



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

(incorporated in Bermuda with limited liability)

Stock Code: 1205



2020 Environmental, Social and Governance Report

Content



2	●	1 About this Report
2		1.1 Reporting Period
2		1.2 Reporting Scope
3		1.3 Reporting Reference
3		1.4 Reporting Specifications
4		1.5 Access to this Report
4		1.6 Response to this Report
5	●	2 Statement from the Board
7	●	3 Fighting against COVID-19

11	●	4 About Us
11		4.1 About CITIC Resources
11		4.2 About the Subsidiaries and Joint Ventures covered in this Report
12		4.3 Corporate Honour
15	●	5 Our Governance
15		5.1 Corporate Governance
15		5.2 Risk Management and Internal Control
17		5.3 Sustainable Development Management
21	●	6 Our Communication
21		6.1 Communication Channels
23		6.2 Materiality Assessment



28	●	7 Our Employees
28		7.1 Policies and Benefits
30		7.2 Training and Development
31		7.3 Respecting Rights
37	●	8 Our Environment
37		8.1 Oil Spill Prevention
40		8.2 Environmental Management
46		8.3 Resource Usage
48		8.4 Coping with Climate Change
53	●	9 Our Operations
53		9.1 Health and Safety
57		9.2 Integrity in Business
58		9.3 Supply Chain and Product Quality Management

64	●	10 Our Community
64		10.1 Community Building
66	●	Appendix 1 The Material laws and regulations that the Group complied with during the Reporting Period
74	●	Appendix 2 Key Performance Indicators
81	●	Appendix 3 SEHK ESG Reporting Guide Index
87	●	Appendix 4 Feedback Form

1 About this Report

This Environmental, Social and Governance Report (this “**Report**”) presents CITIC Resources Holdings Limited’s (the “**Company**” or “**CITIC Resources**”) and its subsidiaries’ and joint ventures’ (collectively referred to as the “**Group**”) concepts, management methods, measures, and relevant performance of sustainability work in 2020. This Report should be read in conjunction with the *Corporate Governance Report* within the Company’s *2020 Annual Report* to construct a comprehensive understanding of the Company’s Environmental, Social and Governance (“**ESG**”) performance.

The Board of CITIC Resources is fully responsible for overseeing the implementation of the Company’s ESG related policies and relevant reporting, and the Board has reviewed and approved this Report in May 2021. The information disclosed in this Report is mainly from the internal documents and public materials of the Group.

1.1 REPORTING PERIOD

Unless otherwise specified, this Report reviews the Group’s internal policies, measures, and actions in relation to ESG, with the work, responsibilities, and performance of the Reporting Period disclosed. As some of the calculated data are of a continuous or comparable nature, the timeframe of certain contents has been adjusted where necessary.

1.2 REPORTING SCOPE

The Group determines the scope of this Report based on the operational control over entities. Therefore, projects related to aluminium smelting, coal, bauxite mining, and alumina refining are not included in this Report. The scope of this Report is almost the same as that of the 2019 ESG Report. The organizational scope of this Report is

- CITIC Resources (the head office of the Group in Hong Kong)
- CITIC Canada Energy Limited
- JSC Karazhanbasmunai
- CITIC Haiyue Energy Limited
- Tincy Group Energy Resources Limited
- CITIC Seram Energy Limited
- CITIC Petroleum Technology Development (Beijing) Limited
- CITIC Resources Australia Pty Ltd

The disclosure scope of environmental and social performance indicators of this Report expands from solely Tincy Group to the addition of CITIC Resources (the head office of the Group in Hong Kong), CITIC Haiyue Energy Limited, CITIC Seram Energy Limited, CITIC Petroleum Technology Development (Beijing) Limited, and CITIC Resources Australia Pty Ltd.

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



1.3 REPORTING REFERENCE

This Report was prepared to comprehensively comply with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) under Appendix 27 to the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited. In addition, this Report discloses certain “recommended disclosures” of the ESG Reporting Guide based on the results of materiality assessment. Please refer to this Report’s Appendix 3 SEHK ESG Reporting Guide Index for reference.

This Report was prepared in adherence to the four reporting principles of “materiality”, “quantitative”, “consistency”, and “balance”, and the application of three reporting principles, “materiality”, “quantitative”, “consistency” is presented below:

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

Quantitative: Key performance indicators are presented quantitatively whenever feasible, which lays a solid foundation for the Company to set targets in the future. Meanwhile, this Report presents comparable and measurable performance data by disclosing past and present data of the Reporting Period, so as to effectively evaluate and validate the effectiveness of relevant ESG related policies and management systems.

Consistency: Unless otherwise stated, the methodologies used in this Report for disclosure are consistent with previous years to ensure meaningful comparability.

1.4 REPORTING SPECIFICATIONS

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

“China”	refers to	The People’s Republic of China
“Kazakhstan”	refers to	The Republic of Kazakhstan
“Indonesia”	refers to	The Republic of Indonesia
“Australia”	refers to	The Commonwealth of Australia
“Russia”	refers to	The Russian Federation
“Hong Kong”	refers to	The Hong Kong Special Administrative Region, the People’s Republic of China
“SEHK”	refers to	The Stock Exchange of Hong Kong Limited
“CITIC Group”	refers to	中國中信集團有限公司(CITIC Group Corporation)
“CITIC Resources” or the “Company”	refers to	CITIC Resources Holdings Limited
The “Group”	refers to	CITIC Resources Holdings Limited and its subsidiaries and joint ventures within the scope of this Report
The “Board”	refers to	The Board of directors
“KBM”	refers to	JSC Karazhanbasmunai
The “Karazhanbas oilfield”	refers to	The Karazhanbas Oil and Gas Field in Mangistau Oblast, the Republic of Kazakhstan
“Tincy Group”	refers to	Tincy Group Energy Resources Limited
The “Hainan-Yuedong Block”	refers to	The Hainan-Yuedong Block in the Bohai Bay Basin in Liaoning Province, the People’s Republic of China
The “Yuedong oilfield”	refers to	The Yuedong oilfield, the principal field within the Hainan-Yuedong Block in the Bohai Bay Basin in Liaoning Province, the People’s Republic of China
“CITIC Seram”	refers to	CITIC Seram Energy Limited
The “Seram Block”	refers to	the Seram Island Non-Bula Block, the Republic of Indonesia
“CITIC Australia”	refers to	CITIC Resources Australia Pty Ltd
“COVID-19”	refers to	Coronavirus Disease 2019

1.5 ACCESS TO THIS REPORT

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

Electronic copies are available as follows:

The website of SEHK : <http://www.hkexnews.hk/>

The website of CITIC Resources : <http://resources.citic>

1.6 RESPONSE TO THIS REPORT

Comments and suggestions regarding this Report and the sustainability performance of the Group are welcome and can be emailed at ir@citicresources.com.

Furthermore, a feedback form is attached at page 87 of this Report, and you are welcome to complete and send this to us at the email address above.



2 Statement from the Board

First of all, on behalf of the Board of CITIC Resources, we would like to express our sincere appreciation to the management and all colleagues for their smooth cooperation and relentless dedication to achieve the Group's sustainable development strategies in such a challenging market environment. We would extend our greatest respect for all shareholders, customers, suppliers, and business partners who continuously trust and support CITIC resources. Concurrently, regarding the increasing attention to the sustainable development of CITIC resources, the Board makes the following statement regarding the Group's ESG performance.

We are fully aware that the effective identification and management of the sustainable development risks of CITIC Resources is of great importance to the long-term and stable development of the Group. In 2020, the Group established the ESG management structure and clarified its corresponding governance responsibilities. Specifically, the Board of CITIC Resources shall bear full responsibility for the ESG strategies and reporting of the Group and ensure that the Group establishes an appropriate and effective ESG risk management and internal monitoring system; The Risk Management Committee of the Board is the core of ESG governance, including but not limited to the updating and improvement of ESG policies, the evaluation and supervision of ESG related risks, etc. The Risk Management Committee of the Board¹ meets at least once in each financial year of the Company and when there is any issue which requires its consideration. During the Reporting Period, the Risk Management Committee of the Board has held two meetings, and the second meeting focused on the progress of ESG work, reporting scope of ESG report, materiality assessment, and annual ESG work plan.

To effectively arrange ESG work and coordinate subsidiaries in the reporting and the execution of management policies of ESG matters, the ESG management structure of the Group also includes an ESG working group, which is fully responsible for identifying and suggesting ESG risks, formulating the ESG management policies, plans and objectives, and promoting the relevant ESG work. The ESG working group consists of a leading group and an execution group. The Chief Executive Officer of the Company serves as the leader of the leading group and the Vice President serves as the deputy leader, while the Chief Financial Officer, Chief Technical Officer, and company secretary of the Company serve as group members; the Head of the Investor Relations Department serves as the leader of the execution group, and the Heads of Risk Management Department and Human Resources Department and subsidiaries are the group members. To practically implement the monitoring on ESG matters, through the formulation of the "ESG Management Regulations of CITIC Resources Holdings Ltd.", ESG governance (ESG plan and target control, execution and review, ESG related risk supervision, internal audit of ESG matters) and ESG reporting (ESG data and information collection and compilation, ESG report preparation and disclosure) are regarded as routine work which is standardised and managed by the ESG working group.

In 2020, since completing the ESG management structure establishment, we and the management of the Group participated in the process of determining and evaluating the materials issues for 2020, aiming to fully understand the sustainability issues which are closely related to the Group and to respond timely from the governance perspectives, so as to clarify the direction of sustainable development and ensure the proper management of relevant matters. Previously, CITIC Resources has been communicating with stakeholders regularly through various channels to fully understand and spares no effort to respond to stakeholders' concerns and needs. Different from the past years, while the Group updated the CITIC Resources' s dedicated pool of sustainability issues and designed an online materiality assessment, our Board members also conducted a special meeting on the online materiality assessment results, so as to confirm the material issues for 2020. The Board has identified 5 material issues in the environmental aspect and 6 material issues in the social aspect. The specific responses are as follows:

¹ The amendment of the ESG responsibility of the Risk Management Committee of the Board was officially approved by the Board of CITIC Resources in June 2020.

As an oil enterprise with strong sense of social responsibility, we always believe that **Oil Spill Prevention**² is the key to the safe production and operations of the Group's oilfields. The Group will continuously improve the policies of each oilfield in terms of the oil recovery, refining, transportation, etc., resolutely prevent the occurrence of oil spill-related accidents and ensure that the formulated countermeasures are thorough and effective. While ensuring the stable operations of the oil business, we also continue to focus on reducing our own **Local Environmental Impacts**, so as to achieve 100% environmental compliance. We also actively explore applicable green low-carbon technology in the oil industry to better respond to this issue and try our best to build a green industry. In addition to implementing the green development concept, our ESG working group also identified **Climate Change** risks and opportunities in terms of the Group's oilfield operations, and considered responding actions from the perspective of oilfields. Besides, we continuously improve **Energy Usage & Efficiency** and strengthen the comprehensive utilization of associated gas. We also attach importance to **Water Consumption & Efficiency** to ensure the gradual reduction of the water footprints of CITIC Resources.

When determining the material issue, we further confirmed the Group's philosophy of "Employees are our Most Valuable Assets and Wealth". We understand that the vigorous development of the Group is inseparable from employees' efforts, we value contribution of employees. In 2020, we continuously adjust the policies of **Employment & Employee Benefits** and actively supervise the oilfields to carry out **Employees' Development & Training** and social welfare activities, so as to protect the **Employees', Contractors' & Communities' Rights**. Meanwhile, we also implement the safety work of employees from the group level to all oilfield levels and promote the construction of Health, Safety and Environment system to ensure the **Employees' Health and Safety** in the process of production and operations. While caring for employees, we value the management of community development at the operating locations, we continue to uphold the culture of "Do as the Romans Do". We require employees to actively integrate into the local community, and actively build and improve the local community with the purpose of poverty alleviation, education, etc., to respond to the material issue of **Local Content**.

Sound operation management system and good governance are the cornerstone to effectively ensure the legal operations and long-term development of the Group. We attach great importance to **Corporate Governance**. Through the continuous improvement of conventional governance structure and the establishment of ESG management structure, the effective supervision and control of possible risks in the operation process are ensured.

Looking forward to the future, we are fully aware that ESG target setting will directly affect the performance and implementation of relevant management systems. In order to actively and continuously improve the ESG performance of the Group, we will continuously deepen the understandings of quantitative performance information, effectively evaluate and review ESG related policies and management systems, and firmly set ESG targets scientifically in the near future from the perspective of each oilfield to help CITIC Resources make continuous progress on the road of sustainable development.

The Board of CITIC Resources
26 March, 2021

² Bold contents are the material issues identified during the Reporting Period.

3 Fighting against COVID-19

In 2020, the global spread of COVID-19 has significantly threatened people's life safety and health. With such challenging circumstances, CITIC Resources has actively taken prevention and control action over COVID-19. On February 3, 2020, the Group immediately established an "Pandemic Prevention and Control Group" led by the Chairman and the Chief Executive Officer, which is responsible for coordinating the prevention and control work of COVID-19. Since the outbreak of COVID-19 pandemic, CITIC Resources has set the target of "preventing infection from internal, preventing importing from external" and communicated with its subsidiaries, including each oilfield, after understanding the negative impacts of COVID-19 on employees' health and operation. Besides, the Company sets the indicators to effectively manage and control the impacts of COVID-19 pandemic on the employees of the Group, including the number of regional confirmed cases, the number of regional newly confirmed cases, the number of confirmed or probable cases in each project, and the ratio of personnel returning to work etc.

Meanwhile, CITIC Resources also come up with various policies to actively respond to the changes of COVID-19 pandemic, including the "Guidelines on Working from Home during Pandemic", "Notice on Further Strengthening Pandemic Prevention Measures", "Guidelines on Pandemic Prevention at Office during COVID-19 Pandemic", "Notice on Responding to the Government's Free COVID-19 tests", "Prevention and Control of 2019 Novel Coronavirus Pandemic", etc. The specific pandemic prevention work of the Company are summarised as follows:



Staggering peak hour and AB work shift when available



The office work should be replaced by telephone, video calls or other online meeting tools, to reduce contact with people



Visitors need to fill in the Health Declaration Form and take their body temperature and are allowed to enter when their body temperature is normal



Formulating relevant epidemic prevention guidelines, and requiring employees to work from home and take testing under special circumstances



Employees are suggested to stay at seats during mealtime to avoid having a meal together



Canceling all staff gathering activities, such as birthday party, Christmas party, etc



Regularly Cleaning and disinfecting the office, and disinfecting the door handle and other public areas about every 2 hours



All employees must wear face masks during work at office



Employees are required to examine their own situation when appropriate, and cooperate with the Hong Kong government's requirements on compulsory quarantine



Purchasing more epidemic prevention materials, such as non-contact thermometers, medical face masks, disinfectant products, etc



All employees must take their temperature every day when returning to office, those who do not conform to the normal body temperature will be forbidden to enter office area



Holding regular epidemic prevention meetings and report to CITIC Group

Yuedong oilfield

In the early stage of COVID-19 pandemic, Tincy Group that located in Liaoning Province, China, strictly abides by the prevention and control requirements of the Liaoning Provincial COVID-19 Pandemic Prevention and Control Headquarters and the Panjin COVID-19 Pandemic Prevention and Control Headquarters. Under the guidance of the Pandemic Prevention and Control Leading Group, together with the actual situation of Yuedong oilfield, Tincy Group has implemented various pandemic prevention and control measures, and resumed production work step by step. In addition to the formulation and implementation of the “Guidelines on Employees Prevention and Control Act”, Tincy Group has particularly set COVID-19 prevention requirements for the third-party contractors and service suppliers to ensure comprehensive pandemic prevention work.

To ensure effective prevention and control of the pandemic and the resumption of work, Tincy Group requires the personnel to present verified nucleic acid test results and health proofs like Green Health Code before they go on duties, arranges nucleic acid tests for the personnel going on duties and those personnel returning from other provinces. During the Reporting Period, Tincy Group has arranged nucleic acid tests for about 260 persons, with the costs of about RMB73,000.

Specific Pandemic Prevention Action of Yuedong Oilfield

Strengthening organization and leadership, implementing work responsibility

- Tincy Group allocates direct responsibilities of the prevention and control of COVID-19 pandemic to each level of the three-level management system, which goes down from responsible senior managements, to department heads that are on duty, and to artificial islands manager (head of island).

Taking strict prevention and control measures, implementing COVID-19 prevention work

- Tincy Group formulated the “Special Emergency Plan on the Prevention and Control of 2019-nCoV” and carefully implemented it throughout production process. Tincy Group has purchased anti-pandemic products for several times, including 63,500 protective face masks, 4,800 bottles of disinfectant, 1,000 goggles, 700 sets of protective clothing, 10,000 gloves and shoe covers, and thermometers, which will be sent to each production unit in batches to fulfill the needs of Tincy Group office and its oilfields. Concurrently, Tincy Group has sent relevant pandemic prevention materials to the onshore base and transport ships to ensure the absolute safety of production logistics and the transport ships.

Controlling the pace of work resumption, consolidating the effectiveness of prevention and control

- Following the deployments of national and regional governments, CITIC Group and CITIC Resources on the resumption of work and production during the prevention and control of the COVID-19 pandemic, Tincy Group, taking into consideration of the actual situation of Yuedong oilfield, has compiled, supplemented and improved the “Guidelines for the Resumption of Work in Yuedong Oilfield”, which provide detailed arrangements and strategical deployment guidance for the resumption of work and production, and Tincy Group will continue to effectively promote the application of Guidelines. As of the end of 2020, 4,598 people have been tested before landing on the artificial islands.



Seram Block

After the outbreak of COVID-19 in Indonesia, CITIC Seram successively formulated “CITIC Seram Energy LTD. Guidance for Preventing Pandemic” and “Anti COVID-19 Journey Management” to fight against COVID-19 pandemic. Since March 19, 2020, CITIC Seram has partially adopted the mode of “work from home”. On March 23, 2020, Under the strong recommendations from Jakarta government, CITIC Seram has applied close-circuit measure. To ensure the safety of on-site operations, CITIC Seram gradually implemented work shifts, extended working hours for each shift, reduced chances of crowd gathering and ensured safe production. CITIC Seram required the workers who went on duty to receive rapid COVID-19 test and quarantine at designated sites for 14 days before work. For those with symptoms and positive test results, nucleic acid tests would be conducted using medical equipment provided by the government. As the end of the Reporting Period, CITIC Seram has resumed production and operations, and the Jakarta office continued to work from home.

With the approval from the Bagian Timur and Maluku province COVID-19 Task Force, CITIC Seram provided self-quarantine sites in Bula³ for CITIC Seram employees and contractor employees before oil drilling.



Providing daily hand sanitizer



Spraying disinfectant regularly



Taking temperature with thermometers

While rapidly responding to COVID-19 pandemic, CITIC Seram also participated in the local community's fights against COVID-19 pandemic. The specific actions are as follows:

- On March 27, 2020, 3,000 litres of disinfectant were donated to the Task Force for the Acceleration of Handling and Prevention of COVID-19 to help Bula people fight the spread of the virus;
- On March 30, 2020, CITIC Seram assisted in spraying disinfectant in Bula to prevent the spread of COVID-19;
- In collaboration with the local COVID-19 Task Force and Police Department, 170 emergency packages were provided to the local community of Bula for preventing the pandemic.

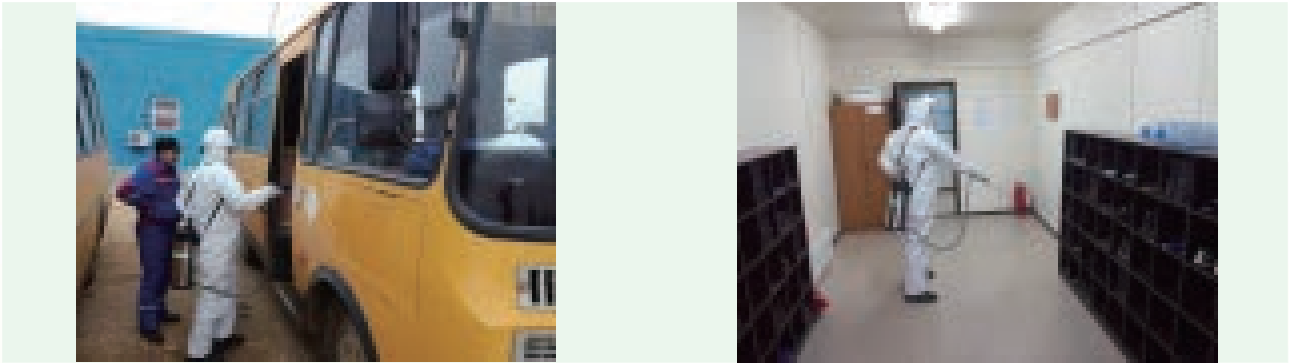
³ Bula is a town in Maluku Province, Indonesia, located at the northeast coast of Seram.

Karazhanbas oilfield

In March 2020, COVID-19 pandemic began to break out in Kazakhstan. KBM quickly established the “KBM headquarters for preventing the spread of COVID-19” on March 12, and formulated and approved the “Action Plan of KBM Contractors in case of the Worsening Pandemic Situation in Mangistau Province” on March 27. To prevent the import cases of COVID-19, KBM strictly requires all shift workers to have nucleic acid testing before they can take up their posts, and the test cost is borne by KBM.

At the beginning of June 2020, KBM launched the most stringent emergency plan under the condition of ensuring production safety, aiming to reduce the number of on-site oilfield personnel from 3,000 to 1,400, and to keep the number of on-site operators at 10% of the previous number. Meanwhile, KBM applied close-circuit management at the oilfield, on-site personnel or vehicles were forbidden to enter the oilfield except for vehicles delivering food, oil materials and necessary production materials and ambulances. Vehicles entering the oilfield must carry out pandemic prevention inspection and disinfection at the oilfield pandemic prevention inspection station according to scheduled time and procedure. Security personnel monitored and accompanied unloading to avoid direct contact between the delivery personnel and the on-site personnel. Besides, KBM divided the personnel of different workshops and different sub-working groups⁴ into 43 groups, reducing engagement among people, based on their living locations, on-site working areas, and dining areas.

From June 29 to July 1, 2020, KBM conducted a COVID-19 screening with nucleic acid test. According to the test results, KBM organised employees and contractor employees to the designated medical point at the city for treatment and shut down some certain production facilities as needed. In the process of resuming work and production, KBM disinfected all production facilities and non-production facilities such as canteens and dormitories. All KBM employees were sent back to the city to take the nucleic acid tests, all production personnel with negative nucleic acid test results were allowed to enter oilfield in a contactless way and were managed in groups. According to the production needs and nucleic acid test results, production personnel at oilfields gradually increased. KBM has fully resumed production and operation at the end of July 2020.



On March 22, 2020, KBM disinfected shift cars and public places.



On May 1, 2020, KBM leaders and the Chairman of the labour union inspected anti-pandemic work and held a conference with the Fighting against COVID-19 Pandemic Team.

⁴ Sub-working group refers to the production organisations divided by the specific work content of oilfield.

4 About Us

4.1 ABOUT CITIC RESOURCES

The Company was incorporated in Bermuda in 1997 and has been listed on SEHK in the same year. The Company is committed to development in the sectors, covering energy, metal and import and export of commodities, etc, and continuously defines CITIC Resources as an integrated provider of key commodities and strategic natural resources. The ultimate holding company is CITIC Group (formerly China CITIC Corporation) which was incorporated in China, and through its direct wholly owned subsidiaries CITIC Limited (incorporated in Hong Kong and published in the main board of SEHK). CITIC Group holds a 59.5% share of the Group.

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

The Group understands that as a part of natural resource industry, the Group shall be conscious of the impacts our activities may have on the environment, make every effort to provide quality products and services, meet society's needs for energy, and achieve harmonious development of society, the economy, and the environment.

