



POLYARD PETROLEUM INTERNATIONAL GROUP LIMITED
百田石油國際集團有限公司

(Stock Code 股份代號: 8011)



2020 Environmental, Social and
Governance Report

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About the Report

This Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) serves as a review of the efforts undertaken and results achieved by Polyard Petroleum International Group Limited (“**PPIG**” or the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**” or “**we**”) on sustainable development in 2020, meanwhile also focuses on addressing the concerns and expectations of our major stakeholders. The Report was prepared to enable our stakeholders to better understand the Group’s sustainable development approaches, measures and related performance, in efforts to foster mutual understandings. The Report is to be read in conjunction with the Group’s Annual Report 2020, in particular the section headed Corporate Governance Report contained therein.

Basis of Preparation

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) under Appendix 20 (2016 version) to the Growth Enterprise Market Board Listing Rules of the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) published by the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The Report complies with all “comply or explain” provisions of the ESG Reporting Guide, and was prepared in adherence to the four reporting principles: materiality, quantitative, balance, and consistency.

Reporting Boundary

The boundary of the Report covers business activities which are operationally controlled by the Group, and have significant implications to the Group’s sustainability performance including the environmental and social aspects. The Report mainly includes the China International Mining Petroleum Company Limited (The Republic of the Philippines (“**Philippines**”) Branch) (“**CIMP**”), a subsidiary of the Company which engages in oil and gas exploration and production in the Philippines. Unless otherwise stated, the Report covers the Group’s ESG policies and performance from 1 January 2020 to 31 December 2020 (the “**Reporting Period**”).

During the Reporting Period, the major operation activities of CIMP were extraction and production of oil and gas, with oil hauled and sold to our clients from time to time. Due to the outbreak of novel coronavirus (“**COVID-19**”) pandemic, Philippines imposed lock-down policy and quarantine measures, restrictions on the travel of personnel and goods to enter Manila and Cebu were enforced, which has resulted in a postponement of drilling progress of the Philippines South Cebu Oil and Gas Project (“**SC49**”), and drilling activities were not conducted during the Reporting Period.

Confirmation and Approval

The Board of Directors (“**Board**”) is fully responsible for the Group’s management and implementation of environmental and social strategies and reporting. The Report was reviewed and approved by the Board on 25 April 2022.

Publication of the Report

The Report is published in both Traditional Chinese and English. In case of doubt or discrepancy in the two versions, the English version shall prevail.

Hearing from You

If you have any enquiries or feedbacks regarding this Report and the sustainability performance of the Group, please feel free to contact us by email at info-hk@ppig.com.hk.

1. Stakeholder Engagement

1.1. Regular Communication

Ongoing communication with our stakeholders proves to be fundamental in promoting sustainable development of the Group. The Group strives to understand the concerns and expectations of various stakeholders towards our businesses through different channels, including community meetings, well site tours, corporate publications, official website, and email, in fulfilment of our responsibilities as an energy provider, an employer and as a business that helps fostering local economic development. Through regular interactions with our internal and external stakeholders and taking their opinions into consideration of the Group's daily operations and decision-making process, the Group can better formulate sustainable development approaches, so as to achieve mutual development and maximize benefits.

For detailed information about the Group's stakeholder groups, their typical interests and our engagement approaches, please refer to the following table:

| Stakeholder Groups | Engagement Approaches |
|--|---|
| Investors | Investors have always been supportive to our evolving business. We strive to create value in everything we do, and ultimately generate returns for our investors. In addition to releasing financial information, we have been building trust with our investors by enhancing our transparency through proper and comprehensive disclosures of non-financial information, which assist them in making investment decisions. |
| Department of Energy (“DOE”) of the Philippines and Department of Environment and Natural Resources (“DENR”) of the Philippines | As an oil and gas company, our daily activities are stringently regulated, where permits must be obtained prior to any oil exploration and production activities. We maintain effective communication with local authorities and stay updated with the latest regulatory requirements, such that all applicable laws and regulations are well understood and being upheld at all times. |
| Employees | Our people are our biggest asset. We are creating a positive and empowering environment where our employees could unleash their potential. We conduct performance appraisals to strengthen the bilateral communication between the Group and our employees, continuously review our labor and occupational safety practices, and from time to time organize team building activities to create a sense of belonging in the workplace. |
| Clients | Crude oil buyers are our major type of clients, who are most concerned about oil quality and quantity. We provide oil samples for potential clients to conduct oil testing and invite our clients to have meetings and site visits at our oilfields, so that we could have a better understanding of our clients’ concerns. We ensure quality standards and requirements of the products are met, striving to provide services and products that fulfill clients’ expectations. |
| Local communities | Respectful engagement with local communities in Alegria, the operating location of our well sites, is critical to the success of our operations. An effective grievance mechanism is in place for us to hear from local residents and to attend to their concerns on areas such as environmental protection and local economic development. |
| Suppliers | We identify quality suppliers through a systematic tendering process, which suppliers that take up their social and environmental responsibilities are preferred, joining hands with us in establishing a sustainable supply chain progressively. |

1.2. Materiality Assessment

In response to the ever-changing sustainability needs of the stakeholders in a timely manner, the Group continued to conduct the materiality assessment during the Reporting Period in addition to regular communication with stakeholders. The process includes identification, ranking, analysis and validation of the sustainability issues, which enables us to evaluate the sustainability issues that are significant to both our stakeholders and our business. The result of our materiality assessment helps determine the disclosure focus of the Report for more accurate disclosure of ESG information, as well as lays the foundation for the Group to establish a more focused sustainability strategy in the near future.

Major Stakeholders Identification

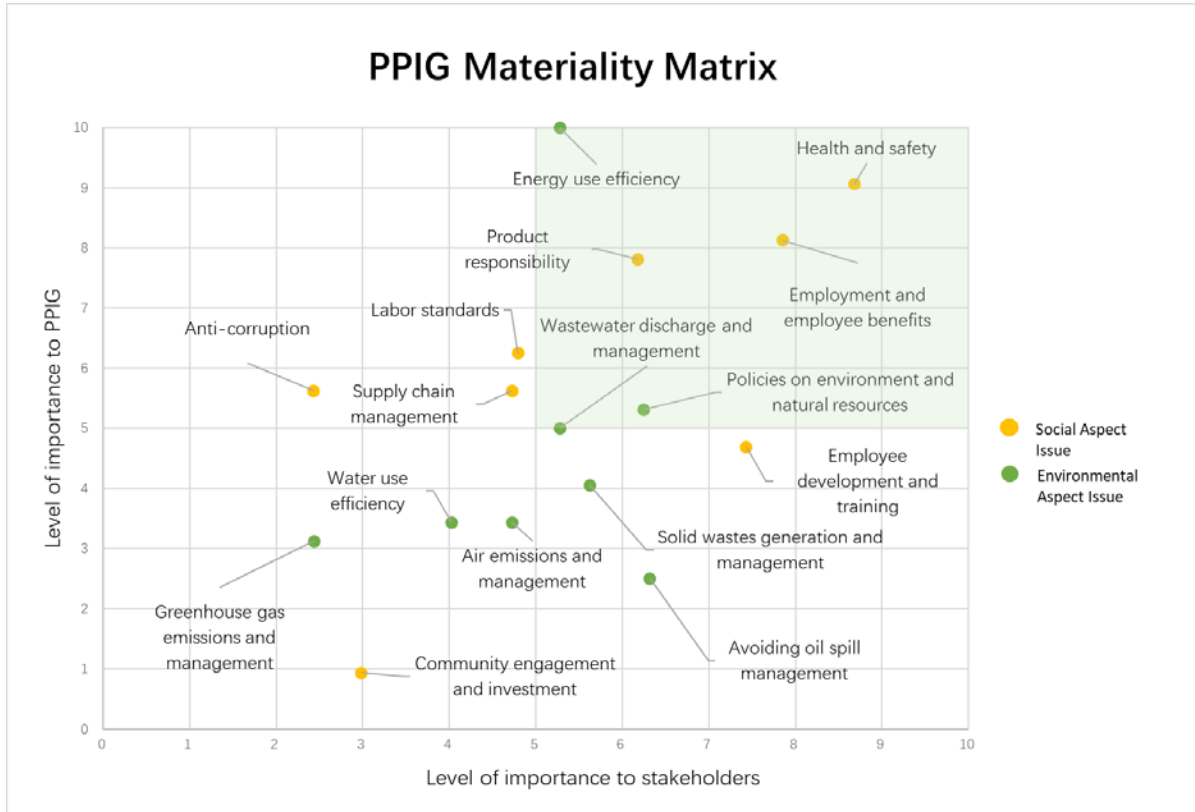
During the Reporting Period, the Group identified the Board, senior management, and employees as our major stakeholder groups that are very likely to be influenced by our business activities or exert influence on our business, and hence they were invited to participate in the materiality assessment.

