



中石化冠德控股有限公司  
SINOPEC KANTONS HOLDINGS LIMITED  
(Incorporated in Bermuda with Limited Liability)

Stock Code: 0934.HK

# 2023

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



**Sinopec Kantons Holdings Limited** (Stock Code: 0934.HK) was established in Bermuda in March 1998 and successfully listed on the Stock Exchange in June 1999. As at 31 December 2023 and as at the date of this report, the direct holding company of Sinopec Kantons was Sinopec Kantons International Limited, holding 60.33% equity interest in the Company, and the ultimate holding company of the Company was China Petrochemical Corporation ("**Sinopec Group**"). The Group strives to become a world class international petrochemical storage and logistics company with its principal activities comprising crude oil jetty and storage services and vessel chartering and transportation services.



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# ABOUT THE REPORT

## Reporting Scope

This report covers Sinopec Kantons Holdings Limited (“**Sinopec Kantons**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**” or “**We**”), namely the Group’s Hong Kong Headquarters (the “**Hong Kong Headquarters**”) and Huade Petrochemical Co., Ltd. in Huizhou Daya Bay (“**Huade Petrochemical**”)<sup>Note</sup>, a wholly-owned subsidiary of the Company (the “**Report**”). Besides, this Report covers the year ended 31 December 2023, which is in line with the Company’s 2023 Annual Report.

## Preparation Reference

The preparation of this Report is in line with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix C2 to the Listing Rules of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and at the same time, it referred to the United Nations Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) Sustainability Standards, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and other reporting standards and guidelines.

## Reporting Principles

**Materiality:** The Group has conducted a materiality questionnaire survey with its stakeholders, and identified material environmental, social and governance (“**ESG**”) issues based on the results to facilitate the establishment of focus of this Report. Please refer to the section headed “Materiality Issues Analysis” in this Report for details.

**Quantitative:** The Group regularly collects key performance indicators related to environmental, social and governance issues and follows up on the Group’s performance in relevant aspects. Where applicable, the Group compares data for each year and discusses relevant trends and impacts.

**Consistency:** Unless otherwise indicated, this Report presents a fair comparison of the Group’s historical performance by adopting a methodology consistent with its previous reports.

**Balance:** We undertake that the material information disclosed in this Report is true, objective, without exaggeration and factual, and objectively and fairly reflects its performance.

## Statement of the Board

The board of the Company (“**Board**”) is solely responsible for the Group’s environmental, social and governance strategy and reporting. This Report has been reviewed and approved by the Board.

## Contact and Feedback

Your valuable opinions on the content of this Report and other matters related to the sustainable development of the Company are most welcomed. Please contact us via, among others, email at [ir.skts@sinopec.com](mailto:ir.skts@sinopec.com). This Report is available in both English and Chinese versions. In case of discrepancy, the Chinese version shall prevail, the English version is a translation reference. You can download the information from the website of the Stock Exchange and the Company’s website at <http://www.sinopec.com.hk> under “Investor Relations-Environmental, Social and Governance Report”.

*Note: The Company’s associates and joint ventures are not included in the scope of this Report.*



# HONORS AND AWARDS



Corporate Governance  
Excellence Award

ESG – Honourable Mention

Jointly awarded by the Chamber of Hong  
Kong Listed Companies  
and Hong Kong Baptist University in 2023



Caring Company

商界展關懷

caringcompany<sup>®</sup> 2023/24  
Awarded by The Hong Kong Council of Social Service  
香港社會服務聯會頒發



Star of Kindness  
(樂善之星)



Green Organisation

# COMPANY PROFILE

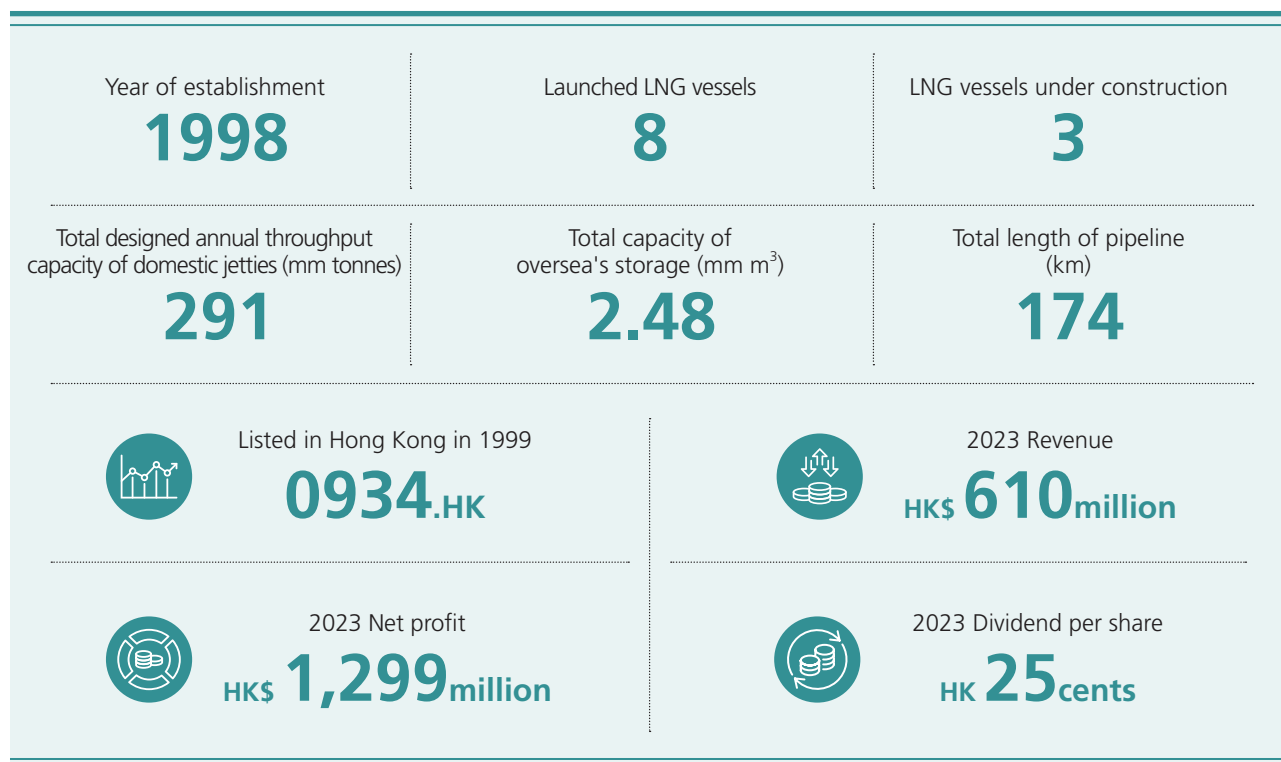


## About the Company

After years of efforts and development, Sinopec Kantons has successfully deployed and invested in storage terminal projects in the Bohai Bay region, the Yangtze River Delta region and the Pearl River Delta region in the PRC, as well as investing and operating storage projects overseas, namely in the Antwerp-Rotterdam-Amsterdam region in Europe and in Fujairah, United Arab Emirates in the Middle East. In addition, the Company is also involved in the liquefied natural gas (“LNG”) vessel transportation business, operating eight LNG vessels. As disclosed in the Company’s announcement dated 22 August 2023, Kantons International Investment Limited, a wholly-owned subsidiary of the Company, will further invest in the construction of three LNG vessels for LNG transportation. As at 31 December 2023 and as at the date of this Report, the Company had seven storage terminal operating entities in the PRC, three overseas storage operating entities and two LNG vessels transportation operating entities.

## Philosophy of Sustainable Development

In 2023, the Group continued to focus on its logistics and storage business of oil products and liquefied natural gas to ensure the smooth supply of oil and petrochemical products to customers. In this regard, we adhere to the corporate mission of “Satisfying customers, benefiting employees, bringing returns for shareholders, and contributing to the society”, thereby creating value for various stakeholders to grow together with the Group. During the year, the Group continued to develop various businesses based on our five pillars of sustainability strategy:

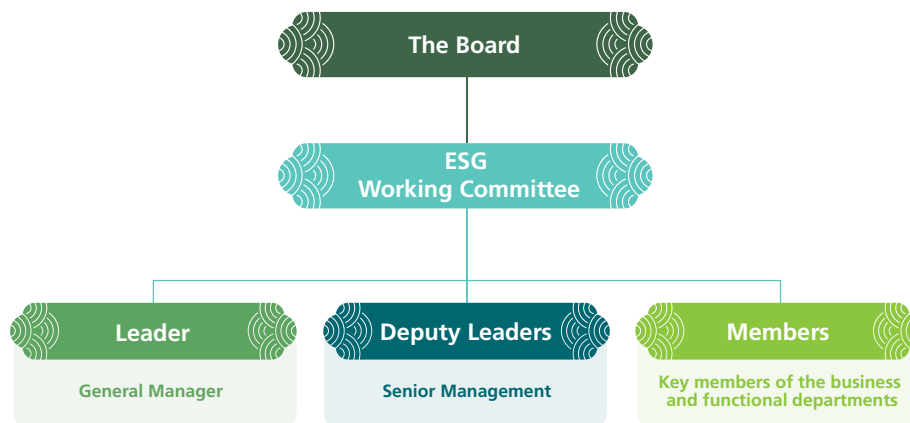


## COMPANY PROFILE

### Structure and Management of Governance

Our Board and senior management are accountable for ensuring the relevance and effectiveness of our ESG strategy and activities. The Group established its Environmental, Social and Governance Working Committee (the “**ESG Working Committee**”) in 2020 to strengthen the management of corporate sustainability while striving to expand its operations.

The governance structure of the ESG Working Committee is as follows:



The main responsibilities of the ESG Working Committee:

The Board has delegated the day-to-day responsibility for ESG-related matters to the ESG Working Committee. The ESG Working Committee assisted the Board in formulating, implementing and evaluating ESG visions, objectives, strategies and structures in the light of the Group’s actual circumstances, overseeing their implementation; and assessing the effectiveness of relevant objectives; facilitated communication with key stakeholders; identified key issues, ESG trends, climate risks and opportunities, etc.; set targets for carbon emissions, energy and water consumption and reported regularly to the Board on their implementation to ensure that the Board is aware of the progress of the Group’s targets and related climate issues, and provide relevant training on demand.

Summary of the ESG Working Committee’s work during the year:

1. The ESG Working Committee has introduced a third-party ESG auditor to audit the 2023 carbon emissions and natural resources consumption in order to improve ESG performance more effectively and increase the transparency and credibility of information.
2. The ESG Working Committee has been restructured and appointed relevant responsible personnel of Huade Petrochemical as deputy leader and team member to better supervise the implementation of the ESG related agenda. Huade Petrochemical has also set up an ESG Working Subcommittee to unify data collection standards and fully cooperate with the audit work.
3. The Environmental Impact Assessment on the naphtha unloading project of Mabianzhou Jetty was approved.
4. Reviewed ESG-related policies to manage ESG performance in a more comprehensive manner and enhance employees’ awareness and emphasis on ESG.
5. Huade Petrochemical has introduced ISO 45001 certification, which is expected to be completed during 2024.
6. Materiality issues were analyzed and integrated, adding two new issues: geopolitical implications and energy transition, and combined energy management and energy conservation as one issue, so as to be closer to the development trend of the Company.
7. ESG trainings for the Board were completed, covering the latest ESG legal and regulatory requirements and developments.
8. Report to the Board on the work of the ESG Working Committee.

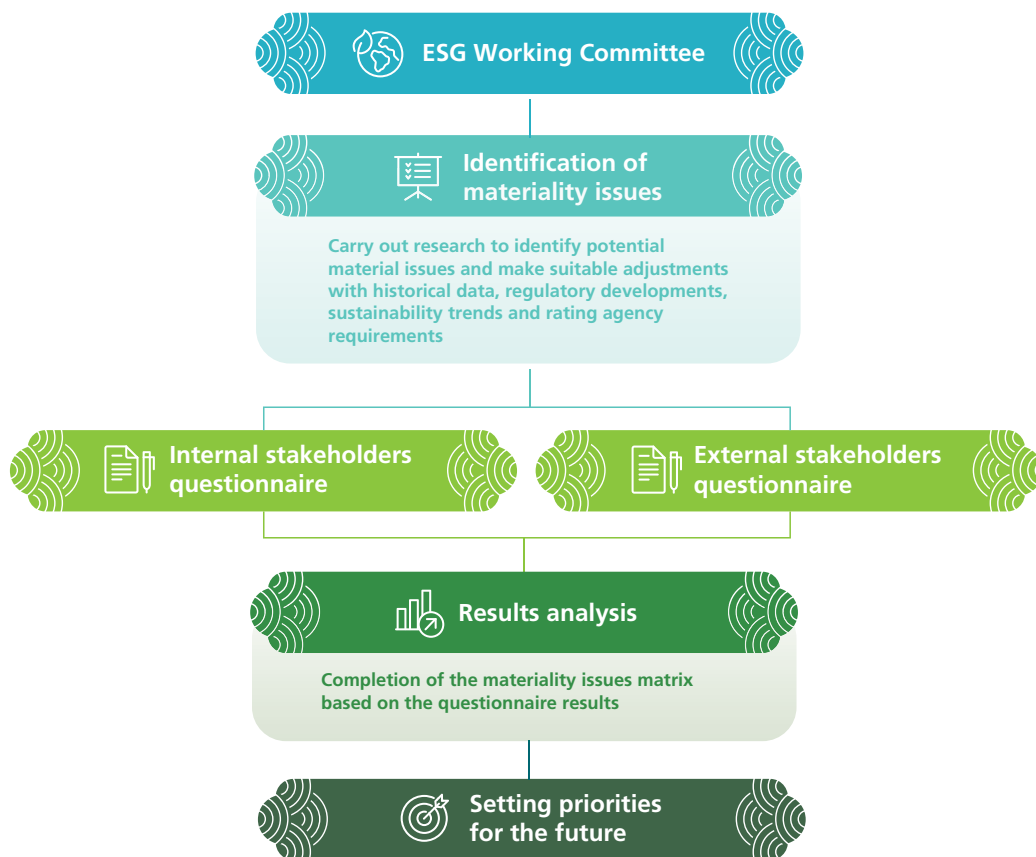


## Materiality Issues Analysis

The Group is committed to maintaining communication with stakeholders through different channels to understand their views or suggestions on the sustainable development of the Group. The key stakeholders of the Group include the local governments and regulatory bodies, investors, employees, suppliers, customers and the community where we are located. After receiving feedback from stakeholders, we try our best to incorporate their opinions into the Group's long-term development plan to contribute to our future corporate development.

The ESG Working Committee has reviewed materiality issues on environmental, social and governance related matters for the year. The Group has conducted reviews through interacting with internal and external stakeholder groups by conducting questionnaire, and recorded and reviewed the process and results of the questionnaire for stakeholders. Internally, we distributed questionnaires to management, department heads, staff and the management of our subsidiaries; while externally, questionnaires were sent to investors, suppliers and customers. We invited participants to rate the materiality of different environmental, social and governance issues. The results of the questionnaire help the Group to collect feedback from stakeholders regarding its environmental, social and governance performance, and to prioritize issues for future operation with reference to the data collected.

Analysis process for materiality issues:





# COMPANY PROFILE

Results of questionnaire on materiality issues:

Based on the results of the questionnaire on materiality issues, the Group noted that during the year, environmental management has emerged as a material issue of high concern to internal and external stakeholders, other highly concern issues included corporate governance, risk management, compliance operation, anti-corruption, geopolitical implications, supply chain management, production safety management, economic performance, industry situation and prospects, energy supply and energy transition. For details of the Group’s policies and measures on most of the above-mentioned material issues, please refer to the corresponding sections of this Report.

