

HENGYANG PETROCHEMICAL LOGISTICS LIMITED

2020 SUSTAINABILITY REPORT





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CORPORATE PROFILE

Established in 2002, Hengyang Petrochemical Logistics Limited (the “Company” or “Hengyang”, and together with its subsidiaries the “Group”) is a leading logistics service provider for the petrochemical industry in the People’s Republic of China (“PRC”). The Group through, its 51% joint venture, Jiangyin Foreversun Chemical Logistics Co, Ltd (“China Holdco” and together with the subsidiaries of China Holdco, the “China Holdco 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 China Holdco 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 China Holdco 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, 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 China Holdco 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.



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 (including the China Holdco Group, where appropriate), 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.

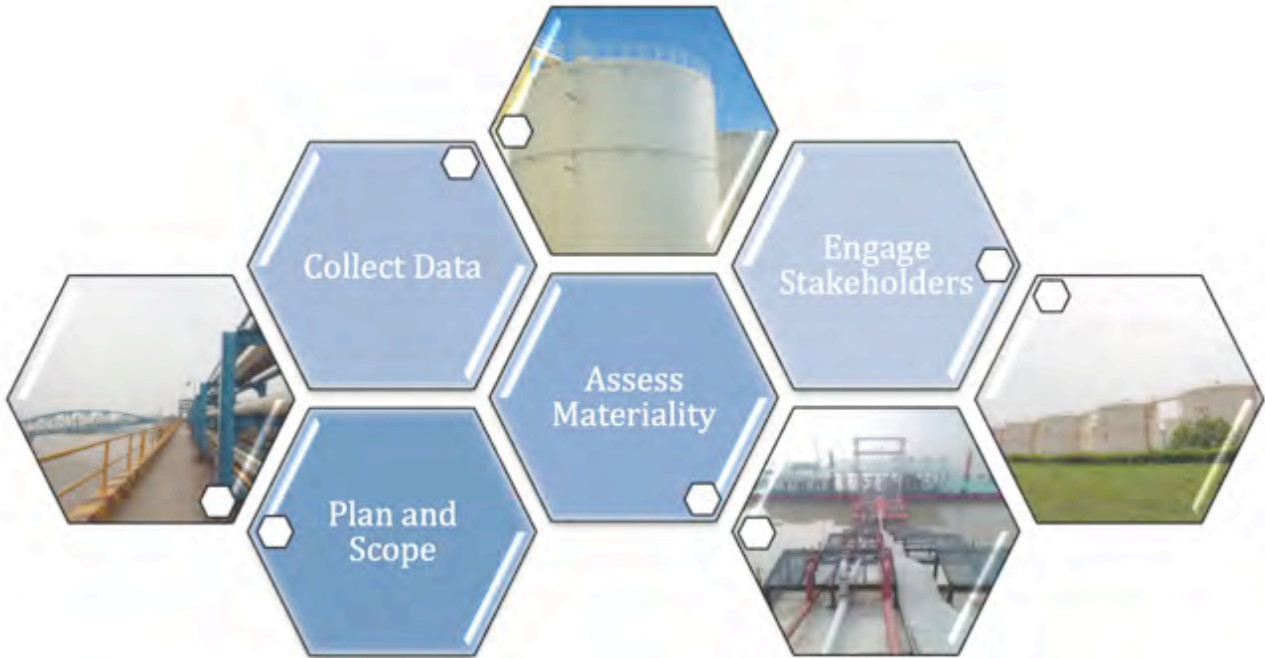
Report Scope

The report covers the sustainability performance of the Company for the financial year from 1 January 2020 to 31 December 2020 ("FY2020"). 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.



ABOUT THIS REPORT



Report Methodology

This report was prepared with reference to the Global Reporting Initiatives (GRI) 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.

ABOUT 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 (“Hengyang” or the “Company”, and together with its subsidiaries, the “Group”) for our financial year ended 31 December 2020 (“FY2020”). 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. Hengyang has chosen the GRI framework as it is internationally recognised and covers a comprehensive range of sustainability disclosures.

