

# ANTON 安東

安東油田服務集團

Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3337)

## 2021 SUSTAINABILITY REPORT





# CONTENTS

About this report	2	• Addressing Climate Change	34
Company profile	3	• Biodiversity	37
Chairman’s message	4	• Pollutant Management	37
<b>ESG governance</b>	<b>6</b>	• Summary of Environmental Key Performance Indicators	44
<b>Corporate Governance</b>	<b>12</b>	<b>Social</b>	<b>47</b>
• Business ethics and conduct rules	12	• QHSE management	47
• Governance structure	17	• Employee and human capital	57
• Internal supervision and audit	19	• Innovation	67
• Investor relations	21	• Knowledge management	68
<b>Environment</b>	<b>24</b>	• Supply chain management	69
• Environmental policy and management system	24	• Community	75
• Material environmental issues mitigation	25	<b>Tracking record</b>	<b>80</b>
• Reduction of Greenhouse Gas Emissions	26	• Performance data table	80
• Enhancement of Resource Efficiency	32	• GRI initiatives standards	83
		• HKEX initiatives standards	87

# ABOUT THIS REPORT

## REPORT ORGANIZATION SCOPE

Anton Oilfield Services Group (“Anton” or the “Company”), together with all its subsidiaries (the “Group”), operates in the PRC and globally (consistent with the scope of the Group’s Annual Report).

## REPORTING PERIOD

The reporting period is from 1 January 2021 to 31 December 2021 (the “Reporting Period”), with some information and data tracing back to earlier years (beyond the stated Reporting Period) for comparative purposes.

## REPORTING CYCLE

This Report is published annually. Our last ESG Report was published in July 2021.

## CONTENT SCOPE

This Report contains significant environmental, social, and governance matters and performance data from the Reporting Period.

## SOURCES OF INFORMATION

The information in this Report is derived from summaries and statistics of the Company’s documents, statistical reports, and performance reports of its subsidiaries.

## PREPARATION GUIDELINES

This Report is mainly based on the GRI Sustainability Reporting Standards (GRI Standards) developed by the Global Sustainability Standards Board (GSSB) and complies with the relevant requirements of the Environmental, Social, and Governance (ESG) Reporting Guide of the Stock Exchange of Hong Kong.

## REPORTING LANGUAGE

This Report is published in English and Traditional Chinese. In case of discrepancies, the English version shall prevail.

## FORM OF PUBLICATION

This Report is published in both electronic and printed formats. The electronic version is available on the website of the Stock Exchange of Hong Kong ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.antonoil.com](http://www.antonoil.com)).

## CONTACT INFORMATION

Capital Markets Department, Anton Oilfield Services Group  
Address: No. 8, Pingcui West Road, Donghuqu, Chaoyang District, Beijing, China  
Tel: 0086-10-5739-7584  
Fax: 0086-10-5739-7799  
Email: [ir@antonoil.com](mailto:ir@antonoil.com)

# COMPANY PROFILE

## OVERVIEW

Anton is a leading independent and integrated oilfield services provider with a global footprint across major oil and gas basins. We are an innovative company offering a full suite of products and integrated solutions throughout the entire oil and gas development process. We help our customers stimulate production and minimize costs by leveraging our strong geological and engineering expertise.

We are committed to deepening our engagement within the global emerging markets for oil and gas development. We operate in multiple countries and regions, including China, the Middle East, Africa, Central Asia, Southeast Asia, and Latin America. This truly-global network provides us the agility to support our customers and fulfill their service needs.

Our products and services cover the full spectrum of oil and gas development and meet the diverse needs of our customers to maximize the value of their oil and gas assets. These products and services include those targeted at different stages of oil and gas development, ancillary facilities, expert consulting services, and integrated solutions.

Our corporate culture is rooted in traditional oriental culture: customer centricity, diligence, continuous learning, and innovation form the bedrock of our core values. Our mission is to help our customers succeed, share our success with our employees, and pursue win-win development with our partners.

Our vision is to become a model of efficient and harmonious development between mankind and the environment. We pursue "lean operation" in project executions to maximize the value for our customers. As our business grows, we do our best to make positive social impacts and engage with the communities around us to pursue harmonious development.

Key Financial Metrics		Unit	2021	2020
Revenue Contributions	China	%	50.2	59.4
	Iraq	%	35.5	31.1
	Other Overseas Markets	%	14.3	9.5
Revenue		RMB million	2,923.6	3,087.7
Profit Attributable to Equity Holders		RMB million	72.2	-95.8
Operating Cash Flow		RMB million	757.2	805.4



# CHAIRMAN'S MESSAGE



In FY2021, as the COVID pandemic continued to wreak havoc worldwide, the global energy landscape also experienced significant changes. In the face of this increasingly-challenging external environment, we continued to construct the "Brand-new Anton". We developed a long-term plan to address climate change, set decarbonization targets based on revenue per unit, and achieved encouraging results throughout the year. We continued to protect and enable our employees and further improved our corporate social responsibility by developing a Human Resources Social Responsibility Policy. We also continued to strengthen our culture and established systems and policies for transformation and innovation. FY2021 was characterized by many improvements to our sustainable development framework on all fronts, as well as the development of a system of quantitative indicators. These efforts laid the foundation for our long-term development.

On the environmental front, we made significant progress during the year in three ways. First, we formally set and announced our greenhouse gas (GHG) emissions reduction targets – we aim to reduce our GHG emissions per revenue by 60% by 2030 compared to our base year of 2019 and to achieve carbon neutrality and net zero emissions by 2060. Second, to meet our decarbonization targets, we implemented 19 initiatives under the Energy Efficiency Gain Program across our global operations in FY2021, resulting in a notable reduction of 10,708.1 tons of GHG emissions. Third, in addition to our own decarbonization efforts, we also helped our customers reduce their carbon footprint through our precision engineering technology, green energy solutions, and efficient project execution, which resulted in a reduction of 128,075.2 tons of emissions for our customers during the year.

In terms of social considerations, we made further improvements in three dimensions. First, regarding talent management, we developed a Human Resources Social Responsibility Policy aligned with international best practices, and we launched a new "Employee Autonomous Management System" to facilitate unconstrained and efficient development of our talent force. Second, in recruitment and training, we combined IT-enabled "virtual recruitment talks" to actively attract talent and further grow our workforce. We continued to provide a diverse range of training courses for our global employees through the Anton College e-learning system. We also engaged external stakeholders to share our advanced managerial expertise, demonstrate industry leadership, and drive industry development. Third, we continued to implement social responsibility programs, which help the communities we serve develop economically, fight the epidemic, alleviate poverty, and make an impact through charitable donations. We received honors such as the "Beijing Labor Award" and the "Top 100 Socially Responsible Private Enterprises" title.

In terms of governance, we upheld commonly-shared values and further improved our culture system based on such universal values. We encourage employee autonomy and self-motivation, and we have adopted a decentralized and boundaryless management philosophy. At the same time, we actively promote the green transformation, digital transformation, and innovation by all employees. In terms of business ethics, we joined the China Enterprise Anti-Fraud Alliance to further enhance our corporate governance system and capacities against fraud. In FY2021, we were again awarded the Institutional Investor – "Most Honored Companies" award and the "Best Investor Relations Company" title from Corporate Governance Asia.



## CHAIRMAN'S MESSAGE

Guided by our vision of, "becoming a model for the efficient and harmonious development of mankind and the environment", we continued to fulfill our environmental commitments and social responsibilities by upgrading our governance, fostering intrinsic motivation and basic methodologies, and making progress trackable through quantitative indicators. Now that we have defined our long-term goals, we are fully confident about our green future. We would like to express our sincere gratitude to all our friends who have shown care and support for Anton. We look forward to your continued participation, collaboration, counsel, and enablement, so we can progress together and achieve sustainable development.

# ESG GOVERNANCE

## ESG MANAGEMENT UNDER THE BOARD

The Board is responsible for our ESG strategy and reporting, including the identification and assessment of our material ESG issues and risks, to ensure that we have an effective ESG risk management and internal control system in place. The Board regularly reviews our ESG performance and approves disclosures in our sustainability report. The Board has also reviewed and cleared this report for disclosure.

The ESG Committee, under the Board, assists the Board in reviewing and evaluating our current ESG performance; advising the Board on matters that may impact our ESG standards and policies; reviewing our ESG report and submitting the final report for Board approval; and fully engaging the Board in our ESG governance, reporting, and disclosure activities. In 2021, the Company convened one ESG Committee meeting.

Under the ESG Committee, an ESG Office was established to organize and lead the working group, which has representatives from relevant functions concerned with ESG matters, such as Public Relations, Capital Market, QHSE Management, Human Resources, Supply Chain, Marketing, Technology Development, Legal, and Internal Audit and Oversight. All departments in the head office have appointed ESG liaison officers to the working group, with each one responsible for the implementation of specific ESG programs and the collection and submission of ESG information on behalf of the department. Each division, sales region, and subsidiary carries out specific activities in accordance with the requirements of the head office and submits ESG updates on a regular basis.



Our compensation scheme is designed to motivate our executives to work diligently towards sustainable development. Beyond a base salary, executives also receive variable pay tied to our KPIs. The most important KPIs are Net Profit and Free Cashflow, as these are proxies of the quality of our growth. We seek growth, but more importantly, we want high-quality growth. In addition to the rigorous financial KPIs, a more important KPI (which is the pre-condition for executive annual variable pay) is QHSE performance. An executive failing to meet the QHSE objectives for the year will lose his or her entire annual variable pay, even with stellar financial performance. We encourage our executives to place long-term sustainability above short-term gains. Under this philosophy, stock incentives make up a significant portion of executives' total compensation package.

## STAKEHOLDER COMMUNICATION

We maintain ongoing communication with all stakeholders. Various communication channels have been developed with our customers, business partners, employees, and the communities to listen and respond to concerns. We fully respect the rights of our stakeholders. We treat them equally, and we value and respond to their feedback. In FY2021, we developed and distributed a questionnaire among stakeholders on different levels to identify and analyze their concerns on sustainable development. Based on that, we developed a material issues matrix.

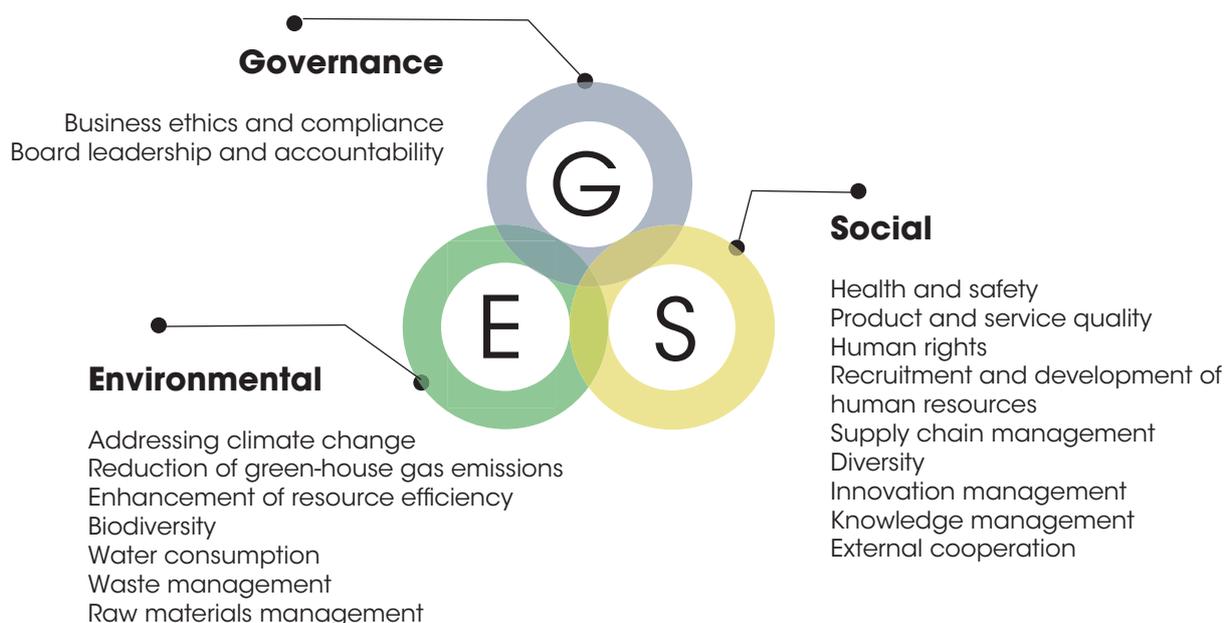
Stakeholders	Description	Expectations	Communication Method	Response
Government and regulatory agencies	Taxation, environmental protection, safety, and other departments, local governments, the China Securities Regulatory Commission, and other direct administration and supervision agencies	<ul style="list-style-type: none"> <li>Operational safety</li> <li>Compliance</li> <li>Stable and growing tax revenue</li> <li>Serving the local economy</li> <li>Promoting industry development</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Policy consultations</li> <li>Reports</li> <li>Visits</li> <li>Official document exchanges</li> <li>Information disclosures, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Operate in compliance with laws and regulations</li> <li>Technology innovation</li> <li>Promote local economic development</li> </ul>
Investors and shareholders	Natural persons holding shares/equity in Anton	<ul style="list-style-type: none"> <li>Business growth</li> <li>Long-term stable development</li> <li>Timely disclosure</li> <li>Communication channels with the Company</li> </ul>	<ul style="list-style-type: none"> <li>Shareholder meetings</li> <li>Annual reports</li> <li>Company announcements and press releases</li> <li>Conference calls</li> <li>Roadshows</li> <li>Site trips, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Stable operations</li> <li>Timely and effective disclosures</li> <li>Active and open communication with investors</li> </ul>
Employees	Employees who have signed formal employment contracts with Anton, and employees who have served Anton for many years	<ul style="list-style-type: none"> <li>Equal employment</li> <li>Reasonable salary and benefits</li> <li>Smooth promotion channel</li> <li>Healthy and safe working environment</li> <li>Employee care</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction survey</li> <li>Employee handbook</li> <li>Internal company publications, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Equal employment</li> <li>Reasonable promotion channels</li> <li>Occupational health management</li> <li>Far Eastern Training</li> <li>Employee care activities</li> </ul>

## ESG GOVERNANCE

Stakeholders	Description	Expectations	Communication Method	Response
Press	Newspapers, TV stations, internet companies, and other related media organizations that work with Anton	<ul style="list-style-type: none"> <li>• Viability of the Company's sustainable development goals</li> </ul>	<ul style="list-style-type: none"> <li>• Company interviews</li> <li>• Company culture messaging</li> <li>• Thematic events and invitations to third-party events</li> </ul>	<ul style="list-style-type: none"> <li>• Comprehensively deepen the implementation of sustainable development policies</li> </ul>
Suppliers/ Contractors	Companies, shops, or individuals that legally supply production materials, accessories, and office supplies to Anton	<ul style="list-style-type: none"> <li>• Fair and transparent procurement</li> <li>• Win-win cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Supplier visits</li> <li>• Public tender</li> <li>• Strategic partnership negotiations</li> <li>• Exchange visits, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Supply chain responsibility management</li> <li>• Transparent procurement</li> <li>• Cooperative platform</li> </ul>
Customers	Institutions/ individuals that have formally signed contracts with Anton and received services	<ul style="list-style-type: none"> <li>• Safe, environmentally friendly, and efficient products and services</li> <li>• Continuous improvement of product and service quality</li> <li>• Transparent marketing campaigns</li> <li>• Integrity</li> </ul>	<ul style="list-style-type: none"> <li>• Public commitment to society on quality</li> <li>• Communication mechanism and reporting hotline open to the public</li> <li>• Customer satisfaction survey</li> <li>• Routine visits and exchanges</li> <li>• Business negotiations</li> </ul>	<ul style="list-style-type: none"> <li>• Quality control</li> <li>• Technology innovation</li> <li>• Meet the diverse needs of customers</li> </ul>
Adjacent communities	The communities where we operate, the public, and non-profit organizations	<ul style="list-style-type: none"> <li>• Promote community engagement</li> <li>• Increase community well-being</li> </ul>	<ul style="list-style-type: none"> <li>• Philanthropic activities</li> <li>• Community support</li> <li>• Volunteer activities</li> <li>• Social welfare programs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Educational support</li> <li>• Job creation</li> <li>• Infrastructure</li> <li>• Disaster relief, etc.</li> </ul>

### DETERMINATION OF MATERIAL ISSUES

Pursuant to the GRI Standards and ESG Guide in Appendix 27 to the HKEX Main Board Listing Rules, we have consulted our stakeholders on the relevant ESG topics through a questionnaire, identified and evaluated ESG issues material to Anton from the stakeholders' perspective, developed a materiality matrix, and conducted our ESG management and disclosures accordingly.





Anton ESG Materiality Matrix

# Governance

---



Anton's culture is based on the common values of human society, the values of the countries and regions in which we operate, and universally-recognized principles.

# CORPORATE GOVERNANCE

## BUSINESS ETHICS AND CONDUCT RULES

Anton's culture is based on the common values of human society, the values of the countries and regions in which we operate, and universally-recognized principles. We encourage our employees to act by the maxim of, "do what is right as a human being". Not only are our employees expected to comply with the law and perform their duties diligently, but they must also uphold high moral standards, resist mediocrity, and pursue excellence. "Employee happiness, social progress, and shareholder returns" are our management objectives. We encourage all employees to contribute to building a "common home".

We strictly complied with the Company Law of the PRC, the Law of the PRC Against Unfair Competition, the Criminal Law, the Criminal Procedure Law, the Anti-Money Laundering Law, the Punishment Ordinance for Civil Servants Working in Administrative Organs and other laws, provisions, and requirements for anti-corruption and clean administration, and the laws and regulations of the countries in which we operate. During the reporting period, the Company did not have any cases of commercial bribery, extortion, fraud, money laundering, or unfair competition that violated applicable laws and disciplines.

Our ethical standards go beyond meeting legal and regulatory requirements. These standards help us grow as a reputable company while achieving our mission to "help others succeed".

We set clear expectations for our Board and our entire workforce. We expect our suppliers and business partners to respect our values and to conduct business in a manner consistent with our ethical standards.

## Transparent Marketing

We introduced the policy of "transparent marketing" in 2007 and have been strictly enforcing this policy ever since. We require that employees market our services with transparency, which means to win business fairly and honestly. We prohibit our employees from offering commissions, rebates, gift vouchers, or valuables to customers in any form or for any reason, and we also prohibit any other questionable misconduct that may constitute a bribe. We also prohibit our employees from accepting or soliciting commissions, kickbacks, gift vouchers, and valuables in any form or for any reason, along with other misconduct for personal gains. Any misconduct mentioned above is considered a punishable violation of the Company's transparent marketing policy.

