

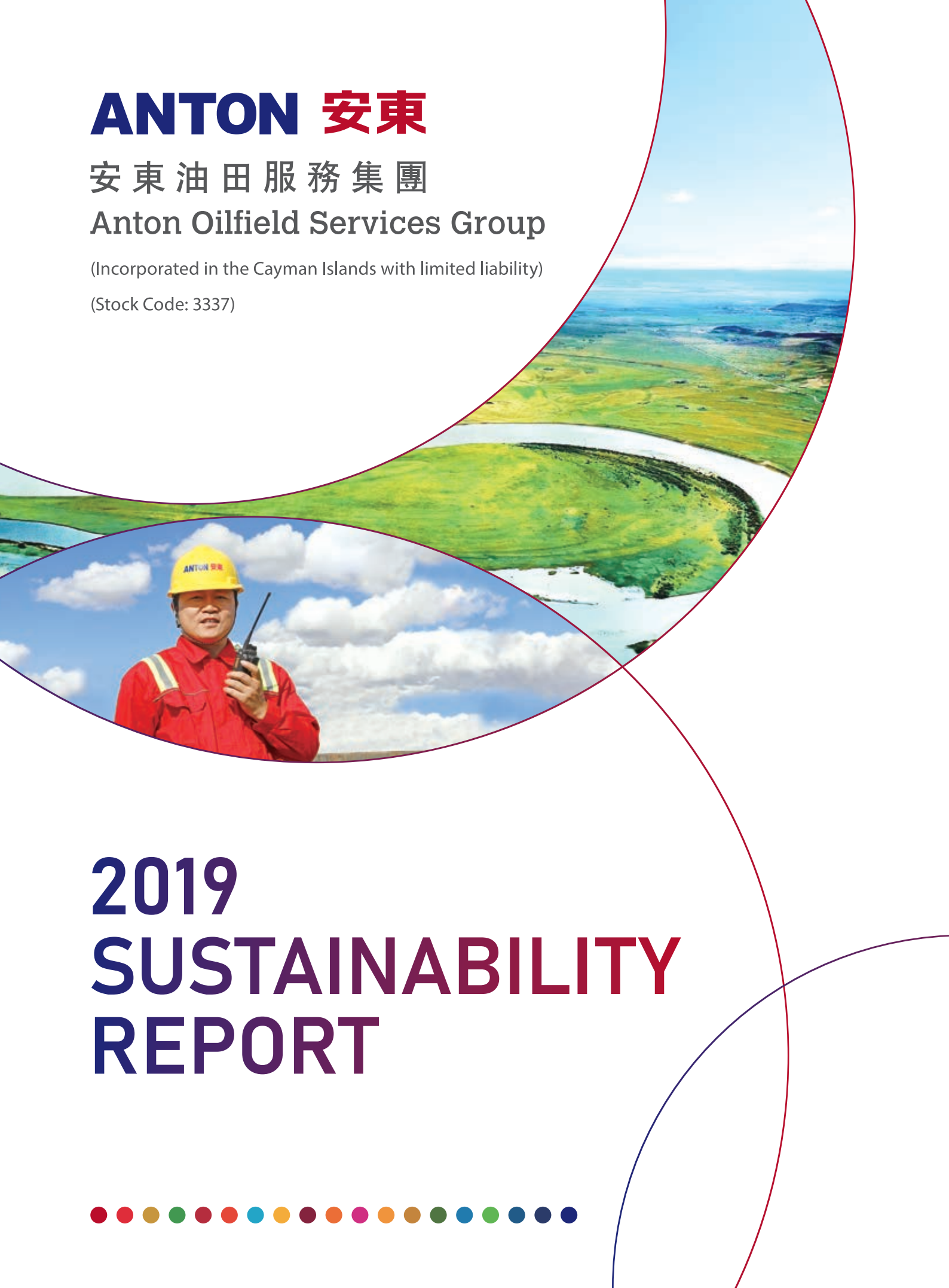
ANTON 安東

安東油田服務集團

Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3337)



2019 SUSTAINABILITY REPORT



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ABOUT THIS REPORT

SCOPE OF REPORTED ORGANIZATION

This report covers business operations of Anton Oilfield Services Group (“Anton” or the “Company”) and all its subsidiaries (the “Group”), as the same scope of the Annual Report.

TIME PERIOD OF THE REPORT

From 1 January 2019 to 31 December 2019 (“Reporting Period”), with some information and figures tracing back to earlier years beyond the stated reporting period in order to enhance the comparability and perspective view of this Report.

REPORT CYCLE

This Report is published annually, our last ESG Report was published in April 2019 (covered in the Annual Report of 2018).

CONTENT SCOPE

This Report covers the important matters and performance of the Group in the governance, environmental and social aspects during the reporting period.

SOURCES OF INFORMATION

Information is sourced from summaries and statistics of the Company documents, statistical reports as well as the performance reports of its subsidiaries.

REPORTING PRINCIPLES

Materiality: The materiality of our ESG issues is determined by the Board. The process of stakeholder communication and identification of material issues and the materiality matrix are all disclosed in this report.

Quantitative: Statistical standards, methods, assumptions and/or calculation tools for quantitative key performance indicators herein and source of conversion factors are all explained in the definitions of the report.

Balance: This report shall provide an unbiased picture of the environmental, social, and governance performance of our Group during the reporting period. It should avoid selections, omissions, or presentation formats that may inappropriately influence the decision or judgment by the report readers.

Consistency: The statistical methodologies applied to the data disclosed in this report shall be consistent.

ABOUT THIS REPORT

COMPILATION GUIDELINES

This report is mainly based on GRI Sustainability Reporting Standards by the Global Sustainability Standards Board (GSSB), and complied with the requirements of the “Environmental, Social and Governance (ESG) Reporting Guidelines” of the Stock Exchange of Hong Kong.

REPORTING LANGUAGE

This report is published in Traditional Chinese and English versions. If there is any ambiguity, the English versions shall prevail.

FORM OF RELEASE

This report is published in electronic formats which can be found on the website of the Stock Exchange of Hong Kong (www.hkexnews.hk) and the website of the company (www.antonoil.com).

CONTACT INFORMATION

Capital Market Department, Anton Oilfield Services Group
Address: No. 8, Pingcui West Road, Donghuqu, Chaoyang District, Beijing, China
Phone: 0086-10-5739-7584
Fax: 0086-10-5739-7799
E-mail: ir@antonoil.com

BRIEF INTRODUCTION

OVERVIEW

Anton is a leading independent oilfield services provider founded in 1999, in the Tarim Basin, China. Operating in China and other emerging markets, headquartered in Beijing and Dubai, Anton provides a full suite of integrated services from oilfield engineering to oilfield management. Our vision is to become a model of efficient and harmonious development between mankind and the environment. Our mission is to help others succeed. Customer centricity, Industriousness, Continuous learning and innovation form the bedrock of our core values.

CHAIRMAN'S MESSAGE

As the growing of capability of mankind, technological advancement opens the world to greater possibilities, society now progresses at a much faster pace. The next big question mankind must answer is that of sustainable development, which concerns all humanity.

As an oilfield technical services company, we provide services to our customers and develop oil and gas resources relying on our people and key technological capabilities. The characteristic of our business determined that we need the most delicate balance between man and nature. It requires highly efficient technical solutions to minimize the impact on the environment. Given the nature of our business, we have crafted a corporate vision of “becoming a model of harmonious development between mankind and the environment.” This vision is a beacon that guides us towards sustainable development goals through conscious actions.



BRIEF INTRODUCTION

Over the years, our efforts have been applauded and recognized by many organizations. Our awards and honors include the State Intellectual Property Office's designation of an intellectual property demonstration organization, Beijing Enterprise Technology Center designation, Beijing Cutting-edge Industrial Design Center designation, Ernst & Young Entrepreneur of the Year Award 2009, Board of the Year and Director of the Year awards from the Hong Kong Institute of Directors in 2011, Most Honored Companies in Oil and Gas Sector 2019 by Institutional Investor, Top 100 Private Companies in Corporate Social Responsibility in Beijing designation, Class A Corporate Taxpayer in Beijing and 29th List of Top 10 Most Influential Companies in Beijing, among others.

Digital technology and new energy solutions are sparking disruptive transformations throughout world. On this new horizon, traditional industries must adapt to keep up with the changes. With this understanding in mind, we have conceptualized the construct of a "Brand-new Anton," which comprises six pillars, namely, I. Global markets. To capture opportunities under structural change of the oil and gas industry, focusing on global emerging markets. II. All-round services. To provide a new service model with full-cycle, full-suite, integrated services to maximize fulfillments of customers' diverse needs. III. Platform-based operations. Persist in asset-light operation, integrating resources and achieve win-win results through cooperation. IV. Precision engineering technologies. Combining geological studies with engineering expertise to better hit geological target, and pairing economics with technological excellence to create value for customers. V. Digital solutions. Vigorously promoting digital solutions, growing to be a digitalized company in oil and gas industry. VI. Harmonious development. Promoting harmonious development through our internal governance, community contribution and environment protection. "Brand-new Anton" is our systematic approach to sustainable development as we adapt to the changing technological environment.

Our ESG report provides a brief summary of our sustainability goals and systematic efforts towards achieving these goals under our "become a model of efficient and harmonious development between mankind and the environment" vision and "Brand-new Anton" business model. I. We have instituted an excellent governance model at the Board and a mature system of internal controls. We have also developed an advanced governance structure with the employee stock ownership plan (ESOP). II. We attach great importance to our stakeholders' concerns and continue to maintain good communication with them to ensure our growth is aligned with the interests of all our stakeholders. III. We continue to improve our technology, upgrade our products, improve efficiency and build an environmentally-friendly business model with high-precision engineering solutions. At the same time, we efficiently manage the use of natural resources, waste and greenhouse gas emissions to improve resource efficiency and reduce the environmental footprint of our operations. IV. We are implementing rigorous QHSE management. V. We attach great importance on talent training and progression and are promoting a diverse workforce. VI. We enable our suppliers, work closely with local communities to promote prosperity, actively participate in charitable causes and contribute to long-term harmonious development.

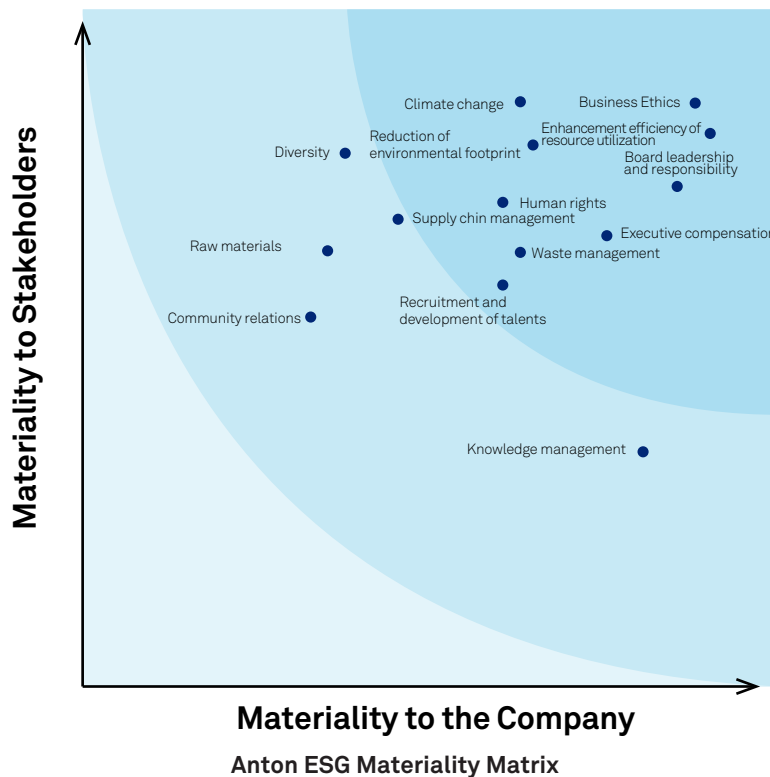
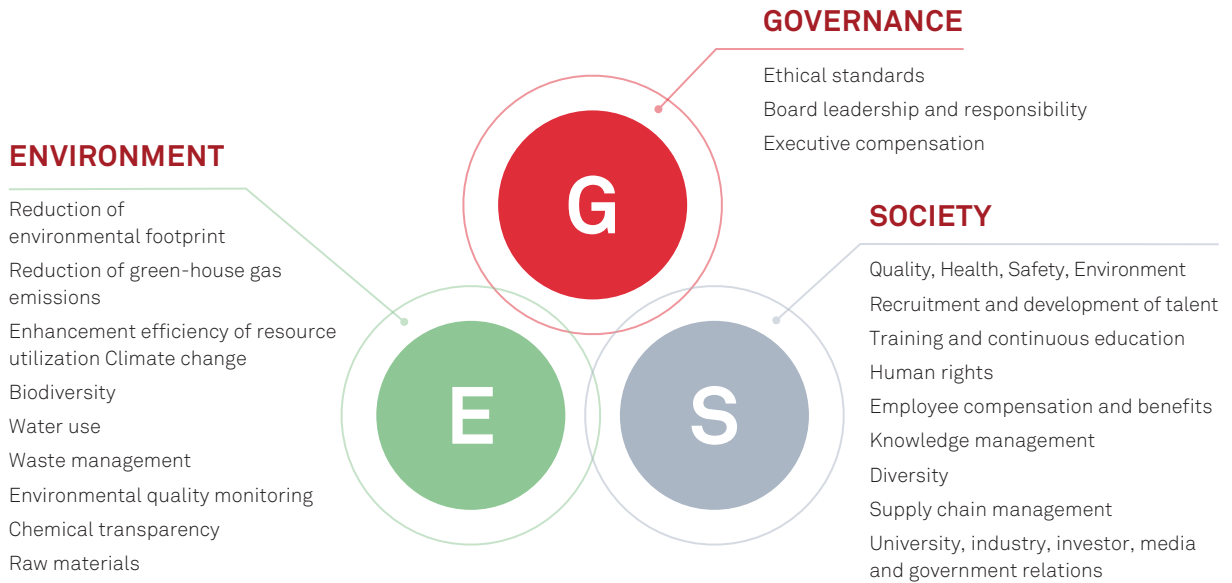
Our ESG report summarized our results achieved, elaborated our policies and raised our promise. To facilitate our ESG efforts, the board convened a meeting and resolute to upgrade our QHSE committee to ESG Committee to further enhance the execution of our ESG management. As we continue this journey of sustainable development, we want to enlist the strengths and support of all of you, our valued stakeholders, and we count on your actions, contributions, oversight and guidance to help us get there.

