

# CNOOC PETROLEUM EUROPE LIMITED

## Strategic report (continued)

set out by the UK Government. We have developed a strategy and plans to address this. With the coming into force of the Paris Agreement and the continuing growth of the public's awareness of climate change problems, the carbon emission policies of different countries have been enacted one after another. The goal of "Carbon peak and Carbon neutrality" proposed by various countries will greatly accelerate the process of energy transition, 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 to be supervised by relevant agencies and organisations in the future. If we are unable to find economically viable and publicly acceptable solutions that could reduce our CO2 emissions from our new and existing projects, we may experience additional costs, and our reputation may be adversely affected.

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 as a whole. 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 fairly 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 and employees; the relationships with our suppliers, joint ventures, government regulators and the local communities in which we operate; and ensuring the safety of all activities which we undertake while working towards limiting the emissions generated by our operations. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of 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.

As is normal for large companies, the Board delegates authority for day-to-day management of the Company to the Executive Team and then engages the Executive Team in setting, approving and overseeing execution of the business strategy and related standards and procedures.

At every Board meeting, the Board reviews the Company's health and safety record, financial and operational performance and legal and regulatory compliance. Over the course of the financial year, the Board also reviews, amongst other things, the Company's five year strategic plan; key risks and challenges to the business; the diversity of our workforce and the gender pay gap; our tax strategy; and governance and compliance related matters. This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and are delivered to the Board as presentations. As a result, we understand the nature of our stakeholders' concerns and are able to comply with our section 172 duty to promote the success of the Company. During the year Board has made principal decision to approve and pay dividend details are include in directors' report page 8 and 10.

### Stakeholder Engagement

The Board is committed to understanding the views of all stakeholders in order to inform the decisions that we make. The Board recognises its responsibility to

take into consideration the views and impact of the decisions on employees and broader stakeholders as part of its decision-making process and remains committed to open channels of communication with all of our key stakeholders. The Board also recognises that not all engagement takes place directly with the Board or that all information is reported directly to the Board. However, the output of our engagement informs business level decisions with an overview of developments being reported back to the Board.

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The Company's key stakeholders are our: shareholder; workforce; suppliers; joint ventures and government regulators as well as the local communities in which we operate. Set out below are examples of how we, the Board, have had regard to the matters set out in section 172(1) when discharging our section 172 duty.

### Engagement with our Shareholder

As the Company is a wholly owned subsidiary, the ultimate parent, CNOOC Limited, plays an important role in monitoring the performance of the Company. We recognise the importance of the activities and outcomes of stewardships and regularly engage with our shareholder/ultimate parent with respect to our financial performance, strategy, business model, approach to governance and Board leadership.

### Engagement with our Workforce

The Company is committed to employee involvement throughout the business. Employees are kept well informed of the performance and strategy of the Company through weekly cascades of operational highlights and performance against key performance indicators, email and intranet updates by the UK Leadership Team (UKLT) at key points in the year at adhoc Departmental Meetings. We have two employee forums (established under the Information and Consultation Employees Regulations 2004) which meet 4 times each year. The forums are made up of constituent elected employee representatives and each meeting is chaired by a locally based Vice President. These forums provide a space for our people to engage, communicate and discuss issues of concern or clarification directly with the UKLT.

The Company has an onboarding programme which introduces new employees to our business principles and Cultural Beliefs. Our eight Cultural Beliefs are "Safety First", "Be the Best", "Results Matters", "Do it Right", "Be Bold", "Step Up", "Value Feedback" and "Win Together". Our employees are expected to adopt and demonstrate our Cultural Beliefs in the work they do, in recognition that it delivers results. This training has been refreshed for 2023 and applied in 2024.

We have successful mechanisms in place to recognise those actively demonstrating the Cultural Beliefs. We deliver an extensive range of training and development programmes. Of critical importance are the U.K. specific mandatory training courses and formal competency assessments covering Health Safety and the Environment ("HSE") and key competencies for the oil and gas sector. Most but not all of these are targeted at our offshore workers. The mandatory

courses are subject to audit by regulators including the Health and Safety Executive. Functional technical, managerial, competency and skills training are widely available through an extensive, CNOOC library of online learning free to all. In addition, we hold 'Lunch and Learns', '101s' and 'Techno Teas' sessions covering technical, non-technical, soft-skills and health and well-being topics. Employee personal development is actively encouraged and planned as part of the Annual Performance Management and Objective Setting Process.