## Materiality Issues Matrix



Operating Legally	Respecting Stakeholders	Developing Together	Valuing HSSE	Improving Continuously
1 Corporate governance	6 Service quality and customer satisfaction	15 Community engagement and charity	8 Innovation and intellectual property	17 Economic performance
2 Risk management	10 Labour relations	16 Communication with external stakeholders	9 Occupational health and safety	20 Industry situation and prospects
3 Compliance operation	11 Rights of employees		18 Production safety management	21 Energy supply
4 Privacy policy	12 Staff recruitment		19 Environmental management	22 Energy transition
5 Supply chain management	13 Education and training for employees		28 Impact of climate change and countermeasures	24 Air pollutant emission management
7 Anti-corruption	14 Welfare and salary of employees			25 Greenhouse gas emission
23 Geopolitical implications				26 Water resources and wastewater management
				27 Waste management



## Respond to key stakeholders' concerns and communication

	Concerns	Response and Communication
 <p><b>Local governments and regulatory bodies</b></p>	<ul style="list-style-type: none"> <li>● Compliant operations</li> <li>● Production safety</li> <li>● Economic contribution</li> <li>● Corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>● Reporting to relevant authorities regularly</li> <li>● Conducting on-site inspections</li> <li>● Participating in evaluation and selection activities held by governmental authorities</li> </ul>
 <p><b>Public &amp; Community</b></p>	<ul style="list-style-type: none"> <li>● Provision of support to community development and public welfare projects</li> <li>● Environmental and community impacts of our operation</li> </ul>	<ul style="list-style-type: none"> <li>● Actively participating in and organizing public welfare activities</li> <li>● Saving energy and reducing energy consumption during production and in office</li> <li>● Participating in energy saving and waste reduction programme</li> </ul>
 <p><b>Suppliers</b></p>	<ul style="list-style-type: none"> <li>● Stable partnership</li> <li>● Win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>● Implementing a stringent standardised, fair, just and open selection mode</li> <li>● Business negotiations</li> <li>● Industry exchanges</li> <li>● Conducting safety training before on-site work</li> </ul>
 <p><b>Customers</b></p>	<ul style="list-style-type: none"> <li>● Service safety</li> <li>● Quality assurance and price management</li> </ul>	<ul style="list-style-type: none"> <li>● Business negotiations</li> <li>● Visiting clients</li> <li>● Daily communication and interflow of ideas</li> </ul>
 <p><b>Employees</b></p>	<ul style="list-style-type: none"> <li>● Remuneration and benefits</li> <li>● Career development and training</li> <li>● Occupational health and safety</li> </ul>	<ul style="list-style-type: none"> <li>● Conducting appraisals and providing feedback to the management regularly</li> <li>● Providing various types of training</li> <li>● Organizing team building and sports and leisure activities</li> <li>● Setting up labour union</li> <li>● Setting up employee letter boxes</li> </ul>
 <p><b>Investors</b></p>	<ul style="list-style-type: none"> <li>● Corporate strategy of long-term development</li> <li>● Profitability</li> <li>● Dividend policy</li> <li>● Corporate governance standards</li> </ul>	<ul style="list-style-type: none"> <li>● Publishing results announcements and holding results briefings regularly</li> <li>● Disclosing the business update of the Company under the Listing Rules</li> <li>● Actively participating in investor summits and meetings with institutional investors</li> <li>● Holding general meetings, interacting with investors on-site</li> <li>● Formulating, disclosing and reviewing the Company's dividend policy from time to time</li> </ul>

## COMPANY PROFILE

### Sustainable Development Goals of the United Nations and Sinopec Kantons

China Petroleum & Chemical Corporation (Stock code: 0386.HK), the parent company of the Group is a signatory of the Sustainable Development Goals of the United Nations (UN SDGs) and its commitment covers the Group. Therefore, over the years, the Group has taken the lead of the UN SDGs in integrating the ESG concept into the strategic development of the Company and is committed to operating responsibly. Details are set out in the table below:

Sustainable Development Goals of the United Nations	Targets	Actions	Corresponding sections in this Report
 	<ul style="list-style-type: none"> <li>Committee to compliance management, improve operation compliance management system, and effectively prevent and control operational compliance risks</li> </ul>	<ul style="list-style-type: none"> <li>Implemented green procurement</li> <li>Continued to provide anti-corruption trainings and set up whistleblowing channels</li> </ul>	<ul style="list-style-type: none"> <li>Operating Legally</li> </ul>
   	<ul style="list-style-type: none"> <li>Adhere to the principle of “ Meritocracy ” in human resource management, eliminate all kinds of discrimination, and actively respond to the demands of all parties</li> </ul>	<ul style="list-style-type: none"> <li>Provided employees with allowance for medical examination</li> <li>Provided lectures on work-related physical therapy</li> <li>Offered attractive remuneration and benefits</li> <li>Prohibited child labour and forced labour</li> </ul>	<ul style="list-style-type: none"> <li>Respecting Stakeholders</li> </ul>
  	<ul style="list-style-type: none"> <li>Promote the healthy development of communities, actively contribute to rural revitalization, practice public welfare and charity, and build warm communities</li> </ul>	<ul style="list-style-type: none"> <li>Participated in the “ Better Life ”, a youth and children caring programme</li> <li>Visited the underprivileged and donated gifts</li> <li>Organised beach and country park cleanup activities</li> <li>Donated HK\$600,000 to the Hong Kong Polytechnic University</li> <li>Donated RMB16,000 to Qinglong County, Guizhou Province, to support local poors</li> </ul>	<ul style="list-style-type: none"> <li>Developing Together</li> </ul>
	<ul style="list-style-type: none"> <li>Strictly adhere to the commitment of high-quality safety services to protect the rights and interests of all parties</li> </ul>	<ul style="list-style-type: none"> <li>Carried out regular inspection of production facilities to ensure safe operation</li> <li>Conducted regular safety trainings and emergency drills</li> <li>Installed offshore oil spill prevention equipments at the jetties and performed regular inspections</li> </ul>	<ul style="list-style-type: none"> <li>Valuing HSSE</li> </ul>
  	<ul style="list-style-type: none"> <li>Improve service, constantly promote green and low-carbon operations through innovation and scientific and technological capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Used an online monitoring instrument for discharging wastewater externally</li> <li>Used water saving toilets</li> <li>Installed water meters</li> <li>Developed contingency plans, conducted a lot of drills and strengthened ability in combating against and being adaptable to climate-related and natural disasters</li> <li>Conducted EIA before project kick-off and tracking regularly</li> </ul>	<ul style="list-style-type: none"> <li>Improving Continuously</li> </ul>



## PROGRESS ON 2025 TARGETS



Resources		
<b>Electricity</b>	By 2025, a decrease of electricity consumption per kilotonne business volume (baseline: 2020)	<b>2023 progress</b> <b>6% reduction</b>
<b>Diesel</b>	By 2025, 5% decrease of diesel consumption per kilotonne business volume (baseline: 2020)	<b>2023 progress</b> <b>26% reduction</b>
<b>Water</b>	By 2025, 10% decrease of water consumption per kilotonne business volume (baseline: 2020)	<b>2023 progress</b> <b>33% reduction</b>
Greenhouse Gas		
<b>Greenhouse Gas ("GHG")</b>	By 2025, a decrease of GHG emission per kilotonne business volume (baseline: 2020)	<b>2023 progress</b> <b>31% reduction</b>
Wastes		
<b>Hazardous Wastes</b>	By 2025, 15% decrease of hazardous waste per oil tank repaired (baseline: 2020)	<b>2023 progress</b> <b>38% reduction</b>
<b>Non-hazardous Wastes</b>	By 2025, 10% decrease of non-hazardous waste per oil tank repaired (baseline: 2020)	<b>2023 progress</b> <b>68% reduction</b>
Air Pollutants		
<b>Particulate Matter ("PM")</b>	By 2025, a decrease of PM emission per kilotonne business volume (baseline: 2020)	<b>2023 progress</b> <b>16% reduction</b>
<b>Nitrogen Oxides ("NOx")</b>	By 2025, a decrease of NOx emission per kilotonne business volume (baseline: 2020)	<b>2023 progress</b> <b>6% reduction</b>
<b>Sulphur Oxides ("SOx")</b>	By 2025, 10% decrease of SOx emission per kilotonne business volume (baseline: 2020)	<b>2023 progress</b> <b>38% reduction</b>

# FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

## 1. Operating Legally

### 1.1 Operating Practices

Although the Group mainly provides oil products and liquefied natural gas storage and logistics services which do not involve product recycling, we still attach great importance to the quality of our services. With our management expertise in storage and logistics, we strive

to continuously optimize our services and improve our operational efficiency under the philosophy of sustainability, so as to create value for our customers and grow together with them.

#### 1.1.1 Service Quality and Customer Satisfaction Survey

For a service quality assurance, feedback from customers is of paramount importance. Therefore, through daily business communication, visits, annual questionnaire and other channels, Huade Petrochemical invited customers to rate the services based on the four dimensions of service quality, delivery capability, technical capability and price competitiveness, from which customer satisfaction analysis reports are prepared. According to the 48 valid responses received, customers were very satisfied with the service performance of Huade Petrochemical during the year.

#### 1.1.2 Handling Customer Complaints

The Group has measures in place to respond to customer complaints. In particular, when providing loading and unloading services, Huade Petrochemical needs to be punctual, timely and accurate to avoid any accident. Therefore, the staff in the dispatching position are required to be on duty around the clock with the contact telephone number kept open. They are responsible for the communication and feedback on production planning and other situations during production. Through regular daily business training and technical guidance, Huade

### 1.2 Compliance Management

Operating in compliance with laws and regulations is fundamental to a company. The Group has always been committed to operating in compliance with laws and regulations and has improved its business compliance management system to effectively prevent and control compliance risks in its operation. The Group and its operating entities have to deal with a wide range of laws and regulations in different countries and regions, and due to the nature of their business, local governments have set different requirements on their business scope, pricing and environmental protection measures. Therefore, the Group's Risk Control Department regularly keeps track of legal and regulatory updates in different jurisdictions and formulates

### 2023 Customer satisfaction

(highest 5 points)



Petrochemical has enhanced the dispatching ability of the employees to deal with emergency situations and complex situations, and response guidelines are formulated according to different business situations. During the year, the Group had not received any customer complaints.

corresponding response plans and policies based on the latest requirements and developments, in order to ensure that all business operations are conducted in a compliant manner and to reduce the risk of non-compliance.

As the Group's business is closely related to that of Sinopec Group, the Company strictly complies with the requirements of the Listing Rules of the Stock Exchange in respect of connected transactions and strictly enforces the disclosure standards. Detailed background checks are conducted on the counterparties, and ledger management are carried out for connected transactions, while regular internal reviews are conducted on a monthly basis.



This year, the Group published a connected transaction announcement in relation to the upgrading of the facilities at the Mabianzhou Jetty in accordance with the requirements under the Listing Rules. For the Company's directors, management and staff, a Conflicts of Interest Compliance Guideline was formulated to provide timely compliance training on conflicts of interest. For the Company's securities transactions, the Company's directors, management and staff strictly comply with the Model Code for Securities Transactions in Appendix C3 of the Listing Rules. The Company's Listing Compliance Guidelines clearly stipulate that unauthorised use of confidential or inside information is strictly prohibited and that employees in possession of inside information are prohibited from using such information for trading, leaking inside information and using inside information to advise others to trade in securities and other improper acts. Please refer to the "Corporate Governance Report" section of the 2023 annual report of the Company for the management of inside information.

In the day-to-day operations, the Group adopts a zero-tolerance approach to bribery, extortion, fraud and money laundering. The Group has designed a series of anti-corruption and anti-commercial bribery compliance guidelines, business hospitality guidelines and other related policies. When the Company enters into a transaction, it will issue an "Anti-Bribery and Anti-Corruption Statement" or sign a clean practice agreement or equivalent document(s) to the counterparty, which clearly states the Company's determination to uphold business ethics and integrity.

### 1.2.1 Anti-corruption Training

Anti-corruption training is one of the highlights of the Group's annual training programme to instil relevant compliance requirements and integrity awareness. In 2023, the Group organised a total of 360 person-times (including directors and staff) to attend 721 hours anti-corruption training sessions. During the year, there was no legal cases regarding corrupt practices brought against the Group or our employees.

### 1.2.2 Whistleblowing Policy

The Group has established reporting channels to prevent and identify violations in a timely manner. The Group encourages employees, business partners, suppliers and other third parties to report relevant misconduct, fraud and violations directly to the Company via email or other channels. The Risk Control Department of the Company is responsible for handling relevant reports, accepting anonymous reporting. There is also a Compliance Committee to ensure that there is no retaliation against the whistleblower and that the confidentiality of the whistleblower in real name is strictly maintained. If the reported case is substantiated

### 1.2.3 Anti-competitive and Anti-monopoly

During the year, the Group did not receive any investigations into anti-competitive conduct and violations of anti-monopoly laws.

All staff are prohibited from obtaining improper benefits through their positions and at the same time, relevant training is provided to all staff each year for the building of a clean workforce.

In 2023, the Group continued to comply strictly with the laws and regulations in relation to bribery, extortion, fraud and money laundering of the places in which it operates in all material aspects, including the Law against Unfair Competition of the People's Republic of China and the Prevention of Bribery Ordinance of Hong Kong.

During the year, Huade Petrochemical developed 10 compliance training programmes for compliance risks, covering the AEO (Authorized Economic Operator) system and foreign trade policies of customs, as well as the publicity of the new Administrative Reconsideration Law. In August 2023, Huade Petrochemical invited external lawyers to train employees on the Civil Code of the People's Republic of China, explaining the main knowledge of contracts involved in the concept, classification, formation, performance, alteration, transfer and termination during ordinary business operation, and discussing and exchanging legal puzzles encountered during ordinary operation.

During the year, the Group organized and provided more than 1,020 hours of compliance training and 396 person-times in total.

During the year, Huade Petrochemical promoted integrity education through training meetings, educational videos, and encouraged staff to sign a pledge of integrity and self-discipline. In July 2023, the Company organized a training on anti-corruption and integrity for 47 senior management staff of the Group, the senior management of Huade Petrochemical and staff in risk positions.

and is considered serious, it will be reported to the Audit Committee and, if there is reasonable suspicion that the reported case involves a criminal offense, it will be reported to the local law enforcement agency. If the reported case prevents the Company from suffering significant economic losses, the whistleblower will be rewarded. During the year, the Group received zero reported cases.

Further information on the whistleblowing policy, please refer to the "Corporate Governance Report" section of the 2023 annual report of the Company.

## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

### 1.3 Supplier Management

The Group not only attaches great importance to creating value for its customers, but also concerns much about the interests of its suppliers and other partners and the quality of their services and has therefore established the Supplier Management Measures.

The Group has incorporated the concept of sustainable development into its procurement system. In addition to regulating the requirements and procedures of procurement, the Group has also introduced green management in the procurement process and taken into account factors such as environmental protection, environmentally friendly materials and resource conservation, so as to promote the joint implementation of environmental protection and energy saving by our partners.

At the same time, we pay attention to production safety of our suppliers. In order to ensure that suppliers and their staff are well informed and aware of safety, in addition to requiring them to obtain relevant qualifications, the Group also provides safety training to our suppliers according to the actual situation. Among which all suppliers, have stationed at production bases of Huade Petrochemical, are required to participate in our internal training before on-site. During the year, Huade Petrochemical provided a total of 1,008 hours of training for suppliers, with a total of 649 person-times,

#### 1.3.1 Supplier Selection

The Company has established and refined procedures for the selection of suppliers. Background checks have been conducted and the suppliers have to undertake in writing to comply with the Supplier Code of Conduct established by the Company before they enter the selection process. The selection process is open and transparent, and a special

#### 1.3.2 Supplier Assessment

Once a supplier has been engaged to provide services, the relevant business unit will conduct an assessment of the supplier's services. In addition, a series of compliance controls, including annual review and audit management, are performed each year to fully understand and critically review the supplier's qualifications and decide whether to continue their work relationship. Suppliers with poor or unacceptable performance will be removed from the supplier

covering relevant laws and regulations, basic knowledge of safety production and common sense of protection, emergency escape and rescue knowledge training, meanings of various safety warning signs, and special safety training corresponding to new technologies and equipments. The Group has zero tolerance for on-site violations by suppliers. If violations are found, they must be rectified in a timely manner and, depending on the seriousness of the incident, points may be deducted or penalties imposed and the supplier may even be blacklisted. Huade Petrochemical has implemented an electronic procurement system, utilizing big data to control the stock and compare the price of goods, thereby reducing the costs and shortening the supply cycle.

#### Number of suppliers by registered location



selection expert committee is generally set up to examine and evaluate different aspects such as the quality of service, professional competence and quotations of suppliers, and gives priority to suppliers who hold ISO 9001, ISO 14001, ISO 45001 and other related certifications.

list and will need to go through a reselection process before they can be added back to the list in the future. In 2023, the Group conducted an assessment in accordance with the above requirements and no suppliers and working partners were removed from the list due to poor or unqualified performance. In 2023, Huade Petrochemical accounted for approximately 79% of its local procurement.



There are five main areas in the assessment of suppliers:

## Compliance with laws and regulations



- Compliance with applicable local laws and regulations, regulatory rules, industry standards, international treaties, etc.

## Labour rights



- No child labour
- Not to discriminate against any employee on the grounds of sex, race, religion, nationality, location, etc.
- Not to restrict the personal freedom of employees in any unlawful manner and to eliminate forced labour for any reason
- Comply with local labour laws and ensure that employees' wages, benefits, working hours, overtime hours, workplace hygiene and safety conditions comply with the applicable local laws and regulations
- Pay social insurance and fulfill tax payment obligations in accordance with the law

## Health and safety



- Develop and implement relevant safety and health protection policies and management systems to ensure that the safety and health of its employees, counterparties and the public are not exposed to unnecessary risks as a result of its operations
- Provide a safe and healthy working environment for its employees, take active and effective preventive measures to prevent potential accidents and injuries, and effectively prevent occupational safety accidents and health hazards for its employees

## Environmental protection



- Comply with all applicable environmental protection laws and regulations, regulatory rules and standards
- Fulfill its responsibilities and obligations for environmental protection and take measures to save energy and reduce emissions
- Give priority to the use of raw materials, products and services that contribute to environmental protection, such as energy saving, water saving, material saving and health maintenance
- Preference will be given to those who voluntarily apply for and pass the certification of their environmental management system, quality management system and energy management system

## Business ethics



- Be compliant, honest and law-abiding and shall not engage in or permit any form of corruption, bribery or other improper conduct
- Protect the information security of employees and customers and protect the trade secrets of partners



## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

### 1.4 Information Security

The Group holds in high regard for the protection of privacy and commercial secrets of customers, business partners and other related parties, and is committed to protecting personal data and privacy and commercial secrets involving business partners and customers in compliance with the relevant laws and regulations in the places where it operates, and prohibits unauthorised use of information and commercial secrets of others or use of such personal data beyond the permitted scope in accordance with our internal Compliance Management Manual. In addition, the Group requires those who have access to personal data to sign confidentiality agreements to prevent the risk of divulgence.