4.2 ABOUT THE SUBSIDIARIES AND JOINT VENTURES COVERED IN THIS REPORT

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

Subsidiaries

Tincy Group Energy Resources Limited

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

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

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

CITIC Seram Energy Limited

CITIC Seram, an indirect wholly-owned subsidiary of the Company, owns a 41% participating interest in the production sharing contract until 31 October 2039. The original production sharing contract expired on 31 October 2019 and it has been extended for 20 years from the end of original production sharing contract. CITIC Seram is the operator of the Seram Block.

CITIC Resources Australia Pty Ltd

CITIC Resources Australia Pty Limited is an indirect wholly-owned subsidiary of the Group, and its subsidiaries are engaged in mining investment business including aluminium smelting, coal, bauxite mining and alumina refining, as well as import and export commodities in Australia.



CITIC Petroleum Technology Development (Beijing) Limited

CITIC Petroleum Technology Development (Beijing) Limited is an indirect wholly-owned subsidiary of the Group, engaging in petroleum-related technology development business in Beijing, China.

Joint Ventures

Karazhanbas oilfield

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

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

4.3 CORPORATE HONOUR



CITIC Resources

Three awards at the 6th Investor Relations Award from the Hong Kong Investor Relations Association, namely the “Best ESG report”, “Best IR Company”, and “Best Annual Report”.

In October 2020, CITIC Resources won three awards at the 6th Investor Relations Awards from the Hong Kong Investor Relations Association, which reflects its investors’ appreciations of the Company’s business development and governance capability and directly demonstrates the Company’s transparency and sound corporate governance structure.



CITIC Seram

The 2020 Best Technical Discovery

In September 2020, CITIC Resources was awarded with the 2020 Best Technical Discovery by the Institute of Geologist Experts (IAGI) in Indonesia. This award demonstrates CITIC Seram’s expertise in geological exploration.



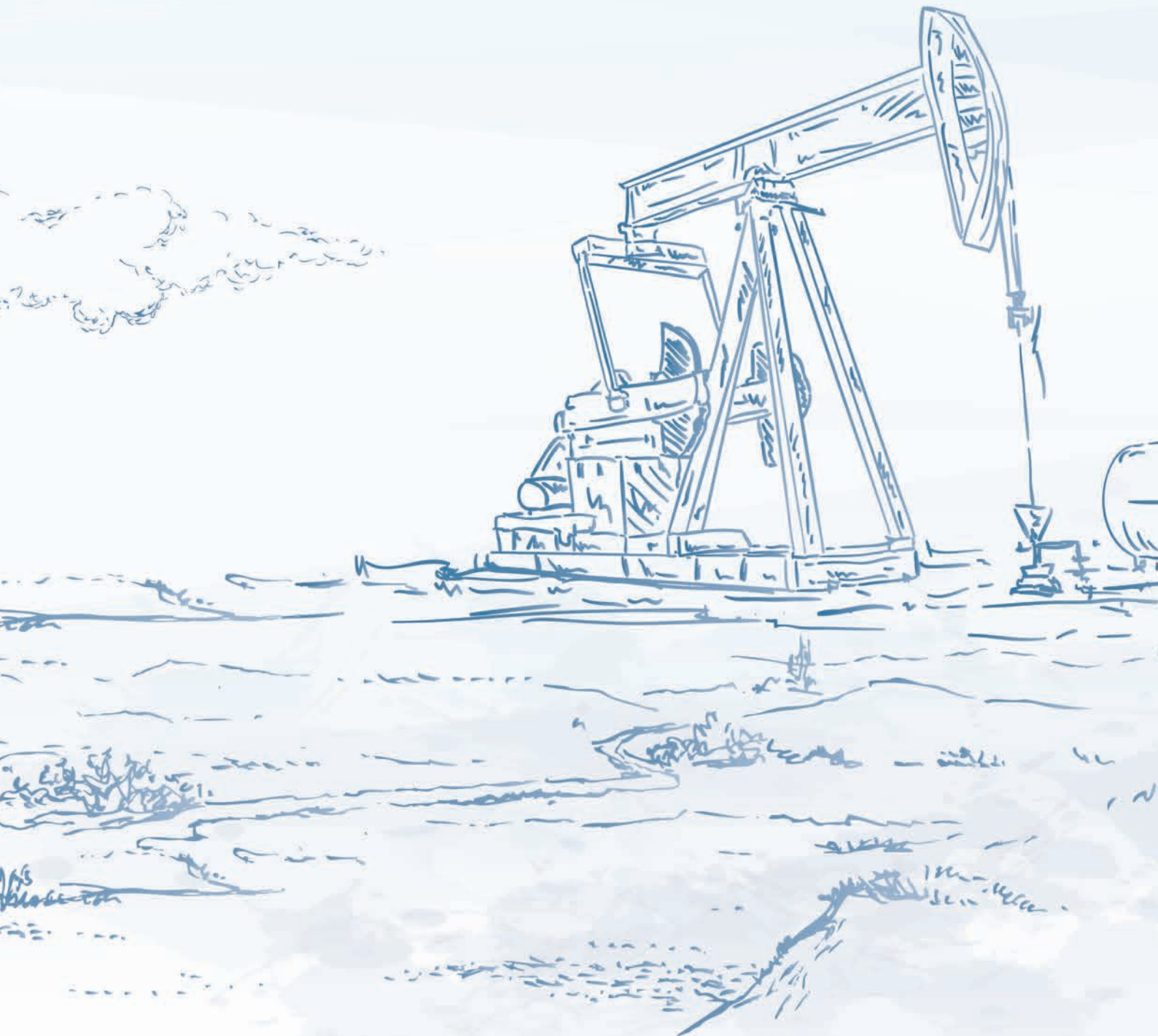
CITIC Seram

PROPER Blue Rating

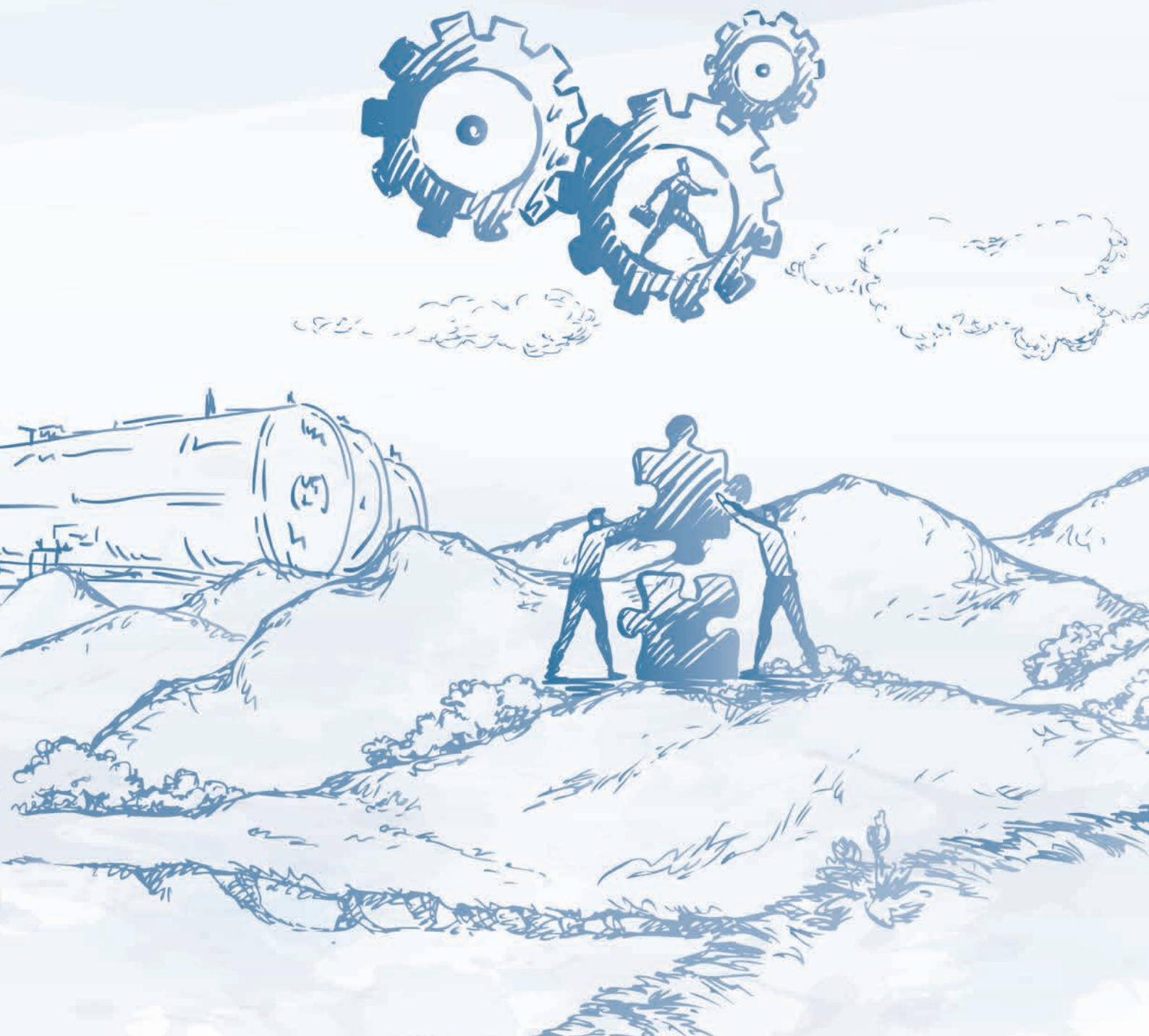
Ever since 2010, CITIC Seram has been strictly abided by the Indonesian government’s requirements on the environmental information disclosures, and thus received “Blue” rating from the Minister of the Environment of Indonesia for 10 consecutive years.

Our Governance

CITIC Resources strictly abides by the laws and regulations, and the provisions of regulatory bodies at the operating locations, while formulating and executing the Company's internal governance policies and codes of practice to ensure compliant operations. The Company continuously ensures its subsidiaries' and joint ventures' compliance with laws and regulations, improvement of business operations, and management of risks and opportunities through policies and system monitoring. Through diversified and multi-level corporate governance, the Company aims to strengthen its core business, to improve its own competitive advantages, and to gradually achieve the target of sustainable development.



If you would like to know more detailed information on the Company's corporate governance, please read in conjunction with the Company's *Corporate Governance Report* within the *2020 Annual Report* to comprehensively understand the Company's governance performance.

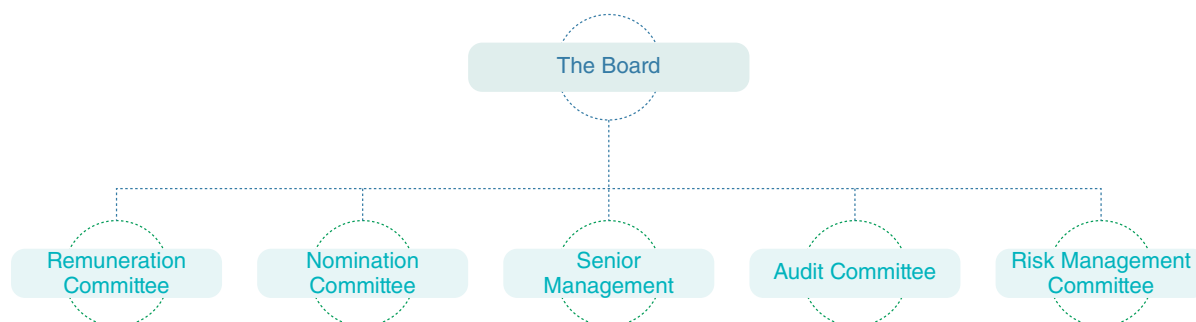


5 Our Governance

5.1 CORPORATE GOVERNANCE

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

CITIC Resources' Governance Structure:



As of March 4, 2021, the Board is composed of 7 members, including 3 Executive Directors, 1 Non-Executive Director, and 3 Independent Non-Executive Directors. The resumes of all directors and the specific terms of reference of each committee have been published in the *2020 Annual Report* and on the Company website. During the Reporting Period, to comprehensively strengthen knowledge and skills, all Directors have participated in appropriate sustainable development training, including the updates on ESG, relevant laws and regulations, and practices, as well as the duties and responsibilities of Directors.

5.2 RISK MANAGEMENT AND INTERNAL CONTROL

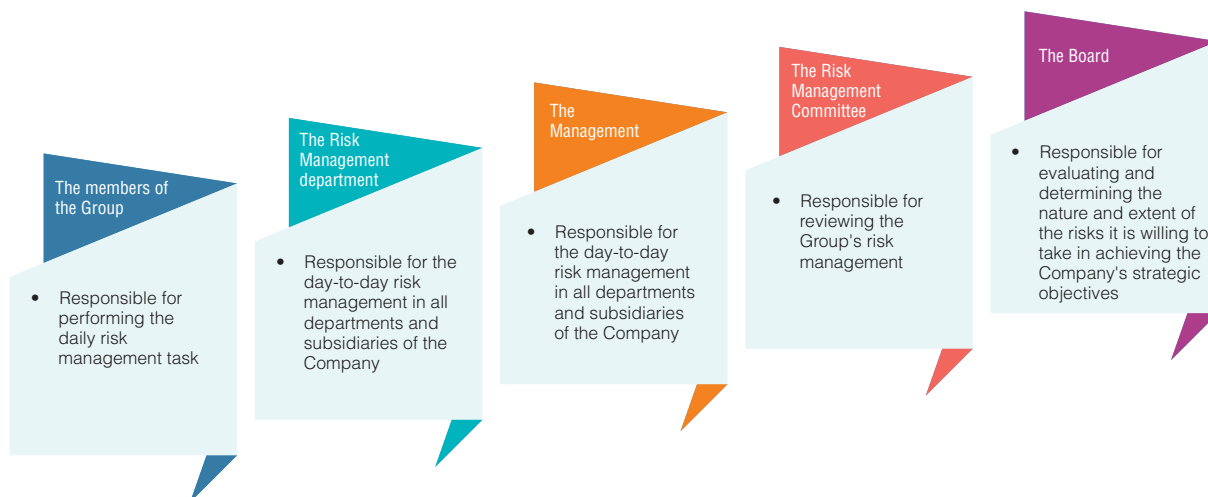
CITIC Resources has regarded risk management and internal control as a top priority since its establishment. The Company recognises that it is the duty and obligation of the Board to establish and maintain a risk management and internal control system that is consistent with Company's strategic objectives and meets the practical needs of the Company. The Board has overall responsibility for maintaining an adequate system of risk management and internal control and reviewing its effectiveness.

Risk Management and Internal Control

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

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

The Group's risk management and internal control system comprises five levels:



During the Reporting Period, the Risk Management Department identified risks by multiple channels, including questionnaire, group discussion and scenario analysis, evaluated risks as normal risks, significant risks, and critical risks, and managed the risks with reference to the "Risk Management Policy". It also controlled the risks of subsidiaries through monthly "Risk Management Report" and risk assessment as well as the monitoring of major projects and business. The result of the review, including COVID-19 related risk, strategic and investment risk, health, safety and environment risk, asset impairment risk, market risk, liquidity risk and litigation risk, has been summarised and reported to the Risk Management Committee and the Board with recommendations and follow-up results. The Board has received from the management a confirmation on the effectiveness of the risk management and internal control system. Since the last annual review, the outbreak and widespread of COVID-19 pandemic led to global economy disruption, commodity price slump, and sharp increase in health risk. The precautionary measures and the results were reported to the Risk Management Committee during the Reporting Period.

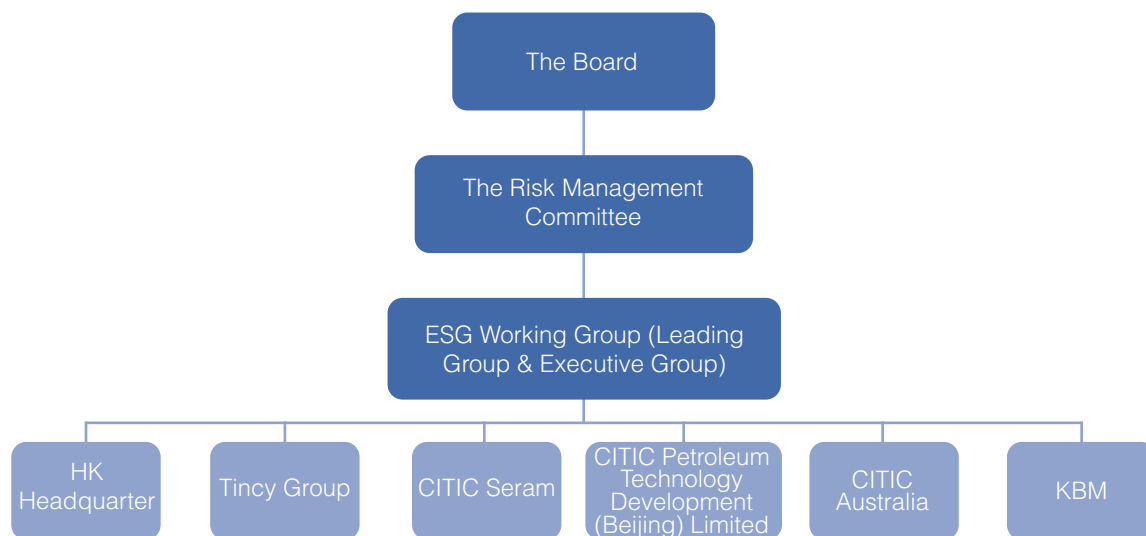
Internal Audit

In order to ensure the adequacy and effectiveness of business operations, the internal audit department of the Group carries out a regular analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control system and performs independent internal audit reviews for all business units and functions in the Group on a systematic and ongoing basis. Under the internal audit charter of the Company, the internal audit department has unrestricted access to all parts of the Group's businesses and direct access to any levels of management including the chairman of the Company and the chairman of the Audit Committee as it considers necessary.

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

5.3 SUSTAINABLE DEVELOPMENT MANAGEMENT

CITIC Resources is deeply aware that the corporate pursuit on sustainability is not only the long-term and stable development of business operations, but also the promotion of green development and the harmony among human and nature. Therefore, the Group understands its mission, makes every effort to promote economic and social development, and is committed to fully integrating with the long-term needs of the environment. During the Reporting Period, the board members of CITIC Resources actively participated in ESG training. After a comprehensive understanding of the development and current situations of ESG and in-depth consideration on the impacts of ESG on enterprises, the ESG management structure was thereby established, as specifically shown below:



To continuously improve the ESG supervision mechanism of the Group, improve the ESG reporting management level, and effectively control the sustainable development risks of the Group, CITIC Resources formulated the “ESG Management Regulation of CITIC Resources Holdings Ltd.” (the “**ESG Management Regulations**”) during the Reporting Period. The ESG Management Regulations clearly states the governance responsibility at all levels of the ESG management structure, and the procedure of ESG reporting and information and data collection.

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

- Identifying matters related to ESG that constitute significant impacts to the operations of the Group and/or the benefits of other key personnel;
- Updating relevant production safety, environmental protection, social responsibility management and corporate governance policies when necessary;
- Supervising the Group's social responsibility for health, safety, environmental protection, and environmental monitoring (including organisational structure, rewarding system, employee training and corporate governance, etc.);
- Reviewing the annual ESG Report and make recommendations to the Board for approval;
- Other duties related to health, safety, environment, social responsibility and corporate governance authorised by the Board; and

- Complying with any requirements, guidelines, or regulations that the Board may not prescribe from time to time, or that the constitutional documents of the Group may not be listed from time to time, or that may be imposed by law from time to time.

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

The leading group is headed by the Chief Executive Officer, who is the main responsible person for ESG governance of the Company. The Vice President of the Company is responsible for the overall implementation of ESG governance strategy. The Chief Financial Officer, the Chief Technical Officer, the company secretary, and the Heads of subsidiaries are the members of the leading group. The leading group is responsible for ensuring the effective implementation of ESG policies, and that the governance of CITIC Resources meets the compliance requirements of SEHK.

The leader of the execution group is the Head of Investor Relations Department. The Head of the Company's Risk Management Department, the Head of Personnel Administration, and the Head of ESG work of each subsidiary are the group members. The main job responsibilities are as follows:

- Formulating and improving the ESG Management Regulations and updating them in time according to the listing regulations of SEHK;
- Preparing the ESG work plan and target of the Group and conduct regular review;
- Identify, screen, and recommend ESG material issues;
- Coordinating and supervising the reporting and collection of ESG matters of subsidiaries; and
- Other tasks assigned by the Risk Management Committee of the Board or ESG leading group.

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

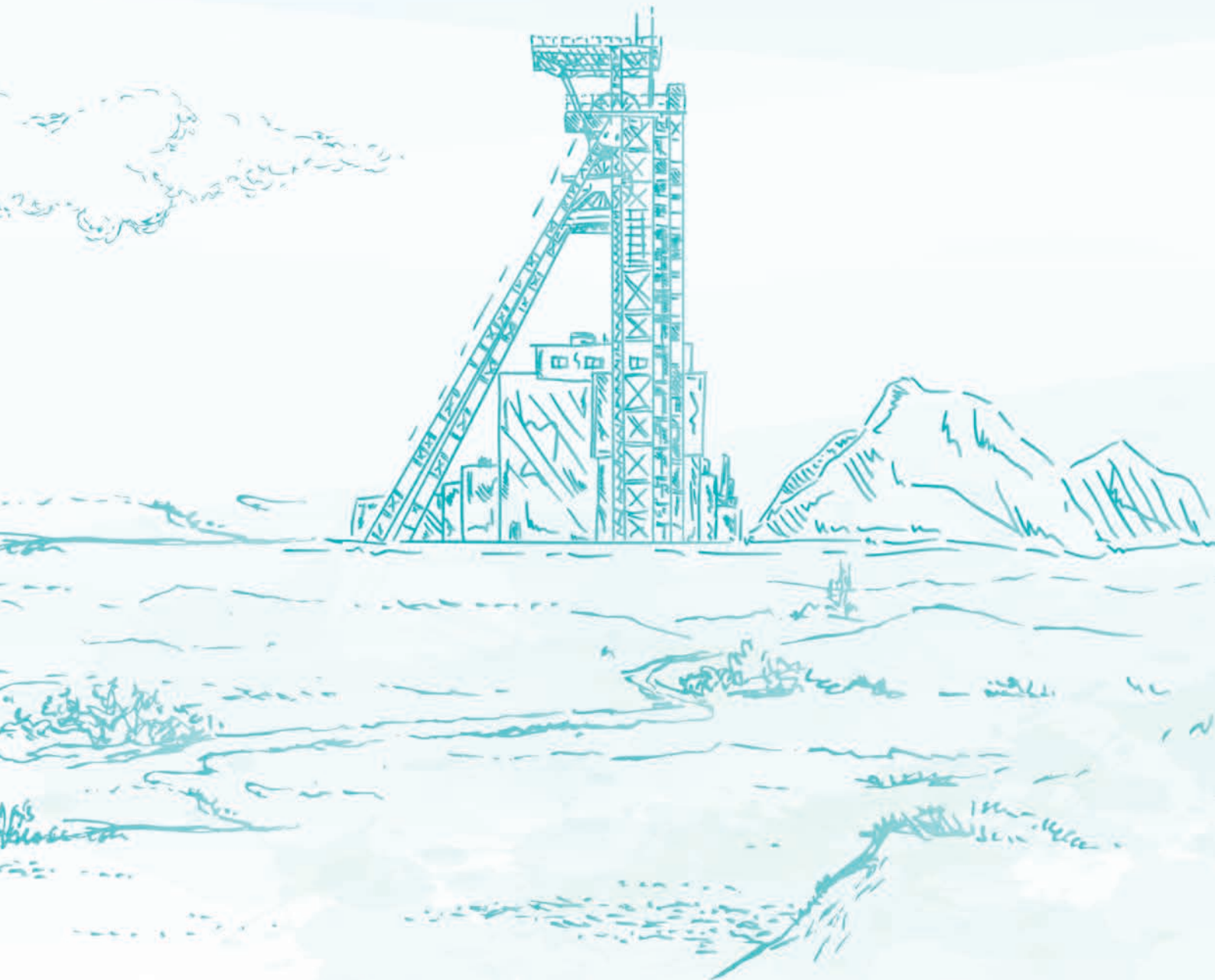
- Each subsidiary shall formulate and revise its own ESG management regulations while applicable to effectively supervise the ESG matters based on its own situation;
- Achieving the targets and tasks assigned by ESG working group;
- Reporting significant ESG matters that may affect the operations, asset security, financial status and reputation of the Group to ESG working group within 48 hours after the occurrence of the issues and take follow-up actions; and
- Cooperating with the Internal Audit Department for ESG audit work.

