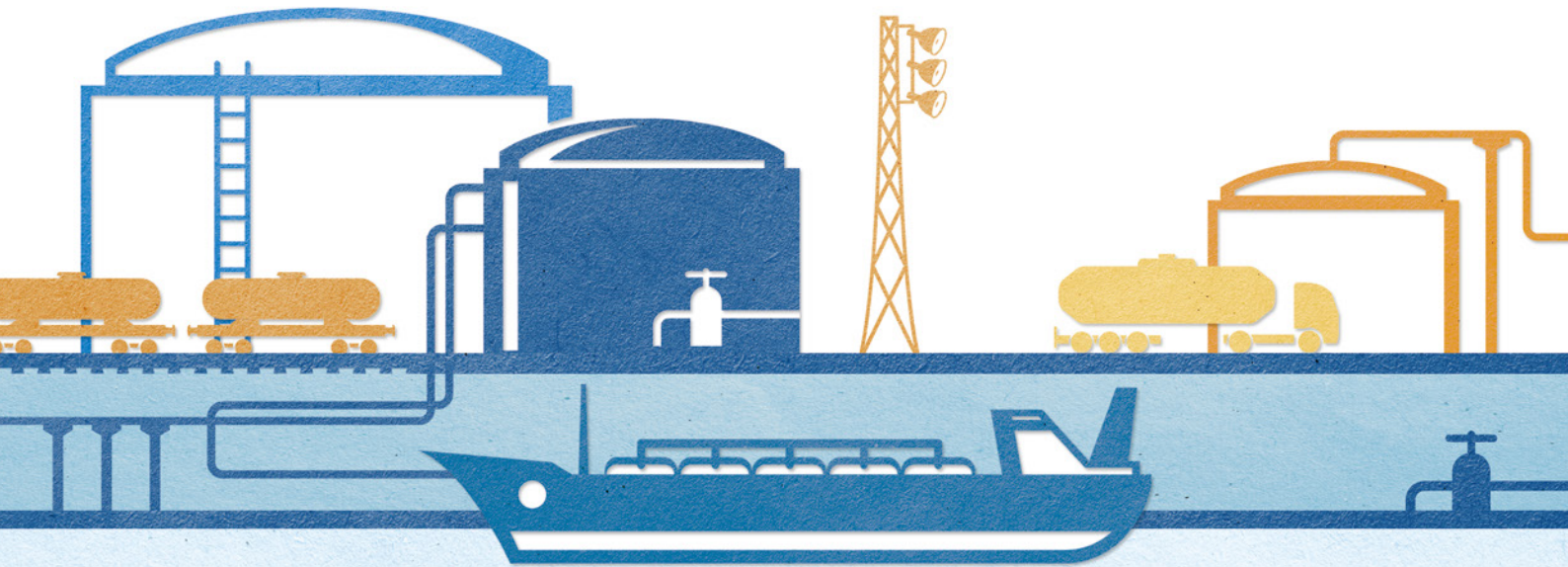




Titan Petrochemicals Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1192)



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

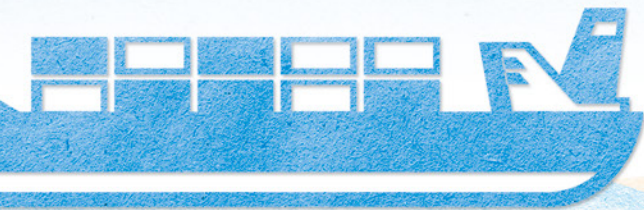
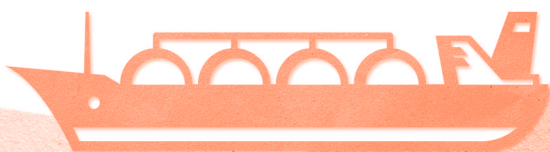




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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION AND SCOPE OF ESG REPORT

