

Oriental Energy 2022 Environmental, Social and Governance Report



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ABOUT THIS REPORT

This is the first environmental, social and governance (ESG) report issued by Oriental Energy Co., Ltd. (002221.SZ, hereinafter referred to as the “Report”) to disclose the Company’s management strategies, practices and performance in the areas of environmental, social and corporate governance. Also, this report is as a method of responding to the expectations of the Company’s stakeholders.

■ Timeframe

The reporting period is from January 1st, 2022 to December 31st, 2022 (hereinafter referred to as the "Reporting Period"). The data from previous year or after the Reporting Period may be presented in this report adequately in order to enhance the comparability and completeness of the report.

■ Boundaries

Unless otherwise specified, the scope of this report covers Oriental Energy and its subsidiaries. It is consistent with the scope of the Company’s annual report.

■ Reference

Phrases	Explanation
Oriental Energy, Our Company, The Company, We	Oriental Energy Co., Ltd.
Zhangjiagang Base	Oriental Energy (Zhangjiagang) New Material Co., Ltd. Jiangsu Oriental Energy Storage Co., Ltd.
Ningbo Base	Oriental Energy (Ningbo) New Material Co., Ltd. Ningbo Baidinian LPG Co., Ltd.
Maoming Base	Oriental Energy (Maoming) Co., Ltd.
Singapore Office	Oriental Energy (Singapore) International Trading Pte., Ltd.
Ju Xi Tang	Jiangsu Ju Xi Tang Technology Co., Ltd.

■ Data Sources

The information and data disclosed in this report are derived from the Company's public information, official documents, financial reports, as well as statistics conducted by relevant functional departments etc. The currency amounts involved are measured by RMB.

■ Basis of Preparation

- Shenzhen Stock Exchange *Guidelines 3 for Self-Regulation of Listed Companies of the Shenzhen Stock Exchange*- Industrial Information Disclosure
- Shenzhen Stock Exchange *Guidelines 1 for Self-Regulation of Listed Companies of the Shenzhen Stock Exchange*- Business Handling
- Global Reporting Initiative *the Sustainability Reporting Standards*(GRI Standards)
- United Nations *Sustainable Development Goals*- Corporate Action Guidelines (SDGs)
- Task Force on Climate-related Financial Disclosures *Recommendations of the Task Force on Climate-related Financial Disclosures* (TCFD)

■ Confirmation and Approval

The Company guarantees that the report does not contain any false records, misleading statements or material omissions.

■ Report Access and Response

This report is available in both Chinese and English for readers' reference. In case of discrepancies between the two versions, the simplified Chinese version shall prevail. Your comments are valuable to us and will help us improve our ESG performance. Please feel free to contact us.

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MESSAGE FROM THE CHAIRMAN

Oriental Energy Motto

We are founded with a historic mission. We take responsibility for individuals, business and the nation: to endow the ancient nationality with more dignity, to raise the living standards for our people, and to pass on air of freedom to future generations.

We not only inherit the traditional Chinese culture, but also follow the trend of world economic development. Relying on international resources and integrating advanced concepts, technologies and facilities, we are devoted to developing clean energy and new materials.

We respect nature and the law, and follow the market rules. Our development depends on our integrity, diligence, wisdom and dedication. These merits will make us an ever-lasting legend.

We are located in a place endowed with the fine spirits of the universe. Aiming high, we attract talents from all around the world. We care for every employee. Hand in hand, we go through all twists and turns and share the fruits of international industry integration.

Our virtue is our blessing, and our diligence is our fortune. We firmly believe that by unremitting self-improvement, we will eventually become the backbone of the nation.

July 2007



KEY ESG PERFORMANCE INDICATOR

Governance Performance

Total Assets: 41.3 billion yuan	Operating Revenue: 29.2 billion yuan
Net Assets Attribute to the Parent Company: 10.3 billion yuan	Net Profit: 48 million yuan
Numbers of Meetings Held : 34	Operating Revenue: 29.2 billion yuan

Environment Performance¹

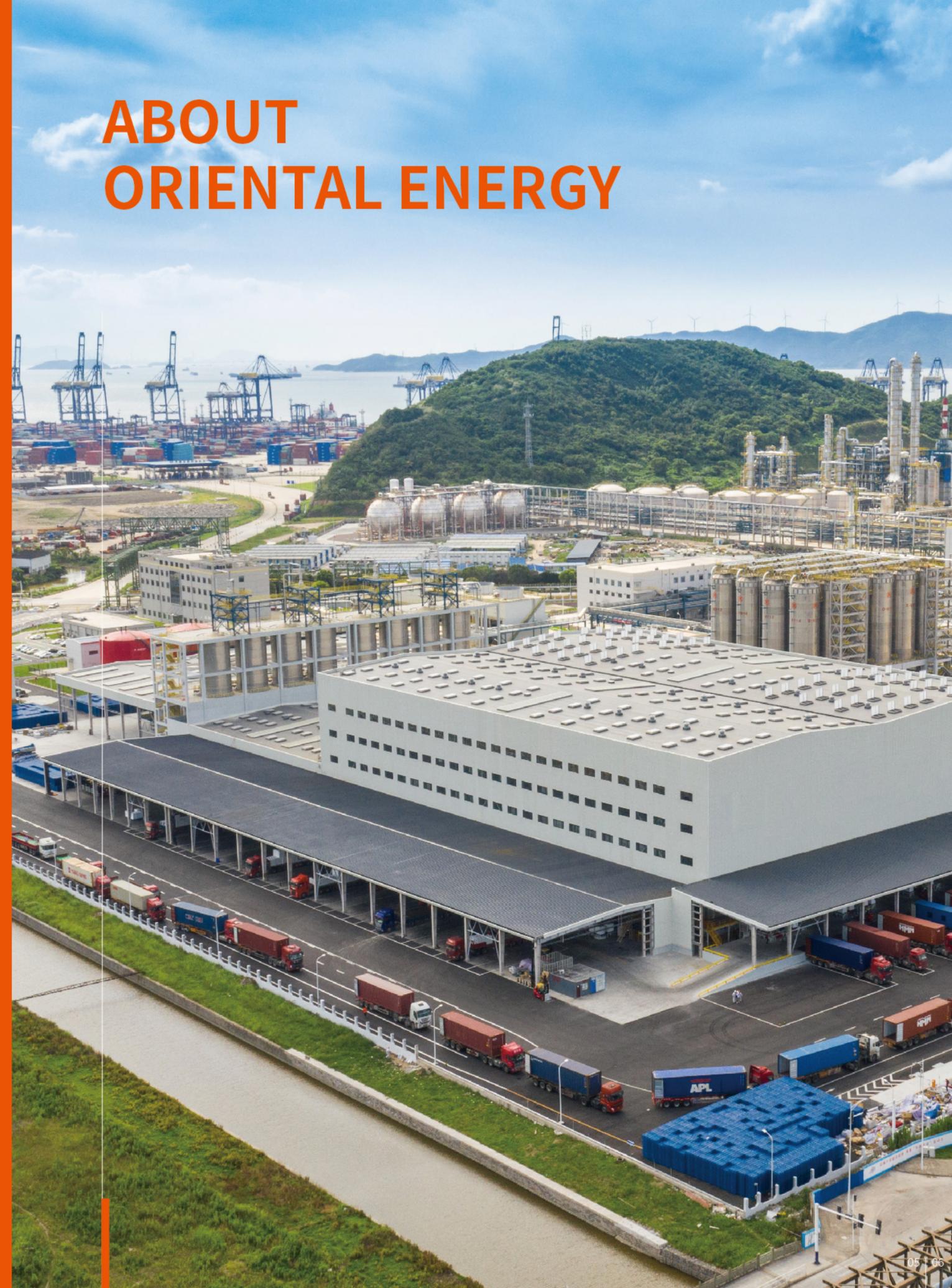
Numbers of Environmental Pollution Accidents: 0	Total Investment in Environmental Protection: 3.06 million yuan
Carbon emission density per million revenue: 160.2tons of carbon dioxide/million yuan	Industrial Water Reuse Rate: 92.6%

Social Performance

Labor Contract Signing Rate: 100%	Social Insurance Coverage: 100%
Total Numbers of Employees: 1,924	Numbers of New Employees: 368
Employee Training Coverage Rate: 100%	Numbers of Participants in Safety Training: 2,400
R&D Investments: \$143 million	Numbers of Granted Patents: 11
Customer Complaint Handling Rate: 100%	Customer Satisfaction Rate (Zhangjiagang base): >96%
Proportion of Local Suppliers: 92.2%	Numbers of Production Safety Accidents: 0
Numbers of Occupational Injuries: 0	

(1) The scope of environmental performance disclosure in 2022 is Zhangjiagang Base

ABOUT ORIENTAL ENERGY



(I) Company Introduction

Oriental Energy Co., Ltd (SZ.002221) has focused on importing, selling, and processing alkane resources since it was established. We have devoted ourselves to developing a newly emerging strategic industry by introducing the world's high-quality alkane resources into the vast Chinese market, which is supported by the good quality gas from the Middle East and shale gas from North America. After 20 years' development, it has become the world class company in LPG-related business and has been categorized among **China's top 500 company**.

As a world-class energy and chemical company, Oriental Energy owns three industrial bases in Zhang Jia Gang, Ning Bo and Mao Ming, respectively. It has also established its Singapore office which supplies raw materials so as to strictly follow the basic principle of ensuring both a good quality and a reasonable price for raw materials. By constructing an integrated platform which combines education, research and production, Oriental has devoted itself to constructing its overall industrial layout 'from the basic chemical materials and light hydrocarbon resources to new polymer materials and other materials with special properties'.

The Motto of Oriental Energy is "Respect the Nature, Benefit for the Country and People, Maintain the Reputation As a Century-aged Company, To Live and Work in Peace and Contentment". The company consistently adheres to the principles of high-quality production and eco-friendly development through its innovative technology and products. Also, the company actively pursues the harmony among company, nature, society, and its employees. Our company will take practical actions to lead to development of chemical industry and create a better life for people.

Total Asset	Operating Revenue	Net Assets Contribute to the Parent Company	Net Profits Contribute to the Parent Company
41.3 billion yuan	29.2 billion yuan	10.3 billion yuan	42.5 million yuan

Company Vision: Oriental Energy acts according to its motto: 'Respect the Nature, Benefit for the Country and People, Maintain the Reputation As a Century-aged Company, To Live and Work in Peace and Contentment'. Our company is willing to follow the development trend, live in harmony with nature, make progress together with the society, and share the joys and sorrows with employees. Practically, our company will vigorously develop clean, environmentally friendly, energy-efficient new energy and new material industries.

Company Mission: Our company aims to be an international 'lighthouse' company to shape the sustainable future for people, and to grow together with society, customers, shareholders and employees by providing a comprehensive solution for innovative, high-quality and green products.

(II) Main Business

Business Overview:

Propylene	The company is the first company to use propane dehydrogenation plant to product propylene in China. By adopting advanced technology from the United States, our company has accumulated rich experience in propane dehydrogenation production.
Polypropylene	The company takes LPG as the upstream raw material to produce propylene, then produces polypropylene to extend its industry chain.
Hydrogen	Hydrogen, a by-product of propane dehydrogenation, can be sold not only as a clean energy source, but can also be utilized to establish hydrogen refueling stations.
LPG	The company has accumulated relatively abundant LPG resources. It carries out international and domestic trade in LPG by using its own ports, terminals and ships and other advantageous assets, and operating in conjunction with its affiliated company the Matheson Group so as to optimize the efficiency of resources.

Production Layout

(1) Zhangjiagang Base

The core business of Zhangjiagang Base is divided into two main segments, Oriental Energy (Zhangjiagang) New Material Co., Ltd. and Jiangsu Oriental Energy Storage Co., Ltd. Oriental Energy (Zhangjiagang) New Material Co., Ltd. is mainly responsible for the research, development, production and sales of polypropylene and hydrogen. Currently, It owns a PDH (propane dehydrogenation) plant with the capacity of 600,000 tons/year, a PP (polypropylene) plant with the capacity of 400,000 tons/year, and a hydrogen refueling station with the capacity of 1,000kg/12h. Jiangsu Oriental Energy Storage Co., Ltd. owns a Yangtze River terminal, which includes a 20,000-ton liquid chemical berth and a 50,000 GT LPG berth. There is a LPG project with an annual output of 500,000 tons and related auxiliary, office and living facilities at the back of the wharf, this is mainly used for cargo storage service and import and export business.

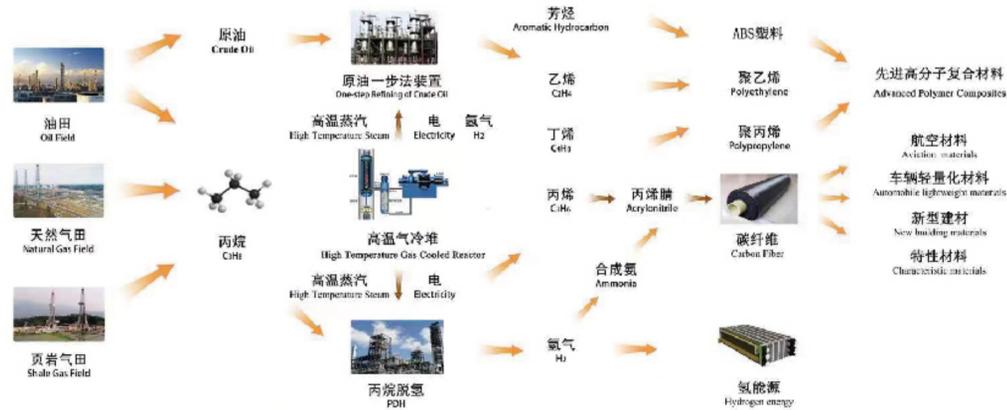
(2) Ningbo Base

Ningbo Base is divided into Oriental Energy (Ningbo) New Material Co., Ltd. and Ningbo Baidinian LPG Co., Ltd. Currently, Oriental Energy (Ningbo) New Material Co., Ltd. is the largest plant of Oriental Energy in terms of production capacity, which is mainly responsible for the research, development, production and sales of polypropylene and hydrogen. It contains two sets of PDH plants with the capacity of 600,000 tons/year, three sets of PP plants with the capacity of 400,000 tons/year, and a hydrogen charging station with the capacity of 8,000 m³/h. Ningbo Baidinian LPG Co., Ltd. has two underground storage tanks with the capacity of 260,000m³ each, which is the largest LPG storage in China now. The storage area also includes a 50,000-ton LPG terminal, a 5,000-ton terminal and 10 tanker filling stations.

(3) Maoming Base

Oriental Energy (Maoming) Co., Ltd. has already built two 50,000-ton liquefied hydrocarbons special terminals and the corresponding storage tanks at the end of May, 2023. It is expected to put a PDH plant with the capacity of 600,000 tons/year, a PP plant with a capacity of 400,000 tons/year, and a synthetic ammonia plant with corresponding ancillary facilities who has the capacity of 200,000 tons/year can into work in this third quarter. In the next step, Maoming will continue to focus mainly on the development of acrylonitrile and carbon fiber industry chain. Meanwhile, it will cooperate with China National Nuclear Corporation(CNNC) to introduce high temperature gas-cooled reactors to build a zero-carbon industrial park.

