

# 2021

## Corporate Social Responsibility Report

Offshore Oil Engineering Co., Ltd





# About the report

## Reporting period:

From January 1, 2021 to December 31, 2021. Certain contents involve appropriate lookback and outlook for improving the completeness of this report.

## Period of issuance:

This report is the 14th annual corporate social responsibility report of Offshore Oil Engineering Co., Ltd.

## Organization:

Offshore Oil Engineering Co., Ltd and its subsidiaries (see “About us” for the organization chart.)

## Data source:

The data used in this report comes from the official documents, statistical reports, financial reports, and other documents of Offshore Oil Engineering Co., Ltd and has been reviewed by the competent departments of Offshore Oil Engineering Co., Ltd. The disclosure of relevant information will be conducted in accordance with widely recognized information disclosure standards taking into account the background of the industry and the unique characteristics of Offshore Oil Engineering Co., Ltd.

## Reference documents:

This report has been prepared in accordance with the Self-regulatory Guidelines No. 1 for Companies Listed on the Shanghai Stock Exchange—Standardized Operation (Chapter 8 Social Responsibility) published by the Shanghai Stock Exchange.

## Note on references to Offshore Oil Engineering Co., Ltd:

In this report, “Offshore Oil Engineering Co., Ltd” is also referred to as “COOEC”, the “Company”, “it” or “we” for the convenience of expressing and reading.

## Guarantee for the report:

The Board of Directors and all directors of Offshore Oil Engineering Co., Ltd guarantee that this report contains no false statements, misleading presentations or material omissions and assume joint and several liability for the truthfulness, accuracy and completeness of the information contained herein.

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# About us

## Company profile

Offshore Oil Engineering Co., Ltd is the only large EPC contractor with capabilities to undertake offshore oil and gas development projects and LNG projects in China and one of the largest EPCI (engineering, procurement, construction and installation) contractors of offshore oil and gas projects in the Asia-Pacific region. Its main businesses include professional engineering and technical services covering the design, onshore construction, offshore installation, commissioning and maintenance of offshore oil and gas development projects.

The Company's headquarters is located in Binhai New Area, Tianjin. The Company has nearly 8,000 employees and has built a multi-level and wide-ranging professional team competent for EPCI projects and established a set of operation procedures and management standards aligned with international standards. The Company has an offshore structure construction yard with a total area of more than 1.20 million m<sup>2</sup> in Qingdao, Shandong and an offshore structure construction base with an area of 575 thousand m<sup>2</sup> (under construction) in Lingang Industrial Zone, Binhai New Area, Tianjin, and it owns an offshore equipment manufacturing base with a total area of 2.07 million m<sup>2</sup> in Zhuhai, Guangdong through COOEC-Fluor Heavy Industries Co., Ltd (a joint venture with 51% equity held by COOEC). These construction bases stretching from the south to the north form a pattern that has complementary functions, faces both domestic and overseas markets, and satisfies the needs for offshore structures used in shallow and deep waters. Equipped with a professional offshore operation fleet consisting of 19 vessels, including DP3 deepwater pipelay barges, 7,500 T floating cranes, underwater operation ships and deepwater trenchers, the Company takes a leading position in Asia in terms of offshore installation and pipelaying capabilities.

Stock name:

**COOEC**

Stock code:

**600583**

contractors of  
offshore oil and gas  
projects in the Asia-  
Pacific region

**EPCI**

(Engineering,  
procurement,  
construction and  
installation)







**220** thousand  
m<sup>2</sup>

Construction base in  
Tanggu

**1.20** million  
m<sup>2</sup>

Construction yard in  
Qingdao, Shandong

**2.07** million  
m<sup>2</sup>

Construction base in  
Zhuhai, Guangdong

**575** thousand  
m<sup>2</sup>

Manufacturing base  
in Lingang Industrial  
Area, Tianjin

« The sea

Through continuous construction and development for more than 40 years, the Company has built nine major capabilities, including the design of offshore projects, the construction of offshore projects, the installation of offshore projects, the maintenance of offshore oil and gas fields, underwater testing and installation, the manufacturing of high-end skids, quality testing of offshore projects, EPCI contracting and management of offshore projects, and the construction of LNG projects, and developed a wide variety of core technologies and capabilities for the design, construction and installation of super large offshore platforms, underwater testing and maintenance, the repair of submarine pipelines, and the dismantlement of old and abandoned offshore platforms.



\*COOEC has a complete industrial chain covering design, onshore construction, load-out, transportation, offshore installation, submarine pipeline/cable laying, connection and commissioning, oilfield start-up, testing and maintenance, evaluation and service life extension, and dismantlement.

In recent years, the Company has solidified and improved its capabilities in the field of traditional offshore projects, seized the opportunities brought by the general development trend in global oil and gas industry, accelerated its transformation and upgrade toward the line of green, low-carbon, high value-added products, enhanced its capability to offer integrated services for energy projects, and cultivated a set of industries and capabilities for LNG projects (including the construction of LNG modules, LNG terminals, and liquefaction plants), deepwater projects, FPSO projects, etc. In addition, it has been continuously improving its overall capability and expanding the space for development.

The Company mainly undertakes and delivers “turn-key” projects to its customers as an EPC contractor. It has offered engineering services for the offshore oil and gas projects of many domestic and foreign customers including CNOOC Limited, ConocoPhillips, Shell, Petrobras, Husky, Kerr-McGee, Technip, MODEC, Aker Solutions and FLUOR and made its mark on many countries and regions, such as the areas of China, Southeast Asia, Middle East, Australia, Russia, Brazil, Europe, and Africa.

## >> Development thinking

The Company adopts a market orientation to face the global energy and offshore oil and gas markets and seek the opportunities for development and the spaces for growth; follows the trend of green, low-carbon development and digital transformation in the global energy industry, strives to accelerate progress toward green energy projects and industries, speed up the introduction of intelligent manufacturing processes and methods, and create competitive advantage in the new era of intelligence; follows the innovation-driven development philosophy and carries out innovation in science, technology, and management to drive forward its high-quality development.



## >> Development orientation

### 1. Development orientation

The Company takes serving the national development strategy as one of its own responsibilities, focuses on customers, persistently pursues high-quality development, and endeavors to build a leading international energy engineering company with Chinese characteristics.

#### Customer orientation

Persistently pursuing high-quality development, building a leading international energy company with Chinese characteristics

### 2. Functional orientation

The Company strives to achieve high-quality development with an integrated industrial chain and become an EPCI supporting service provider, a practitioner with leading technologies and cost effectiveness, and an international brand contributor in China's offshore oil industry.

#### High-quality development

High-quality development based on an integrated industrial chain

## >> Development strategy

COOEC has systematically planned its "1235" development strategy for the "14th Five-Year Plan" period. The "1235" development strategy consists of one core, namely, the building of design-led EPCI general contracting capability, two foundations including operations management capability and technological leadership capability, three development directions including internationalization, deepwater service and new industrialization, and five starting points including talent, market, cost, risk control, and informatization.

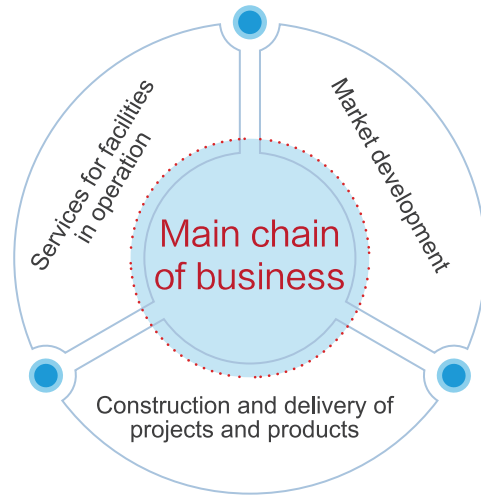


✓ Intelligent Manufacturing Base in Lingang Industrial Area,



## >> Development planning

As a company specializing in production and operations, COOEC focuses on projects + products + services, attaches great importance to quality and efficiency, takes “market development, the construction and delivery of projects and products, and services for facilities in operation” as its main chain of business, and makes continuous efforts to strengthen market development in various industrial sectors, enhance its EPCI general contracting capability, and improve its production and operations in various sectors.

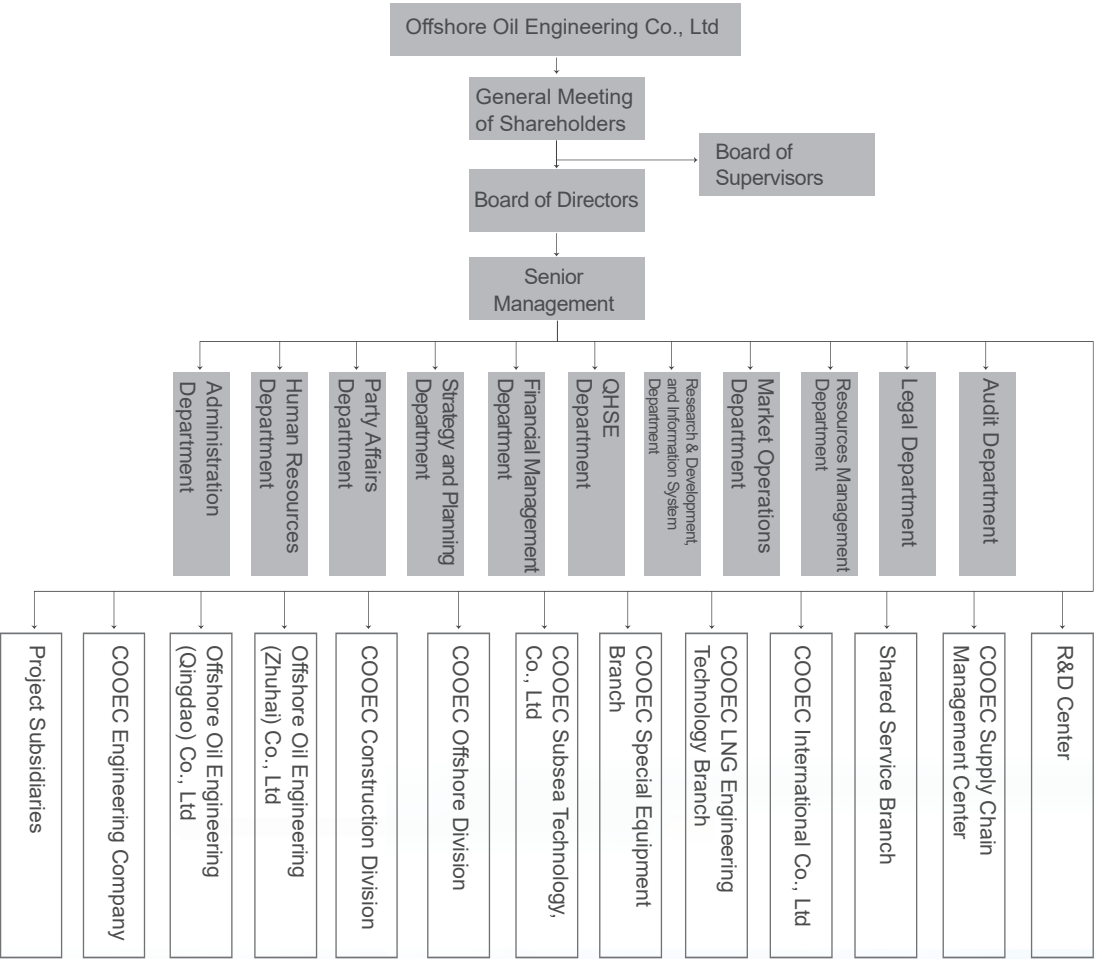


## >> Overall goal

In the “14th Five-Year Plan” period, the Company will establish a foothold in the new development period, fully implement the new development philosophy, actively proceed towards the new paradigm of development, emancipate the mind, adopt a proactive approach, innovate, persistently pursue continuous improvement, and strive to develop itself into an energy engineering company with a reasonable industrial structure, great scientific and technological strength, excellent management capability, and outstanding performance by establishing new coordinates, exploring new paths, building new capabilities, and creating new vitality.



>> Organization





## >> Social evaluation

From 2003 to 2005: one of "CCTV Most Valuable Listed Companies in China" for three consecutive years.

2006: one of the S&P (Standard & Poor's) "Global Challengers".

From 2006 to 2009: winner of the "Golden Bull Top 100 Listed Companies Award" conferred by China Securities Journal for four consecutive years.

