



**中信資源控股有限公司**  
**CITIC Resources Holdings Limited**

(Incorporated in Bermuda with limited liability)

Stock code: 1205

# Environmental, Social and Governance (ESG) Report



2022



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## About This Report

This Environmental, Social and Governance Report (this "**Report**") presents the concepts, management methods, measures, and relevant performance of sustainability work of CITIC Resources Holdings Limited's (the "**Company**", "**CITIC Resources**" or "**We**") and its subsidiaries and joint ventures within the scope of this Report (the "**Group**") in 2022. This Report should be read in conjunction with the *Corporate Governance Report* within the Company's *2022 Annual Report* to construct a comprehensive understanding of the Company's Environmental, Social and Governance ("**ESG**") performance.

The Board of CITIC Resources is fully responsible for overseeing the implementation of the Company's ESG-related policies and relevant reporting, and the Board has reviewed and approved this Report in March 2023. The information disclosed in this Report is mainly from the internal documents and public materials of the Group.

## Reporting Period

Unless otherwise specified, this Report mainly reviews the Group's internal policies, measures and actions on ESG during the period from January 1, 2022 to December 31, 2022 (the "**Reporting Period**"), so as to demonstrate the Group's environmental and social responsibilities undertaken and related performance during the Reporting Period. In order to ensure the continuity and comparability of relevant statistical data, the time range involved in some of the contents of this Report will be dating back to the prior years or looking forward to the date of release of this Report.

## Reporting Organizational Scope

The Group determines the scope of this Report based on the operational control over entities. Therefore, projects related to aluminium smelting, coal, bauxite mining, and alumina refining are not included in this Report. The organizational scope of this Report is consistent with the scope set out in the previous ESG Report, which specifically includes:

- CITIC Resources (the head office of the Group in Hong Kong)
- CITIC Canada Energy Limited
- JSC Karazhanbasmunai
- CITIC Haiyue Energy Limited
- Tincy Group Energy Resources Limited
- CITIC Seram Energy Limited
- 中信石油技術開發（北京）有限公司 (CITIC Petroleum Technology Development (Beijing) Limited)
- CITIC Resources Australia Pty Ltd

The scope of disclosure of environmental and social performance indicators in this Report remains the same as 2021.

In addition, the indirect wholly-owned subsidiaries of the Company, CITIC Oil & Gas Holdings Limited, and JSC KazMunaiGas Exploration Production jointly own, manage, and operate KBM through CITIC Canada Energy Limited, which indicates that both the Company and JSC KazMunaiGas Exploration Production require the consent of the other party in making operational decisions. In other words, the Company does not have operational control over KBM. The disclosure scope of environmental and social key performance indicators of this Report does not include KBM.

Reporting Reference

This Report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (the “**ESG Reporting Guide**”) set out in Appendix 27 to the Rules Governing the Listing of Securities of the SEHK. This Report has complied with the mandatory disclosure requirements and all “comply or explain” provisions set out in the ESG Reporting Guide of the SEHK, and has been prepared in accordance with the four reporting principles of materiality, quantitative, balance and consistency. Please refer to this Report’s Appendix 3 – *SEHK ESG Reporting Guide Index* for reference.

Materiality

This Report focuses on the material issues identified and assessed by the Board and the management of the Group during the Reporting Period. Please refer to the sections "Statement from the Board" and "Materiality Assessment" for specific procedures and criteria in determining material issues.

Quantitative

Key performance indicators are presented quantitatively whenever feasible in this Report, which lays a solid foundation to set relevant targets in the future. Meanwhile, this Report discloses past and present data of the Reporting Period, so as to effectively evaluate and validate the effectiveness of relevant ESG policies and management systems.

Balance

This Report provides an unbiased picture of the Group’s performance, and avoids selections, omissions, or presentation formats that may inappropriately influence the decision or judgment by the report reader as much as possible.

Consistency

Unless otherwise stated, the methodologies used in this Report for disclosure are consistent with previous years to ensure the comparability of environmental and social performance.

Reporting Specifications

In this Report, unless otherwise specified, the following terms shall have the following meanings:

“Australia”	refers to	The Commonwealth of Australia
“China”	refers to	The People’s Republic of China
“CITIC Group”	refers to	中國中信集團有限公司 (CITIC Group Corporation)
“CITIC Petroleum”	refers to	中信石油技術開發（北京）有限公司 (CITIC Petroleum Technology Development (Beijing) Limited)
“CITIC Resources” or the “Company”	refers to	CITIC Resources Holdings Limited
"CITIC Seram"	refers to	CITIC Seram Energy Limited

“COVID-19”	refers to	Coronavirus Disease 2019
“CRA”	refers to	CITIC Resources Australia Pty Ltd
“Hong Kong”	refers to	The Hong Kong Special Administrative Region, the People's Republic of China
“HSE”	refers to	Health, Safety and Environment
“Indonesia”	refers to	The Republic of Indonesia
“Kazakhstan”	refers to	The Republic of Kazakhstan
“KBM”	refers to	JSC Karazhanbasmunai
“Russia”	refers to	The Russian Federation
“SEHK”	refers to	The Stock Exchange of Hong Kong Limited
The “Board”	refers to	The Board of Directors of CITIC Resources Holdings Limited
The “Group” or “We”	refers to	CITIC Resources Holdings Limited and its subsidiaries and joint ventures within the scope of this Report
The “Hainan-Yuedong Block”	refers to	The Hainan-Yuedong Block in the Bohai Bay Basin in Liaoning Province, the People's Republic of China
The “Karazhanbas Oilfield”	refers to	The Karazhanbas Oil and Gas Field in Mangistau Oblast, the Republic of Kazakhstan
The “Seram Block”	refers to	The Seram Island Non-Bula Block, the Republic of Indonesia
The “Yuedong Oilfield”	refers to	The Yuedong oilfield, the principal field within the Hainan-Yuedong Block in the Bohai Bay Basin in Liaoning Province, the People's Republic of China
“Tincy Group”	refers to	Tincy Group Energy Resources Limited

Access to This Report

This Report is available in both Chinese and English. Should there be any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

Readers and all stakeholders can access this Report at the Group’s official website (<http://resources.citic>) and the website of the SEHK(<http://www.hkexnews.hk>).

Response to This Report

Comments and suggestions regarding this Report or the sustainability performance of the Group are welcome and can be emailed to [ir@citicresources.com](mailto:ir@citicresources.com).

Furthermore, a feedback form is attached on page 102 of this Report, and you are welcome to complete and send it to the Group at the email address above.



# Statement from the Board

The Board would like to express its sincere gratitude to all shareholders, customers, suppliers and business partners for their long-term support and care to CITIC Resources. The Board would also like to express its sincere gratitude to the management and all employees for their unrelenting efforts in supporting the Group's sustainable development strategy. The Board has made the following statements on the Group's ESG performance in response to the increasing concerns of stakeholders on CITIC Resources' efforts in sustainable development.

As a highly responsible energy company, CITIC Resources has been committed to maintaining the long-term stability of sustainable development in the past year, and has established an ESG management framework and clarified corresponding governance responsibilities. In particular, the Board assumes full responsibility for the Group's ESG strategy and reporting, and ensures that the Group has established appropriate and effective ESG risk management and internal control systems. The Risk Management Committee of the Board is the core of ESG governance, and its responsibilities include, but not limited to, updating and improving ESG policies, evaluating and monitoring ESG-related risks, etc. The Risk Management Committee of the Board holds at least one meeting in each financial year of the Company to ensure the overall management and effective implementation of ESG governance. Through the above effective measures, the Board will be able to better integrate ESG into the Company's development strategy and production and operation process to promote the sustainable development of the Group.

The Group comprehensively and deeply promoted the improvement of the governance system and the improvement of governance capacity to ensure the long-term stable development of CITIC Resources in terms of sustainable development. The Risk Management Committee under the Board has established an ESG working group, which is fully responsible for identifying and evaluating ESG risks and formulating ESG management policies, plans and goals to promote relevant ESG work. In order to effectively implement the supervision of ESG issues, the Group has established the "CITIC Resources Holdings Limited ESG Management Measures"<sup>1</sup>, which lists ESG governance (e.g., formulation, implementation and review of ESG plans and objectives, supervision of ESG-related risks, and internal audit of ESG matters) and ESG reporting (e.g., collection and summary of ESG data and information, preparation and disclosure of ESG reports) as the daily work of the ESG working group, and standardizes and manages the relevant procedures. The Group aims to promote sustainable development more effectively and improve the level of ESG governance, so as to create greater value in social and environmental aspects.

In 2022, CITIC Resources further consolidated and improved its ESG management structure, and invited an independent third-party consultant team to conduct a materiality assessment, comprehensively sorted out the key points of the Company's sustainable development work and the feedback from various stakeholders, and benchmarked against industry hotspots and leading practices. With reference to the results of the materiality assessment questionnaires and based on our operation and management, the Group finally identified 5 material issues in environmental aspect and 6 material issues in social aspect. The specific response is as follows:

We always believe that **Oil Spill Prevention**<sup>2</sup> is an important part of the safety production and operation of CITIC Resources' oilfields. As a responsible oil enterprise, the Group continuously follows up and updates relevant policies on crude oil exploitation, extraction and transportation in the operating areas of each oilfield in a timely manner to strictly prevent the occurrence of crude oil leakage accidents. In addition, while ensuring the stable operation of its business, the Group attaches great importance to and is committed to reducing the **Local Environmental Impacts of Our Business**, and ensuring 100% environmental compliance of its business. The Group also strives to promote green and low-carbon transformation, strengthen the management and control of pollution control, ecological protection and restoration, and greenhouse gas ("GHG") emissions, and promote the modernization of the ecological environment governance system and governance capabilities.

The Group adheres to the concept of green development, continues to be committed to improving **Energy Usage & Efficiency** and **Water Consumption & Efficiency**, promoting green and clean replacement of its own energy consumption, and ensuring that the water footprint in the production and operation process is gradually reduced. At the same time, the Group has identified the risks and opportunities of **Climate Change** on the business operations of each oilfield, and has considered risk response actions in a targeted manner at the oilfield level, striving to minimize negative impacts on the local environment and society, promoting sustainable development and achieving a balance between economic, social and environmental benefits.

CITIC Resources regards employees as the most valuable resource and wealth. The Group adheres to the development concept of "developing the enterprise with talents" and firmly believes that the long-term stable development of the enterprise can only be achieved through the mutual growth of employees and the enterprise. Therefore, the Group continuously explores and trains talents and provides employees with a wide range of development opportunities and platforms. At the same time, the Group pays attention to the physical and mental health of employees and implements comprehensive policies on **Employment & Employee Benefits** to ensure that the rights and interests of employees are effectively protected. In addition, the Group also actively encourages its oil fields and subsidiaries to carry out **Employees' Development & Training** and community welfare activities to protect the **Employees, Contractors & Communities' Rights**.

The Group comprehensively strengthens the safety work of employees from the Group level to the oilfield level, and the level of work safety and emergency response capabilities to ensure the **Employees' Health & Safety** in the production and operation process. The Group also attaches great importance to the management of community development in the places where it operates, actively participates in public welfare undertakings, such as rural revitalization, community development and volunteer services, and works with all stakeholders to make positive contributions to the local communities, as to respond to the material issue of **Extent of Localization**.

CITIC Resources attaches great importance to market recognition. The Group continues to improve its regular governance structure and has established an ESG management structure to effectively monitor and control potential risks and ensure compliance with various laws, regulations and industry standards, ensuring good **Corporate Governance**. In addition, the Group also actively responds to the requirements of the ESG Guide of the SEHK, makes new progress in ESG management, continuously improves the level of ESG transparent disclosure, maintains good communication with stakeholders, and further improves the Company's image and market confidence. The Group is committed to becoming an industry leader, leading the development of the industry, and continuously winning market recognition and trust through leading corporate governance and ESG management.

In conclusion, we should take advantage of favorable conditions, stay motivated, overcome obstacles, and strive to reach our goals. Faced with the current complex and severe development situation, and the changing trend of energy transformation and green development, CITIC Resources will further strengthen environmental protection, actively respond to more challenges and opportunities for energy conservation and emission reduction, shoulder more environmental and social responsibilities, and forge ahead with all employees. The Group will strive to live up to the expectations of all stakeholders, take high-quality development as the theme, firmly and pragmatically set scientific ESG goals, and bravely scale new heights on the road to sustainable development.

The Board of CITIC Resources  
29 March, 2023

<sup>1</sup> Relevant internal policies are marked with quotation marks in this Report.

<sup>2</sup> Bold contents are the material issues identified during the Reporting Period.

# About Us

## About CITIC Resources

The Company was incorporated in Bermuda in 1997 and has been listed on SEHK in the same year. The Company is committed to the development in the fields of energy, mental and import and export of commodities, etc, and continuously defines CITIC Resources as an integrated provider of key commodities and strategically valued natural resources. The ultimate holding company is CITIC Group (formerly China CITIC Corporation) which was incorporated in China, and the intermediate holding company, CITIC Limited (CITIC Group's direct wholly owned subsidiary which has been incorporated in Hong Kong and listed on the main board of SEHK) holds a 59.50% share of the Group.

The operation projects of the Group in the field of crude oil include the exploration, development, and operation of oil fields located in China and Indonesia engaged by the indirect wholly-owned subsidiary of the Company, and the development, production and sales of oil in Kazakhstan as a joint venture. The investment in non-oil projects includes the import and export of commodities, and the investment in aluminium smelting, coal, bauxite mining and alumina refining projects conducted by the Company's indirect wholly-owned subsidiaries.

We are fully aware of our social responsibilities. As a company with an important responsibility in the natural resources industry, the Group will consider minimizing the impact on the environment during the operation process, adhere to the management policy of the Group's business, and strictly implement the highest level of environmental protection.

In addition, the Group understands the importance of striking a balance between business development needs and managing the earth's resources. For each decision-making process, the Group will consider how to reduce the impact on the environment, while meeting the energy demand of society and promoting the harmonious development of the society, economy and environment. The Group also actively participates in community and public affairs, and is committed to bringing more value and benefits to society.

## About the Subsidiaries and Joint Ventures Covered in the Report

The subsidiaries and joint ventures covered in this Report are introduced below:

Subsidiaries

Tincy Group

CITIC Haiyue Energy Limited, an indirect wholly-owned subsidiary of the Company, owns a 90% interest in Tincy Group.

Tincy Group holds the right to explore, develop, and produce petroleum from the Yuedong Block in the Bohai Bay Basin in Liaoning Province, China until 2034. Tincy Group is the operator of the Hainan-Yuedong Block in cooperation with China National Petroleum Corporation.

Currently, the principal field within the Hainan-Yuedong Block is the Yuedong oilfield.

CITIC Seram

CITIC Seram is an indirect wholly-owned subsidiary of CITIC Resources. CITIC Seram currently owns 41% participating interest in the oil and gas production sharing contract in Seram Non Bula Block located in Seram Island of Maluku Province, Indonesia, and is also the field operator in this block. The original production sharing contract expired on October 31, 2019 and was extended for 20 years since November 1, 2019. The current participating interest holders jointly was advised by a special task force (established by the local government to manage upstream oil and gas business activities) to offer 10% of the equity to a regional-owned company appointed by the local government and currently such proposed transfer was suspended as no unanimous agreement was reached among the joint partners.

CRA

CRA operates the Group's import and export commodity business and is an indirect wholly-owned subsidiary of the Company, and its subsidiaries are engaged in mining investment business including aluminium smelting, coal and alumina refining as well as import and export commodities.

CITIC Petroleum

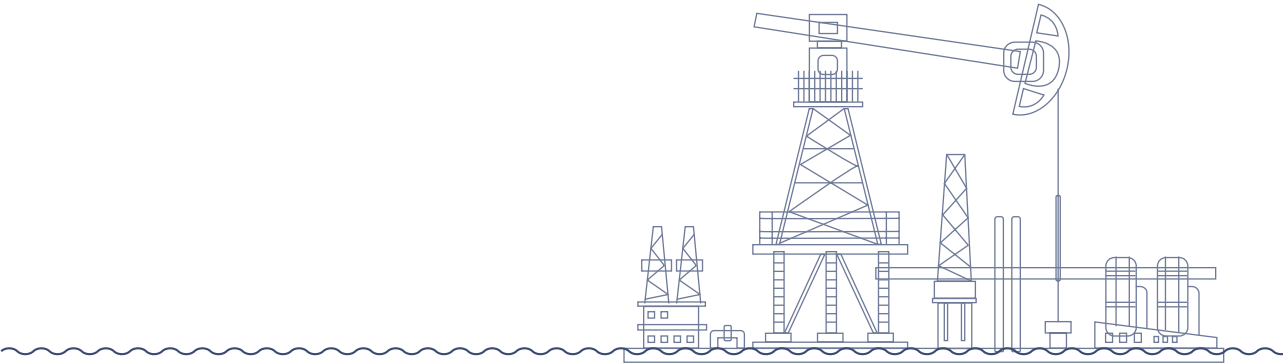
CITIC Petroleum is an indirect wholly-owned subsidiary of the Company, engaging in petroleum-related technology development business in Beijing, China.

Joint Ventures

Karazhanbas oilfield

CITIC Oil & Gas Holdings Limited, an indirect wholly-owned subsidiary of the Company, and JSC KazMunaiGas Exploration Production, through CITIC Canada Energy Limited, jointly own, manage, and operate KBM. In fact, the Group owns 50% of the issued voting shares of KBM (which represents 47.31% of the total issued shares of KBM).

KBM is engaged in the development, production and sale of oil and holds the right to explore, develop, produce and sell oil from the Karazhanbas oilfield until 2035.





Corporate Honor

Company	Honor	Illustration
	Awarded the “LISTCO EXCELLENCE AWARDS 2022” co-organized by AM730 and PR ASIA, and supported by the Mainland media Phoenix New Media	<p>“LISTCO EXCELLENCE AWARDS” is a highly recognized and representative award presented by the cross-platform media and financial sector in the Mainland and Hong Kong. The awardees are selected from a list of qualified candidates for listed companies by a professional team. The assessment is then conducted by fund managers, senior stock commentators and equity analysts. As a result, the selected listed company is truly deserved and serve as a valuable reference for investors.</p> <p>The selection in 2022 strengthened the social responsibility in the original selection criteria and comprehensively covered the Environmental, Social and Governance (ESG) Report. Awarding the" LISTCO EXCELLENCE AWARDS" to CITIC Resources reflected the wide attention of the industry and investors to the industry and the great encouragement and recognition of CITIC Resources. This also provides an incentive for CITIC Resources to continue its development and create value.</p>
	傑出上市公司大獎 2022 LISTCO EXCELLENCE AWARDS 主版——中信資源控股有限公司 (01205) 克服外部環境挑戰 持續改善盈利能力	
		

Company	Honor	Illustration
	PROPER Blue Rating	<p>Since 2010, CITIC Seram has strictly abided by the Indonesian government's requirements on environmental information disclosures, and thus received the "Blue" rating from the Minister of the Environment of Indonesia for 12 consecutive years.<sup>3</sup></p>
		

<sup>3</sup> The 2022 PROPER certification obtained by CITIC Seram will be officially awarded in [month] 2023.





# 01

## Our Governance

CITIC Resources strictly abides by the laws and regulations of the places where it operates and the regulations of the regulatory authorities. It also formulates and implements detailed internal governance policies and business codes to ensure legal and compliant operations, and actively adopts policies and procedures and systematic monitoring measures to ensure full compliance with laws and regulations from the Group level to the subsidiary level, so as to ensure the improvement of business operations and the effective control of risks and opportunities. In addition, the Group strives to achieve the goal of sustainable development through diversified and multi-level corporate governance, continuously strengthening its core business and improving its core competitiveness.

If you would like to know more detailed information on the Company's corporate governance, please read in conjunction with the Company's *Corporate Governance Report* within the 2022 *Annual Report* to comprehensively understand the Company's governance performance.

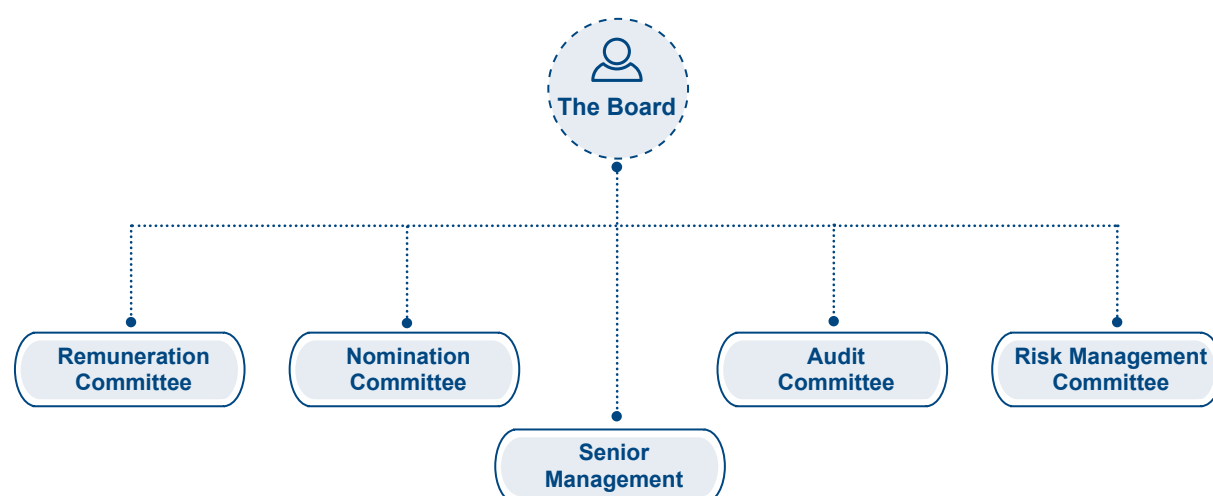
The material issues – “Corporate Governance” is particularly responded to in this section of this Report.



## Corporate Governance

CITIC Resources strictly complies with the listing provisions and requirements of the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* and executes its governance policies. CITIC Resources continuously improves its governance structure comprised of the Board, the Remuneration Committee, the Nomination Committee, the Audit Committee, the Risk Management Committee, and the senior management, as well as its governance policies. Improving the level of the Group's governance and regulating the Group's operation and management ensures that all decisions are made on the principles of trust and fairness and announced in a public and transparent manner to protect the interests of all shareholders.

CITIC Resources' Governance Structure:



As of 29 March, 2023, the Board is composed of 5 members, including 1 Executive Director, 1 Non-Executive Director, and 3 Independent Non-Executive Directors. The resumes of all Directors and the specific terms of reference of each committee have been published in the *2022 Annual Report* and on the Company's website. During the Reporting Period, to develop and refresh their knowledge and skills, all Directors have participated in appropriate continuous professional development training, which covered updates on ESG, laws, rules and regulations, and directors' duties and responsibilities, so as to enable the Directors to have a more comprehensive and in-depth understanding of and perform relevant duties and responsibilities.

## Risk Management and Internal Control

The Board has overall responsibility for maintaining an adequate system of risk management and internal control and reviewing its effectiveness annually.

### Risk Management

The Group has established a risk management and internal control system covering all the business units to monitor, assess and manage various risks in the Group's business activities. The Risk Management Committee has reviewed the quality, completeness and effectiveness of the risk management policies and regulations of the Group and approved the relevant revisions on risk management policies under the delegation of the Board. The system identifies, evaluates and manages the significant risks through regular risk assessments, including both compliance assessment and self-assessment on risk management and internal control.

The risk management and internal control system is designed to facilitate the effectiveness and efficiency of operations, safeguard assets against unauthorised use and disposition, ensure the maintenance of proper accounting records and the truth and fairness of the financial statements, and ensure compliance with relevant legislation and regulations. The system provides reasonable, but not absolute, assurance against material misstatement or loss, and is designed to manage rather than eliminate the risks of failure to achieve business objectives.

The Company has taken appropriate measures to identify inside information and preserve its confidentiality until proper dissemination via the electronic publication system operated by the SEHK. In order to ensure that the market and shareholders are fully and promptly informed about the material developments in the Company's business, the Board has adopted the inside Information Disclosure Policy regarding the procedures of proper information disclosure. Employees are required to promptly report any inside information of which they become aware to their supervising manager for immediate referral for assessment by the chief executive officer and the company secretary of the Company and determination as to whether, in the absence of any available safe harbor, an announcement shall be made by the Company. Release of inside information is subject to the approval of the Board. Unless duly authorized, all staff members of the Company shall not communicate inside information to any external parties and shall not respond to market speculation and rumours.