The Group has formulated the Regulations on the Construction, Application and Operation and Maintenance of Information Technology and the Contingency Plan for Information System Emergencies to reduce the risk of hacking and leakage of personal data or commercial secrets through inadvertent use of computers or electronic devices. We also implemented information security measures and upgraded the email security system to automatically identify and block unknown emails to enhance network security. In August 2023, the Group conducted the “Training on the Corporate Cybersecurity Awareness 2023” to enhance employees’ cybersecurity awareness, understand cyber threats, acquire the necessary skills and knowledge, identify and respond to cyber-attacks, use the Internet and social media securely, and better protect the Company from cyber-attacks.

### 1.5 Intellectual Property Rights

Although intellectual property rights is not a material issue to the Group’s stakeholders according to our materiality survey, the Group respects and protects intellectual property rights, complies with the laws, regulations and regulatory requirements for intellectual property rights protection in the PRC and the places where its businesses are located, upholds a zero-tolerance attitude towards infringement and that the infringement of creative work of others and our own rights should be avoided. The Group has established an internal

management system for the proper use, authorisation, permission, trading and disposal of patent rights, trademarks and copyrights.

Huade Petrochemical is in possession of one patent, which is a new type of anti-explosion detection hammer (National Patent Certificate No. 17462608).





## 2. Respecting Stakeholders

The Group upholds the principles of “people-oriented” and “staff are the cornerstone for success of a corporation”, protects the interests and welfare of employees and ensures that all staff are treated fairly and equitably, regardless of gender, nationality, family status or physical condition.

### 2.1 Human Resources

We have always abided by the relevant employment laws and regulations in places where our operations are located, including issues on recruitment, salary, working hours, holidays, promotion, dismissal and retirement, such as The Labour Law of the People’s Republic of China, Provisions on Prohibition of Child Labour, Employment Ordinance, Mandatory Provident Fund Schemes Ordinance, Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Race Discrimination Ordinance in Hong Kong. Meanwhile, the Group continues to improve its human resource-related management system to protect the interests of employees, to attract talent and build a diverse and talented employee team.

The Group has a sound remuneration and promotion mechanism. It carries out annual appraisals on employees’ daily work performance, ability and attitude, with the results forming the key basis of determining basic salary adjustment, bonus, promotion, adjustment of job position, and selection for training of the employees. As such, employees are encouraged to make greater contribution to the Group. Furthermore, the Group sets basic salary levels and ranking specification in respect to the employee’s job position and duties with the intention of building a “talent development gateway” for staff members to grow through rank advancement, and to achieve sustainable development together with the Group.

Meanwhile, we support the career development of our staff through the provision of diversified training to ensure that all employees can grow with the Company and share the fruits of its development, and “share the weal and woe” with the Company.

We support diversity and equal opportunity for our employees, oppose discrimination and strictly comply with anti-discrimination legislation, refrain from employing child labour, respect employees’ rights to personal freedom in accordance with the law and eliminate forced labour for any reason. The Group has a targeted approach to understanding the situation during the recruitment process and will take immediate remedial actions in accordance with the relevant human resources management practices and regulations if relevant aforementioned irregularities (including but not limited to child and forced labour) are identified. There is no indigenous people in all business locations of the Group. We commit to respect the right to free, prior and informed consent of indigenous peoples and their culture.

During the year, there were no violations of laws and regulations relating to remuneration and dismissal, recruitment and promotion, working hours and equal opportunities, anti-discrimination and other treatment and benefits that had a significant impact on the Group. The Group was not aware of any reports of human rights violations and the use of child labour and forced labour are always prohibited.



# FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

Highlights on Human Resources Policy:

## Remuneration and Welfare

- Consider the local labour market conditions, trends on human resources costs and employee's contribution in the determination of remuneration and welfare
- Make contributions to social insurance for pensions, medical, unemployment, work-related injury, maternity and housing provident funds
- Make contributions to Mandatory Provident Fund on time



## Talent Recruitment

- Adhere to the principles of "diversity", "fairness and non-discrimination" in the workplace
- Consider objective factors such as candidates' skills and experience through a fair, open and competitive selection process when recruiting staff
- Selection and promotion of talent and treat employees equally disregard of their gender, nationality, race, religious and cultural backgrounds
- Promote gender and cultural diversity by giving due consideration to employing local staff



## Labour Standards

- Zero-tolerance policy towards child and forced labour
- Discourage staff from working overtime



## Right to Take Leave

- Formulate the Management System of Attendance and Leave-taking for Employees
- Offer staff annual, personal, official, sick, marital, maternity/paternity, breastfeeding and compassionate leaves, etc.



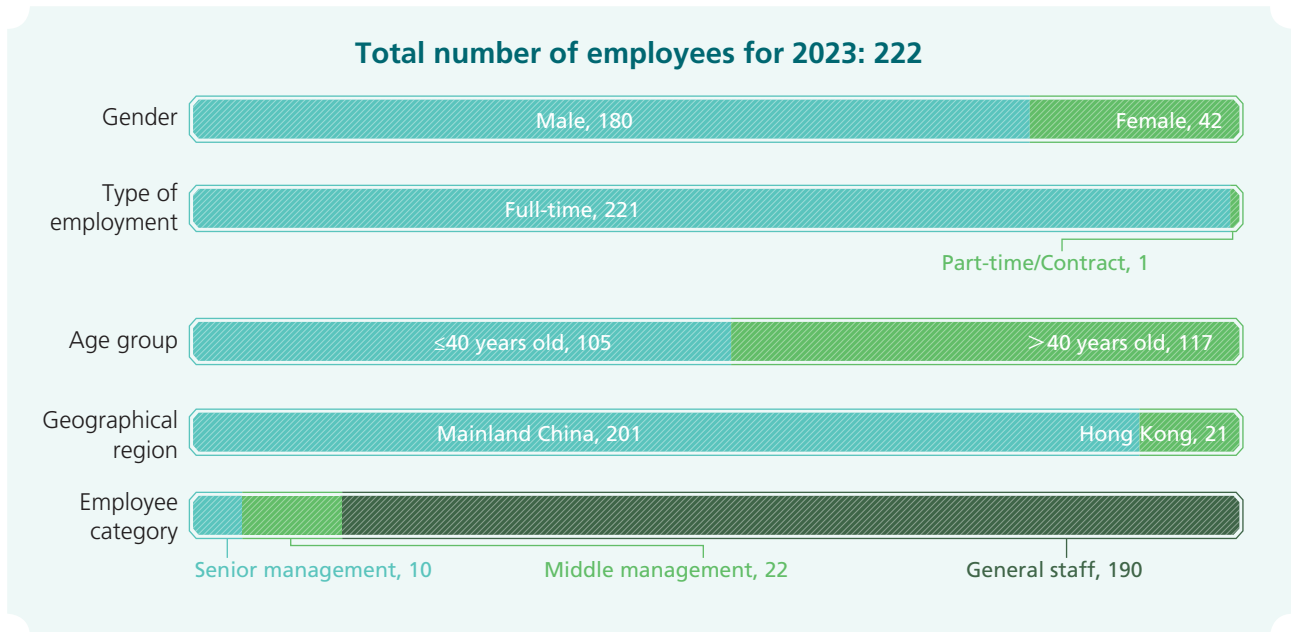
## Other Benefits

- Subsidies for medical expenses
- Maintain accident insurance
- Free lunches for employees
- Provide training opportunities and appropriate support for employee continuing education
- Offer a variety of recreational and cultural activities





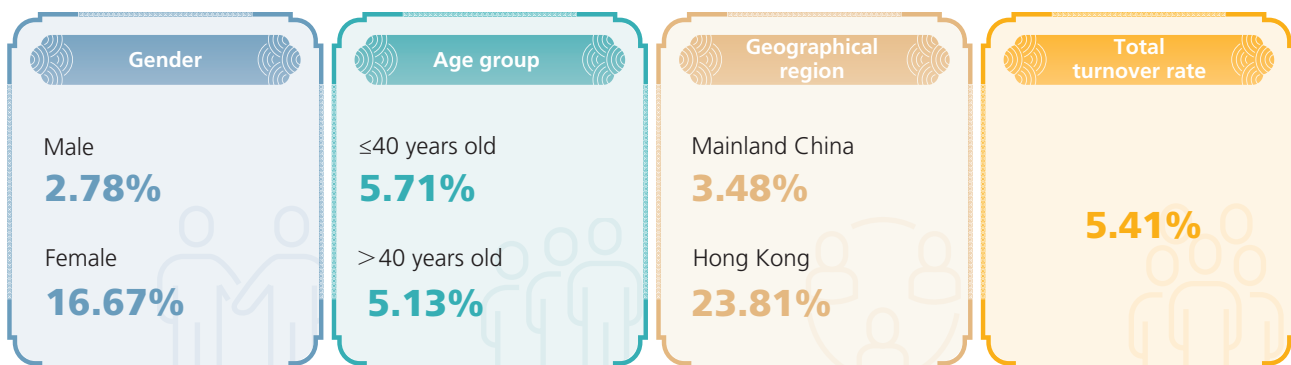
## Employee distribution



Due to the industry's particularity, the proportion of men who are responsible for the front-line work on the production base of Huade Petrochemical is relatively large, with a ratio of men to women of approximately 13:1 (93% vs. 7%). The ratio of men to women in the back office is approximately 2:1 (64% vs. 36%). The Group upholds the concept of equal opportunities in staff recruitment and, apart from ensuring that candidates meet the qualifications required for the positions, seeks to recruit female staff as far as possible in order to achieve gender balance. There are 2 ethnic minority employees in the Group.

In the Hong Kong Headquarters, the percentage of senior management personnel employed from the local community is zero. At Huade Petrochemical, 100% of senior management personnel are employed from the local community.

## Employee turnover rate



The higher employee turnover rate in the Group's Hong Kong Headquarters during the year was due to the lower base of staff in the Hong Kong Headquarters, and the reason for job change was to pursue better personal career development.

## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

### Ratio of basic wages and remuneration for men and women during the year

Region	Employee type	The overall average annual compensation ratio of male and female employees
Hong Kong Headquarters	Senior Management	Not applicable (all members are male)
	Middle Management	Not applicable (all members are male)
	General Staff	1:0.71
Huade Petrochemical	Senior Management	Not applicable (all members are male)
	Middle Management	1:0.94
	General Staff	1:0.94

### New employees status during the year

New employees	Number of persons	Age		Gender		Region	
		Aged above 40	Aged 40 or below	Male	Female	Hong Kong	Mainland China
Hong Kong Headquarters	8	1	7	4	4	5	3
Huade Petrochemical	0	0	0	0	0	0	0

### Parental Leave

During the year, all full-time employees are entitled to parental leave.

	Number of employees that took parental leave		The total number of employees who returned to work after parental leave ended		The number of employees who returned to work after parental leave and were still employed 12 months later		Return to work rate		Retention rate	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Hong Kong Headquarters	0	0	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Huade Petrochemical	7	0	7	Not applicable	7	Not applicable	100%	Not applicable	100%	Not applicable



## 2.2 Labour Union

The Group's subsidiary, Huade Petrochemical has a labour union, the Labour Union of Huade Petrochemical Company Ltd. ("Huade Labour Union"), of which all employees are members. Employees can express opinions through the Labour Union, including but not limited to the occupational health and safety, and work welfare. After employees' opinions are put forward, the person in charge of the

relevant department will immediately deal with the relevant complaint. Members of Huade Labour Union are protected by the Labour Union Law of the People's Republic of China and enjoy various rights in accordance with the law.

During the year, Huade Labour Union collected 22 opinions or suggestions from employees, and provided benefits to employees continuously.

### Work of Huade Labour Union during the year

#### Main opinions or suggestions



The menu was diversified to cater to the eating habits of people from both the North and the South of China



Diversified procurement of food sources to provide healthier food



Adjusted the meal time to make it easier for colleagues to work and rest



Strengthened the sunscreen and mosquito prevention facilities and materials in the production base



Unified the specifications of electric vehicle sockets to reduce safety risks

#### Provision of welfare



Provided gynaecological health examinations for female employees



Theme activities were held on festivals such as the Lantern Festival and the Mid-Autumn Festival



Open Day to celebrate 30 years of Huade Petrochemical

## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

### 2.3 Employee Benefits

During the year, Huade Petrochemical built a new health hut at the Nanbianzao oil depot, which was equipped with first aid supplies, including automatic external cardiac defibrillator (AED), and conducted a training on use of the device; all desks and chairs in the office and canteen are replaced which fit better the ergonomic height; and three volunteers from Guangdong Youth Academy of Traditional Chinese Medicine were invited to the office building, the start station in Mabianzhou and the Nanbianzao oil depot to carry out the “Chinese Traditional Medicine Tour” health public welfare activities.

During the year, the Hong Kong Headquarters organized a health training session for staff, inviting external organizations to explain common pain problems in the office to staff and introduced relevant physiotherapy to relieve pain.



Health Hut



Funny Sport Day

### 2.4 Health and Safety

The Group attaches great importance to the occupational health and safety of its employees, and Huade Petrochemical has introduced ISO 45001 certification, which is expected to be completed in 2024.

#### 2.4.1 Occupational Disease Checking

Staff are at risk of contracting occupational diseases if they are not equipped with adequate protective equipment in the course of their work. The Group attaches great importance to occupational health and safety of our staff and strictly complies with the policies and regulations on occupational health and occupational disease prevention and control in the places of operation, including the Law of Prevention and Treatment of Occupational Diseases of the People’s Republic of China, and has incorporated the Occupational Health Supervision Procedures into the health, safety, security and environment (“**HSSE**”) system to control and eliminate occupational disease factors to ensure the health of staff, providing a solid foundation for a safe and healthy working environment.

Each employee of Huade Petrochemical will be screened for occupational diseases before the employment, during the employment, and before the resignation every year to ensure that occupational diseases of employees can be detected and followed up in a timely manner. Huade Petrochemical also arranges medical check-ups and provides medical allowances to its staff for early detection of diseases every year. During the year, no occupational diseases were reported at Huade Petrochemical.



### 2.4.2 Noise

Noise can lead to irritation, mental stress and hearing loss. It can also impact the quality of life and interfere with daily activities. As such, Huade Petrochemical has formulated Regulations on Noise Pollution Control Management, selected low-noise equipment or implemented noise reduction measures, in addition, according to the Provision on the Administration of Occupational Health, conducted internal monitoring of noise pollution sources semi-annually to grasp the noise pollution situation in a timely manner, and commissioned a third party to conduct a monitoring each year. The results of relevant assessment will be submitted to the relevant authorities of the local government.

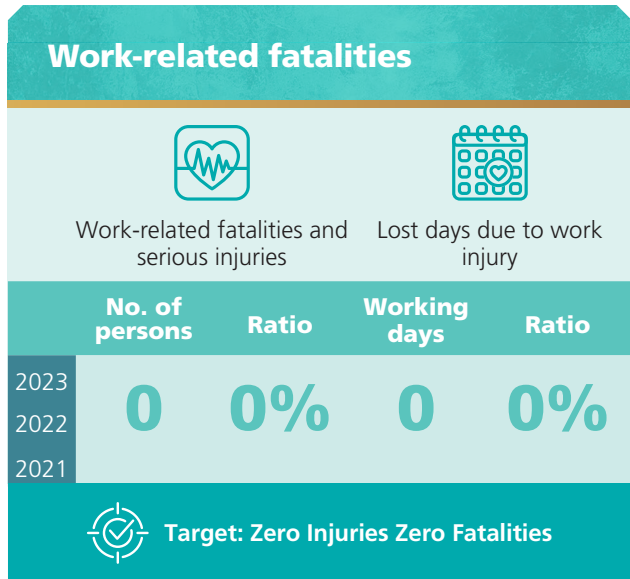
The Group is committed to maintaining zero work-related injuries and zero accidents. In 2023, the number of work-related fatalities and major injuries suffered by the Group was nil. The number of working days lost due to work-related injuries was nil.

### 2.5 Green Office

The Group actively promotes the concept of green office and encourages our employees to practice environmental recycling. Apart from the recyclable items produced in the office, we also encourage our employees to bring recyclable items such as mooncake containers, red pockets and aluminium cans from home to our Hong Kong Headquarters for recycling as an additional recycling location for our employees. When accumulated to a certain amount, the items will be taken to the Recycling Stores

### 2.6 Growing Together

The Group is committed to nurturing a talented workforce and regards highly the career planning and development of every staff, providing them with the necessary learning and training opportunities. Through a combination of departmental assessments and staff's own requests, the Group formulates a staff training programme each year



of "Green@Community". The Hong Kong Headquarters continues to implement conservation measures, participate in Earth Hour and No Air Con Night, and continues to be awarded the "Hong Kong Green Organisation" certificate by the Environmental Campaign Committee, as well as the "Wastewi\$e Certificate" and "Energywi\$e Certificate" under the "HKGO Certification" Scheme. The kitchen waste generated by the staff canteens of Huade Petrochemical will be recycled by a third party as feed for animals.

covering areas such as business, safety and compliance. The Group has developed and continuously improved its human resources management system to provide a platform for growth and career advancement for our staff, with the hope of enhancing their personal capabilities and job satisfaction to facilitate the growth of both the Company and its staff.

