



延長石油國際有限公司

YANCHANG PETROLEUM INTERNATIONAL LIMITED

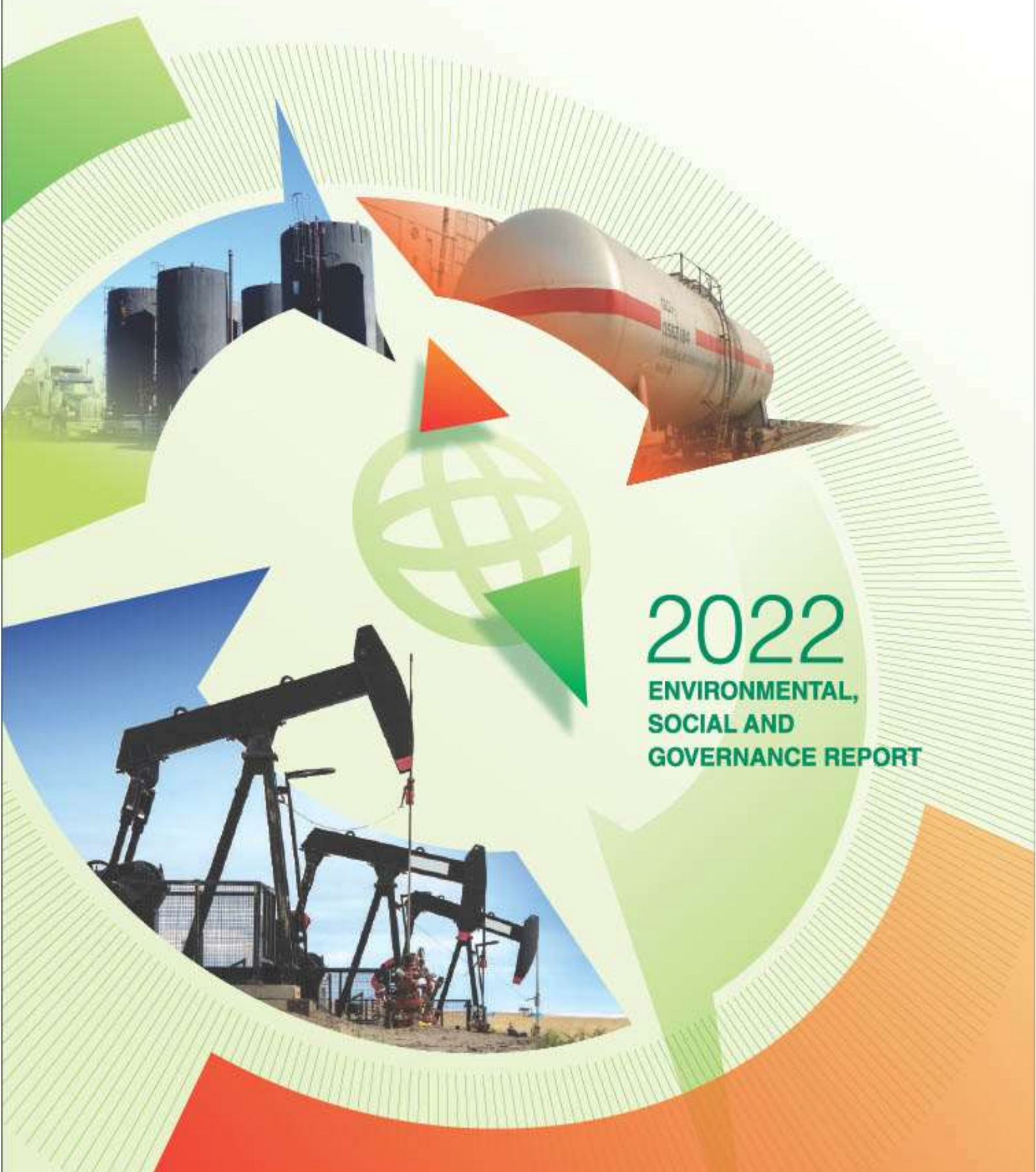
*(Incorporated in Bermuda with limited liability)*

Stock Code: 00346



2022

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE REPORT



Yanchang Petroleum International Limited  
Environmental, Social and Governance Report (the “Report”)

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## 1. Our Report

### 1.1. Overview

This Report provides information on the performance of corporate social responsibilities of Yanchang Petroleum International Limited (the “Company”) (HKEx Stock Code: 00346) and its subsidiaries (hereinafter collectively referred to as the “Group”) with respect to the environmental, social and governance (the “ESG” or the “Report”) from 1 January 2022 to 31 December 2022. The Report is prepared in accordance with the compulsory “Comply or Explain” requirements as specified in the Environmental, Social and Governance Reporting Guidelines (hereinafter referred to as the “ESG Guidelines”), Appendix 27 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

### 1.2. Scope of the Report

The Group is in the oil and gas industry, and engages in business activities in both the upstream and downstream sectors. The upstream sector includes activities of exploration, development and exploitation of oil and gas. The downstream sector involves oil and by-products trading and distribution activities. The scope of this Report covers the relevant operational information of the core business of the Group and the core revenues contributed by the subsidiaries:

- Novus Energy Inc. (“Novus”) - A Canada incorporated company operating oil and gas exploration, development and production of petroleum and natural gas;
- Henan Yanchang Petroleum Sales Co., Limited (“Henan Yanchang”) - A China incorporated company that engages in the wholesale, retail, storage and transportation of refined oil, and the relevant by-products and chemical products; and
- Yanchang Petroleum (Zhejiang FTZ) Co Ltd (“Yanchang Zhejiang”) – A China incorporated company that principally engaged in oil and by-product trading and refining

Note 1 : Yanchang Zhejiang has been outsourced for all processes involved in oil product processing. Its main operations include monitoring the performance of outsourced contractors and managing oil product trades, and the daily operations of its office have insignificant on the sustainable development of the Group. Therefore, according to the principle of materiality, the quantitative environmental performance indicators in this Report only include the data of Novus and Henan Yanchang.

### 1.3. Reporting Principles

The Group has taken into account the following reporting principles in the preparation of this Report :

- **Materiality** : The Group identifies the material environmental, social and governance (ESG) issues through the results of interviews with management and surveys targeted at internal and external stakeholders, as well as evaluating the impact of various ESG issues on the operations of the Group. Please refer to the section headed “Materiality Assessment” for more information.
- **Quantitative** : The Report would perform an annual performance comparison with suitable quantitative data recorded and estimated by relevant departments of the Group when applicable, and state the information of the standards, methodologies, assumptions and/or calculation references wherever appropriate.
- **Balance** : The source of information and cases within this Report were mainly derived from the Group’s internal statistical data, relevant documents and communication documents in 2022. The Group undertakes that there are no false statements or misleading representations in the Report, and makes the fair disclosures on critical aspects of our performance, in terms of the progress made and continuing challenges that we are dealing with.
- **Consistency** : This Report is written in accordance with the ESG Reporting Guide, in order to ensure consistency with its contents. In the event of inconsistency, including any changes in reporting scopes and/or methods of computation for key performance indicators, the Group will explain in this Report.

#### **1.4. Feedback Mechanism**

Your views and suggestions give impetus to our continuous improvement. We hope you can provide us with your valuable comments in the following ways.

Yanchang Petroleum International Limited

Address : Room 3403, 34th Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong

Telephone : (852) 3528 5228

Fax : (852) 3528 5238

Email : [info@yanchanginternational.com](mailto:info@yanchanginternational.com)

## 2. ESG Statement of the Board

The board of directors (the “Board”) is pleased to release the ESG Report 2022, with an aim to present the Group’s institutional development and performance in respect of fulfilling environmental and social responsibilities for 2022, so as to address stakeholders’ concerns and expectations regarding the Group’s sustainable development management and information disclosure. The Board of the Group is responsible for supervising the Group’s ESG-related matters and work, including the progress and quality of ESG work, and strives to implement ESG development strategies in daily operations. For governance structure and risk management in relation to ESG, please refer to the chapter headed “Sustainability Governance”.