The Group's risk management and internal control system comprises five levels based on the corporate governance structure:



During the Reporting Period, the risk and compliance department identified risk by multiple channels, including questionnaires, group discussion and scenario analysis, evaluated the risk as normal risk, significant risk and critical risk, and managed the risk with reference to the risk management policy. It also controlled the risks of subsidiaries through monthly risk management reporting and risk assessment as well as the monitoring of major projects and business. The result of the review, including COVID-19 related risk, strategic and investment risk, health, safety and environment risk, asset impairment risk, market risk, liquidity risk and litigation risk, has been summarised and reported to the Risk Management Committee and the Board with recommendations and follow-up results annually.

The Board has received from management a confirmation on the effectiveness of the risk management and internal control system. Since the last annual review, the outbreak and worldwide spread of COVID-19 pandemic led to global economy disruption, commodity prices slump, and sharp increase in health risks. The prevention methods and the results were reported to the Risk Management Committee during the Reporting Period. The Company considered the risk management and internal control systems of the Group have been effective, adequate and appropriate.

Directors and officers liability insurance has been purchased and maintained to protect directors and officers of the Group against their potential legal liabilities to third parties that may be incurred in the course of performing their duties.

Internal Audit

The Internal Audit Department carries out an analysis and independent appraisal of the adequacy and effectiveness of the Group’s risk management and internal control system, and performs independent internal audit reviews for all business units and functions in the Group on a systematic and ongoing basis. Under the internal audit charter of the Company, the Internal Audit Department has unrestricted access to all parts of the Group’s businesses and direct access to any level of management including the chairman of the Company and the chairman of the Audit Committee as it considers necessary.

The Internal audit department conducts regular and independent reviews of the effectiveness of the Group’s risk management and internal control system. The Audit Committee reviews the findings and opinions of the Internal Audit Department on the effectiveness of the system and reports to the Board if significant findings are noted.

During the Reporting Period, the Internal audit department prepared an annual internal audit plan in accordance with risk-based principles. Pursuant to the approved annual internal audit plan endorsed by the Audit Committee, detailed audit planning for each audit was devised, followed by field audits and discussions with the management of the Company and subsidiaries. Special audits are conducted when required by the Board and senior management. Internal audit reports were prepared after completion of the audits, informing the Company and subsidiaries about the identified control deficiencies, together with recommendations for immediate rectification. Concerns which have been reported by the Internal Audit Department were monitored by the management by taking appropriate remedial actions. The internal audit report (which included audit findings and follow-up results) has been summarized, communicated and reported to the Audit Committee during the Reporting Period.

ESG risks

During the Reporting Period, the Group conducted the identification and assessment of ESG-related risks with reference to the global trend of sustainable development and the important risks concerned by peer companies and other relevant materials on the latest progress of sustainable development research, in which climate change-related risks have been included in the Group’s ESG risk database, and the possible impact of climate-related risks will be considered in daily operations. We scored potential ESG risks according to the “severity of the risk impact” and the “possibility of the risk occurrence”, and developed an ESG risk matrix based on the rating results to determine the risk level of ESG risks, and finally evaluated the Community Relations risk as the important ESG risk for the year.

The results of the ESG risk assessment will be used to guide the Group to formulate a more proactive ESG management strategy to better control ESG risks. At the same time, we will also continue to focus on other ESG risks and maintain the Group’s ability to respond to these risks.

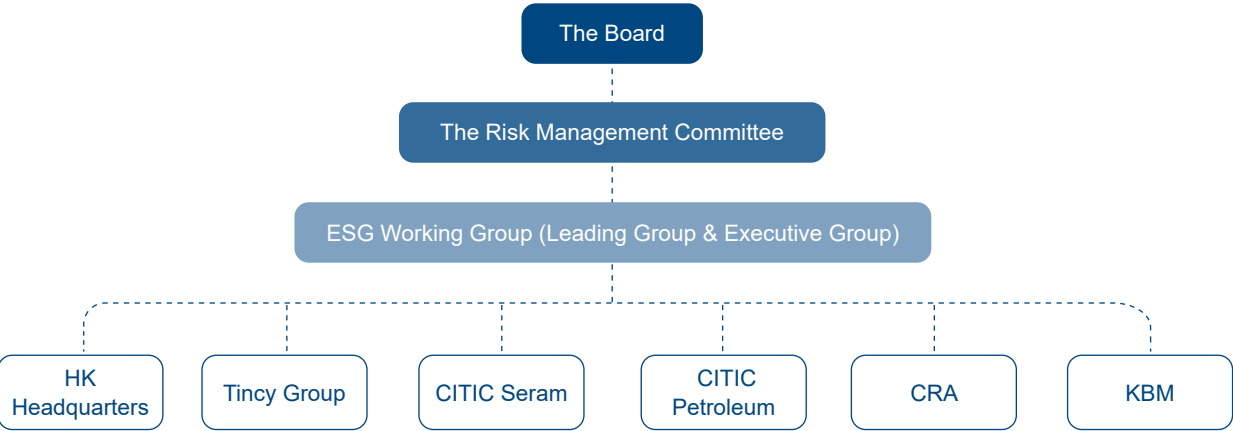
Aspects	Society
Material ESG Risks	Community Relations
Potential impact	<p>Community relations risk arises from negative perceptions or responses from the communities where the Company operates, which is a business risk. The potential hazards that may arise from an organization’s failure to effectively manage its relationship with the community.</p> <p>Community relations risks may arise from a variety of factors, including environmental concerns, social and cultural differences, labour practices and ethical issues. If these problems are not resolved properly, it may lead to negative publicity, protests, boycotts, legal proceedings and reputational damage.</p>
Risk control measures	<ul style="list-style-type: none"><li>● Adhere to the principle of mutual benefit and win-win, strive to achieve harmonious and inclusive development with the community, attach importance to its own social responsibilities, pay attention to the impact of the Group’s oilfield business on the communities where it operates, and actively listen to and respond to the expectations of the communities where it operates, so as to build a sustainable community;</li><li>● Actively call on all subsidiaries and joint ventures to pay attention to and integrate into local communities and local culture, and to fulfill their commitments with practical actions;</li><li>● In the course of operation, comply with the relevant laws and regulations of the places of operations, devote to public welfare, promote community co-building, and share development achievements with the society</li><li>● In terms of maintaining community relations, CITIC Seram has established the “Annual Community Relations Work Plan” and KBM has established the “Annual Work Plan” to take actions based on relevant plans so as to better maintain community relations.</li></ul>





Sustainable Development Management

CITIC Resources understands that the importance of sustainable development is not only to ensure the long-term stability of its operations, but also to promote the healthy development of the environment and the harmonious coexistence of humans and nature. Therefore, the Group actively invests in and makes every effort to promote economic and social development, and integrates ESG requirements with high standards. At the same time, members of the Board of CITIC Resources actively participate in ESG training to ensure that they understand the development background and status of ESG and establish a sustainable ESG management structure to ensure the sustainable development of the Group. The Group has established an ESG management structure as shown in the following chart:



CITIC Resources has formulated the “ESG Management Regulation of CITIC Resources Holdings Ltd.” (the “**ESG Management Regulations**”) to continuously improve the Group’s ESG supervision mechanism, enhance the ESG reporting management level, and effectively control the Group’s sustainable development risks. The *ESG Management Regulations* clearly sets out the governance responsibilities of each level of the management structure and the ESG reporting and information data collection process.

At the highest level of governance, the Board of CITIC Resources bears full responsibility for the ESG strategy and reporting of the Group, responsible for assessing and determining the ESG risks related to the Group, and ensures that the Group has established an appropriate and effective ESG risk management and internal monitoring system. The Risk Management Committee of the Board is the core of ESG governance (the establishment of ESG plans and targets, execution and review, supervision of ESG-related risks, internal audit of ESG matters, etc.), and its main responsibilities are as below:

- Identify matters related to ESG that constitute significant impacts on the operation of the Group and/or the rights and benefits of other key personnel;
- Update relevant production safety, environmental protection, social responsibility management and corporate governance policies when necessary;
- Supervise the Group's social responsibility for health, safety, environmental protection, and environmental monitoring (including organizational structure, rewarding system, employee training and corporate governance, etc.);
- Review the annual ESG report and make recommendations to the Board for approval;
- Other duties related to health, safety, environment, social responsibility and corporate governance authorized by the Board; and
- Comply with any requirements, guidelines, or regulations that the Board may prescribe from time to time, or that the constitutional documents of the Group may specify from time to time, or that may be imposed by law from time to time.

At the management level, ESG working group, as the main execution body of ESG governance, is responsible for identifying and recommending the Group's major ESG risks, formulating ESG management policies, plans and targets, coordinating internal and external work of ESG, and coordinating the reporting and execution of ESG matters of subsidiaries. ESG working group is divided into a leading group and an executive group.

The leading group is headed by the Chief Executive Officer, who is the main responsible person for ESG governance of the Company. The Vice President of the Company is responsible for the overall implementation of ESG governance strategy. The Chief Financial Officer, the Chief Legal Officer, the Company Secretary and the representatives of every subsidiary are the members of the leading group. The leading group is responsible for ensuring that the ESG policies are effectively implemented and that the governance of CITIC Resources meets the compliance requirements of SEHK.

The executive team leader is the Head of Investor Relations Department. The Head of the Risk Management Department, the Head of the Personnel Administration Department, and the Head of ESG Work of each subsidiary of the Company is the team members. The main responsibilities are as follows:

1. Formulate and improve the *ESG Management Regulations* and update them in time according to the listing regulations of SEHK;
2. Prepare the ESG work plan and target of the Group and regularly reviews and promote progress made against ESG-related targets;
3. Identify, screen, and recommend ESG material issues;
4. Coordinate and supervise the reporting and execution of ESG matters of subsidiaries; and
5. Other tasks assigned by the Risk Management Committee of the Board or ESG leading group.

As for the executive body of ESG governance, the subsidiaries are responsible for their own ESG governance and reporting. The specific responsibilities are as follows:





# 02

## Our Communication

CITIC Resources attaches great importance to the voices of stakeholders. We maintain close communication with internal and external stakeholders and actively respond to the expectations and suggestions of different stakeholders. To express our gratitude to our stakeholders for their trust and support of the Group, we will strive to promote the best interests of our stakeholders to achieve the goal of sustainable development.














## Communication Channels

CITIC Resources Group is committed to maintaining communication with all stakeholders to better understand their opinions and expectations, so as to ensure stable development and implement sustainable development policies. The Group will maintain communication with the stakeholder groups that have an impact on our strategic direction, including non-governmental organizations, media organizations and industry associations, to understand the concerns and expectations of different groups on our ESG matters. Through communication and consultation with various stakeholders, it will help the Group to contribute to the sustainable development of society and ensure that we shoulder certain responsibilities to all sectors of society.

The communication channels, engagement purposes, expectations and appeals of key stakeholders of CITIC Resources' subsidiaries and joint ventures have been summarized below:



Stakeholder Groups	 Shareholders/ Investors	 Government and Regulators	 Employees	 Customers	 Peer Companies		 Business Partners	 Potential Investors and Financial Institutions	 Suppliers and Contractors		 Communities and the Public
Major Stakeholders	Major Shareholders Public Investors	Government Agencies Industry Regulators	All Employees	Oil Buyers Customers of the Import and Export Business	Oil and Gas Companies		Companies with Business Partnerships	Investment Institutions	Raw Materials Suppliers Equipment Suppliers Fleet Managers	Professional Service Providers Catering Service Providers Security Service Providers	Communities around the oil fields
Engagement Purposes	The Group demonstrates its determination to pursue long-term financial return and reports on sustainable development to the major shareholders.  Addressing the investors' concerns on sustainability and demonstrating the Group's determination to pursue long-term financial returns.	Laws, policies and regulations directly impact the Group's business. The Group needs to maintain close communication with the relevant governments and regulators to ensure that policies and regulations are well understood.	The Group considers it as important to understand employees' sustainability issues- related concerns, particularly on the issues in relation to labour and occupational safety practices.	To retain the lasting partnership with customers, the Group needs to understand the shared sustainability values, so that the products and services the Group delivers could meet their expectations.	By maintaining contact with peer companies, the Group can better grasp the trends of sustainable development and respond quickly.		The Group is committed to maintaining a good working relationship with its partners and actively communicating with them to continuously understand the shared sustainability values and facilitate project implementation and execution.	As the Group may need to seek external funding in the course of its operations, the Group needs to ensure alignment with the requirements of different asset management companies and investment institutions.	The sustainability performance of the suppliers and contractors directly affects the Group's performance.  Suppliers are only involved in supplying services, materials and equipment, and do not directly engage in the work at the oil fields of the Group. However, the environmental and social performance of the suppliers would affect the Group's operations and reputation. Therefore, the Group needs to maintain communication with suppliers to ensure that the suppliers operate in compliance.  Given that the contractors bear the same health and safety risks as the Group's employees in the operating locations, the Group's HSE policies and systems cover all the contractors, which means they are managed, restricted and protected by the HSE policies and systems, to ensure the safety of the contractors' employees and to prevent harm to themselves and the Group's employees due to their improper operation of facilities.		The Group must proactively engage with local communities to ensure that its business is creating societal benefits for the communities.  The Group respects local elements such as culture and beliefs in the places where it operates, and makes continuous efforts to enhance local values.
Communication Channels	Annual general meeting Disclosure of listed company information On-site Investigation	Regular reporting and submission of information Regular communication with regulatory authorities Meetings/ seminars Annual environmental performance audit	Worker representatives congresses Employee appraisal meeting Employee satisfaction survey Employee suggestion box Team building activities	Business communication Customer feedbacks	Communication with local labour departments Participation in industry forums Visits and inspects industry peers		Annual meeting Management visits Special inspections Regular reporting systems	Information disclosures Briefings for investors Roadshows Briefings for analysts	Business communication Tendering Seminars Forums Entry requirements and evaluation On-site investigation		Charitable activities Stakeholder engagement
Expectations and Appeals	Protecting the rights and interests of shareholders Improving corporate governance Improving business performance	Operating in compliance with laws and regulations Promoting local economic development Creating local job opportunities Producing and operating in a safe manner	Ensuring occupational health and safety of employees Improving remuneration and benefits Promoting professional skill development Caring employees	Improving the quality assurance system Providing quality products and services	Promoting industry development		Win-win cooperation	Disclosing information timely and accurately	Entry management Continuous evaluation		Improving community environment Supporting community public welfare

Materiality Assessment

During the Reporting Period, CITIC Resources invited an independent third-party consultant team to assist in conducting a materiality assessment to better understand and respond to stakeholders' concerns. We regularly review and improve the sustainability issue database, taking into account the national macro policy orientation, the key concerns of the capital market, the relevant standards for sustainable development reporting and the benchmarking analysis of excellent peers. During the Reporting Period, a total of 6 environmental issues and 15 social issues were identified in the sustainability issue database. The questionnaire survey covers all stakeholders of CITIC Resources to ensure that we fully respond to the expectations and demands of different stakeholders. The specific process of materiality assessment is as follows:

1 Formed the sustainability issue database

- Sorted out the key points of CITIC Resources's sustainable development work comprehensively and the feedback of stakeholders, reviewed and improved the existing sustainability issue database based on industry hotspots and leading practices
- Made reference to the 14th Five-Year Plan of the People's Republic of China, the ESG ratings of the capital market such as Morgan Stanley Capital International (MSCI), S&P Dow Jones Sustainability Index (DJSI), Morningstar and other relevant assessment elements, combined with the relevant international standards and goals of sustainable development management such as GRI Standards, UN Sustainable Development Goals (SDGs) and Sustainability Accounting Standards Board (SASB) to identify the focus of the sustainable development of the industry

2 Stakeholder engagement

- Prepared online questionnaire for materiality assessment, and invite stakeholders to rate the substance of ESG issues
- Collected feedback and suggestions from stakeholders on our sustainability practices and their views on our future sustainability strategies

3 Validation of assessment results

- Based on the development of the Company, CITIC Resources conducted a materiality assessment from the two dimensions of "Importance to Stakeholders" and "Importance to CITIC Resources". The materiality of each issue was ranked according to the score to form a matrix
- Based on the actual operation and management of the Group, we have fine-tuned the materiality of several issues, and finally identified 5 material issues in environmental aspect and 6 material issues in social aspect in 2022. The specific material issues are as follows:

Subject Area	Prioritization	Material Issues	Subject Area	Prioritization	Material Issues
Environmental	1	Oil Spill Prevention	Social	1	Employees' Health & Safety
	2	Local Environmental Impact of Our Business		2	Employment & Employee Benefits
	3	Energy Usage & Efficiency		3	Employees' Development & Training
	4	Climate Change		4	Employees, Contractors & Communities' Rights
	5	Water Consumption & Efficiency		5	Corporate Governance
				6	Extent of Localization

4 Established ESG reporting framework, collected information and disclosed information based on the evaluation results

- The material issues identified by the Group are disclosed as the focus of this Report, and we also take these issues as the most important aspects of our future sustainable development work. The following table lists the 2022 material issues of CITIC Resources and the corresponding sections in this Report:

Subject Area	Material Issues	Sections for Responses
Environmental	Oil Spill Prevention	4.1 Oil Spill Prevention
	Local Environmental Impact of Our Business	4.2 Environmental Management
	Energy Usage & Efficiency	4.3 Resources Usage
	Climate Change	4.4 Coping with Climate Change
	Water Consumption & Efficiency	4.3 Resources Usage
Social	Employees' Health & Safety	5.1 Health and Safety
	Employment & Employee Benefits	3.1 Policies and Benefits
	Employees' Development & Training	3.2 Training and Development
	Employees, Contractors & Communities' Rights	3.3 Respecting Rights
	Corporate Governance	1 Our Governance
	Extent of Localization	6 Our Community







# 03

## Our Employees

We understand that employees are an important part of the core competitiveness of an enterprise and also the driving force for the sustainable development of an enterprise. Therefore, the Group regards employees as our core assets and the greatest wealth, and continues to improve human resources policies to provide employees with a better career development platform. In addition, the Group also pays attention to the physical and mental health of employees, formulates sound safety policies and regularly organizes team-building activities to ensure the safety of employees and enhance their cohesion, so as to create a safe and harmonious working environment for employees.

CITIC Resources strictly abides by the laws and regulations relating to recruitment, remuneration, promotion, dismissal, working hours, holidays, benefits, etc., and continuously improves relevant human resources policies to ensure that on the basis of compliance, we do our best to protect employees and create good conditions for the development of the Group. The Group has formulated and implemented the “Employee Handbook”, the “Employee Turn-over Management System of CITIC Resources Headquarters”, the “Employee Care Plan” and the “Employee Rental Tax Reduction and Exemption Plan”, which cover recruitment, compensation, promotion, dismissal, benefits, bad weather working hours arrangements, employee codes, business codes, equal opportunity policies, other employment policies, and occupational safety and health policies, while subsidiaries and joint ventures have formulated and implemented relevant employment policies in line with the location where they operate to clarify the relevant rights and interests of employees and business codes.

The material issues – “Employment & Employee Benefits”, “Employees’ Development & Training”, and “Employees, Contractors & Communities’ Rights” are particularly addressed in this section of this Report.



Policies and Benefits

CITIC Resources is committed to safeguarding and protecting the legitimate rights and interests of employees in accordance with the law. We attach great importance to employees' opinions and feedback, and regularly review employee welfare policies to ensure that they are in line with the latest developments in the market and the industry. The Group's remuneration policy offers fair market remuneration in the form and value to attract, retain and motivate employees. Meanwhile, the remuneration of each employee is determined based on his/her knowledge, skills, time commitment, responsibilities and performance as well as the Group's performance and profitability. During the Reporting Period, the Group issued the "CITIC Resources Holdings Limited Management Measures (2022)" to improve relevant regulations and conduct relevant management more effectively.

Employees are the core of corporate value creation. Therefore, we focus on promoting the long-term career development of employees to ensure their rights and interests. In addition, the Group also encourages employees to participate in various internal and external training courses, and actively organizes various activities, including the commendation conference of "selecting the best", vocational skills competition, team building and sports competition, with an aim to further improve employees' working ability, skills, knowledge and professional level, and enhance team cohesion.

The Group has established a comprehensive and effective welfare and protection system for its employees:

- Accommodation

The Group provides free breakfast and lunch to its employees, as well as free dormitories for employees working at the oilfield.
- Statutory Social Benefits

The Group pays the social insurance and retirement benefits required by the operating locations for its employees.
- Medical Insurance


The Group provides group medical insurance for its employees to support their basic needs such as outpatient, inpatient surgery, and dental treatment.
- Annual Physical Examination

The Group provides annual medical examination reimbursement for employees who have served for more than one year.
- Leaves

In addition to statutory holidays, the Group provides employees with different types of leaves to meet their needs.

>> Yuedong oilfield

Tincy Group has fully ensured that the recruitment, dismissal, promotion and other processes involved in its human resources management comply with the relevant requirements of relevant laws and regulations. In addition, in order to ensure the rights and interests of employees, Tincy Group provides labour protection for each employee, including paying the "China's social security" for employees, and actively protecting employees' rights to statutory holidays and paid annual leaves. At the same time, on the occasion of important festivals, Tincy Group will arrange corresponding festival celebrations to celebrate festivals with employees.



In addition, Tincy Group provides free breakfast and lunch for all employees to improve their quality of life and job satisfaction. This helps employees save time and money while maintaining healthy eating habits. In addition, Tincy Group also provides employees with general benefits such as health examinations to ensure their physical health. These welfare measures reflect Tincy Group's care and respect for employees, which is also conducive to improving the work efficiency and enthusiasm of employees, thus promoting the long-term and stable development of the Company.

Tincy Group has established a joint management committee, which holds meetings at the beginning of each year to identify job vacancies based on actual production and operation conditions, and then conducts corresponding recruitment. As Tincy Group belongs to the energy industry, which requires a high degree of matching between the professional quality and background of its employees, it recruits mainly from major oilfields through specialized oil talent portals and internal referrals. In addition, the Company complies with the relevant provisions of the *Labour Contract Law of the People's Republic of China* and the *Labour Law of the People's Republic of China* in respect of recruitment, dismissal and promotion of human resources management.





>> Seram Block

CITIC Seram has established the “CSEL Corporate Policy 2020-2022”, which sets out the rights and obligations of CITIC Seram and its employees. The policy contains provisions relating to working relationship, recruitment, working hours of employees, overtime policies, statutory holidays, paid annual leave, special leave, occupational health and safety, benefits and welfare, medical subsidies, etc. to ensure a healthy and friendly cooperative relationship between both parties. In addition, CITIC Seram also provides employees with private medical insurance benefits to offer better medical protection to employees.

In addition, CITIC Seram arranges time and resources for employees to carry out sports activities after working hours to promote their physical and mental health. Each employee can choose sports items according to their own preferences, such as badminton, jogging, tennis, etc., so as to achieve the effect of physical exercise. Before the 6 am safety meeting every Saturday, employees will also regularly carry out exercise for heart health. In addition, employees can also go fishing at designated locations to relax and enjoy the tranquillity and relaxation brought by natural scenery. These activities can not only improve the physical fitness of employees, but also enhance the unity and communication among employees, which is beneficial to the development and progress of the Company.



>> Karazhanbas oilfield

KBM strictly abides by the relevant employment policies in Kazakhstan and is committed to respecting the basic rights and interests of each employee. In addition to complying with laws and regulations, KBM also actively provides employees with a variety of benefits, including but not limited to health medical insurance, labour insurance, paid leave, and holiday benefits. In addition, KBM also encourages employees to actively participate in employee activities held by the Company, such as dinner gatherings and group tours, so that employees can feel the warmth and sense of belonging to the KBM family. KBM believes that only under an excellent working environment and welfare benefits, employees can give full play to their potential and contribute to KBM's development.

In addition, at the beginning of 2022, due to changes in the social situation and different interpretations of the existing contract terms between the two parties, KBM actively communicated with the representatives of the labour union, and finally signed a supplemental collective labour contract agreement on 1 June. The main purpose of this agreement is to improve the working conditions of employees, safeguard the rights and interests of employees, improve social welfare and protection, and strengthen the support for employees in terms of skills training, medical and rehabilitation conditions.