Oriental Maoming Industrial Plan

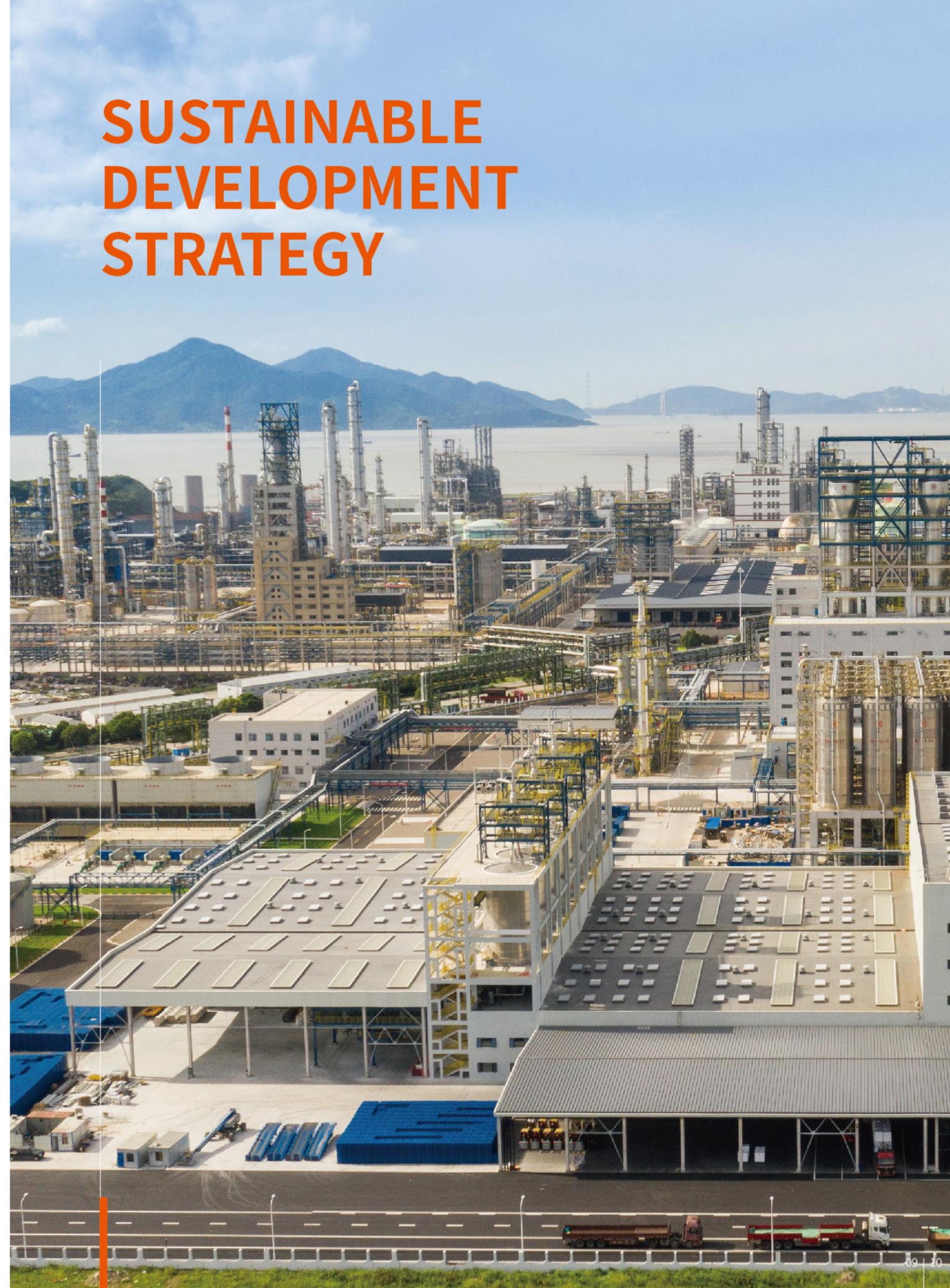


- Develop 21st-century carbon-based materials with carbon fiber as the core object and polyolefin as the base material.
- Produce basic chemicals through the processes of crude-oil one-step method, propane dehydrogenation, and dual-feedstock system of gas and oil.
- Build zero-carbon industrial park by adopting high-temperature gas-cooled reactor as the power source to fight against carbon tax.
- Creates an R&D platform for new materials through the construction of open laboratories and pilot scale production bases to attract global talents and experts to Maoming for boosting R&D process and opening start-up.

(4) LPG Trading and Transportation

The Singapore Office is a wholly-owned subsidiary of Oriental Energy. It is mainly responsible for the Group's LPG international procurement and trading. In 2020, Singapore Office withdrew from the LPG international and domestic trading business, then it focuses on the development of green chemical and hydrogen energy industries. Besides, it divested the trading business to Matheson Energy. The Singapore Office, as Oriental Energy's foreign procurement center, international trade center, logistic management center and foreign financial platform, is responsible for the international business for Oriental Energy in ocean-going logistics, international trade and capital operation. Currently, the LPG transportation business is mainly operated by Keegan Shipping Holding Pte, Ltd.

(III) Honors and Recognition



(I) Challenges and Opportunities in ESG

Considering current internal and external environment, and analyzing the challenges and opportunities faced by the company, we will continue to integrate the in-depth sustainable concepts with corporate strategic plan. Based on the United Nations Sustainable Development Goals (SDGs), the company will promote sustainable development with all relevant parties around six major areas: industrial innovation, energetic efficiency, environmental protection, health and safety, sustainable procurement, employees and society.

- In 2022, the Russia-Ukraine conflict triggered international turmoil, and the prices of raw materials rose in the first half of the year due to geopolitical and macro factors, for example, crude oil and propane. Besides, in the beginning, propylene and polypropylene market prices went all the way up and then fluctuated at a high level; then it suffered from the continued weak demand in the second half of the year. Such prices fluctuated and declined posed a greater challenge to the company.
- Carbon tariffs will soon become a new barrier to domestic petrochemical exports. The European Parliament adopted a draft amendment to the rules related to the Carbon Border Adjustment Mechanism (CBAM, also known as ‘carbon tariff’), which will impose a tariff on the carbon footprint of some products exported to the EU from 2023, including organic chemicals, plastics and other industries. Besides, the Clean Competition Act (CCA) introduced by the United States is gradually developing. Also, ‘climate club’ formed by developed countries defines ‘carbon’ as the key factor to affect national trade, such changes would squeeze the profit margin of chemical exports, and how to deal with green trade barriers will become a major issue for our company.
- Under the competitive international environment, lack of supply in key materials and high-end equipment need to be solved in the first. It is inevitable to accelerating the localized new materials. Especially, the petroleum and chemical industry are the most important areas, where various large-scale and high-end equipment is the major use, therefore, localized key equipment and independent research in new materials and applying process seem to be more urgent.
- ESG investment concept has been gradually integrated into the mainstream investment strategy. Since the capital market pays great attention to company’s ESG performance, green development in the industry has become an inevitable choice.
- Because the global basic petrochemical industry has been shifting from heavy oil components to lighter raw materials, the production of olefin from coal might face more strict supervision. Also, as low-emission new materials and technology have become a major trend, we need to promote more efficient and energy-saving equipment, more innovative clean technology and green process, and develop an integrated recycling industry chain. In addition, the eco-friendly and low-carbon transformation chemical industry is a necessary choice to help the country achieve the goal of carbon neutrality. Therefore, the breakthrough in new technology and application is an important foundation for promoting chemical industry’s green transformation.
- In recent years, as China’s carbon peak carbon neutral “1+N” policy system has been improved, high energy-emission and carbon-emission projects have strictly practiced the policy of replacing equivalently or reducing backward production capacity. While coal power, petrochemical, coal chemical and other industries have implemented capacity control. The chemical industry, as a key area of energy saving and carbon emission reduction, needs to make full use of various means of emission reduction, and directly faces the risk of fundamental changes in industrial structure, upstream material structure and energy-consuming structure under the pressure of carbon reduction.
- With the fast growth of the production capacity of propane dehydrogenation plant in China, the era of propylene surplus is coming. Therefore, its price will gradually deviate from the influence of oil prices and will be determined more by its own supply. In addition, the industry is facing many challenges at the same time such as cost, technology, process and competition from alternative energy sources, and high-end upgraded, technical, and differentiated have become the new direction of industry development.

Actions to address the risks:

- The Company will gradually enhance its innovation capability and rule-setting power in technology crafts through independent R&D (Research and Development) or joint R&D. Then it will extend its downstream industrial chain to cope with the current imbalance between supply and demand in the market.
- The company actively embraces changes. We take advantage of Maoming’s port, land, industrial basis, environmental capacity and policy environment. Besides, our company will cooperate with China National Nuclear Corporation(CNNC) to introduce high-temperature gas-cooled reactors to jointly build a zero-carbon industrial park. Our company also has been working with Honeywell to produce sustainable bio-coal (SAF) using hydrogen and gutter oil, which will significantly increase the utilization value of hydrogen and reduce carbon emissions.
- Our company has a deep layout of acrylonitrile and carbon fiber industry chain. As high-performance carbon fiber and composite materials are classified as key strategic materials in the technology roadmap of ‘Made in China 2025’ key areas. We expect to achieve secondary transformation and leapfrog development.
- The company has gradually improved its internal sustainability governance structure by sorting out its own sustainability strategies and plans, and regularly publishing sustainability reports in order to respond to the concerns of various stakeholders, attract talents and partners who agree with the ESG concept, and build a sustainable enterprise that assumes social responsibility.



(II) Green Industry Layout and Practice

In recent years, China has been vigorously promoting green development and implementing three major action plans: the prevention and control of air, water, and soil pollution. Our company has adhered to the development strategy proposed by the 14th five-year plan, consisting of endogenous growth and external business splitting. We comprehensively laid out the upstream and downstream of the industrial chain, shifted production to clean energy, and constantly improve our environmental management. By changing the energy structure and implementing the energy saving and emission reduction, we will reduce our environmental footprint and contribute to the realization of the ‘double carbon’ strategic goal.

Target pillar	Actions in 2022
Combined heat and power plants	<ul style="list-style-type: none"> The company has advanced technology in the field of cogeneration which promote energy-efficient technology for waste heat utilization so as to improve energy utilization efficiency and reduce energy costs. The steam waste heat project, which utilizes energy efficiency more than 60%, can reduce external electricity consumption by 3,000kw per hour and is expected to be put into operation at the end of 2023.
Energy saving and carbon emission reduction	<ul style="list-style-type: none"> The company uses industrial waste heat, waste pressure, and grid heat exchange to improve energy efficiency and achieve carbon emission reduction goals by maximizing the utilization of its own hydrogen production. The company reduces energy consumption by adopting highly efficient equipment through energy-saving transformation. Ningbo base managed to save energy consumption of 50,000 tons of standard coal by adopting energy-saving technology, Zhangjiagang Base managed to save energy consumption by 75kw per hour through energy-saving upgradation of circulation pump, which adopts polymer nanomaterials to reduce obstruction and improve fluidity.
Health protection	<ul style="list-style-type: none"> The company continuously improve its policy to protect employees' rights and interests, strengthen employee welfare, help employees seek for promotion and personal development, and protect employee communication and freedom of speech. The coverage rate of employee health checkups in Oriental Energy has reached 100%, occupational health checkups and exit checkups are given to special positions; 100% of the employees have passed GB/T45001-2018 occupational health and safety management system certification, and PDCA optimization operation is continuously carried out.
Quality products	<ul style="list-style-type: none"> The company carries out the products whole life cycle management, and all of our products have passed the GB/T19001-2016 quality management system certification. The company promotes external university cooperation and increases its R&D efforts.
Green finance	<ul style="list-style-type: none"> The company will actively explore green finance, connect with domestic and foreign financial institutions that are deeply involved in green finance, sort out financing solutions in corporate green finance and sustainable finance.

(III) Sustainable Management Structure

The company has fully integrated environmental, social and corporate governance (ESG) into its development strategy and business, and established its ESG management system, additionally, it prepares to set up sustainability strategy committee in 2023 to translate the company's sustainability philosophy and commitment to stakeholders into concrete actions.

Decision-making layer	Members of the Board of Directors and the Supervisory Board participate in the deliberation and decision-making on major ESG affairs, including the formulation of relevant strategies and the special consideration of annual ESG reports.
Organization layer	The Directors Board Office is responsible for managing company's ESG, including coordinate ESG-related affairs, the collection of ESG-related performance information, ESG reports, and interaction with ESG investors.
Implementation layer	The different departments in the company are responsible for various ESG issues themselves, continuously deepening ESG-focused practices, and regularly reporting relevant management initiatives, performance indicators and outstanding cases.

(IV) Sustainable Development Strategy Objectives

Sustainable Development Strategic Objectives:

To be an international 'lamp tower' company, we are dedicated to shaping a sustainable future for humanity by providing innovative, high-quality, green products and comprehensive solutions in the energy and chemical industry, then growing together with society, customers, shareholders, and employees.

Strategic Planning for Sustainable Development:

The company pay high attention to the construction of informational technology, actively embraces the industrial Internet, then implements the "Industry + Internet" sales model. Besides, the company established an industry-leading e-commerce platform called "Ju Xi Tang" (polyene hall) in 2017, which aims to efficiently integrate the business, capital, information and storage logistics of the plasticizing industry chain. In 2023, we will put the international version into service to further explore the international market, and strive to make the "Ju Xi Tang" platform into an influential integrated service operator in the field of plastic and chemical.

The company holds green, eco-friendly, and carbon-free development concepts. Based on the Yangtze River Delta and the Pearl River Delta, two important markets for polypropylene materials, the company aims to

develop high-end new polypropylene composite materials and hydrogen energy, and actively construct Ningbo and Maoming Bases into two important production bases to produce new materials and generate hydrogen energy. Additionally, relying on the Maoming city's comprehensive advantages on port, land, industrial base and environmental policies etc., the company plans to build 'carbon-free' demonstration base in Maoming. The company will conceive a profound layout of the acrylonitrile and carbon fiber industry chain so as to realize industrial transformation and upgradation, and to become the world-class, safer and more advanced polymer material manufacturer.

Oriental Energy bravely undertakes social responsibility and tries to transform the value advantage into new connotation of high-quality development, concentrates on creating a better home, cooperates with others to promote a win-win situation, and always adheres to the highest national requirements, the strictest standards and the most detailed measures in protecting the environment. Moreover, the company consolidates and expands the achievements of poverty eradication while effectively connecting with rural revitalization. It encourages each base to coordinate with their respective local counterparts in regard to poverty alleviation and charity work in order to help achieve the national strategic goal of common prosperity. The company always insists to being a private company which actively practices social responsibility.