Financial Performance		Unit	2018	2019
Revenue Contributions	China	–	39.9%	46.9%
	Iraq	–	36.9%	39.6%
	Other Overseas Markets	–	23.2%	13.5%
Revenue	RMB million		2,935.9	3,589.5
Profit Attributable to Equity Holders	RMB million		222.4	268.6
Net Cash Generated from Operating Activities	RMB million		420.0	610.3

BRIEF INTRODUCTION

ESG GOALS, POLICIES AND MANAGEMENT STRUCTURE

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



CORPORATE GOVERNANCE

BUSINESS ETHICS AND CONDUCT RULES

Our ethical standards go beyond meeting legal and regulatory requirements, they help us grow as a reputable company while achieving our mission to help others succeed. Our culture is inspired by timeless Oriental wisdom and comprises five core values: benevolence, accountability, courtesy, wisdom, and trustworthiness. These values in turn shape our ethical standards.

- Benevolence. We ask ourselves to show benevolence and care for others as we act in our others' best interest, helping them succeed.
- Accountability. We hold ourselves accountable to others and take responsibility where our commitments extend.
- Courtesy. We conduct ourselves with courtesy, honesty and integrity; comply with laws, regulations and business norms; and respect other religions and cultures.
- Wisdom. We behave wisely and refrain from putting short-term gains before long-term interests, or benefiting ourselves at the expense of others. We strive for win-win solutions.
- Trustworthiness. We want to be perceived as trustworthy, and we will not do anything that would tarnish our credibility. We make good on our commitments, and our commitments must truthfully reflect our capabilities.

We are committed to conducting our business ethically and using these aforementioned values to guide us. We set clear expectations for our people and members of the Board. We expect our suppliers and business partners to respect our values and to act in ways consistent with our ethical standards.

Anton strictly complied with the Anti-Unfair Completion Law of PRC, the Anti-Money Laundering Law, and other laws, provisions and requirements for anti-corruption and clean administration and the laws and regulations of the countries where we operate. During the reporting period, the company did not have any cases of commercial bribery, extortion, fraud, money laundering and unfair competition that violated laws and disciplines.

SUNSHINE MARKETING

We require our employees to market our services with transparency, which means to win business fairly and honestly. We prohibit gifts or kickbacks to customers, private dealings with our customers' key officers, and execute anti-competitive arrangements. Marketing and sales activities must be recorded for audit purposes. We conduct marketing transparency training with our employees that involve case studies of the dos and don'ts. Our internal audit department has the right to review the marketing and sales records and investigate any activity that violates our ethical code.

CORPORATE GOVERNANCE

ANTIBRIBERY

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

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

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

CONFLICT OF INTEREST

We avoid conflicts of individual interests with the firm's interests or the interests of our customers. Our employees are required to disclose any and all financial, personal and social interests in our customers, suppliers, business partners and regulators. Should such interests conflict with their responsibilities at Anton, the employees must report and recuse themselves in writing. To avoid such situations, we discourage our employees from holding financial interests in companies or other legal entities that maintain business dealings with us, unless the employee has our express written consent.

FAIR COMPETITION

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

CUSTOMER ASSETS PROTECTION

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

SUPPLIER AND BUSINESS PARTNER MANAGEMENT

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

CORPORATE GOVERNANCE

NON-COMPETE AGREEMENT WITH EMPLOYEES

We sign non-compete agreements with our employees to prevent them from competing directly with us as current or recently departed employees. Furthermore, as current employees and for a period following their departure from the company, they may not hold financial interests in our competitors.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

We have established a management system to protect intellectual property rights. We file for patent protection as soon as we develop a new technology. If the know-how is not eligible for patent protection, we protect it through non-disclosure agreements and confidential disclosure agreements. We reserve the right to take legal action against anyone using our intellectual property illegally.

INSIDER TRADING

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

WHISTLEBLOWER PROGRAM

Our internal audit department is responsible for the whistleblower program. We have made the contact channel public so that anyone can submit concerns about an actual or potential violation of our ethical standards at any time. In addition, our Chairman has made his contact information public to encourage whistleblowers to come to him and to internal audit simultaneously. We respect the whistleblower's choice in line and method of communication, or between speaking openly and anonymously. It is our responsibility to protect whistleblowers, and we expressly forbid whistleblower retaliation.

EQUAL OPPORTUNITIES AND TALENT DEVELOPMENT

We are a proponent of the UN Global Compact, as our business footprint covers both China and other emerging markets. Offering opportunities equally and continuously is an important ethical standard for us. We observe fair employment practices and offer equal opportunities to employees, suppliers and business partners. We prohibit discrimination based on race, color, gender, age, sexual orientation, ethnicity, disability, religion or cultural tradition in hiring, promotion, rewards, compensation and access to training and job rotation. We provide a safe workplace for employees and offer them opportunities for training and continued learning.

ADDRESSING CLIMATE CHANGE

Recognizing that climate change is an issue of global significance, we are committed to climate action. We offer technologies to help customers develop cleaner energy and reduce their environmental footprint and emissions. We recognize the challenges of energy transition and are committed to shifting towards cleaner energy. We are committed to driving employees, suppliers and business partners to reinvent business models and the energy mix so that we can reduce greenhouse gas emissions, transform our entire business ecosystem and address climate change issues.

CORPORATE GOVERNANCE

PROTECTING THE ENVIRONMENT

We strive to reduce our environmental footprint, cut greenhouse gas emissions and optimize resource efficiency by transforming business models and applying advanced technological solutions. We ensure that everyone in our business ecosystem is aware of the importance of environmental protection and call for their action.

CONTRIBUTING TO SUSTAINABLE DEVELOPMENT

We are committed to promoting education and wellness and to driving social and environmental sustainability through better technology-based solutions. We are dedicated to fostering economic prosperity in the communities we serve, helping them to fight poverty and grow economically through access to better tools, technology and networks.

We regularly organize activities to advocate and promote our ethical code. In 2019, our Chairman of the Board and senior management were involved in our advocacy campaigns. All mid-level management employees were enrolled in a specialized learning program. All members of our head office functions, product divisions, sales regions and subsidiaries implemented the learnings and best practices in their respective activities around “building individual awareness of integrity, compliance and self-discipline” and “improving awareness, initiatives and accountability against corruption.” Such efforts reinforced the ethical culture and raised awareness for the importance of integrity among our employees. We promote our business ethics with our customers, suppliers and partners to positively influence the entire business ecosystem.

GOVERNANCE STRUCTURE

SHAREHOLDER GOVERNANCE AND EMPLOYEE STOCK OWNERSHIP PLAN

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

In 2019, we finalized the ESOP, which consists of a stock option scheme, a restricted stock units (RSU) program and an employee voluntary investment plan. In addition, more and more employees who are in general positions are investing into our stocks. Thanks to these plans, employees have become more motivated, and we expect the employees to become one of the most important group of shareholders in the near future in term of shareholding positions.

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

BOARD GOVERNANCE STRUCTURE

The Board is at the center of our corporate governance. The composition of the Board strictly follows the principles of balance, fairness and diversity in terms of backgrounds and experiences. The Board appoints the most competent managers to ensure strong and sustainable growth. As of 31 December 2019, the Board consists of seven members, (three Executive Directors, one Non-executive Director and three Independent Non-executive Directors). There are no financial, business, family or other material relationships among members of the Board. Each director brings unique expertise and experience to the table.

Board Committees

Four committees are established under the Board: the Audit Committee, Remuneration Committee, Nomination Committee and QHSE committee (QHSE committee had been updated to ESG committee on 21 May 2020).

Audit Committee

We established the Audit Committee on 17 November 2007. The Audit Committee is responsible for interacting with external auditors; making proposals to the Board on the appointment, retention and dismissal of the external auditors (as well as setting remuneration and terms of appointment); and reviewing the integrity and accuracy of our financial information in the financial reports. The Audit Committee also oversees our financial reporting system and internal control procedures to mitigate financial risks to our operations. The Audit Committee has three members, all of whom are Independent Non-executive Directors, namely Mr. ZHU Xiaoping, Mr. ZHAN Yongyi and Mr. WEE Yiau Hin. Mr. ZHU Xiaoping is the Chairman of the Audit Committee. He is well-versed in accounting matters and an accounting professor at Renmin University of China.

Remuneration Committee

We also established the Remuneration Committee on 17 November 2007. To establish a reasonable remuneration policy and incentive scheme and to protect our customers and investors, the Remuneration Committee strictly reviews and recommends the terms of remuneration, benefits, bonuses and other allowances of the Directors and senior management, makes proposals to the Board on the remuneration policy and structure for all the Directors and senior management and approves and monitors the enforcement of such policies and schemes. The Remuneration Committee is comprised of two Independent Non-executive Directors, Mr. WEE Yiau Hin and Mr. ZHU Xiaoping, and one Executive Director, Mr. LUO Lin. Mr. WEE Yiau Hin is the Chairman of the Remuneration Committee. He has extensive work experience in multinational corporations such as Shell and Petronas. He is familiar with the international norms on compensation.

Nomination Committee

We established the Nomination Committee on 17 November 2007. The Nomination Committee is responsible for reviewing the structure, composition and diversity of the Board; making recommendations on the policy and procedures for the nomination of Directors; identifying and nominating candidates for directorship; vetting the candidates on merit, assessing against objective criteria and considering the diversity on the Board; making recommendations to the Board on the appointment or re-appointment of Directors, and succession planning for the Directors, Chairman and the Chief Executive Officer; assessing the independence of the Independent Non-executive Directors and submitting conclusions to the Board; and reviewing the Board Diversity Policy, in particular the measurable objectives contained therein to ascertain their appropriateness and the progress towards them. The Nomination Committee is composed of two Independent Non-executive Directors, Mr. ZHANG Yongyi and Mr. WEE Yiau Hin, and one Executive Director, Mr. LUO Lin. Mr. ZHANG Yongyi is the Chairman of the Nomination Committee. He has extensive experience in talent development, evaluation and promotion.

QHSE (Quality, Health, Safety and Environment) Committee

We established the QHSE Committee on 21 January 2013. QHSE represents an important benchmark for the oilfield services industry. We strive to adopt international standards to improve our services at home and abroad. The QHSE Committee assists the Board in reviewing our current QHSE performance, overseeing QHSE management and reporting processes and systems. It also helps in formulating our QHSE plans and supervising their effective implementation. The QHSE Committee also advises the Board on matters affecting our QHSE standards. The QHSE Committee is composed of two Executive Directors, Mr. LUO Lin and Mr. PI Zhifeng. Mr. PI Zhifeng is the Chairman of the QHSE Committee. On 21 May 2020, the Board resolve to upgrade the QHSE Committee to the ESG Committee. The new ESG Committee consists of three Executive Directors, Mr. LUO Lin, Mr. PI Zhifeng, and Mr. FAN Yonghong. Mr. PI Zhifeng is the Chairman of the ESG Committee. The ESG Committee has the following roles and responsibilities: to assist the Board in reviewing and evaluating our current ESG performance; to advise the Board on matters that may affect our ESG standards and policies; to review our ESG report and submit the final report for Board approval; to engage the Board fully in our ESG governance, reporting and disclosure activities.

CORPORATE GOVERNANCE

Directors

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

Board of Directors as at 31 December 2019:

LUO Lin
PI Zhifeng
FAN Yonghong
John William CHISHOLM
ZHANG Yongyi
ZHU Xiaoping
WEE Yiau Hin

Board meetings

During the most recent reporting year, we convened 8 Board meetings, 2 Audit Committee meetings, 1 Remuneration Committee meeting, 1 Nomination Committee meeting and 1 QHSE Committee meeting. We also convened an Annual General Meeting during this reporting year.

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

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

CORPORATE GOVERNANCE

ESG management under the Board

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

The ESG Committee, previously known as the QHSE Committee, assists the Board in managing ESG issues. An ESG office was set under the ESG Committee, in charge of organizing and leading the ESG working group, which has representatives from relevant functions concerned with ESG issues, includes departments such as Public Relations, Capital Market, QHSE Management, Human Resources, Supply Chain, Marketing, Technology Development, Legal and Internal Audit. All departments in the head office have appointed an ESG liaison officer on the working group who is responsible for the implementation of specific ESG programs and the collection and submission of ESG information on behalf of this department. The business division, sales regions and subsidiaries carry out specific activities in accordance with the requirements of the head office and submit ESG updates on a regular basis.

CORPORATE GOVERNANCE

Executive Compensation

Our compensation scheme is designed to motivate our executives to work diligently towards sustainable development. Beyond a base salary, executives also receive variable pay linked to our KPIs. The most important KPIs are Net Profit and Free Cashflow, as they are a proxy of the quality of our growth. We want growth, but more importantly, we want high-quality growth. In addition to the rigorous financial KPIs, a more important KPI which is pre-condition of annual variable pay of executive is performance of QHSE. An executive failing to meet the QHSE objectives for the year will lose his or her entire annual variable pay, even with outstanding financial performance.

We encourage our executives to place long-term sustainability above short-term gains. Under this philosophy, stock incentives make up a significant portion of their total package.

Promotion is one of incentive to executive, the criterial of promotion is designed around our core value and performance. Promotion from within is has been part of our culture since our inception in 1999, because we believe the longer time the employees stay with us, the deeper understanding of our core values they will have. More than 90% of our key employees and executives have completed internal rotation, training and other career development programs over the years. They were promoted because they not only generated stellar financial performance and achieve strategic milestones for the company, but they practice and promote our core values in their day to day works.

INTERNAL SUPERVISION AND AUDIT

Our Internal Audit Department is responsible for supervising internal controls and managing the whistleblower program. It performs routine audits of important matters and reports directly to the Chairman.

The Internal Audit Department performs four types of audits: Financial Audits, Operation Audits, Compliance Audits, and Discipline Supervision. With Financial Audits, we check if any spending of operation and project violates our internal control requirements. With Operation Audits, we check if management or employees carry out their duties as requested, if they carry out their duties in line with operation system. With Compliance Audits, we check if our employees complied with laws, regulations and internal policies. (For example, we check if marketing and sales met our requirements of Sunshine Marketing and if our employees complied with the anti-corruption guidelines.) With Discipline Supervision, we check if our employees conducted themselves in alignment with our values and if there was any breach of our values, and anonymous tip audits. The Internal Audit team has done about 580 of audits since 2015.

To facilitate internal and external oversight, we keep our communication channels public. We set up various tip lines by telephone, WeChat, internal email, mailbox and public e-mail addresses. Anyone with knowledge or suspicion of a breach of our ethical standards can send a tip to Internal Audit or the Chairman directly. We maintain the anonymity of the whistleblower for protection. We have done about 40 of anonymous tip audits since 2015.