We strive to reduce the impact of our business operations on the environment. In terms of saving resources and reducing pollution, Henan Yanchang, as a member of the Group, has installed a set of oil and gas recovery systems in oil depots and four gas stations respectively so as to further reduce and control gas emissions, and Novus reduces carbon emissions by using natural gas instead.

Our success is a result of the contribution and dedication of the Group’s management team and all employees. As part of our efforts to retain and attract talents, we are committed to creating a safe and fair working environment where our employees can unleash their development potential as well as protecting the interests of our employees. In addition, we undertake supply chain management on the basis of open and transparent procurement. We also strive to connect the business industry and the community to facilitate mutual support while extensively participating in volunteer and charitable activities in an effort to pass on love and give back to the society.





Sustainable development is a very important and challenging task. In the future, the Group will strive for excellence, contributing to the economy, and achieving sustainable corporate development at any time.


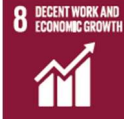



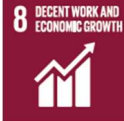






The Group responds to the ten principles on human rights, labor, the environment and anti-corruption set out in the United Nations (“UN”) Global Compact, and strives to make the principles part of our business strategy, corporate culture and daily operations.

UN Global Compact	Current Situation of the Group
Principle 1 : Support and respect the protection of internationally proclaimed human rights	The Group strictly abides by the laws, regulations and rules of the nation and the countries where it operates. We support human rights in the workplace and in the community, and strive to improve and respect globally recognized protection of human rights and effectively safeguard the legitimate rights and interests of employees.
Principle 2 : Make sure that they are not complicit in human rights abuses	The Group promises not to involve in any human rights violations.
Principle 3 : Uphold the freedom of association and the effective recognition of the right to collective bargaining	The Group understands the importance of employees' opinion. Employees are entitled to the freedom of association and collective bargaining power.




UN Global Compact	Current Situation of the Group
Principle 4 : Elimination of all forms of forced and compulsory labor	The Group respects human rights in the workplace and will never tolerate any form of forced labor.
Principle 5 : Promote the abolition of child labor	The Group strictly prohibits hiring of any child labor. It checks the original copy of the identity documents and academic certificates of newly joined staff as a dual-verification approach to prevent child labor.
Principle 6 : Elimination of discrimination in respect of employment and occupation	The Group upholds diversity and non-discrimination. We eliminate discrimination in race, nationality, religion, disability, gender, education, etc. We provide equal opportunities and prohibit both tangible and intangible sexual harassment, bullying and discrimination in the workplace.
Principle 7 : A precautionary approach to environmental challenges	The Group has incorporated issues such as climate change into its risk management system to reduce environmental risks and seize opportunities.
Principle 8 : Undertake initiatives to promote greater environmental responsibility	The Group aims to refine its business operations to be more environmentally sustainable. We are taking steps to mitigate the impacts on the environment brought about by our operating processes.
Principle 9 : Encourage the development and diffusion of environmentally friendly technologies	The Group strives to explore opportunities for using environmentally-friendly technologies in our business operations.
Principle 10 : Work against corruption in all its forms, including extortion and bribery	The Group emphasizes the importance of anti-corruption in the supply chain. We strictly comply with relevant laws and regulations, such as competition laws, anti-bribery laws and privacy laws. In addition, trainings are organized to enhance employees' awareness of compliance.

We continue to support the United Nations 2030 Agenda for Sustainable Development and the Sustainable Development Goals. In response to the universal call by the United Nations Member States, the Group aligns its sustainability strategy with the United Nations Sustainable Development Goals (“SDGs”). It actively promotes the realization of the global sustainable development goals, and is committed to eradicating poverty by 2030, protecting the earth and ensuring a peaceful and prosperous world for all. For more details on the SDGs, please visit <https://sdgs.un.org/goals> .

ESG category	ESG issues	Relevance to business operations	UN's Sustainable Development Goal
Environmental protection	Pollution Control	The Group is committed to improving resource efficiency, addressing climate change and using innovative technologies. We strictly abide by environment-related laws and regulations, and actively improve the environmental performance of our operations. The Group devoted to build a sustainable city and community.	 Clean Water and Sanitation
	Make Good Use of resources		 Affordable Clean Energy
	Green Operation		 Responsible Consumption and Production
	Fighting Climate Change		 Climate Action

Employment and Labor Practices	Equal Employment	The Group is committed to creating a people-oriented working environment. We promote multiculturalism and value health and safety. We actively cultivate talents, provide appropriate support and equal opportunities, and support the positive development of our employees.	 5 GENDER EQUALITY Gender Equality	 8 DECENT WORK AND ECONOMIC GROWTH Decent Work and Economic Growth
	Occupational Health and Safety		 10 REDUCED INEQUALITIES Reduced Inequality	 3 GOOD HEALTH AND WELL-BEING Good Health and Well-being
	Training and Development		 5 GENDER EQUALITY Gender Equality	 8 DECENT WORK AND ECONOMIC GROWTH Decent Work and Economic Growth
	Protection of Rights and Interests		 10 REDUCED INEQUALITIES Reduced Inequality	
Operating Practices	Supply Chain Management	The Group is committed to building a sustainable supply chain that strikes a balance in terms of environment, society and governance. We take the initiative to establish long-term and mutually beneficial partnerships with suppliers, strengthen communication and implement management.	 17 PARTNERSHIPS FOR THE GOALS Partnerships for the Goals	
	Information and Product Security		 3 GOOD HEALTH AND WELL-BEING Good Health and Well-being	 9 INDUSTRY INNOVATION AND INFRASTRUCTURE Industry, Innovation and Infrastructure
	Corporate Governance		 12 RESPONSIBLE CONSUMPTION AND PRODUCTION Responsible Consumption and Production	 16 PEACE, JUSTICE AND STRONG INSTITUTIONS Peace, Justice and Strong



		with all relevant anti-bribery regulations in different jurisdictions.	Institutions
Community	Giving Back to the Society	The Group is attentive to the needs of the communities in which we operate. We invest in encouraging sports for charity, supporting the underprivileged, promoting education and holistic development, to create a positive impact on the society.	 No Poverty   Good Health and Well-being   Sustainable Cities and Community

### Structure of Sustainability Governance

The Board assumes the leadership and supervisory role of the Group. The Board reviews and manages ESG-related issues and risks every year, to ensure those issues are included within the ambit of our strategies and lead the Group to formulate and achieve long-term strategies and goals. The Group has set up an ESG working group (the “Working Group”) to enhance the ESG governance framework and integrate ESG management concepts into all aspects of corporate management from top to bottom, so as to explore and grasp opportunities to promote sustainable development.

The members of the Working Group are selected from the Group's environmental protection team, human resources and administration department, safety office, business development department and maintenance team. The Working Group is responsible for monitoring sustainability performance and targets, and promoting the implementation of strategic measures across the Group. ESG data is be collected from different departments and the opinions of stakeholders are be reviewed to prepare the Group's annual ESG report, which is reported to the Board for approval. The Report was approved by the Board on 30 March 2023.

In addition, the Group has established the risk management and internal control system. The Board reviews the effectiveness of the system through the audit committee of the Company and encompasses major control measures every year, which include but are not limited to controlling finance, operation, compliance and sustainable operation, and engages external independent professionals to assist in identifying and assessing the risks of the Group through internal audit procedure and interviews. The Board is in view that the internal control and risk management system is effective and sufficient. The Board is responsible for developing the Group's ESG strategies and reports, as well as monitoring and managing ESG-related risks.

