

China Oil HBP Science & Technology Corporation Ltd.

Tel: 010-82809807

Official website: www.china-hbp.com

Address: 12/16F, Jin'ao International Office Building, No. 17 Madian East Road, Haidian District, Beijing

2023 | Environmental, Social and Governance Report
China Oil HBP Science & Technology Co., Ltd



About the Report



The Report is the second environmental, social and governance (ESG) report released by China Oil HBP Science & Technology Co., Ltd. (hereinafter referred to as "HBP", "Company" or "We"), which shows investors and other stakeholders the actions taken by the Company in implementing the concept of sustainable development in its operations and focusing on key issues related to environmental, social and corporate governance and the results achieved in 2023.

Reporting Period

This is an annual report and the reporting period is from January 1, 2023 to December 31, 2023. Some contents are beyond this scope.

Reporting Scope

The Report covers HBP and its subsidiaries. Unless otherwise specified, it is consistent with the scope of consolidated financial statements for the same period of the Company.

Reference remarks

Abbreviation	Full name
HBP/Company/We	China Oil HBP Science & Technology Co., Ltd.
HBP Energy Source	HBP Science & Technology Corporation., Ltd.
HBP Machinery	Daqing HBP Petroleum Machinery Manufacturing Co., Ltd.
HBP Environmental Engineering	HBP Environmental Engineering Technology Co., Ltd.
KETR	Ketr Technology Corporation
Ketr Weiye	Beijing Ketr Technology Co., Ltd.
Ketr Industry	Ketr Industry Control Company
Woodpecker	Woodpecker Underground Pipeline Inspection Co., Ltd.

Basis of Preparation

The Report is mainly prepared with reference to the Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 1 - Standardized Operation of the Companies Listed on the Main Board and Self-regulatory Guidelines for the Companies Listed on the Shenzhen Stock Exchange No. 17 - Sustainable Development Report (Trial) of Shenzhen Stock Exchange, the Guidelines for State-owned Enterprises to Better Fulfill Social Responsibilities and Research on Preparation of ESG Special Report for Listed Companies Controlled by Central Enterprises of State-owned Assets Supervision and Administration Commission of the State Council, the GRI Standards of Global Reporting Initiative, the Sustainable Development Goals (SDGs) and relevant requirements.

Report Preparation Principles

- Importance** The Company identifies the substantive issues related to business that investors and other stakeholders are concerned about as the focus of the Report. The report on substantive issues in the Report also pays attention to the characteristics of the industry involved in the operations of the Company and the characteristics of the region. See the Chapter "Benefits reach future and promote ESG governance" of the Report for the analysis process and results of substantive issues. At the same time, the Report focuses on environmental, social and corporate governance issues that may have an important impact on investors and other stakeholders.
- Accuracy** The information in the Report is as accurate as possible. The Board of Directors guarantees the reported contents, and there are no false records, misleading statements or major omissions.
- Balance** The Report reflects the objective facts, and discloses the positive and negative information of the Company impartially.
- Integrity** The scope of disclosure in the Report is consistent with the scope of consolidated financial statements of the Company.
- Timeliness** The Report is an annual report, which is released at the same time as the annual report of the Company, providing timely information reference for stakeholders to make decisions.

Data Source

Unless otherwise specified, the information and data referenced in the Report are all sourced from the internal documents of the Company or relevant public data. The Report has been deliberated and approved by the Board of Directors which ensures no false records, misleading statements or major omissions in the contents of the Report.

Report Preparation Process

The Report is prepared through data collection, investigation and interviews, questionnaire survey of stakeholders, frame determination, report writing, report design, review by department and senior leaders and other links.

Report Accessibility

The Report is published in electronic form. The Report can be viewed and downloaded at the website of Shenzhen Stock Exchange (www.szse.com.cn) and cninfo (www.cninfo.com.cn).

Monetary unit

Monetary unit is RMB unless otherwise specified.

Contact



For further inquiries, opinions or suggestions regarding this report and the Company's ESG work, you may contact us in the following ways:

Address: 12/16F, Jin'ao International Office Building, No. 17 Madian East Road, Haidian District, Beijing
Tel.: 010-82809807 Email: hbp@chinahbp.com

CONTENTS

- About the report ----- 01
- The management's speech ---- 05
- About HBP ----- 07
- Company profile ----- 07
- Development history ----- 07
- Main business ----- 09
- Business layout ----- 09
- Development strategy ----- 10
- Corporate culture ----- 10
- Shining events in 2023 ----- 10

11 **Topic: Empowering partners to create the future of digital intelligence together**

////////////////////

- Centralized monitoring platform ----- 11
- Intelligent site management & control platneering pipeline station and terminal engineering 12
- Digital delivery platform ----- 13
- Intelligent water affairs management platform -- 14

15 **Benefits reach future promoting ESG governance**

////////////////////

- ESG structure ----- 17
- Progress in ESG work ----- 17
- Interaction with stakeholders ----- 19
Promotion of rural revitalization
- Analysis of substantive issues ----- 20

21 **Benefits reach operation leading high-quality development**

////////////////////

- Optimizing corporate governance ----- 23
- Building a solid compliance bottom line -- 27
- Feedback to shareholders for support -- 29
- Standardize information disclosure ----- 30

31 **Benefits reach ecology protecting green waters and mountains**

////////////////////

- Explore environmental protection business 33
- Response to climate change ----- 36
- Reduce pollution prevention and control -- 38

39 **Benefits reach society creating and sharing happiness**

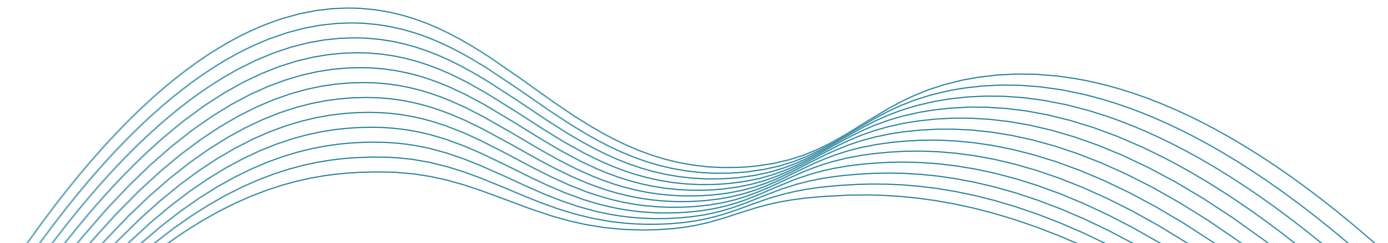
////////////////////

- Give play to employee value ----- 41
- Build a safe bottom line ----- 49
- Exploring scientific and technological innovation ----- 51
- Working with partners to achieve win-win results ----- 55
- Giving back to community developmen -- 58

59 **Appendix**

////////////////////

- Index of indicators ----- 61
- Third-party ----- 63
- Feedback form ----- 65
- Disclaimer ----- 66





The management's speech

Success belongs to those who share in one purpose from top to bottom and prosperity belongs to those who cooperate for the same aim in the same boat. 2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. HBP continues to struggle and forge ahead, not only witnessing countless beautiful scenery, but also reaping abundant fruits. In this year, the Company constantly pursues excellence and achieves remarkable results.

This year, we promote ESG governance to move towards a sustainable future. We continue to deepen ESG, carry out ESG management in an all-round way, deeply root the core concept of ESG in every link of production and operation, plan and implement the action plan for ESG management improvement, and ensure the steady progress and effective implementation of ESG work. At the same time, we establish a comprehensive ESG indicator system, clearly define the management scope and responsible department of ESG work, and make the management content and methods more specific and detailed, which not only solves the core problems of "what is the content of management" and "who is in charge of management", but also provides clear guidance for the ESG management of the Company. In addition, we attach great importance to the popularization and promotion of ESG knowledge, and adopt the diversified training form of "online + offline" to effectively improve the cognitive level of all employees on ESG and further enhance the sustainable development capability of the Company.

This year, we operate steadily to move towards high-quality development. Based on the new development stage, we thoroughly implement the new development concept, adhere to strategic guidance, and constantly optimize and adjust the strategic system to ensure the clear development direction and clear goals of the Company. At the same time, we comprehensively promote the modernization of the governance system and governance capacity, constantly improve the corporate governance structure, strengthen compliance operations, and ensure that shareholders' rights and interests are fully protected. In addition, we pay attention to enhancing the transparency of information disclosure, enhancing the credibility and market image of the Company, and providing a strong guarantee for the sustained, stable and healthy development of the Company.

This year, we protect the ecology to move towards a green and low-carbon future. We adhere to the road of ecology-first, green, low-carbon and high-quality development, and put the green concept into every link of production and operation. We strengthen environmental management in the process of production and operation, actively respond to the challenge of climate change, strive to reduce pollution emissions, and strive to minimize the negative impact on the environment caused by project development and construction. We always stick to the bottom line of environmental protection and promote the transformation and upgrading of green production methods. In addition, we also actively explore environmental protection business, and are committed to providing customers with green services, helping our partners achieve green development, and working together with customers to build a green, low-carbon and sustainable future.

This year, we work together to move towards a win-win future. We always adhere to the people-oriented concept, fully protect the legitimate rights and interests of employees, and are committed to providing employees with a broad development platform. We pay attention to employees' physical and mental health by actively creating a harmonious working atmosphere to constantly improve employees' sense of happiness and gain. Simultaneously, we pay attention to improving service quality and improving quality management system to ensure that we provide customers with high-quality and efficient products and services. We adhere to the customer-centered rules by constantly optimizing service processes and improving customer satisfaction to establish a good brand image of the Company. In addition, we actively fulfill our social responsibilities. We pay attention to the development of local communities in the countries where the project is located, and share the fruits of development with local people to jointly promote social progress and prosperity.

The year 2024 marks the 75th anniversary of the founding of the People's Republic of China. We will continue to adhere to the strategic focus of striving for progress while maintaining stability, and strive to promote high-quality development in order to achieve a more prosperous and sustainable future. We will continue to work closely with our partners and the communities in the countries where the project is located, and fulfill social responsibility with practical actions to jointly move towards a greener, more harmonious and prosperous new era.





About HBP



Company profile

Founded in 1998, China Oil HBP Science & Technology Co., Ltd. is an international integrated solution service provider for the development and utilization of oil and gas resources, and is committed to providing efficient and clean energy and energy production methods for customers across the world. The Company's main business is divided into three major sectors, namely, oil & gas engineering and services (EPCC), environmental engineering and services, and integrated services for development & utilization of oil and gas resources. Headquartered in Changsha, Hunan Province, HBP has nearly 40 wholly-owned, stock holding and participating companies, with branches, subsidiaries and offices in the Middle East, Central Asia, Africa and the Americas, with a total of nearly 1,300 employees. On February 25, 2011, HBP was listed on the Shenzhen Stock Exchange with the stock code of 002554, becoming the first process technology and equipment system solution provider in the petroleum and petrochemical field in China to enter the A-share market.



Development history

1998

HBP was established in Beijing.

2001

HBP developed an efficient oil-gas-water-sand four-phase separator with domestic leading level, which established HBP's technological leading edge in the field of efficient separation.

2004

HBP developed high-temperature high-pressure test equipment with international advanced level, breaking the situation of monopoly in Europe and America.

1999

HBP developed an internationally advanced polymer flow regulator with low shear cone valve for tertiary oil recovery, and successfully initiated its new stage

2003

Oil & gas processing equipment successfully entered the offshore oil market and became the core supplier of offshore oil equipment in China.

2005

HBP undertook the EP work of an oil field central station (CPF) project in Africa, which indicated that HBP entered the international oil & gas treatment engineering market.

2008

HBP developed the first automatic thermochemical mechanical separation equipment for oily sludge treatment in China, which indicated that the environmental protection engineering business has gradually become an important part of HBP's business development strategy.

2013

HBP won the bid for EPC project of Missan Oilfield in Iraq, which means the transformation from traditional oil & gas field equipment business to EPC project general contractor.

2018

HBP signed the contract for EPCIC project of ground equipment in ORYX Oilfield, Chad, and won the bid for EPC project of Ethiopian natural gas gathering, transportation and processing.

2021

HBP signed the subcontract for the 1 million tons/year carbon dioxide recycling project - liquefaction purification unit, and provided the owner with services such as design, supply, commissioning and putting into production of a complete set of process packages. This project is the first million-ton CCUS project in China.

2020

HBP won the bid for the construction project of 1 billion cubic meters natural gas treatment plant in Kashagan Oilfield, Kazakhstan, provided detailed design and all skid-mounted equipment for the owner, and guided on-site installation and putting into production services.

2015

HBP signed the general contract for natural gas treatment project in Pakistan, which laid a good foundation for the Company to further explore the promising markets in Southeast Asia and South Asia.

2011

The Company was successfully listed on Shenzhen Stock Exchange under the stock code 002554.

2022

HBP signed the contract for Mexican natural gas power plant project to provide development, design, manufacture, construction, as well as assembly, commissioning and trial operation services of the power plant.



Main business

The Company's main business covers four major areas: oil & gas engineering and operation services, environmental engineering and services, carbon neutrality engineering and services, and integrated services for development & utilization of oil and gas resources. After more than 20 years of development, HBP has become an international comprehensive energy service provider. Adhering to the concept of creating value for customers, HBP will, as always, provide high-quality engineering, advanced technical equipment and integrated high-quality services to global oil & gas customers, and grow together with the development of the world oil industry. Looking forward to the future, HBP will always maintain its dominant position in the same industry at home and abroad, aiming at the cutting-edge technology in the global market, and making HBP a world-class engineering technology service provider integrating R&D, design, production and service.

Oil & gas engineering and operation services (EPCC)

The Company's main and advantageous business. In this field, HBP has formed a complete technical product and management system, which can provide customers with efficient, energy-saving and environmentally-friendly EPCC services.

Environmental engineering and service business

Covering the entire environmental industry chain process, including environmental technology R&D, professional equipment production, environmental protection engineering design and general contracting, environmental protection project investment and financing, and service operation.

Carbon neutrality business

Centering on CCUS, new energy technology and equipment manufacturing, through a series of measures such as technological innovation and management innovation, the business gradually becomes the new growth pole of the Company by constantly enhancing own technology.

Development & utilization of oil and gas resources

HBP has specialized companies specializing in urban gas, natural gas pipeline operation management and LNG business, providing stable, clean and efficient natural gas resources for residents, public services and industrial users for a long time.



Business layout



惠博普业务遍布全球



Development strategy

HBP is strategically positioned as a full-chain digitized & intelligentized technical service platform for the energy industry. Following the strategic layout of "the Belt and Road Initiative", HBP seizes the opportunity of efficient and green development of the energy industry, makes efforts to promote the transformation and upgrading of energy services, and builds an industrial cluster with IFEPCO as its core competence to complete the construction of HBP's core competitiveness, brand influence and risk control system, and form the ability of sustainable development. The development goal of "14th Five-Year Plan" is to build a high-tech comprehensive energy service group with international competitiveness.

In 2024, HBP, under the guidance of general outline of development strategy programming and business development plan, will continue to cooperate and achieve win-win results, constantly promote "oil-water integration", base on the "one body with two wings" development system, adjust and transform strategically, expand advantageous industries and reconstruct business entities. HBP will deepen reform to promote the high-quality development of enterprises, and give full play to multiple effective measures to continuously enhance the core competitiveness of enterprises.



