



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

(Stock Code 股份代號: 8011)



2021 Environmental, Social and Governance Report

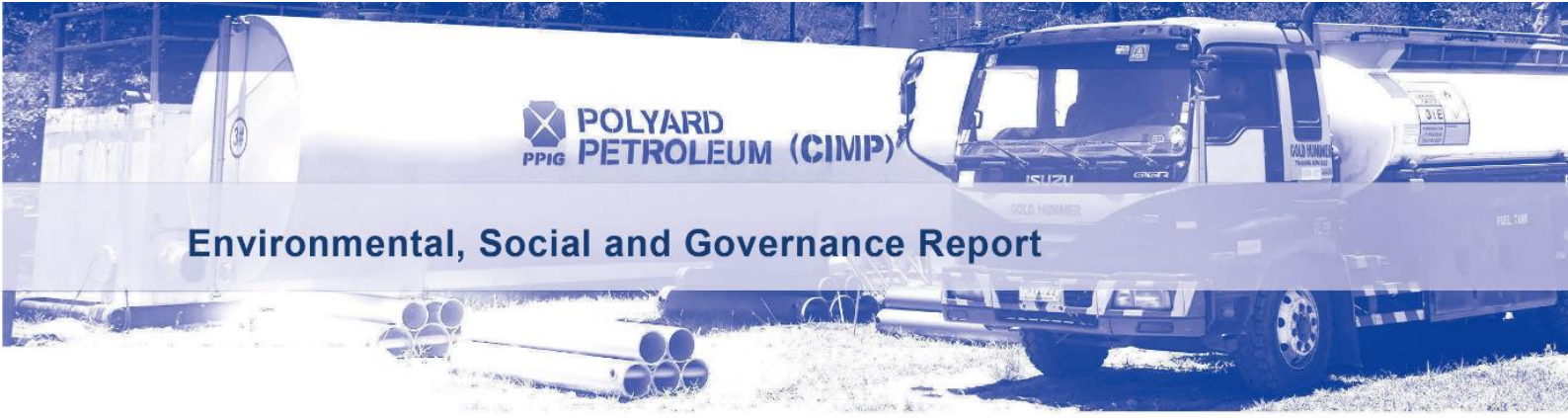
** For identification purpose only.*



Environmental, Social and Governance Report

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ABOUT THE REPORT

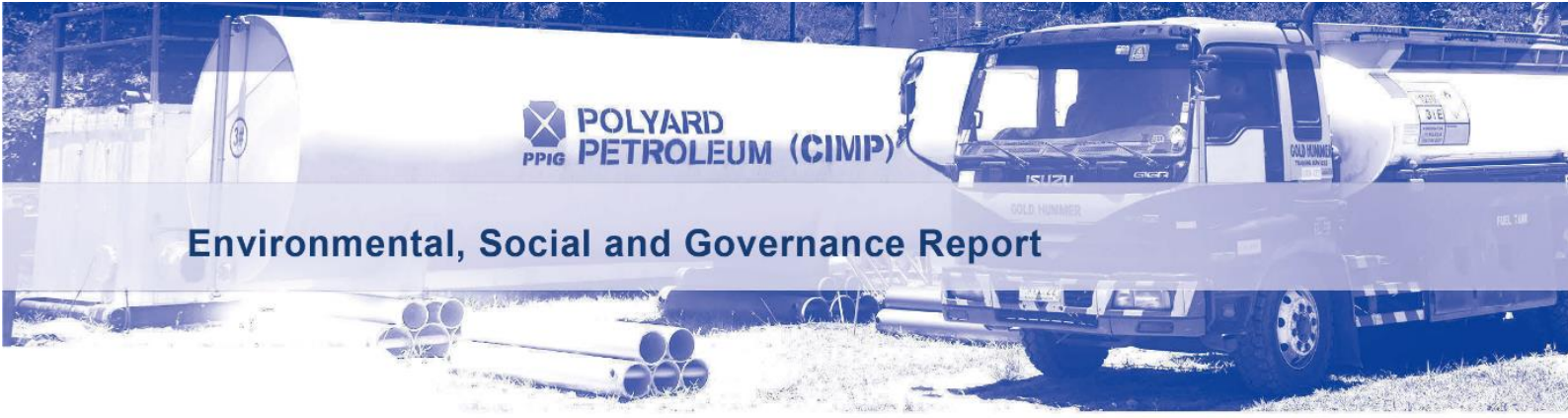
This Environmental, Social and Governance (“ESG”) Report (the “Report”) serves as a review of the efforts undertaken and results achieved by Polyard Petroleum International Group Limited (“PPIG” or the “Company”) and its subsidiaries (collectively referred to as the “Group” or “we”) on sustainable development in 2021, meanwhile also focuses on addressing the concerns and expectations of our major stakeholders. The Report was prepared to enable our stakeholders to better understand the Group’s sustainable development approaches, measures, and related performance, in efforts to foster mutual understandings.

Reporting Scope

The reporting scope covers business activities which are operationally controlled by the Group and have significant implications to the Group’s sustainability performance including the environmental and social aspects. The Report mainly includes the China International Mining Petroleum Company Limited (The Republic of the Philippines (“Philippines”) Branch) (“CIMP”), a subsidiary of the Company which engages in oil and gas exploration and production in the Philippines. Unless otherwise stated, the Report covers the Group’s ESG policies and performance from 1 January 2021 to 31 December 2021 (the “Reporting Period”). During the Reporting Period, the Group mainly engages in the exploration, development and production of oil and gas, and trading and transportation of petroleum-related products, with the same reporting scope as last year.

Basis of Report Preparation

The Report was prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) under Appendix 20 (2021 version) to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) published by the Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Report complies with all “comply or explain” provisions of the ESG Reporting Guide and was prepared in adherence to the three reporting principles: materiality, quantitative, and consistency.



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Reporting Principle	The Group's Response
Materiality	In order to comprehensively assess the importance of ESG issues during the Reporting Period, the Group conducted an internal materiality assessment to understand the views of stakeholders on our sustainability governance strategy through various communication channels. This identifies environmental and social issues that are significant to the Group, and the identified issues are majorly disclosed in this Report. The extent of the importance of each ESG issue to the Group and its stakeholders will be presented in the following list.
Quantitative	The Group's environmental and social KPIs are disclosed quantitatively where possible. The KPIs are calculated with reference to "How to prepare an ESG Report"- "Appendix 2: Reporting Guidance on Environmental KPIs" and "Appendix 3: Reporting Guidance on Social KPIs".
Consistency	The revised reporting scope has been stated in this Report and a consistent methodology has been used to allow for meaningful comparisons. Explanations will be provided in the notes for the reference of the stakeholders in case of a change of scope or calculation method.

Publication of the Report

This Report is published in both Traditional Chinese and English and has been uploaded to the website of the Stock Exchange and the Company (www.ppig.com.hk). In the event of any discrepancy or inconsistency between the two versions, the English version shall prevail.