Sustainable Development Strategy Actions:

1. Gradually expand the disclosure scope of sustainability reports. We promise we will disclose all of the key ESG information of Oriental Energy (including headquarter and all of the bases) Group by 2025.
2. Continuously pay attention to company's ESG ratings by various ESG rating agencies such as Morningstar and WIND. We promise we will improve our ESG ratings by gradually enhancing our management and disclosure standards.
3. Comprehensively promote carbon emission investigation work by examining the carbon emitted from Zhangjiagang and Ningbo base. We promise we will further promote the reduction of production energy consumption so as to reduce the carbon emission density per unit of revenue.
4. Set up ESG admission conditions for suppliers. We promise we will reach a 100% ESG admission condition for core suppliers by 2025. Besides, we will pay attention to suppliers' sustainable-related indicators, for example, the operational stability, negative public opinion, energy savings and emission reduction etc.
5. We promise we will maintain non-occurrence in major safety accidents, major environmental pollution accidents, major violations and work-related death to be 0.

(V) Stakeholder Engagement

Stakeholders Communication

Oriental Energy is always committed to creating greater value for shareholders, customers, employees, partners, and other stakeholders. Through establishing an effective communication mechanism, the company guarantee the right of stakeholders to know and participate, and improve the understanding and recognition of the company by stakeholders. Through practical actions, the expectations and focuses of

stakeholders are incorporated into the corporate strategy and operation management, this will ensure the information disclosed are accurate and standard. Besides, the trust and collaboration between stakeholders and Oriental Energy is enhanced, which facilitate to achieve a harmonious and win-win situation.

Stakeholder Communication Method:

Stakeholders	Topics of Concern	Communication Method
Governments and Regulators	<ul style="list-style-type: none"> · Compliance with National Policies and Regulations; · Anti-corruption and Business Ethics; · Environment Management; · Environment protection and local pollution; · Climate Change and Carbon Management; · Water Resources Management; · Energy Efficiency; 	<ul style="list-style-type: none"> · Regular Reporting; · Project Approval; · Participate in Policy-making and Investigation; · Regularly Publish Sustainability Reports;
Stockholders/ investors	<ul style="list-style-type: none"> · Compliance Management; · Anti-Corruption Initiative; · Risk Prevention and Control; 	<ul style="list-style-type: none"> · General Meeting of Shareholders; · Roadshow Events; · Remote Special Meeting; · Investor Issues; · Information Disclosure;
Customers	<ul style="list-style-type: none"> · Product Quality; · Sustainable Products and Solutions; · Customer Health and Safety; · Customer Satisfaction; · Information Security; 	<ul style="list-style-type: none"> · Customer Service Platform; · Customer Satisfaction Survey; · Customer Meetings and Interviews; · Collect Customer Opinions; · Handle Customer Complaints;
Suppliers	<ul style="list-style-type: none"> · Suppliers Management; 	<ul style="list-style-type: none"> · Supplier Assessment and Verify; · Suppliers Training;
Employees	<ul style="list-style-type: none"> · Occupational Health and Safety; · Safety Management; · Safety Training; · Decent Working Conditions; · Training and Career Development; 	<ul style="list-style-type: none"> · Congress of Employees; · Employee Training; · Organize Employee Activities; · Employee Satisfaction Survey; · Collect and Respond to employees' Opinions and Suggestions;
Community	<ul style="list-style-type: none"> · Community Involvement; · Chemicals Management; · Pollution Prevention; · Biodiversity Conservation; 	<ul style="list-style-type: none"> · Public Open Day; · Public Service Activities; · Community Communication;
Industry associations/ Partners/ Scientific Institutions	<ul style="list-style-type: none"> · R&D and Business Innovation; · Intellectual Property Protection; 	<ul style="list-style-type: none"> · Participate in Industry Development Forums; · Participate in Standard-making; · Conduct Strategic Cooperation;

Material Issues Analysis

Based on the communication with stakeholders about the relevant demands and concerns on various industrial chain links, the company identified 35 material issues that are of great importance to the company, including environmental, social and governance issues. We have done in-depth research and analysis of the domestic and foreign development situation of the chemical industry, national macro policies, and the requirements of relevant domestic and foreign standards, the company's strategy and core competitiveness. We received 35 valid questionnaires from external stakeholders and 236 from internal employees in 2022.

Through statistical analysis, the importance ranking of those issues was ranked according to two dimensions: "the degree of stakeholders concern" and "the importance of economic, environmental and social impacts", then the Board of Directors verified the ranking results according to the latest development strategy of the company. Finally, the following analysis matrix of material issues is formulated to determine the key disclosure information of this report.



01. Corporation governance	14. Salaries and employees' welfare	27. Innovation of forms of charitable activity
02. Stable operation	15. Employees training and occupational development	28. Establishment of the charitable platform and empowerment of charitable organizations
03. Compliant operation	16. Diversified company's cultural atmosphere	29. Fair competition
04. Stable sales growth	17. Good working environment	30. Environmental and social risk evaluation of suppliers
05. Information disclosure	18. Employees communications	31. Promotion of co-development of partners
06. Implementation of supervision policies	19. Lead to regional economic development	32. Tackling climate change
07. Product quality improved	20. Care for underprivileged groups	33. Reduction of environmental pollution
08. Customers satisfaction	21. Help for poverty alleviation	34. Reduction of energy consumption
09. Intellectual property	22. Promotion of fair education	35. Promotion of environment protection
10. Green industry optimization	23. Protection and education of juveniles	
11. Realization of carbon neutrality	24. Protection of intangible cultural heritage	
12. Production efficiency improved	25. Promotion of industrial development	
13. Protection of basic rights	26. Active promotion of charitable cooperation	



Questionnaires for external stakeholders



Questionnaires for internal stakeholders

Scan QR code for Oriental Energy Sustainability Status Questionnaire

I. SHOULDER AN MISSION OPERATE IN COMPLIANCE MOVING STEADILY TO THE FUTURE

5 GENDER EQUALITY



10 REDUCED INEQUALITIES



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

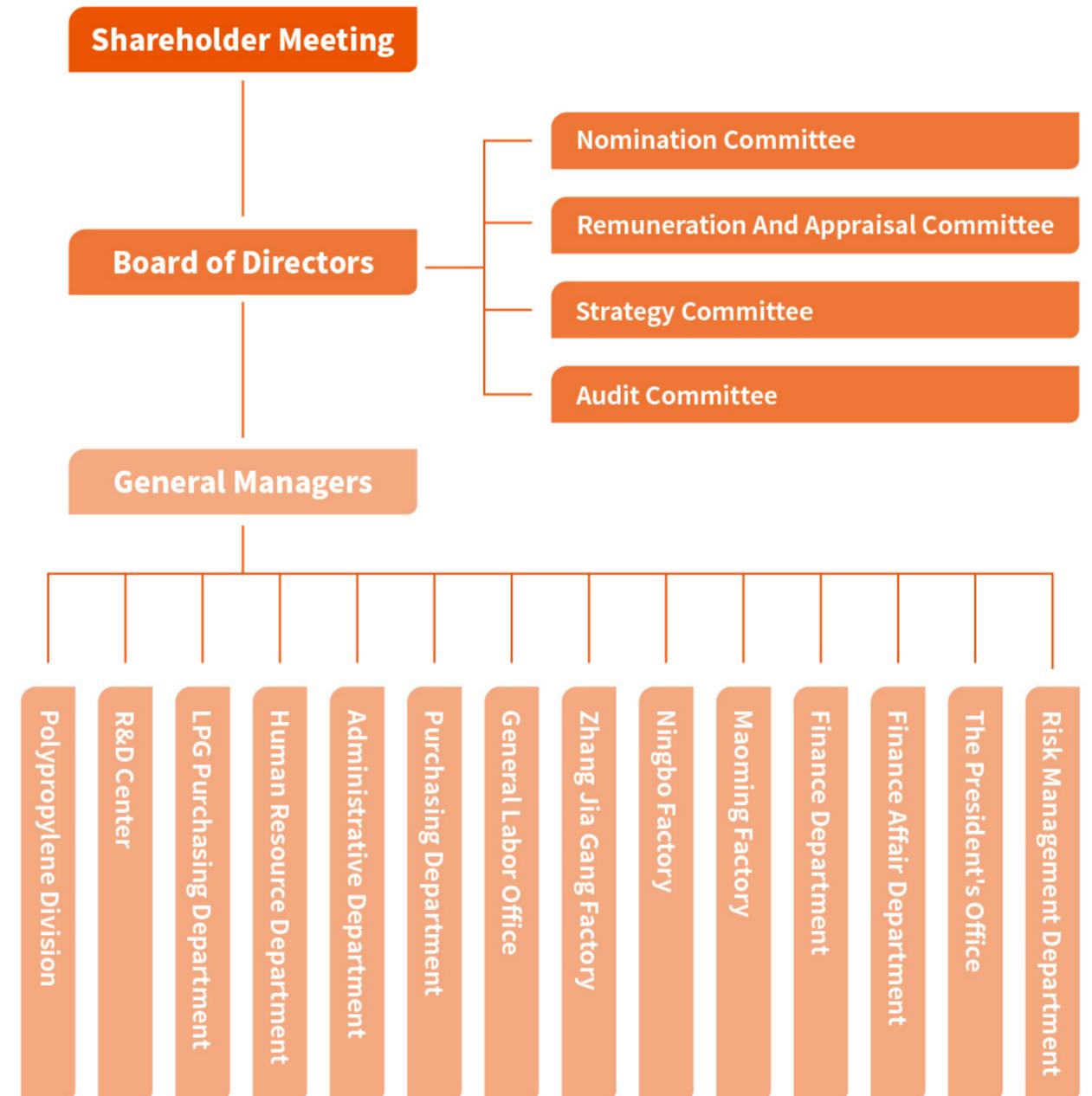


(I) Equity Structure



(II) Governance Structure

Oriental Energy strengthens the standardized construction and operation of the Board of Directors in strict accordance with the Company Law, the Securities Law, the Code of Governance for Listed Companies, the Rules for the Listing of Stocks on the Shenzhen Stock Exchange and relevant laws and regulations of the CSRC (China Securities Regulatory Commission). Also, it reinforces the central role of the Board in decision-making, improves scientific and accurate decision-making and governance. At the same time, external independent institutions are engaged in conducting external audits for the Company and assist in optimizing the Company's internal governance in order to protect the rights and interests of shareholders and other stakeholders, create value for shareholders in the long term and promote sustainable corporate development.



Meetings held in 2022

General Meeting of Shareholders	Board of Directors	Board of Supervisors
8 times	16 times	10 times
Approved 22 resolutions	Approved 98 resolutions	Approved 22 resolutions

General Meeting of Shareholders

In 2022, the Company formulated the Rules of Procedure for Shareholders' Meeting in strict accordance with the Company Law, the Securities Law and other relevant laws and regulations and the Articles of Company. It held general meetings of shareholders according to various rules, adhered to the principle of equality of all shareholders and ensured the rights of all shareholders to know, participate and vote in the Company's affairs. Meanwhile, the Company disclose the resolutions and legal opinions of shareholders' meetings in accordance with regulatory requirements in a timely basis.

Board of Directors

The Company formulated the Rules of Procedure of the Board of Directors in strict accordance with the Company Law and other laws and regulations and the Articles of Company. The Board worked for fiduciary duty diligently, they acted in good faith and avoid conflicts of interest. The Company has fully considered the independence and diversity of the Board. The current Board have a reasonable professional structure, including professionals in the chemistry, finance, strategic research and other fields. The members of the Board actively promote the development of Company's business, improve Company's operation and governance, and effectively safeguard the long-term and stable development of the Company.

The Board of Directors is composed of 7 directors

1 female director

3 independent directors, account for more than 1/3 of total members

The Board of Directors currently has four special committees, Audit Committee, Nomination Committee, Remuneration and Appraisal Committee, and Strategic Committee. Those committees perform their duties in accordance with the provisions of the Articles of Company and the implementation rules from each special committee. They provide suggestions for the Board of Directors, and assist in improving the operational efficiency of the Board.

In addition, another special committee called **Sustainability Development Committee is planning to develop in 2023.**

	Audit Committee	Oversee and evaluate internal and external audits, propose the hiring or changing the external auditors, and coordinate internal and external auditing works; review the Company's financial information and disclosure; oversee and evaluate the Company's internal controls.
	Remuneration and Appraisal Committee	Make the appraisal standards and recommendations of directors and senior management; research and review the remuneration policies for directors and senior management.
	Strategic Committee	Research and make recommendations on the Company's long-term development strategy and major investment decisions.
	Nomination Committee	Research and make recommendations on the selection criteria and procedures for directors and senior management; select qualified candidates for directors and senior management; review and make recommendations on the candidates for directors and senior management.

Board of Supervisors

The Board of Supervisors supervises the business in accordance with the Company Law, the Code of Governance for Listed Companies and other relevant laws, regulations and normative documents as well as the Articles of Company and the Rules of Procedure of the Board of supervisors in order to safeguard the legitimate rights and interests of Company, its shareholders and creditors and guarantee the healthy development of the Company. **The Board of Supervisors is composed of 3 supervisors, 1 female supervisor.**

(III) Information Disclosure and Investor Relations Management

Information Disclosure

The Company strictly complies with the laws and regulations such as Shenzhen Stock Exchange Guideline 5 for Self-regulatory Guidelines of the Listed Companies Management: Information Disclosure Matters, ensure high-quality information disclosure, comprehensively know all the provisions of related information disclosure, formulates and continuously improves the Information Disclosure Management System and other systems. The Company discloses relevant information to all investors and the public in a true, timely, accurate and complete manner to ensure that all investors have equitable access to the Company's information and fully understand the Company's operation situation, financial position, and material matters in time.

The Company strictly fulfilled its disclosure obligations and was not punished for any violation in 2022.

Investors Relationship Management

Oriental Energy attaches great importance to investor communication, and strives to build a harmonious and trustful relationship between the Company and investors. In accordance with relevant laws and regulations such as the Guidelines for Investor Relations Management of Listed Companies and the Articles of Company, the Company has formulated and strictly followed the Measures for Investors Relationship Management to carry out investors relationship management. Additionally, the Company actively pays attention to the issues, opinions and suggestions from investors in order to improve the Company's value and maintain a good image in the capital market.

The Company continues to strengthen communication with investors, actively carries out investor activities, and increases the frequency and quality of communication. With the help of the Company's official website, the SZSE Easy Q&A, investor calls and performance meetings, the Company can listen to the investors' questions and carefully reply. Thus, the Company can always ensure smooth communication channels with investors and provide investors and the market with true and effective information.