The Environmental, Social and Governance Report (“**ESG Report**”) aims at providing a detailed account of the Group’s effort, policy standing and contribution towards the Group’s sustainability performance for the financial year ended 31 December 2019. To foster a stronger and longer relationship with the stakeholders, we had, to different extents and as deemed appropriate by the management of the Group, assessed and addressed the concerns and the needs of the stakeholders. The Group has the highest regard to the sustainability aspects of the operation, considers that as an intricate part of the business. This report was prepared with reference to and in accordance with Appendix 27 — the Environmental, Social and Governance Reporting Guide (“**ESG Reporting Guide**”) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

ENVIRONMENTAL

The Group has established environmental policies and has communicated measurable environmental objectives to employees. The Group actively encourages staffs to protect the environment through training, education and communication.

The Group always keeps itself up-to-date on developments in local legislation and standards for environmental protection. During the reporting period, the Group did not experience any cases of non-compliance relating to environmental laws and regulations in People’s Republic of China (“**PRC**”) and Hong Kong.

Emissions

The principal business activities of the Group is trading of commodities, shipbuilding, ship repairing and manufacturing of steel structure in the PRC, which may produce harmful emissions including volatile or noxious chemical compounds, metal waste, noise, odour and wastewater. Continue assessment will be made to analyse methods for further reduction on harmful emissions of the Group.

- Air pollutions emissions

Motor vehicles owned by the Group are mainly for providing transportation for the employees in shipyards and for the use of senior management. Among all the company vehicles, 10 are driven by unleaded petroleum while only 1 of the cars is driven by diesel. During the process of combustion of unleaded petrol and diesel, 7.32 kg, 0.15 kg and 0.54 kg of nitrogen oxides (“**NOx**”), sulphur oxides (“**SOx**”) and particulate matters (“**PM**”) are produced respectively.

The Group has implemented the policies to mitigate the adverse effect of nitrogen oxides, sulphur oxides and respiratory suspended particles emission as follows:

- Using public transports as the first priority for travelling and transportation; and
- Car-pooling for employees to and from works in PRC.

The Group has strived to minimize the environmental impact of its shipbuilding and repairing activities, production activities and products. The Group is governed by the Environmental Protection Law of the People’s Republic of China 《中華人民共和國環境保護法》. Violation of environmental regulations may result in temporary suspension of production of the shipyard operation in the PRC.



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- Carbon dioxide emissions

The major source of carbon dioxide emissions comes from the use of energy in the office area and the trading of commodities. In the office area, the Group adopts paper saving practices to minimize the carbon dioxide footprint for using papers, such as encouraging employees to use duplex printing to minimize paper consumption. Trays are placed next to photocopiers for collecting single-sided paper for reusing and recycling purposes. Envelopes are also reused for internal mails.

The main source of the Group's greenhouse gas emissions is derived from direct emission from the mobile combustion sources ("**Scope 1**"), indirect emission from acquired electricity emissions ("**Scope 2**") and other indirect emissions ("**Scope 3**"). The total greenhouse gases emissions from Scope 1, Scope 2 and Scope 3 for the year ended 31 December 2019 were 29 tons, 7,375 tons and 115 tons respectively.

- Hazardous and non-hazardous waste management

For the year ended 31 December 2019, workplace effluents and wastes were attributed to the operation of the Group's office in Hong Kong. Workplace wastes are maintained by property management company of the office. The workplace effluents will be discharged into the municipal sewer systems.

The following wastes produce from the shipyards were recorded in the 31 December 2019:

- Non-hazardous waste produced: 210 tons
- Non-hazardous waste produced intensity: 4.18 kg per m² of the constructed area of shipyard
- Hazardous waste produced: 24 tons
- Hazardous waste produced intensity: 0.48 kg per m² of the constructed area of shipyard

The Group had complied with local laws and regulations in relation to the environment in Hong Kong and PRC during the year ended 31 December 2019.