We learn from the best practices of other organizations such as democratic dialogue, which requires participant shares what he or she can improve with others, and offers suggestion of what other peers can improve sincerely. So far more than 400 dialogues have taken place since 2014.

ENVIRONMENT

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

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

ENVIRONMENTAL POLICY AND MANAGEMENT SYSTEM

Through communication with our stakeholders, our Board of Directors and management have developed and approved our environmental policy. The policy was informed by the United Nations Sustainable Development Goals (UN SDGs), Basel Convention, International Association of Oil and Gas Producers (IOGP) Environmental Guidelines, ISO 14001 Environmental Management System standards and local laws and regulations. It contains our environmental objectives, management systems, awareness building efforts and industry-specific challenges; it covers climate change, biodiversity, water use, waste management, environmental quality monitoring, logging and reporting, evaluation, investigation and internal and external audits.

We established our environmental management system under this policy. The system assigns responsibilities to each functional department, product division, sales area, subsidiary, and joint venture. It enables compliance with the policy and rewards positive outcomes while also prohibiting policy violations and punishing negative outcomes.

The internal control team is responsible for auditing the policy's enforcement in each functional department, product division, sales area, subsidiary, and joint venture, and the team reports directly to the Chairman.

MATERIAL ENVIRONMENTAL ISSUES (MEIs)

Anton is an oilfield service company, we help address the managerial and technological challenges surrounding oil companies' exploration and development processes. Our services and products include oilfield management services, oilfield engineering services, and the related tools and materials. After numerous consultations with stakeholders, the Board and management have identified three environmental issues that are material to our business: 1) the reduction of our operational footprint, 2) the reduction of greenhouse gas (GHG) emissions, and 3) the enhancement of resource efficiency.

We believe that our integrated business model, novel technology solutions, and robust management system empowers us to address these issues and enhance our environmental commitments.

ENVIRONMENT

MEIS MITIGATION

REDUCTION OF OPERATIONAL FOOTPRINT

We strive to reduce our customers' operational footprint through technology that enables them to produce more with fewer wells, which in turn will reduce our own footprint.

Reservoir study, also known as "sweet-spot solution", is one of our most important methods of reducing the number of wells required to produce oil and gas. We apply this solution throughout the entire process of drilling, completion and production. The real-time subsurface data collected by reservoir study allows for more precise engineering and more efficient development of customers' oilfield assets. We applied the solution to a shale gas basin in Sichuan, China in 2019, where our customer benefited from the identification of a sweet spot in the shale gas formation. The customer then used the information for precise well planning, enabling higher production with less drilling and fracturing.

Our novel solutions and advanced technology applications are also key to reducing the operational footprint of our customers. For example, horizontal well fracturing was a popular shale technology in North America (being more efficient than vertical well fracturing), but it had not been widely deployed in China. We popularized this method in 2010, first applying it in tight gas development in the Ordos Basin in China. After the technology's initial success, our customer decided to revise its oilfield development plan (ODP) from an original plan with 200 vertical wells to instead a plan with 80 horizontal wells. In the end, our technology helped the customer significantly reduce its environmental footprint while achieving higher production compared with their previous ODP.

REDUCTION OF GREENHOUSE GAS EMISSIONS

One of our environmental objectives is to reduce greenhouse gas (GHG) emissions for both customers and ourselves. It is our responsibility to offer technology solutions that assist customers in developing cleaner energy.

We offer integrated solutions for natural gas development to our customers. In China, about 80% of our projects are services involved with natural gas development, including ultra-deep gas wells in Xinjiang, tight gas reservoirs in the Ordos Basin and shale gas wells in Sichuan. In Kazakhstan and other foreign countries, we offer technologies to help customers maximize natural gas production from very low permeability formations.

In our own activities, we are committed to cutting our GHG emissions by transitioning to cleaner energy and greener solutions. Since 2017, we have been replacing diesel engine equipment, such as rigs and pressure pumps, with electrical equipment, cutting consumption of diesel for more than 20 thousand tons. These changes have helped to significantly reduce our operational GHG emissions. Furthermore, our technological innovation team has worked relentlessly to phase out petroleum-based materials. One example of this is the drilling fluid we have been promoting for use in the Sichuan shale gas basins. This fluid works similarly to oil-based mud but is environmentally friendly and has a lower emissions profile.

ENVIRONMENT

Meanwhile, we have raised awareness for GHG emissions among our employees, urging them to take environmentally conscientious actions in their day-to-day lives. For example, we encourage our employees to use green forms of transportation when commuting to work, such as public transportation or cycling, which is better for their health and the climate.

We understand GHG emissions reduction is an obligation under international norms. We are continuing to green our services and materials, and plan to further build upon this work. We recognize the gaps between our current GHG management practices and best-in-class requirements is a risk to our business. We are committed to closing the gap in the foreseeable future and to managing any reputational or market risks between now and then. Such risks will be disclosed in our annual ESG report.

ENHANCEMENT OF RESOURCE EFFICIENCY

To provide our products and services, we need to use resources such as water and electricity. We strive to adopt advanced technologies to enhance resource efficiency in our operations. Meanwhile, we continuously complies with laws and regulations in operation countries and regions, such as the national Energy Conservation Law and regional energy conservation and the Beijing Municipality Water Conservation Measures to carry out production operations.

In our pressure pumping business, which consumes the most water, we have introduced new materials to reduce fresh water consumption. These new materials enable the reuse of flowback water for other activities. Across different operations, we have implemented strict budgets on water usage. Our operations team is encouraged to develop creative ideas to minimize water use by installing water saving equipment or improving well design.

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



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Operational efficiency is also important, resource consumption is saved as soon as we cut the non-production time (NPT). Since 2018, our oilfield management team has successfully transformed the operational system in a big oilfield in Southern Iraq, helped customer cut the NPT by approximately 60%, contributing to a significant cut in unnecessary resource consumption.

Environmental Performance	Units	2019
Greenhouse Gas emission	Tons	77,876.89
Greenhouse Gas emission per revenue	Tons/RMB million	21.70
Hazardous waste generated annually	Tons	156,834.15
Hazardous waste generated per revenue	Tons/RMB million	43.69
Harmless waste generated annually	Tons	1,168.02
Harmless waste generated per revenue	Tons/RMB million	0.33
Total wastewater generated	Thousand cubic meters	101.85
Total wastewater generated per revenue	Thousand cubic meters/RMB million	0.03
Total energy consumption	MWh	268,602.32
Total energy consumption per revenue	MWh/RMB million	74.83
Electricity use	MWh	16,039.40
Electricity use per revenue	MWh/RMB million	4.47
Fuel consumption – Diesel	MWh	248,425.24
Fuel consumption- Gas oil	MWh	4,137.68
Fuel consumption – Diesel per revenue	MWh/RMB million	69.21
Fuel consumption – Gas oil per revenue	MWh/RMB million	1.15
Water use	Thousand cubic meters	440.53
Water use per revenue	Thousand cubic meter/RMB million	0.12
Total water recycled	Thousand cubic meters	17.34
% water recycled	Percentage	3.94
Raw materials	Tons	32,765.70
Raw Material Per Revenue	Tons/RMB million	9.13

Environmental Performance Summary

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

ENVIRONMENT

SPECIFIC ENVIRONMENTAL ISSUES MANAGEMENT

CLIMATE CHANGE

We recognize the importance of emissions reduction to climate risk mitigation. Tackling climate change is central to our vision of becoming an exemplary firm, aligning development between mankind and the environment.

Our actions include the following:

- Further reduce GHG emissions from our operations by improving efficiency, transitioning to cleaner resources and transforming how we work.
- Help customers develop cleaner energy and utilize cleaner resources to reduce their GHG emissions.
- Help suppliers reduce GHG emissions by offering them management tools and technical support.
- Raise our employees' awareness of climate change and call for their action to reduce GHG emissions at and away from work.
- Seek professional consulting advice on the further improvement of our climate change management system.
- Engage independent firms to audit the achievements of our climate change management system.
- Continue to report GHG emissions from our operations through the annual ESG report.

To do our part for a future with cleaner energy, we decided to assist our customers in developing cleaner energy – i.e. natural gas. Since our inception in 1999, we have focused on addressing technical challenges in natural gas development. We offer technological solutions catered to the challenges of extracting deep well gas, tight gas, coal bed methane and shale gas. In 2019, approximately 80% of our projects in China were services to support natural gas development.

For customers struggling with CO₂ emissions, we provide de-carbonization service to help reduce their carbon footprint. We launched our Carbon Capture Service (CCS) product line in 2009 and undertook our first CCS general contract project in China in the next year, 2010. In this project, we helped our customer create the largest permanent underground capacity to store carbon from a coal-to-chemical plant. With the successful deployment of our technology and the installation of the permanent, underground capacity, we helped our customer cut CO₂ emissions by approximately 100 thousand tons per year.

Additionally, we have taken actions to reduce our own emissions from operations and energy use. We have substituted diesel pumps for electrical pumps used in fracturing for shale gas development in China. Such efforts have lower our own GHG emissions.

ENVIRONMENT

BIODIVERSITY

We strive to prevent operations from negatively impacting the ecosystem or biodiversity, we do not place in environmentally sensitive areas by the requirement of our environmental protection program. For those areas which have flora and fauna, we have strict requirement to protect them. To conserve a vulnerable wetland near one of our customer's operating sites in Iraq, we engaged a professional firm to monitor the ecological impact of oilfield operations. This allowed us to advise the customer on taking informed actions to mitigate environmental impact and protect biodiversity.

WATER

We aim to reduce freshwater consumption in our projects from activities such as drilling and pressure pumping. We have introduced new water-saving technologies to fracturing operations by reusing the flowback water. In 2019, we saved approximately 45,000 m³ of freshwater.

Water-saving equipment was installed at our well sites and bases. We also made signs reading, "save fresh water" for our offices, bases, plants and well sites. We ask our employees to save fresh water at work and at home, and to encourage their families and friends to do the same.

WASTE

One of our HSE (Health, Safety and Environment) visions is zero pollution. Waste is a major source of pollution, and therefore a concern in achieving our HSE goals. To address this concern, we have developed a waste management system in line with the Basel Convention, environmental regulations and industry best practices.

Our waste management system involves:

- Mapping out the waste streams
- Identifying and classifying the different types of waste
- Managing waste in accordance with the Non-Hazardous Materials and waste management hierarchy
- Managing waste by type
- Managing waste by scenario
- Segregating waste
- Storing, transferring, treating and disposing of waste
- Separating and disposing of hazardous waste
- Separating and disposing of biomedical waste
- Documenting and reporting the waste management process and
- Recycling waste materials

We offer waste management solutions to our customers and manage the waste generated from our own activities. Our waste management solutions cover the full cycle of well drilling, completion and production. In Xinjiang, China, we built a recycling plant for oil-based mud to enhance customers' deep drilling operations. The plant has recycled approximately 20,000 m³ of oil-based mud since 2012. We provide clean production solutions to our customers in the Ordos Basin where we have cleaned approximately 42,000 m³ of solid and liquid waste since 2014. In Iraq, we provide an integrated solution with multiple effect evaporation, reverse osmosis and tertiary treatment to our customers. We have recycled approximately 200,000 m³ of complex waste mixtures over the past three years.

ENVIRONMENT

ENVIRONMENTAL MONITORING

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

In Iraq, we are managing a large oilfield. We set up 35 monitoring stations and installed absorbers and diffusers with approximately 15 of them in communities surrounding this oilfield. The monitoring stations report the impact of oilfield flaring and the concentration of SO_x, NO_x, H₂S, and O₃, etc.. For the underground well, we collect and analyze soil and water samples at regular intervals to ensure the waste management process complies with environmental standards.

CHEMICAL MANAGEMENT

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

RAW MATERIALS

Our raw materials include barite, sand, proppant, cement and bentonite. In 2019, we consumed 32,765 tons of raw materials, compared to conventional approaches, our activities consumes less materials.

ENVIRONMENT

TECHNOLOGICAL APPLICATIONS

We are committed to helping customers achieve lasting success. Technological innovation is the most important means of delivering on such commitment. The technological applications we provide to customers helps them to increase yield with a lower footprint and at a reduced cost, these technologies, including single technologies, integrated technologies, precision technologies and intelligent technologies. As a result, these innovations have helped customers cut emissions, reduce their footprint and improve resource efficiency.

The technologies listed in the chart below highlights each technology's environmental attributes and each's ability to help customer cut emissions, reduce environmental footprint and improve resource efficiency.

	Reduce			Recycle/				
	air emissions	Maintain biodiversity	Save water	Reduce waste	Reduce footprint	Clean chemistry	Increase production	Improve safety
Anton Sweet Spot Evaluation	√		√		√		√	
RSS and Geo-steering drilling			√		√		√	√
Biosynthetic drilling fluid	√	√		√		√		√
Oilfield environmental protection technology	√	√	√	√		√		√
Full scale fracturing	√		√	√	√	√	√	√
Anton Bailin water control	√		√		√		√	
Green burner atomization	√	√		√				√
Gas leaking inspection	√							√

- i. **Anton Sweet-Spot Evaluation Services** was created at the intersection of geology and engineering. Through a multi-disciplinary combination of seismology, geology, reservoir study, drilling and fracturing engineering, Anton uses advanced and proven mainstream geological and engineering design softwares to perform real-time model updates and to analyze a mass of data. Based on these technologies, we can provide customers with professional recommendations for engineering construction, help them achieve targets better, improve single well production, increase oilfield recovery ratio, reduce the number of wells required during the whole oilfield development and reduce the company's environmental footprint. The service also minimizes the formation damage and greatly increases the efficiency of oil and gas production.
- ii. **RSS and Geo-steering drilling technology** greatly shortens the drilling cycle and land occupation time, saves drilling fluid, reduces the discharge of chemicals in the drilling fluid and minimizes water usage. The technology achieves these benefits through highly efficient drilling. Furthermore, the rotary guide tool relies on its own turbine to provide power to the entire string of underground equipment (replacing the conventional lithium battery pack, therefore reducing environmental pollution caused by the use of lithium batteries). The technology can be applied to all directional drilling fields, which shortens the drilling cycle, saves drilling costs, delivers higher performance and smooths the wellbore trajectory for customers. The system's average drilling speed is 40% faster than that of the sliding steering drilling system (powered by mud motors), and the drilling encounter rate of the reservoir is up to 100%. These data shows that the RSS and Geo-steering drilling technologies greatly reduces the formation damage.