		Training Hours			% of Trained Employees	Average Training Hours
		Huade Petrochemical	Hong Kong Headquarters	Total		
Gender	Male	6,618	840	7,458	100%	41
	Female	646	207	853	100%	20
Employee Category	Senior Management	433	366	799	100%	80
	Middle Management	828	330	1,158	100%	53
	General Staff	6,003	351	6,354	100%	33
Overall				8,311		37



## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

### 3. Developing Together

In 2023, the Group continued to exert influence and fulfill its responsibility as a corporate citizen by integrating with the society in its development. We actively encourage our staff to participate in community service activities and devote to doing charity work to help those under-privileged children and families as well as the elderly and youth in the community. At the same time, we are also keen to organize environmental protection activities and do our best to clean the surrounding environment.

During the year, the Group organized 251 person-times for volunteer activities, contributed 490 hours of community services and donated more than HK\$850,000 equivalent to support university students, new arrivals, ethnic minorities, the elderly and other disadvantaged groups.



Provided free haircut to local community



Being volunteers in WWF-HK flag sales day

#### 3.1 Community Care

We are proud to be certified as "Caring Company". The Company has been organising festive activities in the surrounding community for many years. We regularly organise staff visits to the Siu Sai Wan Day Care Centre for the Elderly, a recreational center for the elderly in the community, to deliver gifts to the elderly during festive seasons.

Huade Petrochemical was awarded the title of "Star of Kindness (樂善之星)" by the Daya Bay District Charity Federation. Daya Bay District Charity Federation is a regional non-profit social welfare organization that takes the lead

in organizing various charity activities from time to time, including the theme on education. Among them, led by the Daya Bay District Charity Federation, the six-year of "山海同心" Project Dream Lighting Programme in Qinglong County, Guizhou Province was launched. One of the aims of this programme is to renovate the community centre and promote local employment. Huade Petrochemical has participated in this programme for two consecutive years. During the year, Huade Petrochemical donated RMB10,000 to such programme, and donated RMB6,000 to underprivileged students in vocational schools in Qinglong County, Guizhou Province as meal subsidies.



Donation to poor community in Guizhou Province



Donation to the Hong Kong Polytechnic University



### 3.2 Community Programme

In 2023, the Group assisted in organising the “Better Life” youth and children caring programme, which was led by China Petroleum & Chemical Corporation and matched by the Partnership Fund for the Disadvantaged from the Social Welfare Department. The programme was in its third year, aims to provide academic support, arrange STEM-themed activities for children and youths aged 6-18 from low-income families, and a staff member is assigned to interact with them and keep in touch with them on a regular basis. Following the launch of the project, staff members regularly report on the progress of the recipients.

In response to “Sinopec Helps Revitalise Villages Programme”, Huade Petrochemical visited Lanzhou City, Gansu Province, Yangchun City, Guangdong Province, Qinglong County, Guizhou Province, Miluo City, Hunan Province and Qinghai Province to help the poor by purchasing products from the local people at a reasonable price to alleviate the sales problem and the products (totaling over RMB230,000) were sent as festival gifts to the staff.



Better Life – STEM – themed activity

### 3.3 Community Protection

The Group continues to make every effort to protect the environment of the communities around us. During the year, the Hong Kong Headquarters organised and participated in beach clean-ups and country park clean-ups.

The Huizhou Daya Bay community where Huade Petrochemical is located has a large area of mangrove wetlands, therefore, Huade Petrochemical organized employees to participate in mangrove tree planting activities from time to time to maintain the local natural ecosystem.



Beach clean-up



Mangrove tree planting



Country park clean-up

## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

### 4. Valuing HSSE

#### 4.1 Safety Culture

The Group is engaged in the oil products and liquefied natural gas storage and logistics business, and as oil products and liquefied natural gas are flammable and explosive in nature, it may lead to serious economic loss and casualties if not handled properly. As such, the Group believes that the safety culture is an inseparable element of production, and that productivity is guaranteed under a safe environment.

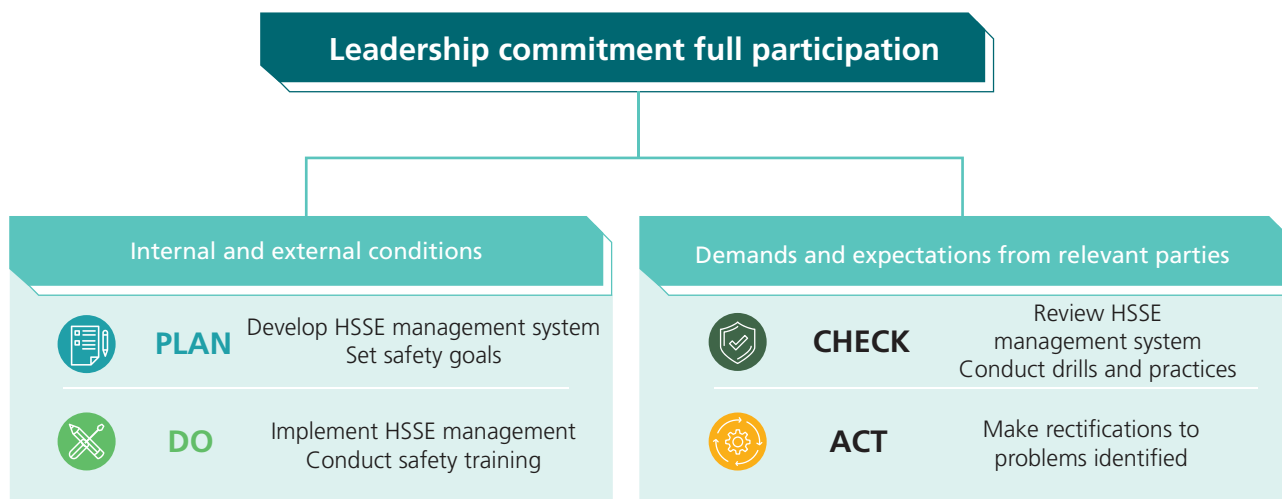
The Group has always complied with the laws and regulations relating to production safety, including the Production Safety Law of the People's Republic of China, and has established a health, safety, security and environment management committee ("HSSE Management Committee"). The Group has always adhered to the safety management policy of "safety first, prevention-focused", adhering to the principle of "plan, do, check and act" to continuously minimise safety risks through safety inspections, rectification and safety drills. The HSSE Management Committee is also responsible for establishing the Company's emergency management mechanism, to study material accident hazards and management plans, to approve technical transformation projects such as safety production and occupational health, to co-ordinate the management of emergency resources and work, and to approve emergency plans.

The Group conducts HSSE video promotion and education every quarter, especially safety accidents of peers, which is of profound educational significance. As such, the Company has organized and compiled a total of 20 typical production safety accident cases of domestic and foreign terminal companies and peers, covering ship-shore and oil depot accidents, so that operating entities can learn and draw lessons to avoid similar incidents.

At the same time, the Group's management and relevant staff regularly study the latest legal and regulatory developments, assess the impact on the Company's production, revise and improve the HSSE management system, hold regular HSSE management meetings and promote the participation of all staff in safety training and activities to improve the knowledge, skills and overall quality of the management and operation staff in production safety. Besides, the Group actively promotes the HSSE system to the operating entities to strengthen the safety management.

The Group has not had any work-related fatalities during the past three years (including the current year) and will continue to strive to maintain our goal of zero injuries and zero fatalities.

#### HSSE Management System



#### 4.2 Safe Production and Services

In 2023, Huade Petrochemical achieved 100% accuracy in its crude oil transportation, no oil leak or spill accident occurred, thus ensuring the supply of raw materials to its downstream customers and end users. The results of reliable service and

stable operation are relying on Huade Petrochemical's regular inspection on production facilities, professional training of employees and a complete monitoring and emergency response system.



### 4.3 Safety Inspection and Training

Each of the Group's operating entities conducts annual internal safety inspections and is subject to regular and/or spot checks by the government authorities and external industry management departments in the places where it operates, from which possible safety hazards are identified and rectified based on the inspection results.

Each year, the Group conducts HSSE audit inspections of its the operating entities both at home and abroad. The operating entities rectify the problems found in the inspection and revise the work process and reporting mechanism from time to time in light of the latest business operations. During the year, the Company formulated the "Production Safety Abnormal Management Measures on Kantons Production Safety (Trial)" to further standardize the reporting process of operating entities and make it more smooth and efficient.

The Group places a high priority on safety training. In September 2023, the Company held the second crude oil terminal HSSE Management technology training course in China University of Petroleum (East China) in Qingdao, a four-day closed training, inviting school professors, experts in the industry, and enterprise personnels to conduct multi-dimensional training, discuss and share the knowledge about laws and regulations, corrosion, lightning and electricity

protection of production base facilities and equipment, loading and unloading operation management at the terminal, and ship equipment maintenance. Case studies were also prepared for discussion. All domestic operating entities sent representatives of HSSE management to attend the training, for a total of 42 person-times.

Huade Petrochemical develops an annual HSSE training plan every year, which takes a variety of forms, including continuous projects, external training, internal training, and pre-site safety training for suppliers, etc. During the year, 28 external trainings and 44 internal trainings were completed.

Huade Petrochemical has engaged a professional firefighting team specializing in petrochemical fire safety, stationed at two production bases at the start station in Mabianzhou and the Nanbianzao oil depot respectively. It is mainly responsible for emergency rescue in production bases, construction site monitoring and daily fire prevention inspections, maintenance of mobile fire fighting equipment and facilities, fire and harmful gas prevention training, and public security patrols and guard duty. In addition to meeting the "National Comprehensive Fire and Rescue Team Management Requirements", the team is also familiar with the petrochemical industry, requiring them



Emergency drill

## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY



to participate in the safety training of the production base, occupational health examination, induction examination, etc., cooperate with internal drill plans of Huade Petrochemical, and participate in training plans and emergency drills every week and month.

In November 2023, the professional firefighting team organized a large-scale fire safety training activity, with a total of 118 employees of Huade Petrochemical participating, which consolidated the staff's understanding of the initial fire handling process, skilled use of mobile fire equipment, and improved the fire safety awareness effectively and emergency response ability of professional fire teams and hazardous chemicals practitioners. At the same time, Huade Petrochemical successfully held a 5-day training course on fire facility operator occupational qualification (intermediate) certification, which reduced the time and cost of firefighters going out alone to participate in such training, improved firefighters' monitoring and operation skills, and laid the foundation for firefighters to participate in the national examination.

In November 2023, Huade Petrochemical successfully launched the annual professional (part-time) continuing education training course for occupational safety management personnels. Three external experts were invited to give on-site lectures, mainly teaching the "training on staff mental health and safety", "training on special operation safety", study of the new Regulations on Guangdong Province Production Safety, the Compilation of Major Accident Hidden Danger Judgment Standards, "production site natural disaster risk identification and protection knowledge" and other related contents.

During the year, Huizhou Daya Bay Transportation Bureau held a mandatory training and assessment on port safety production, and Huade Petrochemical organized 39 port personnel, including but not limited to the key persons in charge of Huade Petrochemical, the key safety management personnels, and the management personnels of dangerous cargo handling to participate in the mandatory training and assessment. All of them passed the assessment at one time (the average pass rate of such assessment was only 58.5%), showing the solid safety awareness and knowledge possessed by Huade Petrochemical employees.





#### 4.4 Safety Drills

The Group's operating entities conduct annual safety drills exercise, which is continuously adjusted and optimized according to the actual situation to test the command and coordination, on-site rescue, evacuation and rescue response capabilities, and to further enhance the emergency response capability.

During the year, a total of six exercises were held in January, June, August and November, involving more than 350 participants. The drill topics include: special emergency plan for offshore oil spill, special emergency plan for fire and explosion accidents, and site dynamic response procedure on Ma-Guang long-distance transmission pipeline.



#### 4.5 Environmental Management

Huade Petrochemical has set up ESG Working Subcommittee, conducts energy management, data tracking of natural resource use, identification of various environmental pollutants, control of environmental pollutant at source, monitoring of relevant environmental pollutant emissions and regular analysis of environmental data in accordance with the environmental management guidelines.

Huade Petrochemical has applied for emission permits for each production base. The pollutants discharge permits have specified the monitoring sites, monitoring items, monitoring frequency and discharge standards for noise, wastewater and waste gas. At the same time, according to the requirements of the pollutants discharge permits, it engaged an independent third party to conduct regular sampling and monitoring, and the self-monitoring information is regularly reported in the National Pollution Source Monitoring Data Management and Sharing System. Huade Petrochemical has established the EMS system and obtained ISO 14001

certification. The ISO 14001 standard focuses on reviewing the effectiveness of Huade Petrochemical's environmental protection policies and plans, environmental risks and compliance with regulations, the progress of achievement of goals and indicators, and the implementation of environmental management procedures, via the following steps:

1. Identify relevant environmental regulations and other requirements and ensure compliance.
2. Monitor the environment impact of key operations.
3. Develop and continuously improve environmental goals and plans.
4. Conduct internal audits and management reviews of the EMS system to ensure its effectiveness.
5. Improve employees' environmental awareness and ensure the sustainability of environmental management.

## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

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### 5. Improving Continuously

Although the Group's business mainly comprises the provision of logistics and storage services for natural gas and petrochemical products and it is not considered as a polluting or carbon-intensive enterprise, we firmly believe that reducing global warming requires the concerted efforts of the whole community. As such, the ESG Working Committee of the Group has formulated a five-year emissions target plan in 2020 to strengthen the monitoring of the Group's use of resources and the impact of its business operations on the surrounding environment, to continuously implement energy

saving and emission reduction measures, and to review the Group's environmental performance. In terms of resource usage, the Company's operating entities have established management measures and usage targets in relation to energy and water resources.

During the year, there were no violations of laws and regulations relating to emissions of exhaust gases, waste water and solid waste emissions, and disposal of hazardous waste that would have a significant impact on the Group.

### 5.1 Energy Management

The Group complies with laws and regulations such as the Law of the People's Republic of China on Energy Conservation and has established internal guidelines such as the Company's Energy Conservation Management Regulations and the Energy Conservation Supervision and Management Rules.

#### 5.1.1 Energy Saving Targets

The energy consumption of Sinopec Kantons and its subsidiaries is mainly related to electricity and diesel consumption. In particular, the electricity consumption of Huade Petrochemical is mainly for crude oil transmission; while diesel consumption is mainly for boilers and tugboats. Besides, both the Hong Kong Headquarters and Huade Petrochemical consume gasoline for vehicles.

As the major unit of energy consumption of the Group, Huade Petrochemical has set its emission reduction goals for 2025. Indicators for annual energy consumption are reviewed every year and have been included for indicator assessment, and the performance of which are followed up every month and every quarter, aiming to analyse energy consumption; meanwhile, it has adjusted the operation of machines and equipment according to the business and actual operating conditions to minimise energy consumption, air pollution and greenhouse gas emissions.

#### 5.1.2 Energy Saving Measures

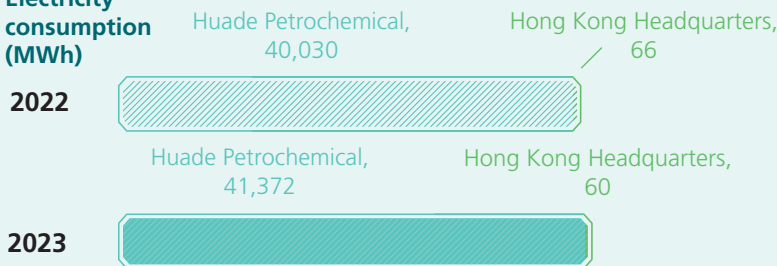
Huade Petrochemical strictly controls the operating hours of the steam boilers at the start station in Mabianzhou and schedules the testing of boiler emission monitoring to coincide with the commissioning of the equipment, thus reducing the number of boiler start-ups and significantly reducing diesel consumption. Meanwhile, Huade Petrochemical has fully migrated to the use of low sulfur diesel, the cleanest diesel in China at present to reduce the generation of air pollutants. In addition, Huade Petrochemical has tried its best to arrange carpooling to reduce the use of vehicles.

Apart from taking various measures to reduce energy use and greenhouse gas emissions in our production operations, we also continue to promote energy conservation awareness and aim to deliver the concept of energy saving and emission reduction to our staff through various activities. To reduce paper consumption, the Group established an online workflow system to replace the traditional paper workflow for improving efficiency.