Corporate culture

Mission

Innovation-driving, Intelligence-leading,
Benefits-sharing

Vision

To be a world-class digitized & intelligentized
energy services enterprise

Core value

Integrity & Sincerity, Ingenuity & Persistence,
Harmony & Unity



Corporate morality

be frank and open-minded, face reality, be
honest and clean, be outspoken, keep
promises, and match words with deeds

Teamwork

open-minded, positive and optimistic, helping
and learning from each other, building a simple
and trusting happy team and establishing a
performance-oriented team culture



Shining events in 2023

Total annual training
hours

11,386 h

Cumulative number of
authorized patents

408

Number of suppliers
reviewed

525

Number of shareholders'
meetings held

9

Kazakhstan natural gas comprehensive treatment project won the excellent engineering survey and design award in China's petrochemical and chemical industry

KETR's digital intelligence has passed the certification of "National High-tech Enterprise" for 5 consecutive times



Topic



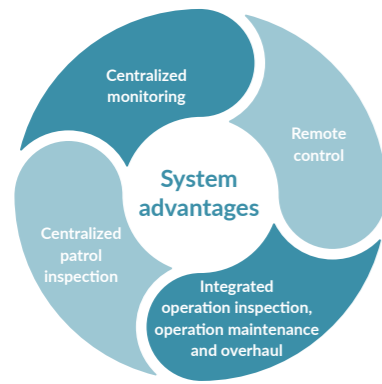
Empowering partners to create the future of digital intelligence together

HBP has set up the Digital Intelligence Division, which is committed to providing customers with sustainable development, providing energy-saving, safe and efficient products and solutions for the society, and helping customers realize the strategy of sustainable development. That's what we've been working towards.

The Company has established a digital intelligent product service system based on the fully autonomous and controllable JEPaaS low-code development platform, which intends to meet the information needs of the oil and gas industry in the whole life cycle through rich and diverse business empowerment modules on the basis of the digital twin base. Through the project application and product improvement of PipeChina, CNPC, and SINOPEC, typical digital intelligent product practices such as centralized monitoring platform, intelligent site control platform for station and terminal engineering, and digital delivery platform have been established.

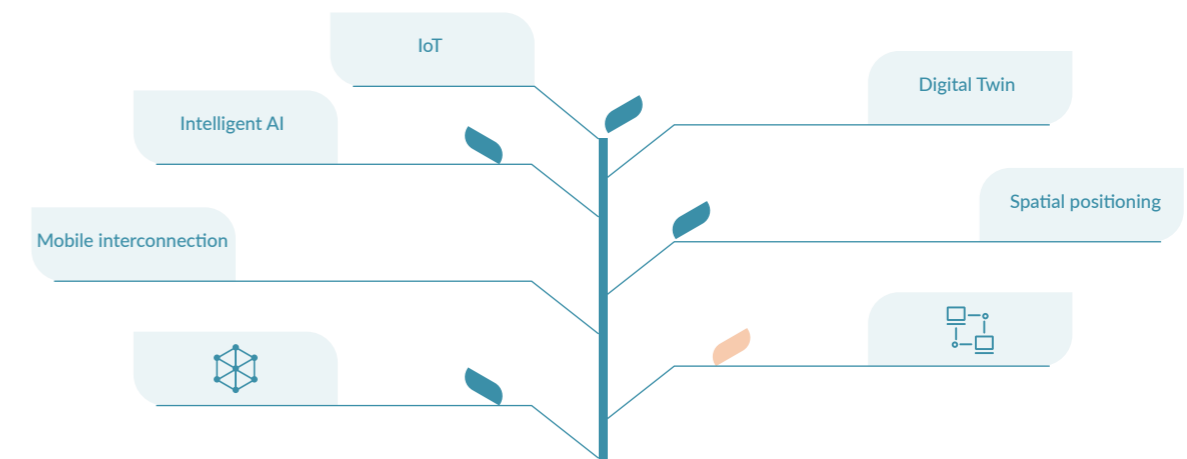
Centralized monitoring platform

Intelligent integrated production control product. It provides technical support for customers, such as PipeChina, to break the traditional mode of pipeline management and turn to regional management, so as to achieve the goal of "unattended" operation and "highly automatic management" in dispatching and operation of the station yard. Through the construction and application of centralized monitoring platform, users can build a data and decision-making center which integrates the functions of production operation data monitoring, production information summary, maintenance and repair operation management, and emergency command. The platform fully supports and gives play to the system advantages of "centralized inspection, centralized monitoring, remote control, and integrated operation, inspection and maintenance", so as to help customers improve management and safety benefits.



Intelligent site control platform for station and terminal engineering

The intelligent site control platform for station and terminal engineering applies technologies such as Internet of Things, intelligent AI, digital twin, spatial positioning, and mobile Internet, so as to digitally empower the traditional site and create a new project site control mode. Through the construction and application of intelligent site, the traditional man-to-man management mode is changed, the key and major projects are supervised in a centralized manner and managed in a unified manner, the specialized and real-time management of personnel, equipment, safety and environment, and the whole-process, all-element and all-round supervision of the project site are achieved, the passive "urging and investigation" is changed into active "monitoring and prevention", the safety hazards of construction are reduced, the quality of engineering construction is improved and the level of informationization, digitalization and intelligence of oil depot is improved.



Empowering traditional site digitalization

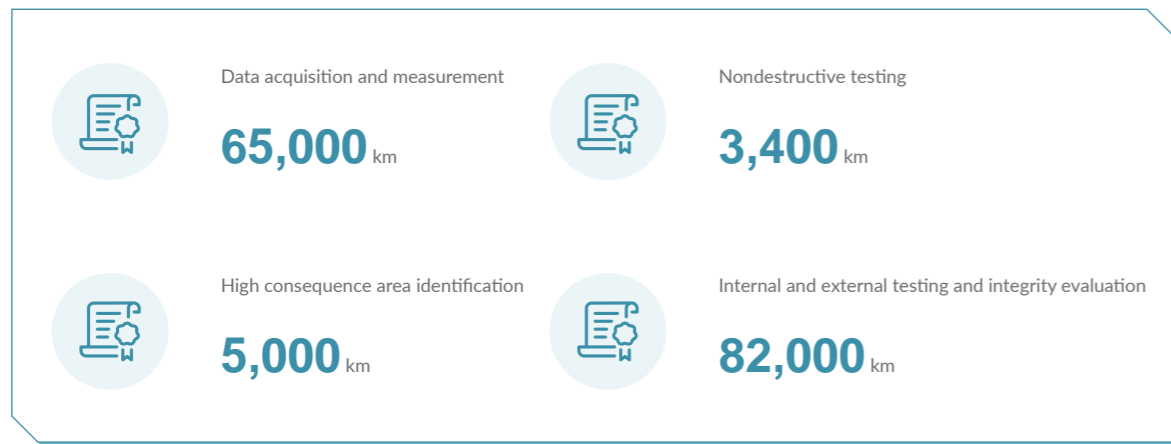


Topic



Digital delivery platform

Digital delivery is the concentrated embodiment of standardization and digitalization of oil and gas pipeline business, and it is the specific application of intelligent construction. Through digital delivery, the "centralized storage, scene-based application and integrated service of pipeline data assets are achieved, the transformation of supporting business from pipeline management to shared management, from hierarchical management to integrated management, and from empirical management to data management is achieved, and the capability of engineering information management is improved, which lays a solid foundation to perform the digital transformation demonstration projects of intelligent pipelines and smart pipe networks. Since the development of digital service business, the platform has more than 80,000 km of pipeline technical service experience, including 65,000 km of data acquisition and measurement, 3,400 km of nondestructive testing, 5,000 km of high consequence area identification, and 82,000 km of internal and external testing and integrity evaluation.



Achieve the integration of data acquisition in the whole process and establish an integrity data center, so as to lay a data foundation for intelligent operation and integrity management



Data acquisition and the whole tools, which covers typical projects such as pipelines, oil depots, gas depots and receiver stations, and achieves centralized management of data assets

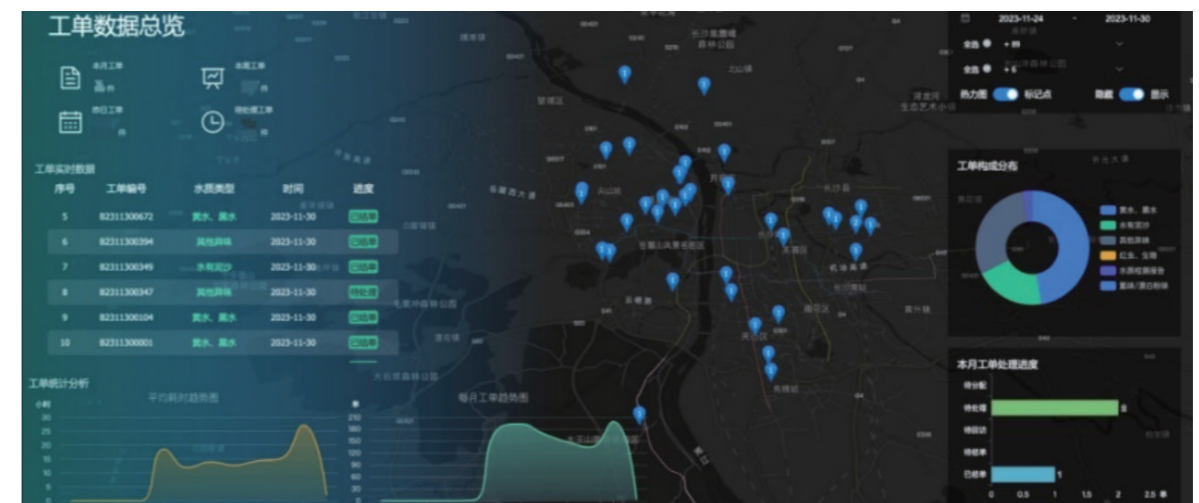
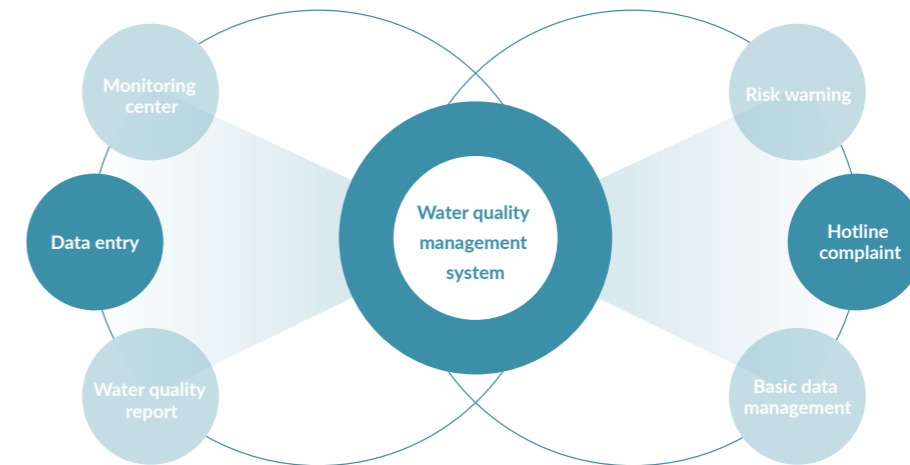


Multiple forms of delivery, which provides drawings, CDs or "digital pipelines" according to the requirements of the Owner's completion, integration and file management



Smart water utility management platform

KETR's digital intelligence, which explores the construction of water quality management system, aims at coordinating and integrating water quality data resources within the scope of implementation. On this basis, it achieves the functions of monitoring center, data entry, water quality report, risk early warning, hotline complaint and basic data management. It improves the availability and utilization of data, reduces the possibility of errors caused by human factors in the process of data entry, calculation and transmission, and records the process of data generation, modification and audit, thus ensuring the authenticity and reliability of data; It improves the diversity of data analysis and the reliability of results, and makes correlation analysis of different data in various ways such as reports, charts and dashboard, thus improving the analysis and processing ability of complex problems; It improves the response and handling speed of water quality early warning and accident, presets the early warning level and early warning threshold according to the type of water sample, monitors the state of water quality data, and achieves the whole-process supervision from early warning generation to confirmation, handling and recording.





Benefits reach future promoting ESG governance



ESG structure	-----	17
Progress in ESG work	-----	17
Interaction with stakeholders	-----	19
Analysis of substantive issues	-----	20



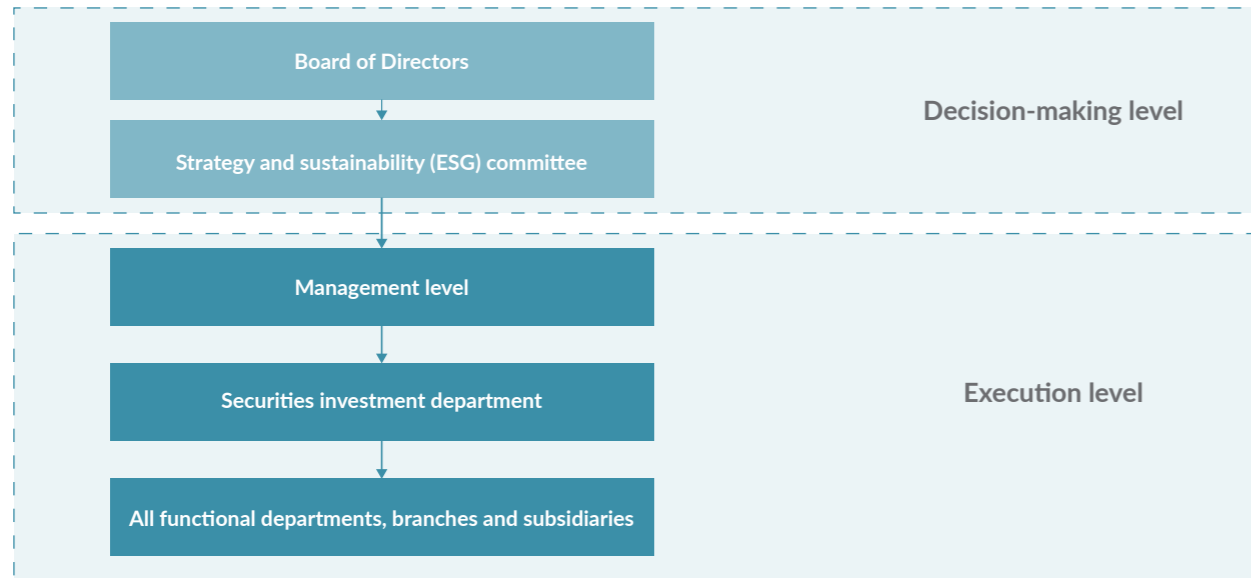


Benefits reach future promoting ESG governance



ESG structure

The Company has established the strategy and sustainability (ESG) committee under the Board of Directors to, on the basis of its original functions, increase the supervision and management authority of key ESG issues such as foreign public policy, sustainable development and environment, social and governance policies, safety and occupational health. The committee is responsible for cooperating with other special committees and the Company's management departments to incorporate ESG into internal control, risk management, strategic planning, salary incentives and other areas, and reporting the implementation results and major plans on ESG to the Board of Directors. The strategy and sustainability (ESG) committee, which is composed of four directors and chaired by the Chairman, is responsible for communicating with the Board of Directors on ESG-related issues in a timely manner; At the executive level, the securities investment department is responsible for performing the function of ESG office, closely cooperating with other relevant departments, and implementing and assisting other departments in carrying out ESG-related work.