Actions and Performance



(IV) Strengthening Party Construction

Oriental Energy insists on taking Xi Jinping Thoughts on Socialism with Chinese Characteristics for a New Era as its guide, insists on implementing the spirit of important instructions and instructions from the President Xi Jinping and the major decisions and deployments of the Party Central Committee. Under the leadership of the Party Committee of the Company, the Party building work has been transformed into the driving force of the Company's operation and development, therefore, Oriental takes advantages of Party building into the productivity, competitiveness and cohesion of the Company. The organizational structure of Oriental Energy Party Committee is localized management, with 3 party branches in 3 bases and total 110 party members in service.

The Company's Party Committee closely focuses on the goal of serving the production and operation of the Company. It takes the primary branches as the 'front' and performance-based management as the 'grasp', then actively explores the effective ways to carry out party building work in non-public Company under the new situation. It also integrates the party-building work into the production and operation management, and creates a new situation of party building in non-public Company.

Enrich party-building activities:

Consciously practice the original aspiration by engaging in low-carbon green activity



Carry forward the great revolutionary spirit, remember the martyrs and visit the martyrs' cemetery



Strengthen party learning, highlight the "safety"





(V) Risk Management

Oriental Energy strengthens internal scrutiny and risk management, realizes the goal of transforming from value protection into value enhancement through abiding social ethics, business ethics and market rules. The Company has revised the Risk Management Regulations, Internal Control Management Regulations, Internal Audit System and other systems to improve the overall risk management and internal control. Besides, the Company has established a digital management system for risk control and has realized the full coverage of smart risk control management from construction in progress to products. Moreover, the Company adopts three “lines of defense” against risks, including the business department, management department, and the audit and inspection department, so that the coherence of work and system of information sharing can be strengthened, and the risks are controlled through ‘before, during, and after’ system. The Company organized the headquarters and its subordinates to carry out comprehensive internal control in 2022.

The Company conducted a comprehensive and effective self-examination for internal control in 2022, which covers 100% of the Company’s business. **No major operational risks occurred.**



The Company organizes a comprehensive risk identification and assessment at the beginning of each year, including all possible risks in the environmental, social and governance fields. Besides, it arranges annual training for corresponding employees on engineering project auditing, internal control, bidding and procurement management, and official environmental and safety management. Special-purpose risk identification and assessment for overseas investment projects are initiated before the decision-making process on major affairs.

Internal Audit System:

Fiscal Auditing	Including asset auditing, expense cost auditing, investment efficiency auditing and other internal audit supervisions on related financial activities, economic performance and internal control.
Responsibility Auditing	Conduct responsibility auditing on managers who carries on financial responsibilities in various departments of the Company to strengthen management and improve the economic efficiency of the Company.
Contract Auditing	Implement a record system for the Company’s bulk material procurement contracts, product sales contracts and leasing contracts, etc. The Company inspect them from time to time, and conduct internal audit supervision on existing problems and non-compliance with regulations.
New construction project or technological improvement project auditing	Conduct internal audit supervision on the budget, final accounts, implementation of project contracts, application of funds and violations of rules and regulations of new projects and technical transformation projects.
Internal control auditing	Including the implementation of internal control in the internal operation and management of the Company such as capitals, materials, procurement, production and marketing. Also, it supervises to establish a sound and complete internal control system for the Company.
Economic efficiency audit	Carrying out internal audit supervision for external investment and profit distribution.
Special-purpose Auditing	Conduct special-purpose audit investigations on specific affairs related to the economic activities of the Company, and audits the relevant individuals or departments of the Company.
Exit Auditing	Carry out internal audit supervision of senior managers (above the deputy level of each departments) , including their duty of cares, economic activities and personal income during their tenure if they leave or are reassigned.
Other audit tasks assigned by the Board of Supervisors and the Audit Committee of the Board of Directors	

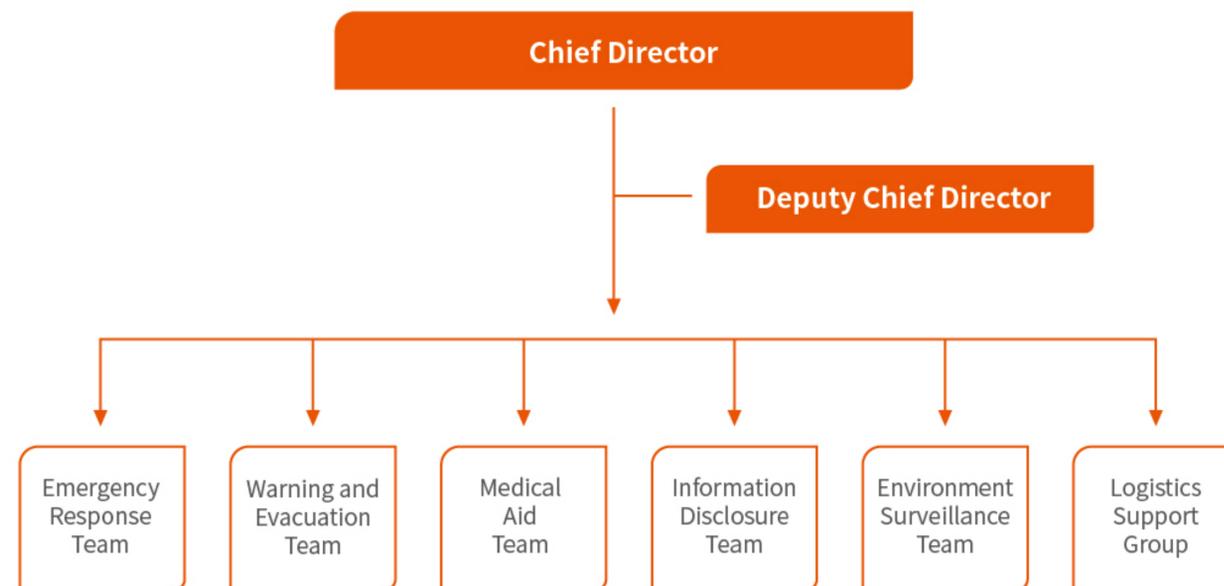
Consolidate Safety Management

As a Company producing hazardous chemical substance, Oriental Energy takes safety work as the most important issue. It conscientiously implements safety production regulations and relevant decisions and deployments of superiors. Each level of employees sign a letter on production safety responsibility to realize "responsibility to the post". The Company continue to promote the construction of safety production standardization, annual self-assessment and continuous improvement in risk management. Besides, it innovated its safety supervision mode and has been taking sound risk management effective elimination of potential dangers and strong management of production as its guiding principle. Each base carries out a regular safety meeting once a month and a regular management meeting on every Wednesday to ensure safety prevention and management. As for front-line employees who are in special positions, they are given 3-6 months of training including safety knowledge education before working. In addition, the Company has improved the mechanisms of self-inspection on safety production, supervision and inspection from supervisors, rectification of potential dangers and other works to continuously enhance the ability of risk prevention. For external contractors of construction in progress, the Company strengthens their safety management, for example, they will give penalty, education and train the contractors happens safety problems. If safety accidents happens again, the Company will terminate cooperation with that contractor.

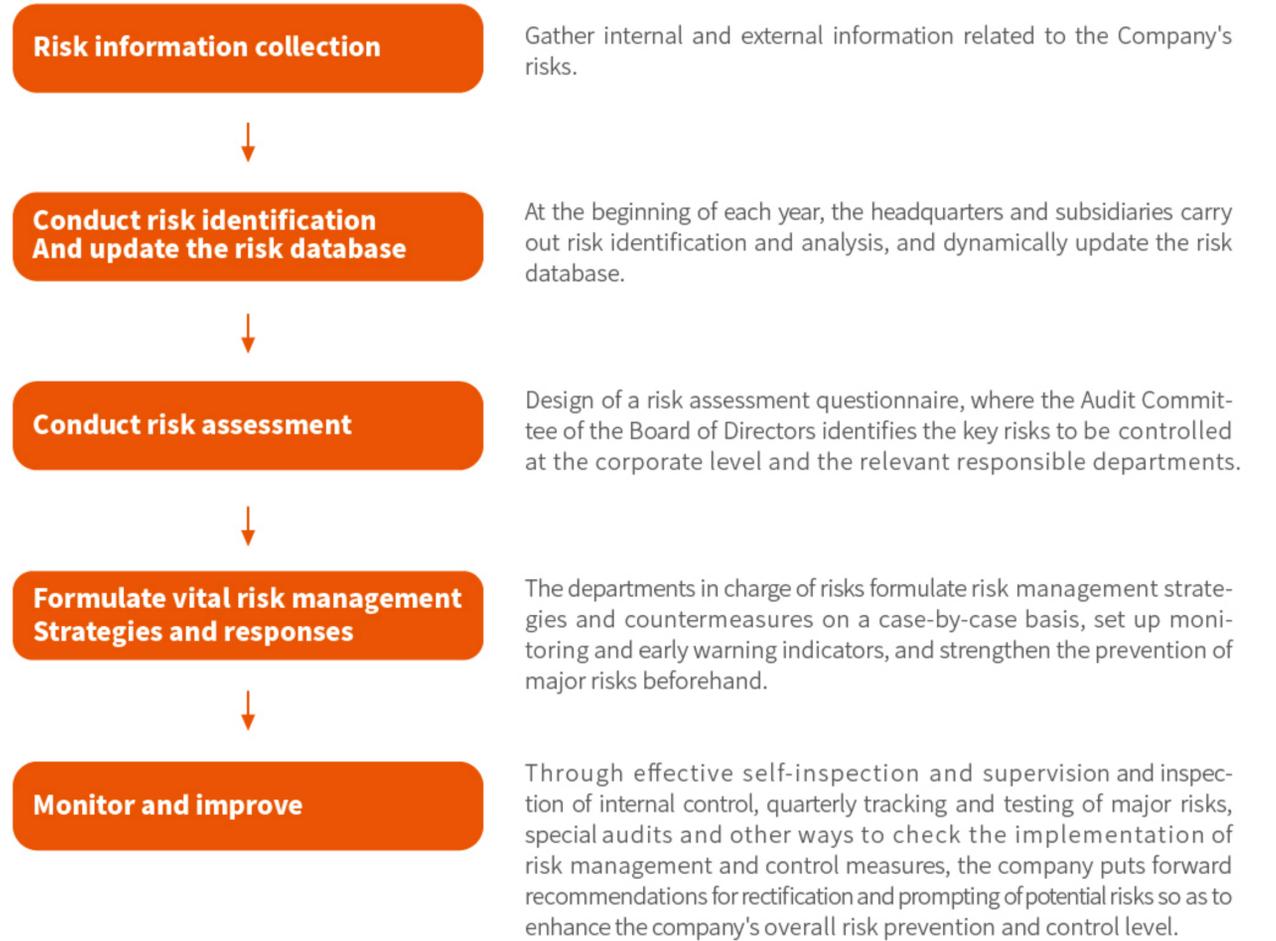
By the end of 2022, Oriental Energy had 19 registered safety engineers, more than that required by the government.

Improving emergency response capability

Oriental Energy attaches great importance to emergency management, adheres to the principle of "prevention is the main concern, prevention should be incorporated with emergency". It constantly improves the emergency management mechanism and establishes an emergency command to handle the safety production problem.



The Process of Company's Risk Identification, Assessment and Control:



(VI) Compliance

Oriental Energy has always adhered to the rule of law and the principle of compliance. It closely focused on its own reformation, development and operation. On the basis of improving the corporate governance system, strengthening the operation and management of legal compliance as the central point, and improving the legal management ability of Company as the starting point, the Company put efforts to make a compliance management system that covers all business branches, fields and process. The Company also regularly arrange and strictly abide by all applicable laws, regulations and industry norms. Additionally, the Company regard compliance with laws and regulations as the basic bottom line and continue to carry out compliance management in aspects of labour employment, resource conservation, production safety and environment protection, so as to effectively improve the level of its compliance management .

The Company totally conducted 4 compliance training and no major violations occurred in 2022.

(VII) Anti-fraud and Anti-Corruption

Oriental Energy strictly complies with anti-corruption and anti-bribery related laws and regulations, regulations and integrity and anti-corruption related commitments of the Company and its business partners. It continuously improves the anti-corruption compliance system and management procedures, and resolutely eliminates all forms of corruption. The Company has strengthened the culture of integrity and strives to prevent corruption from the source.

The Company actively fulfills its commitment to clean practices, signs a letter of commitment to clean employment with employees, strengthens supervision and management of personnel in key processes and positions. Moreover, the Company signs an Integrity Agreement with all suppliers and carries out anti-bribery and anti-corruption works in all aspects, from grassroots positions to senior manager and business partners.

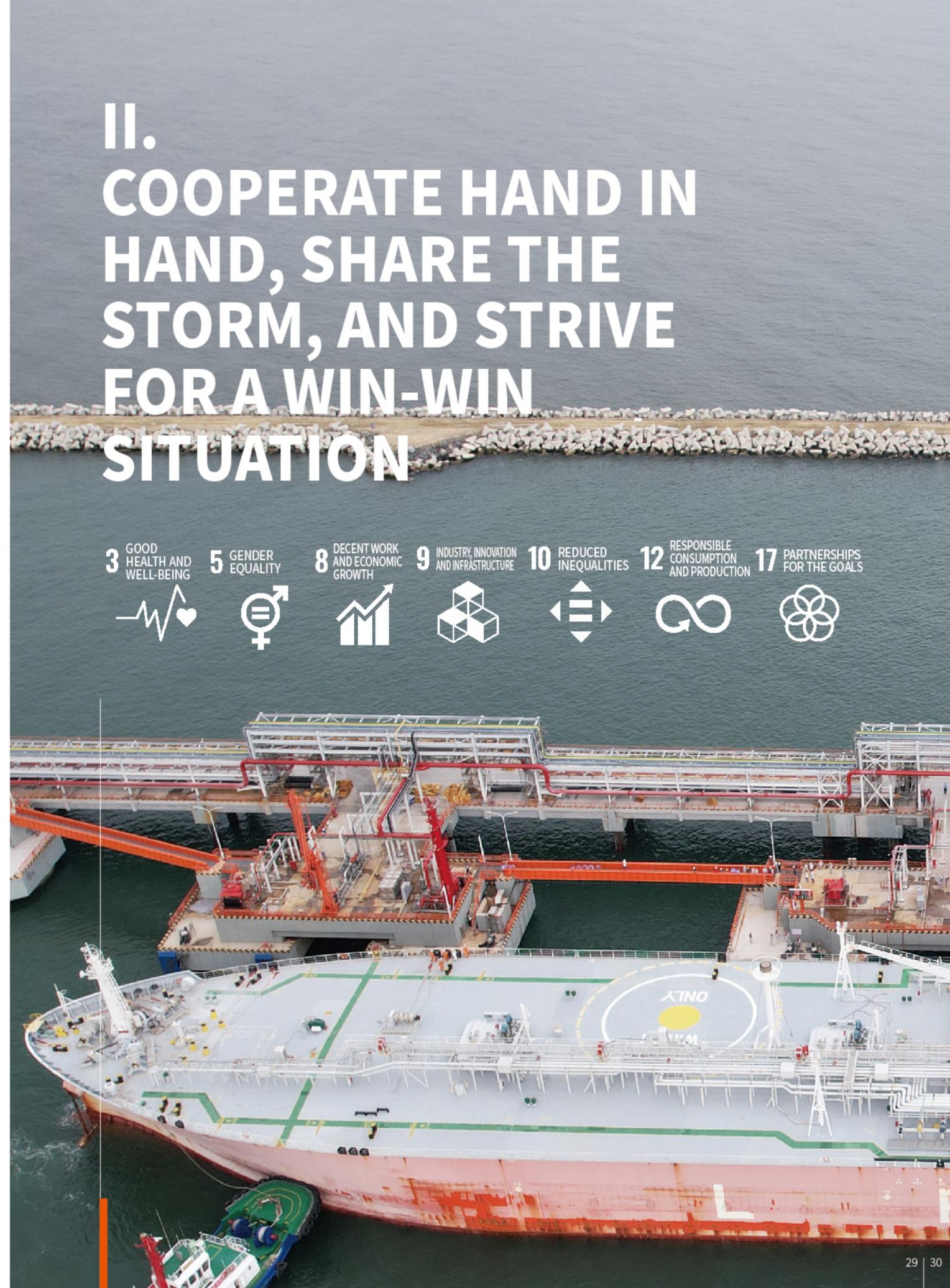
In 2022, the Company improved the list of key tasks of party style construction, clean government construction and anti-corruption. The overall risk is controllable and under control. Therefore, there is no major violation on integrity management, no corruption and no corruption litigation case.