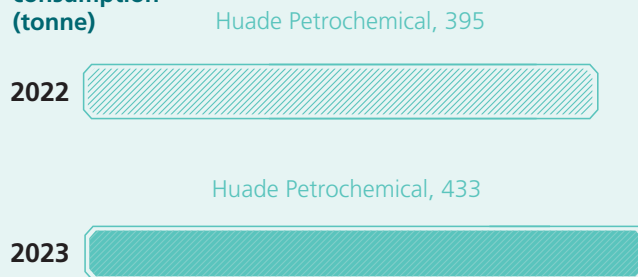


## Energy Consumption

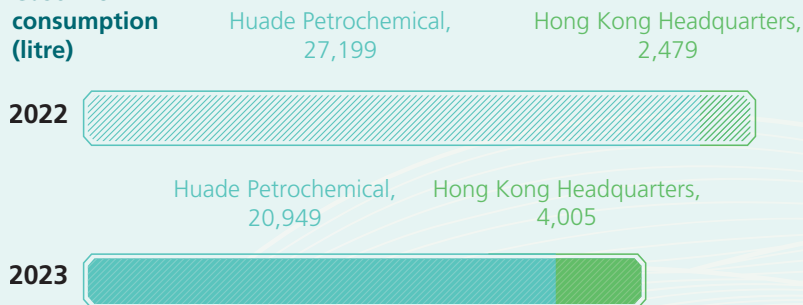
### Electricity consumption (MWh)



### Diesel consumption (tonne)



### Gasoline consumption (litre)



■ Huade Petrochemical
 ■ Hong Kong Headquarters



By 2025, a decrease of electricity consumption per kilotonne business volume (baseline: 2020)

2023 progress  
**6%** ▼



By 2025, 5% decrease of diesel consumption per kilotonne business volume (baseline: 2020)

2023 progress  
**26%** ▼

The electricity used by the Hong Kong Headquarters mainly came from natural gas and coal, while Huade Petrochemical used nuclear power.

During the year, the Group's electricity usage increased slightly due to the use of high power pumps with higher starting power for some crude oil transmissions. The year-on-year increase in diesel consumption was mainly due to the increased frequency of tugboats use. The decrease in gasoline consumption year-on-year was mainly due to the carpooling.



## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

### 5.2 Management of Solid Wastes

The solid wastes of the Group mainly come from the daily operation of Huade Petrochemical, while the daily operation of the Hong Kong Headquarters also produces a few municipal solid wastes.

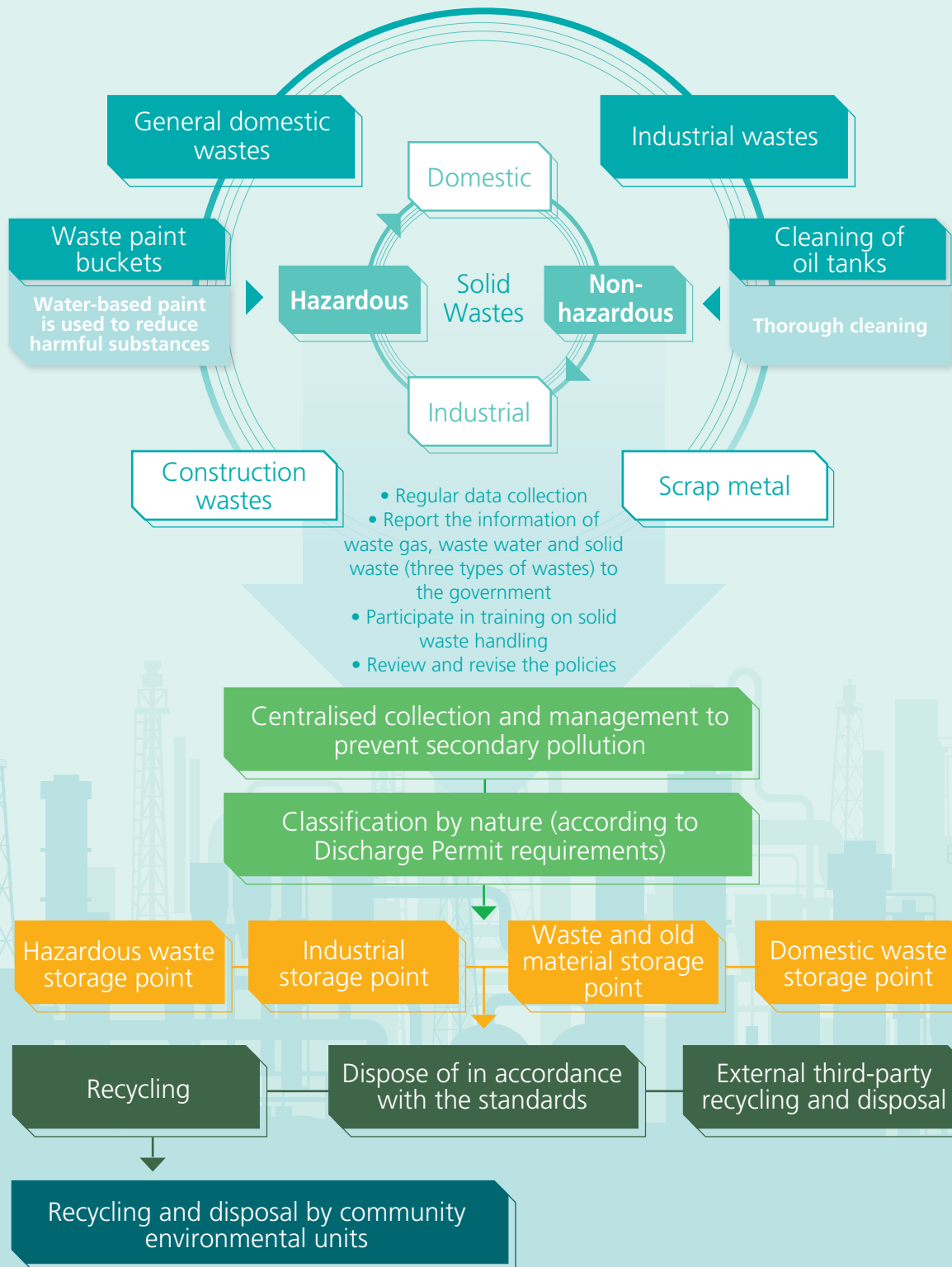
The Group has reduced hazardous and non-hazardous wastes by making efforts in procurement, reducing wastes from source and recycling. At the same time, the Group keeps abreast of the latest laws and regulations and communicates closely with stakeholders to obtain the latest information to meet the increasingly stringent environmental laws and regulations. In particular, Huade Petrochemical has strictly complied with the Environmental Protection Law of the People's Republic of China, The Law of the People's Republic of China on the Prevention and

Control of Environmental Pollution by Solid Wastes, The Administrative Regulations of Sinopec on the Prevention and Control of Pollution by Solid Wastes and other relevant laws and regulations in material aspects, and has formulated the Administrative Regulations of Huade Company on the Prevention and Control of Pollution by Solid Wastes to strengthen the supervision of all aspects of solid wastes and effectively prevent and control environmental risks. All wastes generated by Huade Petrochemical's production base will be sorted out according to the nature of the wastes, set up different temporary storage points (storage yards), and then unified recycling, according to the regulations, and engaged a qualified third-party to dispose of the wastes. The Group has set the hazardous and non-hazardous waste reduction goals for 2025.





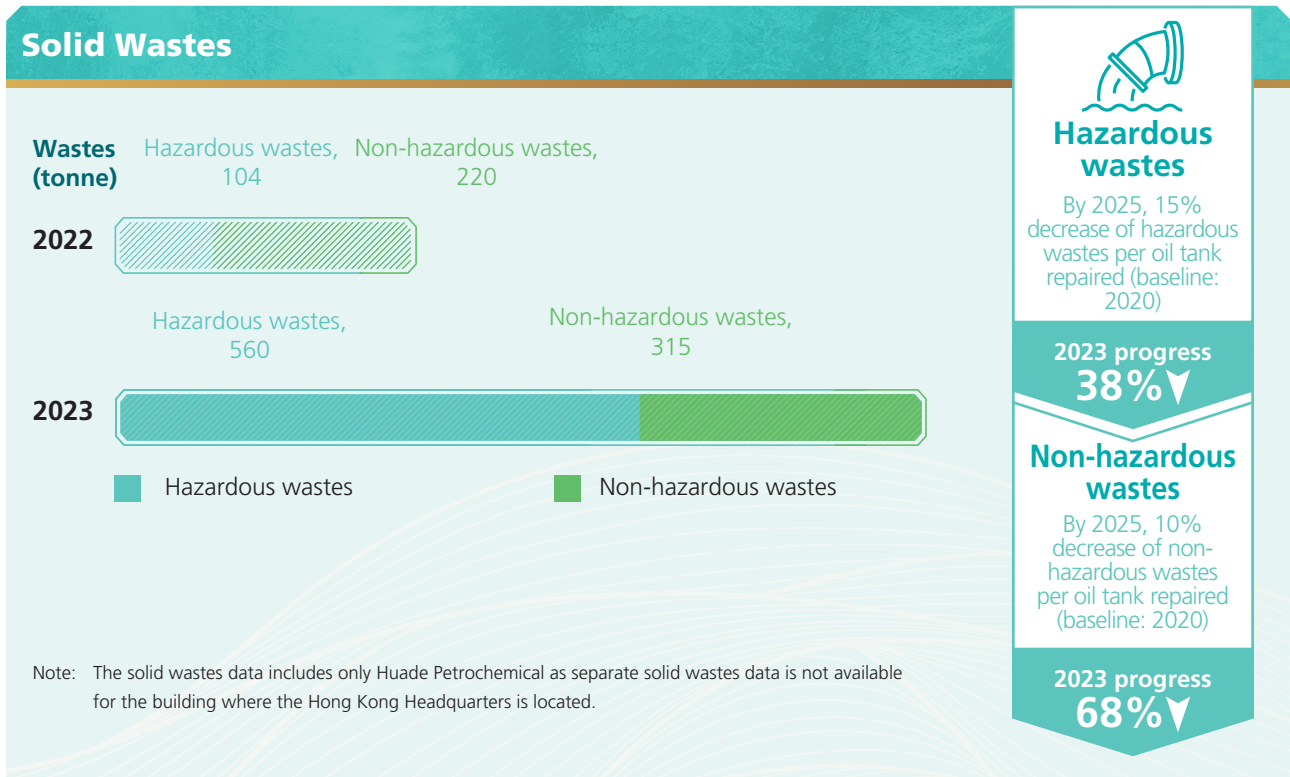
## Solid Waste Treatment Process of Huade Petrochemical



## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

The Hong Kong Headquarters has set up recycling bins for plastics, metals, fluorescent tubes, battery cells, etc. The bins are collected and delivered to the Recycling Stations of Green@Community to reduce the amount of waste disposed

of at landfills and to promote environmental awareness on a monthly basis. During the year, Huade Petrochemical has been recycled more than 69 tonnes of metals, electric cables, etc.



During the year, the increase in solid waste volume was due to the sewage treatment facility upgrading project at the Nanbianzao oil depot, which resulted in a large amount of waste. A qualified third-party has been appointed for disposal of solid wastes. Among them, 164 tonnes of hazardous wastes and 130 tonnes of non-hazardous wastes were generated by oil tanks maintenance in which, 55 tonnes of hazardous wastes and 43 tonnes of non-hazardous wastes were generated per one oil tank repaired.

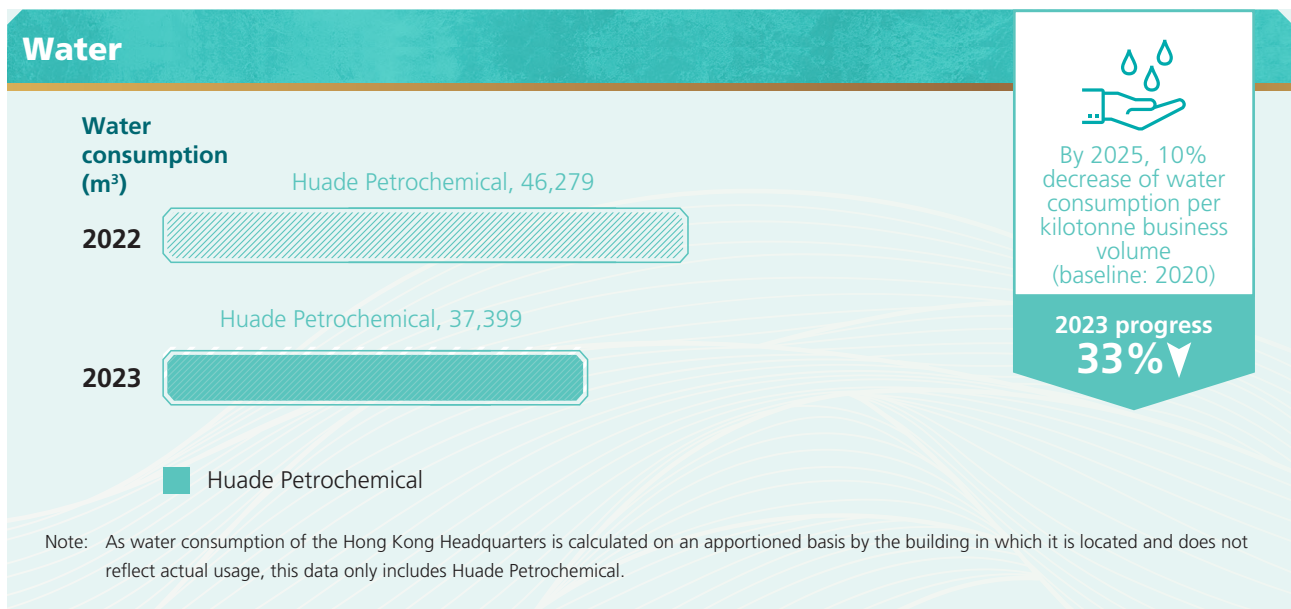


## 5.3 Management of Water Resources

### 5.3.1 Water Usage

The water resources used by the Group are supplied by municipal water authority and can be obtained on demand. In 2023, there was no issue in sourcing water which was fit for purpose. Nevertheless, we have fully implemented sustainable administrative measures for reducing water consumption during operation, carried out water conservation training and posted water conservation phases where water was used. It has set indicators for annual water consumption for each production base, improved the water meters at key water consumption points at each production

base, carried out inspections for leakage of underground pipes on a non-regular basis, collects statistics and analyzes the water consumption of each production base every month, strictly controls the water consumption, and analyzes the reasons for exceeding the standard water consumption to avoid waste. The Group has set a water consumption goal for 2025. During the year, Huade Petrochemical Nanbianzao oil depot remedied the leakage of underground water pipes, reducing water use by approximately 1,000 cubic meters.



During the year, the Group's water consumption decreased significantly due to the increase in the reuse of sewage and optimisation of water use to tightly control water consumption.

## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

### 5.3.2 Wastewater Discharge

In respect of wastewater discharge, the Group has strictly complied with the laws and regulations and internal system requirements, such as the Prevention and Control of Water Pollution Law of the People's Republic of China, Integrated Sewage Discharge Standard, Pollutant Discharge Standard for Petroleum Refining Industry, Measures for the Administration of Environmental Protection of Sinopec, and Regulations for the Administration of Wastewater Pollution Prevention and Control of Sinopec in order to strengthen and regulate the management of wastewater pollution, to achieve wastewater discharge in compliance with the standards. Huade Petrochemical has applied for pollutants discharge permits, and commissioned a third party to carry out monitoring on different projects according to the requirements of discharge permits on a monthly, quarterly or annually basis, so that the discharge can meet the standards.

The waste water from Huade Petrochemical is mainly generated from the sedimentation of crude oil. The waste water is collected in a cesspool and discharged to the government-designated Daya Bay Petrochemical Park Wastewater Treatment Plant after meeting standards. Huade Petrochemical has installed online rainwater monitoring equipment to monitor rainwater discharge in real time and the data is directly uploaded to the local environmental protection authorities. In 2023, Huade Petrochemical treated 36,599 m<sup>3</sup> of sewage (2022: 30,579 m<sup>3</sup>), an increase of approximately 20% year-on-year. It was mainly due to the

fact that an external third party was engaged to carry out maintenance in 2022, which reduced the sewage treatment capacity, resulting in a delay in the treatment of part of the sewage volume until 2023.

The start station in Mabianzhou of Huade Petrochemical, strictly implements the zero discharge target. All of the sewage generated from the production base will not be discharged into the sea, and 100% reuse. Production base sewage pipe is fully covered, with all oily rainwater, fire water, domestic water, etc. passing through the sewage pipe, unified flowing to the sewage treatment center for centralized treatment and reuse, and the treated sewage is used as green irrigation. At the same time, the start station in Mabianzhou of Huade Petrochemical has set up an environmentally friendly toilet. In 2023, more than 5,500 m<sup>3</sup> of sewage were reused at the start station in Mabianzhou.

During the year, the sewage treatment facility at Nanbianzao oil depot of Huade Petrochemical was upgraded with a further increase in sewage reuse, achieving a reuse ratio of approximately 20% for fire drills. The rest of the sewage is discharged to the location designated by the government in strict accordance with the discharge permit standards. In 2023, more than 6,500 m<sup>3</sup> of sewage were reused at the Nanbianzao oil depot.