### 3. Stakeholder Engagement

#### 3.1. Communication with Stakeholders

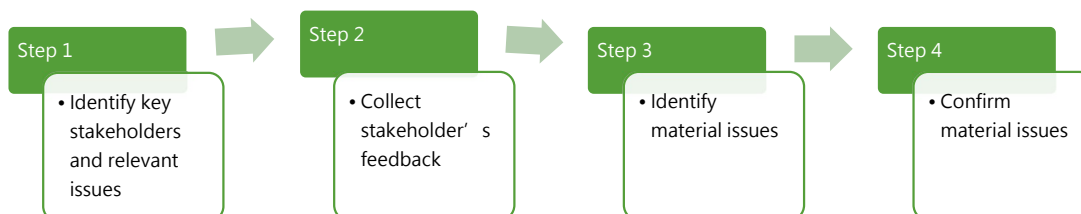
The Group is very conscious of the views of stakeholders. We have been in touch with stakeholders through different channels in order to address the components of long-term success. The operating data and overall performance of the Group will be summarized in the annual report and interim report of the Company every six months, and presented to different stakeholders via company website [www.yanchanginternational.com](http://www.yanchanginternational.com).

The ways we interact with stakeholders are summarized below.

Stakeholders	Communication Approaches
<b>Shareholders</b>	<ul style="list-style-type: none"><li>• Company's website (<a href="http://www.yanchanginternational.com">www.yanchanginternational.com</a>)</li><li>• Annual and interim reports</li><li>• Annual general meeting and other shareholder's meetings</li><li>• Press releases, announcements, financial information and other information related to the Company and its business</li></ul>
<b>Employees</b>	<ul style="list-style-type: none"><li>• Orientation training and internal training</li><li>• Recreational activities</li><li>• Announcements, intranet and emails</li><li>• Meetings</li><li>• One-to-one meeting</li></ul>
<b>Clients</b>	<ul style="list-style-type: none"><li>• Company's website (<a href="http://www.yanchanginternational.com">www.yanchanginternational.com</a>)</li><li>• Telephone calls</li><li>• Regular meetings</li></ul>
<b>Suppliers and Vendors</b>	<ul style="list-style-type: none"><li>• Tendering process</li><li>• Regular meetings</li></ul>
<b>Community</b>	<ul style="list-style-type: none"><li>• Participation in community welfare activities</li><li>• Consultations</li></ul>

### 3.2. Materiality Assessment

In order to disclose sustainability issues that are closely related to major stakeholders, in the process of preparing the Report, the Group invites major stakeholders to participate in the materiality assessment through an online questionnaire survey, and collects the opinions on the Group from different stakeholders, so that the Group can prioritize the importance of the relevant sustainability issues on a reasonable basis.



#### Materiality Analysis

Based on the results of the questionnaire survey, we conducted a materiality analysis to identify material issues. The following graph shows the materiality matrix of the Group, the Group has taken corresponding measures for the materiality issues identified in the analysis, the elaboration of which is set out in the subsequent sections. The Group will continuously strive to establish diversified, transparent, honest and accurate communication channels to provide an important basis for the Group's ESG strategies.



Importance to Yanchang Petroleum International Limited

	No.	ESG Issue	No.	ESG Issue
<b>High Importance Issues</b>	16	Health and Safety	15	Equal Opportunities
		Environment and Natural Resources	6	Protection of Intellectual Property
	13		1	Exhaust emissions
	11	Energy Management	5	Information Security and Personal Data Protection
	17	Talent Management and Development	22	Procurement and Supply Chain Management
	4	Customer Service	7	Climate Change
	18	Corporate Governance and Risk Management		
	9	Waste and Recycled Materials Management		
<b>Medium Importance Issues</b>	2	Product Quality	21	Training System
		Employee Benefits and Welfare		Greenhouse Gases Emissions
	14		20	Emissions
	3	Product Innovation	10	Water Management
	19	Anti-competitive Practice		Management of Packaging Materials
	8	Community Participation	12	

#### 4. Environmental Protection



Clean Water and Sanitation



Affordable and Clean Energy



Responsible Consumption and Production



Climate Action

##### Management approach and policy

The Group understands that the oil and gas industry could have a potential environmental impact on the local environment. In order to avoid any irreversible damage to the environment, we remain committed to practicing environmental protection and sustainable development, and pay attention to the problem commonly faced by the international community and the global environment, leading to a reduction of the environmental burden. Therefore, we usually review whether our business operations give rise to any waste, draw up plans to increase the added value of resources, and put all those concepts of sustainable development into practice.

The Group strictly complies with all applicable environmental laws and regulations, such as the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, Policies and Regulations on Environmental Management of Solid Waste, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and Environmental Safety Protection and Management System. There was no prosecution case involving the Group in respect of any environmental law during the reporting period.

##### 4.1. Directional Targets on Environmental Protection

To fulfill the corporate social responsibility, the Group proactively implements environmental protection in its daily operations to ensure environmentally responsible operations, prevent pollution and reduce resource consumption, and sets the following targets to control the impacts of our operation on the environment.

Environmental targets	Directional descriptions	Measures taken during the Year
Energy efficiency	Adopt new technology and equipment	Henan Yanchang has installed a set of oil and gas recovery systems in oil depots and four gas stations respectively so as to further reduce and control gas emissions.

<b>Environmental targets</b>	<b>Directional descriptions</b>	<b>Measures taken during the Year</b>
Emission reduction	Use energy-saving equipment to reduce greenhouse gas emissions in the Energy indirect emissions (scope 2) generated by purchased electricity  Use clean energy	Environmental-friendly equipment is preferred, such as the use of air-conditioning equipment with variable frequency drives and refrigerants which can reduce the damage to the ozone layer, and the replacement of electromagnetic stoves for gas stoves, in order to reduce greenhouse gases indirectly produced by electricity consumption.  Novus increases the use of natural gas so as to lower carbon emissions to the satisfaction of local environmental standards, ensuring the conformity with the requirements of the Alberta Energy Regulator ("Alberta Energy Regulator") and Saskatchewan Energy Regulator ("Saskatchewan Energy Regulator").
Reducing wastes	Reducing waste paper	Electronic operation and documentary management were strengthened to reduce paper consumption
Water efficiency	Better water management	Henan Yanchang collects rainwater for irrigation, and monitors regularly and replaces the equipment promptly to prevent leakage.  Novus recycles the reclaimed water in the oil field production site to achieve zero water consumption.

## 4.2. Pollution Control

The Group aims to control exhaust gas and greenhouse gas emissions, reduce water and land pollution, and reduce the generation of hazardous and non-hazardous wastes, through a series of measures for reduction of impact on the environment, in order to realize its continuous commitment to environmental protection. Henan Yanchang has drawn up the Health, Safety and Environmental Inspection Management ("HSE Inspection Management ") and the Environmental Safety Protection and Management System to standardize the implementation of relevant environmental protection measures in business operations. The Group's pollution control measures in the Reporting Year include:

### Exhaust Gas Measures

- Henan Yanchang has installed a set of oil and gas recovery systems in oil depots and four gas stations respectively so as to further reduce and control gas emissions ;
- Regular maintenance for the equipment is taken place to improve equipment operating efficiency ; and
- Third-party testing institutions are engaged for testing the system every year to

ensure the recovery of gas emissions satisfies the Prevention and Control of Air Pollution of the People's Republic of China and the Ministry of Industry and Information Technology's Opinions on Energy Conservation and Emission Reduction in Petrochemical and Chemical Industries.

#### Carbon Reduction Measures

- Novus increases the use of natural gas so as to lower carbon emissions to the satisfaction of local environmental standards, ensuring the conformity with the requirements of the Alberta Energy Regulator and Saskatchewan Energy Regulator. Novus continues to reduce greenhouse gas emissions by reducing the use of natural gas and improving pipeline facilities ;
- Henan Yanchang carries out periodic maintenance of equipment to improve the operational efficiency and reduce time of oil unloading and discharge ;
- The above-mentioned operating locations adopt prioritized procurement for environmental protection, including the prioritized selection of more environmentally friendly equipment and local suppliers; and
- Office administrative measures are in place, such as requiring employees to turn off energy-consuming equipment when not in use.