From 2007 to 2009: winner of the Award for Top 100 Chinese Listed Companies with Outstanding Performance in Market Value Management for three consecutive years.

From 2014 to 2015: winner of the honorary title of "Top 100 Listed Companies Most Respected by Investors" for two consecutive years.

In 2016, the Company's stock was conferred the honorary title of "Top 100 Most Competitive Listed Companies in China" and the "Pearl Award for Listed Companies" by Finance-Tencent Holdings Limited.

From 2018 to 2019: the Company's stock was included into the MSCI Emerging Markets Index, the FTSE Global Equity Index Series and the S&P Global Broad Market Index series and became one of China's first stocks included in the three global index series at the same time as the samples of A-shares.

From 2019 to 2021: the Company's disclosure quality had been rated as class A by the Shanghai Stock Exchange for three consecutive years.

From 2020 to 2021: MSCI ESG rating of BBB.

# BBB ESG rating

The MSCI ESG rating of COOEC is BBB, which is at the leading level among the ratings of industrial peers in China.



1. The 2004 CCTV China's Most Valuable Listed Company; 2. The 2005 CCTV China's Most Valuable Listed Company Trophy; 3. The 3rd China A50 Honorary Certificate in 2006; 4. The 2005 Top 50 China A-Share Companies for Investor Relations Management; 5. 2006 Award for Top 100 China Securities Listed Companies; 6. 2006 Award for Top 100 Listed Companies for Market Value Management; 7. 2008 Award for Top 100 Listed Companies for Market Value Management; 8. 2009 Fifth China Securities Market Annual Conference Golden Tripod Award; 9. 2010 Best Corporate Governance Award; 10. 2010 Award for Outstanding Golden Bull Listed Company in the Eyes of Investors.



## >>Management of corporate social responsibility

By identifying and evaluating various key factors including critical risks and opportunities, business development strategy, applicable laws and regulations, and the needs and expectations of interested parties, COOEC has determined the development strategy for corporate social responsibility and the implementation roadmap based on scientific evaluation, in-depth study, and adequate analysis while considering the direction of development of corporate social responsibility to achieve the goal of maximizing economic, environmental and social benefits and improving organizational performance.



## >>Communication with interested parties

COOEC assumes social and economic responsibilities to all interested parties including its employees, shareholders, customers, and partners. We wish to be readily informed of the expectations and recommendations of all interested parties, pay great attention to the impacts of changes in external environments and markets on our performance, and monitor related media reports to ensure smooth communication with interested parties and normal progress of our production and business operations and prevent any damage to the legitimate rights and interests of interested parties.

Interested parties	Expectations and needs	Communication and response
Shareholders and investors	Satisfactory return on investment, good market value level, continuous and steady operation	Promoting transformation and development, improving profitability; improving the corporate governance system, strengthening comprehensive risk management; strengthening the management of information disclosure, managing investor relations in a proactive manner
Customers	Scientific and technological innovations, quality services, customer privacy protection	Making use of technological advantages, providing quality products; adopting a refined management approach; conducting customer satisfaction surveys, collecting comments and suggestions from customers; protecting customer information
Employees	Protection of their rights and interests, support for their career development, a positive corporate culture	Ensuring equal and fair employment opportunities for employees; improving remuneration and promotion mechanisms, strengthening employee training and education, creating unobstructed career paths; improving employee care
Governmental authorities	Serving the real economy, paying taxes in accordance with applicable laws, actively promoting employment, promoting improvements in public welfare	Optimizing resource allocation, implementing national policies; paying taxes in accordance with applicable laws and regulations; creating and providing job opportunities; promoting rural revitalization
Regulatory bodies	Operating in compliance with laws and regulations, fair competition	Operating in good faith in compliance with laws and regulations; improving corporate governance, strengthening internal control and management
Partners	Win-win cooperation, mutual development, resources sharing, long-term sustainable development	Persistently operating in good faith; establishing strategic cooperation mechanisms with partners; causing partners to fulfill their social responsibilities; promoting sustainable and healthy development of the industrial chain
Communities	Promoting the development of public sector undertakings, participating in volunteering, charity activities, and public welfare undertakings	Driving forward the social and economic development of communities through its operations; strengthening environmental protection; carrying out public welfare activities
Media	News, trends and tips, normal interviewing and reporting	Organizing media interviews and activities; disclosing information to public media

# Chapter 1

## Excellent Development and Continuous Compliance

COOEC adheres to the guiding position of Party building, actively adapts to the new era, new circumstances and new requirements, deepens enterprise reform comprehensively, continues to improve the corporate governance system, actively proceeds with the implementation of the three-year action plan for the reform of state-owned enterprises (SOEs), carries out the three system reforms in an all-round way, combines efficient decision-making mechanism with strong execution capability effectively, operates in compliance with laws and regulations, maintains comprehensive risk management, and enhances its capability to create values and its core competitiveness.

The operating income earned by the Company in 2021 is 19.795 billion Yuan (RMB), and the net profit attributable to the shareholders of listed company is 370 million Yuan. As of the end of December 2021, the Company's total assets amounted to 34.654 billion Yuan, the net assets attributable to the shareholders of listed company amounted to 22.742 billion Yuan, and the debt-to-assets ratio was 34.33%, indicating that the structure of its assets and liabilities was sound.

Implementing the  
“Seven-year  
Action Plan”

for increasing oil/  
gas reserves and  
production as the  
central task

Striving to create a new  
situation for high-quality  
development in the  
“14th Five-  
Year Plan” period





« Lufeng 14-4 oilfields regional development project



## I. Solidifying the foundation for management

COOEC continuously improves its management systems, optimizes its operations management, improves the quality of its development, explores new modes of corporate management, establishes and improves the mechanisms for risk prevention and control and internal control, and enhances its capability in compliance management and lawful corporate management.

### 1. Steadily promoting the integration of business and finance

The Company focuses on the deep integration of business and finance to enhance its corporate governance capability and effectively improve its performance in production and business operations. It has overcome some common phenomena in business operations, such as “loss in the first month” and “meager profit in the first quarter”, successfully achieved its business goals for the year, and delivered a good performance in “Two Profits and Four Ratios” (net profit, gross profit, operating margin ratio, debt-to-assets ratio, R&D intensity, and overall labor productivity). It has partially overcome the inertia of extensive operation, gradually raised the awareness of full-involvement operation, and preliminarily established the “234” cost control mechanism with “two dimensions, three aspects, and four major expenses” as its core components. In addition, the Company is shifting the focus of cost reduction and efficiency improvement from merely reducing costs and expenses to improving strategic effectiveness, organizational performance, and asset performance.





## 2.Steadily executing projects under construction

The Company has been closely monitoring projects under construction to ensure their smooth progress, and it has further improved its production management capability and successfully completed the task of annual productive capacity building. In 2021, COOEC undertook 59 projects, including 40 conventional oil and gas projects in China, nine LNG projects, nine overseas conventional oil and gas projects (not including LNG projects), and one construction base projects. Lingshui 17-2 deepwater gas field, a project attracting wide attention from across the world, was put into operation successfully. The Company completed the emergency rescue and reconstruction of Platform V of Pengbo Operating Company in a quick and safe manner, successfully completed Liuhua 16-2 Oilfields Development Project, commenced the K1A project in Canada in a prompt manner, and proceeded with the construction of this project steadily. The Company is establishing a quick response mechanism designed to deal with market changes, and this mechanism has achieved certain preliminary effects.

## 3.Focusing on steady efficiency improvement

In 2021, the Company held fast to “efficiency”—the key factor affecting productivity, actively implemented the three-year action plan for the reform of state-owned enterprises, and issued the COOEC Three-Year Action Plan for Reform, which focused on seven key reform areas in three aspects including systems and mechanisms, structural adjustment, and vitality and efficiency improvement, consisted of nine parts and 25 articles, and determined 39 reform tasks and 70 reform sub-items. The Company completed more than 90% of reform tasks, systematically improved efficiency in management, production and technology, and effectively unleashed the benefits of improved efficiency.

## 4.Steadily deepening the integration of Party building

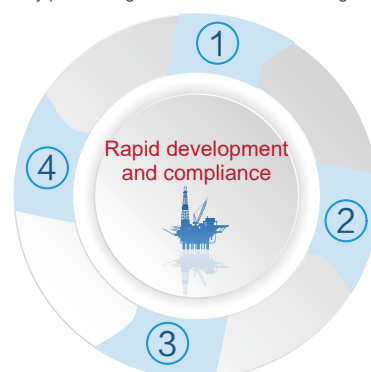
“Deepening the integration of Party building” is an effective means of promoting production through Party building. By promoting the deep integration, collaboration and interaction between Party building and reform, development, production and operations, the Company effectively promoted Party building work from the level of “visibility” to the level of “effectiveness” and achieved win-win mutual promotion between Party building work and its development.

By establishing demonstration posts and commandos of Party members, the Company gave full play to the leading role of Party members in “four aspects and five actions”. During the construction of Lingshui 17-2 gas field, the Company established 18 “Party member commandos”, formulated more than 250 delay recovery measures, and shortened the construction time by one year (relative to the construction durations of similar international projects), and injected strong impetus into the practice of making due contributions to China’s energy industry. Moreover, it focused on the key points and difficulties in reform, development, production and operations, registered 163 activities within the category of “the three major campaigns” of the Party Committee, Trade Union and Youth League Committee (the number of activities in 2021 was 75% greater than that in the previous year), and demonstrated that “the Party Committee, Trade Union and Youth League Committee responded when there were challenges and difficulties to overcome”.



Steadily proceeding with business-finance integration

Steadily deepening the integration of Party building



Steadily executing ongoing projects

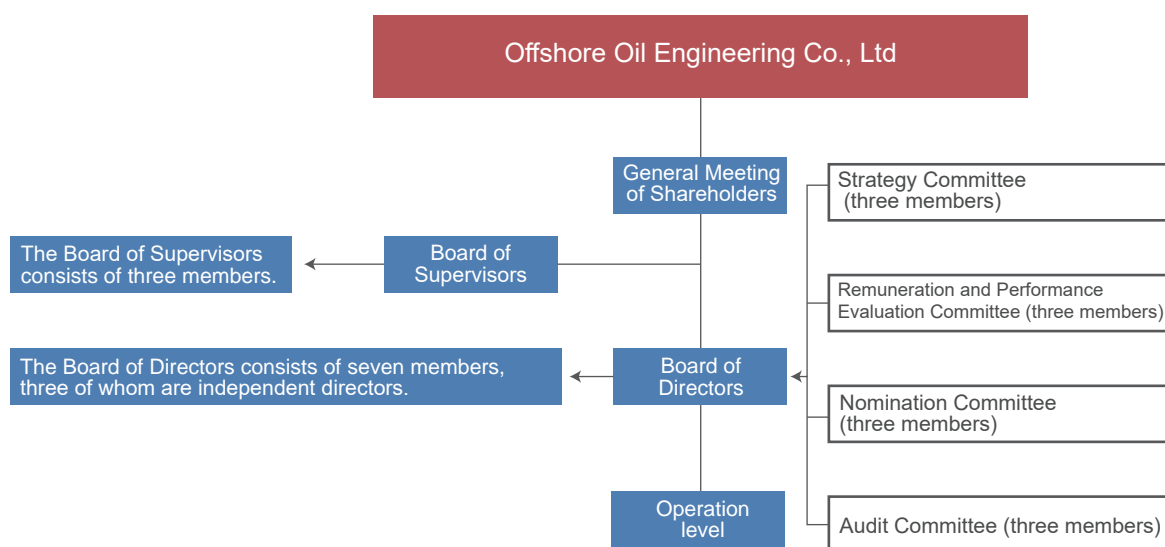
Continuously improving efficiency improvement

## II. Operating in compliance with laws and regulations

COOEC strictly complies with all applicable national laws and regulations, continuously enhances corporate governance, strengthens risk management and control in an all-round way, continues to promote the construction of Party style and clean governance, and effectively safeguards its stable operations.

### 1. Standardizing corporate governance

COOEC has created a standard and clear corporate governance structure and established scientific, effective responsibility assignment and check-and-balance mechanisms in accordance with relevant laws and regulations, including the Company Law and Securities Law of the People's Republic of China, the Code of Corporate Governance for Listed Companies and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, and the requirements of regulatory bodies such as China Securities Regulatory Commission and Shanghai Stock Exchange. The general meeting of shareholders has the power vested by relevant laws, regulations, and the Company's Articles of Association and exercises the right to make decisions on the Company's business policies, fund raising, investment, profit distribution, and other important matters in accordance with applicable laws and regulations. The Board of Directors is responsible to the general meeting of shareholders, exercises the right to implement resolutions adopted at the general meeting of shareholders and make decisions on the Company's business operations within the specified scope, and carries out inspection and supervision on the Company's finance, internal control, and senior officers' performance of their duties. The Company's management is responsible for organizing the implementation of resolutions adopted at the general meeting of shareholders and by the Board of Directors, presiding over the Company's routine operations management, ensuring that the Company operates in a standard and stable manner, and promoting the Company's benefits.