ENVIRONMENT

- iii. **Biosynthetic environmental drilling fluid system Ant-Druid** is derived from modified and synthetic natural plant oils, contains no hazardous chemicals and is biodegradable. The solid cuttings produced from the remaining system meet the regulations of identifying the environmental standards and requirements, and can be reused for living, construction and manufacturing in other industries. The ignition point is very high, reducing the likelihood of combustion and explosions and increasing safety during transit, storage and usage. The drilling fluid is colorless and odorless, posing “zero” harmfulness to both air quality and operator’s health. As the drilling rate with Ant-Druid is 28% higher than conventional drilling fluids, this new fluid not only greatly reduces resource consumption and chemical usage, but also mitigates environmental pollution caused by hazardous waste during drilling operations.

- iv. **Oilfield environmental protection technology** provides comprehensive solutions to pollution through the whole oil and gas field development process. In accordance with national and local environmental regulations, Anton provides harmless treatment and resource recycling services for a variety of waste.
 - 1. **Clean production technology while drilling** adopts the spin-dry + centrifuge process to recycle water-based/oil-based solid-liquid mixed wastes in real time, primarily in areas with high environmental sensitivity. The technology has been applied to more than 50 wells, separating oil-based cutting and recycling water-based cutting for about 42,000 m³ since 2014. Compared to traditional processing technology, this new system has greatly reduced pollution and water consumption, and improved resource utilization rates, while reducing the risk during transportation and overcoming the challenges associated with off-site centralized treatment.

 - 2. **The multi-effect evaporation + reverse osmosis + biochemical treatment integrated solution** has been used to treat mixture of solid and liquid waste from drilling and completion with high oil content, high COD and high salt content in 246 wells, including 119,300 m³ of complex slurry/wastewater and 69,200 m³ of solid cuttings. The treated effluents outperform all the national control limits and can be used directly for irrigation and industrial production. The integrated solution recycles fluids more efficiently in real time, demands less water, which is welcome in water-scarce sites, and lowers the risk of pollution.

 - 3. **Super-speed centrifugation technology** can increase recovery of oil-based waste liquid by 23%, greatly reducing the production of hazardous waste and minimizing resource consumption. This technology presents multiple advantages such as land occupancy savings, automatic operations and convenient mobile services, and the equipment is compact and skid-mounted.

 - 4. **Indirect thermal desorption technology** is mainly used to treat hazardous oily solid waste. It is currently the most effective oily waste treatment technology for drilling and can fully meet the regulatory requirements for oily waste treatment. The whole process is end-to-end continuous recycling without secondary pollution.

ENVIRONMENT

- v. **Full-scale Fracturing Technology.** Compared to traditional fracturing technology, full-scale fracturing reduces the usage of guar gum and other non-degradable materials. Those non-biodegradable materials enter the formation during fracturing, causing formation damage and pollution. Our solution replaces those materials with our slick water system, which is less polluting and more environmentally friendly. Replacing conventional fracturing fluid with nano-based fracturing fluid also enhances the flowback ratio. Most of the nano-based fluid can flow back together with formation fluid in the later stage, which further reduces the environmental impact.

Our new fracturing fluid is both cleaner and more economical. Compared to conventional stimulation methods, the use of full-scale fracturing technology can double the yield in some wells, with much subdued environmental impact.

- vi. **Anton Bailin water control completion technology** is a great innovation. It prevents underground water from entering production wells, allowing for shut-in wells to be recovered and for the protection of groundwater. This technology meets the objective of our proprietary permeable continuous packer and ICD flow control column. The technology can be used in new and old wells, across a variety of complex well conditions. It can effectively solve the worldwide problem of horizontal well water discharge, and it has additional features such as sand control and anti-blocking capabilities. It not only increases the efficiency of the oil field, but extends its useful life, giving old wells a new lease on life. It also reduces the damage to the stratum and underground ecology, serving as an efficient and environmentally friendly technology for long-term oilfield operations.

- vii. **Green burner atomization technology** targets the crude waste and natural gas from the separator with high-efficiency green burner atomization combustion, i.e., crude oil zero fall-out combustion, to minimize the environmental impact of crude oil treatment after well testing. The burner head of high-efficiency green burner design combined with multiple atomizers to achieve maximum efficiency of air ingestion, improved atomization and produced a more effective flame mode, combustion efficiency up to 99.99%, to solve the problem of pollution treatment of fall out crude oil from well tested and separated, the cumulative combustion testing waste crude oil was 50,500 barrels.

Gas leak inspection technology works by first injecting high-pressure helium gas into the inner wall of the threaded connection area of the tubing and casing and then using a helium gas sensor on the gas collection sleeve outside the pipe to inspect whether the tubing and casing threads are leaking. This fundamentally improves annular pressure production of natural gas wells. This technology provides important assurances for the integrity and safety of the wellbore. Not only protecting the safety of the field operators, it also prevents environmental pollution from oil and gas leaks. Our technical standards have been adopted by the regulator and we set the industry standards “SY/T 6872-2012” and “SY/T 7338-2016” (published by the National Energy Administration of China).

SOCIETY

QHSE MANAGEMENT

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

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

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

SOCIETY

QHSE RISK IDENTIFICATION

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

Impact	Probability					Remarks
	A Never happened in O&G industry	B Similar risk events have happened in the O&G industry	C Has happened to the Group or in the O&G industry at least once a year	D Has happened to a business division at least once a year	E Has happened to various job sites at least once a year	
0						<ul style="list-style-type: none"> ① Employees lacking in competencies for the job ② Moving vehicles ③ Stratigraphic fluids (blowouts) ④ Substandard products or services ⑤ Other sources of hazard in the workplace ⑥ Stakeholders (contractors, suppliers and community relations) ⑦ High-pressure fluids (high-pressure jobs) ⑧ Inflammable and explosive substances (fire and explosion) ⑨ Pollutants (environmental pollution) ⑩ Toxic substances (hydrogen sulfide and hazardous chemicals) ⑪ Confidential information (information breach) ⑫ Non-conforming catering (food poisoning) ⑬ Terrorists, criminals and cultural differences ⑭ Natural disasters (flood and mud flood, etc.)
1						
2						
3			⑬⑭	⑨⑫		
4			⑧⑩⑪	⑤⑥⑦	①②	
5			③④			

SOCIETY

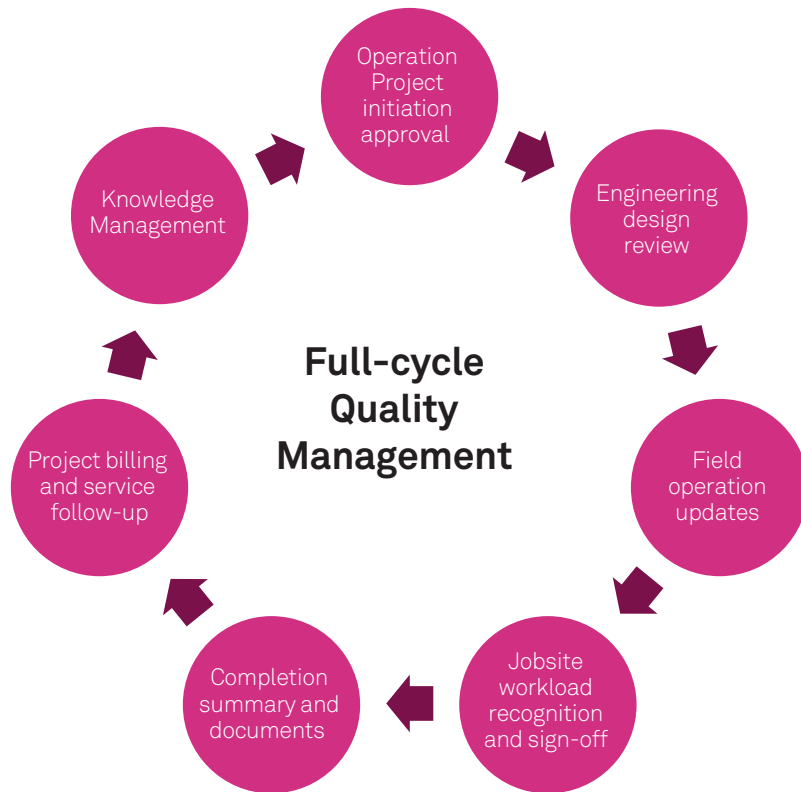
Our QHSE management system consists of a variety of procedures:

No.	Management Procedures
1	Company strategy, internal and external environment management procedure
2	Stakeholders management control procedure
3	Risk and opportunity management procedure
4	QHSE system policies, goals indicators and management program control procedure
5	Process and equipment change management procedure
6	Key personnel movement management procedure
7	Employee competence evaluation and training procedure
8	Monitoring and measuring equipment control procedure
9	Knowledge management procedure
10	Communication, engagement and negotiation management procedure
11	Documented information control procedure
12	Quality planning management procedure
13	Customer-related process control procedure
14	Designing and developing control procedure
15	Procurement management procedure
16	Supplier management procedure
17	Contractor management procedure
18	Production and service provision process control procedure
19	Identification and traceability control procedure
20	Customer assets control procedure
21	Unqualified output control procedure
22	QHSE performance monitoring and measuring management procedure
23	Data analysis and evaluation management procedure
24	Customer satisfaction management procedure
25	Internal audit control procedure
26	Management review control procedure
27	Non-compliance, corrective and preventive measures control procedure

SOCIETY

QUALITY

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



In our talent evaluation system, job competency is a very important indicator. We perform competency assessments to select the right people for the right jobs. We conduct systematic QHSE training and issue a QHSE Passport to the employees who have completed the training and passed the examination. We conduct regular competency assessments to ensure our employees are able to do their jobs well, thereby improving our overall service quality.

SOCIETY

CUSTOMER SATISFACTION SURVEY

We conduct a customer satisfaction survey every two months. We ask the senior executives and employees of our customers to evaluate our products and services. We set customer satisfaction targets every year and make the complaint line accessible to our customers.

Measured metric	Score					Remarks
Service attitude	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	
Engineering quality/product quality	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	a. Very satisfied (5)
Completion on schedule/In-time delivery	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	b. Satisfied (4)
QHSE performance	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	c. Pass (3)
Individual capacity	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	d. Unsatisfied (2)
Equipment reliability	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	e. Very unsatisfied (1)
Comprehensive problem-solving skills	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5	

Customer satisfaction survey form

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

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

SOCIETY

HEALTH

We attach great importance to our employees' health. "Healthy" is one of our six human capital objectives, human resource department is rating our employees' health by five tiers in a descending order: excellent, good, pass, improvement needed and fail, specific standards are established to define these tiers. All the employees are expected to be in good or excellent health condition, both physically and mentally. For this purpose, we have prescribed detailed policies and management steps and organizes diverse and colorful activities.

Occupational health

We abide by the Law on the *Prevention and Control of Occupational Illnesses*, the *Professional Health Instructions for Vibrations Protection* in Iraq and other 21 laws and regulations. We ask our employees, before joining and every year after, to take a thorough physical examination. We provide medical insurance to our employees. The human resources department is collecting, analyzing and archiving the yearly results of physical examinations, advising employees of potential occupational hazards before they get to work, and would not arrange pregnant employees and employees who have occupational concerns and illnesses on hazard-prone positions. At the same time, mandatory occupational health education, training and rehearsal are set for employees to familiarize them with the potential occupational hazards and illness exposures in their jobs, and it provides them with appropriate preventive measures and correct operating procedures.

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

Our occupational health management system is certified by ISO45001: 2018



Healthy working conditions

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

SOCIETY

Leaves and shifts

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

Mental health

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

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



SOCIETY

SAFETY

“Zero injury” is a building block of our QHSE vision. Before each project assignment, we are required to develop a QHSE Operational Plan. The project leader will issue the QHSE commitments for the project, staff the QHSE personnel, establish a QHSE working group and set the QHSE objectives and the corresponding QHSE action plans. The action plans shall include how to conduct QHSE inspection, hold regular QHSE summary meetings, conduct QHSE training, perform regular hazard mapping and elimination and treat pollutants etc. The acceptance of the project depends directly upon whether there has been an occurrence of a QHSE event and whether the QHSE event log is complete. In countries where we operate, we comply with local safety-related laws and regulations, such as the Safe Production Law and the Safe Production Permit Provisions. In 2019, we organized four safety overhauls at the group level and required each business region to check regularly to identify and close potential safety loopholes.

Anton Life-saving Rules

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

 <p>Prevent dropped objects when working at height</p>	 <p>Wear your seat belt</p>	 <p>While driving, do not use your phone and do not exceed speed limits</p>	 <p>Verify isolation before work begins and use the specified life protecting equipment</p>
 <p>Work with a valid work permit when required</p>	 <p>Conduct gas tests when required</p>	 <p>Follow prescribed journey management plan</p>	 <p>Do not walk under a suspended load</p>
 <p>Position yourself in a safe zone in relation to moving and energised equipment</p>	 <p>Obtain authorisation before entering a confined space</p>	 <p>Obtain authorisation before overriding or disabling safety critical equipment</p>	 <p>Do not smoke outside designated smoking areas</p>

SOCIETY

Qualifications

QHSE Passport: We issue a QHSE Passport to employees who have received QHSE and technical training and passed the exams. The Passport keeps track of all the trainings the employees have attended and allows us to develop a tailored competency development plan and training matrix to ensure that every employee is safe and competent for his or her job.

Safe production permit: Each of our operating fleets have passed the inspection of the State Administration of Work Safety and obtained nationally accredited safe production permits, which is subject to be reviewed and renewed every three years to ensure our operational and engineering activities comply with the latest national standards.



Injury prevention

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

Safe workplace

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

SOCIETY

Emergency response unit

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

SOS assistance service

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

Food safety

We manage food safety by requiring our kitchens to be disinfected on a daily basis and retain samples of each meal for 48 hours, only disposing of them when having observed no adverse reaction. Our caterers must source food ingredients only from ISO9001-2015 certified suppliers with the quality and safety marks, strictly check their shelf life and must not purchase expired food.

Driving safety

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

SOCIETY

Health and Safety	Unit	2019
Fatalities (Employee)	Absolute number	1
Total hours worked	hours	15,478,502
Fatal Accident Rate	Per 100 million workhours	6.46
Traffic Accident Rate	Per million miles	0.30
Total recordable case	Absolute number	16
Total recordable injury rate	Per million workhours	1.03
Lost time injury incidents (lost time injuries + fatalities)	Absolute number	9
Lost time injury rate (LTIR)	Per million workhours	0.58
Day Away from Work	Days	346
Lost time injury severity rate	percentage	38.4

Security

We target global emerging markets for oil and gas development, in some of the more geopolitically-risky countries and regions, we hire independent security companies to look after the safety of our employees and contractors and enforce strict requirements on their activities. Near the operational camp site, the security team patrols 24/7, and employees must apply for transfer clearance in advance before leaving the protected area, be escorted by security guards on their mission and debrief upon return. In addition, Anton provides supplementary medical insurance for its employees in overseas business area, for medical expenses beyond the scope of China's national medical insurance compensation, 90% compensation will be given to fully protect the personal security of employees. In 2019, no employees were injured or killed due to terrorist attacks.