The Company has opened email for complaints and tell the phone numbers of managers to employees to encourage report and expose corruption. Through strict implementation of information protection for whistle blowers, the acceptance and investigation of whistle blowers and other aspects have been kept in the strictest confidence, and no one is allowed to disclose whistle blower information.

Complaint number	025-86819806
Complaint Email Address	dhe.ts@chinadhe.com



II. COOPERATE HAND IN HAND, SHARE THE STORM, AND STRIVE FOR A WIN-WIN SITUATION



(I) Responsible Products

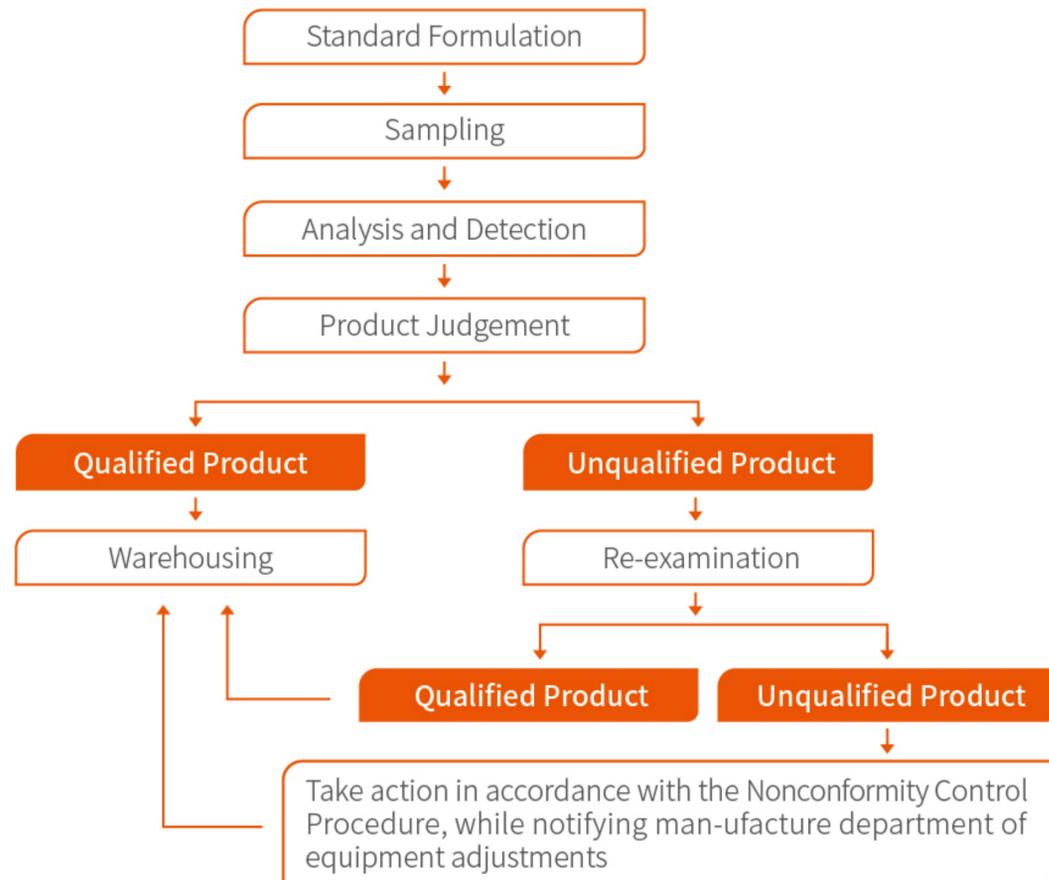
1. Quality Assurance

Oriental Energy takes quality management as the guiding principle, paying attention to details and process control throughout the whole production procedure, including international procurement, production operation, technology research and development, quality control, sales and after-sales service, etc. The Company runs the comprehensive management system persistently, seriously and accurately, continuously improving customer satisfaction, producing high-quality propylene and polypropylene, and establishing a good market image.

The Company establishes quality management standard DHZX-ZK-2017-001-01 and implements it strictly according to the standard; the production of propylene, polypropylene and hydrogen are executed strictly according to the standards Q/DHZJG 001-2019, Q/DHZJG 003-2020 and Q/DHZJG 002-2019. The Company has set up a quality management leading group, which is responsible for affairs related to quality management of the Company. The members of this leading group are composed of the main leaders of the Company and the person in charge of the quality control department; then personnel responsible for quality management are assigned level by level to ensure that the quality responsibility at each level is implemented.

Quality Management Standard, Procedures for Control of Non-conforming Products and Corrective and Preventive Measures

Product Quality Assessment Flow Chart



Passed GB/T 19001-2016 quality management standard certification

The production of polypropylene and propylene in Zhangjiagang Base has passed GB/T19001-2016 quality management system certification, and the production of propylene, polypropylene and hydrogen in Ningbo Base has passed GB/T19001-2016 quality management system certification.

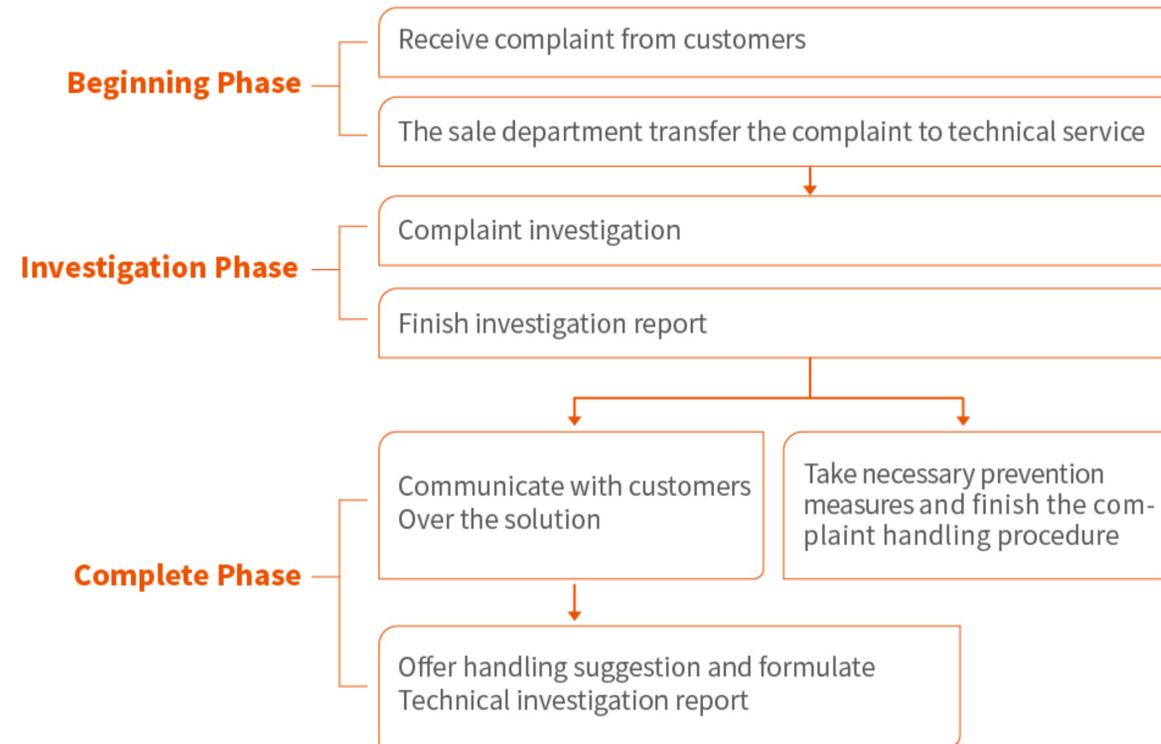


2. Customer Service

Oriental Energy has been upholding the customer-centered business philosophy, and is committed to building the largest integrated operator of alkane resources in China. The Zhangjiagang plant regularly conducts annual customer satisfaction surveys. In 2022, Zhangjiagang plant conducted surveys through personnel responsible for different regions investigating their respective sales areas. The questionnaire was designed to investigate four aspects, including physical product quality (packaging, performance, etc.), service, delivery and price, and after investigation the questionnaires were collected. **In 2022, Zhangjiagang Base issued customer satisfaction questionnaires to seven key customers. The collection rate of the questionnaire is 100%, and the satisfaction rate is over 96%.**

The Company has established an open and transparent customer complaint management system: customers can give feedback to the Company through the Internet platform, telephone, WeChat and other public channels. After the Company learns the actual problems facing the customers, they would send the problematic raw materials back for re-test, and then they would compare the most recent test result with the original one at the time of shipment and further analyze the causes of the problem. if the product test fails to identify the cause, after-sales staff will visit the customer to see whether the parameters of their production processes need to be optimized and adjusted, etc. Through the process of tracking the processing of customer feedback, customers can get a satisfying experience of after-sales service. **In 2022, Zhangjiagang Base has handled 100% of customer complaints.**

Customer Complaint Handling Process



(II) Responsible Production

Oriental Energy has always believed that healthy and safe production is the prerequisite for the survival and sound development of an enterprise, as well as an unshirkable responsibility and obligation of an enterprise. The Company always adheres to the production policy of “safety first” and strives to build a first-class system for safety management. Under the guidance of the safety management system framework, the Company concentrates on safety production management, accelerates the progress of hidden danger management, improves the ability of contractors to regulate operations, and cares for the health of employees. **In 2022, the construction, as well as the operation related to the Company's safety management, functioned well, and no major safety accidents occurred.**

1. Safety Production Management

Oriental Energy strictly abides by and implements the laws and regulations including *the Law of the People's Republic of China on Safe Production and the Law of the People's Republic of China on Special Equipment Safety*, and insists on the safe production policy of “prioritizing safety, emphasizing prevention and pursuing comprehensive management. The Zhangjiagang Base has formulated *Safety Production Responsibility Standard*, through which the Company managed to establish the safety management system and operation procedures, investigating and managing potential dangers while monitoring major hazards, constructing the prevention mechanism and standardizing production behavior to ensure that each production process meets the requirements of relevant safety production laws and regulations, standards and norms, and that people, machines, materials, and environment are all in good production condition. At the same time, the whole production process will be continuously improved, and the Company will continuously strengthen the construction of standardization of safety production.

Index	Data of Zhangjiagang Base in 2022
Total training programs conducted	149
Total number of training participants	6,993
Total length of training programs	22,076 hours
Total expenditure of training programs	132, 300 Yuan
Total number of employees participating in the production safety training sessions	2,400
Total times of employees participating the first aid training	1
Rate of being completely equipped with Labor protective equipment among al employees	100%
Ratio of proper use of protective devices among all employees	100%
Major safety incidents	0

Zhangjiagang Base pays attention to the establishment and improvement of employees' safety awareness. In 2022, it organized several sessions of safety training and first aid training, and knowledge competitions to enhance employees' safety awareness, create an atmosphere prioritizing safety and promote sustainable development.



In 2022, Zhangjiagang Base organized a safety culture-building kick-off meeting in order to standardize the safety management of employees in their daily work process, improve their professional skills and reduce the probability of safety accidents. Through this training, the safety awareness of employees in the production process was improved.

Case:



■ Organizing the "Safety Activity Month Air Call Competition" to demonstrate to employees how to properly wear air breathing apparatus, therefore improving their practical skills.



■ Organizing " Knowledge Contest of Safety Activity Month " through online practice and offline examination to stimulate employees' enthusiasm for learning and to improve their safety knowledge reserve.



■ Organizing " anti-terrorism drills" to improve employees' awareness of security precautions through real-life drills.



■ Organizing first aid training to improve employees' ability to deal with emergency situations.



In 2022, Zhangjiagang Free Trade Zone awarded Zhangjiagang Base the honor of exemplary organization in Safe Production in 2021.

2. Potential Danger Management for Safety

Oriental Energy is committed to standardizing the work of potential danger investigation and management in the production process. Zhangjiagang Base has formulated *the Management Regulations on Potential Danger Management (the Management Regulation)* based upon *the Interim Regulation on Potential Danger Investigation and Management of Safety Production Accidents* issued by the State Administration of Work Safety ,and also taking the specific practices of the Company into consideration. *The Management Regulation* clarifies the responsibilities of investigation on the potential danger of each department, the frequency, scope and content of the investigation, and carries out a series of safety risk investigations to effectively prevent and reduce safety accidents.

Frequency of safety hazard investigation in Zhangjiagang Base

Content of investigation	Frequency
Comprehensive Investigation	Once a Quarter
Special Investigation	Once a Quarter
Specialist Investigation	Once a Month
Employee Investigation	At Least once a Week
Investigation conducted by direct administrators of Basic-level Workshop (equipment), the Electric and meters	At Least twice a day
The personnel involved in the operation of equipment related to "Two Priorities and One Significant Risk" ²	No more than 1 hour
Targeted seasonal screening of potential safety risks	Once a Quarter

(2) "Two Priorities and One Significant Risk" refers to the hazardous chemical process under key supervision, the hazardous chemicals under key supervision and the major hazard sources of hazardous chemicals

3. Chemical Safety

Oriental Energy attaches great importance to chemical safety and strictly abides by *the Regulations on Safe Management of Dangerous Chemicals, General Rules for Storage of Commonly Used Chemical Hazardous Substances, Regulations on Safe Use of Chemicals in the Workplace* and other relevant national regulations, and manages the whole process of declaration, storage, transportation and disposal of chemicals while fully considering the possible safety problems in the process of using chemicals.