#### 1.1 About the corporate governance system

The Company has prepared a set of normative documents with respect to corporate governance in strict accordance with the Company Law and Securities Law of the People's Republic of China, the Guidelines for the Articles of Association of Listed Companies, and the relevant documents and requirements of competent securities regulatory bodies. These documents include without limitation the Articles of Association, Rules of Procedure for the General Meeting of Shareholders, Rules of Procedure for the Board of Directors, Rules of Procedure for the Board of Supervisors, Detailed Rules for President's Work, Management Regulations for Independent Directors, and Regulations on the Management of Information Disclosure and Investor Relations. The Company has established a relatively systematic corporate governance framework.





No.	Title of management regulations/rules/measures	No.	Title of management regulations/rules/measures
1	Articles of Association	12	Regulations on the Work of Board Secretary
2	Rules of Procedure for the General Meeting of Shareholders	13	Regulations on the Annual Audit Work of the Audit Committee of the Board of Directors
3	Rules of Procedure for the Board of Directors	14	Regulations on the Management of Information Disclosure
4	Rules of Procedure for the Board of Supervisors	15	Regulations on Investment Management
5	Detailed Rules for President's Work	16	Regulations on the Management of the Company's Shares Held by Directors, Supervisors and Senior Officers and Changes
6	Detailed Implementation Rules for the Strategy Committee of the Board of Directors	17	Confidentiality Regulations for Persons Having Access to Inside Information
7	Detailed Implementation Rules for the Remuneration and Performance Evaluation Committee of the Board of Directors	18	Regulations on the Ascertainment of Responsibility for Major Errors in the Information Disclosed in Annual Reports
8	Detailed Implementation Rules for the Nomination Committee of the Board of Directors	19	Offshore Oil Engineering Company Internal Accountability System
9	Detailed Implementation Rules for the Audit Committee of the Board of Directors	20	Measures for the Management of Investor Relations
10	Regulations on the Work of Independent Directors	21	Measures for the Management and Use of Raised Fund
11	Regulations on the Annual Reporting of Independent Directors		

## 1.2 About the general meeting of shareholders

The Company strictly complies with the Company Law and Securities Law of the People's Republic of China, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, and the Rules of Procedure for the General Meeting of Shareholders at all times and strictly follows the requirements of relevant laws, regulations and rules in all aspects of the general meeting of shareholders, including the calling and convening of the meeting, the presentation of proposals at the meeting, deliberative processes, voting and information disclosure, to ensure that



all of its shareholders, especially minority shareholders, fully exercise their legitimate rights and enjoy equal rights. The Company has invited lawyers to attend the previous general meetings of shareholders, confirm and witness the convening procedure, matters deliberated, and the identities of attendees, and issue legal opinions to ensure that the meetings are lawful and valid.

In 2021, the Company convened two general meetings of shareholders to safeguard the legitimate rights and interests of its shareholders effectively. At these two meetings, nine resolutions regarding the Company's annual report, profit-sharing plan, work report of the Board of Directors, work report of the Board of Supervisors, final account report, continued hiring of the Company's financial and internal audit agency, and the election of directors were deliberated and adopted.

### 1.3 About the Board of Directors

The Company elects and appoints directors following the procedure set out in its Articles of Association. The size and composition of its Board of Directors comply with applicable laws and regulations. The Board of Directors consists of seven members, three of whom are independent directors, accounting for more than one third of the total number of directors.

In 2021, the Company carefully planned its opening move for the "14th Five-Year Plan" period, convened six meetings of the Board of Directors, gave full play to the strategic leading role of the Board of Directors, adhered to the philosophy of standardized and lawful operation, continued with collective discussion and decision-making persistently, attached great importance to giving full play to the role of independent directors, and ensured that the decisions on the Company's important matters were made upon its directors' prudent discussion to safeguard the interests of its shareholders.



### 1.4 About the Board of Supervisors

The composition of the Company's Board of Supervisors complies with applicable laws and regulations. The Board of Supervisors consists of three members, including two shareholder supervisors and one employee representative supervisor. The Company convened five meetings of the Board of Supervisors in 2021. All supervisors attended these meetings of the Board of Supervisors, the general meeting of shareholders, and all meetings of the Board of Directors, properly performed their duties, supervised the Company's operations management and internal control, conducted surveys and provided recommendations for improvement on a regular basis, and fully performed their supervisory functions in accordance with the Company's Articles of Association and the Rules of Procedure for the Board of Supervisors to safeguard the legitimate rights and interests of the Company and all shareholders.

### 1.5 About management and senior officers

The Company has one Party Committee Secretary, one president and deputy Party Committee Secretary, one deputy Party Committee Secretary, one financial director, and several vice presidents. The Company's management team is practical, dedicated and experienced. The powers, functions, responsibilities and duties of senior officers have been clearly defined and assigned in accordance with the Company Law of the People's Republic of China and the Company's Articles of Association. The Board of Directors and the Board of Supervisors can check and oversee the performance of senior officers effectively.

In 2021, the Company's management and senior officers diligently performed their duties, actively implemented various resolutions adopted by the Board of Directors and the Company's development strategy, focused on the deep

integration of business and financial management, took effective actions to reduce cost and improve quality and efficiency, improved corporate governance capability, and effectively promoted the Company's operations management to a higher level.

## 1.6 About information disclosure

COOEC has carefully studied the new Securities Law and the Opinions of the State Council on Further Improving the Quality of Listed Companies, fully understood the “Four Respects” and “Four Baselines” requirements of the China Securities Regulatory Commission (CSRC) for listed companies, and promptly studied the amendments to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Regulatory Guidelines for Listed Companies issued by the Shanghai Stock Exchange. The Company attaches great importance to information disclosure and continuously solidifies the foundation for its standardized operation.

The Company prepared and published 4 periodic reports and 34 temporary announcements in 2021. For the periodic reports, the Company focused on the disclosure of the key aspects of its production and operations and detailed production data, performed an effective analysis on its financial indicators considering changes in the industry, provided an outlook on the development trends of the Company and industry, and made every possible effort to provide valuable information for investors to make decisions. The Company's information disclosure work had been rated as class A by the Shanghai Stock Exchange for three consecutive years.

## 2. About comprehensive risk management

In recent years, the Company has been dynamically improving its internal control and modern corporate governance systems. In 2021, it rebuilt its corporate governance system and framework, successively improved 149 internal control systems, achieved a plans completion rate of 137%, optimized its business processes, reduced the number of control points by 35%, improved authority settings, granted 35 additional authorizations to its subordinate units, reduced the number of approval levels by 59 and the number of institutional systems by 10.71%, thus providing strong support for its high-quality development.



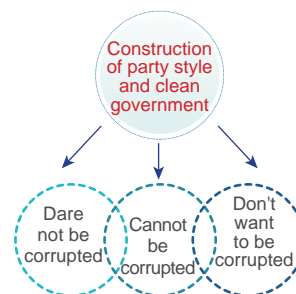
» Lufeng 14-4  
oilfields regional  
development  
project





### 3. Construction of Party style and clean governance

The Company has been continuously strengthening the construction of Party style and clean governance and the fight against corruption and pushing forward the construction of anti-corruption systems and mechanisms. First, the Party Leadership Group of China National Offshore Oil Corporation (CNOOC, controlling shareholder of the Company) has dispatched a Discipline Inspection and Supervision Team to the Company's premise to oversee and ensure the Company's operation in compliance with laws and regulations; the Company continuously deepens the reform of discipline inspection and supervision system and dispatches more discipline supervision forces to its subordinate units to promote the longitudinal extension of full and strict governance over the Party to the grassroots level. Second, the Company strengthens the supervision of the "key minority" of leading cadres. The Party Committee of the Company has prepared and issued the Implementation Measures for Strengthening the Supervision of "Top Leaders" and Leading Group to further implement the requirements on full and strict governance over the Party, strengthen the check and supervision over the exercise of power, promote the exercise of official power by leading cadres in a lawful, impartial and clean manner, and build a team of loyal, clean and responsible cadres.



#### 3.1 Ensuring the fulfillment of responsibility for the construction of Party style and clean governance

The Company has been consistently implementing the spirit of the Eight-Point Regulation of the CPC Central Committee, strengthening the supervision and inspection of key points, and working ceaselessly to oppose pointless formalities, bureaucratism, hedonism and extravagance and build a new style. The Company convenes meetings on the construction of Party style and clean governance and the fight against corruption on a regular basis to summarize the work, organize key tasks, communicate typical cases within the organization, arrange for the signing of the letter of responsibility for the construction of Party style and clean governance, and ensure the fulfillment of responsibility for full and strict governance over the Party at all levels. In addition, the Company has defined the work responsibilities and key points for the construction of Party style and clean governance and the fight against corruption, strengthened the regular supervision mechanism, and effectively promoted the fulfillment of responsibilities.



« COOEC Party Committee Secretary & President Mr. Yu Yi delivering a special lecture on clean governance

### 3.2 Constantly strengthening style building

In 2021, the secretary of the Company's Party Committee delivered special lectures on style building to promote the ideological awareness of Party members and leading cadres; the Company carried out the special work of rectifying formalism and reducing burden on grassroots, promoted the reduction of "formalism embodied in hard work" through self-examination and self-correction, carried out the campaign under the theme of "clean work style", and strived to create a strong atmosphere of clean work style by carrying out various special activities, such as special Party-themed lectures, holding seminars, watching documentaries, signing the letter of commitment to clean governance, and donating books.

### 3.3 Promoting high-quality development through regular inspection

The Company's Party Committee has established a regular inspection organization, prepared the Work Plan for Regular Inspection for the Period from 2020 to 2022, and established nine work systems for regular inspection to regulate and standardize the work of regular inspection. The Company aims to strengthen supervision on overseas enterprises, ensure effective regular inspection and effective implementation of corrective actions, make good use of the findings of regular inspection and supervision, promote high-quality "going out", conduct regular or special internal audits, and promote the purification of political ecology and the improvement

to management level by implementing corrective actions against the issues detected during regular inspection and supervision.



» A forum on overseas regular inspection attended by COOEC Party Committee members



Mobilization and deployment meeting on correcting the issues found in the first regular inspection in 2021 and performing the special "look-back" inspection





# Chapter 2

## Safe Operation and Pursuit of Safety

COOEC always adheres to the guiding position of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirits of the 19th CPC National Congress and the Fifth and Sixth Plenary Sessions of the 19th CPC Central Committee and earnestly implements General Secretary Xi Jinping's important instructions on work safety. Under the strong leadership of its Party Committee, the Company plans pandemic prevention and control and work safety in a coordinated manner, aims to "bring safety and environmental protection to an international leading level", takes the special tasks of effective implementation of the Three-year Action Plan for Special Rectification of Work Safety and QHSE management improvement as the starting point, strives to improve the dual prevention mechanism for the management and control of risks and the identification and control of hazards, strengthens the "Six Responsibilities" with respect to work safety, and continuously solidifies the foundation for QHSE management.

The Company has achieved QHSE goals and delivered a good QHSE performance. The total number of man-hours worked in 2021 is 69.01 million, which is 8.6% greater than that in the previous year. The OSHA lost time case (LTC) rate and the recordable incident rate (RIR) in 2021 are 0.003 and 0.003, respectively, which are 84.6% and 89.8% lower than the figures in the previous year. These two rates have been decreasing for three consecutive years.







◀◀ A grinder working overtime after the resumption of work during the COVID-19 pandemic

## I. Reshaping the QHSE management system

COOEC has carried out the reshaping of the QHSE management system within the whole organization to fully implement the Three-year Action Plan for the Reform of State-owned Enterprises and its Plan for the "14th Five-Year Plan" Period, establish a management system compatible with the needs of its development, and effectively manage and control its operational risks.

1. Optimization of the framework of the Company's QHSE management system from the perspectives of organization and products/services. The major activities include reviewing the interfaces between the Company

and its subsidiaries, reviewing the linkages and processes between the Company's product/service systems and its QHSE management system, reducing the number of system documents, and improving the quality of system documents.