Recognising the importance of sustainability, the Board leads the sustainability efforts of the Company. The Board has considered sustainability issues as part of its strategic formulation. The Report highlights the Group’s sustainability journey and progression over the year in four key areas (i) Environmental, (ii) Economic, (iii) Social and (iv) Governance, which in our assessment, are the most significant to our stakeholders

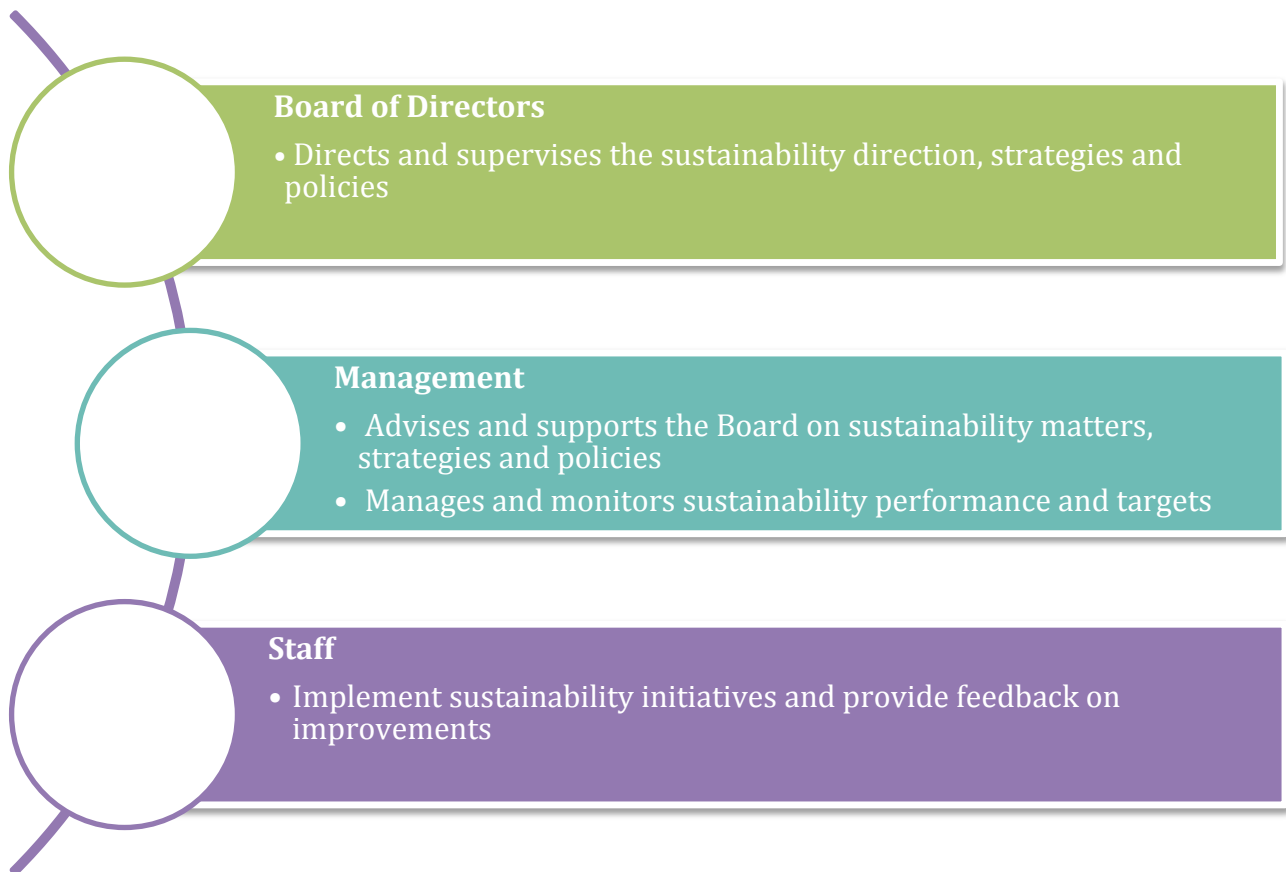
Sustainability is a part of the Group’s wider strategy to create long-term value for all its stakeholders. As such, the key material EESG factors for the Group have been identified and cautiously reviewed by the management. The data and information provided have not been verified by an independent third 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 thank our valued stakeholders for their continued support of the Group. We strive to continue to improve our sustainability efforts towards building the business and creating better values for our stakeholders.