Progress in ESG work

In 2023, based on the preparation of ESG report in the previous year and the report standard on GRI sustainability, the Company analyzed and identified the potential risks and problems in ESG management, and formulated the Action Plan for ESG Management Improvement of 2023 focusing on four dimensions such as ESG management, environmental category, social category and corporate governance category, which identifies 23 short, medium and long-term improvement actions.



In addition, the Company clarified the ESG work content through indicator sorting and departmental interview, including topics, name of indicators, nature of indicators, meanings of indicators, calculation methods, disclosure level, departments in charge, etc. It formed an indicator library characterized by comprehensive indicator coverage, forward-looking content and industry characteristics. The library covers totally 301 indicators, including 82 environmental indicators, 134 social indicators and 85 governance indicators; 113 qualitative indicators, 188 quantitative indicators, 192 basic disclosure indicators and 109 management indicators. It intends to solve the problem of "what to manage", integrate ESG and information disclosure with daily production and operation, and improve ESG capability.

The library covers totally 301 indicators, including



In terms of improvement of ESG capability, the Company invited a third party to conduct a special ESG training for the Company's middle and senior management personnel on November 8, so as to further enhance the understanding of the Company and its subordinate enterprises of ESG and promote the Company's specialized governance capability and information disclosure level on ESG. The online and offline forms of training, and the combination of training and publicity have achieved the special ESG training covering all employees, highlighted the empowerment value of the training, and brought into play the important value of the trainees in the Company's management process, thus making training an important force to promote the ESG management work of HBP.





Interaction with stakeholders

The Company believes that two-way, transparent and regular interaction is conducive to effectively understanding and responding to the expectations and demands of all stakeholders. We use a stakeholder communication model to establish a normalized communication mechanism with main stakeholders who have close relationships with the Company, so as to respond to the reasonable appeals of all stakeholders to the greatest extent.

Main stakeholder	Issues of concern	Communication method and channel
<p>Government and regulatory agency</p>	<ul style="list-style-type: none"> Compliant operation Resource use Pollutant and waste discharge 	<ul style="list-style-type: none"> Inspection from leaders and competent departments Periodic work summary and correspondence Daily policy implementation
<p>Shareholders and investors</p>	<ul style="list-style-type: none"> Compliant operation Optimizing governance structure Risk management Technological innovation 	<ul style="list-style-type: none"> Receiving shareholders' visit Online performance presentation Investor relations interactive platform Shareholders' meeting Periodic report and official website information disclosure Professional newspapers and website information disclosure Investor hotline Dedicated email for investor visiting
<p>Customer</p>	<ul style="list-style-type: none"> Service quality management 	<ul style="list-style-type: none"> Customer satisfaction survey Daily e-mail and telephone communication Customer service Responding to customer complaints Customer visit
<p>Partners</p>	<ul style="list-style-type: none"> Supply chain management 	<ul style="list-style-type: none"> Cooperation agreement Industry activities, such as exhibitions, seminars, etc.
<p>Employees</p>	<ul style="list-style-type: none"> Vocational training and development Occupational health & safety Protection of employees' rights and interests 	<ul style="list-style-type: none"> Internal mail Internal communication platform Employee suggestion platform Internal journals
<p>Communities and the public</p>	<ul style="list-style-type: none"> Promotion of rural revitalization Practice of social responsibilities Performing overseas responsibilities 	<ul style="list-style-type: none"> Employee voluntary activities Providing assistance in construction of hope primary schools



Analysis of substantive issues

Referring to the HBP ESG indicator system, carry out a survey on the key issues of concern to HBP by all stakeholders, analyze and identify important issues related to the development of HBP ESG and those of important issues of general concern to stakeholders, and disclose them as the key content of the report.



Issue identification

Combining with macro policies, industry hot issues and study on sustainable development in the same industry, clarify the relevant policy guidance and development opportunity of the oil and gas service industry. Combining with development strategies and planning documents of the Company, identify 20 important issues for the Company and stakeholders.



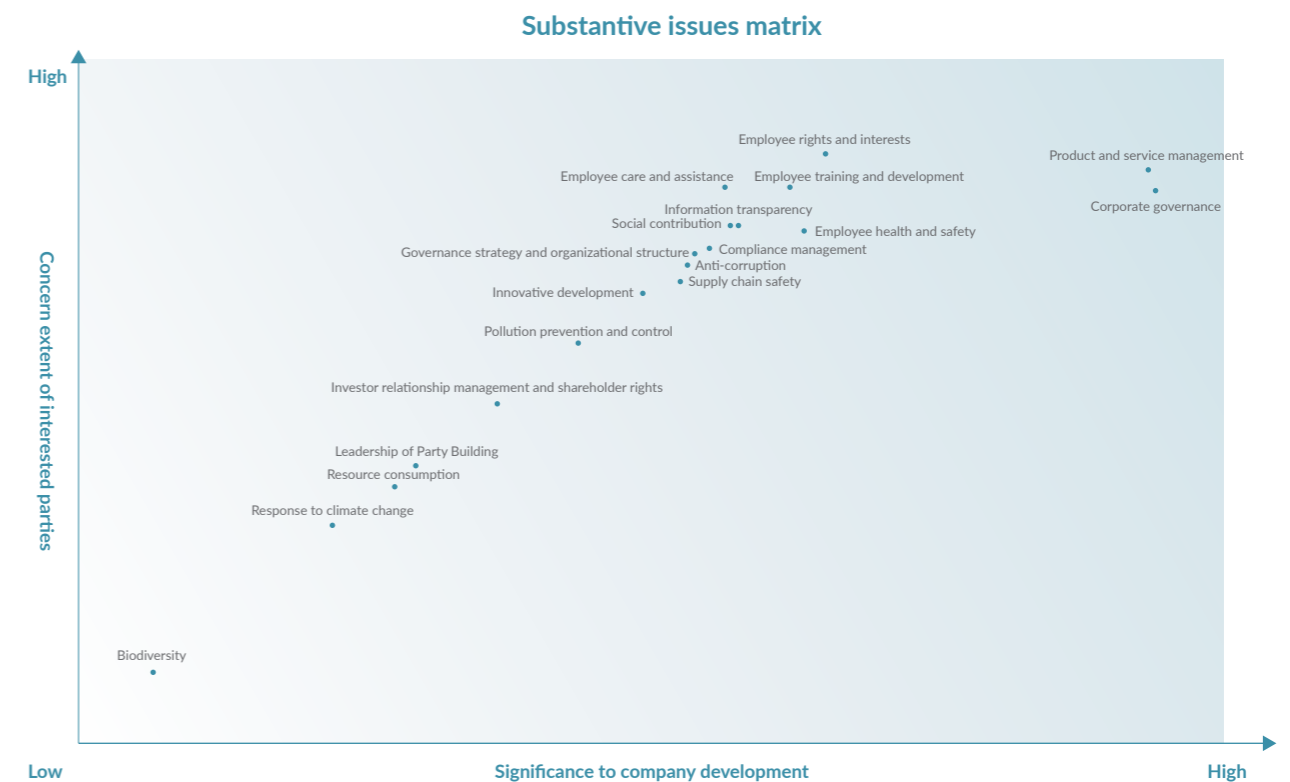
Questionnaire survey

Produce a total of 5 language versions, including Chinese, English, Russian, Mongolian and Spanish. Through an "online + offline" form, invite multiple stakeholders including shareholders, members of the Board of Directors, senior management, employees of the Company, customers, suppliers, news media and the public to jointly evaluate the importance of the issue to HBP, with 218 valid questionnaires collected in total.



Issue analysis

Combining with the filling results of questionnaires, carry out a dual substantive issue analysis.





Benefits reach operation leading high-quality development



- Optimizing corporate governance --- 23
- Building a solid compliance bottom line 27
- Feedback to shareholders for support 29
- Standardize information disclosure --- 30



Response to the Sustainable Development Goals





Benefits reach operation, leading high-quality development



Optimizing corporate governance

Perfect governance strategy

The Company adheres to the governance of the Company in accordance with the law, strictly follows the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, as well as relevant guidelines and regulations issued by other departments such as the Ministry of Finance, China Securities Regulatory and stock exchanges. Combining with the actual situation and industry characteristics of the Company, formulate the Articles of Association, establish a unified corporate governance structure, specifications and effective internal management system, and revise and updates the system in accordance with the changes in relevant laws and regulations.

►► Governance structure

The Company has established a modern corporate governance structure with a shareholders' meeting, Board of Directors, Board of Supervisors and management, with both division of labor cooperation and balance mechanism.

Functions at all levels

Shareholders' meeting

As the high authority of the Company, represent investors to perform the responsibilities of shareholders.

As the decision-making body of the Company, the Board of Directors authorizes the decision of major matters of the Company in accordance with legal procedures and the articles of association, playing a role in "determining strategies, making decisions and preventing risks". Establish a special committee to effectively play the professional support role of external directors in major decisions, enhancing the scientificity of the decision-making of the Board of Directors.

Board of Directors

Board of Supervisors

As the supervisory body of the Company, supervise the work and implementation of the Board of Directors and managers.

As the executive body of the Company, the manager implements the operation and management matters of the decision-making of the Board of Directors, playing a role in "planning operation, grasping implementation and strengthening management". Be responsible for organizing and implementing decision items of the shareholders' meeting and Board of Directors, and responsible for the daily operation and management of the Company.

Management

►► Construction of special committees

The Board of Directors of the Company has 4 special committees: the Strategy and Sustainable Development (ESG) Committee, Compensation and Assessment Committee, Nomination Committee, and the Audit Committee. Each member of special committee is composed of directors, performing the responsibilities and providing professional decision-making suggestions for the Board of Directors in accordance with the Articles of Association.

Strategy and Sustainable Development (ESG) Committee

formulate or regularly inspect the development strategy and development planning of the Company, review and regularly inspect the Company's sustainable development project and providing improvement opinions or suggestions in accordance with the internal and external actual situation of the Company, and assist the Board of Directors in fulfilling its management responsibilities on strategy and sustainable development.

propose to hire or change external audit authority; supervise the Company's internal audit system and its implementation; communicate between internal audit and external audit; review the Company's financial information and its disclosure; review the Company's internal control system.

Audit Committee

Compensation and Assessment Committee

study the standards for assessing directors and general managers, organize assessment and give suggestions and study and review the remuneration policy and scheme for directors and senior managers of the Company.

study the selection criteria and procedures, and provide suggestions for directors and general managers; widely search for qualified candidates of directors and general managers; review and provide suggestions for candidates of directors and general managers. All members of each special committee are composed of directors, but necessary secretaries or staff can be hired to assist in their work.

Nominations Committee

►► Selection and appointment of Board of Directors

Directors shall be elected or changed through shareholders' meeting, with a term of three years. The director may, after its expiration of the term, be reelected and reappointed. The shareholders' meeting can dismiss the director prior to its expiration of term. Directors shall be elected or changed through shareholders' meetings. The members of the Board of Directors are over 40 years old, with professional backgrounds covering fields such as law, business, engineering, management, accounting and energy.



The term of office of directors

3 years



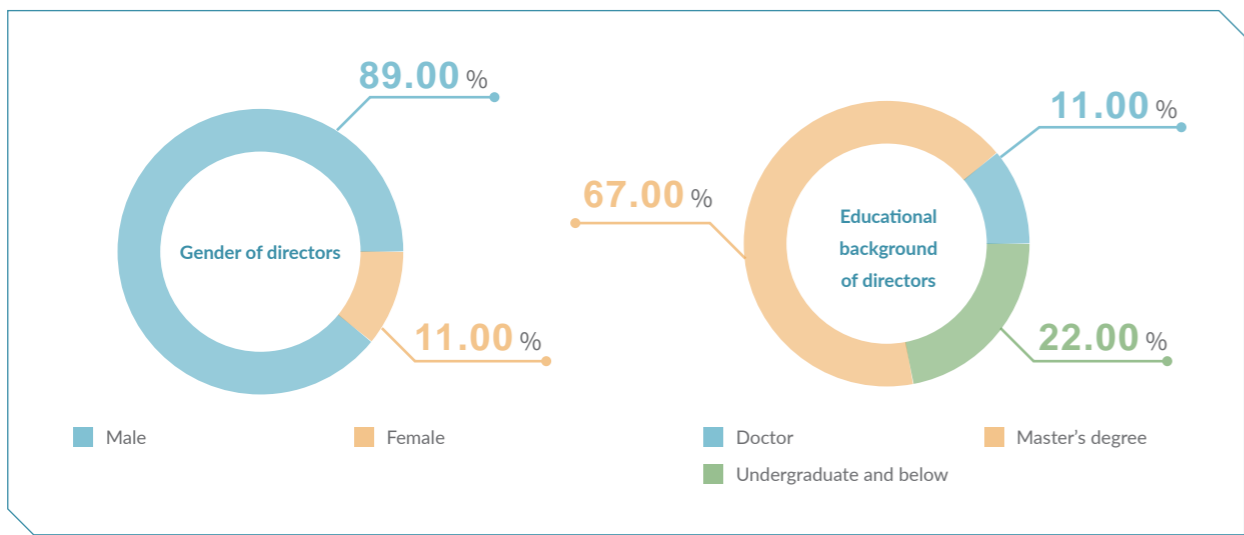
Number of the Board of Directors

9 persons



Proportion of independent director

33%



▶▶ Selection and appointment of Board of Supervisors

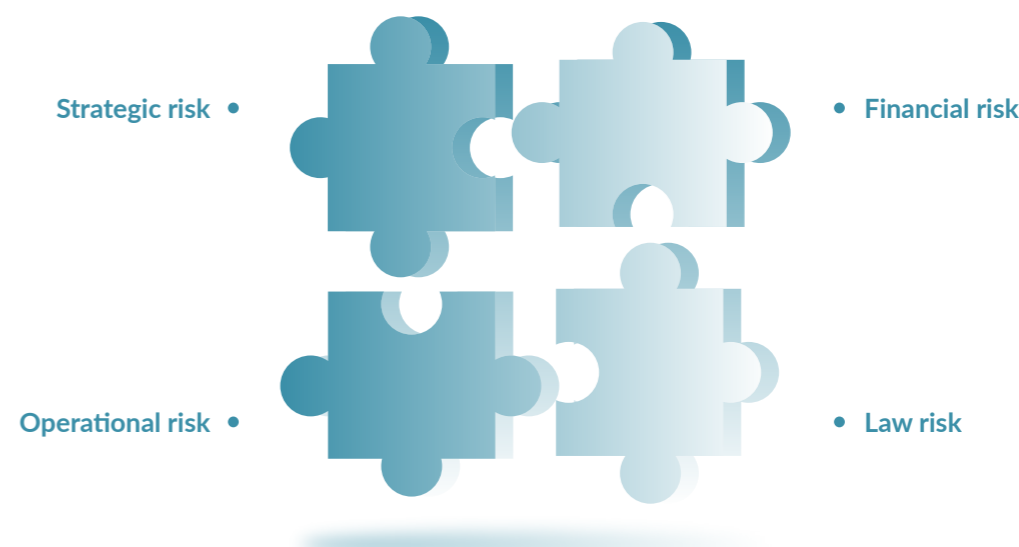
The Company shall have a Board of Supervisors, which shall consist of 3 supervisors, including shareholder representatives, and at least one supervisor shall be a staff representative of the Company. The Board of Supervisors supervises the conduct of directors and senior managers in performing their duties of the Company, and reviews the periodic reports of the Company. The Chairman of the Board of Supervisors shall be elected by the majority of all supervisors.