In order to provide high-level and modern medical services, KBM signed a medical service contract with a comprehensive hospital with advanced local medical technology and equipment. The cooperative medical institutions specially arranged for the adjustment of the admission time of experts in neurology, endocrinology, oncology, etc., so as to better provide targeted care for employees with medical services. In addition, KBM has also set up special medical points in villages where employees live, so as to facilitate employees and their families to seek medical treatment. Since 2021, KBM has provided same medical services to employees of the third-parties serving the external employees of the oilfield as KBM's internal employees.



Employees Activities

KBM understands that the health of employees is critical to the success of the Company, and is therefore committed to promoting a healthy lifestyle. On a monthly basis, KBM issues internal newspapers, including small articles about rational diet, sports and health care, heatstroke prevention and cooling, month-long diet, etc. At the same time, KBM has also strengthened the reporting of epidemic prevention and control. KBM has installed regular eye exercises on the office computers of employees in the city, so as to urge employees to pay attention to vision health. In addition, KBM has also installed blood pressure monitoring devices in the office corridors to monitor employees' physical conditions at any time. KBM also regularly organizes various sports and cultural activities to enrich the lives of employees and improve their physical fitness and health.



Accommodation

In order to actively help employees solve housing problems, KBM signed a memorandum of cooperation with two local real estate companies to sell new houses to KBM employees at a discount of 15%-20%, so that employees have their own houses at a preferential price.

In addition, KBM has signed a cooperation agreement with a local bank to provide a preferential housing loan at an annual interest rate of 5% to employees who are under the age of 29, do not own a house and have multiple children (4-5 or more minor children), so as to better support employees in purchasing houses. At present, more than 100 employees have planned to apply for this preferential loan to realize their housing dreams.

Training and Development

CITIC Resources believes that the continuous contribution of employees is an important factor in maintaining the long-term stable development of the Group. Therefore, the Group is committed to continuously improving the talent training system to help employees improve their personal capabilities, so as to realize their own value and inject impetus into the sustainable development of the Group. In order to motivate employees, the Group has established a comprehensive performance appraisal mechanism, which incorporates the performance of employees into the appraisal standards and serves as the basis for salary and rank adjustment. Through such a mechanism, employees' performance is fully recognized and their work motivation is enhanced.

In addition, the Group also has an internal rotation system, which provides employees with more opportunities and space for career development. Through job rotation, employees can have access to work in different fields and departments, have a deep understanding of the Company's operation and management, and master more skills and knowledge, so as to improve their professional quality and ability.

Training Content Overview:





>> CITIC Resources

CITIC Resources attaches great importance to the sustainable development of employees. To this end, the Company has formulated a comprehensive employee training and development plan to improve employees' professional skills and work capabilities and further promote their career development. Through the program, employees are given the opportunity to attend seminars and targeted training courses in relevant industries to learn the latest industry trends and skills and enhance their competitiveness in the workplace. The Company has also formulated the "Employee Training and Development Administrative Measures" to regulate the continuing education of employees. In addition to the training arranged by the Company, each employee can apply for a training allowance of up to HKD5,000 per year to participate in training courses organized by recognized institutions to enhance their professional quality and ability. Through this policy, employees can obtain more learning opportunities and continuously enrich their knowledge and skills.

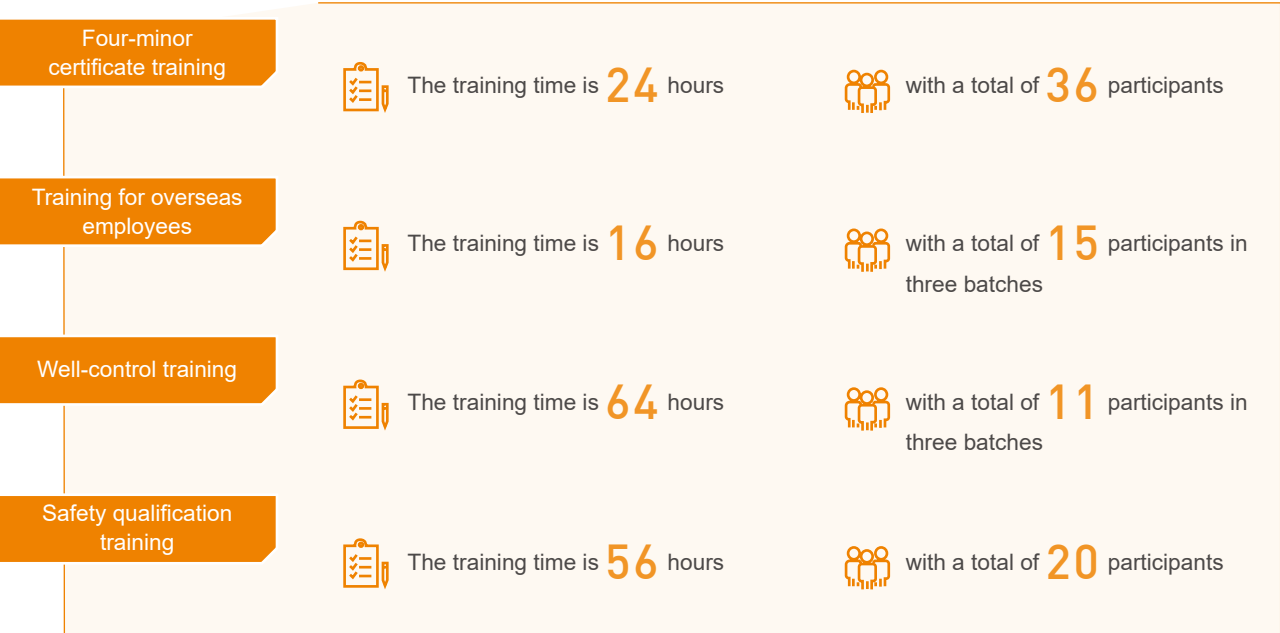
Subsidies will be provided if employees wish to take external courses, such as relevant certificate or diploma courses, and such courses can make outstanding contributions to the Company. The staff can apply to the department head and the human resources and administration department prior to the commencement of the course and then submit the same to the chief executive officer for approval. If the course amount exceeds the training allowance, employees are required to sign a training agreement with the Company to ensure that the interests of the Company and employees are fully protected. CITIC Resources believes that these measures will contribute to the sustainable development of its employees and the long-term stable development of the Company.

Training Types



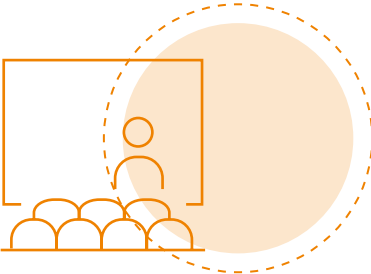
>> Yuedong oilfield

Tincy Group conducts relevant training in a targeted manner in accordance with the actual needs of various departments and the requirements of different personnel at different levels. During the Reporting Period, Tincy Group only organized training to meet the mandatory requirements of laws and regulations and production needs due to the requirements of pandemic prevention and control.



>> Seram Block

CITIC Seram is committed to providing all-round training for employees, emphasizing the cultivation of professional skills and safety awareness to ensure that employees are competent in their daily work. In addition, CITIC Seram also cooperates with various organizations to provide employees with diversified training courses to expand their skills and knowledge, so as to broaden their horizons and career development space. During the Reporting Period, CITIC Seram provided high-quality training to dozens of employees to improve their performance and competitiveness at work.



>> Karazhanbas oilfield

KBM has always attached great importance to the cultivation and development of talents. From 2021 to present, KBM has not only become the first company in Kazakhstan to successfully implement the employee rotation policy, but also has always adhered to the relevant policy. This helps the Company to cultivate comprehensive and general talents with practical experience. The purpose is to enable employees to show their potential in other positions, to maximize the training of employees' skills, and to realize personnel replacement and rotation when necessary. So far, a number of KBM's colleagues have experienced the harvest of this policy on their own business and career development.

In addition to focusing on the training of employees' professional skills, KBM also cooperates with the Caspian University of Technology and Engineering to explore and cultivate future professionals. KBM signed a memorandum of cooperation with the university and provided 40 fourth-year students with strong professionalism with 8-10 months of internship opportunities, allowing them to practice and experience oilfield production facilities. KBM has developed a special internship program for these students and assigned dedicated mentors to introduce and teach them about the production process and practical operation skills. After the internship, KBM organized examination tests and gave priority to outstanding candidates. In addition, this combination of theory and practice not only provides a more accurate talent recruitment assessment method, but also provides internship positions and employment opportunities for educational institutions and students. KBM bears all the expenses of these students during the internship period and the corresponding corporate social responsibility.





KBM is not only committed to training and improving employees' professional skills, but also attaching importance to employees' physical health and exercise performance. In the "2022 Dumbbell World Championship" held by the International Dumbbell Weight-up Federation in October 2022, the operator of KBM's oil production workshop and the driver of the vehicle transportation department achieved the championship, demonstrating the health fitness and sports strength of the employees. This not only reflects the care and support for employees, but also motivates other employees to actively participate in sports and develop the habit of healthy lifestyle.



In addition, in November 2022, KBM organized a training on the topic of "Labour Disputes, Dispute Resolution Methods and Negotiation Skills of the Mediation Committee", covering labour dispute resolution, applicable analysis of legal provisions, negotiation skills, etc.



## Respecting Rights

CITIC Resources strictly abides by the employment laws and regulations of the places where it operates to ensure that all employees are legally entitled to all rights and interests and fair and equitable treatment. We also respect the rights and interests of female employees and ethnic minorities, and are committed to protecting employees of different nationalities, races, genders and cultural backgrounds, so as to fully respect and protect their values, religious beliefs and privacy and build a more diversified and equal working environment. We believe such diverse and equal working environment can promote creativity and innovative thinking among our employees and further enhance our competitiveness and business results.

### >> CITIC Resources

CITIC Resources respects the rights of every employee. The Group strictly prohibits any acts of disregard and abuse of human rights, strictly ensures the privacy and security of employees and is committed to maintaining the rights of employees. By formulating policies and continuously focusing on their effectiveness, the Group also integrates the principles of anti-discrimination, equal opportunity and personal privacy into its daily operations.

#### Anti-discrimination

The Company is guided by the principle of equal opportunity in recruitment, determining employment terms and handling any employment matters, hence ensuring that everyone is treated equally and without discrimination, regardless of gender, marital status, race, religion, etc.

#### Equal Opportunity

In order to cope with harassing behaviours in the office area, the Company has established a comprehensive grievance procedure. After receiving the complaint, the Company will learn about the situation, make a detailed investigation, and take appropriate actions or disciplinary actions. The Company is committed to handling all employee complaints with the utmost care.

#### Personal Privacy

The Company promises to process the personal data of all employees in accordance with laws and regulations and also guarantees that the requested data from employees are legal, accurate and necessary. At the same time, the Company treats employees' personal data as confidential information, and will only use such personal data for employment, welfare insurance, and any other lawful purpose with the consent of the Company and employees.



>> In order to protect the rights and interests of our employees, Yuedong oilfield, Seram Block, and Karazhanbas oilfield focus on the following areas:

**Preventing Child Labour**

During recruitment and hiring processes, the Group proactively checks the identity documents of applicants to ensure that the applicants reach the legal working age, preventing any child labour.

**Prohibiting Forced Labour**

The Group also respects its employees' personal freedom and rights to take leave and absolutely opposes forced labour by clearly stipulating employee working hours per day.

If any violation of relevant laws and regulations is found, the relevant departments would report to the management according to the internal policies of the Group. After the investigation, the relevant departments would rectify the issues or situations in response to the investigation results.

**Collective Bargaining**

The Group respects its employees' rights of collective bargaining and is committed to complying with relevant laws, regulations and systems at the operating locations. The Group strengthens its communication and cooperation with employees through collective bargaining to promote the stability of labour relations and to drive the Group towards achieving its targets and the enhancement of the Group's operational efficiency.

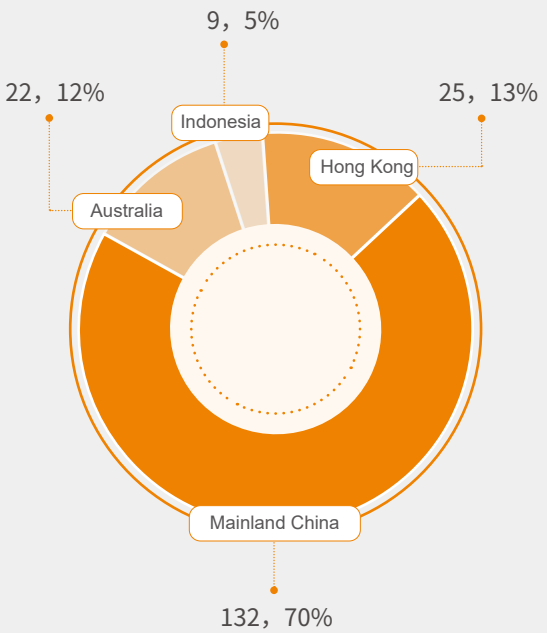
>> Karazhanbas oilfield

In order to implement national policies, expand the scope of mediation, reduce conflicts, safeguard legitimate rights and interests, and improve the social atmosphere and community psychology, KBM has also set up a dispute mediation room with the support of the Manjitz State Court and the local International Mediation Center Association. This is an active attempt of KBM to use a modern dispute mediation mechanism to solve the conflicts between the management and employees in daily operations. KBM also continuously improves the mediation mechanism, improves the mediation skills and standard of employees, and safeguards the harmonious development of the Company.

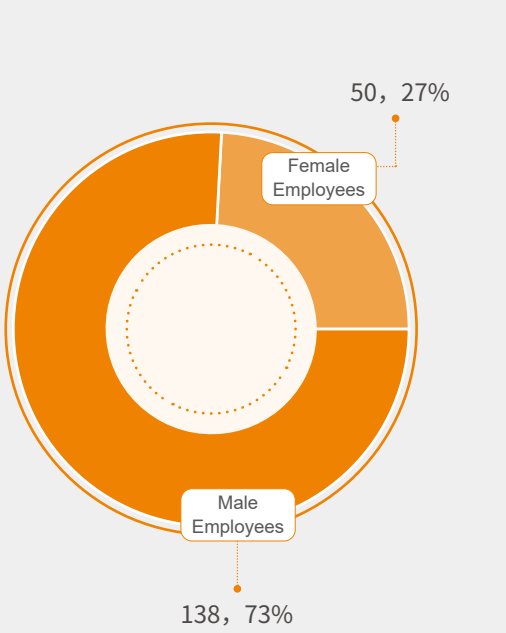


As at the end of the Reporting Period, the Group had **188** employees. Below are the details of the employees of the Group:

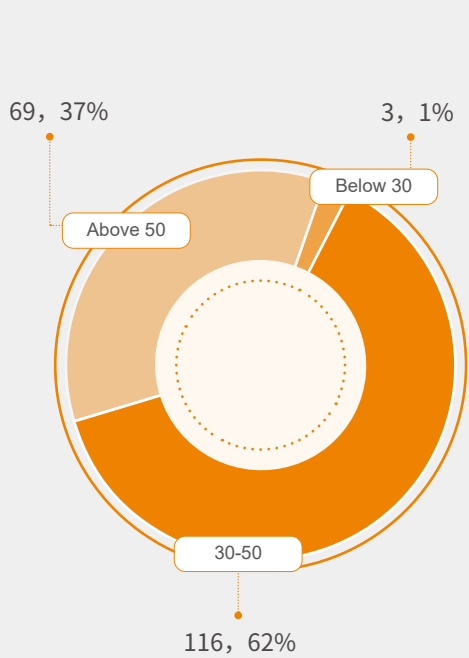
The Number and Percentage of Employees by Region



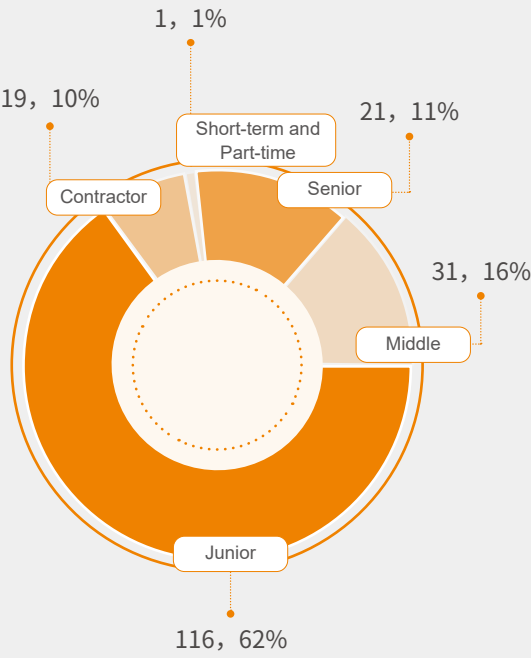
The Number and Percentage of Employees by Gender



The Number and Percentage of Employees by Age



The Number and Percentage of Employees by Employment Category







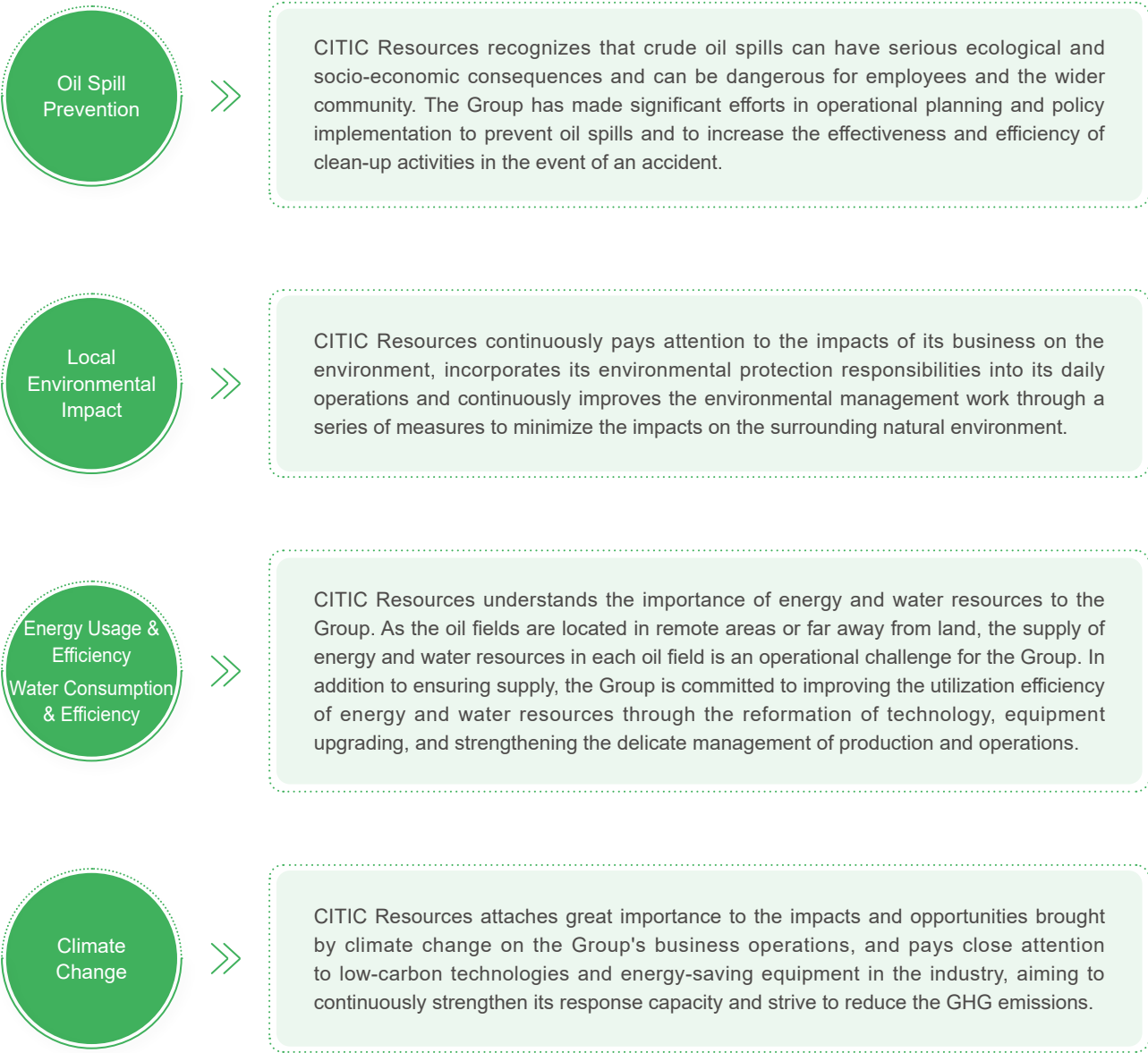
# 04

## Our Environment

CITIC Resources continues to implement the concept of green and low-carbon in all stages of oilfield exploration, development and production, aiming to improve the efficiency of resource use and reduce negative impacts on the atmosphere, soil and water. As a member of the natural resources industry, we strictly abide by the environmental protection laws and regulations of the places where we operate and formulate corresponding environmental management policies to ensure the sustainable development of the Company while protecting the environment. We also adopt a number of green and low-carbon technologies and implement carbon reduction measures to reduce the consumption of resources such as electricity, fuel and water, and reduce the emission of air pollutants and greenhouse gases, so as to further promote the harmonious development of economy, society and environment. At the same time, we continuously monitor and evaluate our environmental performance to ensure that our environmental actions and measures can effectively facilitate us to achieve our sustainable development goals.

The material issues – “Oil Spill Prevention”, “Local Environmental Impact”, “Energy Usage & Efficiency”, “Water Consumption & Efficiency” and “Climate Change” are particularly responded to in this section of this Report.





Oil Spill Prevention

CITIC Resources is well aware of the irreversible impact of crude oil spills on the ecosystem. Therefore, we incorporate the prevention and control of crude oil spills into the core of our business operations, fully implement leak prevention measures, and require all subsidiaries and joint ventures to formulate a comprehensive and effective leak prevention plan to control and manage risks from the source and minimize the possibility of crude oil spills. In the unfortunate event of crude oil spills, the Group will take immediate response measures to minimize the damage to the population, the environment and the community, and assume corresponding responsibilities.



>> Yuedong oilfield

Tincy Group has ensured the stability of crude oil output by establishing preventive measures and real-time monitoring, and has also formulated a number of on-site emergency treatment plans to actively respond to emergencies such as offshore oil spills stoppage and offshore oil spill rescue.

**Precautionary Measures**

**Sea Pipelines Surface Inspection**

- Every 2 years as a cycle
- The purpose of the investigation is to identify the deformation of the sea pipeline (mainly caused by the anchor scraping of the vessels) and the presence of the sea pipeline (mainly caused by the changes in the surface of the seabed caused by the scouring), etc.
- Investigate the location, depth, height and condition of the surrounding 20 meters of sea-bed

**Sea Pipelines Hanger Inspection**

- One year as a cycle
- Testing and monitoring of corrosion trailers at both ends of the sea pipe
- Inviting professional institutions to estimate the residual life of the sea pipeline according to the corrosion of the sea pipeline

**Preventive Measures for Workover Operations**

- Equipped with well control equipment that meets the requirements of well control specifications for offshore workover operations, the qualified testing unit conducting semi-annual testing on the anti-fountain group, while conducting annual testing on the supporting well control equipment. Based on the actual situation of Yuedong oilfield, formulating well control rules and special emergency plans for blowout emergencies, and regularly carrying out on-site well-control risk hazard investigations and drills.

**Preventive Measures for Oil Production and Gathering**

- Carrying out inspection, monitoring and maintenance of offshore oil and gas production facilities in a timely manner: conducting annual certification inspection on artificial islands and upper production facilities, and professional inspection and inspection on oil and gas storage devices such as oil storage tanks, separators and various boilers and pressure vessels. Ensuring each production facility has a four-level emergency shutdown system of ESD-0, ESD-1, PSD and USD.
- Formulating and strictly implementing the safety and environmental protection management system throughout the production process.
- Formulating emergency plans and conducting emergency drills to effectively respond to various emergencies.
- Organizing and carrying out balloon operations of the sea pipeline between islands, and the sea pipeline between the main island and the landing point at least twice a year, formulating detailed balloon plans before the balloon operations, and summarizing and evaluating the balloon operations to ensure the safe and orderly operation of the submarine pipeline.