We require paper records for marketing and sales activities to be kept for audit purposes. We train our employees on transparent marketing, including case studies on dos and don'ts. Our internal audit and oversight department has the right to review the marketing and sales records and investigate any activity that violates our ethical code. The enforcement of the transparent marketing policy has been subject to ongoing audits and oversight by the internal audit department for many years.

In FY2021, our audit and oversight department performed multiple audits on the implementation of transparent marketing in key business units of the Group and selected some of the marketing and commercial personnel for a comprehensive activities audit. The employees subject to the audit accounted for more than 80% of the total auditable workforce. The audit found no violation of the Company's transparent marketing policy. We also asked business units to organize studies of the norms and requirements of anti-bribery policies in commercial activities in their host countries and regions. The purpose of which was to strictly enforce both local policies and regulations and our anti-bribery system on transparent marketing and to carry out marketing activities in accordance with the law. At the same time, we conduct ongoing outreach, education, supervision, and audits; comprehensively organize self-audits and overhauls on a regular basis (following a quarterly cycle); strictly rectify any irregularities found in the audits; and resolutely prevent illegal and disorderly behavior.

### Anti-bribery

We do not acquire business through bribery, nor do we make payments to government officials. Since the founding of the Company, we have enforced strict anti-corruption rules. We provide anti-corruption training and legal support to our employees to prevent violations wherever business activities are conducted.

We prohibit giving bribes to or taking bribes from our suppliers or business partners. Signing an anti-corruption agreement with the Company is a pre-condition for partnership.

On 30 December 2021, the Executive Council of the China Enterprise Anti-Fraud Alliance officially approved Anton to join the Alliance, in recognition of the Group's anti-corruption and anti-fraud efforts. The Group will receive assistance and guidance from the Alliance in the areas of audit and oversight competencies; risk prevention and mitigation systems; and alignment with public security, court, and prosecutorial systems, which further enhances the Group's governance system and anti-fraud capacities.

In addition to strict internal requirements, we carry out inquiries and monitoring with our business partners and suppliers every year. We encourage our partners and suppliers to carry out open, transparent, compliant, and efficient business management philosophy and policies and to maintain codes against fraud and bribery. We also solicit opinions and suggestions from our business partners and suppliers, focusing on investigating and understanding whether the process of business execution between parties is legal and compliant, and whether our team and individual employees involved in the business have violated national laws or regulations and the Company's Transparent Procurement Integrity Commitment and Integrity Agreement, among other policies. Furthermore, we increase the rigor of the oversight framework through frictionless communications and closely scrutinize parties, effectively preventing bribe giving and taking and other illegal and unlawful acts, which fosters integrity and self-discipline of the parties, as well as common development.

We encourage anonymous reporting and disclosures about actual or suspected violations of our anti-corruption policy. We have made this system public, and we protect whistleblowers. We further expand upon these policies in this report.

The Company has also formulated the Code of Conduct for Employees Engaged in Sales and Commercial Negotiations, which provides detailed instructions on appropriate behaviors and manners, principles to follow, the management of records and archives, and business etiquette for employees involved in marketing and contract negotiations.

We regularly organize campaigns to advocate and promote our code of ethics and make every effort to promote the development of a long-term structure for anti-corruption and integrity promotion. In FY2021, we successfully planned and organized four Group-wide campaigns related to anti-corruption and integrity promotion to foster a culture of integrity and self-discipline and to guide our employees to consciously resist problematic practices and corruption. Such practices also help our employees build mental defenses against corruption. These campaigns are described as follows.

- We circulated and promoted the "Notice on Reiterating Integrity During Holidays" and "Call for Integrity During Holidays" among our employees to further advocate Anton's ethical code of integrity and self-discipline and to guide our employees to spend their holidays in a joyful and peaceful, clean and civilized, and moderate and disciplined manner.

## CORPORATE GOVERNANCE

- Special campaign on company chop self-check and self-inspection: The campaign lasted from 25 April to 18 May 2021 and involved a total of 56 platform companies and ecosystem enterprises within the Group, including the subordinate departments and all the employees of each entity. Through learning and education, the companies looked for risks associated with the company chop and its use and raised employees' legal and compliance awareness.
- Integrity risk screening and rectification campaign: This campaign was carried out from 13 May to 8 July 2021, covering a total of 61 head office shared departments, platform companies, and ecosystem enterprises within the Group, including the subordinate departments and all the employees of each entity. The entities identified integrity risk factors that have caused or may cause illegal and unethical behavior; studied, formulated, and improved specific prevention and mitigation measures in various risk-prone areas; promoted further improvement of the integrity risk prevention and mitigation system; raised awareness among employees for standardizing the implementation of rules and policies, complying with laws and regulations, discharging their duties faithfully, and upholding integrity and honest conduct; and improved employees' capacity to guard against integrity risks in their respective positions.
- Anti-corruption and Integrity Month: Running from 5 November to 10 December 2021, this campaign covered 61 head office shared departments, platform companies, and ecosystem enterprises within the Group, including the subordinate departments and all the employees of each entity. With the objective of "comprehensively improving the Company's culture and practices and the employees' competency and awareness", the campaign presented the dos and don'ts through case studies, against which employees could compare themselves and seek continuous improvement. The campaign also encouraged all employees to hold a big picture mentality, be bold in innovation, and take ownership of the complex and volatile internal and external environment and the pressing tasks at hand. This campaign provided a solid wall of ethics to protect efforts towards the "new Anton" vision, further raised awareness for integrity and self-discipline, and reinforced the mental line of defense against corruption and disruption.
- In FY2021, we produced a series of training materials such as "Protecting Our Common Home – Anton Audit and Oversight" and distributed training courses to all Anton employees through the Anton College. Our training covered 100% of employees, and the training duration per capita was over two hours. The training covered topics such as audit and oversight and anti-fraud, and it helped our employees understand the rules related to audit and oversight, how to react to and cooperate with audits, how to detect fraud, how to flag concerns, and how to protect their rights and interests. We advocated for all employees to take practical actions to protect our common home.

In 2021, we compiled a series of training courseware such as "Protecting Our Common Home – Anton Audit and Supervision", and sent training courses to all Anton employees through the Group's on line training platform – "Anton College". The training coverage rate of employees reached 100%, and the average training time for each employee reached more than 2 hours. Through these trainings, we introduced audit supervision, anti-fraud related contents to help all employees to understand the relevant rules of audit supervision, how to face and cooperate with audit work, how to identify fraudulent behavior, how to report problems and related rights protection, and encourages all employees to act together to protect our common home.

### **Conflict of interest**

Conflict of interest refers to the potential risk or damage to the interests of the Company or stakeholders resulting from an employee performing a certain job given his or her special status(es), social connection(s), or position(s), etc.

The conflicts of interest identified by the Group and the avoidance policies established in response include the following two components:

#### **Professional Recusal**

Professional recusal refers to the recusal of an employee to avoid a conflict of interest during his or her employment at Anton. This includes recusal for personal reasons, i.e., non-compete restrictions given the employee's special status, previous full-time or part-time work experience, or any other reason; and recusal due to specific role and social connections, i.e., if an employee's family member or intimate partner is an employee of or performs work for the counterparty that could potentially threaten or damage the interests of the Company or other interested parties.

The Company provides clear instructions and policies for the specific matters in the relevant categories. Employees involved in related matters must immediately make such declarations to the Human Resources Department and sign a recusal agreement with the Company to strictly enforce the recusal policy.

#### **Non-compete**

For management officers above certain seniority levels and employees in specific positions under confidentiality obligations, we require that a non-compete agreement be signed with the Company at the time of onboarding. During their employment with the Company and for a specific declassification period after their departure from the Company, such employees must not, without the written consent of the Company, work in other organizations in the same or similar business area as the Company and its affiliated companies or that compete with them; work part-time, or provide services in any other form; produce or manage their own products or services that are the same or similar to those of the Company and its affiliates; or engage in other activities that compete with the products or business of the Company and its affiliates.

### **Fair Competition**

We uphold fair competition in China and beyond. We do not collude with customers or competitors to win projects. We do not exchange price or bidding information with competitors. We do not lobby the government for favorable policies that afford us an unfair advantage. We believe our success must come from fair play.

### **Supplier and Business Partner Management**

Our suppliers and business partners must enter into an anti-corruption agreement with us before transacting with us, as we have zero tolerance for corruption of any kind. We encourage our suppliers and business partners to report any unfair treatment or bribery demands from our employees. We have a certification program to qualify our suppliers and business partners; they must be in compliance with laws and regulations and endorse our ethical standards. We are also committed to avoiding conflict minerals in our procurement process.

### Customer Asset Protection

We may gain access to customer assets, including but not limited to business information, data, equipment, property, products, and other assets. We are liable for protecting these assets; keeping the information confidential; preventing data breaches; and avoiding damage to the equipment, property, and products. We implement rigorous measures to protect customer assets.

### Insider Trading

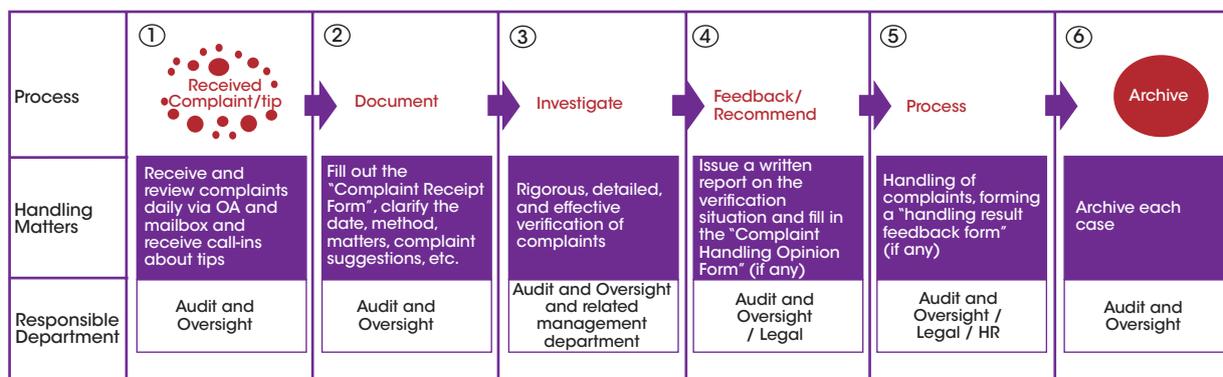
Employees in possession of any material information about Anton, such as unannounced financial metrics, marketing plans, product development, major progress on business operations or strategy, information about human resources, proposed mergers and acquisitions, etc., are prohibited from divulging such information to others, and they are barred under the insider transaction rules from trading our stocks, bonds, and other securities we may issue in the capital market.

### Whistleblower Program

The Company has a complete and clear whistleblower program, which is managed by our internal audit oversight department. Whistleblowing is available in local languages in all countries and regions where we operate. The Company’s official website also publishes information on whistleblowing channels and contact information in English, Chinese, and Arabic, and provides statements on the scope of reportable conduct, acceptance principles, and policies for protecting whistleblowers.

Anyone, including employees, customers, suppliers, and partners, can raise concerns about and report actual or potential violations of our ethical code at any time. In addition, our Chairman has made his contact information public to encourage whistleblowers to come to him and the internal audit group simultaneously. We respect the whistleblower’s choice in line and method of communication, or between speaking openly and anonymously. The Company has developed a rigorous complaint, response, and resolution process, requiring all tips or complaints received be processed fairly, justly, expeditiously, accurately, and effectively, and all relevant data generated in complaint acceptance and processing be stored and managed. We will maintain strict confidentiality concerning whistleblowers. It is our responsibility to protect them, and we expressly forbid whistleblower retaliation.

#### Complaint, Response, and Resolution Process



### GOVERNANCE STRUCTURE

#### Shareholder Governance and Employee Stock Ownership Plan

We aim to adopt an advanced governance structure. We want our employees to have ownership in the business and participate in top-level decision-making. To this end, we developed the Employee Stock Ownership Plan (ESOP).

The ESOP consists of stock options, restricted stock incentives, and an employee share purchase plan. In FY2021, over 100 employees in key positions were granted stock options and restricted stock under the plan. In addition, more employees have invested in our stock. Driven by these plans, our employees have become more motivated. We expect that in the near future, employees will become one of the most important shareholder groups.

Having our employees share an equity interest in the Company creates a better system of checks and balances. Employees feel more assertive and are better empowered to identify potential violations of our code of ethics in their day-to-day activities or actions that may undermine our sustainability goals. Employees have rights to vote against the Board in general meetings or even call a meeting. These plans have fortified our governance structure.

#### Board Governance Structure

The Board is at the center of our corporate governance. The composition of the Board strictly follows the principles of balance, fairness, and diversity in terms of background and experience. The Board appoints the most competent managers to ensure strong and sustainable growth. As at 31 December 2021, the Board consists of seven members (three Executive Directors, one Non-executive Director, and three Independent Non-executive Directors). There are no financial, business, family, or other material relationships among members of the Board. Each director brings unique expertise and experience to the table.

#### Board Committees

Four committees operate under the Board: audit committee, remuneration committee, nomination committee, and ESG committee. (The QHSE committee was upgraded to the ESG committee on 21 May 2020.)

#### Audit Committee

The Audit Committee is responsible for interacting with external auditors; making proposals to the Board on the appointment, retention, and dismissal of the external auditors (as well as setting remuneration and terms of appointment); and reviewing the integrity and accuracy of our financial information in the financial reports. The Audit Committee also oversees our financial reporting system and internal control procedures to mitigate financial risks to our operations. The Audit Committee has three members, all of whom are Independent Non-executive Directors, namely Mr. ZHU Xiaoping, Mr. ZHAN Yongyi, and Mr. WEE Yiau Hin. Mr. ZHU Xiaoping is the Chairman of the Audit Committee. He is well-versed in accounting matters and an accounting professor at Renmin University of China. In FY2021, the Audit Committee held two meetings.

## CORPORATE GOVERNANCE

### Remuneration Committee

To establish a reasonable remuneration policy and incentive scheme and to protect our customers and investors, the Remuneration Committee strictly reviews and recommends the terms of remuneration, benefits, bonuses, and other allowances of the Directors and senior management; makes proposals to the Board on the remuneration policy and structure for all the Directors and senior management; and approves and monitors the enforcement of such policies and schemes. The Remuneration Committee is comprised of two Independent Non-executive Directors, Mr. WEE Yaw Hin and Mr. ZHU Xiaoping, and one Executive Director, Mr. LUO Lin. Mr. WEE Yaw Hin is the Chairman of the Remuneration Committee. He has extensive work experience in multinational corporations, such as Shell and Petronas. He is familiar with the international norms on compensation. In FY2021, the Remuneration Committee held one meeting.

### Nomination Committee

The Nomination Committee is responsible for reviewing the structure, composition, and diversity of the Board; making recommendations on the policy and procedures for the nomination of Directors; identifying and nominating candidates for directorship; vetting the candidates on merit, assessing against objective criteria, and considering diversity on the Board; making recommendations to the Board on the appointment or re-appointment of Directors; succession planning for the Directors, Chairman, and the Chief Executive Officer; assessing the independence of the Independent Non-executive Directors and submitting conclusions to the Board; and reviewing the Board Diversity Policy, in particular the measurable objectives contained therein to ascertain their appropriateness and the progress towards such objectives. The Nomination Committee is composed of two Independent Non-executive Directors, Mr. ZHANG Yongyi and Mr. WEE Yaw Hin, and one Executive Director, Mr. LUO Lin. Mr. ZHANG Yongyi is the Chairman of the Nomination Committee. He has extensive experience in talent development, evaluation, and promotion. In FY2021, the Nomination Committee held one meeting.

### ESG Committee

See the previous section, "ESG management under the Board", for more details.

### Directors

We consider the current Board to be sufficiently balanced and diverse, in line with the needs of our company. We may revisit and optimize its composition from time to time to reflect our business model and specific needs. The Nomination Committee reviews the Board Diversity Policy on a regular basis to ensure its continued relevance.

Members of the Board as at 31 December 2021:

LUO Lin  
PI Zifeng  
FAN Yonghong  
HUANG Song  
ZHANG Yongyi  
ZHU Xiaoping  
WEE Yaw Hin

### Board Meetings

In FY2021, we convened nine Board meetings, two Audit Committee meetings, one Remuneration Committee meeting, one Nomination Committee meeting, and one ESG Committee meeting. We also called an Annual General Meeting during the Reporting Period.

In addition to our biannual Board meetings where we announce performance results, we also hold quarterly Board meetings (“Quarterly Meetings”) to better facilitate the strategic and supervising roles of the Board. Senior management is invited to these meetings to strengthen communication between the Board and management. The Quarterly Meetings mainly focus on key issues in four areas: strategic topics, operational progress, quarterly financial budget and results, and feedback of communication with capital markets and investors. Each quarter, a summary report on these four areas is prepared for the previous quarter, and the Board discusses how to advance on the plans in these areas for the next quarter.

Between two Quarterly Meetings, each Executive Director receives a copy of the monthly financial report and management report and holds business meetings with management to obtain information on monthly performance, check progress, and mentor management on effective planning. Management will circulate a monthly brief to all Directors, which summarizes important issues with respect to marketing, operations, business development, human resources, and important news around our industry in the capital market, etc.

Management submits monthly management briefings to all the directors that summarize the market trends, performance results, business development, human resources, ESG, and capital market actions.

### INTERNAL AUDIT AND OVERSIGHT

Our internal audit and oversight department is responsible for monitoring internal controls and managing the whistleblower program. It conducts routine audits of significant matters and reports directly to the Chairman of the Board.

The internal audit and oversight department conducts four types of audits: financial audits, operational audits, compliance audits, and disciplinary audits. Through financial audits, we review whether business and project expenditures violate our internal control requirements. Through operational audits, we review whether management or employees are performing their duties in accordance with operating systems and other requirements. Through compliance audits, we review whether our employees are complying with laws, regulations, and internal policies. For example, we check whether marketing and sales are in compliance with our transparent marketing requirements and whether employees comply with anti-corruption guidelines. Through disciplinary audits, we review whether employees’ behavior conforms to or violates our values, as well as investigate anonymous tips.