▶▶ Executive compensation management

According to the Company Law of the People's Republic of China, Code of Corporate Governance for Listed Companies, Articles of Association for China Oil HBP Science & Technology Co., Ltd. and other relevant provisions, the Company has established a Compensation and Assessment Committee of the Board of Directors. The Compensation and Assessment Committee of the Board of Directors is responsible for reviewing the assessment and compensation of directors and senior managers, and providing opinions and suggestions. The proposed compensation plans and programs for the directors of the Company shall be approved by the Board of Directors and submitted to the shareholders' meeting for deliberation and approval before implementation. The third extraordinary shareholders' meeting in 2023 passed the Proposal on the Annual Allowance for Independent Directors of the Fifth Board of Directors, determining the annual allowance for independent directors of the fifth Board of Directors during their tenure at HBP.

Strengthen risk management

According to laws and regulations such as the Company Law of the People's Republic of China and the Comprehensive Risk Management Guidelines for Central Enterprise, the Risk Management Control System is formulated to standardize the content of the Company's risk management, establish a standardized and effective risk control system, improve risk prevention abilities, ensure the safe and stable operation of the Company, and enhance the level of operation and management of the Company. The main risks of the Company include strategic risk, operational risk, financial risk and law risk.



The functional departments and holding subsidiaries of the Company are the first line of defense for risk management, the Audit Committee under the Board of Directors is the second line of defense for risk management, and the Board of Directors and shareholders' meeting are the third line of defense for risk management.

In 2023, the Company strengthened the collaboration and supervisory functions of functional departments, and strengthened the during-the-event control. The business management department of the energy division is responsible for the organization, audit, adjustment and control of project (product) budgets, organization and formulation and the performance assessment of project (product); the risk control and legal department strengthens contract review and management, focuses on contract subject risks, judicial risks and operational risks, and provides early warning and control for abnormal contract situations.

Adhere to the guidance of Party building

According to the Company Law, the Company shall set up organization of Communist Party of China according to the Constitution of Communist Party of China for conducting activities of the Party. Strengthen the leadership of the Party in improving corporate governance, play a leading role in guiding, managing the overall situation and ensuring the policy implementation. Embed the Party organization into the corporate governance structure, transform the Party's political advantage and organization advantage into the enterprise's competitive advantage and development advantage, and provide a strong organizational guarantee for the high-quality development of the Company.



Case

Selected as the "Leading Wild Goose Enterprise" of Changsha cultural enterprises in 2023

"四雁引领"白名单拟入选企业/基地名单公示

一、头雁企业

- 芒果超媒股份有限公司
- 安克创新科技股份有限公司
- 京东方艺云科技有限公司
- 湖南省邮电规划设计院有限公司
- 中广天择传媒股份有限公司
- 长沙广播电视集团有限公司
-
- 华油惠博普科技股份有限公司
- 体坛传媒集团股份有限公司

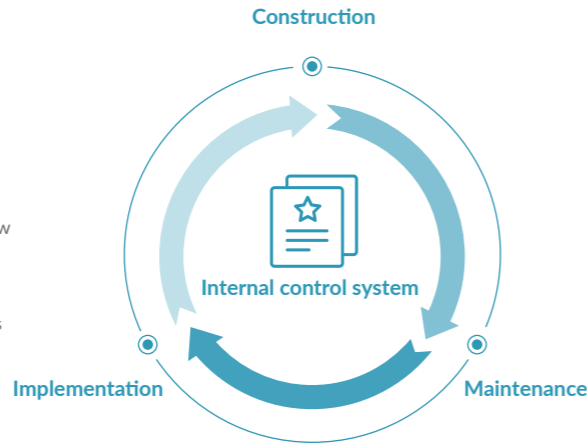
In 2023, the Company achieved outstanding achievements in major project investment, digital empowerment and external cultural and creative output. On October 17, the Publicity Department of Changsha Municipal Committee and the Municipal Finance Bureau publicized the "Four Wild Goose Leading" white list of Changsha culture industry in 2023, and the Company was selected for the first time as the "Leading Wild Goose Enterprise" of Changsha cultural enterprises in 2023.



Building a solid compliance bottom line

Adhere to compliant operations

In order to achieve standard and programmed operation of internal control management of the Company, improve the Company's management system and corporate governance structure, minimize or avoid operational risks, and continuously improve the Company's operational management level, HBP has prepared and implemented internal control related system documents in accordance with the requirements of laws and regulations such as Accounting Law of the People's Republic of China, Accounting Standards for Business Enterprises, Audit Law of the People's Republic of China, and Basic Norms for Enterprise Internal Control. The Company has an audit and supervision department, which is responsible for organizing the construction, implementation, and maintenance of the Company's internal control system. It specifically undertakes the centralized management of the Company's internal control system process and provides professional audit opinions in the approval process of internal control system.



Strengthen compliance management

As the main responsible department for compliance work, the audit and supervision department of the Company formulates detailed review plans with the goals of compliance with laws and regulations, industry standards, internal systems, and risk management. The review plan includes the schedule of the review, the division of labor and cooperation among relevant personnel, the preparation of required resources, feasible time nodes, and acceptance standards to ensure the smooth progress of the review work.

Strengthen risk and internal control management

The Company has gradually improved its risk management and internal control related system, adding 4 new systems, revising 28 systems, and abolishing 3 systems. A total of 98 new and optimized approval processes have been added, covering investment management, project management, personnel management, financial management, administrative management, risk control management, and other aspects.

<p>Newly established systems</p> <p>4</p>	<p>Revised systems</p> <p>28</p>
<p>Abolished systems</p> <p>3</p>	<p>Accumulative increased and optimized approval processes</p> <p>98</p>

Major actions



Adhere to business ethics

The Company has established systems such as Code of Business Conduct and Ethics of China Oil HBP, Sunshine Procurement Management Regulations, etc., which require all employees to engage in fair transactions with all customers, suppliers, competitors, and other employees of the Company. Employees must not obtain unfair benefits through manipulation, concealment, abuse of specially obtained information, misinformation of significant facts, or other unfair methods.

The company attaches importance to employees' study of anti-corruption laws and regulations, and organizes them to receive warning study on typical violation cases, to make employees more familiar with relevant laws and regulations and reinforce the employees' defense line of morality.

In 2023, the company was not involved in issues related to violation of commercial ethics and fair competition.



Feedback to shareholders for support

Investor relations management

The Company attaches great importance to investor relations and continuously narrows the distance between the Company and investors. Through various means such as holding shareholders' meeting, holding performance briefing meetings on online platforms, investor reception days, and Interactive Easy investor Q&A sessions, an effective communication channel has been established with investors to introduce the Company's operations and business development to investors. This has further strengthened communication and exchange with investors, increased their participation in the Company, and enhanced their understanding and recognition of the Company. Continuously monitor the Company's public opinion dynamics, actively respond to changes in the Company's public opinion, and maintain a good public image of the Company.

At the same time, the Company has set up "Investor Services" on its official website, publicly disclosing consultation methods for investor relations related issues and facilitating communication channels with investors.



Number of online briefing sessions held

3 times

Case

Organizing an online performance briefing for the first half of 2023

On September 26, 2023, the Company held an online performance briefing for the first half of 2023, which was held through online video and text interactive communication. The performance briefing further enhances the comprehensive and in-depth understanding of the Company's business performance and industry development for the first half of 2023 by investors, strengthens communication between the Company and investors, and effectively promotes the transmission of Company value.



Protection of shareholder rights and interests

The Company strictly adheres to the requirements of laws, regulations, and normative documents such as Company Law, Articles of Association, and Rules of Procedure for Shareholders' Meetings, regulates the calling together, convening, and voting procedures of shareholders' meetings, and hires lawyers to attend and witness. The calling together, convening procedures, qualifications of personnel attending shareholders' meetings, and voting procedures of shareholders' meetings all comply with the requirements of laws and regulations. The Company establishes effective channels for communication with shareholders, treats all shareholders equally, ensures that shareholders have the right to be informed and participate in major matters of the Company, and fully exercise shareholder rights in accordance with the law. The proposal review at the Company's shareholders' meeting is in accordance with the procedures, and the shareholders' meeting will review the proposals listed in the meeting notice in sequence. The voting method combines on-site voting with online voting, providing convenience for shareholders to exercise their rights. The Company actively communicates and exchanges with shareholders, especially small and medium-sized shareholders, through various channels, fully listens to the opinions and demands of small and medium-sized shareholders, timely answers to the concerns of small and medium-sized shareholders, and effectively safeguards the interests of shareholders.

At the same time, the Company clearly stipulates the basic principles and specific policies for profit distribution in its Articles of Association, with continuity and stability as the principles, while taking into account the long-term interests of the Company, the overall interests of all shareholders, and the sustainable development of the Company.

Number of shareholders' meetings held

9 times

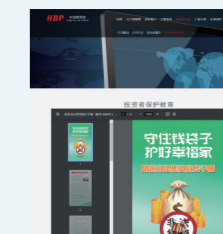
Attendance rate of directors at shareholders' meetings

100%

Case

Conducting investor protection education

The Company has set up an "Investor Protection" section on its official website to display and introduce the content of Pamphlet on Prevention of Illegal Fundraising to investors, reminding them to prevent illegal fundraising and protect their own property safety.



Standardize information disclosure

The Company has formulated Management Measures for Information Disclosure, Investor Relations Management System, Insider Information Registration Management System (Revised), etc., and strictly follows the above systems to disclose information truthfully, accurately, completely, and in a timely manner. Pay attention to communication and exchange with investors, actively strengthen the relationship between the Company and investors through various means such as receiving shareholder visits, answering investor inquiries, online performance briefing sessions, and investor relationship interaction platforms. Designate Securities Times, China Securities Journal, and Cninfo as professional newspapers and websites for company information disclosure, ensuring that all shareholders of the Company have fair access to company information and safeguarding the legitimate rights and interests of investors.

In 2023, according to the information disclosure assessment results released by the Shenzhen Stock Exchange for the previous year, the Company's information disclosure assessment results maintained a B level.

Number of regular announcements released

4 copies

Number of temporary announcements released

88 copies



HBP's benefits reach ecology protecting green waters and mountains



Explore environmental protection business	33
Response to climate change	36
Reduce pollution emissions	38



Response to the Sustainable Development Goals





HBP's benefits reach ecology, protecting green waters and mountains



Explore environmental protection business

In order to better build a green earth, we adhere to the business vision of "promoting the strategic transformation and upgrading of our Company's environmental protection business, and further seizing the opportunities for the development of China's environmental protection and energy conservation industry" to establish a subsidiary - HBP Environmental Engineering Technology Co., Ltd. On the basis of existing petrochemical environmental protection business, the Company also further expands and extends its environmental protection business to industrial wastewater treatment, urban garbage, solid waste treatment, atmospheric treatment and other areas through technological development and introduction, enhancing the Company's environmental business service capabilities.



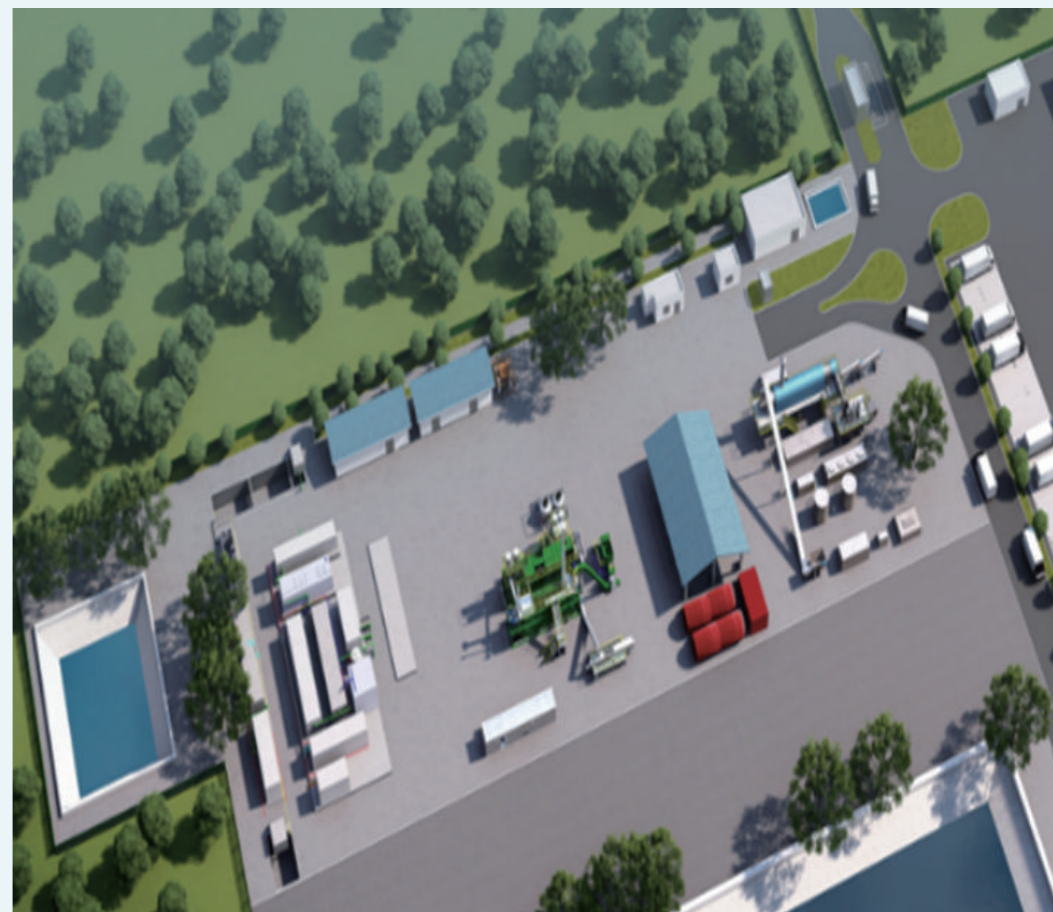
The Company's environmental protection business covers the entire environmental industry chain process, including environmental technology research and development, professional equipment production, environmental engineering design and general contracting, environmental project investment and financing, and service operation.

Case

Uganda Kingfisher drilling and completion waste treatment service project to reduce environmental pollution

The Kingfisher oilfield in Uganda is located in the western branch of the East African Rift Valley, on the shores of Lake Albert. The drilling and completion waste treatment service project is responsible for receiving and treating oily drilling cuttings and oily wastewater generated during drilling in the KINGFISHER oilfield. The annual processing capacity of oily drilling cuttings is 25,920 tons, and the processing capacity of wastewater is 43,200 tons. The comprehensive oil content of purified solid waste after treatment can reach below 0.5%. The treated purified water meets the local sewage treatment discharge standards, and the treated purified oil is uniformly recycled. This treatment device achieves harmless treatment of drilling and completion waste, completely eliminating environmental hazards caused by drilling and completion waste.

Since its completion and operation on January 24, 2023, the Kingfisher sludge treatment station in Uganda has been operating steadily for 366 days, processing a total of 3,355.68 tons of oily solids, 352.26 tons of oily liquids, 140 tons of oil-free solids, 852.20 tons of oil-free liquids, and 65.68 tons of recovered base oil.



Case

Kazakhstan natural gas comprehensive treatment project won the excellent engineering survey and design award in China's petrochemical and chemical industry



In June 2023, the project won the third prize of China Petroleum and Chemical Industry excellent Engineering survey and design project.

