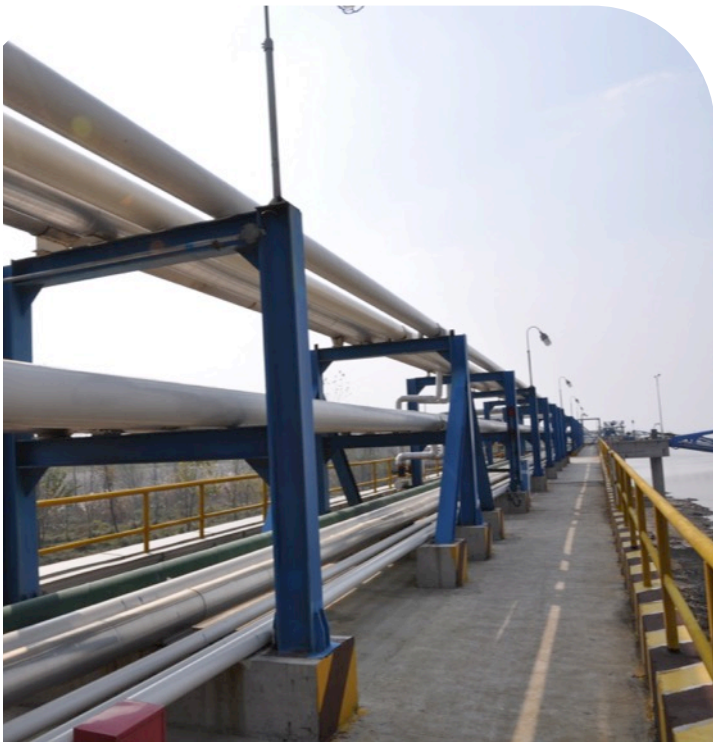


恒阳

HENGYANG
PETROCHEMICAL LOGISTICS LIMITED

SUSTAINABILITY REPORT 2021



CONSOLIDATING OUR STRENGTHS



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CORPORATE PROFILE

Established in 2002, Hengyang Petrochemical Logistics Limited and its subsidiaries (“Hengyang” or the “Group”) is a leading logistics service provider for the petrochemical industry in the People’s Republic of China (“PRC”). The Group provides storage and land transportation services for different types of bulk liquid petrochemicals, gases and oils such as Methanol, Acetic Acid, Phenol, Acetone, Styrene, Ethylene Glycol, Polyether Polyol, Propane, Butane, Gasoline, Diesel, Kerosene, Fuel Oil and Base Oil. The Group’s petrochemical storage business offers whole-tank leasing services for a fixed period of time (typically for one year) and spot leasing services for a period ranging from one month to three months.

The Group has a diverse clientele base of domestic and international customers, a majority of which are petrochemical manufacturers and distributors such as Dow Chemical (Shanghai) Co., Ltd., Sinopec Chemical Products Sales Co., Ltd, PetroChina Company Limited, China National Offshore Oil Corporation (“CNOOC”), CNOOC and Shell Petrochemicals Co., Ltd., Sinochem International Corporation, Zhejiang Petroleum & Chemical Co., Ltd., Hengli Petrochemical Co., Ltd., Shenghong



Petrochemical Group, Shaanxi Changqing Energy & Chemical Co., Ltd., Mitsui & Co. Ltd., Chongqing Carbinol Chemical Industry Co., Ltd. and Jiangyin Golden Bridge Chemical Co., Ltd..

The Group has established five logistics facilities at Jiangyin City and Jingjiang City in the Jiangsu Province, Wuhan City in the Hubei Province, Yueyang City in the Hunan Province and Changshou District of Chongqing City. We devote ourselves to building an integrated logistics network which includes water, land and railway services along the Yangtze River in order to provide an all-inclusive logistics service for our customers.

The Group's storage facilities at Jiangyin, Jiangyin Foreversun Chemical Logistics Co., Ltd. ("Foreversun Facility") and Jingjiang, Jiangsu Deqiao Storage Co., Ltd. ("Deqiao Facility") in the Jiangsu Province are strategically located on the southern and northern bank of the Yangtze River near the river mouth, providing easy access to vital business partners as well as industrial transportation and distribution networks for petrochemicals in the PRC.

The Group's first terminal, the Foreversun Facility, has a storage base of 48 storage tanks with an aggregate storage capacity of 138,600 cubic meters. With more than one third of these storage tanks being stainless steel, the Group owns one of the largest stainless steel storage facilities in the Yangtze Delta Region. Meanwhile, the Foreversun Facility is the first facility in the region that obtained the qualification for the storage, sub-contract and transit of food-grade additives. It is also one of the transaction warehouses certified by the Dalian Commodity Exchange.

The Deqiao Facility comprises 139 storage tanks with an aggregate capacity of 547,500 cubic meters and two petrochemical jetties, of which 21 are spherical tanks with a total capacity of 39,000 cubic meters for the storage of liquefied petroleum gases and olefins. It is also one of the transaction warehouses certified by the Zhengzhou Commodity Exchange.



In recent years, the Group has further expanded its foothold to become a onestop service and solutions provider along the Yangtze River with the inception of three subsidiaries in Wuhan City, Wuhan Hengyang Chemical Logistics Co. ("Wuhan Facility"), Chongqing City, Chongqing New Hengyang Storage Co., Ltd. ("Chongqing Facility") and Yueyang City, Yueyang Hengyang Petrochemical Logistics Co., Ltd. ("Yueyang Facility"). These subsidiaries are located along the

middle and upper reaches of the Yangtze River, where key petrochemical hubs are located.

Located in Yueyang City in the Hunan Province, the Phase I of the Yueyang Facility was put into operation in August 2014, which comprises 40 storage tanks with an aggregate capacity of 72,000 cubic meters.

Located in the Chemical Industrial Park in Wuhan City in the Hubei Province, the construction of Phase I of the Wuhan Facility was completed and put into operation in February 2015. The Phase I of the Wuhan Facility comprises 38 storage tanks with an aggregate capacity of 88,000 cubic meters. The construction of Phase II of the Wuhan Facility had commenced in August 2021 which comprises 34 storage tanks. The total capacity of the Wuhan Facility will increase to 300,000 cubic meters upon completion of the construction of Phase II project.