In FY2021, the internal audit team conducted a deep dive into the Group’s business units and departments and initiated and completed 43 audit and oversight exercises (including financial and operation audits, compliance audits, management oversight audits, ethics reviews, discipline audits, and special audits on anti-corruption and business integrity). The audit team also completed inspections and audits for 65 items of procurement tender. The internal audit and oversight department also communicates with employees of the head office departments, country offices, and business lines from time to time to identify any matters that violate the relevant policies and rules of the Company.

## CORPORATE GOVERNANCE

We encourage mutual supervision among employees and fact-based oversight and reporting, and we incorporate anti-corruption and integrity promotion into everyday activities. In doing so, we are gradually building a lasting mechanism of anti-corruption and integrity promotion with breadth, depth, and influence.

In order to facilitate internal and external communications and feedback and to further enhance our supervisory role, in FY2021, we added the communication and feedback channels via DingTalk and WeChat on top of our existing channels for whistleblowing (such as telephone, internal email, and a public mailbox). In addition, we launched a channel for monitoring and reporting in three languages (i.e., English, Chinese, and Arabic) on our Company website. Anyone who knows or suspects of a violation of our ethical standards can submit a tip directly to the internal audit and oversight department or to the Chairman of the Board. To protect whistleblowers, we strictly protect anonymity. We also maintain strict confidentiality regarding the persons being reported.

In FY2021, we received a total of 10 complaints/tips through the public reporting channels, which mainly concerned individual employees' violations of the Company's policies or fraudulent and abusive behavior. The internal audit team has conducted rigorous and detailed verification and investigation of the relevant complaints, and all complaint matters have been dealt with thoroughly and appropriately, in accordance with the procedures and with feedback where appropriate. Most of the complaints were unsubstantiated. For emblematic cases that were found to have merits, as well as cases that were partially supported yet had cautionary value, the Company produced case materials after anonymizing relevant individuals and project information, shared and studied these cases at the Group's quarterly meetings (at least four times each year), and disseminated them to all entities within the Group for study, system improvement, and caution on irregularities or risks so as to enhance the compliance and risk awareness of all employees and prevent the recurrence of similar issues.

At the same time, in every Lions Camp (the Company's intensive training course for middle managers), we also shared cases and emphasized policies with all middle managers to enhance accountability and risk awareness.

In everyday audit and oversight activities, we collect external model cases on fraud and send them to the special audit supervisors of each entity, who disseminate the cases and organize group study. This helps maintain a high level of vigilance against corruption and advocate for integrity and virtuous cycles of improvement. Nine such cases were shared in FY2021.

During the implementation of internal audit programs, for issues identified in the operation or management system – including audit discoveries, self-audit results of each entity, system control alerts, and management-designated issues, etc. – we also organize ad-hoc meetings to discuss, urge resolutions, conduct deep-dives, and produce timely summaries. The purpose of these actions is to expedite issue resolution and ensure rectification actions, to promote closed-loop management of the program, and to achieve positive interactions between internal audit and business activities.

We have learned from the best practices of other organizations, such as “democratic life meetings”, where participants are asked to share where they can improve and to provide honest advice for improvement to their peers.

### INVESTOR RELATIONS

Keeping regular and close communication with our investors is an important component of our stakeholder engagement. We are committed to helping our investors fully understand the Company, keeping our investors duly informed of the latest developments, and listening to their concerns and expectations of the Company. These efforts not only help our investors make informed financial decisions, but also promote sustainable growth in our stakeholders' best interest.

In respect of information disclosure, we maintain the highest standards of transparency, and we make disclosures in a timely manner. We creatively and proactively set up channels to facilitate investor communications.

In FY2021, we continued to maintain active communication with capital market investors through in-person + virtual channels. We continued to organize live webcasts of annual and interim results briefings, attended by our Chairman of the Board, CEO, and CFO; update analysts on quarterly operations via conference calls; and engage closely with investors through online roadshows via video or conference calls, emails, and instant messaging.

#### **Channels to help our investors gain timely and easy access to information:**

- The Investor Relations section of our website offers complete financial performance data, reports, announcements published on the HKEX website, archived press releases, video replays of our past results announcements, investor meeting schedules, analysts' contact information, and other useful information to our investors.
- We created official accounts on various social media platforms such as WeChat, TikTok, and LinkedIn where we publish our latest news.
- We produced business introduction videos in our business regions, published them on the Company's official social media accounts, and played them at conferences and exhibitions.
- We proactively formalized the Quarterly Operational Update and announced quarterly operational updates to investors (beyond the biannual disclosure requirements in the HKEX listing rules).
- We continued to fine-tune our investor database and notified our investors of updates through a newsletter, immediately after an important announcement/press release.
- We made timely releases to mainstream media on important matters.

#### **Investor communication:**

- We hosted quarterly conference calls, attended by our Chairman of the Board, CEO, CFO, and Investor Relations team after announcing quarterly operational updates, sharing the Company's progress, and answering questions from investors and analysts.
- We provided formal interim and annual results announcement presentations, attended by our Chairman of the Board, CEO, CFO, and Investor Relations team to investors and analysts and arranged questions and answers; we provided webcasts and playbacks for those unable to join in-person.

## CORPORATE GOVERNANCE

- We participated in forums organized by investment banks where our senior management delivered keynote presentations from time to time.
- We frequently organized road shows, arranged face-to-face meetings with investors during large conferences (or at our offices or investors' offices) to facilitate the interactions essential to investors' understanding of the Company.
- We organized tours of our job sites and arranged face-to-face chats with our field engineers/customers for investors to better understand our operations.
- We set up a WeChat group and an investor relations mini app to communicate with interested investors in a timely manner and booked investor meetings to address specific topics.

Our transparent and high-quality investor relations have earned recognition among investors and analysts.

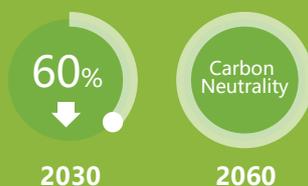
Honors from capital markets in 2021:

- "Most Honored Company" by "Institutional Investors"
- "2021 Best Investor Relations Company" by Corporate Governance Asia

# Environment



Anton's vision is to become a model for highly-efficient and harmonious development between mankind and the environment. To address the global climate change, we initiated our GHG emission reduction target:



\*GHG emission compared with the base year—2019

# ENVIRONMENT

Anton's vision is to become a model for highly-efficient and harmonious development between mankind and the environment. As an integral part of our strategy, we strive to minimize the negative externalities of our business operations on the environment and maximize resource utilization efficiency.

We built our business model around this objective, and our value proposition is to optimize production and lower costs for our customers through integrated solutions. We aim to help customers produce more with less. As such, our business model is grounded in achieving sustainability goals for both our customers and ourselves.

## ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM

The Company has conscientiously implemented the requirements of the PRC Law on Environmental Protection, the PRC Law on Energy Conservation, the PRC Law on Prevention and Control of Environmental Pollution by Solid Waste, and other applicable laws and regulations. Based on stakeholder communication, the Company's management has formulated our environmental policy, which was reviewed by the Group's ESG Committee and approved by the Board before being formally promulgated and enforced. The policy was informed by the United Nations Sustainable Development Goals (UN SDGs), Basel Convention, International Association of Oil and Gas Producers (IOGP) Environmental Guidelines, ISO 14001 Environmental Management System standards, and local laws and regulations. It contains our environmental objectives, management systems, environmental literacy, and industry-specific challenges, and it covers a wide range of topics such as climate change, biodiversity, water consumption, waste management, environmental quality monitoring, logging and reporting, evaluation, investigation, and internal and external audits.

We are continuously improving our internal environmental management policy system. Our environmental management system assigns responsibilities to each functional department, product department, sales area, subsidiary, and joint venture. It ensures that employees comply with our environmental policy, rewards outstanding performance, and punishes employees who violate our environmental policy. Our internal control team is responsible for overseeing the implementation of the policy for each functional department, product division, sales area, subsidiary, and joint venture and reports directly to the Chairman of the Board.

In FY2021, we actively responded to the national strategy of "carbon peaking by 2030 and carbon neutrality by 2060" and comprehensively drove the implementation of our green and low-carbon strategy. We further acted upon the idea of "clear water and lush mountains are invaluable assets", and we remain committed to incorporating the green development concept into our business processes, continuously improving resource efficiency, optimizing the clean production model, and effectively reducing the environmental footprint of our operations.

We perform environmental factor identification and risk assessment in accordance with our Environmental Management Procedures. We maintain good communication with local environmental regulators in the early stage of production operation projects, solicit input, select environmentally-friendly processes with a low energy profile, adopt predominantly-clean and green engineering plans, strictly cap pollutant discharge during the engineering process, and properly dispose of pollutants in compliance with local laws and regulations. During the reporting period, the company did not have any cases of non-compliance with environmental laws or regulations.

## MATERIAL ENVIRONMENTAL ISSUES MITIGATION

### Reduction of Operational Footprint

We strive to reduce our customers' operational footprint through technology, enabling clients to extract greater resources from fewer wells, which in turn, will reduce our own footprint.

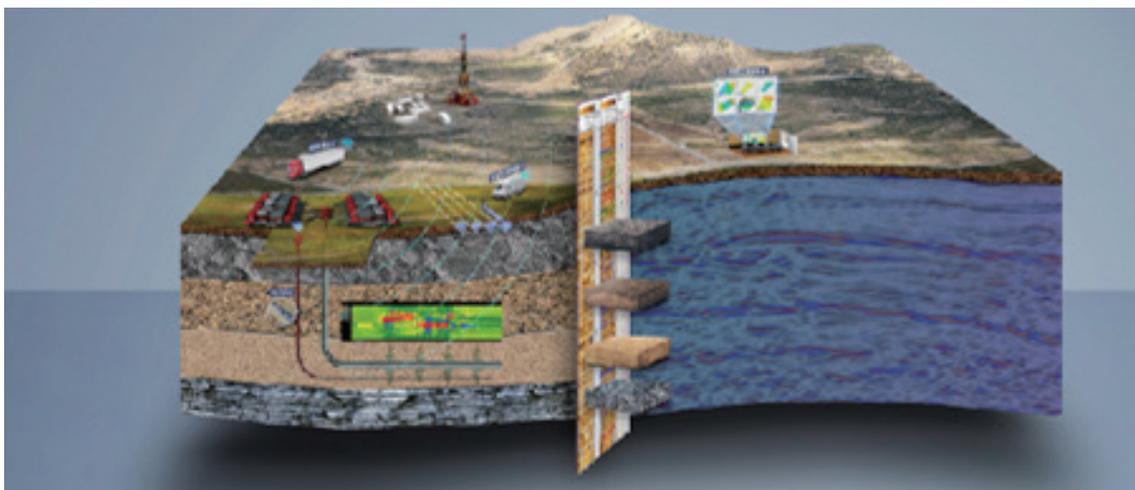
Our precision engineering technology, based on reservoir geological studies, is one of our key technologies for reducing the number of wells required for oil and gas production. We apply this solution to the entire process of drilling, completion, and recovery. The real-time surface data collected from reservoir studies allows us to engineer customers' assets more precisely and develop such assets more efficiently.

In FY2021, our precision engineering strategy was successfully implemented. In the shale gas basin of southwest China, we helped our customers implement a more precise fracturing process through reservoir studies and crustal stress analysis, yielding a 21% gain in pilot production compared to adjacent wells in the same block. The process improved the recovery efficiency of shale gas reservoirs and reduced the number of necessary fracturing.

In order to ensure sufficient capacity for gas storage facilities and easy injection and withdrawal of natural gas, we have deployed permanent fiber optic measurement technology with visualization features for the construction of gas storage tanks by studying rock formations, which has significantly increased the injection-to-production ratio and reduced the diesel fuel and power consumption required for the round trip of logging trucks.

#### Precision Engineering Technology:

Optimized entire solution and maximized efficiency based on reservoir geology studies



Test yield increased by **21%**

Application of fine control fracturing technology in shale gas blocks

Significantly improved **Injection-production ratio**

Application of permanent fiber optic inspection technology to gas storage for the first time

## ENVIRONMENT

Precision engineering technology

Based on reservoir geological studies and aimed on optimizing overall design and maximizing efficiency

21% gain in pilot production

Adoption of precision fracturing control technology in the shale gas blocks

Significant increase in injection-to-production ratio

Deployment of permanent fiber optic measurement technology in gas storage for the first time

### Reduction of Greenhouse Gas Emissions

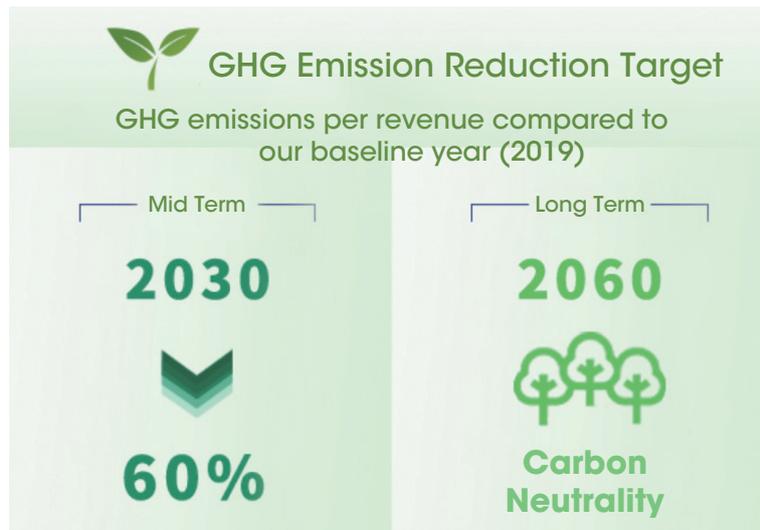
As a technologically-advanced oilfield services company, our environmental objectives are to reduce our customers' greenhouse gas emissions (GHGs) during resource development through the application of our technologies, as well as reducing our own GHGs through technology transformation and rigorous operational management.

It is our responsibility to provide customers with technological solutions to develop clean energy. We continue to innovate actively and promote technology iterations to help power the industry's green transformation.

### Emissions Reduction Targets and Roadmap

In FY2021, we initiated our emissions reduction target:

Using our 2019 emission levels as the baseline, we aim to achieve a 60% reduction by 2030, and to become carbon neutral by 2060.



## ENVIRONMENT

To achieve our decarbonization targets, we have formulated the “Energy Efficiency Boost” program, which we have disseminated to all employees and implemented in all our business regions. Our “Energy Efficiency Boost” program consists of the promotion of clean energy, the application of energy-saving technologies, the continuous innovation and iteration of existing industry technologies, the improvement of resource efficiency, and firmwide special campaigns to reduce emissions in employees’ daily life. As of 31 December 2021, we had implemented 19 measures under the “Energy Efficiency Boost” program, saving a total of 6,900 tons of standard coal, or 10,708.1 tons of GHG emissions.

### Our emissions profile in the most recent three years:

Year	2019	2020	2021
Scope 1 GHG emissions (Tons of CO <sub>2</sub> e)	67,503.7	30,235.9	<b>21,688.0</b>
Scope 2 GHG emissions (Tons of CO <sub>2</sub> e)	10,373.2	12,299.3	<b>17,612.3</b>
Scope 1 and Scope 2 GHG emissions combined (Tons of CO <sub>2</sub> e)	77,876.9	42,535.3	<b>39,300.3</b>
GHG emissions per revenue (Tons of CO <sub>2</sub> e/RMB million)	21.7	13.8	<b>13.5</b>

\* Scope 1 emissions are down significantly, and Scope 2 emissions are up due to our implementation of the “Energy Efficiency Boost” program, which includes reducing the use of high-emission resources such as diesel fuel and substituting them for cleaner electricity.

### Examples of the “Energy Efficiency Boost” program in action:

- **Clean energy use:** Increased the implementation of clean energy projects such as grid-powered drilling and workover, grid-powered fracturing, and solar energy; replaced energy-intensive and high-emission equipment and facilities.

**Our No. 16 drilling team performed well drilling activities on the Yang101H53 platform of Sichuan Shale Gas Exploration and Development Company Limited.**



**Our testing and workover team used grid power for workover in the Tarim oilfield.  
Electric Drive Device**

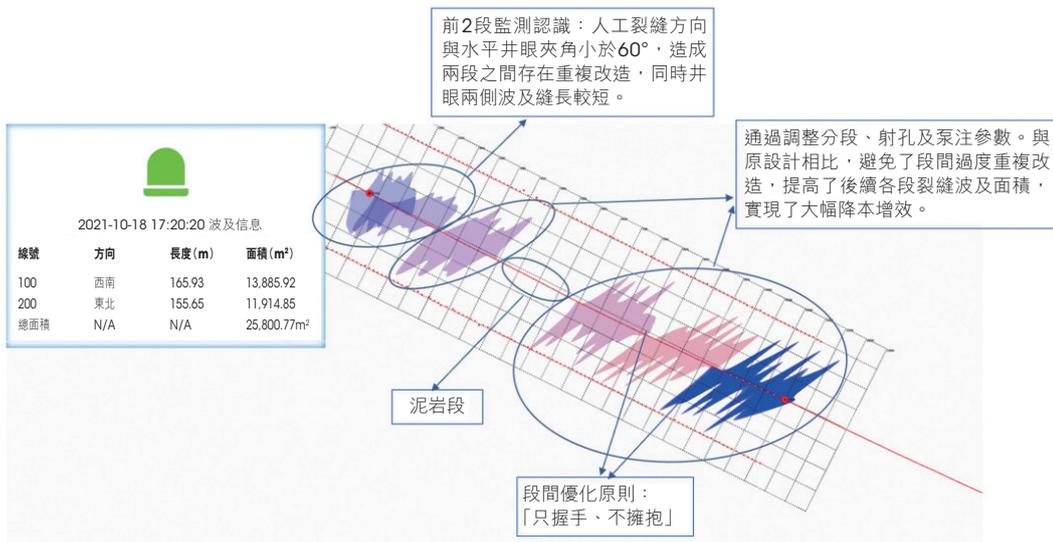


**Our fracking team used grid power for fracking in the Chuanqing downhole hydro-fracturing project.**



- **Energy-saving Technologies:** Continuously promoted energy-saving technologies and devices, such as oil-to-electricity transition, boiler equipment upgrade, and the wide field electromagnetic method.

**Our fracking team in southwest China applied the wide field electromagnetic method to adjust fracture size in Roc Oil China's EOG fracturing project.**



**T-All Inspection's Non-Destructive Testing (NDT) branch completed the technical upgrade of the thermal cleaning furnace equipment.**



# ENVIRONMENT

## Green Operations

We have raised our employees' awareness of GHG emissions reduction, urging them to take conscious environmental actions in their daily lives. For example, we encourage our employees to use green modes of transportation when coming to work, such as public transportation or cycling, which is better for their health, the climate, and the environment.