Your Opinion

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



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STAKEHOLDER ENGAGEMENT

Regular Communication

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

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

Types of Stakeholders	Communication Channels
Investors	Investors have always been supportive to our evolving business. We strive to create value in everything we do, and ultimately generate returns for our investors. In addition to releasing financial information, we have been building trust with our investors by enhancing our transparency through proper and comprehensive disclosures of non- financial information, which assist them in making investment decisions.
Department of Energy (“DOE”) of the Philippines and Department of Environment and Natural Resources (“DENR”) of the Philippines	As an oil and gas company, our daily activities are stringently regulated, where permits must be obtained prior to any oil exploration and production activities. We maintain effective communication with local authorities and stay updated with the latest regulatory requirements, such that all applicable laws and regulations are well understood and being upheld at all times.
Employees	Our people are our biggest asset. We are creating a positive and empowering environment where our employees could unleash their potential. We conduct performance appraisals to strengthen the bilateral communication between the Group and our employees, continuously review our labor and occupational safety practices, and from time to time organize team building activities to create a sense of belonging in the workplace.



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Types of Stakeholders	Communication Channels
<p>Clients</p>	<p>Crude oil buyers are our major type of clients, who are most concerned about oil quality and quantity. We provide oil samples for potential clients to conduct oil testing and invite our clients to have meetings and site visits at our oilfields, so that we could have a better understanding of our clients' concerns. We ensure quality standards and requirements of the products are met, striving to provide services and products that fulfil clients' expectations.</p>
<p>Suppliers</p>	<p>We identify quality suppliers through a systematic tendering process, which suppliers that take up their social and environmental responsibilities are preferred, joining hands with us in establishing a sustainable supply chain progressively.</p>
<p>Local Communities</p>	<p>Respectful engagement with local communities in Alegria, the operating location of our well sites, is critical to the success of our operations. An effective grievance mechanism is in place for us to hear from local residents and to attend to their concerns on areas such as environmental protection and local economic development.</p>

Materiality Assessment

In response to the ever-changing sustainability needs of the stakeholders in a timely manner, the Group continued to conduct the materiality assessment during the Reporting Period in addition to regular communication with stakeholders. The result of our materiality assessment helps determine the disclosure focus of the Report for more accurate disclosure of ESG information, as well as lays the foundation for the Group to establish a more focused sustainability strategy in the near future.

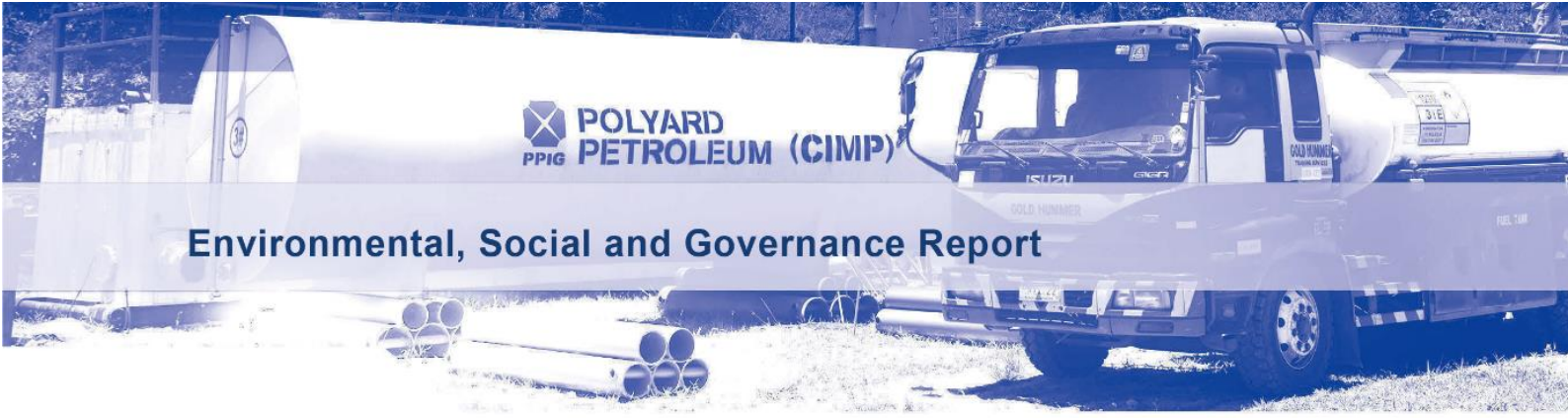
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The Group uses different communication channels to identify the environmental, social and governance issues and rank the major issues based on the assessment results. The materiality assessment process is as follows:

Issue Identification	By referring to the Stock Exchange's ESG Reporting Guide and communicating with stakeholders, the more important ESG issues of the Group were sorted out.
Review and Examination	Combining the expectations of major stakeholders and the influence of different sustainable development issues, we reviewed and re-assessed the material issues identified in 2020.
Confirmation of Material Topics	Based on the review of various ESG issues, we agreed that material topics in 2021 have not changed significantly compared to those in 2020. During the Reporting Period, there are 6 issues being classified as significant topics. The significant topics will be disclosed in this Report.

To better reflect the environmental, social and governance risks and opportunities faced by the Group, we have integrated environmental, social and governance issues. As the international society attaches greater importance to climate change, we have added the issue of climate change. The environmental, social and governance issues covered include:

Environmental Protection and Green Operations	Operating Practices	Product Responsibility	Quality of Working Environment	Community Contribution
<ol style="list-style-type: none"> 1. Greenhouse gas emissions and management 2. Air emissions and management 3. Energy use efficiency 4. Water use efficiency 5. Wastewater discharge and management 6. Solid wastes generation and management 7. Policies on environment and natural resources 8. Combatting climate change 	<ol style="list-style-type: none"> 9. Supply chain management 10. Anti-corruption 11. Oil spill management 	<ol style="list-style-type: none"> 12. Product responsibility 13. Health and safety 	<ol style="list-style-type: none"> 14. Employment and employee benefits 15. Employee development and training 16. Labor standards 	<ol style="list-style-type: none"> 17. Community engagement and investment



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

Material Sustainability Issues	Our Response
Health and safety	Occupational Health and Safety Practice
Employment and employee benefits	Protecting Employees' Rights
Energy use efficiency	Environmental Management
Product responsibility	Oil Quality Assurance
Policies on environment and natural resources	Environmental Management
Wastewater discharge and management	Environmental Management



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SUSTAINABLE GOVERNANCE

The Board is responsible for formulating the Group's ESG strategy and monitoring its environmental and social performance. The Board is also responsible for identifying, analyzing, evaluating, prioritizing and managing the Group's significant risks related to ESG, business strategy and sustainability policies to comply with the latest laws, regulations and industry standards. In addition, the Board regularly reviews and discusses ESG-related issues and targets. We have engaged Riskory Consultancy Limited as an independent ESG consultant to assist the Group in preparing the Report and provide ESG-related advisory services.