In addition, a petrochemical jetty at the Chongqing Facility was put into operation in August 2014. The construction of the Chongqing Facility had commenced at the end of 2019 which is planned to put into operation in the first half of the financial year ending 2022.

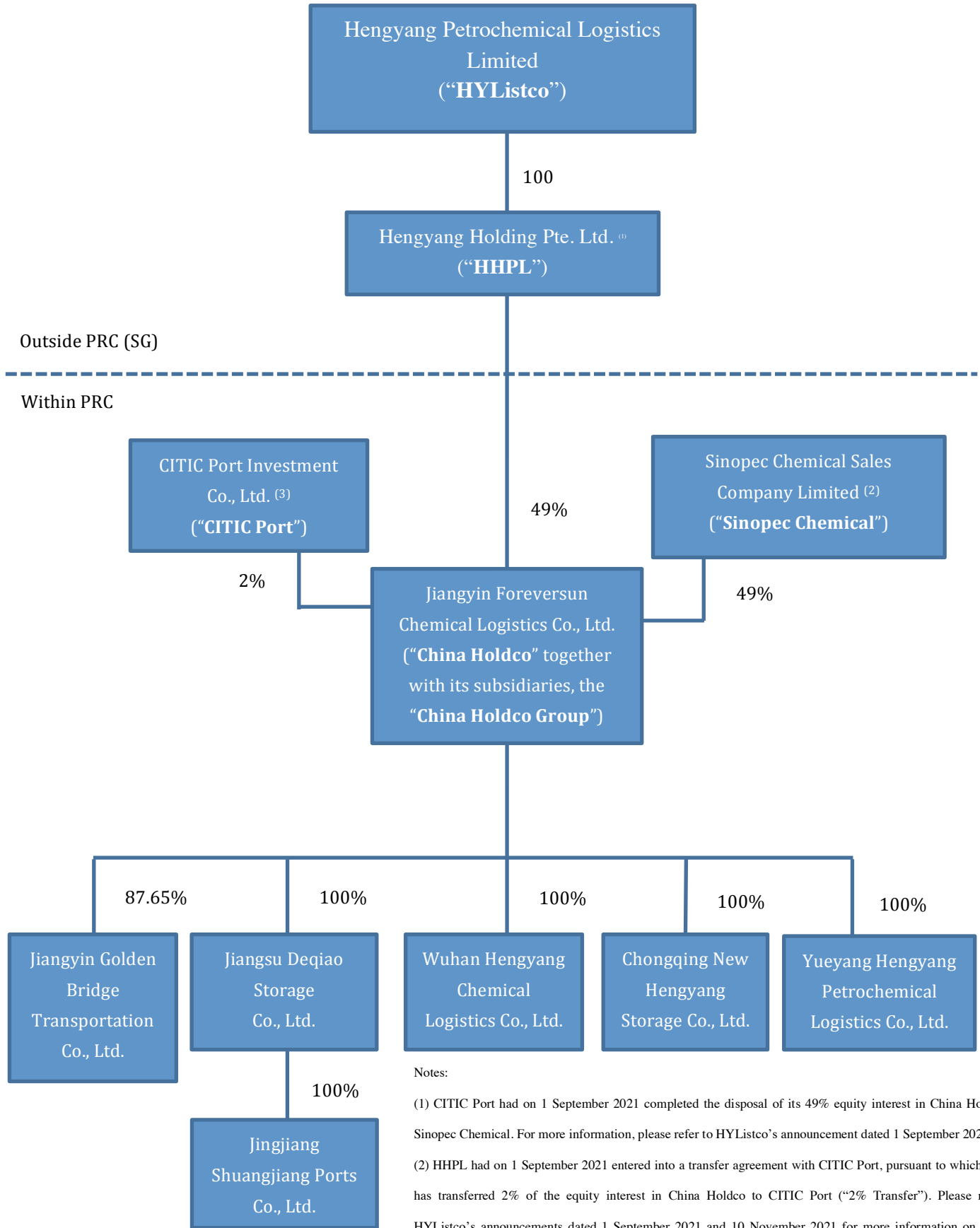
With the completion of Phase II of the Wuhan, Yueyang and Chongqing Facilities anticipated in the next one or two years, the Group is expected to continue to increase its storage capacity.

In 24 September 2021, the Group disposed its 2% shareholding of China Holdco with remaining 49% in China Holdco.

The Group has set the safety vision of “Pursue Essential Safety, Establish Industrial Benchmark”, and strictly upholds the safety policy of “People Oriented, Safety First, Prevention First, Comprehensive Treatment”. It aims to reach the goal of “No accident, No injury and No pollution” and cultivate a favourable safety culture in order to become the leader in the industry with advanced HSSE management.

As a testament to their high standards of quality, the Foreversun Facility, Deqiao Facility, Wuhan Facility and Yueyang Facility have been accredited by the Quality Certification Centre (“CQC”) and IQ Net for the compliance with the ISO9001:2015 and GB/T 19001-2016 standards.

In recognition of their commitment to corporate social responsibility, the Foreversun Facility, Deqiao Facility, Wuhan Facility and Yueyang Facility have also been accredited by CQC and IQ Net for the compliance with their Environmental Management standards – OHSAS 18001:2007 and GB/T 28001- 2011 and their Occupational Health and Safety Management standards – ISO 14001:2004 and GB/T24001-2004.



Notes:

(1) CITIC Port had on 1 September 2021 completed the disposal of its 49% equity interest in China Holdco to Sinopec Chemical. For more information, please refer to HYListco’s announcement dated 1 September 2021.

(2) HHPL had on 1 September 2021 entered into a transfer agreement with CITIC Port, pursuant to which HHPL has transferred 2% of the equity interest in China Holdco to CITIC Port (“2% Transfer”). Please refer to HYListco’s announcements dated 1 September 2021 and 10 November 2021 for more information on the 2% Transfer.

