

## Strategic report (continued)

posing challenges to the oil and gas industry. CO2 emissions arising from the burning of fossil fuels in oil and gas fields will continue without a mature and reliable CO2 reduction technologies in place. The Company expects its subsidiaries to be supervised by relevant agencies and organisations in the future. If they are unable to find economically viable and publicly acceptable solutions that could reduce CO2 emissions from new and existing projects, they may experience additional costs, and our reputation may be adversely affected. The Company is classed as low energy user and is not itself required to make the detailed disclosure of energy and carbon information. Energy and Carbon emission disclosures are reported separately by the operating subsidiary, CNOOC Petroleum Europe Limited.

At present, some countries have accelerated the global transition to low-carbon clean energy by setting emission reduction standards, strictly implementing the renewable energy proportion plan, levying high carbon taxes, and enacting strict regulatory bills and other relevant measures. Green and low-carbon transformation may lead to intensified competition in the energy supply market, resulting in an increase in our operating costs.

### Section 172 (1) statement

Section 172 (1) of the Companies Act 2006 requires a Director of a Company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members. In so doing, a Director is to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term.
- interests of the Company's employees.
- need to foster the Company's business relationships with suppliers, customers, and others.
- impact of the Company's operations on the community and environment.
- desirability of the Company maintaining a reputation for high standards of business conduct, and
- need to act as between members of the Company.

As the Board of Directors of the Company ("the Board"), we have regard to the Section 172(1) matters set out above as well as other factors which we consider relevant to the decisions being made. These factors include the interests and views of our shareholder, subsidiary companies, and ultimate parent company. We acknowledge that every decision we make will not necessarily result in a positive outcome for all our stakeholders, however, by

considering the Company's purpose, vision, and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and predictable.

Board Meetings are held periodically where the Directors consider the Company's activities and make decisions. As part of these meetings, the Directors receive information on Section 172(1) matters when making relevant decisions. This is done through the discussion and deliberation of reports such as the Company's financial statements, tax strategy and proposed work program and budgets, which are sent in advance of Board meetings for the Directors to consider. As a result, we understand the nature of our stakeholders' concerns and can comply with our Section 172 duty to promote the success of the Company.

Each year, we assess the strength of the Company's statement of financial position and prospects relative to market uncertainties and make decisions about the payment of a dividend. In determining whether to make a dividend payment, we consider a range of factors including, the long-term viability of the Company, its expected cash flow and financing requirements, the ongoing need for strategic investment in our business and the expectations of our shareholder as supplier of long-term equity capital to the Company.

# CNOOC UK Limited

## Strategic report (continued)

As the principal activity of the Company is to act as a holding Company and to provide loan facilities to subsidiary and affiliate undertakings, the Company has had no commercial business and has had no employees, customers, or suppliers during the period.

As such, the breadth of stakeholder considerations that would often apply in operating or commercial trading companies have generally not applied to the decisions made by the Directors.

Approved by the Board of Directors and signed on behalf of the Board



Director

P. Yiyong

20 June 2024



Director

Q. Ma

20 June 2024