Cybersecurity

We attach great importance to cybersecurity and respect the privacy of our employees and third parties. We ask our employees to sign the confidentiality agreement before joining us, they also need to conduct quarterly cybersecurity self-inspection to strengthen the understanding and implementation of cybersecurity. We provide various forms of cybersecurity training to our employees with the help of modern information technology. We train our employees on how to detect phishing scams and false and fraudulent information, how to prevent information breach and how to prevent hacking attacks.

Customer assets security

We pay attention to protecting customer assets, strictly ensure the privacy and confidential information of customers involved in the business process, this kind of information might come from conversation, email and other communication tools, we treat such information as important assets of customers and take all available measures to protect it, severely punishes leaks in the course of dealing with customers.

SOCIETY

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

Emergency resolution mechanism

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

ENVIRONMENT

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

No.	Laws and regulations and conventions
1	PRC Environmental Protection Law
2	Iraqi Law on Hydrocarbon Preservation
3	Iraqi Law on the protection and improvement of the environment
4	Kazakhstan, Ministry of Industry and Environment No. 2002-код 154, Regulations on Environmental Emissions in the Oil and Gas Field
5	Albania Environmental Protection Law
6	Chad Environmental Protection Law
7	“EU2000/76/EC European Union Emission Standards”
8	Pakistan Environmental Protection Regulations
9	The Basel Convention

SOCIETY

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

Greater detail concerning our environmental management efforts can be found in the Environment section of this report.

Supplier and contractor management

Our QHSE management system applies not only to our employees, but also our contractors and suppliers. The objective of contractor management at Anton is to engage collaboratively with our suppliers and contractors to ensure that the products/services they provide are QHSE compliant. As such, we conduct rigorous qualification standards and screenings of suppliers and contractors to ensure they meet our QHSE requirements. We attach QHSE clauses to the contracts we sign with contractors and suppliers. Additionally, we require suppliers/contractors to establish their QHSE management system to discipline their suppliers/contractors. We require our suppliers/contractors to develop annual QHSE management improvement plans and keep paper records for our audits at any time.

We monitor the QHSE performance of our suppliers and contractors, recognize good performance and promote and disseminate their QHSE experience throughout the Company. We may terminate the contracts of suppliers/contractors under certain circumstances prematurely if they have unsatisfactory QHSE performance and require the suppliers/contractors to seriously reflect and correct their mistakes. In 2019, 9 of our suppliers/contractors failed to meet our HSE management requirements, of which 5 consumable material suppliers failed to meet our quality requirements, 1 housing lease suppliers and 2 transportation service suppliers failed to meet our safety and health requirements, and 1 technical service suppliers failed to meet our environmental requirements, we terminated cooperation with them.

EMPLOYEES AND HUMAN CAPITAL

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

We have a fully accessible recruitment platform that attracts both aspiring young professionals and industry veterans to constantly replenish our talent pool.

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

SOCIETY

In line with our mission of “helping others succeed,” and our culture of mentorship, we provide a stimulating environment where our employees can excel, coupled with periodic assessments of their performance for fast career advancement. Our employees of different nationalities work collaboratively in an upbeat environment, enjoy equal opportunities and are free from any form of discrimination.

We are committed to the ongoing development of our people and sharing the fruits of our growth and success with them. We provide competitive remuneration to our people and maintain a System of Honors to recognize and award our employees' contributions.



RECRUITMENT

We aim to become a “common home” to talent. We open all our positions to all applicants. We have differentiated recruitment programs to attract various types of talent, which allow us to best match the talent to the right positions and offer tailored development plans to help recruits thrive quickly. These programs include:

Senior Professional Talent program

We offer senior professional positions to outstanding Ph.D. graduates and talented postgraduate students from the world's top universities. They will receive the best resources and highly competitive remuneration. They will quickly adapt to their positions through high-intensity work and grow into top-notch talent with global perspectives.

Global Talent program

Every year, we bring in postgraduates or outstanding undergraduates from international universities with strong language skills and solid foundational skills. We groom them internally to quickly become marketing, management talents or global technicians.

Best Job Match program

We recruit fresh undergraduates from universities or outstanding graduates from junior colleges with an interest in the petroleum industry. After training, they will take up technical or entry-level management positions and progress quickly to success.

We host campus recruitment events and make experienced hires each year, attracting talent through our corporate culture, ongoing talent development program, competitive remuneration and firmwide mobility.

We place strong emphasis on equal opportunities for all nationalities and gender balance in our recruitment practices globally.

Since 2007, Anton has been conducting campus recruitment in 55 universities around the globe, including top universities in China such as Tsinghua University, Peking University, Petroleum Universities such as China University of Petroleum, Southwest Petroleum University, Northeast Petroleum University; Baghdad University, Baghdad University of Science and Technology, Missan University and Basra University in Iraq; Universidad de los Andes in Columbia; Addis Ababa University in Ethiopia.

In 2019, we had recruited 1,182 staffs through both campus recruitment and social experienced hires.

SOCIETY

KEY RECRUITMENT EVENTS IN 2019

Recruitment event with the theme of “technology and innovation.”

Chengdu, China

We hosted a recruitment event in Chengdu, China in 2019 with the theme of “technology and innovation,” which attracted around 300 students. We organized technology seminars and group discussions between the student candidates and our management. The students showed great interest and deepened their understanding of the oil and gas industry.



Campus recruitment in Iraq

On 23 June, 2019, our Iraq subsidiary held a campus career talk and recruitment event at Missan University, officially kicking off our campus recruitment road show in Iraq for the year. The road show brought us to four universities: Missan University, Basra University, Baghdad University and Baghdad University of Science and Technology. During the road show, we held four career talks that attracted a total of around 400 college students and completed 350 one-on-one interviews. The road show gained visibility among the universities, local labor departments, oil companies and the press.

During the road show, we also had our local employees return to their alma maters to share their personal stories with their fellow alumni. This allowed us to better connect with the college students and show our strong commitment to local talent attraction and development.

We plan to further strengthen and deepen the connections we made with the local universities. We are now in discussions with the universities for future cooperation on student internships and joint talent development opportunities.

SOCIETY

DIVERSITY

We have developed a diverse workforce along with our global business footprints expanding. A diverse workforce is a source of innovation and dynamism. Employees of different nationalities, age and backgrounds working together can spark creativity, inspire productivity and encourage us to complete our work in a more collaborate competent way.



National and cultural diversity

We attract and develop people in alignment with our growing business footprint. In the locations where we operate, we have been consciously diversifying our local workforce. As at 31 December 2019, we have 4,326 employees of 33 nationalities working globally, among them 2,147 work in China, 1,822 in Iraq and 357 in other global markets. We recruit students from top universities in countries where we operate. The diversity in nationality enables us to better understand the local dynamics and deliver services that best meet the expectations and requirements of our customers and other stakeholders and benefit the local communities.

We provide equal opportunities to our employees for awards and promotions. Of our non-Chinese nationality employees, 375 have received various excellence awards for their performance.



Picture: Chairman of the Board granting "Excellent Performance Award" to our employee from Kazakhstan.

SOCIETY

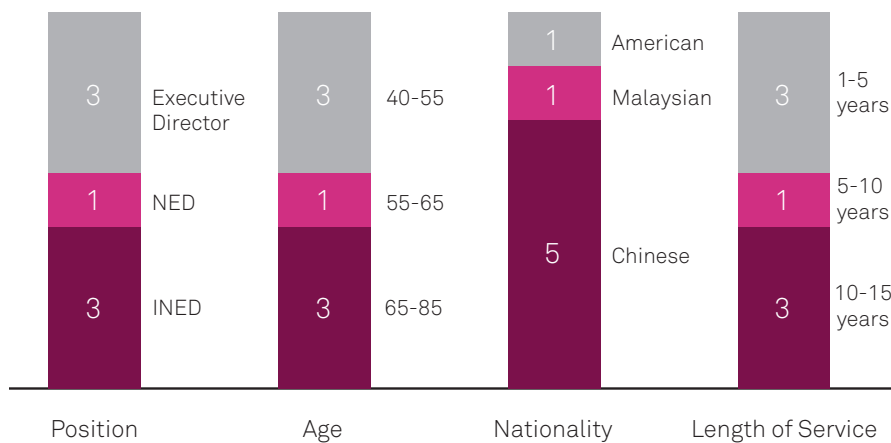
Management diversity

Board diversity

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

We have 7 members sit in our Board as at 31 December 2019, each with extensive experience in their respective fields. The Board is considered well balanced and diverse, aligned with the needs of the Company. We take our own business model and specific needs into account to determine the optimal composition of the Board. The Nomination Committee will review the Board Diversity Policy on a regular basis to ensure its continued effectiveness.

BOARD DIVERSITY



SOCIETY

Middle and senior level management diversity

Employees from countries other than China also work in middle and senior management positions within the Company. As at December 31, 2019, we had 24 non-Chinese employees in mid-level and senior management positions in the regions where we operate.

Age diversity

We are committed to attracting, training and grooming fresh graduates into young professionals and putting them in leadership roles across different functions. Our senior technicians act as mentors to help these young professionals grow. The passing of expertise and experiences to the next generation of talented technicians/engineers is highly important to the development of the Company. We also benefit from the fresh perspectives of young professionals.

Employee age distribution as at 31 December 2019:

Age Groups	Number of Employees
20-40	3,401
40-60	913
60-85	12
In total	4,326

Gender diversity

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

By 31 December 2019, we have 3,945 men and 381 women work in Anton. Women made up 8.8 % of our workforce. 15.1% of our mid-level management was female. In functional roles, women accounted for 39.7%.

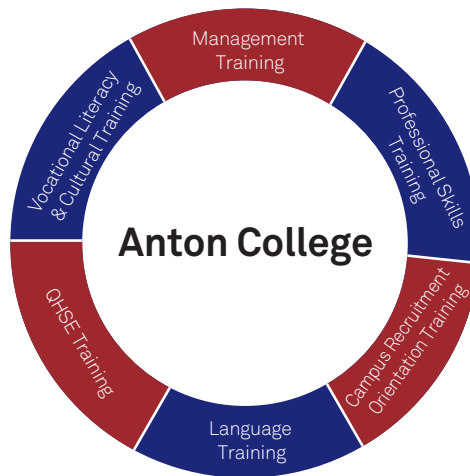
SOCIETY

TRAINING

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

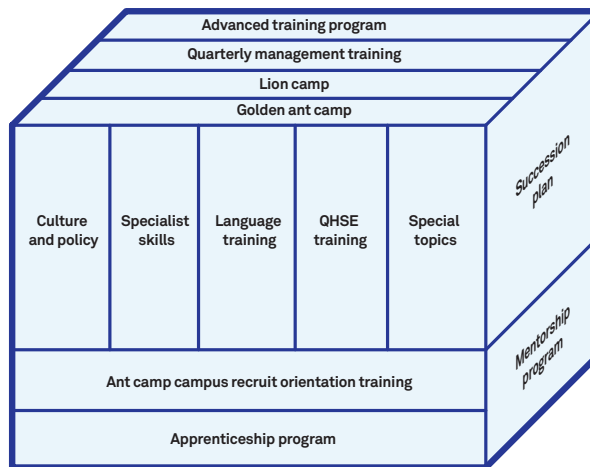
Anton College

We took Anton as an “University”, and our “Anton College” was set up for the management and operation of this “University”. As a platform for the rapid development of talents, to improve the post competence of talents is the core work and mission of Anton College. Anton College formulated comprehensive training plans combined with diversified training methods for the development of talents, to ensure a perfect position competence match of our people and a continuous delivery of top talents to targeted positions.



Under Anton College, we have a mature employee training program. We train our employees on a variety of topics, including language, culture, management skills, QHSE skills and specialist skills, to keep our people up to date with the latest industry trends.

Our structured training programs:

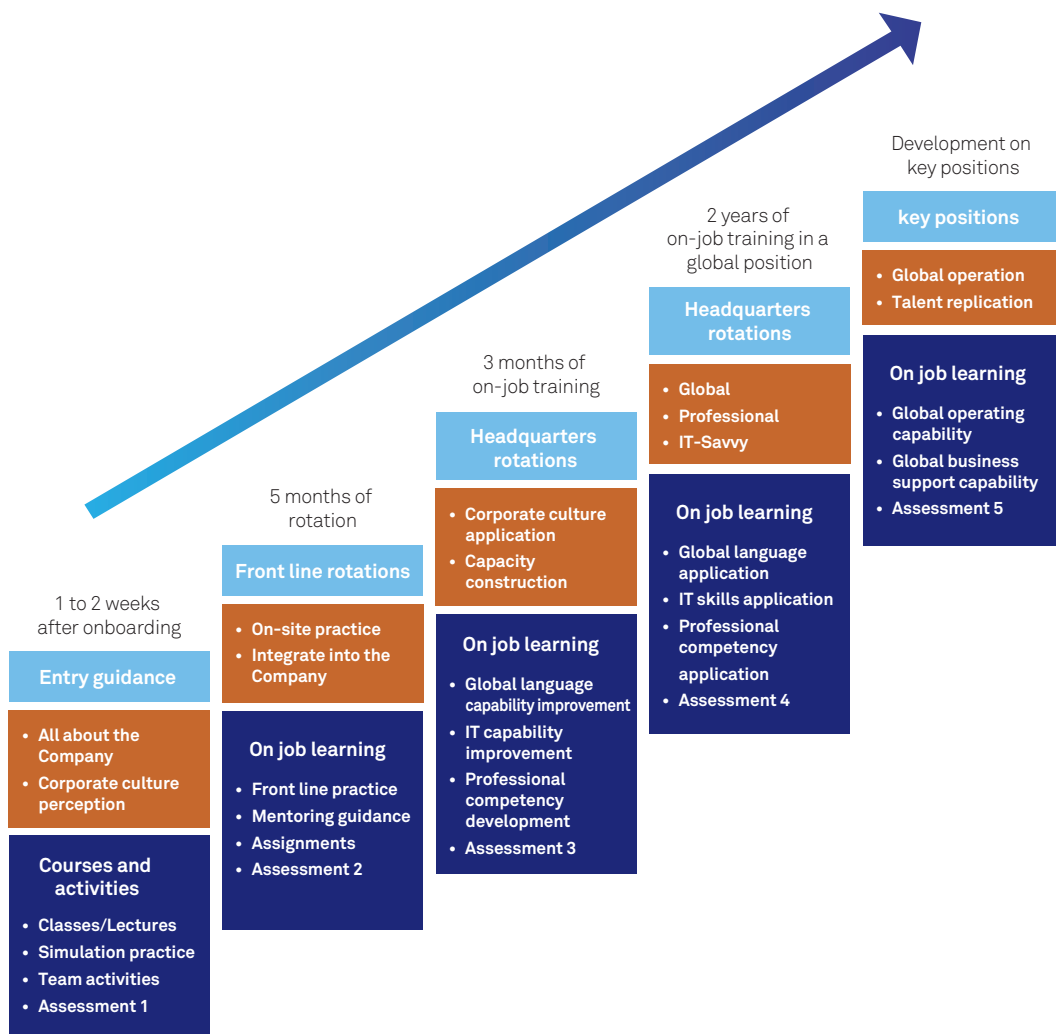


SOCIETY

Apprenticeship program

We launched our apprenticeship program in 2007 with the aim of fast-tracking university students to the workplace. We provide an introduction to business, corporate culture, industry technologies and operating management system trainings, as well as field practices and help forming professional work habits.