BUSINESS INTEGRITY

The Group adopts a zero-tolerance attitude towards bribery, extortion, fraud, and money laundering, and strictly complies with relevant laws and regulations, including but not limited to Republic Act No. 9160 – Anti-Money Laundering Act and Republic Act No. 3019 – Anti-Graft and Corruption Practices Act. We also incorporate anti-corruption measures in our policies and daily operations including the Employee Handbook, the SPA and the business contracts, so as to ensure related parties such as employees, clients, contractors, and suppliers are clearly noticed about the policies of the Group in eliminating all kinds of behaviors and approaches that may result in corruption, fraud, and bribery.

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

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to anti-corruption that have a significant impact on the Group. The Group has no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Period.

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OPERATION MANAGEMENT

As a responsible oil and gas producer, the Group actively explores ways to improve the quality of our products, and never cease to refine our process in oil exploration, extraction, and transportation to ensure minimal impact to our oil quality. We strictly comply with relevant laws and regulations, including but not limited to Presidential Decree No. 1857 - The Oil Exploration and Development Act of 1972, Republic Act No. 7394 - Consumer Act of the Philippines, Republic Act No. 8293 Intellectual Property Code of the Philippines and Republic Act No. 10173 – Data Privacy Act.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to the health and safety, advertising, labelling, and privacy matters relating to products and services provides and methods of redress that have a significant impact on the Group. The Group does not receive any complaints on products in relation to safety and health reasons.

Oil Quality Assurance

In order to ensure the oil quality, a multi-level inspection strategy on our crude oil quality is adopted and various risk control measures are undertaken. CIMP invites internationally notable third-party inspection agency to conduct oil analysis on crude oil quality for each tank truck. Findings of the inspection, which serve as certificate of conformity, are recorded in a report and are issued to our clients. On this basis, oil samples are kept and laboratory tests are conducted prior to oil sale from any well site so as to confirm that the water content of crude oil meets the specification accepted by our clients.

Supply Chain Management

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



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When selecting the drilling contractors, we first check if potential contractors have in place drilling equipment that is in line with our requirement or manufactured by qualified suppliers and consider the capability of carrying out drilling activities according to our well designs. Besides, we conduct review on their past project experience to ensure that their team members are competent at the job to be performed.

Meanwhile, we pay close attention to the environmental and social risks in the supply chain. Aligning to the sustainability principle, the Group proactively works with suppliers that are environmentally and socially responsible. We advocate green procurement to maximize the use of environmentally preferable products in our daily operations whenever possible. All procured materials used for well drilling and oil extraction were environmentally friendly and non-hazardous, such as the use of potassium formate in forming drilling fluid, and the use of bentonite in forming drilling mud, which protect our land and water from being contaminated when disposed.

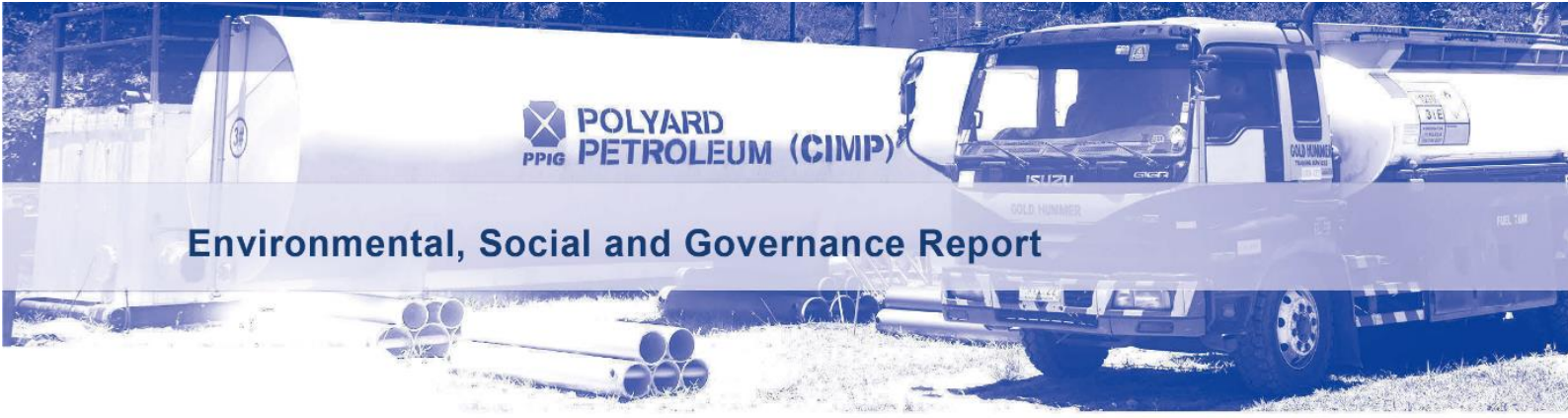
During the Reporting Period, the oilfields are under flowing well oil production process. Since we did not have drilling activity, no external suppliers and contractors are engaged.

Excellence Service

The Group is committed to protecting the rights and interests of our clients. We actively communicate with clients and handle complaints in a proper manner, amicably negotiated with our clients to find solutions. In case of any complaints relating to the non-conformity of the products with regard to crude oil specifications, for instance, when a safety issue or a product defect is encountered, clients can report to us in writing within thirty days after the completion of loading to request for product recall. For complaints concerning the quantity and quality of crude oil, they are resolved on the basis of testing results conducted by third party inspectors.

In terms of client privacy protection, employees have signed the Confidentiality Agreement in the Employment Contract with the Group, to prohibit the trade secrets or confidential information relating to business or affairs of the Group or our clients to be used and disclosed by employees. Only authorized person has access to books, letters, papers or information belonging or relating to the Group and its affiliated companies and businesses.

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



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ADVOCATING SAFETY

Maintaining operation safety is of utmost importance in the Group's daily operations of crude oil production. We strictly comply with relevant laws and regulations, including but not limited to Republic Act No. 11058 – Occupational Safety and Health Standards Act and Department Order No. 53-03 – Drug Free Workplace Policies and Programs. The Group strongly believes that Health, Safety, Security and Environmental ("HSSE") management is an integral part of our business. To this end, we have developed an HSSE policy and established a comprehensive HSSE management structure. HSSE policy clearly outlines the responsibilities at all levels, ensuring that responsible persons are aware of their responsibilities.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to provide a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

Occupational Health and Safety Practices

Preventive and protection measures are both vital in protecting our people from accidents and are being put into practice intertwiningly during our daily operations to identify and handle potential HSSE hazards, such as:

- Implementing programs and dispatch responsible personnel to perform monitoring at well sites every two hours, as well as undertaking rectification upon identification of problems promptly;
- Conducting HSSE meetings with all on-site workers and contractors at least once a week and job safety analysis to review existing HSSE policies and procedures, investigate accidents or potential accidents and bring up new HSSE issues;
- Upon completion of drilling activities of each well, requiring the project supervisor to prepare a full HSSE report that includes the evaluations of various hazards;
- Implementing Permit to Work System that project employees must be equipped with work permits;
- Equipping workers with personal protective equipment and preparing first aid kits at the project site for emergency use;
- Offering a comprehensive medical system to our employees, requiring each of our employees to be medically examined prior to employment and regularly during employment for assessment of their fitness for work and providing regular and as-needed physical examinations. In case of any abnormalities of employees' health, we will make corresponding work adjustments as early as possible;
- Providing hospitalization and medical benefit plans and extensive accident insurance for employees; and
- Submitting relevant reports such as health and safety organization reports and annual medical reports to government departments.