2. Internal audit on the Company's QHSE management system. The internal audit covers all subordinate units of the Company within the scope of the QHSE management system. The audit findings show that the Company's QHSE management system complies with applicable QHSE laws, regulations, standards and codes.

3. External audit by on DNV GL the Company's QHSE management system in 2021. All the audit findings have been addressed and closed. The ISO 9001, 14001 and 45001 certifications of the Company's QHSE management system are valid.



Meeting on initiating QHSE management system reshaping

## II. Ensuring work safety

The Company considers the implementation of the Three-year Action Plan for Special Rectification of Work Safety as the main task and the treatment of major hazards and outstanding issues as a key task, strengthens safety management and emergency management in an all-round way, and proceeds with standardization to ensure its safe, stable operation. It has further improved its fundamental capability to ensure work safety.

### 1. Doing a good job in effective pandemic prevention and control

Under the circumstances of regular prevention and control of the COVID-19 pandemic, the Company adheres to the principle of preventing and controlling the pandemic by taking science-based and targeted measures, constantly improves its organization and plan for pandemic prevention and control, strictly implements the grid-based management system, strengthens measures to ensure the fulfillment of responsibilities, ensures the availability



Disinfection of the port area



A grinder working overtime after the resumption of work during the COVID-19 pandemic



of supplies required for pandemic prevention and control, takes effective measures to “prevent the importation of COVID-19 cases and the spread of COVID-19”, strengthens inspection, supervision and guidance, and implements the “five regular controls” and the “three immediate measures” to prevent and control the pandemic. In 2021, the Company arranged for 1,056 persons to enter or exit China, two foreign ships to enter and operate in China and nine self-owned vessels to exit China and operate in overseas regions, achieved full vaccination coverage (100%) among the people who should be vaccinated, and achieved the “zero infection” goal of pandemic prevention and control in all domestic and overseas workplaces, providing strong support for its stable and orderly operation.

## 2. Continuing to implement the Three-year Action Plan for Special Rectification of Work Safety

The Company thoroughly implements the new development philosophy prioritizing safety and actively executes various tasks related to the Three-year Action Plan for Special Rectification of Work Safety. In 2021, the Company completed 45 challenging tasks, including four tasks urged by the competent supervisory body, one task assigned by the competent construction authority, 23 company-level tasks, and 17 subordinate-level tasks, laying a solid foundation for further improvement in 2022. These tasks represent the preliminary achievements in the implementation of the Three-year Action Plan for Special Rectification of Work Safety.

## 3. Actively launching the "100-day" safety promotion campaign

In 2021, the Company launched the “100-day” safety promotion campaign, deepened safety management by “practicing self-reflection, increasing the sense of responsibility”, “improving the safety management system, strengthening basic safety management”, “improving the mechanism of multilevel risk management and control, strengthening risk management and control”, “deepening hazard identification, eliminating hazards in an all-round way”, “strengthening measures with respect to safety warning and education, investigating and affixing responsibility and implementing the accountability system in a strict manner”, and promoted the effective implementation of various actions to improve the level of safety management, prevent and control safety risks effectively.



Meeting on special rectification of work safety

Continuing to implement the Three-year Action Plan for Special Rectification of Work Safety

Periodic reporting

Regular communication, supervision and inspection

Completion of various challenging tasks

### Four tasks

urged by the competent supervisory body

### one task

assigned by the competent construction authority

### 23

company-level tasks

### 17

subordinate-level tasks

Preliminary achievements in the implementation of the Three-year Action Plan for Special Rectification of Work Safety, laying a solid foundation for further improvement in 2022



“100-day” campaign for HSE management upgrade, Hong Kong LNG Terminal Project



### III. Cultivating a positive safety culture

#### 1. Vigorously launching safety promotion campaigns, constantly strengthening the cultivation of safety culture

The Company has been launching various safety promotion campaigns under the theme of “fulfilling safety responsibility and promoting safe development” to build a positive safety culture. In 2021, the Company carried out more than 1,400 safety education and promotion campaigns, including safety lectures, safety education and training sessions, safety knowledge sharing, hazard identification and safety warning, which involved more than 73 thousand participants. Twenty-one senior officers and managers of the Company participated in some of these campaigns. Moreover, the Company prepared and distributed 15,677 safety banners and pamphlets, published 49 articles for safety culture promotion, and launched the “One Safety Slogan for One Crew” campaign covering 403 crews to build a positive safety culture at the crew level.



⋈ A special onsite safety training, COOEC Construction Division



⋈ Signing at Safety Month Initiation Ceremony at Zhuhai construction site for Lufeng project



⋈ Lufeng 15-1 oilfields regional development project

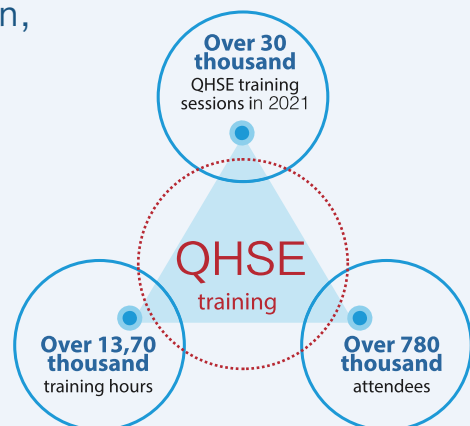




⌘ Operators handling lifting gear

## 2. Enhancing QHSE training & education, improving employees' QHSE capability

In 2021, the Company enhanced QHSE training with a focus on training sessions for crew foremen and full-time quality and safety management personnel considering its employees' varying training needs. It conducted more than 30 thousand QHSE training sessions for more than 780 thousand participants. The total number of training hours in 2021 is 1,370 thousand, which is 280% greater than the figure in 2020. These training sessions have further improved the QHSE awareness and capability of all employees.



⌘ Opening of a training session for full-time quality & safety management personnel in 2021



# Chapter 3

## Innovation-driven Concurrent Development with the Industry

COOEC attaches high importance to the development of technologies for domestic offshore projects and has been constantly improving its innovation management system, increasing its investment in science and technology, and improving its ability to transform scientific and technological achievements. The Company has obtained over 980 patents in China and developed a set of technology brands and capabilities represented by float-over installation of modules, modular construction, construction of deepwater floating units, and subsea operations, providing the power for sustainable development.





« Intelligent Manufacturing Base in  
Lingang Industrial Area,



## I. Actively promoting technological breakthroughs

The Company has made numerous breakthroughs in some key and core technologies for deepwater semi-submersible production platforms, subsea production systems, single point mooring (SPM) systems, and steel catenary risers (SCR). These breakthroughs have provided strong technological support for the smooth execution of many major projects, such as Liuhua and Lingshui projects.



Launching of a pipeline end termination (PLET)



Welding of subsea pipeline



SCR S-lay installation in 1500 m ultra-deep water

## II. Actively promoting the application of automatic welding technology for girth/vertical welds of LNG storage tanks

This technology has been successfully applied on the LNG projects in Zhangzhou and Tangshan, helping the Company achieve a weld pass rate of 99.8%, which is a record in the industry, greatly improving the Company's efficiency in the construction of LNG storage tanks, and enabling the Company to carry out onshore construction in addition to offshore operations.



⋈ Tangshan LNG Project

## III. Actively promoting "new ideas, new technologies, new methods", "simplification, standardization, localization", and the transformation of technological achievements

COOEC promotes the transformation of technological achievements by implementing its Implementation Plan for Promoting the Extensive Application of Key Technological Achievements in 2021 and the Work Plan for New Ideas, New Technologies, New Methods, Simplification, Standardization and Localization. Three hundred and nineteen technological achievements, including 1,500 m ultra-deep water SCR S-lay installation method, packaged technology for high-pressure air compressors, and automatic TT welding technique, have been widely applied on various projects, creating economic benefits amounting to 339 million Yuan.



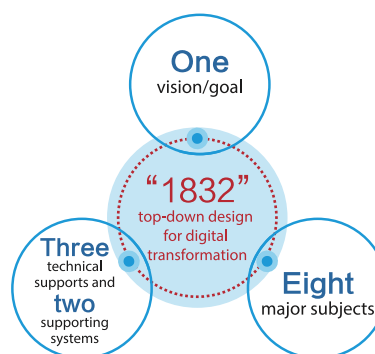
Offshore float-over installation of CEPA module for Lvda 6-2 Oilfield Development Project





## IV. Actively promoting digital transformation

Digitalization is the future direction of transformation for most enterprises. The Company has been vigorously promoting digitalization. In 2021, the Company completed the systematic “1832” top-down design for digital transformation (consisting of one vision/goal, eight major subjects, three technical supports, and two supporting systems), determined eight subjects and 14 scenarios of digital transformation, actively promoted the construction of its digital platform, put Tianjin Intelligent Manufacturing Base—China’s first intelligent manufacturing base of offshore oil and gas production equipment into trial



Meeting on the work related to the collaborative design platform



Meeting on the construction of Tianjin Intelligent Manufacturing Base

operation, and completed the development and construction of the data platform, material coding system and software of its collaborative design platform, thus greatly improving its ability to provide supporting data using big data technology. In addition, the Company completed the development and online operation of the cost management sub-system of its project management platform (phase I) and realized five major functions (including budget estimate for bidding, economic responsibility system, budget control, construction budgeting, and accounting), achieving effective tracking and analysis of project cost.



A seminar on digital delivery and digital twin



A visit to the control center of Tianjin Intelligent Manufacturing Base in Lingang Industrial



Onshore construction kickoff meeting for Bozhong 29-6 oilfield development project

The Company has made certain progress in digital twin 3D design and digital twin based simulation of the operating conditions of offshore platforms. In terms of digital simulation, the Company has built China's first digital simulation center that can simulate almost all of the typical offshore operations. Through this digital simulation center, it conducted digital simulation in the lifting, float-over installation, final joining and towing operations of Wenchang project, Dongfang project, Lingshui project, and many other projects, rehearsed and verified various operations, tested the boundary conditions, optimized the operation programs, effectively reduced risks associated with the operations, and freed itself from dependence on foreign technologies.



Bozhong 29-6 oilfield development project



# Chapter 4

## Environmental Friendliness, Environmental Protection and Coexistence with Nature

COOEC adheres to the green development philosophy and attaches high importance to environmental protection. It has been making every possible effort to establish and improve its environmental management system, explore new ways to conserve resources in an all-round manner with a focus on energy conservation and emission reduction, and search for an environmentally friendly development path leading to green transformation.





《 A themed activity on the  
World Environment Day



## I. Promoting environmental management

In 2021, no environmental pollution accident occurred within the organization, and the Company didn't receive any environmental penalty imposed by any competent environmental authority. It completed 27 key tasks with respect to environmental management, solidified the foundation for effective environmental management, improved environmental management, and created favorable internal and external conditions for its smooth production and operations by improving the environmental management system, strengthening personnel support, promoting the execution of upgrading and retrofitting projects and enhancing communication with local governments.

### 1. Improving the environmental management system by reshaping the QHSE management system

The Company carefully reviewed the existing regulations pertaining to its environmental management system, completed the revision of five system documents by means of addition, combination and amendment, and thereby further improved its environmental management system.



Onsite communication  
and practical training on  
environmental management



### 2. Strengthening personnel support to ensure effective environmental management

The Company strengthened personnel support by providing more full-time and part-time environmental management personnel and conducted professional trainings to improve their professional competence and enable them to carry out environmental management activities in an effective manner.

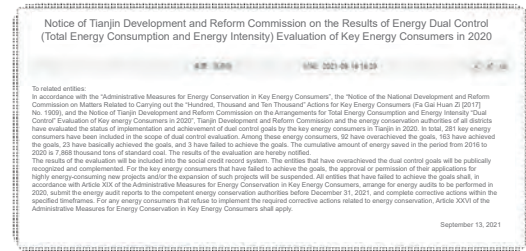
### 3. Performing upgrading and retrofitting of equipment and facilities, increasing environmental investment

The Company effectively reduced pollutant emissions, promoted the management of hazardous wastes in compliance with applicable laws and regulations, completed nine upgrading and retrofitting projects, including the retrofitting of onboard sewage systems for zero emission, the upgrading of exhaust gas after-treatment systems of non-road mobile machinery, the upgrading of organic compounds purification equipment, the installation of fume treatment equipment, the construction of hazardous waste storage sites/areas, the installation of online monitoring systems, the installation of site monitoring systems and the upgrading of access control systems, promoted the construction of environmental infrastructure, and improved its environmental governance capability.