We have developed a robust curriculum for the apprenticeship program which is a 5+3+2 track (5 months of on-job training on the production line plus 3 months of on-job training in a head office function plus 2 years of on-job training in an overseas position).



SOCIETY

Ant Training Camp

“Ant Training Camp” is our dedicated training program for Campus recruits. Through the training camp, we provide fresh graduates with an onboarding introduction and guidance as well as training on corporate culture, QHSE, management systems and professional skills. It is always with a term of around 15 days and hosted both in our training base in China and overseas business operating places.



Golden Ant Training Camp and Lion Training Camp

For middle-level managers, we periodically run the “Golden Ant Training Camp” and “Lion Training Camp” to deepen their understanding of the Company’s strategy, improve the execution efficiency, and lift their business and leadership skills. “Golden Ant Training Camp” is mainly for functional position middle-level managers and “Lion Training Camp” for sales and marketing positions. These training camps are always organized at our operating bases.



SOCIETY

Quarterly management training

For senior managers, we provide quarterly management trainings. These training are for the enhancement of senior managers' strategic mindset, their leadership skills and comprehensive capability. The management trainings are also paired with a team building activity with diverse themes each quarter.



Advanced training program

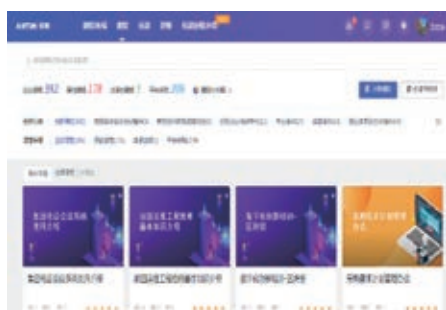
In addition, we enroll the highest-performing managers in advanced programs for further special skills trainings or get access to courses such as EMBA at top universities both in China and overseas



SOCIETY

“E-learning” system

We also developed an “e-learning” system at the Anton College, which offers different courses including industry technology refreshers, information technology trainings, language and culture trainings and firm policies in an efficient way. In 2019, these e-learning courses were downloaded and took by employees for 18,945 times.



Training records:

Training provided:

Indicator	Unit	FY 2019
Number of training sessions provided	items	1,342
certification training	sessions	367
general skills training	sessions	347
specialist skills training	sessions	628
Total training hours	hours	2,810

Attendance records:

Seniority of trainees	Average training hours
Senior management	99
Middle-level management	100
Front line employees	106
Attendance records by gender	Average training hours
Male	105.15
Female	97.69

DEVELOPMENT AND ADVANCEMENT

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

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

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



Picture: Mentor signing mentorship contract with the mentee

We also have formal quarterly employee assessment covering the entire employees, which consisting of "Post Competency Assessment," "Performance Assessment" and "Attitude Assessment." The assessment process examines the employee's performance both qualitatively and quantitatively and incorporates the employee's self-assessment, assessment by 5 peers the employee works with in other departments, assessment by the employee's direct supervisor and assessment by a firmwide expert panel. Feedback from this quarterly assessment is provided to employees as soon as it is completed. Through the assessment, we can not only run the quarterly performance review, but also create a formalized, regular and open platform for employees to communicate their needs or receive feedback and expectations from their supervisors or peers, which they could act upon for further improvement.

This assessment also lays the foundation for talent-position matching, training and development planning; remuneration and incentives; career coaching; and promotion. Based on the assessment, we can quickly profile the talent and effectively manage them hierarchically. We can develop the best career matching plan and advancement plan for each of our people.

SOCIETY

Beside this quarterly assessment, we also have the “360 degree assessment,” which evaluates a candidate for an important promotion. This is a multi-dimensional assessment involving the employee’s direct supervisor, subordinates and peers. The purpose is to develop a comprehensive understanding of the candidate to ensure fit and competency for the position.

In addition to our routine assessments, we have developed a System of Honors that corresponds to different dimensions of employee assessment for varying time frames. We award our people for their attitude, contribution on a team and the Company, and job performance. All these awards are formally recorded in each employee’s personal files. This System of Honors shows our gratitude and motivates our employees.

85 % of our middle-level and senior management were promoted from within.



BOTTOM ELIMINATION AND TURNOVER OF EMPLOYEES

Anton also has a strict bottom elimination mechanism basing on the regular assessment. We will eliminate employees who consecutively fail to meet base requirements of post competency, performance and attitude to maintain a consistently excellent team.

In 2019, 896 employees left Anton in total including the eliminated employees, “project-base” employees’ termination of labor contract after project close and employees quit from Anton.

Employees Turnover Rate	2019
By Gender	
Male	16.30%
Female	0.86%
By Age	
20-40	14.11%
40-60	2.93%
60-85	0.11%
By Geography	
China	11.59%
Iraq	3.89%
Other Overseas Markets	1.69%

REMUNERATION AND INCENTIVES

We benchmark our remuneration to industry peers globally each year to ensure our remuneration is on par with our international peers. We provide mixed and competitive remuneration to our people with a solid base pay and performance bonus.

Our remuneration package consists of a base and variable pay. Together they represent our compensation for employee skills and position, the working conditions, performance results and potential of sharing long-term growth results of the Company. The base salary compensates for the employee’s skills and position. On top of this, we also provide allowances to our people according to the working conditions. We offer the “partnership track” incentive to promote the amoeba’s organization based on the value an employee creates; this is our pay for results. Stock-based pay is also an integral part of our remuneration package. We let employees share in the Company’s long-term growth by granting stock options or restricted shares to them.

This comprehensive remuneration system helps us attract talent while motivating our people to achieve better results and reach their highest potential, it also helps us better retain our mission-critical talent.

Anton had made quantitative human capital development targets as follows:

- ✓ Promotions as a share of workforce -75% internally developed talent vs. 25% experienced hires
- ✓ 5% employees rated excellent as a share of workforce per year
- ✓ 10% bottom elimination as a share of workforce per year
- ✓ 100% of key employees with stock-based incentives

SOCIETY

We have been highly recognized for our human capital development by a number of organizations, as evidenced by our numerous awards:

- 100 Best HRM Companies 2012 – 51job.com
- Best Employer in the Oil Industry 2013 – Happiest Employees – oil.job1001.com best employer selection committee
- HRA Awards 2013 – Best Recruitment Practices – by Human Resource Association for Chinese & Foreign Enterprises, Beijing
- Outstanding Performance for Best Management Solutions for Generation Z 2013 – 51job.com
- 100 Best HRM Companies 2014 – 51job.com
- Outstanding Performance for Best Organizational Development Program 2014 – 51job.com
- Excellence in Organizational Development 2016 – 51job.com
- Excellence in HR Management Strategy 2017 – 51job.com
- Creative Digital Recruitment 2019 – Dayee, DHR Union



SOCIETY

INNOVATION

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

RESEARCH AND DEVELOPMENT

We have developed a complete system for technological research and development. We set up a technology center in the head office – responsible for managing our entire technology portfolio, tracking the latest technology trends, bringing in internationally advanced technology through partnerships and independently developing technical solutions that are well-adapted to our business. The product departments work with the technology center to test and promote our proprietary products. In 2019, our R&D expense is RMB 52.8 million, which accounted for 1.4% of our revenue.

OUR INNOVATION ACHIEVEMENTS

Horizontal well multi-staged fracturing technology: Horizontal well multi-staged fracturing technology is a very mature technology in North America. In 2010, we first applied this technology in tight gas development in the Ordos Basin in China, which resulted in significant gains in operational efficiency, greatly improved the operating efficiency, and strongly promoted the development of tight gas production in China. The natural gas production in Ordos Basin nearly doubled from 2010-2019.

Sweet spot evaluation technology: Through independent research and development, we have (for the first time) applied our sweet spot solution to shale gas production operations in China, through the combining of reservoir geological technology and engineering services, we provide precise geological engineering services to our customers, which could effectively increase production per well, enable fewer drilled wells and reduce environmental impact, thus change the shale gas development thinking from top-level design.



INTELLECTUAL PROPERTY PROTECTION

Pursuant to the Patent Law, Trademark Law and Copyright Law of the People's Republic of China, we have formulated our Intellectual Property Management Procedures for managing our portfolio of patents, copyrights, trademarks and other intellectual property rights. We call on every employee to participate in the protection of intellectual property and to combat infringement in accordance with national laws and regulations. We have established a complete and detailed intellectual property archive. We are accredited by the State Intellectual Property Office as an Intellectual Property Demonstration Organization and by the Beijing Intellectual Property Office as a Beijing Patent Demonstration Organization. As of 31 December 2019, Anton has acquired 645 patent rights in total.



KNOWLEDGE MANAGEMENT

To accumulate, share, methodically transfer and effectively deploy our knowledge and expertise internally and to improve our capacity for innovation, we have established a knowledge management system and set up dedicated knowledge management positions. This system aggregates and synthesizes various kinds of internal knowledge generated from business management, specialized technology, marketing, success stories, examples of failures and training, as well as external knowledge, such as advanced technical materials, market intelligence, academic exchanges and professional conferences. All of this information is held in a knowledge bank, which is updated regularly and shared across the organization.

In 2020, we further improved the knowledge management system and its procedures, formulating and updating the related protocols for adding, collecting, storing, publishing, updating and removing knowledge entries. We also enforced the review, evaluation and improvement performance criteria, and we initiated a plan to upgrade the knowledge management platform to facilitate knowledge sharing internally.

With respect to our core business processes, we collected and archived a total of 1,093 project proposals, project summaries and case studies on marketing and operational activities; managed 32,523 supporting statements and summary documents; created 356 new online tutorials on various technologies, operations and management; and archived approximately 54,000 digitalized documents throughout 2019.

We inspire innovation among our employees and facilitate the commercialization of innovative projects. In 2019, we filed for 18 Chinese and international patent rights; received 9 patents and 29 software copyright licenses; and developed 354 new and revised corporate standards, product standards and operating procedures.

SOCIETY

SUPPLY CHAIN MANAGEMENT

SUPPLIER MANAGEMENT

At Anton, we have developed a highly responsive global logistics supply system, with many logistics facilities around the world. We manage a large pool of suppliers and hold them to very high standards: our suppliers must establish their own HSE management system; ensure the health and safety of their employees and vendors/contractors; provide them with a healthy and safe workplace; show zero tolerance for any form of discrimination; forbid the use of child labor or forced labor; forbid physical punishment of any form; and set the maximum hours of consecutive work for employees/contractors in accordance with local laws and regulations. We also require our suppliers to make the following QHSE commitments:

- To respect the laws, regulations and other requirements of the host country/region, local customs and traditions and human rights;
- To establish and enforce a QHSE management system to continuously improve QHSE performance;
- To protect the health and safety of their employees (including their contractors' employees) at all times and under all circumstances;
- To adopt clean production to minimize the impact of our operations on the environment and ecosystem by preventing pollution and controlling emissions, improving resource efficiency, reducing and recycling waste and saving water;
- To recognize good QHSE performance is a prerequisite for employment and reward employees for excellence in QHSE;
- To disclose their QHSE performance honestly; and
- To foster a QHSE culture of leadership by example, full participation, individual contribution and excellence.
- To source raw materials and goods in accordance with local laws and regulations and not to supply "conflict minerals" to Anton. We will impose penalties on any supplier breaching the above commitments and, where necessary, terminate our relationship with the supplier.

We conduct a comprehensive supplier review every six months, which looks at product quality, price, QHSE performance, qualification and capabilities along with service attitude. Based on the results, we may change our relationships with the suppliers.

In 2019, 14 suppliers scored too low in our supplier assessment process, and failed to meet the standards in terms of product quality, price, QHSE performance, qualification ability and attitude, and were accordingly dismissed.

SOCIETY

LOCAL SUPPLY CHAIN

We advocate supplier localization, and we actively develop and source local suppliers where we operate. Not only in China, Anton also actively develops local suppliers in overseas markets such as Iraq and Chad, and builds a network of overseas supply chain to support our international business. In 2019, our purchase amount from local suppliers outside China accounted for 28.1% of the total purchase amount.

SUPPLIER EMPOWERMENT

Technology empowerment: Building on our extensive experience and strong technology portfolio in oilfield services, we have contributed to the technological advancement of our suppliers in terms of products.

Management enablement: We have a complete and mature QHSE management system, which not only ensures our production operations are safe and efficient, but also exerts a positive influence on our suppliers. Driven by our requirements and support, our suppliers have seen continuous improvements and efficiency gains in their QHSE management. They have benefited from higher-quality products and a safer workplace.

Financial enablement: due to our smooth relationship and tight cooperation with financial institutions and commercial banks, we have built a bridge for the cooperation between suppliers and financial institutions, our suppliers can get supporting from financial institutions as they have sales contracts with Anton. In 2019, on the bridge we built, our suppliers received a financing amount of about RMB 50 million in total.



CRITICAL SUPPLIERS

Thanks to our strong reputation and credibility, we have established long-term strategic partnerships with some suppliers to achieve win-win results by combining our respective advantages. By 2019, we had established long-term partnerships with 34 critical suppliers, who had signed long-term strategic partnership agreements with Anton.

Suppliers	Unit	2019
No. of Suppliers eliminated	Absolute number	14
Procurement from local suppliers in international markets	Percentage	28.1
Critical suppliers that has long-term strategic development plan	Absolute number	34.0

SOCIETY

HUMAN RIGHTS

We are committed to policies that support internationally recognized human right standards. We seek to avoid any form of human rights abuses in our management/negotiation styles and operations. We support the principles outlined in the Universal Declaration of Human Rights and the human rights standards of countries where we operate.