The Company recognises the fundamental role that good health and well-being contributes towards workplace culture, increased productivity, and the delivery of results. The Company provides a range of employee well-being benefits and general guidance in the Pulse UK Well Being Hub. The benefits offering include private healthcare; annual health check; annual physical wellness subsidy as well as subsidised Sports and Social Clubs in both Uxbridge and Aberdeen. Our HSE focal points group in each office are volunteer groups, who consider a range of matters from mental health to office-based safety improvements.

### Engagement with our Suppliers

We are committed to doing business with integrity - it is how we work. As contractors and suppliers are partners in our business success, it is important that they have the same commitment to ethics, integrity, and sustainable business practices as we do. To ensure alignment, we are committed to providing our current and prospective contractors and suppliers with the appropriate resources and tools, enabling them to work ethically, responsibly, and safely.

To give suppliers a better idea about what working with integrity means to the Company, a number of our standards and procedures are available to be reviewed on our "Supplier Documents website page".

<https://cnoocinternational.com/integrity-and-compliance/supplier-documents>.

These documents reinforce our values and policies with respect to health and safety, improper payments, human rights practices, trade compliance, fair competition, and stress the importance of legal and regulatory compliance. We believe that working together in this way, can deliver the best results.

Our Modern Slavery Statement, which is reviewed and approved by the Board on an annual basis and published on our website, covers the activities of the Company and its subsidiaries, and details the policies, processes, and actions we have taken to help ensure that slavery and human trafficking is not taking place in our supply chains or any part of our business.

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We are also committed to an open and transparent bidding process for procurement related to our UK operations. Our processes are based on our corporate management system which complies with all domestic and international legislative requirements and addresses the Supply Chain Principles of Offshore Energies UK (“OEUK”).

### Engagement with Joint Ventures, Government, Regulators, and Industry Groups

We have an open and transparent dialogue with all regulatory and industry bodies that we work with. On the regulatory side we maintain strong relationships with national and local government bodies such as North Sea Transition Authority (“NSTA”), Department for Energy Security and New Zero (“DESNZ”), the Scottish Government and the UK Government. We closely support these in progressing the legislative requirement of Maximising the Economic Recovery of the UK’s oil and gas resources (“MER UK”) and in doing so taking steps to reduce greenhouse gas emissions in line with the Scottish and UK legislative net zero targets (“Net Zero”). This includes participation in the NSTA’s annual Stewardship Review process which brings together the NSTA with our senior management and industry counterparts to monitor regulatory compliance, technical performance, and initiatives to facilitate delivery of MER UK and Net Zero.

Alongside this we work to build public trust through raising standards in the oil and gas industry and publish our Tax Strategy on a yearly basis: <https://cnocointernational.com/operations/europe/uk/uk-tax-information>.

The Company engages with the wider industry via its Board membership in Offshore Energies UK (“OEUK”), a leading trade association for the UK oil and gas industry, and via its active involvement in the various OEUK working groups. Regular planning and review meetings with suppliers, our joint venture partners and the government bodies are an important part of this. For each joint venture group, we carry out a detailed performance survey every two years covering how we work with all stakeholders (“Collaborative Behaviour Review”). The product is a detailed report, which we share with the NSTA and coventurers, identifying how to build on company strengths and develop areas to foster the Company’s business relationships.

### Engagement with the Community

We are committed to making a positive contribution to the communities within which we operate by partnering with community members and established third sector organisations in the areas around our

offices in Uxbridge and Aberdeen. We build long-term trust by sharing information, consulting with these organisations, and working collaboratively to understand their needs and expectations.

We have a dedicated Community Investment Committee (“CIC”) which oversees and manages our annual Community Investment budget. Our Community Investment programme is guided by and adheres to our standard and procedures to ensure proper compliance and due diligence in this area.

Our CIC has responsibility for supporting causes and helping address issues that affect colleagues and the public around where we work. It also has responsibility for making and proposing decisions on community investments from our annual Community Investment budget.

As part of our Corporate Social Responsibility (“CSR”) programme, we offer employees two paid volunteering days per year. In addition, both employees and contractors are encouraged to participate in teambuilding activities that have a social benefit.

We believe our approach to responsible development provides us with a competitive advantage by allowing us to maintain our social license to operate.

### Safety

“Safety First” is one of our key Cultural Beliefs and the success of every activity we undertake is measured on our ability to execute our work safely every day. Our employees and contractors commit to ensure our oil and gas production occurs without incident or harm to our people, communities, and the environment every day. Safety is just simply a part of the way we work.

### Infection Control

Post Covid-19, we have retained some key infection control measures to ensure the health and welfare of our staff, contractors and visitors. Key aspects such as sanitising points, temperature controls and a policy of work from home if you carry a risk of infection to others are robustly implemented.

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



Y. Pan  
Director  
20 June 2024



Z. Wu  
Director  
20 June 2024