Procedures of Materiality Assessment

| | |
|------------------------|---|
| Step 1: Identification | With reference to the ESG Reporting Guide, international reporting guidelines and industry benchmarking analysis, the Group revisited and shortlisted a total of 16 sustainability issues to form the pool of sustainability issues for 2020. |
| Step 2: Ranking | The Group invited the Board, senior management and employees to participate in the assessment via online survey, where the sustainability issues in the pool were ranked according to their perceived level of importance. |
| Step 3: Analysis | To determine sustainability issues that were material to both the Group and stakeholders, responses received from the survey were analyzed based on two dimensions, namely the “level of importance to stakeholders” and the “level of importance to PPIG”. As a result, 6 sustainability issues (ranked at 5 points or above out of 10 points at both levels) were considered as material. |
| Step 4: Validation | The Board validated and endorsed the material sustainability issues to ensure that the issues are adequately relevant to the Group, thereby disclosing in the Report in a targeted manner. |

Results of Materiality Assessment

The results of the materiality assessment are shown in the following diagram:



The Report was prepared with a particular focus on the progress and results of our work on the 6 material sustainability issues, while relevant practices of other issues were also disclosed in a compliant manner, for stakeholders to comprehensively understand our work in different regards. The material issues of the Group and corresponding sections are outlined in the following table:



Environmental, Social and Governance Report

| Material sustainability issues | Our response |
|---|--|
| Health and safety | Occupational Health and Safety Practices |
| Employment and employee benefits | Protecting Employee Rights |
| Energy use efficiency | Environmental Management |
| Product responsibility | Oil Quality Assurance |
| Policies on environment and natural resources | Environmental Management |
| Wastewater discharge and management | Environmental Management |

2. Upholding Compliant Operations

2.1. Major Businesses

The Group mainly engages in the exploration, development and production of oil and gas, provision of professional technical services and trading of petroleum-related products, including works within the upstream oil and gas sector – exploring new sources of oil and gas, and drilling wells to extract these resources, and engaging our crude oil buyers to execute midstream works, such as transportation and storage of oil and gas.

Exploring for oil and gas

CIMP drilled wells and conducted well logging and oil testing for the SC49 project between 2014 to 2018, where multiple oil and gas zones were discovered in six wells, namely the Polyard-1, Polyard-2, Polyard-3, Polyard-6, Polyard-8 and Polyard-9, and have all converted into production wells. In 2018, DOE and CIMP jointly determined that the oil field in SC49 located in Southern Cebu contains certified hydrocarbon reserves in commercial quantity, with an estimation of 27.93 million barrels of oil reserves associated with a possible production recovery of 3.35 million barrels or a conservative estimate of 12% of total oil reserves. For natural gas, about 9.42 billion cubic feet reserves were found, with the recoverable resource estimated at 6.6 billion cubic feet or about 70% of total natural gas reserves.

In May 2020, DOE approved SC49's retention area application. Aside from the current production area, DOE granted an additional 32,712 hectares of retention area for CIMP to conduct exploration activities.

Extraction and production of oil and gas

CIMP entered into sales and purchase agreements ("**SPA**") with the two Philippine buyers, Tom's Power Petroleum Distributor Inc. ("**TPPDI**") and Greater Alegria Oil ("**GAO**"), in 2018 and 2019, respectively. Our oil buyers are responsible for transportation, processing, and storage of crude oil, and both of our oil buyers lifted oil from time to time.

The sales and purchase agreement with GAO went expired in March 2020. After that, CIMP has signed an oil sales and purchase agreement with a new buyer, Boom Oil Resources ("**BOR**"), in September 2020.

In addition, a potential buyer contacted CIMP in December 2019, in the hope of making good use of the associated gas, which is the natural gas found in association with oil within the reservoir, suggested to produce cylinders of Compressed Natural Gas (“**CNG**”) or Liquefied Natural Gas (“**LNG**”) by having respective equipment installed at the well site, and selling them in the Cebu market.

2.2. Operate with Integrity

The Group is committed to improving its business integrity and operation compliance, strictly complies with relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud, and money laundering. Please refer to Appendix 1 for the list of relevant laws and regulations. During the Reporting Period, there was no concluded legal cases regarding corrupt practices brought against the Group or our employees. No whistleblowing disclosures related to anti-bribery and anti-corruption were received.

The Group adopts a zero-tolerance attitude towards bribery, extortion, fraud, and money laundering, and incorporates anti-corruption measures in our policies and daily operations including the *Employee Handbook*, the SPA and the business contracts, so as to ensure related parties such as employees, clients, contractors, and suppliers are clearly noticed about the policies of the Group in eliminating all kinds of behaviors and approaches that may result in corruption, fraud, and bribery.

The Group actively promotes workplace integrity and undertakes relevant practices. Employees should not solicit or accept any kinds of benefits from our clients, contractors, suppliers or other persons that have business relationship with the Group as an inducement or reward, nor offer any kinds of advantage to any parties for the purpose of obtaining or retaining business and to obtain convenience or prevailing treatment under all circumstances. It is stipulated that employees breaching these rules will subject to disciplinary action. Meanwhile, the Group clearly sets out the codes and rules to prevent and combat corruption in our businesses. A mutual understanding is established by the Group and our clients for resolutely prohibiting bribery and money laundering as specified in the articles of the SPA, which also states that either party can terminate the business agreement if the other is in breach of the written condition.

3. Securing Energy Supply

3.1. Oil Quality Assurance

The Group attaches great importance to provision of products with outstanding quality to our clients, as we believe that the success of our business links inextricably to the quality of our products and services. As a responsible oil and gas producer, the Group actively explores ways to improve the quality of our products, and never cease to refine our process in oil exploration, extraction and transportation to ensure minimal impact to our oil quality, while upholding strict compliance with relevant laws and regulations during our operations. Please refer to Appendix 1 for the list of major laws and regulations.

Water content of crude oil is a vital parameter for oil and gas industry as it affects oil quality directly. To improve the oil quality, minimal water content in the crude oil should be achieved, and the technology used in oil production could impact the water content of oil. The Group employs a closed production process. As the underground pressure in the oil reservoir is sufficient to displace hydrocarbons (oil along with associated gas) from the reservoir up to the surface during the primary recovery phase of our oil wells, additional energy or water are not needed at this stage. The oil reservoir pressure decreases with an increasing amount of oil being extracted, water injection is then required to raise the pressure of the oil reservoir at a later stage. The Group also installs oil-gas-water separator to separate gas and water from oil. Static settlement method is employed to remove mud and water to ensure that no foreign substances are mixed into oil as well.

Oil quality is a key concern of our clients and they expect all of our oil products are in compliance with the specifications of oil analysis done by international organizations and DOE. The Group clearly understands our responsibilities in providing qualified crude oil, and guarantees all crude oil sold meets the specifications of the crude oil analysis which are stated in the jointly signed SPA. To further address clients' concerns, a multi-level inspection strategy on our crude oil quality is adopted and various risk control measures are undertaken. CIMP invites internationally notable third-party inspection agency to conduct oil analysis on crude oil quality for each tank truck. Findings of the inspection, which serve as certificate of conformity, are recorded in a report and are issued to our clients. On this basis, oil samples are kept and laboratory tests are conducted prior to oil sale from any well site so as to confirm that the water content of crude oil meets the specification accepted by our clients. Apart from stringent quality control measures, we also use an oil tank surveying rod as measurement before and after oil loading to inform clients of the exact quantity transferred, aiming to improve clients' satisfaction. The Group did not encounter any incidents of non-compliance with laws and regulations regarding the health and safety of the Group's products and services during the Reporting Period.

The representatives of the DOE of the Philippines conduct regular inspections on the operations at the well sites, with the intention to serve as a bridge between the Group and the local communities, continuously understand the production situation and the difficulties came across by the Group, as well as provide updates of the operations to the local communities of Alegria. Due to the outbreak of COVID-19 pandemic, on-site inspection was not conducted during the Reporting Period, yet CIMP maintains continuous communication with the local government by submitting regular reports, so as to safeguard a smooth operation of our projects.