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CIMP employees participated first aid drill.



CIMP employees performed a fire emergency drill.

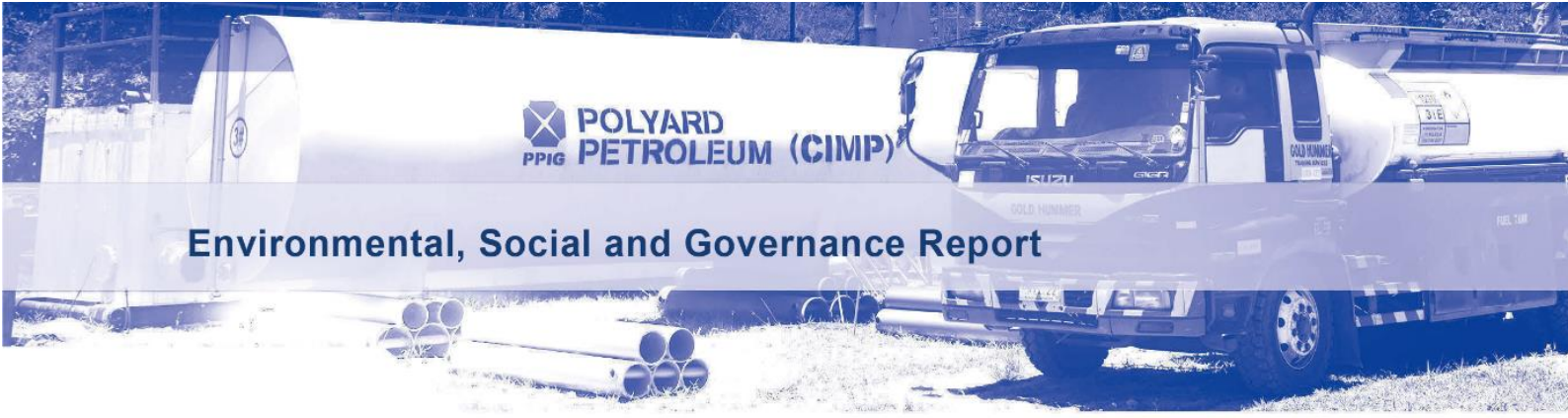
Well Sites Safety

In order to ensure safety of the operation activities at the well sites, the Group has formulated a well site security plan to prevent anyone from trespassing to or interfering with work at the well sites. The Group conducts monthly security meetings with the local police. Besides, utilizing local residents' familiarity with the local community, the Group employs them as the well site security guards to prevent any illegal trespassing of strangers effectively.

In terms of emergency response, the Group has identified major threats that will affect our operations as well as the health and safety of our employees. We have developed Emergency Response Plan ("ERP") for major potential hazards (such as well blowouts, release of flammable and toxic gases) to provide clear guidelines to responsible personnel in case of emergencies. We also provide safety drills and training to deal with different situations including but not limited to fire, toxic gas leakage and hazardous material handling. When the hazards happened, the Emergency Coordinator assigns well-trained employees who are knowledgeable in using the emergency equipment and have first-aid skills to carry out rescue and recovery plans.

Safe Transportation of Oil

Although our clients take full responsibility for the transportation of crude oil, the Group also requires our clients to undertake safety responsibilities during the whole process of oil transportation, in order to ensure a safe and quality crude oil transportation process. Adhering to the strategy of "Safety and Prevention First", the Group has established the *CIMP General Rules on Hauling of Crude Oil* and *CIMP Rules on Crude Oil Loading and Unloading* to properly monitor and manage the carriage and transportation of petroleum products. Before loading oil to client's tanker lorries, we perform inspection to check whether the vehicle parts are in good conditions, as well as to ensure if necessary, equipment such as fire extinguishing equipment and anti-static ground devices are equipped in the vehicle adhering to the requirements for fire and explosion prevention.



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Epidemic Prevention and Control

In the face of the COVID-19 pandemic, the Group has implemented strict epidemic prevention and control measures and reduced team activities. At the same time, we provide trainings on the knowledge of epidemic prevention to improve staff awareness of the potential risks of infectious diseases. Besides COVID-19, the Group provides health management trainings related to the prevention of other infectious diseases (such as the national outbreak of dengue fever epidemic in the Philippines) for employees and contractors. The Group strives to protect the health and safety of its employees by implementing infection prevention and control measures to avoid the spread of disease, including but not limited to: posting safety reminders in the reception areas and corridors of the office; and spraying disinfectant on trucks and company vehicles after traveling to areas with COVID-19 cases before entering the well sites.

ENVIRONMENTAL MANAGEMENT

The Group has been putting immense efforts to manage environmental impacts generated from our operations to the local environment. To this end, the Group has formulated environmental policies and strictly complied with environmental-related laws and regulations, including but not limited to Presidential Decree No. 151 – Philippine Environmental Policy, Presidential Decree No. 984 – Pollution Control Law, Republic Act No. 6969 – Toxic Substances and Hazardous & Nuclear Waste Management of the Philippines, Republic Act No. 8749 – Comprehensive Air Pollution Control Policy, Republic Act No. 9275 – Comprehensive Water Quality Management and Republic Act No. 9003 – Ecological Solid Waste Management. CIMP was issued an Environmental Compliance Certificate (“ECC”) by the DENR and the Group, our contractors and clients have obtained the required permits, the renewal of which are in progress during the Reporting Period.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste that have a significant impact on the Group.

Air Pollutants and Greenhouse Gas (“GHG”) Emissions

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



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We are committed to reducing air pollutants and GHG emissions from our operations by implementing relevant measures. We reduce air pollutants and GHG emissions through a variety of measures, including flaring at our project sites, which the flaring process is designed to ensure that the combustion is carried out in an environmentally friendly and sustainable manner. At the same time, the Group continues to explore ways to further reduce unproductive flaring and GHG emissions, such as producing cylinders of CNG or LNG with the associated gas and selling them to Cebu market in the near future.