**Engineering Department Preventive Measures**

- Entrusting qualified units to carry out inspections on the road condition and buried depth of the whole road of sea pipeline and submarine cables every 2 years, so as to solve the problem of bare vacancy of sea pipeline and submarine cables.



### Real-time Monitoring

#### Daily Monitoring of Indicators Relating to Sea Pipelines

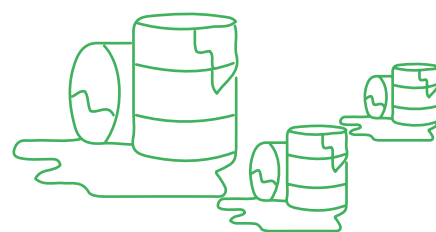
- Real-time monitoring of pressure, temperature and flow at both ends of the sea pipeline will be carried out. In case of a sudden drop in pressure, extreme temperature reduction, and a large flow difference from the daily difference range, the patrol will be carried out immediately to find leakage points. The on-site personnel will conduct the patrol inspection every 4 hours strictly in accordance with the inspection system, and conduct the patrol inspection every 2 hours on key hazardous areas to ensure production safety.
- The offshore production platform and terminal arrange personnel to inspect, look out and keep records of the sea pipeline on a daily basis. The Production department also regularly sends vessels to carry out inspections according to the sea pipeline to ensure the safety of the sea pipeline. The main patrol tools are ships, speedboats, pick-up trucks, and helicopters can also be used to carry out patrol work in special circumstances.

### Oil Spill Management

Tincy Group is focusing on the crude oil export sea pipeline between the artificial islands and the onshore terminal processing station for crude oil spill prevention. Therefore, through the above preventive measures and real-time monitoring, the crude oil output process can be as stable as possible.

In addition, Tincy Group formulated the “Tincy Group Energy Resources Limited Emergency Plan” and the “Yuedong Oilfield Offshore Oil Spill Emergency Plan” to support emergency management from the policy and procedure response perspectives, ensuring that emergency management is scientific and effective. At the same time, Tincy Group signs an oil spill emergency rescue agreement with entities that have offshore oil emergency rescue capabilities every year, so as to ensure the rescue could be conducted rapidly and effectively in the Yuedong oilfield in the event of an emergency. Tincy Group has also entered a long-term sea pipeline emergency closure and repair agreement with Offshore Oil Engineering Company to ensure timely and rapid maintenance when the sea pipeline is damaged in extreme circumstances.

Tincy Group has also signed the agreement, “Emergency Rescue Procedures between PetroChina Liaohe Oilfield Company and Tincy Group Energy Resources Limited,” with Liaohe Jinma Oilfield Co.,Ltd..





>> Seram Block

CITIC Seram is committed to preventing oil spills in storage areas. We have set up a special emergency response team to ensure prompt and effective response and management in the event of leakage. The implementation of these measures is a reflection of our responsible corporate spirit and our responsible commitment to the local community and ecological environment.

Precautionary Measures

The crude oil storage tanks in the Seram Block are constructed in accordance with the plan to prevent crude oil spills. When crude oil spills occur, the outer walls of each crude oil storage tank can block all stored crude oil spills to prevent leaked crude oil spills from flowing out of the crude oil storage area.

CITIC Seram used the method of transporting crude oil to oil tankers. Through the stress testing for loading hoses, inspection and testing of safety device pipelines, preparation of oil spillage equipment and operator testing of the measurement system UPS, and backup generating units testing, the oil spills could be prevented.

Oil Spill Management

CITIC Seram has set up a crude oil spill emergency response team to directly participate in handling environmental incidents. Members of the crude oil spill emergency response team include personnel from the production, maintenance and HSE departments. The crude oil spill emergency response team conducts drills every year to train personnel and test the operation of equipment. In addition, members of the crude oil spill emergency response team have obtained the first and second-level certifications from the International Maritime Organization as required by the Marine Transport Department.

In addition, CITIC Seram stores and maintains its crude oil spill emergency equipment in the crude oil spill emergency equipment building in its terminal cargo area, and provides fencing and security protection systems in the oil processing and storage facility area. The relevant staff conducts weekly inspections of the crude oil spill emergency equipment to ensure it is maintained in the best condition.



>> Karazhanbas oilfield

KBM has established a number of testing programs to prevent crude oil spills at various stages of production and operation. At the same time, KBM has also formulated relevant regulations for the treatment of crude oil spills to regulate the response measures after the accidents.

Precautionary Measures

KBM prevents crude oil spills at the facility sites of crude oil extraction, centralized transportation and treatment process through the establishment and implementation of the “Annual Oil Well Holes Inspection Plan”, “Annual Valves and Process Pipelines Inspection Plan”, “Annual Process Equipment Flaw Detection and Inspection Plan”, and “Annual Crude Oil Processing and Processing Workshops”, and “ Process Pipelines and Valves Inspection Plan”, etc. The prevention of crude oil spills was carried out according to the annual work plan and related work processes in all workshops.

Oil Spill Management

- KBM executes the “Regulations on Temporary Stacking, Storage, Counting, and Clearance of Production Waste in KBM Oilfield”.
- The regulations on crude oil spills and response are as follows:
- The employees and their leaders at the location of the accident of crude oil spill and the soil resources contamination shall be responsible for handling the accident of the crude oil spills;
  - The personnel responsible for oil spills shall be punished;
  - All events relating to crude oil and oil product spill accidents shall be recorded and signed for confirmation in accordance with the relevant format;
  - The crude oil spill shall be immediately responded to after the occurrence; the wastes generated during the accident shall be registered with and handed over to the Environmental Protection Department; the ground recovery shall be conducted at the accident area; and
  - On the 1st day of each month, the person responsible for accident registration and reporting in KBM shall submit the information on the crude oil spill to the environmental protection department.





Environmental Management

CITIC Resources is deeply aware that its business may have a certain degree of negative impact on the environment and local residents of the places where it operates. Therefore, environmental protection is considered as a key concern in addition to oilfield production. In order to ensure that our subsidiaries and joint ventures are paying more attention to environmental protection, we have taken a series of proactive measures. CITIC Resources has required all subsidiaries and joint ventures to strictly comply with the environmental laws and regulations of the places where they operate, conduct comprehensive environmental risk assessments, and maintain good communication with relevant government departments, better protecting the local environment and ecology. In addition, CITIC Resources also actively followed the environmental protection requirements of the local government authorities, carried out various environmental protection projects and activities, and actively promoted the implementation of environmental protection concepts.

The Environmental Impacts of the Group Overview:

Air Emissions

The equipment powered by fossil fuel used in the Group's operations, including offshore platform equipment, diesel generating units, construction machinery, and vehicles powered by various fuels, contributes to air emissions such as nitrogen oxides, sulphur dioxide and soot emissions.

GHG Emissions

The Group generates direct and indirect GHG emissions in the course of its operations. Direct GHG emissions are mainly from fossil fuel-driven equipment and flare emissions, while indirect GHG emissions are mainly from electricity consumption and steam use.

Waste Generation

The Group generates oil sludge and oil contaminants (commonly known as oil sand) when exploring and developing oil fields. The drilling process generates drilling wastes, including drill cuttings and drilling fluids.

Besides, the wastes are mainly from non-hazardous wastes, including domestic waste and wastepaper at the employee dormitories and offices.

Discharges into Water and Land

The Group discharges the properly treated production and domestic sewage into the water bodies, and the wastes generated are stored in proper places.

Water Usage

As the oilfields are located in remote locations or far from land, the Group needs to use fresh water from the natural environment for production and daily living in the oil fields.

Changes to the Natural Environment Around the Operating Locations

During the operation of the Group, it is necessary to establish different facilities in the natural environment to maintain smooth operation, which may change the surrounding natural environment.

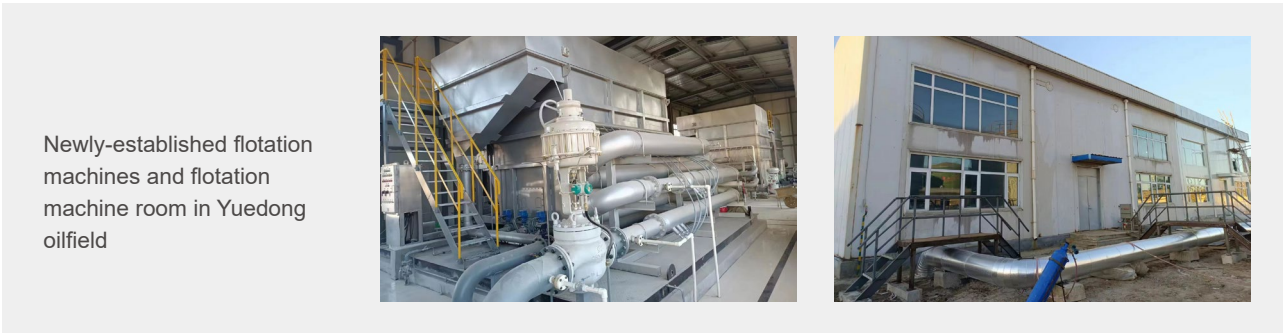
In order to meet the actual conditions of the operating regions, Tincy Group, CITIC Seram and KBM have formulated and implemented different environmental management policies in each oilfield. In addition, in order to effectively reduce the impact on the surrounding environment, during the Reporting Period, Tincy Group and KBM reviewed the relevant environmental objectives and action plans formulated that were related to the Group's businesses, sorted out the completion status, and adjusted actions in a timely manner to better protect the environment.

>> Yuedong oilfield

Environmental Impacts

Based on the relevant laws and regulations promulgated by the state to control exhaust gas emissions, sewage discharge and land discharge, Tincy Group has formulated management regulations related to environmental protection in the Company's HSE system documents, such as the "Environmental Protection Management Procedures", the "Environmental Protection Management Regulations", the "Provisions on the Reporting", the "Reporting of Pollution Prevention Statements", the "Health and Safety Environmental Inspection Regulations", the "Sewage Treatment and Discharge Management Regulations", and the "Domestic Sewage Treatment Plant Management Regulations". These systems have detailed provisions from the "Environmental Protection Three Simultaneities" of engineering construction to the discharge and recycling of pollutants such as gas/ water/ slag generated during the construction, production and operation stages, data recording/ statistics and reporting, problem inspection and treatment, environmental tracking and monitoring, emergency response and drills for environmental emergencies and other aspects. Tincy Group has formulated and implemented relevant environmental protection systems to ensure timely declaration of exhaust gas in the production site, discharge of wastewater pollutants in compliance with standards, recycling of solid waste and compliant disposal, so as to guarantee the availability of data records and timely declaration, and reduce the impact on the environment through the following measures:

- Declaration of the amount of pollutants in the discharge of air and domestic sewage from offshore platforms and payment of environmental protection tax to the Fourth Branch of Tianjin Tax Bureau of the State Administration of Taxation on a quarterly basis;
- For the expansion and transformation of the sewage treatment system of the onshore terminal processing station, a floating processing machine was added, with the treatment capacity increased from 3,000 m³/day to 7,200 m³/day, ensuring that the sewage treatment meets the standards;
- All sewage produced on the offshore platform is collected into the onshore terminal processing station in the system, and is discharged into Liaodong Bay sewage treatment plant after the standard pre-treatment (real-time monitoring by online monitoring equipment, and the indicators are in compliance with *DB21/1627-2008 Integrated Wastewater Discharge Standard of Liaoning Province*, regulating that the standards of chemical oxygen demand ≤ 300mg/L, ammonia nitrogen ≤ 30mg/L and petroleum ≤ 20mg/L);
- The domestic sewage of the platform is discharged after being treated and qualified (monthly sampling is commissioned to Panjin Shengda Environmental Monitoring Service Co., Ltd. for testing, and the actual discharge of COD in the *GB4914-2008 Emission Concentration Limit of Pollutants for Offshore Petroleum Exploration and Development* is 300mg/L);
- All solid wastes generated from offshore platforms are collected and transported to land for compliant disposal; and
- The offshore production platform submits relevant data on production and pollutant discharge through the "Offshore Oil Exploration and Development Pollution Prevention Statistics System" on a daily basis, and the HSE department of the Company would regularly review such data.



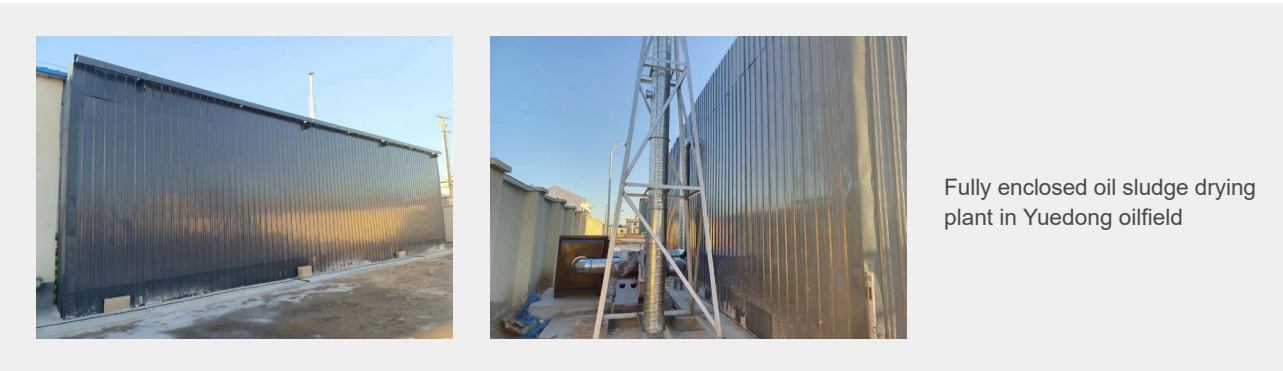


Greenhouse Gas Emissions

Tincy Group has formulated the “Regulations on Power Saving Management”, the “Yuedong Oilfield Power Limit Plan”, and the “Daily Management System for Gas Wells” to reduce greenhouse gas emissions.

Meanwhile, the following measures were taken:

- Promote the knowledge of Carbon Neutrality and Carbon Peak among all employees to raise their awareness of energy conservation and emission reduction;
- Adopt various measures to save purchased electricity;
- Reasonably regulate the production of gas wells and provide the boilers to reduce fuel oil consumption;
- The Company completed the operation relating to the of C29 well-sliding sleeve, which alleviated the situation relating to the C29 well fluid and ensured the production volume. Revise and improve the management system of gas wells, and add part of the discharge fluid management. Strengthen the management of C4 wells, and dynamically adjust the production volume of gas wells in a timely manner based on the changes in the overall gas consumption in B and C islands;
- According to the requirements of the competent ecological and environmental authorities, the oil sludge drying plant of the onshore terminal processing station is under full enclosed management, and the exhaust gas is treated and discharged after being filtered and adsorbed by the recycling device.



Sewage Treatment

Save electricity costs by approximately RMB **60,000** per year and reduce indirect GHG emissions

Discharged wastewater is one of the pollutants generated during the production process. Yuedong oilfield uses the sewage transportation system to filter and treat oily sewage, and then transport the sewage after meeting the export requirements. During the Reporting Period, Yuedong oilfield upgraded the original sewage treatment network. After the renovation of the sewage transportation system, the transportation of external pumps and external transmission tanks will be terminated, which will help reduce the use of electricity, save electricity costs by approximately RMB **60,000** per year and reduce indirect GHG emissions.



Yuedong Oilfield Wastewater Treatment System



Waste Management


For compliant waste management, Tincy Group has assisted the treatment station to improve the preparation of the “Hazardous Waste Management System” and various relevant ledgers.

The waste mud and cuttings generated during the drilling process are all recycled by the drilling contractor using the cuttings box and transported back to the land in a centralized manner, and qualified companies are entrusted for centralized treatment, and the waste is discharged after treatment. During the Reporting Period, a total of 6,472.11 cubic meters of land treatment mud and 2,473.50 cubic meters of cuttings were collected and transported back to the land.


Oily sludge generated from the sewage treatment process in the onshore terminal processing station is entrusted to a company with hazardous waste treatment qualifications. The oil sludge will be mixed with coal to carry out the collaborative resource utilization of oil sludge and coal circulating fluidized bed, for the compliant treatment as renewable fuels. A total of 914.96 tonnes of oily sludge were disposed of during the Reporting Period.

Oily wastes generated from offshore platforms are all collected and transported to land by special containers and entrusted to companies with hazardous waste treatment qualifications for compliant disposal. During the Reporting Period, a total of 189 tonnes of oily waste were disposed of.


Domestic waste generated from offshore platforms is collected and transported to land by special containers, and entrusted to qualified service providers for unified recycling and disposal. During the Reporting Period, a total of 800 tonnes of domestic waste were recycled and disposed of.




During the Reporting Period, a total of **6,472.11** cubic meters of land treatment mud




and **2,473.50** cubic meters of cuttings were collected and transported back to the land



A total of **914.96** tonnes of oily sludge was disposed



a total of **189** tonnes of oily waste were disposed



a total of **800** tonnes of domestic waste was recycled and disposed



Tincy Group Environmental Targets and Action Plan <sup>4</sup>						
Target Areas	Environmental Targets	Indicators	Action Plan	Timeframe for Completion	Applicable Department	Status of Completion
Air Pollutant Emission	Reduce air pollutant emissions	Regularly repair and maintain the pressure control system, and regularly repair the production process	Avoid incidents such as blowouts that affect the atmospheric environment; Avoid the leakage of the process that affect the atmospheric environment.	2022	Oil Production and Transportation Department	Completed
GHG Emissions	Reduce GHG emissions from vehicles	The overall fuel consumption or usage of official vehicles	Strengthen the management of official vehicles, record the fuel consumption of official vehicles, regularly repair official vehicles, and reduce the fuel consumption per km of vehicles.	2022	General Management Department	Completed
	Reduce GHG emissions from vehicles	The overall fuel consumption or usage of official vehicles	Strengthen the management of official vehicles, record the fuel consumption of official vehicles, regularly repair official vehicles, and reduce the fuel consumption per km of vehicles.	2026	Oil production and Transportation department, Engineering department	In progress
	Strengthen the recycling of GHG	Area greening rate, number of trees planted	Plant 20 trees and 10 square meters of flowers at the onshore terminal processing station.	2022	Oil production and Transportation department	Completed
Waste generation	Improve the utilization rate of waste resources	Realize classified management, transportation and compliant disposal of industrial and domestic waste in oil fields	The Company strictly regulates the classification and storage of industrial and domestic waste on the offshore production platform, and strengthens the supervision and management in the daily production process by marking, listing and tracking the garbage bins on each platform, so as to avoid the mixing of domestic waste and industrial waste as much as possible, reduce the amount of industrial waste generated, and reduce environmental hazards and industrial waste disposal expenses.	2022	Offshore platform production and Operation department, Comprehensive management department of office building of the company	Completed
		Penetration rate of garbage classification	Promote waste recycling in all oilfields and offices, regularly carry out publicity activities and education on waste sorting, and encourage employees to participate in waste sorting at the source.	2022		Completed
	Reduce non-hazardous waste	Reduce the use of disposable items	The canteen does not provide plastic bags and disposable tableware/ provides plastic bags and disposable tableware in charge of fee.	2022	Offshore platform production and Operation department, Comprehensive management department of office building of the company	Completed

Tincy Group Environmental Targets and Action Plan <sup>4</sup>						
Target Areas	Environmental Targets	Indicators	Action Plan	Timeframe for Completion	Applicable Department	Status of Completion
	Reduce hazardous waste	Drilling waste disposal rate	Transfer drilling waste back to land, and entrust qualified units to handle all drilling waste in compliance with regulations.	2022	Drilling Department and HSE Department supervise the completion of drilling contractors	Completed
		Oily sludge treatment rate	According to the water content of oil sludge, the Company timely regulated the proportion of chemical drugs, strictly controlled the water content of oil sludge to ≤ 58%, and reduced the amount of oil sludge generated; Qualified entities are invited to conduct harmless and compliant treatment of oily sludge.	2022	Oil Production and Transportation Department	Completed
	Increase food waste recycling	Promotion of "Clean Plate" campaigns (e.g. promotion participation)	Promoted "Clean Plate" campaigns and Put up posters in the canteen to remind staff not to waste food; There is a special person to monitor where kitchen waste is dumped to avoid waste of food.	2022	Offshore platform production and Operation department, Comprehensive management department of canteen	Completed
Energy use	Improve energy efficiency	Energy consumption of energy-consuming equipment	According to the actual production of oil wells, the Group will explore the medium-frequency heating of oil wells and turn them into the operating mode to achieve the goal of power saving; High-energy-consuming nitrogen skid adopts the staggered peak operating mode to save electricity costs.	2022	Oil Production and Transportation Department	Completed
		Electricity Consumption	Formulate sound energy conservation management work plans and measures, and establish an energy project team.	2022		Completed
		Process optimization	Conduct the process review to identify areas of low efficiency and potential areas for improvement.	2022		Completed
Use of water resources	Reduce water consumption	Water Consumption	Post water-saving signs in washrooms and other places; Turn off the water tap timely with intact water to avoid wastage; Reasonably regulate the use of water in production to avoid long-flowing water.	2022	Oil Production and Transportation Department	Completed
		Regular maintenance	Regular maintenance of water supply pumps and water supply pipes to ensure no water leakage.	2022		Completed

<sup>4</sup> Tincy Group will review its own business situation and set appropriate goals for air pollutant emission, waste generation, energy use and water resource use in the future

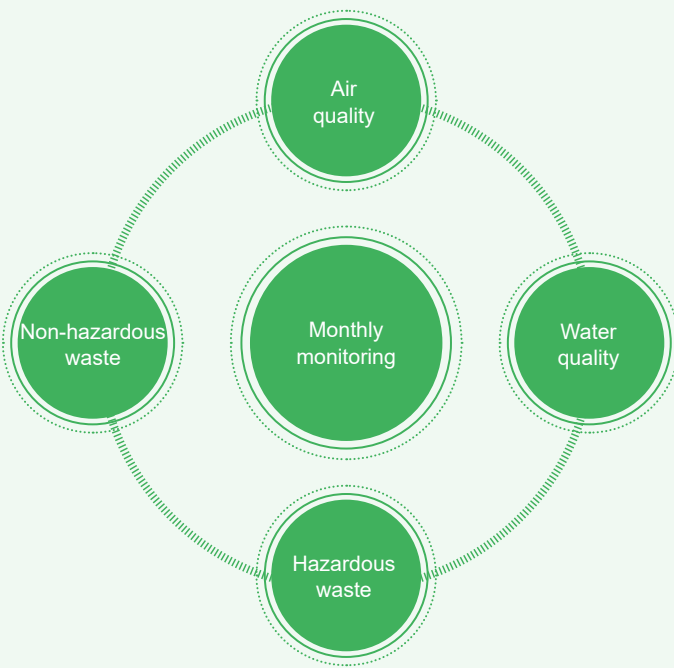


>> Seram Block

Environmental Inspection

As an important part of the CITIC Seram HSE management system, the environmental monitoring system and the accident reporting system can effectively monitor the concentration of various types of emissions to ensure compliance with emission standards. In case of any abnormal situation, the designated personnel of CITIC Seram will handle the follow-up.

CITIC Seram regularly inspects the following environmental impacts and reports the data to the Indonesian government:



Air Emissions

CITIC Seram strictly complies with the relevant regulations of the places where it operates to reduce emissions. Natural gas is used to replace diesel for turbine generators in major production facilities, and diesel is only used in emergency or trial operations. Air and GHG emissions are controlled through preventive maintenance of turbines. Natural gas is used as efficiently as possible and the use of gas is minimized. Emissions from turbines are monitored and measured regularly (mandatory conducting every 6 months).

At the same time, in response to the Carbon Neutrality and Carbon Peak policy, CITIC Seram promotes environmental awareness in all activities and seeks to reduce GHG emissions, waste emissions and the use of hazardous substances. The maintenance department has changed the maintenance mode from preventive maintenance to predictive maintenance since 2020. In addition, during the Reporting Period, CITIC Seram reused the gas generated for turbine generators and built a natural carbon capture system with trees around the turbine generators as a barrier. All these measures have contributed to the reduction of GHG emissions.