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.

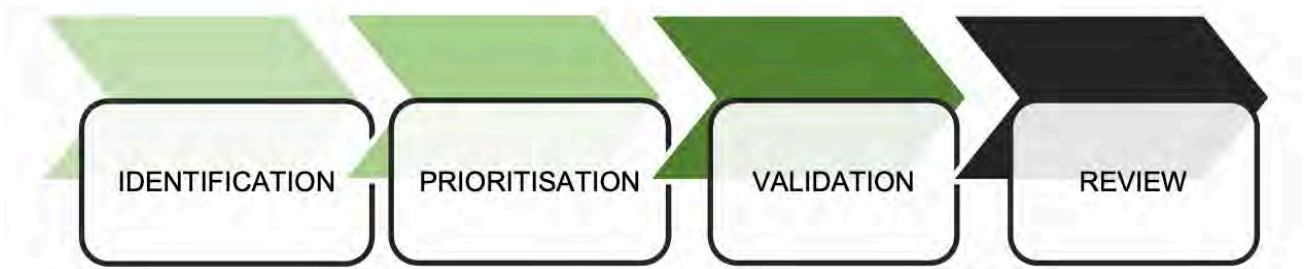
The Group’s key stakeholders include, but are not limited to, suppliers, customers, employees, shareholders, regulators and community. We adopt both formal and informal channels of communication to understand the needs of key stakeholders and incorporate these into our corporate strategies to achieve mutually beneficial relationships. The following table highlights our key stakeholders, their key concerns and mode of engagement:

STAKEHOLDER ENGAGEMENT

Stakeholder	Topics of Concern	Mode of Engagement
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
Customers	<ul style="list-style-type: none"> • Quality products and services • Code of conduct • Available feedback platforms 	<ul style="list-style-type: none"> • Regular dealer 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
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 • 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 worksites 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 FY2020, 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 since our incorporation. 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

Environmental Compliance (continued)

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

- In 2020, China Holdco was awarded “Top 100 of the Storage Industry” by China Federation of Logistics and Purchasing.
- In 2020, Wuhan Hengyang was appraised as the “Harmonious Enterprise” by Wuhan Municipal People’s Government.
- In 2020, Jiangsu Deqiao was awarded as the “Advanced Enterprise” for its HSE management by the local port authority.
- In 2020, Chongqing Hengyang was awarded as “Excellent Contractor” for its good service and superior HSE management by Chongqing Chemical & Pharmaceutical Holding Company.
- In 2020, Golden Bridge Transportation was awarded as “Advanced Enterprise” for its standardised management by Wuxi Transportation Safety Committee.
- In December 2015, Jiangyin Foreversun was accredited by the China Quality Certification Centre for Compliance with Food Safety Management System standards – ISO 22000:2005 and GB/T 22000-2006.
- Jiangyin Foreversun, Wuhan Hengyang and Yueyang Hengyang hold the Environmental Management System Certificate issued by the China Quality Certification Centre for compliance with the standards ISO14001:2004 and GB/T 24001-2004.
- Jiangyin Foreversun has obtained the Chemical Distribution Institute – Terminals (“CDI-T”) attestation accredited by the Chemical Distribution Institute (London) in December 2015.

Financial Year Ending 31 December 2021 (“FY2021”) 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 2020 Annual Report.

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 and FY2019, there were no reported incidents of corruption during FY2020.