#### Management of Non-hazardous Wastes

- The operation of Novus is located in the remote area. In the remote area, the staffs clean the office monthly to ensure all recyclable materials are disposed of properly. Due to the implementation of the “work at remote location” policy, more operating process of Novus became paperless, so less wastes were produced. For non-hazardous wastes generated from the production sites, Novus would recycle and reuse it as fertilizer for farmland;
- Henan Yanchang regards "4R" as our waste management strategy, it places waste recycling bins to classify and properly dispose of recyclable waste, including plastics, glass, aluminum cans, and reuse waste materials; and
- The above-mentioned operating sites have adopted several administrative measures for waste reduction, such as reduction of waste from the source is to be achieved depending on a careful balance of practical needs and avoiding stocking up excessive and unnecessary items; reduce the use of disposable products, and choose recyclable products if possible; collect waste materials and deliver the separated materials to recyclers for treatment; and environmental-friendly products are preferred to replace the used products.

#### Management of Hazardous Wastes

- Henan Yanchang has drawn up the HSE Inspection Management as well as the Environmental Safety Protection and Management System in accordance with the List of National Hazardous Wastes(國家危險廢物名錄) ;
- Hazardous solid wastes will be sorted by various units, collected in the depot and delivered to the safety and quality department for storage in the hazardous waste storage room; and
- The department of safety and quality enters into a disposal contract with a unit qualified to dispose of hazardous waste every year. When certain amounts of wastes piled up, the disposal unit will be informed online via the hazardous waste delivery network, to collect and transport the wastes.

### Management of Waste Water

- Novus wastewater induced by drilling and production process, was disposed of subject to all provincial laws and applicable guidelines, such as Saskatchewan Energy Regular water disposal guidelines. Novus recovers water produced at the field production site for re-use in the fracturing process, and disposes of the remainder either through Novus' own water disposal wells or by trucking to the third-party disposal facilities for handling ;
- Henan Yanchang conducts relevant waste water discharge in accordance with the internally-established Environmental Safety Protection and Management System, for example, establishing a cesspool to treat waste water, and use the waste water after treatment for other purposes.

Set forth below are the Group's emissions of each pollutant in the Reporting Year :

		<b>Novus</b>	<b>Henan Yanchang</b>
<b>Pollutants</b>	<b>Unit</b>	<b>2022</b>	<b>2022</b>
Nitrogen oxides (NOx)	Kg	1.77	134.66
Sulphur oxide (SOx)	Kg	-	0.22
Particular matters (PM)	kg	0.13	12.80
<i>Note :</i> The calculations were based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange.			

		<b>Novus</b>	<b>Henan Yanchang</b>
<b>Type of Greenhouse Gas Emissions</b>	<b>Unit</b>	<b>2022</b>	<b>2022</b>
Total Greenhouse Gas Emissions Intensity	tCO2-e / Production output ('000 units)	0.26	0.18
Total greenhouse gas emissions	tCO2-e	844.56	583.04
Direct emissions (Scope 1)	tCO2-e	91.45	38.15
Energy indirect emissions (Scope 2)	tCO2-e	753.11	544.89
<i>Note :</i> The calculations were based on the Reporting Guidance on Environmental KPIs issued by the Stock Exchange, 2006 IPCC Guidelines for National Greenhouse Gas Inventories, IPCC Fifth Assessment Report and the China's Regional Power Grids Baseline Emission Factors for Emission Reduction Projects in 2019 ; Scope 1 includes emissions from stationary combustion of diesel, and direct emission from the mobile combustion of diesel; Scope 2 includes the energy indirect emission from the acquired electricity ; and The production unit of Novus is BOE (barrels of oil equivalent), and the production unit of Henan Yanchang is tons.			



		<b>Novus</b>	<b>Henan Yanchang</b>
<b>Type of wastes</b>	<b>Unit</b>	<b>2022</b>	<b>2022</b>
Hazardous waste	Kg	Not applicable	750.00
Intensity of Hazardous waste	kg/ Production output ('000 units)	Not applicable	0.23
Non-hazardous waste	kg	1,383,200.00	Not applicable
Intensity of Non-hazardous waste	kg/ Production output ('000 units)	425.13	Not applicable
<i>Note :</i>			
<i>Hazardous wastes generated by Novus is handled by contractors, so there is no relevant record. ;</i>			
<i>Henan Yanchang produces only a small amount of non-hazardous waste, so there is no recording system for it; and</i>			
<i>The production unit of Novus is BOE (barrels of oil equivalent), and the production unit of Henan Yanchang is tons.</i>			

### 4.3. Making Good Use of Resources

The Group continues to double our efforts to ensure prudent use of resources by implementing strict resources management policies, to manage energy savings, water consumption and raw material usage, to increase resource efficiency and reduce waste.

#### Energy-saving Measures

As a socially responsible company, the Group always adheres to the business philosophy of “green operation, energy conservation”. Novus and Henan Yanchang continue to implement a number of energy-saving measures, including use of environmental protection equipment and implementation of administrative measures:

- Environmental protection equipment : Novus uses scheduled power on/off settings to manage the operating time of mechanical equipment, in order to save standby power consumption and unnecessary electricity expenses. The settings enable automatic power cut-off when not in use, which can also ensure the safety of electricity use. For lighting fittings, Henan Yanchang uses energy-saving luminaires such as LED fixtures, to reduce greenhouse gas emissions caused indirectly by the energy;
- Administrative measures : Novus continues to optimize the power usage of oilfield production sites based on the results of cost analysis. Henan Yanchang formulated the Implementation Plan for Increasing Revenue and Saving Expenditures to govern the measures for save electricity and water. We examine the status of each of our equipment on a regular basis so that repairing and maintenance works can be conducted in a timely manner, hence, the energy waste due to ageing machinery can be reduced.

### Water-saving Measures

Water is one of our most important natural resources. In order to cherish the precious water resources, the Group makes every effort to maximize the water resources used in its business operations. We have actively introduced the concept of water conservation to our staff and reinforced the maintenance, inspections and management of water-consuming equipment, with an aim to achieve the objective of water conservation. Similarly, Novus and Henan Yanchang have adopted water-saving measures including use of environmental protection equipment and implementation of administrative measures:

- Environmental protection equipment : Both Novus and Henan Yanchang have constructed a sewage tank to treat waste water and recycle waste water after treatment for reuse. In addition, they can reduce their use of fresh water by reusing treated waste water for the cooling equipment.
- Administrative measures : Novus and Henan Yanchang will carry out inspections in their water-consuming areas from time to time to prevent water wasting due to facility damages. The Group will also monitor and analyze its monthly water consumption condition on a regular basis for formulating more effective water conservation plans and measures to ensure that its water conservation goals will be achieved.

Set forth below are the total consumption and intensity of major resources of the Group during the Reporting Period :

		<b>Novus</b>	<b>Henan Yanchang</b>
<b>Energy types</b>	<b>Unit</b>	<b>2022</b>	<b>2022</b>
Total energy consumption	kWh	1,727,187.94	1,089,555.76
Total energy consumption intensity	kWh/Production output ('000 units)	530.85	334.87
Direct energy consumption	kWh	255,641.59	151,713.76
Direct energy consumption intensity	kWh/Production output ('000 units)	78.57	46.63
Indirect energy consumption	kWh	1,288,850.07	937,842.00
Indirect energy consumption intensity	kWh/Production output ('000 units)	396.13	288.25
Renewable Energy Consumption	kWh	182,696.28	-
Renewable Energy Consumption intensity	kWh/Production output ('000 units)	56.15	-
Direct energy consumption includes :			
Fuel consumption	kWh	29,887.78	151,713.76
Fuel consumption intensity	kWh/Production output ('000 units)	65.34	46.63
Gas consumption	kWh	225,753.80	-
Gas consumption intensity	kWh/Production output ('000 units)	69.39	-
Indirect energy includes :			
Electricity consumption	kWh	1,288,850.07	937,842.00
Electricity consumption intensity	kWh/Production output ('000 units)	396.13	288.25
Renewable Energy includes :			

Methanol fuel consumption	kWh	182,696.28	-
Methanol fuel consumption intensity	kWh/Production output ('000 units)	56.15	-
<p><i>Notes :</i>  The conversion of the energy data unit to kWh is based on the lower heating value announced by International Energy Agency ;  Direct energy consumption includes fuel consumption (diesel and gasoline consumption), gas consumption (natural gas) ;  Indirect energy consumption refers to electricity consumption ;  The production unit of Novus is BOE (barrels of oil equivalent), and the production unit of Henan Yanchang is tons.</p>			

		Total Consumption	
		Novus	Henan Yanchang
Resources	Unit	2022	2022
Water consumption	m <sup>3</sup>	Not applicable	9,877.00
Water consumption intensity	m <sup>3</sup> / Production output ('000 units)	Not applicable	3.04
<p><i>Notes :</i>  Water used by Novus is handled by contractors, so there is no relevant record ;  The production unit of Henan Yanchang is tons.</p>			

#### 4.4. Green Operations

The Group proactively integrates environmental responsibility into its daily operations. In this regard, we have established the green office policy and the management measures of green operation to reduce environmental impact and the consumption of natural resources.