At the same time, we have continued to implement our global, business-wide "shared virtual workplace program", which allows us to communicate regularly and in real time across our global business through an online platform. This has greatly reduced travel expenses from meetings requiring input from different business regions and has made our operations more efficient and environmentally-friendly. We also conducted "asynchronous communication" to offer greater flexibility for office hours. Through a multitude of IT platforms and tools, we have achieved management efficiency and productivity, while offering more energy-efficient and less carbon-intensive ways to work.



### Helping Customers Reduce Emissions

In China, approximately 80% of our projects involve services around natural gas development, including ultra-deep gas wells in Xinjiang, tight gas in the Ordos Basin, and shale gas in Sichuan. In Kazakhstan and other overseas markets, our technologies help customers maximize gas production from ultra-low permeability reservoirs.

In FY2021, we actively promoted and deployed our precision engineering technologies and other industry-leading technology services to help customers stimulate production and reduce emissions. We helped customers reduce GHGs by a total of 128,075.2 tons CO<sub>2</sub>e through our leading technologies, compared to 2020 levels. For example:

- We applied our rapid and efficient drilling technology to 33 wells in southwest China during FY2021, helping our customers reduce their drilling cycle by a total of 275.5 days, and reducing GHGs by 4,854.4 tons CO<sub>2</sub>e .
- In southwest China and Xinjiang, we improved the recovery and recycling of oil-based mud through our technology, reducing the use of diesel and other raw materials required for new mud preparation and reducing emissions required for transportation by a total of approximately 12,000 tons CO<sub>2</sub>e . In the Halfaya oilfield in Iraq and in an oilfield in Chad (West Africa), we helped our customers improve construction efficiency, shorten construction cycles, and reduce emissions through optimized directional well trajectory design.
- We extended the life cycle of our customers' drilling tools by providing them with accurate drilling tool inspection and high-quality rehabilitation and maintenance services. We also reduced GHG emissions from the production of new drilling tools.

## Green Transition

Many of the markets we serve around the world, including China, have proposed clear targets for reducing GHG emissions; therefore, we see a major trend in China to further optimize the country's energy mix, to save energy, and to reduce emissions in the years to come. In order to keep up with the industry transition trend, after management discussion and Board approval, we launched special, low-carbon energy and renewable solutions, as well as smart oil and gas field solutions that combine our industry expertise, technology portfolio, and market advantages. We are committed to helping our customers achieve the digitalization and decarbonization of their oil and gas assets. Our low-carbon and renewable solutions include natural gas recovery, carbon capture, recovery and storage, geothermal development and utilization, low-carbon business consulting, and carbon asset management. Our smart oil and gas field solutions include integrated smart management solutions for chemical industrial parks, smart security, smart environmental protection, smart emergency management, smart fire prevention, smart logistics, smart integrated operations and management solutions for chemical industrial parks, and command centers.



## Enhancement of Resource Efficiency

We use resources such as water and electricity to provide our products and services. We strive to adopt advanced technologies that enhance resource efficiency in our operations. We always comply with laws and regulations, such as the national Energy Conservation Law and the Beijing Municipality Water Conservation Measures, as well as local energy conservation guidelines in the countries and regions where we operate.

## Energy Savings and Resource Consumption Reduction

Concerning electricity consumption, we emphasize to our employees that every matter counts, no matter where. Our administration team checks operational sites every day to flag for potential waste of electricity. Additionally, we have implemented power efficiency programs and replaced diesel engine equipment with electrical equipment to reduce emissions.

Operational efficiency is also important, and we have cut non-production time (NPT), directly reducing resource consumption. Our oilfield management team has successfully transformed the operational system in a large oilfield in Southern Iraq since 2018, helping the customer cut NPT by approximately 60% and contributing to a significant reduction in unnecessary resource consumption.

In FY2021, our energy consumption per revenue was 37.3 MWh/RMB million, a decrease of 12.9% and 50.1% compared to 2020 and 2019, respectively.

Year	2019	2020	2021
Diesel fuel consumption (MWh)	248,425.2	108,662.3	<b>66,971.2</b>
Diesel fuel consumption per revenue (MWh/RMB million)	69.2	35.2	<b>22.9</b>
Gasoline consumption (MWh)	4,137.7	4,682.9	<b>5,169.0</b>
Gasoline consumption per revenue (MWh/RMB million)	1.2	1.5	<b>1.8</b>
Electricity consumption (MWh)	16,039.4	19,053.4	<b>24,747.8</b>
Electricity consumption per revenue (MWh/RMB million)	4.5	6.2	<b>8.5</b>
Natural gas consumption (MWh)	0	0	<b>12,210.2</b>
Natural gas consumption per revenue (MWh/RMB million)	0	0	<b>4.2</b>
Total energy consumption (MWh)	268,602.3	132,279.0	<b>109,098.2</b>
Energy consumption per unit revenue (MWh/RMB million)	74.8	42.8	<b>37.3</b>

On this basis and in line with our business development plan, we set our FY2022 energy consumption target of no more than 141,300 MWh and energy consumption per revenue of no more than 36.0 MWh/RMB million.

## ENVIRONMENT

### Water Conservation

We are committed to continuously reducing water consumption and improving water efficiency in various ways, including the use of water-saving technology, wastewater recycling processes, and improved project operations and management. Our water sources are mainly surface water, groundwater, and the municipal water supply. We have not experienced any water shortages.

We further standardized the management processes related to water consumption using statistics, analysis, and improvement, and we have achieved our water saving target by significantly reducing freshwater consumption through the recycling and reuse technology of fracturing flowback fluid. In FY2021, we withdrew 3,642,000 m<sup>3</sup> tons of water, or 1,200 m<sup>3</sup> of water per RMB1,000,000 worth of revenue.

Year	2019	2020	2021
Water withdrawal (1,000 m <sup>3</sup> )	440.5	294.5	<b>364.2</b>
Water withdrawal (1,000 m <sup>3</sup> /RMB million)	0.12	0.10	<b>0.12</b>

We aim to reduce freshwater consumption in our projects from activities such as drilling and pressure pumping. We have set a water conservation target of no more than 120 m<sup>3</sup> of water intensity per RMB million for FY2022.

In our pressure pumping business, which consumes the most water, we have introduced new materials to reduce freshwater consumption. These new materials enable the reuse of flowback water for other activities. Across different operations, we have implemented strict budgets on water usage. We installed water-saving equipment at our well sites and bases. We have also made signs reading, "save fresh water" for our offices, bases, plants, and well sites. We encourage our operations team to develop creative ideas to minimize water usage by installing water saving equipment or improving well design. We ask our employees to save fresh water at work and at home, and to encourage their families and friends to do the same.

### Addressing Climate Change

We recognize the importance of emissions reduction to climate risk mitigation. Tackling climate change is central to our vision of becoming a model for the efficient and harmonious development between mankind and the environment.

The Board attaches great importance to the risks and opportunities associated with climate change. We have incorporated climate change risks into our integrated risk management system. Specific to our own business sectors, we have identified and measured climate risks and opportunities and have formulated corresponding policies to mitigate or avoid the impact of climate change on our business going forward. We have paid close attention to changes in policies, laws, technologies, and markets for the low-carbon transition, both in China and around the world. We have continued to conduct thematic studies over the years and have embedded climate change into our strategic planning and management practices. At the management level, we have continued to strengthen the management of carbon emissions and carbon risk, improved our carbon emission control system, developed low-carbon industries, improved our clean energy supply, and actively participated in cooperative programs in the global oil and gas industry to address climate change.

Climate change risks and opportunities and their impact on the Company:

Major climate risks identified by the Company and measures to address each:

Risk Category	Risk Description	Response	
Physical Risks	<p>Acute Risks: Extreme weather, such as strong winds and heavy rain</p>	<ul style="list-style-type: none"> <li>* Damage to engineering sites, office buildings, and equipment, resulting in property losses;</li> <li>• Impact on normal operations due to damaged equipment, inability of employees to work normally;</li> <li>• Impact on production from supply chain disruptions.</li> </ul>	<ul style="list-style-type: none"> <li>• Closely monitor and regularly update climate-related data, and issue timely warnings;</li> <li>• Develop emergency response plans against natural disasters and continuously improve the preparedness against natural disasters;</li> <li>• Identify potential at-risk assets and purchase necessary insurance.</li> </ul>
	<p>Chronic Risks: Persistent heat, drought, etc.</p>	<ul style="list-style-type: none"> <li>• Rising temperatures require more cooling equipment, increasing energy consumption and operational costs;</li> <li>• Employees may not be able to work outdoors for long periods of time during the hot season, resulting in lower operational efficiency;</li> <li>• Intensified water supply constraints in water-scarce areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Apply more energy-efficient cooling equipment;</li> <li>• Meticulously organize production activities; improve operational efficiency.</li> </ul>
Transition Risks	<p>Policy and Legal Risks</p>	<p>Stricter government regulation on environmental and safety concerns to mitigate climate change, leading to increased operational compliance efforts; compliance with these new regulations and norms will increase compliance costs.</p>	<ul style="list-style-type: none"> <li>• Closely monitor changes in laws, regulations, and policies on the environment and carbon trading, and respond in a timely manner;</li> <li>• Strictly abide by applicable laws and regulations and actively participate in standard setting;</li> <li>• Improve our risk management for low-carbon development, safety and environmental protection.</li> </ul>
	<p>Technology Risk</p>	<p>Failure to identify and apply low-carbon technologies in time, resulting in lagging our peers in the low-carbon transition and undermining the efficacy of the low-carbon transition.</p>	<ul style="list-style-type: none"> <li>• Increase share of renewable energy projects and actively pursue industry cooperation;</li> <li>• Increase investment in technology innovation, vigorously develop low-carbon and energy-saving technologies;</li> <li>• Enhance capacity for research and development of new/proprietary technologies and equipment; set up a specialized renewable arm.</li> </ul>

## ENVIRONMENT

Risk Category		Risk Description	Response
	Market Risk	<ul style="list-style-type: none"> <li>Rising raw material and energy costs, concerns about climate change, and declining demand for fossil fuels;</li> <li>Public may drive market towards low-carbon products and services, thereby influencing the demand for fossil fuels.</li> </ul>	<ul style="list-style-type: none"> <li>Build an energy information platform to monitor and analyze energy use and improve energy control capabilities;</li> <li>Increase market development efforts and increase the share of external markets.</li> </ul>
	Reputational Risk	<p>Green transition has become a global trend and a low-carbon profile has become an important measure of influence for energy companies and a focus of stakeholders. Poor performance on climate change and sustainability will lead to negative stakeholder feedback and reputational damage to our brand.</p>	<ul style="list-style-type: none"> <li>Actively conduct stakeholder engagement, identify important topics, and formulate response actions;</li> <li>Actively and steadily promote the green and low-carbon transition, improve sustainability, and actively respond to climate change;</li> <li>Improve the quality and transparency of ESG disclosures and respond to stakeholders' concerns.</li> </ul>

### Climate Change-related Opportunities:

Opportunity	Response
Resource efficiency	<ul style="list-style-type: none"> <li>Actively explore the application of new technologies, new equipment, and new processes to improve resource efficiency and reduce energy bills;</li> </ul>
Products and Services	<ul style="list-style-type: none"> <li>Identify and respond to supportive government policies and green projects;</li> <li>Strengthen low-carbon technology R&amp;D and promotion and continuously increase the share of green and low-carbon products;</li> </ul>
Market	<ul style="list-style-type: none"> <li>Identify and participate in emerging markets;</li> </ul>
Resilience	<ul style="list-style-type: none"> <li>Promote the development and utilization of renewable energy</li> </ul>

## ENVIRONMENT

Our actions include the following:

- Pay close attention to the risks and opportunities brought about by climate change, develop climate-resilient measures, and actively promote their implementation;
- Strengthen climate-specific training and policy dissemination for all employees and raise their awareness of climate change;
- Further reduce GHG emissions from our operations through technological innovation, greater resource efficiency, use of cleaner energy sources, and further changes in how we work;
- Help customers develop cleaner energy and utilize cleaner resources to reduce their GHG emissions;
- Help suppliers reduce GHG emissions by offering management tools and technical support;
- Promote the green transition of our organization and vigorously develop renewable and low-carbon energy business;
- Organize special campaigns to mobilize employee action to reduce GHG emissions at and away from work and in their daily life, including green mobility;
- Seek professional consulting advice on the further improvement of our climate change management system;
- Continue to report GHG emissions from our operations through the annual sustainability report.

### Biodiversity

We strive to prevent operations from negatively impacting the ecosystem or biodiversity. In FY2020, we developed and published a comprehensive Environmental Management Protocol, which includes a specific provision for the identification of ecologically-sensitive and vulnerable areas and requirements for biodiversity conservation. These ecologically-sensitive and vulnerable areas include sources of dust and sandstorms, oases in deserts, areas of severe water scarcity, rare plant and animal habitats or special ecosystems, virgin forests, tropical rainforests, mangroves, coral reefs, fish and shrimp spawning grounds, important wetlands, and natural fishing grounds etc.. This protocol requires us to strictly identify the ecological environment, protect biodiversity, and prohibit operations in environmentally-sensitive areas. It is strictly enforced in all the areas in which we operate. To conserve a vulnerable wetland near one of our customer's operating sites in Iraq, we engaged a professional firm to monitor the ecological impact of oilfield operations. We also advised the customer on taking informed actions to mitigate environmental impact and protect biodiversity.

### Pollutant Management

One of our HSE (Health, Safety, and Environment) visions is zero pollution. Waste is a major source of pollution, and therefore, a concern in achieving our HSE goals. To address this concern, we have developed a waste management goal of "continuous reduction of major pollutant emissions to meet the mandatory national performance metrics".

## ENVIRONMENT

We attach great importance to the regulation of pollutants and strictly abide by the PRC Law on Water Pollution Prevention and Control, the PRC Law on Air Pollution Prevention and Control, the PRC Law on Solid Waste Pollution Prevention and Control, and Regulations on the Administration of Pollutant Discharge Permits, among other laws and regulations. We enforced the Integrated Wastewater Discharge Standards, Emission Standards for Air Pollutants, and Emission Standards of Air Pollutants for the Onshore Oil and Gas Extraction Industry, along with other national and industry pollutant emission standards; developed internal policies such as Environmental Protection Management Measures, Energy and Water Conservation Management Measures, and Pollution Prevention and Control Management Measures; defined the requirements, responsibilities, processes, and scope of clean production; strengthened process management; and regularly reviewed the enforcement of environmental policies and systems on the frontline by means of HSE management system audits, HSE inspections, and special environmental audits, etc. We fulfilled our pollutant management obligations, incorporated discharge permit management into our day-to-day operations, ensured that pollutants are fully discharged in accordance with the applicable standards, and that all subsidiaries have paid environmental taxes and fees in accordance with the local government regulations.

### Wastewater Treatment

We faithfully enforced the standards and norms related to wastewater discharge. At job sites, our engineering teams at all levels took precautions against seepage, overflow, and leakage and further strengthened the centralized treatment of industrial and domestic wastewater.

In downhole operations, we actively promoted the process of wastewater washing and enabled the recycling and appropriate disposal of all drilling, fracking, and operations wastewater. At the same time, we continued to promote the reuse of wastewater at engineering sites and deployed domestic wastewater treatment units where appropriate to treat and reuse domestic wastewater and minimize the discharge of wastewater. In FY2021, we safely disposed of 121,000 m<sup>3</sup> of wastewater and recycled and reused 19,000 m<sup>3</sup>.

### Case study: Yang101H53 shale gas platform in Sichuan

**Innovative engineering technologies to reduce wastewater generation and water pollution at the source:** The drilling platform was placed to avoid sensitive areas. A “conductor + three-stage” well structure was adopted, and premium cement was selected to ensure the quality of well cementing. Air drilling and water pressurization drilling measures were used for shallow surface drilling, and clean and low-polluting mud was used for deep drilling to avoid causing underground surface water pollution.

**Reuse of wastewater:** After treatment, drilling wastewater and fracturing flowback fluid were treated and reused to prepare fracturing fluid.

**Collection of rainwater:** Clear water tanks were built to reduce the consumption of extracted water.



Yang101H53 platform domestic wastewater tank in Luxian County, Sichuan

**Case study: Upon the completion of the engineering work by No. 2 coiled tubing team of our Xi'an business unit, the engineering wastewater was recycled, transferred, sealed while being video recorded, and escorted to the wastewater treatment plant to ensure environmental protection.**



### Solid Waste Disposal

We strictly follow the PRC Law on Solid Waste Pollution Prevention and Control and the Standard for Pollution Control on Hazardous Waste Storage, among other laws and regulations. We developed internal processes such as the Solid Waste Treatment and Disposal Procedures. We adhered to the principles of waste reduction at the source, waste-to-resource conversion, and harmless treatment. We strictly implemented waste sorting for domestic waste, general industrial waste, and hazardous waste, and we actively promoted the resource conversion of general waste. We engaged qualified service providers to recycle all our solid waste streams. For the disposal of hazardous waste, we set up a temporary storage site that meets the relevant requirements and recycled and disposed of hazardous waste through certified third parties, in compliance with the law. Our target is 100% legal and compliant disposal of solid waste.

In FY2021, we disposed of 821.7 tons of domestic waste, 150.5 tons of general solid waste, and 972.2 tons of non-hazardous waste in total, using recovery, recycling, and resale methods for different types of waste. We are committed to improving the performance of non-hazardous waste management in a sustainable manner, with a 100% compliance rate for domestic waste and general solid waste disposal.

## ENVIRONMENT

The hazardous waste generated from our operations mainly consists of waste engine oils, oily waste, chemical drums, mud, and drill cuttings. In FY2021, we generated 34,743.0 tons of hazardous waste, of which, 7,342.0 tons were recycled and reused, and the remainder was hauled to third-party treatment companies for 100%-compliant hazardous waste disposal.

Year	General industrial waste		Hazardous waste	
	Total volume (Tons)	Recycling volume (Tons)	Total volume (Tons)	Recycling volume (Tons)
2021	150.5	16.2	34,743.0	7,342.0

In addition, we continuously strengthened our management against waste leakage. Specific to the risk of diesel leakage during operations, we signed refueling contracts with local gas stations to avoid the risk of leakage of refined oil during road transportation. For hazardous waste, we signed transportation agreements with local environmental service providers and surveilled vehicles by means of GPS and camcorders. Throughout the year, we did not record any leakage incidents.