Wastewater and Waste Management

CITIC Seram conducts graded treatment according to the type of wastewater and ensures all indicators meet the discharge standards through a series of processes, such as the sedimentation system and sprinkler system. Domestic sewage is discharged after unified treatment by qualified sewage plants, and no wastewater will be discharged to the land. The wastewater (production water) is monitored every 12 hours to meet the water quality standards before being discharged into the environment, and sample tests are conducted monthly.

CITIC Seram classifies non-hazardous wastes at the source and recycles them as much as possible. Wastes that cannot be recovered will be incinerated or buried. CITIC Seram also recycles lubricating oil used in well workover and production, and crude oil extracted or filtered from oil-based sewage treatment equipment. Hazardous wastes are first stored in the temporary storage area of the Seram Block and then transported by a third party to the approved storage area and disposal facilities. The transportation process is supervised by the relevant government departments. Meanwhile, in terms of waste generation, CITIC Seram has replaced bottled drinking water with barrelled drinking water after 2020, so waste plastics have been reduced.

Daily, monthly, quarterly, and annually check, monitor and measure the domestic waste (properly treated) and water (production water) discharged to the ocean.

Hazardous waste is temporarily stored on-site as required and then sent to ATSN as a licensed hazardous and toxic (B3) waste manager. Meanwhile, non-hazardous waste is disposed of at landfills.



Hazardous waste transferred from temporary building storage





Environmental Impact

CITIC Seram attaches great importance to the promotion of environmental protection awareness in all business activities, and is committed to reducing emissions of exhaust gas, wastewater and waste. It has formulated and implemented the “HSE Policy” and “Environmental Policy” in strict accordance with the requirements of Indonesia’s environmental protection regulations. In order to effectively strengthen the control of water and air pollutants, hazardous waste management, and sewage discharge control, CITIC Seram regularly engages an independent laboratory to regularly assess the impact of business operations on the environment, and strengthens the preventive measures based on the test results. For hazardous waste, CITIC Seram requires that all hazardous waste be stored in designated temporary storage sites and transferred to licensed hazardous treatment facilities.



Environmental sampling at independent laboratories



Tree Planting

During the Reporting Period, CITIC Seram actively participated in environmental protection activities and established corresponding internal systems to protect the surrounding community environment. It is stipulated that no local rare flowers shall be picked and destroyed around the field operation area, and a 2022 tree planting plan will be set up, CITIC Seram will regularly plant mangrove seedlings to replace broken mangrove trees, and around 300 mangrove seedlings have been planted in a tree planting activity on 17 October.



Cooperate with local youth organizations and governments to carry out mangrove planting program

>> Karazhanbas oilfield

Environmental Impact

KBM is committed to environmental protection while ensuring its daily production and operation.

KBM has adopted the following measures to reduce environmental impacts:

- Conduct regular testing on the atmosphere, soil, drinking water, animals and plants, Caspian sea water and radiation in the oilfield area as planned;
- Handle oil sludge, domestic waste, construction waste, electronic chemical waste, etc. generated during the production process in a timely manner; and
- Treat drilling waste and oil soils accumulated in previous years and commence the treatment of legacy pit oil. In 2022, KBM cleaned and transported a total of approximately 18,000 tonnes of waste such as drilling and workover waste, oil sand and oil leaching.

Solid Waste Treatment

In order to implement the environmental cooperation memorandum with the Ministry of Environmental Protection of Kazakhstan and the National Oil and Gas Company of Kazakhstan, KBM entered into a waste treatment service contract with a qualified environmental waste treatment service provider and officially commenced the treatment and surface restoration of historical oil soils in the oilfield. It is planned to fully treat these pollutants and restore the surface in three years through microbiological and physiochemical methods. In 2022, KBM completed the treatment of 126,800 tonnes of historical waste and soil, and successfully completed the work plan for the year.





The annual voluntary tree planting activity has become a fine tradition of KBM



Tree Planting

KBM always pays attention to the ecological environment around the Karazhanbas oilfield, minimizing the impact of production activities on the environment, and actively creates a good production and living environment by improving forest coverage.

In March 2022, KBM organized a large-scale tree-planting activity, planting a total of more than 300 trees in worker villages, canteens, workshop offices and other places. KBM organized all departments and its employees to participate in the event, and was responsible for tree planting and greening activities in the Prefecture Qingzhen Temple, the Cancer Institute, the Nursing Home, the Orphanage Home, the Parenting Home, and the Computer Training School for Disabled Children. To this end, KBM has specifically selected a variety of seedlings that may adapt to the local drought climate, hoping to turn the environment into a more beautiful and livable state in Mangkhut. KBM will not stop planting trees, but will also be responsible for the daily maintenance and watering of the tree seedlings until the green trees become good. The annual voluntary tree planting activity has become a fine tradition of KBM.

In March 2022,

KBM organized a large-scale tree-planting activity, planting a total of more than

**300** trees in worker villages, canteens, workshop offices and other places.



KBM Environmental Targets and Action Plan						
Target Areas	Environmental Targets	Indicators	Action Plan	Timeframe for Completion	Applicable Department	Status of Completion
Air Pollutant Emission	Reduce air pollutant emissions	Addition of exhaust gas treatment devices	It is planned to apply flue gas recycling devices.	Long-term	Production department, Drilling and maintenance department, Safety and Environmental protection department	In progress
		Regular overhaul and maintenance of the pressure control system	The well-control devices are regularly tested to avoid incidents such as blowouts that affect the environment.			In progress
GHG Emissions	Reduce GHG emissions from vehicles	The overall fuel consumption or usage of official vehicles	Strengthen the management of official vehicles for official use, record the fuel consumption of official vehicles, regularly repair official vehicles, and reduce the fuel consumption per km of vehicles.	Long-term	Vehicle transportation department	In progress
	Reduce GHG emissions during production	Percentage of renewable energy	Study the application of solar power in oilfields.	2026	Production department	In progress
	Greening	Area greening rate, number of trees planted	Encourage employees to participate in tree-planting activities.	Long-term	Social department	In progress
Waste generation	Improve the utilization rate of waste resources	Oilfield area, dormitory and office for waste classification	Waste separation is implemented in the office, and paper is especially recycled.	Long-term	Administration department	In progress
		Penetration rate of garbage classification	Promote waste recycling in all oilfields and offices, regularly carry out publicity activities and education on waste sorting, and encourage employees to participate in waste sorting at the source.	Long-term		In progress
	Reduce non-hazardous waste	Reduce the use of disposable items	The canteen does not actively provide plastic bags and disposable tableware.	Long-term	Administration department	In progress
		Implement paperless office	Actively promote paperless office.	Long-term		In progress



KBM Environmental Targets and Action Plan						
Target Areas	Environmental Targets	Indicators	Action Plan	Timeframe for Completion	Applicable Department	Status of Completion
Waste generation	Reduce hazardous waste	Drilling waste disposal rate	The newly produced drilling waste is handed over to professional waste handlers for treatment every year.	Long-term	Safety and environmental protection department and Drilling and maintenance department	In progress
		Oily sludge treatment rate	At present, the Company is engaging a third-party professional treatment agency to treat historical oil pollution and oily sludge, and treat the waste for laying the road surface for recycling.	2026		In progress
	Increase food waste recycling	Promotion of "Clean Plate" campaigns (e.g. promotion participation)	We promote "Clean Plate" campaigns and post promotional materials in the canteen to remind employees not to waste food.	Long-term	Administration department	In progress
Energy use	Improve energy efficiency	Energy consumption of energy-consuming equipment	Formulate maintenance plans, regularly inspect energy-consuming equipment, and regularly repair and upgrade electronic equipment in offices and oilfields to optimize energy efficiency.	Long-term	Production department	In progress
		Penetration rate of low-energy-consuming equipment	Replace and phase out high energy-consuming equipment and formulate a time schedule for equipment replacement.	Long-term		In progress
		Electricity Consumption	Formulate sound energy conservation management work plans and measures.	Long-term		In progress
Use of water resources	Reduce water consumption	Water Consumption	Formulate water-saving measures. For example, water-saving signs are posted in places such as washrooms.	Long-term	Administration department	In progress

Resource Usage

CITIC Resources has been committed to achieving sustainable development and actively taking effective measures to save resources and improve resource utilization on the premise of ensuring normal production and operation. We have always insisted on integrating environmental protection concepts into technical services and supervision to ensure that the impact of our business activities on the environment is minimized.

In terms of promoting “Duel Carbon” policies work, the Group actively promotes relevant knowledge to enhance employees’ awareness of energy conservation and carbon emission reduction. In addition, we also urge all oilfields to use resources reasonably, and require them to formulate appropriate resource use policies according to their own businesses and the characteristics of the places where they operate, so as to achieve optimal resource allocation.

The Group has always adhered to the concept of green, low-carbon and recycling development in its operations, and actively promotes the practice. We are well aware of the importance of environmental protection and constantly look for innovative methods and measures to achieve sustainable development goals.

>> Yuedong oilfield

Energy

In order to ensure that all offshore production equipment can achieve environmental improvement, energy and resource conservation, reduce costs and improve economic efficiency, during the Reporting Period, Tincy Group continued to implement the “Yuedong Oilfield Power Limit Plan”, improve the “Daily Management System for Gas Wells”, and put forward the “Power Saving Work Requirements” to clarify and regulate the operation requirements of various production equipment and systems such as oil extractors, gas injection systems and external transmission systems, so as to use electricity reasonably, and reduce and avoid unnecessary waste.

In order to use natural gas in a reasonable and efficient manner and reduce the consumption of self-used oil for steam injection boilers, the Yuedong oilfield completed the operation service of the C29 well-sliding sleeve during the Reporting Period, which alleviated the situation relating to C29 well fluid and ensured the gas production volume. It also revised and improved the gas well management system and added part of the exhaust fluid management. At the same time, the Company strengthened the management of C4 wells, and dynamically adjusted the production volume of gas wells in a timely manner based on the changes in overall gas consumption on islands B and C. Ensure gas supply for boilers and improve gas utilization.

Meanwhile, in order to save the use of purchased electricity, Tincy Group has adopted the following measures:

- Use wellbore chemically reduced viscosity to replace wellbore electric heating and nitrogen skid staggered operation. According to the working conditions of oil wells, 6-17 wells can be intermittently stopped every month, and time control switches are installed in the intermediate frequency electric heating control alone saved cabinet, which automatically stops operation during peak hours and operates intermittently. This measure alone saved a total of approximately **974,500** kWh of electricity in 2022;
- Dynamically adjust the electric heating current of the wellbore according to the water, load and emulsification situation, and intermittently operate the electric companion tropical according to the temperature and pipeline conditions; and
- Adjust the balance in a timely manner according to the changes in the upstream and downstream electric current of the oil extractor, and save electricity by taking advantage of the difference in peak and valley flat electricity prices.

Tincy Group organized all islands to conduct system efficiency tests on all oil well pumps in operation in the Yuedong oilfield from April to May 2022. A total of **166** wells were tested with an average system efficiency of **20.7%**. Compared with 2019, the number of wells increased by **52** and the system efficiency increased by **4.2%**. The average power consumption of oil extractor per 100-meter liquid was **2.37** kWh/ton/100-meter, representing a decrease of **0.75** kWh/tonne/100-meter as compared with 2019. The energy-saving effect was significant.




In order to reduce the use of purchased heat steam, Tincy Group’s onshore terminal processing station suspended the operation of the oil tank maintenance temperature system in the tank area by taking advantage of the high temperature in summer and the small heat dissipation of oil tanks, and all steam was used for the heating of crude oil in the first and second stages of heat exchangers. Lower the dehydration temperature of a sedimentation tank appropriately to reduce steam consumption. During the Reporting Period, Tincy Group reduced the amount of purchased steam by approximately **1,494** tonnes per year by increasing the temperature of the offshore pipeline transmission at 3 degrees Celsius and reasonably adjusting the heat exchange parameters of the terminal station.

Tincy Group also strengthens vessel operation management and reduces energy consumption through the following three measures:


- Through investigation and research, combined with the pandemic prevention and control work and the actual daily management of each production unit, the Company appropriately extended the time on the island (no more than **6** weeks), adjusted the ship shift twice a week, reduced more than **16** ship trips, and saved **80** tonnes of diesel consumption;
- In accordance with the light, heavy, slow and urgent production tasks, the Company strictly supervises and implements the ‘Regulations on the Management of Vessel Island Shuttle’, reasonably arranges the transportation between vessels and islands, eliminates the occurrence of temporary shuttle tasks to the maximum extent, reduces the number of temporary island shuttle trips by **60** times, and saves **30** tonnes of diesel consumption; and
- Secondment guard ship maximises the use of B-island shore power to reduce the diesel consumption of generators by **20** tonnes;

During the Reporting Period,



the above three measures saved a total of

**130** tonnes of diesel consumption.



While reducing a large amount of air pollutant emissions, the cost was reduced by RMB

**1,040,000**.

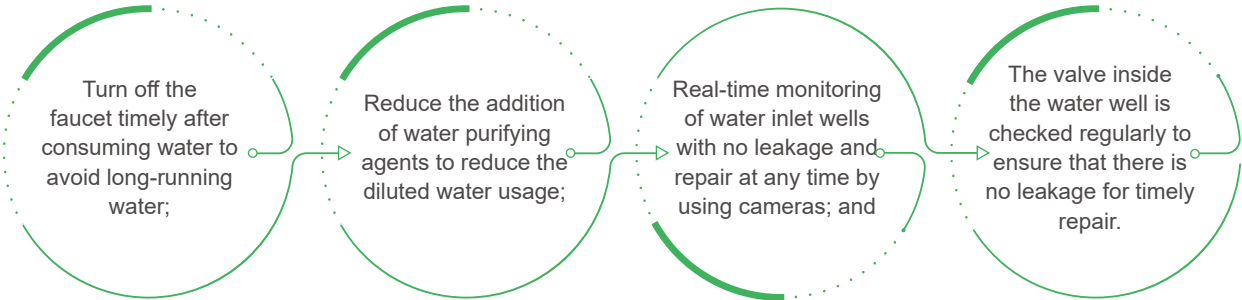


The Yuedong oilfield installed time control switches in variable frequency heating cabinets



Water Sources

Although Tincy Group does not have any difficulty in sourcing water, it is still committed to reducing the use of water resources. The major measures taken by Tincy Group are as follows:




Raw Materials

Tincy Group not only makes continuous efforts to save energy and water resources, but also minimizes the use of raw materials in its operations. The main measures adopted are as follows:

- Subdivide the types of sucker rods, track the dynamic change information ledger of the sucker rods, and timely master the inventory of new rods, repair of old rods, turnover of old rods and other information to improve the management level of bulk materials;
- Continue to implement the pumping process, with **28** wells drilled (around **5,617.2** meters) and related sucker rods saved;
- Strengthen the management of used oil, with the annual used oil well sucker rods of **106,300** meters, the annual used oil well sucker rods of **28,000** meters and the annual used oil well sucker rods of **22,000** meters under the friction welding process; and
- Strengthen the management of bulk materials such as oil pipes and heat insulation oil pipes.


The renewal rate, maintenance rate and scrapping rate of oil pipes and heat insulation oil pipes in 2022 were lower than the actual indicators in 2021. In 2022, the actual maintenance of oil pipes covered 12,800 meters, the pump on the technology was attached to area covering 7,400 meters, and the maintenance of heat insulation oil pipes covered 4,200 meters due to the problem of exploring potential and efficiency.

The above measures



saved the cost of newly purchased oil pipes for RMB

**1,757,000**



the cost of newly purchased heat insulation oil pipes for approximately RMB

**644,000**



>> Seram Block

Energy

In CITIC Seram’s energy efficiency plan, it is specified that diesel is replaced by natural gas to power turbine generators in major production facilities. It not only utilises natural gas in the oilfield, but also reduces the use of diesel. At the same time, CITIC Seram reduces the residual gas in the flue as much as possible and burns natural gas more comprehensively by using the turbine in the main production facility effectively.

In addition, CITIC Seram has also formulated the “On-Site Management Policy” to reduce electricity consumption through various measures, including but not limited to turning off lights, air conditioners and computers in a timely manner when employees leave the office to reduce the use of electrical appliances. During the Reporting Period, the maintenance program of engine and electrical equipment was formulated to ensure the best performance and efficiency.

Water Sources

CITIC Seram adopts a number of measures to effectively conserve water, which are specifically listed below:

- Promoting efficient water use to employees and contractors;
- Reporting and repairing cisterns in a timely manner when their floating closures are not working properly and causing water to spill out;
- Regularly inspecting faucets and valves on-site to ensure they are not leaking due to damage; and
- Monitoring and maintenance of water source pipeline, repairing all leaks immediately.

>> Karazhanbas oilfield

Energy

In order to protect the environment, KBM has started to implement the “Green Office” initiative, which aims to promote green office and encourage employees to save resources and reduce energy consumption. The green office action involves a number of steps, such as rational use and conservation of electricity, promotion of the use of safe energy-saving lamps, waste sorting and recycling. KBM started by setting up an environmental paper collection box and collecting waste newspapers and paper.

According to statistics, 5 to 10 tonnes of waste paper can be collected within one year, which is equivalent to saving 10 trees, 1,000 kWh of electricity and 20,000 litres of water. Through this action, KBM contributes to environmental protection, reduces the negative impact on the environment, and contributes to the construction of a sustainable society.

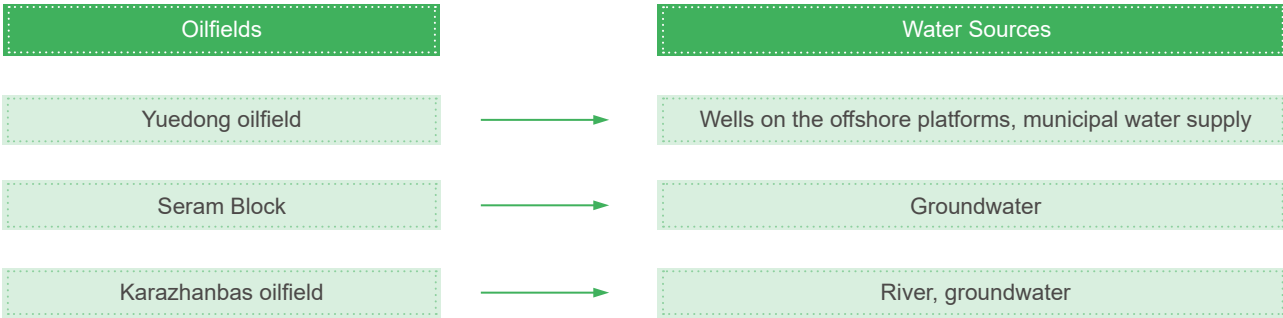
Water Sources

On 1 July 2022, the “Karazhanbas Oilfield Water Treatment Plant” project invested and constructed by KBM was officially put into trial operation. The project is designed to have a daily processing capacity of 42,500 tonnes of reclaimed water and a daily production capacity of 17,000 tonnes of purified water. It will provide continuous and stable water supply for the development of steam injection in the Karazhanbas oilfield. As at the end of the Reporting Period, nearly 1,000,000 cubic meters of clean water were produced.

The water treatment plant project uses a membrane method to treat the extracted water from the oilfield as the boiler feed water source for the steam extraction of the oilfield, which not only greatly reduces the large-scale water problem that may be caused by the recovery of the extracted water from the oilfield and avoids the risk of environmental pollution, but also realizes the resource utilization of the extracted water from the oilfield, so that KBM can reduce its reliance on Volga River water, and the saved water can be used for local industrial and agricultural development. At the same time, the implementation of the project can not only reduce the return of oil-extracted water from the oilfield, but also increase crude oil production, save energy and reduce oil production costs.



Fresh water from the natural environment around the oilfields is drawn for production and daily use. The water sources for each oilfield are as follows:



During the Reporting Period, KBM, Tincy Group and CITIC Seram did not any issues in sourcing water that is fit for purpose.



Coping with Climate Change

CITIC Resources is deeply aware of the impact of climate change on its oilfield business and society as a whole, including potential risks and opportunities. Therefore, we are committed to actively identifying physical risks and transition risks related to climate change to clearly understand the risks closely related to each oilfield, reviewing existing policies and management measures, and continuously investing resources to strengthen risk management strategies to build and improve our ability to respond to climate change.

On the basis of an in-depth study of the key risks brought by climate change to the operation, the Group has also explored the physical risks that may exist in its own value chain and different oilfields in different geographical locations. Through the assessment of multiple dimensions such as operation and finance, we have established a climate risk database and required each oilfield to identify its most relevant climate risks and formulate corresponding response measures.

During the Reporting Period, we conducted a complete climate risk identification and assessment process, carried out climate risk assessment through questionnaires and established a climate risk matrix to clearly identify the importance of relevant climate risks to the Group, and reviewed the existing relevant management to maintain the ability to respond to relevant risks. The Group has identified “Acute physical risk: more frequent and more intense extreme weather events” and “Chronic physical risks: Increase in average temperature/ change in rainfall pattern” as the major climate risks during the Reporting Period. Various oilfields have taken different actions to mitigate the impact of these risks.

The significant climate change risks for each oilfield and the current actions to address them are as follows:

Significant Climate Risk Identification	Responding Actions
Acute physical risk: more frequent and more intense extreme weather events	



Frequent extreme weather events cause significant damage to oil wells and supporting production facilities in offshore oilfields, which could result in environmental pollution incidents.

Tincy Group has signed a marine environment forecast agreement with the National Marine Environmental Forecasting Center, sending marine environment forecasts (including wind level, waves, temperature, and other marine and climatic data) of the Yuedong oilfield sea area to Tincy Group twice a day. The Production Operations Department will forward the information to company leaders, relevant departments, and production platforms in a timely manner.

When informed of windy weather, Tincy Group will correspondingly prepare in advance, such as stopping vessel launch, wells repair operation, lifting operation, and overhead operation in windy weather. When informed of extremely bad weather like typhoons, Tincy Group will also prepare in advance to stop production, stabilise equipment, and evacuate personnel.



- Heavy rainfall can cause pipeline landslides in production facility areas
- Prolonged heavy rainfall can lead to flooding and oil spills, affecting production facilities
- Strong winds can cause long-term physical damage to jetties

For pipeline landslides, CITIC Seram will adopt the following measures:

- Use ropes to hold the pipe to prevent bends and gaps in the pipe
- Replace new pipes at risk of oil spills with straight pipes in a timely manner
- Repair the soil in the affected area to re-establish the buffer wall
- Regularly monitor and manage walls and production facility areas

For potential impacts on production equipment, CITIC Seram will take the following measures:

- Keep the external wall water access valve of the tank closed
- Regularly monitor and manage water entering the drainage area
- Report any oil spills immediately to the relevant authorities and cooperate to take measures

In response to damage to terminal facilities, CITIC Seram will take the following measures.

- Restore pier’s facilities
- Regularly inspect, control and check pier equipment to identify the effects of strong winds to prevent irreparable damage



High temperatures in summer and cold waves in winter can affect site safety and production.

KBM will stop personnel from performing outdoor field work under strong convective thunderstorm conditions. In windy weather, KBM has different response plans depending on the wind speed; KBM will stop all well repairing and oil drilling operations when wind speed reaches a higher level. When the air temperature is higher or lower than certain temperatures, KBM requires operators to break 20 minutes every 2 hours.





Chronic physical risks: Increase in average temperature/ change in rainfall pattern



Continuous high temperatures may cause the working hours and work capacity of frontline operators to drop.

Frequent rainfall can affect the safety of the working environment and cause the working time of personnel to drop.

Based on the actual situation of marine environmental forecast, in the event of high-temperature weather, Tincy Group will arrange working hours reasonably to avoid high-temperature periods; in the event of heavy rain, the equipment and facilities such as the power distribution system and production control system will be inspected in advance for rain prevention measures and non-essential personnel will stop working and essential personnel must be well protected.



Continuous high temperatures may reduce the working hours and work capacity of frontline operators.

KBM will provide clean drinking water and other heatstroke prevention and cooling beverages and medicines to frontline operators during continuous high-temperature conditions. KBM will also adjust work schedules to avoid daily extreme temperature periods of continuous high temperatures.

In addition, KBM will take measures such as dam diversion, raising the well field road, forced drainage, and other measures to protect production operations during continuous rainfall conditions.