For the Project, advanced amine desulfurization process, molecular sieve dehydration process, light hydrocarbon recovery process and sulfur recovery process are used to separate the gas from the liquid. The compressed gas enters the alcohol amine desulfurization unit to remove H₂S and RSH from the gas. The purified gas at the outlet of desulfurization unit enters molecular sieve dehydration unit for dehydration. And then, the residual RSH enters light hydrocarbon recovery unit to produce qualified commercial gas, liquefied petroleum gas and stable condensate oil. Commercial natural gas is exported, and liquefied petroleum gas and stable condensate oil enter the storage and loading system. The sour gas rich in H₂S generated by the desulfurization unit enters the sulfur recovery system, and the finished sulfur particles enter the sulfur warehouse for storage. The unit greatly reduces the natural gas for burning and release, realizes energy saving and environmental protection, creates multi-effect resonance of economic benefits, and highlights the comprehensive benefits, which has important strategic significance and has a significant demonstration effect on promoting the comprehensive treatment technology of acid gas.



Response to climate change

Climate risk identification and response

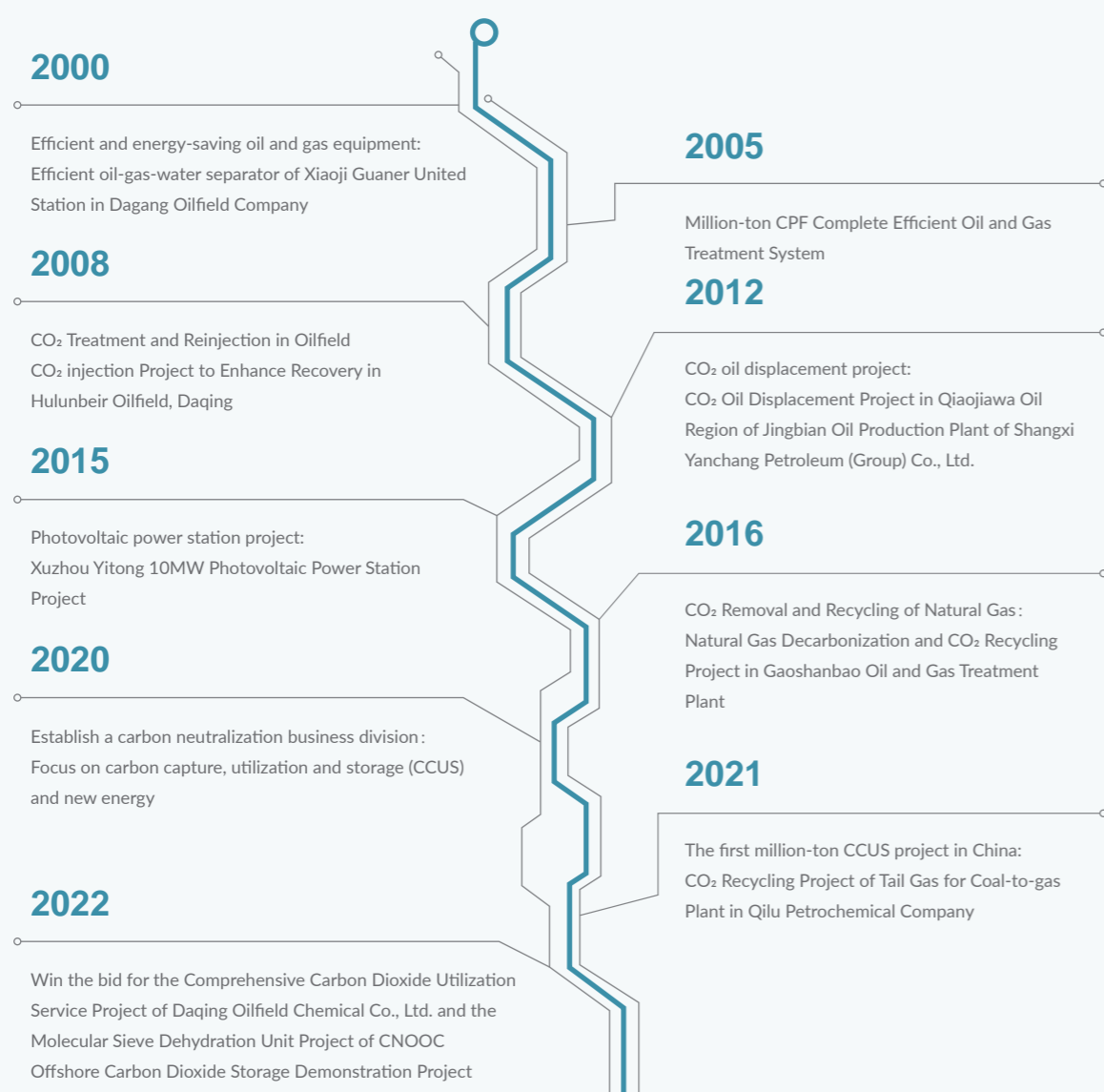
The Company actively responds to the "carbon peaking and carbon neutrality" goals, actively carries out risk identification to response to climate change, strengthens energy management, and explores low-carbon technologies, to help the Company's green and sustainable development.

Identification of risk/opportunity	Description of risk/opportunity	Risk/opportunity response
Physical risks	<ul style="list-style-type: none"> ● Extreme weather, such as strong wind and heavy rain, may cause problems, such as equipment damage, employees unable to work normally, and supply chain interruption 	<ul style="list-style-type: none"> ● Develop emergency plan ● Closely monitor climate-related data and issue early warning in time
Transformation risk	<ul style="list-style-type: none"> ● The government and regulatory agencies have introduced stricter environmental protection policy requirements, leading to an increase in the Company's operating costs and compliance risks ● The rising cost of raw materials and energy has led to an increase in the Company's operating costs 	<ul style="list-style-type: none"> ● Follow up environmental laws, regulations and policies in time ● Strictly comply with laws and regulations. ● Explore low-carbon technology ● Strengthen the Company's energy management
Opportunity	<ul style="list-style-type: none"> ● The market demand for more energy-efficient equipment and low-carbon technologies has increased ● Green transformation support policy incentives reduce costs for the Company ● Market demand for renewable energy development has increased 	<ul style="list-style-type: none"> ● Actively explore the research and development and application of CCUS and other low-carbon technologies

Explore low-carbon business

As an international comprehensive solution service provider for the development and utilization of oil and gas resources, since its establishment, the Company has always been committed to providing efficient and clean energy and energy production and services to customers around the world, and has continuously made innovative breakthroughs in carbon dioxide capture and recycling, low-carbon clean energy natural gas treatment, efficient oil and gas treatment equipment research and manufacturing, energy saving and efficiency improvement, and new energy business exploration. The Company has entered advanced ranks in the industry.

Under the "carbon peaking and carbon neutrality" goals, the Company has continuously strengthened its own strength through a series of measures, such as technological innovation and management innovation around CCUS, new energy and equipment intelligence business. The Company has participated in a number of CCUS projects, including the 1 Million tons/year Carbon Dioxide Capture and Utilization Project of Qilu Petrochemical Company and the Comprehensive Carbon Dioxide Utilization Service Project of Daqing Oilfield Chemical Co., Ltd.



Case

Qilu Petrochemical Company - the environmental value of Shengli Oilfield Million-ton CCUS Project is highlighted

Qilu Petrochemical Company - Shengli Oilfield Million-ton CCUS Project is the largest carbon capture, utilization and storage whole industry chain demonstration base and also the first million-ton CCUS project in China. As the core technology and equipment supplier, China Oil HBP Group provides million-ton carbon dioxide capture process package, key complete set of equipment for carbon dioxide liquefaction, distillation and purification, and technical guidance for operation and commissioning.

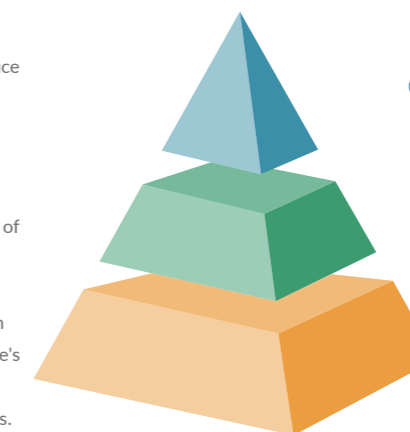
The project was put into production in August 2022, covering more than 2,500 tons of petroleum-in-place and with over 70 injection wells deployed. It is expected that more than 1,000 tons of carbon dioxide will be injected cumulatively, nearly 3 million tons of petroleum will be increased and the recovery rate will be improved by more than 12%. The project can realize a million-ton carbon storage capacity, equivalent to planting nearly 9,000,000 trees and nearly 600,000 economical cars taken off the road for one year.



Reduce pollution emissions

HBP continuously strengthens the environmental protection management and enhances the resource utilization efficiency to reduce the pollution emission in strict accordance with all relevant environmental laws and regulations which have great influences on the Company, including Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on the Prevention and Control of Air Pollution, Law of the People's Republic of China on the Prevention and Control of Water Pollution, Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution, Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise, Law of the People's Republic of China on the Promotion of Clean Production, and Law of the People's Republic of China on Evaluation of Environmental Effects.

In 2023, the company was not involved in major environmental pollution or damage event.



- Continuously strengthen environmental protection management
- Improve the utilization efficiency of resources
- Reduce pollution emission

►► Waste management

The Company pays great attention to sustainable development of economy in strict accordance with the requirements in the Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution and relevant laws and regulations, formulates and implements the Procedures for Waste Management of HBP. We adopt industry-leading technology to treat the waste gas, water and solid produced in the production of petrochemical field, thus turning waste into wealth and creating benefits. We also sort household and office waste for collection and store them in the property management company for unified treatment. For EPC project, all project departments formulate the waste management plan of projects according to the requirements of the Company, the owners and local laws and regulations, and sign contracts with local regular waste management companies, for classified and harmless treatment of the waste on construction site. The Company improves the recycling efficiency of waste by strict management system, hence reducing the potential threat imposed by waste on environment.

►► Wastewater discharge management

The Company actively carries out waste resource management and has formulated multiple management program documents related to water resources, such as the Procedures for Environmental Factors Identification and Evaluation, Control Procedures for Influences Exerted by Interested Parties, Procedures for Energy and Resources Management, Provisions for Occupational Health, Safety and Environmental Management on Construction Site, and the Procedures for Management of Occupational Health, Safety and Environmental Performance Monitoring. The Company and EPC project department strictly manage the use of water resources and adopt various measures to save the water for production and life, thus lowering the production cost and achieving good economic benefits. The EPC project department of the Company signs sewage treatment contract with local qualified water treatment companies and treats the sewage in a harmless manner, to reduce sewage discharge and lower the harm and influence of sewage on the environment.

►► Waste gas emission management.

The Company observes the Law of the People's Republic of China on the Prevention and Control of Air Pollution and other laws and regulations, firmly implements the Circular of the Central Committee of the Communist Party of China and the State Council on Further Promoting the Nationwide Battle to Prevent and Control Pollution and other supervision requirements, and comprehensively carries out relevant emission standards. In the reporting period, the Company and its subsidiaries are free from event of excessive emission of waste gas pollutants, not punished by relevant departments due to waste gas emission and free from major waste gas management issues.



Benefits reach society creating and sharing happiness



Give play to employee value	-----	41
Build a safe bottom line	-----	49
Exploring scientific and technological innovation		51
Working with partners to achieve win-win results		55
Giving back to community development	-----	58



Response to the Sustainable Development Goals





Benefits reach society, creating and sharing happiness



Give play to employee value

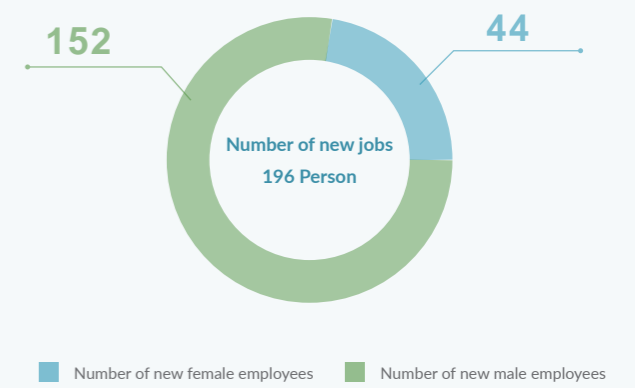
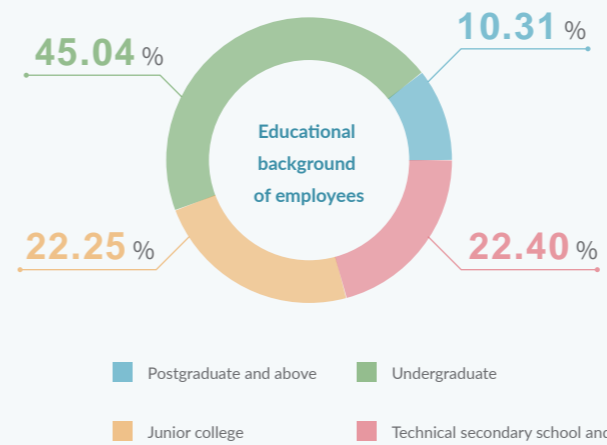
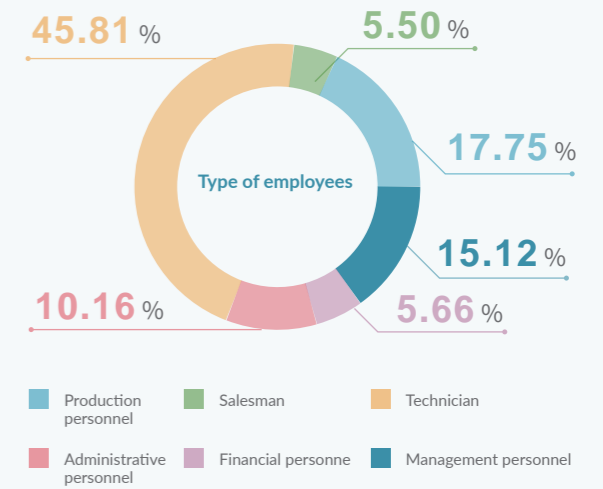
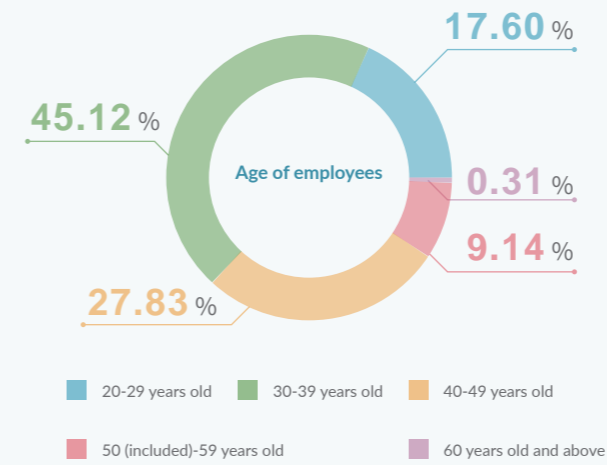
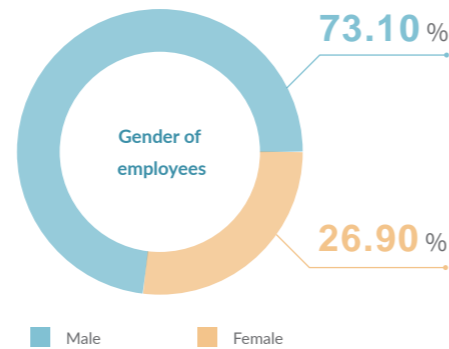
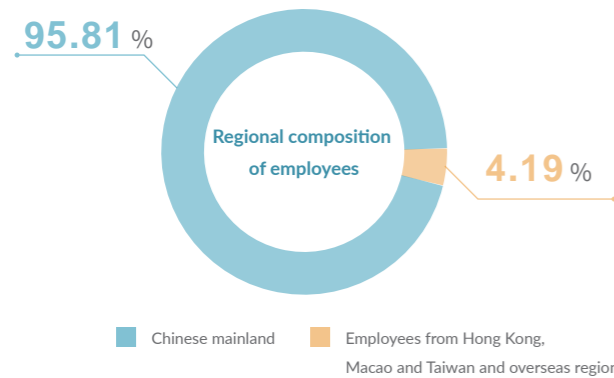
Safeguard employees' rights and interests

The Company observes the laws and regulations such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, provides employees with equal opportunities and compensation, and fairly treats the employees with different nation, sex, age and cultural background.