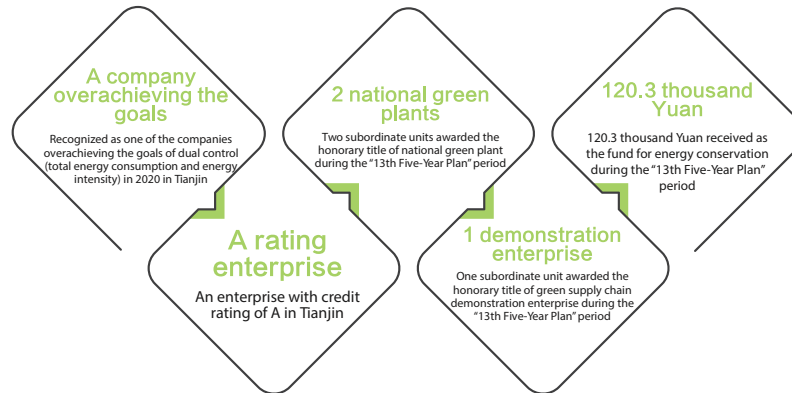


## II. Continuing to implement the green and low-carbon development strategy

The Company consistently promotes its high-quality development through energy conservation and emission reduction. In 2021, it implemented 137 measures to save energy and improve efficiency and thereby saved energy by 3,288 tons of standard coal, accounting for 206% of the preset goal, reduced carbon dioxide emissions by 9,939 tons, accounting for 101% of the preset goal, reduced water consumption by 3,970 tons, accounting for 124% of the preset goal, and saved 19.53 million Yuan of production and operating costs. In the evaluation of key energy consumers in Tianjin with respect to the dual control of energy consumption and energy intensity in 2020, the Company was recognized as one of the only five energy consumers in Tianjin Port Free Trade Zone that had overachieved the goals. It was praised by Tianjin Municipal Development and Reform Commission and awarded the title of Energy Conservation A-rating Enterprise of Tianjin. During the "13th Five-Year Plan" period, two subordinate units of the Company was awarded the honorary title of National Green Plant, one subordinate unit was awarded the honorary title of Green Supply Chain Demonstration Enterprise, and the Company received 12.03 million Yuan as energy conservation fund granted in accordance with relevant policies.



Notice on the Results of Energy Consumption "Dual Control" Evaluation by Tianjin Municipal Development and Reform Commission



### 1. Forging a common understanding of low-carbon development

The Theoretical Learning Central Group of COOEC Party Committee convened the 11th meeting to thoroughly study and implement the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy and the Action Plan for Carbon Dioxide Peaking Before 2030, interpreted and reflected on the implications and impact of carbon neutrality in an in-depth manner, and published the Special Issue of Carbon Neutrality Policy and numerous special papers such as "Where Does the Pathway to Carbon Neutrality Start" in COOEC Outlook Journal (2021 First Issue) to forge a common understanding.

Special Publications on carbon dioxide peaking and carbon neutrality



## 2. Carrying out top-down design for carbon dioxide peaking and carbon neutrality

The Company has developed the Strategy for Implementation of Carbon Dioxide Peaking and Carbon Neutrality to establish the plan of action for low-carbon development and prepared the Development Plan for the “14th Five-Year Plan” Period, which defines the key tasks with respect to emission reduction and clarifies the direction and arrangement for its low-carbon development for the coming five years. The Company carries out dynamic optimization and adjustment in accordance with the industry policies of China and CNOOC.

## 3. Establishing a goals breakdown and evaluation mechanism

The Company has properly broken down the plan for the implementation of green and low-carbon development strategy and included the letter of responsibility for annual goals and the leading group performance evaluation program to facilitate effective implementation of the plan.

## 4. Enhancing communication and cooperation with professional organizations

The Company has conducted dialogues and communication with professional organizations like the Low-Carbon Development Research Center of Tianjin Academy of Eco-environmental Sciences and Tianjin COSCO Shipping Jinfeng New Energy Co., Ltd to seek opportunities for cooperation and explore win-win cooperation modes.



Communication between COOEC QHSE Department and a team from the Low-Carbon Development Research Center of Tianjin Academy of Eco-environmental Sciences

## 5. Launching low-carbon promotion campaigns in multiple forms

The Company has launched a large number of low-carbon promotion campaigns, such as the low-carbon behavior initiative, communication on green and low-carbon development strategy, signing for commitment, low-carbon cases presentation, and energy conservation and emission reduction contest, and published numerous papers and articles, including COOEC: Inject New “Low-carbon” Impetus into High-quality Development and Full Involvement in Energy Conservation and Emission Reduction. It incorporates the green development philosophy into its development strategy, adheres to the principle of prioritizing ecological protection and promoting green development, and strives to prevent or reduce environmental pollution and ecological damage by controlling the sources, make due contributions for achieving “carbon dioxide peaking and carbon neutrality”, and create a good atmosphere of public opinions for the harmonious coexistence of humans and nature.

## 5.1 Themed papers and articles published via COOEC's WeChat Official Accounts Platform

The Company has systematically reviewed the green and low-carbon development philosophy and good practices in energy conservation and emission reduction and published a number of themed papers and articles, including COOEC: Inject New "Low-carbon" Impetus into High-quality Development and The Energy Conservation and Emission Reduction Week is Coming, through its WeChat Official Accounts Platform to create a favorable atmosphere that boosts full involvement in energy conservation and emission reduction.



A themed paper published via COOEC's WeChat Official Accounts Platform

### COOEC: Fostering "low carbon" new drivers for high-quality development

On August 27, a special report on COOEC's achievements in green development was published in China Offshore Oil News. In 2020, COOEC's carbon dioxide emissions per unit of GDP, per unit of steel tonnage, and per unit of ship work quantity decreased by 45%, 21%, and 5%, respectively, compared to the previous year; two subordinate units were awarded the title of National "Green Plant" by the Ministry of Industry and Information Technology; COOEC achieved leap-forward development in new energy industries, such as LNG and wind power industries; the total amount of new contracts for clean energy projects exceeded 1.20 billion Yuan, accounting for half of the total amount of new contracts signed in 2020.

As a member of China's "national team" for offshore oil and gas industry, COOEC has been thoroughly implementing China's requirements on ecological civilization construction, thoroughly implementing the green development strategy and energy conservation and emission reduction philosophies, actively exploring new development modes for "green offshore structure manufacturing", converting these modes into the endogenous driving force for its transformation and upgrading, and fostering "low carbon" drivers for its high-quality development.

Giving full play to the leading role of design, achieving energy conservation and emission reduction through source control



## 5.2 Low carbon commitment

The low-carbon behavior initiative was held on schedule at COOEC headquarters. The Company's management personnel at various levels and employees actively signed their names on the "Tapping into the Potential for Energy Conservation and Emission Reduction, Solidifying the Foundation for Green Development" signboard and scanned the QR code to learn the low-carbon behavior initiative.

## 5.3 Experience sharing

COOEC QHSE Department selected nine typical cases, including COOEC Building an Intelligent Low-carbon Base for Source Control, Careful and Strict Budgeting and Green and Low-carbon Practice in Buildings, and Weizhou 11-2 Oilfield Phase II Taking Multiple Measures to Conserve Energy and Reduce Emissions, from the energy conservation and emission reduction projects executed by the Company and its subordinate units from the beginning of the "13th Five-Year Plan" period, stated the innovations in energy conservation and emission reduction and their effects reflected in the typical cases, and showed these typical cases via the LED display board located in the hall of the main building.





COOEC's low carbon commitment



Hiking and Garbage Cleaning Campaign, COOEC Offshore



Contents displayed on the LED board at COOEC Headquarters



Energy conservation & emission reduction contest, COOEC Offshore Division

## 5.4 Energy conservation and emission reduction contest

The subsidiaries and branches of COOEC carried out the annual “energy conservation and emission reduction contest” under the theme of “Tapping into the Potential for Energy Conservation and Emission Reduction, Solidifying the Foundation for Green Development” in 2021. The contest involved 72 projects, including production projects, design optimization projects, and technological transformation and reform projects. The outstanding energy conservation and emission reduction projects were determined based on the judges’ review and scoring.

## 6. Building an energy-saving low-carbon base featuring source control in Lingang Industrial Area

The Company’s Offshore Equipment Manufacturing Base located in Lingang Industrial Area, Tianjin carried out energy conservation optimization from the source and implemented special optimization plans including the development or optimization of gas radiation heating system for the painting workshop, intelligent control system for air compressors, and lightning systems to plant the genes of energy conservation and emission reduction into the source. The manufacturing base will reduce energy consumption by 2,406 tons of standard coal, carbon emissions by 6,280 tons, and operating cost by 12.68 million Yuan every year after it is completed and put into operation.



Offshore Equipment Manufacturing Base in Lingang Industrial Area, Tianjin

## 7. China's first offshore "green oilfield" successfully put into operation

In 2021, Caofeidian 6-4 Oilfield, China's first offshore "green oilfield", was successfully put into operation, marking COOEC's new progress in actively implementing the green and low-carbon development strategy. The Company has successfully used shore power on Caofeidian 6-4 Oilfield by optimizing the project plan and retrofitting the existing equipment and facilities. As estimated, the annual fuel consumption of the main power generators in this oilfield will be reduced by 11 thousand tons (compared with the annual fuel consumption of fuel-powered generators onboard conventional offshore oil and gas platforms), the average annual crude oil consumption will be reduced by about 16 thousand tons of standard coal, and carbon dioxide emissions will be reduced by about 40 thousand tons.



## III. Strengthening environmental management of key pollutant-discharging entities

### 1. Information on pollutant discharge

Offshore Oil Engineering (Qingdao) Co., Ltd, a wholly owned subsidiary of the Company (hereinafter referred to as "Qingdao Subsidiary"), has been determined by the competent authority of Qingdao City, Shandong Province as one of the key pollutant-discharging entities of Qingdao City, Shandong Province in 2021. The environments subject to environmental supervision include water environment, air environment, and soil environment. The main pollutants discharged by Qingdao Subsidiary include domestic sewage, organic gases generated during painting and coating operations, and hazardous wastes generated during production.

Onshore towing and  
loadout of CEPA module for  
Caofeidian 6-4 Oilfield





## (1) How and why pollutants are generated:

① Qingdao Subsidiary only generates domestic sewage and does not generate production wastewater. The main pollutants contained in domestic sewage include COD (chemical oxygen demand), ammonia-nitrogen, and suspended solids. Qingdao Subsidiary has been listed as a key entity discharging pollutants into the water environment. The main reason is that Qingdao construction yard covers an area of 1.20 million square meters, and Qingdao Subsidiary employs a large number of production personnel. As large volumes of water are consumed, large volumes of water need to be discharged at the same time. The concentrations of pollutants in the water discharged by it, such as ammonia-nitrogen and COD, comply with the emission standards and relevant regulations, but due to large volumes of water discharged, large amounts of ammonia-nitrogen and COD are discharged at the same time. For these reasons, Qingdao Subsidiary has been classified as a key water pollutant-discharging entity subject to supervision.

② The main pollutants in waste gases include benzene, toluene, xylene, non-methane hydrocarbons, and particulate matters from the fumes generated during welding, dust generated during grinding, particulate matters and dust generated during shot blasting, and organic gases generated during painting/coating and drying. Although the concentrations of these pollutants comply with the emission standards and relevant regulations, large amounts of waste gases are discharged because of the use of paints and coatings in large quantities. For these reasons, Qingdao Subsidiary has been classified as a key air pollutant-discharging entity subject to supervision.

③ The main soil pollutants are the hazardous wastes that are generated during the construction of offshore structures in Qingdao yard and might cause soil contamination. These hazardous wastes mainly include waste paint buckets, waste paint slags, waste mineral oil, waste paints and paint thinners, and waste coolants. These wastes might leak or spill when they are being collected and/or stored, resulting in soil contamination. Therefore, Qingdao Subsidiary has been classified as a key soil pollutant-discharging entity subject to supervision. However, Qingdao Subsidiary attaches great importance to waste management, and no soil pollution incident caused by the leakage/spillage of wastes has occurred.

## (2) Modes of pollutant discharge:

① All the domestic sewage generated by Qingdao Subsidiary is pretreated in the integrated sewage treatment facility in the yard to comply with the Class B standards specified in the Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015), discharged into the municipal sewers, and then transferred to Nibu Bay wastewater treatment plant. Qingdao Subsidiary has installed an online wastewater monitoring system that is connected with the network of the local environmental authority 24 hours a day.