# 05

## Our Operations

CITIC Resources' core objective is to ensure compliance operation, fully comply with the laws and regulations of the places where it operates, and strengthen compliance management by formulating relevant policies. As a responsible enterprise, we always regard employee safety and health as our top priority, actively implement HSE management processes and systems, and continuously improve the safety awareness and safety literacy of all employees to achieve the goal of "zero accidents" in the working environment. At the same time, the Group adheres to the concept of integrity, complies with the highest ethical standards in market practices, and requires all employees to strictly follow the Company's policies and systems when conducting business activities to ensure fair competition and compliant operations. We also attach great importance to long-term mutual trust and cooperation with suppliers and customers, continuously improving supply chain management measures, and strengthening the identification and response capabilities on supply chain risks to ensure its stability and sustainability.

In daily operations management, the Group not only strictly complies with applicable laws and regulations relating to sales and credit management, oil production and quality control, privacy and information security, as well as trademarks, patents and intellectual property rights, but also requires relevant parties to sign confidentiality agreements when selling and transporting crude oil products to ensure the security of confidential data or information. We respect the data and privacy security of relevant parties and strictly prohibit the disclosure of relevant data and information to any third party unless with the written consent of both parties. Subsidiaries of the Group will directly supervise the implementation of customer data protection, information security and confidentiality policies.

As the Group is principally engaged in oil and gas exploration and development, advertising is less material to the Group's principal business.

The material issue – "Employees' Health & Safety" is particularly responded to in this section of this Report.



Health and Safety

CITIC Resources has always regarded “safety first, prevention-oriented and comprehensive governance”as its work policy, and is committed to continuously improving safety management, strengthening risk management and process control, so as to achieve the safety concept of “all accidents can be prevented and avoided”. In addition, the Group attaches great importance to the health and safety of employees and on-site staff, continues to promote the sense of responsibility of “the main person in-charge should takes the responsibility”, strictly requires all oilfields to implement safety management systems, implements safety management operating procedures, and regularly conducts equipment supervision and inspection to reduce the risk of accidents.

The Group also further enhances the HSE awareness of employees and contractors by distributing HSE manuals and explaining HSE guidelines and procedures, so as to effectively protect the personal safety of employees and contractors. In addition, CITIC Resources organizes comprehensive emergency drills for onshore terminal processing stations and offshore platforms every year to review and improve comprehensive emergency response capabilities. Through scientific scheduling and reasonable division of labour during the drills, CITIC Resources has achieved the goal of “scientific, safe, orderly and rapid” response to various accidents. In addition, CITIC Resources also attaches great importance to the health of employees under the impact of the COVID-19 pandemic. Therefore, we have implemented corresponding pandemic prevention and control measures to ensure the health and safety of employees.

Preventing Safety Accidents

Multi-party Participation

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Since contractors are exposed to the same health and safety risks as the Group's employees when working at each operating locations, the Group's HSE policies and systems cover all the contractors, which means they are managed, restricted and protected by the HSE policies and systems, to ensure that there are no accidents caused by improper operation of the contractors or the Group's employees.

Emergencies

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In response to emergencies in oilfields, the Group also continuously improves emergency management and prevention mechanisms in consideration of the types of emergencies that may occur, and enhances employees' and contractors' capacities of response for potential hazards in workplaces by giving work instructions, warning instructions and training on specific safety topics.

Personal Protection

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The Group requires employees and other on-site staff to wear qualified personal protective equipment. Especially when specific high-risk works are engaged, the employees and other on-site staff must wear designated labour protective gear and safety equipment to protect their personal safety.

Equipment Maintenance

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The Group requests all oilfields to conduct in-depth control and risk assessment of key equipment and facilities, identify, prevent and control hidden dangers in a timely manner. The necessary security and detection systems have been installed in the production equipment or facilities in every oilfields. When there is failure in pressure controls, temperature controls, liquid level controls, safety valves, fire protection systems, or gas detection systems, alarm signals are issued immediately to alert operators to pay attention to their personal safety and to replace faulty parts in a timely manner.

>> Yuedong oilfield

Operation Safety Management

Tincy Group has formulated, implemented and continuously improved the HSE management system, which includes the management measures for creating a safe and healthy working environment for employees, such as the “Occupational Health Management Procedures”, the “Personnel Health Management Regulations”, the “Personal Protective Equipment Management Regulations”, the “Health and Safety Environment Inspection Regulations”, and the “Hidden Danger Reporting and Rectification Management Regulations”. Among them, the “Occupational Health Management Procedures” stipulates that the Group shall continuously monitor the health status of employees through regular or irregular medical health examinations and collection of health-related information according to the occupational contact history of employees, analyze the relationship between the health changes of employees and the occupational disease hazards exposed, and provide the results of health examinations and data analysis reports to all departments and employees in a timely manner, so as to take preventive measures in a timely manner and protect the health of employees. In addition, Tincy Group strictly complies with the relevant provisions of the *Production Safety Law of the People's Republic of China* to ensure the safety of daily operations.



During the Reporting Period, Tincy Group adhered to the mechanism of daily inspection, comprehensive inspection, special inspection, monthly inspection and departmental inspection. Through various inspections, Tincy Group strengthened the investigation and management of hidden dangers, achieved the inspection, rectification and measures optimization, eliminated potential safety hazards, reduced the safety and environmental protection risks of the working environment, and effectively prevented the occurrence of safety accidents.

- During the Reporting Period, a total of **473** problems were found in the inspection, and **469** rectifications were completed, and the completion rate of **99%**;
- In accordance with the requirements of the 2022 Work Plan for Special Governance of Offshore Oil Safety Risks issued by the Ministry of Emergency Management, and with reference to the inspection rules of the Guidelines for Safety Risk Assessment of Offshore Oil Facilities (Fixed Platform) (Trial), the Company organized self-assessment of safety risks for each production facility, with **387** inspections of **7** facilities, **357** rectifications, and a rectification rate of **92%**;
- Cooperate with the expert group of the in-depth safety risk assessment of the CNPC Division of the emergency management department to carry out in-depth safety risk assessment of offshore oil facilities (fixed platform). Each production facility has an assessment score of more than **900** points (1,000 points in total). Most of the problems raised by the expert group have been rectified, and a rectification plan has been formulated for the problems that cannot be rectified immediately;
- Cooperated with the CNPC Division of the Emergency Management Department to carry out **1** special inspection on offshore oil safety risks, **72** problems were found in the inspection, **66** problems were rectified, and the rectification rate was **92%**;
- Cooperated with Liaohe Supervision Office of CNPC Division to carry out **1** inspection for the commencement of construction in spring, and **54** problems were found in the inspection, all of which were rectified, with a rectification rate of **100%**;
- Cooperated with the international cooperation department of Liaohe Oilfield to carry out **2** HSE inspections, checked **52** problems, rectified **51** items, and the rectification rate was **98%**;
- In accordance with the requirements of CITIC Resources, a total of **4** safety inspections were carried out, including fire safety inspections, inspections on contractors of relevant parties, production safety inspections (implementation of the spirit of the national production safety video conference) and safety hazard risk inspections. **172** problems were identified and all rectifications were completed.



In addition, Tincy Company assessed the current status of occupational hazards to further improve the safety of employees' working environment, and conducted monitoring of occupational hazard factors to provide a basis for improving the occupational health environment. We provide pre-job occupational health training for employees engaged in occupational hazard operations, popularise relevant legal knowledge and occupational health knowledge, inform employees of occupational disease hazards in the workplace, possible health damage and preventive measures, and master the rules and regulations, operating procedures, emergency rescue measures, correct use and maintenance methods of occupational disease protection facilities and personal protective equipment related to occupational disease prevention. The production site is also equipped with necessary protective facilities for occupational disease hazards and is operated in parallel with the production equipment. In toxic and harmful workplaces that may cause acute occupational injuries, we have set up alarm devices, equipped with on-site first-aid supplies, washing equipment, emergency evacuation passages and necessary leakage insurance areas.

■ Occupational disease prevention and control

For the management of occupational disease prevention and control, Tincy Group organized monitoring of occupational disease hazards on the production site, and took corresponding protective measures according to the inspection results. At the same time, it included the management funds for occupational disease prevention and control into the cost budget, including the prevention and control of occupational disease hazards, the configuration and maintenance of protective facilities, the configuration and maintenance of personal protective equipment, the detection and evaluation of occupational disease hazards, occupational health monitoring, occupational health education and training, diagnosis and management of occupational disease personnel, and work-related injury insurance.

■ Qualified labour protection equipment

Purchase qualified labour protection equipment for employees: Provide earplugs and earmuffs for use in the noise environment, and provide AN2-level safety shoes, safety helmets, anti-static work clothes, anti-ultraviolet safety glasses, etc. The operation site is equipped with necessary equipment and facilities such as hydrogen sulfide positive pressure respirators, life jackets, lifeboats, life-saving tubes, emergency guard crew, etc., and each island is equipped with medical rooms and doctors to provide medical support to personnel on site or in case of emergency.

Marine Safety

Tincy Group completed the preparation and review of the navigation safety protection plans for the management of submarine cables and laying of submarine cables in accordance with the new policies of the National Maritime Safety Administration, and coordinated with the Maritime Safety Administration to complete the aquatic and underwater construction permits and issue navigation warnings.

Emergency Drills

Tincy Group organizes contractors for oil production and well workover operations at each production facility to carry out various emergency drills in strict accordance with the provisions of the offshore oil safety management rules.



During the Reporting Period, the construction workers of each production facility carried out **582** drills of various types such as firefighting, abandonment of platforms, well control, personnel falling water rescue, hydrogen sulfide, oil spilling, and anti-storm tide, with **7,445** attendances.

>> Seram Block

Operation Safety Management

CITIC Seram has an internal safety committee responsible for operational safety matters and is required to implement the HSE management system and contractor safety management system to ensure operational safety in the Seram Block.

CITIC Seram arranges occupational health checks for employees and contractors every year, and the professional medical team analyzes the health check reports, so as to establish occupational health monitoring files and formulate health management plans. In addition to conducting safety meetings every day, it arranges regular health lectures on the first week of each month to promote and socialize health hazards, especially occupational health hazards. In addition, CITIC Seram provides a number of sports facilities to encourage employees to improve their physical and mental health. CITIC Seram also conducts workplace risk surveys and posts noise signs in areas with noise exceeding 85 decibels.

Safety guidance and training are provided to new employees or visitors to introduce the hazards existing in the plant area, and to introduce methods to prevent and avoid such hazards. Conduct routine inspections on the places where occupational hazards may occur, and evaluate employees' personal protective equipment, production equipment and the situation of employees in preventing and avoiding occupational hazards.

Safety Inspection

During the Reporting Period, CITIC Seram regularly carried out occupational health risk testing and took improvement actions according to the analysis results. CITIC Seram has identified four major occupational risks, namely hydrogen sulphide exposure risk, asbestos/ glass inhalation risk, noise risk and chemical smoke inhalation risk, and has adopted effective measures to deal with these risks.

Emergency Drills

During the Reporting Period, the CITIC Seram emergency response team conducted drills related to fire incidents, emergency handling drills for employees exposed to hydrogen sulfide gas, and emergency evacuation drills (confined space rescue) to enable employees to understand their duties and responsibilities when an accident occurs, and to inspect the status of fire extinguishing equipment.



Emergency drills related to fire explosion and hydrogen sulfide evacuation procedures



>> Karazhanbas oilfield

Safety Management

KBM requires all workplaces to be equipped with corresponding technical specifications, safety operation manuals and first aid kits, and to formulate corresponding emergency response plans. KBM also makes extensive reference to the operation and management regulations formulated by benchmarking peer companies in the places where it operates, which are used to regulate the operation processes of use of fire, civil engineering, confined space and other aspects in the oilfield, and provides relevant training for employees and contractors.

The Labour Protection and Safety Technology Department at the Karazhanbas oilfield is responsible for recording work-related injuries of employees and contractors. At every bi-weekly meeting of the Labour Protection and Safety Technology Department, KBM's safety management personnel and contractors analyze the site situation, discuss the accidents occurred, and take corresponding measures to prevent the recurrence of the accidents.

Labour Protection Certification Inspection

KBM's labour protection management system has passed the certification audit of the experts of the Kazakhstan National Certification and Accreditation Center, confirming that KBM's existing labour protection system is in full compliance with the Kazakhstan national standard GOST12.0.230-2007 (equivalent to the International Labour Organization's *Guidelines for Occupational Safety and Health Management System* (ILO-OSH2001)). KBM continues to improve the safety management system, and continuously improves the labour environment through various measures. At the same time, KBM complies with the industrial safety requirements of the oil and gas industry, prevents risk accidents in high-risk production facilities, and effectively protects the health and safety of employees.

Convening special meetings

In response to the safety accidents occurred in drilling and workover operations in early 2022, KBM held a special meeting to conduct in-depth analysis of the causes of the accidents with relevant business departments and personnel, and formulated and implemented targeted measures in 11 aspects, including strengthening warning publicity, safety training, experience exchange, internal control, night inspection, safety material allocation and personnel adjustment, so as to prevent the recurrence of similar accidents.

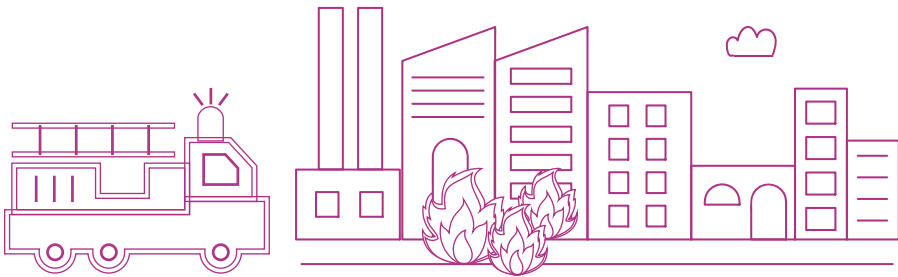


Fire Drill

In order to better respond to emergencies in a timely manner, KBM organized a joint drill on 15 June 2022 with the labour protection, safety, environmental protection, fire protection and medical service providers of the oilfield to simulate the effect of the emergency linkage and practical operation of all parties in the event of fire on the roof of the oil tank and the technical status of the machine, providing a solid guarantee for the safety of production in the oilfield and the life and health of employees.



In addition, in order to strengthen the safety production in autumn and winter, KBM organized the "Winter 2022" comprehensive emergency drill on 16 November. A total of 100 employees including the main workshop, fire control, medical, catering, security, vehicle transportation and other service providers in the oilfield participated in the drill and issued 40 sets of various special vehicles to strengthen the early warning and handling capabilities of fire and other emergencies.





Integrity in Business

CITIC Resources firmly believes that anti-corruption is a basic requirement in the daily operation and management of an enterprise. To ensure that an enterprise complies with high ethical standards, the Group is committed to establishing a comprehensive anti-corruption and anti-commercial bribery system, so as to eliminate any behaviors and ways that may lead to corruption, extortion, fraud and commercial bribery. To achieve this goal, we take various measures, including but not limited to formulating corresponding internal policies and procedures, strengthening training for employees and contractors, establishing an effective supervision and management mechanism, and conducting regular internal audits and assessments.

The Group will also strictly comply with the laws and regulations relating to corruption and bribery of the places where it operates, and require each subsidiary to formulate more detailed and comprehensive internal policies according to its own situation and the actual requirements of the places where it operates. Based on the local laws and regulations in Hong Kong, the Group will update the relevant provisions of the business code in the Employee Handbook in a timely manner. At the same time, in order to prevent anti-money laundering activities and maintain good operation order, we have formulated the “CITIC Resources Holdings Limited Anti-fraud and Anti-corruption Policy”. The measures aim to clarify the expectations and requirements for the prevention, discovery, reporting and investigation of any suspected fraud, corruption and other similar irregularities. In addition, the Group also invited the Independent Commission Against Corruption (ICAC) to conduct an online anti-corruption training for the directors and employees of the Group in March 2023, and distributed relevant learning materials to enhance the anti-corruption awareness of the directors and employees<sup>5</sup>.

During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees.

>> Yuedong oilfield



■ Anti-corruption Training



During the Reporting Period, Tincy Group carried out in-depth anti-corruption training activities and implemented the “Integrity Risk Prevention and Control Measures”. In the measures, the integrity risk was divided into three levels, namely A, B and C, and strengthened the integrity warning education activities, carried out anti-corruption warning education, and effectively improved the awareness of all party members, cadres and employees of the Company to resist corruption and change, and built a solid psychological defense line.

Tincy Group also implements a hierarchical management, hierarchical supervision and hierarchical responsibility system according to different levels. The risk early warning mechanism is managed and implemented by the main leaders and responsible leaders of Tincy Group. Tincy Group also strengthens the supervision of integrity construction to prevent the occurrence of bribery, extortion, fraud and money laundering, and establishes preventive measures and reporting procedures.

In addition, Tincy Group also strictly implemented the requirements of discipline inspection work, paid close attention to important periods and key issues, and conducted anti-corruption warnings in advance of the Spring Festival, Qingming Festival, Dragon Boat Festival and other major festivals through the Internet, WeChat and other media to effectively prevent employees from violations of disciplines during festivals. It also strictly regulated cadres to deal with personal major events such as wedding and funeral ceremonies, and children's schooling, and focused on the supervision and inspection of the incidents of business transactions between relatives and units of the cadres and children of Tincy Group.

<sup>5</sup> This training is the Group's 2022 anti-corruption training. Due to the scheduling issues caused by the epidemic, it was postponed to March 2023.

■ Anti-corruption Management

Tincy Group stipulates that it shall not conduct on-site inspection or any form of communication with potential contractors and suppliers before bidding or quotation without consent. For unfamiliar services or materials, Tincy Group may arrange consultation and communication with potential contractors or suppliers in a unified manner so as to formulate appropriate procurement strategies.

Tincy Group also has the following anti-corruption management requirements:

- If there is a need to interview with the tender participants, upon approval by the authorized person, the meeting shall be conducted during office hours and at the required office premises, with more than two business and technical bid evaluation personnel present;
- Recording and keeping electronic files for the bid opening process and the negotiation process; and
- Without the approval of the authorized person, no relevant personnel of Tincy Group shall contact the bidders for any matter related to the tender during of non-office hours or at non-office premises.

Tincy Group strengthened the anti-corruption education and training of the management and employees through anti-corruption warning education films, superior document study and other forms. At the same time, Tincy Group gave full play to the supervisory role of the masses, and set up petition boxes in the office buildings to smooth the petition and reporting channels. As at the end of the Reporting Period, Tincy Group did not receive any report letters. After supervision and inspection, Tincy Group's vehicles for official use and the three public funds did not exceed the standard, and there was no illegal distribution of benefits.

>> Seram Block

■ Anti-corruption Management

CITIC Seram strictly complies with the relevant laws and regulations in Indonesia, and strictly regulates the daily operation and management process according to the requirements of the Group to eliminate illegal acts. At the same time, CITIC Seram receives regular internal audit from the Company to ensure its operations are in compliance with laws and regulations.

In addition, CITIC Seram fully complies with “CITIC Resources Holdings Limited Anti-Money Laundering Policy”, which highlights the special requirements for anti-money laundering in operating activities, and describes the anti-money laundering organizational structure of CITIC Resources and its subsidiaries and the division of responsibilities. According to the policy, CITIC Seram will report any non-compliance incidents to CIT-IC Resources’ Risk Control Department in a timely manner. If a violation is found, anyone can report it directly to their department head or the CITIC Resources Audit Committee by email, hotline or other forms of whistle-blowing.

Members and staff of CITIC Seram’s procurement committee are required to sign a declaration of integrity and comply with the code of conduct in their daily work and must always be independent and impartial to avoid any interest drive to maintain CITIC Seram’s reputation.

>> Karazhanbas oilfield

■ Anti-corruption Management

KBM’s management committee has formulated and approved the “Anti-corruption Regulations of Karazhanbas Petroleum Co., Ltd.”. This regulation is an internal document formulated in accordance with the Kazakhstan *Anti-Corruption Law* and the articles of association to regulate the behaviour of employees and internal business departments in the process of communicating with state agencies and external enterprises, so as to ensure the formation of a corporate culture with zero tolerance for corruption and maintain an open and honest corporate image.

At the same time, KBM has also formulated policies such as business process passports and inter-departmental collaboration procedures to clarify the responsibilities, rights and obligations of each department. At the same time, KBM strengthens the supervision of procurement, sales, taxation, law, etc., effectively prevents potential risks, and prevents bribery, extortion, fraud, money laundering and other activities.

In addition, KBM has set up a special hotline to ensure a smooth reporting channel, and all employees can report all kinds of violations in a timely manner.



Supply Chain and Product Quality Management

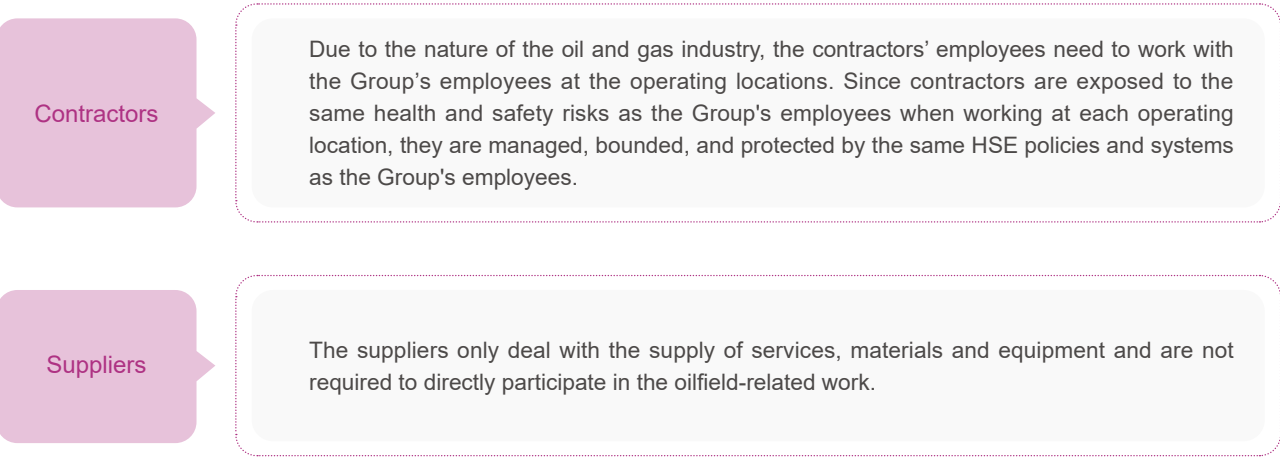
CITIC Resources, together with its suppliers and contractors, are committed to improving its sustainability performance under the guidance of the philosophy of “Working Together and Growing Together”. In this process, the Group clearly requires all suppliers and contractors to comply with and implement applicable local laws and regulations, and ensures that all supply chain management measures comply with relevant requirements to ensure the management of product quality.

During the Reporting Period, the Group did not receive any complaints about products and services. We will continue to work closely with our suppliers and contractors to ensure that we continue to deliver high-quality products and services in a sustainable manner.

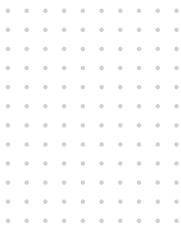
Supply Chain Management

The Group's supply chain mainly involves suppliers and contractors, and products are mainly sold to oil buyers. The Group's suppliers and contractors are located in Mainland China, Hong Kong, Taiwan, Kazakhstan, Indonesia, Russia, Australia and other regions. The Group focuses on improving its environmental, procurement, labour and HSE management in the supply chain. Simultaneously, the Group clearly requires suppliers and contractors to comply with and implement applicable laws and regulations in the places where they operate, and strictly controls the impact of suppliers on the environment and society, and selects suppliers with good performance to cooperate with, to manage the environmental and social risks of the supply chain. For example, the Group will consider whether the suppliers have passed the certification of ISO14001 environmental management system, whether they have received environmental penalties, whether they have good operating conditions, whether they have complied with relevant employment and labour standards, whether they conduct regular monitoring or spot checks on products to ensure product quality and safety. We also inform the suppliers of the relevant requirements in the contracts and require them to be aware of and strictly comply with the relevant environmental and safety standards. The Group has implemented the practices required by the Group on 132 suppliers, assessing them or requiring them to self-declare.

