actions taken	Environmental Management – Supplier Environmental Assessment

GRI Standard	Disclosure	Location/Statement(s)
Employment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Organizational & Relationship Management - Employment
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Organizational & Relationship Management - Employment
	401-3 Parental leave	Organizational & Relationship Management - Employment
Diversity and Equal Opportunity		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Organizational & Relationship Management - Diversity and Equal Opportunity
Training and Education		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Organizational & Relationship Management - Training and Education
	404-2 Programs for upgrading employee skills and transition assistance programs	Organizational & Relationship Management - Training and Education
	404-3 Percentage of employees receiving regular performance and career development reviews	Organizational & Relationship Management - Training and Education
Occupational Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Organizational & Relationship Management - Occupational Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	Organizational & Relationship Management - Occupational Health and Safety
	403-3 Occupational health services	Organizational & Relationship Management - Occupational Health and Safety
	403-4 Worker participation, consultation, and communication on occupational health and safety	Organizational & Relationship Management - Occupational Health and Safety
	403-5 Worker training on occupational health and safety	Organizational & Relationship Management - Occupational Health and Safety
	403-6 Promotion of worker health	Organizational & Relationship Management - Occupational Health and Safety

GRI Standard	Disclosure	Location/Statement(s)
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Organizational & Relationship Management – Occupational Health and Safety
	403-8 Workers covered by an occupational health and safety management system	Organizational & Relationship Management – Occupational Health and Safety
	403-9 Work-related injuries	Organizational & Relationship Management – Occupational Health and Safety
Forced or Compulsory Labor		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Organizational & Relationship Management - Forced or Compulsory Labor
Supplier Social Assessment		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Organizational & Relationship Management - Supplier Social Assessment
	414-2 Negative social impacts in the supply chain and actions taken	Organizational & Relationship Management - Supplier Social Assessment
Local Communities		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Organizational & Relationship Management - Our Community
Anti-corruption		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Corporate Governance – Anti-corruption Refer to AR FY2022 - Corporate Governance Report
Compliance		
GRI 3: Material Topics 2021	3-3 Management of material topics	Materiality Assessment



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