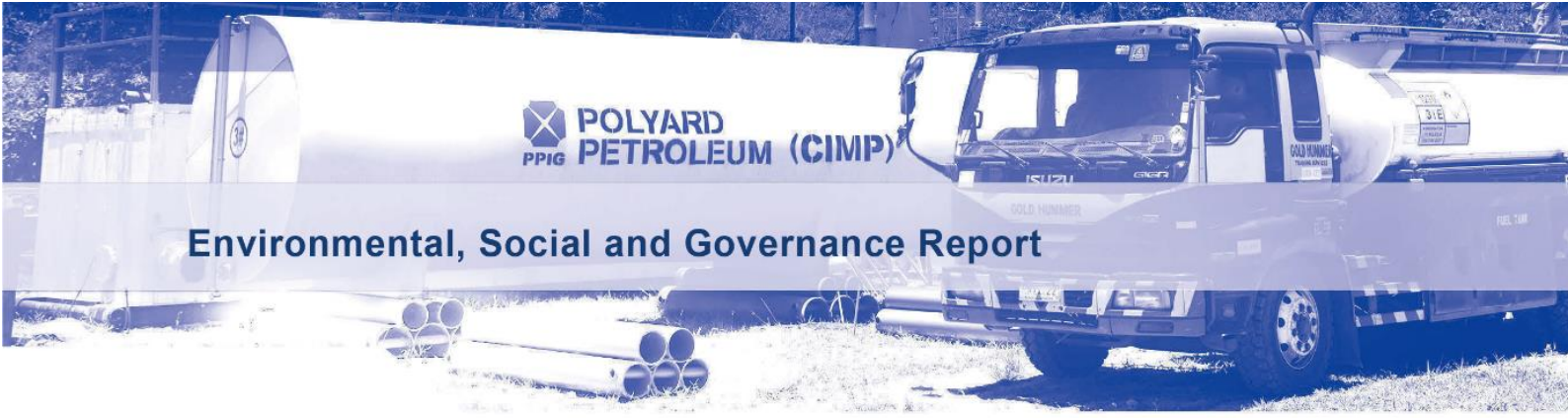
Energy Consumption

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

Waste Management

We are committed to reducing wastes production by implementing measures that require all projects to develop plans to reduce waste and improve the utilization of natural resources. In order to ensure all types of waste are properly treated, we have clearly listed the relevant waste disposal and treatment methods in our HSSE policy. Proper waste minimization, segregation and treatment have been developed, biodegradables, recyclables, household hazardous waste and residual wastes that are non-hazardous, non-compostable and non-recyclable are categorized with different treatment methods implemented.

For reusable resources, the Group reuses the materials produced in the course of operations whenever feasible to reduce waste. Repairable spare parts of equipment are recorded and stored for future usage. For wastes generated during operations, biodegradable wastes are used as composting in the nursery located at well sites, whereas other non-hazardous wastes are collected by the local garbage collector. Qualified hazardous waste service is arranged to handle hazardous wastes for proper handling and treatment. During the Reporting Period, the oilfields are under flowing well oil production process. Since we did not have drilling activity, no hazardous wastes are produced. Due to the Group's business production process, there is no significant use of packaging materials. Therefore, it does not involve the use of packaging materials.



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Use of Water Resources

The Group is committed to enhancing the water efficiency and adopt long-term water management and water recycling, since we recognize the importance of conserving the scarce water resources. We have identified water pollution sources from our daily operations and our major source of contamination to be the materials used in drilling, in particular those used in the formation of drilling fluid. The Group has been consuming water resources in case of conducting the oil and gas exploration to form drilling fluid, a lubricant used during drilling activities. To minimize impacts on local water bodies, we have been reusing drilling fluid in our treatment system by recirculating the drilling fluid, as a way to optimize the usage of drilling fluid for all of our drilling activities. Besides, we have been using non-hazardous substance to form drilling fluid. Moreover, the Group has integrated a wastewater treatment system into its drilling operations to ensure that the drilling fluids do not affect the water quality of the surrounding water bodies when discharged.

During the Reporting Period, the Group did not encounter any issue in sourcing water that is fit for the purpose.

Environment and Natural Resources Protection

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

To prevent crude oil spills, the Group has prepared the oil spill contingency plan. The contingency plan provides guidelines related to prevention and disposal of the oil spillage pollution and damage caused by the well site drilling operation and the other operation taken place in oil and gas process facilities, oil tanks, oil pipelines, and other facilities. The Group actively works to prevent crude oil deposit releases through infrastructural improvements and the implementation of risk management strategies, including but not limited to the following measures:

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

The Group undertakes responsibilities for corresponding clean-up and environmental recovery programs. An onsite oil spill emergency response team, which is divided into the operation, planning and logistics subdivisions, is in place to handle all levels of spills which may occur at any phase of a project life cycle.



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Combatting Climate Change

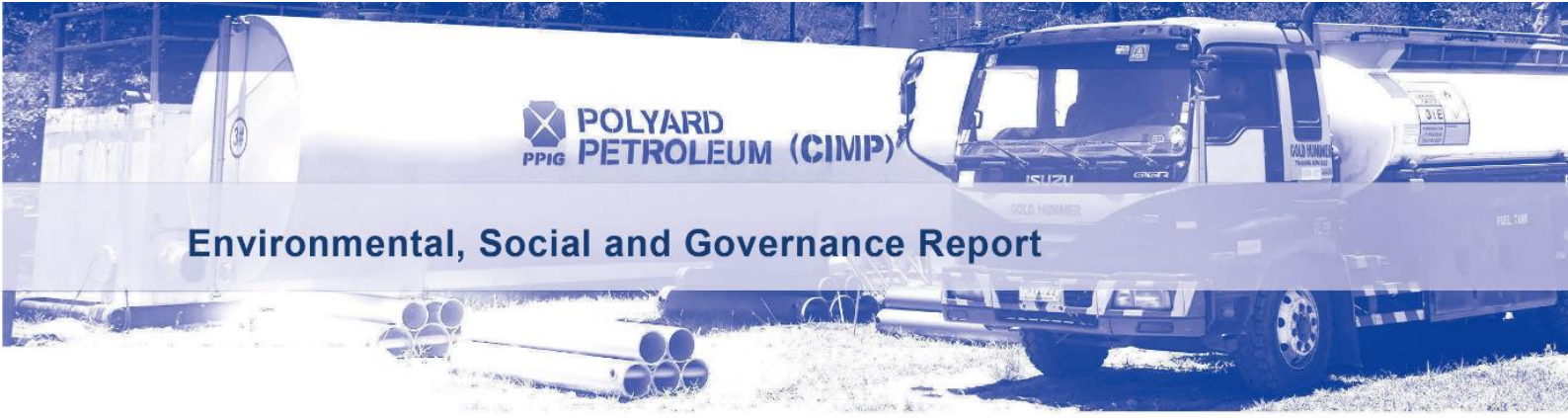
Climate change is interlinked with the challenges of our sustainable development. The Group attaches great importance to the risks and opportunities posed by climate change and considers integrating the response to climate change into sustainable development policy planning. As a crude oil exploration and production enterprise, we pay close attention to the relevant laws and regulations in the field of climate change and keep abreast of the latest developments in relevant laws and regulations.