3.2. Supply Chain Management

The Group regards supply chain management as an essential part to achieve product and service excellence of the enterprise, and we believe that maintaining strong relationship with our suppliers and contractors is beneficial to the Group's supply chain performance and the overall success of our business development.

To standardize the supply chain management, the Group has implemented practices with reference to the procurement management guidelines set forth by the industry leaders, PetroChina Company Limited ("**PetroChina**") and China Petroleum & Chemical Corporation ("**Sinopec**"), thereby enhancing the efficiency of supplier management and procurement activities. The Group requires contractors and suppliers of equipment and products for oil and gas exploration and production to be registered in the supplier database of PetroChina and Sinopec, which satisfy criteria such as equipping with safety, quality and environmental qualifications, and operating with compliance. We require our suppliers to hold corresponding certifications such as the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety System, and other qualifications that deemed necessary by the industry. We conduct assessment with our suppliers annually to ensure relevant requirements are met. Meanwhile, the Group conducts procurement process in a transparent way to ensure that suitable contractors and suppliers are selected, and their qualifications are verified in an open, fair, impartial, and honest manner.

For instance, during the drilling contractor selection, we firstly check if potential contractors have in place drilling equipment that is in line with our requirement or manufactured by qualified suppliers, and consider the capability of carrying out drilling activities according to our well designs. Then, we conduct review on their past project experience to ensure that their team members are competent at the job to be performed and cost optimization is also taken into account.

We pay close attention to the environmental and social risks in the supply chain. Aligning to the sustainability principle, the Group proactively works with suppliers that are environmentally and socially responsible. We advocate green procurement to maximize the use of environmentally preferable products in our daily operations whenever possible, as well as to avoid purchasing products that contain harmful, corrosive or toxic substances so as to reduce the adverse environmental impacts.

3.3. Service Excellence

The Group is committed to protecting the rights and interests of our clients. We actively communicate with clients and handle complaints in a proper manner, amicably negotiated with our clients to find solutions. In case of any complaints relating to the non-conformity of the products with regard to crude oil specifications, for instance, when a safety issue or a product defect is encountered, clients can report to us in writing within thirty days after the completion of loading to request for product recall. For complaints concerning the quantity and quality of crude oil, they are resolved on the basis of testing results conducted by third party inspectors. During the Reporting Period, the Group did not receive any complaints on the products and services provided, and no products were recalled.

In terms of client privacy protection, employees have signed the Confidentiality Agreement provision in the Employment Contract with the Group, to ensure that client data is not divulged, unauthorizedly published nor used for inappropriate purposes, and prohibit the trade secrets or confidential information relating to business or affairs of the Group or our clients to be used and disclosed by employees. Only authorized person has access to books, letters, papers or information belonging or relating to the Group and its affiliated companies and businesses. During the Reporting Period, the Group did not notice any incidents of customer data leakage nor received any complaints about inappropriate use of customer information.

In order to secure intellectual property rights, the Group ensure strict compliance with relevant laws and regulations during our operations. Besides, the Group did not engage in any advertising and labelling activities during the Report Period, hence advertising and labelling matters are not applicable to the Group.

4. Advocating Safety and Environmental Protection

Maintaining operation safety is of utmost importance in the Group's daily operations of crude oil production. The Group strongly believes that Health, Safety, Security and Environment (“**HSSE**”) management is an integral part of our business, and observes a permanent interaction between the HSSE performance, operations efficiency, personnel motivation, morale, and financial success. A proper HSSE management helps to prevent accidents and minimize losses.

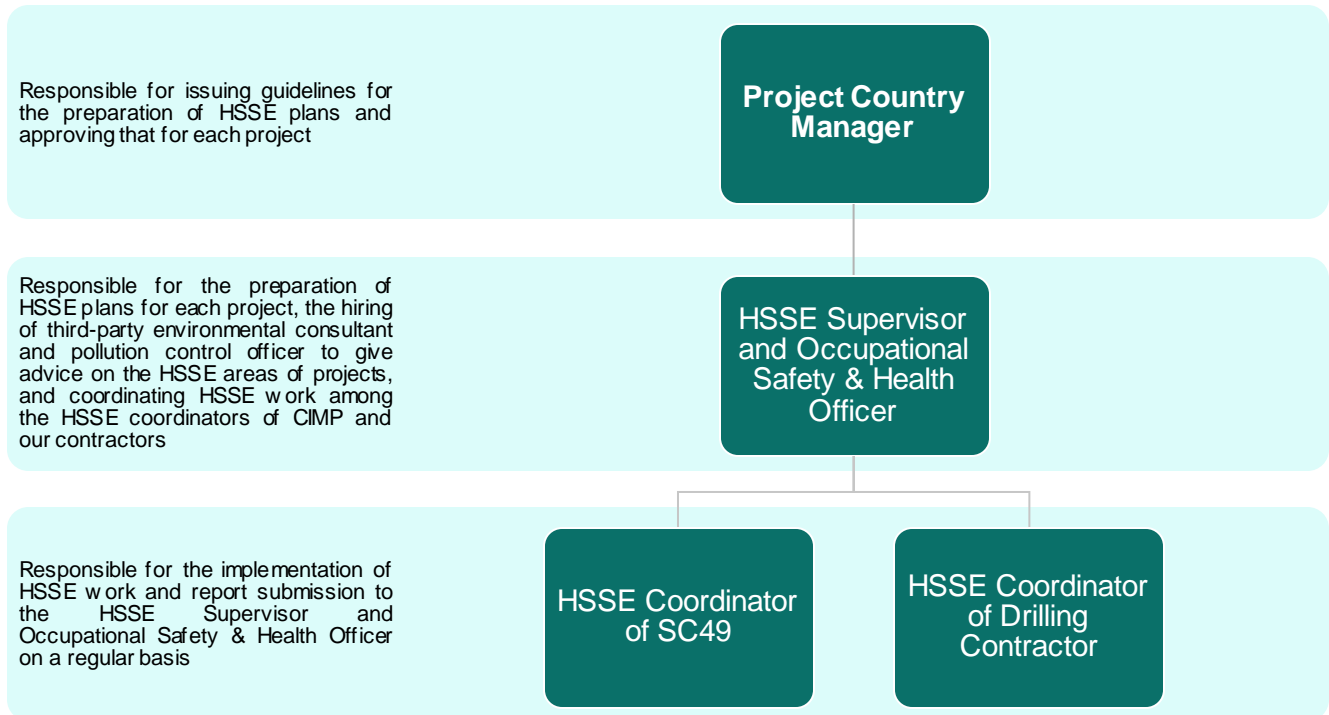
The Group has established the HSSE Policy, which shall be communicated with the employees, visitors, and all third parties with whom the Group is associated, thereby promoting safe operations to every stakeholder of the Group and implementing the policies thoroughly into every stage of our operations. The Group will review its HSSE Policy and procedures whenever necessary, which revised policies and procedures will be communicated to all concerned parties through meetings and trainings.

The HSSE Policy outlines the Group's HSSE management structure, emergency response plans (“**ERPs**”), safety prevention and protection measures, employee health management measures, environmental protection measures, security plans, etc. In addition, the policy requires the HSSE department to formulate project-specific HSSE plans for all projects of the Group, and to be implemented by respective HSSE personnel.

During the Reporting Period, the Group did not violate relevant laws and regulations nor received any major incidents relating to production safety, occupational health and safety, and no significant and adverse environmental impacts were caused by the Group. Please refer to Appendix 1 for the list of relevant laws and regulations.

4.1. HSSE Management Structure

The Group has established a comprehensive HSSE management structure, with clear definitions of the responsibilities of each level.



4.2. Occupational Health and Safety Practices

The Group takes a zero-tolerance attitude towards any unsafe work practice that may risk injury to a person or damage to the environment and our property. The Group attaches great emphasis on the health and safety protection of our employees and contractors and strengthens the safety culture at work. Our employees are required to comply with the HSSE Policy at all times. Contractors, suppliers, and any third-party personnel working at the Group’s project sites are required to conduct works in a manner which is in compliance with the HSSE Policy, as well as the policies of their respective companies.

Human error is often considered as the cause of accidents, yet when analyzed in a macro perspective, systems, and processes deficiencies may be the roots of the problem. Hence, we place emphasis on establishing and continuously perfecting our systems and processes to prevent accidents.