##### Environmental Compliance Monitoring

The Group conducts external environmental assessments and monitoring in accordance with applicable laws and regulations in the localities where our business operates, including emissions of noise levels, wastewater, exhaust, dust and specified pollutants on the boundaries. By monitoring the environmental impacts of the business, the Group can implement necessary improvement measures in a timely manner. Novus conducts environmental impact assessments to avoid, reduce and mitigate relevant impacts on the surrounding environment by working out protective measures and requirements based on the assessment results. In addition, Novus also adheres to all the regulatory policies related to endangered species.

##### Management of Natural Resources

The Group's operation consumes much more paper as compared to other natural resources. Therefore, we have set up our company e-mail, adopted enterprise resource planning (ERP) system and human resources system, and developed network communications through creating corporate WeChat groups. Meanwhile, we have also established a file server for storing all internal information and statistics, which can be accessed by our staff with authorization of the Company. By implementing the above control measures, it is believed that the use of paper can be reduced and a paperless office can be realized.

### Green Supply Chain

All the provisions of environmental protection are included in the contract signed with the supplier, and the supplier shall comply with environmental protection laws and regulations as well as the standards of the Group. The Group encourages sub-contractors to comply with environmental protection measures through posters and emails. Subject to the requirements of the Group, the Group gives priority to green product suppliers and the procurement of goods and services supplied by local suppliers.

### Environmental promotion and training

The Group provides every new employee with environmental protection training for them to understand the requirements and standards of the industry and the Group on environmental protection. At day-to-day meetings, we remind and educate employees of our environmental protection efforts in order to ensure the implementation of all environmental measures. The site workers of Novus must participate in a leak accident drill organized by producers at the oilfield production site every year, and formulate a spill protocol together. Henan Yanchang organizes environmental warning education and training for all employees via safety training platform during the Reporting Period.

## **4.5. Fighting Climate Change**

The global risk report of the World Economic Forum 2016 states that, climate change is one of the major risks for enterprises in recent years. The Group understands that greenhouse gases are the main cause of climate change, and formulates budgets where appropriate to improve facilities or technologies to reduce greenhouse gas or pollution emissions. The Group regularly assesses the following risks to its infrastructure, production processes and operations from extreme weather and related disasters caused by climate change:

Type of Risk	Description of the Risk
Physical risks	<p>Whether its infrastructure is located in areas threatened by rising sea level caused by climate change (such as low-altitude coastal areas);</p> <p>The impact of potential heat wave caused by climate change on the production processes (such as the operation of air conditioners and automatic machines); and</p> <p>The production base was damaged due to super typhoon and flood and etc.</p>
Policies and Laws	Fossil fuels emit greenhouse gases during production, transport and combustion, which contribute to climate change. As a result, governments increasingly tighten carbon emissions from corporate operations, which could weaken demand for oil and gas in the coming decades, potentially affecting revenues.
Market risks	Climate change is also changing the financing approach of oil and gas producers, and the cost and financial pressure for oil and gas exploration and production and such projects are getting higher and higher.
Technological risks	Climate change promotes the transition to alternative energy, which in turn affects the pace of change for companies, so companies need to face the challenges brought about by the development of technology, such as the development and adoption of renewable energy.

For the emergencies that may be caused by the identified extreme weather, the Group has formulated an emergency plan to prevent damage caused by extreme weather, including arrangement of the following facilities and measures :

- Novus will provide resources in the event of an oil and gas spill emergency; maintain all necessary insurance to protect all operators and equipment associated with the operation; and provide operators with disaster training related to oil and gas operations.
- Henan Yanchang will inspect houses, oil depots and gas station canopies, standing signs, bulletin boards and bulletin boards according to the weather forecast, and the full-time and part-time safety management staff from different departments and depots will strengthen supervision and inspection. It carries out inspections and regular cleaning to ensure unobstructed drainage and reduce the threat of heavy rain to the depot, reserves flood control emergency materials, carries out flood control emergency education and training, and improves the awareness and ability of flood control emergency response of personnel in different departments and depots. For oil and gas leakage or fire, Henan Yanchang has formulated emergency plans for safety production and environment. The emergency response to the emergency management department and the environmental management department are recorded, and organize drillings for above situations every year. Henan Yanchang also purchases safety production liability insurance and property insurance and uses the safety training platform to regularly carry out disaster prevention knowledge education and training for all employees.

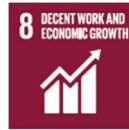
## 5. Caring for People



Gender  
Equality



Good Health  
and Well-  
being



Decent Work  
and Economic  
Growth



Reduced  
Inequality

### Management approach and policy

The success of our business depends on the untiring efforts and dedicated service of all employees. The Group understands that the recruitment, retention and cultivation of talents can help maintaining its market competitiveness. We have formulated a series of employment policies to ensure that employees are treated fairly and reasonably. The Group strictly complies with applicable employment-related legislation where the Company and its subsidiaries operate, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Social Insurance Law of the People's Republic of China in China, as well as the labor legislation, such as the Canada Labor Code, the Canadian Labor Standards Regulations, and the employment standards of its operating location in Canada, such as the Alberta Employment Standards, to create a safe, reliable and comfortable working environment with harmony and inclusiveness, under the common values of mutual understanding and respect, for the benefit of our employees and customers. We create an atmosphere of harmony and integration for our employees, to help them build and advance in their careers. The human resources department reviews the internal policy regularly in order to comply with the local laws and industry practices.

Employee profile of three subsidiaries in the Year under review :

Category	Novus	Henan Yanchang	Yanchang Zhejiang
<b>By gender</b>			
Male	10	106	9
Female	7	63	6
<b>By employment type</b>			
Full-time	17	169	15
<b>By age group</b>			
18-30	1	67	4
31-45	10	84	9
45-60	5	18	2
60 or above	1	-	0
<b>By region</b>			
Mainland China	-	169	13
Hong Kong	-	-	2

Category	Novus	Henan Yanchang	Yanchang Zhejiang
Other regions	17	-	0

Overview of the employee turnover rate of the three subsidiaries in the Year under review :

Category	Novus	Henan Yanchang	Yanchang Zhejiang
<b>By gender</b>			
Male	1.67%	0.16%	13.89%
Female	2.38%	0.26%	9.72%
<b>By age group</b>			
18-30	-	0.91%	14.58%
31-45	0.83%	1.01%	10.19%
45-60	5.00%	1.32%	16.67%
60 or above	-	-	0.00%
<b>By region</b>			
Mainland China	-	0.20%	14.10%
Hong Kong	-	-	0.00%
Other regions	1.96%	-	0.00%
<i>Note :</i>			
- The calculation was based on the Reporting Guide for Social Key Performance Indicators issued by the Stock Exchange			

## 5.1. Equal Employment

### Equal opportunity and diversity

We uphold the recruitment principle of “Possessing both integrity and talent, and giving priority to integrity” and hire the suitable person for the job on the basis of merit and in accordance with the principle of open and fair competition. The recruitment and selection procedures of the Group must strictly comply with the relevant local regulations. Employees will not be prejudiced due to their age, gender, sexual orientation, race, disability, marital status, pregnancy status, religion, political camp and referees. Instead, employees will be recruited according to their knowledge, capability, morality and job-related skills, to ensure equal employment opportunities.