Since the establishment of the ESG management structure, the Board has held a special meeting on the ESG matters of materiality assessment on January 8, 2020, and has reviewed and approved this Report in May 2021; the Risk Management Committee has successfully held a special meeting on ESG work progress on July 24, 2020; while the Company has communicated with the execution and implementation levels several times, gradually and effectively promoting and implementing the ESG work.



Our Communication

To fully appreciate the trust and support of stakeholders to CITIC Resources, the Group proactively responds to the expectations and concerns of the stakeholder. The Group devotes itself to listening to the opinions of internal and external stakeholders and strives to pursue and realise the interests of all stakeholders so as to achieve the Group's sustainable development goals step by step.





6 Our Communication

6.1 COMMUNICATION CHANNELS

The Group proactively maintains communication with stakeholders with the aim of fully understanding their views and expectations so as to help refine the Group's existing or future sustainability policies. In addition, the Group enjoys interacting with stakeholders, both those who are the focus of this Report and those who may influence the Group's strategic direction, such as NGOs, media organisations, and industry associations, to understand their concerns on the ESG matters of the CITIC Resources.

The types of stakeholders, communication channels, and engagement purposes of CITIC Resources' subsidiaries and joint ventures have been summarised as below:

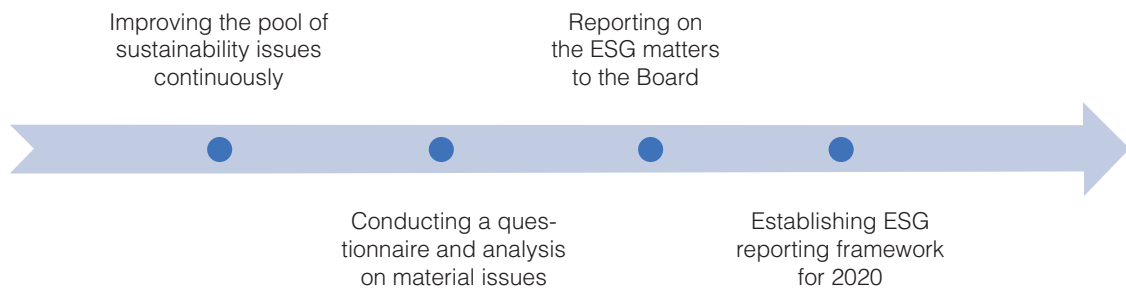
Stakeholder Group	Major Stakeholders	Engagement Purposes	Communication Channels	Expectations and Appeals
Shareholders/Investors	Major Shareholders Public Investors	The Group demonstrates its determination to pursue long-term financial return and reports on the sustainable development to the major shareholders/Addressing the investors' concerns on sustainability demonstrates the Group's determination to pursue long-term financial return	Annual general meeting Disclosure of listed company information On-site Investigation	Protecting the rights and interests of shareholders Improving corporate governance Improving business performance
Government and Regulators`	Government Agencies Industry Regulators	Policies and regulations directly impact the Group's business. The Group needs to maintain close communication with the relevant governments and regulators to ensure that policies and regulations are well understood.	Regular reporting and submission of information Regular communication with regulatory authorities Meetings/Seminars Annual environmental performance audit	Operating in compliance with laws and regulations Promoting local economic development Creating local job opportunities Producing and operating in a safe manner
Employees	All Employees	The Group considers it is important to understand employees' sustainability concerns, particularly on the issues in relation to labour and occupational safety practices.	Workers congresses Employee appraisal meeting Employee satisfaction survey Employee suggestion box Team building activities	Ensuring occupational health and safety for employees Improving remuneration and benefits Promoting professional skill development Caring employees
Customers	Oil Buyers Customers of the Import and Export Business	To retain the Group's customers, the Group needs to understand the shared sustainability values, so that the services the Group delivers could meet their expectations.	Business communication Customer feedbacks	Improving quality assurance system Providing quality products and services
Peer Companies	Oil and Gas Companies	By maintaining contact with peer companies, the Group can better grasp the trends of sustainable development and respond quickly.	Communicating with local labour departments Participation in industry forums Visits and inspects with industry peers	Promoting industry development
Business partners	Companies with Business Partnership	The Group is committed to maintaining a good working relationship with its partners and actively communicates with them to continuously understand the shared sustainability values and facilitate project implementation and execution.	Annual meeting Management visits Special inspections Regular reporting systems	Cooperation

Stakeholder Group	Major Stakeholders	Engagement Purposes	Communication Channels	Expectations and Appeals
Potential Investors and Financial Institutions	Investment Institutions	As the Group may need to seek external funding in the course of its operations, the Group needs to ensure compliance with the requirements of different asset management companies and investment institutions.	Information disclosures Briefings for investors Roadshows Briefings for analysts	Disclosing information timely and accurately
Suppliers Contractors	Raw Materials Suppliers Equipment Suppliers Fleet Managers Professional Service Providers Catering Service Providers Security Service Provider	The sustainability performance of the suppliers and contractors directly affects the Group's performance. Suppliers are only involved in supplying services, materials and equipment, and do not directly engaged in the work at the oil fields of the Group. However, the environmental and social performance of the suppliers would affect the Group's operations and reputation. Therefore, the Group needs to maintain communication with suppliers to ensure that the suppliers operate in compliance. Given that the contractors bear the same health and safety risks as the Group's employees at the operating locations, the Group' HSE policies and systems cover all the contractors, which means they are managed, restricted and protected by the Health, Safety and Environment (HSE) policies and systems, to ensure the safety of the contractors' employees and to prevent harm to themselves and the Group's employees due to their improper operation of facilities.	Business communication Tendering Seminars & conferences Entry requirements and evaluation On-site investigation	Entry management Continuous evaluation
Communities and the Public	Communities around the oil fields	The Group must proactively engage with local communities to ensure that its business is creating societal benefits. The Group respects local elements such as culture and beliefs in the places where it operates, and makes continuous efforts to enhance local values.	Charitable activities Stakeholder engagement	Improving community environment Supporting community public welfare



6.2 MATERIALITY ASSESSMENT

In order to better understand and respond to stakeholders' concerns, CITIC Resources engaged a team of independent third-party consultants to assist in conducting a materiality assessment during the Reporting Period, which was different from previous assessments in terms of format and target participants. The Board, the management, and the ESG working group of CITIC Resources were invited to participate in the materiality assessment to confirm the material issues for the Reporting Period and to conduct an in-depth assessment and discussion on the material issues to enhance CITIC Resources' understanding on the material issues and their implications. The process of materiality assessment during the Reporting Period is as follows:



Step 1 Continuously improving the pool of sustainability issues

The Group continued to improve CITIC Resources' dedicated pool of sustainability issues by making references to international general and industrial guidelines⁵, paying attention to changes in industry policies and material issues of peer companies. During the Reporting Period, the Group reviewed and evaluated the pool of sustainability issues and added one new sustainability issue, "Safeguarding Energy Supply", totalling 21 sustainability issues from environmental and social areas in the pool.

Step 2 Conducting a questionnaire on material topics

To ascertain the level of understanding of the Board and the management on ESG matters and the relevance of ESG matters to the Group's operations, CITIC Resources has created an online materiality assessment questionnaire exclusively for the Board, the management and ESG working group. The questionnaire consists of two parts. The first part of the questionnaire invited participants to score the impact of the material issues identified by stakeholders in 2019 based on six dimensions (e.g., daily operations and financial performance), in order to effectively take into account stakeholders' expectations of the Group's sustainability issues in the materiality assessment process. In the second part of the questionnaire, participants were invited to select sustainability issues from the CITIC Resources' dedicated pool of sustainability issues that were not identified by stakeholders as being of high importance in 2019, in order to further identify whether there were other sustainability issues that needed to be focused on.

⁵ The pool of sustainability referred the Oil and Gas Industry Guidance on Volatile Sustainability Reporting by the International Petroleum Industry Environmental Conservation Association, ESG Reporting Guide of the SEHK, and Sustainability Topics as Sectors: What do stakeholders want to know? by Global Reporting Initiative.

Step 3 Reporting on the ESG matters to the Board

After consolidating and analyzing the results of the online questionnaire, the Board of CITIC Resources held a special meeting on sustainability issues on January 8, 2021, to confirm the material issues for 2020. During the meeting, the Board and the management were briefed on the materiality assessment process and results of 2019 and the results of the online questionnaire for the 2020 materiality assessment, and then discussed the results of the online questionnaire and finalised the material issues for 2020.

The following table shows the 5 material environmental issues and the 6 material social issues identified for 2020:

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

Key changes to the material issues:

- "Climate Change" is a newly added material issue for the Reporting Period. The addition of this issue was mainly due to the introduction of "Climate Change" in the environmental area of the ESG Reporting Guide of SEHK.
- "Water Consumption & Efficiency" is a newly added material issue for the Reporting Period. This issue was previously identified as a material issue for 2018. The Board and the management have indicated that there is a great demand for water resources in CITIC Resources' operating activities and therefore this issue shall be regarded as an area of focus for the Group.
- "Local Content" is a newly added material issue for the Reporting Period. In consideration of the proactive integration of overseas subsidiaries and joint ventures into the local communities in the course of their operations, this issue will be particularly addressed in this Report.



Step 4 Establishing ESG reporting framework for 2020

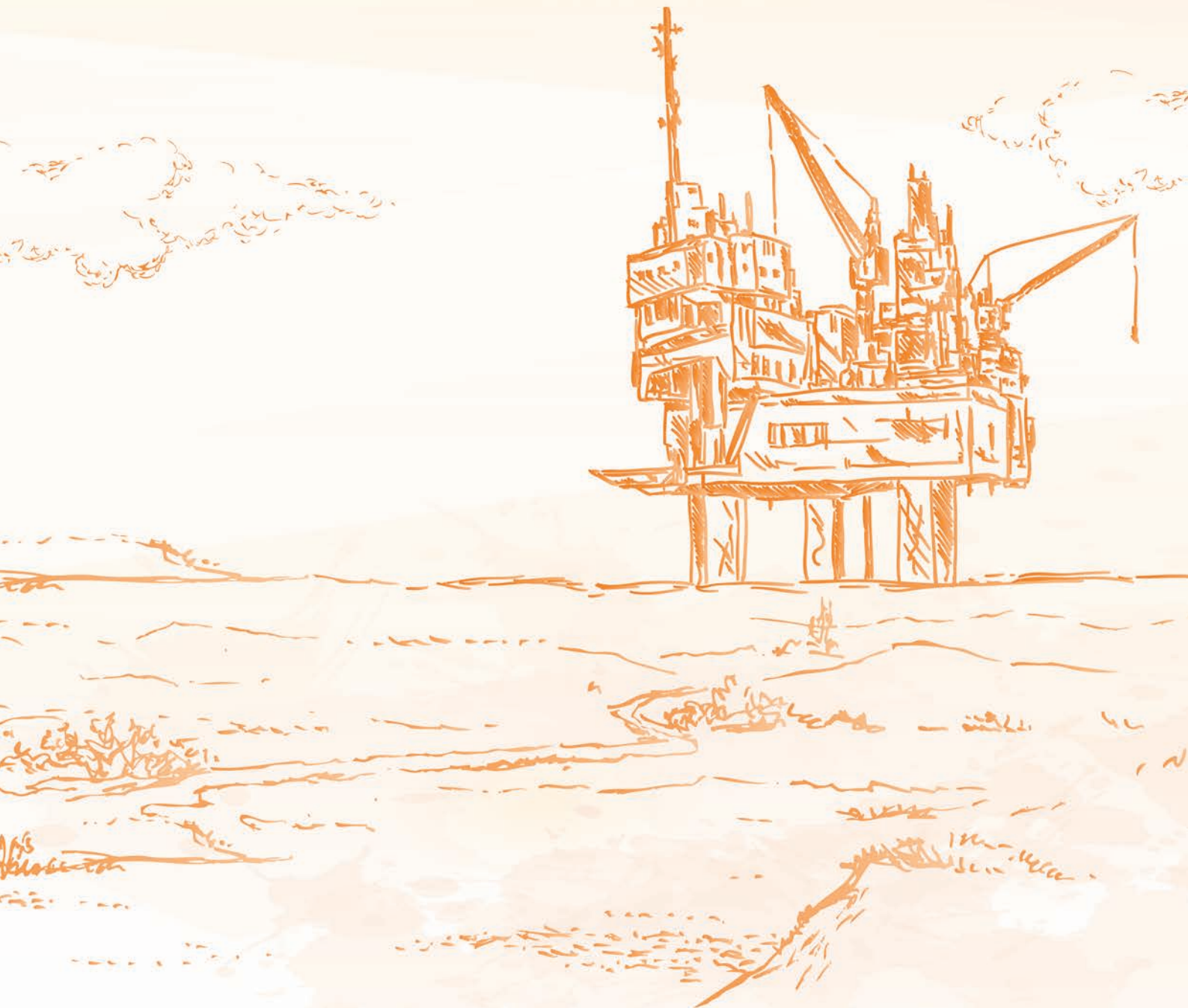
The Group has disclosed the material issues for 2020 discussed and confirmed by the Board and the management as the focus of this Report, and the Group has also identified these issues as the direction that needs the most attention in its future sustainable development efforts. The following table sets out the Group's material issues for 2020 and the corresponding sections in this Report.

Subject Area	Material Issues	Sections for Responses
Environmental	Oil Spill Prevention	8.1 Oil Spill Prevention
	Local Environmental Impact	8.2 Environmental Management
	Energy Usage & Efficiency	8.3 Resources Usage
	Climate Change	8.4 Coping with Climate Change
	Water Consumption & Efficiency	8.3 Resources Usage
Social	Employees' Health & Safety	9.1 Health and Safety
	Employment & Employee Benefits	7.1 Policies and Benefits
	Employees' Development & Training	7.2 Training and Development
	Employees', Contractors' & Communities' Rights	7.3 Respecting Rights
	Corporate Governance	5 Our Governance
	Local Content	10 Our Community



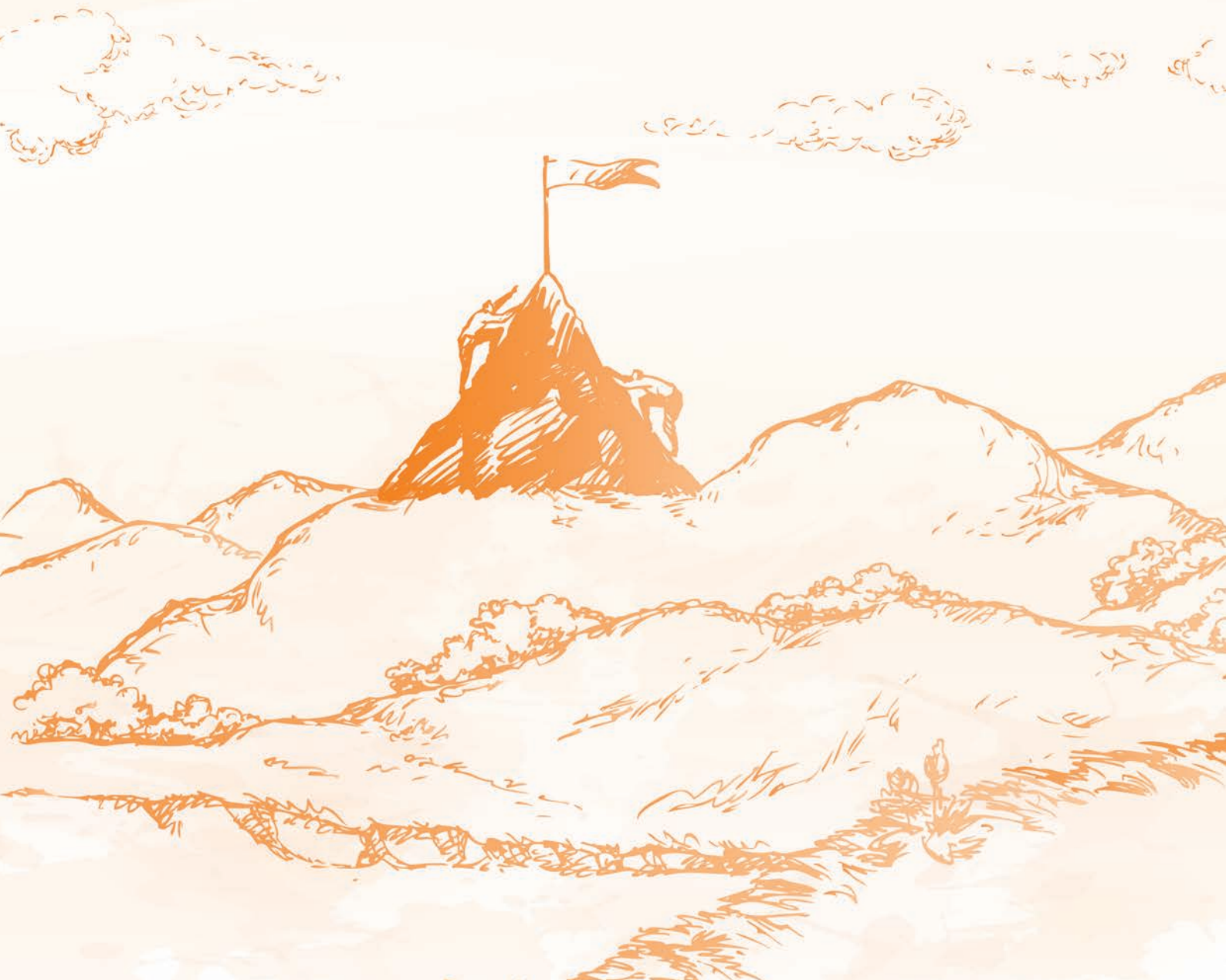
Our Employees

The Group has always considered quality talents as one of the core competencies of the Group and a driving force for corporate sustainable development. The Group adheres to the concept of "Employees are our Most Valuable Asset and Wealth", strives to develop and improve human resources-related policies and builds a career development platform for the employees. Additionally, the Group also cares for employees' health and well-being, and is committed to creating an inclusive and harmonious working environment for employees through various safety policies and special activities.



The Group strictly complies with the laws and regulations relating to recruitment, remuneration, promotion, dismissal, working hours, holidays, benefits, etc., continues to formulate and improve human resources policies to ensure that the Group does its utmost to protect the growth of its employees and the development of the Group beyond a compliance basis. CITIC Resources has formulated and implemented the “Employee Handbook” and newly issued “CITIC Resources Headquarters Personnel Resignation Management System”, the “Employee Care Plan” and the “Employee Rental Tax Deduction Relief Plan” during the Reporting Period, which state remuneration, benefits, bad weather working hours and arrangement, employee code of conducts, codes of business practice, equal opportunity policies, other employment policies, and occupational safety and health policies, while each subsidiary and joint venture develops and implements employment-related policies that fulfill the requirement of the local operating locations to clarify employee-related rights and business practices.

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



7 Our Employees

7.1 POLICIES AND BENEFITS

The Group insists on safeguarding and protecting the legitimate rights and interests of employees in accordance with the laws, and attaches great importance to the opinions and feedback of its employees in order to follow up the existing employee welfare policies in a timely manner. The Group's remuneration policy provides fair market remuneration through form and value to attract, retain and motivate employees. The remuneration of each employee is determined by the individual's knowledge, skill, time commitment, responsibility, and performance as well as the Group's profits and performance.

Besides, the Group values work-life balance for its employees and adopts various means to create a healthy and interactive working environment. The Group also organises different activities to relieve the work pressure of employees according to their needs and expectations, and hence enhances employee cohesion and morale.

The Group also establishes a comprehensive and effective welfare and protection system for its employees:

Accommodation	Statutory Social Benefits	Medical Insurance	Annual Physical Examination	Leaves
The Group provides free breakfast and lunch to its employees, as well as free dormitories for employees working at the oilfield.	The Group pays the social insurance and retirement benefits required by the operating locations for its employees.	The Group provides group medical insurance for its employees to support their basic needs such as outpatient, inpatient surgery, and dental treatment.	The Group provides annual medical examination reimbursement for employees who have served for more than one year.	In addition to statutory holidays, the Group provides employees with different types of leaves to meet their needs.

Yuedong oilfield

Tincy Group fully ensures that human resources-related management, including recruitment, dismissal, promotion and etc, complies with the provisions of relevant laws and regulations. In accordance with the relevant national regulations, Tincy Group provides corresponding labour protection to its employees and pays "five social insurances and one housing fund" for them. Employees are also entitled to statutory leave and paid annual leave.

For recruitment, the Joint Management Committee of Tincy Group counts the previous year's personnel at the beginning of each year, and also analyses the employment situation of the current year. Tincy Group can then recruit suitable candidates for the vacant positions based on the record of the Joint Management Committee.



Seram Block

During the Reporting Period, CITIC Seram refined the development of the “CSEL Corporate Policy 2020–2022”, which sets out the rights and obligations of CITIC Seram and its employees in order to build a healthy and friendly partnership between them. The policy contains provisions on working relations, recruitment, employees working hours and breaks, overtime work, statutory holidays, paid annual leave, special permitted leave, occupational health and safety, benefits packages, medical benefits, etc.

Karazhanbas oilfield

KBM strictly adheres to Kazakhstan’s policies regarding employment and respects the rights of each employee and provides the following benefits:

<p>Healthcare</p>	<p>KBM provides its employees with a high level of modern medical services by signing a medical service contract with a company that provides advanced medical technology and equipment. KBM invites specialist doctors from contracted medical institutions for medical consultations twice a year, including specialists in cardiology, neurology, endocrinology, gastroenterology, etc. KBM has a separate registry for employees with cardiovascular diseases, hypertension, heart attacks, diabetes, and digestive diseases, so that they can be examined regularly and given a professional treatment plan.</p>
<p>Accommodation</p>	<p>In order to help its employees solve housing problems, KBM signed a memorandum of cooperation with two local real estate companies to sell new houses discounted by 15%-20% to KBM employees, enabling KBM employees to realise their housing dreams at a preferential price.</p> <p>During the Reporting Period, KBM further signed a cooperation agreement with local banks to provide housing loans with a favourable annual interest rate of 5% to employees under the age of 29, who have no housing but multiple children (4–5 children or more). At present, 104 employees have planned to apply for this preferential loan to realise their housing dream.</p> <p>In addition, KBM continues to maintain employee dormitories so as to equalise the conditions of accommodation for all employees. During the Reporting Period, KBM completed the repairment of facilities in the worker villages, including 4 units of the dormitory, cultural activity center, mini football field, and medical points. Currently, accommodation obtains the highest scores in the employee satisfaction survey.</p> <div data-bbox="823 1388 1150 1759" data-label="Image"> </div> <p data-bbox="847 1791 1123 1817">KBM's employee dormitory</p>

7.2 TRAINING AND DEVELOPMENT

CITIC Resources firmly believes that the stable development of the Group closely relies on the continuous contribution of its employees. Through a comprehensive talent training system, the Group continuously promotes the development of human resources capabilities, which in turn helps the sustainable development of the Group while employees realise their self-worth. With the performance appraisal mechanism, the Group uses employees' performance as the basis for salary and rank adjustments to motivate employees and encourage them to realise their own values. At the same time, the Group has been continuously expanding the career development opportunities of employees of CITIC Resources and its subsidiaries and joint ventures through internal rotation, so as to ascertain career path for employees.