ABOUT THIS REPORT

Sustainability is integral in Hengyang's business to achieve lasting commercial success. As a responsible corporate citizen, Hengyang considers sustainability issues in conjunction with our corporate strategy to create long-term growth and value for our customers, employees, shareholders, suppliers and local communities. This sustainability report articulates our commitment to sustainability and transparency. The report is designed to provide a transparent and balanced view of the Group, to reflect the interests of our key stakeholders, and to address those interests pragmatically. This report aims to include comprehensive and accessible information on the Company's strategy towards sustainability, key issues as well as data according to recognised standards.

Reporting Period

This disclosure includes all information and data pertaining to activities undertaken from 1 January 2021 to 31 December 2021 ("FY2021") unless otherwise stated. The Group's last sustainability report was published on 27 May 2021.

Report Scope

The content of this report will focus on the sustainability performance, activities and initiatives of Hengyang and where appropriate, including those of the China Holdco Group. Material issues and topics described in this report have been selected according to their level of significance within the Group's boundaries, the sustainability context and the stakeholders' expectations which are reflective of our core business in a consistent manner for comparability of our performance indicators across time.

This sustainability report focuses on sustainability strategies and practices whilst highlighting the environmental, economic, social and governance (“EESG”) aspects of our activities and developments. The report aims to provide an overview of our approach, priorities and targets, as well as a performance review for our key sustainability areas.



Report Methodology

This report was prepared with reference to the Global Reporting Initiatives (GRI) Standards, Core Option. We have chosen the GRI Standards reporting guidelines for its detailed guidance on the disclosure of governance approach and of the environmental, social and economic performance. This report also takes into consideration the primary components of the report content as set out by the Singapore Exchange Securities Trading Limited (“SGX-ST”) under its “Comply or Explain” requirements for sustainability reporting. Our data are reported in good faith and to the best of our knowledge. We will continue to improve our data collection processes.

We did not seek external assurance for this report.

Report Structure

This Sustainability Report will present the Group's sustainability journey and progression over the year in the four key areas of (i) Environmental, (ii) Economic, (iii) Social and (iv) Governance, which in our assessment, are the most significant to our stakeholders. Meanwhile, we will also provide the information of our key performance targets and outcomes. The information regarding the basis for report boundaries and our materiality assessment is provided on Page 10 of this Report.

All together, this report provides the basis for our responses and disclosures with reference to the GRI Core Option. Relevant sections in the report are referenced in the GRI Content Index provided on Page 18 of this Report.

Report Contact and Feedback

We are committed to listening to our stakeholders and we welcome and value your feedback on our sustainability efforts, as this enables us to improve our sustainability policies, systems and results. Please send your feedback to contact@hyplc.com.

More information can be obtained from our website at www.hyplc.com.

BOARD STATEMENT

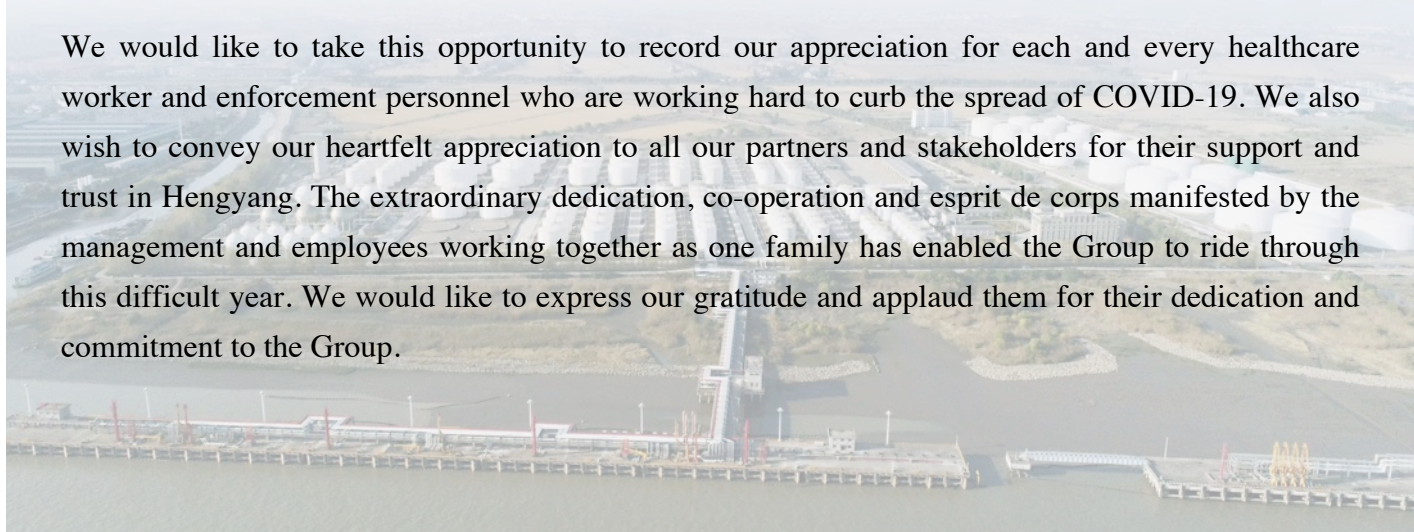
The Board of Directors (“Board”) is pleased to present our annual Sustainability Report of Hengyang Petrochemical Logistics Limited (the “Company”, and together with its subsidiaries, the “Group”) for the financial year ended 31 December 2021 (“FY2021”). This report is prepared in compliance with the requirement under Rule 711B of the SGX-ST Listing Manual Section B: Rules of Catalist (“Catalist Rules”), and references the Global Reporting Initiative (“GRI”) Standards, Core Option.

FY2021 marked an extremely challenging year for the Group in the wake of the COVID-19 pandemic which caused disruption of an unprecedented scale to global health, social and economic activities. The Group’s business operations, as with most business globally, was impacted by the pandemic. The Group also had higher operational costs arising from related COVID-19 prevention measures.

Even with the challenges of the pandemic, the Board recognises the importance of a sustainable society through the practice of sustainable management in both the Group’s business as well as the environment and society. Safety measures and protocols were put in place for the Group’s operations and workplace while complying strictly to the regulations and standard operating procedures imposed by the authorities. The Board has overall responsibility for sustainability and incorporates certain key Environmental, Economic, Social and Governance (“EESG”) issues in its strategies.