Prevention and Protection Measures on Safety

The HSSE Policy of the Group provides a clear framework for the implementation of prevention and protection measures and also outlines various tools for detailed documentation and comprehensive analysis. Preventive and protection measures are both vital in protecting our people from accidents, and are being put into practice intertwiningly during our daily operations. Preventive measures enable us to avoid risks whereas protection measures help us to reduce and manage risks. The below table outlines examples of the measures taken:

| Purpose | Measures |
|------------|---|
| Prevention | <ul style="list-style-type: none"> • Job Safety Analysis • Permit to Work System • Safety Drills (fire, toxic gas leakage, etc.) • Safety training • Safety warning signs |
| Protection | <ul style="list-style-type: none"> • Requesting pre-employment physical examination • Providing regular and as-needed physical examinations • Supply of Personal Protection Equipment (PPE) • Providing first aid kits in project sites |



Well site workers were equipped with complete PPE.

The Group has performed various preventive measures to identify and handle potential HSSE hazards, such as:

- implementing programs and dispatch responsible personnel to perform monitoring at well sites every two hours, as well as undertaking rectification upon identification of problems promptly;
- upon completion of drilling activities of each well, requiring the project supervisor to prepare a full HSSE report that includes the evaluations of various hazards, which is later provided to on-site workers to foster their understanding of the safety issues at each project site;
- implementing the Permit to Work System to ensure that employees and contractors have a clear understanding of the nature of tasks at hand, as well as the potential hazards and risks involved;
- offering a comprehensive medical system to our employees, requiring each of our employees to be medically examined prior to employment and regularly during employment for assessment of their fitness for work. In case of any abnormalities of employees' health, we will make corresponding work adjustments as early as possible;
- providing safety trainings to employees regularly, following with a test to ensure relevant safety skills and knowledge acquired;
- conducting drills on fire emergency, gas detection, and hazardous material handling with employees on a regular basis.



The employees of CIMP performed first aid drill.



The employees of CIMP learned to use the fire extinguisher.



The safety and environmental warnings of the Polyard-2 oil well of CIMP.



The employees of CIMP performed a fire emergency drill.

To achieve the overarching aim of maintaining mutual communication and developing the safety awareness of the employees and contractors, we have provided trainings to all employees and contractors to equip workers along the production line with specialized skills to solve HSSE-related problems. We have also conducted HSSE meetings with all on-site workers and contractors at least once a week, for the purpose of reviewing existing HSSE policies and procedures, investigating accidents or potential accidents and bringing up new HSSE issues. Besides, contractors are obligated to report regularly on relevant HSSE events or incidents at project sites to the Group.

Emergency Response

The Group has identified major threats that will affect our operations as well as the health and safety of our employees, for instance, well blowouts, release of flammable and toxic gases, etc. In the face of these potential threats, we have developed the Emergency Response Plan (“ERP”) for major potential hazards to provide clear guidelines to responsible personnel in case of emergencies.

To manage survival in any disaster, the Group has adopted an Emergency Response Organization, including:

- Coordinating Committee: comprises of the Country Manager, the Project Manager and Managers across departments, to consolidate and direct all activities embodied in the ERP;
- Emergency Over-all Chairman (“EOC”): oversees the operation during emergencies and sought external support;
- Emergency Coordinator (“EC”): takes full responsibility in issuing and implementing orders from the EOC to departments.

The first priority that the EC considers is a safe evacuation. Next, rescue and recovery plans will be developed, and will first be undertaken by well-trained employees who are knowledgeable in using the emergency equipment and have first-aid skills. EC coordinates various departments to undertake their corresponding responsibilities during an emergency.

Case Study: Blowout prevention

Blowouts, an uncontrolled flow of gas, oil or other releases of fluids into the environment, have been identified as one of the major hazards in the oil and gas industry. Apart from the contamination of water, land and ecosystems, blowouts are closely related to massive fires and huge explosion, which are both major hazards that may cause serious casualties.

| Types of measure | Measures |
|------------------|---|
| Management | <ul style="list-style-type: none"> • Blowout drill • Emergency response plan • Regular revision in systems and procedure |
| Technology | <ul style="list-style-type: none"> • Pressure detector • Blowout preventer • Relief well |

Risk management plays a critical role in blowout prevention. On top of the coordination of human resources by setting up the Emergency Response Organization, the Group harnesses technology for blowout prevention. Pressure detectors, serving as early detection of any undesired pressure formation, have been installed at all wells. A blowout preventer, acting as a lid and shuts down a well if the flow of fluid is detected to be out of control, has been integrated into our drilling system. Besides, in case of a blowout that cannot be controlled from the surface, a relief well has been drilled to intercept with the concerned well, and the flow of fluid in the concerned well can be effectively shut down due to the generation of a hydrostatic pressure by injecting high-density fluids into the well. Moreover, on-site workers across project sites are required to participate in the regular blowout drills, and their performance in the drill are evaluated. During the Reporting Period, no blowouts were reported across project sites.

Transportation of Oil

Although our clients take full responsibility for the transportation of crude oil, the Group also requires our clients to undertake safety responsibilities during the whole process of oil transportation, in order to ensure a safe and quality crude oil transportation process.

Our clients or workers of the transportation company are required to comply with all applicable laws and regulations with required licenses obtained, and fully implement the HSSE policies we put forth, jointly improve the safety performance during the transportation of oil with us. During the Reporting Period, the Group did not receive any reports of improper handling of crude oil during the hauling of crude oil at the project sites.

Adhering to the policy of “safety and prevention priorities”, the Group has established the *CIMP General Rules on Hauling of Crude Oil* and has outlined relevant requirements in the SPA. In order to achieve perfection in both hardware and software to prevent the occurrence of any oil leakage accident, the general rules standardize the rules and requirements for tanker lorry’s preparation before leaving the well sites, which include the rules for loading and assaying, the requirements for HSSE and other operations.

For example, we require our clients to employ personnel who are qualified for dangerous goods transportation to operate vehicles used for hauling crude oil; all personnel involved in the loading process must receive safety trainings, have passed relevant tests and participated in fire emergency drills; operators are protected with qualified anti-static overalls and safety helmets during the oil delivery process; control the loading speed by slowing down the motion to reduce the rate of static generation and thus preventing fire caused by static electricity.

Besides, the Group has formulated the *CIMP Rules on Crude Oil Loading and Unloading* to properly monitor and manage the conveyance/carriage of petroleum products. It specifies clearly the items to be cleared and checked before and after lorry departure as well as safety requirements during driving, loading and unloading. Prior to loading oil to client's tanker lorries, we perform inspection to check whether the vehicle parts are in good conditions, as well as to ensure if necessary equipment such as fire extinguishing equipment and anti-static ground devices are equipped in the vehicle adhering to the requirements for fire and explosion prevention.

Case Study – Preparation before oil loading



In order to identify safety hazards and take all necessary corrective action to eliminate or minimize hazards, inspections were conducted before oil loading by the oil depot security personnel, which is supervised jointly by representatives from the Company and clients.



Well Sites Security

In order to ensure safety of the operation activities at the well sites, in addition to the safety measures and trainings applied in the crude oil production process, attention should be paid to the security work of the well sites. The Group has formulated a well site security plan to prevent anyone from trespassing to or interfering with work at the well sites, such that our operations are carried out in a safe environment. The Group conducts monthly security meetings with the local police. Besides, utilizing local residents' familiarity with the local community, the Group employs them as the well site security guards to prevent any illegal trespassing of strangers effectively.



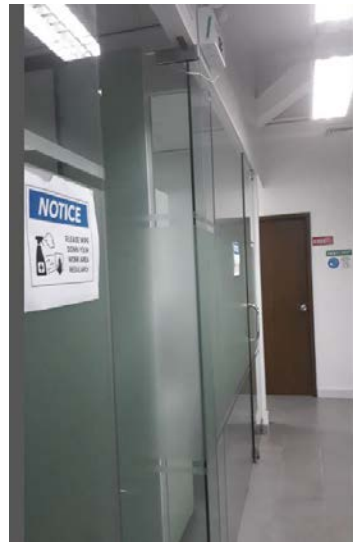
CIMP coordinated with the local police to patrol the well sites on a weekly basis.



CIMP employed local residents as security guards at the well site.