FY2021 Target:

- To maintain zero incidents of corruption and unethical actions

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 FY2020, 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. Meanwhile, we have also organised the health and wellness lunch talk every quarter in FY2020.

Jiangyin Foreversun, Wuhan Hengyang and Yueyang Hengyang hold the Occupational Health and Safety Management System Certificate issued by the China Quality Certification Centre.

In January 2020, 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 FY2020, 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.

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 FY2020, 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 2020.

In 2020, China Holdco also made a donation of RMB500,000 to the Education Fund Development Committee of Huangtu Town, and China Holdco was appraised as the "Advanced Enterprise" for its respect for esteemed teachers and education by Jiangyin Administration Committee of the Development Zone.

In addition, in recognition of its outstanding social responsibility and contribution, China Holdco was awarded the "Golden Tank Award" by China Federation of Logistics and Purchasing in FY2020.

FY2021 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 49 of the Company's Annual Report for further details.

Corporate Governance

Hengyang believes that strong governance is key to a sustainable business. Throughout FY2020, 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.

GOVERNANCE

Corporate Governance (continued)

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.

In FY2020, the Company had adhered to the comply-or-explain basis of the Code.

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.

FY2021 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”) 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. Page 2
	102-2	Activities, brands, products, and services Page 2
	102-3	Location of headquarters AR Backcover
	102-4	Location of operations Page 2
	102-5	Ownership and legal form Page 2
	102-6	Markets served Page 2
	102-7	Scale of the organization Page 2
	102-8	Information on employees and other workers Page 13
	102-10	Significant changes to the organization and its supply chain No Significant Change
	102-11	Precautionary Principle or approach Page 4-5
	102-14	Statement from senior decision-maker Page 6
	102-16	Values, principles, standards, and norms Annual Report Page