Training Content at a Glance:

Health, Safety & Environment	Operational safety and lifesaving	Well Control	Hydrogen Sulphide Treatment and Safety	Oil Spill Prevention	Procurement Rules and Procedures
Industry Knowledge	Firefighting Safety	Advanced Machinery and Equipment Use	Accounting	Legislation	Taxation

CITIC Resources

The Company formulates employee training and development programs, and encourages its employees to participate in targeted training courses and industry seminars to enhance their skills, and hence improve their working capability and facilitate their career developments. The Group provides various types of training to satisfy the needs of employees at different stages of their career. CITIC Resources formulated the "Employee Training and Development Policy" and regulated the continuous education of employees. In addition to the training assigned by the Group, each employee can apply an annual training allowance of HKD5,000 to participate in the training courses organised by authorised organisations to improve professional quality and ability.

In addition to the training allowance, employees can apply allowance for external courses (such as certificate or diploma courses) if the courses can greatly contribute to their work and the Company. Before the course starts, employees can apply to the Department Head and the Human Resources and Administration Department, and then obtain approval from the Chief Executive Officer. If the course fees exceed the limit of training allowance, employees must sign a training agreement with the Company.

Training Types		
Compulsory Training	Professional Training	Personal Career Development Training

Yuedong oilfield

Tincy Group integrates the actual needs of each department and the requirements of different personnel at different levels to carry out relevant training in a targeted manner. Due to the COVID-19 in 2020, Tincy Group was unable to organise other group training except for the "four minor certificates" and hydrogen sulphide prevention training to meet the mandatory requirements of regulations and production needs.

- "Four minor certificates": 24 training hours, 20 participants were trained in two batches.
- Hydrogen sulphide prevention training: 16 training hours, 26 participants were trained in three batches.



In view of the special nature of the oilfield artificial islands and the consideration of the health and safety of the employees, Tincy Group plans to continue the training on hydrogen sulphide prevention and the “four minor certificates” within the budgetary scope in 2021, and to start the professional training for other departments on this basis as appropriate.

Seram Block

In addition to building its employees' professional skills and safety awareness, CITIC Seram also establishes different types of training through cooperation with different organisations to develop its employees' skills beyond their own occupational competence, expanding the employees' visions. Affected by COVID-19 in 2020, CITIC Seram has only launched a one-week mandatory HSE program training. However, to better protect the safety and health of employees, CITIC Seram plans to launch a mandatory certification training in 2021 based on the needs of the production, HSE, and operation teams.

Karazhanbas oilfield

KBM has signed a memorandum with the local Caspian State University of Technologies and Engineering to organise an 8 to 10-month internship for juniors and seniors of the University at an oilfield production facility so as to identify and develop professional talents. KBM arranges learning and practical tasks according to the internship program, and final examinations are conducted and evaluated, and those with excellent results will be given priority by KBM during recruitment. For KBM, the combination of theory and practice provides a more accurate assessment method for subsequent recruitment, as well as internships and employment opportunities for local education institutions and their students.

7.3 RESPECTING RIGHTS

Strictly complying with the relevant laws and regulations on employment at the operating locations, the Group ensures that all employees enjoy various rights and benefits and are treated fairly and equitably, respects the rights and interests of female employees and ethnic minorities, and protects employees of different nationalities, races, genders, and cultural backgrounds from infringement of their values, religious beliefs, and privacy. CITIC Resources strives to establish teams with different ethnicities, educational backgrounds, work experience, nationalities, and expertise to enrich the composition of employees and build a diverse and equal workforce.

CITIC Resources

CITIC Resources respects its employees' rights and dignity, resists any acts of disregard or abuse of human rights, strictly protects employees' privacy, and strives to safeguard employees' rights. By establishing policies and paying due attention to the effectiveness of these policies, CITIC Resources has incorporated the principles of anti-discrimination and equal opportunity into the daily operations.

Anti-discrimination	The Company is guided by the principle of equal opportunity in recruitment, determining employment terms and handling any employment matters, hence ensuring that everyone is treated equally and without discrimination, regardless of gender, marital status, race, religion, etc.
Equal Opportunity	In order to cope with harassing behaviours at the office area, the Company has established a comprehensive grievance procedure. After receiving the complaint, the Company will look into the situation, make a detailed investigation, and take appropriate actions or disciplinary actions. The Company is committed to handling all employee complaints with the utmost care.

Personal Privacy	<p>The Company promises to process the personal data of all employees in accordance with laws and regulations and also guarantees that the requested data from employees are legal, accurate and necessary.</p> <p>At the same time, the Company treats employees' personal data as confidential information, and will only be used for employment, welfare insurance, any other lawful purpose with the consent of the Company and employees.</p>
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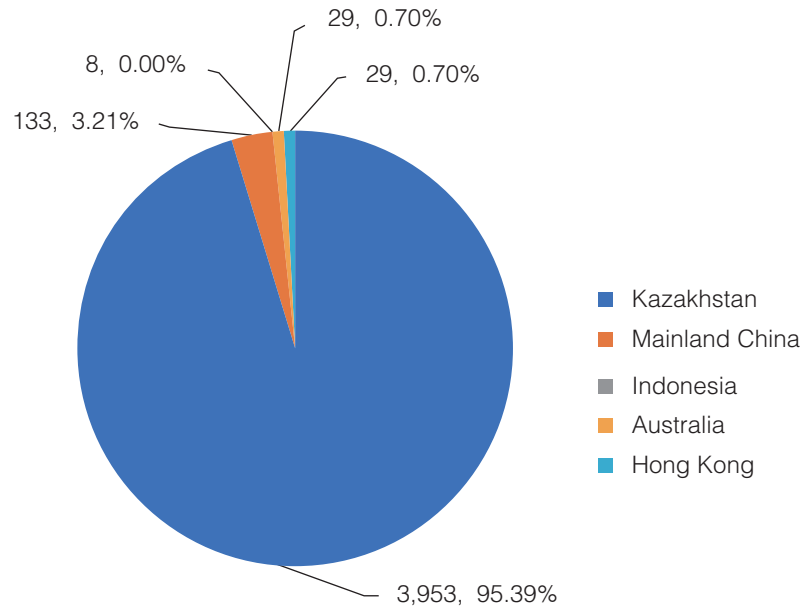
In order to protect the rights and interests of our employees, Yuedong oilfield, Seram Block, and Karazhanbas oilfield focus on the following areas:

Preventing Child Labour	<p>During recruitment and hiring period, the Group proactively checks the identity documents of applicants to ensure that the applicants reach the legal working age, preventing the employment of child labour.</p>
Prohibiting Forced Labour	<p>The Group also respects its employees' rights of personal freedom and rights to leave and absolutely opposes forced labour by clearly stipulating employee working hours per day.</p> <p>If any violation of relevant laws and regulations is found, the relevant departments would report to the management according to the internal policies of the Group. After investigation, the relevant departments would rectify the issues or situations in response to the investigation results.</p>
Collective Bargaining	<p>The Group respects its employees' rights of collective bargaining and is committed to complying with relevant laws, regulations and systems at the operating locations. The Group strengthens its communication and cooperation with employees through collective bargaining to promote the stability of labour relations and to drive the achievement of the Group's targets and the enhancement of the Group's operational efficiency.</p>

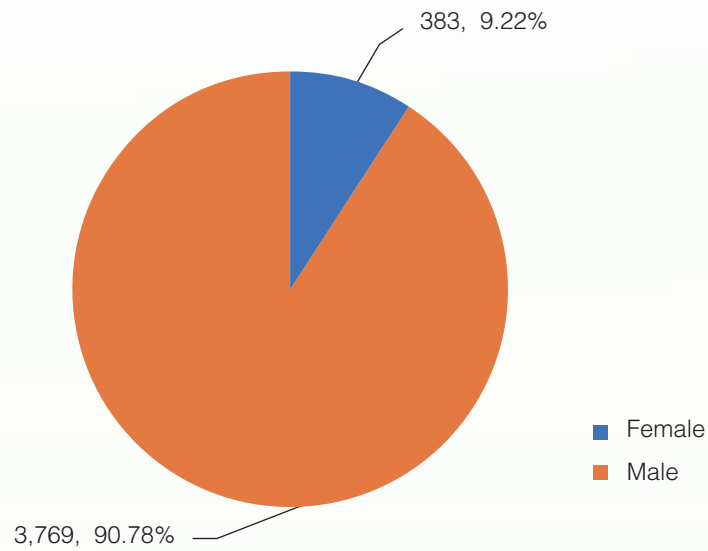


The Group's diversity during the Reporting Period is presented below:⁶

The Number and Percentage of Employees by Region (Including KBM)

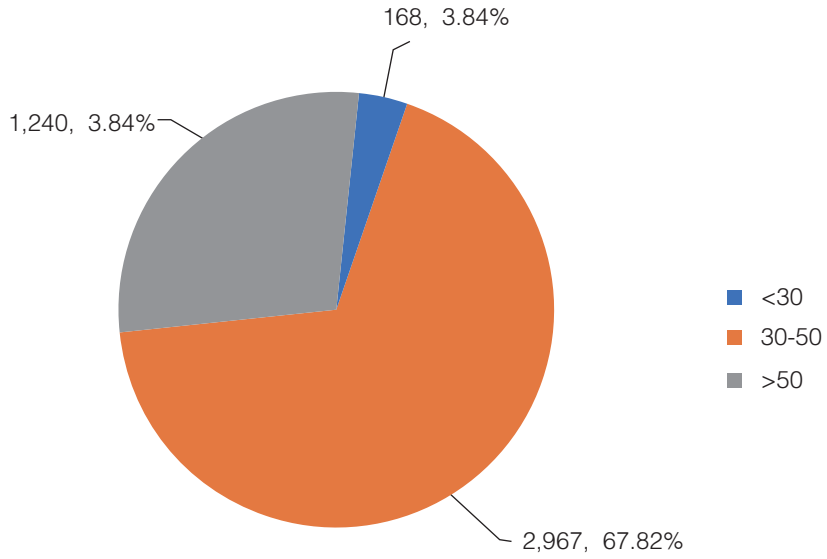


The Number and Percentage of Employees by Gender (Including KBM)



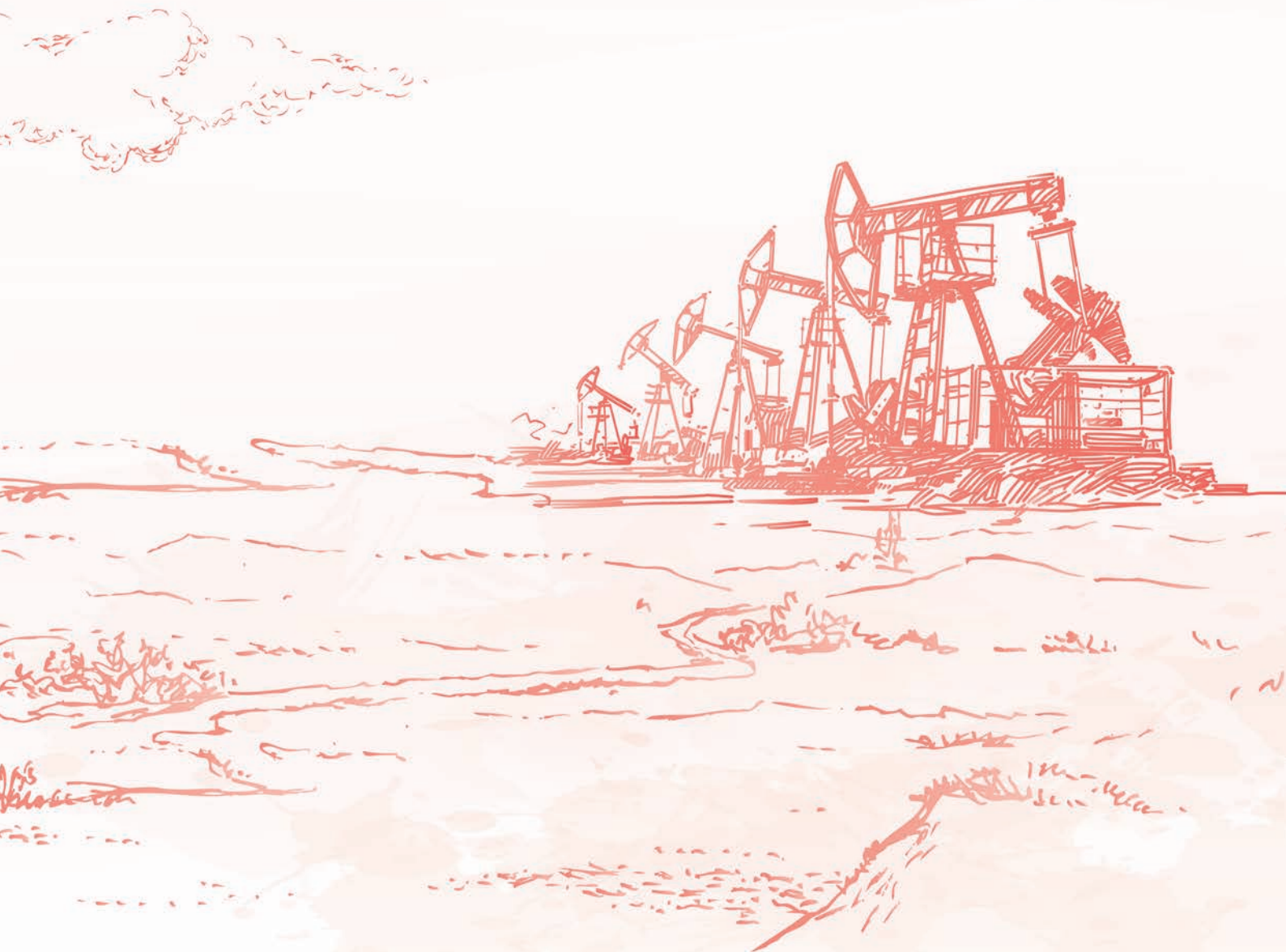
⁶ The following data discloses CITIC Resources and its four subsidiaries with the inclusion of the joint venture, KBM.

The Number and Percentage of Employees by Age
(Including KBM)



Our Employees

The Group strives to implement green and low-carbon concepts at all stages of oilfield exploration, development, and production to promote clean production, to improve resource efficiency and to reduce the negative impacts on the atmosphere, soil, and water bodies in the course of operations. As a member of the natural resources industry, the Group strictly complies with the laws and regulations relating to environmental protection at the operating locations, and has formulated relevant environmental management policies and regularly monitors the Group's environmental performance. In addition, the Group applies multiple green and low-carbon technologies, and implements carbon reduction measures to reduce its consumption of electricity, fuels, water, and other resources, and to lower its air and greenhouse gas emissions, striving to achieve the goal of harmonious development of society, economy and environment as soon as possible.



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



8 Our Environment

Oil Spill Prevention	CITIC Resources recognises that crude oil spills can have serious ecological and socio-economic consequences and can be dangerous for employees and the wider community. The Group has made significant efforts in operational planning and policy implementation to prevent oil spills and to increase the effectiveness and response rate of clean-up activities in the event of an accident.
Local Environmental Impact	CITIC Resources continuously pays attention to the impacts of its business on the environment, incorporates its environmental protection responsibilities into its daily operations and continuously improves the environmental management work through a series of measures to minimise the impacts on the surrounding natural environment.
Energy Usage & Efficiency Water Consumption & Efficiency	CITIC Resources understands the importance of effective utilization of energy and water resources. As the oil fields are located in remote areas or far away from land, the supply of energy and water resources in each oil field is an operational challenge for the Group. In addition to ensuring supply, the Group is committed to improving the utilization efficiency of energy and water resources through the reformation of technology, equipment upgrading, and strengthening the delicacy management of production and operations.
Climate Change	CITIC Resources attaches great importance to the impacts and opportunities brought by climate change on the Group's business operations, and pays close attention to low-carbon technologies and energy-saving equipment in the industry, aiming to continuously strengthen its own response ability and efforts to promote greenhouse gas emission reduction.

8.1 OIL SPILL PREVENTION

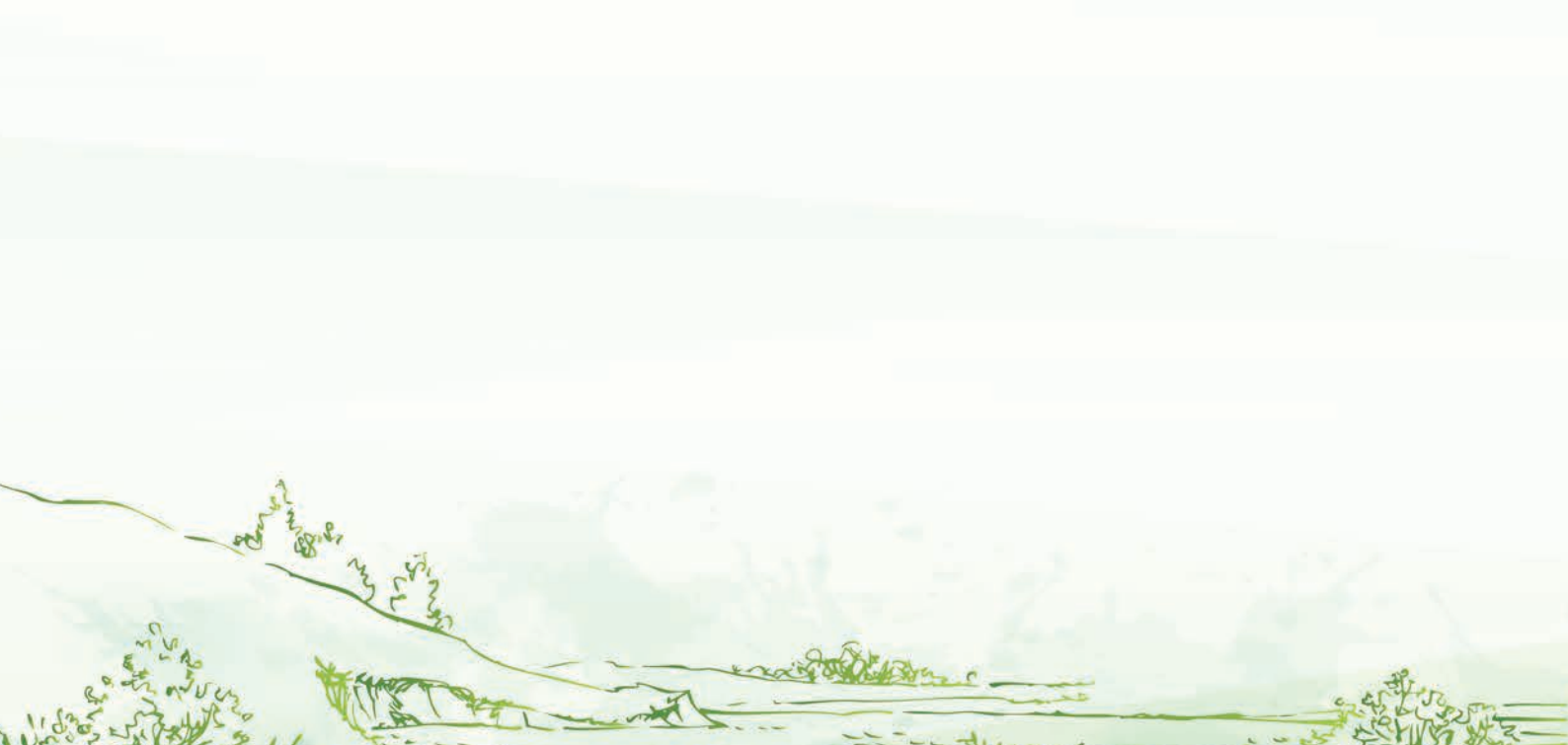
As a member of the oil and gas industry, CITIC Resources believes the importance of preventing crude oil spills is undeniable. This is not only because the consequences of a crude oil spill are difficult to deal with, but also because of the long-term and adverse effects that oil spill can have on the local community and the ecological environment. Therefore, the Group makes every effort to prevent crude oil spills and strictly requires and assists its subsidiaries and joint ventures to develop thorough and effective measures to reduce the possibility of crude oil spills in general. If a crude oil spill occurs unexpectedly, the Group will firmly assume its responsibility by minimizing the impacts of crude oil spills on people, the environment, and the communities.



Yuedong oilfield

Tincy Group ensures stable crude oil output by establishing precautionary measures and real-time monitoring, and has also formulated a number of emergency field handling plans to proactively respond to critical incidents such as crude oil spills and blockage from sea pipelines and oil spill rescue.

<p>Precautionary Measures</p>	<p>Sea Pipelines Surface Inspection</p> <ul style="list-style-type: none"> • Every 2 years as a cycle • The purpose of the investigation is to identify the deformation of the sea pipelines (mainly caused by the ships' anchoring and scraping) and the bareness of the sea pipelines (mainly caused by the change of the seabed surface due to scouring) • Investigations on the sea pipelines' position, depth, elevation, and vicinity of 20 meters around the seabed are conducted <p>Sea Pipelines Hanger Inspection</p> <ul style="list-style-type: none"> • Every 1 year as a cycle • Weight measurements and monitoring of corroded hangers at both ends of the sea pipelines are conducted • Professional organisations are engaged to estimate the remaining lives of the sea pipelines based on the corrosion status of the sea pipelines
<p>Real-time Monitoring</p>	<p>Daily Monitoring of Indicators relating to Sea Pipelines</p> <ul style="list-style-type: none"> • The pressure, temperature, and flow at both ends of the sea pipelines are real-time monitored. If there was a sudden drop in pressure, a large temperature drop, or the flow difference greater than the daily difference range, an immediate pipeline inspection would be immediately conducted to search for the locations of spills. • The major inspection modes are boats, speedboats, pickup trucks, and helicopters in special circumstances.



Oil Spill Management	<p>Tincy Group's key focus of the prevention of crude oil spills is the crude oil transportation sea pipelines from the artificial islands to the onshore terminal processing station. Therefore, through the establishment of precautionary measures and real-time monitoring, the stability of crude oil transportation process can be assured.</p> <p>In accordance with the newly revised environmental protection laws and regulations at the operating locations, Tincy Group formulated the "Tincy Group Energy Limited Yuedong Oilfield Onshore Terminal Processing Station Specialised Emergency Response Plan for Environmental Incidents" which to be effective since January 2021.</p> <p>Tincy Group established and implemented the "Comprehensive Management Document for the Sea Pipelines during Operation Phase of Tincy", aiming to manage the operation of sea pipelines as follows: comprehensive regulation of data collection and compilation, identification of high consequence areas, risk assessment and comprehensive management plans, investigating/monitoring/testing, evaluation of comprehensiveness, mitigation measures/transformation/maintenance, performance evaluation, continuous improvement, and etc, so as to provide guidelines and guidance for the management of sea pipelines.</p>
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Seram Block

CITIC Seram prevents crude oil spills in the storage area by using a special design of the tank walls for crude oil storage, and has also ensured effective spill management by establishing an emergency response team and building spill response equipment.