② The welding fume and grinding dust generated during Qingdao Subsidiary's production activities are collected, filtered and removed with portable fume extractors and dust collectors fitted with self-circulating filter cartridges. The powders of metal oxides generated during shot blasting are removed with two-stage cyclone cartridge dust collectors and discharged via the 25 m exhaust stack after they are treated in accordance with the emission standards. The aerosol and dust generated during painting/coating are purified in the zeolite rotary adsorption unit. Organic waste gases are transferred to the regenerative catalytic oxidizer (RCO) for treatment, and the purified waste gases are discharged via the 25 m exhaust stack. Qingdao Subsidiary has installed an online VOCs monitoring system that is connected with the network of the local environmental authority 24 hours a day.



③ Qingdao Subsidiary has authorized an independent contractor with the qualification for the disposal of hazardous wastes to dispose of the wastes that might cause soil contamination in accordance with the relevant laws and regulations. These hazardous wastes are temporarily stored in the hazardous waste storage facility before they are disposed of by the contractor. The floor of the hazardous waste storage facility has been provided with means of protection against leakage and overflow, and the storage facility has been provided with anti-overflow system and recovery tanks to ensure that the hazardous wastes will not cause soil contamination during storage.

### (3) Concentrations and total emissions:

#### ① Organized waste gas emissions:

Benzene: 0.095 T;

Toluene: 0.247 T;

Xylene: 1.349 T;

Non-methane hydrocarbons: 4.51 T;

Particulate matters: 3.793 T.

The concentrations of various pollutants at discharge outlets are lower than the specified levels.

#### ② Sewage emissions:

Sewage: 37,900 m<sup>3</sup>;

Average COD concentration: 88.9 mg/L, total COD emissions: 3.3 T;

Average ammonia-nitrogen concentration: 3.72 mg/L, total ammonia-nitrogen emissions: 0.107 T.

It is to be noted that all of the domestic sewage generated by Qingdao Subsidiary is transferred to the wastewater treatment plant via the municipal sewer system. The COD and ammonia-nitrogen emissions given herein are the amounts of COD and ammonia-nitrogen discharged to the wastewater treatment plant instead of the amounts directly discharged into the water environment. Therefore, the COD and ammonia-nitrogen emissions will not cause water pollution.

(4) Verified total emissions: no verified total emissions (no relevant requirement by the local environmental authority).

(5) Excess emissions: none.



## (6) Applicable emission standards: for organic gases:

Emission standards specified in Table 1 of the Emission Standard of Volatile Organic Compounds-Part 5: Surface Coating Industry (DB37/2801.5-2018); for organized emission of particulate matters: emission standards specified in Table 1 (emission concentration limits for air pollutants (stage III)) of the Integrated Emission Standard of Regional Air Pollutants of Shandong Province (DB37/2376-2013); for unorganized emission of particulate matters: emission standards specified in Table 2 of the Integrated Emission Standard of Air Pollutants (GB16297-1996); for wastewater discharge: class B standards specified in the Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015).

## 2. Construction and operation of facilities for pollution prevention and control

Qingdao Subsidiary has installed an integrated sewage treatment system with a processing capacity of 200 T/d in the yard. The quality of water discharged from this system meets the class B standards specified in the Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015).

All painting workshops in the yard are equipped with organic gas purification and dust collection systems. The environmental equipment and facilities are maintained on a regular basis, and the maintenance records are completed and retained. All environmental facilities are operating properly. Organic gas emissions meet the applicable standards.

## 3. Environmental impact assessment (EIA) and other environmental permits for construction projects

(1) Response of Qingdao Municipal Bureau of Ecology and Environment to the Environmental Impact Assessment (EIA) Report for Qingdao Yard Phase I Project of Offshore Oil Engineering (Qingdao) Co., Ltd.

(2) Response of Qingdao Municipal Bureau of Ecology and Environment to the EIA Report for Qingdao Yard Phase II Project of Offshore Oil Engineering (Qingdao) Co., Ltd.

(3) Response of Qingdao Municipal Bureau of Ecology and Environment to the EIA Report for Qingdao Yard Phase III Project of Offshore Oil Engineering (Qingdao) Co., Ltd.

## 4. Resolutely preventing and controlling pollution, proceeding with the upgrading and retrofitting of environmental facilities

In 2021, Qingdao Subsidiary completed the installation and acceptance inspection of 15 welding fume and dust collection/removal facilities for module assembly and pipe fabrication workshops. These facilities will further improve the working environment and reduce pollutant emissions after they are put into operation.

## 5. Zero environmental pollution incident and zero environmental administrative penalty within the organization of Qingdao Subsidiary

# IV. Strengthening environmental management of ships and vessels

## 1. Prevention and control of pollution from ships

The Company strictly complies with the Discharge Standard for Water Pollutants from Ships (GB 3552-2018). As of December 31, 2021, it had completed the zero-emission retrofitting of the domestic sewage systems of eight ships (including HYSY (HAI YANG SHI YOU) 225, HYSY 226, BH 108, LAN JING, LAN JIANG, HYSY 228, HYSY 229, and HYSY 221).

## 2. Prevention and control of pollution in emission control areas for atmospheric pollution

The Company strictly complies with the International Convention for the Prevention of Pollution from Ships (MARPOL), the Implementation Scheme of the Domestic Emission Control Areas for Vessels in the Pearl River Delta, the Yangtze River Delta and the Bohai-Rim Area (Beijing, Tianjin and Hebei) (Jiao Hai Fa No. [2015] 177) issued by the Ministry of Transport, and the Implementation Scheme of the Domestic Emission Control Areas for Atmospheric Pollution from Vessels (Jiao Hai Fa No. [2018] 168) issued by the Ministry of Transport.

For the Company's ships using light fuel oils, the sulfur content in fuel oils is controlled at levels below 0.1% m/m (lower than the levels specified in MARPOL and required by the Chinese government). The Company's ships using heavy fuel oils are equipped with devices for converting high sulfur fuel to low sulfur fuel and strictly comply with the procedure for the conversion of high sulfur fuel to low sulfur fuel.

## 3. Disposal of sludge, oily water and wastes from ships

The Company has established a safety management system for ships in accordance with applicable maritime laws and regulations to expressly define the requirements for the disposal of sludge, oily water and wastes from ships. Pursuant to the requirements of the Provisions on the Administration of Lead Seals of Pollutant Discharge Equipment of Ships Operating in Coastal Waters (Jiao Hai Fa No. [2007] 165), the Company adheres to the principle of zero discharge of oily water from its ships and has signed a waste collection agreement with a qualified organization for the collection and disposal of oily water from ships. In addition, it has signed contracts with qualified professional companies for collecting oily water and wastes and issuing the waste collection certificates that meet the requirements of the maritime authorities.

## 4. Emergency management

The Company's ships are provided with the Garbage Management Plan (GMP) and Shipboard Oil Pollution Emergency Plan (SOPEP) approved by the Maritime Safety Administration of the People's Republic of China and operate in strict accordance with the GMP and SOPEP.



Bozhong 26-3 project



The Company organizes emergency drills on a regular basis on its ships and premises to improve its emergency response capability and its employees' onsite disposal capability and to reduce environmental impact.

The Company actively introduces advanced environmental concepts and ideas and continuously improves its environmental management with effective management tools, such as the optimization of equipment structure and innovation in science and technology, to ensure that its ships operate in compliance with laws and regulations and in an environmentally friendly manner.

## 5. Zero environmental pollution from ships within the organization of the Company in 2021.

# V. Protecting biodiversity

The Company attaches high importance to biodiversity protection and actively take actions to promote ecological restoration and environmental improvement around offshore operation areas and eliminate or reduce the negative impact of its operations on the ecosystem and biodiversity to the maximum extent possible.

## 1. Preventing oil spills, protecting marine wildlife

The Company thoroughly implements integrated eco-environmental governance, strictly complies with the environmental laws and regulations of the countries and regions where it carries out operations, strengthens eco-environmental protection, avoids discharging hazardous wastes and pollutants into the ocean and prevents oil spills as far as practicable during its operations. It has established effective measures and procedures for protection against oil spills that might occur during offshore installation and other operations. Its subordinate units carrying out offshore operations strengthen the management and control of risks associated with oil spills by perform safety inspections prior to the maintenance/repair of platforms and underwater repair welding of submarine pipelines, carrying out regular maintenance of oil spill containment and recovery equipment, and conducting irregular emergency drills on oil spill to prevent the negative impact of any oil spill on marine wildlife.

## 2. Vigorously developing services for the dismantlement of abandoned offshore oil and gas platforms, making contributions to the protection of the marine environment

The Company has retrofitted its own offshore vessels to adapt them to the needs of dismantling oil and abandoned offshore platforms in the sea areas of China and other countries and regions in the world to prevent the occupation of marine resources by such platforms and the negative impact of the long-term abandonment and corrosion of such platforms on the survival and growth of marine wildlife. In recent years, the Company has been actively recommending its platform dismantlement services to oil companies and vigorously developing new markets. It has dismantled numerous old platforms in the Bohai Sea and the South China Sea and Chevron's platforms in the sea area of Thailand with its efforts recognized by the platform owners and thereby made its contributions to the protection of marine environment and wildlife.

## 3. Promoting the construction of a green plant onshore, preserving soil and groundwater

Qingdao Subsidiary has been promoting the construction of a green plant and building a green plant characterized by intensive land use, clean production, utilization of wastes as resources, and low carbon dioxide emission. Qingdao Subsidiary uses advanced, suitable clean production processes/techniques and efficient end-of-pipe treatment equipment, continuously improves the efficiency and rate of resource utilization, and strives to build a green plant, reduce VOCs emissions, reduce emissions of waste liquid generated during cleaning, and better preserve soil and groundwater.



#### 4. Building green and low-carbon offshore vessels, reducing negative impact on marine wildlife

The Company advocates the idea of green ships and employs sophisticated technologies to conserve resources and minimize environmental pollution during its ships' entire life cycle. It uses the EEDI (Energy Efficiency Design Index) and the SEEMP (Ship Energy Efficiency Management Plan) to manage its ships. For the design of new ships, it optimizes the selection of marine equipment, preferentially selects the equipment with high energy efficiency, optimizes the system configuration and parameter setting of marine electromechanical equipment, promotes the application of waste heat and gas heat recovery technologies and equipment, reduces emissions of nitrogen oxides, sulfides and carbon dioxide, uses more environmentally friendly materials, minimizes the use of hazardous materials, aims to achieve the goal of zero emission of domestic waste, bilge water, oily water and domestic sewage, promotes the use of safe and environmentally friendly coating materials to prevent the negative impact of hull paints/coating materials on marine wildlife, and strives to protect biodiversity and coexist harmoniously with the environment.



Qingdao Offshore Structure Construction Yard

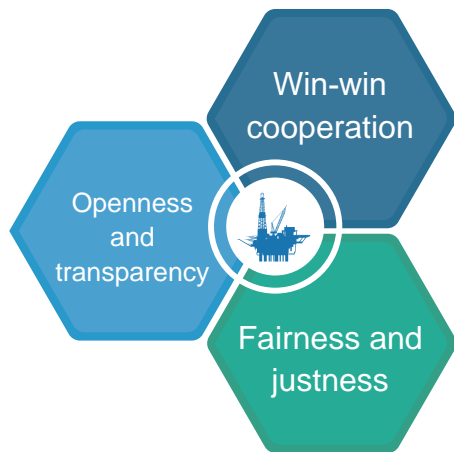




# Chapter 5

## Win-win Cooperation and Mutual Growth with Partners

COOEC endeavors to establish an effective mechanism for open, just, and fair cooperation, fully safeguards the legitimate rights and interests of its investors, customers and suppliers, grows together with its partners, shares the benefits of development with its partners, adheres to the people-oriented philosophy, strives to establish harmonious relations with its employees, encourages its employees to participate in the democratic process of its management, and takes active steps to create a healthy, happy working environment and build a stage for its employees' career development and growth.





« Completed hull of Shenhai-1  
(photo sphere)



## I. Win-win cooperation with partners

COOEC is well aware that establishing healthy, safe and sustainable relations with its partners is the foundation for its stable development and an important link of its efforts in fulfilling its social responsibility. The Company constantly seeks opportunities for cooperation in an open manner, fully safeguards the interests of its investors, offers quality products and services to its customers, takes active steps to build a responsible supply chain, and works closely with its upstream and downstream partners to build an industrial chain that supports its development and ensures win-win cooperation.