Use of Resources

- Energy consumptions

The Group is committed to upholding high environmental standards in order to promote environmental friendliness. Throughout the Group, the following actions have been taken to reduce carbon and energy footprints:

- choosing environmentally friendly materials and energy saving lightings and electrical appliances;
- using natural light in outdoor as possible; and
- idle electrical appliances are switched off.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Paper usage

The Group encourages staff to have duplex printings and reuse single-sided printed papers, and to communicate through electronic media. During the reporting period, 1,072 kg of papers had been consumed.

- Water conservation

Water was supplied by the municipal water supply company and there was no issue in sourcing water that is fit for purpose. The Group strictly abides by the requirements of the Law of the People's Republic of China on Prevention and Control of Water Pollution, and the Integrated Wastewater Discharge Standard of PRC 《中華人民共和國污水綜合排放標準》. The Group also encourages staff to report any leaking faucets or pipes in the vicinity and turn off all taps when water is not required.

- Packing materials

The operational activities of the Group, which are mainly engaged in trading of commodities, ship-building and ship-repairing, do not involve consumption of packaging materials or packaging material-related businesses. Therefore, this indicator is not applicable.

The following consumption data was recorded in the year ended 31 December 2019:

	Unit	Consumption	Consumption intensity (per m ² of shipyard)
Electricity consumption	kWh	9,146,404	182.5
Water consumption	tonne	60,288	1.2
Diesel	litre	78	0.0
Natural gas	Kg	190	0.0

Driven by the belief in maintaining sustainability, the Group strives to ensure efficient use of resources, including energy, materials and other auxiliary materials. Every effort is taken to ensure that the materials ordered is 'just right' for the intended project, and endeavour to employ excess materials to reduce wastage.

During the year, the Group did not notice any non-compliance case in relation to environmental laws and regulations in PRC and Hong Kong.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL AND NATURAL RESOURCES

To lower the environmental impact and the use of natural resources, the management of the Group would evaluate the policies from time to time to create sustainable environmental value, such as energy saving initiative and to promote a culture for employees to have good practice in line with the Group's saving measures adopted by the Group.

In daily office operation, the Group encourages its staff to save energy and resources by reducing electricity and paper consumption. Paper reduction printing is one of the major environmental impacts associated with daily office operations. The Group encourages its employees to utilize electronic copies instead of hardcopies. If printing is necessary, the Group encourages duplex printing so as to reduce paper usage. The Group defaults its printers output color as black and white. Paper collection box is placed next to photocopiers to encourage staff to recycle or reuse the paper where possible.

The Group fully supports the importance of conserving energy to reduce greenhouse gas emission and encourages staffs to save energy and resources in daily operations by placing friendly energy saving reminders in the office. During lunch hour, the office light will be switched off to prevent unnecessary usage of electricity power.

Meanwhile, measures including shutting down computers; eliminate standby power by unplugging electronics devices; choosing energy efficient and environmentally friendly products when replacing machineries and electrical appliances are adopted by the Group.

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group provides an equal and fair working environment with practices and policies complying with the Employment Ordinance in Hong Kong and the Labour Law in PRC along with other relevant laws. The workplace is therefore to be free from discrimination and provide equal opportunities for all employees regardless of age, gender, race, colour, sexual orientation, disability or marital status.

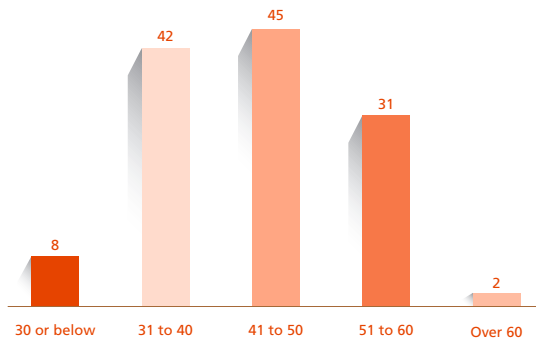
The Group's remuneration packages for employees include basic salaries, bonuses and benefits-in-kind that were structured by reference to market terms. The employment contracts specify the terms including compensation and dismissal, working hours, rest periods and other benefits and welfare for the staff.