## 5.4 Air Pollutant Management

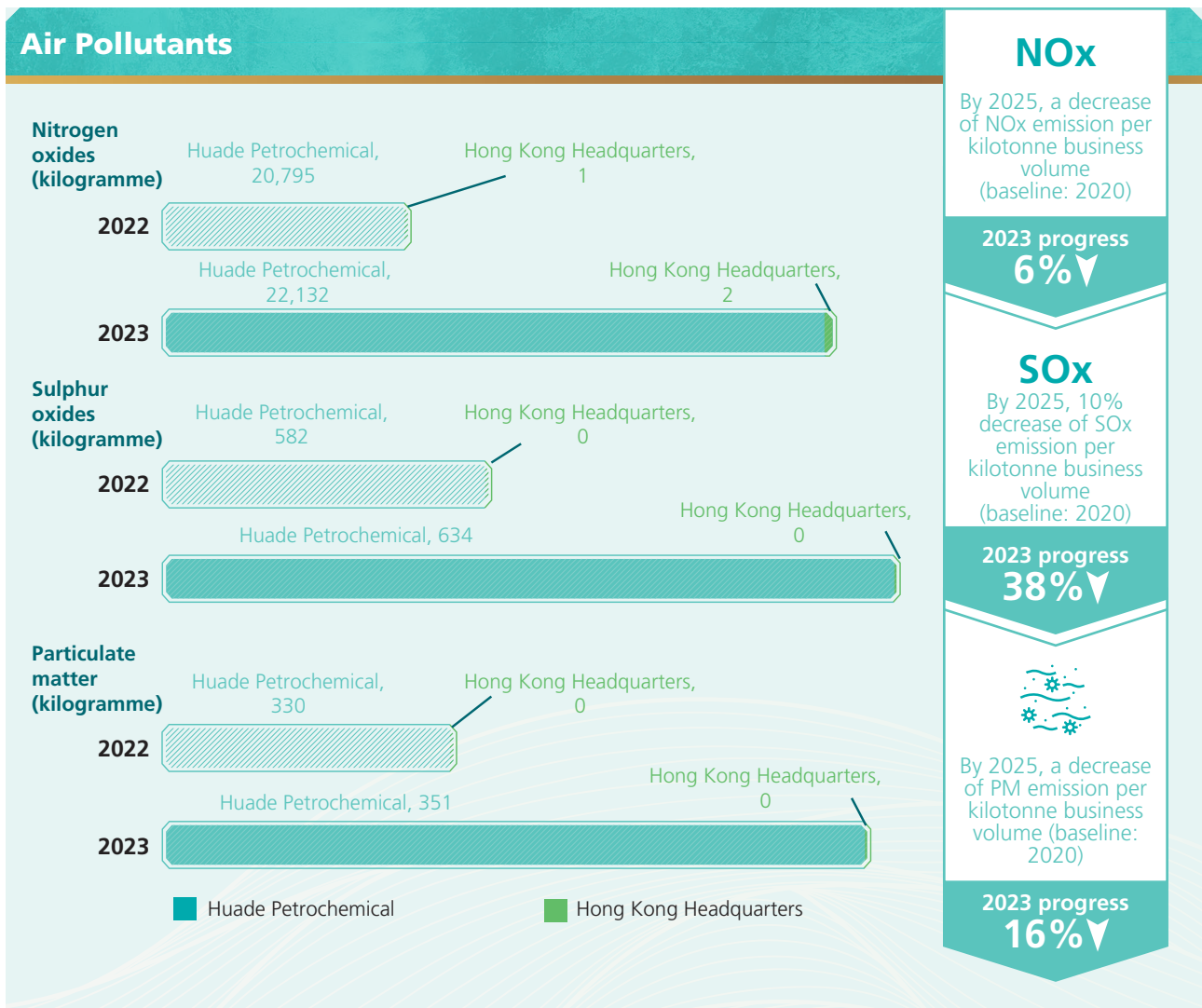
Huade Petrochemical has strictly abided by the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Standards for Air Pollutant Emissions from Boilers and other regulations. It has also established comprehensive administrative regulations for exhaust emissions, set up outlets in its boilers for the discharge of air pollutants, applied for pollutants discharge permits, and commissioned a third party to carry out monitoring on different projects according to the requirements of discharge permits on a monthly, quarterly or annually basis, in accordance with the requirements of the emission permit, so that the discharge can meet the standards.

During the year, Huade Petrochemical formulated the "Huade Petrochemical Leak Detection and Repair (LDAR) Management Regulations" to carry out LDAR leak detection and repair work at all production sites, repair of a small

number of leakage points timely to reduce the possibility of volatilization of unorganized organic gases. At the same time, an oil and gas adsorption recovery device was added to the oil waste tank (part of the sewage treatment facility) at the start station in Mabianzhou to reduce the disorderly discharge of productive organic gases.

By using the latest standard of low-sulfur clean diesel oil, Huade Petrochemical has been able to reduce exhaust emissions from the boilers at the start station in Mabianzhou.

The diesel and petrol used in the Group's day-to-day operations produce non-greenhouse gas air pollutants and therefore data collection and analysis of nitrogen oxides, sulphur oxides and particulate matter is carried out on an ongoing basis and emission targets are set for 2025.



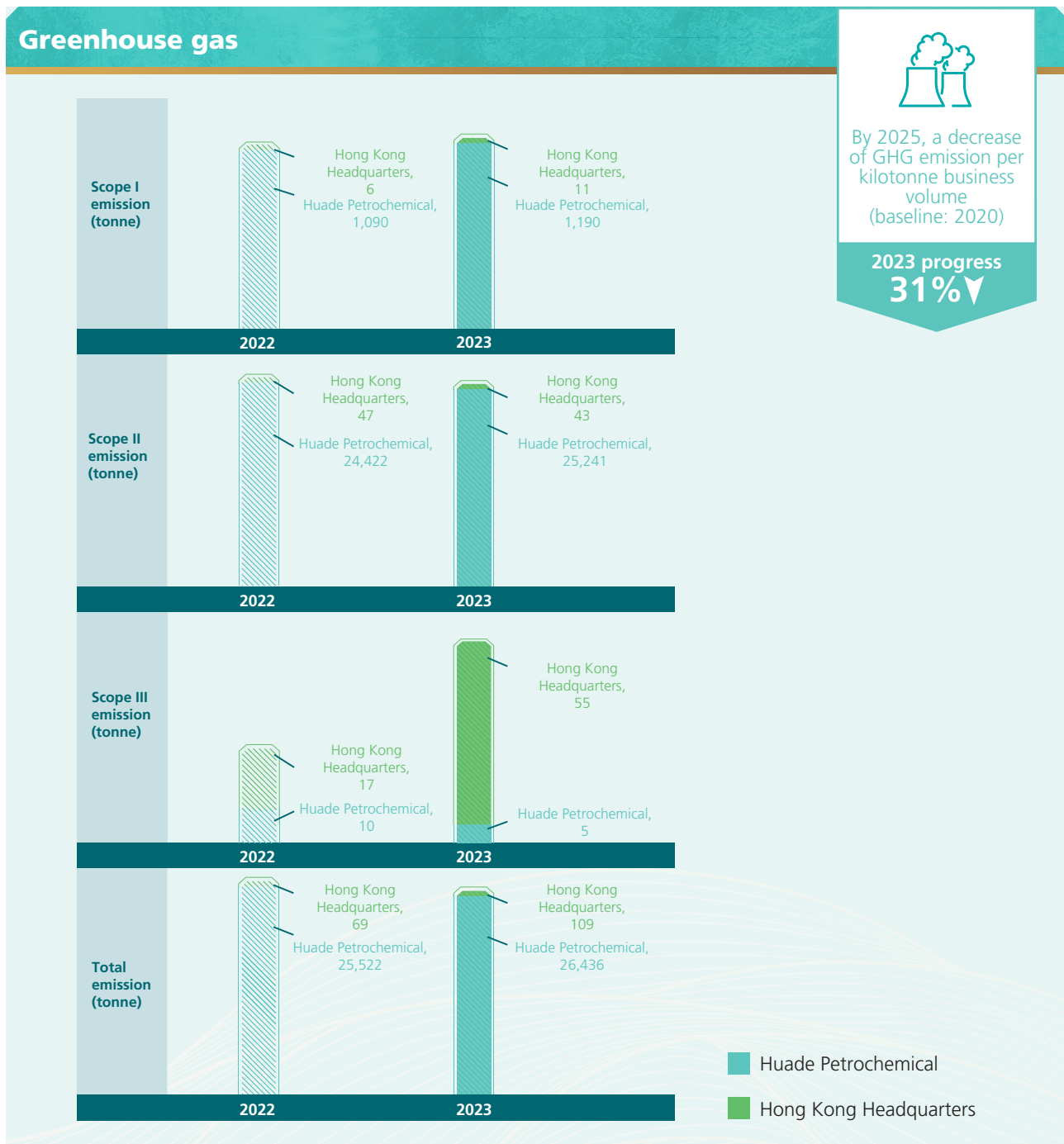
During the year, the Group's air pollutants were slightly increase year-on-year, due to the increased frequency of tugboats use.

## FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

### 5.5 Greenhouse Gas Emissions

As the Group is primarily a service provider, there are not many direct carbon emissions in the course of business operations. The main source of Scope I is the use of diesel and petrol combustion. Scope II is mainly from the use of

electricity for service equipment and office premises. The main sources of Scope III are air travel on business trips and office paper purchases for staff.

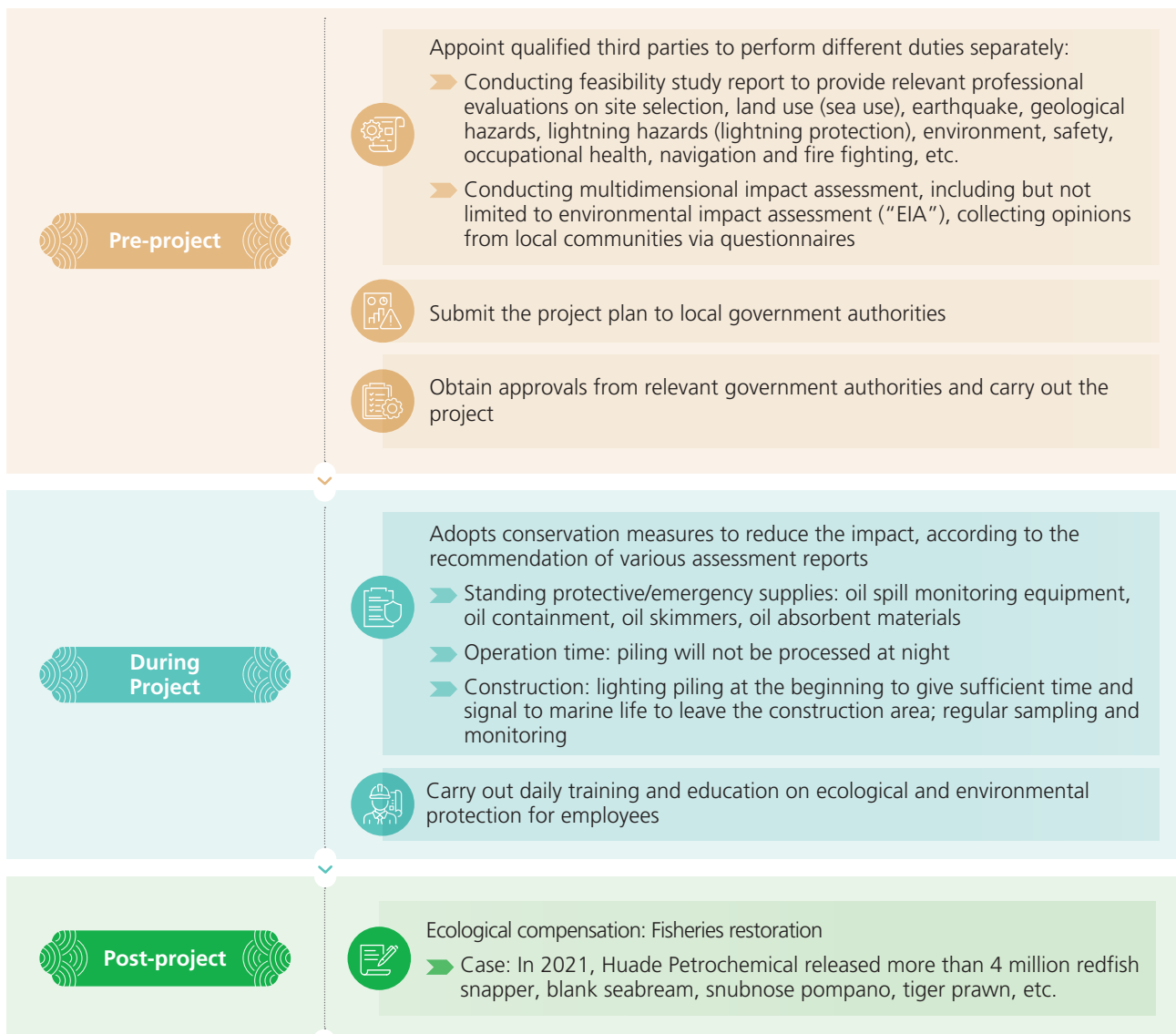


Due to stable business volumes, the Group's greenhouse gas emissions were basically flat as compared to the same period last year. The ESG Working Committee has developed a green electricity procurement plan to pilot 5 million kWh of green electricity in 2024 and strived to reduce carbon emissions.



## 5.6 Biodiversity Conservation

As the oil product jetties of the Group for providing services are located along the coastline, there are potential risks of oil spills which will affect marine life. The start station in Mabianzhou of Huade Petrochemical is located on Mabianzhou Island, which belongs to the ecological red line and is the Daya Bay Aquatic Resources Nature Reserve. At the same time, it is possible that Chinese white dolphins, which is on the IUCN's Red list, may live there due to its location near the Pearl River Estuary. The Group attaches great importance to operational safety and ecological protection, and minimizes the impact on Chinese white dolphins and other marine life. The Group is committed to giving priority to biodiversity conservation in its development, and to covering the entire life cycle of all projects with biodiversity conservation measures to ensure ecological security. The Group has started to formulate biodiversity-related management measures, which are expected to be completed in 2024. In addition, Huade Petrochemical has formulated an Offshore Oil Spill Emergency Plan and regularly organises offshore oil spill drills to enhance emergency handling capabilities. In 2023, there was no oil spill accident in Huade Petrochemical.





# FIVE PILLARS OF OUR SUSTAINABILITY STRATEGY

A completed EIA will be undergo before each project kicks off, and sampling tracking will be conducted quarterly since 2022.

## Results of sampling tracking for 2023



The quality of the sea water achieved the standard



Biodiversity was maintained at a good level

## Naphtha unloading project of Mabianzhou Jetty



Passed the EIA



Obtained approval from the Huizhou Municipal Bureau of Ecology and Environment



After the completion of the project in the end of 2024, ecological compensation will be carried out and environmental protection acceptance test will be organized

## Greening the Mabianzhou Island

Chinese Fan-palm (蒲葵樹) Weeping Fig (垂榕柱) Chinese Banyan (小葉榕) Wild Date Palm (銀海棗) Bottle Palm (酒瓶椰子) Hong Kong Orchid Tree (紅花紫荊)



100%

Sewage Reused

18

Tree Species

32%

Greening Ratio

ZERO  
discharge  
to sea

Pollutants and Wastes



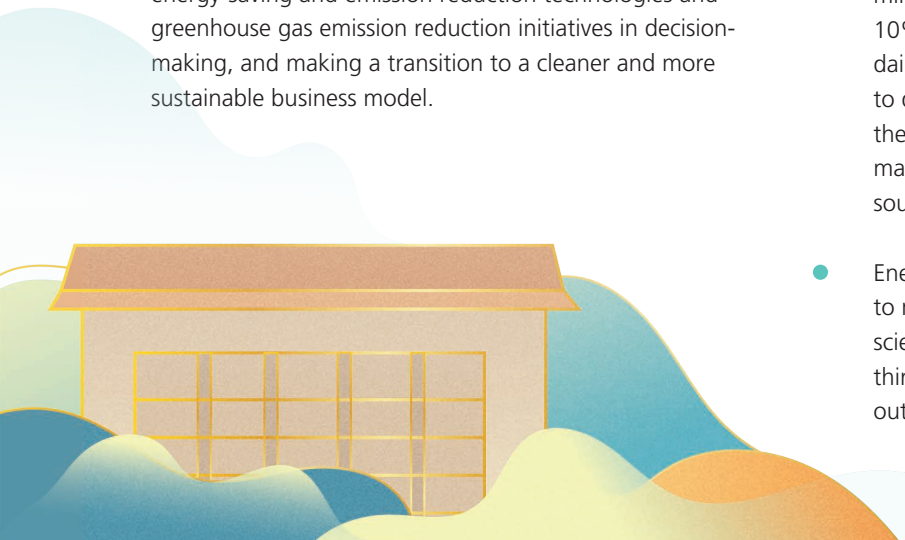
## Governance

The Board has the ultimate responsibility for monitoring the management of climate risks and opportunities. Under the leadership of the Chairman of the Board, the Board is committed to integrating sustainability into all aspects of its operations and overseeing the sustainability strategy, reporting and risk management framework. The Board regularly receives updates from the ESG Working Committee on the development and implementation of the sustainability strategy.