Our main measures to reduce waste are as follows:

- Implement clean production technologies and substantially reduce the amount of solid waste, especially hazardous waste, through such clean production measures as reducing the use of oil-based mud through stratified drilling, promoting drilling mud disposal while drilling and downhole oil removal technologies, and implementing surface box-type well repair operations.
- Increase integrated recycling and disposal facilities for solid waste such as oily waste and standardize the onboarding of third-parties for solid waste disposal and recycling to ensure full-process compliance with the law.
- Develop a list of hazardous waste and standardize the procedures of transfer, storage, and sorting, etc. for more granular management and better monitoring of the entire disposal process for general industrial waste and hazardous waste.

## ENVIRONMENT

Missan oilfield operation team replacing the lubricant for the No. 3 unit of the Halfaya Phase I power station. Here, they are laying an impermeable film, mixing the fluid with a small displacement motor, and collecting the hydraulic oil for centralized treatment to prevent environmental pollution.



We established central mud stations (Suining in Sichuan and Tarim in Xinjiang) for areas with higher concentrations of engineering teams to enable the recycling of oil-based mud.

## ENVIRONMENT

Loading the truck with water-based rock cuttings from a shale gas drilling platform in Sichuan for transport.



### Environmental Monitoring

To conduct environmental monitoring where our customers operate, we employ real-time monitoring technology and engage professional firms to implement such monitoring.

In Iraq, we manage a large oilfield. We have set up 35 monitoring stations and installed approximately 15 absorbers and diffusers in communities surrounding this oilfield. The monitoring stations report the impact of oilfield flaring and the concentration of SO<sub>x</sub>, NO<sub>x</sub>, H<sub>2</sub>S, and O<sub>3</sub>, etc. For the underground well, we collect and analyze soil and water samples at regular intervals to ensure the waste management process complies with environmental standards.

### Chemical Management

We maintain a transparent disclosure process through the Material Safety Data Sheet (MSDS), which provides detailed information to customers and regulators about the types, components, and properties of the chemicals used in the wells. Meanwhile, we enforce an end-to-end management process for all chemicals used. Any materials entering the well will be precisely tracked, and the backflow fluid will be recycled through dedicated pipelines or will enter the chemical treatment plant for further clean treatment.

### Raw Materials

Our raw materials include barite, sand, proppant, cement, and bentonite. (Our products and services do not include packaging). Our consumption of raw materials varies across different services. For example, compared against our oilfield management, inspection, and rental business, our pressure pumping services and drilling fluid services use more raw materials. Through technology innovations, we endeavor to reduce raw material consumption on a per operation basis when compared to conventional approaches.

## ENVIRONMENT

### Summary of Environmental Key Performance Indicators:

Indicators			
Environmental Performance	Unit	2021	2020
Greenhouse gas emissions	Tons	<b>39,300.3</b>	42,535.3
Greenhouse gas emissions per revenue	Tons/RMB million	<b>13.5</b>	13.8
Hazardous waste generated annually	Tons	<b>34,743.6</b>	19,036.8
Hazardous waste generated per revenue	Tons/RMB million	<b>11.9</b>	6.2
Harmless waste generated annually	Tons	<b>972.2</b>	1,081.4
Harmless waste generated per revenue	Tons/RMB million	<b>0.3</b>	0.4
Total wastewater generated	Thousand m <sup>3</sup>	<b>120.9</b>	107.3
Total wastewater generated per revenue	Thousand m <sup>3</sup> /RMB million	<b>0.04</b>	0.03
Total energy consumption	MWh	<b>109,098.2</b>	132,279.0
Total energy consumption per revenue	MWh/RMB million	<b>37.31</b>	42.8
Electricity consumption	MWh	<b>24,747.8</b>	19,053.4
Electricity consumption per revenue	MWh/RMB million	<b>8.5</b>	6.2
Fuel consumption – Diesel	MWh	<b>66,971.2</b>	313,688.8
Fuel consumption – Gasoline	MWh	<b>5,169.0</b>	4,682.9
Fuel consumption – Natural Gas	MWh	<b>12,210.2</b>	0
Fuel consumption – Diesel per revenue	MWh/RMB million	<b>22.9</b>	35.2
Fuel consumption – Gasoline per revenue	MWh/RMB million	<b>1.8</b>	1.5
Fuel consumption – Natural gas per revenue	MWh/RMB million	<b>4.2</b>	0
Water use	Thousand m <sup>3</sup>	<b>364.2</b>	294.5
Water use per revenue	Thousand m <sup>3</sup> /RMB million	<b>0.1</b>	0.1
Total water recycled	Thousand m <sup>3</sup>	<b>19.0</b>	1.5
% water recycled	Percentage	<b>5.2</b>	0.5
Raw materials	Tons	<b>28,965.4</b>	39,978.8
Raw material per revenue	Tons/RMB million	<b>9.9</b>	13.0

**GHG emissions by emission scope in FY2021:**

	<b>Carbon Dioxide (CO<sub>2</sub>)</b>	<b>Methane (CH<sub>4</sub>)</b>	<b>Nitrogen Dioxide (NO<sub>2</sub>)</b>	<b>Total</b>
GHG Emissions – Scope I (Tons of CO <sub>2</sub> e)	21,620.0	25.5	42.5	21,688.0
GHG Emissions – Scope II (Tons of CO <sub>2</sub> e)	17,612.3	/	/	17,612.3
<b>Total (Tons of CO<sub>2</sub>e)</b>	<b>39,232.3</b>	<b>25.5</b>	<b>42.5</b>	<b>39,300.3</b>

*Methane as a share of Scope 1 emissions (0.0042) %*

Total sulfide emissions: 0.128 tons. (In FY2021, the Group consumed 6,025.60 tons of gasoline and diesel fuel, with sulfide emissions of 0.061 tons. In FY2021, the Group consumed 1,129,444.45 m<sup>3</sup> of Type 1 natural gas [Sulfur content ≤ 60 mg/m<sup>3</sup>], with sulfide emissions of 0.067 tons.) Note: The benchmark sulfur content of GB-V and GB-VI gasoline and diesel is kept within 10mg/kg (0.001%).

Particulate matter is primarily dust generated from traffic and construction sites. The Group's subsidiaries take measures such as hardening of engineering well sites, increasing the number of sprinklers, and applying grid power to effectively reduce dust and exhaust emissions.

*Notes:*

- The emission of greenhouse gas was calculated based on the GHG Protocol-Enterprise Calculation and Reporting Standard issued by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), as well as the Fifth Assessment Report 2013 and the Calculation Method and Reporting Guideline of Greenhouse Gas Emissions by Other Industrial Enterprises (Pilot) issued by the Intergovernmental Panel on Climate Change (IPCC), in which the electronic greenhouse gas emission factor was selected based on the Datum Line Emission Factor for Chinese Regional Power Grid in Annual Emission Reduction Project 2017 (issued by the Ministry of Ecology), and the Overseas factor was selected based on the Environment and EIB Project Carbon Footprint Methodologies issued by the EIB; this year, the group disclosed scope 1 and scope 2 greenhouse gas emissions.*
- The density data in the table was calculated based on emissions or usage divided by revenue in RMB million.*

# Society

Taking “Employee happiness, Society progress and Shareholder return” as our operating philosophy, we collaborate with our stakeholders, empower each other and develop together.



## QUALITY, HEALTH, SAFETY, AND ENVIRONMENT (QHSE) MANAGEMENT

Building on many years of progress, we have established a mature and complete QHSE management system in accordance with the International Oil and Gas Producers' Association (IOGP) guidelines. "QHSE comes first at Anton," has remained a long-term value of ours, in addition to our QHSE culture of "leadership by example, firmwide participation, individual action, and compliance with international standards," and our QHSE vision of, "maintaining zero injuries, zero pollution, zero complaints, and zero losses."

In our QHSE management system, we identify material risks according to their materiality and likelihood, divide them into different levels, and manage them through risk matrix LS analysis and operating condition hazard analysis LEC etc.. We built a two-dimensional matrix, which classifies QHSE risks into three categories – low (blue), medium (yellow), and high (red) – and manage these risks proactively. At Anton, QHSE is directly linked to employee remuneration. An employee failing on QHSE performance will not receive a performance bonus.

### Anton QHSE Commitment

1. To abide by the laws, regulations, and other requirements of the countries and regions where we operate and to respect local customs and traditions;
2. To establish and implement the QHSE management system and continuously improve QHSE performance;
3. To protect the health and safety of our employees, including contract employees, at all times and in all circumstances;
4. To promote clean production that minimizes the environmental impact of our operations by preventing pollution and mitigating emissions, improving resource efficiency, and reducing and recycling waste;
5. To reward excellent performers in QHSE, as good QHSE performance is a prerequisite for our hiring and promotion considerations;
6. To disclose our QHSE performance results honestly and transparently;
7. To foster a QHSE culture of leadership by example, firmwide participation, and individual action.

We require all our employees, contractors, and suppliers to share and fulfill these commitments. We stress management's role in QHSE, so that others can hear, see, and relate to the importance that management attaches to QHSE and so that everyone can embrace and implement QHSE management wholeheartedly as part of firmwide culture.

### Quality

Zero Complaints and Zero Losses are two building blocks of our QHSE vision in terms of quality. We strictly abide by the Quality Management System Requirements of the PRC, the Product Quality Law of the PRC, the Standardized Law of the PRC, the Regulation on the Execution of Standardized Law of the PRC, as well as other relevant laws, regulations, technical standards, and regulatory requirements on project quality where we operate. Our quality management is integrated into our customer-centric corporate culture. We advocate "top-quality operatorship." We enforce rigorous quality management throughout our entire operational process, focusing on the key control points.

## SOCIAL

In our employee evaluation system, job competency is a very important metric. We perform competency assessments to select the right people for the right jobs. We conduct systematic QHSE training and issue a QHSE Passport to the employees who have completed the training and passed the examination. We conduct regular competency refresh assessments to ensure our employees can perform their jobs competently, thus improving our overall service excellence.

### Customer Satisfaction Survey

We conduct a customer satisfaction survey every two months. In it, we ask our customers' senior executives and employees to evaluate our products and services in various dimensions such as service culture, QHSE management, engineering quality, and product quality. We set customer satisfaction targets every year and make our complaint line accessible to our customers

Our products and quality standards are certified under the following programs:

No.	Certification programs
1	API14A, API11B, API5CT, API7-1, APIQ1, and APIQ2
2	ISO 9001:2015 and ISO 14001:2015.

### Health

We attach great importance to our employees' health. "Healthy" is one of our six human capital objectives, and we rate our employees' health along five tiers (in a descending order) as follows: excellent, good, pass, improvement needed, and fail. We have established specific standards to define each tier. All employees are expected to be in good or excellent health, both physically and mentally. For this purpose, we have prescribed detailed policies and management steps, and we have organized diverse and engaging activities to promote health.

We attach great importance to occupational health and safety training to ensure the coverage and effectiveness of staff training, raise the QHSE awareness and position-based competency of all employees, and meet the objective of effectiveness of the QHSE management system. In FY2021, we conducted 24 online and in-person trainings on safety laws and regulations, risk protection mindset, and other topics that covered all employees.

#### **Training case study: Carried out training on the new PRC Safe Production Law to ensure safe production in compliance with the law**

On 1 September 2021, the amended PRC Safe Production Law came into force. In order to implement the relevant provisions of the law, two company-wide training sessions and tests were organized for all employees on the new law. At the same time, each business unit organized trainings through online and offline "interactive learning". With the help of video courseware and a community platform, they organized knowledge competitions and tests to fully enforce the various provisions of the new law. The attendance for the new Safe Production Law training reached 4,800, with a training coverage rate of 100%.

Occupational Health

We abide by the Law on the Prevention and Control of Occupational Illnesses of PRC, the Professional Health Instructions for Vibrations Protection in Iraq, and another 21 laws and regulations. We ask our employees, before joining and every year after, to take a thorough physical examination. We provide medical insurance to our employees. Our human resources department collects, analyzes, and archives the yearly physical examination results and advises employees of potential occupational hazards before they report to their positions. Employees with occupational contraindications and occupational illnesses, and pregnant employees will be transferred in a timely manner out of hazard-prone positions. At the same time, mandatory occupational health education, training, and practices are set to familiarize employees with potential occupational hazards and illness exposures in their jobs; this also provides employees with appropriate preventive measures and correct operating procedures.

Our occupational health management system is certified by ISO45001:2018 and SY/T6276-2014.



As a multinational company, we attach great importance to the health of our expatriate employees in overseas offices. We require that the employees posted in areas with high endemic risks undergo thorough health check-ups and inoculations prior to departure, and we take out the statutory infectious disease insurance for them.

## SOCIAL

### Healthy Working Conditions

The QHSE department performs annual hazard mapping in general production; places visible occupational hazards signs, hazard profiles, and personal protection requirements at the entrance to relevant job sites; regularly commissions independent technical service providers to conduct hazard testing and occupational hazard assessments; installs and regularly recalibrates testing devices such as dust concentration monitors, toxic gas monitors, and noise monitors where appropriate; and provides various protective gear and facilities depending on the occupational hazard.

### Leave and Shifts

We care about our employees' work conditions. Our QHSE management system sets a clear definition for "fatigue state" and prohibits employees from working in such a state. We enforce a rest and shift policy. We provide differentiated types of leave for our field operators and overseas expatriates, depending on the nature of their work.

### Mental Health

We also pay attention to the mental health of our employees. We have engaged SOS International, the world's largest healthcare, medical assistance, and safety services firm to provide 24/7-accessible psychological counseling to our employees so they can receive safety advice and psychological support when they need it. We also use a public online platform to conduct training and education on mental health; additionally, we require all QHSE staff to have knowledge of mental health and to communicate proactively with employees to promote mental health.

Every year, we organize a large number of team-building activities, outings, and sporting events to increase the cohesiveness and physical condition of our employees. We encourage and endorse activities that promote the physical and mental health of our employees.





## Safety

“Zero injury” is a building block of our QHSE vision. Before each project assignment, we are required to develop a QHSE Operational Plan. The project leader will issue the QHSE commitments for the project, staff the QHSE personnel, establish a QHSE working group, and set the QHSE objectives and the corresponding QHSE action plans. The action plans include how to conduct QHSE inspection, hold regular QHSE summary meetings, conduct QHSE training, perform regular hazard mapping and elimination, and treat pollutants, etc. The acceptance of the project depends directly upon whether there has been an occurrence of a QHSE event and whether the QHSE event log is complete. In countries where we operate, we comply with local safety-related laws and regulations, such as the Safe Production Law and the Safe Production Permit Provisions. In FY2021, we organized 10 safety overhauls at the Group level and required each business region to identify and close potential safety loopholes on a regular basis.

### Anton Life-saving Rules

We have developed the following 12 life-saving rules for our employees to follow strictly.



### Qualifications

- **QHSE Passport:** We issue a QHSE Passport to employees who have received QHSE and technical training and passed the associated exams. The Passport tracks all the trainings the employees have attended and allows us to develop a tailored competency development plan and training matrix to ensure that every employee is safe and competent in his or her job.
- **Safe Production Permit:** Each of our operating fleets have passed the inspection of the State Administration of Work Safety and obtained nationally-accredited safe production permits, which are subject to review and renewal every three years to ensure our operational and engineering activities comply with the latest national standards.

### Injury Prevention

We are committed to preventing injuries among our employees and contractors. We have formulated the Non-conformity, Corrective, and Preventive Action Procedures to analyze and learn from injury incidents in the industry. We require all departments to develop corrective and preventive measures and to encourage all employees to identify and report potential injury risks in the workplace. The QHSE management department shall devise preventive measures and organize related education.

### Safe Workplace

We are for health and safety in the workplace. Every workplace must be clean and hygienic. Public areas are thoroughly disinfected every week, and the fire extinguishers and smoke alarms fitted in the workplace are inspected and logged daily by our security personnel. Workplaces are clearly marked with signs indicating emergency exits, as well as labels that denote risks and hazards. In addition, each workplace has access through a 24/7 hotline to a first aid team in case of emergency. The first aid team members have basic paramedic skills. Standardized, essential, and portable first aid kits are available depending on the expected needs, and they are managed and checked by dedicated personnel. In the laboratory, chemical storage areas, and workshops/repair shops, we provide eyewash devices. In accordance with the Labor Protection Management Provisions, we have purchased PPE for head, eye, ear/hearing, hand, foot, respiratory system, and fall protection to provide enhanced protection at different job sites.

## SOCIAL

### Emergency Response Unit

First responder teams are equipped with first aid kits and have been set up in every office and frontline base. The teams have basic knowledge of first aid and can quickly respond to emergencies such as burns, bleedings, sprains, chokings, and poisonings. The first responder teams are on call 24/7 to provide uncompromised assurance for the physical safety of our employees.

### SOS Assistance Service

Through International SOS, the largest international healthcare, medical assistance, and safety services company, we have set up a 24/7 assistance center where employees can receive medical and safety advice and psychological support via a dedicated hotline anytime, anywhere. Employees can also access the International SOS website for online assistance services and the latest local SOS alerts. We have also taken out casualty insurance for our overseas employees.

### Food Safety

We manage food safety by requiring our kitchens to be disinfected on a daily basis and retain samples of each meal for 48 hours, only disposing of them when having observed no adverse reactions. Our caterers must source food ingredients only from ISO9001-2000 certified suppliers with quality and safety marks, strictly check their shelf life, and must not purchase expired food.

### Driving Safety

To improve road traffic safety and fleet management, raise employees' awareness of traffic safety, and prevent traffic accidents, we have established Traffic Safety Management Procedures. All our drivers must hold a valid driver's license to steer an approved vehicle, and there are strict age and experience requirements for drivers. Drivers shall be retrained on life-saving and defensive driving skills every two years and shall receive safety basics, medical first aid, and anti-fatigue driving training. All the vehicles must be equipped with basic fire and first aid kits and be subject to daily safety inspections, the results of which shall be recorded. Our Traffic Safety Management Procedures also set forth a safe driving code that specifies the speed limit of vehicles, the use of safety belts, warnings against fatigue driving and night driving, and limits on maximum driving hours, etc.

### Security

We target global emerging markets for oil and gas development. In some of the more geopolitically-risky countries and regions, we hire independent security companies to look after the safety of our employees and contractors and enforce strict requirements on their activities. Near the operational camp site, the security team patrols 24/7, and employees must apply for transfer clearance in advance before leaving the protected area, be escorted by security guards on their mission, and debrief upon return. In addition, Anton provides supplementary medical insurance for its employees in oversea business areas, for medical expenses beyond the reimbursement scope of China's national medical insurance scheme, 90% reimbursement of such expenses will be made available to provide sufficient protection for the employees. In FY2021, no employees were injured or killed due to terrorist attacks.