Everyone is encouraged to report any suspicion, concern or potential human rights abuses by email to anton@antonoil.com. We respect and protect the privacy of whistleblowers.

We identify and manage human rights impacts the following ways:

EMPLOYEES AND EXECUTIVE MANAGEMENT

We ensure the implementation of these Human Right Policies at all our workplaces, which include an individual's freedom of religion, movement, association, speech and thought. We promote a culture of non-discrimination, gender equality, prohibition of child and forced labor and freedom to engage in collective bargaining at all levels of the Company.

SUPPLIERS AND CONTRACTORS

All our suppliers support the principles in the Universal Declaration of Human Rights and government regulations on human rights, including a total ban on the use of child labor.

LOCAL COMMUNITIES

We respect the cultures, customs and values of the people in communities where we operate. We have open dialogues with stakeholders and participate in community engagement activities as long as such participation does not jeopardize the safety of our people, customers, contractors and assets.

SOCIETY

We participate, where appropriate, in public affairs in a non-partisan and responsible way to promote human rights.

SOCIETY

COMMUNITY

We maintain ongoing dialogue with our stakeholders (including our employees, governmental agencies, universities, investors and local communities) on our business performance and our role in society. We fulfill our corporate social responsibility by actively working with government, closely communicating with investors, collaborating with universities, engaging with local communities and contributing to meaningful social causes.

GOVERNMENT COLLABORATION

To echo the national agenda of rebalancing the energy mix, we partnered with state-owned enterprises in the Aksu region of Xinjiang to set up joint ventures. Besides, we invested in a south-Xinjiang testing center in Kuqa to provide inspection technology services that would ensure the safety of oil and gas development for oilfield development in Xinjiang. We also invested and constructed our inspection base in Luntai, and drilling fluid laboratory and mud station in Kuqa, Xinjiang. At the same time of our business development, we actively involved in local construction and job creation to promote economic development. We provide around 900 local job positions in the three places.

We invested in a downhole operation base in Suining, Sichuan province and constructed it to be an industrial, conference and training center. We cooperate with local government and provide support to their hosting of conferences and training activities in the center beyond our tax payment contribution to local economy.

In Iraq, we collaborate with our NOC customer in Iraq on Iraq's third largest oilfield – "Majnoon" oilfield. We provide integrated oilfield management services to our customer and help them to establish and enhance their capability on oilfield operating and management. 689 job positions were provided to the local Iraqi people on this project and multiple trainings carried out to lift their capabilities. In 2019, we also provided strong support to local government to fight against the dramatic flood in Majnoon, helped to protect the safety of local people and assets of oilfield.

In other emerging countries where our business locates, Anton also actively communicate with the local government to provide assistance for local development and construction. In Addis Ababa and other regions in Ethiopia, we actively carried out local recruitment, and provided 110 jobs to the local people. All-round trainings for the local employees were provided, including technical training, QHSE training, anti-terrorism training etc., helping on the improvement of capability of the workforce and solve the employment problem. We also grow vegetables and improve people's livelihood in local communities.



INVESTOR RELATIONS

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

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

Channels that provide our investors' easy access to timely information:

- The Investor Relations section of our website offers complete financial performance data, reports, announcements published on the HKEX website, archived press releases, video replays of our past results announcements, investor meeting schedules, analysts' contacts and other useful information to our investors.
- We created official accounts on various social media platforms such as WeChat and TikTok, we produce and publish our business introduction videos, and play them at conferences and exhibitions.
- We proactively formalized the Quarterly Operational Update and announce quarterly operational updates to investors (beyond the bi-annual disclosure requirements in the HKEX listing rules).
- We continue to fine-tuning our investor database and notify our investors of updates through a newsletter immediately after an important announcement/press release.
- We make timely releases to mainstream media on important matters.

Investor communication:

- We host quarterly conference calls, attended by our Chairman of the Board, CEO, Financial Controller and Investor Relations team after announcing quarterly operational updates, sharing the Company's progress and answering questions from investors and analysts.
- We provide formal Interim and Annual Results Announcement Presentations to investors and analysts and arrange presentation webcasts for those who cannot attend in person.
- We participate in forums organized by investment banks where our senior management may deliver keynotes presentations from time to time.
- We frequently organize road shows, arrange face-to-face meetings with investors during large conferences or at our offices or investors' offices to facilitate the interactions essential to investors' understanding of the Company.
- We organize tours of our job sites and arrange face-to-face chats with our field engineers/customers for investors to better understand our operations.

SOCIETY

We communicate with over 1,200 institutional investors each year, including mutual and private equity funds. Our transparency and openness to investors has earned us their trust and a good reputation among investors and analysts.

- ✓ 2012
 - Gold Award for Excellence in Management and Corporate Governance from *The Asset*

- ✓ 2013
 - Asia’s Most Promising Company on Corporate Governance Award from *Corporate Governance Asia*

 - China’s Most Promising Company Award from *the Asset*

 - Golden Bauhinia Awards 2013 – Best Listed Company

- ✓ 2017
 - Most Progress in IR from *Hong Kong Investor Relations Association*

- ✓ 2018
 - 300 million USD bond refinancing was awarded as The Turnaround deal of the Year by *IFRS*

- ✓ 2019
 - Most Honored Companies recognition by *Institutional Investor*

 - Best Investor Relations Company in oil and gas sector in the 9th Asia Excellence Award by *Corporate Governance Asia*

 - Best Energy and Resources Company in Golden H-share Companies Awards organized by *Zhitong Caijing* (智通財經)

UNIVERSITY COLLABORATION

We attach great importance to the education of promising talent in school, and we actively carry out activities on university campuses to engage with students. We work with many petroleum universities such as the China University of Petroleum (Beijing), China University of Petroleum (East China), Southwest Petroleum University, Yangtze University and Northeast Petroleum University. We organize student competitions and sponsor competitions organized by special associations such as “Society of Petroleum Engineers” and we provide scholarships to motivate students to study hard and improve their academic performance.

We collaborate with China University of Petroleum, constructed “China University of Petroleum Anton Research and Design Institute Oil and Gas Wells Completion and Downhole Technology Center” to promote the innovation and advancing of technology. We host the “Anton Forum” at the Southwest Petroleum University where we share industry trends and technological advancements. We cooperate with Northeast Petroleum University, established training and innovation base for graduate students, and we organize the Cultural Festival of Petroleum Science and Technology at the Northeast Petroleum University to encourage students to conduct scientific experiments and develop new technological innovations. Since 2018, we have been co-organizing the Anton Cup Chinese Bridge Chinese Language Contest in Aktobe, Kazakhstan, to help local students better appreciate Chinese culture. We set up scholarships at the University of Baghdad, Iraq to support talented students.

We offer scholarships at about 10 Chinese and international universities and actively sponsor science and technology events taking place on campus. Since 2005, we have worked with universities to help cultivate talent, with a total investment of approximately RMB15.0 million.

We host post-doctoral research programs at Anton Beijing headquarters at the nexus of industry, academia and research to connect high-skilled talent with our corporate needs.



SOCIETY

COMMUNITY ENGAGEMENT

We are committed to aligning corporate development with local sustainable development. To closely monitor living standards and social progress in local communities, we set up community engagement departments in various business locations around the world and established various communication and collaboration programs with the local communities. We actively participate in community support, improve the living conditions of local people, help social development and contribute to the harmonious development between the Company and the communities we serve.

- *Respect religious beliefs and customs*

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

- *Improve local job creation*

We advocate a culture of respect, openness and inclusivity. We continue to offer local employment opportunities throughout the regions where we operate. We attach great importance to attracting and nurturing local talent and increasing the share of local employees in important technical and managerial positions. In doing so, we help cultivate local professional talent, promote local jobs and enhance the local productivity.

- Domestically, as the National Internship Base for College Graduates and Beijing Chaoyang District Youth Employment and Entrepreneurship Internship Base, we have carried out large-scale graduate recruitment events for many years, provided a stage where graduates can thrive and created more value for the society.
- Internationally, we actively built partnerships with local universities and carried out campus recruitment events for many years. We created more opportunities for local graduates and contributed to the sustainability of local businesses.



Campus recruitment at Basra University and Missan University in June 2019.

SOCIETY

PHILANTHROPY

- *Community engagement*

We conduct all our operations in accordance with our corporate vision of “harmonious development between mankind and the environment.” We are committed to aligning our corporate goals with local sustainability goals. We care for livelihood and social progress, make charitable donations to support education, disaster relief and post-disaster reconstruction.

Giving back to communities

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

Community welfare programs:

- (1) At jobsites in Xinjiang and Ordos, we volunteer regularly in government-led afforestation campaigns to help reverse desertification, control water and soil erosion, maintain the ecosystem and improve the living environment.
- (2) We donated teaching equipment to community schools near the West Qurna-2 oilfield in Basra, Iraq to facilitate classroom learning.
- (3) We signed an agreement with the government of Shanshan county, Xinjiang to provide targeted assistance to local kindergartens and donated books to the kindergarten in Taizi village, Shanshan county.
- (4) We participated in the Chinese New Year greeting activities organized by the Donghu sub-district in Chaoyang District, Beijing and delivered gift bags to party veterans and families experiencing financial distress in eight communities to show our care for the communities around us and our commitment to a harmonious society.
- (5) Each year we donate milk and candies to orphanage in Kazakhstan.



Donations

Anton has been actively contributing to social welfare. Since 2003, Anton has actively supported and donated to education development, donated to Zhuzhou Education Fund in Hunan Province, supported the reconstruction of Shifang Hope school after Sichuan earthquake, donated school construction fund to Nongli Primary School in Lingyun Yao ethnic County of Guangxi, and donated future classroom of Shishi Elementary School in Chengdu, Sichuan Province. From 2008 to 2011, Anton actively donated to places largely affected by earthquake, such as Wenchuan, Wangcang in Sichuan province, and Yushu in Qinghai Province, help the reconstructions after the disaster. As of 31 December, 2019, Anton has donated over RMB10.0 million in earthquake relief and education supports.



In July 2013, Chairman LUO Lin made a personal gift of HKD5.0 million to the Chong Ren Foundation to support charity.



SOCIETY

- **Targeted poverty alleviation**

We endorse the goals and initiatives of the UN 2030 Agenda for Sustainable Development, as well as the Chinese policies for poverty alleviation. We carried out targeted poverty alleviation campaigns to improve the financial independence of poor households and promote local economic prosperity.

- Our targeted poverty alleviation efforts involved 20 poor families in Xinjiang. Given their illiteracy, old age and lack of income sources, we developed a strategy to help increase their income through livestock. We coached the poor households to conduct modern animal husbandry by providing sheep, chickens and ducklings. We also engaged experts to provide technical assistance.
- We participated in the poverty alleviation effort at the old revolutionary base in Gannan, in the south of Jiangxi province. We purchased more than RMB300,000 worth of locally farmed navel orange to support the economic revitalization of the revolutionary base. Meanwhile, the orange were donated to local communities and schools.
- We donated RMB200,000 to the Suining chapter of the Sichuan Poverty Alleviation Foundation. The donation was used for targeted poverty alleviation in Qunli township in Suining to improve the living conditions of poor households.

- **Fight against COVID-19**

Following the outbreak of the coronavirus (COVID-19) epidemic, we immediately activated our emergency protocol. We worked with local governments to implement epidemic prevention and control measures. By utilizing our global supply chain and logistics network, we sourced more than 500,000 pieces of epidemic prevention materials from 18 countries (worth more than RMB6.8 million) to protect the health of our people. At the same time, we provided anti-epidemic support to our employees' families. We provided epidemic prevention materials to over 20,000 of our employees, their families, relatives and friends to protect them and ease their worry. We also maintained effective communication with local governments, communities, hospitals, schools, customers and partners. Therefore, we were able to achieve resource sharing and provide timely and vital support to overcome the pandemic. During the pandemic, we donated prevention materials worth around RMB1.0 million to the Donghu sub-district office in Chaoyang District, Beijing and other communities where we operate. By fulfilling our corporate social responsibility, we protected our common home.

Indicator	Unit	2019
Charity		
Total no. of charitable activities organized or attended	Number	5
Total headcount in charitable activities organized or attended	Count	300
Total hours of charitable activities organized or attended	Hours	140
Volunteer Activity		
Total volunteer activities organized	Number	3
Total headcount in volunteer activities organized	Count	200
Total volunteer hours	Hours	21
Total beneficiaries	Person	2,360

SOCIETY

STAKEHOLDER ENGAGEMENT

We maintain ongoing communication with stakeholders. Various communication channels have been developed with our customers, business partners, employees and the communities for listening and responding to their concerns. We fully respect the rights of our stakeholders. We treat them equally, and we value and respond to their feedback. This year, we distributed a questionnaire among stakeholders in different areas, so as to identify and analyze their concerns on sustainable development. Based on that, we developed a material issues matrix.

OUR COMMUNICATION WITH STAKEHOLDERS

Stakeholders	Description	Expectations	Communication Method	Response
Government and regulatory agencies	Taxation, environmental protection, safety and other departments, local governments, the China Securities Regulatory Commission and other direct administration and supervision agencies	<ul style="list-style-type: none"> Operational safety Compliance Stable and growing tax revenue Serving the local economy Promoting industry development 	<ul style="list-style-type: none"> Meeting Policy consultation Report Visit Official document exchange Information disclosure, etc. 	<ul style="list-style-type: none"> Operate in compliance with laws and regulations Technological innovation Promoting local economic development
Investors and shareholders	Natural person holding shares/equity in Anton	<ul style="list-style-type: none"> Growth of the Company Long-term stable development Timely information disclosure Communication channels with the Company 	<ul style="list-style-type: none"> Shareholders' meetings Annual report Company announcements and press releases Conference calls Roadshows Site trip etc. 	<ul style="list-style-type: none"> Stable operations Effective information disclosure Keep active communications with investors

SOCIETY

Stakeholders	Description	Expectations	Communication Method	Response
Employees	Staff who formally signed labor contracts with Anton, and staff who have been working in Anton for years	<ul style="list-style-type: none"> • Equal employment • Reasonable pay and benefits • Smooth career progression • Safe and healthy workplace • Caring for employees 	<ul style="list-style-type: none"> • Employee satisfaction surveys • Employee handbooks • Internal publications, etc. 	<ul style="list-style-type: none"> • Equal employment • Reasonable promotion track • Occupational health management • Employee training • Employee care
Press	Newspapers, TV stations, network companies and other relevant media organizations that work with Anton	<ul style="list-style-type: none"> • Viability of the Company's sustainable development goals 	<ul style="list-style-type: none"> • Company interviews • Corporate culture messaging • Thematic events and invitation to third-party events 	<ul style="list-style-type: none"> • Comprehensively deepen the implementation of sustainable development policies
Suppliers/Contractors	Companies, shops or individuals that legally supply production materials, accessories and office equipment to Anton	<ul style="list-style-type: none"> • Fair and transparent procurement • Win-win cooperation 	<ul style="list-style-type: none"> • Supplier visits • Public tender • Strategic cooperation negotiations • Exchange visits, etc. 	<ul style="list-style-type: none"> • Supply chain responsibility management • Transparent procurement • Cooperative platform

SOCIETY

Stakeholders	Description	Expectations	Communication Method	Response
Customers	Institutions/ individuals that formally signed contracts with Anton and received services	<ul style="list-style-type: none"> • Safe, environmentally friendly and efficient products and services • Continuous improvement of product and service quality • Transparent marketing activity • Integrity 	<ul style="list-style-type: none"> • Quality commitment • Communication channels and reporting hotline open to public • Customer satisfaction surveys • Routine visits and exchanges • Business negotiation 	<ul style="list-style-type: none"> • Quality control • Technology innovation • Meet the diverse needs of customers
Adjacent communities	The communities where we operate, the public, non-profit organizations	<ul style="list-style-type: none"> • Promote community development • Improve community well-being 	<ul style="list-style-type: none"> • Philanthropic activities • Community support • Volunteer activities • Social welfare programs, etc. 	<ul style="list-style-type: none"> • Educational support • Job creation • Infrastructure • Disaster relief, etc.