We have developed strategies to address the risks posed by climate change. In terms of physical risks, increasingly frequent extreme weather can pose a significant threat to the health and safety of our daily operations and project staffs. We have established contingency plans and set up emergency response teams to respond to and manage any disaster, including extreme weather events. In the event of extreme weather conditions, the Emergency Coordinator will conduct safe evacuation to ensure the safety of people.

PROTECTING EMPLOYEES' RIGHTS

The Group highly values our employees and considers employees an important component of the Group's development. The Group has implemented the *Employee Handbook* as an effective tool to communicate our policies on employees' rights and benefits with our employees. We also strictly complied with employment-related laws and regulations, including but not limited to the Labor Code of the Philippines, Republic Act No. 7877 – Anti-Sexual Harassment Law, Republic Act No. 8504 – Philippine AIDS Prevention and Control, Republic Act No. 9165 – Comprehensive Dangerous Drug Act, Department Order No. 53-03 – Drug Free Workplace Policies and Programs, Department Order No. 73-0 5– Policy and Program on Tuberculosis Prevention and Control and DOLE Department Advisory No. 05 Series of 2010 Guidelines for the Implementation of a Workplace Policy and Program on Hepatitis V.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare that have a significant impact on the Group.



Environmental, Social and Governance Report

Recruitment and Dismissal

The Group is committed to ensuring a fair and impartial recruitment and bringing together talents with various races, nationalities, education background, knowledge, and skills. The Group provides equal employment opportunity to all qualified persons without regard to creed, color, age, gender and regional origin, and opposes any forms of discrimination. In the recruitment process, the Group ensures that all applicants are treated impartially and equally, and are only selected on the basis of education, work experience, compatibility with work culture, and potential for future advancement. Regarding employee dismissal, the Group strictly complies with the due process requirements as stipulated by relevant laws and regulations in the Philippines in all cases of termination of employment.

During the Reporting Period, the turnover rate of the Group is 0%.

Remuneration and Promotion

A comprehensive compensation package is an effective tool to attract, retain and motivate employees. The remuneration of employee composes of basic salaries and discretionary year-end bonuses which is correlated to the performance of employee and the corporate. The Group strives to improve the employee performance appraisal mechanism, which enables the Group to regularly evaluate the work performance of each employee. Besides, employees' promotion generally depends on the availability of vacancy, abilities, performance, and development potential of individuals.

Benefits and Welfare

The Group attaches great importance to employees' welfares. We offer comprehensive benefits programs for our employees. Free meals and accommodation are provided to project-based employees during their stay at the project sites. The Group strives to create a positive team by organizing various staff activities from time to time to promote work-life balance.

Working Hours and Holidays

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



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Labor Standard

The Group enters into employment contracts with its employees and resolutely prohibits child labour and forced labour. We strictly comply with labor-related laws and regulations, including but not limited to Labor Code of the Philippines. Identity certificates of applicants are checked during recruitment and employment to prevent the employment of child labor. Besides, to avoid the occurrence of any forms of forced labor, prior authorization of the Department Head must be secured in all cases of overtime. If any use of child or forced labor is detected, we will immediately suspend the employee's work and conduct an investigation, and then review the recruitment process to prevent the recurrence of similar incidents.

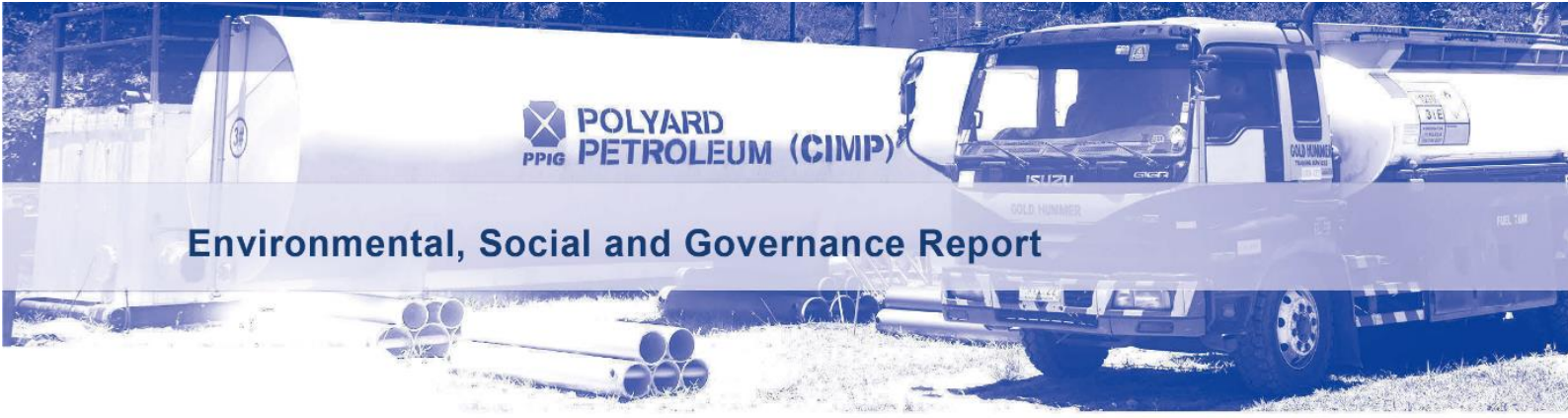
During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in relation to prevent child and forced labour that have a significant impact on the Group.

EMPLOYEE TRAINING AND DEVELOPMENT

The Group understands that a competent workforce is important in constructing the core competitiveness of the Group. We continue to invest training resources in an effort to foster the cultivation and development of employees. We introduce our policies to our employees, especially new employees, to ensure that our operations strictly comply with the law. The Human Resources Department formulates the annual training plan after identifying the training needs of the employees and the needs of the Group's business development. The Group provides various types of training focusing on occupational safety skills, production skills, laboratory analyst skills, sales management skills, and health management to the employees. In addition to internal training, employees are encouraged to attend external training courses that are related to their job nature, and the Group reimburses employees with the cost of training fees and examinations undertaken, aiming to equip our employees with necessary knowledge and competencies for their job positions.