### Cybersecurity

We attach great importance to cybersecurity and respect the privacy of our employees and third parties. We ask our employees to sign a confidentiality agreement before onboarding. Employees are also expected to conduct quarterly cybersecurity self-inspections to improve their knowledge and enforcement of cybersecurity protocols. We provide various forms of cybersecurity training to our employees with the help of modern information technology. We train our employees on how to detect phishing scams, disinformation, and misinformation; prevent information breaches; and prevent hacking attacks.

### Customer Asset Protection

We pay attention to protecting customer assets and strictly protect the privacy and confidential data of customers involved in our business processes. We may have access to such data via face-to-face conversations, email correspondence, or other online communication tools. We treat such data as important customer assets and take all available measures to protect such data and impose severe penalties for leaks that occur during the course of dealing with customers.

In accordance with our Confidentiality Management Procedures, we classify information into three categories of sensitivity: "top secret", "strictly confidential", and "confidential". As such information contains company trade secrets, we have set different management policies and access clearance levels, and we segregate the storage and management of different categories of information. We also provide detailed policies for the use, transmission, disclosure, and storage of such information.

## SOCIAL

### Emergency Resolution Mechanism

In each operational region, we have established emergency response protocols. Our Incident (accident) Management Procedures classify incidents as minor, general, major, or extreme (in ascending order of significance). At the first sign of an incident, our contractors/employees are required to report the event to our QHSE management department, in accordance with our Incident Management Procedures, and handle such events according to our Emergency Plan. They must also protect the scene in the meantime to prevent reoccurrence. After the incident, the QHSE management department will set up an investigation team to complete the investigation and produce a summary report to management for review, which in turn, will analyze the cause of the incident and formulate corresponding management and rectification measures.

### Safety Figures

Health and Safety	Unit	2021	2020	2019
Fatalities (Employees)	Persons	0	1	1
Total recordable case	Number	15	16	16
Lost time injury incidents (lost time injuries+ fatalities)	Number	7	5	9
Total hours worked	Hours	13,970,602	12,899,393	15,478,502
Days away from work	Days	192	229	346
Fatal accident rate	Per 100 million work hours	0	7.75	6.46
Traffic accident rate	Per million kilometers	0.54	0.20	0.30
Total recordable injury rate	Per million work hours	1.07	1.24	1.03
Lost time injury rate (LTIR)	Per million work hours	0.51	0.85	0.58
Lost time injury severity rate	%	27.43	20.80	38.40

### Environment

"Zero Pollution" is our QHSE vision for the environment, and the environment is also a focus of our QHSE management. As an oilfield services company, we strive to reduce the environmental footprint of our production operations and achieve long-term sustainable development. We have established a complete environmental management system whereby the QHSE department formulates policies and procedures related to environmental protection, and after Board review and approval, distributes them to each department and unit for implementation. The QHSE department takes the lead in internal audits and inspections. These policies and procedures require all departments to record and retain data on environmental protection, report regularly to the Board and management, and engage effectively with stakeholders for timely communication, feedback, updates, and improvements.

## EMPLOYEES AND HUMAN CAPITAL

As an oilfield services company, people are our most important asset. We strictly abide by the Labor Law and the Labor Contract Law of the PRC, as well as applicable laws, regulations, and norms of the jurisdictions in which we operate. We continuously cultivate innovative talent to drive technological progress, training employees to provide best-in-class services to our customers with the highest ethical standards. We promote talent mobility across countries and regions. Developing our people not only meets our goal of sustainable business growth, but also results in efficiency gains for our industry and social progress in the long run.

### Recruitment

Anton attracts, retains, trains, and develops talent and offers compensation and promotions based on individual skills, experience, work ethic, competency, and performance. We have been reinventing the process of campus recruitment, employing IT tools in recruitment talks and interviews, reducing the need for big-group travel and gatherings during the pandemic, reducing our energy and carbon footprint, and improving recruitment efficiency. The online livestreaming sessions during campus recruitment are orchestrated by the Group's recruitment department and have attracted more than 6,000 online attendees, with encouraging results.

At the same time, we updated information on our website across a full range of career opportunities in English and Chinese, simplified the resume submission process, and improved the display of positions for job seekers in the global oil industry. In terms of employer branding, we developed publicity campaigns through multiple channels to encourage more prospective applicants to join the Anton family.

In FY2021, we recruited 399 people through both campus recruitment and experienced hires, including 115 fresh graduates from universities.





### Case study: "Nature-loving Traveler" Global Campus Recruitment

In FY2021, we held a series of campus recruitment events with the theme of "Nature-loving Travelers" in Beijing, Chengdu, Chongqing, Wuhan, Jingzhou, Xi'an, Qingdao, Daqing, Urumqi, Karamay, Shihezi, and Alar in China, with a total attendance of about 1,600 engineering students. We also organized targeted recruitment events with the University of Baghdad and University of Basrah in Iraq to help local students overcome employment difficulties during the COVID pandemic. Through informative campus presentations and our management's live conversations with students, the students were able to identify with our corporate culture and gain a better understanding of the oil and gas industry.

### University Partnerships

We are committed to supporting student activities at universities. We strive to build, strengthen, and deepen university partnerships through recruitment events and campus activities. We sponsored and supported the 5th Petro-Gathering Innovation Design Competition organized by the SPE Chapter of the China University of Petroleum (East China) to provide a platform where students from around the world to exchange innovative ideas. We co-sponsored the "Anton Class" with the Karamay Vocational & Technical College to jointly train undergraduates, postgraduates, and advanced engineering and technical talents in specialized fields. We launched a university partnership program with the Northeast Petroleum University's Qinhuangdao campus to jointly prepare students and provide them with internship and job opportunities. We also provided career counseling and guidance for students at petroleum universities throughout the year and organized HR afternoon tea events to help university students build social skills, improve their resumes, and enhance their interviewing skills, etc. Two members of our management team were also engaged by the Southwest Petroleum University as special career coaches.



### Diversity

We have developed a diverse workforce with an expanding global business footprint. A diverse workforce is a source of innovation and dynamism. Employees of different nationalities, ages, and backgrounds working together can spark creativity, inspire productivity, and encourage one another to complete work in a more collaborate way.

#### National and Cultural Diversity

We highly value the diversity of our workforce and our stakeholders. We are committed to ensuring that all our workplaces are free from discrimination or harassment based on any of the following: race, color, national or social background, citizenship, ethnicity, religion, age, disability, marital status, gender, sexual orientation, gender identity or expression, political affiliation, or any other status protected by law.

We attract and develop people in alignment with our growing business footprint. In the locations where we operate, we have been consciously diversifying our local workforce. As at 31 December 2021, we had 4,270 employees from 36 countries, with 2,058 employees working in China, 1,838 employees working in Iraq, and 374 employees working in other overseas markets. This diverse workforce enables us to better understand local dynamics, deliver services that best meet the expectations and requirements of our customers and other stakeholders, and benefit local communities.

We provide equal opportunities to our employees for awards and promotions. Of our non-Chinese-national employees, 400 have received various merit awards for their performance, representing 30% of the total number of merit award recipients.

#### Management Diversity

##### Board Diversity

We recognize the benefits of diversity for Board effectiveness. In this regard, the Board adopted a Board Diversity Policy in August 2013 which sets out the approach to achieving diversity on the Board. The Nomination Committee shall consider a number of factors, as set out in the Board Diversity Policy, when searching for qualified candidates as Board directors, including, but not limited to, gender, age, cultural and educational background, ethnicity, expertise, industry track record, skills, knowledge, and seniority.

## SOCIAL

As at 31 December 2021, we have seven directors on our Board with diverse backgrounds and expertise. We believe that the current Board is balanced in composition and aligned with the Company's growth objectives. We take our own business model and specific needs into account to determine the optimal composition of the Board. The Nomination Committee will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness.

### Diversity in middle and senior management

Employees from countries other than China also work in middle and senior management positions within the Company. As at 31 December 2021, we had 10 non-Chinese employees in mid-level and senior management positions in the regions where we operate.

### Age Diversity

We are committed to attracting, training, and preparing fresh graduates for early professional positions and to placing them in leadership roles across different functions. Our senior technicians act as mentors to help these young professionals grow. The transfer of expertise and experience to the next generation of talented technicians/engineers is highly important to the development of the Company. We also benefit from the fresh perspectives that young professionals bring to the workplace.

Employee age distribution as at 31 December 2021:

Age Group	Number of employees (2021)	Number of employees (2020)
20-40	3,420	3,215
40-60	830	775
60-85	20	15
<b>Total</b>	<b>4,270</b>	4,005

## SOCIAL

### Gender Diversity

Although the oilfield services workforce is predominantly male, we nevertheless strive to provide equal employment opportunities, equal pay, and equal working conditions to both men and women on our payroll.

As at 31 December 2021, we had 3,884 male employees and 386 female employees, with women accounting for 9.04% of our total workforce. Among middle management, women accounted for 15.84% of positions. In functional roles, women accounted for 24.65% of roles.

The stated numbers of employees are full-time employees, as we currently have no part-time employees.

### Training

#### Staff Training

People are our most valuable assets and make up our core competitiveness as a services company. The development of our employees contributes to their success, the success of our business, the advancement of our industry and society at large.

We have a fully-accessible recruitment platform. Internally, we provide diverse development opportunities for our people as an ecosystem organization. We unlock talent potential, shape career aspirations, and cultivate ecosystem entrepreneurs and small team leaders. We established a talent development framework, combining organic talent training and the attraction of experienced talent, to continuously replenish our talent pool.

We provide a structured talent program to help our people build their professional skills, competencies, and leadership capabilities. We provide regular trainings and diverse rotational opportunities to our employees, and we offer a flexible organization to best match our employees with the right positions. We nurture our people in accordance with the six talent objectives of "global, professional, IT-savvy, entrepreneurial, results-oriented, and healthy."

We see Anton as a "University", and our "Anton College" was set up for the management and operation of this "University". As a platform for the rapid development of talent, improving job competency is the core work and mission of Anton College. Anton College formulated comprehensive training plans combined diversified training methods for the development of talent to ensure perfect position competence matches between position and people, allowing for the continuous delivery of top talent to targeted positions.

## SOCIAL

Through Anton College, we have established a mature employee training system. We train our employees on a variety of topics, including management skills, culture, innovation, information technology, basic competencies, and specialist skills to foster the continuous growth of our people.



### Ant Training Camp

Ant Training Camp is our dedicated training program for Campus recruits. Through the training camp, we provide fresh graduates with onboarding introduction and guidance, as well as trainings on corporate culture, QHSE, management systems, and professional skills. The camp duration is approximately 15 days and is hosted on our training base in China and in overseas business operating locations.



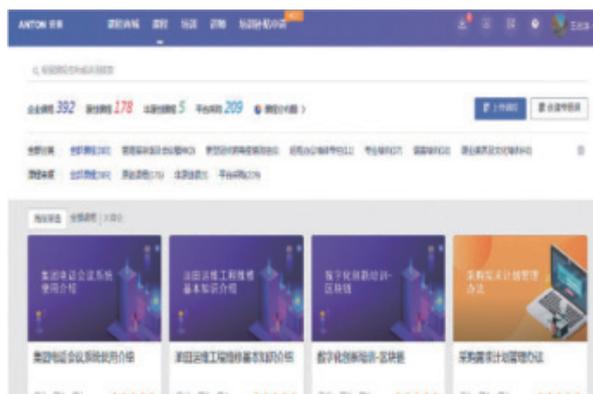
## SOCIAL

### Overseas Staff Training

Every employee at Anton is a student of Anton College, and excellent overseas employees can add to our talent pool. Our 3-day, in-person training is mainly for the overseas returnees, and the training curriculum includes corporate culture, ethics, knowledge management, core business processes, IT processes, social etiquette and efficient communications, amoeba management, overseas project management, and overseas epidemic prevention and control knowledge, etc. It is intended to enhance the employees' sense of belonging and team cohesion.

### "E-Learning" System

We also developed an "e-learning" system at Anton College, which offers different courses, including industry technology refreshers, information technology trainings, language and culture trainings, and firm policies in an efficient manner. In FY2021, we developed 338 online courses, with 639,496 total attendees.



Trainings provided:

Indicator	Unit	2021	2020
Number of training sessions provided	Sessions	<b>1,417</b>	1,372
Including: – Certification trainings	Sessions	<b>335</b>	312
– General skills trainings	Sessions	<b>394</b>	389
– Specialist skills trainings	Sessions	<b>688</b>	671
<b>Total training hours</b>	Hours	<b>2,922</b>	2,854
<b>Participants ration</b>	Percentage	<b>100%</b>	100%

## SOCIAL

Attendance records:

Training records by seniority	Average training duration (hours)	
	2021	2020
Senior managers	135	124
Mid-level management	129	125
Frontline employees	145	131

Training records by gender	Average training duration (hours)	
	2021	2020
Men	139	130
Women	128	122

The Company requires full coverage of all staff and full participation for training courses. The training courses are publicized, executed, and participation recorded and assessed by the human resources of each related Bus. The participation rate of the above trainings are all 100%.

### Development and Advancement

We are committed to our employees' continued development and the improvement of their professional and leadership skills. The Company-made continuous development programs help to increase our talent retention rate.

We have a flexible organizational structure. All positions are fully open to employees so that they can find the best fit to realize their personal potential. We also have a talent rotation scheme. We rotate promising talent through different positions in different countries and regions where we operate to allow fast-track, all-round development of our people.

### Succession Planning

We have a mentorship program for passing down skills and experience. Managers sign a "mentorship contract" with the employees they supervise. They keep close and active communications with their mentees and design skills training and experience sharing plans to pass down their knowledge. A "succession plan" is required for each key position. A targeted development plan shall be further developed by the mentor to fast-track the development of top-notch talent, equip such talent with solid professional and leadership skills, and ensure full readiness for larger roles.

### Employee Assessment

We also have formal quarterly comprehensive employee assessment, which consists of “Post Competency Assessment,” “Performance Assessment”, and “Attitude Assessment.” The assessment process examines the employee’s performance both qualitatively and quantitatively and incorporates the employee’s self-assessment, assessment by five peers the employee works with in other departments, assessment by the employee’s direct supervisor, and assessment by a firmwide expert panel. Feedback from this quarterly assessment is provided to employees as soon as it is completed. Through the assessment, we can not only run the quarterly performance review, but also create a formalized, regular, and open platform for employees to communicate their needs or receive feedback and expectations from their supervisors or peers, which they could act upon for further improvement.

Eighty-five percent of our senior and middle managers were promoted from within.

We hope to build an ecosystem organization to cultivate fully-committed entrepreneurs with strong skills, a sense of ownership, a strategic thought process and vision, the ability to marshal external resources, the capacity to empower and collaborate, and a commitment to delivering results.

### Elimination of Underperforming Employees and Employee Turnover

We conduct a strict underperforming employee elimination process, where we remove the least competent employees based on regular performance evaluations and assessments. We eliminate employees who consecutively fail to meet job competency, performance criteria, and work ethic evaluations in order to maintain a consistently top-notch workforce.

Employee turnover rate:

<b>Employee Turnover Rate</b>	<b>2021</b>	<b>2020</b>
<b>By Gender</b>		
Male	<b>12.37%</b>	20.67%
Female	<b>0.68%</b>	1.80%
<b>By Age</b>		
20-40	<b>9.62%</b>	17.20%
40-60	<b>3.40%</b>	5.04%
60-85	<b>0.03%</b>	0.22%
<b>By Geography</b>		
China	<b>11.74%</b>	16.33%
Iraq	<b>0.99%</b>	4.62%
Other Overseas Markets	<b>0.32%</b>	1.52%

### Compensation and Incentives

Each year, we benchmark our remuneration to global industry peers to ensure our remuneration is on par with our international peers. We provide mixed and competitive remuneration to our people with a solid base pay and performance bonuses.

Our remuneration package consists of base and variable pay. Together, this represents compensation for employee skill and position, working conditions, performance results, and sharing in the long-term growth of the Company for high-potential talent. The base salary compensates for the employee's skills and position. On top of this, we also provide allowances to our people according to working conditions. We offer the "partnership track" incentive to promote the amoeba organization based on the value an employee creates – pay for results. Stock-based pay is also an integral part of our remuneration package. We allow employees to share in the Company's long-term growth by granting stock options or by offering restricted shares.

We have established the following quantitative human capital development targets:

- ✓ Promotions as a share of workforce: 75% internally-developed talent vs. 25% experienced hires
- ✓ Employees rated as excellent, as a share of workforce per year: 5%
- ✓ Training expense per head as a share of revenue: 0.5%
- ✓ Key employees with stock-based incentives: 100%

### INNOVATION

Anton is accredited as a high-tech enterprise by the Beijing Municipal Commission of Science and Technology; as a Beijing Cutting-edge Industrial Design Center; and as a Beijing Advanced, Precision, and Sophisticated Industries Center by the Beijing Municipal Commission of Economy and Information Technology. As a technical services company, learning and innovation are embedded in our corporate culture. Through research and innovation, we have improved our core competencies to stimulate production and reduce costs for our customers while reducing environmental impact.

#### Research and Development

We have developed a complete system for technological research and development. We set up a technology center in the head office – responsible for managing our entire technology portfolio, tracking the latest technology trends, bringing in internationally-advanced technologies through partnerships, and independently developing technical solutions that are well-adapted to our business. The product departments work with the technology center to test and promote our proprietary products. In FY2021, our R&D expenditure was RMB56.3 million, accounting for 1.8% of revenue.

#### Intellectual Property Protection

Pursuant to the Patent Law, Trademark Law, and Copyright Law of the PRC, we have formulated our Intellectual Property Management Procedures for managing our portfolio of patents, copyrights, trademarks, and other intellectual property rights. We call on every employee to participate in the protection of intellectual property and to combat infringement in accordance with national laws and regulations. We have established a complete and detailed intellectual property archive. We are accredited by the State Intellectual Property Office as an Intellectual Property Demonstration Organization and by the Beijing Intellectual Property Office as a Beijing Patent Demonstration Organization. As at 31 December 2021, we had acquired over 600 patent rights in total.