(1) Chemical plan declaration:



The declaration of dangerous chemicals is based on the provisions of the *Regulations on Safe Management of Dangerous Chemicals*, and the plan should be submitted to the local criminal police department for approval and record. The laboratory submits the half-yearly plan twice a year according to the actual use situation, indicating the name, specification and quantity of chemicals.

(2) Chemical storage:



Chemical storage should be cool, ventilated and dry, with fireproof and anti-theft facilities. Smoking and open flames are prohibited. When there is a source of fire (such as an electric stove with electricity), it must be guarded. Chemicals should be classified and stored according to their nature, and acids, bases, salts and dangerous chemicals should be separated and kept in a scientific way.

(3) Chemical outgoing and incoming:



The material manager shall conduct monthly chemical inventory and record the results on the "Chemical Material Inventory Sheet", issuance of chemicals is carried out on a first-in-first-out basis and detailed records are kept. When the personnel of each analysis room uses the chemicals, they should register first, indicate the purpose and quantity used, and then the material manager should open the door of the warehouse and take out the used items and make a record of the inventory account.

(4) Use of chemicals:



When using chemicals, the personnel should first read the Material Safety Data Sheet (MSDS) in detail, master the emergency handling methods and self-rescue measures, then wear the corresponding protective equipment (masks, gloves, eye protection, etc.) according to the protection requirements and strictly abide by the safety operation procedures.

Chemical Transportation Safety

In addition, the Company strictly manages the transportation, loading and unloading of chemicals and has formulated the Safety Management System for the Transportation, Loading and Unloading of Dangerous Chemicals in accordance with the Regulations on the Administration of the Transportation of Dangerous Goods by Road, so as to strictly control the risks that may exist during the transportation, loading and unloading of chemicals and to ensure safe transportation.

(1) Safety management requirements



Flammable goods with flash point below 28°C should be transported for loading and unloading after 4:00 p.m. when the temperature is higher than 28°C; highly toxic liquid chlorine should be avoided for transportation in high-temperature hours when the temperature is higher than 35°C.

Loading liquid goods, including corrosive and toxic liquid goods, must be reserved 5% of the expansion margin. In regards to specific types of liquid with large expansion coefficient, or specific transportation journey with large individual temperature difference, transporters must fully estimate the expansion volume of the liquid so as to leave enough expansion margin.

(2) Transportation vehicle safety requirements



Transportation vehicle exhaust, should be installed to insulate and extinguish sparks device, and equipped with a conductive rubber towing belt device in line with the provisions of JT230.

According to the nature of hazardous chemicals equipped with necessary emergency treatment equipment and safety protection facilities and equipment.

(3) Transportation personnel safety requirements



Practitioners need to carry out regular safety, professional ethics education and business knowledge, operating procedures training.

Strengthen the management of safety production, equipped with full-time safety management personnel, formulate emergency response plan for emergencies, and strictly implement all safety systems.

Chemicals Supervision

The Company makes full use of advanced information technology to realize real-time monitoring, dynamic assessment and timely warning of safety production risks of hazardous chemical enterprises, continuously improves the level of informationization, networking and intelligence of hazardous chemical safety supervision, and effectively prevents and resolves major safety risks.

The division of responsibility is in place:

Different tasks marked by red, orange, yellow and blue are supervised and handled by the main person in charge of the company, the safety director, and the safety engineers respectively.

Monitoring personnel in place:

Dispatchers conduct 24-hour online monitoring of the company's internal hazardous sources;

Releasing announcement in place:

Safety and environmental engineers are responsible for the daily 9:30 before the commitment announcement.

Disposal of alarms in place:

Alarm signals need to be dispatched in a timely manner to ensure that alarm signals are properly disposed of to eliminate hidden dangers.

Feedback warning in place:

For the major sources of danger monitoring and early warning system pushed warning information, combined with the actual situation of the company's production, analyze the reasons for the warning, investigation and remediation of hidden problems, to ensure effective risk management and control, and timely report in the system about the status of implementation.

4. Contractor Safety Management

The Company attaches importance to contractor safety management, carrying out management throughout various processes from review of contractors' safety capability, selection, safety training, to site safety supervision. The Company strengthens communication with contractors, improves contractor safety skills, and jointly improves awareness of safety production. In 2022, Zhangjiagang Base has strictly controlled the contractor's operations, and issued tickets for 18 contractors operating irregularities, ordered the contractor to study safety knowledge and take re-examination. Only by passing the re-examination can those contractors enter the base and provide services again.

(1) Contractor Safety Capability Review

The Company examines the safety capability of contractors before entering the plant and builds a file on their safety access;

Reviews the safety capability of contractors annually and renews their safety access status after expiration in accordance with the requirements.

(2) Contractor Safety Training

The Company provides independent safety training for all employees before contractors' participation in production and submits relevant information such as construction personnel list and training examination records to the Safety Management Department.

Training includes safety training of contractors' entry, special safety training as well as assessment, recognition and archiving of employees' performance.

(3) Contractor Site Supervision

The Company strictly controls and supervises of contractor personnel, vehicles, goods, fires, etc. entering and leaving the Company;

It checks whether the contractor has established HSE organization and implemented safety requirements in accordance with the contract requirements;

It also assists in the investigation and handling of contractor accidents.

5. Employee Health Management

The occupational health of employees has always been one of the key concerns of the Company, and it is the development goal of the Company to strengthen the management of occupational health guardianship and protect the health of workers. The Company organizes health checkups for employees who are engaged in occupational disease hazard operations, which include 3 parts of health checkups before starting work, during work and when leaving work. In addition, the Company cares about the parent-child relationship of employees and organizes mental health training once a year to strengthen the close relationship between employees and their families, so that every employee can live in harmony with their families after work.

(1) Pre-employment occupational health checkups for new employees.

According to the Company's requirements, all new employees must undergo an occupational health examination before they start work, and they can only engage in occupational disease hazard operations after examination without occupational contraindications.

(2) Regular occupational health checkups for employees during their employment.

The Company regularly organizes an occupational health examination for employees once a year. If employees are found to have occupational contraindications or health damage related to the occupation they are engaged in, they will be promptly transferred from their original jobs and properly placed.

(3) Occupational health check-up when leaving work.

When employees leave their jobs, they will undergo an occupational health checkup upon leaving the job.

In addition, if an employee suffers from an acute occupational disease hazard in the course of daily work, the Company will promptly organize a health examination and medical observation to protect the life and health of the employee.

Index	Data of 2022
Deaths on duty	0人
Percentage of employees taking medical checkups	100%
Percentage of employees purchasing insurance	100%
Percentage of employee health management files built	100%

In order to exercise employees' emotion management ability and let them learn to maintain good physical and mental health in their daily work and life, Zhangjiagang Base invited a third-party training instructor to give a course on "Employee Emotion and Communication Management" to employees in 2022, and through this psychological counseling seminar, employees' self-emotion management ability was improved so that they can work and live healthily.



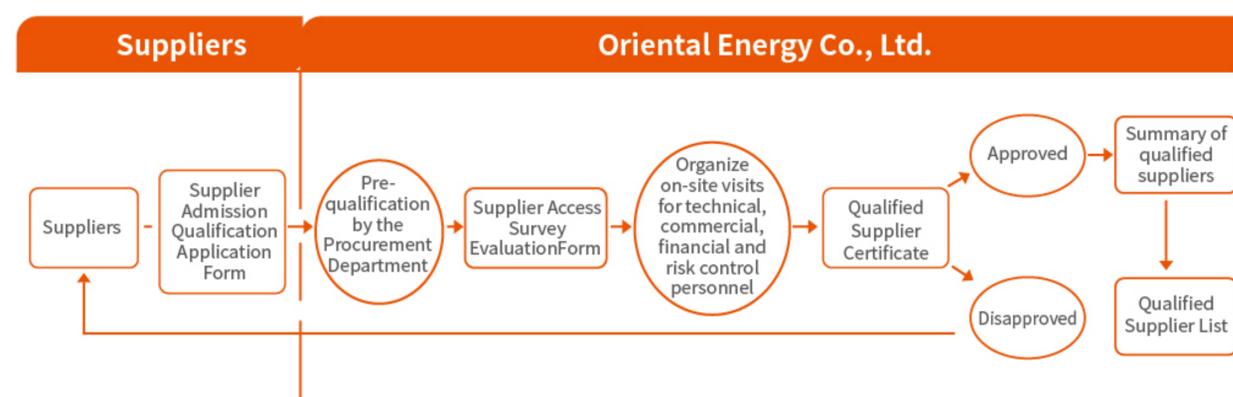
(III) Sustainable Suppliers

In order to realize the sustainability of Oriental Energy's suppliers, the supply chain procurement work insists on ensuring that the required goods and related services are obtained at the best price and with the most reliability according to the quality and progress requirements of each plant, depot and project under construction. In the specific implementation process, the Company insists on the basic guidelines of "comparison, right time, right place, right quantity, right quality and right price" and the working principles of "institutionalization, procedure, standardization, rationalization and specialization" in the procurement process. The Company has formulated *the Procurement Management Regulations, Supplier Management Measures* and other systems according to the actual situation to manage the procurement process of raw materials, equipment and services in each production plant and depot, and to continuously promote the sustainable construction of the Company's supply chain. **In 2022, the Company did not have any major procurement accidents.**

Procurement Standardization

For supplier access, Oriental Energy has formulated a standard supplier access process. Qualified suppliers must meet the following criteria: they must have the ability to meet product quality requirements, have product processing and testing capabilities; they should also have a complete quality assurance system that has been put into practice; they should possess a good business reputation to prove the creditworthiness and healthiness of their financial status, etc.; eventually, after meeting the Company's requirements, they can enter the Company's "Qualified Supplier List" and subsequently the Company will give priority to the selection from "Qualified Supplier List" formerly compiled. All relevant personnel involved in the preparation and approval of the "Qualified Supplier List" shall not divulge the information of the list to unrelated personnel or each supplier to ensure the fairness and impartiality of the procurement process.

Supplier Access Flow Chart



Procurement Digitalization

Oriental Energy is committed to creating an information-based procurement platform in order to realize a supply chain ecosystem covering all factories. In order to improve procurement management and enhance procurement efficiency, the Company has created ERP system and NC system, which cover the information on materials related to their shipment from each plant/project, arrival, inventory, return and exchange, and purchase price, enabling functions such as timely inquiry, early warning and tracking, while NC system includes three processes, such as domestic procurement of LPG, import procurement and direct shipping procurement, therefore effectively enhancing management efficiency.

Procurement Accident Prevention Management

No major procurement accidents occurred in 2022, but the Company still made some emergency response handling measures in procurement accident prevention and other aspects. In the process of equipment procurement, there may be a change in the nature of the enterprises or the suppliers may encounter financial difficulties which may lead to their failure to complete the delivery on time, etc. In this case, the Company will give verbal and written warnings and claim compensation for major deviations or refusal to rectify according to the contract, which may lead to the withdrawal of the contract. In the process of equipment manufacturing, the procurement department will generally dispatch its own members or send a third party on site to conduct sampling, inspection, and etc., to ensure that in case of major deviations it can rectify the deviation as soon as possible.

Case: Timely replacement of U.S. goods during the U.S.-China trade war

The Company's LPG raw material procurement is mainly imported from abroad, and the U.S. is one of the countries from which the Company imports large quantities. In 2018, the trade war between the U.S. and China broke out, and it led to an increase in tariffs, and the Company purchased more U.S. goods at that time. After receiving the news of the tariff increase, the Company immediately replaced the U.S. goods to effectively cope with the crisis.

Regional distribution of suppliers³

Percentage of domestic suppliers	92.2%
Percentage of foreign suppliers	7.8%

(3) The percentages are calculated based on the total number of suppliers.

(IV) Innovative Development

1. Technological Innovation

Oriental Energy has always emphasized the importance of scientific and technological innovation, as it has strived to create a good atmosphere for innovation by continuously improving the conditions for scientific research and technology and actively constructing a professional R&D team. On the one hand, the Company has continuously increased the amount of investment in R&D to provide a good material basis for technological innovation; on the other hand, the Company is actively building a scientific research team with excellent innovation ability, and has formulated a series of management methods to attract talents and motivate employees to innovate. The Company has founded *the New Product Development Incentive System of R&D Center*, which details new product development processes, reward evaluation schemes, etc., to effectively enhance the Company's capability to innovate on its own.

Introduction to Company R&D Investment

	2022	2021	changing ratio
Total amount of Company R&D investment	143 million Yuan	116 million Yuan	22.7%
A percentage of R&D expenditure among total operating expenditure	0.49%	0.41%	0.08%
Total amount of R&D personnel	51	45	13.3%
Percentage of R&D personnel among the whole staff	2.50%	2.46%	0.04%

Breakthrough in polypropylene product development

The Company has introduced Grace's Unipol vapor phase fluidized bed process and UOP's Oleflex process, and has a special R&D center equipped with polypropylene pilot equipment and corresponding testing instruments to enable timely adjustment of R&D and product production direction according to market demand and explore technological innovation to optimize cost structure and improve product performance. In 2022, the Company made a breakthrough in the patent invention of low-shrinkage polypropylene material suitable for 3D printing.

The Company continues to move forward on the road of technological innovation and has made some achievements. According to the evaluation result of the professional group of science and technology award of Jiangsu Light Industry Association, the Company's "low-odor and yellowing-resistance spun-bonded polypropylene special material of high melt flow index serving for nonwoven purpose" won the Third Prize in Technological Progress of Jiangsu Light Industry Association Science and Technology Award.

2. Intellectual Property Management

In order to raise the Company's awareness of intellectual property management, strengthen the management of the Company's patents, proprietary technologies and trademarks, and encourage the Company's employees to innovate and create, the Company has founded *the Intellectual Property Management Rules of R&D Center* and strictly implemented the system in its daily work, which has enhanced the enthusiasm of employees in invention and creation and continuously promoted the Company's technological innovation. **By the end of 2022, the Company has owned 11 granted patents, 3 trademarks, 6 software copyrights and 3 new patent applications.**

Promoting cooperation of school districts and promoting technological innovation of enterprises

In order to promote the effective combination of various production factors belonging to technological innovation, Oriental Energy actively cooperates with higher education institutions. Maoming Base signed a long-term cooperation agreement with Guangdong Institute of Petrochemical Technology to provide students with an employment and internship base; in addition, with the assistance of the school's faculty in cultivating a forward-looking scientific research perspective, the Company has conducted research on hydrogen storage projects.



Promoting R&D innovation and securing database usage and retrieval

In order to strengthen support for IP innovation and R&D, the Company signed a service agreement with Wisdom Bud Information Technology (Suzhou) Co., Ltd. to purchase its professional analysis version and R&D retrieval cooperation version of service content, aiming at a more professional management system, efficient collaboration, and accelerated innovation to comprehensively enhance its IP value.