Sustainability is a part of the Group’s wider strategy to create long-term value for all its stakeholders. As such, the key material EESG factors for the Group have been identified and cautiously reviewed by the management. The data and information provided have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy of data and information. The board oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group’s strategic direction and policies.

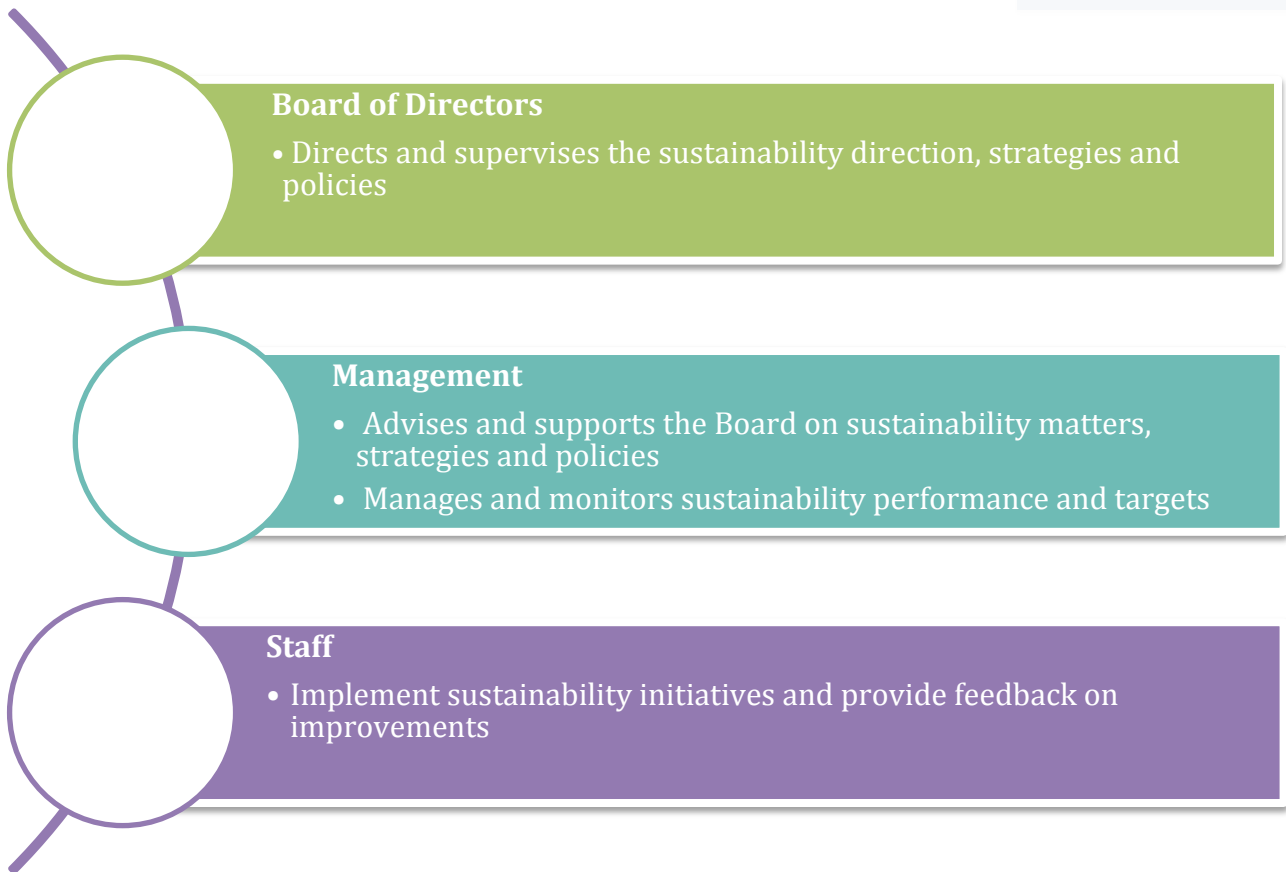
We would like to take this opportunity to record our appreciation for each and every healthcare worker and enforcement personnel who are working hard to curb the spread of COVID-19. We also wish to convey our heartfelt appreciation to all our partners and stakeholders for their support and trust in Hengyang. The extraordinary dedication, co-operation and esprit de corps manifested by the management and employees working together as one family has enabled the Group to ride through this difficult year. We would like to express our gratitude and applaud them for their dedication and commitment to the Group.



SUSTAINABILITY GOVERNANCE STRUCTURE

Sustainability is integral in our organisation’s culture and is a vital part of our corporate strategy for achieving long-term growth. The Group’s governance structure supports and drives the sustainable development journey. We are guided by our code of conduct and ethics established to promote healthy corporate culture, ethical business practices and sustainability.

The sustainability governance is led by the Board of Directors and supported by all levels of the Group.



We are committed to high standards governance practices to protect the interests of the Group and our stakeholders. We will continue to strengthen our sustainability governance structure so as to create long-term viability for the Group and our stakeholders.

STAKEHOLDER ENGAGEMENT

As we progress in our sustainability journey, we understand that the key to maintaining the Group's long-term success is greatly dependent on us meeting or even exceeding the expectations of our key stakeholders.

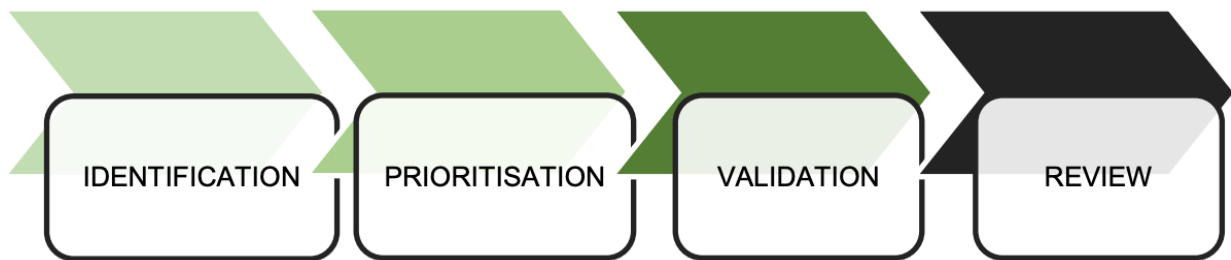
We believe that creating an environment to promote regular communication and greater stakeholder participation is instrumental to understanding the demands and concerns of our stakeholders.