To further promote a good relationship with employees, there will be more activities for the employees to participate in to improve work-life balance, such as staff gathering, social activities and other team building activities. The Group has a total of 128 staff in PRC and Hong Kong.

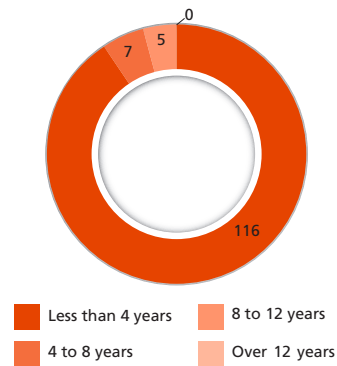


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

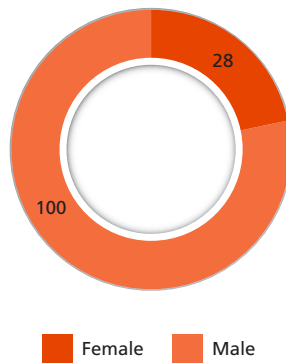
Workforce By Age Group



Workforce By Service Period



Workforce By Gender



A good workplace practice attributes from being free from discrimination and equal opportunities for all despite of age, gender, race, colour, gender orientation, disability or marital status to increase employee satisfaction. The Group would diversify its staff by means of different gender and age group to balance the culture and communications between staff. The Group encourages labour diversity and welcomes all manpower, thus putting the principle of fairness into practices.

The Group had no reported incidents of non-compliance with regulations concerning employment in PRC and Hong Kong during the year ended 31 December 2019.

Health and Safety

Protecting employee’s occupational health and safety is critical for the Group. The Group complies with the Labour Law of the People’s Republic of China《中華人民共和國勞動法》 with respect to occupational safety and health and other applicable regulations for a healthy and comfortable working environment. As there is a high concentration of chemicals in the workplace, fire prevention protection for manufacturing facilities including fire-fighting equipment such as fire extinguisher and fire detection equipment are equipped and checked regularly to prevent any fire outbreak. Staff also participate in the regular fire drills and smoking is prohibited in all areas of the workplace and shipyards.



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In order to minimize or eliminate the injury and death cases in future, the Group have instilled safety guidelines to the staffs of the shipyard from time to time. The Group places occupational hazard warning signs and risk warning instructions at conspicuous place in the shipyards, carries out safety inspection regularly and provides safety seminar to employees.

All workers in shipyards are under the coverage of workmen medical insurance while staff in office are under the coverage of employees' compensation insurance. Human resource department investigates and analyses every case and implements correspondence preventive measures if necessary. The efforts in safety and health have been paid off and the Group aims to maintain the record of work-related injury, loss or fatalities at a low level in upcoming years.

Occupational health and safety statistics in 2019	Offices	Shipyards
Number of lost days due to work injury	Nil	298
Number of work-related fatalities	Nil	Nil
Number of reported work injuries	Nil	4

During the year ended 31 December 2019, the Group was not aware of any non-compliance with the health and safety in laws and regulations in PRC and Hong Kong.

Development and Training

In accordance with the Labour Law of the People's Republic of China 《中華人民共和國勞動法》, labour engaged in special operations must have received specialized training and obtained qualifications for managing specialized operations. The Group has engaged an external specialist for providing advice and has provided various training programmes, internally and externally, for employees' continuous development. To fully develop the workforce team, new staff will also be provided with onboard training to help them to adapt faster to the operations of the Group. Staff performance will also be reviewed annually through appraisal to determine if any additional training or improvement plan is needed for each staff.

Labour Standards

With compliance to the Labour Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》, the group strictly emphasizes on the prohibition of engaging child labour and forced labour. Any individuals under legal working age or without any valid identification documents are disqualified from employment. Upon discovery of any child labour which has been mistakenly employed by the Group, the person will be dismissed immediately and the discovered issue will be reviewed and discussed with the Board to prevent its reoccurrence. The Group also has policies to protect staff's labour rights with a complaint system for staff to express their concerns and report any violations of labour rights.