Strengthen IPR publicity, education and supervision

In 2022, the Company carried out online training of "Course on Competency System of R&D Intellectual Property Personnel". For new employees responsible for science and technology innovation, the Company arranged video courses and related quizzes in four modules: "intellectual property basic knowledge", "reading and understanding patents", "finding the patents you need", and "writing your patents". The courses are designed to improve the relevant personnel's awareness of intellectual property rights and protection. In addition, the Company conducts regular evaluations and supervision of intellectual property protection work, finds and solves problems in a timely manner, and continuously improve intellectual property protection work.

3. Intelligent and Digital Management

Digitalization of Company Management

Oriental Energy takes intelligence and digitalization as an important entry point for industrial transformation and upgrading, and vigorously promotes intelligent manufacturing through the adoption of technologies including smart manufacturing, the internet, internet of things and other technologies. "Industry + Internet" is the main sales model of the Company. Oriental Energy has created the industry-leading e-commerce platform of Polyurethanes, which realizes online trading, intelligent logistics, digital warehouse, big data analysis and other functions to greatly improve efficiency and effectively improve the industry-network synergy and management capability.



Polyurethanes system interface

In addition, the Company takes SAP+Industrial Internet platform as the core, builds an ERP system of intelligent operation platform and three-level intelligent system (of material management, intelligent factory and intelligent equipment), promotes the construction of sub-systems of digital intelligent R&D, marketing, supply chain, manufacturing, finance, human resource management, HSE management and process, etc., in order to cultivate its new competitiveness.

Smarter Factory Production

First, with the help of Internet and Internet of Things (IOT) technology to connect the equipment with the Internet and IOT, it is now possible to monitor equipment remotely, detect and solve equipment failures timely, improve production efficiency and guarantee stable operation of devices.

Second, automatic assembly line of the automatic factory in the packaging workshop has been optimized by adopting automation to optimize loading on the basis of packaging technology.

Third, because of information integration, refined management has been realized through information sharing which allows dynamic deployment of each platform of the plant and makes it possible to analyze potential dangers of the production process effectively.



Zhangjiagang base won the title of intelligent production workshop of propylene



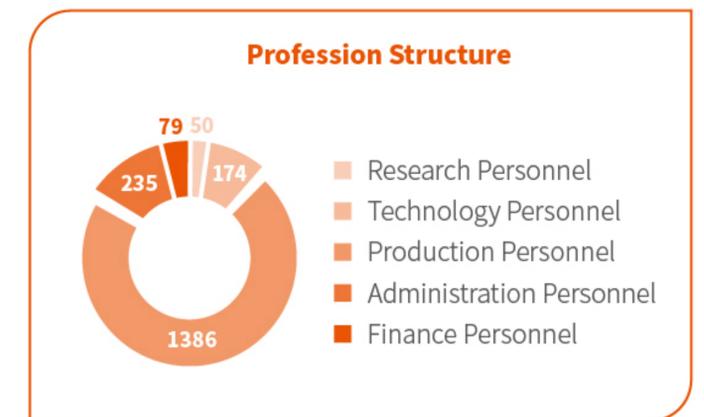
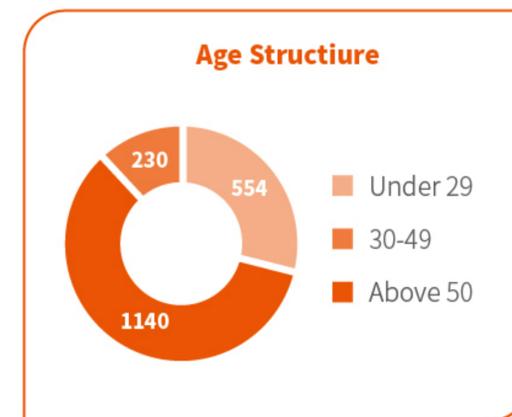
(V) Growing with Employees

Oriental Energy sticks to the people-oriented principle. It protects all legal rights and interests of employees, opposes any form of employment discrimination and forced labor, and strives to create a diversified and equal working environment for its employees. The Company has completed occupational health management, smoothed training and development channels, improved remuneration and incentive systems, and actively built harmonious and stable labor relations.

Equal Employment

The Company follows *the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China* and other laws and regulations, insists on diversity and equal opportunities, treats candidates and employees of different races, genders, ages, family backgrounds, ethnic traditions and religious beliefs equally. It resolutely resists all forms of employment discrimination, forced labor and harassment. Besides, it pays social insurance and housing fund in full and on time, insists on protecting employees' rest and vacation rights. In addition, the Company adopts a shift system according to the characteristics of the work and the nature of the position within the scope of the law, and pays overtime wages or transfers to overtime work accordingly. **The Company has found no incidents of child labor or forced labor in 2022.**

Total Number of Employees	1924
Number of Ethnic Minorities	43
Senior Administrative Personnel	10
Percentage of Female Senior Administrative Personnel	10%
Percentage of Employees Signing Employment Contract	100%
Social Insurance Coverage Rate	100%



Recruitment

The Company opens internal and external recruitment channels. The recruitment process is guided by ten principles, including a demand-oriented approach, job match, internal priority, fairness, recusal of relatives, clear responsibility and authority, multiple channels, efficiency priority, consistency and respect for recruiters. For some positions with high professional requirements, priority is given to those selected from internal workforce. The external recruitment is mainly based on online recruitment through the official website, job market and other channels. In addition, the Company implements the localization policy. For example, most of the basic positions hire local employees to alleviate the local employment problem. **368 new employees have been recruited in 2022.**

Salaries and Welfare

The Company establishes a reasonable compensation mechanism. It motivates employees through merit pay, job subsidies and other incentives, this is based on the following the four principles: fairness, minimum wage standard, efficiency priority and performance. At the same time, the Company insists on maintaining a steady growth of employees' income on the basis of improved economic efficiency. Also, it continues to do a good job in income distribution and salary incentives in order to strive to provide a better salary system for employees.

In addition to paying social security and other statutory benefits, the Company provides employees with supplementary benefits, including regular medical checkups, free working meals, etc. It also provides a humanistic paid leave system, including wedding leave, annual leave, etc. In addition to statutory holidays, the Company provides female employees with maternity checkup leave, breastfeeding leave, maternity leave as well as Women's Day's welfare.

Social Insurance and House Funds	Routine Health Checkup	Free Lunch at Job	Holiday Bonus
Subsidiaries for Economically Difficult employees	Free Tourism	Large-scale Medical Insurance	Occupational Health Checkup

Democratic Management

The Company improves its democratic management, smooths the feedback channels for employees' opinions, holds regular congresses for employee representatives, takes advantages of the trade unions, enables employees to fully participate in the management and development process of the Company so as to effectively protects the legitimate rights and interests of employees, including the rights to know, participate and make decisions, in order to promote the mutual development of employees and the Company. In addition, the Company sets up an internal complaint mailbox and make the contact information of major managers available to employees so that employees may directly communicate with them. **In 2022, the union membership rate of employees reached 95.32%.**

Employee Training

The Company attaches importance to the cultivation of talents. It improves the overall quality of employees through a professional vision and diverse forms of training. The headquarters of Oriental Energy and its subsidiaries provide employees with onboarding training, professional skills training, pre-placement training examinations, practical training and other courses, and implement a multi-post training system to comprehensively improve the comprehensive quality and ability of employees. Not only does it meet the development needs of the Company, but it also caters to the career development needs of core employees. In this way, the Company's talents always maintain their competitiveness and innovative strength.



Types of Training	Purpose
New employee onboarding training	Familiarize and adapt to corporate culture, systems and behavioral norms, master basic pre-job skills, quickly become competent and improve job performance.
Professional Skills Training	Improve the professional skills.
Pre-induction training exam	Participate in the pre-job assessment to obtain the corresponding qualifications.
Hands-on training	Master the basic skills of the job and quickly adapt the job.

Career Promotion

Oriental Energy insists on cultivating every employee with the vision of development, establishes and smooths out multi-category and multi-directional promotion channels for employees, supports employees to choose the suitable development direction by combining their own strengths and their jobs' nature. The Company has formulated *the Management Measures for Employee Career Development Channels* to create a fair and standardized promotion management system, and further clarified the internal promotion mechanism. These steps have made the evaluation information open and transparent and the promotion process fair and just.

According to the different nature of positions, the Company's qualification standard system include two major categories, function and technology, and a six-tier structure. The Company implements a multi-post system and gives a certain space for salary and grade promotion to employees who can perform multiple positions in the technical category.

Employee Care

The Company complies with the laws and regulations of the Law of the People's Republic of China on Safety Production and Law of the People's Republic of China on Prevention and Control of Occupational Diseases, improves the occupational health and safety management system. It regularly carries out activities regarding occupational physical and mental health, including propagation, consultation, prevention and counseling, improvement of the facilities and equipment for occupational disease protection. And it is committed to creating a comfortable, healthy and happy working environment for employees. **In 2022, the health checkups coverage rate is 100%, and there is no incidence of hazard accidents resulting from occupational disease.**

The Company has created an employee care system in which statutory benefits serve as a solid foundation and the Company's related policy as a guarantee. The Company also set up special benefits for female and underprivileged employees, organized various employee activities, opened an employee platform to allow smooth communication so that employees could work without worries. Oriental Energy provides employees with supplementary insurance, holiday gifts, transportation subsidies, and monthly subsidies for visiting relatives. Also, it has set up hardship subsidies for difficult employees. In addition, the Company purchases another group insurance for interns and retired employees. In 2022, Ningbo base held a date party to solve the singleness problem of young employees.

Occupational Health and Safety Guarantee	Health Inspection Enhancement	Mental and Physical Health Care
<ul style="list-style-type: none"> ☑ Propagate and implementing in-depth the <i>Prevention and Control of Occupational Diseases Law</i>, strengthen the prevention and control of occupational diseases, train in the prevention and control of occupational diseases. ☑ Hang warning signs, equipping employees with protective gear to maximize the protection. 	<ul style="list-style-type: none"> ☑ Provide occupational health checkups for employees in special jobs. ☑ Conduct regular inspections of occupational hazards. ☑ Test occupational health conditions of production contractors. 	<ul style="list-style-type: none"> ☑ Train on CPR cardiopulmonary resuscitation and others in cooperation with external hospitals and Red Cross. ☑ Care for employees' mental health, organize regular mental health training, including employee emotional and communication management and parent-child training management.

Case:



CPR Practice



Mental Consultation Lecture



Making Dumplings Organized by Ningbo Base in the Spring Festival



Basketball Competition

Serving the Society

While creating social wealth, the Company is committed to fulfilling its social responsibility. Over the years, the Company has been committed to participating in the construction and development of local communities, actively participating in social welfare and charity, sharing the benefits of corporate development with the public and creating long-term social value for the Company. In 2022, Oriental Energy improved the donation system. It has integrated corporate donations, volunteers and other public welfare resources, and insisted on participating in environmental protection public welfare activities, caring for special groups and repaying the community with practical actions. It hold "environmental protection volunteer activities", "charity one-day donation activities", "typhoon disaster sympathy activities" etc. The Company actively implements the decision of the Party Central Committee and the State Council on winning the fight against poverty. As such, it purchased regional agricultural products in order to drive industrial development. Also, it further plays the role of listed companies in serving the national strategy of poverty eradication. For instance, Maoming base has purchased locally produced lychees; Zhangjiagang base has purchased 'Baxie black tea' to support and promote agricultural products in Guangxi.

Case:



The Maoming base has purchased local lychees as employee's welfare to help the development of the agricultural industry, make a due contribution to promote local economy.



In 2022, the Company held an environmental volunteer event.



Ningbo base carried out 'one-day' donation activities, sympathy activities in typhoon day and community sympathy activities for the needy.



III. RESPECT NATURE, ADVOCATE GREEN ECOLOGY, AND PROMOTE SUSTAINABLE DEVELOPMENT

6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION



(I) Environmental Management

Strengthening Environmental Management

Oriental Energy implements the environmental policy of "prevention first, prevention and control combined, legal compliance and continuous improvement", insists on the strategy of eco-friendly development, and takes sustainable development as the guiding philosophy of the Company's production and operation. The Company implements its commitment to environmental protection, formulates and improves environmental protection systems, and integrates green environmental protection into the Company's daily operations, creating a clean, comfortable, beautiful working and living environment.

Environmental Management System

The Company strictly abides by the requirements of *the Law of the People's Republic of China on Environmental Protection, the Law of the People's Republic of China on Environmental Impact Assessment* and other relevant laws and regulations, and has formulated a series of systems such as *the Regulations on Environmental Protection Management, the Regulations on Environmental Protection Facilities Management, the Regulations on Waste Discharge Management and the Industrial Solid Waste Management System* to strictly manage and control the environmental pollution in the industry during daily production.

While strictly implementing national standards and regulations, the Company strictly abides by local government standards, including *the Jiangsu Province Chemical Industry Park Environmental Protection System Construction Standards (for Trial Implementation), Jiangsu Province Chemical Industry Volatile Organic Compounds Emission Standards, Opinions on the Implementation of Environmental Treatment Projects in Chemical Industry Parks (Concentrated Areas) in Jiangsu Province*, and other management requirements that are far more strict than national standards.

Zhangjiagang Base always adheres to the concept of environmental protection when carrying out environmental protection work. The general manager is the first person that bears responsibility for environmental management, and is responsible for finalizing the long-term plan of environmental protection of the base; finalizing the management system of environmental protection, etc.; the deputy general manager in charge of production is responsible for carrying out environmental protection work according to the environmental protection plan formulated by the Company; the safety management department is responsible for unified supervision and management of environmental protection work. In 2022, Zhangjiagang Base built an inter-departmental management system with the responsibility of the general manager, the execution by the vice general manager, the supervision and management by the safety management department, and an environmental management system with a clear division of labor and responsibilities.

Environmental management of Zhangjiagang Base in 2022

Total investment in environmental protection	3.06 million yuan
Percentage of staff receiving training on environmental issues	62%
Lecture sessions on environmental awareness	1
Environmental protection accidents	0
Carbon emission density per million revenue	160.2tons of carbon dioxide/million yuan

Environmental Management Initiatives

- (1) **Implementation of environmental monitoring:** the production technology department inspects the emission of "three types of wastes" (exhaust gas, waste water, waste residue) and operation of pollution prevention and control facilities monthly.
- (2) **Eliminate pollution at source:** the Company ensures that clean, harmless, non-toxic or low-toxic raw materials are used as a priority.
- (3) **Strengthen the key projects to rectify:** for key management projects and pollution hazards, the relevant departments and devices must complete rectification as scheduled.
- (4) **Improve the comprehensive management capacity:** the construction of new projects needs to ensure that pollutant emissions meet the standards, while the technological transformation of production processes, equipment updates, etc. need to be taken into account to obtain the best efficiency.

Passed GB/T24001-2016 environmental management system certification

The production and related management activities of polypropylene and propylene in Zhangjiagang Base have passed GB/T24001-2016 environmental management system certification, and the production and related management activities of propylene, polypropylene and hydrogen in Ningbo Base have passed GB/T24001-2016 environmental management system certification.