As a technology-based company focused on innovation and R&D, we are committed to independent research, development, and protection of intellectual property rights. Recognizing the global trend of decarbonization and green development, in operating our business and providing oilfield services to our customers, we file and implement patents that can generate practical value for stimulating production, reducing costs and energy consumption, lowering emissions, and improving performance and quality, as well as creating tangible economic and social benefits.



### KNOWLEDGE MANAGEMENT

To accumulate and reinforce our knowledge assets for knowledge co-creation, sharing, methodical transfer, and the effective application of knowledge internally (for informing decision-making, enhancing corporate competitiveness, improving our capacity for innovation, and promoting a learning organization), we have established an integrated knowledge management system. The system aggregates and synthesizes various kinds of internal knowledge generated from business management, specialized technology, marketing, success stories, case studies, and training materials, as well as external knowledge, such as relevant technical data, market information, academic exchanges, and professional conferences in the industry. All this information is held in our knowledge bank, which is updated regularly and shared across the organization.

To make knowledge management an ongoing process, in FY2021, we further improved the knowledge management system and norms, and we formulated and published the relevant procedures for knowledge management across the Group. We carried out training on knowledge management and fostered best practices among employees, inspired employee participation in knowledge management, and enabled continuous generation and application of knowledge. Meanwhile, we strengthened the review, evaluation, incentives, and improvement of knowledge management activities; initiated and completed the development of our knowledge management and sharing platform to facilitate co-creation and the transfer of knowledge; and instilled a strong corporate culture of knowledge management.

With respect to our core business processes, in FY2021, we collected and archived a total of 9,630 project proposals, project summaries, and case studies on production and construction, marketing, and operations; managed 81,390 supporting statements and summary documents; created 119 online tutorials on various technologies, operations, and management; and archived approximately 112,900 electronic documents.

We inspire innovation among our employees and facilitate the commercialization of innovation achievements. In FY2021, we received one international invention patent. The China National Intellectual Property Administration formally accepted 13 filings for invention patents and 19 filings for utility model patents from us and granted licenses on 22 utility model patents. We also received 16 software copyright licenses in China and published nine technical papers.

### INDUSTRY CONTRIBUTION

As a leading provider of oilfield services and the only provider with end-to-end solutions in China, we actively participate in the development of industry standards as a member of the National Technical Committee for Standardization of Oil Drilling and Recovery Equipment and Tools, as well as a member of the Oil Tubular Goods Subcommittee of the China Petroleum Standardization Committee. We deploy new technologies to help China increase oil production and design energy security solutions. As a practitioner on the Belt and Road Initiative (BRI), we offer policy recommendations to national and local governments of BRI countries and better align the BRI with local priorities. As a partner to local communities, we contribute our wisdom to improve people's living standards.

### SUPPLY CHAIN MANAGEMENT

#### Social Responsibility Management

We have a highly-responsive global logistics and supply system, with nearly 30 warehousing and logistics bases worldwide, as well as a large supplier pool under management. Our suppliers and business partners must enter into an anti-corruption agreement with us before transacting with us, as we have zero tolerance for corruption of any kind. We encourage our suppliers and business partners to report any unfair treatment or bribery demands from our employees. We have an onboarding program to qualify our suppliers and business partners. These suppliers and partners must meet criteria such as compliance with laws and regulation and endorsement of our code of ethics. We enter into contracts with suppliers/contractors in an arms-length, voluntary, and mutually-agreeable manner, and we require that each contract has two attachments: an integrity agreement and QHSE terms. We require our suppliers/contractors to establish QHSE management systems to ensure compliance with their own suppliers/contractors. We ask our suppliers/contractors to make annual QHSE management improvement plans and keep paper records for our review at any time. At the same time, the integrity agreement also clarifies our integrity complaint channels.

We currently have a total of 681 suppliers, including 532 Chinese suppliers and 149 international suppliers. We hold our suppliers/contractors to very high standards: our suppliers/contractors must establish their own HSE management system; protect the health and safety of their own employees and suppliers/contractors and provide them with a healthy and safe workplace and accommodations, among other necessary conditions; demonstrate zero tolerance for any form of discrimination; forbid child labor or forced labor, as well as corporal punishment of their employees or any form of corporal punishment; set maximum numbers of consecutive working hours for employees/contractors, in accordance with local laws and regulations; and supply only compliant and lawfully-acquired raw materials and quality services, and must not supply any conflict minerals. We have also enacted the Anton Suppliers/Contractors Code of Conduct, under which, we require our suppliers/contractors to undertake the below-mentioned actions. If such undertakings are not completed or are not in compliance with our standards, we will impose penalties accordingly, and where necessary, we will terminate the relationship.

- Comply with the laws, regulations, and other requirements of the host country and region; respect local customs and conventions; and respect human rights.
- Follow all laws and regulations related to freedom of association and collective bargaining, and each person must retain the right to freedom of peaceful assembly and association.
- Forbid the use of child labor.
- Forbid the employment of forced, imprisoned, or compulsory labor; forbid torture and cruel, inhuman, or degrading treatment; forbid any form of discrimination or corporal punishment of employees.
- Forbid charging recruitment fees to employees, employment bonds, or the use of other associated organizations to collect such fees from employees.

## SOCIAL

- Comply with the laws and regulations related to working hours, and never exceed the maximum working hours set by the state.
- Provide employees with a healthy, safe, and hygienic working and living environment, such as office and accommodations.
- Offer compensation and benefits that meet or exceed the mandatory national standards.
- Offer equal pay and allowances to male and female workers for performing work of equal value.
- Establish and enforce the QHSE management system and continuously improve QHSE performance.

We monitor and recognize good performance of QHSE enforcement by our suppliers/contractors, and we promote and publicize their QHSE best practices across the organization. We may prematurely terminate our contracts with suppliers/contractors with unsatisfactory QHSE performance where necessary and urge these suppliers/contractors to seriously review and address their gaps. In FY2021, eight of our suppliers failed to meet our QHSE management requirements, including four suppliers of consumables that failed our quality requirements, two suppliers of transportation services that failed our health and safety requirements, and two suppliers of technical services that failed our environmental and COVID protection requirements. We terminated our cooperation with said suppliers.

### Environmental Protection Management

Anton's vision is to become a model of efficient and harmonious development between mankind and the environment. Our environmental goal is to minimize the negative impact of our business activities and to maximize resource efficiency. We have also established our environmental policy for supply chain management.

We hold our suppliers/service providers to the highest standards of business conduct and require them to comply with local laws and regulations. We prioritize companies that provide novel, energy-saving, and environmentally-friendly products with proprietary intellectual property recognized by national authorities. In supplier/service provider onsite audits and risk assessments, we pay close attention to the health and safety of the business premises and site management, and to upstream suppliers' commitment to and track record of management compliance, environmental protection, employee health and safety, and ethics. We include provisions related to environmental protection and safety in formal agreements with our suppliers/service providers. Our suppliers/service providers are required to comply with the regulations of the relevant local authorities on environmental protection and safe production and to complete regulatory clearance related to sanitation, environmental protection, and engineering noise control, in accordance with relevant mandatory requirements; we require suppliers/service providers to bear the corresponding responsibilities and expenses. When entering our managed area or the service location designated by the end customer, our suppliers/service providers shall unconditionally accept our relevant QHSE safety education and training, as well as various QHSE policies. Our suppliers must take responsibility for the safety and environmental compliance of the engineering projects and sign binding HSE contracts.

## SOCIAL

We invest time and resources to help our suppliers/service providers meet the rigorous QHSE standards and operating procedures for the oil industry, and we draw their attention to serious risks in the oil industry. Specifically, we provide in-depth talks, multi-level trainings, and binding documents to alert our suppliers/service providers to potential incidents or damages associated with safety and quality, the environment, personal health, production, or engineering activities that may occur during a project.

### Day-to-day Management

We conduct semi-annual reviews of suppliers/contractors in accordance with our Supplier Management Policy. The review consists of 11 indicators across five major categories such as quality and safety management, contract performance, price, and after-sales service and is conducted by our departments that use such products/services, industrial headquarters, and supply chain procurement department, etc. These are comprehensive reviews of the performance of suppliers/contractors, and the results will dictate decisions on future cooperation with our suppliers/contractors. Supplier/contractor performance scores are divided into four categories – A, B, C, and D, representing excellent, good, pass, and fail, respectively. In FY2021, we received performance review results of 681 suppliers/contractors. Among them, 21 suppliers/contractors with excellent results were elevated for management at the Group level and enjoyed priority access as our partners and increased shares of our contracts. At the same time, we organized meetings with suppliers/contractors to solicit their suggestions for the development of our supply chain. For those suppliers/contractors that failed the performance review, we notified and urged them to rectify as appropriate. Contracts with those unable to redress their performance gaps will be terminated.

Thanks to our strong reputation and upright image, we were able to forge long-term strategic partnerships with some principal suppliers. We leveraged our comparative advantages vis-à-vis these suppliers to achieve win-win results. We communicated and signed strategic cooperation agreements with 43 long-term strategic suppliers. Meanwhile, in order to cement and elevate these long-term partnerships and better enable each other for common development, we have made follow-up visits to the major suppliers/service providers and requested their objective and truthful feedback through a satisfaction survey.

In FY2021, we had 96 top-tier suppliers with long-term strategic partnerships, a year-on-year increase of 38 suppliers (or 65.5%) compared with FY2020; 17 disqualified suppliers were removed, an increase of two compared with FY2020.

No.	Changes to Supplier Mix	2021	2020
1	Number of suppliers removed	17	15
2	Share of international suppliers in total procurement value	26.6%	44.6%
3	Number of suppliers with long-term strategic partnership contracts	96	58

**Empowering collaboration for common development: building a platform for mutual success**

On 8 June 2021, at the 21st China International Petroleum & Petrochemical Technology and Equipment Exhibition, in order to promote exchanges and cooperation among partners and to acknowledge our partners’ long-term support and as an advocate of ecosystem and platform-based development, we engaged more than 30 senior managers from oil equipment and tool manufacturing, engineering technology services, banking and finance, logistics, media, and other related enterprises in a successful networking event on the theme of “empowering collaboration for common development” in Beijing.

At this event, Mr. LUO Lin, Chairman of the Board, gave a keynote speech entitled, “The New Anton”. He began with Anton’s growth journey; analyzed the current industry trends and response measures; and comprehensively, systematically, and profoundly defined the “new Anton” in terms of external and internal dimensions. He also expressed desire to empower collaboration with all partners for common development.



Successful networking event with the theme, “empowering collaboration for common development”.

**LOCAL SOURCING**

As a global oilfield services company, we advocate the localization of suppliers/service providers and actively develop and seek local suppliers/service providers where we operate. Not only in China, but we also actively look for local suppliers/service providers in overseas markets such as Iraq and Chad to build our network of international suppliers/service providers to support our global business development and fully leverage the strengths of local suppliers/service providers.

In FY2021, we procured 26.61% of our materials from local suppliers outside of China. Through localized procurement, we have created jobs, supported job security of local employees, and contributed to local social stability and economic prosperity.

### HUMAN RIGHTS AND SOCIAL RESPONSIBILITY POLICY

#### Respect for human rights

Our cultural system is based on the common values of human society. We follow the values and universal principles and rules of the countries and regions in which we operate. Respect for human rights is one of our most fundamental values. We are committed to creating an equal and accessible work environment where all people are treated with mutual respect and dignity, and one in which all people have equal opportunities to fully realize their value. We also actively use our influence to make a positive impact along our value chain; in our Suppliers Code of Conduct, we have made clear our expectations for respect for human rights, including labor rights.

We respect the key international human rights principles covered by the Universal Declaration of Human Rights, including the International Bill of Human Rights, the International Labor Organization's 1998 Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. These principles have been referenced in this policy where applicable.

We comply with all local, national, and international laws and regulations concerning human rights and those governing the exercise of human rights. We strive to conduct our business operations in accordance with this policy while enforcing the laws and regulations of the host country to ensure full compliance.

#### We make the following commitments on human resource management:

##### Diversity and equal opportunity

We highly value the diversity of our employees and our stakeholders. We believe that diversity is an important pillar for achieving our goals.

We are committed to equal opportunity for anyone to advance and develop at Anton. We do not tolerate any form of discrimination.

We strive to ensure that all our workplaces are free from discrimination on the basis of race, color, national or social background, citizenship, ethnicity, religion, age, disability, marital status, gender, sexual orientation, gender identity or expression, political affiliation, or any other status protected by law.

We attract, hire, train, develop, compensate, and promote people based on their individual skills, experience, work ethics, competency, and performance.

We do not tolerate any form of disrespect, misconduct, unfair treatment, or retaliation. Any form of work-related physical, verbal, or written harassment will not be tolerated in any of our workplaces or in any work-related environment outside of the workplace.

##### A safe and healthy workplace

The health and safety of our employees is of paramount importance to us. We have established a robust QHSE (Quality, Health, Safety, and Environment) management system to provide a healthy and safe workplace for our employees. We have developed a QHSE culture of "leadership by example, firmwide participation, individual action, and pursuit of excellence" and a QHSE vision of, "maintaining zero injuries, zero pollution, zero complaints, and zero losses". We are committed to protecting the health and safety of our employees – including our contractors' employees – at all times and in all circumstances.

## SOCIAL

### Prohibition of child labor, forced labor, and human trafficking

We strictly follow international human rights principles and the laws and regulations of the countries in which we operate for the recruitment and management of employees. We prohibit any form of child labor. We strictly verify the identity of candidates during the recruitment process and refuse to hire individuals if they are found to be underage.

We prohibit the use of any form of forced labor, including prison labor, bonded labor, any form of slave labor, and any form of human trafficking.

### Environmental protection

We believe that a clean and healthy environment is essential to the sustainable development of mankind. We strive to protect the environment by complying with relevant laws, regulations, and other requirements in the countries and regions where we operate. Our QHSE management system sets forth a zero-pollution vision. We require all employees, contractors, and suppliers to share and enforce our QHSE management system and strive to achieve harmony between humanity and nature.

### Respect for community rights

We respect the rights of communities, and we work with the communities where we operate to avoid and manage any adverse impacts on the community and the natural environment, as well as to help them progress and thrive through our technology and work.

### Freedom of association and collective bargaining

We respect the right of employees to join or form a union without fear of retaliation, threats, or harassment. If employees are already members of a legally-recognized union, we will engage in a constructive dialogue with their freely-chosen union representative when the union needs to communicate with us. In addition, all employees, whether they are members of a union or not, have an equal right to participate in regular democratic review and feedback meetings (organized by us) to express their voice or make suggestions about the Company.

### Employee guidance and confidential whistleblowing channel

We orient our employees on our human rights policy through employee training, among other means.

We have established a mature, clear, and accessible Whistleblower Program, and we have made the whistleblowing channels and contact information available on our website in English, Chinese, and Arabic, the three languages used in our main business regions. Any employee wishing to report a suspected violation of this policy anonymously may do so through this whistleblowing channel. It is our responsibility to protect whistleblowers, and we are committed to maintaining strict confidentiality and prohibit any form of retaliation or threats against whistleblowers.

This policy applies to all subsidiaries of the Group and their employees. We also actively promote this policy and relevant principles to our business partners and suppliers, and we urge them to adopt similar policies in their own business processes.

## COMMUNITY

### Community Engagement

We always insist on combining business development with the sustainable development of our business regions. We have set up community engagement departments in each of our business locations around the world, always paying attention to local welfare and social progress. We established various forms of dialogue and collaborative frameworks with local communities and actively participate in community development through continuous investment in public welfare projects. We help improve the living standards of community residents, drive social progress and local prosperity, and promote harmonious development between the Company and the communities we serve.

#### Respect for religious beliefs and customs

Our business spans many countries and regions. We respect different religious beliefs, customs, and cultures across our business locations. Non-local employees are required to respect local customs, live in harmony with local residents, and keep good relations. During religious festivals, we support local religious activities and organize volunteers to participate with the goal of creating a friendly, united, and harmonious community atmosphere.



#### Foster talent and create local jobs

We advocate a culture of respect, openness, and inclusivity. We continue to improve local employment opportunities around the world. We attach great importance to attracting and retaining excellent local talent and to increasing the share of local employees in important technical and managerial positions. In doing so, we help contribute to local job creation, talent professionalization, and local production and construction capability enhancement.

Domestically, as a National Internship Base for College Graduates and a Beijing Chaoyang District Youth Employment and Entrepreneurship Internship Base, we have carried out large-scale graduate recruitment events for many years, provided a stage for graduates to thrive, and created more value for society.

Internationally, we actively built partnerships with local universities and carried out campus recruitment events for many years to create more jobs for local graduates, improve their training, and contribute to the sustainable development of the local economy.

## SOCIAL

### Giving Back

We are actively involved in giving back to society in such forms as cash donations, volunteering, and tree planting. We donate and rehabilitate community infrastructure and continue to make contributions in addressing community challenges and building harmonious communities.

Community engagement programs:

- (1) In our business area in Xinjiang and Ordos, we regularly mobilize volunteers to participate in government-sponsored afforestation projects that help local communities fight against desertification, manage soil erosion, protect ecosystems, and improve living standards.
- (2) During the COVID pandemic, our employees generously donated to programs such as urban medical aid, school education, retirement, poverty alleviation, temporary relief, and charity system development to deliver care for society.
- (3) We participated in Chinese New Year visits to the communities we serve by sending holiday gifts to retirees; this shows our care and concern for the community and helps build harmonious communities.



## Targeted Poverty Alleviation

Ending poverty is the first of the 17 UN Sustainable Development Goals and a priority for us. We embraced the goals and targets in the UN 2030 Sustainable Development Agenda and the Chinese government’s policy guidelines on poverty alleviation and reduction. We carried out targeted poverty alleviation campaigns to improve the capacity of local communities for self-sufficient growth and to help local governments win the tough battle against poverty and promote local economic prosperity.

Targeted poverty alleviation programs:

- (1) We embraced the national call of “Ten Thousand Enterprises for the Prosperity of Ten Thousand Villages” and undertook the paired poverty alleviation program in Mandou Gacha village in Inner Mongolia. After learning that the local elementary school could not meet the children’s extracurricular reading needs due to limited funding and the small collection of books available in the school library, we quickly donated some 3,000 books to the local elementary school with a total value of over RMB75,000. This helps meet the children’s reading needs and is part of our contribution to advancing education in remote areas.
- (2) To improve water supply accessibility for the villagers in Jugezhuang, Miyun District in Beijing, we reached out to the local association of charitable relief and donated RMB60,000 to build a well building and purchase well-drilling equipment. Through our concrete actions, we supported the daily life and health of the local villagers.
- (3) We actively responded to the national initiative of supporting the disabled by donating 100 computers to the Henan Provincial Foundation for Disabled Persons and by providing internship and job opportunities to support employment training for local residents with disabilities.
- (4) We embraced the national poverty alleviation strategy and participated in poverty alleviation efforts in the old revolutionary base in south Jiangxi province. We purchased more than RMB300,000 worth of local navel oranges to support the economy of the old revolutionary base.