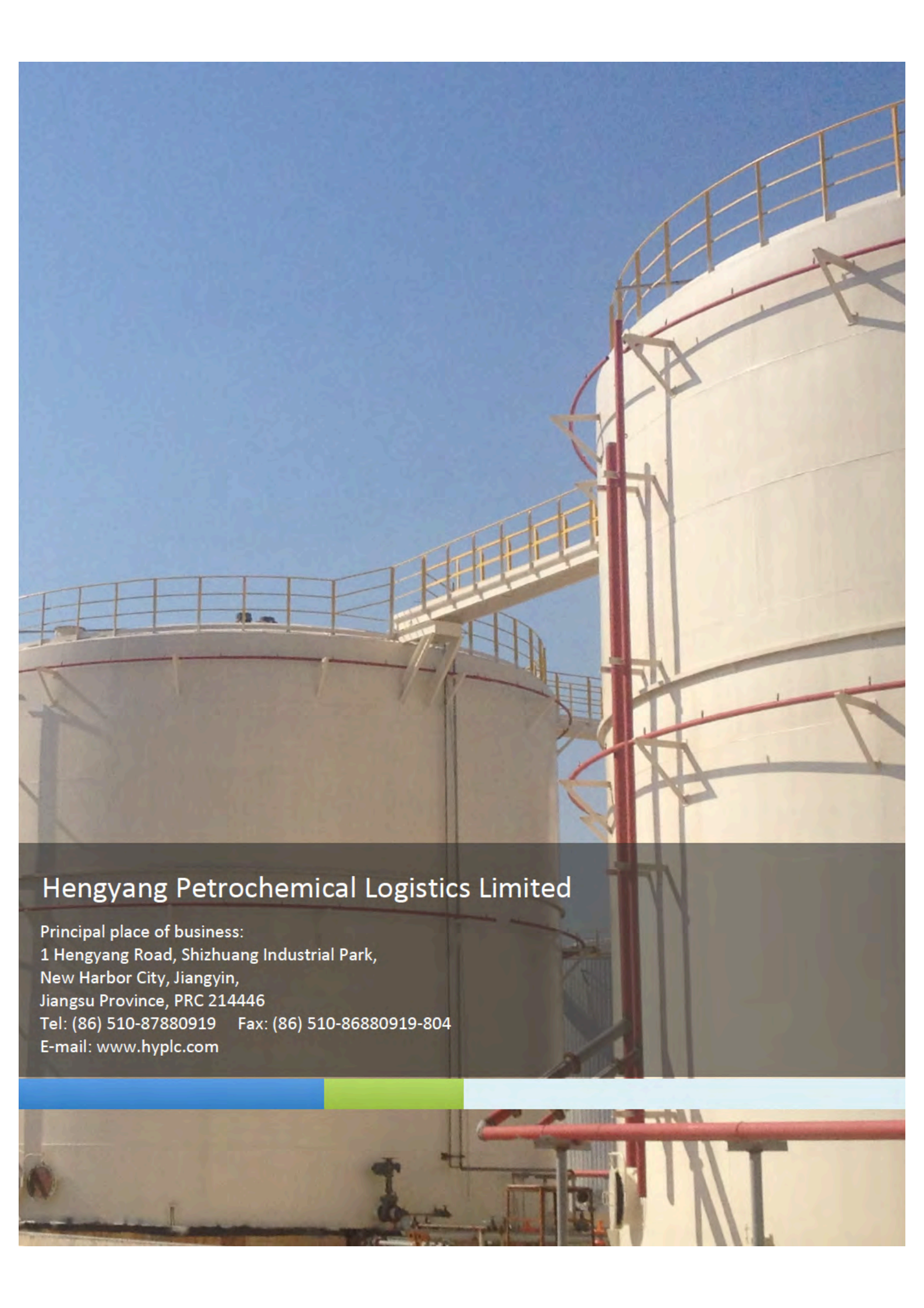
GRI Standard	Disclosure	Reference/ Response
GRI 101: Foundation 2016		
	of behavior	17-49
102-18	Governance structure	Annual Report Page 17-49
102-40	List of stakeholder groups	Page 8
102-42	Identifying and selecting stakeholders	Page 8
102-43	Approach to stakeholder engagement	Page 8
102-44	Key topics and concerns raised	Page 8
102-45	Entities included in the consolidated financial statements	Annual Report Page 15, 65, 81-85
102-46	Defining report content and topic Boundaries	Page 3
102-47	List of material topics	Page 3-5
102-50	Reporting period	Page 3
102-51	Date of most recent report	2019 Annual Report
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the report	Page 5
102-55	GRI content index	Page 17-19
MATERIAL TOPICS		
GRI 201: Economic performance	201-1	Direct economic value generated and distributed
GRI 205: Anti- corruption	205-1	Operations assessed for risks related to

GRI Standard	Disclosure	Reference/ Response
GRI 101: Foundation 2016	corruption	
GRI 302: Energy	302-1 Energy consumption within the organization	Page 10
GRI 307: Environmental Compliance	307-1 Non-compliance with environmental laws and regulations	Page 10
GRI 403: Occupational Health and Safety	403-1 Workers representation in formal joint management-worker health and safety committees	Page 13
GRI 404: Occupational Health and Safety	404-1 Average hours of training per year per employee	Page 13
	404-2 Programs for upgrading employee skills and transition assistance programs	Page 13
	404-3 Percentage of employees receiving regular performance and career development reviews	Page 13
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	Page 13
GRI 413: Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	Page 14

GRI Standard	Disclosure	Reference/ Response
GRI 101: Foundation 2016	413-2 Operations with significant actual and potential negative impacts on local communities	Page 14
GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	Page 12-14

This sustainability report has been reviewed by the Company’s sponsor, CIMB Bank Berhad, Singapore Branch (“Sponsor”) in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalist. This sustainability report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this sustainability report, including the correctness of any of the statements or opinions made or reports contained in this sustainability report.

The contact person for the Sponsor is Ms Tan Cher Ting, Director, Investment Banking, CIMB Bank Berhad, Singapore Branch at 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: (65) 6337 5115.



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