RESPONDING TO THE NEEDS OF COMMUNITY

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



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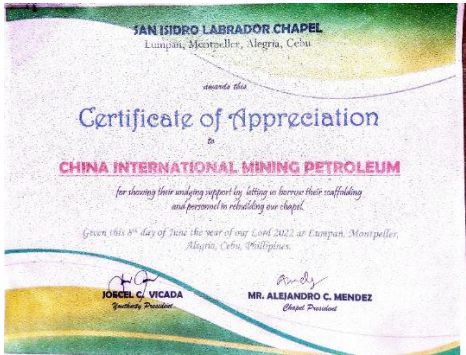
Over the years, the Group have taken initiative to support the public welfare activities and development of the communities where the Group operates. The Group encourages employees to actively integrate into the community. By participating in the government’s initiatives and collaborating with schools and local villages near our project sites, we can better understand and satisfy the community needs to establish a close relationship. During the Reporting Period, we donated 50 tons of cement to the City Government, where the SC49 project is located, for the construction of schools and local infrastructure. In addition, we have always been concerned about the communities in which the Group operates. We organized volunteer activities and purchased some supplies to help repair the typhoon-damaged infrastructure in the village and help the villagers get back to normal life.



We donated 50 tonnes of cement to the municipal school committee.



The municipal government sent us a certificate of appreciation.



Certificate of appreciation is issued by the Government of Alegria for the Group assisting disaster relief.

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ENVIRONMENTAL PERFORMANCE

		2021 ¹
Emissions		
Air Pollutants		
Type	Unit	Total Emissions
Nitrogen oxides (NOx)	kg	2.83
Sulphur oxides (SOx)	kg	0.04
Particulate matters (PM)	kg	0.20
GHG Emissions		
Type	Unit	Total Emissions
Total GHG emissions	tonnes of CO ₂ equivalent	18.73
- Scope 1: Direct GHG emissions	tonnes of CO ₂ equivalent	6.35
- Scope 2: Energy Indirect GHG emissions	tonnes of CO ₂ equivalent	12.38
Intensity of GHG Emissions	tonnes of CO ₂ equivalent / tonnes of crude oil production	0.07
Flaring		
Type	Unit	Total Emissions
Total associated gas flared	m ³	36,690.50
Wastes		
Type	Unit	Total Emissions
Total non-hazardous waste	tonnes	0.25
Intensity of non-hazardous waste production	tonnes / tonnes of crude oil production	0.00 ²
Use of Resources		
Energy		
Type	Unit	Total Consumption
Total energy consumption	kWh	44,065.33
- Indirect energy: Electricity consumption	kWh	19,584.00
- Direct energy: Diesel consumption	kWh	24,481.33
Intensity of energy consumption	kWh / tonnes of crude oil production	165.93
Water		
Type	Unit	Total Consumption
Total water consumption	m ³	380
Intensity of total water consumption	m ³ / tonnes of crude oil production	1.43

Note 1: During the Reporting Period, the Group's oil and gas exploration activities were suspended for approximately 8 months due to the COVID-19 pandemic. Comparing to the emissions and consumption in 2020, the emissions and energy consumption used during the Reporting Period were significantly reduced.

Note 2: The actual value is 0.0009.

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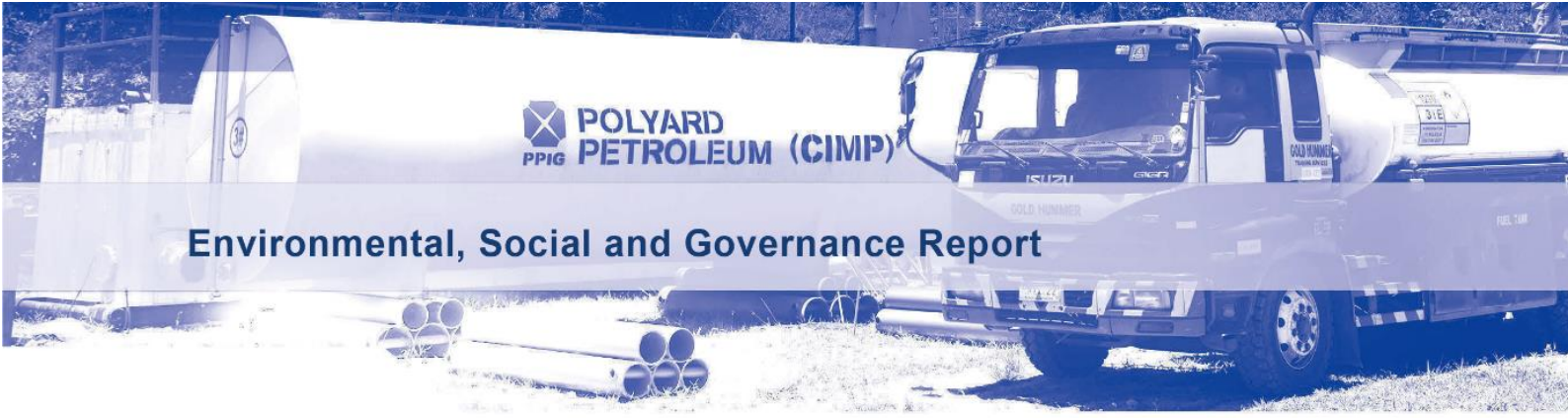
SOCIAL PERFORMANCE

Total Workforce		
Type	Unit	2021
Total number of employees	person(s)	11
By gender		
- Male	person(s)	8
- Female	person(s)	3
By employment type		
- Full-time	person(s)	11
By age group		2
- Under 30	person(s)	6
- 30-40	person(s)	2
- 41-50	person(s)	1
- 51 and above	person(s)	
By geographical locations		
- China	person(s)	1
- The Philippines	person(s)	10
Development and Training		
Percentage of Employees Trained		
Type	Unit	2021
Percentage of total employees trained	percentage	63.6%
By gender		
- Male	percentage	75.0%
- Female	percentage	33.3%
By employment category		
- Senior management	percentage	0% ³
- Middle management	percentage	0% ³
- General staff	percentage	87.5%
Average Training Hours Completed Per Employee		
Type	Unit	2021
By gender		
- Male	hour(s)	23
- Female	hour(s)	3
By employment category		
- Senior management	hour(s)	0 ³
- Middle management	hour(s)	0 ³
- General staff	hour(s)	24

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Occupational Health and Safety	
Number of work-related fatalities occurred in 2021	0
- Number of work injuries	0
- Lost days due to work injury	0
Number of work-related fatalities occurred in 2020	0
Number of work-related fatalities occurred in 2019	0
Product Responsibility	
Number of complaints received	0
Anti-corruption	
Concluded legal cases regarding corruption practices brought against the Group or its employees	0

Note 3: The percentage of employees trained and average training hours of senior and middle management is 0. During the Reporting Period, the Group's oil and gas exploration activities were suspended for approximately 8 months due to the COVID-19 pandemic. Therefore, we did not provide training for senior and middle management.