Supply Chain Overview



Quality Management



CITIC Resources always regards quality management as a top priority, and continues to improve its quality management system through standards revision, quality supervision and quality culture building. We are committed to providing consumers with clean, high-quality and diversified products and services. At the same time, the Group always adheres to the concept of responsible operation to ensure that all products meet the requirements of laws and standards. In addition, in the process of providing products, we not only focus on the quality and safety of products, but also consider the impact of products on consumers.

>> Yuedong oilfield

**Supplier and Contractor Management**

Tincy Group has now adopted the new version of the “Tincy Group Energy Resources Limited Procurement Management Measures”. At the same time, when selecting engineering (technical) contractors, the Group will check the relevant qualifications of suppliers, such as ISO9001, ISO14001, ISO18001, etc., and the “Safety Production Management Agreement for Non-coal Mine Outsourcing Project” will be included in the engineering (technical) service contract as an appendix to the contract, with other HSE terms in the contract.

In addition, Tincy Group also carries out safety and environmental supervision and management of the whole process of operation of contractors in accordance with the requirements of national safety supervision and environmental protection management.

As at the end of the Reporting Period, Tincy Group had a total of 118 suppliers and engineering and technical contractors, all of which were subject to the above-mentioned company's supplier management measures.

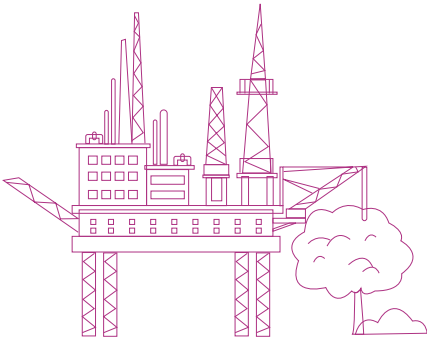
**Supplier Assessment**

Tincy Group has the following measures in supplier assessment to address the environmental, social and other risks involved:

- Acceptance of incoming materials in accordance with the requirements of safety and environmental protection production;
- Acceptance before leaving the factory and on-site installation and commissioning of production equipment;
- Acceptance and assessment after the expiration of the warranty period;
- Conducting pre-contract qualification and capability checks on engineering (technical) service contractors, and conduct on-site inspections when necessary;
- Review the approval for commencement of construction before commencement of construction;
- Conducting on-site supervision and assessment during construction; and
- Completion inspection upon completion of construction.

**Quality Management**

Tincy Group continues to focus on quality management. The Group entrusts China Certification & Inspection Co., Ltd. (CCIC) to conduct inspection of finished crude oil in accordance with the national standards including but not limited to GB/T 19779-2005 *Static Measurement of Petroleum and Liquid Petroleum Product Oil Volume*, GB/T 1884-2000 *Labouratory Determination Method for Crude Oil and Liquid Petroleum Product Density (Density Measurement Method)*, GB/T 1885-1998 *Petroleum Measurement Form*, GB/T 4756-2015 *Petroleum and Liquid Hand Sampling Method*, GB/T 8927-2008 *Petroleum and Liquid Petroleum Product Temperature Measurement – Handwork Method*, GB/T 8929-2006 *Measurement of Crude Oil Water Content – Distilling Method*, GB/T 13236-2011 *Manual Measurement Equipment for Liquid Level of Petroleum and Liquid Petroleum Product Tanks* and GB/T 13894-1992 *Method for Liquid Level Measurement of Petroleum and Liquid Petroleum Products (Handwork Method)*.





During the Reporting Period, in order to protect the rights and interests of both buyers and sellers of crude oil, Tincy Group supervised the units involved in the inspection, sampling and oil loading at Tincy Group’s terminal stations in strict accordance with the relevant HSE regulations at the company’s terminal stations to ensure the safety of life and property of customers and the Company’s personnel. Tincy Group protects the interests of customers and the Company, and handles complaints of potential customers through the following measures:

Each tank is sampled by CCIC and divided into four parallel samples. Ensure that the test objects of the land terminal, CCIC laboratory and SGS laboratory are the same parallel samples, and the other parallel samples are retained by the land terminal station.

Each inspection of the water data from CCIC and SGS did not result in a positive/ negative deviation of more than 2%. If the deviation is greater than 2%, the oil extraction will be terminated and re-assayed.

>> Seram Block

Supplier and Contractor Management

CITIC Seram has established the “Procurement Regulations”, requiring its contractors and suppliers to comply with the terms of the contract regarding health, safe production and environmental protection. In addition, CITIC Seram provides contractors with HSE programs, personal protective equipment, training and other support.

During the tendering process, CITIC Seram conducts supplier evaluations to understand their compliance, financial capability and experience, and makes the best selection according to qualification levels and the budget. During contract execution, CITIC Seram also evaluates the performance of suppliers.



Quality Management

CITIC Seram’s production is in accordance with the laws and regulations in the operating location and customer requirements. Goods are recalled in accordance with laws and regulations when necessary.

>> Karazhanbas oilfield

Supplier and Contractor Management

KBM strictly selects suppliers and contractors in accordance with the laws and regulations of the places where it operates. The terms of KBM’s standard contract in relation to labour safety, environmental protection and emergency response are applicable to both parties in the contract. For suppliers who violate the contract terms, KBM will take relevant measures and even include them in the list of dishonest suppliers.

KBM has signed standard contracts with contractors to ensure that contractors understand and implement relevant HSE requirements. For all bidding and procurement involving engineering and services, the application for “Safety, Labour and Environmental Protection Requirements” has been included in the bidding documents. When signing an agreement, the contractor must also sign and confirm on the appendix of the “Safety, Labour and Environmental Protection Requirements” contract.

To further optimize the operation process and management, KBM has established a company management committee, which is responsible for reviewing and approving the company’s priority procurement plans and long-term procurement plans for goods, engineering and services, to avoid production stagnation caused by untimely material procurement.

As one of the supply chain risk management measures, most of the products are procured based on delivered duty paid (DDP) conditions, under which the product quality risk is transferred to KBM after the completion of product acceptance. If defects are found in the process of installation and operation, KBM may require suppliers to replace them within the product warranty period in accordance with the contract, and further claims will be made if the suppliers violate the contractual obligations. The complaint and claim work are supported and governed by the provisions in the contract terms on the responsibilities of both parties to the contract and the rules of litigation.

Quality Management

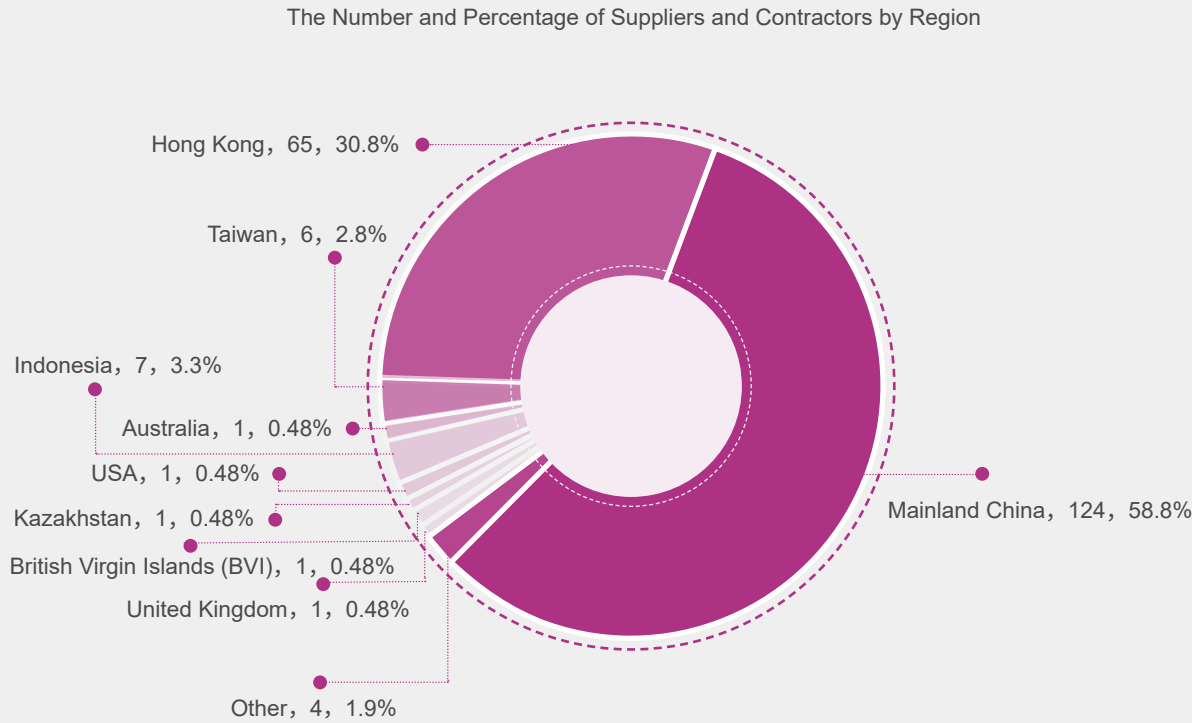
KBM has established its company Technology Management Committee to better formulate oilfield medium- and long-term development plans and introduce new technologies to ensure the continuous improvement of product quality.

>> CRA

Supplier and contractor management

The suppliers of CRA are mainly suppliers of goods and services (such as consultation, audit/tax, utilities, rent) to corporate offices and steel products from overseas suppliers. Most of the suppliers are well-established suppliers with long-term relationships with the Group. During the Reporting Period, there was no significant change in the supplier management process.

The following is the regional distribution of suppliers and contractors of the Group during the Reporting Period:





## Our Community

CITIC Resources adheres to the principle of mutual benefit and win-win, and is committed to achieving harmonious and inclusive development with the communities in which it operates. As a responsible enterprise, we are genuinely concerned about the impact of our oilfield business on the local community, and actively listen to and respond to the expectations of the local community, to build a sustainable community.

To achieve this goal, the Group not only strictly abides by relevant laws and regulations in its own operations, but also actively participates in social welfare activities, promotes community co-construction, and shares corporate development achievements with the society. In addition, through cooperation with subsidiaries and joint ventures, the Group calls on them to pay attention to and integrate into the local community and culture, and implements their commitments through practical actions.

Given that the Yuedong oilfield is located offshore, and the onshore terminal processing station is located in an industrial area, there is no community in the vicinity. In addition, as the staff of the Yuedong oilfield are basically local people, it does not involve the integration of local culture. The Seram Block is located in Seram Island, Indonesia and there is a village nearby. The Karazhanbas oilfield is located in the west of Kazakhstan, which is a large onshore heavy oil field near the coast of Rio, with villages and ports nearby.

The material issue – “Extent of Localization” is particularly responded to in this section of this Report.



Community Building

>> Seram Block

CITIC Seram has always been committed to bringing substantive help to the local community. We always adhere to the concept of “integrating into the local community and developing together” and cooperate with local communities to solve the problems concerned by the community and inject vitality into the development of the community.

To achieve this goal, CITIC Seram not only provides financial support, but also provides substantive assistance to local communities through various means, and continuously strengthens its support and investment in local communities to help them grow and develop and improve the living standards of local residents. In addition, CITIC Seram has budgeted the CSR program annually, with a total budget of IDR 435,492,792 in 2023.



CITIC Seram supports the local government to restore houses damaged by the 2022 giant disasters



CITIC Seram uses heavy equipment to support the repair of damaged roads in the surrounding villages of the operation area

>> Karazhanbas oilfield

As a socially responsible enterprise, KBM formulates charity donation and community co-construction plans every year, allocates a certain amount of money, purchases corresponding materials, focuses on helping the disadvantaged groups, and supports education, sports, culture, and medical and health development. In the process of participating in local economic construction, we actively fulfilled our social responsibilities.

During the Reporting Period, KBM allocated a portion of its funds for charitable donations to support the development of local education, medical care and culture. The projects donated included helping local villages to renovate water wells, donating to local vocational schools, and sponsoring local low-income families.

Renovation of water wells

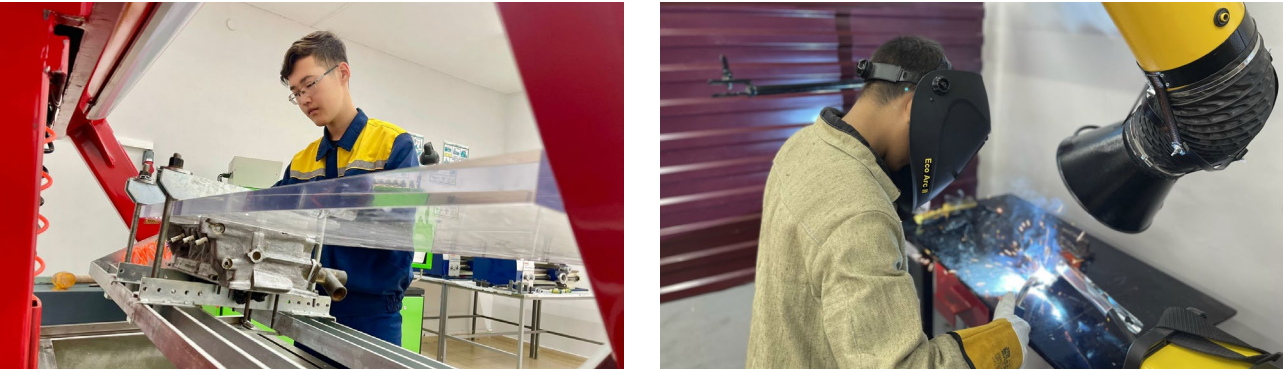
According to KBM's mutual cooperation plan with the local government, and in response to the expectations of the villagers of Taushyk, KBM's drilling and workover department helped the villagers to renovate the wells. There are two wells in Taushyk Village, one of which is unable to supply water for many years due to corrosion of water pipes and sediment deposition. KBM deployed a total of three special vehicles and sent 5 professionals to unplug the deep underground corrosion pipes, and cleaned up the bottom silt of more than 30 meters deep. KBM's workers also helped villagers to install water pumps, and the new wells were renovated to nourish the local villagers and cattle and sheep.





Donation to schools

On 21 October 2022, KBM donated USD 117,000 to a local vocational training college for improving school buildings and classrooms, purchasing machine tools and welding machines for teaching and testing purposes, and improving the accommodation conditions of rural students.



Visiting veterans

KBM's social department visited the veterans participating in the World War II, brought greetings, gifts, and best wishes to the veterans, and sent condolences to the elderly to bless their health and longevity.



Donation of supplies

As a tradition of supporting the lives of local people, KBM helped local low-income and disadvantaged families on the eve of New Year's Day in 2022. To convey our love in a timely manner, we organized various departments to set up a special mutual assistance team to give food and New Year candy gift packs to more than 40 low-income and multi-child families.



Supporting housing construction

On 12 October 2022, a new house donated by KBM's labour union was officially delivered to a single mother in the local rural areas who alone supports 5 children. Before that, the husband of the single mother passed away due to illness, and she raised 5 children by herself. In the simple house built, she maintained her life plan in a difficult way. After learning about the situation, KBM's labour union decided to build a room for her children to shelter from rain. After several months of design and construction, the construction of the spacious bright house was finally completed. The house is equipped with not only various household appliances, but also a simple playground for the children in the courtyard.





Appendix 1

The Material Laws and Regulations that the Group Complied with During the Reporting Period

Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> <sup>6</sup>	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects <sup>7</sup>	Performance
A. Environmental		
Aspect A1: Air Emissions		
<p><b>China</b></p> <p><i>Environmental Protection Law of the People's Republic of China</i></p> <p><i>Environmental Protection Tax Law of the People's Republic of China</i></p> <p><i>Atmospheric Pollution Prevention and Control Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes</i></p> <p><i>Marine Environment Protection Law of the People's Republic of China</i></p> <p><i>Emergency Response Law of the People's Republic of China</i></p> <p><i>Standard for Fugitive Emission of Volatile Organic Compounds</i></p> <p><i>Regulation on the Administration of Permitting of Pollutant Discharges</i></p> <p><i>National Hazardous Waste List</i></p> <p><b>Indonesia</b></p> <p>Environmental Protection and Management Law of the Republic of Indonesia</p> <p>Waste Management Law of the Republic of Indonesia</p> <p>Forestry Law of the Republic of Indonesia</p> <p><b>Kazakhstan</b></p> <p>Kazakhstan Environmental Protection Regulations</p> <p>Kazakhstan Land Regulations</p> <p>Kazakhstan Water Regulations</p>	<p><b>Tincy Group</b></p> <p>"Environmental Factor Identification and Evaluation Control Procedures"<sup>A3</sup></p> <p>"Hazard Identification and Risk Assessment Control Procedures"<sup>A3</sup></p> <p>"Emergency Preparedness and Response Management Procedures"<sup>A3, B2</sup></p> <p>"Accidents and Incident Handling Control Procedures"<sup>A3, B2</sup></p> <p>"Comprehensive and Special Emergency Response Plans"<sup>A3, B2</sup></p> <p>"Emergency Plans for Emergent Environmental Incidents at the Onshore Terminal Processing Station"<sup>A3</sup></p> <p>"Hazardous Waste Management Handbook"</p> <p>"2020 Hazardous Waste Management Handbook"</p> <p>"Hazardous Waste Management System"</p> <p><b>CITIC Seram</b></p> <p>"Environmental Management"</p> <p>"Incident Reporting and Investigation"<sup>B2</sup></p> <p>"HSE Policy"<sup>B2</sup></p> <p><b>KBM</b></p> <p>"Environmental Monitoring and Control System"</p> <p>"Annual Environmental Protection Work Plan"</p> <p>"Production Environmental Management Plan"</p> <p>"Emergency Plans"<sup>B2</sup></p> <p>"Accident Reporting Procedure and Crisis Management Code"<sup>B2</sup></p>	<p>During the Reporting Period, the Group complied with relevant laws and regulations relating to the Group's air emissions and GHG emissions, discharges into to water and land, hazardous and non-hazardous waste generation and disposal that had a significant impact on the Group.</p> <p>Since the implementation of the <i>Environmental Protection Tax Law of the People's Republic of China</i> on January 1, 2018, Tincy Group has to pay the environmental pollution tax and the sewage discharge environmental tax in accordance with the law, comparing with the past that Tincy Group only had to pay the pollution discharge fees.</p> <p>During the Reporting Period, Tincy Group paid the environmental protection tax on time, complied with relevant laws and regulations that had a significant impact on Tincy Group.</p>

<sup>6</sup> Certain laws cover several topics regulated in the "Aspects"; these laws are marked with an asterisk and codes of Aspects being covered. There is a limitation to disclose all laws and regulations that the Group complies with, and only laws and regulations that have a significant impact on the Group are disclosed. The Kazakhstan laws and regulations are originally written in Kazakh, and the Indonesian laws and regulations are originally in Indonesian.

<sup>7</sup> Particular policies and regulations cover several topics provisioned in the "Aspects"; these policies and regulations are marked with an asterisk and codes of Aspects being covered. Some policies and regulations are derived from CITIC Group; these policies and regulations are marked with a hash.

Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> <sup>6</sup>	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects <sup>7</sup>	Performance
Aspect A2: Use of Resources		
Not Applicable	<p><b>Tincy Group</b></p> <p>"Power Saving Management Regulations" <sup>A4</sup></p> <p>"Implementation Rules of Power-Saving Project Management Team" <sup>A4</sup></p> <p>"Management Regulations on the Water Treatment and Discharge"</p> <p>"Regulations on the Management of Domestic Wastewater Treatment Plant"</p> <p>"Shuttle Management Rules on the Island"</p> <p><b>CITIC Seram</b></p> <p>"Management of Changes"</p> <p><b>KBM</b></p> <p>"Associated Gas Application Plan"</p> <p>"Wastewater Resource Utilization Plan"</p>	Not Applicable
Aspect A3: The Environment and Natural Resources		
<p><b>China</b></p> <p><i>Environmental Protection Law of the People's Republic of China</i></p> <p><i>Marine Environment Protection Law of the People's Republic of China</i></p> <p><b>Indonesia</b></p> <p><i>Indonesian Water Resources Law</i></p> <p><i>Indonesian Law on the Protection of Living Natural Resources and Their Ecosystems</i></p> <p><i>Indonesia's Licensing for Borrowing and Using Natural Resources</i></p> <p><i>Indonesia's Regulations on the Use of Natural Gas to Generate Electricity</i></p>	<p><b>Tincy Group</b></p> <p>"Control Procedure for Identification and Evaluation of Environmental Factors"</p> <p>"Hazard Identification and Risk Assessment Control Procedure"</p> <p>"Preparation Plan for Abandonment of Offshore Oil and Gas Production Facilities in Yuedong Block of Hainan Yuedong Cooperation Zone"</p> <p>"Special Cotingency Plan for Oil Transportation Pipeline Rupture Emergency"</p> <p>"Management Document for the Completeness of Operation Stage of Tincy"</p> <p><b>CITIC Seram</b></p> <p>"Afforestation Program"</p> <p><b>KBM</b></p> <p>"Construction of Beautiful Oilfields Plan"</p> <p>"Annual Inspection Plan for Oil Well Wellhead"</p> <p>"Annual Inspection Plan for Valves and Technical Pipelines"</p> <p>"Annual Inspection Plan for Damages of Techniques and Equipment"</p> <p>"Annual Inspection Plan for Technical Pipelines and Valves in CrudeOil Treatment and Processing Workshops"</p>	Not Applicable
Aspect A4: Climate Change		
Not Applicable	<p><b>Tincy Group</b></p> <p>"Power Saving Management Regulations"</p> <p>"Implementation Rules of Power-Saving Project Management Team"</p> <p>CITIC Seram</p> <p>"Afforestation Program"</p> <p><b>KBM</b></p> <p>"Environmental Monitoring and Control System"</p> <p>"Annual Environmental Protection Work Plan"</p> <p>"Production Environmental Management Plan"</p>	Not Applicable



Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> <sup>6</sup>	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects <sup>7</sup>	Performance
B. Social		
Aspect B1: Employment		
<p><b>China</b></p> <p><i>Labour Law of the People's Republic of China</i><sup>"B2, B4</sup> <i>Labour Contract Law of the People's Republic of China</i> <i>Social Insurance Law of the People's Republic of China</i> <i>Labour Dispute Mediation and Arbitration Law of the People's Republic of China</i></p> <p><b>Indonesia</b></p> <p><i>Labour Law of the Republic of Indonesia</i><sup>"B4</sup> <i>Trade Union Law of the Republic of Indonesia</i></p> <p><b>Kazakhstan</b></p> <p><i>Kazakhstan Labour Regulation</i><sup>"B4, B6</sup></p>	<p><b>CITIC Resources</b></p> <p>Share Option Scheme Contribution and Retirement Benefit Schemes "Employee Handbook" "Guidelines on Business Travel Reimbursement Procedures" "Regulation for Managing Office Items" "Management Measures for Employee Holiday Compensation"</p> <p><b>Tincy Group</b></p> <p>"Tincy Group Management Manual"<sup>"B4</sup> Social Security and Pension Scheme</p> <p><b>CITIC Seram</b></p> <p>"Company Policy"<sup>"B3, B4, B8</sup></p> <p><b>KBM</b></p> <p>"2019-2021 Collective Contract with Employees" "Regulations for Material Assistance to KBM's In-service Employees and Retired Persons"</p>	<p>During the Reporting Period, the Group complied with relevant laws and regulations that had a significant impact on the Group and are related to employment.</p>
Aspect B2: Health and Safety		
<p><b>China</b></p> <p><i>Work Safety Law of the People's Republic of China</i> (2021 edition) <i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i> <i>Emergency Response Law of the People's Republic of China</i> <i>Interim Measures for Administration of Outsourcing Non-Coal Mining Project Safety</i></p> <p><b>Indonesia</b></p> <p>Occupational Safety and Health Law of the Republic of Indonesia</p> <p><b>Kazakhstan</b></p> <p>Kazakhstan Occupational Safety and Health Regulations</p>	<p><b>Tincy</b></p> <p>"Occupational Health Management Procedures" "HSE Rewarding and Punishment Implementation Plan (Provisional)" "Working License Management Procedures" "Operational Safety Analysis Management Regulations" "Energy Isolation Safety Management Regulations" "Project Permit Management Regulations" "HSE Hazard Report Form"</p> <p><b>CITIC Seram</b></p> <p>"HSE Management of Projects"<sup>"B5</sup></p> <p><b>KBM</b></p> <p>"2018 Work Safety Conditions and Production Process Safety Measures Plan" "Behaviour Observation Plan"</p>	<p>During the Reporting Period, the Group complied with relevant laws and regulations in relation to occupational health and safety that had a significant impact on the Group.</p>
Aspect B3: Development and Training		
Not Applicable	<p><b>CITIC Resources</b></p> <p>"Employee Training and Development Policy"</p> <p><b>Tincy Group</b></p> <p>"Annual Employee Training Plan"</p> <p><b>KBM</b></p> <p>"Annual Employee Training Plan"</p>	Not Applicable
Aspect B4: Labour Standards		
<p><b>China</b></p> <p><i>Law of the People's Republic of China on the Protection of Women's Rights and Interests</i> <i>Law of the People's Republic of China on the Protection of Minors</i> <i>Provisions on the Prohibition of Using Child Labour</i></p> <p><b>Kazakhstan</b></p> <p>Kazakhstan Men's and Women's Equal Rights and Opportunities Guarantee Law</p>	<p><b>KBM</b></p> <p>KBM clearly defined the welfare policies for female employees on maternity leave and child-rearing in the "2019-2021 Collective Contract with Employees".</p>	<p>During the Reporting Period, the Group complied with relevant laws and regulations in relation to child labour and forced labour that had a significant impact on the Group.</p>

Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> <sup>6</sup>	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects <sup>7</sup>	Performance
B. Social		
Aspect B5: Supply Chain Management		
Not Applicable	<p><b>Tincy Group</b></p> <p>"Construction Safety and Production Management Agreement"</p> <p><b>CITIC Seram</b></p> <p>"HSE Management of Contract Services"</p> <p><b>KBM</b></p> <p>"Safety, Labour and Environmental Protection Requirements"</p>	Not Applicable
Aspect B6: Product Responsibility		
<p><b>China</b></p> <p><i>Intellectual Property Law of the People's Republic of China</i> <i>Trademark Law of the People's Republic of China</i> <i>Patent Law of the People's Republic of China</i> <i>Tort Law of the People's Republic of China</i> <i>Anti-Unfair Competition Law of the People's Republic of China</i><sup>"B7</sup></p> <p><b>Indonesia</b></p> <p>Indonesian Supply Chain Management Supervision Regulations Trademark and Geographical Indications Law of the Republic of Indonesia</p> <p><b>Kazakhstan</b></p> <p>Kazakhstan Personal Information Protection Law Kazakhstan Trademarks, Service Marks and Appellations of Origin Law Kazakhstan Oil General Technical Specifications</p>	<p><b>Tincy Group</b></p> <p>Tincy Group fulfills its confidentiality obligations in accordance with the terms of contract with its customers in relation to the confidentiality of the information. Tincy Group produces and supplies products in accordance with the quality-related requirements of contracts with its customers.</p> <p><b>CITIC Seram</b></p> <p>CITIC Seram strictly maintains customer information, maintains intellectual property rights as required, and recalls products as required by Indonesian Supply Chain Management Supervision Regulations.</p> <p><b>KBM</b></p> <p>"Confidential Information Management Regulations" "Rules for Handling, Protecting and Storing JSC Karazhanbasmunai Employee Personal Records"</p>	<p>During the Reporting Period, the Group complied with laws and regulations concerning the provision and use of the Group's products and services, which cover product and service information and labelling, marketing communications including advertising, promotion and sponsorship, and property rights including intellectual property rights that had a significant impact on the Group.</p> <p>During the Reporting Period, the Group produced and supplied products in strict accordance with the relevant laws and regulations of quality management in the operating locations and customer requirements, and there were no incidents of product recalling that had a significant impact on the Group.</p>
Aspect B7: Anti-corruption		
<p><b>China</b></p> <p><i>Criminal Law of the People's Republic of China</i> <i>Anti-Money Laundering Law of the People's Republic of China</i></p> <p><b>Indonesia</b></p> <p>Elimination of Corruption Law of the Republic of Indonesia Money Laundering Law of the Republic of Indonesia Elimination of Bribery Regulation of the Republic of Indonesia</p> <p><b>Kazakhstan</b></p> <p>Kazakhstan Anti-Corruption Regulations</p>	<p><b>Tincy Group</b></p> <p>"Implementation Measures for Disciplinary Inspection and Reporting of CITIC Group" <sup>#</sup> "CITIC Group's Implementation Opinions on the Clue Management of Discipline Inspection and Supervision"<sup>"#</sup></p> <p><b>CITIC Seram</b></p> <p>CITIC Seram strictly abides by the relevant laws and regulations of Indonesia and strictly regulates the daily operation management process according to the requirements of the Group to prevent illegal acts.</p> <p><b>KBM</b></p> <p>"Internal Communication Plan" Reporting System</p>	<p>During the Reporting Period, the Group complied with relevant laws and regulations relating to the prevention of bribery, extortion, fraud, and money laundering, and did not received any lawsuit relating to internal employees involved in bribery, extortion, and money laundering.</p>
Aspect B8: Community Investment		
Not Applicable	<p><b>CITIC Seram</b></p> <p>"Annual Community Relations Work Plan"</p> <p><b>KBM</b></p> <p>"Annual Work Plan"</p>	Not Applicable



Appendix 2 Key Performance Indicators

2020 – 2022 Social and Environmental Related Key Performance Indicators (“KPI”):

The disclosure scope of KPIs in the social and environmental aspects includes CITIC Resources (the head office of the Group in Hong Kong), CITIC Haiyue Energy Limited, CITIC Seram, CITIC Petroleum and CITIC Australia. The disclosure scope of KPIs in the social and environmental presented below do not include KBM.

Social Aspect

KPI	Unit	2020	2021	2022
In-service Employees and Contractors				
Number of In-service Employees and Contractors by Region				
Employees in the Mainland China	person	133	132	132
Contractors in the Mainland China	person	677	564	605
Employees in Indonesia	person	8	8	9
Contractors in Indonesia	person	233	212	187
Employees in Australia	person	29	23	22
Employees in Hong Kong	person	29	27	25
Number of In-service Employees by Gender				
Female employees	person	46	45	50
Male employees	person	153	145	138
Number of In-service Employees by Age				
Below 30	person	2	3	3
30 - 50	person	126	120	116
Above 50	person	71	67	69
Number of In-service Employees by Employment Category				
Senior	person	21	24	21
Middle Level	person	35	27	31
Junior	person	125	124	116
Contract	person	16	13	19
Short-term and Part-time	person	2	2	1

KPI	Unit	2020	2021	2022
Resigned Employees <sup>8</sup>				
Employee Turnover Rate by Region				
Mainland China	%	/	3	5
Indonesia	%	/	25	478 <sup>9</sup>
Australia	%	/	26	18
Hong Kong	%	/	7	28
Employee Turnover Rate by Gender				
Female Employees	%	/	4	48
Male Employees	%	/	8	120
Employee Turnover Rate by Age				
Below 30	%	/	0	20
30 - 50	%	/	5	82
Above 50	%	/	12	450
Employee Training				
Percentage of Employees Trained by Gender				
Female Employees	%	18	4	6
Male Employees	%	82	96	94
Percentage of Employees Trained by Employee Category				
Senior	%	16	7	15
Middle Level	%	26	11	16
Junior	%	45	82	61
Contract	%	13	0	8
Short-term and Part-time	%	0	0	0
Average Training Hours of Employees				
Average Training Hours of Employees by Gender <sup>10</sup>				
Female Employees	hours	3.61	0.78	2.50
Male Employees	hours	4.55	29.17	24.00

<sup>8</sup> The employee turnover ratio for each category is calculated by dividing the number of employees in that category by the total number of employees in that category. The number of employee turnover of various categories in 2020 has been disclosed in previous reports and will not be calculated additionally here.

<sup>9</sup> The increase in employee turnover rate in Indonesia in 2022 is due to the natural loss of most employees reaching retirement age.

<sup>10</sup> The average training hours are calculated by dividing the total training hours of employees of this category by the total number of employees of this category.



KPI	Unit	2020	2021	2022
Average Training Hours of Employees				
Average Training Hours of Employees by Employee Category				
Senior	hours	5.86	21.46	26.05
Middle Level	hours	9.46	15.56	14.77
Junior	hours	3.26	27.48	20.97
Contract	hours	0.80	0	6.74
Short-term and Part-time	hours	0	0	0
Work Safety				
Number of work-related fatalities <sup>11</sup>	person	0	0	0
Rate of work-related fatalities	%	0	0	0
Lost days due to work injury	days	0	0	0
Suppliers and Contractors				
Number of Suppliers and Contractors by Region				
Mainland China	No.	112	109	124
Hong Kong	No.	147	55	65
Taiwan	No.	6	6	6
Kazakhstan	No.	0	0	1
Indonesia	No.	84	22	7
Australia	No.	2	1	1
United States	No.	0	0	1
United Kingdom	No.	0	0	1
British Virgin Islands (BVI)	No.	0	0	1
Others	No.	1	0	4

<sup>11</sup> In the past three Reporting Periods, the Group had no work-related fatalities.

KPI	Unit	2020	2021	2022
Community Investment				
Resources Used in the Following Areas	10,000RMB	11.24	8.40	10.64
Supporting Disaster Relief	10,000RMB	0	0	2.22
Supporting Disadvantaged Groups	10,000RMB	0.79	0	0
Supporting Education	10,000RMB	3.39	1.12	1.33
Supporting Sports	10,000RMB	0	0	0.66
Supporting Cultural Activities	10,000RMB	1.63	0	0.22
Supporting Healthcare	10,000RMB	2.61	0	0.89
Supporting Poverty Alleviation	10,000RMB	0	0	2.22
Supporting the development of environmental protection	10,000RMB	0.41	0	0.89
Others	10,000RMB	0	7.28	2.22

Environmental Aspect

KPI	Unit	2020	2021	2022
Air Pollutants <sup>12</sup>				
NO <sub>x</sub> Emissions	Metric tonnes	82.18	70.36	87.17
Intensity of NO <sub>x</sub> Emissions	Metric tonnes per barrel of crude oil	2.43 x 10 <sup>-5</sup>	1.91 x 10 <sup>-5</sup>	2.34 x 10 <sup>-5</sup>
SO <sub>2</sub> Emissions	Metric tonnes	49.36	56.40	62.90
Intensity of SO <sub>2</sub> Emissions	Metric tonnes per barrel of crude oil	1.46 x 10 <sup>-5</sup>	1.53 x 10 <sup>-5</sup>	1.69 x 10 <sup>-5</sup>
PM Emissions	Metric tonnes	39.30	46.33	53.05
Intensity of PM Emission	Metric tonnes per barrel of crude oil	1.16 x 10 <sup>-5</sup>	1.26 x 10 <sup>-5</sup>	1.42 x 10 <sup>-5</sup>
GHG				
Total GHG Emissions	Metric tonnes	114,123.40	121,852.73	132,026.98
Intensity of Total GHG Emissions	Metric tonnes per barrel of crude oil	0.03	0.03	0.04
Scope 1 <sup>13</sup>				
Emissions from Stationary and Mobile Sources	Metric tonnes	74,576.91	85,553.22	91,211.89
Flaring Emissions	Metric tonnes	11,677.21	5,684.22	7,573.48

<sup>12</sup> The emissions of air pollutants during the Reporting Period came from the combustion of fuel from stationary sources, road mobile sources and non-road mobile sources. The standards and calculation methods are mainly based on the *Technical Guidelines for Compiling Air Pollution Emission Inventories of Road Motor Vehicles (Trial)* and *Technical Guidelines for Compiling Emission Inventory of Non-Road Mobile Pollutant Sources (Trial)* issued by the Ministry of Ecology and Environment of the People's Republic of China, *Guidelines for Compiling Air Pollutant Emission Inventory* issued by the European Union Monitoring and Evaluation Program (EMEP)/European Environment Agency (EEA), and the emissions conversion in Appendix B of Australian Transport Assessment and Planning.

<sup>13</sup> The standard, methodology and calculation in relation to GHG Scope 1 emissions in the Reporting Period are mainly based on the *Guidelines for Accounting Methods and Reporting of GHG Emissions for China's Petroleum and Natural Gas Production Enterprises (Trial)* and the *Guidelines for Accounting Methods and Reporting of e Emissions for Land Transportation Enterprises (Trial)*, *Guidelines for Accounting Methods and Reporting of GHG Emissions for Enterprises in Other Industries (Trial)* issued by the National Development and Reform Commission of the People's Republic of China, 2006 IPCC Guidelines for NationalGHG Inventories, and *Appendix II Guidelines of Reporting Environmental Key Performance Indicators of How to Prepare Environmental, Social and Governance Reports* of the SEHK.



KPI	Unit	2020	2021	2022
Scope 2 <sup>14</sup>				
Indirect GHG Emissions from Purchased Electricity	Metric tonnes	19,669.83	21,084.99	24,003.15
Indirect GHG Emissions from Purchased Steam	Metric tonnes	8,199.05	8,923.78	8,470.60
Hazardous Waste				
Generated and Treated Oil Sand	Metric tonnes	696.42	1,062.94	915.14
Intensity of Generated and Treated Oil Sand Amount	Metric tonnes per barrel of crude oil	2.06 x 10 <sup>-4</sup>	2.89 x 10 <sup>-4</sup>	2.46 x 10 <sup>-4</sup>
Generated and Treated Drilling Waste Amount <sup>15</sup>	Metric tonnes	24,128.50	22,636.20	8,945.61
Intensity of Generated and Treated Drilling Waste Amount	Metric tonnes per barrel of crude oil	7.14 x 10 <sup>-3</sup>	6.15 x 10 <sup>-3</sup>	2.4 x 10 <sup>-3</sup>
Non-hazardous Waste				
Generated and Treated Domestic Waste Amount	Metric tonnes	883.76	924.75	822.00
Intensity of Generated and Treated Domestic Waste Amount	Metric tonnes per barrel of crude oil	2.62 x 10 <sup>-4</sup>	2.51 x 10 <sup>-4</sup>	2.21 x 10 <sup>-4</sup>
Treated Metal Waste Amount	Metric tonnes	3.56	0.00	0.18
Intensity of Treated Metal Waste Amount	Metric tonnes per barrel of crude oil	1.05 x 10 <sup>-6</sup>	0.00	4.03 x 10 <sup>-8</sup>
Wastewater				
Total Wastewater Discharge	Metric tonnes	1,765,639.27	1,636,197.63	2,250,434.20
Intensity of Total Wastewater Discharge	Metric tonnes per barrel of crude oil	0.52	0.44	0.60
Treated Industrial Oily Wastewater Discharge	Metric tonnes	1,743,654.57	1,623,831.00	2,230,813.60
Domestic Sewage Discharge	Metric tonnes	21,984.70	12,366.63	19,620.60
Direct Energy				
Associated Gas Consumption <sup>16</sup>	kWh in '000s	42,026.05	198,833.58	249,754.71
Intensity of Associated Gas Consumption	kWh in '000s per barrel of crude oil	0.01	0.05	0.07
Natural Gas Consumption	kWh in '000s	44,315.17	68,378.03	99,520.65
Intensity of Natural Gas Consumption	kWh in '000s per barrel of crude oil	0.01	0.02	0.03

<sup>14</sup> The standard, methodology and calculation in relation to GHG Scope 2 emissions in the Reporting Period are mainly based on the *Notice on Doing a Good Job in 2023-2025 Reporting and Management of Greenhouse Gas Emissions of Power Generation Enterprises* issued by the Ministry of Ecology and Environment of the People's Republic of China, the 2022 Sustainability Report of CLP Holdings Limited, the *National GHG Accounting Factors* published by the Ministry of Environment and Energy of Australia in 2023, and carbon dioxide emission factors for power grids and carbon dioxide emission intensity calculations for electricity sales in *GHG Emission Factors for Electric Power Systems* published by the General Administration of Electricity of the Indonesian Ministry of Energy and Mineral Resources in 2019.

<sup>15</sup> Drilling waste includes drilling cuttings and drilling fluids.

<sup>16</sup> The unit conversion of associated natural gas refers to the *Guidelines for Accounting Methods and Reporting of GHG Emissions of Chinese Petroleum and Natural Gas Production Enterprises (Trial)*.

KPI	Unit	2020	2021	2022
Direct Energy				
Gasoline Consumption <sup>17</sup>	kWh in '000s	477.69	466.21	294.37
Intensity of Gasoline Consumption	kWh in '000s per barrel of crude oil	1.41x 10 <sup>-4</sup>	1.27 x 10 <sup>-4</sup>	7.90 x 10 <sup>-5</sup>
Diesel Consumption <sup>18</sup>	kWh in '000s	4,336.12	2,784.98	3,468.57
Intensity of Diesel Consumption	kWh in '000s per barrel of crude oil	1.28 x 10 <sup>-3</sup>	7.57 x 10 <sup>-4</sup>	9.31 x 10 <sup>-4</sup>
Crude Oil Consumption <sup>19</sup>	kWh in '000s	141,789.87	162,373.45	180,946.91
Intensity of Crude Oil Consumption	kWh in '000s per barrel of crude oil	4.20 x 10 <sup>-2</sup>	4.41 x 10 <sup>-2</sup>	4.86 x 10 <sup>-2</sup>
Indirect Energy				
Purchased Electricity Consumption	kWh in '000s	32,127.73	36,280.03	54,783.46
Intensity of Purchased Electricity Consumption	kWh in '000s per barrel of crude oil	9.51 x 10 <sup>-3</sup>	9.86 x 10 <sup>-3</sup>	1.47 x 10 <sup>-2</sup>
Purchased Steam Consumption <sup>20</sup>	kWh in '000s	20,704.85	22,534.81	21,390.41
Intensity of Purchased Steam Consumption	kWh in '000s per barrel of crude oil	0.01	6.12 x 10 <sup>-3</sup>	5.74 x 10 <sup>-3</sup>
Water Resources				
Total Water Usage	Metric tonnes	852,723.28	818,987.86	1,033,543.72
Intensity of Total Water Usage	Metric tonnes per barrel of crude oil	0.25	0.22	0.28
Water Sourced from Wells	Metric tonnes	840,074.38	831,600.00	1,017,089.87
Water Sourced from Municipal Water Supply	Metric tonnes	12,648.90	27,357.72	11,968.00
Greening				
Newly Planted Trees	No.	120	110	33
Newly Laid Lawn	m <sup>2</sup>	0.00	3,000.00	2,400.00

<sup>17</sup> The unit conversion of gasoline refers to the *Guidelines for GHG Accounting Reports for Enterprises in 24 Key Industries (Trial)*, and the density of gasoline is converted at 0.7475 kg/liter.

<sup>18</sup> The unit conversion of diesel units refers to the *Guidelines for GHG Accounting Reports for Enterprises in 24 Key Industries (Trial)*, and the density of diesel is converted at 0.82 kg/liter.

<sup>19</sup> The unit conversion of crude oil refers to the *Guidelines for GHG Accounting Reports for Enterprises in 24 Key Industries (Trial)*.

<sup>20</sup> The unit conversion of purchased steam refers to *Guidelines for Accounting Methods and Reporting of GHG Emissions of Chinese Petroleum and Natural Gas Production Enterprises (Trial)*. The 2020 figures are recalculated in kWh in '000s.



Appendix 3 SEHK ESG Reporting Guide Index

Mandatory Disclosure Requirements	Description		Relevant Section in this Report or Explanation
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.		Our Governance
	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report		About This Report
Reporting Principles	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.		About This Report
"Comply or Explain"	Subject Areas, Aspects, General Disclosures and KPIs		Relevant Section in this Report or Explanation
A. Environment			
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. Note: Air emissions include NO <sub>x</sub> , SO <sub>x</sub> , and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.		Environmental Management Appendix 1 The Material laws and regulations that the Group complied with during the Reporting Period
	KPI A1.1	The types of emissions and respective emissions data.	Appendix 2 Key Performance Indicators
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Management
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc		Appendix 1 The Material laws and regulations that the Group complied with during the Reporting Period
	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).	Appendix 2 Key Performance Indicators
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Resource Usage
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Resource Usage

“Comply or Explain”	Subject Areas, Aspects, General Disclosures and KPIs		Relevant Section in this Report or Explanation
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable <sup>21</sup>
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer’s significant impact on the environment and natural resources.		Our Environment
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environment
Aspect A4: Climate Change	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		Our Environment
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Our Environment
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.		Policies and Benefits Appendix 1 The Material Laws and Regulations that the Group Complied with During the Reporting Period
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix 2 Key Performance Indicators
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 2 Key Performance Indicators
Aspect B2: Health and Safety	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.		Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years, including the reporting year.	Appendix 2 Key Performance Indicators
	KPI B2.2	Lost days due to work injury.	Appendix 2 Key Performance Indicators
	KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety
Aspect B3: Development and Training	General Disclosure Policies on improving employee knowledge and skills for discharging duties at work. Description of training activities.  Note: Training refers to vocational training. It may include internal and external courses paid by the employer.		Training and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix 2 Key Performance Indicators
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix 2 Key Performance Indicators
Aspect B4: Labour Standards	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.		Respecting Rights Appendix 1 The Material Laws and Regulations that the Group Complied with During the Reporting Period
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Respecting Rights
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Respecting Rights

<sup>21</sup> The Group’s principal operations disclosed in this Report are the exploration, development and production of crude oil, and no packaging materials are involved in these processes.



"Comply or Explain"	Subject Areas, Aspects, General Disclosures and KPIs		Relevant Section in this Report or Explanation
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.		Supply Chain Management
	KPI B5.1	Number of suppliers by geographical region.	Appendix 2 Key Performance Indicators
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	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.		Our Operations Appendix 1 The Material Laws and Regulations that the Group Complied with During the Reporting Period
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Supply Chain and Product Quality Management
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Appendix 1 The Material Laws and Regulations that the Group Complied with During the Reporting Period
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our operations Appendix 1 The Material Laws and Regulations that the Group Complied with During the Reporting Period
	KPI B6.4	Description of quality assurance process and recall procedures.	Supply Chain and Product Quality Management
	KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Our Operations
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.		Integrity in Business Appendix 1 The Material Laws and Regulations that the Group Complied with During the Reporting Period
	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.	Integrity in Business Appendix 1 The Material Laws and Regulations that the Group Complied with During the Reporting Period
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Integrity in Business
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Integrity in Business
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.		Our Community
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community Appendix 2 Key Performance Indicators
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	

Appendix 4 Feedback Form

Dear Reader:

Hello! Thank you very much for reading this Report. To continuously promote the Company's work in ESG and improve ESG reporting, we sincerely and truly look forward to hearing your feedback and suggestions, please let us know!

1. What is your identity in relation to CITIC Resources?

- ☐ Government and Regulator
- ☐ Employee
- ☐ Customer
- ☐ Business Partner
- ☐ Potential Investors and Financial Institutions
- ☐ Media
- ☐ Community and the Public
- ☐ Others (Please specify)

2. Your overall assessment to this Report is:

- ☐ Very Good
- ☐ Good
- ☐ Fair
- ☐ Poor
- ☐ Very Poor

3. What do you think of the structure of this Report?

- ☐ Very Reasonable
- ☐ Reasonable
- ☐ General
- ☐ Poor
- ☐ Very Poor

4. What do you think of the design of this Report?

- ☐ Very Reasonable
- ☐ Reasonable
- ☐ General
- ☐ Poor
- ☐ Very Poor

5. What do you think of the readability of this Report?

- ☐ Very Good
- ☐ Good
- ☐ Fair
- ☐ Poor
- ☐ Very Poor

6. What do you think of the quality of the ESG information in this Report?

- ☐ Very Good
- ☐ Good
- ☐ Fair
- ☐ Poor
- ☐ Very Poor

7. Which disclosed issues do you pay attention to in this Report? (please choose 3 issues at most)

- ☐ Oil Spill Prevention
- ☐ Local Environmental Impact of Our Business
- ☐ Energy Usage & Efficiency
- ☐ Climate Change
- ☐ Water Consumption & Efficiency
- ☐ Employees' Health & Safety
- ☐ Employment & Employee Benefits
- ☐ Employees' Development & Training
- ☐ Employees', Contractors' & Communities' Rights
- ☐ Corporate Governance
- ☐ Extent of Localization

8. What are your feedback and/or suggestions on this ESG Report and/or our performance?

You can e-mail the above feedback form to the following email address:

Email: [ir@citicresources.com](mailto:ir@citicresources.com)

Thank you very much again for your understanding and support of our work





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