We have a set of management policies for promotion and transfer of employees. The transfer or promotion of an employee’s position is suggested based on business needs, and an appraisal will be conducted on the performance of such employee. The appraisal result will be reviewed by the human resources department and approved by the general manager. Career progression of an employee is determined based on the performance in its results and works and the qualification of individual. We encourage employee development and give priority to internal selection for hiring talents under the same conditions.

### Remuneration and Welfare

We have entered into employment contracts with our employees according to the local employment laws and regulations to protect employees' statutory rights and interests, and have provided our employees with medical insurance and minimum wages according to the requirements of the laws. Our employees are also entitled to benefits such as paid holidays, sick leave, work-related injury leave and maternity leave. In addition, the Group has established a set of comprehensive compensation system and annual salary adjustment system. We regularly assess and adjust the range of starting salary and salary adjustment for different ranks with reference to market conditions, the Group's performance and annual staff appraisal to ensure that our employees can be rewarded for their contributions and share the results of the Group. Besides, Novus provides its employees with transport subsidies, flexible working hours (only for employees with a specific function), and holidays and family leave pursuant to relevant laws.

### Protection of Rights and Interests

The Group has set up a rigorous and prudent dismissal process in accordance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Social Insurance Law of the People's Republic of China, as well as the labor legislation, such as the Canada Labor Code, the Canadian Labor Standards Regulations, and the employment standards of its operating location in Canada, such as the Alberta Employment Standards. If the employees of the Group have committed gross dereliction of duty or serious violations of laws and regulations or the rules and regulations of the Group, the Group may terminate their employment contract.

### Caring for Employees

The Group understands that cohesiveness among employees is an important driving force for enterprise development, and employees play a key role who can join hands to fight for a common goal. Therefore, we remain committed to creating the "Delighted Company", and organizing a variety of recreational activities to assist employees in easing pressure at work and promoting good employee relations, enhancing the bonding of employees and strengthening their sense of belonging. For example, Novus holds the birthday party for employees every month; Henan Yanchang provides recreation rooms, farms and gardens within the company's area for employees' enjoyment.

## **5.2. Occupational Health and Safety**

### Management approach and policy

The Group believes that occupational health and safety are important, so we strive to create the most suitable working environment for our employees. We develop and uphold the concept of "safety first" to achieve the goal of zero work accidents. In order to satisfy relevant laws, regulations and policy standards related to occupational disease prevention and control, and to strengthen the management of occupational disease prevention and control, the Group has instructed its subsidiaries to establish and implement occupational health and safety management systems, and develop comprehensive safety management measures for preventing oil leakage and emergency plans.



During the Reporting Period, the Group was not aware of any cases involving material violation of local regulations related to occupational health and safety, or any situations involving our employees' loss of lives due to work. In the past three years, including the Year, there was no work-related fatalities or no lost day of work for work-related injuries.

#### Occupational health and safety policy

Novus has specifically prepared "Drilling, Completions and Field Operator Handbooks, to provide guidelines and policies to govern a safety working environment. The health and safety affairs have been arranged to designated staff responsible for reviewing and updating the manuals and procedures on a quarterly and an annual basis respectively. Henan Yanchang has developed the Occupational Disease Prevention Management System, to assess the risks of occupational disease hazards in the workplace regularly, and take relevant prevention measures. Besides, the Major Hazard Sources Management Regulation and the Double Prevention Mechanism (including Risk Management System and Risk Assessment System) has been established, in order to identify major risks in Henan Yanchang.

#### Safety training

We actively promote workplace safety culture. We provide employees with adequate training on occupational health and safety to keep up employees' awareness against workplace health and safety, thereby minimising work-related risks, preventing the occurrence of accidents in operation and reducing occupational hazards. All new employees should complete a series of pre-service safety training courses, which covers the learning basic knowledge about occupational health, occupational health management regulations and operating process, the correct use of protective equipment, and emergency rescue measures, with a view to enhancing employees' awareness of safety and enabling them to identify the high-risk area in the workplace and work out solutions to lower work-related risks, prevent accidents in the course of the operation and reduce occupational hazards.

#### Incident response plan

Given the nature of the business, we prohibit employees from smoking, drinking or making phone calls in the workplace, especially in the gas station. We regularly carry out safety checks and emergency drills. For example, in terms of potential risks due to emergencies like fire and power failure, the Group has set up a set of stringent measures and practices fire drills from time to time. All onsite workers are required to be aware of the emergency procedures, such as the use of personal protective equipment and rescue facilities.

### 5.3. Training and Development

#### Management approach and policy

The Group believes that acquisition of new knowledge and technology can enable the Group to maintain its competitiveness. We encourage our employees to be lifelong learners to grow together with the Group and foster a continuous learning culture to enhance the value of teams and the professionalism of employees, thus helping the Group sustain its success.

#### Training System

In order to assist our newly recruited employees to adapt to the Group's work culture and environment, the Group usually provides pre-employment introduction that provide knowledge to them about our corporate culture and code of conduct. Where there are other functional requirements for certain positions, including job skills (technology, customer service, sales skills, management skills, etc.), knowledge of new products and relevant safety knowledge, relevant environmental protection policies of the Company and anti-corruption/anti-degeneration, the Group will arrange the respective training sessions. To effectively equip new hires with the required job skills, we usually provide on-the-job training programs, under which experienced employees will guide new hires to improve their efficiency.

Novus' main operation is crude oil and gas production, the Group pays great attention to the knowledge and ability of front-line staff in terms of technology and safety. Therefore, Novus implements a Buddy-Mentor scheme under which a senior employee is appointed as the mentor for employees to provide guidance for them and share the experience with them, so as to ensure that employees on frontlines are all informed of proper mechanical operation procedures and familiar with the operation process, to achieve the goal of effective and safety production. Novus always encourages its employees to develop their job-related skills, and sponsors them to take external training courses if needed.

Henan Yanchang establishes Thursday as the Study Day on which internal study is carried out through classroom lectures and video learning with internal employees serving as training lecturers, so as to improve employees' skills for their work positions. As for management training on occupational safety and health, external professional lecturers will be engaged to provide training for employees.

During the Reporting Period, the percentage of trained employees in the Group and the average number of training hours per employee are as follows :

The percentage of employees trained (%)			
Category	Novus	Henan Yanchang	Yanchang Zhejiang
<b>By gender</b>			
Male	58.82%	62.65%	60.00%
Female	41.18%	37.35%	40.00%
<b>By employment type</b>			
Senior Management	17.65%	3.01%	33.33%
Middle Management	23.53%	8.43%	13.33%
General Staff	58.82%	88.55%	53.33%

Note :

- The calculation was based on the Reporting Guide for Social Key Performance Indicators issued by the Stock Exchange

Average training hours of employees in each category(hour)			
Category	Novus	Henan Yanchang	Yanchang Zhejiang
<b>By gender</b>			
Male	16.60	14.15	1.00
Female	18.00	12.38	1.00
<b>By employment type</b>			
Senior Management	14.33	40.00	1.00
Middle Management	21.25	47.00	1.00
General Staff	16.40	9.48	1.00
<p>Note :</p> <p>- The calculation was based on the Reporting Guide for Social Key Performance Indicators issued by the Stock Exchange</p>			

## 5.4. Protection of Rights and Interests

### Management approach and policy

The Group strives to protect the rights and interests of employees and establish a fair working environment for employees. Therefore, the Group prohibits the employment of child labor and illegal labor, the use of forced labor in any form (including prison labor, indentured labor, bonded labor, etc.). Under no circumstances will the Group withhold the original identity card of an employee or require an employee to pay deposits or deduct an employee's wages against employment related costs and expenses, such as work visa, medical examination, work permit and fees charged by agents / recruitment agencies.

### Preventative controls

During job recruitment, the Group will check every applicant's identification card and other valid documents for age verification to prevent use of child labor. We strictly verify the identification of each applicant to ensure that relevant information complies with local laws.

To prevent forced labor, the Group ensures that all employees work on a voluntary basis and that no forced work in any form, such as debt labor and involuntary labor, is involved. All employees have the right to resign under the reasonable notice period stipulate in the employment or labor contract. In case of any violation, the Group will immediately conduct an investigation. In addition, employees are permitted to move around freely within the workplace during work hours, and leave such workplace during the meal break and off-work hours on their own volition.