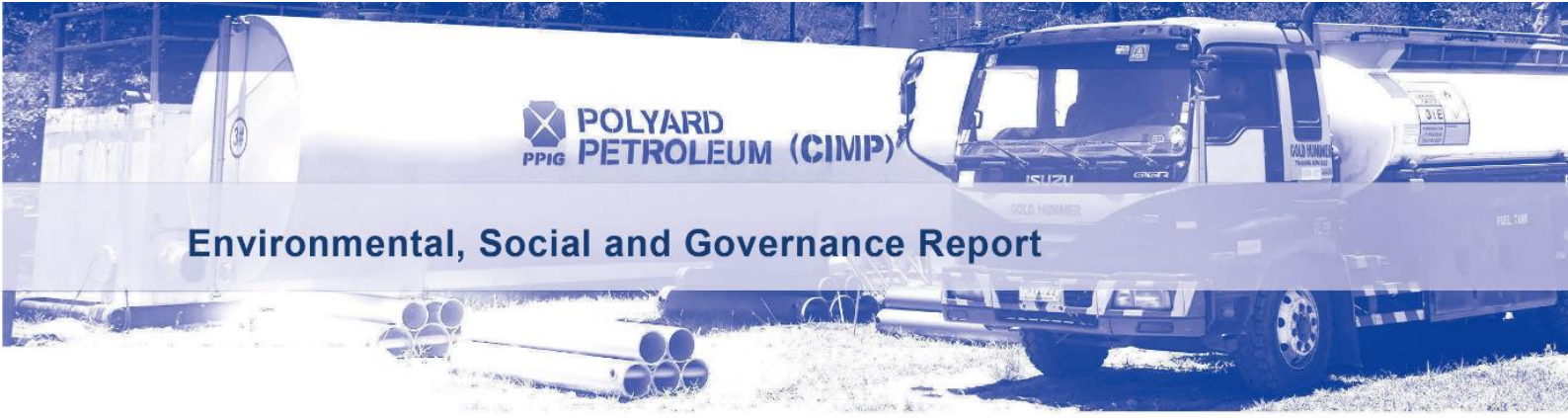
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INDEX TO THE ESG REPORTING GUIDELINES

Subject Area	Content	Chapter / Disclosure
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (a) a disclosure of the board’s oversight of ESG issues; (b) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s business); and (c) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s business.	Sustainable Governance
Reporting Principles	A description of, or an explanation on, the application of the reporting principles (materiality, quantitative and consistency) in the preparation of the ESG report.	Basis of Preparation
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	Reporting Scope
“Comply or explain” Provisions		
A. Environment		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management
A1.1	The types of emissions and respective emissions data.	Environmental Performance
A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions and intensity.	Environmental Performance
A1.3	Total hazardous waste produced and intensity.	N/A
A1.4	Total non-hazardous waste produced and intensity.	Environmental Performance
A1.5	Description of emission target(s) set and steps taken to achieve them.	Air Pollutants and GHG Emissions
A1.6	Description of how hazardous and non- hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Waste Management

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Subject Area	Content	Chapter / Disclosure
A. Environment		
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Consumption
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Environmental Performance
A2.2	Water consumption in total and intensity.	Environmental Performance
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Energy Consumption
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) and steps taken to achieve them.	Use of Water Resources
A2.5	Total packaging material used for finished products and with reference to per unit produced.	N/A
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment and Natural Resources Prevention
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources Prevention
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Combating Climate Change
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Combating Climate Change
B. Society		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Protecting Employees' Rights
B1.1	Total workforce by gender, employment type, age group and geographical region.	Social Performance
B1.2	Employee turnover rate by gender, age group and geographical region.	N/A

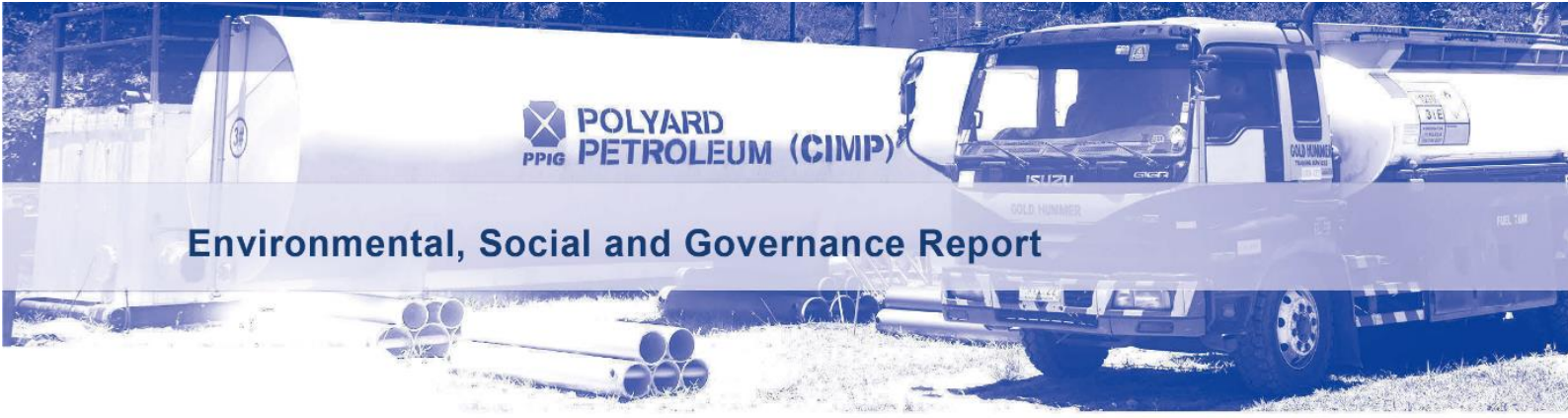


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Subject Area	Content	Chapter / Disclosure
B. Society		
Employment and Labour Practices		
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Advocating Safety and Environmental Protection
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social Performance
B2.2	Lost days due to work injury.	Social Performance
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Occupational Health and Safety Practices
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training and Development
B3.1	The percentage of employees trained by gender and employee category.	Social Performance
B3.2	The average training hours completed per employee by gender and employee category.	Social Performance
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labor Code
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labor Code
B4.2	Description of steps taken to eliminate such practices when discovered.	Labor Code
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	N/A
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management

Environmental, Social and Governance Report

Subject Area	Content	Chapter / Disclosure
B. Society		
Operating Practices		
Aspect B5: Supply Chain Management		
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operation Management
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social Performance
B6.2	Number of products and service related complaints received and how they are dealt with.	Excellence Service; Social Performance
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Excellence Service
B6.4	Description of quality assurance process and recall procedures.	Oil Quality Assurance
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Excellence Service
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Integrity
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Social Performance



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Subject Area	Content	Chapter / Disclosure
B. Society		
Operating Practices		
Aspect B7: Anti-corruption		
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Business Integrity
B7.3	Description of anti-corruption training provided to directors and staff.	Business Integrity
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Responding to the Needs of Society
B8.1	Focus areas of contribution.	Responding to the Needs of Society
B8.2	Resources contributed to the focus area.	Responding to the Needs of Society