Equal employment

Formulate the Employee Manual and the Standards for Management of Employee Recruitment, and establish standardized employment procedures and scientific and standardized recruitment process, to guarantee the open, fair and just recruitment process. The Company strictly forbids forced labor or employment of child labor in any form. By the end of 2023, the Company has 1,290 employees, including 1,287 full-time employees and 3 part-time employees. In the reporting period, there is no violation concerning forced labor or employment of child labor. The labor contract signing rate is 100%.

<p>Total number of employees 1,290 persons</p>	<p>Quantity of employees from minority groups 50 persons</p>	<p>Quantity of employees from disabled group 5 persons</p>
<p>Number of new jobs 196 persons</p>	<p>Number of fresh graduate employees 20 persons</p>	<p>Number of employees by social recruitment 176 persons</p>



Compensation and welfare

Formulate the Standard for Compensation Management, carry out employee's compensation management in a standardized manner and enhance the talent team construction and improve the work performance. Insist on equal pay for equal work. Compensation is composed of basic wage, post wage, performance pay, seniority pay, allowance, subsidy, annual performance bonus, and bonus. Provide employees with the basic endowment insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance as stipulated by the country and local government as well as other social insurances stipulated by the laws, and provide such welfare as group accident insurance, supplementary medical insurance, lunch subsidies and accommodation. In the reporting period, the social insurance coverage is 100%.

In the reporting period, the social insurance coverage is **100%**.

▶▶ Democratic management

It always adheres to the principle of “hearing to all parties and open to good suggestions”, attaches great importance to employees’ opinions, establishes and maintains the channel for employees communication, and actively listens to employees’ opinions on company development, to promote the long-term sustainable development of enterprise. As the main responsible unit for employee relationship and communication, the HR department and CEO office of HBP are mainly responsible for carrying out employee communication and offering help for employees in terms of improving employees’ work satisfaction, guaranteeing labor rights and interests, providing occupational psychological guidance and handling employee complaints.

In 2023, the representatives of labor union were organized to vote on the important systems released by the company once according to the internal control requirements.

▶▶ Hours of work and vocation

Follow the working hours stipulated by the laws and give overtime pay for working beyond the time specified. Annual vocation, marriage leave, maternity leave, paternity leave, funeral leave, and nursing leave shall follow the requirements in national and local laws.

▶▶ Unblocked promotion channel

The Company abides by the tenet of respecting individual differences and paying attention to professional development. Insist on equal emphasis on integrity and ability and performance, combination of level-by-level promotion and exceptional promotion, combination of vertical and horizontal promotion, dynamic management, high and low income, personnel going in/out, formulate the Measures for Management of Employees’ Occupational Development Channel, Standard for Management of Transfer and Promotion, and Standard for Job Responsibility Management, clarify the occupational channel, promotion requirements, promotion process and evaluation system, and provides occupational development path with vertical rank promotion and horizontal cross-sequence extension for employees. The general manager office meeting of the Company is the highest decision-making body, with employee occupational development review committee and occupational development review committee office set.

The Company’s employee occupational development channel is classified into management channel (sequence) and technology channel (sequence). In the two occupational channels, the employees select the proper occupational development channel according to their own position type and characteristics. Employees’ occupational development path includes vertical rank promotion and horizontal cross-channel development.

Vertical development

Internal rank promotion path of the company. The Company encourages employees to work hard and improve their own capabilities. Upon vacancy of superior position or great improvement of personal capabilities, the Company will help the employees plan the individual development direction in combination with the ability characteristics of the employee and the Company’s demand for talents after considering the employee’s development intention. The promotion of management personnel along the management sequence means that the employees enjoy greater participation in decision-making and should bear more responsibilities; the promotion of technical personnel along the technology sequence means that the employees have stronger independence, high capabilities and more resources for getting involved in professional activities.

Horizontal development

In addition to employees’ promotion according to the requirements of position hierarchy within this position sequence, the Company also provides platforms and opportunities for cross-sequence expansion for different sequences, taking into account the different development intentions of employees. Mainly in form of internal position transfer and employment.

Management position sequence	Management sequence (M)			Technology sequence (T)			
	Rank	Level	Title	Technology position sequence	Rank	Level	Title
Senior management	M1	M1a	General manager	Expert technical personnel	T1	T1a	Chief expert/Special project manager
		M1b	Deputy general manager			T1b	Senior expert/Special project manager
	M2	M2a	General manager assistant of the Group			T2a	Expert/Senior project manager
		M2b	Group director			T2b	Chief engineer/Level I project manager
Middle management	M3	M3a	Department manager (Level I)	Senior technicians	T2	T2c	Deputy chief engineer/Level II project manager
		M3b	Department manager (Level II)			T3a	Level-1 engineer
		M3c	Deputy department manager			T3b	Level-2 engineer
Grass-root manager	M4	M4a	Senior director of the headquarters	Intermediate technicians	T3	T3c	Level-3 engineer
		M4b	Director of Headquarters			T4a	Assistant engineer
		M4c	Senior coordinator of the headquarters			T4b	Technician
General management personnel	M5	M5a	Coordinator	Junior technician	T4		
		M5b	Specialist				
		M5c	Assistant				

Case

HHI held the Graduates Employment Day activity

The first HSK China Study Abroad Employment Exhibition of Mongolia sponsored by the Center for Language Education and Cooperation of the Ministry of Education of China and Chinese Testing International Co., Ltd., and organized by the Confucius Institute at NUM / Mongolia HSK Examination Authority was successfully held in Ulaanbaatar. HHI attended as a China-invested enterprise in Mongolia.



Promote employee growth

The Company provides employees with diversified development channels and comprehensive training systems, laying a solid foundation for the occupational development of employees.

Case

Smooth the channel of project manager's rank sequence

The Company pays attention to employees' different career needs and development direction. In order to further improve the Company's career promotion channel system and provide development platforms and opportunities for more employees, in 2023, the Company added the professional manager/project manager channel to the technology sequence, defined the promotion channel for project managers, and gave full play to the potential and value of talents to promote the Company's continuous development and progress.

Strengthen employee training

The Company formulated the Standard for Employee Training Management, compiled the Annual Training Plan, and signed the Employee Training Agreement with employees, so as to promote the improvement of the Company's human resources quality and the post competence of employees through institutionalized and standardized forms, and satisfy the needs of employees' self-development. Training methods mainly include internal training and external training. Company training is classified into compulsory training for employees, professional training, induction training and on-the-job training. It also organizes training assessment according to the training content to maximize the training effect.

Training type

<p>Compulsory training</p> <p>The training that employees at all levels of the Company must receive, including quality training, corporate philosophy and values, management system, etc.</p>	<p>Professional and on-the-job training</p> <p>Training based on administrative positions or employees' classification and expertise, aiming to improve employees' professional skills and work efficiency</p>
<p>Induction training</p> <p>Training for new employees</p>	<p>On-the-job training</p> <p>Training on job skills and responsibilities of employees</p>

Training mode

<p>Internal training</p> <p>Communication and teaching within and between departments of the Company; the Company invites outside trainers to the Company for training</p>	<p>External training</p> <p>Personnel are sent outside to participate in open classes; company commissioned training; visit and exchange; overseas training</p>
---	--

			2023
Employee education and training	Employee training times	Times	298
	Annual training expenses	RMB ten thousand	118.4
	Total annual training hours	Hour	11,386
	Total number of employees participating in training	Person	1,841
	Number of female employees participating in training	Person-times	424
	Number of male employees participating in training	Person-times	1,387
	Number of training attendance person-times of senior management staff	Person-times	54
	Number of training attendance person-times of intermediate management staff	Person-times	171
	Number of training attendance person-times of grass-roots management staff	Person-times	1,499

Case

KETR Changsha Branch continuously holds a series of training lectures

In order to strengthen business cooperation and professional integration, since December 2022, Changsha Branch has held special training on business skills every Friday afternoon. The training takes the form of preparing lessons and giving lectures by internal personnel, covering professional skills, the latest trends in the industry, company management requirements and so on. The training forms are diversified, including lecture notes, hands-on demonstrations, brainstorming and analysis, and self-developed assessment and incentive programs to assess the training effect. During the training, there are also small games such as painted eggshell activity and quick answer for integral reward. In the follow-up training, Changsha Branch will gather the group wisdom, polish the safety management system and electronic procurement system into exquisite products, and carry out research on standardized water plants and other topics.



Case

Organize business English training

On August 8, HBP issued the Proposal on Corporate English Learning, introduced brand-new business English training resources, creatively designed the training operation mechanism, and formulated detailed training scheme and assessment scheme, which effectively stimulated students' training enthusiasm, increased the utilization rate of learning resources, improved their oral English level, and helped the Company to develop and operate overseas business. In this study, the Company selected 25 management and technical backbones to form the Phase I training course of Morgan English, which was conducted online and offline in form of self-study and centralized teaching. There are 50 min of online one-to-one foreign teacher class and 30 min of courseware study every day and offline centralized teaching on Saturday.



Care for employees' lives

The Company keeps on deepening employee care and pays attention to employees' physical and mental health. Actively carry out cultural and sports activities such as walking, innovate the contents of activities, and build a corporate culture that actively practices social responsibility. When employees were hospitalized due to illness, have weddings, funerals, living difficulties, or unexpected situations, the Company appointed persons to give 28 person-times of sympathy and care on behalf of the Company, and organized employee team building activities. Throughout the year, employees participated in trade union activities six times, were paid quarterly and New Year's benefits twice, and given birthday celebrations on a monthly basis.

Sympathy and care on behalf of the Company
28 person-times

Employees participated in trade union activities
6 times

Case

Organize healthy running and walking activities in golden autumn

In order to enhance the physical quality of employees and promote the communication between all units, the Company organized a healthy running and walking activity in the golden autumn on September 27. This activity helped employees release their work pressure and gain full joy and health.



Almaty Company organized employee birthday party



HHI organizes New Year activities and presents the annual best employee award



In order to celebrate the International Children's Day, HHI organized employees' children to participate in "My Favorite Hero" Children's Painting Competition



HHI organizes sports days, including basketball, darts, table tennis and other competitions



Build a safe bottom line

The Company gives first priority to the occupational health and safety of employees and is aware of the importance of employees' physical and mental health to the stable development and competitiveness of enterprises. Therefore, the Company pays close attention to safety production and occupational health, and provides a safe and healthy working environment for employees. In 2023, the company had no disaster accidents.



Pays close attention to safety production



Focus on occupational health

The Company believes that every HSE incident can be prevented, and safety is the first. The Company formulates HSE policies and objectives to guide the Company's HSE work, and the senior management and employees abide by the safety commitments.

The Company attaches great importance to safe in production, strictly abides by relevant laws, regulations, standards and operating procedures, and pragmatically manages the operation safety during the production and operation of the Company to ensure safe operation. The Company clearly defines the requirements of labor safety production, holds regular work meetings, analyzes the situation of safety work, solves major problems in safety work, and deals with the directly responsible person and relevant responsible person who violates the laws, regulations and procedures of safety production. Establish and improve the responsibility system for safety production at all levels and various rules and regulations and operating procedures for safety production, and strictly implement them. Establish and improve the emergency rescue plan for safety production, and organize regular drills; strictly implement the safety production training system, and effectively improve the consciousness of employees for safety production and operation and standardized operation. Organize regular safety inspection, and rectify all kinds of potential hazards in time. Effectively strengthen the management of safety sources, set up warning signs for equipment in dangerous places, and implement the system of special person in charge.

The Company always insists on creating good health and welfare for employees, identifies and actively improves the risk factors of occupational health, and standardizes the handling process of work-related injuries (accidents). Strengthen occupational health education, improve employees' knowledge of epidemic prevention, and promote employees' physical and mental health.

HSE policies

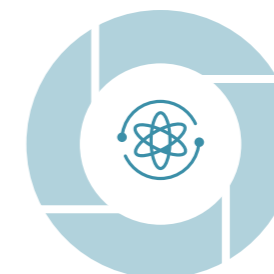
Honesty and law-abiding, harmonious development, environmental protection, pollution prevention, and creating a green environment



People oriented, treasuring life, risk prevention, active participation, and ensuring health and safety

HSE objectives

- Three-level safety education rate for employees reaches 100%
- Ensure 100% acceptance of fire control facilities; zero disaster accident
- The waste shall be discharged conforming to national standards; the water and electricity conservation rate per RMB 10,000 output value shall be about 0.1% and 0.2% respectively; the noise emission shall conform to Class II standard of GB 12348-2008 Emission Standard for Environmental Noise at Boundary of Industrial Enterprises



- No major environmental pollution and damage accidents
- No electric shock, drowning and food poisoning accidents
- Prevention of epidemic infectious diseases

	2021	2022	2023
Safe working hours (h)	6,605,839	5,038,516	5,874,638

Case

KETR develops 2023 "Work Safety Month" activity

In June, the Digital Intelligence Division organized the "Work Safety Month" activity themed on "everyone pays attention to safety, and everyone knows emergency treatment". The activity was mainly concentrated on the implementation of main responsibilities and safety training, potential risks identification and risk management and control, site safety, fire safety, emergency and drill.



Case

Developing practical fire drill

The Company actively responded to the call of the fire safety publicity month activity in combination with the 2023 Nationwide Fire Publicity Month activity themed on "Prevention First and Life Foremost". Headquarters of HBP and KETR invited commanders and fighters of fire rescue stations jointly with the property management company in the place where they are located in to give real guidance and popularization for their employees on fire safety comprehensive consciousness, essentials for use of dry powder fire extinguishers, fire hazard self-examination and correction, self-rescue and escape, initial fire suppression to practically do a good job on fire safety.

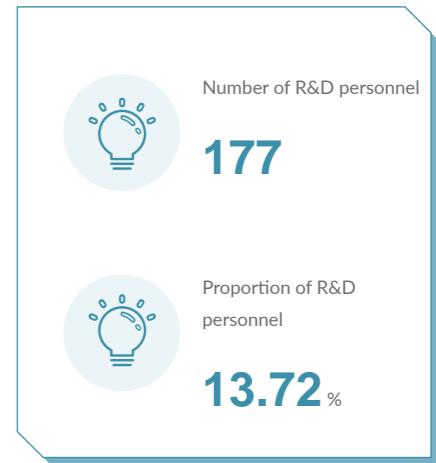


Construction of scientific research team

The Company keeps optimizing its scientific research talent team, lays emphasis on improving their talents' professional ability and introducing outstanding talents from outside, actively introduces high-level scientific research talents by internal recommendation, social recruitment, campus recruitment and back to work after retirement to strive to build an innovative scientific and technological talent team with reasonable structure and high quality.