Epidemic Prevention and Control

The Group provides our employees with health management trainings relating to prevention of the infectious diseases such as the national outbreak of dengue fever epidemic in Philippines. In view of the suddenness of the COVID-19 pandemic outbreak, the Group provided trainings on knowledge relating to appropriate anti-pandemic measures to raise employees' awareness on the potential risks. Also, the Group strives to protect the health and safety of our employees by implementing infection prevention and control measures to avoid the spread of disease, including but not limited to:



Posting safety reminders in the reception area and hallway in the office.



Spraying oil trucks with disinfectant before entering the well site.



Spraying disinfectant to the company vehicle after travelling to areas with COVID-19 cases.

4.3. Environmental Management

Environmental protection is always one of our priorities in achieving the sustainable development of the Group. The oil and gas industry has long faced heavy scrutiny regarding its potential impacts on the environment, therefore the Group consistently implements environmental protection measures to shoulder our responsibility in minimizing the environmental impacts brought by the Group's operations. The Group stringently complies with laws and regulations relating to air and greenhouse gas (“**GHG**”) emissions, discharges into water and land, and generation of waste that have a significant impact on the Group's operations in the Philippines. Please refer to Appendix 1 for the list of major laws and regulations. During the Reporting Period, the Group was not aware of any non-compliance incidents with environmental regulations relating to environmental protection that have a significant impact on the Group.

The Group has been putting immense efforts to manage environmental impacts generated from our operations to the local environment. It is incumbent upon us to improve our environmental performance. To this end, the Group has formulated environmental policies as an integral part of the HSSE Policy to avoid, minimize, and mitigate any potential impacts. CIMP was issued an Environmental Compliance Certificate (“**ECC**”) by the DENR in 2015 prior to operation, and the required permits including the Permit to Operate, Hazardous Waste Generator ID and Discharge Permit were obtained, the renewal of which are in progress during the Reporting Period. The Group also requests our contractors and clients to hold relevant environmental permits as they are involved in the crude oil extraction and production activities. In addition, unannounced inspections are carried out by the DENR to monitor the project site's environmental protection work.

Air Pollutants and GHG Emissions

The Group was mainly engaged in the extraction and production of oil and gas, in which the oil hauling and oil loading to client's tanker lorries were the major activities involved during the Reporting Period. The principal environmental impacts generated from our operations are the direct GHG emissions due to the flaring of the associated gas produced in our oil wells and the diesel fuel used for the machinery and equipment operation at well sites, as well as the indirect GHG emissions generated from the consumption of purchased electricity.

The Group has relentlessly pursued operations with minimum environmental load and has made efforts to reducing the air pollutants and GHG emissions through various measures. We have flaring at our project sites, which the flaring process is designed to ensure that the combustion is carried out in an environmentally friendly and sustainable manner. Methane, which has a higher Global Warming Potential, is the main component of the associated gas in the oil well. It can be transformed into carbon dioxide which has a lower Global Warming Potential through flaring, hence reducing methane emissions effectively. Concurrently, associated gas is combusted during flaring to prevent the accumulation of gas within the equipment that may pose a potential danger to on-site workers.

Case Study – Flaring at our project sites



Flaring was conducted at our project sites, and we have installed a flare gas flowmeter to perform direct measurement of the amount of gas flared, which the whole gas flaring system was installed hundreds of meters away from any residential houses to ensure minimal disturbance to the community. The flare gas flowmeter allows us to better manage our emissions from oil and gas exploration and production, and to meet DENR's requirements on an accurate measurement of the amount of associated gas flared.

The Group continues to explore ways to further reduce unproductive flaring and GHG emissions, such as producing cylinders of CNG or LNG with the associated gas and selling them to Cebu market in the near future.

Machinery and equipment at well sites mainly use diesel as the energy source. We proactively consider procuring equipment that are technically compatible to local solar and wind energy as power sources to reduce the consumption of diesel fuel. As for the purchased electricity, it is mainly consumed for lighting at our well sites and offices. We closely monitor our electricity consumption such that we could identify focused areas for energy saving and plan electricity reduction initiatives in the future.

Waste Management

During the preceding drilling activities, drill cuttings is one of the major types of wastes, which are produced by the grinding of rocks against the drill bit on the bottom of the well. Due to the COVID-19 pandemic, restrictions on the travel of personnel and goods to enter Philippines were enforced, which has resulted in a postponement of the drilling progress of the SC49 project, and drilling activities were not conducted during the Reporting Period. Thus, wastes such as drill cuttings and drilling fluid were not produced.

We advocate green procurement. All procured materials used for well drilling and oil extraction were environmentally friendly and non-hazardous, such as the use of potassium formate in forming drilling fluid, and the use of bentonite in forming drilling mud, which protect our land and water from being contaminated when disposed.

As stipulated in our HSSE Policy, we require all personnel to give full consideration to environmental protection when operating at our project sites, by requiring all projects to make plans to minimize waste and use natural resources efficiently. To improve the resources management of our operations, respective waste treatment and disposal methods are listed out in the HSSE Policy.

➤ Proper treatment of different categories of waste

Proper waste minimization, segregation and treatment have been developed and well implemented at the project sites. Wastes produced by the Group are categorized into four main types and are treated differently.

Biodegradables

- e.g. fruit and vegetable peelings, food leftover, etc.

Recyclables

- e.g. newspaper, aluminum cans, glass, etc.

Household hazardous waste

- e.g. household batteries, etc.

Residual wastes that are non-hazardous, non-compostable and non-recyclable

- e.g. milk and juice cartons, plastic bags, etc.

For reusable resources, the Group reuses the materials produced in the course of operations whenever feasible to reduce waste. Repairable spare parts of equipment are recorded and stored for future usage. For wastes generated during operations, biodegradable wastes are used as composting in the nursery located at well sites, whereas other non-hazardous wastes are collected by the local garbage collector. Qualified hazardous waste service is arranged to handle hazardous wastes for proper handling and treatment.

Use of Water Resources

The Group is committed to enhancing the water efficiency and adopt long-term water management and water recycling, since we recognize the importance of conserving the scarce water resources.

We understand that our daily operations can cause contamination to water and have identified the major source of contamination to be the materials used in drilling, in particular those used in the formation of drilling fluid. The Group has been consuming water resources in case of conducting the oil and gas exploration to form drilling fluid, a lubricant used during drilling activities. Although drilling activities were not conducted during the Reporting Period, to minimize impacts on local water bodies, we have been reusing drilling fluid in our treatment system by recirculating the drilling fluid, as a way to optimize the usage of drilling fluid for all of our drilling activities. Besides, we have been using non-hazardous substance to form drilling fluid. Moreover, the Group has integrated a wastewater treatment system into its drilling operations to ensure that the drilling fluids do not affect the water quality of the surrounding water bodies when discharged. During the Reporting Period, the Group did not come across with any difficulties in sourcing water.

Environment and Natural Resources Preservation

The destiny of humankind and nature is intertwined, and we make efforts to understand the environmental sensitivities in the areas where we operate. For instance, we conduct an environmental assessment annually to get hold of the potential environmental hazards and impacts within our operations, with the aim to minimize environmental impact to the local neighborhood, striving to develop a sustainable business.

➤ Avoiding Oil Spill

The Group designates our top priority to avoid oil spills, but even under the most stringent risk management, oil spills can still occur during drilling, delivery, and storage stages. Oil spills can occur due to delivery pipeline and storage tank malfunctions, and the release of crude oil can cause fatal damage to the ecosystem and contaminate the land and sea.

The Group has prepared the oil spill contingency plan to ensure a safe, timely, effective, and coordinated response. The contingency plan provides guidelines related to prevention and disposal of the oil spillage pollution and damage caused by the well site drilling operation and the other operation taken places in oil and gas process facilities, oil tanks, oil pipelines, and other facilities.

The Group actively works to prevent crude oil deposit releases through infrastructural improvements and the implementation of risk management strategies, including but not limited to the following responses:

- Taking lead in resource identification, protection and treatment for the contaminated lands and oily waste handling;
- Providing equipment and trained personnel to manage a spill in coordination with the local government units and other third party;
- Striving for the most environmentally-sound and economically-feasible mitigation measures to protect people, property and the environment.

The Group undertakes responsibilities for corresponding clean-up and environmental recovery programs. An onsite oil spill emergency response team, which is divided into the operation, planning and logistics subdivisions, is in place to handle all levels of spills which may occur at any phase of a project life cycle, in order to protect human life, infrastructure, property and environmental resources in oil spill incidents. During the Reporting Period, no oil spill incident was reported across project sites.