The Group's key stakeholders include, but are not limited to, suppliers, customers, employees, shareholders, regulators 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 stakeholders, their key concerns and mode of engagement:

Stakeholder	Topics of Concern	Mode of Engagement
Customers	<ul style="list-style-type: none"> • Quality services and solutions • Code of conduct • Safety • Tank Certification • Available feedback platforms 	<ul style="list-style-type: none"> • Regular customer visits • Meetings • Email / phone call communication
Employees	<ul style="list-style-type: none"> • Employee engagement • Employee rights and welfare • Personal development • Safety and security • Good working environment 	<ul style="list-style-type: none"> • Regular staff meetings • Staff appraisal & Annual performance review • Training programme on safety standards and procedures, as well as on health and hygiene standards • Open communication through multiple channels • External training
Shareholders	<ul style="list-style-type: none"> • Corporate governance • Timely information • Financial performance 	<ul style="list-style-type: none"> • Annual Report & Annual Sustainability Report • Annual general meeting • Public announcements via SGXNET • Company website
Suppliers	<ul style="list-style-type: none"> • Regular business • Compliance with terms and conditions of purchasing policies and procedures • Maintenance of ethical standards 	<ul style="list-style-type: none"> • Request for proposal and quotation • Suppliers agreements • Suppliers evaluation • Third party certification • Supplier visits/meetings & emails / phone call communication
Regulators	<ul style="list-style-type: none"> • Compliance with applicable rules and regulations 	<ul style="list-style-type: none"> • Regulators Publication/ written communication
Community	<ul style="list-style-type: none"> • Responsible business operations • Support for social causes • Societal concerns 	<ul style="list-style-type: none"> • Sustainability report • Corporation Social Responsibility (CSR) initiatives

MATERIALITY ASSESSMENT

Our sustainability process begins with the identification of relevant factors. Relevant factors are then prioritised to identify material factors which are subject to validation. The end result of this process is a list of material factors disclosed in the Sustainability Report. Process of which are as shown below:



Applying the guidance from GRI, based on a Group-wide materiality assessment, the following environmental, economic, social and governance factors were identified to be material for the Group and are the focus of this Report.



ENVIRONMENTAL

Energy

The Group is fully aware of its responsibility for nurturing the environment and minimising negative environmental consequences at our facilities and the environment where we operate. We monitor our energy at our work places to ensure that we use our resources economically, meaningfully and responsibly.

We have gone a step further in order to minimise our impact on the environment by undertaking a wide range of self-initiated measures to build a greener future. For instance, we install sewage treatment system; we entrust qualified third-party to collect and dispose solid waste; and we have also installed gas recovery systems at the loading stations, pump stations and tank farms.

Environmental Compliance

Being in the petrochemical industry, Health, Safety, and Environment (“HSE”) standards are of utmost importance to us. Hengyang has a long-standing HSE commitment to the highest standards for the health and safety of our people and customers, as well as for the protection of the environment in the communities which we live and work. During FY2021, the Group achieved its target of maintaining no cases of non-compliance with environmental laws and / or regulations.

We have obtained all the environmental permits and approvals necessary to conduct our business, such as the pollutant discharge permit and the operating permit for loading and unloading of the dangerous chemicals. We also complied with all applicable environmental laws and have not breached any applicable laws or regulations relating to the environment. In order to ensure continued compliance with the relevant environmental laws and regulations, we have appointed specialised personnel to oversee environmental protection related matters within our Group.

Environmental Compliance (continued)

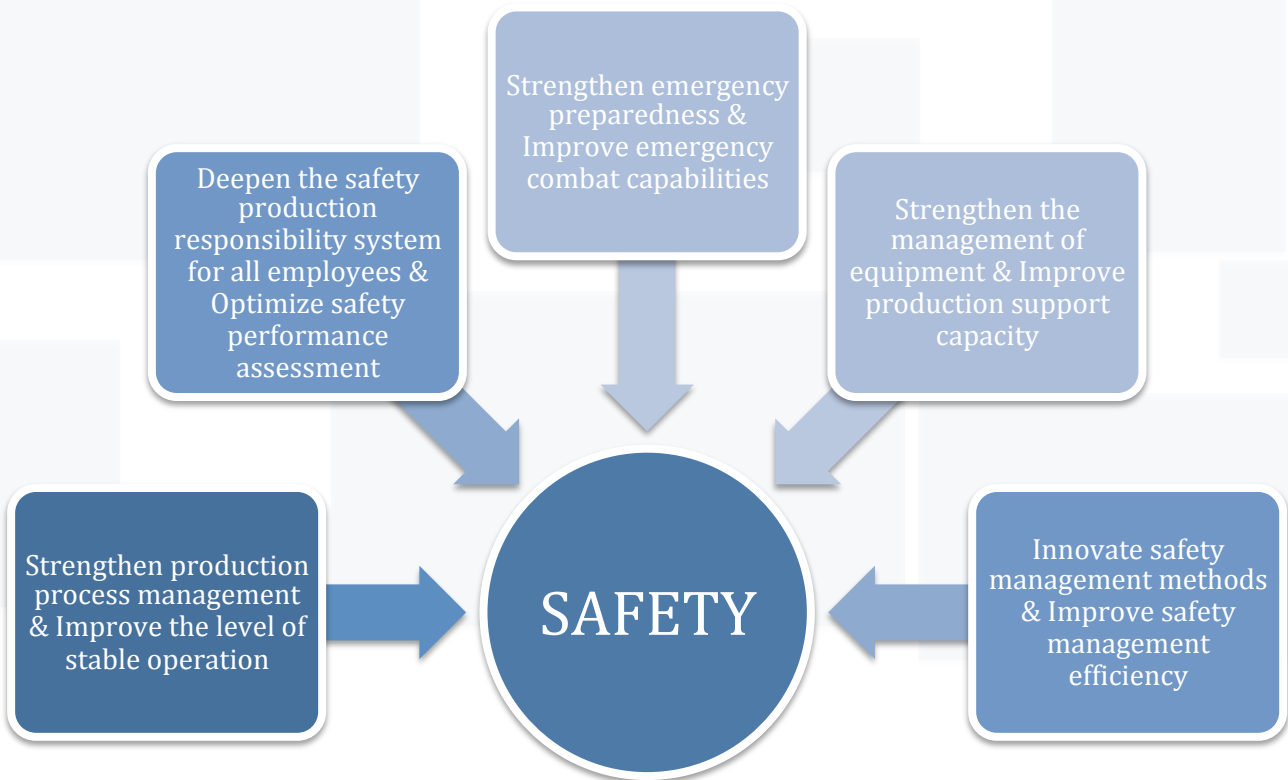
In addition, the following companies have been awarded the following accreditations and commendations:

- In December 2015, Jiangyin Foreversun Chemical Logistics Co., Ltd. was accredited by the CQC and IQ Net for Compliance with Food Safety Management System standards – ISO 22000:2005 and GB/T 22000-2006.
- Jiangyin Foreversun Chemical Logistics Co., Ltd., Jiangsu Deqiao Storage Co., Ltd., Wuhan Hengyang Chemical Logistics Co., Ltd. and Yueyang Hengyang Petrochemical Logistics Co., Ltd hold the Environmental Management System Certificate issued by the CQC and IQ Net for compliance with the standards ISO14001:2004 and GB/T 24001-2004.
- Jiangyin Foreversun Chemical Logistics Co., Ltd and Jiangsu Deqiao Storage Co., Ltd. have obtained the Chemical Distribution Institute – Terminals (“CDI-T”) attestation accredited by the Chemical Distribution Institute (London) in December 2015 and November 2021 separately.

Safety

Hengyang has a long-standing HSE commitment to the highest standards for the safety. We hold Safety Operation Reporting and Meeting every quarter, summarizing the previous work and making the following safety goals and plans.





During FY2021, we deepened the safety production responsibility system for all employees and optimize the safety performance assessment, including signing the 2021 work safety responsibility book at each level and establishing a quantifiable and visual assessment mechanism.

Checklist	Basis	Contents
Target	《GBT33000-2016》 5.1.3 《GBT33000-2016》 5.1.1 《AQT3013-2008》 5.1.2.2	1, Whether the HSE responsibilities of each department and each post are formulated; 2, Whether by post function decomposition set HSE objectives at all levels; 3, Whether to sign the organizations at all levels of responsibility of HSE goals.
Assessment	《GBT33000-2016》 5.1.1 《GBT33000-2016》 5.1.3 《 Requirements for storage area management of bulk liquid chemical products 》 4.2.8 《HSE Management Manual 》 1.4.2	1, Whether to regularly monitor, evaluate and examine HSE management objectives; 2, Whether the HSE responsibility fulfillment situation assessment on a regular basis; 3, Whether cover for examination and assessment of key performance measures;

Meanwhile, Hengyang has built a dual prevention mechanism, which includes the hierarchical management and control of safety risks and the troubleshooting of hidden dangers, to identify the hazard and assess the risks in a more systematic way.

Besides, the Group continued to strengthen the emergency preparedness and management of equipment to improve the capabilities of emergency combat and production support. We also invited external HSE experts to conduct safety status assessment data collection and guide the construction of dual-control system.

We will keep on innovating the safety management methods and improving the safety management efficiency to make sure Hengyang's daily operation more safety and environmental friendly.



HSE Meeting with external experts



Security Check



Safety Operation Reporting and Meeting

Financial Year Ending 31 December 2022 (“FY2022”) Target:

- To maintain the record of zero incidents for non-compliance.
- No breach of environmental laws.

ECONOMIC

Economic Performance

Economic performance is very important to a company's stakeholders, particularly its investors and shareholders, because this performance eventually provides them with a return on their investment.

Hengyang considers economic performance as a material factor as we believe our business economic viability is important to our stakeholders. We aim to attain sustainable economic growth to provide desirable returns to our shareholders annually.

As a company listed on Catalist of SGX-ST, we publish a detailed annual report comprising our risk management, corporate governance, and financial performance. For further information, please refer to the financial statements in our 2021 Annual Report.

In line with the Group's strategy of expanding its market presence along the Yangtze River, the Group's current facilities are strategically located to provide easy accessibility to clients in the entire Yangtze River area. Both phase one of the Wuhan Project and phase one of the Yueyang Project have seen positive progress and have achieved their respective design requirements. A breakthrough has been made in the approval of Yueyang Phase II project. The Phase II of Wuhan project has obtained the construction permit in August 2021 and construction is currently underway according to plan. We have commenced the construction of the Chongqing Facility at the end of 2019 and the said construction is nearing completion. In view of the aforementioned projects and their respective phases of development, the Group is expected to continue to increase its overall storage capacity. This will hopefully enable us to become one of the major petrochemical logistics service providers along the Yangtze River in the near future.

FY2022 Target:

- To start the operation of Chongqing Facility

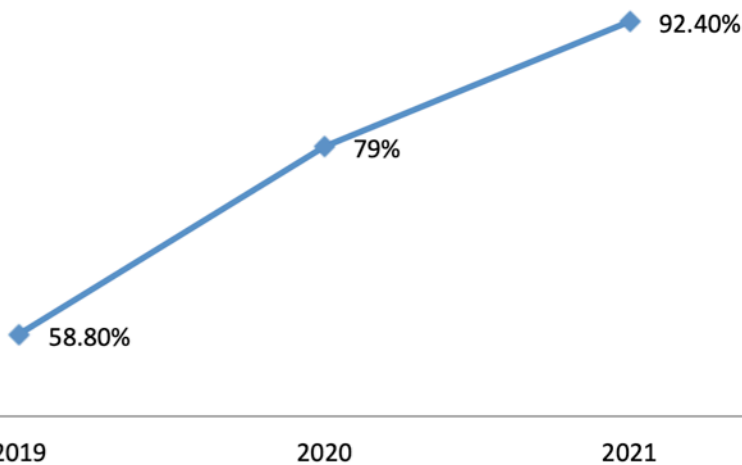
SOCIAL

Our People

Hengyang believes in investing in recruiting, training and retaining good employees. We have made every effort to create a working culture and environment that inspires our people to stay with us. We have adopted sound human resource policies and practices in our workplace by providing safe working conditions, rewarding and recognising performance, encouraging teamwork and work-life balance, and offering career growth opportunities and a conducive workplace.