TRACKING RECORD

PERFORMANCE DATA TABLE

Metrics	Units	Year		Reference	
Corporate Governance		2018	2019	Page No.	
Number of employees worldwide	absolute number	4,040	4,326	P42	
	China	percentage	36.9	46.9	–
Revenue distribution	Iraq	percentage	39.9	39.6	–
	Other Overseas	percentage	23.2	13.5	–
Revenue	RMB million	2,935.9	3,589.5	–	
Profit Attributable to Equity Holders	RMB million	222.4	268.6	–	
Net Cash Generated from Operating Activities	RMB million	420	610.3	–	
Environmental Performance		2019		Page No.	
GHG emission	Tons	77,876.89		P19	
GHG emission per revenue	Tons/RMB million	21.70		P19	
Hazardous waste generated annually	Tons	156,834.15		P19	
Hazardous waste generated per revenue	Tons/RMB million	43.69		P19	
Harmless waste generated annually	Tons	1,168.02		P19	
Harmless waste generated per revenue	Tons/RMB million	0.33		P19	
Total wastewater generated	Thousand cubic meters	101.85		P19	
Total wastewater generated per revenue	Thousand cubic meters/RMB million	0.03		P19	
Total energy consumption	MWh	268,602.32		P19	
Total energy consumption per revenue	MWh/RMB million	74.83		P19	
Electricity use	MWh	16,039.40		P19	
Electricity use per revenue	MWh/RMB million	4.47		P19	
Fuel consumption – Diesel	MWh	248,425.24		P19	
Fuel consumption – Gas oil	MWh	4,137.68		P19	
Fuel consumption – Diesel per revenue	MWh/RMB million	69.21		P19	
Fuel consumption – Gas oil per revenue	MWh/RMB million	1.15		P19	
Water use	Thousand cubic meter	440.53		P19	
Water use per revenue	Thousand Cubic meter/RMB million	0.12		P19	
Total water recycled	Thousand cubic meters	17.34		P19	
% water recycled	Percentage	3.94		P19	
Raw materials	Tons	32,765.70		P19	
Raw Material Per Revenue	Tons/RMB million	9.13		P19	

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Metrics	Units	Year	Reference
Trainings	Units	2019	Page No.
Number of Trainings Provided	items	1,342	P49
Including: qualifying training	sessions	367	P49
general skills training	sessions	347	P49
special skills training	sessions	628	P49
Training Hours	hours	2,810	P49
Seniority of trainees			
Senior Management	hours	99	P49
Middle Management	hours	100	P49
Average Training hours	hours	106	P49
Attendance records by gender			
Male	Hours	105.15	P49
Female	Hours	97.69	P49
Employee Turnover Rate	Unit	2019	Page No.
By Gender			
Male	percentage	16.30	P51
Fe-male	percentage	0.86	P51
By Age			
20-40	percentage	14.11	P51
40-60	percentage	2.93	P51
60-85	percentage	0.11	P51
By Geography			
China	percentage	11.59	P51
Iraq	percentage	3.89	P51
Other Overseas Markets	percentage	1.69	P51
Health and Safety	Unit	2019	Page No.
Fatalities (Employee)	Absolute number	1	P36
Total hours worked	hours	15,478,502	P36
Fatal Accident Rate	Per 100 million workhours	6.46	P36
Traffic Accident Rate	Per million miles	0.30	P36
Total recordable case	Absolute number	16	P36
Total recordable injury rate	Per million workhours	1.03	P36
Lost time injury incidents (lost time injuries + fatalities)	Absolute number	9	P36
Lost time injury rate (LTIR)	Per million workhours	0.58	P36
Day Away from Work	Days	346	P36
Lost time injury severity rate	percentage	38.4	P36

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Metrics	Units	Year	Reference
Suppliers			
	Unit	2019	Page Number
No.of Suppliers eliminated	Absolute number	14	P57
Procurement from local suppliers in international markets	percentage	28.1	P57
Critical suppliers that has long-term strategic development plan	Absolute number	34	P57
Diversity			
	Unit	2019	Page Number
Age Diversity	20-40	Absolute number	3,401
	40-60	Absolute number	193
	60-85	Absolute number	12
Charity			
	Unit	2019	Page Number
	Number	5	P66
Charity activities participated in	Person-time	300	P66
	Hour	140	P66
Volunteer Activity			
	Unit	2019	Page Number
	Absolute number	3	P66
Volunteer activity	Person-time	200	P66
	Hours	21	P66
Beneficiaries by volunteer activities	Person	2,360	P66

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GRI INITIATIVES STANDARDS

GRI Disclosure Number	GRI Disclosure Title	Page
102-1	Name of the organization	P2
102-2	Activities, brands, products, and services	P4
102-3	Location of headquarters	P4
102-4	Location of operations	P4
102-5	Ownership and legal form	Refer to 2019 Annual Report- About Anton
102-6	Markets served	P4
102-7	Scale of the organization	P4, P42
102-8	Information on employees and other workers	P38-P44
102-9	Supply chain	P56-P57
102-10	Significant changes to the organization and its supply chain	P56-P57
102-11	Precautionary Principle or approach	P16
102-12	External initiatives	P2, P16
102-13	Membership of associations	P62
102-14	Statement from senior decision-maker	P4-P5
102-16	Values, principles, standards, and norms of behavior	P7
102-17	Mechanisms for advice and concerns about ethics	P7-P9
102-18	Governance structure	P10-P15
102-20	Executive-level responsibility for economic, environmental, and social topics	P14
102-22	Composition of the highest governance body and its committees	P10-P15
102-23	Chair of the highest governance body	P4-P5, P11
102-24	Nominating and selecting the highest governance body	P10-P15
102-25	Conflicts of interest	P8
102-26	Role of highest governance body in setting purpose, values, and strategy	P14
102-28	Evaluating the highest governance body's performance	P15
102-29	Identifying and managing economic, environmental, and social impacts	P6, P16, P27
102-30	Effectiveness of risk management processes	P26-P27
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102-35	Remuneration policies	P52
102-36	Process for determining remuneration	P52
102-40	List of stakeholder groups	P67-P69

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GRI Disclosure Number	GRI Disclosure Title	Page
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102-43	Approach to stakeholder engagement	P67
102-44	Key topics and concerns raised	P67-P69
102-45	Entities included in the consolidated financial statements	P2
102-46	Defining report content and topic Boundaries	P2, P6
102-47	List of material topics	P6
102-48	Restatements of information	P2
102-50	Reporting period	P2
102-51	Date of most recent report	P2
102-52	Reporting cycle	P2
102-53	Contact point for questions regarding the report	P3
102-55	GRI content index	P73-P75
103-1	Explanation of the material topic and its Boundary	P6
201-1	Direct economic value generated and distributed	P76
201-2	Financial implications and other risks and opportunities due to climate change	P20
203-1	Infrastructure investments and services supported	P64
203-2	Significant indirect economic impacts	P62-P67
204-1	Proportion of spending on local suppliers	P57
205-1	Operations assessed for risks related to corruption	P7-P9
205-2	Communication and training about anti-corruption policies and procedures	P7-P9
205-3	Confirmed incidents of corruption and actions taken	P7-P9
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P7-P9
301-1	Materials used by weight or volume	P19
302-1	Energy consumption within the organization	P19
302-2	Energy consumption outside of the organization	P19
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302-4	Reduction of energy consumption	P17-P22
302-5	Reductions in energy requirements of products and services	P17-P22
303-1	Water withdrawal by source	P18, P21
304-2	Significant impacts of activities, products, and services on biodiversity	P21

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GRI Disclosure Number	GRI Disclosure Title	Page
305-1	Direct (Scope 1) GHG emissions	P19, Scope 1 and 2 disclosed at total
305-2	Energy indirect (Scope 2) GHG emissions	P19, Scope 1 and 2 disclosed at total
305-4	GHG emissions intensity	P19
306-2	Waste by type and disposal method	P21-P22
306-4	Transport of hazardous waste	P21
307-1	Non-compliance with environmental laws and regulations	P18
308-1	New suppliers that were screened using environmental criteria	P56-P57
308-2	Negative environmental impacts in the supply chain and actions taken	P56-P57
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P31-P32
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	P36
403-3	Workers with high incidence or high risk of diseases related to their occupation	P31
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408-1	Operations and suppliers at significant risk for incidents of child labor	P56, P58
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	P58
413-1	Operations with local community engagement, impact assessments, and development programs	P59, P63
413-2	Operations with significant actual and potential negative impacts on local communities	P21
414-1	New suppliers that were screened using social criteria	P56-P57
414-2	Negative social impacts in the supply chain and actions taken	P56-P57
415-1	Political contributions	P8
416-1	Assessment of the health and safety impacts of product and service categories	P26-P30

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HKEX INITIATIVES STANDARDS

Number	Indicators Description	Page
Aspect A1: Emissions	<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 relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p> <p><i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and Sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</i></p>	P16-P17, P21, P37
Aspect A1: Emissions	A1.1 The types of emissions and respective emissions data.	P19
Aspect A1: Emissions	A1.2 Greenhouse gas emissions in total (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P19
Aspect A1: Emissions	A1.3 Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P19
Aspect A1: Emissions	A1.4 Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P19
Aspect A1: Emissions	A1.5 Description of measures to mitigate emissions and results achieved.	P16-P18
Aspect A1: Emissions	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	P16-P18, P21
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><i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc..</i></p>	P18, P21
Aspect A2: Use of Resources	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).	P19
Aspect A2: Use of Resources	A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P19

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Number	Indicators Description	Page
Aspect A2: Use of Resources	A2.3 Description of energy use efficiency initiatives and results achieved.	P18, P21
Aspect A2: Use of Resources	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	P18, P21
Aspect A2: Use of Resources	A2.5 Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Not applicable
Aspect A3: The Environment and Natural Resources	General Disclosure: Policies on minimizing the significant impact on the environment and natural resources.	P21
Aspect A3: The Environment and Natural Resources	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P21
Aspect B1: Employment	General Disclosure Information on: a) the policies; and b) compliance with relevant regulations that have impact on the issuer relating to compensation recruitment and promotion, hours, rest periods, equal diversity, anti-discrimination, benefits and welfare.	P31-P32, P33-P44, P50-P53, P58
Aspect B1: Employment	B1.1 Total workforce by gender, employment type, age group and geographical region.	P42, P44
Aspect B1: Employment	B1.2 Employee turnover rate by gender, age group and geographical region.	P52
Aspect B2: Health and Safety	General Disclosure Information on: a) the policies; and b) compliance with relevant laws regulations that have a significant impact on the issuer. relating to providing a safe working environment and protecting employees from occupational hazards.	P31-P37

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Aspect B2: Health and Safety	B2.1 Number and rate of work-related fatalities.	P36
Aspect B2: Health and Safety	B2.2 Lost days due to work injury.	P36
Aspect B2: Health and Safety	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	P31-P37
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	P45-P50
Aspect B3: Development and Training	B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Partially disclosed, P49
Aspect B3: Development and Training	B3.2 The average training hours completed per employee by gender and employee category.	P49
Aspect B4: Labor Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	P56, P58
Aspect B4: Labor Standards	B4.1 Description of measures to review employment practices to avoid child and forced labor.	P56, P58
Aspect B4: Labor Standards	B4.2 Description of steps taken to eliminate such practices when discovered.	P56, P58
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	P56-P57
Aspect B5: Supply Chain Management	B5.1 Number of suppliers by geographical region.	Partially disclosed, P57
Aspect B5: Supply Chain Management	B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	P56-P57

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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 products and services provided and methods of redress.	P27-P30, P36-P38
Aspect B6: Product Responsibility	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	not applicable
Aspect B6: Product Responsibility	B6.2 Number of products and service related complaints received and how they are dealt with.	P29-P30
Aspect B6: Product Responsibility	B6.3 Description of practices relating to observing and protecting intellectual property rights.	P54-P55
Aspect B6: Product Responsibility	B6.4 Description of quality assurance process and recall procedures.	P29-P30
Aspect B6: Product Responsibility	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	P36-P37
Aspect B7: Anti-corruption	General Disclosure Information on: a) the policies; and b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	P7-P8
Aspect B7: Anti-corruption	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.	P7
Aspect B7: Anti-corruption	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	P7-P8

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Aspect B8: Community Investment	General Disclosure Policies on community engagement understand the needs of the communities where the issuer operates and to ensure its activities take into consideration communities' interests.	P59, P63-P66
Aspect B8: Community Investment	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, culture, sport).	P63-P66
Aspect B8: Community Investment	B8.2 Resources contributed (e.g. money or time) to the focus area.	P63-P66

DISCLAIMER

This Report includes the forward-looking statements. Other than the historical facts, all events which may or will happen in the future and their description (including but not limited to, preconditions, goals, estimates and commercial plans) are included in the forward-looking statements. Due to the influence of external changing factors, the factual development result or trend in the future may be different from such statements. The forward-looking statements of this Report was made in July, 2020. Unless otherwise required by the regulatory authorities, The Company undertakes no obligation or responsibility to update these forward-looking statements.