Case Study – Equipment available at the well sites for oil leak mitigation

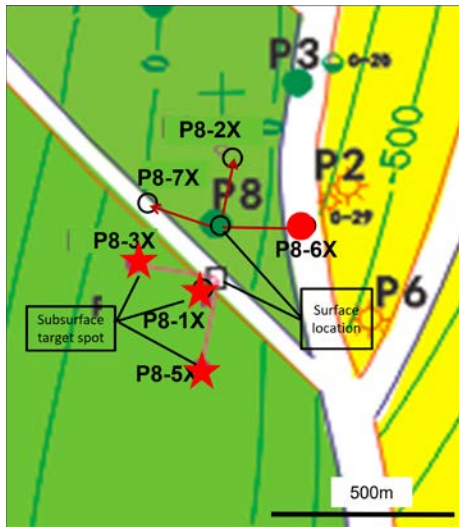


Saw dust available in the well site for use in case there are accidentally oil flow to the ground, so as to stop further flow of oil.

➤ Well Cluster

The Group has incorporated the cluster drilling technology into the design of our well sites. Multiple wells can co-locate at one well site, cutting down the area of land to be drilled, and hence reducing destruction to surrounding environment, as compared to the traditional straight-hole drilling technology which only one well can be drilled at a well site. Meanwhile, the cluster drilling technology also enables optimization of oil production and possibly in a more cost-effective way.

Case Study – Cluster drilling technology



Instead of drilling only one hole straight down per a well site, cluster drilling technology allows directional drilling of wells within one well site, cutting down the area of land to be drilled.

➤ Tree Plantation

The Group is aware of the importance to manage the ecological environment of oilfields, and proactively promotes greening projects to foster a green environment. In support of the Green Philippines Master Plan led by the Forest Management Bureau of the Philippines, we are planting approximately 7,000 seedlings that are suitable for the local environment at drilled well sites each year starting from 2018, and continuing for the next 20 years of crude oil production. Employees participate in tree planting activity voluntarily by collecting seeds and conducting maintenance for planted trees. During the Reporting Period, we have planted a total of 7,000 trees as an effort to reduce GHG emissions.

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Seedlings used for the tree planting.



Tree planting along the access road participated by the CIMP personnel during their vacant time.



Tree planting is carried out on 27 Oct 2020 to create a greener environment.



Trees planted around the well site by our employees.

5. Protecting Employee Rights

5.1. Employment and Labor Management

The Group highly values our employees and considers employees an important component of the Group's development. Through safeguarding the legitimate rights and interests of our employees, protecting their occupational health and safety and supporting their career development, we strive to create an equal, harmonious and inclusive working environment for our employees.

The Group strictly abides by laws and regulations that have a significant impact on the Group in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare as well as preventing child and forced labor. Please refer to Appendix 1 for the list of relevant laws and regulations. During the Reporting Period, the Group did not receive any violations in relation to the above aspects.

The Group has implemented the *Employee Handbook* as an effective tool to communicate our policies on employees' rights and benefits with our employees. In addition, the Group enters into Employment Agreement with employees, submits relevant reports such as report on health and safety organization and annual medical report form to government departments and provides orientation to employees in particular the newly employed about the policies of the Group, so as to ensure that the Group operates in strict legal compliance.

Recruitment and Dismissal

The Group is committed to ensuring a fair and impartial recruitment and bringing together talents with various races, nationalities, education background, knowledge, and skills. The Group provides equal employment opportunity to all qualified persons without regard to creed, color, age, gender and regional origin, and opposes any forms of discrimination. In the recruitment process, the Group ensures that all applicants are treated impartially and equally, and are only selected on the basis of education, work experience, compatibility with work culture, and potential for future advancement.

Regarding employee dismissal, the Group strictly complies with the due process requirements as stipulated by relevant laws and regulations in the Philippines in all cases of termination of employment, and strictly prohibits any unfair or unjust dismissals to protect the rights and obligations of employees and the Group.

Labor Standards

The Group resolutely prohibits child labor and forced labor. Identity certificates of applicants are checked during recruitment and employment to prevent the employment of child labor. Besides, to avoid the occurrence of any forms of forced labor, prior authorization of the Department Head must be secured in all cases of overtime.

Compensation and Promotion

A comprehensive compensation package is an effective tool to attract, retain and motivate employees. The remuneration of employee composes of basic salaries and discretionary year-end bonuses which is correlated to the performance of employee and the corporate.

The Group strives to improve the employee performance appraisal mechanism, which enables the Group to regularly evaluate the work performance of each employee, and to ensure an objective and systematic basis for making human resources-related decisions. The annual performance appraisal not only serves as a basis for the Group in granting salary increase and promotions, but also a means for employees to communicate their strengths and areas for improvement with the management. Besides, employees' promotion generally depends on the availability of vacancy, abilities, performance, and development potential of individuals.

Benefits and Welfare

The Group attaches great importance to employee welfare, in which a comprehensive set of benefits are provided to our employees. The Group has established the hospitalization and medical benefits plan for employees in the interest of their occupational health and wellness. We also provide our employees with extensive insurance coverage against accidents. Moreover, free meals and accommodation are provided to project-based employees during their stay at the project sites.

Working Hours and Holidays

The Group clearly defines employees' rest periods in the Employment Agreement so that employees can be well-rested to work productively, and places emphasis on protecting employees' rights and benefits by stipulating that employees are entitled to overtime pay when employees work in excess of eight hours during a regular working day. We encourage employees to complete their tasks efficiently and discourages working overtime. In addition to statutory holidays, leaves relating to personal matters, such as examination leave and marriage leave are also granted by the Group.

The Group is committed to creating a positive and motivated team through organizing a diverse array of employee activities from time to time such as leisure hike, festive celebrations, and team building events, so as to promote work-life balance of employees and nurture an atmosphere of unity based upon fellowship and camaraderie. Under the COVID-19 pandemic, the Group implemented stringent pandemic countermeasures and reduced group activities in order to protect our employees.

5.2. Employee Training and Development

The Group understands that a competent workforce is important in constructing the core competitiveness of the Group, thus continues to invest training resources in an effort to foster the cultivation and development of employees, achieving the common growth of employees and the Group.

The Human Resources Department formulates the annual training plan after identifying the training needs of the employees and the needs of the Group's business development. The Group provides various types of training focusing on occupational safety skills, production skills, laboratory analyst skills, sales management skills, and health management to the employees.

In addition to internal training, employees are encouraged to attend external training courses that are related to their job nature, and the Group reimburses employees with the cost of training fees and examinations undertaken, aiming to equip our employees with necessary knowledge and competencies for their job positions.

Case Study – Providing occupational safety skills training to employees at the well sites



To equip employees with professional knowledge and skills that are useful at work, we provided fire safety inspection and training to our employees at the well sites to ensure employees are equipped with knowledge of correct extinguisher usage during the Reporting Period. We also provided training on occupational safety skills such as introduction of toxic and hazardous substances in the crude oil production process and safety precautions to our technicians.

6. Responding to the Needs of Society

6.1. Community Engagement

The development of the Group is closely correlated with local communities due to the proximity of the Group's operating activities at well sites and the residential communities nearby. The Group firmly believes that the participation and support from the local population create positive impacts on the Group's operations. Through sufficient consultation and collaboration with local communities, the Group genuinely and proactively listens to and responds to the views of local communities, thus working towards community co-development.



Employees inspected the areas surrounding the well site together with the community for prevention of possible environmental problem.



Employees cultivate fish fry and release them into Lumpan Lake near the Group's well site for local residents to catch.

In order to foster a mutual understanding between the community and the Group, the Group organizes the Information, Education and Communication (“**IEC**”) campaigns as a general practice at the beginning stages of the Group’s projects. IEC campaigns provide local residents a platform to express their views freely and openly, at the same time allow the Group to introduce the benefits and potential impacts that the project may pose on the local communities, so as to facilitate the local communities to garner a broader picture of our ongoing projects.

Prior to each IEC campaign, mitigation measures for environmental and social concerns are prepared to facilitate a better communication with local residents hoping that consensus could be reached between the Group and the local residents. For instance, prior to the start of the project, we provide fair and transparent compensation to adjacent land owners for potential damage to their land, crops or property in accordance with approved governmental procedures. The Group hopes to address local residents’ concerns at the early stage of the project to avoid any potential disagreement that may impact the Group’s business activities. In this way, possible environmental and social impacts of the operations can be minimized with the collaborative efforts of the involved parties.