In order to better manage climate initiatives of the Company, we strengthened members and the governance structure of the ESG Working Committee during the year to manage and monitor the overall sustainability performance of our businesses. The ESG Working Committee is delegated by the Board to oversee the implementation of sustainability measures and manage sustainability-related matters by the senior management, while the ESG Working Subcommittee is responsible for assisting the senior management in achieving sustainability goals. For details of the structure and terms of reference of the ESG Working Committee, please refer to the "Company Profile" – "Structure and Management of Governance" section of this Report. In order to ensure that the Board is aware of the latest trends in climate-related issues, we provide relevant training on demand to ensure that members of the Board have the necessary expertise and skills to oversee climate-related issues and their management. In order to better support the decision-making process, the Board may also seek the professional advice from external experts when necessary.

While addressing climate change is becoming a global consensus, we are committed to prioritizing or adopting energy-saving and emission reduction technologies and greenhouse gas emission reduction initiatives in decision-making, and making a transition to a cleaner and more sustainable business model.

- Measuring our carbon emission: In 2023, the Company conducted detailed collating, inventory and analysis of energy consumption and carbon emission, and set up a data dashboard for monitoring. In order to ensure the scientificity and standardization of calculation, the Company has set up an internal database for natural resource data and greenhouse gas data, regularly updated it according to the prevailing calculation method, and expanded the scope of data collection. Each business unit regularly conducts statistics on all energy data and emission data every month. We comply with Appendix C2 of the Listing Rules of the Stock Exchange and related guidance documents, and refer to the GHG Protocol Corporate Accounting and Reporting Principles for calculation and disclosure.
- Energy management: In order to achieve the 2025 emission reduction target, the ESG Working Subcommittee has formulated corresponding energy saving and emission reduction indicators for the production bases of Huade Petrochemical, and is responsible for reviewing and evaluating the implementation and effectiveness of emission control and emission reduction measures of the production bases on a monthly basis, and the ESG Working Committee conducts the regular supervision.
- Adjustment of the power composition: Since the indirect carbon emissions (Scope II) generated by purchased electricity account for more than 90% of the Group's total carbon emissions, the ESG Working Committee studied the feasibility of green electricity procurement in 2023, and will conduct a trial of 5 million kWh of green electricity (accounting for about 10% of total electricity consumption) in 2024. In the daily procurement of equipment, suppliers are required to disclose the energy efficiency index of products in the quotation, so that the Company can prioritize and make purchases, and improve energy efficiency at the source.
- Energy consumption and carbon auditing: In order to make carbon data and energy consumption more scientific and credible, the Company introduced a third-party audit during the year, so as to better sort out and analyze energy data.



# RESPONDING TO CLIMATE CHANGE (TCFD)

## Major Climate Risk and Responding Actions

Based on the scenario analysis, we analyzed the climate change risks and opportunities faced by the Company in the future with reference to models recommended by the TCFD and other analytical techniques. We found that under the general trend of energy transition, the demand for electricity from fossil fuels will gradually decrease in the long run, but the demand for industrial products made from refining of crude oil will be very strong. The likelihood and impact of physical risks will increase, and the Group will face the pressure of business diversification and low-carbon transformation.

The risks and opportunities that climate change may bring are as follows:

Type of Risks	Climate Risk	Risk Description	Financial Impact	Response
Physical risks	<b>Acute – sudden climatic hazards</b> Including but not limited to extreme weather such as typhoons, heavy rainfall, flooding and persistent high temperatures	<ul style="list-style-type: none"> <li>● Extreme weather will damage the jetties and related facilities, affect the smooth navigation of the waterway, and require dredging works. Persistent high temperature is likely to cause fires or accelerate the aging of equipment, and the operation of the jetties may be affected, resulting in business interruption</li> <li>● LNG vessels operated by joint ventures (which are not covered by this Report) of the Group are operating at sea for a long time, and frequent hurricanes may affect the scheduled routes and navigation plans may be interrupted</li> <li>● Extreme weather may affect or threaten the safety and health of employees working at coast and sea, resulting in decrease in productivity</li> </ul>	<ul style="list-style-type: none"> <li>● Operating expenses such as maintenance costs and labour costs have increased</li> <li>● Finance income decreases</li> </ul>	<ul style="list-style-type: none"> <li>● Improve safety guidelines for typhoon, flood and tide prevention, conduct annual flood and tide control drills, and establish an emergency response system and contingency plans, and prevent and reduce the impact of extreme weather</li> <li>● Regular maintenance and repair of the terminal and related facilities to keep them in good operating condition and resistant to hurricane impact</li> </ul>
	<b>Long term – day-to-day operational risks</b> More frequent delays in transportation or terminal operations due to extreme weather	<ul style="list-style-type: none"> <li>● Extreme weather has led to an increase in vessel demurrage, resulting in a lower demand for services</li> </ul>	<ul style="list-style-type: none"> <li>● Finance income decreases</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthen monitoring of sea surface and coastal weather, and arrange routes and berthing operations as early as possible in response to weather changes to reduce delays</li> <li>● Strengthen communication with vessels, downstream customers, customs, etc., to improve operational efficiency</li> </ul>
	<b>Long term – sea level rise</b>	<ul style="list-style-type: none"> <li>● Sea level rise could lead to more frequent flooding, while ocean acidification could damage assets along the coast, increase maintenance costs, and necessitate the redesign or relocation of production facilities</li> </ul>	<ul style="list-style-type: none"> <li>● Operating costs increase, revenues decrease, and asset values decline</li> <li>● Credit costs increase, and premiums for insurance contracts may increase</li> </ul>	<ul style="list-style-type: none"> <li>● Strengthen the inspection and maintenance of production facilities</li> <li>● Strengthen the supply chain management, and require suppliers to comply with all applicable environmental protection laws and regulations, regulatory rules and standards during review</li> <li>● Suppliers are encouraged to use raw energy-saving, water-saving, material-saving and healthy materials, products and services that are conducive to environmental protection</li> </ul>



Type of Risks	Climate Risk	Risk Description	Financial Impact	Response
<b>Transition risk</b>	<b>New low-carbon policies/ regulatory compliance risks</b> The government has implemented more policies to respond to climate change, such as carbon taxes, carbon credits, carbon trading, carbon emission rights, etc.	<ul style="list-style-type: none"> <li>In the face of stricter emissions requirements, enterprises may need to increase capital expenditure to meet the requirements, and they need to comply with stricter operational compliance requirements, which will increase the burden on enterprises</li> <li>It is expected that the price of carbon will rise, and increase the cost of environmental management and business decision-making within the Company</li> </ul>	<ul style="list-style-type: none"> <li>Operating expenses costs increase</li> <li>Labour costs and compliance costs increase</li> </ul>	<ul style="list-style-type: none"> <li>Implement energy saving and emission reduction measures to meet or exceed the local regulatory requirements where the operations are based</li> <li>Consider to the purchase of new energy saving facilities to replace old equipment</li> <li>Regularly monitor the development trend of laws and regulations</li> </ul>
	<b>Market Risks</b> In the context of decarbonization, the application of clean energy will be increased and fossil energy will be gradually phased out	<ul style="list-style-type: none"> <li>The demand for traditional fossil energy has decreased, resulting in a decrease in demand for oil product jetties and storage services</li> <li>Downstream customers face stricter environmental protection requirements or industry consolidation, which affects crude oil imports, in turn reducing the business volumes of jetties</li> </ul>	<ul style="list-style-type: none"> <li>Revenue decreases</li> </ul>	<ul style="list-style-type: none"> <li>Develop diversified businesses, including the provision of chemical products receiving, loading and transshipment services, in order to reduce the impact of the decline in demand for crude oil and refined oil products</li> </ul>
	<b>Technology risks/technical Risks</b>	<ul style="list-style-type: none"> <li>Continuous development of low-carbon technologies, the phasing out of energy-intensive technologies, and the development of novel raw materials to replace crude oil, resulting in likely reduction of the demand for crude oil</li> </ul>	<ul style="list-style-type: none"> <li>Revenue decreases</li> </ul>	<ul style="list-style-type: none"> <li>Actively expand diversified green businesses</li> </ul>
	<b>Credit risks</b> <b>Reputation Risks</b>	<ul style="list-style-type: none"> <li>The concept of low-carbon has become more popular in the market, which has a negative impression of traditional energy-related industries, products and enterprises</li> <li>The pace of low-carbon development of the Company is not up to investors' expectations</li> </ul>	<ul style="list-style-type: none"> <li>Brand value declines</li> </ul>	<ul style="list-style-type: none"> <li>Actively expand diversified green businesses</li> </ul>

We are aware that the climate risks and nature of impacts are constantly changing. Therefore, we will regularly review the climate response strategies and actions. In order to address the climate risks and opportunities identified in our latest climate risk assessment, we will expand the use of green electricity and explore measures to strengthen carbon emission management in the supply chain in the next phase.

As described in the previous sections, we have developed environmental indicators for greenhouse gas emissions, water, waste and energy management. With the promotion of climate action efforts, we will continue to improve the quality of data collection and measurement processes, and continue to monitor key environmental indicators to build stronger capacities to respond to climate change.

# APPENDIX

## Appendix I: Data Summary

Note: Some figures in this Report may not add up to 100% due to rounding of data.

### Society

Description		Unit	2023			2022			2021		
<b>Number of employees</b>	Total	No. of persons	222			228			233		
by gender	Male	No. of persons	180			182			187		
	Female		42			46			46		
by age group	40 or below	No. of persons	105			117			122		
	Above 40		117			111			111		
by type of employment	Full-time	No. of persons	221			226			229		
	Part-time/Short-term/Contract		1			2			4		
by geographical region	Mainland China	No. of persons	201			206			207		
	Hong Kong		21			22			26		
by employee category	Senior management	No. of persons	10			11			8		
	Middle management		22			22			20		
	General staff		190			195			205		
<b>Employee turnover rate</b>	Overall		5.41%			7.02%			3.00%		
by gender	Male		2.78%			4.95%			3.21%		
	Female		16.67%			15.22%			2.17%		
by age group	40 or below		5.71%			8.55%			3.28%		
	Above 40		5.13%			5.41%			2.70%		
by geographical region	Mainland China		3.48%			3.88%			0.97%		
	Hong Kong		23.81%			36.36%			19.23%		
<b>Work-related fatalities and serious injuries</b>		No. of persons (ratio)	0 (0%)			0 (0%)			0 (0%)		
<b>Lost days due to work injury</b>		Working days (ratio)	0 (0%)			0 (0%)			0 (0%)		
<b>Lost-time injury rate (LTIR)</b>			0			0			0		
<b>Training for employees</b>			Training Hours (hours)	% of trained employees	Training hours per person (hours)	Training Hours (hours)	% of trained employees	Training hours per person (hours)	Training hours (hours)	% of trained employees	Training hours per person (hours)
<b>Overall</b>			8,311	100%	37	13,956	100%	61	18,449	100%	79
by gender	Male		7,458	100%	41	11,533	100%	63	15,650	100%	84
	Female		853	100%	20	2,423	100%	53	2,799	100%	61
by employee category	Senior management		799	100%	80	684	100%	62	603	100%	75
	Middle management		1,158	100%	53	1,126	100%	51	1,383	100%	69
	General staff		6,354	100%	33	12,146	100%	62	16,463	100%	80
<b>Number of suppliers</b>	Total		396			632			570		
by geographical region	Mainland China		341			598			554		
	Hong Kong, Macau and Taiwan		51			26			10		
	Overseas		4			8			6		



## Environment

Description		Unit	2023	2022	2021
<b>Greenhouse gas emissions</b>	Total	tonnes of CO <sub>2</sub> -e	26,544.617	25,591.084	42,156.760
	Hong Kong Headquarters	tonnes of CO <sub>2</sub> -e	108.758	69.049	59.870
	Huade Petrochemical	tonnes of CO <sub>2</sub> -e	26,435.859	25,522.035	42,096.890
	Scope I <sup>1</sup>	tonnes of CO <sub>2</sub> -e	1,200.881	1,095.857	1,574.600
	Hong Kong Headquarters	tonnes of CO <sub>2</sub> -e	11.366	5.854	6.340
	Huade Petrochemical	tonnes of CO <sub>2</sub> -e	1,189.515	1,090.003	1,568.260
	Scope II <sup>2</sup>	tonnes of CO <sub>2</sub> -e	25,283.720	24,468.948	40,565.660
	Hong Kong Headquarters	tonnes of CO <sub>2</sub> -e	42.705	46.645	44.280
	Huade Petrochemical	tonnes of CO <sub>2</sub> -e	25,241.015	24,422.303	40,521.380
	Scope III <sup>3</sup>	tonnes of CO <sub>2</sub> -e	60.015	26.280	16.500
	Hong Kong Headquarters	tonnes of CO <sub>2</sub> -e	54.687	16.551	9.250
	Huade Petrochemical	tonnes of CO <sub>2</sub> -e	5.329	9.729	7.250
	Emissions per kilotonne(kt) business volume	tonnes of CO <sub>2</sub> -e	2.221	1.966	3.350
<b>Electricity consumption</b>	Total	MWh	41,432,078.560	40,095.697	48,492.000
	Hong Kong Headquarters	MWh	60,148.000	65.697	62.000
	Huade Petrochemical	MWh	41,371,930.560	40,030.000	48,430.000
	Consumption per kt business volume	MWh	3.467	3.080	3.850
<b>Water consumption<sup>4</sup></b>	Total	m <sup>3</sup>	37,399.000	46,279.000	74,034.000
	Consumption per kt business volume	m <sup>3</sup>	3.130	3.555	5.890
<b>Diesel</b>	Total	tonnes	433.132	395.000	575.000
	Hong Kong Headquarters	tonnes	0	0	0
	Huade Petrochemical	tonnes	433.132	395.000	575.000
	Consumption per kt business volume	tonnes	0.036	0.030	0.046
<b>Gasoline</b>	Total	Litre	24,953.980	29,677.510	35,710.000
	Hong Kong Headquarters	Litre	4,005.030	2,478.870	2,342.000
	Huade Petrochemical	Litre	20,948.950	27,198.640	33,368.000
<b>Particulate matter</b>	Total	kilogramme	351.244	330.102	464.480
	Hong Kong Headquarters	kilogramme	0.152	0.080	0.060
	Huade Petrochemical	kilogramme	351.092	330.022	464.420
	Emissions per kt business volume	kilogramme	0.029	0.025	0.037
<b>Nitrogen oxides</b>	Total	kilogramme	22,134.419	20,794.765	29,325.920
	Hong Kong Headquarters	kilogramme	2.061	1.082	0.780
	Huade Petrochemical	kilogramme	22,132.359	20,793.683	29,325.140
	Emissions per kt business volume	kilogramme	1.852	1.597	2.330
<b>Sulphur oxides</b>	Total	kilogramme	634.409	582.236	870.880
	Hong Kong Headquarters	kilogramme	0.059	0.036	0.030
	Huade Petrochemical	kilogramme	634.350	582.200	870.850
	Emissions per kt business volume	kilogramme	0.053	0.045	0.069
<b>Hazardous wastes<sup>5</sup></b>	Total	tonnes	559.940	103.510	64.000
	Per oil tank repaired	tonnes	54.728	51.755	64.000
<b>Non-hazardous wastes<sup>6</sup></b>	Total	tonnes	314.727	220.190	97.000
	Per oil tank repaired	tonnes	43.407	110.095	97.000

<sup>1</sup> Scope I: Direct emissions from fuel combustion from mobile sources (e.g. vessels and vehicles) and stationary sources (e.g. boilers and stoves). Greenhouse gas emissions from both mobile and stationary sources are calculated with reference to the Greenhouse Gas Protocol Calculation Tools

<sup>2</sup> Scope II: Indirect emissions from electricity purchase. On or before 2021, emission coefficient is made with reference to the website of HK Electric Investments Limited and the benchmark emission coefficient of the PRC regional grid for emission reduction projects in 2017. On or after 2022, emission coefficient refers to the "How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange

<sup>3</sup> Scope III: Other indirect emissions outside the Company (e.g., business travel flights and paper waste disposal). Flight emissions are calculated with reference to International Civil Aviation Organization Carbon Emissions Calculator

<sup>4</sup> Water consumption in the Hong Kong Headquarters is not included as water consumption in the premises where the Hong Kong Headquarters locates is calculated on an apportionment basis, it does not reflect actual usage

<sup>5</sup> Hong Kong Headquarters did not produce any hazardous waste

<sup>6</sup> As the non-hazardous wastes produced by the Hong Kong Headquarters were relatively fewer, and there is no separate data regarding the non-hazardous wastes produced in the premises where it locates, therefore, the non-hazardous waste data does not cover the Hong Kong Headquarters

## APPENDIX

### Appendix II: Content Index

This content index has been prepared in accordance with Rule 13.91 of the Main Board Listing Rules of the Stock Exchange and Appendix C2 “Environmental, Social and Governance Reporting Guide”, with reference to the Global Reporting Initiative (GRI) Standards. In the event of any discrepancy between the disclosure requirements of the Appendix C2 “Environmental, Social and Governance Reporting Guide” of the Stock Exchange and the GRI Standards, the Appendix C2 “Environmental, Social and Governance Reporting Guide” of the Stock Exchange shall prevail.