The Company is also committed to ensuring the safety and security, as well as the health and well-being of our people. During FY2021, we have in place a training program for our people on safety standards and procedures, as well as on health and hygiene standards at the workplace.

Hengyang has its own online learning platform. In the past year, we encouraged all employees to use this platform for safety knowledge learning. As can be seen from the statistical data below, the utilization rate of online learning platform for safety knowledge is increasing year by year. The Group conducts regular assessment to promote the participation of all employees and foster a good atmosphere for safety knowledge learning



Jiangyin Foreversun Chemical Logistics Co., Ltd., Jiangsu Deqiao Storage Co., Ltd., Wuhan Hengyang Chemical Logistics Co., Ltd. and Yueyang Hengyang Petrochemical Logistics Co., Ltd hold the Occupational Health and Safety Management System Certificate issued by the CQC and IQ Net.

In January 2021, the Group's Chairman, Mr Gu Wen Long (“**Mr Gu**”), was awarded the title of ‘Excellent Entrepreneur’ by the Jiangyin and Jingjiang local governments.

We treat all employees fairly, with respect and dignity, regardless of nationality, gender, age, race or religion. The hiring procedures are fair and non-discriminative. Staff are hired on the basis of merit, skills, experience or competency to perform the job. In FY2021, there were nil complaints on discrimination.

The Group ensures compliance with labour and employment laws, including working hours and believes in good work-life balance for our employees.

Meanwhile, related COVID-19 prevention measures and protocols were put in place for the Group's operations and workplace during the past year, including providing frontline employees with personal protective equipment and other safety measures including face masks, gloves, face shields and sanitizer, continuing to support the mental, emotional and overall well-being of employees and extending benefits to help employees cope with the impact of COVID-19.

Code of Work Ethics

All employees are expected to uphold a high standard of work ethics and ensure that they do not engage in any activity or have any interests that conflict with any of the Company's businesses.



Our Community

Hengyang and its people embrace the philosophy of giving back to the community by encouraging proactive involvement in the Group's corporate social responsibility ("CSR") initiatives. We strive to be a responsible corporate neighbour and active contributor in our community.

In particular, we are a strong believer in quality education for all children. Accordingly, we have partnered with Jiangyin Charity and Jingjiang Charity, two non-profit voluntary welfare organisations, to support students from low-income families and empower young learners to be successful, active citizens.

During FY2021, China Holdco had made numerous donations, which include a donation of RMB50,000 and RMB54,000 to the Jiangyin Charity and Jingjiang Charity respectively. The Group's Chairman, Mr Gu was also awarded as "Charity Star" by the Jingjiang City People's Government in 2021.

FY2022 Target:

- Organise staff training and career development courses and programs.
- Maintain zero complaints on discrimination.
- Name every April and June of the year as the Safety Month of the Group, and holding the relevant events in the Group, rolling out safety culture campaigns to advocate and educate employees and contractors on safety best practices.

GOVERNANCE

The Group strives to comply with the best practices of good governance, guided by the Singapore's Code of Corporate Governance 2018 (the "Code"), throughout its operations to safeguard the interests of all stakeholders. The Group recognises that good corporate governance processes are essential for enhancing corporate sustainability. Please refer to the Report on Corporate Governance on pages 17 to 50 of the Company's Annual Report for FY2021 which sets out the Groups corporate governance on a 'comply of explain' basis.

Corporate Governance

Hengyang believes that strong governance is key to a sustainable business. Throughout FY2021, we continue to be guided by the Code. The Board and the Management of Hengyang are committed to the best practices in corporate governance to ensure sustainability of the Group's operations. We will continue to ensure and maintain good corporate governance in order to safeguard the interest of our stakeholders.

Whistle Blowing Policy

The Company has put in place a whistle-blowing framework endorsed by the Audit Committee, where employees of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and to ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions.

Dealings in Securities

In compliance with the relevant Catalist Rules, the Company has devised its own internal compliance code to provide guidance to its officers with regards to dealings in listed securities of the Company. Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in the possession of unpublished price-sensitive and/or trade-sensitive information.

The Company prohibits dealings in its shares by its officers and employees during the period commencing two (2) weeks before the announcement of the Company's financial statements for each

of the first three (3) quarters of its financial year, or one (1) month before the announcement of the Company's full financial year results, as the case may be, and ending on the day of the announcement of the relevant results.

Risk Management

The Group recognises the importance of risk management and how business risks may adversely affect Hengyang's business performance. We concentrate on ensuring that the Group has an effective and practical enterprise risk management framework in place to safeguard our shareholders' interests and the sustainability of the Group, as well as to provide a basis to make informed decisions having regard to the risk exposure and risk appetite of the Group. The Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as adopt appropriate measures to control and mitigate these risks. The management of the Company reviews all significant control policies and procedures and highlights all significant matters to the Board and the Audit Committee.

Anti-corruption

Hengyang does not tolerate corruption in any form. We communicated this externally with our customers and suppliers and internally with our employees.

We have established an anti-corruption policy. We prohibit corruption in all forms, including extortion and bribery. As set out in our whistle-blowing policy, all complaints shall be reported to the Audit Committee Chairman of the Company either in person or via an email that is only accessible by the Audit Committee Chairman. Similar to FY2018, FY2019 and FY2020, there were no reported incidents of corruption during FY2021.

FY2022 Target:

- Continue to strive for the highest level of governance, and to maintain an effective whistle-blowing framework.

GRI CONTENT INDEX

This report is prepared with reference to the Global Reporting Initiative (“GRI”) Standards, Core Option. We did not seek external independent assurance for this report.