### 1. Safeguarding investors' interests

The Company fully safeguards its investors' right to know, the right to make decisions and the right to share profit, constantly strengthens the management of investor relations, continuously improves its information disclosure mechanism and communication system, creates diversified, information-based, multilevel communication channels, discloses detailed information to the capital market and its investors in a timely, active and truthful manner, serves institutional investors, individual investors and industry research institutes, and strives to make contributions for building a standard capital market characterized by openness, transparency, vitality, and resilience. The MSCI ESG rating of COOEC in 2021 is BBB.

67	7	4	8	0.08 Yuan
Assistance for telephone surveys by brokers and investors	Online communication	Periodic report	Document of investors questions and answers	Earnings per share

### 2. Offering quality products and services

The Company firmly adheres to the philosophy that "Quality is the Lifeline of Enterprises", implements a policy that prioritizes quality, strives to build a quality culture that advocates "Doing It Right The First Time (DRIFT)" through multiple measures, takes effective actions to ensure effective quality management, and offers quality products and services to its customers.

#### 2.1 Strengthening quality control over key products

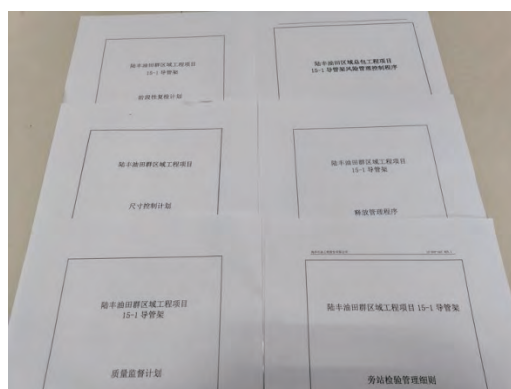
The Company has carried out random inspections on the quality of critical welds and hired a fourth party to perform random inspections on the critical welds of the modules and jackets for 11 projects in Tanggu, Qingdao and Shenzhen construction yards. The results of those random inspections indicate that quality of critical welds and the quality of nondestructive testing (NDT) are stable.

#### 2.2 Strengthening the management of subcontractors' operation personnel' s skills

The Company has established a system for certifying the operation personnel of its subcontractors and evaluating their professional skills, which covers 11 jobs and includes various skill levels, to ensure that they are competent for their jobs and to strengthen onsite quality control.

#### 2.3 Improving quality control over purchased items

The Company has established a special working team responsible for maintaining quality control over materials and equipment purchased by the Company, managing the quality of purchased items in a unified manner, and carrying out quality control over purchased items throughout the whole project process from bidding to execution.



Quality control documents

## 2.4 Continuously solidifying the foundation for supply chain management

The Company has thoroughly implemented the supply chain management philosophy, prepared or revised 14 regulations based on the problems found during the trial operation of the supply chain system, and established a preliminary supply chain system featuring “clearly defined authority and responsibility, efficient decision-making, effective risk control, and closed-loop management”, laying a solid institutional foundation for supply chain construction and management. In addition, it has carried out the work of “delegating authority, combining the delegation of authority with management, and optimizing services”, reviewed and optimized related processes and authorities, included these processes and authorities into its Management Manual for the Transition Period of Deep Reform and the Business Authority Manual, and prepared 12 procurement guidelines.



« Quality control measures:  
welder qualification test

14

new or revised  
regulations

12

procurement  
guidelines

## II. Employee care

COOEC adheres to the “people-oriented” philosophy, considers promoting employees’ all-round development as one of its important development goals, fully safeguards its employees’ fundamental rights and interests, attaches great importance to the building of talent teams, protects and cares for its employees, and strives to create a working environment that fosters tolerance, equality, mutual trust and cooperation and to create more values while ensuring its employees’ growth and development.

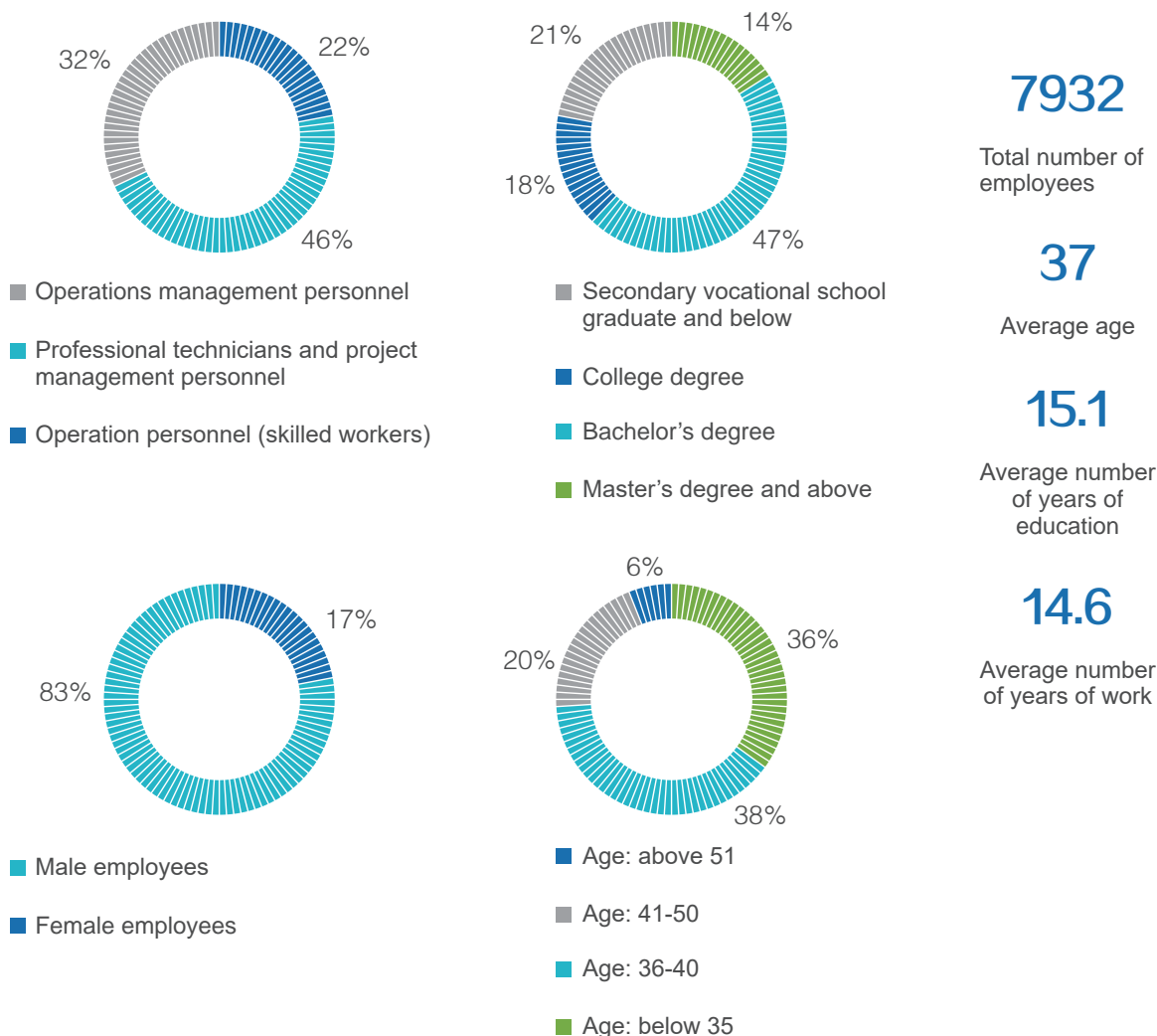
### 1. Safeguarding employees’ interests

The Company implements a value-based remuneration system and a performance-related pay (PRP) system, continuously improves its employee remuneration and welfare systems to ensure high compatibility with employees’ positions and its business development, improves the interactive mechanism linking performance evaluation with income distribution, strengthens the evaluation and honoring of performance bonus, and improves the constraint and incentive mechanism that links the distribution of performance bonus with the evaluation of its business performance and employees’ individual performance. In addition, it constantly promotes the construction of a market-oriented remuneration system, endeavors to establish an award and incentive system that involves multiple elements including production, technology, and management and covers the setting of performance indicators at the beginning of each year, the evaluation of outstanding contributions, and the summarization of important achievements at the end of each year, continuously strengthens targeted incentives for the personnel engaged in research, at critical positions and on the front lines, and thereby provides remuneration and welfare support for its high-quality development. As of the end of 2021, the Company had 7,932 employees, and the number of female employees accounted for 9% of the total number of intermediate and senior management personnel.



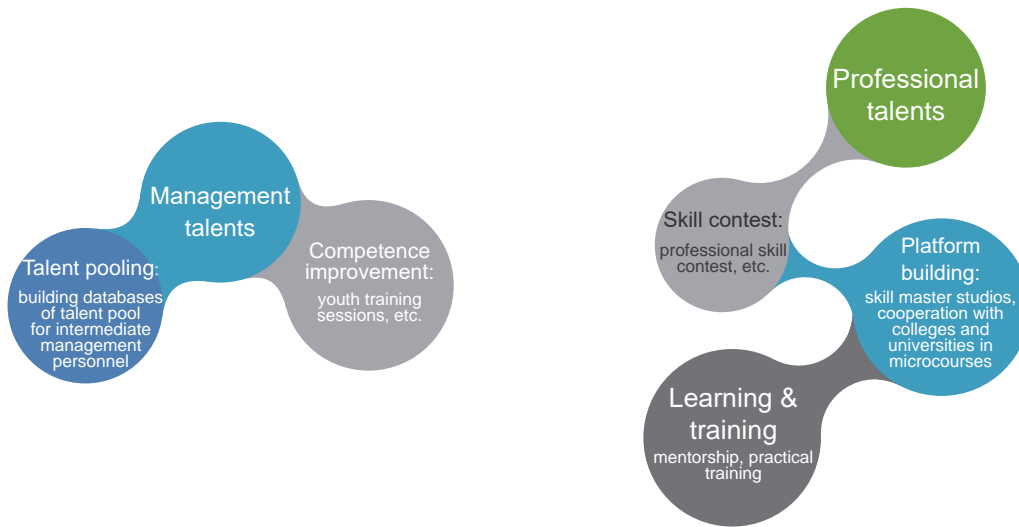
The Company has systematically planned the implementation of the three system reforms and vigorously carried out a series of reforms, including organizational optimization and reform of its management personnel, labor employment and income distribution systems. By implementing the competitive selection process, it has promoted 36 persons to the intermediate management level. The number of employees at the age of about 40 and below 40 accounts for more than 80% of the total number of intermediate management personnel. The average age of intermediate management personnel has decreased by 3.2 years, and the age structure of its management personnel has been improved significantly and generally meets the 4:4:2 requirements. The Company has signed contracts with all the intermediate management personnel working with its subordinate units and at its headquarters.

## Employees



## 2. Conducting employee training

In 2021, the Company earnestly implemented the spirit of the Central Conference on Talent-related Work, made solid strides in implementing the strategy of "enterprise development powered by talents" and the "3+1" talent development program, continued to improve the "Five-in-One" training system, determined the pathway for establishing a training portfolio consisting of generally applicable trainings, trainings for improvement, special trainings and high-end training, and continued to develop innovative training modes, seek additional training resources, optimize training processes, strengthen training support, and improve employees' overall quality and competence. The total number of trainees in 2021 is 194,300, the total number of training hours is 1.34 million, and the average training hours per person is 169, which is greater than the require number of training hours. In addition, the Company vigorously promoted the use of the "Extensive Learning" platform (a mobile APP), conducted basic knowledge trainings targeted at all employees, developed innovative training methods, improved the efficiency and effectiveness of training, and provided talent support for its efforts in developing towards a leading international energy engineering company with Chinese characteristics.



### 3. Strengthening employee incentives

The Company focuses on talent development, continuously improves the system of positions and professional titles, provides clear pathways for its employees' vertical development, establishes horizontal communication mechanisms, reasonably plans the structure of its talent team, elects outstanding talents, promotes market-based selection and employment of talents, continues to optimize its employee remuneration, incentive and performance evaluation systems, and motivates its employee to work hard and achieve progress. Meanwhile, it takes active steps to recognize the project management teams, employees, groups, and project managers and representatives who have delivered outstanding performances, gives full play to the demonstrative and leading role of models, and encourages all employees to deliver outstanding performances and constantly improve their competitiveness.