Precautionary Measures	<p>The crude oil storage tanks in the Seram Block were constructed in accordance with the scheme to prevent crude oil spills. When crude oil spill, the outer walls of the crude oil storage tanks are able to block all the leakage of stored crude oil, preventing crude oil spills from flowing out of the crude oil storage area.</p>
Oil Spill Management	<p>CITIC Seram establishes a crude oil spill emergency response team to directly participate in the handling of environmental accidents. The crude oil spill response team includes personnel from the Production Department, the Maintenance department, and the HSE Departments. The crude oil spill emergency response team conducts drills each year to train personnel and test the operations of equipment. In addition, the members of the crude oil spill response team are currently granted the first and second level certification of the International Maritime Organization in accordance with the requirements of the Ministry of Sea Transportation.</p> <p>CITIC Seram stores and maintains its crude oil spill emergency equipment in the crude oil spill emergency equipment building in its terminal cargo area. The responsible personnel check the crude oil spill emergency equipment every week to ensure that it is maintained at its best condition.</p>



Karazhanbas oilfield

KBM has not only established a number of inspection programs to prevent crude oil spills at various stages of production and operations, but has also prepared regulations to implement incident response measures for crude oil spill handling.

Precautionary Measures	KBM prevents crude oil spills at the facility sites of crude oil extraction, centralised transportation and treatment process through the establishment and implementation of the “Annual Oil Well Holes Inspection Plan”, “Annual Valves and Process Pipelines Inspection Plan”, “Annual Process Equipment Flaw Detection and Inspection Plan”, and “Annual Crude Oil Processing and Processing Workshops’ Process Pipelines and Valves Inspection Plan”. etc. The prevention of crude oil spills was carried out according to the annual work plan and related work processes in all workshops.
Oil Spill Management	<p>KBM executes the “Regulations on Temporary Stacking, Storage, Counting, and Clearance of Production Waste in KBM Oilfield”.</p> <p>The regulations on crude oil spills and response are as follows:</p> <ol style="list-style-type: none"> 1. The employees and their leaders at the location of the accident of crude oil spill and the contaminated land and resources shall be responsible for the handling of the accident of the crude oil spill; 2. The personnel responsible for oil spills shall be punished; 3. All events of crude oil and oil product spill accidents shall be recorded and signed for confirmation in accordance with the relevant format; 4. The crude oil spill shall be responded immediately after the occurrence; the wastes generated during the accident shall be registered and handed over to the Environmental Protection Department; the ground at the accident area shall be recovered; 5. On the 1st day of each month, the injured persons in the accidents shall be registered, and the information on the crude oil spill accidents shall be submitted to the Environmental Protection Department.

8.2 ENVIRONMENTAL MANAGEMENT

The Group is aware of the negative impacts of its own businesses on the local environment and residents, and therefore firmly believes that environmental protection is an aspect that must be paid attention to at the production operations of each oilfield. CITIC Resources proactively stresses the importance of environmental protection among its subsidiaries and joint ventures, and requires its subsidiaries and joint ventures to comply with the environment-related laws and regulations at the operating locations, to always maintain effective communication with relevant government departments, and to achieve the requirements and provisions on environmental protection requested by the local government department. Besides, the Group continuously monitors environmental performance for implementing environmental management systems and policies. The Group strives to implement the concept of environmental protection at every stage of its business operations and strikes a balance between business development and environmental protection.



The Environmental impacts of the Group at a Glance:

Air Emissions	The equipment, used in the Group's operations, including equipment on artificial islands, diesel generating units, construction machinery, and vehicles driven by fossil fuels, contribute to air emissions such as nitrogen oxides, sulphur dioxide and soot.
GHG Emissions	The Group generates direct and indirect greenhouse gas emissions in the course of its operations. Direct greenhouse gas emissions are mainly from fossil fuel-driven equipment and flare emissions, while indirect greenhouse gas emissions are mainly from electricity consumption and steam use.
Waste Generation	The Group generates oil sludge and oil contaminants (commonly known as oil sand) when exploring and developing oil fields. The drilling process generates drilling wastes, including drill cuttings and drilling fluids. The principal wastes are non-hazardous wastes, including domestic wastes and wastepaper at the employee dormitories and offices.
Discharges into Water and Land	The Group discharges the properly treated production and domestic sewage into the water bodies, and the wastes generated are stored in proper places.
Water Usage	As the oilfields are located in remote locations or far from land, the Group needs to use fresh water from the natural environment for production and daily living in the oil fields.
Changes to the Natural Environment around the Operating Locations	During the operations of the Group, it is necessary to establish different facilities in the natural environment to maintain smooth operations, and it changes the surrounding natural environment.

In order to be in line with the actual situation of the operating locations, Tincy Group, CITIC Seram, and KBM separately formulated and implemented different environmental management policies in each oil field to reduce the environmental impacts of the business.

Yuedong oilfield

To reduce the onshore air emissions, since 2019, steam is purchased to replace crude oil heating boilers in Tincy Group's onshore terminal processing station. At present, Tincy Group's air emissions come from the fuel combustion of various boilers and equipment on the offshore artificial islands .



In order to further implement the goal of carbon peak and carbon neutralization, to fulfill the social responsibility of an enterprise, to save energy and reduce emissions and to improve quality and efficiency, Tincy Group has adopted various measures to save electricity of 12.255 million kwh in 2020, accounting for 28% of the budget, which counted as 1,506.14 tons of standard coal, to reduce carbon dioxide emissions by 4,217.19 tons.

<p>Environmental Impacts</p>	<p>Tincy Group has combined with the laws and regulations issued by the state regarding the control of exhaust emission, sewage emission, and land discharge, and has formulated in the existing HSE system documents such regulations related to environmental protection as “Environmental Protection Management Regulations” and “Health and Safety Environmental Inspection Regulations”. Among them, “Environmental Protection Management Regulations” is mainly used for the management of all production facilities of Tincy Group and the discharge and control of various pollutants, including pollution and discharge requirements for various stages such as vessel management, offshore engineering management, drilling operations, well completion, and formation testing operations, as well as pre-development and development process of oilfield.</p> <p>In addition, Tincy Group has fully implemented the air emission declaration and achieved compliance to the emission standards of the production sites and submitted the “A. Offshore Oil Drilling Platform Anti-Pollution Report Form” and “B. Offshore Oil Mining Platform Anti-Pollution Report Form” to the Ecological Environment Supervision Administration of the North Sea Waters of the Sea River Basin of the Ministry of Ecology and Environment of China at the beginning of each month.</p> <p>During the Reporting Period, the Well Operation Department of Tincy Group also reduced emissions, wastewater, and solid waste generation in the following ways:</p> <ul style="list-style-type: none"> • According to the demand of the well repair operations, one diesel-driven well repair machine was discontinued to reduce air and greenhouse gas emissions generated from the use of diesel; • The well workover sites were paved with an anti-seepage membrane to prevent oil from contaminating the surface of the artificial island; and the oil-contaminated pipe rods in the island were wrapped in plastic film and lifted to prevent oil from dripping onto the island, the docks and seawater; • Strictly enforce waste separation measures to reduce pollution and waste disposal costs; • Calculate and control the amount of well washing fluid according to the volume of wellbore and leakage, and keep the temperature of well washing fluid above 70°C to improve the efficiency of well washing and reduce the amount of well washing fluid.
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<p>Waste Management</p>	<p>The waste mud and rock chips generated during the drilling process are collected by the drilling contractor in rock chip boxes and transported back to land centrally, and a qualified third-party company is commissioned to carry out centralised treatment and meet the discharge standards after treatment. During the Reporting Period, a total of 10,525 cubic meters of mud and 10,640 cubic meters of rock chips were collected and transported back to land for treatment.</p> <p>The oily sludge generated from the wastewater treatment process of the onshore terminal processing station was entrusted to a third-party company with hazardous waste treatment qualification to mix oil sludge with coal and carry out oil sludge-coal circulating fluidised bed collaborative resourcing in the form of recycled fuel for compliant disposal. During the Reporting Period, a total of 696.42 tons of oily sludge was disposed of. As for the oily waste generated from artificial islands, Tincy Group collects and transports all of them to land in special containers and entrusts them to a third-party company with hazardous wastes treatment qualification for compliant disposal. During the Reporting Period, a total of 172.54 tons of oily waste was disposed of.</p> <p>All domestic wastes generated from the artificial islands of Tincy Group were transported to land in special containers and entrusted to a third-party company with corresponding qualifications to collect and dispose of the waste in a uniform manner. During the Reporting Period, a total of 1,050 tons of domestic waste were collected and disposed of.</p> <p>For proper waste compliance management, Tincy Group assisted the treatment stations to improve the establishment of “2020 Hazardous Waste Management Handbook”, “Hazardous Waste Management System” and various related ledgers during the Reporting Period.</p>
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Seram Block

<p>Environmental Inspection</p>	<p>The environmental monitoring system and incident reporting system, as important parts of the CITIC Seram HSE management system, can effectively monitor the concentration of various emissions to ensure compliance with emission standards. In the events of any abnormal situation, dedicated personnel of CITIC Seram will handle and follow up.</p> <p>CITIC Seram regularly inspects the following environmental impacts and reports the data to the Indonesian government:</p> <div data-bbox="699 1457 1262 2022" data-label="Diagram"> <pre> graph TD A((Air quality)) --- B((Monthly monitoring)) B --- C((Water quality)) C --- D((Hazardous waste)) D --- E((Non-hazardous waste)) E --- A </pre> </div>
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Air Emissions	CITIC Seram strictly complies with the relevant regulations at the operating locations in order to reduce emissions. CITIC Seram uses natural gas instead of diesel as the fuel for turbine generators in major production facilities, and only uses diesel in emergency or trial operations. CITIC Seram also reduces emissions at the sources through the use of light vehicles. During the Reporting Period, CITIC Seram succeeded in reducing air emissions by approximately 20%.
Wastewater and Waste Management	<p>CITIC Seram carries out a grading process according to the types of wastewater and ensures that the discharging indicators meet the standards through a series of treatment processes, such as a settlement system and a spray system. Domestic sewage is discharged after being centrally treated by an accredited sewage plant, and samples are tested on a monthly basis.</p> <p>CITIC Seram conducts source separation for non-hazardous wastes and performs recycling as far as possible. The wastes that cannot be recovered will be incinerated or buried. CITIC Seram also recovers and reuses lubricants used in well workover and production, as well as crude oil extracted or filtered from oil-sewage treatment facilities. Hazardous wastes are stored in a temporary storage in Seram Block before being handed over to a third party that transport the wastes to a licensed storage and processing facility. And the transport processes are supervised by the local government departments.</p>
Environmental Impact	CITIC Seram attaches great importance to promoting environmental protection awareness in all business activities and strives to reduce emissions of exhaust gas, wastewater and waste, and to develop and implement the “HSE Policy” and “Environmental Policy” in strict compliance with Indonesian environmental protection regulations. To strengthen the control of water and air pollutants, hazardous waste management, and sewage discharge control, CITIC Seram engages independent laboratories to periodically assess the impact of its operations on the environment, and takes precautionary measures based on the test results.

Karazhanbas oilfield

Environmental Impact	<p>KBM pursues an environmentally-friendly attitude and engages in production and operation activities in compliance with the law. During the Reporting Period, KBM adopted the following measures to reduce its environmental impacts:</p> <ul style="list-style-type: none"> • Monitored the atmosphere, soil, water, flora and fauna, the water quality of Caspian Sea and radiation surrounding the oilfield regularly according to the plan; • Treated oil sand, domestic waste, chemicals, electronic waste, etc., on a timely manner; • Disposed accumulated drilling waste and oil-soaked soil and actively looking for technologies to dispose of pit oil left in the past; • Implemented the “Beautiful Oilfield Construction Plan” formulated by KBM, demolished waste production facilities and associated buildings, such as the oil and gas processing stations and stationary steam injection stations, and launched site clean-ups and surface vegetation restoration; • Removed nearly 900 tons of plastic film and other waste from drilling wells.
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<p>Produced Water Treatment</p>	<p>During the Reporting Period, the ground-breaking of the “Karazhanbas Oilfield Produced Water Treatment Plant Project” was held. The project has been jointly invested and constructed by KBM and an environmental technology company officially broke ground. The project is designed to treat 42,500 tons of produced water per day and to produce 17,000 tons of purified water per day. It is expected to be completed and put into production in the first quarter of 2021. After completion, the produced water treatment plant will provide more than 6.2 million tons of fresh water annually, and it will provide continuous and stable water source for the development of steam injection in the Karazhanbas oilfield, helping Karazhanbas oilfield stabilise and increase production continuously.</p> <p>Membrane filtration is adopted in the produced water treatment plant project to treat produced water. The treated water is then supplied to the boilers for steam injection. The project will not only greatly reduce the problem of water coming out from the ground in a large scale in the oilfield caused by the re-injection of produced water, avoiding pollution risks posed by the issue, but also reduces the reinjection of produced water in oil fields, increasing the oil production, saving energy and reducing oil production costs. In addition, the project also brought more than 50 jobs to the operating locations.</p> <div data-bbox="555 858 1331 1090"> </div> <p>On October 7, 2020, the First Vice President of KBM inspected the construction of the produced water treatment plant.</p> <div data-bbox="547 1209 1331 1381"> </div> <p>On October 28, 2020, with the support of the JSC NC “KazMunayGas”, KBM invited journalists, bloggers, and social activists to participate in an environmental media event to learn about the progress of the construction of the treatment plant.</p>
<p>Waste Management</p>	<p>The construction wastes, drilling waste mud, drilling fluids, etc., generated in the Karazhanbas oilfield are all processed by accredited entities. KBM has also arranged waste disposal companies to carry out the transportation and disposals as well as daily disinfection and deodorization at the dump site to ensure the safety of the surrounding environment.</p> <p>The contractors are required by KBM to provide analysis reports prepared by laboratories to ensure that the treatment of drilling waste mud and drilling fluids meet the environmental requirements. KBM also recovers oily wastewater, performs oil-water separation and filtration treatment, and realises the recovery of the oil residue and the injection of treated wastewater. The sewage in the living quarters is treated in a treatment facility and discharged into an artificial pool for volatilization or injection into the underground reservoir to minimise groundwater and surface water pollution.</p>



<p>Tree Planting</p>	<p>KBM continues to improve the ecological environment and takes precautionary measures to reduce the impact of production activities on the environment, creating a good environment for employees to live and for plants and animals to grow and recover, and promoting a harmonious coexistence between people and nature. The annual voluntary tree planting activities have become a good tradition at Karazhanbas oilfield. In March 2020, Karazhanbas oilfield organised voluntary tree planting activities for workers, planting a total of about 250 trees in the workers' village, canteen, and workshop office.</p>  <p>Organizing KBM employees to plant trees</p>
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8.3 RESOURCE USAGE

As an operator of the oil and gas industry, the Group understands that resources are the important material basis for the survival and development of human society. Therefore, the Group focuses on the entire process of oil exploration, development, and production, and improves the utilization rate of resources through advanced low-carbon emission reduction technologies and equipment, ensuring the balanced development in the economy, society, and environment.

CITIC Resources actively supervises the rational use of resources in each oilfield and requires them to formulate applicable policies on the resource usage in conjunction with their own business and operating location characteristics.



Yuedong oilfield

Energy	<p>In order to ensure that all offshore production facilities achieve environmental improvement, energy and resource conservation, reduce costs and enhance economic efficiency, Tincy Group has formulated "Power Saving Management Regulations" to clarify and regulate the operation requirements of various production facilities and systems such as pumping units, gas injection system, external transmission system, etc. in order to use electricity reasonably and reduce and avoid unnecessary wastage.</p>
Water Sources	<p>Although the Tincy Group does not have any difficulties in obtaining water, it is still committed to reducing the use of water resources. The main measures taken by the Tincy Group are as follows:</p> <ul style="list-style-type: none"> • Turning off the faucet immediately after using to avoid the occurrence of long flowing water; • Adding less sewage purifier to save the amount of water for dilution; • Using cameras to monitor the inlet wells for running and dripping water, and repair them on a timely manner; and • Regularly checking the valves in the station clean water wells to ensure that there is no evaporating, emitting, dripping or leaking for timely maintenance. <p>The estimated clear water use of onshore terminal processing station was 11,088 cubic meters in 2020, at an estimated cost of RMB41,026. As of the end of the Reporting Period, Tincy Group actual water use is 9,783 cubic meters, saving 1,305 cubic meters of clean water compared to the estimation and saving a cost of RMB4,828.</p>

Seram Block

Energy	<p>In the CITIC Seram's energy efficiency plan, it is specified that diesel is replaced by natural gas to power turbine generators in major production facilities. It not only utilises natural gas in the oilfield, but also reduces the use of diesel. At the same time, CITIC Seram combusts natural gas comprehensively by efficiently using the turbines in the main production facilities to minimise the residual gas in the combustion flue.</p> <p>In addition, CITIC Seram has established a "On-Site Management Policy" to reduce power consumption through a number of measures, including but not limited to turning off lights, air conditioning, and computers when employees leave the office.</p>
Water Sources	<p>CITIC Seram adopts a number of measures to effectively conserve water, which are specifically listed below:</p> <ul style="list-style-type: none"> • Promoting efficient water use to employees and contractors; • Reporting and repairing cisterns in a timely manner when their floating closures are not working properly and causing water to spill out; and • Regularly inspecting faucets and valves on site to ensure they are not leaking due to damage.

Karazhanbas oilfield

Energy	The six 23-ton boilers put into use by KBM in 2020 feature a new energy-saving design with a pre-heat section heat exchanger at the flue gas outlet, where 200°C flue gas is used to heat the raw water at the boiler inlet, and then cooled to 80°C after heat exchange, enabling the recycling of waste heat and effectively reducing natural gas consumption. Over the past few years, KBM has procured and installed 12 23-ton boilers and plans to continue installing boiler of this model in the coming years to replace the old 50-ton stationary boiler.
Water Sources	KBM continues to promote the construction of water treatment plants in oilfield to enhance the utilization of wastewater and reduce the use of water from the Volga River, saving more than 6.2 million cubic meters of Volga River water for local agricultural and industrial development.

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

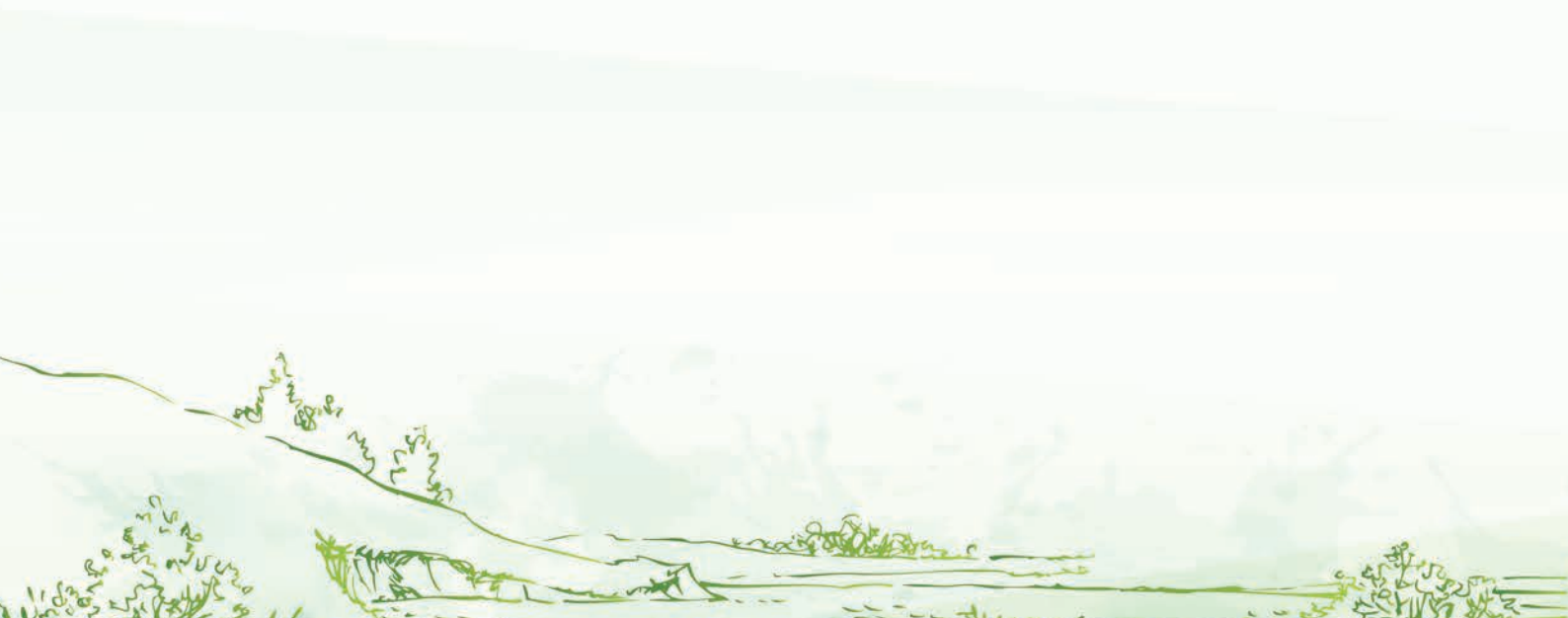
Oilfields	Water Sources
Yuedong oilfield	Wells on the artificial islands, Municipal water supply
Seram Block	Groundwater
Karazhanbas oilfield	River, Groundwater

During the Reporting Period, KBM, Tincy Group, and CITIC Seram did not experience any issues related to water sourcing.

8.4 COPING WITH CLIMATE CHANGE

CITIC Resources understands the impacts, as well as the potential risks and opportunities, of climate change on the Group's oilfield business and the society. The Group strives to proactively identify the physical and transition risks associated with climate change in order to clarify the risks closely related to the Group's oilfields, and then review the existing policies and management measures, to continuously invest resources to strengthen risk management strategies and develop long-term capability to cope with climate change.

During the Reporting Period, the Group established a CITIC Resources climate risk pool through an in-depth understanding of the key risks brought to its operations by climate change, a study of the value chain of CITIC Resources and the different physical risks that may exist in different oilfields in different geographical locations, and a multidimensional assessment of the Group on its operations, finances and etc., with each oilfield identifying its most relevant climate risks and ensuring that corresponding coping measures are in place.



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

Significant Climate Risk Identification		Responding Actions
Acute physical risk: more frequent and more intense extreme weather events		
Yuedong oilfield	Frequent extreme weather events cause significant damage to oil wells and supporting production facilities on artificial islands, which could result in environmental pollution incidents.	<p>Tincy Group has signed a marine environment forecast agreement with the National Marine Environmental Forecasting Center, sending marine environment forecast (including wind level, waves, temperature, and other marine and climatic data) of the Yue Dong oilfield sea area to Tincy Group twice a day. The Production Operations Department will forward the information to company leaders, relevant departments, and production platforms in a timely manner.</p> <p>When informed of windy weather, Tincy Group will correspondingly prepare in advance, such as stopping vessel launch, well repairing operations, lifting operations, and overhead operations in windy weather. When informed of extreme bad weather like typhoon, Tincy Group will also prepare in advance to stop production, stabilise equipment, and evacuate personnel.</p>
Seram Block	<ul style="list-style-type: none"> • Heavy rainfall can cause pipeline landslides in production facility areas • Prolonged heavy rainfall can lead to flooding and oil spills, affecting production facilities • Strong winds can cause long-term physical damage to jetties 	<ul style="list-style-type: none"> • For pipeline landslides, CITIC Seram will adopt the following measures: <ul style="list-style-type: none"> • Using ropes to hold the pipe to prevent bends and gaps in the pipe; • Replacing bent pipes at risks of oil spills with straight pipes in a timely manner; • Repairing the soil in the affected area to re-establish the buffer wall; • Regularly monitoring and managing walls and production facility areas. • For potential impacts on production equipment, CITIC Seram will take the following measures: <ul style="list-style-type: none"> • Keeping the external wall water access valve of the tank area closed; • Regularly monitoring and managing water entering the drainage area; • Reporting any oil spills immediately to the relevant authorities and cooperate to take measures. • In response to damage to terminal equipment, CITIC Seram will take the following measures: <ul style="list-style-type: none"> • Restoring pier's equipment; • Regularly inspecting, controlling and checking pier equipment to identify the effects of strong winds to prevent irreparable damage.
Karazhanbas oilfield	High summer temperatures and winter cold waves can affect site safety and production.	KBM will stop personnel from performing outdoor field work under strong convective thunderstorm conditions. In windy weather, KBM has different response plans depending on the wind speed; KBM will stop all well repairing and oil drilling operations when wind speed reaches a relatively high level. When the air temperature is higher or lower than the specified temperature, KBM requires operators to take a break of 20 minutes every two hours.