Developing scientific and technological research

The Company develops research and development innovation centering mainly on oil-gas field surface engineering, smart oil-gas and smart water utilities as well as low-carbon technology and equipment in carbon peaking and carbon neutrality field, and presents a series of technologies and products represented by high-acid natural gas processing technology, cathode protection smart pile, IoT cloud-edge collaboration platform and tubular slug flow trap. Besides being successfully applied for the EP/EPC projects overseas undertaken by the Company, they won the bid of multiple market projects, including those of National Petroleum and Natural Gas Pipeline Network Group Co., Ltd., CNPC, SINOPEC and gained considerable economic benefits.



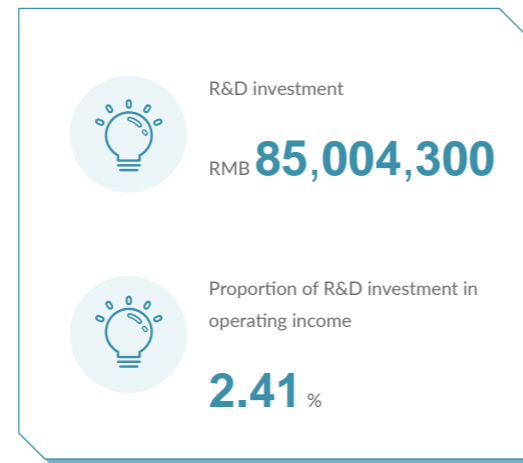
Exploring scientific and technological innovation

The Company firmly believes that innovation is the soul of enterprise development, persists in driving development by technology and innovation and establishes scientific and reasonable organizations to give play to the main role of enterprises and employees in innovation and guarantee scientific management throughout scientific research process. The Company makes complete incentive and assessment system and builds actively good atmosphere for scientific research and innovation, effectively improving their scientific research and innovation vitality. During the "14th Five-Year Plan", the scientific research management department of the Company actively developed industrial research, provided technical support for management innovation and mode innovation, integrated technical resources outside the Company and continuously promoted technological research & development.

Strengthen scientific and technological innovation

Incentive of scientific and technological innovation

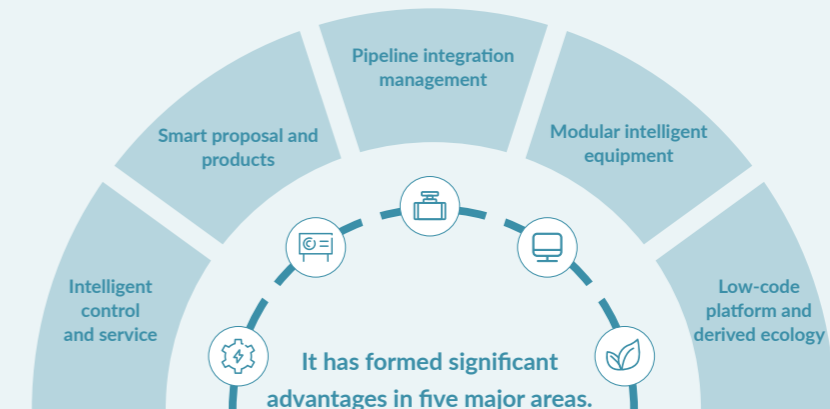
The Company establishes mature management innovation incentive system to fully improve scientific and technological talents' working and scientific research enthusiasm, motivate scientific and technological talents' scientific research potential, promote the commercialization of scientific and technological achievements, improve the Company's overall technical level, management level and market competitiveness. The Company has established a series of rules and regulations, such as Management Measures for Performance Assessment of Scientific Research Staff, Management Measures for Awards to Scientific and Technological Achievements, to fully motivate scientific research innovation personnel.



Case

KETR is recognized again as the national "High-Tech Enterprise"

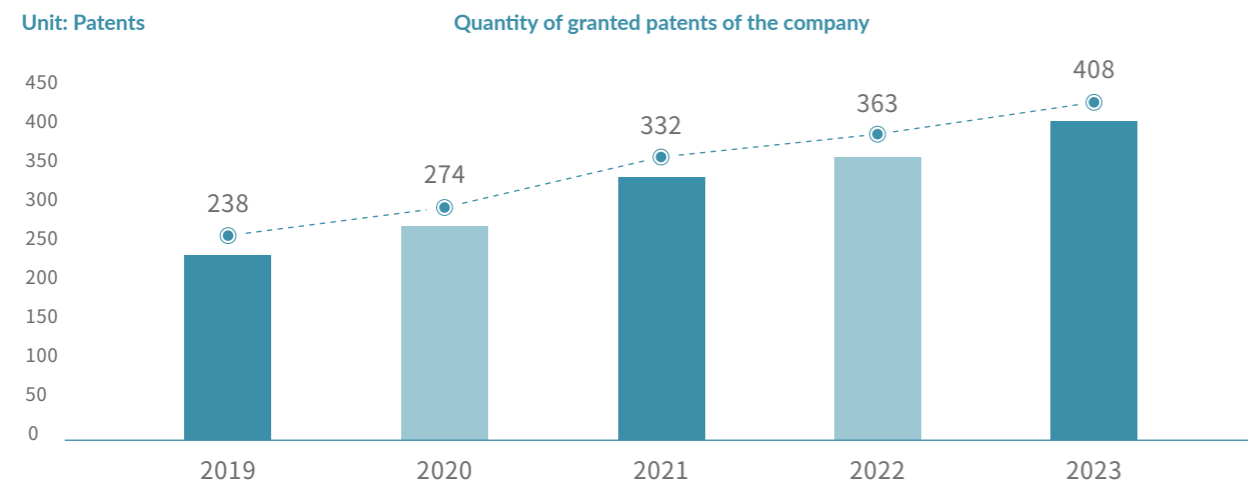
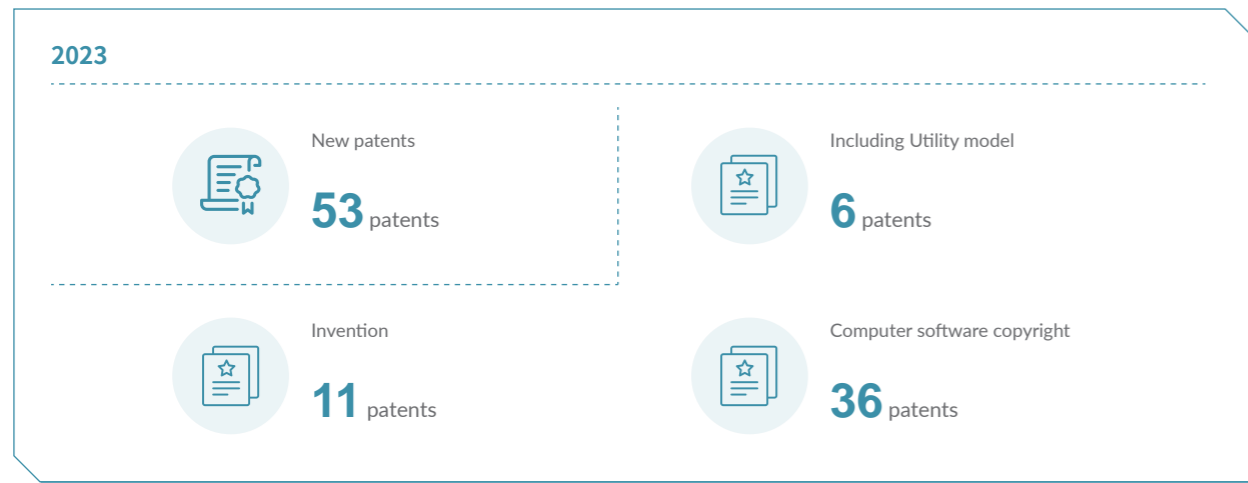
Its subsidiary KETR is committed to building a leading smart oil-gas and water utility ecology and is the provider of international industrial automatic control and digitized & intelligentized production solution and the service provider of professional whole industrial chain technology. KETR researches and develops, based on intelligent innovative engine base, nearly 30 series products covering digital transformation and capacity building and enhancement, nearly 20 registered trademarks, nearly 70 authoritative certification and qualification, more than 20 product patents, and more than 200 software copyrights, showing significant advantage in five fields, including intelligent control and service, smart proposal and products, pipeline integration management, modular intelligent equipment, low-code platform and derived ecology.



In 2023, the Company was recognized as the national "High-Tech Enterprise" for the fifth time, fully demonstrating its independent innovation and scientific and technological research and development capability; it is also the recognition on its technological research and development and continuous growth over the years.

Protection of intellectual property rights

The Company abides by strictly the Patent Law of the People's Republic of China, Trademark Law of the People's Republic of China, Copyright Law of the People's Republic of China, Anti-unfair Competition Law of the People's Republic of China, Enterprise Intellectual Property Management, Intellectual Property Management Guide for Industry Enterprise and other relevant laws and regulations, and during its service operation, actively protects its intellectual property, guide employees to erect the awareness of intellectual property protection and strictly prohibits the infringement of others' intellectual property rights by it and its employees. We formulate and implement Patent Administration Measures and other systems, standardize the obligation of internal patent management staff and the patient declaration and authorization, perform standardized management for patent attribution and transfer and other processes and enhance employees' awareness of intellectual property protection.



Note: the statistical data is the cumulative data as of current year.



Ketr Industry Control Corporation wins the invention patents "a distributed fire alarm system for large oil depot" and "oxygen content monitoring equipment of oil-gas storage and transportation system" and the utility model patent "adjustable fire control table".

Case

The cathodic protection potential intelligent test pile researched and developed jointly by Henan Woodpecker Underground Pipeline Testing Co., Ltd. and KETR obtains the national patent.

In October, the cathodic protection potential intelligent test pile researched and developed jointly by Henan Woodpecker Underground Pipeline Testing Co., Ltd. and KETR obtained the national patent, and the patent technology provides a new technological means and solution for safe operation of underground pipelines.

- Artificial intelligence**

It fulfills the remote monitoring and management for pipes, reduces the dependency on patrol person and improves the efficiency and safety via IoT, big data, cloud computing and other technologies.
- Real-time monitoring**

The intelligent test pile can monitor in real-time the corrosion rate of pipes, assess the residual life of pipes, prevent pipe rupture and leakage and prolong the service life of pipes.
- Overrun alarm**

With the ultralimit alarming function, it can timely monitor and eliminate the interference source to pipes, guarantee the cathodic protection effect on pipes, and avoid overprotection or the lack of protection of pipes.
- Reduce cost**

With the ultralimit alarming function, it can timely monitor and treat pipe protection defects, improve the corrosion resistance of pipes and reduce the maintenance cost.
- Customized business reports**

Provide customers with customized business reports, covering pipe data analysis, problem location and preliminary rectification proposal, to help customers to optimize pipe operation and maintenance proposal and improve the customer satisfaction.





Working with partners to achieve win-win results

Optimizing service quality

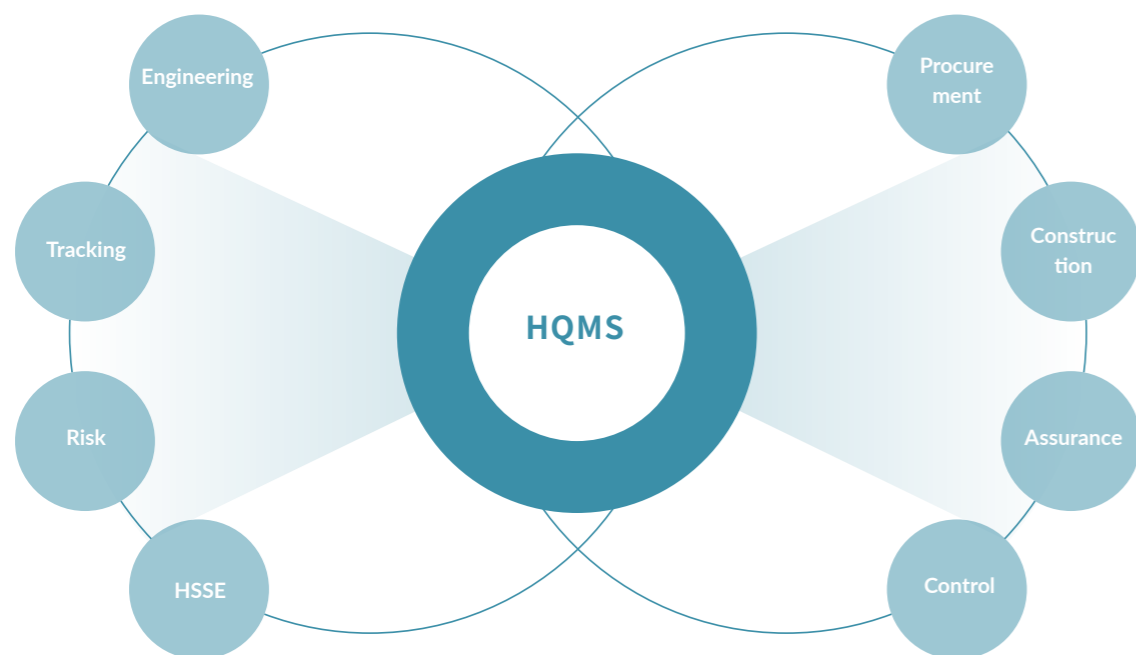
The Company abides by strictly the Product Quality Law of the People's Republic of China, Regulations on Quality Responsibility for Industrial Products and other relevant laws and regulations, and, by continuously optimizing its management system, improving the management measures and fully implementing quality management, provides customers with high-quality and sustainable products and services to meet the diversified demand of customers.



It abides by the internationally recognized best practice and follows the applicable quality regulations and other relevant requirements during all projects. The policy of HBP is to guarantee the interests, health and safety of all employees, customers, suppliers and subcontractors. Meanwhile, it advocates its subsidiaries to build quality management system and actively develop related certifications. In 2023, no customer complaints and product recall events due to product or service safety and health occurred in the Company.

To guarantee the project quality, the Company has established a complete Project Management System (HQMS), from project tracking, designing, procurement, construction, project control & assurance to completion & operation, meeting the requirements of international highly challenging and competitive oil & gas industry practice for the full-life cycle project management.

HQMS is a risk based sophisticated project management system. Based on HQMS, the Company has formed a professional project management organization to manage domestic & overseas EPCC projects, realizing the "Company + Project" dual engine management system with the combination of the strong support from HBP and Client's project specific requirements, fully guaranteeing the project quality and customer service.



Case

Building strong matrix project management mode

To standardize the full-process management and management authority of all kinds of projects overseas and define the responsibility, rights and interest of managers and management teams of all projects, HBP implements the management thought focusing on strong matrix project management mode to improve its project management level, optimize project resource allocation and ensure effective control over project HSSE, quality, progress and cost.

Case

Ketr Industry Control Corporation passed five system audits, including quality management system

From October 30 to November 5, Ketr Industry Control Corporation's five management systems, i.e. quality management system, environmental management system, occupational health and safety management system, information technology service management system and information security management system, completed the annual supervision and audit organized by the Shandong Seatone International Certification Co., Ltd. and China Quality Mark Certification Group. The audit team believed that the Ketr Industry Control Corporation's five management systems had been operated truly and effectively in accordance with the certification standards of all management system, and put forward optimization suggestions for its follow-up work. Ketr Industry Control Corporation passed this external audit successfully. The successful completion of this annual supervision and audit indicates that Ketr Industry Control Corporation's intelligent control management system has been in good operation and its management has been increasingly standardized. Ketr Industry Control Corporation will take the successful completion of the five system audits as an opportunity to continuously improve the Company's management level, and provide a strong guarantee for the Company's better and faster development.