In case of an incident of child labor or forced labor, the Group will address and resolve the relevant violations in accordance with the local laws in the jurisdiction where such an incident takes place. During the Reporting Period, no case involving violation of the laws related to the employment of child labor or forced labor was identified by the Group.

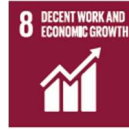
## 6. Operational Commitment



Gender  
Equality



Good Health  
and Well-  
being



Decent Work  
and Economic  
Growth



Reduced  
Inequality

### 6.1. Supply Chain Management

#### Management approach and policy

The steady development of the Group relies on the reliable support of its suppliers. To promote closer relations and cooperation with suppliers, the Group has set up flexible procurement standards to assess the details of suppliers and contractors according to tendering and quotation procedures, to ensure that they meet the internal requirements of the Group. We also inform our business partners about our principles and expectations, and establish an effective mechanism to ensure that the parties act in strict compliance with laws and regulations, in order to create a mutually beneficial and win-win relationship between supply and demand with suppliers, and contribute to the sustainable development of the industry and the society.

The number of major suppliers of the Group classified by different regions is as follows :

Region	Number of supplier
China	27
Canada	591
Other regions	-
<i>Note :</i> <i>The above-mentioned suppliers are engaged in accordance with the Group's supplier engagement guideline.</i>	

#### Engaging suppliers

The Group enters into an entrustment contract with suppliers based on elements such as their product type, assurance capability of the quality management system, ability to comply with legal requirements, agreed-upon responsibilities and operating procedures. The Group adopts the equal, fair and open tendering process on procurement, and obtain quotations from at least three bidders for comparison. Subsidiaries of the Group have different requirements for various types of suppliers, but generally adopt the following supplier selection criteria:

For newly engaged suppliers, we carry out background check to gain an understanding of their background and governance performance in the past, and collect their corporate documents and records to evaluate their business compliance, technical capabilities, supply quality, timeliness of delivery, after-sales service, and verify their relevant certifications and professional qualifications, etc.

### Supervisory controls

Our subsidiaries will put forward environmental and quality management requirements to suppliers, and regularly monitor how the suppliers manage to fulfill the requirements. The Group will require suppliers who exposed to related risks to improve their existing mechanisms and performance, and suspend the cooperation with unqualified suppliers, so as to ensure the quality, environment and safety of the supply chain are in line with the Group's policy. Under supply chain supervision, Novus regularly carries out quality assurance to the extent that all materials used by suppliers satisfy Canadian Standards Association levels. Henan Yanchang adopts a highly transparent accountability mechanism for quality assurance that it carries out regularly inspection, periodically site-visits or seminars with suppliers to verify whether its requirements have been complied or not. Furthermore, each of the subsidiaries requires relevant employees to regularly assess suppliers' performance and conduct site surveys, and will suspend suppliers who do not conform to the requirements.

### Monitoring of environmental and social risks in the supply chain

The Group's assessment of suppliers covers their emissions to the external environment, pollution or other negative impacts. Meanwhile, their operational compliance will be taken into consideration so as to assess the relevant social risks involving them, including employment compliance and safety compliance. Therefore, Novus engages authorized contractors with license and properly insured according to government databases to conduct drilling and oil production, and requires the contractors and suppliers to comply with its environmental and safety policy in the production of oil and gas. Henan Yanchang requests suppliers and contractors to obtain corporate social responsibility awards or certificates which covers products and service quality, environmental management and conscientious employer in the business of refined oil trading.

the Group requires all suppliers to comply with the Code for Suppliers prepared by the Group, and conduct annual assessments over such suppliers to confirm their continuing compliance with the requirements of the said code regarding their corporate social responsibility, product quality, and service commitments.

### Procurement Prioritized Based on Green Applications

In accordance with the above-mentioned supplier selection criteria, the Group will give priority to materials, products and services that cause no significant environmental risks. Subject to operational requirements, priority will be given to targets based on the following standards :

- i. selection of energy-consuming equipment that is certified as energy-saving or attached with an energy-efficient label ;
- ii. appointment of suppliers that have obtained environmental certification including ISO 14001 ;
- iii. procurement of materials that contain environmental nature or certification ; and
- iv. procurement from local suppliers (to reduce greenhouse gas emissions from overseas transportation).

## 6.2. Production Management

### Management approach and policy

The Group is committed to providing the highest standard of fuel products and services. Sound safety and quality management system is in place which helps us to prevent major accidents and supply quality products and services to meet customer requirements. In the course of operations, the Group strictly abides by national laws and regulations and industry quality standards to protect the basic rights and interests of customers.

During the reporting period, the Group did not have any reported cases of a product recall for safety or quality reasons and received no complaints.

### Product Safety

To ensure our products satisfy the safety standards of the industry and the nation, all petroleum products of the Group must be tested in accordance with the requirements for quality, safety and technical aspect. We only deliver products meeting quality and technical requirements to customers. Pursuant to the requirements of oil and gas distributors, the approved third-party certified institution would be engaged by Novus to conduct the analysis based on quality every year. Henan Yanchang sends oil samples to the laboratory for analysis according to the established sample quality testing procedures in compliance with national standards.

### After-sales service

Customer satisfaction is always the key to success. The Group strives to improve the performance of the business in all respects. We are always committed to providing customers better than they expect, so that we facilitate communicating with our customers and collecting their valuable feedback, getting to know their needs so as to improve our products and services. Novus and Henan Yanchang have set up a feedback mechanism for customers to express their opinions through a variety of channels. The concerned department will follow up on the complaint and reply the follow-up results to the complainant.

### Customer data privacy protection

In terms of customer's personal data and confidential documents, the Group manages customers data in accordance with the Personal Data (Privacy) Ordinance in Hong Kong and the applicable laws in the place where the business operates, and personal data collected and held are properly protected by us. In the meanwhile, we also prohibit our employees from disclosing any confidential or proprietary information to third parties without authorization. To prevent leakage of information, the Company's system has installed a protection system, and no employee could access data privately, unless they are authorized to do so.

All of our employees are required to comply with privacy policies regarding personal information and local regulations to protect customers' information. Such policies and requirements are included in the employee handbook and clarified to employees during the on-the-job training.

Where appropriate, relevant confidentiality requirements shall be negotiated and reached an agreement by the Group and suppliers or other business partners when entering into contracts.

### Fair Trading

The Group encourages the use of good promotion practices. Advertisements should not contain descriptions, claims or illustrations that depart from the truth. We will develop our sales and promotional documents in accordance with relevant laws and codes of practice to make sure that our promotional materials and advertisements are truthful, unbiased and sensible, without any misleading elements, so as to protect the interests of customers.

### Intellectual property and copyright protection policy

We always attach great importance to intellectual property rights and the protection of these rights. To provide a fair competition environment, the Group has fully followed the standards and practices of the industry. The company has established sound rules and regulations on intellectual property protection. We also organize education and training on intellectual property for employees to raise their awareness of intellectual property protection and establish the concepts of innovation, integrity and intellectual property protection.

## **6.3. Corporate Governance**

### Management approach and policy

The Group has always been operating its businesses with integrity and ethics. We require all staff to adhere to professional and ethical standards, and set standards for staff behavior. We do not tolerate any form of corruption, including bribery and extortion, fraud, and money laundering. As such, the Group has established an effective internal monitoring and management system to ensure that employees act with integrity, impartiality and honesty.

During the reporting period, no prosecutions were brought against its subsidiaries or any of their employee, in relation to corruption.

### Culture of integrity

We established a clear standard of conduct to guide our employees and partners, which provides rules and guidelines for dealing with gifts, treats, transactions, and financial management. The subsidiaries have in place internal anti-corruption policies, including the Code of Business Conduct and Ethics of Novus and the “Management Policies for Executive Business Expenses” of Henan Yanchang that employees are required to comply. We have also formulated fair, open, and impartial procedures for product or service procurement and tendering to inhibit any potential corruption. In addition, the Company engages independent auditors to conduct audits of the Group's financial statements, to ensure that such financial statements give a true and fair view and to strengthen internal financial controls, in order to protect the interests of the shareholders.