Environmental Protection Training

In 2022, Zhangjiagang Base organized environmental protection volunteer activities, through which the environmental protection awareness of employees was enhanced.



The Company's Environmental Protection Goal

The Company's future goal of environmental protection is to build the factory into a garden-style, environmentally friendly modern production base.

(II) Pollution Prevention and Control

Oriental Energy strictly complies with *the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on the Prevention and Control of Soil Pollution* and other relevant laws and regulations, and has formulated management systems such as *the Regulations on Waste Discharge Management, Industrial Waste Management System, and Plant Sewage Water Management Regulations*, which stipulate various control measures and control standards to protect the environment.

LPG, the raw material of the Company, is a clean and environmentally friendly energy source, and the processing is carried out in a closed tank set, hence generating little waste during the storage and production phase. Although the pollution generated is relatively small, the Company still attaches great importance to pollution prevention and control and has deployed corresponding wastewater and exhaust gas treatment systems during the construction of infrastructure, so as to meet the standards on the discharge of wastewater, exhaust gas, solid waste and other pollutants to from various aspects, and continuously promote the sustainable development of the Company.

Emissions of "three wastes" from Zhangjiagang Base in 2022

Wastewater discharge	11,391 cubic meters
Exhaust Gas emission	89.34 tons
Total General Solid Waste discharge	70.1 tons
Total hazardous waste discharge	1412.4 tons

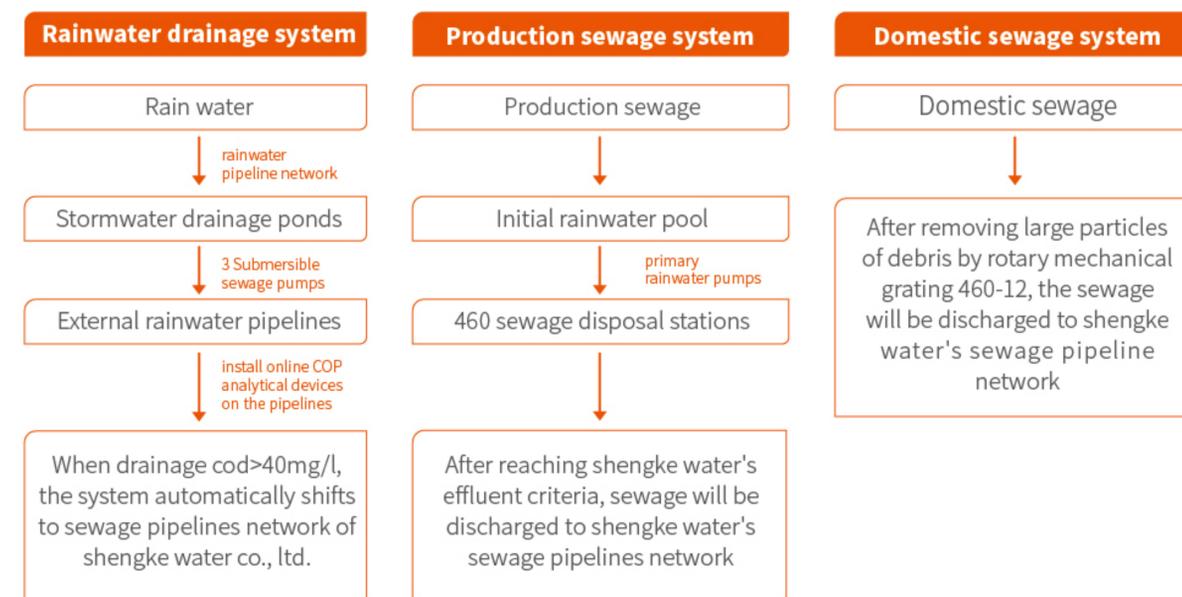
Pollution Prevention Methods

1. Advanced Plant Technology

The propane dehydrogenation plant (PDH) invested by the Company adopts the relatively expensive but more environmentally friendly and technologically advanced UOP technology, and the polypropylene plant adopts the internationally advanced Dow and Innlex technologies. In the initial designing process, the Company takes full consideration of various environmental protection methods, and all equipment has passed assessments of different levels, including environment protection, energy-consuming efficiency, safety, and hygiene.

2. Wastewater Discharge Management

In order to reduce the discharge of production wastewater and at the same time reduce production costs, Zhangjiagang Base implements a classification discharge system, including a rainwater system, production wastewater system and domestic wastewater system, and is equipped with several sets of wastewater treatment equipment to carry out the whole process of wastewater collection, treatment and discharge management, in an effort to achieve the maximum reduction of pollution.



3. Solid Waste Disposal Process

(1) **Classification of solid waste:** according to the classification of *National Hazardous Waste List*, those listed are hazardous solid waste, and those which are not listed and do not have hazardous characteristics are general industrial solid waste.

(2) **Collection and storage of solid waste:** warehouses storing hazardous waste are established and hazardous waste warning signs are set up; collected hazardous solid waste is stored uniformly in special warehouses for hazardous waste.

(3) **Disposal of solid waste:** in regard to the disposal of hazardous waste, qualified hazardous waste disposal units are selected, hazardous waste disposal contracts are signed, and the disposal of solid wastes by disposal unit follows the requirement in the agreement; in regard to general solid waste, those recyclable materials are collected by qualified unit for comprehensive reuse, those non-recyclable wastes are disposed of by qualified unit and declared on the general solid waste system.

4. Soil and Groundwater Pollution Potential Management

Oriental Energy has effectively strengthened soil pollution prevention and control, and gradually improved the quality of the soil environment in order to fully implement requirements in *Soil Pollution Prevention and Control Action Plan issued by the State Council, Jiangsu Province Soil Pollution Prevention and Control Work Program, Suzhou City Soil Pollution Prevention and Control Work Program and Zhangjiagang City Soil Pollution Prevention and Control Work Program* issued respectively by Jiangsu Province, Suzhou City and Zhangjiagang

City. Zhangjiagang Base has formulated the Soil and Groundwater Pollution Hidden Danger Investigation and Management System in accordance with the actual situation.

(1) Daily inspection: The production department includes investigation of potential pollution of soil and groundwater in the daily inspection; if staff find potential pollution points, they would immediately report to their superiors and urge the relevant departments to rectify them in a timely manner.

(2) Toxic and harmful substances inspection: The safety management department commissions qualified third parties to carry out hidden pollution inspection of toxic and harmful places, facilities and equipment once every three years.

(3) Special monitoring: The safety management department commissions a qualified third party to conduct special monitoring of soil and groundwater once a year, and the data is reported to the superior authority of the ecological environment in a timely manner.

(III) Energy Saving and Carbon Reduction

Energy Management

Oriental Energy strictly abides by *the Law of the People's Republic of China on Energy Conservation and the Management Measures of Energy Standardization*, and other related laws and regulations. During the production process, it continuously optimizes the process flow, eliminates outdated equipment, improves the energy structure, and increases the efficiency of energy use.

Case: Power generation by steam waste heat (estimated annual power generation capacity: 24 million kwh)

In response to the national goal of "carbon neutrality" and in order to realize comprehensive utilization of resources, the Zhangjiagang Base recycles the surplus steam in the boilers, which is about 40t/h of medium-pressure steam (4.3MPa, 420°C). In the past, the Company used the temperature and pressure reducer to process the steam and provide the whole base with low-pressure steam (0.5Mpa, 151.8°C), the adaption project is proposed to let the boiler steam enter into the back pressure turbine first to generate electricity, and then supply to the plant the low-pressure steam (0.5MPa, 214.6°C) that has been reduced to 180°C. In this way, the effect of energy saving can be achieved.

Case: Holistic technical transformation and upgrade of PDH plant (monthly energy consumption reduction of 790,000 kwh)

The technical transformation of the existing PDH plant can help realize the reduction of energy consumption as well as ensure the long and stable operation of the plant. The Zhangjiagang Base has made the following modifications to the PDH plant: expanding the inner and outer mesh, conducting comprehensive dry ice cleaning of the heat exchanger tubes in the convection section, technically modifying 21E0401-1/2/3/4/5/6 exchange plate in the cold box/ Cold coalescence section according to the latest technology of Hangzhou

Oxygen Plant Group Co., Ltd., and replacing of the de-mercury agent and other material with domestic products. After the transformation of the project, the efficiency of heating furnace was improved, the power of cold box was reduced compared with that before the transformation, and the operating load of the device was improved.

Case: Accelerating the comprehensive utilization of clean energy hydrogen

As the by-product of the Company's propane dehydrogenation production process is hydrogen, a source of clean energy, the Zhangjiagang Base uses hydrogen to construct an ecosystem for hydrogen bus operation and managed to achieve safe and smooth operation. The Zhangjiagang Base has set up the first hydrogen refueling station in Zhangjiagang. A bus can run for a day with a single fill of hydrogen, and the station can realize the refueling of 60 buses a day, which is a very effective energy-saving initiative.

Case: Propane resource comprehensive utilization project for energy-saving

The Ningbo Base has made a number of technical improvements for energy-saving in the comprehensive utilization of propane resources: the hydrocarbon by-products produced by propane dehydrogenation are used as boiler fuel to generate steam for self-use; heat pump technology is adopted in the propylene-propane separation tower, and self-expansion refrigeration technology is adopted in the cold box; 10kV power supply is used for motors over 200kW, and high-power equipment is equipped with compensation cabinets or frequency conversion devices, and harmonic suppression is considered; steam condensate is reused for deaerator and the production process; the waste heat from process materials is exploited to generate steam, etc.

Case: Green energy saving in the transportation of raw materials

The Company actively addresses climate change during its raw material transportation process. The Company's LPG is mainly purchased from overseas, as 70% of the goods are transported through the Company's own vessels, including self-purchased vessels and 10-year long-term lease vessels, such as the KEEGAN NO.1, KEEGAN NO.2, and more than 10 other ultra-large liquefied petroleum gas vessels, while the other 30% are transported by a third-party shipowner in the market which is responsible for the transportation of transport according to contracts. The transportation of vessels have obtained the International Maritime Organization's compliance certification. In 2022, the CII (International Maritime Organization) carbon emission rating for both of the Company's owned vessels was B (A-E, with E rating being the most polluted). According to the formula for calculating the carbon emissions of a vessel, the lower the value, the lower the carbon emissions per unit voyage distance * per unit load.

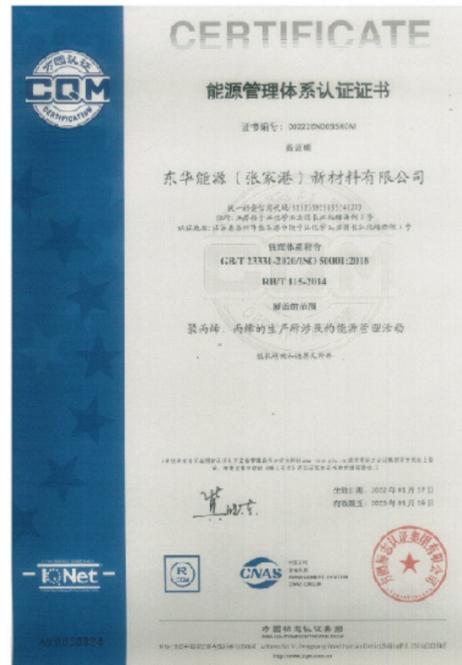
Case: Green office

The Company actively advocates its employees to adhere to the concept of green and low-carbon in their daily work and encourages its employees to adopt a paperless pattern and complete all processes on the

Company's OA system as far as possible to reduce the amount of paper used. At the same time, the Company's administration department also recycles and reuses some paper to save resources.

Passed GB/T23331-2020/ISO 50001:2018 energy management system certification

The energy management activities involved in the production of polypropylene and propylene in Zhangjiagang Base have passed GB/T23331-2020/ISO 50001:2018 energy management system certification.



(IV) Water Conservation Management

Oriental Energy strictly follows *the Law on water of the People's Republic of China* and other relevant laws and regulations, whole-heartedly implements the national policies on water extraction, water use and water conservation, and has formulated *the Enterprise Water Conservation Management Regulations*. The Company implements water conservation in all processes of production, reduces fresh water consumption at source by optimizing equipment and adopting water conservation technology transformation, and carries out a number of water recycling efforts.

Water consumption of Zhangjiagang Base in 2022	
Industrial water consumption	2.378 million tons
Circulating water consumption	2.11 million tons
Fresh water consumption	0.114 million tons
Industrial water reuse rate	92.6%

FUTURE PROSPECT

Energy revolution promotes material revolution, material revolution facilitates industrial revolution, and industrial revolution leads to a strong country and a strong army. Using carbon fiber as the core and polyolefin as the technical material, Oriental Energy is devoted to developing new carbon-based materials in the 21st century. The Company produces basic chemicals through the processes of crude-oil one-step method, propane dehydrogenation, and dual-feedstock system of gas and oil. With high-temperature gas-cooled reactors as power source, the Company strives to build zero-carbon industrial parks to combat carbon tax. By establishing open laboratories and creating a research and development platform for new materials centered around carbon fiber, Oriental Energy attracts global talents and experts to engage in research and entrepreneurship in Maoming, so that it would contribute to the development of the country's emerging materials industry, the enhancement of technological capacities for national defense, and ultimately the great rejuvenation of the Chinese nation.



APPENDIX

(I) Appendix I: GRI Index

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(II) Appendix II: Readers' Feedback Form

Dear Readers:

Hello!

Thank you very much for reading this report in your busy schedule. In order to provide more valuable ESG information to you and other stakeholders, please assist us in completing the feedback form and give us feedback through the following ways to help us further improve our ESG management capabilities.

Mail: cwx@chinadhe.com

Address: No.1, Ziqi Road, Xuzhuang Software Park, Xianlin Avenue, Xuanwu District, Nanjing, China

1. Which of the following stakeholder categories do you belong to:

Government and regulatory authorities	Stockholders and investors	Employees	Customers and partners	Suppliers	Community and the public	Other

2. Overall, you consider this annual ESG report to be:

Good	Relatively good	neutral	Relatively bad	Bad

3. You consider the following aspects of this report to be:

Information disclosure:

Good	Relatively good	neutral	Relatively bad	Bad

Layout design:

Good	Relatively good	neutral	Relatively bad	Bad

Readability:

Good	Relatively good	neutral	Relatively bad	Bad

4. What issues are of most concern to you? (You can choose 3 items)

Governance issues:

Company governance	Information disclosure	Investors' relation management	Reinforcement of the Party building	Risk management	Compliance Operation	Anti-fraud and Anti corruption

Environmental issues:

Environment management	Pollution Prevention	Energy-saving and carbon-emission reduction	Water-saving management

Social issues:

Responsible product	Responsible production	Sustainable supplier	Innovative development	Protection of employees' rights and interests	Co-development with employees

5. Is all the information you are concerned with reflected in this year's ESG report?

Yes	No (What else information would you want to learn)

6. Do you have any other comments or suggestions about our ESG report or sustainable development management?