6.2. Local Prosperity

The Group actively fulfills its corporate social responsibility and constantly seeks ways to give back to the local community. Apart from managing the potential environmental impacts and safety risks of the residents that the project could bring, the Group has been firmly undertaking the role of corporate citizen by creating prosperity to the local community. In respect of protecting the legal rights and interests of the local people, the Group has continued to provide employment opportunities in the local community with priority given to the local residents, in order to advance project development as well as to facilitate interaction between the Group and the local community. In respect of contribution to local economic development, our business activities help create jobs and revenues while engaging with local partners to foster commercial partnerships.

During the Reporting Period, within our workforce, CIMP has employed over 64% of Filipino residents, of which 77% were from Alegria. In the future, the Group will continue to provide job opportunities for local residents in an effort to create local prosperity to the local community and promote sustainable development.

6.3. Social Investment

Over the years, the Group have taken the initiative to support the public welfare activities and development of the communities where the Group operates. The Group encourages employees to actively integrate into the community. By participating in the government's initiatives and collaborating with schools and local villages near our project sites, we can better understand and satisfy the community needs to establish a close relationship.

Case Study – Anti-pandemic materials donation



In view of the outbreak of the COVID-19 pandemic, the Group promptly responded and organized anti-pandemic material donations to local communities. In April 2020, the Group donated medical masks to local hospitals in Philippines, actively assisted the frontline medical workers and medical institutions in pandemic prevention and control.

7. Our Performance in 2020

7.1. Environmental Performance

| | | 2020 | 2019 | 2018 |
|--|--|-----------------|------------|-----------|
| Emissions | | | | |
| GHG Emissions | | | | |
| Types | Units | Total Emissions | | |
| Total GHG emissions | Metric tons CO ₂ e | 207.12 | 674.49 | 132.65 |
| Total GHG emissions per metric ton of crude oil production | Metric tons CO ₂ e/ Metric ton of crude oil production | 0.31 | 0.53 | 0.49 |
| Scope 1: Direct GHG emissions ¹ | Metric tons CO ₂ e | 193.04 | 657.44 | 122.10 |
| Scope 2: Indirect GHG emissions ² | Metric tons CO ₂ e | 14.08 | 17.05 | 10.55 |
| Flaring | | | | |
| Types | Units | Total Emissions | | |
| Total associated gas flared | m ³ | 95,465.00 | 249,515.00 | 46,407.59 |
| Air Pollutants³ | | | | |
| Types | Units | Total Emissions | | |
| Sulphur oxides (SO _x) | Metric tons | 0.79 | 0.06 | - |
| Nitrogen oxides (NO _x) | Metric tons | 0.48 | 0.32 | - |
| Total suspended particles (TSP) | Metric tons | 0.21 | 0.55 | - |
| Carbon monoxide (CO) | Metric tons | 0.55 | 1.34 | - |

¹ The calculation of GHG direct emissions (Scope1) includes the associated gas flared by CIMP, the use of equipment at well sites, cooking and emission reduction by trees. Respective calculation methods and emission factors for flaring of associated gas are set out based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and the GHG Protocol tool for stationary combustion. Version 4.7 published by the IPCC and the World Resources Institute, respectively. The estimation of flaring emission does not involve the emission of N₂O. Respective calculation methods and emission factors for use of equipment are set out based on the GHG Protocol tool for mobile combustion. Version 2.6. published by the World Resources Institute. Respective calculation methods and emission factors for cooking are set out based on Tracking Greenhouse Gases: An Inventory Manual published by the Environmental Management Bureau of the Philippines. Respective calculation methods and emission factors for emission reduction by trees are set out based on the Appendix 2: Reporting guidance on Environmental KPIs published by the Hong Kong Stock Exchange.

² The calculation of GHG indirect emissions (Scope2) includes the use of electricity by CIMP. The calculation method and emission factors for the use of electricity are referenced to the GHG Protocol tool for stationary combustion. Version 4.7. issued by the World Resources Institute.

³ Air pollutants w as generated from flaring in oil and gas extraction, and from the use of equipment for oil and gas exploration and production as well as LPG used for cooking. The emissions data includes the air pollutants from flaring and air pollutants from equipment use, w hich the calculation method is referenced to the EMEP/EEA Air Pollutant Emission Inventory Guidebook 2019 issued by the European Environment Agency.

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| | | 2020 | 2019 | 2018 |
|--|--|------------------------|-----------------------|-----------------------|
| Wastes | | | | |
| Types | Units | Total Emissions | | |
| Total non-hazardous waste | Metric tons | 0.00 | 6.00 | 107.43 |
| Total non-hazardous waste per metric ton of crude oil production | Metric tons/Metric ton of crude oil production | 0.00 | 4.76×10^{-3} | 0.40 |
| Domestic waste | Metric tons | 0.00 | 6.00 | 9.50 |
| Drill Cutting ⁴ | Metric tons | 0.00 | 0.00 | 97.93 |
| Total hazardous waste | Metric tons | 1.20 | 0.00 | 0.22 |
| Total hazardous waste per metric ton of crude oil production | Metric tons/Metric ton of crude oil production | 1.81×10^{-3} | - | 8.12×10^{-4} |
| Use of Resources | | | | |
| Energy⁵ | | | | |
| Types | Units | Amount | | |
| Total energy consumption ⁶ | kWh in '000s | 71.24 | 33.94 | 21.00 |
| Total energy consumption per metric ton of crude oil production | kWh in '000s/Metric ton of crude oil production | 0.11 | 0.03 | 0.08 |
| Electricity consumption | kWh in '000s | 28.03 | 33.94 | 21.00 |
| Electricity consumption per metric ton of crude oil production | kWh in '000s /Metric ton of crude oil production | 0.04 | 0.03 | 0.08 |
| Diesel consumption ⁷ | kWh in '000s | 42.81 | 3.75×10^{-3} | - |
| Diesel consumption per metric ton of crude oil production | kWh in '000s /Metric ton of crude oil production | 0.06 | 5.64×10^{-6} | - |
| Liquefied petroleum gas (LPG) consumption ⁸ | kWh in '000s | 0.40 | - | - |
| LPG consumption per metric ton of crude oil production | kWh in '000s /Metric ton of crude oil production | 6.04×10^{-4} | - | - |

⁴ Since no drilling activities were conducted during the Reporting Period, no drill cutting was generated.

⁵ The Group adjusted the units of various types of energy and the corresponding intensity to kWh in '000s and kWh in '000s /Metric ton of crude oil production during the Reporting Period.

⁶ The calculation of energy consumption is referenced to the *Energy Statistics Manual* published by the International Energy Agency.

⁷ Diesel was consumed for use of machinery and equipment that were controlled by CIMP at our project sites during the Reporting Period.

⁸ LPG was used for cooking at our project sites during the Reporting Period.

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| | | 2020 | 2019 | 2018 |
|--|--|----------|--------|----------|
| Water | | | | |
| Municipal water consumption ⁹ | m ³ | 2,506.00 | - | - |
| Municipal water consumption per metric ton of crude oil production | m ³ /Metric ton of crude oil production | 3.77 | - | - |
| Surface water consumption | m ³ | - | 445.00 | 1,630.00 |
| Surface water consumption per metric ton of crude oil production | m ³ /Metric ton of crude oil production | - | 0.35 | 6.02 |

⁹ Municipal water was consumed for domestic use during the Reporting Period.

7.2. Social Performance

| Total Workforce | | | | |
|-----------------------------------|----------------------------------|-------------------|------|-------|
| No. and rate of employees | Total | | 14 | - |
| | By gender | Male | 12 | 85.7% |
| | | Female | 2 | 14.3% |
| | By employment type ¹⁰ | Full-time | 14 | 100% |
| | | Part-time | 0 | 0% |
| | By employee category | Senior management | 1 | 7.1% |
| | | Middle management | 5 | 35.7% |
| | | Rank and file | 8 | 57.1% |
| | By age | Below 30 | 2 | 14.3% |
| | | 30-40 | 4 | 28.6% |
| | | 41-50 | 3 | 21.4% |
| | | 51 or above | 5 | 35.7% |
| By geographical region | Philippines | 14 | 100% | |
| Employee Turnover ¹¹ | | | | |
| No. and rate of employee turnover | Total | | 4 | 28.6% |
| | By sex | Male | 2 | 16.7% |
| | | Female | 2 | 100% |
| | By employment type | Senior management | 0 | 0% |
| | | Middle management | 1 | 20.0% |
| | | Rank and file | 3 | 37.5% |
| | By age | Below 30 | 1 | 50.0% |
| | | 30-40 | 0 | 0% |
| | | 41-50 | 3 | 100% |
| | | 51 or above | 0 | 0% |
| | By geographical region | Philippines | 4 | 28.6% |

¹⁰ As of the end of the Reporting Period, all employees of CIMP were full time employees.