### Whistle-blowing policy

In order to avoid corruption and fraud, the Company has established a whistle-blowing policy to encourage employees and other stakeholders to report any suspected improper or illegal behavior anonymously by post, email and telephone. The Company will investigate and deal with the case after receiving malfeasance-related reporting. Investigations are conducted confidentially and there will be no retaliation against employees. The identity of the whistleblower and any concerns raised or suspicious cases will be treated confidentially and every effort will be made to ensure confidentiality throughout the process.

The investigation is conducted by the chief executive officer (the “CEO”) (if the CEO is involved, the case will be referred to the chairman) or any person designated by the directors of the Company, and the one who filed a complaint will be informed of the outcome of the investigation. Any person could file a complaint directly with the directors of the Company. Where there is evidence of criminal activity, solicitation and acceptance of benefits, or violation of legal and regulatory requirements, those responsible for internal investigations may have a statutory obligation to notify the relevant public or regulatory authorities, wherever applicable. The CEO should summarize complaints received and report any material cases to the audit committee of the Company in due course.

### Promotion of and Training on Anti-corruption Awareness

In order to strictly control risks, the Group continues to organize trainings for employees on integrity and anti-corruption to ensure that all employees understand the Company's policies related to anti-corruption and business ethics, and remind them of the importance of integrity and good faith. The anti-corruption training provided by the Group to directors and employees covered topics such as the prevention bribery policy, conflict of interest declaration policy, prevention of extortion policy, prevention of money laundering policy, prevention of fraud policy, to enhance their awareness of business ethics.

## 7. Giving back to the society

The Group believes that we are not only responsible for direct contribution to the society and economy, but optimize our operation and charity projects, to produce an overall positive impact on society. The Group actively takes part in various educational and cultural activities, and also welcomes cooperation with community groups that match the Group's corporate responsibility concept. We aim to respond to the social needs in culture, education and other aspects by supporting non-profit organizations through donation and sponsorship. The Company donates computers to those in need through Caritas Computer Workshop, to improve the living of the grassroots with technology. Besides, Novus has been supporting the local community, especially the development of local culture and sports. Novus has already sponsored the local hockey teams for years. Albeit the recent suspension due to the COVID-19 pandemic, Novus is expected to continue to sponsor after resumption. Henan Yanchang is committed to improving the employability of the local workforce, and gives priority to employing local workers to fulfill corporate social responsibility.

## 8. Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide Index

<b>A</b>	<b>Environmental</b>	<b>Chapter</b>
<b>ASPECT A.1</b>	Emissions	4.2. POLLUTION CONTROL
<b>KPI A.1.1</b>	The types of emissions and respective emissions data.	4.2. POLLUTION CONTROL
<b>KPI A.1.2</b>	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).	4.2. POLLUTION CONTROL
<b>KPI A.1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2. POLLUTION CONTROL
<b>KPI A.1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.2. POLLUTION CONTROL
<b>KPI A.1.5</b>	Description of emission target(s) set and steps taken to achieve them.	4.1. DIRECTIONAL TARGET ON ENVIRONMENTAL PROTECTION
<b>KPI A.1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.1. DIRECTIONAL TARGET ON ENVIRONMENTAL PROTECTION
<b>ASPECT A.2</b>	Use of resources	4.3. MAKING GOOD USE OF RESOURCES
<b>KPI A.2.1</b>	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).	4.3. MAKING GOOD USE OF RESOURCES
<b>KPI A.2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.3. MAKING GOOD USE OF RESOURCES
<b>KPI A.2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1. DIRECTIONAL TARGET ON ENVIRONMENTAL PROTECTION
<b>KPI A.2.4</b>	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.	4.1. DIRECTIONAL TARGET ON ENVIRONMENTAL PROTECTION  No issue in sourcing water that is fit for purpose for the Group
<b>KPI A.2.5</b>	The total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the Group
<b>ASPECT A.3</b>	Environment and natural resources	4.4. GREEN OPERATIONS
<b>KPI A.3.1</b>	Description of the significant impacts of	During the Reporting

	activities on the environment and natural resources and the actions taken to manage them.	Period, there was no incident that had a significant impact on the environment and natural resources
<b>ASPECT A.4</b>	Climate change	4.5. FIGHTING CLIMATE CHANGE
<b>KPI A.4.1</b>	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.5. FIGHTING CLIMATE CHANGE
<b>B</b>	Social	
<b>ASPECT B.1</b>	Employment	5.1. EQUAL EMPLOYMENT
<b>KPI B.1.1</b>	Total workforce by gender, employment type (e.g. full or part- time), age group and geographical region.	5.1. EQUAL EMPLOYMENT
<b>KPI B.1.2</b>	Employee turnover rate by gender, age group and geographical region.	5.1. EQUAL EMPLOYMENT
<b>ASPECT B.2</b>	Health and safety	5.2. OCCUPATIONAL HEALTH AND SAFETY
<b>KPI B.2.1</b>	The number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	There were no work-related deaths in the past three years inclusive of the Reporting Period
<b>KPI B.2.2</b>	Lost days due to work injury.	During the Reporting Period, there was no lost working day due to work-related injuries
<b>KPI B.2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.2. OCCUPATIONAL HEALTH AND SAFETY
<b>ASPECT B.3</b>	Development and training	5.3. TRAINING AND DEVELOPMENT
<b>KPI B.3.1</b>	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.3. TRAINING AND DEVELOPMENT
<b>KPI B.3.2</b>	The average training hours completed per employee by gender and employee category.	5.3. TRAINING AND DEVELOPMENT
<b>ASPECT B.4</b>	Labor standards	5.4. PROTECTION OF RIGHTS AND INTERESTS
<b>KPI B.4.1</b>	Description of measures to review employment practices to avoid the child and forced labor.	5.4. PROTECTION OF RIGHTS AND INTERESTS
<b>KPI B.4.2</b>	Description of steps taken to eliminate such practices when discovered.	No violation in the Reporting Period
<b>ASPECT B.5</b>	Supply chain management	6.1. SUPPLY CHAIN MANAGEMENT
<b>KPI B.5.1</b>	The number of suppliers by geographical region.	6.1. SUPPLY CHAIN MANAGEMENT
<b>KPI B.5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the	All of our suppliers were engaged according to the

	practices are being implemented, and how they are implemented and monitored.	Group's supplier engagement guideline
<b>KPI B.5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	6.1. SUPPLY CHAIN MANAGEMENT
<b>KPI B.5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	6.1. SUPPLY CHAIN MANAGEMENT
<b>ASPECT B.6</b>	Product responsibility	6.2. PRODUCTION MANAGEMENT
<b>KPI B.6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	During the Reporting Period, no products were subject to recalls for safety and health reasons
<b>KPI B.6.2</b>	The number of products and service related complaints received and how they are dealt with.	During the Reporting Period, no products were subject to recalls for quality problems
<b>KPI B.6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	6.2. PRODUCTION MANAGEMENT
<b>KPI B.6.4</b>	Description of quality assurance process and recall procedures.	6.2. PRODUCTION MANAGEMENT
<b>KPI B.6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6.2. PRODUCTION MANAGEMENT
<b>ASPECT B.7</b>	Anti-corruption	6.3. CORPORATE GOVERNANCE
<b>KPI B.7.1</b>	The 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.	No corruption lawsuit in the Reporting Period
<b>KPI B.7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	6.3. CORPORATE GOVERNANCE
<b>KPI B.7.3</b>	Description of anti-corruption training provided to directors and staff.	6.3. CORPORATE GOVERNANCE
<b>ASPECT B.8</b>	Community investment	7. GIVING BACK TO THE SOCIETY
<b>KPI B.8.1</b>	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7. GIVING BACK TO THE SOCIETY
<b>KPI B.8.2</b>	Resources contributed (e.g. money or time) to the focus area.	7. GIVING BACK TO THE SOCIETY