⋈ Ceremony of "Two Systems & One Contract" signing by intermediate management personnel

### 4. Carrying out health promotion activities

The Company always adheres to the people-oriented philosophy, strictly complies with all applicable occupational health laws and regulations, constantly strengthens labor protection, continuously improves production and working environments, and fully protects its employees' health and interests.



⋈ Opening of the Training Camp for the New Employee Sailing Program in 2021





⌘ Ceremony of the Opening of Liu Hailin Skill Master Studio & the Signing of Skilled Talent Training Agreement



⌘ 10th Professional Skill Contest for fitters



⌘ 2021 "ARC Cup" Welding Competition of Belt & Road and BRICS Skills Development and Technology Innovation Competition



⌘ Photo of COOEC senior management with the winners of the "Craftsmanship Award" and nominated candidates

#### 4.1 Actively launching the Healthy China Initiative

In 2021, the Company prepared and issued the Plan for the Implementation of the Healthy China Initiative, carried out 41 specific tasks with respect to general health management and the prevention and control of occupational diseases, and thereby promoted the implementation of the Healthy China Initiative within the organization.

The Company actively submitted an application for the title of excellent health enterprise to the Patriotic Health Campaign Committee of Binhai New Area, Tianjin and was awarded the honorary title of "2021 Top Ten Excellent Health (Promotion) Enterprise" in Binhai New Area after three rounds of appraisal and open voting.



⌘ Opening Ceremony of Fun Games



⌘ Campaign of Chinese New Year greeting to new employees under the theme of "Warmth, Youth, Love at COOEC"

## 4.2 Strengthening employee health protection

The Company strengthened health examination and screening by evaluating, adjusting and optimizing physical examination items to protect its employees' health, optimized the design of work uniforms to improve the usability and convenience of use, and achieved a degree of satisfaction higher than 98%.

## 4.3 Offering mental health care services to employees

The Company carried out a variety of activities to promote and ensure employees' mental health. These measures include mental health tests, mental health counselling hotline (400-1001063), psychological intervention, and mental health care services for the personnel performing offshore activities.

## 5. Enriching employees' lives

By providing a complete set of facilities including office buildings, parking lots, and employee reading rooms, the Company enables its employees to take part in sports, cultural and arts activities to enrich their lives, takes active steps to show care and love for needy employees and retirees, and strives to enable all employees to feel warmth from the Company and enjoy their happy lives.



⌘ Celebration of International Women's Day on May 8



⌘ COOEC Spring Long Distance Race



# Chapter 6

## Harmony, Sharing, and Prosperity together with Society

COOEC attaches equal importance to development and contribution, actively gives back to society, supports educational development, helps socially disadvantaged groups, makes contributions to targeted poverty alleviation, supports public welfare undertakings through actions, gathers all possible power to serve the community and care for society, passes on love and virtue by doing good deeds, and contributes to society.

Visits to  
**28**  
needy  
families



Total  
donation of  
**279**  
thousand  
Yuan

**3617**  
thousand Yuan  
for poverty  
alleviation  
through  
consumption





◀ Aerial panoramic photograph of Libozhuang Village and Huangtukan Village assisted by COOEC Poverty Alleviation Working Group



## I. Continuing with the work of poverty alleviation

The Company carried out poverty alleviation among its employees. In 2021, by launching the special Spring Festival campaign under the theme of "Delivering Warmth to Needy Families" and paying visits to needy families before festivals, the Company visited 28 needy families, donated 279 thousand Yuan, and helped them solve their problems and difficulties as far as practicable. Besides poverty alleviation among its employees, the Company also actively promoted poverty alleviation through consumption of products from paired poverty alleviation areas and invested 3,617 thousand Yuan into poverty alleviation through consumption in 2021.



⌘ Aerial panoramic photograph of Libozhuang Village and Huangtukan Village assisted by COOEC Poverty Alleviation Working Group

## II. Actively carrying out the work of rural revitalization

In order to implement the national rural revitalization strategy and thoroughly implement the Opinions on Continuously Selecting and Assigning First Secretary and Task Force to Key Towns and Villages issued by the General Office of the CPC Central Committee, the Company selected and assigned three first secretaries and task force members to the key villages in Tianjin in accordance with the requirements of the upper-level Party organization. During visits to



⌘ A seminar for studying and analyzing the plan to assist economically disadvantaged villages



⌘ Communication on irrigation facilities

the families of its employees and external communications, the Company actively promoted the sales of agricultural products for rural revitalization, assisted the cadres stationed in villages in expanding sales channels for agricultural products, achieved sales revenue of 1,001.1 thousand Yuan from the selling of agricultural products, and thereby made great contributions to rural revitalization.



Left-behind children visiting a maritime museum with the help of COOEC volunteers



Second "Love & Sunny Day" charity bazaar organized by COOEC

### III. Actively participating in charity and public welfare understandings

In 2021, the Company took active steps to provide volunteer services, continued to regulate and standardize the youth volunteer campaign themed "Blue Power", organized various volunteer services and activities including promotion activities with respect to the classification of domestic wastes, visits to children with disabilities, and the collection of propaganda drawings on special days such as Lei Feng Day and China National Maritime Day. In addition, it carried out volunteer services and activities such as the "Love · Sunny Day" charity bazaar, raised more than 60 thousand Yuan from charity bazaars and donations, paid visits to a number of Hope Primary Schools, donated the fund raised from charity bazaars to two Hope Primary Schools in Longhua County, Hebei to help them improve teaching conditions, paired up with three left-behind children in Binhai New Area to help and care for them, visited left-behind children on a regular basis, organized meaningful activities to make left-behind children and their families feel loved and helped, and thereby fulfilled its corporate social responsibility.

**1,001.1**  
thousand Yuan

Promoting the sale of agricultural products for rural revitalization, assisting the cadres stationed in villages in expanding sales channels for agricultural products, supporting the sale of agricultural products for rural revitalization

Over **6** thousand Yuan

Carrying out volunteer services and activities such as the "Love · Sunny Day" charity bazaar, raising over 60 thousand Yuan from charity bazaars and donations



# Outlook 2022

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2022 is a critical year for COOEC to continue implementing its Development Plan for the “14th Five-Year Plan” Period and an important year for us to implement new philosophies, make new strides, and embark on a new journey. In the coming new development stage, the Company will seize the opportunities brought by the “Two Systems and One Contract” reform, deeply understand and keep in mind the “internal and international imperatives”, actively align with the “dual circulation” development paradigm, strive to achieve the goal of “Two Increments, Two Controls, Four Improvements” and growth in “Two Profits and Four Ratios”, benchmark itself against the first-class enterprises in the world, promote its high-quality development, actively fulfill corporate social responsibility, and make greater contributions while striving to build a leading international energy engineering company with Chinese characteristics.

## Persistently pursuing quality and safety, setting a new benchmark in safety performance

“Quality is the rice, and safety is the bowl.” This “Bowl” culture will help the Company focus on quality and safety management at all times and constantly solidify the foundation for its development. The Company will start with the reshaping of its QHSE management system upon completion of the three system reforms, effectively reshape its QHSE management system, successfully complete the “Three-year Action Plan”, analyze the common issues of safety hazards and accidents in an in-depth manner, thoroughly investigate the contradictions and causes, continuously improve the QHSE management system, continue to upgrade quality control, improve its quality management capability in a systematic manner, provide support for the delivery of projects with zero defect, constantly ensure pandemic prevention and control within the organization, strictly implement the “five regular controls” and the “three immediate measures” to prevent and control the pandemic, create a positive situation in joint pandemic prevention and control, and achieve the pandemic prevention and control goal of “zero imported case and zero infection”.

## Continuing to emancipate the mind and deepen reforms, getting ready at the new starting point for development

Reforming means discarding the old and introducing the new. The first prerequisite for a reform is to continuously emancipate the mind, and the ultimate purpose of a reform is to enable the Company to achieve lead-forward development. The Company will resolutely give full play to the guiding role of its strategies, focus on strategic tasks, make selective efforts, persistently strive to achieve the strategic goals, and reconstruct its systems with great determination. With the implementation of the “Two Systems and One Contract” reform, the organizations at various levels have been enabled to provide effective support for achieving the strategic goals. The functional departments of the Company should take hold in the work of “delegating authority, combining the delegation of authority with management, and optimizing services” and actively promote the progress of systems reconstruction. As an engineering company, COOEC will adopt a market orientation, foster positive thinking with respect to market-based pricing, target cost and its operations, persistently create strong brand values, adopt customer-oriented approaches, focus on “projects + products + services”, create a brand pattern featuring diversification, and offer diversified services to customers.

## Centering around main business while exploring new markets, creating new impetus for efficient development

Development centered on main business is a constant strategic policy for the Company, and speeding up the transformation towards low-carbon development is an imperative requiring hard work. The Company will vigorously execute the task of increasing reserves and production, properly handle the constantly increasing workload from construction projects, achieve “win-win” results by improving efficiency from the perspective of management, resource and technology, strive to explore new markets in the clean energy industry, give full play to the guiding role of its strategies, seize opportunities for the development of clean energy, continuously endeavor to make greater breakthroughs in natural gas, offshore wind power and other markets, steadily increase its shares in overseas markets, establish good cooperative relations with the owners of projects under construction, continue to create new industrial chains for technology and innovation, set innovation goals based on its development strategy, expand industrial chains based on market demand, and persistently promote standardization and technological development for Bohai Sea oilfield projects.

## Focusing on strengthening profitability, establish a new performance evaluation mechanism

Making profit is one of an enterprise's responsibilities, and profitability represents an enterprise's development potential. Performance evaluation is not only a guide, but also a driving force that motivates management personnel and employees to work hard and make progress. The Company's high profitability is the cornerstone of its high-quality development. The Company will serve the needs of the “dual circulation” development paradigm both at home and abroad with its internal and external resources, maintain a long-term mechanism that is referable, extendable and duplicable, and continue to promote the progress of business-finance integration. The Company's performance evaluation mechanism supports its high profitability. The Company will strive to carry out performance evaluations in an accurate manner and ensure adequate authorization, proper breakdown of goals, and clear assignment of responsibilities. The indicator system is the basis for effective performance evaluation. The Company will optimize and finalize the cost-sharing mechanism from the perspectives of responsibility cost and non-responsibility cost, focus on creating values, fully motivate its project companies, branches and subsidiaries, and form a community of shared interests.

## Adhering to the guiding position of Party building, promoting continuous innovation, and making new progress in integration and development

While embarking on the new journey, the Company will resolutely adhere to the advantageous guiding position of Party building and promote the deep integration and concurrent progress of Party building with its production and operations. First, the Company will continuously promote the deep integration of Party building and safe production,





produce samples for the integration, grasp the key points of the integration, promote the integration through joint efforts, clearly define the responsibilities for the integration, and ensure the fulfillment of these responsibilities. Second, the Company will continuously promote the deep integration of Party building and corporate culture, speed up the building of corporate culture, and build a positive corporate culture with core values that can reflect its unique characteristics and provide guidance for its development in the future. Third, the Company will continuously promote the deep integration of Party building and public services, adopt a more down-to-earth approach at work, foster a strong sense of accountability, and use its best efforts to address the common concerns frequently reported by the public, the difficult problems to be solved urgently, and the outstanding issues with respect to public welfare that have not been solved for a long time.

There are both opportunities and challenges at the point of intersection between the "Two Centenary Goals". In the face of complex internal and external context factors such as the continuous impact of the COVID-19 pandemic and the unprecedented changes in a century, COOEC will adhere to the guiding position of the Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, take hold in the new development stage, implement the new development philosophy, align with the new development paradigm, uphold the Party's overall leadership, strengthen Party building, thoroughly implement the energy security strategy, take the goal of "carbon dioxide peaking and carbon neutrality" as the guide, speed up the adjustment of energy structure, persistently

promote the progress of deepened reforms and innovation-driven development in an overall and coordinated manner, promote the modernization of management systems and management capabilities, maintain a systematic approach, take effective measures to prevent or mitigate various risks, seize the opportunities for development, promote refined management, establish a long-term mechanism for improving quality and efficiency, improve its scale, profitability and quality in an all-round way, actively respond to the expectations of society, customers, shareholders, employees, governmental authorities, regulatory bodies and other interested parties, ensure its sustainable, healthy and high-quality development, embark on the new journey with a strong fighting spirit, take solid steps to achieve the predetermined goals, use the best efforts to build a reputable listed company, and continuously fulfill its corporate social responsibility.