¹¹ The Group updated the calculation of the rate of employee turnover in accordance with the *Appendix 3: Reporting guidance on Social KPIs* published by the Hong Kong Stock Exchange during the Reporting Period.

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| Development and Training ¹² | | | | |
|---|--------------------------------|-------------------|---------|-------|
| No. and rate of employees trained | Total | | 12 | 85.7% |
| | By sex | Male | 11 | 91.7% |
| | | Female | 1 | 8.3% |
| | By employment type | Senior management | 1 | 8.3% |
| | | Middle management | 4 | 33.3% |
| | | Rank and file | 7 | 58.3% |
| Average no. of training hours per employee | By sex | Male | 6.5 | |
| | | Female | 4.5 | |
| | By employment type | Senior management | 1.0 | |
| | | Middle management | 6.4 | |
| | | Rank and file | 6.8 | |
| | Occupational Health and Safety | | | |
| No. of work-related fatalities | | | 0 | |
| No. of work injury | | | 0 | |
| No. of lost days due to work injury | | | 0 | |
| Supply Chain Management | | | | |
| No. of suppliers ¹³ | By geographical region | Mainland China | 10 | |
| Product Responsibility | | | | |
| No. of complaints received | | | 0 | |
| Anti-corruption | | | | |
| No. of concluded legal cases regarding corrupt practices brought against the Company or our employees | | | 0 | |
| Social Welfare Activities Information | | | | |
| Volunteering hours | | | 2,018 | |
| Donation amount (in Peso) | | | 200,000 | |

¹² The Group updated the calculation of the rate of employees trained and average number of training hours per employee in accordance with the *Appendix 3: Reporting guidance on Social KPIs* published by the Hong Kong Stock Exchange during the Reporting Period.

¹³ During the Reporting Period, the Group did not undertake any procurement.

Appendix 1: List of Major Laws and Regulations

As the laws and regulations that the Group complied with during the Reporting Period cannot be fully recorded here, the following table lists out the laws and regulations that have a significant impact on the Group's business operations in the Philippines, while laws and regulations of the Group's other operating locations such as Hong Kong and Macau are not covered here. During the Reporting Period, the Group did not receive any incidents of non-compliance of laws and regulations that have a significant impact on the Group under the ESG Reporting Guide at the aforementioned locations.

Laws and regulations corresponding to the aspects of the ESG Reporting Guide ¹⁴

A. Environment

Aspect A1: Emissions

Presidential Decree No. 151 – Philippine Environmental Policy

Presidential Decree No. 984 – Pollution Control Law

Presidential Decree No. 1586 – The Philippine Environmental Impact Statement System

Republic Act No. 6969 – Toxic Substances and Hazardous & Nuclear Waste Management of the Philippines

Republic Act No. 8749 – The Philippines Clean Air Act

Republic Act No. 9275 – Comprehensive Water Quality Management

Republic Act No. 9003 – Ecological Solid Waste Management

B. Society

Aspect B1: Employment

*Labor Code of the Philippines^{*B4}*

Republic Act No. 7192 – Women in Development and Nation-Building Act

Republic Act No. 7877 – Anti-Sexual Harassment Law

Republic Act No. 8282 – Social Security Law

Republic Act No. 8504 – Philippine AIDS Prevention and Control

Republic Act No. 9165 – Comprehensive Dangerous Drug Act

Republic Act No. 9679 – Home Development Mutual Fund Law

*Department Order No. 53-03 – Drug Free Workplace Policies and Programs^{*B2}*

Department Order No. 73-05 – Policy and Program on Tuberculosis Prevention and Control

DOLE Department Advisory No. 05 Series of 2010 Guidelines for the Implementation of a Workplace Policy and Program on Hepatitis V

¹⁴ As some of the laws cover a number of aspects, these laws are marked with an asterisk and the aspect it covers.

Aspect B2: Health and Safety

Republic Act No. 7875 – National Health Insurance Act

Republic Act No. 11058 – Occupational Safety and Health Standards Act

Aspect B6: Product Responsibility

Presidential Decree No. 1857 – The Oil Exploration and Development Act of 1972

Republic Act No. 7394 – Consumer Act of the Philippines

Republic Act No. 8293 Intellectual Property Code of the Philippines

Republic Act No. 10173 – Data Privacy Act

Aspect B7: Anti-corruption

Republic Act No. 9160 – Anti-Money Laundering Act

Republic Act No. 3019 – Anti-Graft and Corrupt Practices

Appendix 2: The ESG Reporting Guide Content Index

| General Disclosures and Key Performance Indicators | Description | Corresponding sections in the Report or other descriptions |
|---|---|---|
| A. Environmental | | |
| Aspect A1: Emission | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | 4.1 HSSE Management Structure 4.3 Environmental Management |
| KPI A1.1 | The types of emissions and respective emissions data. | 7.1 Environmental Performance |
| KPI A1.2 | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 7.1 Environmental Performance |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 7.1 Environmental Performance |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | 7.1 Environmental Performance |
| KPI A1.5 | Description of measures to mitigate emissions and results achieved. | 4.3 Environmental Management |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. | 4.3 Environmental Management |
| Aspect A2: Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | 4.3 Environmental Management |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | 7.1 Environmental Performance |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | 7.1 Environmental Performance |
| KPI A2.3 | Description of energy use efficiency initiatives and results achieved. | 4.3 Environmental Management |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | 4.3 Environmental Management |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced | Not applicable ¹⁵ |
| Aspect A3: The Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer's significant impact on the environment and natural resources. | 4.3 Environmental Management |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | 4.3 Environmental Management |

¹⁵ The Group's main operational activities during the Reporting period included crude oil extraction and production activities, and packaging materials were not involved in the aforementioned activities.

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B. Social

Aspect B1: Employment

| | | |
|--------------------|---|-------------------------------------|
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | 5.1 Employment and Labor Management |
| KPI B1.1 | Total workforce by gender, employment type, age group and geographical region. | 7.2 Social Performance |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | 7.2 Social Performance |

Aspect B2: Health and Safety

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| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | 4.1 HSSE Management Structure 4.2 Occupational Health and Safety Practices |
| KPI B2.1 | Number and rate of work-related fatalities. | 7.2 Social Performance |
| KPI B2.2 | Lost days due to work injury. | 7.2 Social Performance |
| KPI B2.3 | Description of occupational health and safety measures adopted, how they are implemented and monitored. | 4.2 Occupational Health and Safety Practices |

Aspect B3: Development and Training

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| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | 5.2 Employee Training and Development |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | 7.2 Social Performance |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | 7.2 Social Performance |

Aspect B4: Labour Standards

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| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | 5.1 Employment and Labor Management |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | 5.1 Employment and Labor Management |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | 5.1 Employment and Labor Management |

Aspect B5: Supply Chain Management

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| General Disclosure | Policies on managing environmental and social risks of the supply chain. | 3.2 Supply Chain Management |
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| KPI B5.1 | Number of suppliers by geographical region. | 7.2 Social Performance |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | 3.2 Supply Chain Management |
| Aspect B6: Product Responsibility | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | 3.1 Oil Quality Assurance 3.3 Service Excellence ¹⁶ |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | 3.1 Oil Quality Assurance |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | 3.3 Service Excellence 7.2 Social Performance |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | 3.3 Service Excellence |
| KPI B6.4 | Description of quality assurance process and recall procedures. | 3.3 Service Excellence |
| KPI B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | 3.3 Service Excellence |
| Aspect B7: Anti-corruption | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | 2.2 Operate with Integrity |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | 7.2 Social Performance |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | 2.2 Operate with Integrity |
| Aspect B8: Community Investment | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | 6. Responding to the Needs of Society |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | 6. Responding to the Needs of Society |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | 7.2 Social Performance |

¹⁶ The Group's main operational activities during the Reporting Period included crude oil extraction and production activities, advertising and product labelling matters were not important for the Group.