N.B.: AR = Annual Report, SR = Sustainability Report (i.e. this report)

GRI Standard	Disclosure	Reference/ Response
GRI 101: Foundation 2016		
GENERAL DISCLOSURE		
GRI 102: General Disclosures	102-1	Name of the organization.
	102-2	Activities, brands, products, and services
	102-3	Location of AR headquarters
	102-4	Location of SR Page 2-5 operations
	102-5	Ownership and legal form
	102-6	Markets served
	102-7	Scale of the organization
	102-8	Information on SR Page 12, employees and other 19 workers
	102-10	Significant changes to the organization and its supply chain
	102-11	Precautionary Principle or SR Page 7-8 approach

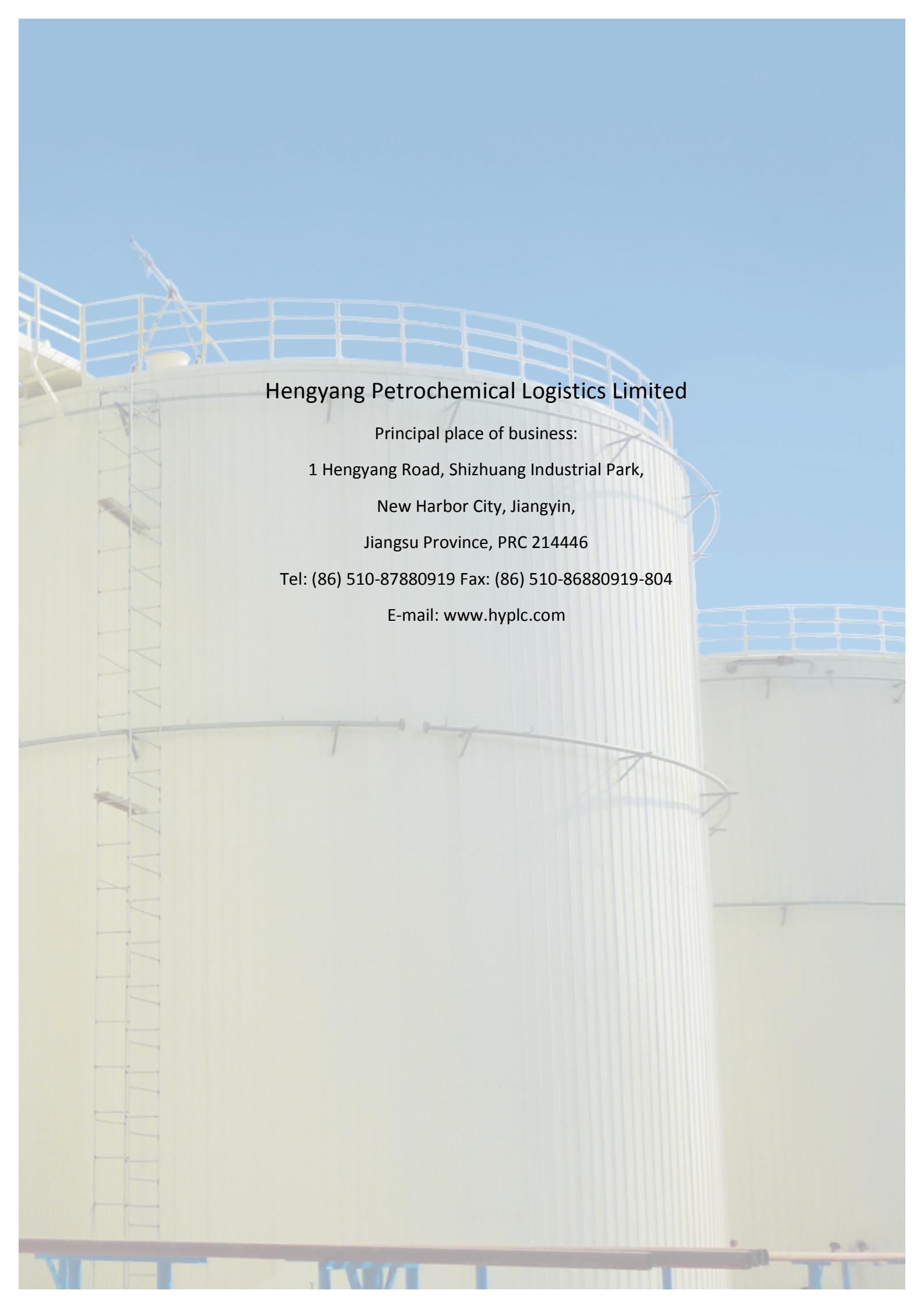
GRI Standard	Disclosure	Reference/ Response
GRI 101: Foundation 2016		
102-14	Statement from senior decision-maker	SR Page 9
102-16	Values, principles, standards, and norms of behavior	AR Page 17-49
102-18	Governance structure	AR Page 17-49
102-40	List of stakeholder groups	SR Page 12
102-42	Identifying and selecting stakeholders	SR Page 10-11
102-43	Approach to stakeholder engagement	SR Page 11
102-44	Key topics and concerns raised	SR Page 13
102-45	Entities included in the consolidated financial statements	AR Page 15, 79-83
102-46	Defining report content and topic Boundaries	SR Page 6-8
102-47	List of material topics	SR Page 13
102-50	Reporting period	SR Page 6
102-51	Date of most recent report	2021 AR
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	SR Page 8
102-55	GRI content index	SR Page 24-27

GRI Standard	Disclosure	Reference/ Response
GRI 101: Foundation 2016		
MATERIAL TOPICS		
GRI 201: Economic performance	201-1	Direct economic value generated and distributed AR Page 10-11
GRI 205: Anti- corruption	205-1	Operations assessed for risks related to corruption SR Page 15-18
GRI 302: Energy	302-1	Energy consumption within the organization SR Page 14
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations SR Page 14
GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees SR Page 14-17, Page 19
GRI 404: Occupational Health and Safety	404-1	Average hours of training per year per employee SR Page 19
	404-2	Programs for upgrading employee skills and transition assistance programs SR Page 16, 19
	404-3	Percentage of employees receiving regular performance and career development reviews SR Page 19
GRI 405: Diversity and equal opportunity	405-1	Diversity of governance bodies and employees SR Page 19

GRI Standard	Disclosure	Reference/ Response
GRI 101: Foundation 2016		
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area

This document has been reviewed by the Company's Sponsor, Xandar Capital Pte Ltd ("Sponsor"). This document has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this document including the correctness of any of the statements or opinions made or reports contained in this document.

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