Chronic physical risks: Increase in average temperature/change in rainfall pattern		
Yuedong oilfield	<ul style="list-style-type: none"> • Continuous high temperatures may reduce the working hours and work capacity of frontline operators. • Frequent rainfall can affect the safety of the working environment and reduce the working time of personnel. 	Based on the actual situation of marine environmental forecast, in the event of high temperature weather, Tincy Group will arrange working hours reasonably to avoid high temperature periods; in the event of heavy rain, the equipment and facilities such as power distribution system and production control system will be inspected in advance for rain prevention measures and non-essential personnel will stop working and essential personnel must be well protected.
Karazhanbas oilfield	Continuous high temperatures may reduce the working hours and work capacity of frontline operators.	<p>KBM will provide clean drinking water and other heatstroke prevention and cooling beverages and medicines to frontline operators during continuous high temperature conditions. KBM will also adjust work schedules to avoid daily temperature extremes during periods of continuous high temperatures.</p> <p>In addition, KBM will take measures such as dam diversion, raising the well field road, forced drainage, and other measures to protect production operations during continuous rainfall conditions.</p>
Chronic physical risk: sea level rise		
Yuedong oilfield	Sea level rise will lead to a greater impact of waves on offshore platforms, which may result in increased risks and costs for the operations and maintenance of artificial islands	As sea level rise is a long-term process, the impact of sea level rise on the production on artificial islands during the project cooperation period is negligible. If there is any impact, Tincy Group will install protection panels of certain height on the windward wall of the island and cement protection piers on the side of the dock to prevent sea water from splashing or surging into the island.
Karazhanbas oilfield	The Caspian Sea is an inland sea and is currently experiencing a decline in sea level. A small increase in sea level in the Caspian Sea will have no impact on production, but a large increase may affect the drilling of new wells for future development in the waterfront.	Based on the trend of sea level change in recent years, no significant increase is expected in the near future. KBM will continue to monitor the situation.



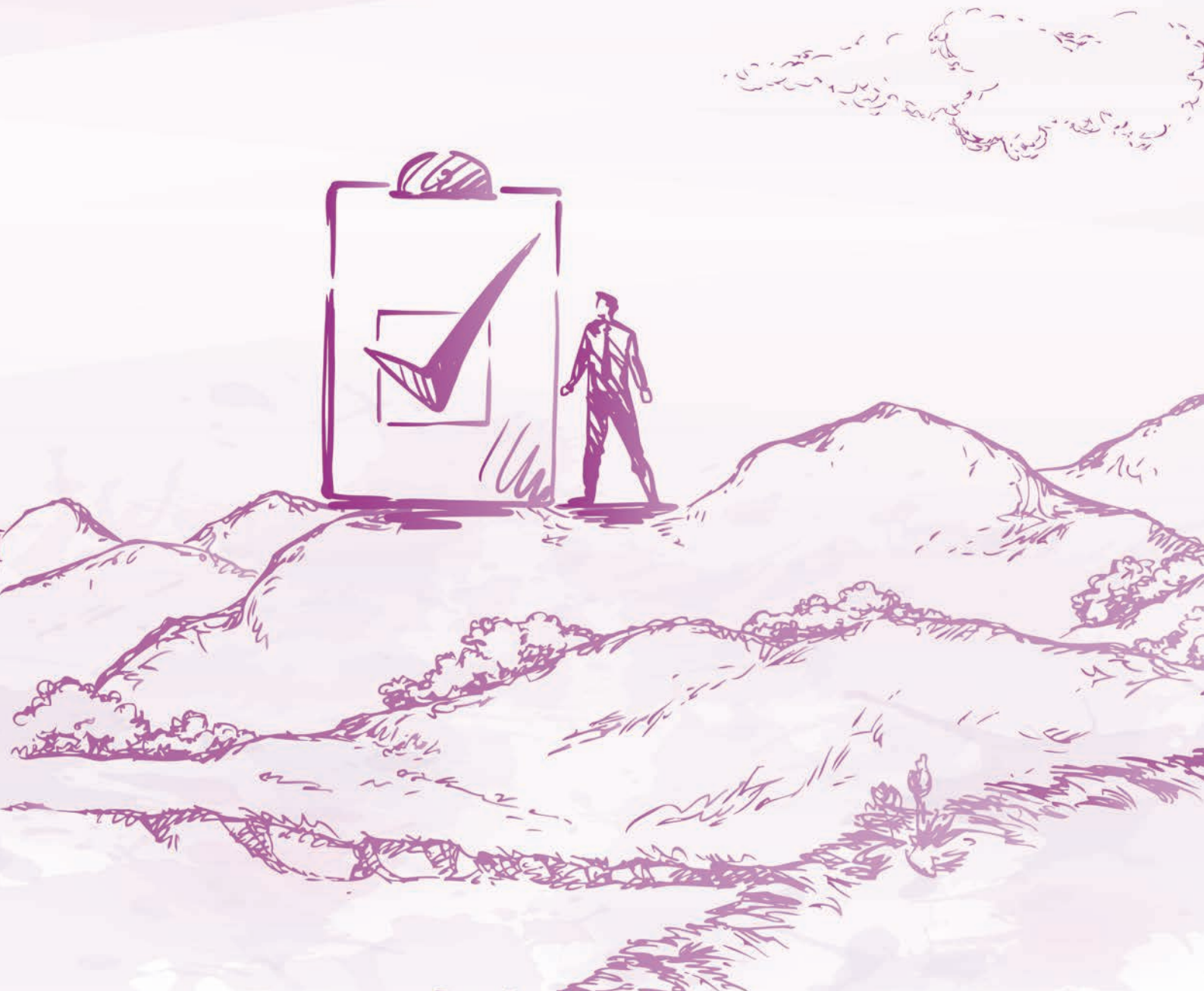
Our Operations

The Group strictly abides by the laws and regulations at the operating locations and has established relevant policies to ensure its operation is in compliance. The Group always places the safety and health of its employees as its top priority, continuously improves and implements HSE management processes and systems, actively implements the safety responsibilities of all employees, and strives to achieve the goal of “zero accidents” in its workplaces. The Group also upholds a high ethical standard of business integrity on all fronts of operations, requiring all employees to strictly comply with the Group’s policies and systems when conducting business activities. In addition, the Group believes that long-standing relationships on mutual trust are the cornerstone of stable corporate development. Therefore, the Group continuously improves its supply chain management measures and strengthens its supply chain risk identification and response capabilities.



The Group strictly complies with laws and regulations relating to guaranteed sales and credit management, oil production and quality control, privacy and information security, as well as trademarks, patents, intellectual property, etc. In the sale and transportation of crude oil products, the concerned parties are required to sign confidentiality agreements for the protection of confidential data or proprietary information. Unless written consent is obtained from both concerned parties, no data or information shall be disclosed to any third parties.

As the Group is principally engaged in oil and gas exploration and development, advertising is not material to the Group's principal business.



9 Our Operations

9.1 HEALTH AND SAFETY

Standing by the principle of “Safety First, Prevention-oriented, and Comprehensive Governance” and the safety concept of “All Accidents can be Prevented and Avoided”, the Group constantly improves safety management and strengthens risk management and process control. The Group has always attached great importance to the health and safety of employees and on-site staff. The Group has continuously promoted a sense of responsibility for “Who is in Charge and Should Take the Responsibility” in the oilfields, strictly enforcing the requirements of the safety management system, implementing safety management operation procedures, and regularly conducting the equipment inspection to minimise the risks of accidents. In addition, the Group distributes HSE manuals and explains HSE guidelines and procedures to its employees and contractors, further enhancing the HSE awareness of employees and contractors and effectively protect their personal safety.

The material issue – “Employees’ Health & Safety” is particularly responded to in this section of this Report.



Preventing Safety Accidents			
Multi-party Participation	Emergencies	Personal Protection	Equipment Maintenance
Since contractors are exposed to the same health and safety risks as the Group’s employees when working at the operating locations, the Group’ HSE policies and systems cover all the contractors, which means they are managed, restricted and protected by the HSE policies and systems, to ensure that there are no accidents caused by the contractors or the Group’s employees due to improper operations.	In response to emergencies in oilfields, the Group also continuously improve emergency management and prevention mechanisms in consideration of the types of emergencies that may occur, and enhances employees’ and contractors’ capacities of response for potential hazards in workplaces by giving work instructions, warning instructions and training on specific safety topics.	The Group requires employees and other on-site staff to wear qualified personal protective equipment. Especially when specific high-risk works are engaged, the employees and other on-site staff must wear designated labour protective gear and safety equipment to protect their personal safety.	The Company requests all oilfields to conduct in-depth control and risk assessment of key equipment and facilities, identify, prevent and control hidden dangers in a timely manner. The necessary security and detection systems have been installed in the production equipment or facilities in its three oilfields. When there is failure in pressure controls, temperature controls, liquid level controls, safety valves, fire protection systems, or gas detection systems are detected, alarm signals are issued immediately to alert operators to pay attention to their personal safety and to replace faulty parts in a timely manner.



Yuedong oilfield

<p>Operation Safety Management</p>	<p>Tincy Group has improved its HSE management system by formulating the “Occupational Health Management Procedures”. The “Occupational Health Management Procedures” states that the Group shall refer to the occupational health history of its employees and continuously monitor the health statuses of its employees through regular or irregular medical health check-ups and health-related data collection, and to analyse the relationships between changes to employees’ health and their exposure to occupational disease hazards. The results of health check-ups and data analysis are reported to corresponding departments and employees in a timely manner so that precautionary measures can be taken, in good timing, to protect the health of employees.</p> <p>Tincy Group continues to monitor the safety of its contractors and continues to strengthen the work permit management system for contractors. Tincy Group also requires contractors to establish a safety and environmental protection management system to strictly enforce industry specifications and standards.</p> <p>In order to safeguard the occupational health and safety of its employees and contractors as much as possible, Tincy Group organises and conducts identification of on-site onsite hazardous factors. Based on the result of the identification, Tincy Group has set up occupational hazardous factor notifications and production safety hazard notifications at each production location, and indicates the main hazardous factors for each position and the corresponding protective measures that should be taken. Also, Tincy Group conducts job safety analysis (JSA) before operations, formulates various HSE work plans, conduct permit review for special operations, and supervise and inspect the implementation of precautionary measures on site.</p> <p>Besides, Tincy Group not only provides its employees and contractors with appropriate protective gear and equipment, but also arranges relevant training according to the nature of each position to ensure that its employees and contractors in different positions have all acquired the knowledge of health and safety related to their work.</p> <p>On the basis of daily inspections on each production facility and weekly self-inspection, Tincy Group organises monthly systematic HSE supervision and inspection on each production facility. During the Reporting Period, Tincy Group conducted 13 inspections, including spring, rainy seasons, and winter safety supervisions and inspections.</p>
<p>Maritime Safety</p>	<p>Tincy Group completed the preparation and review of navigation safety assurance schemes for submarine cable control and layout according to the new policy requirements of the Maritime Safety Administration. Tincy Group coordinated with the Maritime Safety Administration to complete the water surface and underwater construction permits and issue navigation warnings.</p>



<p>Production Facility Emergency Drills</p>	<p>Tincy Group organises and conducts various emergency drills for contractors for oil production, well maintenance, and well drilling at each production facility. According to statistics, during the Reporting Period, 547 drills, involving 10,159 participants, were conducted by the operators of the production facilities, covering fire-fighting, platform abandonment, well control, rescue of personnel falling into water, hydrogen sulphide, oil spill, and storm surge prevention, etc.</p> <div style="display: flex; justify-content: space-around;">   </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="width: 45%; background-color: #e0f2f1; padding: 5px;"> <p>On 16 November, 2020, Tincy Group conducted an oil spill recovery drill at the centralised treatment station.</p> </div> <div style="width: 45%; background-color: #e0f2f1; padding: 5px;"> <p>On 16 November, 2020, Tincy Group conducted a fire drill at the centralised processing station.</p> </div> </div>
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Seram Block

<p>Operation Safety Management</p>	<p>CITIC Seram's internal safety committee is responsible for managing operational safety issues and is required to implement the HSE management system and the contractor safety management system to ensure the safety in the Seram Block.</p> <p>CITIC Seram arranges occupational health checks for its employees and contractors every year. The professional medical team analyses the result recorded in medical examination reports to establish occupational health surveillance files and to develop health management plans. Also, CITIC Seram offers a number of sports facilities to encourage employees to improve their physical and mental health.</p>
<p>Safety Inspection</p>	<p>During the Reporting Period, CITIC Seram conducted occupational health risk inspection and took improvement actions based on the inspection result. During the Reporting Period, CITIC Seram identified three major occupational risks, namely the COVID-19 pandemic in Indonesia, the tuberculosis pandemic, and the lack of safety education, and took effective measures to address each risk.</p> <p>In response to the COVID-19 pandemic epidemic, CITIC Seram strictly enforces its internal rules on quarantine and testing. For tuberculosis, CITIC Seram proactively conducts medical examinations for all employees and strictly enforces treatment protocols for patients detected with tuberculosis. For the risk of lack of safety education, CITIC Seram conducts daily safety meetings and organises large-scale safety health meetings on a weekly basis.</p>



Karazhanbas oilfield

<p>Operation Safety Management</p>	<p>KBM stipulates that all workplaces should be provisioned with corresponding technical specifications, safety operation manuals, and first aid kits, and corresponding emergency plans should be formulated. KBM also conducts extensive benchmarking and studies the operational management and provisions so as to better regulate the operational procedures for fire use, civil construction, confined spaces, etc., and to provide relevant training for its employees and contractors.</p> <p>The work-related accidents of employees and contractors happened in the Karazhanbas oilfield are recorded by both the Labour Protection Department and the Safety Technology Department. On each bi-weekly meeting held by the Safety Technology Department, KBM's safety managers and contractors review the accidents and take active measures to prevent accidents from happening again.</p>
<p>Working Conditions Inspection</p>	<p>During the Reporting Period, KBM and a professional labour protection appraisal company completed the appraisal of working conditions for 816 positions in the oilfield. KBM plans to account for and pay subsidies for working in hazardous and dangerous conditions based on the latest labour conditions assessment results starting in 2021.</p>
<p>Year of Safety</p>	<p>The year 2020 has been designated as KBM's "Year of Safety", and within this framework, a series of special activities have been carried out, including: the inspection of the water, electricity, heating, ventilation and air conditioning systems of production and living facilities in the oilfield; the inspection of the safety and fire-fighting work of contractors and service providers in the oilfield; the coverage of road safety and the safety of all types of vehicles. KBM also inspected the existence, compliance, and updating of the comprehensive safety inspection and labour protection regulations and systems in 2020.</p> <p>To ensure that all departments and suppliers are prepared to deal with emergencies at hazardous production facilities, KBM also organised joint drills with workshops, fire departments, emergency departments, and medical teams. During the Reporting Period, KBM organised a total of 72 drills, alerts, and training sessions.</p> <div data-bbox="549 1274 1430 1608" data-label="Image"> </div> <p style="text-align: center;">Emergency Drills</p>



9.2 INTEGRITY IN BUSINESS

CITIC Resources firmly believes that anti-corruption is a fundamental requirement in the day-to-day management of business operations. The Group is committed to the highest ethical standards in the management of business operations and daily work processes so as to eliminate all kinds of behaviours and approaches that may lead to corruption, fraud and bribery. While the Group strictly complies with the laws and regulations at the operating locations that have significant impacts on the Company's business regarding corruption and bribery, it also requires its subsidiaries to develop more detailed and comprehensive internal policies in accordance with their own circumstances and the actual requirements of the operating locations.

CITIC Resources has also updated the relevant provisions of the codes of business practice in the "Employee Handbook" based on the local laws and regulations in Hong Kong. At the same time, the Company has formulated the "Anti-Money Laundering Policy of CITIC Resources Holdings Limited" to prevent anti-money laundering activities and maintain good operational order. The purpose of the Regulations is to clarify the anti-money laundering organizational structure and the division of responsibilities, as well as the identification mechanism of business customers. During the Reporting Period, the senior and middle management of the Company participated in anti-corruption training for a total of 12 hours.

Yuedong oilfield

Risk Management	Based on the actual situation, Tincy Group has developed the "Integrity Risk Prevention and Control Measures", dividing the integrity risk into three levels, namely A, B and C. According to different levels, it implements a hierarchical system of management, supervision, and responsibility. The risk warning mechanism is managed and implemented by the main leaders and in-charge leaders of subdivision.
Anti-corruption Management	<p>According to the Yuedong oilfield's policy, employees are prohibited from visiting or contacting any prospective contractors or suppliers prior to tendering or requesting for quotations without authorised approval. When dealing with unfamiliar services or supplies, centralised arrangements are made by Tincy Group to inquire and communicate with prospective contractors or suppliers, in order to determine an appropriate procurement strategy. Tincy Group also has the following anti-corruption management requirements:</p> <ul style="list-style-type: none"> • If an interview with a bidder is necessary, the interview shall take place during working hours at a specified office in the presence of at least two business and technical bid evaluation personnel, upon the approval obtained from an authorised officer; • The entire process of tendering shall be filmed and saved in an electronic format. Audio recording shall also be kept for all negotiations, and electronic files shall be saved for record; and • Unless approved by authorised personnel, no employee may meet any tenders outside working hours and the specified offices for any matter related to tendering. <p>Tincy Group has strengthened anti-corruption education and training for its management and employees through different approaches such as anti-corruption warning educational films and studying documents from higher levels. During the Reporting Period, Tincy Group has conducted 15 times of relevant educational training.</p>

Seram Block

<p>Anti-corruption Management</p>	<p>CITIC Seram strictly abides by the relevant laws and regulations of Indonesia and strictly regulates the daily operations and management according to the requirements of the Group to prevent illegal activities. CITIC Seram also regularly receives internal audits from the Company to ensure legal compliance.</p> <p>In addition, CITIC Seram fully complies with CITIC Resources' "Anti-Money Laundering Policy", which emphasises special provisions on anti-money laundering in its operations and describes the anti-money laundering organisational structure of CITIC Resources and its subsidiaries and their division of responsibilities. In accordance with this policy, CITIC Seram will promptly report any non-compliance incidents to CITIC Resources' Risk Management Department.</p> <p>CITIC Seram 's Procurement Committee members and staff must sign a statement of integrity and abide by the standards of conduct in their daily work. They must always remain independent and impartial, and avoid being driven by any interest in order to maintain the credibility of CITIC Seram.</p>
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Karazhanbas oilfield

<p>Anti-corruption Management</p>	<p>During the Reporting Period, the KBM's Company Management Committee formulated and approved the "Karazhanbas Petroleum Corporation Anti-Corruption Regulations". The Regulations are internal documents formulated in accordance with Kazakhstan National Anti-Corruption Law and KBM's Articles of Association. It is used to regulate the conduct of employees and internal business departments in the process of communication with state agencies and external companies. KBM is committed to construct a culture of zero tolerance for corruption and to maintain a transparent and ethical corporate image.</p> <p>KBM has developed documents, such as business process passports and inter-departmental collaboration procedures, to clarify the duties, rights, and obligations of each department. KBM has also effectively prevented potential risks, including bribery, extortion, fraud, and money laundering, through strengthened supervision over procurement, sales, taxation and compliance.</p> <p>KBM has a dedicated hotline for all employees to report illegal activities in a timely manner.</p>
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9.3 SUPPLY CHAIN AND PRODUCT QUALITY MANAGEMENT

The management of supply chain and product quality is a crucial part of the Group's operations. Always adhering to the concept of "Working and Growing Together", the Group maintains a close relationship with suppliers and contractors and looks forward to enhancing its performance of sustainable development with them together. In addition, the Group manufactures and supplies products in strict accordance with the relevant laws and regulations of the quality management and customer requirements at the operating locations to ensure that customer requirements are met, and continues to focus on enhancing the management of product quality.



Supply Chain Management

The Group's supply chain mainly involves suppliers and contractors, while the Group's products are mainly sold to oil buyers. In terms of supply chain, the Group focuses on improving its management regarding environment, procurement, labour, and HSE. The Group expressly requires its suppliers and contractors to abide by and implement applicable laws and regulations in their operations and ensures that all its supply chain management and measures comply with relevant environmental and social requirements.

Supply Chain at a Glance

Contractors	Due to the nature of the oil and gas industry, the contractors' employees need to work with the Group's employees at the operating locations. Since contractors are exposed to the same health and safety risks as the Group's employees when working at each operating location, they are managed, bounded, and protected by the same HSE policies and systems as the Group's employees.
Suppliers	The suppliers only deal with the supply of services, materials and equipment and are not involved in direct work related to the Group's oilfields.

Quality Management

The Group strives to provide its consumers with clean, high-quality and diversified products and services by continuously improving its quality management with focuses on standard revision, quality supervision and inspection, quality culture building, etc. The Group also provides its consumers with products that meet legal requirements and standards in a responsible manner. In the process of providing products, the Group considers the impacts of its products on consumers and ensures its products' quality and safety.