### Fighting COVID-19

Around the world where we operate, we actively aligned with local governments to vigorously implement their COVID-19 protocols. We complied with government requirements on testing and reporting, established timely and open communication channels and joint prevention and control mechanisms, and made every effort to support the government-led fight against COVID-19.

At the same time, we provided essential supplies to local governments to help replenish their stockpiles. We provided timely logistical support for the front-line prevention efforts and shared our corporate resources to fight the epidemic.



### Efficient global supply to protect employee safety

Through our efficient logistics system, we have provided an uninterrupted supply of specialized PPE to the communities we serve, helping them to replenish essential supplies, increase preparedness, and provide timely protection for the front-line health workers in the communities.



### Charitable Donations

We are committed to the vision of “a model of efficient and harmonious development between mankind and the environment”. We consistently align our business goals with the sustainability goals of the communities we serve. We have a relentless focus on livelihood and social progress. We make charitable donations to support education and disaster relief and reconstruction, among other social causes. We are committed to making a positive impact on society.

This is a summary of our participation in charitable and public welfare activities in FY2021:

Programs	Unit	2021	2020
		<b>Charitable Activities</b>	
Total number of charitable activities organized or attended	Number	<b>12</b>	9
Total headcount in charitable activities organized or attended	Persons	<b>320</b>	250
Total hours of charitable activities organized or attended	Hours	<b>25</b>	20
Total spending on donation of PPE and charitable activities	RMB10,000	<b>146</b>	642
		<b>Volunteer Activities</b>	
Total number of volunteer activities organized	Number	<b>4</b>	5
Total headcount in volunteer activities organized	Persons	<b>80</b>	100
Total volunteer hours	Hours	<b>35</b>	28
Total beneficiaries	Persons	<b>5,000</b>	2,000

# SUMMARY OF KEY PERFORMANCE INDICATORS

Indicators	Unit	Year		Reference
<b>Corporate Governance</b>		<b>2021</b>	<b>2020</b>	<b>Page No.</b>
Number of employees worldwide	Persons	<b>4,270</b>	4,005	60
Revenue Contribution	China	<b>50.2</b>	59.4	3
	Iraq	<b>35.5</b>	31.1	3
	Other Markets	<b>14.3</b>	9.5	3
Revenue	RMB million	<b>2,923.6</b>	3,087.7	3
Profit attributable to equity holders	RMB million	<b>72.2</b>	-95.8	3
Operating cash flow	RMB million	<b>757.2</b>	309.9	3
<b>Environmental Performance</b>		<b>2021</b>	<b>2020</b>	<b>Page No.</b>
Greenhouse gas (GHG) emissions	Tons	<b>39,300.3</b>	42,535.3	44
GHG emissions per revenue	Ton/RMB million	<b>13.5</b>	13.8	44
Hazardous waste generated per year	Tons	<b>34,743.6</b>	19,036.8	44
Hazardous waste generated per revenue	Ton/RMB million	<b>11.9</b>	6.2	44
Non-hazardous waste generated	Tons	<b>972.2</b>	1,081.4	44
Non-hazardous waste generated per revenue	Ton/RMB million	<b>0.3</b>	0.4	44
Total wastewater generated	Thousand m <sup>3</sup>	<b>120.9</b>	107.3	44
Wastewater generated per revenue	Thousands m <sup>3</sup> /RMB million	<b>0.04</b>	0.03	44
Total energy consumption	MWh	<b>109,098.2</b>	132,279.0	44
Energy consumption per revenue	MWh/RMB million	<b>37.3</b>	42.8	44
Electricity consumption	MWh	<b>24,747.8</b>	19,053.4	44
Electricity consumption per revenue	MWh/RMB million	<b>8.5</b>	6.2	44
Energy consumption - Diesel	Thousand liters	<b>66,971.2</b>	108,662.4	44
Energy consumption - Gasoline	Thousand liters	<b>5,169.0</b>	4,682.9	44
Energy consumption - Natural gas	m <sup>3</sup>	<b>12,210.2</b>	0	44
Diesel consumption per revenue	Thousand liters / million RMB	<b>22.9</b>	35.2	44
Gasoline consumption per revenue	Thousand liters/ RMB million	<b>1.8</b>	1.5	44
Natural gas consumption per revenue	m <sup>3</sup> / RMB million	<b>4.2</b>	0	44
Water consumption	Thousand m <sup>3</sup>	<b>364.2</b>	294.5	44
Water consumption per revenue	Thousand m <sup>3</sup> /RMB million	<b>0.1</b>	0.1	44
Volume of recycled water	Thousand m <sup>3</sup>	<b>19.0</b>	1.5	44
Share of recycled water	%	<b>5.2</b>	0.5	44
Raw material consumption	Tons	<b>28,965.4</b>	39,978.8	44
Raw materials consumed per revenue	Ton/RMB million	<b>9.9</b>	13.0	44
<b>Training</b>		<b>2021</b>	<b>2020</b>	<b>Page No.</b>
<b>Number of training sessions provided</b>	Sessions	<b>1,417</b>	1,372	63
Including:				
- Certification trainings	Sessions	<b>335</b>	312	63
- General skills trainings	Sessions	<b>394</b>	389	63
- Specialist skills trainings	Sessions	<b>688</b>	671	63
<b>Duration of training</b>	Hours	<b>2,922</b>	2,854	63

## SUMMARY OF KEY PERFORMANCE INDICATORS

Indicators	Unit	Year	Reference		
<b>Average training duration</b>	<b>By Seniority</b>				
	Senior managers	Hours	<b>135</b>	124	64
	Mid-level management	Hours	<b>129</b>	125	64
	Frontline employees	Hours	<b>145</b>	131	64
	<b>By Gender</b>				
	Men	Hours	<b>139</b>	130	64
Women	Hours	<b>128</b>	122	64	
<b>Employee turnover</b>		<b>2021</b>	2020	<b>Page No.</b>	
<b>By Gender</b>					
Male employees	%	<b>12.37</b>	20.67	65	
Female employees	%	<b>0.68</b>	1.80	65	
<b>By Age Group</b>					
20-40	%	<b>9.62</b>	17.22	65	
40-60	%	<b>3.40</b>	5.04	65	
60-85	%	<b>0.03</b>	0.22	65	
<b>By Business Region</b>					
China	%	<b>11.74</b>	16.33	65	
Iraq	%	<b>0.99</b>	4.62	65	
Other overseas markets	%	<b>0.32</b>	1.52	65	
<b>Health and Safety</b>		<b>2021</b>	2020	<b>Page No.</b>	
Fatalities (Employees)	Persons	<b>0</b>	1	56	
Total recordable case	Number	<b>15</b>	16	56	
Lost time injury incidents (lost time injuries + fatalities)	Number	<b>7</b>	5	56	
Total hours worked	Hours	<b>13,970,602</b>	12,899,393	56	
Days away from work	Days	<b>192</b>	229	56	
Fatal accident rate	Person/100 million work hours	<b>0</b>	7.75	56	
Traffic accident rate	Number/Million kilometers	<b>0.54</b>	0.20	56	
Total recordable injury rate	Per million work hours	<b>1.07</b>	1.47	56	
Lost time injury rate (LTIR)	Per million work hours	<b>0.51</b>	0.85	56	
Lost time injury severity rate	%	<b>27.43</b>	20.8	56	
<b>Supply Chain Management</b>		<b>2021</b>	2020	<b>Page</b>	
Number of suppliers removed	Number	<b>17</b>	15	71	
Share of international suppliers in total procurement value	%	<b>26.6</b>	44.6	71	
Number of suppliers with long-term strategic partnership contracts	Number	<b>96</b>	58	71	

## SUMMARY OF KEY PERFORMANCE INDICATORS

Indicators		Unit	Year		Reference
<b>Diversity</b>			<b>2021</b>	2020	<b>Page No.</b>
Employees by age group	20-40	Persons	<b>3,420</b>	3,215	60
	40-60	Persons	<b>830</b>	775	60
	60-85	Persons	<b>20</b>	15	60
<b>Charitable Activities</b>			<b>2021</b>	2020	
Total number of charitable activities organized or attended		Number	<b>12</b>	9	79
Total headcount in charitable activities organized or attended		Count	<b>320</b>	250	79
Total hours of charitable activities organized or attended		Hours	<b>25</b>	20	79
Total spending on donation of PPE and charitable activities		RMB 10,000	<b>146</b>	642	79
<b>Volunteer Activities</b>			<b>2021</b>	2020	<b>Page No.</b>
Volunteer activities attended		Times	<b>4</b>	5	79
		Headcount	<b>80</b>	100	79
		Hours	<b>35</b>	28	79
Total beneficiaries		Persons	<b>5,000</b>	2,000	79

## SUMMARY OF KEY PERFORMANCE INDICATORS

### GRI INITIATIVES STANDARDS

GRI Disclosure Number	GRI Disclosure Title	Page
2-1	Organizational details	P3
2-2	Entities included in the organization's sustainability reporting	P2
2-3	Reporting period, frequency and contact point	P2
2-7	Employees	P57-P61
2-8	Workers who are not employees	P61
2-9	Governance structure and composition	P6, P17-P20
2-10	Nomination and selection of the highest governance body	P18
2-11	Chair of the highest governance body	P18
2-12	Role of the highest governance body in overseeing the management of impacts	P17-P20
2-13	Delegation of responsibility for managing impacts	P6, P17-P20
2-14	Role of the highest governance body in sustainability reporting	P6
2-15	Conflicts of interest	P15
2-16	Communication of critical concerns	P21-P22
2-19	Remuneration policies	P6, P17, P66
2-20	Process to determine remuneration	P17, P66
2-22	Statement on sustainable development strategy	P4-P5
2-23	Policy commitments	P47, P69
2-24	Embedding policy commitments	P47, P69
2-25	Processes to remediate negative impacts	P16
2-26	Mechanisms for seeking advice and raising concerns	P19-P20
2-27	Compliance with laws and regulations	P12
2-28	Membership associations	P13
2-29	Approach to stakeholder engagement	P7-P8, P21-P22
2-30	Collective bargaining agreements	P74
3-1	Process to determine material topics	P9
3-2	List of material topics	P9-P10
201-1	Direct economic value generated and distributed	P3
201-2	Financial implications and other risks and opportunities due to climate change	P35-P36
201-3	Defined benefit plan obligations and other retirement plans	P50, P66

## SUMMARY OF KEY PERFORMANCE INDICATORS

GRI Disclosure Number	GRI Disclosure Title	Page
203-1	Infrastructure investments and services supported	P75-P77
203-2	Significant indirect economic impacts	P36
204-1	Proportion of spending on local suppliers	P72
205-1	Operations assessed for risks related to corruption	P12-P14
205-2	Communication and training about anti-corruption policies and procedures	P12-P14
205-3	Confirmed incidents of corruption and actions taken	P12, P19-P20
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P16
301-1	Materials used by weight or volume	P44
302-1	Energy consumption within the organization	p33, P44
302-2	Energy consumption outside the organization	P33, P44
302-3	Energy intensity	P33, P44
302-4	Reduction of energy consumption	P33
302-5	Reductions in energy requirements of products and services	P33-P34
303-1	Interactions with water as a shared resource	P34
303-2	Management of water discharge related impacts	P34, P38
303-3	Water withdrawal	P34
303-4	Water discharge	P38-P39
303-5	Water consumption	P34
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	P37
304-2	Significant impacts of activities, products and services on biodiversity	P37
304-3	Habitats protected or restored	P37
305-1	Direct (Scope 1) GHG emissions	P27
305-2	Energy indirect (Scope 2) GHG emissions	P27
305-4	GHG emissions intensity	P27, P44
305-5	Reduction of GHG emissions	P27
306-1	Waste generation and significant waste-related impacts	P41-P42
306-2	Management of significant waste related impacts	P40-P41
306-3	Waste generated	P40-P41

## SUMMARY OF KEY PERFORMANCE INDICATORS

GRI Disclosure Number	GRI Disclosure Title	Page
306-4	Waste diverted from disposal	P40-P41
306-5	Waste directed to disposal	P40-P41
308-1	New suppliers that were screened using environmental criteria	P71
308-2	Negative environmental impacts in the supply chain and actions taken	P71
401-1	Total number and proportion of new hires and employee turnover by age group, gender and region	P65
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P66
403-1	Occupational health and safety management system	P47
403-2	Hazard identification, risk assessment, and incident investigation	P53-P56
403-3	Occupational health services	P49-P50
403-4	Worker participation, consultation, and communication on occupational health and safety	P54-P56
403-5	Worker training on occupational health and safety	P50
403-6	Promotion of worker health	P50-P55
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P50-P55
403-8	Workers covered by an occupational health and safety management system	P50-P56
403-10	Work-related injuries	P50-P55
404-1	Average hours of training per year per employee	P63
404-2	Programs for upgrading employee skills and transition assistance programs	P61-P63
404-3	Percentage of employees receiving regular performance and career development reviews	P64
405-1	Diversity of governance bodies and employees	P60
405-2	Ratio of basic salary and remuneration of women to men	P61
406-1	Incidents of discrimination and corrective actions taken	P57, P66
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P73
408-1	Operations and suppliers at significant risk for incidents of child labor	P73
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	P73

## SUMMARY OF KEY PERFORMANCE INDICATORS

GRI Disclosure Number	GRI Disclosure Title	Page
410-1	Security personnel trained in human rights policies or procedures	P55
411-1	Incidents of violations involving rights of indigenous peoples	P72
413-1	Operations with local community engagement, impact assessments, and development programs	P72
413-2	Operations with significant actual and potential negative impacts on local communities	P72
414-1	New suppliers that were screened using social criteria	P70-P71
414-2	Negative social impacts in the supply chain and actions taken	P70-P71
416-1	Assessment of the health and safety impacts of product and service categories	P48

**HKEX ESG REPORTING GUIDE CONTENT INDEX**

Main Scope	Description	Page No.
<b>" Comply or explain" provisions</b>		
<b>A. Environmental</b>		
<b>Aspect A1: Emissions</b>		
<b>General Disclosure</b>	(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.	24, 34, 37
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	45
<b>KPI A1.2</b>	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and, where appropriate, intensity.	27, 45
<b>KPI A1.3</b>	Total hazardous waste produced and, where appropriate, intensity.	41, 44
<b>KPI A1.4</b>	Total non-hazardous waste produced and, where appropriate, intensity.	41, 44
<b>KPI A1.5</b>	Description of emissions target(s) set and steps taken to achieve them.	26-34
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, and description of reduction target(s) set and steps taken to achieve them.	37-41
<b>Aspect A2: Use of Resources</b>		
<b>General Disclosure</b>	Policies on the efficient use of resources, including energy, water, and other raw materials.	34
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type in total and intensity.	34, 44
<b>KPI A2.2</b>	Water consumption in total and intensity.	34
<b>KPI A2.3</b>	Description of energy use efficiency target(s) set and steps taken to achieve them.	34
<b>KPI A2.4</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.	34
<b>KPI A2.5</b>	Total packaging material used for finished products, and if applicable, with reference to per unit produced.	43
<b>Aspect A3: The Environment and Natural Resources</b>		
<b>General Disclosure</b>	Policies on minimizing the issuer's significant impacts on the environment and natural resources.	37
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	37

## SUMMARY OF KEY PERFORMANCE INDICATORS

Main Scope	Description	Page No.
<b>Aspect A4: Climate Change</b>		
<b>General Disclosure</b>	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	34-36
<b>KPI A4.1</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.	34-36
<b>B. Social</b>		
<b>Aspect B1: Employment</b>		
<b>General Disclosure</b>	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.	56, 66, 73
<b>KPI B1.1</b>	Total workforce by gender, employment type, age group, and geographical region.	59-61
<b>KPI B1.2</b>	Employee turnover rate by gender, age group, and geographical region.	65
<b>Aspect B2: Health and Safety</b>		
<b>General Disclosure</b>	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.	49, 74
<b>KPI B2.1</b>	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	56
<b>KPI B2.2</b>	Lost days due to work injury.	56
<b>KPI B2.3</b>	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	47-56
<b>Aspect B3: Development and Training</b>		
<b>General Disclosure</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	63-64
<b>KPI B3.1</b>	The percentage of employees trained by gender and employee category.	63-64
<b>KPI B3.2</b>	The average training hours completed per employee by gender and employee category.	63-64

## SUMMARY OF KEY PERFORMANCE INDICATORS

Main Scope	Description	Page No.
<b>Aspect B4: Labor Standards</b>		
<b>General Disclosure</b>	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 labor.	57, 73
<b>KPI B4.1</b>	Description of measures to review employment practices to avoid child and forced labor.	73
<b>KPI B4.2</b>	Description of steps taken to eliminate such practices when discovered.	73
<b>Aspect B5: Supply Chain Management</b>		
<b>General Disclosure</b>	Policies on managing environmental and social risks of the supply chain.	69, 71
<b>KPI B5.1</b>	Number of suppliers by geographical region.	69
<b>KPI B5.2</b>	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	69, 71
<b>KPI B5.3</b>	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	70
<b>KPI B5.4</b>	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	70
<b>Aspect B6: Product Responsibility</b>		
<b>General Disclosure</b>	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.	47-48
<b>KPI B6.1</b>	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	47-48
<b>KPI B6.2</b>	Number of products and service-related complaints received and how they are dealt with.	48
<b>KPI B6.3</b>	Description of practices relating to observing and protecting intellectual property rights.	67
<b>KPI B6.4</b>	Description of quality assurance process and recall procedures.	47-48
<b>KPI B6.5</b>	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	16, 55

## SUMMARY OF KEY PERFORMANCE INDICATORS

Main Scope	Description	Page No.
<b>Aspect B7: Anti-corruption</b>		
<b>General Disclosure</b>	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.	12, 13
<b>KPI B7.1</b>	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.	13
<b>KPI B7.2</b>	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	12-13
<b>KPI B7.3</b>	Description of anti-corruption training provided to directors and staff.	12-13
<b>Aspect B8: Community Investment</b>		
<b>General Disclosure</b>	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.	75-76
<b>KPI B8.1</b>	Focus areas of contribution.	75-78
<b>KPI B8.2</b>	Resources contributed to the focus area.	79