Implement responsible procurement

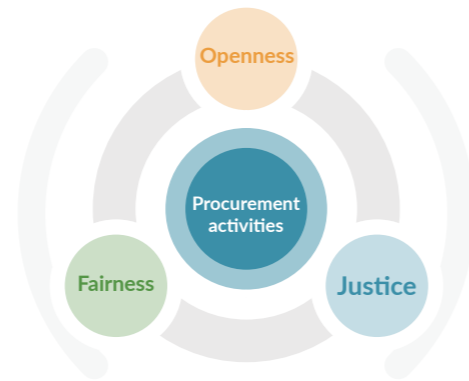
The Company strictly abides by the Management Rules for Supplier Selection and Evaluation, and includes environmental, social and governance factors into supplier selection. For example, for review of supplier qualification, suppliers are required to provide the certificate of quality system certification ISO9001, the certificate of environmental management system certification ISO14001(GB/T24001) and occupational health and safety management system certification ISO45001(GB/T45001), which are regarded as important factors in supplier selection.

Supplier evaluation

The Company strictly implements the Management Rules for Supplier Selection and Evaluation, promotes the sustainable management of the supply chain, establishes a perfect removal policy, and implements a closed loop management of suppliers from access to removal. In case of any violation of the Rules, the supplier shall be dealt or disqualified based on the degree of violations. Such as warning, penalty, claim for compensation, circulating a notice of criticism, demotion, suspending trade for one year, disqualification, blacklisting and termination of cooperation.

Integrity construction of suppliers

In order to strengthen the management of sunshine procurement, realize the openness, fairness and justice of procurement activities, and make procurement activities transparent and under supervision, we organize monthly sunshine procurement training for employees, and every procurement engineer must sign the Commitment Letter of Sunshine Procurement. Furthermore, in order to let suppliers know about our sunshine procurement policy, we also sign the Integrity Agreement at the time of signing contracts with suppliers.



		Unit	2023
Supplier management	Number of suppliers	No.	1,102
	Number of suppliers in the Chinese mainland	No.	881
	Number of suppliers in Hong Kong, Macao, Taiwan and overseas regions	No.	221
Responsible supply chain	Number of suppliers reviewed	No.	525
	Number of suppliers with whom the cooperation suspended for non-compliance	No.	5
	Number of potential suppliers rejected due to non-compliance	No.	8
Supply chain link management	Number of contracts under which the Integrity Agreement was concluded	No.	95
	Number of major risks and impact events in the supply chain	No.	0



Giving back to community development

We actively fulfill our social responsibilities throughout the production and operation of the Company. We not only offer Chinese technology and products in the local area, but also support the development of local industries, infrastructure and education, share the development achievements with local residents, and create a sustainable future together.

Carrying out public service & charity activities

The Company actively carries out public welfare activities such as material donation and school renovation.



Donations

15.79 ten thousands

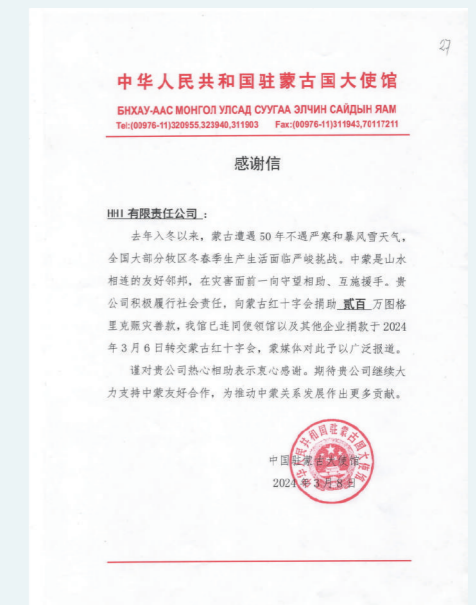
Respect local culture

The Company respects the local customs and culture of overseas projects, organizes and participates in local traditional festivals, and provides corresponding vacation and benefits for employees based on local customs.

Case

HHI helped Mongolia cope with extreme weather

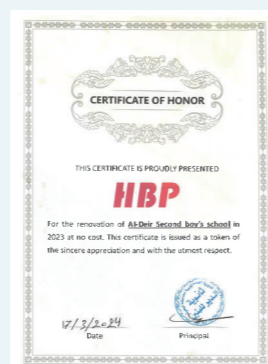
Since the winter of 2023, Mongolia had suffered from severe cold and snowstorm in 50 years, and most pastoral areas in China were facing severe challenges in winter and spring. HHI actively fulfilled its social responsibilities, helped local residents overcome disasters, and donated MNT 2 million to Mongolian Red Cross for relieving local disaster.



Case

Donated for renovation of the Al-Deir Second Boy's School
in Majnoon oilfield community

Since the residence in Majnoon Oilfield, HBP has actively fulfilled the contract requirements, striven to do well in project construction, paid attention to community construction and created a harmonious business atmosphere. In June 2023, Basra Oil Company, the owner of the oilfield, proposed to perform renovation of the Al-Deir Second Boys' School, which was in disrepair and its classrooms and facilities were seriously aging. Majnoon DS2 Project Department performed careful field investigation and meticulous cost accounting of links, selected contractors and strengthens construction quality management. After a period of intense construction, the school took on a new look. With spacious and bright classrooms, and complete and safe teaching facilities, the renovated school offered greatly improved learning environment for students and better working environment for teachers. The principal of the school said that this donation activity not only contributed to the improvement of the hardware facilities of the school, but also made teachers and students feel caring and warmth from HBP. This charity also showed the responsibility and accountability of HBP, conveyed love and positive energy, and enhanced the good corporate image of HBP.



On March 18, 2024, the principal of "Al-Deir Second Boys' School" awarded an honorary certificate of non-reimbursable donation to the Project Department of EPC Service of Majnoon DS2 Wet Oil Upgrading Project, and highly appreciated and sincerely thanked the Company for its caring donation and renovation of the school.

Support "Wang Yupu Encourage Scholarship" through cooperation with Northeast Petroleum University



HBP has always paid attention to fulfilling its social responsibilities, devoted itself to promoting education and contributing to social progress. Under the proposal of Academician Liu He, an alumnus of Northeast Petroleum University, the Company actively participated in the "Wang Yupu Encouragement Scholarship" Project, with the aim of cultivating more ambitious students who are committed to contributing to the energy industry of China. RMB 300,000 scholarship donated by the Company will provide financial support for more outstanding students to help them complete their studies better, and stimulate their enthusiasm for making positive contributions to the energy industry of China. This is not only conducive to individual growth, but also a positive contribution to the energy industry of China.

The Company will continue to pay attention to the field of education, actively participate in more public welfare projects that are beneficial to society, contribute to building a better society, and convey warmth and responsibility.

Case

Held a grand pen meeting with Huifeng Jinqiu Painting and Calligraphy Institute

On July 2, 2023, in order to celebrate the 102nd anniversary of the founding of the Communist Party of China, HBP and Huifeng Jinqiu Painting and Calligraphy Institute held a pen meeting to express deep respect to the Party through art, and promote Chinese culture and the prosperity of literary and artistic undertakings. More than 60 artists participated in the pen meeting, such as calligraphers and painters in the oil and gas field.

The success of the pen meeting not only promoted the in-depth communication between enterprises and literature and art, but also encouraged more comrades to pay attention to and participate in promoting the art of calligraphy and painting of China after the meeting minutes were compiled and distributed. The holding of this activity not only achieved remarkable results in cultural inheritance, but also set a positive example for the implementation of corporate social responsibility.

The cooperation between the Company and Huifeng Jinqiu Painting and Calligraphy Institute not only inspired artists' enthusiasm for making greater contributions to the promotion of Chinese culture, but also injected new vitality into the prosperity and development of Chinese literature and art. This activity is not only the Company's warm congratulations to the Party, but also a vivid expression of the integration of corporate social responsibility and cultural inheritance. By supporting this activity, HBP Group has made positive contributions to the promotion of Chinese culture and the development of calligraphy and painting.





Appendix



Index of indicators

	Guidelines for the preparation of ESG reports of listed companies controlled by central enterprises	GRI Standards	Shenzhen Stock Exchange No.17 - Sustainable Development Report (Trial)
About the Report	/	GRI 1	/
The management's speech	/	/	/
About HBP	/	GRI 2	/
Empower partners to create a digital intelligence future together	S4.4	/	Article 48
HBP's future-promote ESG governance			
ESG structure	/	GRI 2	/
ESG progress	/	GRI 2	/
Stakeholder communication	/	GRI 2	Article 53
Analysis of material topics	/	GRI 3	/
Benefits reach management, leading high-quality development			
Optimize corporate governance	G1.1, G1.2, G1.3	GRI 2	/
Build a solid compliance bottom line	G2.1, G2.2, G2.3, G5.1, G5.2	GRI 2, GRI 205, GRI 206	Article 55 and Article 56
Feedback to shareholders for support	G3.1, G3.2	GRI 2	/
Regulate information disclosure	G4.1, G4.2	GRI 2	/

	Guidelines for the preparation of ESG reports of listed companies controlled by central enterprises	GRI Standards	Shenzhen Stock Exchange No.17 - Sustainable Development Report (Trial)
Benefits reach ecology, protecting green waters and mountains			
Explore environmental protection business	E5.4	GRI 2	/
Response to climate change	E1.3, E3.2, E3.4, E5.1, E5.2	GRI 302	Articles 21 to 28, Article 35
Reduce pollution prevention and control	E1.1, E1.2, E1.4, E2.1,	GRI 301, GRI 303, GRI 305, GRI 306, GRI 307	Article 30, Article 31 and Article 33
Benefits reach society, creating and sharing happiness	E2.2, E2.3, E5.6		
Give play to employee value	S1.1, S1.2, S1.3, S1.4, S1.5	GRI 401, GRI 402, GRI 404, GRI 405, GRI 406, GRI 407, GRI 408	Article 50
Build a solid compliance bottom line	S2.1	GRI 403	Article 47
Explore scientific and technological innovation	S2.3	GRI 2	Article 42
Work with partners to achieve win-win results	S2.2, S3.1, S3.2	GRI 308	Article 45
Contribute to community development	S4.3	GRI 413	Article 40
Appendix			
Index of Indicators	/	/	/
Feedback form	/	/	/
Disclaimer	/	/	/



Third-party evaluation

Entrusted by China Oil HBP Science & Technology Corporation Ltd., Research Institute of Capital Market, a Think Tank Institute under Security Times, assessed 2023 Environmental, Social and Governance (ESG) Report of China Oil HBP Science & Technology Corporation Ltd. (hereinafter referred to as the Report), with the conclusions shown below:

▶▶ Inclusiveness of interested parties

The Company attached importance to the expectation and appeal of the government, regulatory agencies, shareholders, investors, customers, partners, employees, communities and other interested parties, established a normalized communication mechanism with the main interested parties bearing close relation with the Company through interested party communication model, and responded to the rational appeal of interested parties to the largest extent, so as to guarantee the rights and interests of all interested parties, showing well inclusiveness of interested parties.

▶▶ Sustainable development background

The Company built an autonomous and controllable digital intelligent product service system, to effectively improve the development efficiency and safety of oil and gas industry and reduce the environmental impact and resource waste; the Company actively fulfilled its social responsibilities in production and operation, supported the development of local industries, infrastructures and education while introducing the technologies and products of China, and shared the development achievements with local residents, to create a sustainable future together, showing an excellent sustainable development background.

▶▶ Substantiality

First, the Company identified 20 issues of significance to the Company and interested parties through macro policies, hot industry issues and the research on sustainable development direction of the industry in combination with the Company's development strategy and planning documents; then it invited all interested parties to jointly evaluate the importance of issues to the Company through online and offline questionnaire survey. Based on the questionnaire results, it carried out dual substantive issues analysis and determined the highly important issues to provide important reference for ESG information disclosure, showing excellent substantiality.

▶▶ Integrity

The Report comprehensively presents the Company's efforts in practicing sustainable development concept in business in 2023, the actions taken for important issues related to environment, society and corporate governance and the achievements. The "organization range" and "time range" on page 4 indicate the content limit and time span; the entity disclosed covers the Company and its affiliates, and the time span is from January 1, 2023 to December 31, 2023, showing good integrity.

▶▶ Accuracy

The Company, by referring to the requirements of GRI, SDGs, SASAC and information disclosure of Shenzhen Stock Exchange, developed ESG information disclosure, and presented the Company's practice in governance, environmental protection, employee and community as well as the ESG management and performance by highlighted cases, pictures and special column with accurate and refined characters, showing high accuracy.

▶▶ Balance

The Report discloses the negative data, including "number of disaster accidents", and "number of major risks and influencing events in supply chain", and specifies the measures for risk management, compliance management, safety management and comprehensive management of pollutants such as wastes, wastewater and waste gas, showing excellent balance.

▶▶ Clarity

The Report shows the annual progress and achievements of key issues concerned by the interested parties from ESG management, corporate governance, environmental responsibilities, employees responsibilities, and scientific and technological innovation and makes analysis based on many cases, with clear frame structure; besides disclosing the index table at the end, the Report lists many data graph and sheet about employee rights and interests, employee training for rapid knowing key information by readers, showing good clarity.

▶▶ Comparability

The Report makes horizontal comparison with "dominant position in the same industry at home and abroad" and "industry-leading technologies", and discloses mostly the ESG performance data in current period of 2023, with limited comparable data.

▶▶ Reliability

The information and data referenced in the Report are all sourced from the internal documents of the Company or relevant public data. The Report has been reviewed and approved by the Company's Board of Directors, and the Board ensures no false records, misleading statements or major omissions in the Report, showing excellent reliability.

▶▶ Timeliness

The Company discloses ESG report in normal financial years, showing excellent timeliness.



Feedback form

Dear stakeholders:

Thank you for reading the *2023 Environmental, Social and Governance (ESG) Report of China Oil HBP Science & Technology Co., Ltd*. In order to better provide valuable information to you and other stakeholders, while promote to the continuous improvement of our environmental, social and governance, we earnestly expect that you can provide valuable opinions and suggestions for the report. We look forward to your evaluation, and thank you again for your support to our work!

1.What type of stakeholder do you belong to?

- Shareholder and investor
 Client
 Employee
 Government and regulatory agency
 Supplier and partner
 Community
 Public and media
 Other

2.What is your opinion of this whole report?

- Very good
 Good
 General

3.Do you think the report comprehensively reflects the performance of HBP in ESG:

- Yes
 General
 No

4.Do you think the information, data and indicators disclosed in the report are clear, accurate and complete:

- Yes
 General
 No

5.Do you think the content arrangement and layout design of the report are well organized, easy-to-understand and easily readable:

- Yes
 General
 No

6.What other information do you think you are concerned about that has not been disclosed in the report?

7.Do you have any suggestions for HBP ESG information disclosure and practicing ESG concepts?

Disclaimer

The information contained in the report does not constitute any investment advice. Investors shall not replace their independent judgment with such information or make decisions solely based on such information. The Company also does not assume any responsibility for any losses that may arise or be caused by using the information in the report. The information published by the Company is true and accurate. If there is any inconsistency with the statutory disclosure documents, the statutory disclosure documents shall prevail.

If the report constitutes a forward-looking statement, it does not constitute a constraint on the future actions of the Company, and the Company has no obligation or commitment to revise the forward-looking statements (if any) published in this document.

The original authors reserve the image copyright and font. In case of any infringement, please inform us to delete it.