The Group has strictly complied with the Employment Ordinance in Hong Kong and the Labour Law in the PRC, including the Labour Law of the People's Republic of China 《中華人民共和國勞動法》, the Labour Contract Law of the People's Republic of China 《中華人民共和國勞動合同法》 and has arranged the requisite insurance package for all directors and employees of the Company under the Social Insurance Law of the People's Republic of China 《中華人民共和國社會保險法》 and the Employment Ordinance in PRC and Hong Kong.

During the year ended 31 December 2019, the Group was not aware of any non-compliance with the relevant Employment Ordinance in Hong Kong and Labour Law in the PRC.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

Supply Chain Management

To adopt responsible attitude towards our employees, customers and the environment, the Group has exercised strict production safety supervision and management throughout the production process from raw materials to product launch in strict compliance to the relevant provisions with the Production Safety Law of the PRC. No toxic or hazardous substances are allowed in our business segments from production, distribution and sales.

The objectives are to deepen the collaborative relationship with the strategic suppliers and to create competitive advantages in the value chain, thereby aim to enhance their impact on the society and environment. The Group also tends to maintain long term relationship with its suppliers for ensuring a stable supply of materials and goods. Greater emphasis is placed on the communication and relationship with the suppliers towards sustainable development.

In order to minimise the transportation required, suppliers are mainly located in Mainland China, especially the city and province nearby, such as Quanzhou city and Jiangsu province. The Group's policy on supply chain management is as follows:

- great emphasis is placed on the communication and relationship with the suppliers towards sustainable development;
- assessment on the environmental and social risks of the supply chain is carried out regularly; and
- suppliers are urged to take measures to reduce their environmental and social risks.

Product Responsibility

The Group has adopted policies to ensure good quality standard on products for compliance with the Product Quality Law of the People's Republic of China《中華人民共和國產品質量法》. On the other hand, in order to protect consumer data and privacy, client information is kept confidential and destroyed on a timely basis. During the reporting period, the Group had neither experienced any recovery product due to safety and health issue, nor received any complaint regarding our products and services.

Anti-Corruption

The Group has placed high emphasis on professional conduct and integrity of the employees. The Group's policies are stressed on no tolerance towards any corruption, fraud, money laundering, bribery and extortion and have compliance with relevant laws and regulations such as Criminal law of the People's Republic of China《中華人民共和國刑法》and the Anti-Unfair Competition Law of the People's Republic《中華人民共和國反不正當競爭法》. The Group had adopted a formal policy for reporting violations and any suspicious transactions to be notified and reported. During the reporting period, the Group had complied with the relevant laws and regulations in PRC and Hong Kong, including but not limited to the Anti-Money Laundering and Counter Terrorist Financing Ordinance in Hong Kong and Criminal law of the People's Republic of China《中華人民共和國刑法》and the Anti-Unfair Competition Law of the People's Republic《中華人民共和國反不正當競爭法》.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Whistle-blowing Policy

The Group has established complaint channels through which employees and other parties can confidentially and/or anonymously report unethical and illegal behaviour within the Company. We have adopted the best practices with respect to whistle-blowing. All whistle-blowing reports are investigated to the fullest extent possible and reported to the Audit Committee.

The Group is committed to maintaining high standards of business integrity in its operation. A system with good moral integrity and the anti-corruption mechanism is the cornerstone for the sustainable and healthy development of the Group. There was no whistle-blowing incident, corruption and money laundering being reported to the Board during the year ended 31 December 2019.

COMMUNITY

Community involvement

The Group understands the importance of contributing back to the society, the Group has committed to fulfilling corporate social responsibility through the sustainable development in assessing how to relate business activities to the interests of the community. The Group is committed to provide career opportunities to the locals and promote the development of the community's economy. Also, the Group will try to seek opportunities to work with charity organizations in the future to get involved in various community programs as its strategy to enhance its efforts in the area of charity work.