Yuedong oilfield

Supplier and Contractor Management	<p>According to the regulations, Tincy Group requires its contractors to sign the "Construction Safety and Production Management Agreement" in the contracts, and pay attention to check contractor related qualifications, such as ISO9001, ISO14001, ISO18001, etc. Tincy Group also requires its suppliers to abide by the terms of the contract regarding HSE, and includes the "Non-Coal Mine Outsourcing Project Safety Production Management Agreement" as an annex to the contract in the engineering (technical) service contract.</p> <p>Tincy Group implemented the whole-process safety and environmental protection supervision and management of the contractors in accordance with the national safety supervision management and environmental protection management requirements.</p>
Quality Management	<p>Tincy Group has kept improving the quality assurance procedures and strictly controlled the quality of crude oil. A two-tier inspection system has been deployed to assure product quality; internal sampling and testing are conducted before engaging third parties for further quality inspection. Independent testing agencies have been engaged to jointly examine oil quality before delivery. The positive/negative deviation between the water testing results shall not exceed 0.2%. In the event of a deviation exceeding 0.2%, the oil discharging operations must be suspended for re-testing. The management may visit the production site without prior notice to observe on-site sampling, and to carry out random checks at the laboratories on both the testing procedures and past test data.</p>

Seram Block

Supplier and Contractor Management	<p>CITIC Seram has established "Procurement Regulations", requiring its contractors and suppliers to comply with the terms of the contract regarding health, safe production and environmental protection. CITIC Seram also provides contractors with HSE plans, personal protective equipment, training, etc.</p> <p>CITIC Seram conducts the supplier evaluation at the outset of the tender to understand their compliance, financial capability and experience. During the tendering process, CITIC Seram makes the best selection based on the supplier's ability to meet the bid and budget. While executing the contract, CITIC Seram also evaluates the supplier's performance.</p>
Quality Management	<p>CITIC Seram produces goods based on the laws and regulations at the operating locations and customer requirements. Goods are recalled in accordance with laws and regulations when necessary.</p>

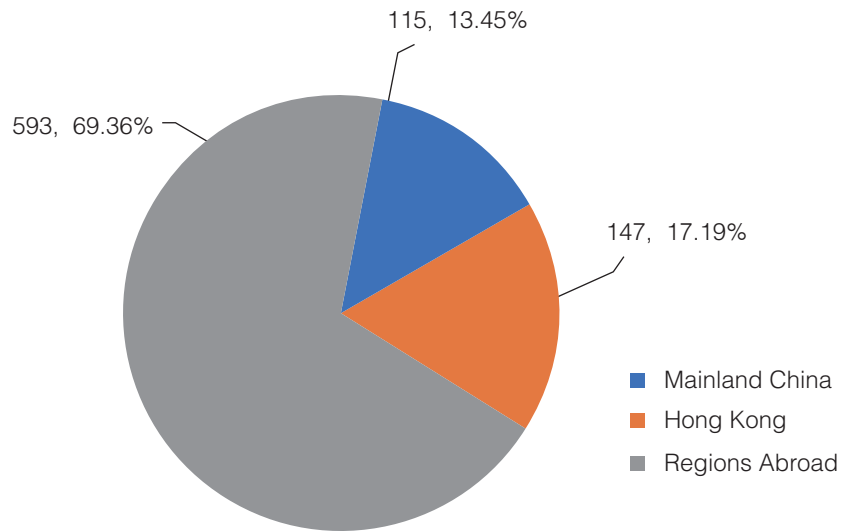
Karazhanbas oilfield

Supplier and Contractor Management	<p>KBM's procurement work observes to the laws and regulations at the operating locations, and KBM strictly selects suppliers and contractors. The terms of labour safety, environmental protection and emergency handling in KBM's standard contract are applicable to both parties. Relevant measures are taken against suppliers who violate the terms of the contract, and they could even be included in the list of non-honest suppliers.</p> <p>KBM signed a formal contract with its contractors to ensure that the contractors understand and execute the relevant HSE requirements. An application for "Safety, Labour and Environmental Protection Requirements" is included in the tendering documents for tendering and procurement relating to construction and services. When signing the contracts, the contractors must confirm and sign the "Safety, Labour and Environmental Protection Requirements" attached in the contract.</p> <p>In order to further optimise corporate operational processes and management, KBM has established a Corporate Management Committee to review and approve prioritised procurement plan and long-term procurement plan for its supplies, construction, and service to avoid stagnation of production caused by the untimely procurement of materials.</p> <p>As one of the supply chain risk management methods, most of the commodities are purchased under the Delivered Duty Paid (DDP) condition, which the commodity quality risk is transferred to KBM after the completion of commodity acceptance. If defects are found during installation and operation, KBM may request the suppliers to replace the goods within the warranty period in accordance with the contracts, and may further initiate claims if the suppliers breach its obligations under the contracts. Claims are subject to the provisions of the contract regarding the liability of the parties to the contract and the rules of litigation.</p>
Quality Management	<p>KBM established its corporate technology management committee to better formulate oilfield medium-and long-term development plans and introduce new technologies to ensure the continuous improvement of product quality.</p>

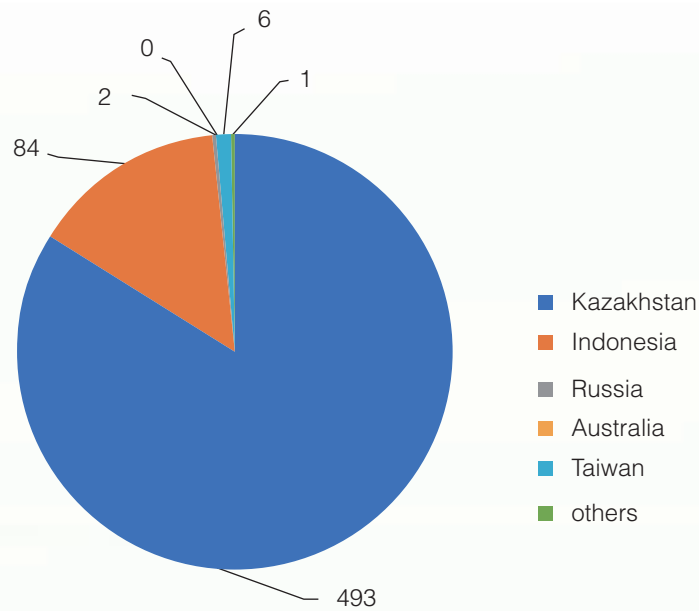


The following is the regional distribution of suppliers and contractors of the Group during the Reporting Period:

The Number and Percentage of Suppliers and Contractors by Region (Including KBM)



The Number of Suppliers and Contractors Abroad by Region (Including KBM)



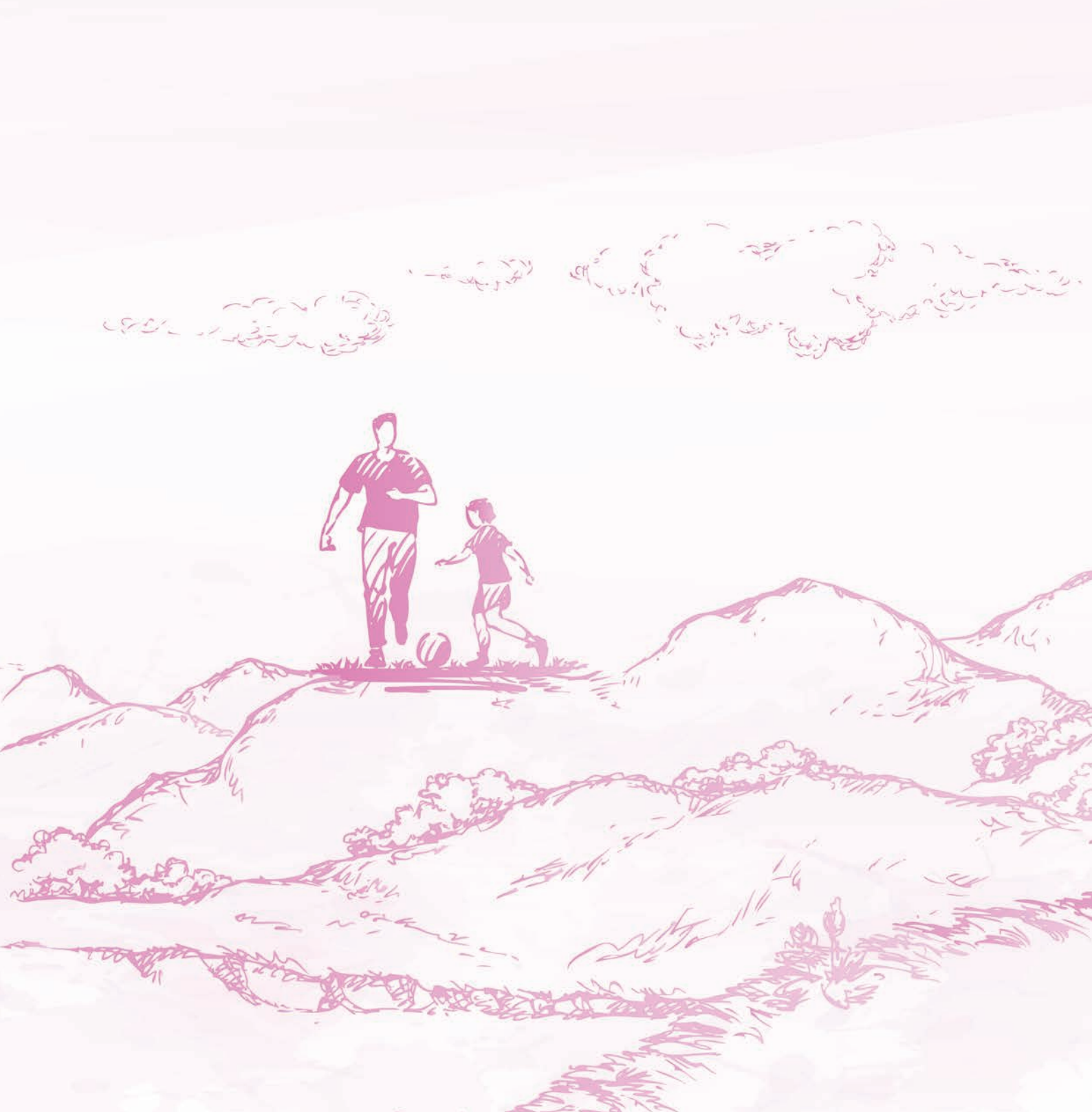
Our Community

The Group takes social responsibility seriously and is concerned about the impact of the operations of the Group's oilfields on the communities in which it operates. The Group also proactively listens to and responds to the expectations from the community at the operating locations, to build a sustainable community. The Group proactively calls on its subsidiaries and joint ventures to pay attention to and integrate with the local communities and cultures, and to fulfil their commitments with actions. In the course of operation, the Group complies with the relevant laws and regulations at the operating locations, and is passionate about social welfare and promotes community co-development, sharing its corporate development achievements with the society.



Since Yuedong oilfield is located offshore, and the onshore terminal processing station is located in the industrial zone, there are no communities nearby. As the staff of Yuedong oilfield are mostly local people, there is no problem of local cultural integration. The Seram Block is located on Seram Island, and there are villages nearby. Karazhanbas oilfield is located in the west of Kazakhstan. It is a giant onshore heavy oil field located on the shore of the Caspian Sea, and villages and ports can be found nearby.

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






10 Our Community

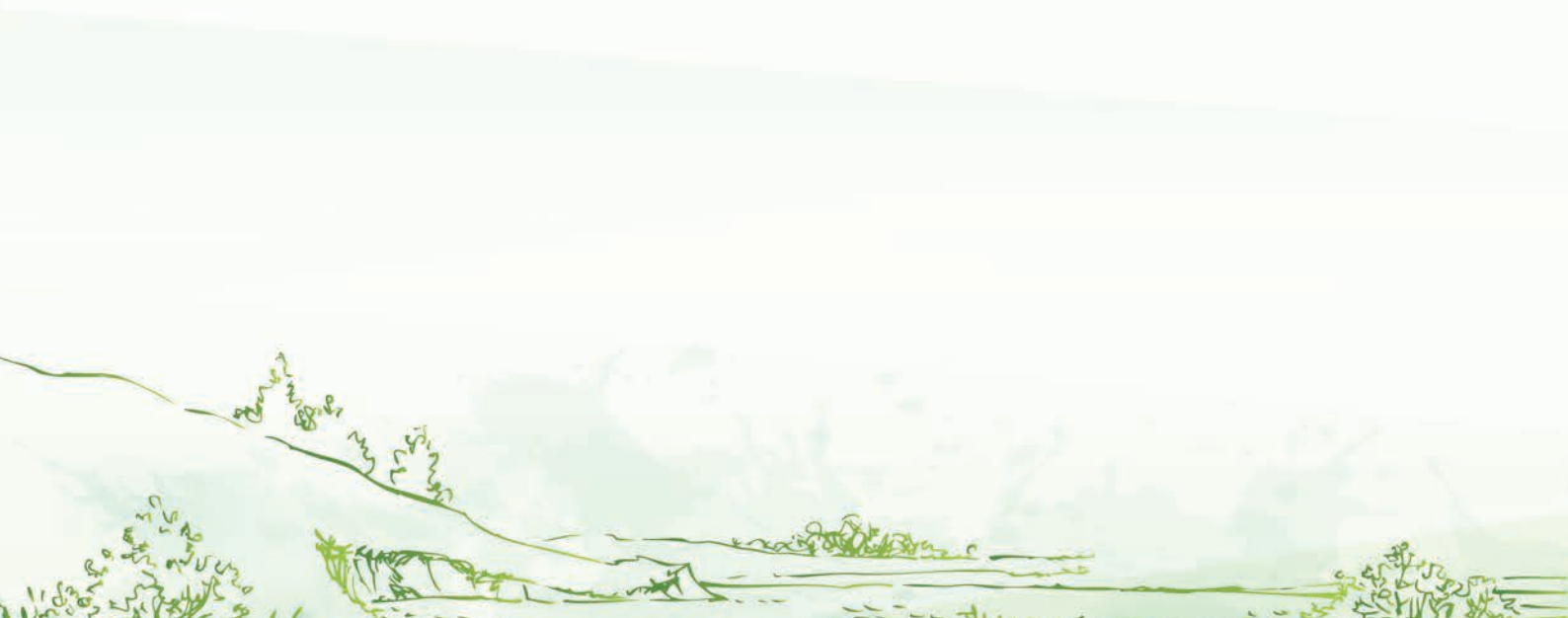
10.1 COMMUNITY BUILDING

Seram Block

CITIC Seram updates its community relationship program every year and approves a reasonable budget for each project in the program to actively assist in addressing community concerns.

During the Reporting Period, CITIC Seram's most important community investment activities were:

Developing local social facilities	Helping disadvantaged groups	Supporting educational and cultural development	Supporting environmental protection development	Supporting medical and health care development
<p>Between 27 March and 20 April, 2020, CITIC Seram donated over 5,000 litres of disinfectants to the Regional Government of Bagian Timur in order to prevent the spread of COVID-19, and assisted in disinfection operations.</p>				
		<p>On 20 August, 2020, CITIC Seram lent one set of lighting equipment to the local Department of Education, Culture, Youth and Sports, in order to support the smooth running of dzikir activities.</p>		
<p>On 11 November, 2020, CITIC Seram assisted in constructing two Student Dormitory units in Ambon of the New Student Association.</p>				



Upholding the philosophy of “Integrating into the local community and developing together”, CITIC Seram continuously provide aids and financial support to the local community and villagers in their development. CITIC Seram emphasises on empowerment in business and value chains at the operating locations. Therefore, CITIC Seram has made every effort to develop and recruit local staff while initiating PKR 690 million partnership transactions with local suppliers during the Report Period. CITIC Seram employs over 260 contractors from local villages, and increasing the percentage of local employees from about 30% in 2007 to about 76%. CITIC Seram also continues to enhance the skills, knowledge and capabilities of local employees through training.

Karazhanbas oilfield

As a company that actively undertakes social responsibilities, KBM arranges a certain amount of budget on an annual basis for charitable donations and community development. KBM understands the needs of community development through communication with the government and local communities at the operating locations, focusing on helping disadvantaged groups and supporting education, sports, culture, and health care development.

During the Reporting Period, KBM allocated KZT 14 million for the construction of children’s playgrounds. Currently, these facilities have been handed over to local villagers for use.



In April 2020, under the theme “We Are Together,” KBM provided social services to the elderly, low-income families, children, and people with heavy burdens and other needs.



On 27 August and 24 September, 2020, two children’s playgrounds in Bayandy Village, Munayly District and Tushchykudyk Village, Mangistau District, financed by KBM, were put into use.

Appendix 1 The Material Laws and Regulations that the Group complied with during the Reporting Period

Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> ⁷	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects ⁸	Performance
A. Environmental		
Aspect A1: Air Emissions		
<p>Environmental Protection Law of the People's Republic of China</p> <p>Environmental Protection Tax Law of the People's Republic of China</p> <p>Atmospheric Pollution Prevention and Control Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes</p> <p>Marine Environment Protection Law of the People's Republic of China</p> <p>Emergency Response Law of the People's Republic of China</p> <p>Standard for Fugitive Emission of Volatile Organic Compounds</p> <p>Indonesia</p> <p>Environmental Protection and Management Law of the Republic of Indonesia</p> <p>Waste Management Law of the Republic of Indonesia</p> <p>Forestry Law of the Republic of Indonesia</p>	<p>Tincy Group</p> <p>"Environmental Factor Identification and Evaluation Control Procedures"^{**A3}</p> <p>"Hazard Identification and Risk Assessment Control Procedures"^{**A3}</p> <p>"Emergency Preparedness and Response Management Procedures"^{**A3, B2}</p> <p>"Accidents and Incident Handling Control Procedures"^{**A3, B2}</p> <p>"Comprehensive and Special Emergency Response Plans"^{**A3, B2}</p> <p>"Emergency Plans for Emergent Environmental Incidents at the Onshore Terminal Processing Station"^{**A3}</p> <p>"Hazardous Waste Management Handbook"</p> <p>"2020 Hazardous Waste Management Handbook"</p> <p>"Hazardous Waste Management System"</p>	<p>During the Reporting Period, the Group did not experience any violation of laws and regulations relating to the Group's air emissions and GHG emissions, discharges into to water and land, waste generation and disposal that had a significant impact on the Group.</p> <p>Since the implementation of the Environmental Protection Tax Law of the People's Republic of China on January 1, 2018, Tincy Group has to pay the environmental pollution tax and the sewage discharge environmental tax in accordance with the law, comparing with the past that Tincy Group only had to pay the pollution discharge fees.</p> <p>During the Reporting Period, Tincy Group paid the environmental protection tax on time, and there was no violation that had a significant impact on the Group and Tincy Group.</p>

⁷ Certain laws cover several topics regulated in the "Aspects"; these laws are marked with an asterisk and codes of Aspects being covered. There is a limitation to disclose all laws and regulations that the Group complies with, and only laws and regulations that have a significant impact on the Group are disclosed. The Kazakh laws and regulations are originally written in Kazakh, and the Indonesian laws and regulations are originally in Indonesian.

⁸ Particular policies and regulations cover several topics provisioned in the Aspects; these laws are marked with an asterisk and codes of Aspects being covered. Particular policies and regulations that the Company strictly observes are derived from CITIC Group; these policies and regulations are marked with a hash.

Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> ⁷	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects ⁸	Performance
Aspect A1: Air Emissions		
Kazakhstan Kazakhstan Environmental Protection Regulation Kazakhstan Land Regulation Kazakhstan Water Regulation	CITIC Seram "Environmental Management" "Incident Reporting and Investigation"*B2 "HSE Policy"*B2 KBM "Environmental monitoring and control system" "Annual Environmental Protection Work Plan" "Production Environmental Management Plan" "Emergency Plans"*B2 "Accident Notification Procedure and Crisis Management Code"*B2	
Aspect A2: Use of Resources		
Not Applicable	Tincy Group "Power Saving Management Regulations" "Implementation Rules of Power-Saving Project Management Team" "Regulations on the Specific Discharge of Other Water Treatment Plants" "Regulations on the Management of Domestic Wastewater Treatment Plant" "Shuttle Management Rules on the Island" CITIC Seram "Management of Changes" KBM "Associated Gas Application Plan" "Wastewater Resource Utilization Plan"	Not Applicable



Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> ⁷	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects ⁸	Performance
Aspect A3: The Environment and Natural Resources		
Environmental Protection Law of the People's Republic of China Marine Environment Protection Law of the People's Republic of China	Tincy Group "Control Procedure for Identification and Evaluation of Environmental Factors" "Hazard Identification and Risk Assessment Control Procedure" "Preparation Plan for Abandonment of Offshore Oil and Gas Production Facilities in Yuedong block of Hainan Yuedong Cooperation Zone" "Special Item Emergency Estimation Case of Oil Transportation Mode Rupture Emergency" "Integrity Management Document for Operation Stage of Tincy" CITIC Seram "Afforestation Program" KBM "Construction of Beautiful Oilfield Plan" "Annual Inspection Plan for Oil Well Wellhead" "Annual Inspection Plan for Valves and Technical Pipelines" "Annual Inspection Plan for Equipment Above Process" "Annual Inspection Plan for Process Pipelines and Valves of Reducing Oil Treatment and Processing Vehicles"	Not Applicable



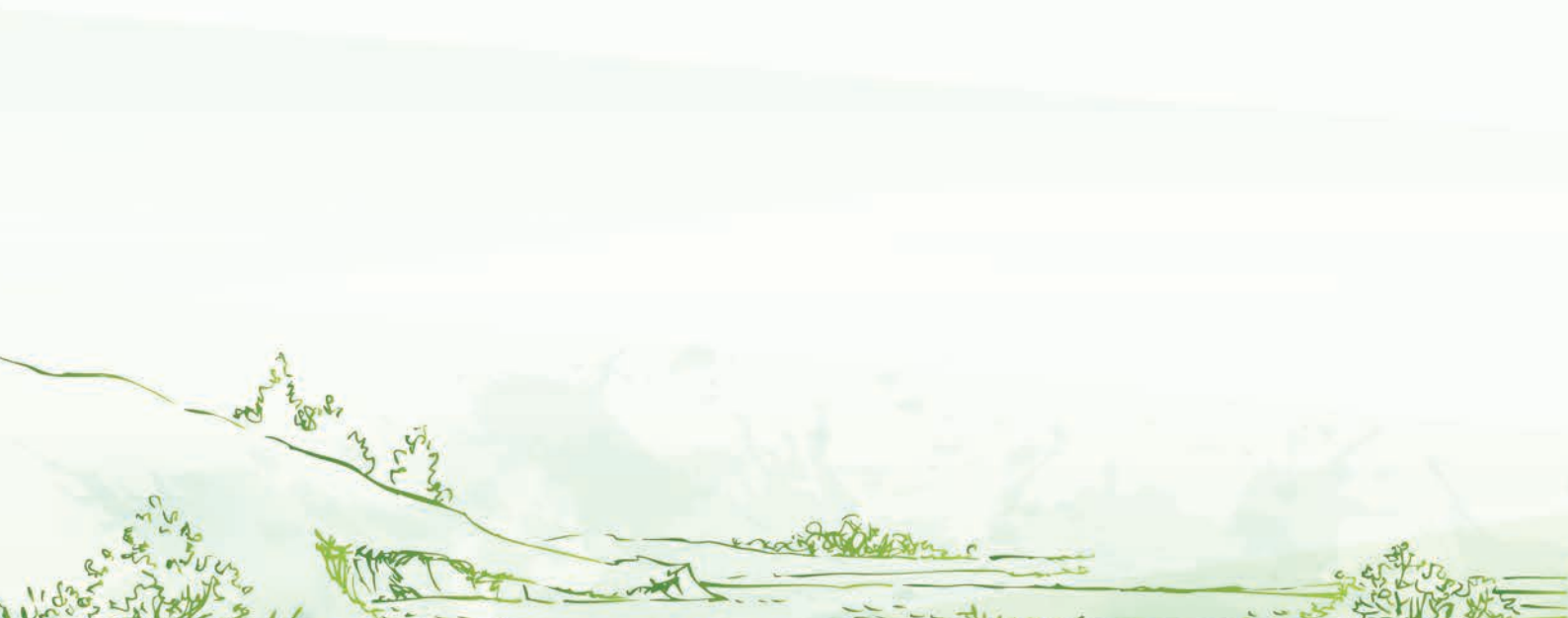
Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> ⁷	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects ⁸	Performance
B. Social		
Aspect B1: Employment		
<p>China</p> <p>Labour Law of the People's Republic of China^{B2, B4}</p> <p>Labour Contract Law of the People's Republic of China</p> <p>Social Insurance Law of the People's Republic of China</p> <p>Labour Dispute Mediation and Arbitration Law of the People's Republic of China</p> <p>Indonesia</p> <p>Labour Law of the Republic of Indonesia^{B4}</p> <p>Trade Union/Labour Union Law of the Republic of Indonesia</p> <p>Kazakhstan</p> <p>Kazakhstan Labour Regulation^{B4, B6}</p>	<p>CITIC Resources</p> <p>"Share Option Scheme"</p> <p>"Contribution Retirement Benefit Schemes"</p> <p>"Employee Handbook"</p> <p>"Guidelines on Business Travel Reimbursement Procedures"</p> <p>"Regulation for Managing Office Items"</p> <p>"Management Measures for Employee Holiday Compensation "</p> <p>Tincy Group</p> <p>"Tincy Group Management Manual"^{B4}</p> <p>"Central Pension Scheme"</p> <p>CITIC Seram</p> <p>"Company Policy"^{B3, B4, B8}</p> <p>KBM</p> <p>"2019–2021 Collective Contract with Employees"</p> <p>"Regulations for Material Assistance to KBM's In-service Employees and Retired Persons"</p>	<p>During the Reporting Period, the Group did not receive any information about laws and regulations that had a significant impact on the Group and are related to employment.</p>

Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> ⁷	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects ⁸	Performance
Aspect B2: Health and Safety		
<p>China</p> <p>Work Safety Law of the People's Republic of China</p> <p>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</p> <p>Emergency Response Law of the People's Republic of China</p> <p>Interim Measures for Administration of Outsourcing Non-Coal Mining Project Safety</p> <p>Indonesia</p> <p>Occupational Safety and Health Law of the Republic of Indonesia</p> <p>Kazakhstan</p> <p>Kazakhstan Occupational Safety and Health Regulation</p>	<p>Tincy</p> <p>"Occupational Health Management Procedures"</p> <p>"HSE Rewarding and Punishment Implementation Plan (Provisional)"</p> <p>"Working License Management Procedures"</p> <p>"Operational Safety Analysis Management Regulations"</p> <p>"Energy Isolation Safety Management Regulations"</p> <p>"Project Permit Management Regulations"</p> <p>"HSE Hazard Report Form"</p> <p>CITIC Seram</p> <p>"Project HSE Management"^{B5}</p> <p>KBM</p> <p>"2018 Work Safety Conditions and Production Process Safety Measures Plan"</p> <p>"Behaviour Observation Plan"</p>	<p>During the Reporting Period, the Group did not receive any complaints about occupational health and safety that had a significant impact on the Group.</p>



Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> ⁷	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects ⁸	Performance
Aspect B3: Development and Training		
Not Applicable	CITIC Resources "Employee Training and Development Policy" Tincy Group "Annual Employee Training Plan" KBM "Annual Employee Training Plan"	Not Applicable
Aspect B4: Labour Standards		
China Law of the People's Republic of China on the Protection of Women's Rights and Interests Law of the People's Republic of China on the Protection of Minors Provisions on the Prohibition of Using Child Labor Kazakhstan Kazakhstan Men's and Women's Equal Rights and Opportunities Guarantee Law	KBM KBM clearly defined the welfare policies for female employees on maternity leave and child-rearing in the "2019–2021 Collective Contract with Employees".	During the Reporting Period, the Group did not have any cases involving illegal employment of child labour and forced labour that had a significant impact on the Group.
Aspect B5: Supply Chain Management		
Not Applicable	Tincy Group "Construction Safety and Production Management Agreement" CITIC Seram "HSE Management of Contract Services" KBM "Safety, Labour and Environmental Protection Requirements"	Not Applicable

Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> ⁷	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects ⁸	Performance
Aspect B6: Product Responsibility		
<p>China</p> <p>Intellectual Property Law of the People's Republic of China</p> <p>Trademark Law of the People's Republic of China</p> <p>Patent Law of the People's Republic of China</p> <p>Tort Law of the People's Republic of China</p> <p>Anti-Unfair Competition Law of the People's Republic of China^{B7}</p> <p>Indonesia</p> <p>Indonesian Supply Chain Management Supervision Regulations</p> <p>Trademark and Geographical Indications Law of the Republic of Indonesia</p> <p>Kazakhstan</p> <p>Kazakhstan Personal Information Protection Law</p> <p>Kazakhstan Trademarks, Service Marks and Appellations of Origin Law</p> <p>Kazakhstan Oil General Technical Specifications</p>	<p>Tincy Group</p> <p>Tincy Group fulfills its confidentiality obligations in accordance with the terms of contract with its customers in relation to the confidentiality of the information.</p> <p>Tincy Group produces and supplies products in accordance with the quality-related requirements of contracts with its customers.</p> <p>CITIC Seram</p> <p>CITIC Seram strictly maintains customer information, maintains intellectual property rights as required, and recalls products as required by Indonesian Supply Chain Management Supervision Regulations.</p> <p>KBM</p> <p>"Confidential Information Management Regulations"</p> <p>"Rules for Handling, Protecting and Storing JSC Karazhanbasmunai Employee Personal Records"</p>	<p>During the Reporting Period, the Group was not aware of any incidents of non-compliance with regulations and voluntary codes concerning the provision and use of the Group's products and services, which cover product and service information and labelling, marketing communications including advertising, promotion and sponsorship, and property rights including intellectual property rights that had a significant impact on the Group.</p> <p>During the Reporting Period, the Group produced and supplied products in strict accordance with the relevant laws and regulations of the quality management at the operating locations and customer requirements, and there were no incidents of product recalling that had a significant impact on the Group.</p>



Laws and regulations corresponding to the aspects of the <i>ESG Reporting Guide</i> ⁷	The Group's policies and regulations to ensure compliance with applicable laws and regulations corresponding to the aspects ⁸	Performance
Aspect B7: Anti-corruption		
China Criminal Law of the People's Republic of China Anti-Money Laundering Law of the People's Republic of China of Bribery Regulation of the Republic of Indonesia Indonesia Elimination of Corruption Law of the Republic of Indonesia Money Laundering Law of the Republic of Indonesia Elimination Kazakhstan Kazakhstan Anti-Corruption Regulations	Tincy Group "CITIC Group's Reporting Implementation Measures Disciplinary Inspection and Visits" [#] "CITIC Group's Implementation Opinions on the Clue Management of Discipline Inspection and Supervision" [#] CITIC Seram CITIC Seram strictly abides by the relevant laws and regulations of Indonesia and strictly regulates the daily operation management process according to the requirements of the Group to prevent illegal acts. KBM Internal communication plan Reporting System	During the Reporting Period, the Group did not receive any relevant laws and regulations relating to the prevention of bribery, extortion, fraud, and money laundering, and did not received any case relating to internal employees involved in bribery, extortion, and money laundering.
Aspect B8: Community Investment		
Not Applicable	CITIC Seram "Annual Community Relations Work Plan" KBM "Annual Work Plan"	Not Applicable

Appendix 2 Key Performance Indicators

2018 – 2020 Social and Environmental Related Key Performance Indicators (“KPI”):

To improve the disclosure performance of employment indicators, the Group has begun to disclose the number of employees and the number of contractors separately since the Reporting Period, while the rest of the KPIs only considers in-service employees (who have signed employment contracts with the Group). And because the disclosing scope of the social KPIs during the Reporting Period no longer includes KBM, some social data changed significantly. The disclosure of social KPIs in 2018 and 2019 is consistent with the disclosure of previous years with no amendment, the following employee-related data (including the number of in-service employees by gender and the number of in-service employees by age), resigned employee data (including all categories), employee training data have included KBM and CITIC Seram contractors.

Social Aspect

KPI	Unit	2018	2019	2020
In-service Employees and Contractors				
Number of In-service Employees and Contractors by Region				
Employees in the Mainland China	Person	130	140	133
Contractors in the Mainland China	Person	–	–	677
Employees in Indonesia	Person	76	243	8
Contractors in Indonesia	Person	–	–	233
Employees in Australia	Person	53	48	29 ⁹
Employees in Hong Kong	Person	49	34	29
Number of In-service Employees by Gender				
Female Employees	Person	428	415	46
Male Employees	Person	4,024	4,149	153
Number of In-service Employees by Age				
Below 30	Person	475	333	2
30 – 50	Person	2,825	2,968	126
Above 50	Person	1,152	1,263	71

⁹ Due to the market downturn, the Group has optimised its employment structure to improve operational efficiency, so the number of employees has changed to different extents.

KPI	Unit	2018	2019	2020
Resigned Employees				
Number of Resigned Employees by Region				
Mainland China	Person	2	0	7
Indonesia	Person	1	10	0
Australia	Person	15	11	22
Hong Kong	Person	9	12	5
Number of Resigned Employees by Gender				
Female Employees	Person	27	19	8
Male Employees	Person	116	106	26
Number of Resigned Employees by Age				
Below 30	Person	12	9	6
30 – 50	Person	62	43	14
Above 50	Person	69	73	14
Employee Training				
The Average Training hour of employees	Hours	54	37	6.18 ¹⁰
Work Safety				
Number of Injuries Required to be Reported (Work injury leave > 7 days)				
Tincy Group	Cases Related to Employees	0	0	0
	Cases Related to Contractors	0	0	0
CITIC Seram	Cases Related to Employees	0	0	0
	Cases Related to Contractors	0	0	5

¹⁰ The outbreak of COVID-19 pandemic resulted in the significant decrease in the training activities of the Group, so the average training hours of employees has accordingly reduced.

KPI	Unit	2018	2019	2020
Suppliers and Contractors				
Number of Suppliers and Contractors by Region				
Mainland China	No.	437	487	112 ¹¹
Hong Kong	No.	45	151	147
Region Abroad	No.	731	796	93
Kazakhstan	No.	601	687	0
Indonesia	No.	78	71	84
Russia	No.	14	14	0
Australia	No.	13	13	2
Taiwan	No.	9	7	6
Switzerland	No.	2	0	0
United States	No.	3	1	0
United Kingdom	No.	2	2	0
Others	No.	9	1	1
Anti-corruption				
Total Anti-corruption Training Hours	Hours	-	-	12
Community Investment				
Resources Used in the Following Areas ¹²	10,000RMB	131.00	173.00	11.24
Supporting Disasters	10,000RMB	5.00	2.00	0.00
Supporting Disadvantaged Groups	10,000RMB	18.00	27.00	0.79
Supporting Education	10,000RMB	7.00	4.00	3.39
Supporting Sports	10,000RMB	23.00	18.00	0.00
Supporting Cultural Activities	10,000RMB	20.00	22.00	1.63
Supporting Healthcare	10,000RMB	27.00	31.00	2.61
Supporting Poverty Alleviation	10,000RMB	0.00	10.00	0.00
Others	10,000RMB	31.00	59.00	0.00

¹¹ The statistical methods of 2020 are different from previous years, that is the former contractors within the statistical scope were excluded in 2020 as there was no cooperation between two parties, so the data are different.

¹² The data of 2018 and 2019 include the resources contributed by KBM; while the resources used has declined in 2020 because the resources contributed by KBM is no longer included in the reporting scope.

Environmental Aspect

The increase in some environmental data is mainly due to the expansion of the disclosure of this Report from Tincy Group originally to the addition of CITIC Resources (the head office of the Group in Hong Kong), CITIC Haiyue Energy Limited, CITIC Seram Energy Limited, CITIC Petroleum Technology Development (Beijing) Limited and CITIC Resources Australia Pty Ltd

KPI	Unit	2018	2019	2020
Air Emissions				
NO _x Emissions	Metric tons	76.83	68.40	82.18
Intensity of NO _x Emissions	Metric tons per barrel of crude oil	2.67 x 10 ⁻⁵	2.67 x 10 ⁻⁵	4.91 x 10 ⁻⁶
SO ₂ Emissions	Metric tons	12.03	23.73	49.36
Intensity of SO ₂ Emissions	Metric tons per barrel of crude oil	4.18 x 10 ⁻⁵	9.27 x 10 ⁻⁵	2.95 x 10 ⁻⁶
PM Emissions	Metric tons	13.38	18.79	39.30
Intensity of PM Emission	Metric tons per barrel of crude oil	4.65 x 10 ⁻⁶	7.34 x 10 ⁻⁶	2.35 x 10 ⁻⁶
GHG				
Total GHG Emissions	Metric tons	83,235.88	83,556.74	114,123.40
Intensity of Total GHG Emissions	Metric tons per barrel of crude oil	0.03	0.03	6.81 x 10 ⁻³
Scope 1				
Emissions from Stationary and Mobile Sources	Metric tons	41,187.49	33,016.56	74,576.91
Flaring Emissions	Metric tons	9,782.43	9,784.35	11,677.21
Scope 2				
Indirect GHG Emissions from Purchased Electricity	Metric tons	32,265.97	32,689.92	19,669.83
Indirect GHG Emissions from Purchased Steam	Metric tons	Not Applicable ¹⁶	8,065.91	8,199.05

KPI	Unit	2018	2019	2020
Hazardous Waste				
Generated and Treated Oil Sand	Metric tons	2,967.33	895.70	696.42
Intensity of Generated and Treated Oil Sand Amount	Metric tons per barrel of crude oil	1.00×10^{-3}	4.00×10^{-4}	4.16×10^{-5}
Generated and Treated Drilling Waste Amount ^{13, 14}	Metric tons	–	8,359.40	24,128.50
Non-hazardous Waste				
Generated and Treated Domestic Waste Amount	Metric tons	448.30	678.10	883.76
Intensity of Generated and Treated Domestic Waste Amount	Metric tons per barrel of crude oil	2.00×10^{-4}	3.00×10^{-4}	5.28×10^{-5}
Treated Metal Waste Amount	Metric tons	0.00	0.00	3.56
Intensity of Treated Metal Waste Amount	Metric tons per barrel of crude oil	0.00	0.00	2.13×10^{-7}
Wastewater				
Total Sewage Discharge	Metric tons	716,122.92	798,561.85	1,765,639.27
Intensity of Total Sewage Discharge	Metric tons per barrel of crude oil	0.25	0.31	0.11
Treated Industrial Oily Wastewater Discharge	Metric tons	709,727.00	792,842.00	1,743,654.57
Domestic Sewage Discharge	Metric tons	6,395.92	5,719.85	21,984.7

¹³ Drilling waste includes drilling cuttings and drilling fluids.

¹⁴ The newly drilled wells during the Reporting Period do not necessarily become production wells. The newly-drilled wells have limited impacts on the crude oil production within the Reporting Period, therefore the intensity is not disclosed for now.

KPI	Unit	2018	2019	2020
Direct Energy				
Associated Gas Consumption	m ³	9,507,581.00	7,142,052.00	20,686,893.00
Intensity of Associated Gas Consumption	m ³ per barrel of crude oil	3.30	2.79	1.23
Gasoline Consumption ¹⁵	kWh in '000s	433.02	447.44	477.69
Intensity of Gasoline Consumption	kWh in '000s per barrel of crude oil	1.49 x 10 ⁻⁴	1.77 x 10 ⁻⁴	2.85 x 10 ⁻⁵
Diesel Consumption ¹⁶	kWh in '000s	131.82	118.93	4,336.12
Intensity of Diesel Consumption	kWh in '000s per barrel of crude oil	4.93 x 10 ⁻⁵	4.93 x 10 ⁻⁵	2.59 x 10 ⁻⁴
Crude Oil Consumption ¹⁷	kWh in '000s	79,836.30	67,716.70	141,789.87
Intensity of Crude Oil Consumption	kWh in '000s per barrel of crude oil	2.37 x 10 ⁻²	2.37 x 10 ⁻²	8.46 x 10 ⁻³
Indirect Energy				
Purchased Electricity Consumption	kWh in '000s	41,531.69	42,077.38	32,127.73
Intensity of Purchased Electricity Consumption	kWh in '000s per barrel of crude oil	14.42	16.44	1.92
Purchased Steam Consumption	Metric tons	–	26,836.30	27,030.00
Intensity of Purchased Steam Consumption	Metric tons per barrel of crude oil	–	0.01	1.61 x 10 ⁻³

¹⁵ The unit conversion of gasoline refers to the Guidelines for *Calculation Method and Reporting Guidance on GHG Emissions for Other Industrial Enterprises (Trial)*, and the density of gasoline used for calculation is 0.7475 kg/L.

¹⁶ The unit conversion of diesel refers to the Guidelines for *Calculation Method and Reporting Guidance on GHG Emissions for Other Industrial Enterprises (Trial)*, and the density of gasoline used for calculation is 0.82kg/L.

¹⁷ The unit conversion of crude oil refers to the Guidelines for *Calculation Method and Reporting Guidance on GHG Emissions for Other Industrial Enterprises (Trial)*.

KPI	Unit	2018	2019	2020
Water Resources				
Total Water Usage	Metric tons	814,863.00	731,214.00	852,723.28
Intensity of Total Water Usage	Metric tons per barrel of crude oil	0.28	0.29	0.05
Water Sourced from Wells	Metric tons	801,085.00	719,429.00	840,074.38
Water Sourced from Municipal Water Supply	Metric tons	13,778.00	11,785.00	12,648.90
Greening				
Newly Planted Trees	No.	20	0	120
Newly Laid Lawn	m ²	0	0	0



Appendix 3 SEHK ESG Reporting Guide Index

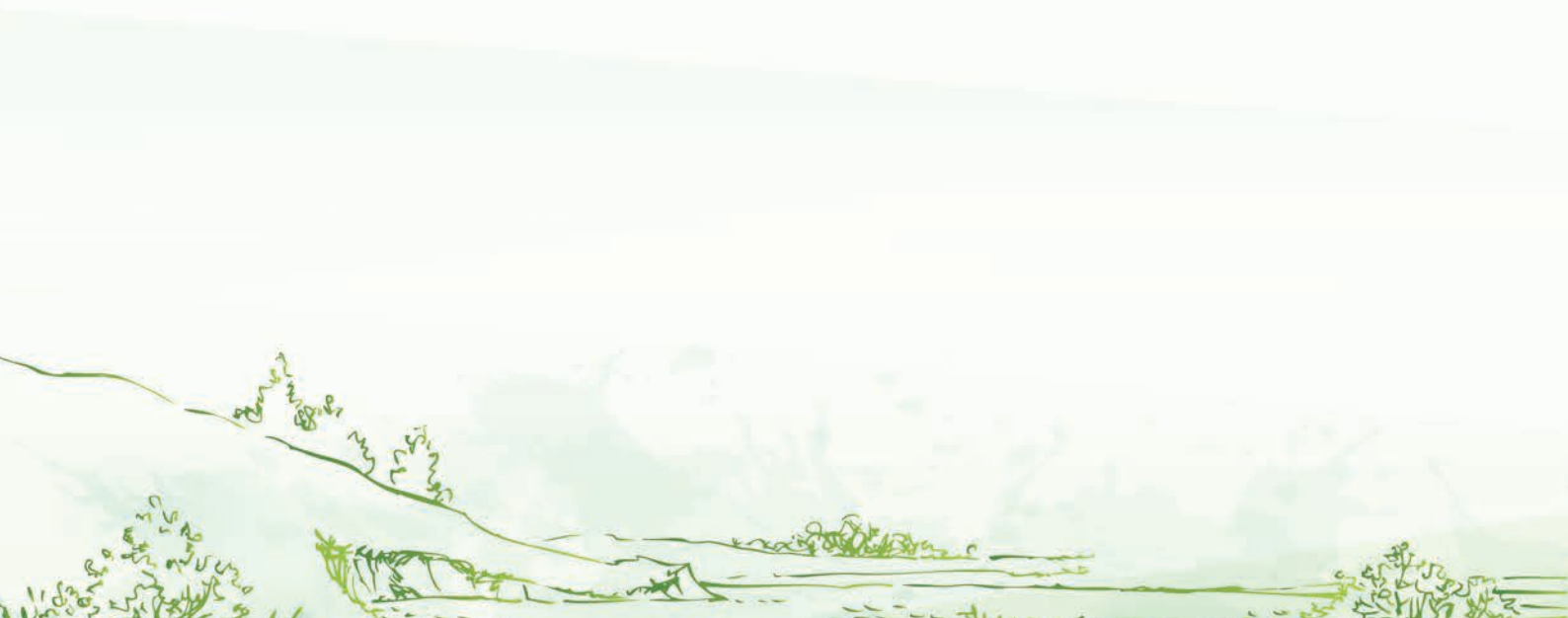
Subject Areas, Aspects, General Disclosures and KPIs			
	"Comply or explain" Provisions		
A. Environment			Sections
Aspect A1: Emission	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p>Note: Air emissions include NO_x, SO_x, and other pollutants regulated under national laws and regulations.</p> <p>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</p> <p>Hazardous wastes are those defined by national regulations.</p>		<p>Environmental Management</p> <p>Appendix 1 The Material laws and regulations that the Group complied with during the Reporting Period</p>
	KPI A1.1	The types of emissions and respective emissions data.	Appendix 2 Key Performance Indicators
	KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	
	KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Management

Subject Areas, Aspects, General Disclosures and KPIs			
	"Comply or explain" Provisions		
A. Environment			Sections
Aspect A2: Use of Resources	<p>General Disclosure</p> <p>Policies on the efficient use of resources, including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc</p>		Appendix 1 The Material laws and regulations that the Group complied with during the Reporting Period
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix 2 Key Performance Indicators
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	
	KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resource Usage
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Resource Usage
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable ¹⁸
Aspect A3: The Environment and Natural Resources	<p>General Disclosure</p> <p>Policies on minimising the issuer's significant impact on the environment and natural resources.</p>		Our Environment
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Our Environment

¹⁸ The Group's principal operations disclosed in the Report are the exploration, development and production of crude oil, and no packaging materials are involved in these processes.

Subject Areas, Aspects, General Disclosures and KPIs				
	"Comply or explain" Provisions	Recommended Disclosures		
B. Social				Sections
Aspect B1: Employment	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.</p>			Policies and Benefits
		KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix 2 Key Performance Indicators
		KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 2 Key Performance Indicators
Aspect B2: Health and Safety	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>			Health and Safety
		KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years, including the reporting year.	Appendix 2 Key Performance Indicators
		KPI B2.1	Lost days due to work injury.	Appendix 2 Key Performance Indicators
		KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs				
	"Comply or explain" Provisions	Recommended Disclosures		Sections
B. Social				Sections
Aspect B3: Development and Training	<p>General Disclosure</p> <p>Policies on improving employee knowledge and skills for discharging duties at work. Description of training activities.</p> <p>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</p>			Training and Development
		KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix 2 Key Performance Indicators
		KPI B3.2	The average training hours completed per employee by gender and employee category.	
Aspect B4: Labour Standards	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p>			Respecting Rights
		KPI B4.2	Description of measures to review employment practices to avoid child and forced labour.	Respecting Rights
		KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Respecting Rights



Subject Areas, Aspects, General Disclosures and KPIs				
	“Comply or explain” Provisions	Recommended Disclosures		
B. Social				Sections
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.			Supply Chain Management
		KPI B5.1	Number of suppliers by geographical region.	Appendix 2 Key Performance Indicators
		KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.			Our operations Appendix 1 The Material laws and regulations that the Group complied with during the Reporting Period
		KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Appendix 1 The Material laws and regulations that the Group complied with during the Reporting Period
		KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our operations
		KPI B6.4	Description of quality assurance process and recall procedures.	Supply Chain and Product Quality Management
		KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Our Operations

Subject Areas, Aspects, General Disclosures and KPIs				
	"Comply or explain" Provisions	Recommended Disclosures		
B. Social				Sections
Aspect B7: Anti-corruption	<p>General Disclosure</p> <p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p>			Integrity in Business
		KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Integrity in Business
		KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Integrity in Business
Aspect B8: Community Investment	<p>General Disclosure</p> <p>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.</p>			Our Community
		KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community Appendix 2 Key Performance Indicators
		KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	



Appendix 4 Feedback Form

Dear Reader:

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

1. What is your identity regarding to CITIC Resources?

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

2. Your overall assessment to this Report is:

- Very Good Good Fair Poor Very Poor

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

- Very Reasonable Reasonable General Poor Very Poor

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

- Very Good Good Fair Poor Very Poor

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

- Very Good Good Fair Poor Very Poor

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

- Very Good Good Fair Poor Very Poor

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

- | | | |
|--|---|--|
| <input type="checkbox"/> Oil Spill Prevention | <input type="checkbox"/> Local Environmental Impact | <input type="checkbox"/> Energy Usage & Efficiency |
| <input type="checkbox"/> Climate Change | <input type="checkbox"/> Water Consumption & Efficiency | |
| <input type="checkbox"/> Employees' Health & Safety | <input type="checkbox"/> Employment & Employee Benefits | |
| <input type="checkbox"/> Employees' Development & Training | <input type="checkbox"/> Employees', Contractors' & Communities' Rights | |
| <input type="checkbox"/> Corporate Governance | <input type="checkbox"/> Local Content | |

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

You can e-mail the above feedback form to the following address:
 Email: ir@citicresources.com

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



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