Statement of use: Sinopec Kantons Holdings Limited has reported with reference to the GRI standards for the period from 1 January 2023 to 31 December 2023

GRI 1 used: GRI 1: Foundation 2021

Applicable GRI Sector Standard(s): GRI 11: Oil and gas sector 2021

GRI Standards	Stock Exchange Environmental, Social and Governance Guide	Disclosure Content	Reporting Chapter	Description
<b>GRI 2: General Disclosure (2021)</b>				
2-1		Organizational details	Company Profile	
2-2	Reporting Boundary	Entities included in the ESG report of the organization	About the Report	
2-3		Period, frequency and contact person for reporting	About the Report	
2-4		Restated information	Not applicable	No information has been restated for the year
2-5		External assurance	Appendix III: Independent Limited Assurance Report	
2-6		Activities, value chains, and other business relationships	Company Profile Supplier Management	
2-7		Formal employees	Human Resources	
2-8		Informal employees	Human Resources	
2-9		Structure and composition of governance	Structure and Management of Governance	
2-10		Nomination and selection of the highest governance structure	Structure and Management of Governance	
2-11		Chairman of the highest governance structure	Structure and Management of Governance	
2-12	Governance Structure	Role of the highest governance structure in overseeing the impact management	Structure and Management of Governance	



GRI Standards	Stock Exchange Environmental, Social and Governance Guide	Disclosure Content	Reporting Chapter	Description
2-13	Governance Structure	Delegation of responsibility for managing impacts	Structure and Management of Governance	
2-14	Governance Structure	Role of the highest governance structure in the ESG report	Structure and Management of Governance	
2-15		Conflicts of interest	Compliance Management	
2-16		Communication about critical concerns	Respond to Key Stakeholders' Concerns and Communications	
2-17		The Group's knowledge of the highest governance structure	Structure and Management of Governance	
2-18		Performance evaluation of the highest governance structure	Not applicable	Please refer to the Corporate Governance Report of 2023 Annual Report of the Company
2-19		Emolument policies	Not applicable	Please refer to the Corporate Governance Report of 2023 Annual Report of the Company
2-22		Statement on sustainable development strategy	Philosophy of Sustainable Development	
2-26		Mechanisms for seeking advice and raising concerns	Compliance Management	
2-27	General Disclosure of A1 – A3 General Disclosure of B1– B8	Compliance with laws and regulations	Operating Legally Respecting Stakeholders Developing Together Valuing HSSE Improving Continuously	The Group did not incur fines for major violations during the year
2-29		Methods of stakeholder engagement	Respond to Key Stakeholders' Concerns and Communication	
<b>GRI 3: Material Issues (2021)</b>				
3-1	Reporting Principles	Process for determining materiality issues	Materiality Issues Analysis	
3-2	Reporting Principles	List of material issues	Materiality Issues Analysis	
3-3	Reporting Principles	Management of material issues	Materiality Issues Analysis	



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GRI Standards	Stock Exchange Environmental, Social and Governance Guide	Disclosure Content	Reporting Chapter	Description
<b>GRI 201: Economic Performance 2016</b>				
201-1		Direct economic value generated and distributed	Company Profile	
201-2	General Disclosure of A4 A4.1	Financial impact of climate change and other risks and opportunities	Responding to Climate Change	
201-4		Financial assistance received from government	Not applicable	Please refer to the financial statements of the 2023 Annual Report of the Company
<b>GRI 202: Market Presence 2016</b>				
202-2		Proportion of senior management employed from the local community	Human Resources	
<b>GRI 203: Indirect Economic Impacts 2016</b>				
203-1		Infrastructure investments and supporting services	Not applicable	Production bases of the Group are all established on the land designated by the government for such purposes
203-2		Significant indirect economic impacts	Supplier Management Developing Together	
<b>GRI 204: Procurement Practices 2016</b>				
204-1		Proportion of expenditure on purchases from local suppliers	Supplier Management	
	B5.1	Number of suppliers by geographical region	Supplier Management	
<b>GRI 205: Anti-corruption 2016</b>				
205-1		Operations assessed for risks related to corruption	Not applicable	There was no risk of corruption at the sites of the Group
205-2	B7.2	Communication and training of anti-corruption policies and procedures	Compliance Management	
205-3	B7.1	Confirmed incidents of corruption and actions taken	Compliance Management	Zero concluded legal cases regarding corrupt practices during the year
	B7.3	Description of anti-corruption training provided to directors and staff	Compliance Management	
<b>GRI 206: Anti-competitive Behaviour 2016</b>				
206-1		Legal action for anti-competitive behaviour, anti-trust and monopoly practices	Compliance Management	



GRI Standards	Stock Exchange Environmental, Social and Governance Guide	Disclosure Content	Reporting Chapter	Description
<b>GRI 207: Tax 2019</b>				
207-1		Tax policy	Not applicable	The Group fulfills its responsibilities as a tax resident in accordance with the law
207-2		Tax governance, control and risk management	Not applicable	The Group fulfills its responsibilities as a tax resident in accordance with the law
207-3		Stakeholder participation and management related to tax concerns	Not applicable	The Group fulfills its responsibilities as a tax resident in accordance with the law
207-4		Country-by-country reporting	Not applicable	Please refer to the financial statements of the 2023 Annual Report of the Company
<b>GRI 301: Materials 2016</b>				
301-1	A2.5	Materials used by weight or volume	Not applicable	The business of the Group does not involve product packaging
301-2		Use recycled materials	Not applicable	The business of the Group does not involve product packaging
301-3		Reclaimed products and their packaging materials	Not applicable	The business of the Group does not involve product packaging
<b>GRI 302: Energy 2016</b>				
302-1	A2.1	Energy consumption within the organization	Energy Management	
302-2	A2.1	Energy consumption outside the organization	Energy Management	
302-3	A2.1	Energy intensity	Energy Management	
302-4	A1.5 A2.3	Reduction of energy consumption	Energy Management	
<b>GRI 303: Water and Effluents 2018</b>				
303-1	A2.2	Interactions with water as a shared resource	Management of Water Resources	
303-2	A2.4	Management of water discharge-related impacts	Management of Water Resources	
303-3	A2.2	Water withdrawal	Management of Water Resources	
303-4	A2.2	Water discharge	Management of Water Resources	
303-5	A2.2	Water consumption	Management of Water Resources	

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GRI Standards	Stock Exchange Environmental, Social and Governance Guide	Disclosure Content	Reporting Chapter	Description
<b>GRI 304: Biodiversity 2016</b>				
304-1	A3.1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high-biodiversity value outside protected areas	Biodiversity Conservation	
304-2	A3.1	Activities, products and services that have a significant impact on biodiversity	Biodiversity Conservation	
304-3	A3.1	Habitats protected or restored	Biodiversity Conservation	
304-4	A3.1	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity Conservation	
<b>GRI 305: Emissions 2016</b>				
305-1	A1.2	Direct (Scope I) greenhouse gas emission	Greenhouse Gas Emissions	
305-2	A1.2	Energy indirect (Scope II) greenhouse gas emission	Greenhouse Gas Emissions	
305-3	A1.2	Other indirect (Scope III) greenhouse gas emission	Greenhouse Gas Emissions	
305-4	A1.2	Greenhouse gas emission intensity	Greenhouse Gas Emissions	
305-5	A1.5	Greenhouse gas emission reduction	Greenhouse Gas Emissions	
305-7	A1.1	Nitrogen Oxides (NOx), Sulfur Oxides (SOx) and other significant air emissions	Air Pollutant Management	
<b>GRI 306: Effluents and Wastes 2016</b>				
306-3		Significant spills	Not applicable	There were no leakage incidents in the Group's operations during the year
<b>GRI 306: Wastes 2020</b>				
306-1	A1.3 A1.4	Waste generation and significant waste-related impacts	Management of Solid Wastes	
306-2	A1.6	Management of significant waste-related impacts	Management of Solid Wastes	
306-3	A1.3 A1.4	Waste generated	Management of Solid Wastes	
306-4	A1.3 A1.4	Waste transferred from disposal	Management of Solid Wastes	
306-5	A1.3 A1.4	Waste disposed directly	Management of Solid Wastes	



GRI Standards	Stock Exchange Environmental, Social and Governance Guide	Disclosure Content	Reporting Chapter	Description
<b>GRI 401: Employment 2016</b>				
401-1	B1.2	New employees and the employee turnover	Human Resources	
401-2		Benefits provided to full-time employees (excluding temporary or part-time employees)	Human Resources	
401-3		Parental leave	Human Resources	
<b>GRI 402: Labour Relations 2016</b>				
402-1		Minimum notice period for changes in operations	Not applicable	There are no significant changes to the Group's operations
<b>GRI 403: Occupational Health and Safety 2018</b>				
403-1	B2.3	Occupational health and safety management system	Health and Safety	
403-2	B2.3	Hazard identification, risk assessment and accident investigation	Safety Inspection and Training	
403-3		Occupational health services	Health and Safety	
403-4		Worker participation, consultation and communication on occupational health and safety	Labour Union	
403-5	B3.1 B3.2	Occupational health and safety training for employees	Health and Safety Safety Inspection and Training	
403-6		Promotion of worker health	Human Resources	
403-7	B2.3	Prevention and mitigation of occupational health and safety impacts directly related to business relationships	Health and Safety	
403-8		Workers covered by occupational health and safety management system	Health and Safety	
403-9	B2.1 B2.2	Work-related injury	Health and Safety	
403-10	B2.3	Occupational diseases	Health and Safety	
<b>GRI 404: Training and Education 2016</b>				
404-1	B3.1 B3.2 B7.3	Average number of hours of training per employee per year	Growing Together	
404-2		Employee skill enhancement programme and transition assistance programme	Growing Together	
<b>GRI 405: Employee Diversity and Equal Opportunity 2016</b>				
405-1	B1.1	Diversity of governance bodies and employees	Human Resources	
405-2		Ratio of basic wages and remuneration between male and female employees	Human Resources	

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GRI Standards	Stock Exchange Environmental, Social and Governance Guide	Disclosure Content	Reporting Chapter	Description
<b>GRI 406: Non-discrimination 2016</b>				
406-1		Incidents of discrimination and remedial actions taken	Human Resources	The Group received no such reports during the year
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>				
407-1		Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labour Union Supplier Management	
<b>GRI 408: Child Labour 2016</b>				
408-1	B4.1 B4.2	Sites and suppliers with significant risk for incidents of child labour	Supplier Management	
<b>GRI 409: Forced or Compulsory Labour 2016</b>				
409-1	B4.1 B4.2	Operations and suppliers with significant risk for incidents of forced or compulsory labour	Supplier Management	
<b>GRI 410: Security Practices 2016</b>				
410-1		Security personnel who received training on human rights policies or procedures	Not applicable	The Group's security personnel are all outsourced third parties
<b>GRI 411: Rights of Indigenous Peoples 2016</b>				
411-1		Incidents of violations involving rights of indigenous peoples	Not applicable	There are no indigenous peoples in all business locations of the Group
<b>GRI 413: Local Communities 2016</b>				
413-1	B8.1 B8.2	Operations with local community engagement, impact assessments and development programmes	Developing Together	
413-2		Operations with significant actual or potential negative impacts on local communities	Not applicable	The production bases of the Group are all established on the land designated by the government for such purposes, which has no actual or potential significant negative impact on local communities



GRI Standards	Stock Exchange Environmental, Social and Governance Guide	Disclosure Content	Reporting Chapter	Description
<b>GRI 414: Supplier Social Assessment 2016</b>				
414-1	B5.2 B5.3 B5.4	New suppliers that were screened using social criteria	Supplier Management	
414-2		Negative social impact in the supply chain and actions taken	Supplier Management	
<b>GRI 415: Public Policy 2016</b>				
415-1		Political contributions	Not applicable	The Group did not make a political contribution
<b>GRI 416: Customers Health and Safety 2016</b>				
416-1		Assessment of the health and safety impacts of product and services categories	Safe Production and Services Safety Inspection and Training Safety Drills	
416-2		Incidents of non-compliance concerning the health and safety impacts to products and services	Not applicable	The Group has no incidents of non-compliance concerning health and safety impacts to services
	B6.1	Percentage of total products sold or shipped that need to be recycled for safety and health reasons	Not applicable	The Group's business does not involve products
	B6.4	Quality verification process and product recall procedures	Not applicable	The Group's business does not involve products
	B6.2	Number of complaints about products and services and how to deal with them	Service Quality and Customer Satisfaction Survey	
	B6.3	Maintaining and protecting intellectual property practices	Intellectual Property Rights	
<b>GRI 418: Customer Privacy 2016</b>				
418-1		Complaints of substantiated violation of customer privacy or loss of customer information	Not applicable	
	B6.5	Consumer data protection and privacy policy, and related enforcement and monitoring practices	Information Security	

## APPENDIX

*English translation for reference only*

### Appendix III: Independent Limited Assurance Report



2024-ZAB045

#### To the Board of Directors of Sinopec Kantons Holdings Limited,

We have been engaged by Sinopec Kantons Holdings Limited (the “**Company**”) to perform a limited assurance engagement on the selected 2023 Key Data as defined below in the 2023 Environmental, Social and Governance Report (the “**ESG Report**”) for the year ended 31 December, 2023.

#### I. Key Data

In this Report, limited assurance procedures were performed on the following selected 2023 Key Data of the Company’s 2023 ESG Report:

- Scope 1: Direct greenhouse gas emissions (Tons)
- Scope 2: Indirect greenhouse gas emissions (Tons)
- Consumption of purchased electricity (KWh)
- Consumption of gasoline used in the vehicle (Litre)
- Consumption of gasoline used in the fire pump (Litre)
- Consumption of diesel used in the vehicle (Tons)
- Consumption of diesel used in the tugboat (Tons)
- Consumption of water resources (Cubic metre)
- Weight of hazardous waste generated (Tons)
- Weight of non-hazardous waste generated (Tons)
- Number of employees
- Ratio of male and female employees (%)
- Type of employment (Full time, part-time/contract)
- Employees under or at the age of 40
- Employees over the age of 40
- Number of employees in Chinese mainland
- Number of employees in Hong Kong SAR, China
- Number of senior management employees
- Number of middle-level management employees
- Number of general employees



Our assurance work was only within the scope of the selected 2023 Key Data of 2 entities, selected by the Company, i.e. the Hong Kong Headquarters and the wholly owned subsidiary Huade Petrochemical Co., Ltd. We have not conducted work at other entities. We have not performed any procedures with respect to 2022 or any other information included in the 2023 ESG Report, which is scoped out from our assurance work.

## II. Criteria

The criteria used by the Company to prepare the selected 2023 Key Data in the 2023 ESG Report are set out in the “About the Report” – “Preparation Reference” section on page 2 of the 2023 ESG Report (the “**Criteria**”), which is according to the ESG Reporting Guide, Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) by Hong Kong Exchanges and Clearing Limited (“**HKEx**”), and at the same time, they referred to the United Nations Sustainable Development Goals (SDGs), the Global Reporting Initiative (GRI) Sustainability Standards, the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and reporting standards and guidelines.

## III. The Board of Directors’ Responsibilities

The Board of Directors of the Company is responsible for the preparation of selected 2023 Key Data in the 2023 ESG Report in accordance with the basis of the reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected 2023 Key Data in the 2023 ESG Report that is free from material misstatement, whether due to fraud or error.

## IV. Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (Including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## V. Responsibilities of the Certified Public Accountants

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed on the 2023 Key Data of 2023 ESG Report.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information. This standard requires that we plan and perform our work to form the conclusion.



## APPENDIX

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The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained in a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's selected 2023 Key Data in the 2023 ESG Report had been prepared, in all material respects, in accordance with the basis of reporting. Our work is not intended to express an opinion on the effectiveness of the Company's systems and procedures. Our work involves assessing the risks of material misstatement of the selected 2023 Key Data in the 2023 ESG Report whether due to fraud or error and responding to the assessed risks. The extent of procedures selected depends on our judgement and assessment of the engagement risk. Within the scope of our work, we have performed the following procedures only in the Hong Kong Headquarters of the Company and its wholly owned subsidiary Huade Petrochemical Co., Ltd. We have not conducted work on other locations. Our procedures include:

1. Enquiry and interviews with relevant staffs of the Company involved in providing information for the selected 2023 Key Data within the 2023 ESG Report;
2. Perform analytical procedures on the selected 2023 Key Data of the 2023 ESG Report;
3. Examination on a sample basis, of documentary evidence relating to the selected 2023 Key Data of the 2023 ESG Report;
4. Recalculation on the selected 2023 Key Data of the 2023 ESG Report;
5. Perform other procedures deemed necessary.

### VI. Inherent Limitation

We draw attention of the users that currently there are no generally accepted practices to evaluate and measure non-financial information, therefore there are different measurement methods, which may impact the comparability among entities.

### VII. Conclusion

Based on the Limited Assurance Procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the selected 2023 Key Data in the 2023 ESG Report is not prepared, in all material respects, in accordance with the basis of reporting.

### VIII. Restriction on Use

Our report has been prepared for and only for the Board of Directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this Report.

#### **BDO China SHU LUN PAN Certified Public Accountants LLP**

Shanghai P.R. China

21 March, 2024